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CPD ATTESTATION THE NUMBERS ARE IN

THE FACTS, STATS AND EVERYTHING YOU WANTED TO KNOW ABOUT HOW PEOPLE MET THE REQUIREMENT, AND SOME TIPS FOR YOU FOR NEXT TIME. BY EMILY KESSLER

THE SOA CPD REQUIREMENT closed its first cycle on Dec. 31, 2010. As of that date, all members were required to attest compliance with the requirement. The SOA also completed its first audit of compliance with the requirement this spring (the requirement con-

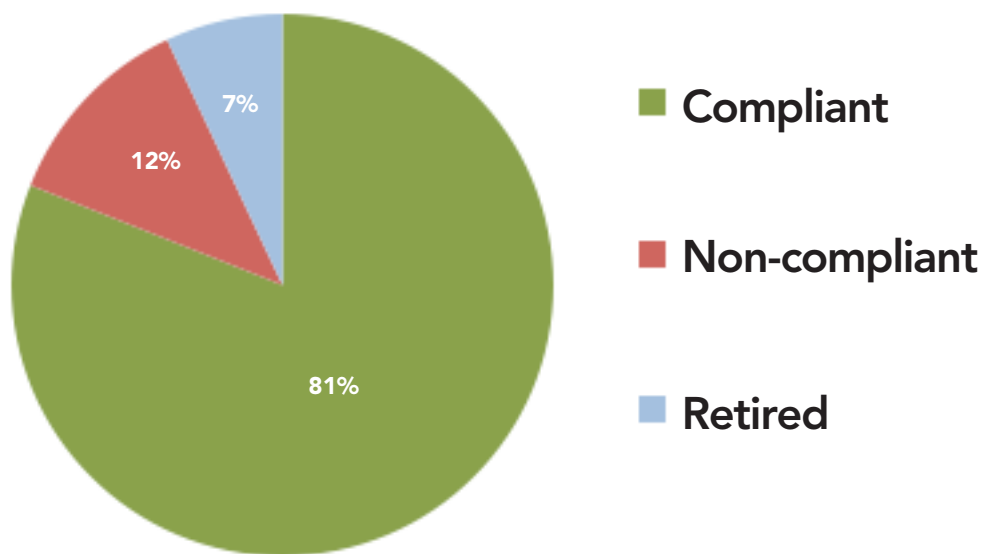
tains a provision that we will audit members each spring to ensure compliance with the requirement). We've had some time to review the facts and figures and wanted to share with you what we learned about how members are meeting the SOA CPD Requirement.

HOW MANY MEMBERS ARE COMPLIANT?

Of our 22,346 members (as of June 2011), 17,956 have "Compliant" status (81 percent), 1,642 have "Retired" status (7 percent), and 2,748 (12 percent) have "Non-compliant" status. If we exclude members with "Retired" status, 87 percent of members have "Compliant" status and 13 percent have "Non-compliant" status. Breaking down those numbers:

- Ninety percent of the non-retired FSAs and 81 percent of non-retired ASAs/CERAs have "Compliant" status.
- Rates of attestation of compliance are highest in the countries where the SOA has the most members: more than 87 percent of our non-retired members in the United States, Canada and China have "Compliant" status. In the rest of the world, 78 percent of the non-retired members have "Compliant" status.
- Rates of attestation of compliance rates are higher for members who earned their last credential in 2000 or later than for members who earned their last

SOA CPD Requirement Compliance Statistics



credential prior to 2000. This finding excludes members who earned their first (and only) credential in 2009 or 2010 (they were deemed compliant with the CPD Requirement for 2009–2010). Seventy-eight percent of members who earned their last credential before 2000 have “Compliant” status, versus 92 percent of those members who earned their last credential in 2000 or later.

HOW DID MEMBERS ATTEST COMPLIANCE?

We looked at how our members attested compliance as well. How many people used one of the alternative compliance standards? How many members had to use multiple methods?

There were two surprises. First, a large number of members in the United States and Canada used the provisions of Section B to meet the standard. The second, and larger, surprise was the number of people who attested to using more than one CPD compliance method in the United States. Table I shows the results.

