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# The Actuary

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## MOORHEAD TO BECOME NEXT HEAD OF *The Actuary*

E. J. Moorhead will become Editor of *The Actuary* in January, 1979. He succeeds A. C. Webster who has edited the newsletter since its initial issue of March, 1967.

During the 1978 Annual Meeting of the Society, the Board of Governors recognized Mr. Webster's long service by presenting him with a suitably inscribed silver tray. The Board of Governors also unanimously adopted a resolution which is reported in Myles Gray's summary of the Board's actions in Chicago.

When Secretary Gray read the resolution at the first General session in Chicago, the assembled members leaped to their feet to give Mr. Webster a standing ovation.

It is of interest to note that in 1966 Mr. Moorhead headed the Committee for a New Society Publication. Committee chairman Moorhead not only signed a report recommending founding of *The Actuary* but sought out Mr. Webster to ask him to become founding editor.

Mr. Moorhead is a past President of the Society of Actuaries and of the American Academy of Actuaries. I regard him as one of our more active, gifted and articulate members and consider it a high privilege to welcome him to the Editor's chair.

"The task of all of us in the Society is to fight against stultification, to help one another become broader in outlook and capability," said Mr. Moorhead in his presidential address to the Society. It seems to me that these words promise that *The Actuary* will remain an important part of the nervous system and conscience of The Society of Actuaries.

John C. Angle  
Director of Publications

## BOOK REVIEW

Daniel F. McGinn, *Joint Trust Pension Plans*, pp. xvi, 345. Richard D. Irwin, Inc., Homewood, Illinois, 60430.

Published for the Pension Research Council, Wharton School, University of Pennsylvania.

by Ronald L. Haneberg

Practitioners in the pension field have come to recognize that there are four broad sub-specialties: small plans (also known as "tax-shelters"), larger corporate plans, governmental plans, and Taft-Hartley jointly trustee programs. Knowledge and even expertise in one specialty is not necessarily transferable to the others.

Fortunately, a growing body of book-length literature has appeared in the first three areas, often contributed by employee benefit consultants or actuaries. This has not been the case in the Taft-Hartley jointly trustee field, so that Dan McGinn's *Joint Trust Pension Plans* must be viewed as something of a milestone.

The approach taken by Mr. McGinn is an ambitious one, since he hopes to provide the non-specialist (including the general public) "with practical insight into the operations of these Plans." Thus he examines the establishment and operation of these plans, eligibility requirements, benefit structure, plan administration, actuarial considerations, reporting and disclosure, and investment practices. The experienced pension actuary may be tempted to avoid these chapters, based on a feeling that prosaic subjects such as these are not worth reviewing one more time. While much of the material is familiar, there are problems unique to the Taft-Hartley plan field. For example, the appropriate recognition of past service is much more elusive in the Taft-Hartley field than in most corporate plans. And minimum funding problems can be more real in the Taft-

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## SGLI AND VGLI

The Servicemen's Group Life Insurance Program was established by law in 1965. Originally this plan provided up to \$10,000 group life insurance to members on active duty in the uniformed services. The limit of insurance was gradually increased to the present \$20,000 and the coverage was made available to Reservists on certain conditions.

The Veterans' Group Life Insurance Program was established by law in 1974. This offered coverage for all Veterans on separation from active duty after the date of the act.

The offer of coverage was made retroactive over a limited period. The insurance provided is non-renewable 5-year term and there is a \$20,000 limit including insurance from both SGLI and VGLI.

Complete details as to these plans and their operation are in the annual report issued by the Veteran's Administration.

The tables on page 4 taken from the Twelfth Annual Report (June 1977), give the SGLI experience for the calendar years 1974-1976 for all service personnel on active duty and the limited 120-day Post-Separation experience for the same period.

There is not as yet any published VGLI Experience.

The annual report on the Servicemen's and Veterans Group Life Insurance Programs contains a detailed breakdown of Table 1 by rank and by class of service, Army, Navy, etc., and for each group records the accidental death rate as well as the regular death rate.

Copies of the Report may be obtained from the Department of Veterans Benefits, Veteran's Administration Center, Philadelphia, Pa. 19101.

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**COMPETITION No.  $\Omega$** 

Thomas Fuller (1608-1661) said,

"Of soup and love,  
The first is best"

So far, our first Competition has been the best, inspiring more entries than any other and prompting Walter Klem to make known to the uninitiated the late Charles Spoerl's:

Thou art the fairest of all thy sex  
Let me be thy hero  
My love for thee is like  
 $\frac{1}{x}$  as  $x \rightarrow 0$

We don't mean to slight later efforts which included such gems as Grace Dillingham's classic Clerihew:

Henry Unruh  
Cannot undo  
What Alfred Guertin  
Made certain.

