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INVESTMENT CAREERS FOR ACTUARIES

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- Training
- Opportunities
- Compensation
- Where?
- Why?

MR. MICHAEL J. MAHONEY: I'm from the New York office of Milliman & Robertson. I'm also a member of the Investment Section Council. There's also at least one other member of the Investment Section Council who will be here.

This is an open forum. While Felix Schirripa will make some comments on some of the topics, for this to be successful, we need audience participation. We want to get some stimulation; there may be some comments that you don't agree with, so voice your opinions. Give us a chance to share in some of your experiences and interests, and, where appropriate, we will pass along a lot of this information at the next Investment Section Council meeting.

Felix Schirripa is a vice president with Metropolitan Life. He's in pension operations and primarily concerned with their national accounts department. He's primarily responsible for the pricing of GICs, closeouts, and, in general, some of the company's investment products. Prior to joining the national accounts department of the pension operations, Felix spent a couple of years in the investment operations department of Metropolitan Life.

MR. FELIX SCHIRRIPA: I thought I'd start by giving you some brief background on my investment experience at MetLife. Then I'll talk about why actuaries might want to consider an investment career. Finally, I'll talk about where some of the opportunities exist and how an actuary might train for some of these opportunities.

In 1986, MetLife formed what we refer to as the portfolio strategies department. It's part of our investment operations. I spent 1986-88 there along with another actuary. The reason why MetLife created that department was simply a recognition that there had been fundamental changes in MetLife's businesses.

Frankly, customers had become much more sophisticated, and as a result, the lines of business had to respond to that sophistication by reengineering some of their products -- interest sensitive products, GICs, single premium deferred annuities (SPDAs), closeouts, and others. These products have several things in common -- lower margins, lower dividend cushions, and a lot more interest rate risk, all of which makes asset/liability management much more critical. In fact, today there are many examples of insurance companies that know all too well what it means to mismanage assets versus liabilities. That's really unfortunate, not just for those companies, but for the entire industry.

In addition, as you may know, the financial markets had been very volatile and Wall Street seemed to be developing new investment products almost daily. As a major financial institution, it was important for MetLife to understand the risks and rewards associated with those new products.

That basically explains why the portfolio strategies department got started. We have our chief investment officer to thank for creating the department. It was his vision.

He recognized that MetLife could probably increase its chances of success significantly if the insurance lines of business worked more closely with the investment operations.

The portfolio strategies department, in my opinion, really created a link between the lines of business and the investment operations. Some of the projects in portfolio strategies involved identifying our asset management priorities and the investment needs for each of our products. That, in some cases, involved immunization, but in other cases went far beyond that. At any rate, one of the day-to-day activities of portfolio strategies is to set what we refer to as achievable rates. Achievable rates are the interest rates that we use at MetLife to price new business.

The achievable rates were, and still are, in fact, used as a way to control the flow of funds. If business gets too expensive, and investment capacity is simply not available, then achievable rates are lowered to stop sales.

The mission of portfolio strategies, as I recall it, were to develop investment strategies for MetLife that would provide profitable growth, and at the same time control risk.

In looking back, portfolio strategies were a great experience for me as an actuary. I've been back in pensions now for about four years, and as Mike said, I have responsibility for pricing GICs and annuities. The two years that I spent in portfolio strategies have given me a much better understanding of the risks associated with many of the products that we write. Beyond that, it has also given me a better working relationship with my associates in the investment department. So I'm really grateful I had that opportunity.

You might wonder why an actuary would want to get into the investment arena. There are some obvious reasons. One is compensation. Investment professionals tend to earn good money and have opportunity for more generous incentive packages because there are less steps between the investment firm making money and an individual's performance. When you're dealing with a large insurance organization, individual contributions take many years to flow to the bottom line. In many of the investment management firms, or Wall Street, for example, results get to the bottom line much faster, and you can see more clearly how individual contributions impact the bottom line.

In addition, you don't have to be a part of senior management to earn top dollars at an investment firm. Oftentimes, in order to earn top pay at an insurance company, you must have management responsibility. I don't believe that's the case in the investment arena. At least that's what I hear from some of the people I know in the investment business.

