



SOCIETY OF ACTUARIES

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Will There Be Enough Actuaries?

(Continued from page 4)

Some of these observers, though, regard major thrusts such as ERISA as unlikely to be duplicated, resulting in a workload that can largely be taken care of by our new members of the past decade—hence a slower needed growth in numbers.

But all foresee that Society membership growth, whether fast or moderate, will happen, and there will be demands upon our profession in the decade of the 1980's. The demand essentially will be to engender wise practices in insurance and pensions in an era of unprecedented financial change likely to make some present practices and contracts ineffective. My correspondents laid stress on the following expected events:

- greater professional specialization seems to be coming;
- publications and communications must be maintained amid increasing difficulties in doing so;
- continuing education of actuaries will be prominent;
- our education and examination system will be hard pressed to deal with changes in actuarial practice and volume while maintaining adequate standards;
- basic research on valuation principles will require attention;
- one consequence of all this will be a need for more permanent staffs in our actuarial bodies. □

LOOKING AHEAD AT SOCIETY'S OPERATING MARGINS

by L. B. Fewster, Treasurer

The Society, like other organizations these days, is challenged to control our expenses. As a non-profit body, we aim to have some years of operating gain, and some of loss. Our steadily broadening activities, especially in education and research, are important to the future of the Society and of our members individually. Direct costs of each activity should be met by those who benefit from it.

Our Administration & Finance Committee, aided by our staff, has done the budgetary analysis needed to chart services that will be furnished economically and will be adequately supported by the members who use them. Schedules of dues and fees have been reviewed for consistency with resulting benefits.

Members have received President Vogel's announcement of increased dues. There will be increases also in fees for meetings and seminars. Even at these higher rates, our members will, we believe, be getting excellent value for the dollar; one reason is that we all reap the benefit of much volunteer work.

The following figures, expressed in thousands of dollars, illustrate the expected effect of the changes being made. They assume inflation factors of 8% in 1980-81, 9% in 1981-82.

OPERATING MARGINS (INCOME LESS EXPENSES)

	<i>Fiscal Year (August to July)</i>		
	1979-80	1980-81	1981-82
If dues and Fees Weren't Changed	Loss \$142M	Loss \$256M	Loss \$395M
Added Revenue From Changes	167	292	303
Expected Operating Margin	Gain 25M	Gain 36M	Loss 92M

NEWS FROM LONDON

by E. J. Moorhead

The February FIASCO announces that the winning entry in their contest to complete the sentence, Old Actuaries Never Die, They Just . . . Get Broken Down By Age And Sex.

An article, Political Actuaries, speaks first of our own members of that breed,

Thomas P. Bowles and W. Paul McCrossan, reports four instances in the U.K., and asks how many other actuaries have taken their political responsibilities so seriously as to run for public office?

The advocacy by Geraldine Leigh for making actuarial examinations more difficult (reported in our January issue) yielded three responses, none of them neutral. □

"INSURANCE LOAN: PROS AND CONS"

On Feb. 23 *The New York Times* printed an article with the above title. Its subject matter was limited to the arbitrating of policy loan proceeds by investing them in money market instruments whose yields are perhaps 8 percentage points above the policy loan interest rate.

Some of our readers may like to imagine themselves being asked for their views on this, as were three company people who are well known among us.

Miss Jeanne R. Corbett is quoted as saying, "If you don't look at the tax situation, you may find that, on the average, you have not gained a great deal." A similar warning evidently was voiced by two F.S.A.'s, Messrs. Walter N. Miller and Julius Vogel, but all these three readily conceded that in some cases worthwhile gains would be realized.

Mr. Miller was prompted to give an example "of how things might work out in the case of a \$20,000 policy written 10 years ago and now having a loan value of \$3,000." He was unhappy when the article quoted him as saying, "Most people with \$20,000 policies are probably in the 50% tax bracket so, after taxes, you might not net much more than \$120, or \$10 a month." His message was that most people who would pay particular attention to the article would probably be in a combined (federal plus state plus, in many cases, city) tax bracket of at least 50%.

Regrettably, the article endorses the notion that you're borrowing your own money when taking a policy loan. Also, some statistics on the increased lapse rates of policies subject to loan are given; it appears unsupportable that these apply to this type of transaction.

E.J.M.

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