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Session 45PD Mentoring Professional Development

Track: Management and Personal Development

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Panelists: JANET M. CARSTENS
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Summary: As part of the Society of Actuaries education and examination system, candidates working toward Fellowship are required to complete an individualized plan of professional development. Completion is a candidate's responsibility; however, the candidate must work with an advisor or advisory panel throughout. Attendees at this session gain a better understanding of the SOA's professional development program. Participants also learn the qualifications, skills, and responsibilities of an advisor.

MR. KEVIN SHAND: This is Janet Carstens. She is a member of the Professional Development Committee, and she has worked as an advisor. Ms. Carstens brings a perspective from both what the Professional Development Committee has experienced and as an advisor. She will be able to share some of her battle stories regarding how she has dealt with students. Ms. Carstens, I should mention, has served on the health review plans.

I am Kevin Shand, and I am a member of the Professional Development Committee, too. I serve on the Review Committee for Retirement Plans. Professional development plans that students submit are reviewed by teams from the SOA committee, and both of us have firsthand experience with that.

For the next 90 minutes, we are going to talk about professional development plans. We are going to talk about what it takes to be an advisor.

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Professional development — whose idea was SOA professional development, or whom can we blame for all of this? That falls directly on the Board of Governors. Now, this goes back quite a ways. The Board of Governors was looking at the educational system, which had been in existence for quite some time, and it realized that it was starting to become out of date, compared to the needs of the actuarial students and the needs of the SOA. The SOA decided that if it wanted to be able to compete on a global basis with other actuarial organizations, it was going to have to develop an educational system that was not biased to nation-specific topics.

Continuing education — the SOA, as you know, emphasizes continuing education. But when you have an accreditation process that takes as long as Fellowship, waiting to discuss continuing education responsibilities until after that is just way too long. The board of governors wanted to be able to introduce continuing education within the education examination system.

One of the other concerns, of course, that we're all aware of is that we're not always attracting the best and the brightest, because there are other careers out there that might seem more appealing — especially when you're talking about the qualification or accreditation process, which is probably one of the longest ones, when you think about all the other competing professions. This new education system was supposed to provide for a shorter path to Fellowship, while still maintaining the credibility of the degree. And this was another approach that the Board of Governors wanted, as we were doing all this tweaking. You have to have an idea as to why professional development is, supposedly, a good idea, before you can embrace it.

Professional development has an educational objective, defined by the Society of Actuaries. And I'll just read it word for word: "To attain a deeper understanding of the technical, legal, ethical, cultural, professional, and practical parameters that apply to the chosen practice area within the geographical territory or jurisdiction of the practice of the candidate." What does this mean? You want to develop useful application skills for facing practice-relevant issues. You want to develop communication skills. Now, this is a departure from the education systems that you would have passed. Communication is an integral part of education under the new system. What's the credo of the SOA? You want to be able to substitute facts for impressions. How do you communicate those facts? Professional development helps you develop that skill. You want to acquire highly technical and advanced actuarial knowledge.

Now, a student or a candidate has to be able to have a professional development plan that they will execute and then submit to the SOA for approval. And there are qualitative and quantitative features to this process. Qualitatively, you have to adhere to the educational objective. And we are going to keep coming back to this key phrase, "educational objectives." Keep that in mind. It has to be relevant to the chosen practice area. It has to be at least 50 percent technical in nature. Now, how

do you qualify what "technical" is? If you are dealing with regulations, if you are dealing with taxation, if you are dealing with plan designs, product development, *that* is technical in nature. It is not to say that there isn't any value put on non-technical development. We recognize that, as well. But keep in mind that your analytical skills have been developed on a technical basis, and we want to continue to do that. You want to be able to demonstrate an effective application of actuarial skills on legitimate issues. This is more focused on the project component requirement. And we'll discuss that very shortly.

Quantitative features of the professional development plan — the professional development plan or the professional development requirement is a 50-unit package, a package that has to be completed over a 25-month period. Twenty-five months, as opposed to two years, allow people to use sessions that do not always fall on the exact same date year after year. Two years from now, we might not be able to have a spring session until the end of June, which would be, maybe, five or six days after two years. So what's happened is we're using the 25 months, just so that students don't get too upset about not being able to get in a number of required sessions.

