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Taxation Section Membership Survey Results

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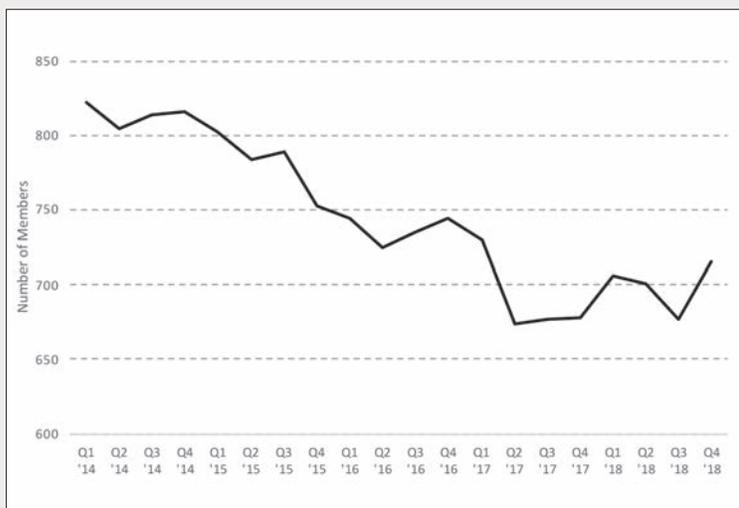
Periodically, it is important for the Society of Actuaries (SOA) sections to take the pulse of their membership to understand the value they bring to the actuarial community. In December 2018, the Taxation Section initiated a survey to understand the composition of its membership and identify where the section adds value and, more important, areas needing additional attention.

MEMBERSHIP

One of the catalysts for surveying our members is the year after year declination of the Taxation membership. Figure 1 depicts the quarterly total membership. Over the five-year period, membership decreased more than 10 percent. Prior to tax reform in 2018, membership declination was averaging 17 percent.

To better understand the change in our membership, it is helpful to recognize that the Taxation Section comprises two distinct groups of members and to consider those separately.

Figure 1
Total Taxation Section Membership Count



First we have the SOA members, who pay annual dues of \$20 as part of their SOA membership. Economically, these dues are key contributors to our section's finances. Membership among SOA members was declining until 2017 and has grown since. We attribute the recent growth to increased interest in taxation as a result of the passage of the Tax Cuts and Jobs Act (TCJA). This can be seen in both Q1 2018 and Q4 2018.

The second group includes non-SOA members, and they are usually not actuaries. They provide valuable contributions to our section such as authoring articles, speaking at various industry functions and serving on the editorial board of the section's publication, *TAXING TIMES*. In exchange for their contributions, we provide them gratis membership. In the total membership counts, however, the decline in 2017 is partly attributable to a review of these memberships. The section decreased the number of gratis members by about 35 percent, from 77 individuals to 50. The section periodically reviews gratis membership in order to manage section expenses. Gratis membership comprises about 8 percent of the total section membership.

The Taxation Section is a niche among the SOA sections, offering educational opportunities regarding company and product taxation. The increase in membership that occurred after TCJA suggests individuals are interested in tax topics and continue to see the section as a means by which to stay informed.

Many SOA sections are experiencing a decline in membership and up until TCJA the Taxation Section mirrored the trend. The section continues to seek advice from the SOA and the actuarial community at large to better understand how the section can broaden its horizon, increase membership and continue to provide value-added information efficiently.

SURVEY RESULTS

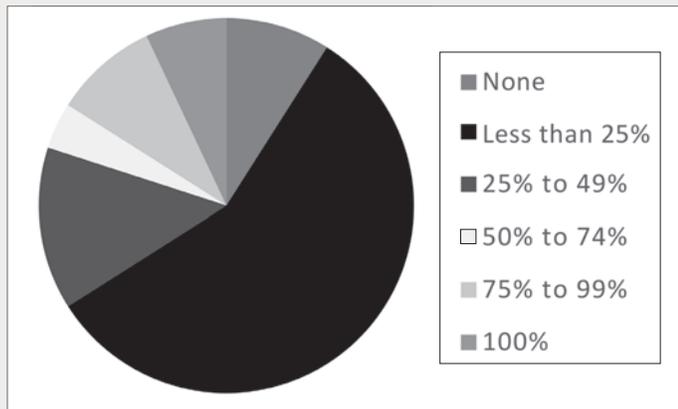
Thanks so much to those who took the time to respond to the survey. We appreciate your input and we will use the results to improve our offerings. And congratulations to the 10 winners randomly selected for responding to the survey.

The Taxation membership survey released in December 2018 was a timely opportunity to understand who is opting to be a section member and identify the value statement the section brings to the actuarial community. In total, 95 individuals responded to the survey, approximately 13 percent of total membership. This may seem like a low response rate; however, this is typical of SOA section surveys. An analysis of your responses to select questions follows.

Q1. How Much of Your Current Role is Devoted to Tax-Related Functions?

The vast majority of the respondents indicated that less than 25 percent of their responsibilities involve taxation. See Figure 2. This is not surprising, as many people take on multiple responsibilities and rarely need to devote all of their time to tax topics.

