

Online Voting Ends Sept. 2

THE ACADEMY ELECTION for three regular director positions to serve on the board of directors and two bylaws amendments will close at 11:59 p.m. EDT on Sept. 2. All Academy members as of July 14, 2011, are eligible to vote in this election.

A reminder email was sent on Aug. 19 to all members who have not yet voted and have not opted out of receiving Academy emails. Members who have opted out of receiving Academy emails were sent election materials through the mail and have the option to vote online or by mail. If you didn't receive an email (or paper) ballot, please contact elections@actuary.org.

Standing for election to full, three-year terms on the Academy board of directors are Mary Bahna-Nolan, a director in the actuarial and insurance management solutions life practice in PricewaterhouseCoopers' Chicago office; Ken Kent, a consulting actuary specializing in public-employer and multi-employer plans at Cheiron in McLean, Va.; and Catherine Murphy-Barron, a consulting actuary with a health insurance and managed care focus at Milliman in New York.

Also on the ballot are two bylaws amendments: One would approve on behalf of the Academy membership the proposed professionwide changes to the discipline process, and the other would shorten what is in effect a four-year term of the presiden-

tial office by one year as a result of removing the position of penultimate past president from the Academy board of directors.

The electronic voting process—which is being conducted on a one-year trial basis—began Aug. 3.

“Allowing members to cast a ballot using our secure election website has expanded voter participation beyond those who attend the annual meeting,” said Academy President Mary Frances Miller. “The increase in member interest in the election process is encouraging.”

Information on the [candidates](#) and the [bylaws amendments](#), as well as details on the nominations and elections procedures, can be found online at the Academy Election Center: <http://www.actuary.org/electioncenter/>. ▲

Code of Professional Conduct Webinar

Sept. 21 • Noon–1:30 p.m. EDT

When the economy is unsteady and employers and clients are under economic duress, actuaries feel the pressure. In such uncertain times, the actuarial Code of Professional Conduct becomes even more important to you and your practice.

This webinar is both a primer and a refresher course on what the code means to you as a practicing actuary. Learn the details of the code's precepts, and gain a better understanding of what may constitute a violation. You'll discover that code compliance ensures the integrity and quality of your work.

For more information and to register, visit http://www.actuary.org/webcasts/prof_conduct11.asp.

Fuerst Named New Pension Fellow

DONALD FUERST will join the Academy as its new senior pension fellow in September. Fuerst recently retired as a senior partner and consulting actuary with Mercer's Denver office, where he advised corporate clients for more than 30 years on design, funding, and compliance issues related to retirement programs.

As senior pension fellow, Fuerst will serve as the U.S. actuarial profession's chief public policy liaison on pension, Social Security, and other retirement issues.

“Don brings passion to his new position with the Academy,” said Pension Practice Council Vice President Ethan Kra. “He has been deeply involved in crafting proposals for new types of retirement plans that would bring greater retirement security to the American worker. He believes strongly in the role that actuaries can play in helping policymakers design the retirement security systems of the future.”

Fuerst has been a member of the Academy since 1978. He also is a fellow of the Society of Actuaries, a fellow of the Conference of Consulting Actuaries, and an enrolled actuary. He earned his bachelor's degree in mathematics from Regis University. ▲



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Automatic Adjustments

Updated brief looks at ways to maintain Social Security's long-term solvency



AUGUST

5–6 International Association of Black Actuaries meeting, Boston

11 Academy Executive Committee meeting, Washington

11–13 46th Actuarial Research Conference, Storrs, Conn. (SOA)

SEPTEMBER

8 Senior Staff Collaboration meeting, Washington

14–15 Actuarial Standards Board meeting, Washington

15 CUSP meeting, Chihuahua, Mexico

16–17 NAAC meeting, Chihuahua, Mexico

21 Professionalism webinar: Code of Professional Conduct (Academy, ASPPA, CAS, CCA, SOA)

29–Oct. 2 IAA meeting, Zagreb, Croatia

OCTOBER

16–19 SOA annual meeting, Chicago

23–26 CCA annual meeting, Las Vegas

24 Academy annual meeting, Las Vegas

27 New Board Member Orientation meeting, Washington

28 Board of Directors meeting, Washington

NOVEMBER

3–6 NAIC fall meeting, Washington

6–9 CAS annual meeting, Chicago

7–10 Life and Health Qualifications Seminar, Arlington, Va. (Academy, SOA)

16–17 Seminar on Effective Loss Reserve Opinions, Baltimore (Academy)

17–20 NCOIL annual meeting, Santa Fe, N.M.

