



on the lighter side

An actuary goes to school — to help

by Susan Menning
SOA Public Relations Intern

Even in areas not rife with poverty, today's school systems often face difficult situations: among them, deteriorating facilities, out-of-date curricula, and the need to become current with technological advancements. The Somerville School District in New Jersey is tackling such obstacles with the voluntary help of actuary John Hadley and other devoted parents. Taking multiple volunteer roles in the Somerville School District allows Hadley to focus on one of his top priorities: educational improvement.

Hadley's schedule brims not only with actuarial work but also educational problem solving. As an actuary, Hadley brings the profession's legendary analytical skills to help develop a wide range of educational initiatives. His actuarial training taught Hadley to take diverse, complex issues and analyze them, finding cohesiveness where others might not.

Hadley has served as a member of the 1997-98 Somerville Board of Education School Facilities Committee, has been copresident of the district's parent-teacher organization (PTO) since 1997, was a founding trustee of the Somerville Educational Foundation formed in 1998, and has served in a variety of other ways.

Working to create a balance between his job and overlapping commitments, Hadley takes his role as an involved parent seriously. His focus remains on his two children, Michael, 10, and Becca, 6. "My wife Helene and I wanted to do everything we could to help the school system provide a quality education for our children" said Hadley. "And we wanted to set a good example for our children, showing them our interest in their education."

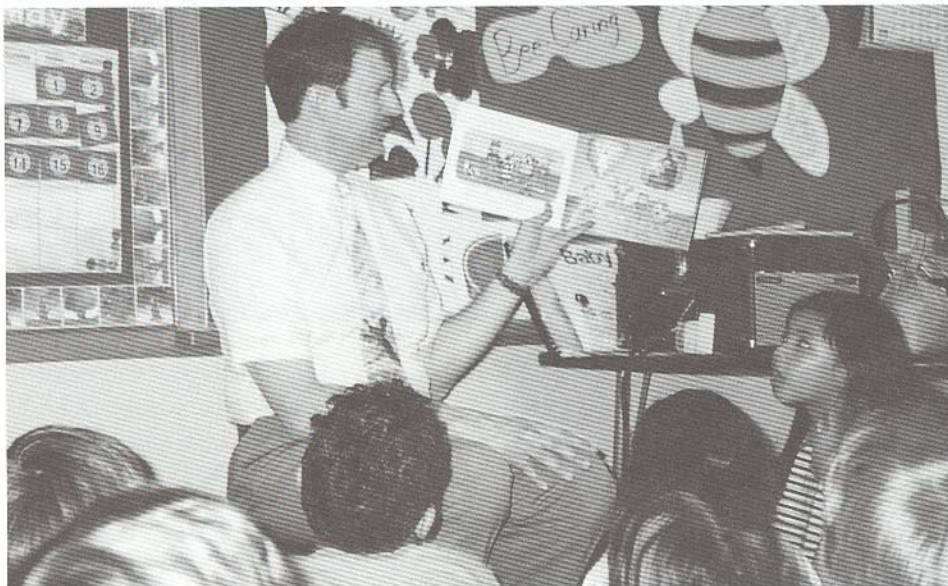
PTO work led the Hadleys to become aware of issues facing the

school district, including poor facilities, curriculum expansion, and the need to infuse technology into the classroom.

Hadley first stepped up to the plate in 1994 when the state of New Jersey began offering funding to school districts that had a working technology expansion plan. Hadley was a perfect match to help the Somerville School District Technology Task Force create a comprehensive five-year plan. Recent funding helped establish computer technology centers and internet access for the high school, middle school, and grade school. An interactive TV center at the high school offers a wide variety of courses and joint learning sessions with other schools, colleges, and institutions. Somerville's technology infusion plan has even been used as a template by other New Jersey school districts.

