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PASSING THE TORCH: AN INTERVIEW WITH RICK JONES

By Steven Chin

In this issue, our volunteer **Steven Chin** had the honor to invite Rick Jones and Aaron Meder to share with us their career and discuss the challenges and hot topics facing actuaries.

STEVEN:

How did you get to where you are now? Can you briefly run us through your career history?

RICK:

I graduated from high school and went into college with the intention of being an actuary. I attended the University of Wisconsin–Madison and had great luck there in the actuarial science program. I joined Hewitt Associates [Aon Hewitt now] straight out of school in a very traditional consulting actuarial student role and then accepted a number of opportunities along the way. For example, I transferred to our Cleveland office and spent eight years there while leading the retirement practice, and transferred back to Lincolnshire, Ill., in 2000. I have done a number of different things and led a number of initiatives to take the business forward.

A lot of my focus has been on how we can be great technicians in our work and leverage that into a business opportunity. For example, whenever a new law comes around, how can we not only help our clients comply with the new law, but also, as a business, move forward while capitalizing and commercializing the new law? These types of work and initiatives produced situations where I came in as chief actuary at Hewitt Associates. I entered that role, not as a slouch technically, but with a lot of people around me who knew a lot more than I did. However, when pension changes came around, I could ask: How can we support our clients while moving our business forward at the same time?

With the Aon-Hewitt merger, I was able to lead the National Retirement Practice group where we take broader areas of national concern and make sure everyone has what they need, and then leverage this to grow our own business and help serve our clients. I also con-



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met with numerous federal government administration and legislative representatives and committees, including presentations to Senate Finance Committee staff, House Ways and Means members, Department of Labor, and Treasury Department executives. He also testified before the Senate Health, Education, Labor and Pensions Committee during October 2009 on pension relief issues. In addition, Rick regularly speaks with executives, boards and investors on pension topics. He can be reached at rick.jones@aonhewitt.com.

tinue to serve clients directly. I think it's critical to do this since I don't want to get too far away from what's going on in the real world, and I am tuned in to what's going on with our consultants in the field.

STEVEN:

As an industry leader—the National Retirement Practice leader of Aon Hewitt, you have been involved in a variety of client projects and industry changes. What do you enjoy the most about the actuarial career?

RICK:

I would say it's the chance to combine the analytics and the technical skills we have as actuaries, with the ability to solve our clients' business problems. If you think about the domains actuaries operate in, there are huge business and societal problems: underfunded pension plans, pension risks, and individuals unprepared for retirement, soaring health care costs, the need for people to accrue financial stability and financial security, etc. There are huge organizational and societal risks that our technical skills and our analytical thinking can help solve



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and address. That is what really engages me—to use those to move people, organizations and society forward.

STEVEN:

What do you think contributes the most to your successes? And how should every aspiring actuary develop these skills/traits?

RICK:

I think what defines us as humans is that we talk. “Birds fly, fish swim, and people talk.” As humans, we can talk and build off each other’s thoughts. Personally, I have always enjoyed the opportunity to translate the technical concepts and the very detailed things that we are dealing with into understandable and actionable language that our clients can use.

If you really think about successful people, they are usually really great communicators. If you have the greatest ideas or analysis, but can’t communicate them and get to the level of discussion where it’s productive for everyone, then I think you are challenged.

STEVEN:

What is the greatest difficulty/challenge you have faced as an actuary? How did you overcome this difficulty?

RICK:

I think *change* is what it is. Change will always be there. Actuaries are probably slower to change given the nature of our work. Organizationally and societally, we are facing huge changes in how we address financial security programs and risk sharing. It’s a little daunting to us risk-averse actuaries. How can we move from where we are today to a better solution? This is a huge challenge—how to help people think along the continuum of what’s possible and necessary, and how we can facilitate the thinking and conversations to get there.

STEVEN:

What do you see as the hot topics right now in the retirement industry?

RICK:

There are three hot topics right now in the retirement industry.

