

NOTES ON THE TRANSACTIONS OF THE FACULTY OF ACTUARIES

VOL. 23, PART 2 (No. 187), 1955

STALKER, A. C. *The profitability of group pension business*, pp. 13-72. The practical working out of two bases of rates, on which the bulk of group pension business in force has been written, is examined in the light of experience and probable trends in mortality of employees and pensioners, interest and tax, expenses, and withdrawals, and with regard to the rate guarantees commonly given. Deferred annuity values on the assumed experience basis are tabulated by age attained and valuation year and compared with the premium rates. In the second part of the paper the working in 1955 of a 'model' scheme is analysed both on the experience and premium bases. The broad conclusion is that the lower of the two rate bases is now beginning to be unremunerative and the higher (the one now commonly used for new business) will do so in a few years' time, but with a larger proportion of with-return pensions the evil day will be somewhat deferred.

ELPHINSTONE, M. D. W. and MELTON, M. W. *With-profits group pension schemes*, pp. 85-141. The authors first consider the fundamental requirements of group pension schemes, with special reference to their effects on the design of with-profit schemes. General actuarial considerations follow, such as the arguments for and against participating schemes, and whether such schemes should share in the general pool of surplus or only in the profits of a separate notional fund. The interconnexion of costing plans, bonus systems—both cash and reversionary—and rate guarantees is discussed and numerical illustrations are given of the trend of bonus reserves and the emergence of profit under various possible bonus systems. Finally, reference is made to possible misunderstandings which an office must guard against in dealing with the public.

CAIRNCROSS, PROFESSOR A. K. *Are we investing enough?* A lecture followed by discussion, pp. 142-68. The speaker estimated the rate of saving in this country as about 10% of the total national product. The rate of investment in British industry is probably higher than ever before but might with advantage be further increased, and its distribution among various sectors of the economy improved. Comparison with other countries is glanced at but rejected because of differences of conditions. The volume of saving and investment is holding up better than is generally thought under the pressure which the State now exerts, but a comparatively small increase, rightly applied, could still yield large dividends in increased productivity.