There are two components to a professional development plan. One, which is called the formal program component, is made up of at least 35 units. And of these 35 units, 15 units can be achieved prior to the plan being submitted. The student is not forced to wait until there is approval. If there is a good opportunity for the student, we are more than happy to encourage that, up to a limit. Of this formal program component, there have to be at least 20 units that are considered SOA-approved. And we'll talk a little bit more about what kinds of approval units you can build up in a plan.

The other portion is the project component. Think of it as a mini-thesis report. That is credited with 15 units. Key words here are, "at least 50 units," "at least 35 units." You may think, as an advisor, that your student needs more than 50 units for professional development, and that is between you and your candidate to decide. We see plans all the time that come in with 51-and-a-half units or 53 units, because of the length of the program that the candidate and the advisor wanted to have in the plan. But the fact that it took over 50 units was not an issue.

MS. JANET CARSTENS: Sometimes a candidate will submit a plan that has, say, 53, 55 credits, because they attended a session that they didn't think was either appropriate to their plan or gave them the education that they were looking for. And so, they will submit it with something else.

MR. SHAND: In any case, someone who submits a plan to us for 49-and-a-half units, they do not complete the program. Let's talk about the formal program, or the first part of this. As we said before, we have approved events that are credited with the units. The most common type that you are going to see are seminars, symposiums — meeting sessions offered by recognized actuarial organizations. This

is the most common way in which candidates build up their units for a plan. What happens is that if somebody has a meeting, or a session, or a symposium that they want to put on, they bring it to the Professional Development Committee, and they ask us to approve it. They give us a description of the sessions or the symposiums. We come back and we say, "SOA-approved for so many credits."

Now, here are the rules. In general, an hour will translate into a unit. Anything from 50 minutes to 60 minutes is recognized as an hour. Anything less than 50 minutes is prorated. So 45 minutes would be a three-quarter credit, or what have you. For any of these events, you can have up to six hours of credit or six units of credit per day, to a maximum of 15, for the program. So for example, if you were at the SOA meeting and hit all the professional development sessions that were relevant to the plan and met the educational objective, then an SOA meeting could complete 15 units.

Note that the professional development plan will start on the date of the first session that the candidate wants to use. And this is very important, because you might have a candidate that went to an SOA meeting back in the fall. If they choose to use that for credit, then the plan started back in the fall, not at the time that they would have finished their Course 8, so it's a question of timing. Or alternatively, your plan would also start if your advisor decides to sign off on the project. Most times, people will start the sessions first, and then get rolling on the project. Nine times out of 10, professional development will start with the first session, as opposed to when the project starts, unless they're using a work-in-progress that might have been going on for the last year, or something like that. And we will get into the semantics of that later on.

Another way in which you can get SOA-approved units is by passing an examination-validated program. There are a number of programs out there in which you can get credits recognized. The first way is by having units left over from the old examination system. What ended up happening is that students who *were* under the old exam system converted those credits to the new courses. Any credits left over could be applied toward professional development. At the end of 1999, everyone would have gotten a slip from the Society of Actuaries saying, "Here are the courses under the new system that we recognize that you have passed, plus here are the number of credits that you have toward professional development."

A candidate that has 15 or more credits toward professional development under the old system, 99 percent of the time, is probably going to say, "Well, I'm not going to do a project, because a project's worth 15 credits." Occasionally, someone still decides to do the project. But you might come across a student, now and then, who doesn't need 50 credits to get professional development. They need less because of these conversion credits. As we get further and further down the road, more and more students in that situation will have disappeared and, at some point, all students will have to complete 50 credits.

You can do another Course 8 exam. For example, if you are working for a consulting house, where you are going to do group benefit work, as well as pension work, you have already got the pension exam under your belt. Again, it has to be applicable to what the practice of the candidate is. You can do an SOA research paper through the education and examination committees. Because it is research based, you will get credit for the project, plus you will get another 10 points toward your program. That's a quite a bit of work, though.

If you are an enrolled actuary, you would have gone through an examination process, for which you can earn up to 25 units. If you attend an Academy seminar on life-and-health qualification, you would get 15 units. If they go to the "Practice Education" course, they will earn 13 units there. Chartered, certified general accountants, financial risk management, and people who pass the bar get 15 units — life underwriting, property underwriting, and so on, five units. So if there is a professional designation that they have that is relevant to the practice they are going to be going into or that they're currently in and developing for, then it can be used. Again, you have to be able to look at this and say that this is relevant to their development. If somebody has passed the bar 10 years ago and is not practicing law anymore, this is not relevant. They will beg you to let them use the credits, but you have to ask yourself if this is appropriate or not.

