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Session 8PD Managing Actuarial Students 101

Track: Management and Personal Development

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Panelists: RICHARD R. GREER

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Summary: Managers of actuarial students face a difficult question: How do you maintain an environment that fosters exam success while keeping students productive and professionally challenged? Failure to achieve this balance can lead to employee dissatisfaction, poor productivity and student turnover. Panelists share insights and techniques that have worked for them.

MR. RON H. TANI: As limited as the understanding of actuaries is outside of our profession, there is even less understanding of the complexities of developing actuaries, even within our own respective companies.

I think one of the things that is very difficult to understand is how complex it is to manage actuarial students, as well as all of the different challenges that we face as managers of actuaries. When the exam structure changed to eight large exams, I found that, with as much study time as I had to give to my students and as much work that had to be done, I was facing a real resource problem. I was also trying to find ways to help my students grow in their careers and attain significant professional achievements. We all want our actuarial students to be successful in their exams and careers. We know the importance of passing exams to a student's career, but we all have business needs that we need to tend to as well.

So, I was looking for help, and I thought I'd put together this panel. I found three very good panelists, who are very experienced, very talented and very

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knowledgeable. I think they put together a very thoughtful presentation of examples of how to help students while getting your work done. I think this will be useful for all of the people who are here today.

The first panelist is going to be Chris Ruckman, and Chris is going to bring us a traditional, large-company perspective. Chris has been an educator for BPP Professional Training for the last six months. Prior to that, Chris was an assistant vice president at Lincoln National and managed their actuarial-development and professional-development programs. The second panelist is Richard Greer, who is going to bring us a smaller-company perspective. Although Richard's from AEGON USA, which is obviously not a small company, he has a lot of experience in working with smaller companies. He also has coordinated the student program from Cedar Rapids for AEGON in a very small-company type of environment. Finally, Stacy LaiFook is bringing us a consulting firm's perspective. Stacy's a principal with the Boston office of Milliman USA, and she worked heavily on the transformation of her office's student program over the last three years. I can tell you that working with this panel over the past several months, I learned a lot, and I'm really happy to be able to have them share their thoughts with you.

MR. CHRISTOPHER D. RUCKMAN: As Ron said, I'm an actuarial educator now, in a relatively new role for myself with a company that's new to the United States—BPP Professional Training. It's actually an established actuarial training and professional training firm in the U.K., but they are starting an actuarial training company here in the United States, and I joined them a little over six months ago.

Today I'm here to talk about my experience when I was involved with a large company's actuarial-development program. One of the main themes that will be running through my talk is, whether you have a large company or a small company, your actuarial needs really drive everything. Your needs are what drive your program. Everything should follow from that. I think the other speakers will say the same thing.

As I talk about managing actuarial students from a traditional company's perspective, we'll talk not only about the general nature of the actuarial development program at a large company and some of its major components, like recruiting and training, but also some of the results that we experienced using our approach. Hopefully, that might provide you with some insight into how you might transfer that to your own particular situation.

A little bit more about my background. As Ron said, I joined Lincoln right out of college and was a rotating actuarial student with them for seven years before becoming a fellow. In a company like Lincoln, a large company can afford a student the opportunity to rotate through a lot of diverse areas—direct life insurance and reinsurance, and I was in the corporate area for a while. Then, after getting my fellowship, it wasn't very long after that when I was asked to manage our actuarial-development program. I did that for four years, and that was a lot of fun. There

were also some interesting challenges. It was a very nontraditional sort of a role for a traditional actuary. Through the process of doing that, we did a lot of analysis of what we wanted to achieve out of our program, and we did tweak things quite a bit in that process.

To give you a little more perspective, at the time, we had about 150 actuaries. Most of them were located in one location in a medium-sized city in the Midwest. About 115 were there. We had about 25 to 30 students at any given point in time and usually 15 to 20 interns every summer.

We'll get into a lot more detail in a few minutes, but before you establish your actuarial program, you should really consider what you want to get out of the program. The incentives, the benefits that the program will provide, and the requirements to receive those benefits and incentives should be aligned with your particular needs.

One of our needs was for a steady stream, a constant flow of strong new fellows every year. To do that, we had to analyze our student program and the time to fellowship, travel time and our internship program—to try to put some numbers on that, considering our retention ratio and other things. We ended up with a steady state of 15 to 20 actuarial interns every summer and six or seven new college grads each year that we would hire directly from college.

We'll talk about recruiting in a few minutes, but one of the things that a company has to offer is a particular distinguishing characteristic—what you have to offer that other companies don't. Ours was company reputation, and we provided more study time, which was something that maybe not every company can do. It was something that we were willing to do, as I'll talk about in a few minutes. I know a lot of companies, especially out here in Denver, Colorado, where the mountains are very attractive, can cite other things. Big-city, actuarial-training programs can cite the big-city location, as well as other advantages of their location. We also have the cost-of-living advantage that we'd often talk about.

We determined that we needed to provide a very strong actuarial-exam support system and training program that would help students pass through the process of being a relatively new college graduate into fellowship as quickly as possible. That's what we tried to gear everything toward. We did that by giving up a little bit on productivity for additional study time to help students become fellows more quickly.

As we looked at this, we went through, as probably a lot of companies have, the whole centralized versus decentralized approach to how the actuarial program should be managed, monitored and operated. For years and years, Lincoln was a company that had a very centralized actuarial program. We were in one location and had one person managing the program who had a full-time job in another capacity. He managed the actuarial program, including the internship program and the full-time program, above and beyond his job, which was quite a handful.

So that job was split up, for a period of time, among six different actuaries, who also had other real full-time jobs. They were just volunteering their time, above and beyond their job, and they managed various aspects of the actuarial program.

The six areas were:

- Intern program management and recruiting
- Actuarial program management (rotations, etc.)
- Actuarial program recruiting
- Administrative (exam raises and reimbursements)
- Counseling and mentoring
- Rewards and recognition

So we had one person managing our internship program, another person managing our full-time program, and another person doing all the administrative duties. We also had a person in charge of mentoring. That approach worked pretty well, but it was, again, a significant additional responsibility above and beyond somebody's real job.

It was about 1997 when they took the approach to centralize everything more strongly and have one actuary be the central manager, the main program manager, combining all of these responsibilities into one position. That's when I came into the job. They took all of the six components and put them into one position, which was my job. That was one thing that I had the luxury of—spending all my time on actuarial-program issues and student issues. I think that was a luxury that a large company might be well able to afford, but a smaller company might not be able to do the same thing.