The other reason is simply personal interest. Not every actuary wants to calculate present values of liabilities. Furthermore, actuaries have the quantitative knack needed to understand the investment process. Bond dedication, for example, as it applies to pension plans, illustrates the actuary's natural fit. So sooner or later some actuaries will feel the itch to make the move. Whether the move is permanent or temporary, I think that you become more valuable to your firm if you have a better understanding of investments.

Finally, opportunities for actuaries today are probably more limited than they had been when we first entered the profession. Hopefully that will change.

Making a move into the investment arena is not for everyone. You really have to be genuinely interested in investments, and also have some level of fascination with the markets. If you find yourself reading *The Wall Street Journal* everyday and want to know how investment products work, maybe it's for you. But recognize that chances are you'll probably end up with less management responsibilities, less political power within the firm, and a smaller office.

Some of the actuaries on Wall Street also believe that their work involves much more pressure and that you have to be willing to work long hours. Now that may be true, but I can tell you that being in the insurance industry today also creates lots of pressure and long hours.

So how would you train for an investment career? Well, before I talk about training I need to mention that you should not expect your FSA designation to give you preferential treatment in the field of investments. In fact, you may be surprised how little it's worth. I don't believe that actuaries will get hired simply because they have an FSA designation. The message here is you've got to be able to convince the interviewer that you can add value to his organization. You have to be able to sell yourself. Beyond that you have to at least have accumulated a minimum level of knowledge about investments. And, how can you do that? My recommendation would be that you take the Chartered Financial Analyst (CFA) exams. Maybe one day the Society of Actuaries will substitute the CFA exams for the investment track.

As an alternative, if you work for an insurance company, transfer to the pension operation and get exposure to investments by learning about GICs and annuities. Or, try to make a move into the investment operation.

The other thing to consider is perhaps getting an MBA. An MBA is probably, in the investment arena, more important than the FSA designation. As actuaries, we have the skills to begin to understand investment concepts. But to really understand investments requires lots of business knowledge.

So where are the investment opportunities? To answer that question, I'd encourage you to take a look at the *Directory of Actuarial Membership*. Towards the back under business designation there is the heading of Investment Bankers. It lists where investment actuaries are employed today. It's interesting to see how many different places employ actuaries. Many of the employers have very little to do with insurance. So I'd encourage you to look at the *Directory*.

If your investment department is reluctant to bring actuaries into the operation, you may want to consider talking to the chief actuary at the company. Convince him or her that your expertise could add value. If you're thinking of moving into a GIC management organization, then probably before doing that, you may want to consider moving to the GIC pricing area to get a better feel for what insurance companies do. While you're there make sure you get a better understanding of defined-contribution plans. If you're thinking of investment consulting, try places like SEI or Rogers Casey. I haven't seen too many actuaries employed at investment consulting firms, but I believe the need exists, both in the defined-benefit and the defined-contribution area.

I believe that rating agencies such as Moody's and Standard & Poor's (S&P), could also use actuaries. Not only do they rate insurance companies, for which an actuarial background will come in handy, but they also rate collateralized mortgage obligations (CMOs) and asset-backed securities. Actuaries are very good at valuing contingent cash-flow streams or options. That kind of knowledge is needed by the rating agencies.

The other possibility is to try to go directly into money management, for example, managing dedicated bond funds for pension plans at Fidelity. You also might consider an actuarial consulting firm that's branched out and now offers asset/liability modeling techniques for insurance companies. Still another possibility would be to go to a firm that analyzes stocks of insurance companies. That, of course, will require more than an understanding of whether a stock of a particular insurance company is attractive or not. It also requires a general understanding of whether it's a good time to be in the market.

In closing, whether you remain a traditional actuary or branch out and migrate over to the investment arena is very much a personal choice. I think I'd be happy if I were still in portfolio strategies, but I'm also very happy being a pension pricing actuary at MetLife.

MR. MAHONEY: Let me just address some of the things that you did before we do throw it out. There was a survey conducted to try to find out who was interested in the investment side and in what areas. There were about 45-50% of people from insurance companies totally involved or primarily involved in investments. About 30% were with actuarial consulting firms, and there was another 10% whose companies were investment management or investment banking type of operations.

