



SOCIETY OF ACTUARIES

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Annual Secretary/Treasurer's Report

by James F. Reiskytl
Vice-President, Secretary and Treasurer
Society of Actuaries, 1992-93

The Society of Actuaries is in excellent financial shape at the end of the 1993 fiscal year. Revenue exceeded expenses by \$859,000. Section and other restricted funds produced \$251,000 of this surplus and general operations contributed \$608,000. A one-time credit of \$157,000 is a significant portion of the \$608,000 general operating surplus. This credit is due to the accounting treatment of ABCD/ASB expenses. The liability for these expenses was originally estimated and charged to the 1992 fiscal year and then was reversed in 1993, because these expenses were charged to all U.S.-based actuaries who were not members of the American Academy of Actuaries. The pie charts on this page show a breakdown by category of revenue and expenses of the general operating fund.

As of July 31, 1993, unrestricted membership equity was \$5,514,000 or about 39% of budgeted expenses for the 1994 fiscal year. Five-year forecasts project expenses to exceed revenue in amounts that will reduce unrestricted membership equity to our 25-30% guidelines.

The complete Financial Statements and the Independent Auditor's Report from Selden, Fox and Associates, Ltd., will be published in the *Transactions*. They have been reviewed by the Committee on Financial Affairs and approved by the Board of Governors.

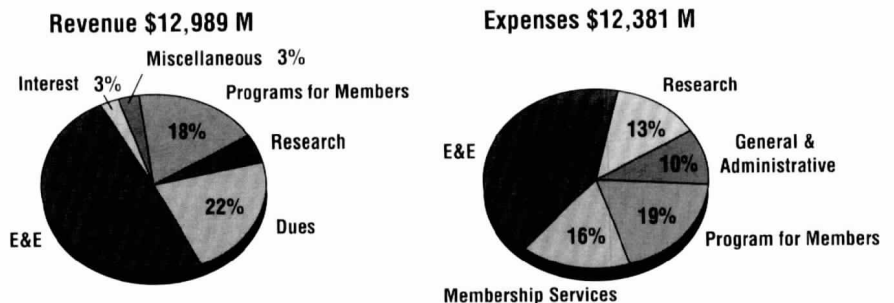
Last May, the Committee on Financial Affairs presented to the Board a budget for 1994 with an excess of expenses over revenues of \$85,000. Recent estimates indicate a modest surplus. Based on these estimates and the fact that our current surplus continues to exceed previously suggested guidelines, the committee recommended no dues increase for 1994. It will be the fourth consecutive year without a dues increase to our members.

Subsequent to the approval of the budget, the Board approved the

creation of the Society of Actuaries Foundation to enrich and expand the Society's continuing education and research efforts. To demonstrate its commitment to this new development, the Board provided \$500,000 as seed money. The Society also will contribute additional monies in dollar-for-dollar matching funds up to \$500,000. As a result, expenditures may exceed revenue next year.

In October, the Board approved a change in the dues structure effective in 1996. When the new structure takes effect, all FSAs and ASAs will pay the same regular dues, except ASAs with fewer than five calendar years of membership, who will continue to be charged 50% of regular dues. Note that this change does not address the amount of dues, only the structure.

1993 General Operating Fund



Presidential address (continued)

An Actuary" button. Together, we have altered our mind sets. Let us maintain our momentum in making room for a broadened future.

Thanks

It has been my privilege to be president of the Society of Actuaries. To you all, I say thank you for that. My spouse, Amelia, says this assignment has consumed me, and she is always right. She has been most patient and supportive. The officers,

the Board of Governors, the Society staff, my Milliman & Robertson associates, and my clients likewise have been patient and supportive. To them all, I say sincere thanks.

And, I thank all the Fellows for giving me the opportunity to serve.

In addition to my gratitude, what do I hope you will remember today?

First, that we are a strong organization by any measure – the most important measure being member

involvement and youthfulness. Second, that we are very vulnerable in terms of future vitality and viability. Remember the beaten paths. And, third, that it is our common duty now, all of us, to shape the Society of Actuaries for the 21st century. A key component is "Ask An Actuary!"