As I mentioned earlier, our official goal was to try to maintain a balance between exams and work performance/productivity. That's an inherent conflict. There are particular times of the year when everything gets skewed a little more toward exams. Over a 12-month period, however, we tried to guide and counsel our students to maintain the balance between exams and work, although I'm sure the actuarial students, being smart, recognized that the financial incentives were skewed toward exam performance. If a person did really well passing each of his or her actuarial exams, he or she might see something like a 15 percent raise every year coming from exam performance. Whereas if the person did well in his or her job, that person would see something like a three- or four-percent merit increase and maybe a three- to eight-percent bonus every year. So the actuarial exams were where the money was, and a lot of people recognized that.

In counseling students, however, we would always have to guide them. If you place too much emphasis on the exams, you could very easily have a reputation of not being very productive at work, and that's going to harm your long-term career. The other extreme is just as bad. If you focus too much on the work, you might do really well on the job but not so well on the exams. If you fall off the actuarial program, that ultimately can hurt your career, although not necessarily. You might

become an actuarial technician, not that there's anything wrong with becoming an actuarial technician, but our program is geared toward providing the incentives and encouragement for students to become fellows, not training people to become ASAs. In looking back at your company needs, do you want to graduate both associates and fellows? Or only fellows?

Then, of course, during the off-times, when people weren't sitting for exams, we tried to focus our students on being productive at work. That generally included the first month or two of studying before people really got serious about studying for the exams.

Trying to keep students motivated is somewhat of a challenge. It's a pretty long process, as you know. There are a lot of perks and a lot of incentives for students to pass exams—financial and otherwise. Along with that, to continue to receive the benefits of the program, we had a pass-rate requirement. We had higher-than-industry-average incentives—study time in particular—to become an actuary. So we also had higher-than-industry-average requirements.

Early on, probably 10 years or so ago, we had several situations where we would grant exceptions to students who did not pass their exams. We'd give them a second chance, a third chance, and a fourth chance. If they were good workers, especially, we didn't want to get really strict with them. Over time, however, we found that once you make one exception, you have to make exceptions for everybody.

Therefore, we tightened up the requirements several years ago, and there were no exceptions. That was a difficult part of my job. When students were facing difficulty with staying on a program and meeting the pass-rate requirements, I had to go to the student, discuss that with him or her, and counsel that student to see what we could do to try to make that better. But if a student did not meet our pass-rate requirements after all, and fell off of our program, we would give them time to look for other internal jobs. Usually what would happen if the person was a good worker was we would find them an actuarial technician-type of role in another area. This was kind of a good thing to have. It provided some stability to some areas and perhaps a higher level of productivity than actuarial students. It wasn't something we encouraged, but it was something that happened. We did start following a strict enforcement rule.

Our internal preference was to hire actuaries out of college and develop them internally. We did not have a very strong recruiting mechanism in place for hiring ASAs or FSAs. We did get a few of them every year. We did try to go out and hire, often using recruiters to do that, but our program was geared toward going out on college campuses, maintaining a presence, and recruiting at the college level. We would pick eight to ten actuarial schools that we had our emphasis on, and we primarily visited them several times a year. Through a number of approaches,

which I'll go into a little bit more detail in a minute, we would try to recruit actuaries at the college level.

We found that, with that many actuaries, there were significant and tangible benefits to having our actuaries go through the process together—grow up together. Even though there were 120 actuaries in Ft. Wayne, we all knew each other by name. Especially each student cohort, we all knew each other very well. As we became dispersed throughout the company later on, it was an invaluable experience to have so many people that you knew very well spread throughout the company.

The Internet, of course, was only really starting to get going, but we did a lot of things with the Internet to cast a very wide net and to go to places we wouldn't normally go. It's not a substitute by any means for the personal touch, but we did get several people sending us resumes that we would never have seen before.

A little bit more about recruiting here. I want to mention that we felt very strongly that the internship program was our best way to hire new candidates, so we invested a lot of time and effort in a strong internship program. We'd get our 15 to 20 interns in every year, and we'd provide them with —besides work experience—a lot of fun activities over the summer and luncheons with senior managers of actuaries and non-actuaries.

We provided them with housing. That's pretty much required now. When I was an intern, we had to go out and find housing on our own, and that wasn't always easy to do for a three-month period. So it's very nice now that companies are offering fully paid housing over the course of the summer. It really strengthens your relationship with your interns.

You don't want to just talk to them when they're with you over the summer. Try to stay in touch with them throughout the course of the whole school year.

We also had scholarships that we provided. For high school students, we had a program where we'd bring a lot of local high school students in and run a math Olympics game. The winner would get some scholarship money as well. Those were some of the approaches that we took with recruiting our interns.

For campus visits, since we were doing all of this in-house on our own (we were a large enough company to be able to do that) we would develop recruiting teams to go out to the various campuses. I would lead most of them, but I couldn't go to all of them. Usually we would pick somebody who is an alumnus from the school, to go out with me or to lead the process.

Our consistent interview questions were most important. We wanted to make sure all of our candidates, even though they were being interviewed by potentially different people, were all asked the same questions. That was true even after they

came to us in the home office, where they were interviewed by a lot more actuaries.

Timing is very important, especially after interviewing somebody on campus. Once they arrive at your office, you'll want to get back in touch with them and stay in touch with them as much as you can.

We've talked about training a lot already. Exams, of course, are probably the most intensive aspect of an actuary's training, but we shouldn't discount the rotational opportunities and on-the-job training that we can provide as well.

With the professional development requirement, going to things like the SOA meetings is a critical part of a person's professional development now. That's something that we did provide in the past, but we provide a lot more support for it now, because of that SOA requirement. We had a group of fellows that made themselves available to mentor students. Students could develop some relationships with people outside of their managers and immediate work area by choosing a mentor from our mentor group.

During the off-exam season, we also had what we called student forums, where I'd assign a student to give a presentation about something that they were working on for their area, and they'd have an opportunity to get up in front of their peers and make a presentation to help prepare them for future presentations of more of a real nature. That was something that we really wanted to try to round out—the technical/actuarial training with a lot more softer/interpersonal development training. We tried to do that where we could, and most often that was concentrated in the off-exam season. Of course, we also had some in-house and external-training seminars that we sent people to from time to time. Communication-skills training is one topic that we did over the years several times.

Some of the other issues about managing actuarial students: a lot of the other employees—non-actuaries—often feel a little jealous of all the perks that actuarial students get. One of the responses we always gave was that the actuarial exams were open to anybody. So anybody who thinks that they might be interested in an actuarial career can start taking actuarial exams. If a person passed an actuarial exam under the old credit system, when it was split into credits, we might have asked the person to pass two or three exams. Now, however, if a person passes the first exam, if we had an opening, that might be another source of an actuarial candidate for our actuarial study program (somebody who's already working with us in another capacity). We didn't get a whole lot of that, but we did get a little of that, and sometimes they were very valued additions to our actuarial program.