Felix mentioned education. Around January 1992, there was a report from the Investment Task Force that was set up by the Society of Actuaries on this issue. There were three priorities mentioned by the task force. One was to improve the requirement in elective investment education for all actuaries. The second was to substantially increase the required investment education for all actuaries. The third was to pursue a new financial track. So the idea of the track was basically running in the third position.

Some of the comments that came from the Investment Section Council were that this whole process should be evolutionary. We still need time to identify the base that the track should be targeting. And there is some concern that the track or the characterization of it may not fully meet the needs of pension actuaries. So right now, an investment track is certainly not the primary issue.

Felix commented on how his experience involved more education. He came back in from MetLife and had a chance to work with an investment department. I somehow got dragged into it at a much older age, and it mainly came in the early part of the 1980s by servicing clients, in many cases, in those situations. We had extremely high interest rates. In some cases it started with closeouts or different types of methods with investment dedication and cash matching, and a few of those things. So it was a gradual, evolutionary type of process over the last 10 years. I certainly think I would be interested in some more education, and I expect to pursue that to some degree. I think that Felix's involvement might have been a little bit more structured and he might have had different opportunities than I did.

I'd like to start to get some comments. We've given you something as a basis, maybe some food for thought.

FROM THE FLOOR: Felix said that there are more limited opportunities now then when he first went into the profession. Are you saying that there's been a shift in the marketplace? Were you referring more to just a temporary phenomenon?

MR. SCHIRRIPA: I'm not sure if the contraction is temporary or permanent. One can only hope it's temporary. But with consulting firms laying off a great deal, I don't know the exact percentage, but I've heard some numbers; one place has cut 10% of its actuarial staff. Furthermore, insurance companies are not aggressively hiring, if hiring at all.

If consolidation of the insurance industry continues, there will be fewer insurance companies. Fewer companies translates into fewer jobs for actuaries. That could be a permanent change. There's also consolidation in the consulting area. Consulting firms are merging, and as that continues to happen, the need for actuaries will contract. In the defined-benefit area, one keeps hearing statistics about the large numbers of plan terminations. This again translates into fewer positions for actuaries. I'd like to believe it's temporary, but I'm not convinced of that.

MR. MAHONEY: I agree with what Felix said about some of the needs of actuaries per se; there certainly has been a contraction and in certain instances there's been layoffs. I think there is the need in this area, at least from the consulting side, to have consulting actuaries be able to help clients out through manners, through the investment side with the investment consulting type of procedures, and in dealing with their investment managers. Those opportunities are increasing. I think if you don't develop the skills and do that assignment, you may lose some clients because others are expanding or broadening the breath of the amount of consulting advice they can give. I think it's expanding. There is some limitation with respect to maybe some of the actuarial opportunities at this current time.

MR. SCHIRRIPA: That's a good point. I think that the role of the traditional pension valuation actuary, simply doing the valuation work, is being handled more and more by computers. You've got to branch out. The investment area offers one logical extension.

MR. MAHONEY: Do you have a followup?

FROM THE FLOOR: I also see the number of candidates taking exams now, and the number of new actuaries entering the market place is very large. The opportunities for actuaries are very small. Does that mean that we are expected to accept a salary cutback?

MR. MAHONEY: Nobody on my staff has offered to take a cutback. In fact, they keep telling me how valuable we are, and we ought to have another increase. Maybe they're not going to; I'll just speak for myself. I don't see that salaries will go up as rapidly as they did four or five years ago. But we at the New York office of Milliman & Robertson haven't stopped giving increases. I'm not necessarily speaking for all of Milliman & Robertson. We're putting a greater emphasis on a bonus arrangement rather than committing ourselves in this tight market. We are consulting towards straight salaries. But there's no cutback. We haven't done any cutbacks.

FROM THE FLOOR: If I could comment on that. There are a lot of actuaries who are trying to get back into the work force. They are accepting lower salaries. So perhaps those who already have jobs are still getting increases, but overall, salaries are going to come down somewhat as a result of these people who are willing to come in for less.