When we looked into the results they showed that 15 percent of Canadian members and 29 percent of U.S. members who attested, complied solely through the Basic Requirement provisions. We thought maybe that new ASAs (who hadn’t yet earned their FSA or FCIA)

might be more likely to use the Basic Requirement provisions of Section B, particularly since those provisions provide credit for activity taken to earn the credential. This turns out to be the case in Canada, but not in the United States.

- In Canada, 90 percent of members who earned their last credential prior to 2005 complied using the CIA Qualification Standard and only 6 percent used the Basic Requirement provisions (4 percent did something else, including using multiple methods). In contrast, only 63 percent of Canadian members who earned their last credential after 2004 used the CIA Qualification Standard as their method of compliance, versus 31 percent of Canadian members who used the Basic Requirement provisions (6 percent did something else).
- In the United States, the percent complying using the Basic Requirement provision or the continuing education provisions of the U.S. Qualification Standard was essentially the same for members earning their last credential prior to 2005 and after 2004. This also holds true for those members in the United States who attested to meeting both the Basic Requirement provisions

of Section B and the U.S. Qualification Standard (there is no difference by year of last credential earned).

Why do we see different behavior in the United States? We believe it’s due to several factors (and this hypothesis was supported by what we saw when we audited members’ compliance):

- The continuing education requirements of the U.S. Qualification Standard and the SOA CPD Requirement were enacted around the same time. U.S. members have had to learn both requirements simultaneously over the past few years. However, the CIA Qualification Requirement has been in place for a few more years, and Canadians have had to attest to meeting that requirement for several years; thus, Canadian members have had more time to understand how the separate requirements work.
- There is no requirement for members in the United States to attest that they’ve met the continuing education provisions of the U.S. Qualification Standard. We hypothesize that U.S. members believe they are attesting to meeting both the SOA CPD Requirement and the U.S. Qualification Standard when they attest for the SOA CPD Requirement. Hence, they check both boxes. However, they

Table I – Method of CPD Compliance, 2009-2010 Cycle

Method of Compliance	Canada	China	United States	Rest of the World
CIA Qualification only	80%	4%	<1%	6%
U.S. Qualification only	<1	1	56	3
UKAP or Australia only	<1	1	<1	21
Section B (Basic Requirement) only	15	89	29	65
Section B & U.S. Qualification	<1	3	14	3
All other multiple methods	3	2	<1	2

Excludes members who were automatically compliant because they earned their first SOA credential in 2009 or 2010 and any retired member.

What Is Professionalism Credit?

We saw a lot of different things classified as professionalism credit on audit that we weren't expecting. Here's a handy guide to some of what we saw and how it fits under the rubric of professionalism credit. Remember—depending on what compliance path you're using, you might need structured credits, and some of these examples are self-study credits. While most of these aren't professionalism credit, some of them would count as CPD credit as relevant or job-relevant credit.

EXAMPLE	IS IT PROFESSIONALISM CREDIT?
Reading publications of the actuarial organizations, e.g., <i>The Actuary</i> , <i>Contingencies</i> , CIA (e)bulletin	NO unless the specific article is on a professionalism topic (e.g., <i>Contingencies'</i> "Up to Code")
Reading publications/attending events covering activities of the actuarial professional organizations (e.g., Academy, CIA, SOA)	NO unless the speaker is specifically talking about code of conduct, standards of practice, discipline, etc. (e.g., proposal in the United States for joint discipline)
Proctoring actuarial exams	NO
Reading regulation topics: accounting, taxation, solvency, etc.	NO unless it specifically governs the practice (conduct) or licensure of an actuary (e.g., rules issued by the Joint Board covering enrolled actuaries).
Studying for an exam (in general)	NO unless your syllabus reading is on a specific professionalism topic, e.g., code of conduct, standards of practice; the Fellowship Admissions Course also provides some professionalism credit.
Situations where you've had to resolve internal disputes or handle matters which required an exercise of professionalism	NO because while these may be great examples of professionalism in practice, CPD credit is earned by learning something new; for professionalism, that learning may mean reviewing something you ought to know to be sure you understand the rules. Reviewing the professional code is a vital part of professionalism education; you want to know the rules so you can apply them without having to study them.

are misunderstanding the purpose of the SOA CPD Requirement attestation. For the SOA attestation, members are only attesting to the method of compliance; they are NOT in any circumstances attesting to being qualified to practice. It's clearer for Canadian members, because they attest twice: once with the CIA (for qualification standards) and once for the SOA (for the SOA CPD Requirement). For U.S. members, it can be easy to confuse the two.