All the more precious for being an actuarial in-joke.

This will be the last Competition, at least from this Editor who plans to resign (again) when Mr. A. C. Webster leaves his own post as Editor of *The Actuary*.

So we'd like to make it the best, or rather to ask our readers to do so.

The idea for this Competition came to us as we read the following at the "Postcards and Artists" exhibit at the Cooper-Hewitt Museum:

The space of 4" x 6", like the tombstone, is a form that commands the writer to get sharp and waste nothing. And so the postcard poem and the epitaph have much in common (except tone) . . .

It's exactly tone that we're after as we dedicate this Competition to epitaphs, a dying art that actuaries, being seriously interested in mortality, ought to strive officiously to keep alive. To help raise the muse in you we offer the following specimens:

Epitaph for a waiter —  
Bye and bye  
God caught his eye.  
For an accountant —  
A genial chap  
He's crossed the GAAP  
For a baseball player —  
Grounded out

Naturally we'd like the perfect all purpose epitaph for an actuary, but we'll accept and try to give equal weight to entries suitable for interment of a broker, chess player, sanitation man, editor or other professional, asking only that you avoid personalities and, of course,

**Book Review**

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Hartley jointly trustee arena than for most common corporate plans. These issues are well treated by Mr. McGinn.

Most pension practitioners who do not work in the jointly trustee field will find three chapters dealing with specific Taft-Hartley practices of greatest interest. One treats the issues involved with adoption of an existing plan by new groups, while the second considers the question of reciprocity—portability between and among entirely separate plans. The final chapter—"Critique: A Look Into The Future"—also is of interest, for Mr. McGinn here gives his views as to the future of jointly trustee plans. Some readers may disagree with some of his recommendations. For example, the solution to the contingent liability problem in the event of plan termination may not be its *repeal* (for that merely transfers risk to the employee) nor government (i.e., taxpayers) guarantees. The solution lies in more sound benefit design and funding practices by the affected joint boards.

The book also contains a number of specimen documents and forms including most specifically the Pension Trust Agreement — Declaration of Trust and a sample plan. One can only wonder how many of these will be seized upon by practitioners who have become instant experts by reading Mr. McGinn's book. Even for experienced professionals in the field, these forms and documents may prove a fruitful source for possible in-house changes in standardized approaches. For this alone, the book could be deemed valuable.

There are invariably difficulties with the first edition of any book. One problem for the technical reader is that the broad scope of the assignment Mr. McGinn has given himself and the approximately 215 pages of actual text allows little in-depth treatment of some key issues. For example, the advantages and disadvantages of the "shortfall" funding method receive less than a page of per-

insisting on good taste. So get sharp, give Fuller the lie and help us bury this column with the proper tone by sending in two or fewer epitaphs of your own creation. We'll send the winner a book of epitaphs if we can dig one up.

The usual rules will apply and entries should be sent to Competition Editor at the Office of *The Actuary*. C.E.

functory treatment (presumably because the subject matter is too complex for the lay audience). Yet this is an alternative that confronts or will confront virtually every Taft-Hartley plan. There is also, at most, skeletal treatment of such pressing issues (for some plans) as coverage of self-employed union members and the use of union membership to determine past service. The neophyte may not recognize that both of these smack of illegality.

The extremely important and complex topic of the withdrawal of contributing employers is covered in only three pages. Unfortunately, this broad brush treatment leads to some apparent errors. The statute indicates that all withdrawing employers (not just substantial ones) may be liable if a plan terminates within five years after an employer's withdrawal. Similarly, the July 1, 1979, date cited by Mr. McGinn as the potentially "dangerous" withdrawal date appears erroneous. The five year "recapture" could apply to any withdrawals even though mandatory coverage for Taft-Hartley plans is scheduled to begin only as of July 1, 1979. In light of the proposals by PBGC, statutory change may result in the entire problem being significantly changed.

Two other troublesome items could be corrected in later editions. It would be extremely helpful if there were greater specificity in the text. Including an example of an industry or plan which has followed a particular approach being discussed would add greater practical authority. Even more importantly, where Mr. McGinn indicates that statutory law or judicial decision forces a certain approach, the statute or case should be included in a footnote. At present there are more footnotes to other sections of the book than to outside sources.

Finally, a relatively quick reading of the book reveals a number of apparent contradictions, cryptic statements, or minor errors. Perhaps the most obvious is on page 87 where, as part of an otherwise excellent analysis of the Social Security Adjustment Option, Mr. McGinn observes that "If an employee selects age 65 (as the date of adjustment), the plan's benefits both before and after age 65 will be lower than if age 62 is selected."

This confusing statement does not detract from an otherwise sound and valuable text. Perhaps errors of this sort serve primarily to allow reviewers to cluck in sorrow. □