Going along with that, actuarial students sometime get a sense of entitlement because they're getting all these perks. They're kind of a special class of employees. You really have to communicate to the students that those perks are only received as long as a person continues to meet the exam requirements. So

there's a higher level of expectation associated with that, and the students should be and need to be continually reminded of those sorts of things.

One thing that we found we really needed was a very strong orientation program, especially for people right out of college, coming from a university environment where things were very lax and loose, to a corporate environment. Even though a lot of us are business casual now, it's still a lot more formal with a more formal hierarchy. It's very important for students to understand that transition. So for the first six months to a year, we had a luncheon series for new students coming to our company, where students would meet every month with different actuarial areas and the senior actuaries in the company. They would interact with everyone and get a perspective of all the different actuarial organizations. Above and beyond that, we would also provide, through the manager and through the company-orientation process, an acclimation to the office environment after college.

Hopefully students just aren't thrown off the deep end. When they come, a little bit of attention needs to be paid to that.

Also, we used to provide one actuarial trip for our people who become associates. The Hawaii meeting was coming up, and a lot of people were saving up for the Hawaii meeting. That was going to be a very expensive proposition, or so we thought. We had five to six students who wanted to go to the Hawaii SOA meeting out of 25 or 30. Our budget was going to be severely tested that year. There was a lot of discussion among the actuarial managers and some of the senior actuaries that we should just not allow students to go. The students, of course, caught wind of that, and they really didn't like that idea. They lobbied, of course, for us to allow them to go. It was an SOA meeting, and it fell within the rules of our actuarial program rulebook. So in the end, and this was shortly after I assumed that job, we were able to look at the actual numbers. It was a little bit more than marginally more expensive. It was maybe 20-to-30 percent more expensive than other SOA meetings with airfare, but in the end, we did allow them to go. It provided them with a good sense of fiscal responsibility—that spending corporate money should be like spending your own money. I think the people that went to that learned a good lesson that stuck with them over the rest of their career, because we were so cost-conscious there. We did allow them to go, which enhanced the morale of those students and all the other students who didn't even go.

Here are some of the results that we had with our particular actuarial program.

- We ended up having the vast majority of our actuaries trained from within. Probably a little bit in excess of 80 percent if I had to guess, of our actuaries were trained internally.
- We did have to go out and hire the occasional ASA or FSA, but that was okay, because they brought us a fresh perspective.
- I think the real results are in our exam pass rates (65-70 percent). We had significantly better exam performance than industry averages (45-50 percent).

- Under the old flexible-education system, students could sit for as few as 10 credits a sitting. Our students, however, because of our pass-rate requirements sat for 50 credits a sitting. That was a soft requirement of our program, compared to an industry average of significantly less than that. So, we had a higher pass rate and had students actually sitting for more, which was excellent. It helped people become fellows that much quicker.
- Also, because of our benefits and our location, we had a very high retention rate.

We were investing in all of this development, but we were getting the payoff as well. Our goal was to have a steady stream of strong FSAs. The program certainly had things to be improved upon, but we were pretty happy with the results of our program. That's not to say we don't ever look at the program. As the environment changes, especially with the new exam system in 2000, we have had to tweak our program each year a little bit to respond to external changes.

MR. RICHARD R. GREER: I work for AEGON USA, and I have the audacity to say that I represent the smaller insurance company. As many of you know, when you consolidate all of our operations, we're probably one of the larger insurance companies in the country, but we definitely manage on a very decentralized basis. We don't have a lot of coordination between the various operations. In actually managing our various actuarial programs, we do manage more like a small-company-type environment. That may be more of our heritage than our future, but that is, indeed, the heritage of AEGON USA.

I've been with AEGON for about 10 years, and for about 19 years prior to that, I worked for four smaller insurance companies. All of those companies would be characterized as smaller insurance companies, so I think I have a variety of experiences to draw from and share with you today.

I'll react a little bit to Chris's report and make two quick reactions to that before I move on. I saw the 50/50 balance of study and work, and in none of my experiences has it ever been a 50/50 allocation of time or effort. That's quite generous for study, relative to the smaller-company environments. I guess the other point is I don't think I've ever seen a 65-to-70 percent –continuous pass ratio either. So maybe those two relate to some degree.

Before doing this presentation, I solicited comments from some of my colleagues at the various AEGON units. One guy made a comment that I thought was good enough to add to this. He said, basically, "If you're not good at managing people, you're not going to be good at managing actuarial students. Managing actuarial students is a subset of the general subject of managing people."

I thought that was a good point to remember. When you're managing people in any situation, you should give them clear objectives, communicate those to them, provide support, remove the obstacles, respect the employee, recognize differences

in individuals, reward success and probably—most importantly—deal with the problems. I think, as managers, we often are reluctant to deal aggressively with problems with our employees. General management principles still apply to actuarial students, despite the fact that they're elitist and very special people.

As I think about the various actuarial programs that I've been involved with, and even the various actuarial programs that we have within AEGON, I'm struck by the variations. Within AEGON USA, there are four well-documented actuarial programs in the United States. There's the Cedar Rapids program, the Baltimore program, the Florida program and the Los Angeles program. I've actually compared all four, and I'm somewhat struck by the differences. Of course, that's just a small set of all small-company environments around. I will also opine that I think the differences in the way that programs are administered are often more significant than the differences in the written document.

In one of my employment situations, I worked with a company that was somewhat like Chris's experience at Lincoln, where there was a commitment to growing FSAs. I think it's noteworthy that having success on the actuarial program was actually classified as a company or departmental goal. When we listed out goals for the department, success on the actuarial program was there, and indirectly all employees in the department were rewarded by high marks for performance, if there was exam success. The responsibilities given to the students were somewhat minimal, relative to other places. There was generous study time, and the study time was almost always respected.

I worked in another place where the student program was clearly viewed as a nice-to-have for the students, but was certainly not a responsibility of the department. Exam success was totally the student's responsibility. Adequate study time was given, but study time was always of secondary importance. By mandate, all company study time was done on site, so that if an issue came up, and you needed to interrupt that student or ask a question about a problem with a profit test, that student was there. By the way, this company didn't have very much success in their exam program. But these are two environments that I've been a part of, and they're just representative of the variety that's out there.

I don't want to say that one program is good or one program is bad, but I would encourage you to consider your company's objectives and philosophy. Be realistic about it. Realize that if you want success in your actuarial program, you're going to have to make the commitment and offer the time, the effort, and the support. Then ask yourself if your program is documented to support your objectives and your philosophy, and whether or not you are administering it accordingly.

I want to talk about six sub-subjects here and, to some degree, speak to how the smaller-company environment may differ from the larger-company environment.