After meeting the overall goal for the task force, Hadley then took an active interest in the district's facilities committee. "Some facilities were crumbling to the ground," said Hadley. "Involvement in this committee was absolutely critical, and my wife and I knew that we needed to make time. Somerville has a good school system, but certain buildings desperately need improvement." Facilities problems and substantial enrollment growth led the committee to develop a \$15 million plan for new school buildings and improvements to existing structures. The Somerville Board of Education unanimously accepted the proposal this past May; now, the plan faces a December referendum. Somerville CARES (Coalition for the Affordable and Responsible Education of Students), a grassroots coalition that the Hadleys chair, was formed to communicate the need for the plan. The coalition's success will be measured by the December vote.

Separate yet interrelated, is Hadley's involvement in the Somerville Educational Foundation. "The foundation is committed to financially supporting diverse new programs," explained Hadley. Funds for such programs are



John Hadley helps his son's class with a reading assignment in one of Hadley's many volunteer roles with his children's school district.

raised through private and corporate donations. The goal is to allow teachers to experiment with new programs that, if successful, will eventually be incorporated into the curriculum, not to fund programs permanently through the foundation.

When Hadley isn't serving in an official district or foundation role, it isn't unusual to find him teaching Sunday school, participating in school art programs, reading to Becca's kindergarten class, or installing new computer software for area schools. Hadley has even appeared in front of a classroom of students in a Renaissance-style costume for an "art comes to school" program.

To Hadley, all of his extra involvement has proven invaluable. "I enjoy

feeling that I am making a difference in the educational opportunities that the district can offer my children," remarked Hadley. "It is definitely critical to children's outlook and success to have their parents take an active interest in their education, and what better way to show it than by getting involved? Kids respond to and respect that."

Hadley observes that actuaries have a lot to offer. "Actuaries bring a unique blend of talents to bear on whatever we get involved in. These are particularly useful in leadership roles in any of the school support networks, such as the PTO or board of education. But perhaps the most important contribution any of us can make is our time and energy," said Hadley.

Hadley feels that even if parents don't have the time or opportunity to visit the classroom, join the PTO, or serve on a board committee, just showing their child that they care about their education can work wonders.

"Growing up is a magical time when you are the most important person in your child's life. They notice everything you do and say. It isn't enough to just say it's important. You have to really mean it — ask to read their papers, review their homework, and talk with them about school. Who knows? You may even get an education yourself."

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DEAR EDITOR

Awaiting CPI annuities

A recent editorial suggested that insurance companies must overcome their "immune system" that rejects new ideas ("Facing the revolution," *The Actuary*, May 1998). One new product idea is lifetime annuities that are guaranteed to rise annually according to the CPI.

Insurance agents tell prospective annuity buyers that annuities protect against longevity risk. However, that's not true in times of high inflation. Without insuring against inflation risk, investors who live long lives will still have to worry.

Generally, only federal and state government pension plans (and a few private sector plans) offer inflation-indexed annuities. Variable annuities don't solve the problem; they are too complex for the buyer to understand, and they don't exactly eliminate the risk. I am aware of one organization that offers a variable annuity using a mutual fund of inflation-indexed U.S. Treasuries, but its benefit falls behind

inflation by about 0.5% annually (on the average).

This is an important issue for the United States now, especially if Social Security becomes partly privatized. Members of Congress and policy makers frequently ask me, "Are any insurers selling inflation-indexed annuities yet?" I used to say insurers will start selling them when 30-year inflation-indexed Treasuries come out. Well, they've been out since April 1998, but I haven't seen any movement by insurers.

In my speeches around the country, I often mention that Social Security's inflation protection is very valuable because we can't buy it anywhere. Is this because of statutory (or GAAP) solvency requirements? If so, then I think it would be for the good of the country to make those rules flexible enough to allow the creation of this product. Or have CPI-indexed annuities not been developed because we think people will be put off by their

low initial benefit? Government pension plans might buy them. Maybe others would eventually catch on.

I'm interested in hearing others' ideas. Why aren't insurers selling inflation-indexed annuities, and how can we cause this good thing to happen?

Ron Gebhardt

IN MEMORIAM

Melvin B. Dunn
FSA 1974, MAAA 1967,
ACA 1981

Bernard Fenster
ASA 1959, MAAA 1966

Clair A. Lewis
FSA 1965

Jane L. Looney
FSA 1987, MAAA 1990, EA 1984