



SOCIETY OF ACTUARIES

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# Annual report from the SOA Treasurer

by Michael J. Cowell

The Society operated in fiscal 1989 with a budget of just over \$8.5 million in revenue and just under \$8.5 million of expenses, to produce a margin of less than 1% of budget. In presenting that budget last year, I invoked Wilkins Micawber's observation on income and expenditure, and the narrow margin between happiness and misery.

It turned out that those of us responsible for the Society's finances did, indeed, have a few nervous moments earlier this year when the full expenses of last year's annual meeting were tallied and income from seminars and symposia began to fall short of plan.

However, once again, Education and Examination (E&E) activities, spurred by the favorable publicity about our profession, pulled us through to an actual margin of \$229,000, a result almost \$150,000 ahead of budget.

Chart 1 shows the sources of Society revenue and how these funds were spent. For the fiscal year ended July 31, 1989, total revenues of \$9,091,000 exceeded budget by 7%, while total expenses of \$8,862,000 were 5% above budget.

Three major activities, E&E, Meetings, and Seminars, are budgeted to operate on a self-supporting basis. (See Chart 2.) Although, as mentioned, there was some shortfall this past year from meetings and seminars, we achieved these objectives for the three departments overall, as we have done for the past several years.

For the other Society activities — Membership Services, Public Information and Research — and General Administration, expenses had, for the prior three years, been more than covered by revenues, principally membership dues. (See Chart 3.) However, while expenses continue to increase in proportion to the three self-supporting departments, the available revenues for support services for members are driven principally by membership.

Analysis of the budget variance shows that it was composed of higher-than-planned revenue from E&E and from research, with expenses for research coming in somewhat under

Chart 1

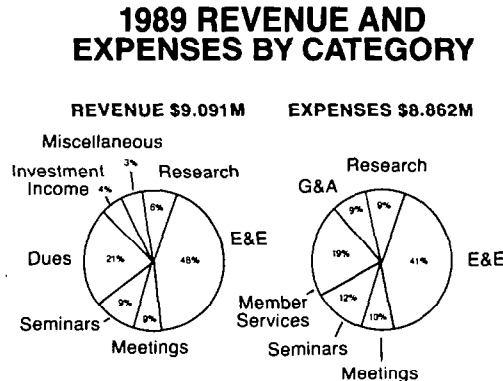


Chart 2

## SUMMARY OF SELF-SUPPORTING ACTIVITIES

TOTAL OF E&E, MEETINGS, AND SEMINARS — \$ THOUSANDS

	Revenue	Expenses	Margin
1986	\$3,038	\$2,878	\$160
1987	3,849	3,710	139
1988	4,954	4,492	462
1989	6,028	5,581	447
1990 Est.	6,814	6,308	506

Chart 3

## OTHER SOCIETY ACTIVITIES

MEMBERSHIP SERVICES, PUBLIC RELATIONS AND RESEARCH — \$ THOUSANDS

	Revenue	Expenses	Margin
1986	\$1,912	\$1,615	\$297
1987	1,983	1,957	26
1988	2,204	2,180	24
1989	3,063	3,281	(218)
1990 Est.	3,384	3,768	(384)

budget. These margins were partially offset by the revenue shortfalls mentioned and by expense overruns for meetings, seminars, symposia and other services to members.

As seen from the charts, at just under \$1.9 million, membership dues now comprise only 21% of the Society's total revenue. With expenses for support activities increasing faster than membership dues, plus revenues from miscellaneous sources, these functions resulted in a shortfall of \$218,000, a situation that, in the absence of an increase in dues, would

have projected to more than double in fiscal 1990.

As of last July 31, membership equity stood at \$2,520,000, or just over 25% of expenses in the proposed budget for fiscal year 1990. This brings membership equity into line with the Board guideline of 25% of the following year's budgeted expenses.

A complete report of the Society's finances and an audited statement from Ernst & Young are available for inspection by Society members. They have been reviewed by the Administration and Finance Committee and the Executive Committee and approved by the Board of Governors.

Over the past year, the Administration and Finance Committee has worked closely with the Society office staff and the vice presidents responsible for E&E, meetings, seminars and symposia, to develop schedules of fees for these activities that will keep them self-supporting and provide the margins necessary for their appropriate contribution to membership equity.

At the Board meeting on October 22, the Administration and Finance Committee presented a budget that, for the first time in Society history, exceeded \$10 million.

To more equitably balance the revenue for membership activities with expenses, the Administration and Finance Committee recommended what we believe is a modest increase in dues for 1990: for FSAs and ASAs of 10 years or more, a \$20 increase to \$240; for ASAs of five to nine years, a \$20 increase to \$180; and for ASAs of less than five years, a \$10 increase to \$120.

