The complete actuary

Work smarter, not harder

by John West Hadley

"Time management" is somewhat of a misnomer, as the real objective is to manage yourself to become more effective. We have certain ways we have learned to go about our work, some more effective than others. By fine-tuning these to create new work habits, we can accomplish more work of greater importance in less time.

Although many good books are available on the theory of time management, I would like to present some practical ideas you can apply to your work immediately. Choose whichever ones work for you. Just remember that you are trying to create new habits, and you must make a conscious effort to establish them.

Managing through planning

Goals are important. We usually think about what must be done in the next few days or weeks. It is just as important to consider what you want to accomplish in one or several years. A broadened perspective provides better focus on short-range goals as you shape them to help you achieve your long-range goals. Include personal goals on your list, such as attending Johnny's Little League games or not taking work home on weekends.

For larger projects, outline the important steps before you start and set intermediate deadlines. Breaking up a formidable job into smaller, more manageable pieces helps identify and resolve potential roadblocks before they become problems. It is easier to fit smaller parts in with other projects so you can "juggle more balls."

Organizing your workspace

Keep your workspace as clear as possible. Instead of piling papers and files on every open space, make a project list and then file them away until you are ready to work on them. Whenever possible, have only one project on your desk at a time so you can give it your complete attention.

Keep in your work area only items you need immediate access to – calendar, pads, pens, pencils, stapler. Other items you use occasionally should go on a bookshelf or other place where they don't interfere with the work flow.

Put only the files you refer to two to three times a week in your desk file drawers. Don't use your desk drawers as general storage areas.

Don't, however, turn your office or workspace into a sterile, business-only environment. Hanging pictures of family, friends, and vacations and displaying other items you like help you and your visitors feel more comfortable and relaxed. Don't place personal items where they encroach on your primary work area.

Keeping a project list

Enter all projects on a master project list. Mine has four columns: date received, description, deadline, and where filed. Assign all projects deadlines, even if you have to make them up. Don't rewrite the list until you've crossed off enough that it is becoming awkward to use. Keep the list handy and try to keep only one continual list. With daily "to do" lists, you end up continually copying projects over from one day's to the next.

I keep my project list on a word processor. I can easily move the projects around according to due dates and priorities. Rather than updating it every time something new crosses my desk, I also keep a written list of new projects. A few times a week, I prioritize those into my master list. High priority items are listed in due date order.

When prioritizing your work, consider two factors: urgency and importance. These do not always go hand in hand.

Handling interruptions

Interruptions break your concentration and make it hard to get back up to speed on your task.

You can turn interruptions into planned breaks. Close your office door for a period every day and arrange for someone else to answer your phone. Or, find a conference room, company library, or other remote location to make yourself less accessible. Then schedule a time with yourself to return all the messages.

Use electronic or voice mail. Leave detailed messages so people are prepared when they call back and may even be able to send a response without talking to you. Messages left for you can be called up when convenient.

When holding a discussion in your office, transfer your phone or arrange for someone to answer your calls. Phone interruptions are distracting and a waste of time for the other parties in your office. When you answer your phone, visitors may wonder why you consider them less important than an anonymous caller.

Dealing with your "in" box

Move your "in" box off your desk, ideally outside your office. This will help avoid interruptions when people come by to drop off things. It also will help avoid the impulse to pick messages up as soon as they are dropped off. Rarely will they be important enough to justify immediate interruption.

Keep an "out" box near you, and empty it yourself when you leave the area. Set up a separate "out" box outside your office and arrange for someone to empty it several times a day.

Set aside time once or twice a day, depending on how fast items accumulate, to go through everything in your "in" box. If something requires more than a couple of minutes to handle, enter it on your project list, file it away, and pick up the next item. Only when it is empty should you go back to do any of the larger items if they are more pressing than other priorities.

Scanning material

Separate reading materials from the rest of your "in" box to another folder, box, or file. You might want to create a reading project list. Scan items quickly to see if you find anything of interest. If not, get rid of it and don't feel guilty about passing some things on unread.

