

## Stale Cake?

**T**HIS SEPTEMBER MARKS THE SECOND anniversary of the terrorist attacks on the World Trade Center and the Pentagon. We certainly don't need to be reminded of them, because we're not likely ever to forget them. But Alan Shulman's meditation on the event in New York ("God's Actuary" on Page 30) is unique and deserves to be read. Then read again and savored.

In it, it seems to me, Mr. Shulman achieves that quality of vague particularity that many artists aspire to. It sounds like an oxymoron, I know, but it's not. It refers to the trick of rooting one's observations specifically in space and time and human experience, while at the same time allowing wide latitude for individual interpretation. It's something only the best poets are adept at doing, and Mr. Shulman's award-winning piece is more poem than short story.

Like any good poem, it implies more than it explains, but it never obscures or misleads. And it moves the emotions without manipulating. It touches places that, frankly, are not usually associated with actuaries or actuarial science. But it does so honestly, within its own context, and with unerring accuracy. In short, it's a stunner. I'm glad he wrote it, I'm glad the Society of Actuaries recognized it, and I'm glad they both allowed *Contingencies* to present it to you.

The challenge of staying solvent throughout a long retirement may be something only God's actuary could achieve with any certainty, but Anne Richardson at least surveys the latest thinking on the subject in "Retirement Blues" (Page 18). The topic has been of interest to the Academy and the SOA—and to Anna Rappaport in particular—for some time now. Last year, the SOA, the market research

firm of Mathew Greenwald & Associates, and the Employee Benefit Research Institute published the results of their survey of Americans' knowledge of and attitudes toward life after retirement.

The results were sobering. Most people, even the ones who have saved religiously for retirement, haven't really thought much about how to spend the money they've spent their lives accumulating. If they're lucky enough to have a defined benefit plan, a pension actuary has done the work of making sure the plan sponsor has enough funds to pay retirees at the proper time, for the proper length of time.

But now, defined contribution plans are leaving many employees with large lump sums and no idea what to do with them. Buy an annuity? (What's an annuity?) Roll it back over into the stock market? (What if the stock market tanks?) Diversify? (How? And in what?)

Anne's article outlines the potential pitfalls of retirement—namely outliving your resources—and the various ways experts recommend for dealing with the uncertainty of life expectancy. It turns out there aren't any easy answers, especially for people with limited means.

Meanwhile, the SOA et al. are gearing up for another survey in 2004 to see if things have improved any. According to Rappaport, "the new survey will have a lot more on employment and exactly how people are exiting the labor force."

Who ever said living longer would be a piece of cake?



EDITOR

# Contingencies

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