



SOCIETY OF ACTUARIES

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From the Pension Section Council Chairperson

by Colin England

This is my last piece as the Pension Section chairperson. I've enjoyed working on your behalf to improve our educational efforts and to fund research that will help all of us pension actuaries. Amy Viener, who convinced me to run, deserves the credit for my involvement.

The electronic training course for new actuarial students will be available shortly on our Web page. We're working out the last kinks to make it operational. We'll send you an e-mail when it is on the Web site for your use. However, we need your input to determine how we best develop this training aid. To start, we have an electronic questionnaire that will pop-up when you are finished using the training material. Please fill it in, and let us know how we can make this more useful for your actuarial students. I'd strongly encourage you to get some of your new actuarial students to use it and send us their comments as well.

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OASDI Trust Fund: Principal Economic and Demographic Assumptions

Editor's Note: The following excerpt is taken from Section II.D, "Actuarial Analysis," in the 2000 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds. Copies of the OASDI 2000 Annual Report are available from Cece Enders (410-965-3015).

The future income and outgo of the OASDI program will depend on many economic and demographic factors, including gross domestic product, labor force, unemployment, average earnings, productivity, inflation, fertility, mortality, net immigration, marriage, divorce, retirement patterns, and disability incidence and termination. The income will depend on how these factors affect the size and composition of the working population and the level and distribution of earnings. Similarly, the outgo will depend on how these factors affect the size and composition of the beneficiary population and the general level of benefits.

Because projections of these variables are inherently uncertain, estimates are shown in this report on the basis of three plausible sets of assumptions designated as intermediate (alternative II), low cost (alternative I), and high cost (alternative III). The intermediate set, alternative II, represents the Boards' best estimate of the future course of the population and the economy. In terms of the new effect on the status of the OASDI program, the low cost alternative I is the most optimistic, and the high cost alternative III is the most pessimistic.

The economic and demographic assumptions used in this report are reexamined each year in light of recent experience and new information about future trends, and are revised if warranted. This year, there was a particular need for such a review because the BEA introduced significant changes to the NIPA in late October 1999.

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Our January newsletter will be our first electronic newsletter. We will e-mail you to let you know when it is on our Web page, and the printed version will follow. We hope the electronic version will replace the printed version for most readers over the next year. So make sure we have your e-mail address when you register for the Pension Section this year.

We're going to try a new format for the 2001 spring pension meeting. We're going to put on more pension sessions than we have in the past and organize

them around three seminars that will be part of the meeting. I hope you'll join us on May 30 to June 1 in Dallas.

Bruce Cadenhead is succeeding me as chairman. He'll do a great job advancing our research and education efforts. Please send him your thoughts and ideas as to how we can best assist you.

My last job with the Section Council is to develop a list of candidates for next summer's election. I will be calling on some of you to convince you, as Amy did me, to help your fellow pension actuaries

by joining the Section Council.

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Colin England

Retirement Needs Framework Announcing a New Web Page

The rapid aging of our society may create one of the more dramatic shifts in important issues for actuaries. The period beginning with retirement will be getting more attention. The Society of Actuaries has now added a Retirement Needs Framework web page to its internet site. The address is www.soa.org/sections/retirement/framework.html. This page provides information useful to actuaries and other professionals with an interest in modeling and conducting research regarding financial risks and needs after retirement. It includes links to papers, statistics, survey data, journals and other organizations which focus on the post-retirement period. The page is sponsored by the Retirement Systems Research Committee and the Retirement Systems Professional Education and Development Committees. It is administered by the Retirement Needs Framework Project Oversight Group.

Earlier this year, the SOA published *Retirement Needs Framework*, which contains thirteen papers focusing on the needs and risks that arise during the post-retirement period. The papers study issues including:

- The retirement decision and new approaches such as bridge jobs and phased retirement
- The effects of public policy and plan design on retirement,
- The frail elderly and their special needs
- The contrast between benefit provisions and the needs of widows
- Investment strategies, annuitization and asset utilization during the post-retirement period
- Modeling approaches and data needs for studying this somewhat overlooked period

With the increasing focus today on change in both government and corporate retirement programs, both the Retirement Needs Framework Web page and the monograph should be useful items for addressing new challenges facing the actuarial profession.

To order a copy of the *Retirement Needs Framework*, SOA Monograph M-RS00-1, please contact:

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