MR. MAHONEY: I don't think I disagree with the theory. I think some of it will come from the consulting community. You generally go with what somebody could deliver to the table or bring to the firm? Maybe some clients may or may not come, or maybe the individual has a reputation that might help you land some other future clients in another bidding situation. And there are a lot of bidding wars going on right now. So, I'm not sure whether the ones who are out there are necessarily the top ones. I've hired two in the last 18 months, and today I'm glad I've got them on the staff. I feel lucky. But there was no cutback in pay. We took them at straight pay. So I think if you have somebody good out there who might deliver, you'll find most of the firms that are in good situations dealing with quality people who are willing to take a risk. It might be governed by individuals. Maybe you've had different experience, but that's been mine.

FROM THE FLOOR: I think you're correct. Real quality people are going to still command top salaries. But not everybody out there is the best. In a general sense you've now got a whole spectrum of actuaries. I'm an actuarial recruiter. I'm getting a lot of resumes from actuaries, enrolled actuaries in particular, who are willing to work for a whole lot less than they were making before.

MR. MAHONEY: Maybe that gets back to what Felix said before. The pension valuation actuaries are trying to deal in a commodity product. Or are they getting into the investment type of consulting, an area where both Felix and I feel there are great opportunities? So if you broaden your experience and you have some abilities in this area you can assist clients in the investment arena, while still being able to be their actuary and understand their plan. I think the opportunities are there and they haven't decreased at all.

MR. SCHIRRIPA: I think actuaries that have an understanding of the liabilities as well as the assets are definitely more mobile.

I agree with some of your comments. If more and more actuaries continue to be laid off, it's going to put pressure on salaries. That's the law of supply and demand.

FROM THE FLOOR: I haven't heard anything about not being in the pension area and then moving into an investment operation. It seems that having some knowledge of pensions is going to be one of the most helpful things for you. Do you agree?

MR. SCHIRRIPA: I think I could have made the move to the investment area from personal insurance or group insurance. It was probably easier to make the transition from pensions to investments. I had been in pensions for about five years prior to going to portfolio strategies. I think that a personal insurance actuary or a group actuary who has interest can probably get into investments and the transition will not be that difficult.

MR. MAHONEY: There are some actuaries who didn't necessarily come from pensions at all. They are very heavily involved in investment management selection, even in the management evaluation process and procedures. In some of these management type of firms they came from an asset/liability background and/or mainly took the exams. They were more interested in investments and went that way without necessarily having a pension background. Maybe I'm talking about pensions because that's where I came from, and maybe that was where many of us did come from. That's not the only ticket in. I have some partners who are very knowledgeable in asset/liability, and that is with respect to insurance companies. That's where their consulting practice is. They can move over and very easily help us with many of the basic principles and procedures if we were dealing with a very large pension plan. They wouldn't necessarily be knowledgeable in the design, in some of the other requirements.

FROM THE FLOOR: Do you think those people would generally be people who have been FSAs for a number of years, and maybe had some of the political clout in companies verses someone who is a young FSA and doesn't have that clout? If they don't have someone trudging the way for them, are they going to be able to do anything on their own?

MR. MAHONEY: Since it's younger people, why don't you answer it?

MR. SCHIRRIPA: I think that younger is better. If you are at too high a level in your organization, it may be difficult to move into the investment department and expect that investment professionals are all of a sudden just going to start listening to you. That's not the way it is. I think you're at an advantage if you're in a middle management-type position and are willing to actually do the work as opposed to managing people and expecting others to do it. In an investment operation, you have to be willing to do a lot more yourself. You don't have the luxury of a big staff. So personal initiative is very important.

MR. MAHONEY: Actually I'd answer that by saying I think some of the better ones I've seen are younger. Certainly anybody under 40 is young to me.

FROM THE FLOOR: From an investment consulting point of view, do you usually find pension plan sponsors with smaller firms aren't as interested in the investment consulting side? And if so, if you're working for a consulting firm where it is mainly smaller clients, do you feel that they will eventually get to the point where they want the consulting expertise? Or do you really need to go through a bigger firm to get that kind of expertise in investment consulting?