On the subject of recruiting, clearly the larger companies have some advantages and have more to offer. There's a unique situation that can happen in smaller companies. I've seen it happen on a couple of occasions, and it can be a particular problem. I've seen smaller companies that had an established staff of actuaries who had not completed their exams, but they were very effective. They played an important role in the company and had assumed a fair degree of responsibility. Then, at a later point in time, because of a change in management or a change in philosophy, they decided that they wanted all of their people to have their fellowships, which I think is a worthy goal. I've been in situations where they've imposed a student program on an established and, to some degree, mature staff, and at the same time, they attempted to recruit new people into an actuarial program. I will only say to you that I think one has to recognize that those are two different sets of people. Trying to subject established professionals who have been in the company for 10-15 years to take on major responsibility without having completed their exams and submitting them to the same program that you submit your students to can be somewhat problematic. It's best to recognize those are two distinct groups of people.

Here's a key question. Is there an explicit standard that a student must adhere to in order to remain in the program? As I talk with my associates at AEGON and think about other places, there's almost always been an explicit standard that spoke to the subject of what's required to stay in the program. However, is it rigidly enforced? There's a lot more variety on that subject. I advise people that I think it's good to have a documented program that is as comprehensive as practical, so that you minimize, to some degree, the exceptions that you have to deal with. I will tell you that one of the programs within AEGON tries to be as comprehensive as possible, and in their written program, they even refer to the subject of significant life events. If the student encounters a significant life event, there's an explicit provision for the waiver or the adjustment to the requirements for admission in the program.

You might ask what's a significant life event? I did. Marriage comes up. There's a feeling that, when a young person gets married, that's a significant life event. You should anticipate that and have a provision in your program that provides for that or severe sickness in the family, and so forth. The truth of the matter is that they really don't have a complete definition of significant life event. I think it's noteworthy, however, that they documented in their program a provision that provided there was a significant life event, there would be an alteration to the provisions of the requirements to stay in the program. That way, they could avoid much discretion and exception granting.

There's also the question of how closely do you monitor your students' study program? This is another subject where the answer varies significantly by the program and even more significantly by the nature of the manager. Some people want to monitor it very closely. I think good managers know how much monitoring is called for without crossing that line of invading their privacy or second-guessing

their integrity. When in doubt, I would prefer to over-monitor as opposed to under-monitor. I prefer to monitor our students' progress on their personal study time, as well as the office study time. I think that's a good policy. I don't do this, but I do know of managers that even monitor their progress through the syllabus. They ask the students to come up with plans for when they are going to get through this piece of material and that piece of material. Then they just ask the student, "How are you doing relative to your original plan on monitoring your progress through the material?" Once again, I think this is a subject where the right answer varies significantly by the student, the manager and the program.

Does the company direct which exam you should sit for? That's an interesting question. It's probably less interesting today than it was back when we had the flexible study program. I've been in situations where students would "game" the system. The student program called for diminishing hours of study for each attempt. When they were down to their third attempt, they could only have 50 percent of the full allotment of study time. So they would sign up for another exam to get the full allotment of study time, but they never really planned to take that second exam or take a serious run at the second exam. So the company had to get a little bit more involved in directing which exams they sat for and how they progressed. I think that's less of an issue on today's program.

Under what circumstances should a manager ask a student to compromise his or her study program due to work demands? Well, here's probably where the big-company/small-company differential really comes to the front. Some of us would say that if you've got to interrupt the student's study program because of a work demand, that's a failure of management. I've heard that. Sometimes I believe that. Sometimes if, by your nature, you're a responsive type of organization that doesn't always know what's coming down the road, sometimes things come up you do have to respond to, and you do have to ask your student to put in some extra hours of work despite his or her study program. It's a difficult issue. I think it's a more difficult issue for the smaller insurance companies.

I'll add a footnote to this. When I was taking my exams way back in the Dark Ages, I would have much rather worked than studied. Many of you probably would rather work than study. I think that the need to put the studying on hold and focus on a project is sometimes self-generated by the student. This new assignment really isn't quite as urgent as he thinks, but in his mind he's saying, "Oh, I've got to get working on this profit test or get this product done." He will direct himself to reallocate to work versus study. I think that's something that a good manager keeps tabs on and makes sure the student doesn't allocate himself over to work versus study when it's really not necessary.

What are the consequences of failure? That's probably the most significant issue that you deal with. Smaller companies often have students who don't really live by the requirements of the program. Failure happens. I have seen every variation out there possible. I've seen people terminated from their jobs because of their failure

on the student program. More typically they're given x number of months, like Chris said, six months, to find another position in the company. It's a difficult issue. There's no magical answer as to how you deal with failure. But clearly, if you have students that are not passing the exams and have come to the end of the rope, it's once again an issue that one must deal with if you're going to be effective.

MS. STACY L. LAIFOOK: I'm going to speak about managing actuarial students from a consulting perspective. I do think there are various ways that it differs from an insurance company.

To give you an idea of what I'm going to talk about today, I'm going to explain the structure of Milliman and how we operate, to put better in context why I think our study program works for us. I'll also talk about the study program that we put into place in the last couple of years and the changes that we saw after we did that. I'll talk a little bit about messages that we give to our students about studying and about working in general. Finally, I'll touch on recruiting a little bit.

Milliman USA is a large actuarial consulting firm. We have corporate oversight for things like quality, peer review and accounting, but for the most part, our 29 offices in the United States are independently managed. So, while we are a large firm, when you look at office management and actuarial study programs, we really operate as smaller offices. Further, each office might have multiple actuarial practices for casualty, life, employee benefits, et cetera, and those might also be separately managed. You might have very small groups, such as a 10-person actuarial program or a 10-person staff group.

In the Boston office, which is where I come from, we have life and casualty practices. We definitely operate separately, but we do have joint office management and a joint actuarial study program. Part of the reason we do that is right now we've got 12 actuarial students taking exams, and a joint program creates less isolation when you've got a larger group of students. They can build that camaraderie as a group of people rather than separating the two disciplines.

We have approximately 45 employees, including 14 fellows, 12 actuarial analysts taking exams, and seven analysts not taking exams. The analysts are broken into four teams and are managed by team leaders. The key thing to note here is that we call everybody actuarial analysts. We do not differentiate at that level. You don't get the career ASA. Basically, while you're working at that level, you are equal with the other people who are taking exams. Where we do draw a differentiation is in stating that these people getting through the exams are much more likely to become consultants and eventually principals at Milliman. They're going to be the ones sitting in the offices managing the work and handing it off to other students. But in general, if we've got good performers, they're equal at that level.

When I came to Milliman, the environment we had before we put in a new exam program we had very poor overall pass ratios, we're talking 10-to-20 percent—

nothing near the Lincoln levels. We had wasted time and effort, for both the student and the office, and half-hearted exam attempts.

