



A newsletter of the Society of Actuaries/Casualty Actuarial Society

2010 Winter Issue



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## Choosing a Specialty Track for Your FSA Designation

*By Shirley Song and Jessica Kachur*

Shirley and Jessica share their personal and professional experience, in how they chose a fellowship exam track for the FSA designation.

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## Interviewing Tips from an Interviewer

*By Corin Chapman*

Corin Chapman has seen many individuals with top notch resumes fail to do well in an interview because of foolish reasons. You can avoid many of their downfalls by knowing the basics of interviewing Corin provides here.

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## Top Models

*By Claire Bilodeau*

You have no choice of the make—the approved calculators all are Texas Instruments—but you do have a choice of models. If you just cannot choose, you can buy them all or you can read this article for some advice and insights.

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## SOA Announces Exam Fee Refund Policy Change

The SOA is implementing a new policy with regard to examination cancellations.

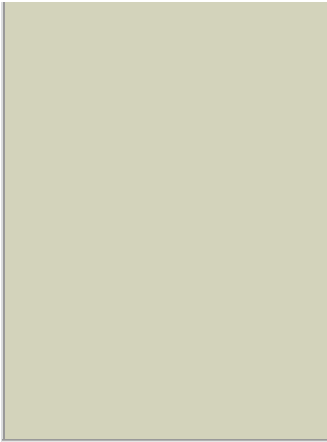
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The Financial Economics exam (called Exam MFE by the SOA and Exam 3F by the CAS) will be offered by computer-based testing (CBT) starting in 2011.

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## Redesigned DMAC to Launch in January



Finishing touches are now being made to a completely redesigned Decision Making and Communication (DMAC) module/e-course.

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### **Actuarial Foundation Update**

Two Foundation Middle School Math Programs Reach a Combined 190,000 Teachers.

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## Choosing a Specialty Track for Your FSA Designation

*Interviewer: Shirley Song*

*Interviewee: Jessica Kachur*

When it comes to choosing a specialty track in attaining your Fellow of the Society of Actuaries (FSA) designation, candidates can choose from the following specialty tracks: the Finance/ERM Track, Investment Track, Individual Life & Annuities Track, Retirement Benefits Track, and the Group and Health Track. Candidates usually choose a specialty track that is closely tied to their professional background and personal interest; in which case, the exams are often incredibly helpful for what the candidates do on a day-to-day basis. The exams can also aid candidates in establishing a stronger connection between the academic and practical context. In addition, candidates usually find the exams relatively easier since the candidates are already exposed to the real-life experience professionally.

Take myself for an example; my day-to-day work has exposed me to applications of key actuarial and risk management concepts, where I am highly involved in the support and development of dynamic hedging strategies and risk management for variable annuity guarantees. I chose to complete the Investment Track fellowship exams since they are closely related to my professional background. Having completed the Investment Track fellowship exams, I find them a great addition to advancing my professional development.

One of the Investment Fellowship Exams is the Financial Economic Theory and Engineering (FETE) exam that covers applications of economic theory to financial market and modeling. The concepts of advanced derivatives, financial markets pricing and modeling are a core foundation in the financial risk management field, and it is inevitably the most important background and key concept required for my professional expertise. The other Investment Fellowship Exam is the Advanced Portfolio Management (APM) Exam that covers the investment management process, types of asset classes, credit risk modeling and other aspects of portfolio management in detail. Both the Fellowship Exams and Modules do not only provide me a solid foundation to my professional work, but they are also a great addition to the development of my personal interest. The experience of specializing in the Investment Fellowship Exam Track has been a very enriching and rewarding part of my actuarial professional growth.

Though a majority of the candidates are choosing a specialty track relevant to their current field, some candidates decide on a route less taken and write FSA exams different from their current field. I had the opportunity to interview Jessica Kachur, a Pension consulting candidate who is currently pursuing her Fellowship designation in the Investment track.

Shirley: Thank you for taking your time and sharing your personal experience with our readers. Could you first briefly introduce yourself to us?

Jessica: I currently work as an actuary for Mercer, a global human resource consulting firm, in the Retirement, Risk, and Finance department. I have been working with Mercer in the Pittsburgh office since graduating from Robert Morris University with a degree in actuarial science. My professional designations include Associate of the Society of Actuaries (ASA), Member of the American Academy of Actuaries (MAAA), and Enrolled Actuary (EA), and I am pursuing my Fellowship designation in the Investment track.