MR. MAHONEY: By smaller plans I presume you're maybe talking about plans less than 1,000 lives or 500 lives? Maybe assets below $20 million or $10 million?

FROM THE FLOOR: Yes.

MR. MAHONEY: I would say you don't need the heavy expertise. But if you wound up with a firm, or a plan that was maybe restricting themselves to purchasing annuities and doing things like that with an insurance company, as the pension consultant you're representing those planned participants. While they don't need a lot of the fancy sophistication of immunized portfolio and structured bond, and all these other fancy things, I think you can look at what they are doing and try to help them maximize what they do with those particular assets. It's probably something that you can bring to the table. But admittedly, they're not trooping in four or five managers for management selection and all of that. It doesn't call for it. But you could help them maximize the dollars that they are investing to improve what they might -- too many of them follow in a set cut cloth that they established maybe five or ten years ago. I think in some of the areas we've seen that some changes should be made.

MR. SCHIRRIPA: Yes, I would add that if you are working for a firm that specializes in small-plan valuations, and you're the actuary there, and you have a knowledge of investments, then you could bring that expertise to your client. If you could do more than just the actuarial valuation by offering some investment counseling or suggestions, it would be a great differentiation strategy for the firm. Keep in mind you have to have the right credentials before you start providing investment advice. At any rate, it would be a smart strategy, especially in this competitive environment. You have to differentiate.

FROM THE FLOOR: You had mentioned the CFA exams. How many actuaries are currently pursuing them? What sort of experience do those actuaries have when it comes to job opportunities?

MR. SCHIRRIPA: Probably not enough actuaries are pursuing the CFA designation. But certainly quite a few are. Almost every one of my associates at MetLife, the FSAs that work in GIC pricing, is pursuing the exams. We have an informal understanding at MetLife. If you price GICs, then you'll seek to attain CFA status. Certainly many of the FSAs that work on Wall Street have the designation. I believe that actuaries who work for GIC managers go for the CFA designation. The CFA designation is simply much more important in the investment area than the FSA designation.

MR. MAHONEY: We have one in the New York office that just recently passed the CFA. Actually I was talking to Felix about it. I was wondering about maybe pursuing and looking into that myself. I don't think we have five in our entire firm that have it. I don't know whether that will still be the status five years from now.

FROM THE FLOOR: At the same time you talked about getting an MBA. Do you find that that's instrumental? I haven't seen a lot of FSAs that have gone into the investment area. Is this just from personal experience?

MR. SCHIRRIPA: It's more through the hiring practices that I see at MetLife. I think that if you were to try to get a job in Wall Street, for example, it wouldn't matter whether you had a CFA, MBA, or an FSA. What they'd look for is the knowledge that you possess and the value that you could bring to the organization. But in this environment an MBA is certainly very important. That's your competition. The MBA designation is much better known than the FSA.

By the way, I'm not trying to downplay the FSA designation. It's also very important. It's just that if you want to make a career move into an investment area and you have the foundations (let's say you're an ASA but serious about making a move to investments), you should reconsider whether you should take the remaining actuarial exams or pursue the CFA, or perhaps an MBA.

FROM THE FLOOR: I'm an ASA and I work with two portfolio managers. Neither of them has the CFA designation. They both have a great relationship with people on Wall Street. I don't think either of them are interested in getting a CFA, and I don't know, given their relationship with Wall Street, how much it would actually help them.

MR. SCHIRRIPA: Once you establish yourself in a particular firm it probably doesn't matter. I know of one individual that heads up an investment organization, and this person only has a high school diploma. I think it really is what you know as opposed to the credentials you have. Attaining a CFA or getting an MBA is a way of obtaining some of that knowledge, so that you can get in the door.

MR. MAHONEY: Well, they've been there for awhile. I think what Felix was trying to get at is if you're a younger person and you want to get noticed and get the chance, you've got something, you've got the shingle. You've got an accomplishment. You can say, "I've got it, I've demonstrated my knowledge, here's my CFA." That might get you in quicker if that's the area you're interested in pursuing rather than saying, you'll spend the next three to four years trying to get from ASA to FSA. It depends upon your interest; it's not the same answer for everyone.