Figure 2
Tax as a Percentage of Overall Responsibility



Q2. In Two Years, How do You see Your Role Changing?

Responses to this question led us to two results. First, most respondents thought the amount of time spent on tax topics will be largely similar to what they currently do. Second, more than 10 percent of the respondents said they would most likely be retired.

In light of these results, succession planning for the next generation of actuaries spending time with taxation is something each company should address. The loss of expertise of knowledgeable tax professionals cannot be mitigated simply by asking a person to assume the role of a tax actuary. Knowledge of how and why taxation has evolved is equally important as understanding the current tax regime. Passing on this

knowledge and knowing where to acquire shared knowledge is critical to a company. One of the areas where individuals can seek advice is the Taxation Section of the SOA and the *TAXING TIMES* publication.

Q3. Overall, How Satisfied are You With Your Membership in the Tax Section?

The vast majority, over 70 percent, responded they are very satisfied with the section. The remaining responded they are somewhat satisfied. More discussion on what the section is considering to improve satisfaction will follow.

Q4. What is the Primary Reason You Joined the Tax Section?

Keeping current with changes to tax regulations and rulings was the dominant response, with over 75 percent of the vote. The primary purpose of the section is to educate and share tax knowledge with the actuarial community.

Q5. How Satisfied are You With the Following Section Resources?

Table 1 provides a glimpse of how the respondents perceive the value of different section opportunities. Seeing the highest percentage attributed to *TAXING TIMES* was a pleasant surprise. The section received some unsolicited feedback at a recent industry meeting suggesting the publication was one of the better newsletters produced by the SOA sections. This feedback may be biased. The feedback speaks volumes to the individuals intimately involved in the publication process.

On the other end of the spectrum is the low utilization of the section webpage and podcasts. We did not collect the data but this could be a generational difference between the section membership and the overall membership of the SOA. More analysis is needed to understand why utilization is low.

Table 1
Satisfaction With Tax Section Offerings

Offering	Very Satisfied	Somewhat Satisfied	Not Very Satisfied	Not At All Satisfied	Do Not Use
Section newsletter	83%	16%	0%	0%	1%
Networking opportunities	22%	38%	6%	0%	34%
Section webpage	17%	29%	3%	0%	51%
Podcasts	10%	16%	2%	0%	71%
Sessions offered at major SOA meetings	42%	42%	0%	1%	14%
Interaction with industry experts	42%	30%	2%	1%	24%



Q6. Please Indicate Your Level of Agreement With the Following Statement: “The Tax Section is a Valuable Resource for Being Aware of Current Tax Issues and Keeping Current on Changes Within the Tax Code.”

Consistent with earlier comments, *TAXING TIMES* was singled out as a very valuable resource for our members. Over 95 percent of the respondents either strongly agreed or agreed with the statement.

OTHER SURVEY QUESTIONS

The remaining questions on the survey attempted to identify areas where more information is needed or where the section can improve. The following are the key ideas shared:

- Update tax reserve textbook; some commented that it would be nice to have a combined product tax and company tax textbook.
- Provide more basic or entry-level information.
- Cover international tax laws; Canadian taxation was specifically called out.
- Address taxation as it pertains to other lines of business, such as health and property and casualty.
- Attempt greater collaboration with other sections.
- Increase the number of tax calls that discuss the pending changes or recently adopted laws, regulations or other guidance.

The tax reserve publication *Tax Basis Assets and Liabilities of U.S. Life Insurers* is a valuable resource. Individuals may want to consider purchasing it from ACTEX Publications. However, this publication, written in 2014, does not contain coverage of tax reform. As an alternative, the SOA's Regulatory Resource

(<https://www.soa.org/resources/regulatory-resource/default/>) may be the best source to identify changes to domestic and international tax. The group of individuals responsible for maintaining this website includes representation from the Taxation Section.

The section is working to increase its international coverage, and one of the first opportunities to address this will be the 2019 SOA Annual Meeting & Exhibit in Toronto, Canada. One effort is to include a comparison of product tax from the U.S.'s 7702 perspective compared to the exemption test used by our friends to the north. In addition, the section has reached out to other sections to see if they want to cosponsor sessions.

Last, the section is unique in many ways, none more important than our reliance on the expertise of non-actuaries in the legal community and the accounting community to interpret the tax code and related regulations, rulings and other guidance. The experts the section calls on to speak at various section and industry meetings share information best provided by other disciplines. As a section, we strive to identify the topics individuals need to be aware of, and when identified we work with the SOA to share the information in a timely manner. Webinars and *TAXING TIMES* are the two fastest ways to communicate information. Unfortunately, both of these take time. For webinars, there is a minimum 10-week scheduling time frame. *TAXING TIMES* requires a minimum of 11 weeks for the editorial process. For example, this article's due date was March 20 for a June publication date and this article did not require the same level of scrutiny as an article on a taxation topic. Participation in the Taxation Section as a Friend of the Section is a good way to keep informed of recent developments in the taxation of insurance.

Thank you for contributing to this article by responding to the survey. We continue to review the feedback and strive to make improvements. At any time, if we are not meeting your needs, please reach out to the section council. ■

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