Research can qualify for SOA-approved credits. If you have a doctoral degree, and the dissertation is relevant to the practice and is not more than seven years old from the time plan starts, you can get up to 25 credits for that. If you have been published in a professional paper or refereed journal, and the article is no more than two years old, that would qualify for 15 SOA-approved units. So if you are dealing with a candidate that has a research background that is relevant to the practice area, then it certainly is well worth pursuing.

CD-ROMs, audiotapes, videotapes, Internet programs — we allow them, as long as they are SOA-approved events. SOA-approved events will have a 15-unit maximum. These are fairly new rules. What happened was that after September 11, there was a fear of traveling, and companies had to re-evaluate their travel policies. Students were saying, "I've lost my opportunities to go to sessions." And so what we tried to do is find other avenues in which they would be able to meet their SOA-approved credits. Again, the tapes and CD-ROMs have to come from SOA-approved events. If you go to the SOA Web site, you'll find in the library a number of CD-ROMs for events that have taken place — like "Retirement 2000" or valuation actuary symposiums, and that type of thing. These would all qualify. The student would have to go through, write summary notes, and indicate how it links to the educational objective. As long as that's done, then it's fine.

Web-based programs from the SOA Virtual Campus are now becoming more popular, as more programs become available. And very recently, the Professional Development Committee developed what's called the "Distance Learning Subscription Program" to allow the student to be able to reduce the costs of

professional development, also realizing that not all candidates live here in North America and can take advantage of North American meetings and symposiums. So on the professional development application form, there are two prices. One is a \$150 filing fee. If you want to put \$125 dollars in, the virtual campus will be open to you. You will have free access to everything there. You then have access to 10 free audiotapes and videotapes, too. So this is another approach by the SOA to try to make the process of completing the professional development plan less burdensome on people.

Nonapproved SOA events — we can't approve everything. And sometimes you will find that there is an event out there that will benefit the candidate, but does not meet the 50 percent technical nature that we had, or might not meet criteria for a number of other reasons. We allow up to 15 nonapproved units, so that the candidate can take *anything* that is relevant and meets the educational objective. Typically, what we end up seeing are in-house programs. These development programs, even if they are on a nonactuarial basis, as long as there is some type of professional development, are perfectly acceptable.

The rules — again, one hour is one unit. We have a smaller maximum on these, as opposed to the SOA-approved events. So up to five units per day or 10 units per program would be acceptable to the Professional Development Committee. The same rule applies as to what triggers the plan. As we have said before, the plan starts when you try to get credit for a session, whether it is an SOA-approved event or a non-SOA-approved event. So again, if one of your students or candidates took one of your in-house programs a year ago, and they want to use it, you've got 13 months to get your plan finished.

Other non-SOA-approved units might be graduate-level courses that may prove to be relevant toward development. We have a 10-unit max on those. A student within a master's program develops a paper. That would be worth 10 units, but it is non-approved. And the reason that we went with non-approved on these two, as opposed to the doctorate, is that there are a lot of differences between university graduate programs. Courses that some programs profess to be graduate courses may be comparable to undergraduate courses at another school. We felt that at the doctorate level, there are certainly more consistent high standards. The Professional Development Committee decided to make those nonapproved and with smaller limits. And in the case of a master's thesis, it can be no older than two years.

CD-ROMs, audiotapes, videotapes, Internet programs — these would be for non-approved actuarially sponsored events. You should keep this in mind. If you are going to deal with CD-ROMs, if you are going to deal with tapes or Internet programs, they all have to be actuarial. There is no exception. There are some of these actuarial programs that will be SOA-approved, and there will be some that are not, and they all have a 15-unit maximum.

MR. MICHAEL BRAUNSTEIN: I am wearing my management/personal-development hat when I ask my question. Has there been any thought as to rounding out the skills of the actuary by including an approved non-technical requirement?

MR. SHAND: To the best of my knowledge, I believe that we are recognizing it as nonapproved.

The project — what does the project have to do? It has to address an issue relevant to the candidate's practice area. This is a results-oriented project. It's not theoretical. We want to see bottom-line answers to problems. Again, here's that educational objective. It has to be able to demonstrate an advancement of actuarial skill with an analytical emphasis.

