

Reflections on the 2017 NAFE Member Survey Results

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Q1: Average annual rate of increase in total compensation over a 30-year period

	2006	2012	2015	2017
Mean	3.68%	3.26%	2.99%	2.79%
Median	3.75%	3.25%	3.00%	2.91%

Interquartile range: 2.33% to 3.20%

Minimum value: 0.00%

Maximum value: 5.00%

Q3: Estimated nominal interest rate over a 30-year period of economic loss

	2006	2012	2015	2017
Mean	5.08%	4.37%	4.03%	3.61%
Median	5.00%	4.30%	4.00%	3.25%

Interquartile range: 3.00% to 4.15%

Minimum value: 0.75%

Maximum value: 8.60%

Q5: Average net discount rate over a 30-year period

	1999	2009	2012	2015	2017
Mean	2.13%	1.76%	1.61%	1.36%	0.98%
Median		1.75%	1.50%	1.25%	1.00%

Interquartile range: 0.32% to 1.55%

Minimum value: -3.60%

Maximum value: 4.00%

Q7: Annual rate of price inflation over a 30-year period

	1990	1997	2006	2009	2012	2015	2017
Mean	5.0%	4.0%	3.1%	3.1%	2.9%	2.6%	2.4%
Median		4.0%	3.0%	3.0%	2.8%	2.5%	2.4%

Interquartile range: 2.00% to 2.65%

Minimum value: 0.00%

Maximum value: 4.15%

Q9: When discounting, I generally use

	2017
A net discount rate	30.7%
Separate wage growth and interest rates	65.6%
Other (please elaborate)	3.8%

Q11: When determining wage increases over 30 years, I use

	2017
Current wage growth rates	2.7%
Some historical average of growth rates	50.8%
Private forecasts of future wage growth rates	2.7%
Public forecasts of future wage growth rates	20.0%
Some other method (please explain)	23.8%

Q13: When determining the interest rate for PV purposes, I use

	2017
The current interest rate on a particular financial instrument	16.5%
A ladder of yields based on the current yield curve	23.6%
Some historical average of interest rates	28.0%
Forecast of interest rates	5.5%
A combination of current and historical rates	12.1%
Some other method (please explain)	14.3%

Q15: If “Some historical average of interest rates,” then average number of years calculation

	2012	2015	2017
Historical period equal to the number of years of expected work-life	34.1%	32.5%	35.1%
Historical period independent of expected work-life	65.9%	67.5%	64.9%

Mean: 30.32 years

Median: 20 years

Interquartile range: 15.75 to 47 years

Minimum value: 5 years

Maximum value: 90 years

Q17: Given no legal constraint, I estimate in

	1997	2017
Nominal terms	40.1%	60.1%
Real terms	56.5%	36.1%
Other (please elaborate)	3.4%	3.8%

Q19: The maturity of securities that you would emphasize in selecting interest rates

	2006	2012	2015	2017
Short-term (one year or less)	13.2%	10.3%	9.2%	9.4%
Intermediate-term (two to ten years)	19.5%	13.9%	14.7%	17.7%
Long-term (greater than ten years)	24.7%	30.9%	29.4%	27.1%
A ladder of maturities matching the effective yield curve				29.8%
Mixed	36.8%	32.1%	34.2%	7.7%
Other (elaborate)	5.7%	12.7%	12.5%	8.3%

Concerning Q19 Results

- ◆ The percentage of respondents using short-term, intermediate-term or long-term securities remained similar to results from previous surveys. The percentage using mixed dropped significantly. Apparently, the majority of those who specified mixed in past surveys were using laddered yields.

Q21: The base used for estimating self-consumption of income

	2012	2015	2017
I would use the decedent's income equal to \$20,000 as a base	34.1%	34.8%	37.9%
I would use total family income equal to \$120,000 as a base	65.9%	65.2%	62.1%

Q23: Determining the dollar value of lost household services per hour for a homemaker not otherwise employed

	2012	2015	2017
The hourly wage this homemaker could have earned in the labor market as a full time worker.	1.8%	2.7%	6.6%
The cost of hiring one or more individuals to replace the particular services that were lost.	53.6%	50.3%	50.0%
The federal or state minimum wage.	6.5%	8.2%	6.0%
The cost of hiring a "housekeeper" whose role is to provide general household services.	13.7%	11.5%	11.5%
A rate adjusted agency costs			2.2%
Combination of above techniques (please explain in Comments section).	6.5%	7.1%	6.0%
Other (please elaborate).	17.9%	20.2%	17.6%

Q25: Total annual taxable labor income last year (give %)

	1999	2009	2012	2015	2017
Faculty salaries	26.4%	16.8%	16.0%	12.7%	13.8%
Administrative salary	3.2%	1.8%	0.9%	1.6%	1.4%
Income (consulting) in forensic economics	51.0%	64.5%	70.2%	73.0%	73.6%
Income in other consulting fields	14.9%	8.3%	8.6%	10.9%	8.2%
Other taxable labor income	4.6%	4.2%	4.4%	2.6%	3.1%

Q27: Highest academic degree, as related to FE work

	2017
Undergraduate college degree	6.9%
MBA (Master in Business Administration) degree	15.7%
MPA (Master in Public Accounting) degree	0.0%
Master's degree other than MBA or MPA	12.2%
JD (Juris Doctorate) degree	1.1%
LLM (Master of Law)	0.0%
Ph.D. (Doctor of Philosophy) degree	57.6%
Other (please specify)	6.4%

Q29: Field of study for highest FE-related academic degree

	2017
Economics	60.5%
Accounting	10.5%
Finance	12.2%
Business	9.3%
Other (please specify)	7.6%

Q31: Level of professional activity during last five years

	2017
No activity	0.6%
Very low level of activity	0.6%
Low level of activity	12.4%
Moderate level of activity	47.7%
High level of activity	27.7%
Very high level of activity	11.2%

Q33: The number of years I have been earning income in FE is

	2006	2009	2012	2015	2017
Mean	20.9	23.7	25.5	26.2	27.0
Median	20.0	25.0	27.0	27.5	28.0

Interquartile range: 18 to 35 years

Minimum value: 2 years

Maximum value: 53 years

Q35: Relative FE earnings by type of case (in % terms)

	2017
% Personal injury and wrongful death cases	66.3%
% Antitrust cases	0.7%
% Commercial cases	12.7%
% Discrimination or other employment cases	13.2%
% Divorce cases	3.6%
% Other types of cases (please specify)	3.6%

Q37: New cases in the last year, by retaining counsel (in % terms)

	2017
% Plaintiff	59.4%
% Defendant	39.2%
% Other	1.4%