Shirley: You mentioned that you are working in the Pension field. Could you give us an example of some of the projects you are involved in?

Jessica: Being a retirement consulting actuary, I work directly with clients to help them manage, analyze, and assess the risk of the benefits they offer their employees once they retire. The majority of my work focuses on defined benefit pension plans. In working with pension plans, there are several valuations that companies are required to do on an annual basis to comply with certain laws and regulations. The other work that I do will fluctuate based on the client's needs. It will usually involve analyzing and consulting with a company on the financial impact associated with the risk and design for the retirement benefits they offer their employees.

Shirley: Why did you decide to take the Investment track exams being a Pension actuarial candidate? What are some of the advantages of writing the Investment track exams as a Pension actuarial candidate?

Jessica: There are several reasons that I decided to choose an FSA exam track different from my current field. The main reason I chose this track was because it will help me become a well-rounded actuary and give me the chance to gain extensive knowledge in an area that I may not be exposed to on a daily basis in my present field. In addition, I feel that electing a different track will open more opportunities for me as my career progresses.

One item that I did not expect when I initially decided to pursue the Investment Track, but am now seeing, is the relevance that the material is bringing to me in thinking about my current work. Working on pension plans deals with calculating the liability of the plan and also determining the interaction of the liability with the assets that the company holds to support their employees' benefits. The FSA investment exams and modules are helping me to understand all aspects and reasons for the different corporate decisions that my clients are making, which will extend beyond the liability and asset calculations. As I continue to grow in my career I feel this will give me an

advantage in partnering with clients to meet their corporate objectives. So far, I feel this has come to be the greatest immediate advantage that I noticed in pursuing this track.

Shirley: Which exam track are most of your colleagues taking?

Jessica: The majority of colleagues that I know continue to choose an FSA track in their current field. However, more of my colleagues are considering other paths. As the actuarial profession continues to expand, I feel more actuarial candidates will begin exploring other FSA tracks because of the diversity it offers in gaining and obtaining future opportunities.

Shirley: What are some of the disadvantages of writing the Investment Track exam as a Pension actuarial candidate?

Jessica: The main disadvantage that I have is taking an exam on materials that I do not see on a day-to-day basis. Because of this it means that I have to put in more effort than someone who works in the field directly. For example, my initial studying is focused on learning the basic concepts and terms used in the investment field, whereas someone who works in this field will already know the basics.

Shirley: Do you find yourself in a less competitive position given the Investment Track exam-takers have more experience from their daily work exposure? Any tips on how to best prepare for such a situation?

Jessica: Unfortunately, the best way to prepare and overcome the disadvantage of not working directly in the field is by studying more and putting in additional effort to fully understand the materials. No matter which track you decide to choose, like all of the actuarial exams, there is much studying required. Choosing a different track may require just a bit more!

Shirley: What advice will you give to those who are working in one area, but writing exams for other tracks?

Jessica: There are definitely both positives and negatives for writing exams in a different track. My advice is to really think of where you see your career going. A different track may allow you to enter a new field or area of study in the future, but it may require additional work and effort to obtain your FSA. I do not think there is any right or wrong answer, but more of a personal decision after assessing your future desires.

Shirley: Yes, I agree with you. There is definitely no right or wrong answer in which specialty track candidates should choose for their FSA designation. To wrap up, choosing to write Fellowship Exams relevant to the candidates' current field can equip the candidates better for their day-to-day work and provide a solid foundation to their expertise. However, if candidates decide on a route less taken and write FSA exams different from their current field, it will give candidates the opportunity to gain extensive knowledge in another area of interest and may prepare candidates to enter a new area of work in the future.

Today we have shared our personal and professional experience with the audience, specifically in how we have chosen our fellowship exam track for the FSA designation from two perspectives. We hope the article will provide some guidance to you when determining your fellowship specialty track.