First, risk. Who is prepared to take risk and who should take the risk? Individuals and entities are being brought together for tighter risk sharing and other business purposes.

Second, there is a general lack of resources accumulated to address retirement security today. If you look at the 77 million baby boomers, statistics show many are ill-prepared to retire. Some are very prepared for retirement and many are not. So, there’s a lack of accumulation of assets that will challenge us broadly. I will even extend that to organizations by and large, such as government entities.

Third, what should the role of the government be in all of that? This gets into the first two problems: the risk sharing and lack of resources. Those are things we wrestle with day to day in how we serve our clients and think about broader solutions.

STEVEN:

Looking longer term, what do you think will be the challenges and opportunities for actuaries in the next three years? Five years? Ten years? How do you think we should get ready to meet these challenges?

RICK:

There’s a shift underway. It’s well-documented and well-known; there is a risk shift from organizations to individuals. It’s happening all around us, and there will be a greater need for actuaries to help devise a solution to meet those needs at an individual level. We hear terms B-to-C (business-to-consumer) and B-to-B (business-to-business). I think by definition, we will be doing more B-to-C work. I don’t know how that will all shake out, but I feel we are doing some of that already. In particular, the support we give to our administration and outsourced administration business helps people make decisions every day for their retirement. But by and large, it will be more of a B-to-C model where we are helping individual consumers become more financially secure.

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STEVEN:

Nowadays, the actuarial profession is trying to expand into more non-traditional fields. Is there a particular field that you think will be in huge need of actuarial talents in the near future? Where do you see the profession going?

RICK:

I am going to digress from the question a little bit as I toured a few college campuses with my son, who's in high school interested in engineering. At one of the schools, they talked about how they place their engineering graduates and it was interesting to me as one-third go to general industry (traditional engineer), one-third go to consulting (Accenture, IBM, etc.), and one-third go to Wall Street to work for investment firms. Their quantitative skills are so valued in the investment houses because they have such intimate knowledge of how mechanics and science work. They can go into any particular business and have a leg up because of how they analyze things from both a business perspective and a manufacturing perspective.

How does this example translate to what we might experience as actuaries? There are untapped areas in which we can participate more fully, including broader investment and risk analysis. There will be new and expanded ways for actuaries to effectively analyze and manage investments, capital allocation, and related risks.

STEVEN:

What recommendations would you make to the upcoming generation of actuaries?

RICK:

Two things stand out to me. I think actuaries are really impactful when they can combine a deep understanding of mechanics with an understanding of what the clients are trying to do, how the clients' business works, and outside forces and influences.

An analogy would be professional golfers. On a fundamental level, they are masters at knowing how to make the ball fly, roll and spin to get the shot they want. They also need to have the intellect to "manage" the golf

course, keep their emotions in check, and deal with the fans, media and their sponsors. Translating this to the actuarial field, an actuary needs a deep understanding of the mechanics of how financial security programs work, how life events impact present values, and risk taking. It's a lot of hard study and hard math on how these things come together, if you have deep understanding of how these things work, paired with an understanding of the situations in which societal problems can impact the way we navigate through politics and business decisions. And, as mentioned earlier, we still need to be able to communicate this into a language that everyone can understand. A deep understanding of mechanics and the ability to implement it is really powerful.

STEVEN:

What are some of your hobbies and interests outside of the actuarial profession?

RICK:

I like to read non-fiction like business, risk and decision making. I enjoy active and physical activities like wind-surfing, biking and skiing. Maybe surprisingly, I like to mow the lawn, since it is one of those activities that have tangible and immediate results. Lastly, I like to spend time with my family—it's fun to see them learn and grow.

STEVEN:

Can you tell us an actuarial joke? **(Fun Question)**

RICK:

What's the difference between an introverted and extroverted actuary?

An introverted actuary looks at his shoes while talking to you. An extroverted actuary looks at *your* shoes while talking to you. ☆