

PENSION NEWS

Pension Fellow Continues to Educate on Social Security, Signs for Another Year

The Academy's public education campaign on Social Security headed South this spring, when Senior Pension Fellow Ron Gebhardtshauer shared the stage with members of Congress in Texas and South Carolina.

Gebhardtshauer spoke in Abilene, Texas at the invitation of Democratic Rep. Charles Stenholm on May 30 and in Charleston, S.C. on June 9 at the behest of Republican Rep. Mark Sanford.

At both events, Gebhardtshauer emphasized that while Social Security's financial problems are urgent and need to be addressed, solutions exist that can ensure the continued solvency of the program. "Solutions implemented now will be less costly than those that will be needed in the future," he said. "We should not wait until the trust fund is exhausted in 2029 or until benefit outgo exceeds tax income in 2012."

Also speaking at the South Carolina forum were former Social Security Commissioner Dorcas Hardy and Sylvester Schieber, a Watson Wyatt economist and member of the Advisory Council on Social Security. Both Hardy and Schieber praised the key role that actuaries play in keeping the system solvent. According to Gebhardtshauer, such acknowledgment is becoming more common and is an indication of growing Academy involvement in the public policy process.

Rep. Sanford, an advocate of a private individual-account Social Security program, has requested Academy analysis of his own proposal. Academy Social Insurance Committee member Ken Steiner will lead an effort to prepare a response for Rep. Sanford that will draw on the information in the Social Insurance Committee's 1996 issue briefs on Social Security privatization.

Gebhardtshauer's speech, "Exploring the Options," is available by faxing a request to Doreen Evans at 202-872-1948 or by e-mail at evans@actuary.org.

Gebhardtshauer capped his spring by accepting an offer to serve an-

other year as senior pension fellow, which is a part-time, temporary position appointed by the Pension Practice Council. During his first year on the job, Gebhardtshauer oversaw completion of the Task Force on Tax Reform report, which was released at a Washington briefing in May.

"In the last few months I have been able to concentrate on building relationships with regulators and elected officials," says Gebhardtshauer. "Members of Congress are eager for the kind of analysis that actuaries provide." In addition to his consultations with elected members of Congress, in recent weeks Ron has met with staff members from several Senate committees including Senate Finance, Labor and Human Resources, and Select Committee on Aging, who were seeking Academy help on legislation, and has been invited to testify before the House Ways and Means Social Security Subcommittee.

Gebhardtshauer also consults with executive branch officials. In fact, he believes that his suggestion to institute actuarial review of the benefit programs of the U.S. Department of Veterans Affairs (DVA) may be nearing success. (See April Update.) "In May, I met with high-ranking DVA officials, who told me that the secretary himself

understood the value of actuarial review and supported the concept. I'm hopeful that veterans benefit programs will soon have the advantage of an actuarial review."

Gebhardtshauer also serves on a Pension Benefit Guaranty Corporation (PBGC) task force on premium audit simplification, and retains many ties to the agency where he served as chief actuary. David Strauss, a top aide to Vice President Gore who is expected to be named PBGC executive director, phoned Gebhardtshauer only days after word of his appointment was made public. "Strauss was seeking advice from a veteran of the PBGC and also wanted to establish contact with the actuarial profession, which he sees as an important constituency," said Gebhardtshauer. "I hope to be meeting with him soon and look forward to a good working relationship."

A chief goal for the next year will be to continue to educate lawmakers on tax expenditures for pensions. "Congress is starting to understand that tax exemptions granted to pensions now generate greater future revenue for the government," Gebhardtshauer said. "Such future earnings could be crucial to a government worried about future deficits and revenue needs, partially due to an aging population." Gebhardtshauer also will be exploring innovative ways to use private pensions as part of Social Security reform.

Academy Executive Director Wilson Wyatt said, "Ron has worked hard to bring the actuarial profession to new level of respect with Congress and the federal agencies. I am pleased that he has agreed to another year of Academy service."



Dallas-based actuary and former Academy President Jack Turnquist (left) attended the Abilene, Texas forum where Rep. Charles Stenholm (right) shared the stage with Ron Gebhardtshauer.

Disciplinary Notice

The Academy Discipline Committee, acting in accordance with the Academy's bylaws and on the recommendation of the Actuarial Board for Counseling and Discipline, has expelled David J. Boatright from membership in the Academy. The 45-day period for Mr. Boatright to appeal the decision of the Discipline Committee to the Academy Board of Directors has expired.