Research skills — I will emphasize this as well: It does not have to be academic in terms of theory. I will use a mini thesis paper as an example. And when I use that, people start thinking, "Oh, I've got to come up with proofs and theorems, and all that stuff." That's not what this is about, because it is results oriented. There are small exceptions, in which it can be theoretically based, but for the most part, think results. Unless any of you are dealing with academics, or anything like that, most of you probably won't have to consider that avenue. We're not asking your candidate to come up with new ideas. We are asking your candidate to come up with new work for him or herself. So while work that you have done might seem to be second nature to a candidate, the candidate might never have done this before. Keep that in mind. And it has to be communicative. Again, this ties back to the new emphasis that the SOA is trying to achieve with professional development. So somebody has an issue. You deal with the issue. Here are your results. And you communicate that to the person who has the issue.

Now, the professional development process is made up of only 10 steps. The first thing that the candidate needs to do is complete courses one through eight. We will not accept any professional development plan unless a candidate has put Courses 1-8 in it. We have had people want to start the professional development plan before Course 8, because they are absolutely positive that they will pass Course 8, and so can start the plan sooner. I think I've had two or three of these requests. And we've come back and said, "No, you can't start the plan, other than the 15-unit maximum that we've allowed."

MR. RONALD OLSEN: The project is not revolutionary, but it is very much focused on the business needs of the employer, I would think. Who owns the project? The project belongs to the employer, but then it is submitted for credit. Does it become the SOA's? Can it be shared with other employers? It just occurs to me as we are talking about it, because one of my guys is actually going to be doing a project.

MR. SHAND: I believe it is the SOA's. When we come across a project that we think is really good, we will publish it, and we do not have to discuss it with the candidate or their advisor.

MR. OLSEN: As a follow-up question, is it possible for the candidate to say, "I talked to my advisor and he's really keen on this idea, but he's very interested in it remaining proprietary, that it not be shared on a broad basis with the wider community."

MR. SHAND: We allow client-plan confidentiality. You can do client work for a project, and we recognize the confidentiality aspect of it. So when a candidate submits the plan to us, if it's of a highly confidential nature, we will accept a summary of the project, a very comprehensive summary of the project. Of course, now it becomes company ABC, and there will be a summarization of the data that was used in the project. Based on that, we think that if they can provide enough information to convince us that they have done the project right, then we accept it. And then, of course, if we accept it, we obviously think it is eligible for publication on the Web site. But we take strict measures to ensure that the confidentiality of the client, if that's what's going to be used, is protected. In fact, I can even tell you that there have been many times when it will not even leave the SOA office. There have been times when we've had something very confidential that has never even met the hands of the reviewers, and we've had to trust the judgment of the staff Fellow of the SOA. So again, we are doing everything we can to protect confidentiality.

MS. CARSTENS: Just to follow up on that, before the SOA office sends anything to any of the people who are reviewing professional development plans, they make sure to cross off any personal information. So the individual's name, and the company they work for, and if it was a client project and there was reference to a specific client, those would be de-identified. I think that if there is a request for confidentiality, the SOA does everything to maintain the confidentiality, especially if it is a detailed project.

With your first question though, you asked if it was a given that the project would be associated with something that would benefit the employer. Did I misinterpret that?

MR. OLSEN: What I meant was that, to the extent that there was any kind of employer for it, and if a candidate projected real world dates, it seems to me that there could be proprietary issues.

MS. CARSTENS: That is true. I think a lot of the projects that we see are probably projects that an individual has created to satisfy his or her work situation, either as a consultant working on a client project or as an individual who is completing risk-adjuster analysis, or something like that.

MR. SHAND: Say you are in a consulting house, and you want to do a research-based project, developing a newer database for your company, that is pretty proprietary. I am sure that we would never even consider publishing that because of the nature of the work.

MR. PAUL SCHULTZ: I have a question related to that. If we are talking about a client-related project, given the results-based thrust of the project, would it be appropriate to either change the numbers or black out the numbers, if we are trying to keep this proprietary? Is that an appropriate thing for a candidate to do?

MS. CARSTENS: I've seen it. I have seen somebody insert fictitious numbers that still make sense or still provide evidence that the technical analysis was appropriate to the project.

MR. SHAND: If it is highly proprietary, then the odds are that we probably got a summary report with summary results. But if the advanced technical work has been demonstrated, that is what we are more concerned with, as opposed to what that final figure is on the bottom line. But summary results would be fine in that.

MS. CARSTENS: I have seen examples where individuals submit fictitious numbers, but the relationships are similar to the results that the candidate obtained.