*The views and opinions expressed in this article belong to the author and interviewees alone. They do not represent the views or opinions of the Society of Actuaries or its staff, nor do they represent the views and opinions of any entity of, or affiliated with, the Society of Actuaries.*

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*Jessica Kachur, ASA, MAAA, is an actuary at Mercer in Pittsburgh, Penn.*



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## Interviewing Tips from an Interviewer

*By Corin Chapman*

During the recruitment process, I have seen many individuals with top notch resumes fail to do well in an interview because of foolish reasons. You can avoid many of their downfalls by knowing the basics of interviewing.

First of all, make sure to know the three most important questions, which should be asked to everyone you interview with at a company or firm.

1. What is it you work on day to day?
2. What is it you enjoy or find interesting about the work you do?
3. What is it you enjoy or admire about the company you work for?

Also, feel free to ask them what they do not like about the work they do or the company they work for. You'll often get very honest answers, primarily because interviewers aren't expecting this curve ball. If you do not ask these questions, you are missing out on the foremost information regarding the job for which you are interviewing. Furthermore, interviewers often see candidates who fail to ask these three questions as lacking interest in the position.

When asked what additional advice they would give a candidate, the most common responses from interviewers are:

1. LISTEN! Make sure to focus the same amount of attention on what the interviewer says as your answers. Make the interview a genuine conversation and avoid just reciting your "canned" answers to interview questions.
2. ASK QUESTIONS! Never feel like you are wasting an interviewer's time asking too many questions. This portion of the interview is truly the most important. Also, related to #1, if an interviewer answers your question, respond with a follow up question or at least a response that acknowledges you were listening.
3. DO YOUR HOMEWORK! A little research can go a long way. It is always good to know the basics of the company that you are interviewing with: general size and location(s) of the company, their lines of business, etc. Make sure to check out the employer's website and be aware of any general news or happenings within the company. Doing your homework will also allow you

to ask more informed questions during your interview (see #2).

4. DO NOT LIE! I realize this may seem obvious, but it can't be stressed enough. Even if it's about something extremely small, if an interviewer finds out, it can cause them to question your entire interview
5. KNOW YOUR RESUME! Knowing your resume means being prepared to explain and expand on every line of your resume. Often candidates get so wrapped up in making their resumes sound impressive that they actually forget the meaning behind the words.
6. BE THOROUGH! If someone asks you to explain a project, start from the beginning and walk them through the process. Point out issues within the project and how you solved them. Point out interesting things you learned. The interviewer is more interested in learning how you think through and handle different situations compared to actually hearing about the project itself. Whatever you do, don't rush through an answer, which brings us to suggestion #7.
7. THINK BEFORE YOU SPEAK! If an interviewer asks you a difficult question, feel free to pause, compose your answer and then speak. This avoids you getting lost in your own words.
8. ALWAYS BE PROFESSIONAL! Showing your personality is important in an interview, but avoid any actions that may show lack of maturity. Often when a candidate becomes comfortable with an interviewer, they may be tempted to talk too openly about their personal life. Always avoid any reference to "partying" or "drinking." It can send a major red flag to an interviewer.
9. BE ENTHUSIASTIC! In the current job market, there are a lot of candidates competing for a limited number of jobs. Sell yourself by being enthusiastic in your responses. Make sure to highlight for the interviewer how excited you are about the opportunity and the many terrific attributes you will bring to the job and to the company.

*Always remember, interviewing is a skill. The more you practice, the better you will become. Good Luck!*

*Corin Chapman, FSA, MAAA, is State Farm Life/Health Actuarial Analyst with State Farm Insurance in Bloomington, Ill.*



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## Top Models

By Claire Bilodeau

You would not expect an article about top models in *The Future Actuary*, right? How about top calculator models? After all, you know you have no choice of the make—the approved calculators all are Texas Instruments—but you do have a choice of models. If you just cannot choose, you can buy them all (just like I did) or you can read this article for some advice and insights.

You probably already know which calculators are approved, although I have had candidates show up for their first professional examination with one that was not approved. (I have not yet seen a candidate daring enough to show up without a calculator!) If you would rather double-check the list of approved calculators, go to [Beanactuary.org/exams/calculators.cfm](http://Beanactuary.org/exams/calculators.cfm) and, at the time of writing this article, the list is as follows:

- BA-35
- TI-30Xa
- BA II Plus
- TI-30X II (IIS solar or IIB battery)
- BA II Plus Professional
- TI-30XS MultiView (or XB battery)

In these model names, unless I have been terribly misled, TI stands for Texas Instruments and, more interestingly, BA stands for Business Analyst. This provides a hint that the TI models are basically scientific whereas the BA models also have financial capacities.