We produce a report each sitting that circulates among consultants, and it shows for each student taking exams the exam he or she took, how many hours he or she studied, whether he or she passed or failed, how many times he or she had taken the exam in the past, and also the cost of taking that exam. We translate the cost, and it's not just the out-of-pocket cost—the exam registration, the fees. It also includes translating the work/study time into billable hours lost. So we definitely have a significant cost each sitting. But what surprised me most, when I started looking at these, wasn't so much the cost but the number of times people were taking the same exam and failing. We had one student who took the same exam nine times. That shouldn't be happening.

My pet peeve was the bad studying examples to incoming students. When I first got out of college, I went to Aetna, and we had a large actuarial program. There were 70 people in the life program, and it didn't take long at all to figure out that the people who were in the study room first in the morning and there last at night were consistently passing their exams. We didn't really have such examples in our office at Milliman. There might be a couple of people who were getting through their exams, but it really wasn't looked at at all.

We also had significant focus on client work and little focus on achieving fellowship. There does have to be, I'd say, probably more focus on client work, and we do push that in our office, but fellowship was an afterthought. No one was really paying attention to getting through these exams and getting to the end.

The Boston exam program. We introduced it in January 2000, coinciding with the new syllabus, though we had been talking about the changes for a couple of years before that. All of these things (listed below) are pretty standard and were consistent with our prior program.

- 120 hours compensated study time per sitting
- Reimbursement for exam fees, materials and one course (first sitting only)
- Study time each morning on site (unless an alternative is approved)
- Raises upon passing exams

These are some of the things (listed below) that came up that were different, and I think they are different from many other programs.

- We started having students set a plan before they started studying, and this is really a plan. It's not a calendar schedule of, "I'm going to study 8:30 to 9:30 on these days, so we can manage work commitments." It's a plan of both their work study time and their personal study time on a weekly basis. If I ever get a plan in which I see less than 350 hours, it goes back. If I ever have a student that's passing exams studying only 200 hours, it won't go

back, but I've never seen it before. Even for very intelligent people, you need to put in the hours and study for these exams.

- We also require them to track all of their actual study time, and that can be monitored on a weekly basis by the team leader. The team leader might announce results to various people, but none of this is hidden. Everybody's study schedules are out on the LAN, so everybody can see them.

Another requirement we added is asking people to hand in any failing scores. I've got some struggling with this, but it really allows us to see those people getting zeros, ones or twos. If they'd put in the effort, we've got some problems, and we've really got to work out how they're taking exams. If they're not putting in the effort, this makes it painfully obvious to us.

- Something that's not new to most programs but was completely new to our office was a fail test—a removal from the program if you fail to pass at least one exam every three sittings. The thing I'll add, though, is that it is based on supervisor discretion, and there was talk about whether we should rigidly adhere to our requirements. We wanted to put a standard into place that defined what we expect and that people need to do this in order to reasonably complete their exams. If you're passing one exam every 10 sittings, you're going to be doing this for the rest of your career. So we wanted to have that in place, but we also know that we have a lot of conflicting needs in terms of client work and life situations. If there's a good performer, we won't cut that person out of the program, —which could be demoralizing,- if we think that the person really can get through the exams and keep up.
- For the Life students, typical bonuses in Milliman tend to be based on client hours/billable hours. We added a portion of it to include study time. It's understood that this is really something that we think is important toward your career.
- Finally, something that was in our original student program that we kept is this quote: "Keep in mind that work study time is a privilege. Client work takes precedence. Each student is responsible for ensuring that work commitments are met." Really, when it comes down to it, if there's crunch client time, we're really going to have to focus on the client needs, and study time might get missed.

Some other initiatives that we started introducing around the same time included the following:

- We encourage all of our students to attend at least one professional development meeting a year.

- On the Life side, we introduced basic education sessions. This came from feedback from students saying that they often didn't understand the bigger picture of the projects they were working on. They were focused on their model, and they knew what they needed to do, but they didn't understand how it fit into the bigger picture. Sometimes they would get a project and not understand some of the basic mechanics of it because they hadn't hit that in the exam syllabus. So we implemented weekly basic education sessions. Each week one of our consultants sits with the students and talks about a topic of their choice, and these have ranged from interest theory, because we've got several new students who haven't taken exams yet, to how a universal life (UL) product works to the actuarial aspects of a demutualization. We tend to do a lot of demutualization work and try to help those students understand that.
- Another program that we have in place is a morale program. I tend to discount this, but it really is something that the students look to and appreciate. It's also something that tends to be a good recruiting tool for us. There are a variety of aspects to it, but in general, there are three morale officers each month who are responsible for boosting the morale of the office. It definitely comes into play when you have crunch client projects—just keeping everybody's spirits up. It often involves food of some sort, and everybody enjoys that, but it's something the students really do enjoy.

The results of implementing our new program:

- We have three students who stopped taking exams. As you heard earlier, we actually have seven actuarial analysts who don't take exams. We had been talking about these changes before the January 2000 implementation. So we started talking to some of our good performers that do excellent work, but just are not on track to ever finish these exams, about alternate career paths for them. That's how we've ended up with seven now.
- We had one student who was removed from the program based on the fail test, and he's since left. We have another student who would have hit the fail test, but based on supervisor discretion, we kept her in the program. Along the lines of what I was saying, we think she's got a good shot at getting through. She just hadn't passed in the last three sittings.
- I really do believe we have an improved focus now on fellowship and getting through the exams and have seen study time increase because we've started to make it clear that this is important.

Our messages to students:

- I tell people that you are responsible for taking your study time and passing your exams. No level of management support is going to get people through these exams if they don't take ownership of it. While we do track study time, that's not a babysitting tool. They're responsible for doing that. If they feel that work commitments are getting out of hand, they need to raise that issue—the same as I expect on a work level. If they have a question with

something they're doing for work, they need to approach their manager with it or approach whomever they're working with. They don't need to sit there and wait for someone to raise the issue for them.

