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# Self-Studying for Actuarial Exams

By Mitchell Tamashunas

If you asked a Fellow of the Society of Actuaries (FSA) what the most difficult part of becoming an actuary was, nine out of 10 would tell you it was taking all the exams. It can be quite a challenging task. Today, many seasoned actuaries argue that it is easier to take exams now than it was 20 years ago because of all the resources available. There is a clear syllabus; there are suggested textbooks, manuals and questions released by the Society of Actuaries (SOA); there are video lessons and actuarial majors; there are even Centers of Actuarial Excellence (CAEs) designated by the SOA to help students pass exams. But that does not make the exams easier. While young actuaries now have many more resources than there were in the past, the exams have also become more difficult. This leaves many wondering: What is the best way to study for exams?

I'm a student at one of the CAEs, where the programs are meant to help students pass exams. Despite this, I haven't taken any of

the classes offered for this purpose. Instead, I have focused on courses that teach concepts not covered on the exams. There are numerous related but relevant disciplines, including accounting, multiple regression, time series, econometrics, economics and large data analysis, to name a few. Despite not being "actuarial" courses, all of these may prove to be critical to actuarial work in some fields. Additionally, while I am only in my second year, I've managed to pass four of the five preliminary actuarial exams—all without the help of any formal coursework! Because of this, and because the majority of candidates do not take exam classes, I want to discuss how to self-study for actuarial exams.

Multiple self-study approaches have been successful for me: manuals, video lessons and the SOA's suggested texts. Let's talk about each of these in turn.

## USING MANUALS

I have found that using manuals to study for exams is similar to using textbooks, except that the former is generally easier to read through because they focus on the topics you will need to know rather than elaborating on abstract points that are not frequently tested. However, after the first few exams, manuals can get rather long. The manuals I used for Exams C/STAM (Construction and Evaluation of Actuarial Models/Short-Term Actuarial Mathematics) and MLC/LTAM (Models for Life Contingencies/Long-Term Actuarial Mathematics) were both more than 1,000 pages long, the latter being just short of 2,000. This can make even the "preliminary" exams seem more than daunting.



If you have found that you learn best through reading textbooks, this may be your best bet for preparing for actuarial exams. It is the method I always go back to if nothing else seems to work. When I was reading these manuals, I focused on a few things to maximize the effectiveness of my study time, which I believe is vital, especially when working full-time. The main thing that I recommend is making sure your study time has no distractions. This means finding a quiet space with no music. If your attention is taken away from studying due to any other activity, you will retain a lot less information. When I was studying for Exam C/STAM, I initially had music playing in the background. I learned very quickly that this was a great way *not* to absorb a lot of the material I was reading.

What have I done with all three of the methods I have mentioned? Practice.

My next most important recommendation when using manuals is to take notes—not just on formulas, but on everything. If you are studying for MLC/LTAM, take notes on what each type of insurance means in words. If you are studying for MFE/IFM (Models for Financial Economics/Investment and Financial Markets), take notes on what each option payoff model looks like using a diagram. If you are studying for C/STAM, take notes on the different theory behind each parametric model. If you are studying for ... you get the point. Notes help a lot. I have found that writing down a concept one time is more effective than reading through a topic three times.

My final piece of advice for using manuals is that practice problems are *very* important. When you come across a line labeled “Example 3.1.6,” it is tempting just to read the solution and move on. However, attempting the problem using the formulas given in that section can help cement the formulas in your mind and help you connect each formula to a related one. This will become exceedingly important for the harder preliminary exams that build on earlier topics or that test multiple topics in one problem.

## USING VIDEO LESSONS

Video lessons are a double-edged sword. They can help you learn concepts much more quickly, but they can also cost more and require more attention. A lot of the advice I gave for when you use manuals can also be applied to video lessons, such as

taking notes on more than just formulas. If you are using video lessons to study for exams, I only have one additional piece of advice: Listen! If the video says to pause and attempt a problem, pause and attempt it. If an example is given at the end of the video, work through it. The people who make these videos have a pretty good idea of what they are saying, as it's their job to know what's on each exam. So, follow their advice.

## USING TEXTBOOKS

The last method that I have found helpful is the suggested textbooks. These can work well for some exams but can be much harder for others. Using textbooks will often be the most cost-effective method by far. Manuals will often cost a few hundred dollars, and video lessons will usually cost almost a thousand. On the other hand, textbooks may cost only \$10 or \$20, depending on the website from which you purchase them.

If you choose to use this option, the best advice I can give is to read the material closely and do plenty of practice problems. If this is the method you decide to go with, I recommend studying the released questions extensively. You can also find multiple companies that offer products that are exclusively composed of review problems. These can be much cheaper than a study manual or video lessons.

Furthermore, I suggest giving yourself more time to prepare for an exam than you would with video lessons or a manual. These textbooks are often packed with a lot of information and often a lot of it is unrelated. This is because these textbooks are not always written for actuaries specifically. It can sometimes be hard to determine what information is important and what isn't. Two good ways to determine this is to check the syllabus and pay attention to the types of questions you get on practice problems.

What have I done with all three of the methods I have mentioned? Practice. No one knows how you learn better than you do. Regardless of how you learn, however, practice is the one key to success that is critical for almost everyone. This may cost nothing if you use the sample questions released by the SOA, or it may cost less than \$150 if you use study material with practice exams or an extensive question bank. ■



Mitchell Tamashunas is currently a sophomore at the University of Iowa majoring in statistics and earning a Risk Management and Insurance certificate. He can be reached at [mitchbtam@gmail.com](mailto:mitchbtam@gmail.com).