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A Word from the Editor

by Bruce A. Stahl

This edition of the “Long-Term Care News” will likely appear one-sided. It will do so, not by design, but by its dependence upon volunteers to prepare its articles. While the editors and the SOA LTCI Section Council plan to provide representative views on a variety of subjects, they can only assure success if they pay for the articles. We will still welcome other views on these topics in future editions. Yet the observations in this edition serve as a small illustration of how insurance can succeed. It can assure success only when the insurers can expect to make a profit.

The expectation of profit is certainly a question you should have in mind as you read Joan Ogden’s editorial on the NAIC model regulation.

It is also the motive that drives reinsurers to nurture the industry as my own article addresses. The expectation of profit is what drives insurance companies and consulting actuaries to thoroughly analyze the experience and to make reasonable assumptions about the future, as Scott Wetz’s and Phil Barackman’s articles support. The expectation also drives insurers to manage their business more effectively, as is identified in Jim Berger’s article on product trends.

Even the consumers are motivated by profit. They do not want to spend-down their own accumulated profits on long-term care needs. This is evident in Anna Rappaport’s article on retirement.

Well enough of this discussion. I need to get back to making a living. ☺

SOA Committee on Post-Retirement Needs and Risk

by Anna M. Rappaport

Several years ago the SOA identified post-retirement risks (including health and long-term care needs) as a key area for attention. Since we believed that most of the attention around retirement planning focused on asset accumulation and the pre-retirement period and not on risk management, the SOA created the Retirement Needs Framework Task Force charged with looking at retirement in its entirety. That task force has now been restructured into the Committee on Post-Retirement Needs and Risks. Committee members and associated interested parties include a variety of expertise. In addition to actuaries, the group includes economists, experts in survey research, policy experts and attorneys. I chair the new committee.

Past accomplishments of the Retirement Needs Framework Task Force include the Retirement Needs Framework call for papers, Symposium and Monograph and the research on Post-Retirement Risks completed late last year. This monograph can be ordered from the SOA Web site (www.soa.org). The monograph includes a paper by Eric Stallard looking at health and long-term care risks and their prevalence. The research report from the *Post-Retirement Survey* can also be accessed on the SOA Web site. This survey shows that the public is moderately aware of the risks of being in a nursing home, but they are also in denial. While many more people think that others will need care, a much smaller number believe that they themselves will need care. The task force developed a Web page offering links on post-retirement risk. The original idea at the time of the first call for

papers was that the papers and symposium would be about data and modeling, resulting in a better understanding of the topics and information about where data can be found. That idea proved to be overly optimistic and we found that there were more questions than we had anticipated and much future work to do. The new Committee will carry on and expand the work.

The Committee on Post-Retirement Needs and Risks is working on an agenda going forward. The Committee will be updating the Web site to offer links to more work, and to offer access to more of what is happening. The items selected for the initial agenda are as follows:

- Discussion of paper on disconnects areas where public perception of post-retirement risk is out-of-step with reality. The SOA’s study on public perceptions documents gaps in understanding post-retirement risk as does the Life Insurance Marketing and Research Association (LIMRA) study. The two studies have overlapping findings and are generally compatible but cover different universes and issues. Such disconnects are also shown in studies by American Association of Retired Persons (AARP) and Employee Benefit Research Institute (EBRI).
- Prepare chart on post-retirement risks.
- Focus on the definition of retirement.
- Look at issues relative to annuities.
- Repeat the post-retirement risk survey in 2003. ☺