DECEMBER

6 Academy Executive Committee meeting, Washington

7 Difficult Communications audiocast (Academy, CIA, CCA)

15 Professionalism webinar: IAA Standards Development and Its Impact on U.S. Actuaries (Academy, ASPPA, CAS, CCA, SOA)

15–16 Actuarial Standards Board meeting, Washington

To continue receiving the *Update* and other Academy publications on time, remember to make sure the Academy has your correct contact information. Academy members can update their member profile at the member log-in page on the Academy [website](http://www.actuary.org).

Academy NEWS Briefs

Advocating Lifetime Income

THE ACADEMY'S PUBLIC INTEREST COMMITTEE has exposed a "Statement in the Public Interest" that calls for public policy changes that support lifetime income. In a Sept. 1 email, all Academy members were invited to review the proposed statement—by logging in to the Academy website at <http://www.actuary.org/members/login.asp>—and submit comments to the committee at publicinterest@actuary.org by Sept. 16.

The proposed statement, along with a summary of comments received from members during the feedback period, is expected to be pre-

sent to and discussed by the Academy board of directors on Oct. 28. If the board approves the statement, the Academy plans to make it public through a coordinated media campaign.

The idea for an advocacy position promoting lifetime income originated with Academy volunteer leadership at its 2010 Summer Summit. If approved, it will be the second advocacy statement issued by the Academy. The first, which advocates increasing the Social Security retirement age, was approved by the board on June 9, 2008. ▲

Academy Corrects Mischaracterizations

ACADEMY PRESIDENT MARY FRANCES MILLER sent letters to the National Association of Insurance Commissioners' (NAIC) Life Actuarial Task Force and to the U.S. Department of the Treasury correcting misstatements made about the Academy and the actuarial profession by outside organizations.

"The Academy doesn't seek to engage professional critics. But it will defend—vigorously—the standards and code that guide the profession," Miller said.

In the [letter](#) to the NAIC, Miller described the Academy's work representing the U.S. actuarial

profession on public policy issues and outlined the policies and procedures that help the Academy keep its work objective.

Academy volunteers are actuaries who have the experience and skill to provide "in-depth reviews of the potential impact of regulations on consumers, products, and the insurance market," Miller wrote. She also explained the Academy's "rigorous and detailed policies and procedures to safeguard against and to address any actual or

→ CONTINUED ON PAGE 3

Are you qualified to issue actuarial opinions?

Life and Health Qualifications Seminar

Nov. 7–10, 2011

Key Bridge Marriott, Arlington, Va.

[Early registration ends Sept. 9](#)

Qualify to issue actuarial opinions for the NAIC Life and A&H Annual Statement or the NAIC Health Annual Statement. Topics include:

- Asset adequacy testing
- Statutory insurance accounting
- Valuation and nonforfeiture requirements
- Health insurance valuation topics

Earn up to 27.3 CE credits.

Click [here](#) for more information.

P/C Effective Loss Reserve Opinion Seminar

Nov. 16–17, 2011

Hilton Baltimore BWI Airport

[Early registration ends Oct. 17](#)

Keep up-to-date on regulations and standards applicable in drafting loss reserve opinions. Topics include:

- Accepting an opinion assignment
- Documentation
- Point estimates, ranges, and management's best estimate
- Disclosing risk of material adverse deviation

Earn up to 14.5 CE credits.

Click [here](#) for more information.