- Always take study time when it's available. If I tell students that things are a little bit slow this week, and they should catch up on their study time, or catch up on the time that they missed last month, they better do it. I find that they never do. It's like, "Oh, it's slow, let me just relax." But next week might be a crunch week for us. This isn't true of just consulting firms. In insurance companies, there's a lot of work and a lot of hours, and you don't know what request is going to come up the next week. The other thing I find, and I try to make it very clear, is that we always tend to be busy the couple of weeks before exams. We've never been slow around that time. So, while they might be getting their one-to two-hour study time that they want to take then, and I think we do a good job of giving them the day off before their exam, they might be working 10 hours some days. So the time that they expected to study, from 5:00 to 8:00 at night, may not exist. So, get it while you can is really what we say.
- A good performer will always have a job here, which is what I noted before. The other thing is that your career path at Milliman will be limited if you're not taking exams. When we bring in new students, we point that out immediately. There are the people taking exams, and here are the people who aren't. Be one of those people taking the exams who makes it to fellowship and then is sitting in the office managing the work. That's the path we want you to be on.
- There's a direct correlation between the amount of study time and the probability of passing. We periodically publish, after results come out, a list of all the students and how much total time everybody studied. It is always the people who studied the most time who are the ones who passed their exams. I've never seen anything different than that.
- If you don't study on your own time, I won't fight for your study time at work. That's another thing that these study spreadsheets showed us. I come in the morning, and everybody's studying. I think everybody's working really hard. Then when I look at the spreadsheets I see that one person might be studying two to three times more on his or her own than the other person. If I'm trying to juggle work commitments and back off of students' study time, if I know they're not putting in any time on their own, I'm just not going to fight for that. There needs to be a personal commitment.
- Finally, we encourage them to meet other students through courses or professional meetings and talk about study habits. Being in a smaller office, it is tough to find good ways of doing things.

Entry-level recruiting:

- We started doing this actively, I'd say, four or five years ago. We do joint recruiting with our life and casualty practices, and we have a student act as a coordinator. One thing that we've found really valuable is having a fresh student who's only been out of school one to two years act as this coordinator. That person brings in so many perspectives. I like to think I'm in touch, but you just don't realize what it's like for a college student looking for a job. The student that's coordinating right now—when she came in, she told us our Web site was awful and has nothing about recruiting. As I pointed out, Milliman is structured at a corporate level. So, if an individual office wants to do something, it needs to work to do it on its own. It's very hard to rally all the 29 Milliman offices to say, this is the approach I want to take for recruiting on a national level, because we don't recruit on a national level. So, we pushed and developed a Boston office Web site, which is an offshoot of the Milliman Web site, which is very focused on entry-level recruiting. It has a connection to the beanactuary.com (I can't remember all the sites) and really talks to people about what it is to be an actuary and what the career path is. Now students can see that and are much better informed about what the opportunity is.
- We send information to approximately 30 northeastern universities. When we started four or five years ago, this was almost all paper material—promotional material about what it is to be an actuary and about Milliman in general. Now all of this is done electronically. I think most universities and their career centers are Internet-based, so that's how we send the information.
- We actively recruit at three local colleges. They tend to move around. In Boston we have our pick, which is nice. We do that through on-campus recruiting, job fairs and math clubs. The one I actually find the most valuable is the math clubs. I'm a big proponent of looking for actuaries outside of math backgrounds. But the math clubs give you a great way to get your message to people at a sophomore/junior level. It's a great source of interns. They learn what it is to be an actuary, but then they'd know that they just talked to Milliman. So, they call us when they're looking for a job to see what it's all about.
- We actively recruit through hiring interns. Everyone realizes that it's great to get to test someone out for a summer and see what they're really like before you decide to hire them, but I think one of the greater values is they start to build a connection with you. We're finding it's more and more competitive. A good student, particularly someone who's taking an exam—and we don't require that someone has an exam coming out of school—that student is going to get four or five offers. If you have someone who got to know your

people and is comfortable with your office, as long as he or she didn't have a bad experience, you're going to have a significant edge on hiring that person. We hire one to three students each year, just trying to keep the population fresh.

Messages to candidates:

- The one key thing that I've learned from recruiting at all levels has been to make sure we clearly paint a picture of what the environment in our office is. If we don't do that, then people will get frustrated and leave because it isn't meeting their expectations.
- Encouragement of passing exams. We tend to struggle with the misconception of consulting. People tend to think, "I'll never get my exam time, so this isn't the place I want to be." We clearly state that we encourage passing exams, but we let them know that if client work is coming up and is important, you might miss your study time. We actually find we have a much harder time hiring people at mid-exam level than we do at entry level. Entry-level people say, "Oh, yes, consulting—I get to do this, that, and the other thing. It sounds great." But at the mid-level, they say, "I know what it takes to pass my exams, and I don't want you to ever tell me that I don't get my study time. I just want to get through this." So that's our biggest struggle with that level.
- We let people know that our primary goal is to serve our clients and that we're a good group of people focused on work and having fun. Little things, like having the students take the candidate out to lunch, are helpful. I never told candidates about our morale program, but our students do. They'll say, "You know, there are bagels on Thursday morning." I think that's great, but it's not the selling point that I use in regard to why I think someone should come to our office. But when the students have lunch with the candidates, they talk about that. That's often the point of their conversations. They'll say, "We get to do this, and we did white water rafting one time." There's excitement about that. Things that I don't realize are important, the students do a much better job of conveying.

MR. TANI: We purposely kept the presentations somewhat short, because we wanted to make this more interactive and have lots of questions.

I'm curious about how many managers here actually get credit in a six-month or one-year period for their students passing at a high rate. Do you know of any companies that do that now? I think that's one of the challenges. We look out for the students, but we hardly get credit ourselves as managers.

Another thing I'm curious about is monitoring personal study times. Stacy mentioned 350 to 450 hours. Is that a reasonable standard that other people find as well?

MS. LAIFOOK: I'll have to say I've never seen the 450 hours, but I think if people study that much, they'd always pass. Typically, I'd say the people that are passing are studying about 350 to 400 hours.

MR. RUCKMAN: I'd also like to take a moment, before answering that, to clarify a comment I made earlier. The 50/50 balance that I talked about was more of a holistic balance. It wasn't 20 hours a week that students were studying. It was more like 10 hours a week for the 18 weeks. We generally allocated 183 hours of compensated study time for a student during the 18-week exam period. They were free to manage that time how they saw fit. They wouldn't front-load it. They'd back-load it. In fact, a lot of students, with their manager's approval, often took the week before the exam to study, not just the day before to prepare at the last minute. We tried to discourage cramming, but that tended to work pretty well. So, the 50/50 balance was more 10 hours of study time and 30 hours of work. Then, on your own, you would put in about 20 or 30 more hours a week on your own time. From our perspective, we never monitored the person's individual time. The way we kept track of that was by monitoring their exam pass rate. Since we had significantly higher pass rates than most companies, I think that students who were going to get in trouble got into trouble earlier, and we dealt with it earlier than if we'd had more generous pass-rate requirements.