- The SOA CPD Requirement permits methods of alternative compliance. However, the continuing education requirements of the U.S. Qualification Standard do not contain any alternative requirement provisions. You cannot use the Basic Requirement of Section B to meet the continuing education requirement of the U.S. Qualification Standard. Alternative compliance only works in ONE direction. While the provisions are very similar, there are important differences. Members practicing in the United States who issue, or who might be issuing, Statements of Actuarial Opinion should be following the continuing education provisions of the U.S. Qualification Standard.

WHAT HAPPENED WITH THE AUDIT?

In March, we randomly selected 221 names for audit. Once we eliminated members who were non-compliant, retired or were compliant because they were new ASAs, we had 153 members left to audit. Every member who sent us their records for audit was found to have complied with the requirement. For the most part, members submitted detailed records that showed they had earned CPD credits well in excess of the provisions of the requirement

Tips For Attesting

THREE TIPS FOR SOA MEMBERS LIVING IN CANADA



1. When in doubt, focus on the CIA Qualification Standard.

The best way for most actuaries working in Canada to meet the SOA CPD Requirement will be to follow the provisions of the CIA's CPD requirements. You can use the CIA's tracking tool to keep track of your hours and provide a copy of that record to the SOA should you be selected for audit.

2. CIA exemption does NOT apply. If you are exempt from the continuing professional development requirements of the CIA Qualification Standard (per Section 3) you are NOT exempt from the SOA CPD Requirement. You must elect to either a) meet the Basic Requirement provisions of Section B of the SOA CPD Requirement; b) voluntarily elect to meet the CPD requirements of the CIA Qualification Standard; c) meet the provisions of an alternative compliance standard for which you might be eligible (U.S., U.K. or Australian); or d) be non-compliant with the SOA CPD Requirement. You cannot be compliant with the SOA CPD Requirement by earning zero CPD credits.

3. Rolling two-year cycle—we're attesting again at the end of 2011. And, don't forget we have a rolling two-year cycle. The next CPD cycle is 2010–2011, which ends as of Dec. 31, 2011. Attestation will open around Nov. 1, 2011 and go through Feb. 28, 2012.

FOUR TIPS FOR SOA MEMBERS LIVING IN THE UNITED STATES



1. When in doubt, focus on the U.S. Qualification Standard.

The best way for most actuaries working in the United States to meet the SOA CPD Requirement will be to follow the continuing education provisions of the U.S. Qualification Standard. You can use the TRACE tool, available on the American Academy of Actuaries website, to keep track of your CPD hours, or build your own spreadsheet.

2. Just check one box. If you meet the continuing education provisions of the U.S. Qualification Standard you only need to check ONE box when you attest compliance with the SOA CPD Requirement. There is no need to show that you meet both Section B and the U.S. Qualification Standard. You are only attesting to your method of compliance with the SOA CPD Requirement.

3. Section B is not a substitute for the U.S. Qualification Standard. You can satisfy the SOA CPD Requirement by meeting the continuing education requirements of the U.S. Qualification Standard. However, the opposite is NOT true; you CANNOT meet the continuing education requirements of the U.S. Qualification Standard by following the provisions of Section B of the SOA CPD Requirement. If in doubt, follow the continuing education provisions of the U.S. Qualification Standard.


4. Rolling two-year cycle—we're attesting again at the end of 2011. And, don't forget we have a rolling two-year cycle. The next CPD cycle is 2010–2011, which ends as of Dec. 31, 2011. Attestation will open around Nov. 1, 2011 and go through Feb. 28, 2012.

