



SOCIETY OF ACTUARIES

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A Paper to Note

The Vital Connection, an ERIC Publication

by Joseph Applebaum

Given the complementary roles private pensions and Social Security play in providing retirement income to Americans, the ERISA Industry Council, or ERIC, which represents the employee benefit plans of America's largest employers, has an obvious interest in the Social Security reform. In 1996, ERIC enunciated principles to guide Social Security reform. These included: stable rules to encourage the voluntary creation and maintenance of soundly financed employer-sponsored plans; maintenance of individuals' ability to acquire adequate

retirement income; support employers' dynamic needs of employers; and encourage capital formation.

ERIC's recent publication, *The Vital Connection*, analyzes the impact on employer plans of various proposed changes in Social Security. Changes analyzed were coverage, means testing, integration, benefit design, dependent, disability, and survivors benefits, retirement age, and inflation protection. The report concludes that early action on reform will be critical to its success and that administrative issues may prove the most intractable in carrying out a successful reform program. Also, many proposals impose financial costs that have not been examined. Finally, reductions in the Social Security defined benefit

and the creation of Social Security individual savings accounts are likely to change the design of employer-sponsored plans employers and imposition of a means test would undermine their attractiveness.



Editor's Note: *Copies of the papers are available from the SOA library, 847-706-3547. If you have 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. The SOA's library website address is www.eric.org/vitalconnection.htm*

Minutes of the Retirement Systems Research & Professional Graduation & Development Joint Committee Meeting

October 15, 1998
Marriott Marquis Hotel
New York, NY

Attendance:

CRSR: Larry Pinzur - Chair, Zenaida Samaniego, Bill Torrie, Gerry Campbell

CRSPED: Marilyn Oliver-Miller, Mary Adams, Mike Virga, Kevin Shand, Joseph Applebaum, Neil Parmenter, Arnold Shapiro, Doug Borton

SOA Staff: Judy Anderson, Tom Edwalds

Guests: Ethan Kra

I. Administration

A. Bill Torrie agreed to take the minutes.

B. Future Meetings

January 7 and 8—The January meeting will be held in New Orleans on Friday, January 8, 1999. The Mortality Projection Committee and the Retirement Needs Framework Committee are to meet on January 7.

March 17 and 18—Meetings are to follow the Enrolled Actuaries Meeting in Washington. The Joint Committee will meet on Thursday, March 18, and the Mortality Projection Committee will meet on Wednesday March 17. June 14

and 15—Meetings to follow SOA meeting in Seattle.

II. Chairpersons' Reports

A. Retirement Systems Practice Advancement Committee
Ethan Kra, the Committee's Chairman, reported on the Committee's August 27, 1998 meeting. Ethan discussed the need to develop new materials for professional development. These included (a) changes in the content of the exams to reduce detail and (b) possible new formats for satisfying the Society's education requirements such as seminars and seminars included within Society meetings.

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