These recommendations were approved by the Board to produce a budget with an excess of revenue over expense of \$122,000. As can be seen, even with the modest increases of the past few years, dues are becoming an ever decreasing component of the Society's budget. The years ahead show further increases in the trend for Society income to shift from dependence on dues toward fee-for-service activities.

While the five-year projection shows revenues staying ahead of expenses during the early 1990s, we expect to make further adjustments to maintain an appropriate balance

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between self-supporting functions and general membership activities. In this regard, the committee will focus its attention on activities such as research and publications to try to bring them closer to operating on a self-supporting basis.

The committee will continue to seek improved projection of revenues in an attempt to anticipate them more precisely than we have been doing.

In closing, we extend our thanks to John O'Connor, our Executive Director, and to Bill Kepraios, our Director of Finance, and the other Society office staff for their dedicated efforts to make sure that your Society funds are managed to best serve all members.

Michael J. Cowell, Treasurer of the SOA, is Vice President & Corporate Actuary, UNUM Life Insurance Company.

### Problem workshops for 110 and EA-1

Intensive problem-solving workshops for Course 110 (2 days) and for the EA-1 exam (3 days) will be given by Actuarial Study Materials in April in New York City. For details, write to A.S.M., P.O. Box 522, Merrick, NY 11566.

### Review classes

Temple University and the Actuarial Club of Philadelphia will sponsor intensive review classes for Courses 100 and 110 in Philadelphia before the February exams.

The Course 100 class will be held January 17-20, and the Course 110 class will be held January 16-19. For more information, contact Bonnie Averbach, Program in Actuarial Science, 479 Ritter Annex, Temple University, Philadelphia, PA 19122, or call 215-787-8153.

### Study materials for SOA exams

Study manuals and textbooks for the May 1990 SOA exams are available from Actuarial Study Materials. For a complete list, write to A.S.M., P.O. Box 522, Merrick, NY 11566.

### TSA authors

The second installment of an article profiling authors in Volume 41 of *Transactions* will be published in the January issue of *The Actuary*.

# Actuary breaks record — and the bank — on 'Jeopardy'

by Diana Montgomery

Vancouver actuary Bob Blake recently parlayed his knack for "remembering odd facts" into record-breaking winnings of \$82,501 on "Jeopardy," television's most cerebral game show.

Blake, Product Actuary at Seaboard Life Insurance Company, won the money during five appearances on the show, which he taped in Los Angeles last June. As a five-time retired champion, he will compete for a \$100,000 grand prize in the show's "Tournament of Champions" next fall.



Blake, who may use some of his winnings to travel to India and the Middle East with his wife, said he hasn't decided how to use the remainder. For one thing, he hasn't yet received his check.

"I was told to expect it at Christmastime, minus withholding of 30% for U.S. taxes and 5% for California taxes," he said in a telephone interview. Such winnings are not taxed in Canada, and he's looking into applicable tax laws. Because "Jeopardy" has a top payout of \$75,000 to contestants, Blake was asked to donate his excess winnings of \$7,501 to charity. He chose OXFAM, a famine-relief organization.

Blake displayed an impressive range of knowledge on the show, quickly and easily answering questions on such subjects as ballet, opera, literature, film, science and geography. The Canadian also was not fazed by the U.S. orientation of the questions, which often are grouped under such

categories as "Presidential Inaugurations" or "The Civil War."

"I've always enjoyed reading about politics and history," said Blake, whose interests in opera and popular music also served him well on "Jeopardy."

"Facts just stick in my mind." However, he said, this ability didn't allow him to coast through his actuarial exams. "I had to study, and I got a lot of 5's. I don't have a photographic memory."

A longtime "Jeopardy" fan, Blake sent in a postcard when the show invited Vancouverites to apply as contestants early this year.

"The show received over 105,000 postcards, many of them multiple entries from individuals," Blake said. "As an actuary, I knew my odds wouldn't increase appreciably if I sent in more than one." His one postcard was among 250 drawn from all the entries. He was called in for a written test and interview, then was notified in May that he was selected.

Between the June taping and the September airing of his five shows, he kept the outcome secret, keeping co-workers in suspense along with the rest of "Jeopardy's" viewers. Nobody knew until the last show, and then he earned a measure of local and international fame.

"USA Today called me and did a story. So did the Vancouver TV and radio stations and the newspapers," he said. "Total strangers were stopping me on the street."

Blake has only one regret about the show. "They always identified me as an actuary, but Alex Trebek (the host) never asked me what actuaries do. I was prepared to tell them how we're the number-one profession."

"Well, I'll try to work that in on the 'Tournament of Champions' next year."

Because he knows several actuaries who are good at trivia, Blake wonders whether actuaries as a group may have a special aptitude for it by propensity or training.

Here are a few questions Blake answered correctly.

In "Jeopardy"-style, the answer comes first, then the question.

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