FROM THE FLOOR: I know a couple of actuaries that went to work on the Chicago Board of Trade, trading options. Is that a very radical career change?

MR. SCHIRRIPA: I know very little about options trading. Certainly, it goes back to what an individual can contribute. I know that there's one actuary at Merrill Lynch that works on its swap desk. It was, I assume, the right career move for him and he probably doesn't use the FSA designation.

FROM THE FLOOR: From my experience, I don't think that being an actuary would help with swaps and options. On the other hand, having an understanding of swaps and options will help in your actuarial career.

MR. SCHIRRIPA: I think that's the key. Having the investment knowledge will definitely make you a better actuary. To some extent I think it's unfortunate that some insurance companies rely on actuaries to price interest-sensitive products and, all too often, the actuaries have very little or no investment background. I think that's really unfortunate. It would make for a much better environment if actuaries had a better understanding of investments.

FROM THE FLOOR: I agree. I do want to mention that I do think that the investment track will be very useful in that education.

MR. MAHONEY: Yes sir.

FROM THE FLOOR: You had talked about, as consulting actuaries, expanding your horizons to the investment area. Assuming you're in a consulting environment and you want to stay in that area, what are some initial steps you could take to do this assuming you don't know a lot about the investment area? I know you talked about the CFA designation. What is involved in that?

MR. SCHIRRIPA: I can take a crack at it. The CFA has a rigorous set of requirements. You have to take three exams, they're offered in June. There's only one sitting so you can't get it done in one year. It will take three years at a minimum. Beyond investments, the exams involve accounting, economics, and other related topics.

I think that if I were in a consulting firm doing pension valuations today and wanted to start doing more with investments, the next time I prepared a pension valuation report for one of my clients, I'd ask the client for a lot more information on the asset side then simply, how much do you have in assets? I'd want to know how the assets are invested. I'd probably try to get copies of contracts, if funds are with insurance companies, and start to understand how those work.

MR. MAHONEY: Use the Society's exam syllabus and Practice Guides. Remember the Investment Section *Risk and Rewards*. It sometimes has many articles and plenty of them contain some bibliographies in some other areas, or resource material that would help to pick up on your own. Some of it is also in the situations where you find yourself trying to ask the questions. Try to be with your clients when they have the investment managers in to make the presentation. I'd get to those meetings even if I couldn't charge for them. In fact, I would think the fee would be at the low end of my priorities. I'd rather be there, see what they say, and look at those reports. Again, maybe there is somebody in your firm who has some experience. Look at those presentations, look at where they make analysis. If you've got more than one investment manager, look at how they do the comparison and the evaluation of the managers. Many of these things are done with more sophistication on a larger plan by style and structure. The particular management style will vary within equity and within fixed. If you have the basic equipment, are reasonably intelligent, and you have some of the exams, you should be able to at least start to ask some of the questions. If you have an interest in it you'll find a way to pursue it, along with the straight exam, and the comments that Felix made.

FROM THE FLOOR: Are there any legal requirements to consult with the clients for investments?

MR. SCHIRRIPA: I bet there are plenty. I would not want to offer any advice on investments to any client before, for example, I were registered with the SEC as an investment advisor. There are plenty of rules, and when you're really ready you have to consult an attorney.

MR. MAHONEY: We're paying some additional insurance, and we did do some filing. There are additional concerns and you should be wary of what you're doing. At one point in time we did get a little concern even with annuity purchases and buyouts, and how far this thing would extend down. But we have spelled out a few specific things covered and we do have some additional errors and omissions insurance for that area. It protects the firm. We have a tight internal control in our firm on peer review. With respect to areas in which you're suppose to act only within the area of your expertise, we do have an internal peer view, which protects the other partners from some of the liabilities.

FROM THE FLOOR: For the CFA exam, I think you have to have some investment experience to qualify to take the exams. Is that correct?

MR. SCHIRRIPA: No. It's my understanding that you can take the exams without the experience. Presumably you'll get the experience as you go through the exams.

