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Chairperson's Corner
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understand the cost of lifetime medical coverage, the typical employee has little chance to understand it and plan for it.

I often wonder what will happen when the infamous "baby boomers" begin to reach retirement age and realize how much of their retirement income depends on their own financial expertise. At least Social Security provides guaranteed income for life—but with recent proposals to take Social Security to a defined-contribution approach, we could lose that safety net as well.

We have enjoyed incredible returns in the market over the past few years, boosting retirement savings and affluence in general; however, much of that is ascribed to baby boomers fueling the market with their investments. Obviously, there are many other factors as well, but if the baby boomers help to fuel a market now, what happens when the net cash flow reverses and the baby boomers take money out of the market instead of putting it in? If they are responsible for the boom, they could also be responsible for a bust—just about the time they need the money for retirement.

So what happens then? I can easily see the situation of them pressuring their employers for defined-benefit guarantees when they try to retire and realize what they're facing—but will employers be willing or able to reshoulder that responsibility?

As pension professionals we are in a better position than most to work toward a solution—but again, there aren't any easy answers. I can't in good conscience ask my clients to maintain a defined-benefit plan when their competitors are not—and when their employees might have more appreciation for a defined-contribution plan. I would be the last person to suggest that the government step in and force employers to provide a guaranteed pension or that our taxes be increased (even more!) to provide income for retirees who squander their account balances (or never had enough to start with!). Yet I would also be the last person to suggest that we abandon those retirees who are unfortunate enough to run out of money.

There are no easy answers, but some of the best answers probably lie in education, making sure that employers understand and are comfortable with the risk their employees are taking as pensions move toward defined-contribution approaches, strongly encouraging education programs geared to help employees with investment decisions, and/or encouraging employers to pay fees so that employees can consult investment professionals. We can also make our legislators aware of our opinions and concerns through the various committees maintained by the American Academy of Actuaries. Please write our editor with your thoughts. We would like to hear from you!

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A Paper to Note

Retirement Age—Increasing or Phasing out?

In our work with pension plans over the years, we have witnessed a decline in age at retirement. In the paper "Retirement Trends and Patterns in the 1990s: The End of an Era?" Joseph Quinn documents this trend and also points out that it may be changing. Over the last 10 years, labor force participation rates at older ages have stabilized or even increased. In addition, the paper reviews some of the influences that may be responsible for a shift in the trend. One explanation is an increasing tendency for workers retiring from full time jobs to take part-time, "bridge" jobs before leaving the workforce entirely. Perhaps a single age at retirement is a thing of the past. The paper appears in Volume 8, Number 3 of *The Public Policy and Aging Report*, Summer 1997, published by the National Institute on Aging.

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Editor's Note: *"A Paper to Note" is sponsored by the Committee on Retirement Systems Professional Education and Development. Copies of the papers are available from the SOA library, 847–706–3575. If you've come across an interesting paper that the pension actuarial community should hear about, please contact Cathy Cimo, 847–706–3587 or ccimo@soa.org to refer your suggestion to the Committee.*

Additional Web Site Addresses

Please note the following web site addresses that were inadvertently omitted on page 6 (Online Resources for Pension Actuaries) of *Statistics for Employee Benefits Actuaries—April 1998*. These same addresses were also omitted on page 12 of the April 1998 issue of *Pension Section News*. We apologize for the omission.

American Academy of Actuaries . . . . www.actuary.org
Actuarial Board for Counseling and Discipline . . . . www.abcdboard.org
Actuarial Standards Board . . . . www.actuary.org/asb.htm