Keeping your calendar

Carry a calendar with you. Enter all meetings, vacation, and business travel plans. You save time when you don't have to check your calendar when you get back to your desk and call the organizer back.

Keep learning

Countless publications are available on time management, and several are devoted entirely to just one or two aspects. I found two books published in 1990 to be valuable and easy reading:

- *If You Haven't Got the Time to Do It Right, When Will You Find The Time to Do It Over?* by Jeffrey J. Mayer, published by Simon and Schuster
- *The Time Trap* by Alec Mackenzie, published by AMACOM

John West Hadley, assistant vice president and associate actuary with Commerical Life Insurance Company, is a member of the SOA Committee on Management and Personal Development.

FAS #106 cont'd

- Other plans through coordination of benefits provisions

The trend rate should reflect the mix of future expenses covered by the plans and the expected experience of the group covered. It also may need to be different for expenses covered before and after Medicare coverage begins.

FAS #106 requires that plan sponsors select a healthcare cost trend rate that is consistent with other economic assumptions such as general inflation and salary scale. Past trend rates (plan specific and national) may be a reasonable indication of short- to mid-term trend rates in the future. They probably are not a good indication for long-term trends unless they produce results that are reasonable in relation to other projected quantities such as future salary levels. I would argue that a healthcare trend rate that projects average per capita covered medical expenses that exceed, for example, 25% of the average salary of active employees is probably unreasonable. There is a level beyond which the plan sponsor and the retiree cannot support the expense.

A more common rationale used by actuaries to limit the long-term healthcare trend rate is to argue that the National Health Expenditure component of the GNP cannot continue to increase beyond a certain point (e.g., 25%) because society will refuse to expend more than this percentage of its goods and services for healthcare.

Let us analyze whether the following limiting factors produce the same long-term healthcare cost trend rate:

- The average gross per capita medical expense will not be allowed to exceed X% (e.g., 25%) of the average salary of active employees.
- The national health expenditure component of the GNP will not be allowed to exceed X% (e.g., 25%) of the GNP.

Average salaries for an employer increase due to inflation and shared productivity increases. The merit component of a typical salary scale does not increase the average salary of a stable population because terminations of older, higher paid employees are replaced by lower paid, younger employees. Real growth (that is, productivity increases) in wages averaged 1.2% per year during the period 1926 to 1988. In recent years, however, productivity increases have been negative (−2% during the period 1964 to 1988 and −1.3% during 1979 to 1988). Future productivity increases are difficult to predict, and recent experience indicates they may be nonexistent. Thus, we may assume that future average salary levels will follow general inflation (or possibly add a modest .5 to 1% productivity increase allowance).

The growth in the GNP is due to general inflation, population growth, and productivity increases. The annual average increase in the GNP over several periods is given below:

	1926-1988	1964-1988	1979-1988
Real Growth in GNP	3.0%	3.1%	2.5%
Real Growth in GNP per Capita Employed	1.6%	.9%	.7%

Some actuaries use the historical real growth in the GNP to justify a long-term healthcare trend rate of inflation plus 2.5 to 3%. However, the above statistics show that 1.5 to 2.0% of the historical increases have been due to population increase. In my opinion, population increases should be excluded because it is the GNP per capita employed that is available to pay for individual health insurance.

Thus, the above statistics would argue for a long-term healthcare trend rate of inflation plus a modest amount for future productivity increases, probably less than 1% because of recent trends.

In summary, the healthcare trend rate should reflect recent plan and national experience for a period of time but should be phased into long-term trend rates so projected healthcare costs are reasonable in relation to future average salary levels and future per capita GNP levels. This implies that after a period of time the healthcare trend rate should approach the assumed long-term inflation level plus a modest allowance for assumed future productivity increases that are shared with workers.

Duane Hanf is senior manager, Ernst & Young.