For those who would, at this point, prefer getting a quick piece of advice to reading the rest of the article, here is what Laval University's actuarial club recommends: TI-30XS MultiView and BA II Plus. I suspect they recommend the former because of its four-line display and scrolling feature, and the latter because of its financial prowess. Even then, some students stick with just one calculator, regardless of the exam they write.

Here are some factors I suggest you consider before buying one or more of those calculators.

First of all, it matters more what you can do with the calculator than what the calculator can do. What I mean is that it matters little that a calculator can find all the roots of a cubic polynomial if you do not know how to use that function! Of course, if you do not care for the roots of a cubic polynomial, even if your calculator can do it, you should not waste your time learning how to get your calculator to do it. You should, however, make sure you are able to get the calculator to do all the things you count on it to do.

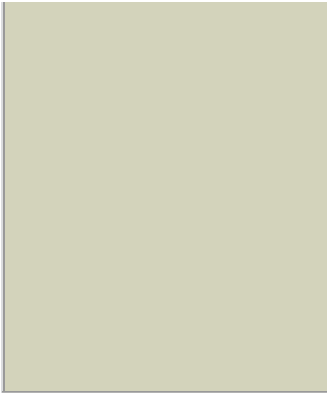
Every calculator comes with a user's guide. Some are thicker than others. The guides for the BA II Plus and BA II Plus Professional look more like books! Again, focus on the functions you need and plan to use.

Also, for Exam FM/2, if you own one of the BA models, unless your professor or your reference manual has taught you everything you need to know about your calculator, you probably will want to have a look at Samuel Broverman's Review of Calculator Functions for the model you own. You can find those reviews at [Beanactuary.org/exams/exam2fm.cfm](http://beanactuary.org/exams/exam2fm.cfm) by following the link in the syllabus.

Second, personally, rather than spend time learning how to use a calculator, I would rather spend time learning the material tested on the exam. In fact, instead of looking for a calculator that does everything, I look for a calculator that is particularly good at what I care about. With that in mind, if I were to write the preliminary exams again, I would stick with my personal favorite, the TI-30X II, which I use all the time! What do I like so much about it? The two-line display and the intuitive memories. (You may wonder why I got all the calculators in the first place... When I proctor exams, I like to know I can come to the rescue if someone's calculator fails whatever model it is.) The display matters to me because I often make typos—it often is faster to spot and correct a typo than to key in everything all over again. The memories also matter, because I often break up problems into parts and like to keep intermediary results in memory. (I confess I also keep all the decimals) It is up to you to figure which features really matter to you and to pick the calculator that meets your needs.

Third, if looks matter to you—after all, are we not talking about top models?—you may pick a calculator based on its attractiveness. I guess the BA II Plus Professional looks, well, more professional than the others, but good looks are not free! To my knowledge, only the TI-30X II comes in different colors (I have seen green, pink, dark blue, gray and black models) and hence can be chosen to match your lucky pencil! If you care to have the latest fashion, the TI-30X MultiView is a must! Otherwise, it strictly is a matter of taste.

Of course, it could be that the calculator you use for writing the exams is much simpler than the graphic calculator you used in high school. Even then, it is important that you be familiar with your exam calculator. Getting acquainted with your calculator on the morning of the exam does not strike me as a particularly good strategy! Instead, as you learn and review the material for the exam, why not use the very calculator you will bring with you on exam day?



All in all, you may find it hard to make a choice. But, frankly, would you prefer to go back to the days when only the BA-35 was accepted? When the official calculator came at a premium because it had to sport the logos of the sponsoring societies? Or even further back in time when the approved, logo-bearing calculators could do little more than the four basic operations? Or further still when calculations were made using a ... slide rule?

*Claire Bilodeau, ASA, Ph.D., is an associate professor at Université Laval in Québec.*



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## SOA Announces Exam Fee Refund Policy Change

The Society of Actuaries is committed to serving the public, its members and its candidates. A key component is an education system that upholds rigorous standards while providing opportunities for qualified and committed candidates to succeed. In order to better meet these objectives, the SOA is implementing a new policy with regard to examination cancellations. Effective immediately, fees paid to the SOA for examination registration will no longer be refundable. That is, once a candidate is registered for an examination, no part of the fee will be refunded or transferred to a later exam period should the candidate not appear for the exam.