FROM THE FLOOR: Does GIC pricing qualify for the investment experience required to attain CFA status?

MR. SCHIRRIPA: I believe it does. Certainly GIC pricing involves a good deal of investment knowledge.

FROM THE FLOOR: We did have an actuary at our firm that qualified and he did not work with investments.

MR. MAHONEY: Well, I have an actuary working for me who just got his CFA. He has the designation, and he's completed the exams. He doesn't do as much in that area as I do. But he does have the designation. So I think I agree with some of your comments. I think that does qualify.

FROM THE FLOOR: How would you compare the effort required to attain the CFA? Is it really difficult?

MR. SCHIRRIPA: It probably depends on the individual. If you're at the ASA level, I think the CFA exams come close to the balance of the fellowship exams. You're talking about three years and lots of reading material. It's a big effort.

FROM THE FLOOR: I'd just add a comment to that because I am currently writing the CFA exams. The first level is one that if you have the FSA, it should be fairly easy. They recommend 350 hours of study.

It's a different type of process in that there is much more material for each exam but you don't have to know it. Just one final comment. I have experience writing the FSA exams, and for the CFA exams you're writing with some people who haven't taken exams, so you have an advantage.

MR. MAHONEY: Yes, do you have one? Anybody else want to raise any issues or any other topics that we haven't touched on? How many people here are in the Investment Section? About half. I presume everybody else is a pension actuary. No?

MR. SCHIRRIPA: One recruiter.

MR. MAHONEY: Aside from him -- he's the one that's really getting the names. We have only one -- has anybody else taken the CFA exams? You are. And you are too. Okay, we have two and a half. How many here are just seriously interested in getting into this area of investment consulting, or part of your actuarial practice needs to be broadened into the investment consulting area? There seems to be a lot of interest.

FROM THE FLOOR: I can tell you that there's a lot of interest on the part of the people that contact me looking for job changes. They want to get into the investment area. And that's why I want to hear what they need to have to do that. They have not been too successful so far.

MR. MAHONEY: But are they saying that because one door has been closed, they're hoping that another door will open up.

FROM THE FLOOR: No, I think it's a genuine level of interest in the investment area. There aren't enough investment spots in many companies now for all the people that want them.

FROM THE FLOOR: I think my experience with two insurance companies, and the experience of people that I've talked to who work for other insurance companies, shows there tends to be turf wars between people in the investment area and people in the pricing area. I think it's probably better today then it was five years ago, with the increased popularity of new money products. In my firm, for example, we had a lot of problems getting actuaries into the investment area. They'll work in the pricing areas, but they don't want the infiltration. I've heard that happening in other companies as well.

MR. SCHIRRIPA: That's a shame. That shouldn't be. I think part of the problem is that actuaries, to some extent, downplay the role of the investment professionals. But I can tell you it's a real tough job. There's a lot to know about investments. We, as actuaries, tend to think we understand everything there is to know about bonds and immunization theory. In fact, before I joined portfolio strategies, I was convinced that immunization theory worked. Boy, did I have a lot to learn. I think a little bit of soul searching may help.

MR. WARREN R. LUCKNER: As an FSA and employee of the Society of Actuaries, I want to make two comments. One is, the comment about investment professionals is very important. We currently are involved in a project with investment professionals that is a joint effort on a study of asset credit risk. And that has been enlightening both for the actuaries and the investment professionals in terms of what we can do for each other. The cooperation between the two professions is very encouraging to us. The second item I'd mention, and maybe most of you are aware of this, is I believe that some of the CFA credit will give some FSA credit. I would encourage you to not completely discount either the CFA designation or the FSA designation.

MR. SCHIRRIPA: That's great.

MR. MAHONEY: I think there is a lot of opportunity in this area. The broadening of your services into other employee benefits, like retiree medical or others, is going to be good for you; it's going to be good for your client; it's going to make work more interesting. It's going to help you better understand the problems, and better able to serve your real clients who are the participants in those pension plans if you do come from the pension community. I really think there is greater opportunity for the younger people. There's so much to learn. I think we're just beginning. I think the younger ones can really carry it forward and truly broaden it out.