AMERICAN ACADEMY of ACTUARIES

www.actuary.org

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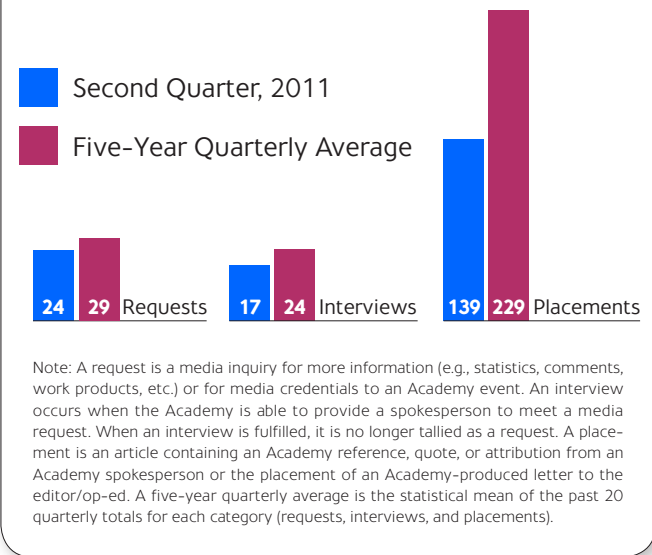
potential conflicts of interest.”

Miller’s comments came in response to a letter from the Center for Economic Justice, Austin, Texas. The center criticized the fact that the NAIC’s proposed VM-50 regulation for principle-based reserving experience reporting referenced the use of professional actuarial organizations for technical actuarial services.

In her [letter](#) to Treasury, Miller reinforced the value that actuaries could bring to the Federal Advisory Committee on Insurance (FACI) and the actuarial profession’s commitment to high professional standards. Her letter followed one from Robert Hunter, director of insurance for the Consumer Federation of America, who contended that actuaries could provide “staff functional work” but that their expertise is not needed on the FACI. He also asserted that actuaries who are directly or indirectly employed by the insurance industry cannot provide objective expertise.

“To suggest that actuaries only occupy a space of ‘functional’ utility is to suggest that the profession does nothing more than crunch numbers in a computational fashion,” Miller wrote. “The actuarial profession has much to offer in advising regulators at all levels on prudent measures to safeguard solvency, capital requirements, systemic risk, and myriad other matters affecting insurers.”

Miller also wrote that any actuary appointed to the FACI would be held to the Code of Professional Conduct, which requires actuaries to provide their “unbiased effort and input.” ▲



IN THE NEWS

Essential Benefits

Karen Bender, the chairperson of the Academy’s Individual and Small Group Market Task Force and a consulting actuary and principal with Oliver Wyman Actuarial Consulting in Milwaukee, was quoted in the June issue of *Managed Healthcare Executive*. Bender discussed the development of the essential health benefits package—a set of health care service categories that must be covered by plans offered through the state health insurance exchanges. She said that the ultimate cost of the Affordable Care Act will be shaped by the richness of the essential benefits package because premiums will reflect the comprehensiveness of benefits and the government will offer subsidies to help pay for the premiums.

FACI

Articles by *National Underwriter Life & Health* on June 9 and *Best Wire* on June 13 focused

on Academy President **Mary Frances Miller’s letter** to the U.S. Treasury Department regarding the proposed Federal Advisory Committee on Insurance (FACI). Miller urged officials to ensure that the FACI includes individuals with direct actuarial expertise.

Medicare

The Academy’s May 2011 [issue brief](#) on Medicare’s financial condition served to moderate partisan rhetoric in a *Washington Post* Fact Checker piece on June 9. The brief notes that the Affordable Care Act contains provisions that are designed to reduce Medicare costs and increase revenues, but that additional steps are required to solve the long-term financial challenges facing Medicare.

The issue brief also was cited in a *Pottstown Mercury* Op-Ed by Rep. Jim Gerlach (R-Pa.) on June 12. Gerlach referred to the brief to underscore the need to address Medicare’s financial challenges.

BOXSCORE PUBLISHED

THE JULY 2011 EDITION of the Actuarial Standards Board’s (ASB) [Boxscore](#) is now available. This issue examines the final revision of Actuarial Standard of Practice (ASOP) No. 28, now titled *Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets*, which goes into effect on Oct. 31. It also provides an update on the new deviation language for ASOPs that took effect on May 1 and discusses the introduction to the *Actuarial Standards of Practice*, which is currently being revised by the ASB General Committee. For more details about these news items and to learn about other standards of practice currently under review, visit the [ASB website](#).

