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Chairperson's Corner

By Piotr Krekora

“Social Insurance and Public Finance.” I was thinking about the name of our section many times during the two years I have been with the section council. I must confess that I had moments, several months ago, when I feared that by the end of my term on the council the “social insurance” part would be forgotten and we would be consumed by topics related to “public finance.” In particular, issues related to public sector retirement programs. I was having those thoughts because of a relative disproportion in the number of topics sparking spirited debates both within our profession and among the broader public that were related to public sector pensions as compared to federal social insurance programs.

Issues such as the level of risk taken by programs sponsored by governmental employers, governance or benefit adequacy seemed to have been attracting more attention than uncertainties surrounding the future of programs like Medicare, Medicaid or Social Security. Our section activities reflected that disproportion. We sponsored webcasts and wrote articles presenting multiple viewpoints on challenges facing public sector retirement plans. But what is as important to me, my fellow council members did not let the “social insurance” part disappear from our minds. We recruited prominent speakers to talk about Social Security, great authors to write about Medicaid and the Affordable Care Act, and let's not forget about our very own Bruce Schobel who continued contributing articles to our newsletter on various aspects of Social Security.

The coming year shapes up to be no different, courtesy of the Actuarial Standards Board (ASB) who undertook an effort to revise Actuarial Standard of Practice (ASOP) No. 4—“Measuring Pension Obligations and Determining Pension Plan Costs or Contributions.” Many of us practicing in the retirement area took some time earlier this summer to study the recently issued exposure draft for ASOP No. 4. One addition to the standard included in that document has been triggering particularly heated discussions. I am referring to a proposed requirement that actuarial funding valuations “disclose an obligation measure to reflect the cost of effectively defeasing the investment risk of the plan.” The proposed revision refers to that measure as the investment risk defeasement measure (called by some community members as IRDM). We certainly appreciate the importance of improvements to our professional standards, but

we already know that this is a divisive topic, and we know that the debate will continue regardless of the direction taken by the Actuarial Standards Board. Given the concentration of talent and expertise among our council members and friends, I am looking forward to our contribution to a conversation on those proposed revisions, but at the same time I trust that our public finance activities will not be limited to just that topic.

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I am also looking forward to our efforts to provide our section members, as well as actuaries who have not yet joined our section, with information and food for thought on social insurance programs. We are fortunate to have a current employee of the Social Security Administration joining our council this term. I am counting on his expertise to keep a steady supply of content on Social Security-related topics.

Furthermore, we want to hear from actuaries (and non-actuaries) with knowledge of social insurance programs outside of the United States to help us improve our understanding of how our federal programs compare with global initiatives. In particular we are counting on our section members based outside of the United States. We would like to provide an opportunity for exchange of information and sharing of experiences with the intention of, as Steve Bryson, one of my predecessors aptly put it, “improving the financial health of our public security systems, and, in the pursuit of that goal, somehow making this planet a better place in which to live.”

As such, I am inviting all actuaries and friends to share your knowledge with the profession. Submit an article, propose a webcast, or volunteer to speak at the one of the SOA's meetings.

Finally, please consider joining us in our efforts in leading this section. You can start any time by becoming a Friend of the Council and, if you like it, run for the council next summer. If this sounds like something you would like to do, please do not hesitate to contact me, any of the council members, or the SOA staff. ■



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