



SOCIETY OF ACTUARIES

Article from:

The Actuary

January 1979 – Volume 13, No. 1

BOOK REVIEW

Donald S. Grubbs, Jr., *Integration of Plans with Social Security and Funding*, ALL-ABA Committee on Continuing Professional Education, Philadelphia, Pennsylvania, 1978

by Jeanne Cullinan Ray*

These two pamphlets are part of "Pension and Profit-Sharing Plans," a comprehensive reference book on the laws applicable to qualified pension and profit-sharing plans, prepared under the auspices of the American Law Institute — American Bar Association ("ALI-ABA"). According to its editor, David C. Rothman, the publication is aimed primarily, not at pension lawyers but, at the many corporate and tax lawyers, accountants, actuaries, plan administrators, pension consultants, bank trust officers, insurance agents, brokers, corporate personnel department employees, and others whose frequent contact with the pension laws would make such a reference tool useful.

The genesis of "Pension and Profit-Sharing Plans" was a pension practice handbook written by Mr. Rothman in the mid-1960's. With the advent of the Employee Retirement Income Security Act of 1974, ("ERISA"), the scope and complexity of pension regulation caused a shift in emphasis from an abbreviated handbook to a series of folios on specific pension topics. At present, the work consists of seven major sections subdivided into forty-four folios. It was prepared by some forty contributing authors, with the editor, David C. Rothman being by far the most prolific contributor. The folio system should facilitate future revisions and amendments when new rulings or statutory and regulatory changes occur.

The two folios which constitute the subject of this review deal with the topics of Social Security Integration (Series C Folio 5) and Funding (Series D Folio 1). Both folios were prepared by Donald S. Grubbs, Jr., a former Director of the Actuarial Division of the Internal Revenue Service, who is now a consulting actuary. His extensive actuarial experience makes him well suited to discuss these issues.

The Integration folio is a 32-page pamphlet which presents a concise overview of the legal requirements attaching to a plan which attempts to correlate

private sector pension benefits with those provided by the Social Security system. Since the folio is addressed to a general pension audience, it is written in a conversational style utilizing simple examples to illustrate technical mathematical formulae. Little or no attention is devoted to the philosophy behind integration or possible future trends. Despite the limited space available to him in the folio, the author has been successful in producing a thorough, readable introduction to the principles of integration. This work achieves its objective in that it constitutes a basic text explaining the rudiments of integration to pension generalists, although it would be considered too elementary for those actuaries steeped in the mechanics of integration.

The Funding folio is a 35-page brochure providing an easily understandable summary of the highlights of the funding standards of ERISA. It is presented in the form of a narrative description of the numerous factors to be considered in determining how much to contribute to a pension fund. About one-third of the article is devoted to defining certain actuarial terms. The author is adept at defining complex actuarial terminology, and in presenting the reader with statutory and regulatory citations. Particularly helpful to the pension generalist is the use of a sample Schedule B ("Actuarial Information") of a pension plan's annual report on Form 5500. In short, this booklet is an intelligent and literate summary of funding standards, but, practitioners faced with complex technical funding problems can use this folio only as the starting point of their research.

The two folios are worthwhile introductions to the subjects of integration and funding for those interested in acquiring an overview of a pension plan's actuarial requirements. The works will be most helpful to those readers who are not actuaries, and each contains a complex index for easy reference.

The subjects dealt with in the "Pension and Profit-Sharing Plans" publication have obviously been chosen with great care to cover all of the important aspects of pension planning, and I believe that the series will serve as a good basic reference tool for pension plan practitioners. The contributing authors are experts in the pension field and can bring in-depth knowledge and variety of viewpoints to the reader. Numerous new pension publications have flooded

GOLDEN ANNIVERSARIES

The year 1979 sees the following reach their 50th anniversary as Fellows:

Elgin R. Batho	Walter Klem
Max S. Bell	Walter O. Menge
Otto J. Burian	Carroll E. Nelson
Joseph A. Christman	Harry M. Sarason
Alfred N. Guertin	John L. Stearns
Willard A. Thompson	

May we hope that some of these gentlemen, seeing their names here, will be moved to write to *The Actuary*, reminiscing, reviewing the current scene, or prophesying.

These eleven stalwarts join sixty-four members who have previously marked their golden anniversaries. The deans of this group of seniors are, if we have our facts straight, John S. Thompson (1908) in the United States, John M. Laing (1912) in Canada.

Associates

Congratulations also to the following Associates who likewise have completed their half-century this year:

F. Arthur U. Goodwin	
Joseph Linder	Herbert A. Winters
Joseph T. McNeely	Robert A. Wishart

It would be a pleasure for the rest of us if as many as possible of these eleven Fellows and five Associates were to come to our meetings this year, to mark their anniversaries and to renew their friendships of so many past years. □

Actuarial Meetings

Mar. 8, Baltimore Actuaries Club
Mar. 8, Kansas City Actuaries Club
Mar. 8, Actuarial Club of Indianapolis
Mar. 15, Actuaries' Club of Hartford
Mar. 17, Seattle Actuarial Club
Mar. 20, Chicago Actuarial Club

the market since the enactment of ERISA. "Pension and Profit-Sharing Plans," while not a substitute for the multi-volume pension treatises prepared by Prentice-Hall and Commerce Clearing House, is, nevertheless, an informative and useful review of the fundamentals of pension planning.

The address of the American Law Institute — American Bar Association is 4025 Chestnut Street, Philadelphia, Pa. 19104. The price of each Folio is \$6.00. □

*Mrs. Ray is Assistant General Counsel with The Mutual Life Insurance Company of New York.