CLASS Act

A June 15 AHIP HI-Wire article reported on a [letter](#) from U.S. Health and Human Services Secretary Kathleen Sebelius to Rep. Charles Boustany. In her letter, the secretary outlined possible changes to the Community Living Assistance Services and Supports (CLASS) program. Sebelius wrote that the “modifications are consistent with the types of improvements that have been recommended by outside experts such as the American Academy of Actuaries.”

Systemic Risk

A June 28 *Insurance Networking News* article discussed a [letter](#) from the Academy’s Financial Regulatory Reform Task Force to the Financial Stability Oversight Council. The letter, which was signed by **Jesse Schwartz**, the task force’s chairperson, outlined

metrics for identifying systemic risk in the insurance sector.

SPEAKERS BUREAU

Academy President-elect **Dave Sandberg** was a guest speaker at the Twin Cities Actuarial Club meeting on June 21. Sandberg spoke with actuaries from the Minneapolis-St. Paul region about the Academy’s value proposition and how the Academy can leverage its resources to influence public policy.

Academy President **Mary Frances Miller** spoke at the Actuaries Club of the Southwest spring meeting in Corpus Christi, Texas, on June 24. Miller discussed a proposal to improve the discipline process for actuaries in the United States.

To find out about other actuaries in the news and for external links, visit the Academy’s [newsroom](#). ▲

HEALTH BRIEFS

- ➔ **Mark Jamilkowski**, senior manager with KPMG Healthcare Advisory in New York and chairperson of the Academy's Exchange Task Force, has joined the Academy's Federal Health Committee.
- ➔ **Al Schmitz**, consulting actuary for Milliman in Brookfield, Wis., has been appointed vice chairperson of the State Long-Term Care Task Force.
- ➔ **Kenneth Clark**, consulting actuary for Milliman in Chicago, has joined the Committee on State Health Issues.

PENSION BRIEFS

- ➔ **Davin MacKenzie**, director for PricewaterhouseCoopers in Boston, has joined the joint Academy/SOA Pension Finance Task Force.

RISK MANAGEMENT BRIEFS

- ➔ **Eddie John Edward Smith IV**, assistant actuary for Liberty Life Insurance Co. in Greenville, S.C., has joined the Academy's International Accounting Standards Task Force.

CASUALTY BRIEFS

- ➔ **Jeffrey McCarty**, assistant vice president and actuary for State Farm Mutual Auto Insurance Co. in Bloomington, Ill., has joined the Academy's Casualty Practice Council and been appointed chairperson of the Natural Catastrophe Subcommittee.
- ➔ **Michael Toothman**, an actuary for Actuarial and Risk Consulting Services in Ardmore, Pa., has joined the Academy's Council on Professionalism and the Casualty Practice Council.
- ➔ **Alejandra Nolibos**, an actuary for Towers Watson in Coral Gables, Fla., has joined the Academy's Opinion Seminar Subcommittee.

LIFE BRIEFS

- ➔ **T. Michael Presley**, an actuary in Birmingham, Ala., has been appointed vice chairperson of the Academy's Volunteer Resource Committee.
- ➔ **John Bevacqua**, senior actuary for American International Group in Hartsdale, N.Y., has joined the Lifetime Income Risk Joint Task Force.
- ➔ **Steven Malerich**, assistant vice president and actuary for AEGON USA in Cedar Rapids, Iowa, has joined the Life Practice Council.
- ➔ **David Wiland**, senior actuary for ING US Financial Services in West Chester, Pa., has joined the Annuity Reserves Work Group.

Registration is open for the 2011 American Academy of Actuaries Annual Meeting and Awards Luncheon

JW Marriott Las Vegas Resort & Spa
October 24, 2011

Held this year in conjunction with the
Conference of Consulting Actuaries
Annual Meeting

Keynote Speaker:
Nate Silver



AMERICAN ACADEMY
of ACTUARIES



NEW Academy Members

IN THE FIRST HALF OF 2011, 347 new members took an important step in their professional journeys and became members of the Academy.

