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## INDEX-LINKED SECURITIES IN THE U.K.

by Alistair Neill, F.F.A., F.I.A.

In the U.K., as elsewhere, the merits of index-linked securities have been widely discussed. Debate was given impetus early this year by the "Inquiry into the Value of Pensions" set up by Prime Minister Margaret Thatcher to consider the value of the differences in inflation protection of private pensions and job security, comparing those for civil servants with others. This committee, composed of three businessmen, one academic, and one actuary (R. E. Macdonald, F.F.A.) reported in February 1981.

In one matter the report was short—it said that nobody previously had managed to assess the relative value of job security, and neither could they. The press had been speculating that the committee had been appointed to recommend that index-linking of civil service pensions be abandoned; but it endorsed the idea and urged that private pensions try to do the same. It suggested that one means might be for the Government to issue index-linked bonds.

To general astonishment the Government promptly announced that it would issue an index-linked Treasury security repayable in 1996, for the sole benefit of pension funds and insurance companies with pension contracts. It would pay 2% interest, with both principal and interest indexed to movements in the Retail Price Index (our equivalent of the U.S.A.'s CPI). The issue was made by tender, i.e., the whole stock was to be allotted at the highest price at which all the amount offered (£ 1 billion) could be sold to authorized purchasers. It is traded on the London Stock Exchange just like any other security.

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## ANNUAL MEETING WILL HAVE NEW SESSION FORMATS

by Robert D. Shapiro  
Chairman, Program Committee

Gone are the time-honored Concurrent Sessions and Discussion Forums. After reflecting on evaluation form comments and other evidence, the Program Committee will unveil at Atlanta two brand-new formats:

Panel Discussions (PD's)  
and  
Open Forums (OF's)

For a *Panel Discussion*, the moderator will assemble experts to present the current state and outlook for the program subject. This format is used when information previously available to the audience has been limited. Time will be provided of course for questions and comments from the floor.

In an *Open Forum*, on the other hand, the moderator's aim, after an explanatory preamble, will be to excite give-and-take exchanges among panelists and the audience. This arrangement is expected to fit topics that lend themselves to broad interplay and a variety of opinion.

The familiar *General Sessions* and *Workshops* will continue unchanged. And evaluation forms will again be furnished and their completion urged. At Montreal a year ago, more than 1,500 of these were turned in. The Program Committee has quickly come to rely heavily on this source of ideas and will welcome suggestions for improving the evaluation procedure still further.

Also, the emphasis in the moderator's role is being changed. The moderator will concentrate on staging a smooth, effective session and do less personal contributing to the topic's subject matter. □

## CANADA'S NATIONAL PENSION CONFERENCE

by J. Bruce MacDonald

*Ed. Note: This is the first of two articles on this important meeting. As a workshop leader thereof, the author was in a preferred position as an observer.*

My overall impression of the National Pension Conference was highly positive. The federal government had stated that its course of action on pensions wouldn't be decided till after it had assessed what it heard there. Nothing I heard led me to doubt its sincerity,

The mix of delegates—about 25% each from government, from employer groups, from labour and from special interest groups — was itself cause for confidence. Speakers generally stated their positions with reason and moderation; delegates listened courteously to opposing views. Even if it achieved no more than getting groups out from their largely self-constructed ghettos, the Conference must be counted a success.

The federal government gives pensions a priority exceeded perhaps only by energy and Canada's Constitution. The Prime Minister and the Ministers of Finance and of National Health and Welfare all were present. Their speeches were moderate and realistic. There were three speeches by left-wingers, but the addresses of the federal cabinet ministers quieted fears that the government might be committed to massive enlargement of the Canada Pension Plan (CPP). An excellent speech was given by Claude Castonguay who was architect of the Quebec Pension Plan and Quebec Medicare.

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