The main reasons for making this change are:

- Cancellations and no-shows incur costs for paper/pencil exams. Exam booklets must be printed, shipped and then returned to the SOA, whether or not a candidate shows up to take the exam.
- Cancellations and no-shows incur costs for computer-based exams. The cost is much greater for these exams. The SOA must pay a seat fee to our vendor, Prometric, whether or not the seat is occupied. Due to the higher than normal cancellation rate amongst our candidate body, Prometric is planning to raise this fee an additional \$35.
- Cancellations and no-shows for computer-based exams create hardships for other candidates. There are a limited number of seats at each test center. When they are filled, candidates must either travel to a more distant center or wait until the next session. The current cancellation rate for Exam P/1 is 20 percent and these seats are not available to candidates who are prepared to show up and progress through our education system. Most cancellations are made at extremely short notice making the seats impossible to reuse or reschedule.

The SOA expects this change to allow it to use exam revenue for its intended purpose—offering high quality exams to motivated future actuaries. Spending money on individuals who elect to not participate in our system is wasteful and inefficient. However, we recognize that events can occur that are outside the candidate's control. In those cases, there are two options that may be available:

- Rescheduling Options for CBT. Because computer-based exams are

administered over several days, candidates will continue to have the option to reschedule their test appointment within the same testing window provided the request is made by noon of the second business day before the scheduled appointment, and also provided there is a seat available.

- Emergency Situations. The SOA recognizes that unforeseen emergencies may occur that directly influence a candidate's ability to take an exam on an appointed day. We will consider these situations on a case-by-case basis.

Questions may be directed to SOA Customer Service at [customerservice@soa.org](mailto:customerservice@soa.org).



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## Exam MFE/3F moves to CBT in 2011

The Financial Economics exam (called Exam MFE by the SOA and Exam 3F by the CAS) will be offered by computer-based testing (CBT) starting in 2011 with the following two testing windows:

- May 12-18, 2011
- November 10-16, 2011

When an exam is first offered by CBT, immediate pass/fail results are not available for the first few administrations. Grades for Exam MFE/3F will be released approximately eight weeks after the test window closes. Exam MFE/3F will also be offered by paper and pencil in a limited number of localities outside the United States where CBT is not available.

When an exam moves to CBT, the process that ultimately allows instant (although unofficial) results after the first few administrations is that pre-tested exam items (questions) are used. This is accomplished by using a few "seed" items on each exam. The seed items are not graded but are being tested and calibrated for consideration as operative (graded) items in future exams. Because the number of exam items is slightly increased to accommodate the seed items, the exam time is also increased accordingly. Therefore, in 2011 Exam MFE/3F will be changed from 2.5 to 3 hours. Please note that no additional material will be tested, simply the number of questions will be increased.

The same process was used when Exams P/1, FM/2, and C/4 were moved to CBT.

The article was also published in the December 2010 issue of *Future Fellows*.



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## Two Foundation Middle School Math Programs Reach a Combined 190,000 Teachers

In October, The Actuarial Foundation released *Solving the Unknown with Algebra*, the fifth installment in the *Expect the Unexpected With Math®* series through education publisher Scholastic, Inc., reaching 142,000 middle school teachers nationwide. In *Solving the Unknown with Algebra*, students uncover algebra-based solutions to real-world situations, learning about models and proportions, growth and decay, functions and formulas, and square roots.

To support the release of *Solving the Unknown with Algebra*, the Foundation also published the *Classroom Guide for Actuaries*. Written specifically for actuaries, this guide explains how to present the *Solving the Unknown with Algebra* materials to middle school students to help them see the real-world relevance of math and how it is used in the actuarial profession.

The Foundation also placed its mark on the September release of the *MATHCOUNTS 2010-2011 School Handbook*. Actuaries and actuarial candidates representing the Foundation provided their expertise to a section in the handbook which helps students put math skills into statistical practice using real-world examples. Published by nonprofit group MATHCOUNTS, the handbook was distributed to 48,000 middle school teachers nationwide.

Visit the [Foundation's website](#) to access these new materials and all the other youth education resources the Foundation provides.