This newest crop of Academy members is diverse and relatively young (the average age is 31), with men outnumbering the women by 20 percent. Some of the new Academy members also are members of other actuarial organizations including, but not limited to, the Society of Actuaries, the Casualty Actuarial Society, the American Society of Pension Professionals and Actuaries, and the Conference of Consulting Actuaries, with a small percentage of the new Academy members being enrolled actuaries, members of the Canadian Institute of Actuaries, the U.K. Institute and Faculty of Actuaries, and the Institute of Actuaries of Australian.

The majority of the new members (199) are employed by an insurance organization or organizations serving insurance. Of the rest, 140 are consulting actuaries, four are listed as government employees, one is listed as unaffiliated, and the other three list their employment as miscellaneous.

Jonathan Abbott
Benjamin P. Ablin
Emily S. Allen
Matthew Antol
Adrian Araguas
Adam L. Arians
Brian M. Arnell
Chris Arwood
John Adlebert Estrella Austria
Lin Lin Bai
Yun Bai
Cornel Balteanu
Poly Deka Barman
Christopher M. Barnes
Heidi G. Barry
Paul F. Basha
Jusuf Abbas Bawazer
Marc Allen Beckmann
Jordana Beren
Robert Berendsen
Ravi Bhagat
Eric J. Bieri
Samuel Wesley Bott
Lindsay Boutelle
Rebecca Erin Boyle
Nathan David Bragg
Sean Brennan
Carrie McGraw Brewer
Paul Brezovec
Michele Brooks
Brook Alan Buckingham
Michael F. Bugbee
David Byron
Grace Cao
Thomas G. Cavin
Melissa Chacko
Terence K. Chan
Ningyeh Chang
Feng Ling Chen
Sarah S. Cheng
Jiunn Hau Chin
Ing Tai Ching
Ji Eun Choi
Shinn-Te Chou
Francis Chu
Kenneth Yin Wai Chu

Eugene Terence Chung
Alejandro Cires
Jeffrey R. Claassen
June Eleanor Clark
Kristin E. Clark
Brad D. Clauser
Jennifer Close
Chad Douglas Clover
Christine Jarrett Cocchia
William J. Connolly
Brian W. Corbett
Michael Joseph Costanza
Christopher J. Coulter
Patrick M. Curran
Simone Davis
Martha Terese DeCost
Patrick Deggelman
Melissa A. Desiderio
Ramona Diaconu
Justin Dietz
Tim Dilulio
Denis Anthony Do
Gaia Dong
Emilie Rovito Dubois
Kyle R. Duffy
Daniel Earls
Jeffrey Daniel Eberlein
Daniel Emmendorfer
Igor V. Enin
Danielle C. Epstein
Angela C. Erwin
Christopher Eynatian
Krishna Faldu
Shu Fang
Ariane M. Farnell
Karen Farver
Jia Fei
Andy Feldman
Jonathan Feldman
Xiujuan Feng
Ilene Fennessey
Karen Ferguson
Lauren Ferrier
Nick Fiechter
Tony Fiorillo
Christopher R. Fioritto

Melanie Lynn Foy
Julie E. Franken
Hong Fu
Mark R. Fuller
Matthew D. Gabriel
Michael A. Gamble
Timothy A. Gault
Jeff Gehrke
Margaret H. Glenn
Patience Gore
Jessica Goulet
Michael J. Grenier
Joel Christopher Griffith
Michael M. Grimmett
Frank Martin Grossman
Zhe Guan
Brian Guntli
Rachel Hale
Benjamin K. Hall
Lloyd A. Hall
Lihong Han
F. Keith Handley
David Gordon Harcourt
Yana Harris
Stephen D. Hartman
Tanya Danell Havlicek
Kai He
Joseph Heintzelman
William R. Henderson Jr.
Susan Hendricks
Abra Hill
David Hirschman
Laura Hodgson
Katherine M. Holcomb
Scott Homann
Xiaomei Hong
Richard Houde
Kevin Hughes
Tariq Hussain
Kyle S. Hutmaker
Kevin Hydock
Regina Anne Ihrke
Yi Ding Jiang
Albert H. Johnson
Brendan Kallaughner
Hyunsook Kang