MR. GREER: In the standard program that we have, you normally provide 120 hours per exam. It varies a little bit by program. Sometimes it's specified as x number of hours per hour of exam. The general rule of two hours of personal time for each hour of office time is pretty well established, and I think everyone agrees that that's basically what you have to do to make it work. I personally like to monitor my students on a weekly basis. I ask them in advance to specify hours of personal time and hours of office time—not per day, that's a little bit too detailed, but per week—and I always want to know on Monday morning how things stand. They've got to face me on Monday morning, and they might be lying to me, but, nonetheless, they've got to come in and say where they stand on their program.

Stacy, you said something I picked up on, which I'd never thought of. I never make public how the different students are doing. Suddenly I'm thinking it might be kind of interesting to publicize how Johnny, Susie and Billy are doing, so there's a little peer pressure. That's something I've not done before, but it's not a bad idea.

MS. LAIFOOK: I don't know if anyone's heard of Bruce Tulgan's *Managing Generation X*, but it's a very interesting book. He brings up a couple of points, and one of them is consistent with that. He says people come to him and ask him often, "How do you manage the differences in treatment of people, say, two people generally at the same level who make different salaries?" His idea is you should

proclaim that from the rooftops. Say, "Mary's making more money than you because she's doing a better job than you, and if you want to make that much money, start doing what Mary's doing." Though you do have to manage resentment-building of—so-and-so's getting through his other exams, and this person is everybody's favorite because we print out that he or she does 400 hours of study time. The fact is that that's why that person is passing the exams. It's also something that you see more clearly in consulting. We have billing rates, and those are pretty closely tied to salary. So, we've had to struggle with explaining differences in billing rates before .

One other thing that Bruce Tulgan talks about is fast, frequent feedback, which has been important in both the student program and just in managing students. He talks about the Generation X wanting instant gratification. They have grown up with the remote controls, the answering machines and the Internet, and everything comes back to them instantly. So on a frequent basis you need to tell them how they're doing. We try to do that, both through the exam program, say, "You know, you're not really studying, so pick it up." Or, "You're doing a great job studying." I find that those little things just really brighten their day, or they say, "Oh no, she knows that I'm not doing what I should be doing." So I think it's very important.

MR. RUCKMAN: I wanted to comment a little bit on requiring students, especially failing students, to share their scores with everyone else. That's something that I think is a really good idea. We tried to implement that several years ago, and, interestingly, we got a huge outcry from our student population that that was private information. Even though the company was fully paying for the exams and providing study time, that was information the SOA deemed private, and so it was not to be shared with anybody else. In fact, a lot of our biggest complainers were the students who didn't have to submit their scores because they were passing. After a big uproar over that, we backed down. We didn't have a significant pass-rate problem at the time. We just wanted to help the students who were failing to monitor how they were preparing, so that we could offer better advice. We ended up not doing that, however, even though I think it's a good idea. I think it depends on how organized students get and whether or not they mount an opposition movement to that sort of a requirement. But it is a good idea, and if you can do it, I think that helps head off the problem before it happens.

MR. TANI: One of the things that has helped me over the years is giving students a couple hours of study time a day, which is pretty typical. In my office, however, we often had people working late. It was always a struggle at the end of the day to say, did they really get that study time, or how does that work? You worked eight hours, but you got two hours in the morning . Someone told me once, "Why don't you try study days? One study day a week?" In that case, even if they worked 40-50 hours in the week, at least they had that day in the middle of the week where they could focus on exams, and I could give it to them. That had an immediate effect and seemed to be good for morale. I've found recently, though, that if your students are disciplined, and you have one that's not disciplined, a study day is an

easy thing to take advantage of. So I do have to change the requirements, depending on who the student is and how he or she doing. Do you have any thoughts like that on study hours versus study days? Or other techniques or advice that you give to your students to help them along with the exam process?

MR. RUCKMAN: A study program should have the flexibility to allow each student to study as best and effectively as possible for him or herself. Some people are morning people. Some people are afternoon people. I personally liked studying the first two hours in the morning when I went in and then working the rest of the day. Other people might rather have a study day. The flexibility, though, should stop where problems start. Managers need to come in and take a more direct-controlling hand in cases where there are problems. At one point, we did require students to study on-site, but we relaxed that requirement for students who were meeting our pass-rate requirements. For people who were struggling and about ready to fall off the program, we did require them to study on-site, but if they were meeting and exceeding the pass-rate requirements, we would allow them to study at home or wherever they thought they could study best. So, you need a little bit of direct control when problems are occurring, but we like to offer as much flexibility within our program as we can to help student morale.

MR. GREER: I agree with the concept of flexibility. I think everyone's different. Their study habits are different. I personally loved to study really early in the morning, before I went to the office, and a lot of people prefer to study late at night. Those are just individual differences. I do have a bias, though. I personally believe that you can only study effectively for X number of hours at a time, and X varies by the person. I think that once you go beyond something like six hours in a given day, you've kind of reached your saturation point. You can't have effective study if you try to put in too many hours in a particular day. So, when I look at the students' schedules that they submit to me, I will encourage them not to back-load them too much, because they'll come up with schedules that have them studying 10 or 12 hours per day on Saturdays and Sundays in the two weeks prior to the exam. They just can't be effective if they're studying 10 hours or 12 hours in a day. I encourage them to not back-load it too much and to not schedule themselves for long study sessions, because I just don't think most people can be effective in long, sustained study sessions. At least I couldn't.

MS. JOANNE DUFF: I'm from MetLife, and I work in the Michigan office. A lot of people don't know that we actually have an office outside of the East Coast. We have a difficult time recruiting students. This summer I have an intern who I'd really like to retain, and she has one year left of school. I was wondering if you could give me some specific advice as to what I should have ready, in terms of making her an offer for when she's finished next spring. Should I have an offer on the table before she leaves? Have the salary exactly figured out? Or is that something I should wait on until the fall? I want to make sure that I don't lose her to some of the consulting firms in the immediate area.

MR. RUCKMAN: I suggest that you make an offer before she goes back to school for the fall. You could make it contingent on number of exams she might have by the time she graduates, so you'd have \$X if she has one exam, \$Y if she has two exams. If you stay in touch with this person throughout the year, you'll get a sense of whether you're competitive or not, then you can increase the offer at any point later on. But you want to strongly communicate the message that you very definitely want to have this person come back and join you when she graduates. Try to stay in touch with her throughout the year. In your exit interview, before this person goes back to school, communicate how much you really value her and how good a job she did. Really express your appreciation as much as you can. If possible, when you go back to the campus, if you're able to visit the campus that this person's at over the year, take her out to dinner and invite her back over Christmas. Some of our best interns wanted to work over the Christmas break. We would have them come back over Christmas break and work during that period as well. By the time the spring rolls around, the person's going to have, if she's a strong candidate, several offers to choose from. You don't want to make your offer at that point in time. I suggest making it in the fall or before she leaves to go back to school.

