



SOCIETY OF ACTUARIES

Article from:

The Actuary

December 1982 – Volume 16, No. 10



The Actuary

RECEIVED
DEC 15 1982

The Newsletter of the Society of Actuaries

Vol. 16, No. 10

DECEMBER, 1982

A WORTHY CAUSE

The 1982-83 appeal for Minority Recruiting Project money is in full swing, says William E. Watson of our Subcommittee. As usual, appeals are made to two groups: (i) companies that employ actuaries, and (ii) individuals such as you and me.

In group (i), 81 organizations have responded. That total at the close of last year's appeal was 95, so there are several out there who may find this reminder useful.

It has always surprised us how few individual actuaries in past years have thought it worthwhile to include Minority Recruiting in their personal contributions budgets. The total number last year was only 18, and even that was a record. Surely it wouldn't be out of order to expect at least 100 Society members to participate to the tune of, say, \$10 or \$20 each, would it?

Those who care to do something about this, please send your check, payable to "SOA/CAS Minority Recruiting Program", to the Society office in Chicago. It's tax-deductible in the U.S.A.

Our good Subcommittee reports that it will soon publish a booklet, companion to the recently rewritten "The Actuarial Profession", expected to aid recruiting efforts among minority students.

E.J.M.

MAIL ALERT

You should have received the *Record*, Vol. 8, No. 3 covering the Colorado Springs meeting. If not, tell the Society office in Chicago.

FELLOWS' VIEWS ON ELECTION MATTERS

by Julius Vogel, Chairman,
Committee On Elections

Early in 1982 our Committee sought the views of a random sample of 1,158 Fellows on the Society's election process. 776 (67%) of these questionnaires came in; thus we got answers from one-sixth of all our Fellows to a series of questions that were expressed in "agree-disagree" form.

Some things we are doing right. 69% of the respondents found our first ballot "reference list" helpful; only 8% disagreed. Similarly, 80% agreed that the candidates are well qualified (1% disagreeing). Also reassuring—82% were generally satisfied with the way the Society is run; 10% were dissatisfied.

Yet, there is room for improvement. The biggest lesson we learned is this: 81% told us they don't know enough about most of the candidates to be able to choose among them, while only 16% said they do. The Society is no longer—for most FSA's never has been—an organization whose members know each other, or at least have pretty good knowledge of those prominent enough to appear on the ballot; hence the suggestion that candidates be encouraged to come forward with platforms on current Society issues was endorsed by 58% of respondents, 31% disagreeing.

Our questionnaire also brought up some constitutional matters. 27% of respondents felt that Associates should be allowed to vote, 66%, however, disagreeing. The response to the suggestion that Associates be allowed to run for office was similar. Slightly over half the respondents agreed (and about 35% disagreed) that there ought to be a constitutional limitation on how many times an individual may serve as Vice Presi-

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THREE STRIKES ON PERCY H. EVANS

by Mary G. Frankel

Percy H. Evans (1873-1964) entered Northwestern Mutual's Actuarial Department as a 15-year old clerk, in the same year that the Actuarial Society of America came into being, was to become our Vice-President and Actuary, was to be elected President of the American Institute of Actuaries, but despite three attempts was never to be a Fellow of the Actuarial Society. Here's the story.

Strike One (1899): The Society, which had just then introduced its examination system, refused Evans permission to take its exams on the grounds that membership was restricted to those engaged in actuarial work as a primary occupation. Evans was then an agent in San Francisco, having been sent there by Actuary Charles A. Loveland so that someone in the Actuarial Department would have an understanding of the field; this made him ineligible even though he had to his credit two years of mathematics at University of Michigan sandwiched within some five years in full-time actuarial work.

By 1916 Evans, long since back in the Home Office and Actuary of the company, was ready to take the first step. The Society had just amended its Constitution so that a practicing actuary of sufficient stature could be elected an Associate by majority vote of its Council; Percy H. Evans was so admitted.

Strike Two (1920): To become a Fellow other than by examination, one had to establish one's credentials as an actuary, which Evans did by writing ten papers for the *Transactions* in just four years; to get unanimous vote of the Council, which he did; and to be voted in at a Society meeting with not more than nine negative votes by the Fellows

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Committee on Discipline

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with the Society's General Counsel, Alan E. Lazarescu, on all disciplinary cases.

Our Committee operates under a rule of confidentiality which is required by our Constitution in all cases except those resulting in public reprimand, suspension, or expulsion. One purpose is to prevent harm to an innocent person's career through innuendo. Another is to prevent permanent harm to a career from a minor infraction. The Committee has been well impressed by the wisdom of this rule of confidentiality, though the opposite side to that coin is that the Committee's work becomes cloaked in mystery.