David I. Katz
Abby Kendig
Alicia J. Kertz
Jaclyn A. Kertzman
Jacqueline Rosanne King
Keith R. Klimek
Christian Kortebien
Stephanie Koval
Zachary M. Kramer
Kenneth Kudrak
Ella Kulinsky
Jayakrishnan Sreekumara Kurup
Brian Kwei
Hugh Lakshman
Nicole Marie Lambert
Laura Lane
Julian Stuart Larih
Crystal J. Lassegard
Jonathan Robert Laux
Zora Wing Fong Law
Benjamin Lawent
Han-Kyu Lee
Kyuman Lee
Laura Lenzer
Timothy A. Lewis
Hua Li
Bunan Li
Weihong Li
Zheng Li
Kevin D. Libby
Robert E. Lighthizer Jr.
Jeremy Lijoi
Andrew Y. Lin
Steven R. Lindley
Craig Little
Ying Liu
Xi (Grace) Liu
Yi-Ling Liu
Kim Ho Lo
Giuseppe Lombardo
Griffin Lothrop
Valerie Loyet
Mingqing Lu
Chiao-Ching Andrew Lu

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David R. Mike
Jeffrey T. Miklas
Jason Miller
Galen Lara Minetz
Albert Jeffrey Moore
Corey J. Morenz
Nicholas Mueller
Phillip Mueller
Barbara Muellers
David C. Mutch
David Myers
Nuray Nalbant
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Joshua G. Rieck
Kurt Christian Ringo
Inga Riven
Steven Rosner
David Rothermich
David K. Rueth
Rebecca M. Rycroft
Ray Michael Saathoff
Mayumi Sakamoto
Jie Savage
Andrew Savaloja
Peter Vernon Scharl
Alexis C. Schmitt
Neil Wesley Schneider
Daniel C. Schuett
Steven E. Schumpff
Amy N. Schwambach
Angela M. Schwendeman

Sunil W. Sen
Ronald Reid Settle Jr.
Nauman M. Shaikh
Charles Said Shamieh
Vikas Sharan
Jia Shi
Emma Shi
Sierra Sibbert
Michael Patrick Simmons
Glen Edward Simpson
Panayiotis George Skordi
Matthew H. Smith
James C. Smith
Matthew A. Smith
Timothy W. Smith
Raymond Jin-Ho Son
Jennifer D. Sorensen
David A. Sotelo
Sean C. Souders
David Stein
Joshua Strupcewski
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Tu Ngoc Ta
Hong Meng Tan
Julian H. Tan
Ina Yin-Gar Tang
Hui Tao
Michael Steven Taylor
Alyssa Thao
Brian Thibeault
Amy Sakura Thompson
Jeffrey Philip Thornton
Fang Tian
Tri Chau Tong
Brian Traxler
Larisa A. Treyster
Stephanie Urdahl
David Van Caster
Laura Alden VanderMolen
Christopher Shoji Wada
Corey B. Wagner

Michelle Nevine Wahab
David Walters
Juan Wang
Zhiguo Wang
Travis Weber
Soyoung Oh Weidner
Virginia C. Wentz
Eric Wheeler
Joshua Lee White
Maureen Joyce Whitman
Nathan D. Wilbanks
Amanda E. Williams
Ashley A. Wise
Bonnie E. Wolf
Richard B. Worthington III
Jigang Xia
Jun Xia
Qinqing Xue
Ying Xue
Su Yang
Hui Yang
Mingjie Yang
Yujing Yang
Christina Hefflon Yeager
Kathy Yeh
HaoFeng Yu
Laura P. Zahn
Julieta A. Zambrano
Kristopher M. Zelkin
Irene Haiyun Zhang
Liang Zhang
Haiyun Zheng
Haibin Zheng
Liangliang Zhou
Ying Zhou
Bei Zhu
Xi Zhu
Aaron Ziegler
Lisa Zimmerman

Preparing for Change Under PBA for Life Products: Life Company Reserves and Capital Seminar

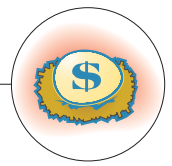
Sept. 14, 2011 • Omni Orlando Resort at ChampionsGate, Fla.