THREE TIPS FOR SOA MEMBERS LIVING OUTSIDE THE UNITED STATES & CANADA



1. Section B requires three hours of structured professionalism credit. A reminder that Section B of the SOA CPD Requirement requires three hours of structured professionalism credit. Structured means it has to be a formal learning event, such as a meeting, webcast or e-course or it has to be an audio or video recording (or transcript) from a live event (generally a meeting session or a webcast). See the call-out box on page 13 for more of what counts as professionalism education.

2. Consider your alternative compliance paths. Just a reminder that, in addition to the CIA Qualification and U.S. Qualification Standards, eligible members can also use the continuing education requirements of the UKAP and the Institute of Actuaries of Australia to meet their compliance. While we expect most members outside the United States and Canada to use the provisions of Section B of the SOA CPD Requirement to meet the SOA CPD Requirement, you should always consider all your options.

3. Rolling two-year cycle—we're attesting again at the end of 2011. And, don't forget we have a rolling two-year cycle. The next CPD cycle is 2010–2011, which ends as of Dec. 31, 2011. Attestation will open around Nov. 1, 2011 and go through Feb. 28, 2012. 

they were following. We thank all those members who were audited who responded quickly with their documentation and gave us such complete records. However, we did find a few discrepancies:

- The most misunderstood provision of Section B of the SOA CPD Requirement

THE PURPOSE OF THE AUDIT IS TO ASSURE THE PUBLIC THAT MEMBERS WHO ATTEST COMPLIANCE ARE, ACTUALLY, COMPLIANT ...

was the professionalism credit. Members are required to earn three units of STRUCTURED professionalism credit. Structured credit means that it's a formal live learning situation (webcast, event, e-course) or an audio or video recording of a formal, live learning situation. Second, professionalism credits are broadly defined, but they don't include everything (see call-out box on page 13 for what counts as professionalism credit). Members outside the United States and Canada seemed to have more questions about what counted as professionalism credit.

- There were a few Canadian members who thought they were compliant because they were exempt from the CIA requirement, who, once we began audit procedures, understood what had happened and changed their status to non-compliant. Canadian members who are exempt from the CIA Qualification Standard are not exempt from the SOA CPD Requirement and must do some form of continuing education to be compliant with the SOA CPD Requirement (either by fulfilling the provisions of Section B or by voluntarily complying with the CPD provisions of the CIA Qualification Standard).

- As noted earlier, we had many U.S. members in the audit who had attested to meeting both the U.S. Qualification Standard and the Basic Requirement provisions of Section B. We discovered on audit that their records supported the continuing education provisions of the U.S. Qualification Standard. They

were informed that next year, they only needed to check one box—for the U.S. Qualification Standard.

There were a few people who did not submit their records for audit. They were given several opportunities to submit their CPD records or have their status changed to "Non-compliant." The purpose of the audit is to assure the public that members who attest compliance are, actually, compliant with the SOA CPD Requirement. Members who cannot support their attestation on audit will be assumed to have not met the SOA CPD Requirement and have their CPD compliance status changed to "Non-compliant."

NOW WHAT HAPPENS?

The first thing to remember is the requirement is still in effect, and with a rolling two-year cycle that means that we have another CPD attestation just around the corner! So continue to track and earn, and we'll repeat attestation for the 2010–2011 cycle beginning on Nov. 1, 2011. Second, make sure you're using the right attestation method, based on what you learned from this article. In particular, if you're in Canada, remember that you must earn CPD credit to be compliant with the SOA CPD Requirement; you're not "exempt" from the SOA CPD Requirement if you're exempt from the CIA Qualification Standard. If you're in the United States, remember

that you're attesting to HOW you've met the SOA CPD Requirement, not that you HAVE met the U.S. Qualification Standard. You don't need to attest to more than one method (unless you are using more than one method to comply).

Any questions about the SOA CPD Requirement can be sent to cpdcomments@soa.org. We're happy to answer all questions about the requirement, and how you can best comply. **A**

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