MS. LAIFOOK: I definitely agree with Chris. Having an offer immediately is flattering and shows how much you'd like her to stay. I want to reiterate Chris' point, though, of keeping in touch. One thing we've found is that the best students tend to handle recruiting in the September-October-November timeframe. We'll offer a student a job, and he or she will accept the job. We've had a couple of cases where people actually reneged on their offers. In hindsight, those are not the people that we want in our office. You need the integrity of honoring an oral agreement.

One thing we've learned is we need to make sure we keep in touch with them. Since she's been a part of your company, invite her to the Christmas party and show her that you really see her as part of your family. Make sure that she doesn't lose track of the commitment she's made, if she does agree.

MS. DUFF: Should I expect her to accept the offer or just put the offer on the table?

MS. LAIFOOK: I think you need to set a timeframe, and you might want to make it November or something, so she does have the opportunity to look elsewhere. Then it's not a preemptive-strike kind of thing—that this is all or nothing before you see what's out there. But I think you do need to set a timeframe. Otherwise, she can look through May, and then you'll find out you don't have an employee.

MS. DUFF: Are signing bonuses common?

MS. LAIFOOK: Yes.

MS. DUFF: How much?

MS. LAIFOOK: It varies.

MS. DUFF?: What range?

MR. RUCKMAN: One to five.

MR. TANI I'd add that, when you're coming out of college, you have a lot of uncertainty about what you're going to do next. The unique angle that you have with your intern is that you can customize what she's going to do once she's with your company, and she can visualize that much more clearly. I think having that picture is a very strong draw.

I'd also say that, with the time restriction, if you're creating a plan for her, and you're building her into your future specifically, then she needs to make a commitment to you, so that you can follow through on that plan. I think that's consistent.

My questions are often related to workload, especially around exam time. Around exam time, I tend to try to hold back work, even if it's important, and it tends to pile up right when the exams are over. But often students aren't fully productive right after their exams are over. What kind of break-in periods do you find? Or do you see that type of problem yourselves? And how do you handle it?

MS. LAIFOOK: I think it definitely varies by the student. I've got one student who I think we're going to start requiring study off-site, because he is always into the work. There's no lag time for him getting back into things. I have another from whom I hear two weeks before and two weeks after, "Well, my head's not quite on straight; I'm focused on studying." And I think, "Well, when you are here I expect you to work." But I think you need to try to understand that a little bit. If you're making efforts to make sure that they get study time, and getting extra study time right before the exams, I don't think it's a big deal to expect that the day after the exam, they're back full time.

MR. GREER: Anecdotally, it seems like I'm seeing more and more students wanting to take a week's vacation right after the exam, just when that workload has piled up. You don't want to deny a vacation request if it's valid and if it's not going to be a terrible burden. I have found myself sort of nudging people to take a long weekend. Take a Friday off or a Monday off, and take a long weekend, because we've got a lot of work to do here. But it seems like the requests for the vacation week right after the exam are growing, at least in my observation. I think it exacerbates the problem that Ron's mentioning. I don't know that I've got a great solution for that one though.

MR. RUCKMAN: I guess I would agree with Stacy. I think it's more of an individual-student need and probably needs to be dealt with on an individual basis, especially since it's the manager with the productivity issue who knows the student and, hopefully, knows the best way to encourage the student to come back after experiencing the stress of the exam period. But I also agree with Richard. I think that students tend to want to take a break after sitting for the exam, and I don't know if that's becoming more common now or not. But it does seem to be a phenomenon that's occurring.

FROM THE FLOOR: Is there a period after the exam where it makes sense to say, "Well, you have to take a vacation day; you shouldn't be in here." I had to force that one student, and that was me. I was worthless. So I said, "I should take a vacation." This is not right. I had to.

MR. ALBERT MANNING: I'm from Jackson National Life Insurance. Ms. LaiFook, you had a student who technically failed out of the exam program, I believe, but was allowed to stay in?

MS. LAIFOOK: Yes.

MR. MANNING: Did you have to address that with the other students? How'd that go over?

MS. LAIFOOK: No, we didn't. It was pretty clear, though, that the one person who we removed from the program didn't have a hope of ever getting through the exams. I don't know if the students saw that or what. We still have some issues with people just not being as focused on fellowship, so maybe certain people didn't care. But if it was pushed, I think we would point out that we did not expect that this person would get through his exams based on the scores he was getting, whereas this other person tends to get the fours, fives, and sixes, and just wasn't able to pass one in three sittings. We didn't have a fall-out from it though.

FROM THE FLOOR: Did publicizing the scores make the process easier?

MS. LAIFOOK: The scores come to us, but we don't publicize the scores. But I'm comfortable with telling people that the scores were lower than acceptable.

MR. KEN VANDE VREDE: I'm from USAA Life Insurance Company. What are the biggest sorts of implications that you've seen with moving to the big exams? What sort of adjustments have you made? And have you seen students make the commensurate effort for those larger exams?

MS. LAIFOOK: To speak for ours, we weren't seeing much effort at all. Now we're seeing some effort, so we're happy.

MR. GREER: It's a very good question. I think one of the phenomena we had with the old exam was a tendency for people to want to nibble their way through with 15 credits this time and 10 credits the next time and so forth. Of course, that's not possible now. I'm thinking anecdotally here, basically. We don't have a problem, obviously, with people wanting to nibble their way through, and so that problem is gone. I'm thinking cynically here, but there may be some students here who had a plan to take 15 years and nibble away and get their fellowship that way. Those people may be reconsidering their commitment to the exams, because sitting for a major exam, of course, as we all know, is a pretty major effort. It's a little bit too early to really say too much about what this means, other than these anecdotal comments.

MR. RUCKMAN: We were fortunate. We had already been strongly encouraging our students to sit for 50 credits per sitting. Our incentives were already aligned with that, and the expectation was there that they would sit for 50 credits per sitting. Fortunately, for us, it was a non-event. It just required a few minor tweakings to the actuarial program itself. It was not a change, from the students' perspective, of what our expectations were. I think there were companies, though, with more the nibbling approach of students, where it was a significant challenge to adjust to. I'm not sure how that reaction went with other companies, but we were fortunate that it was not much of an event.

MR. TANI: At SunAmerica, we had quite a change because all of a sudden we had lots of study time that we had to give. It created quite a workload problem, which I described here. One of the results was that there's certainly more pressure for people to pass, if we're going to give them that much time. It was one of the motivations for setting up this panel, because I wanted to hear how to get people to pass more. We can't afford a 30 percent pass rate when we're giving 120 hours every six months without fail. So there's definitely more pressure on the students, and we have to watch our workload a lot more closely. It also makes non-exam taking people—whether it's an FSA or an ASA, even in a small unit like ours—much more attractive. It's hard to support a student program.