The seminar will feature an in-depth discussion of several hot topics and specific implementation challenges related to the principle-based approach (PBA) for statutory reserves for life products.

Topics will include:

- ➔ Results/conclusions from the NAIC VM-20 Impact Study
- ➔ The structure and process of NAIC’s feedback loop
- ➔ The latest revisions to VM-20 and the related practice note
- ➔ The status of VM-20 adoption
- ➔ Changes to valuation processes and controls in a PBA world
- ➔ Practical aspects of VM-20: controls, assumptions, documentation, and governance
- ➔ Taxes under PBA
- ➔ Professionalism and PBA

This seminar is jointly sponsored by the Academy and the Society of Actuaries. [Click here](#) to register or to learn more.



Sustainable Solvency Solutions

Actuarial Update

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THE SOCIAL SECURITY TRUSTEES have been reporting for many years that the system is not in long-range actuarial balance. While many proposals have been made to restore the program's long-term solvency, no legislative consensus has been reached. When legislation to fix Social Security's long-range financing problem is adopted, Congress could include automatic adjustment mechanisms designed to prevent the system from again falling out of actuarial balance, the Academy's Social Security Committee suggested in a newly updated [issue brief](#).

The Social Security program already has automatic wage, earnings base, benefit formula, and cost-of-living adjustment features, the committee wrote, but these don't address the demographic factors that are contributing to the program's increasing costs. Lower birthrates and higher life expectancies among Social Security participants are the primary causes of the program's long-range insolvency.

The last time comprehensive changes were made to the Social Security system was in 1983. The changes made at that time were intended to keep the program in actuarial balance for at least 75 years, but did not address sustainable solvency beyond 2058.

"One reason for the current long-range deficit is that all the years added to the valuation period beyond 2058 are deficit years," the committee wrote. "To address this problem, the Social Security Board of Trustees has developed the concept of 'sustainable solvency,' under which payroll taxes not only can finance scheduled benefits over the 75-year valuation period but the trust fund also is stable or increasing toward the end of that period."

"Experience shows that when faced with controversial issues like changes to the Social Security program, Congress often waits until circumstances force it to act. This is not a good way to achieve optimal results," said Eric Klieber, vice chairperson of the Social Security Committee and lead author of the brief. "Including automatic adjustments in any new legislation that addresses Social Security financial problems could prevent similar situations from arising in the future."

In the issue brief, the committee examines different ways to structure automatic adjustments to benefit amounts, taxes, and the normal retirement age to help return the program to long-term actuarial balance. The brief also looks at the advantages and disadvantages of maintaining Social Security's actuarial balance with automatic adjustments.

The advantages:

- It is easier for participants to adjust to and accept frequent small changes;
- Workers may have more confidence that Social Security will be around when they retire if it has built-in solvency features; and
- Automatic adjustments can help insulate the program from the contentious political process.

The disadvantages:

- It is difficult to design adjustment mechanisms that would respond appropriately to all possible circumstances over the long term, so additional modifications may need to be made to the automatic adjustments; and
- Many people believe that changes to a program that is vital to the well-being of so many should be debated and acted on by elected representatives rather than implemented by an automatic process.

Congress needs to decide whether it is better to maintain Social Security's long-range actuarial balance by making frequent small changes automatically or by making larger changes on an ad hoc basis, the committee wrote.

"Ultimately, this is a political decision, and the committee has not taken a position one way or the other," said Klieber. "The purpose of the issue brief is to present fairly the arguments on both sides of the issue."

Other members of the Social Security Committee who contributed to the brief include Janet Barr, chairperson, Raymond Berry, Michael Callahan, Jay Jaffe, Eric Lofgren, Michelle Rubin, Bruce Schobel, Mark Shemtob, P.J. Eric Stallard, Louis Weisz, and Ali Zaker-Shahrak. ▲

Speakers Available for Actuarial Events

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