What kinds of case come before the Committee? They may be arbitrarily classified as "Business Ethics" or "Alleged Cheating on Exams by Associates". (Cheating by examinees below the Associate level is the E. & E. Committee's province.)

The business ethics cases cover a wide variety of situations, ranging from frivolous to serious. Many are dropped because the matter is not within the Committee's purview, or is withdrawn by the complainant. Comparatively few, but some, cases involve alleged malpractice of actuarial science; these are the ones on which the Committee can render an especially useful service to the profession.

A final word about the other actuarial bodies on this continent. They all have disciplinary procedures similar to our own. Is there any kind of jointly conceived disciplinary action on a particular case? *No!* Each body must take, and does take, its own independent action. □

Fellows Views

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dent or as a member of the Board of Governors. (There is already a ban against repeating as President).

Our Committee has been given three jobs to do, for which see the Report of Non-Routine Business in this issue.

A complete compilation and analysis of the results of this questionnaire, consisting of about 130 pages, is available from the Society office in Chicago for \$10 a copy. □

Three Strikes

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present, the hurdle he didn't surmount. The opposition came from a group of younger men who had just passed their examinations and were resolutely against anyone bypassing the rigors they had endured.

Evans remained active in the Society, and also in the American Institute in which he'd become a Fellow other than by examination in 1919, a member of the Board of Governors in 1921, and President in 1924.

Strike Three (1928): In the light of Percy Evans' service to the profession, Society President Edward E. Rhodes sent a letter to all Fellows asking whether or not he should be made a Fellow. That informal survey turned up 16 negative votes, more than enough to veto nomination. News of this made Evans decide to get along without Fellowship in the Actuarial Society of America.

Last Laugh (1949): In June 1949 all Fellows of either the Actuarial Society or the American Institute became of equal status as Fellows of the Society of Actuaries. Percy Evans, by then four years into his retirement, must have chuckled about that. □

MYERS HONORED AT OCTOBER ASSEMBLY

A symposium on the theme, "Checks and Balances on Social Security" drew nearly 50 authorities for a day's animated discussion on the campus of the American College in Bryn Mawr, Pa. on October 29th. The event's organizer, Yung-Ping Chen, Ph.D., Research Director of the McCahan Foundation, presided.

The occasion, marking Robert J. Myers' distinguished career dating from U.S. Social Security's early days, opened with a dinner the previous evening, at which many personal anecdotes were told and warm tributes paid. Three generations of the Myers' were present.

Formal papers were discussed and informal presentations made on seven session topics ranging from historical to forecasting. Ten F.S.A.'s participated.

Dr. Chen announced that the papers and discussions will be printed in due course. When they are, this newsletter will tell our readers of their availability and cost. *E.J.M.* □

Myers Serves

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tends to serve as a stabilizing device insofar as the future costs of the OASDI program are concerned . . .

"The specific procedure . . . can be illustrated by considering what would be done in the initial adjustment. In 1985, when the 1979-81 Life Table will be available, the age would be determined in such table at which there is the same expectation of life as at age 65 in the 1969-71 Life Table (15.0 years). Although the 1979-81 Table is not yet available, a preliminary table for 1980 indicates that the equivalent age is 67.0. Thus, life expectancy at the current NRA increased by 2.0 years. The new normal retirement age would then be the current age (65) plus 50% of the 2.0 years increase in life expectancy, yielding a new normal retirement age of 66."

Automatic Changes In OASDI Tax Rates

"... (T)he OASDI tax rate for 199 and after, as prescribed under present law would be left unchanged (at 12.4% for the employer and employee combined) until the defined 'adequate fund ratio' (of fund balance to one year's benefit payments) has been built up. This ratio is defined for purposes of illustration as being between 50% and 55%.

"When the fund ratio first equals or exceeds 60.0%, the combined employer-employee tax rate for the next calendar year would be *reduced* by 4%." (Thereafter, the action as to the tax rate for a particular year would be determined by a procedure that Myers described, depending on the direction in which the fund ratio moves.)

These excerpts have but scratched the surface of Myers' memoranda to the Commission. Apparent advice in them reflects not necessarily his personal beliefs, but rather hypotheses on how stabilization might be accomplished. There ample evidence of the respect accorded his actuarial knowledge and judgment, and the solid trust that this Executive Director and actuarial consultant has earned in the eyes of the Commission members. □