MR. SHAND: Professional development process, 10 steps. One, do not send us anything until a candidate has completed Course 8. Two, at that point, we need to define an area of practice and jurisdiction. An area of practice would probably coincide with Course 8. Jurisdiction — are they practicing in Canada? Are they practicing in the United States? Is this an international type of thing? If they have an academic background, jurisdiction becomes a bit more cloudy. And we deal with that on a more day-to-day basis. But for the most part this is a health/pension crowd.

Here's where you guys come in. Candidates select an advisor. (We will talk about what makes an advisor, what the rules are, and what is desirable in an advisor a little later on.) Once the candidate has selected you, you have to develop an initial professional development plan. This professional development plan is then submitted to the Society of Actuaries. When the initial plan is submitted to the Society of Actuaries, it has to be accompanied by a letter of commitment, which is signed by both the advisor and the candidate, along with the necessary fee payment.

In 2000, when this first started, we reviewed every initial plan that came in. And you cannot imagine the amount of resources and time that takes. We had to do this to start out with, because eventually we wanted to get to the stage where we did not have to do this monitoring. But we knew that we would have to do this for a little while, just to make sure that candidates and advisors were performing as

expected. So as it first started out, we had to look at everything. After a while, we developed what were called "model plans," which, if they were submitted, got automatic approval. After that, we decided to accept all plans submitted, unless we were asked to review them, specifically. Although we do not see the initial plans submitted at the beginning, we do see them at the end, when the executed plan has to be sent in. At that point, we can look back and see whether or not the executed plan is in sync with what the initial plan was. As I say, we will look at a plan, if requested. Because not every candidate has the same professional development situation, there are times when we might be asked to look at one.

MS. CARSTENS: One thing that I'll add with respect to the initial thoughts on the whole process, is that we did start out reviewing all of the initially submitted plans and all of the executed plans. And part of it was not so that the candidate and the advisor would do it correctly, but so we would know what to expect. Because it took us a while, as a group (because we had not gone through this process before), to solidify what it was that we were looking for, especially across practice areas. For instance, what does an appropriate initial plan submission look like? Or what does an appropriate executed plan look like? Because, before the model plans were out there, there was a very broad range of what it was that we would get in review.

MR. SHAND: There was a lot of interpretation.

Step seven — candidate completes professional development plan. Of course, this is where the major part of your involvement is. And then a candidate submits the executed plan. There is an advisor sign-off, in which you certify that the plan has been executed in accordance with the SOA's professional development requirements, and so on. Once it comes to the SOA, it is reviewed and then we come back to the advisor and the candidate with either "approved," "not enough information," or "not approved." And from there, they are off to the Fellowship Admissions Course.

MR. JOSEPH ROMANO: Have you had experiences where the advisor has left, and you had to replace him, or the student is in a new job situation, and the plan is not necessarily desirable by the new employer? How would you handle that?

MR. SHAND: I have not had that experience yet, although we do have a contingency for that. If, for some reason, the candidate wants to change an advisor for whatever situation, or the advisor wants to change candidates, they have to notify the SOA to do that. Let's just take, for example, someone who moves to a different job. He's going to get the new advisor. When the new advisor comes in, he or she will have to decide whether all the prior work that has been done with the old advisor is relevant to the educational objectives and the field of practice. If you are going from one pension-consulting house to another pension-consulting house, it probably is not a problem. If you're going from a different line of practice, when you go into a new company, you're going to have a problem on your hands.

MR. ROMANO: I think you would also have a problem if you are using company data. So if you're using company data, you are restricted for a two-year period or up to a two-year period in portability.

MR. SHAND: You'd have to be working on a project for a fairly long amount of time to have it invalidated when you switch employers.

MR. ROMANO: That's sort of the point of confidentiality, though. If you are using company data or client data, you do not necessarily have any right to that data.

MR. SHAND: That's right.

MR. ROMANO: So there is a big risk in using company-specific information in portability of a student.

MR. SHAND: Tell your candidate not to switch jobs in the middle of a project.

The board of governors said, "We want professional development." A professional development task force was put in place to decide how professional development would be done. And then the Professional Development Committee came in to implement it and fine-tune it. So almost four years ago, the professional development task force had defined what the role of the advisor was going to be: guide, review, assist, and then declare a plan and execute it. Now again, this is the key point here: assist the candidate. It is the responsibility of a candidate to execute the plan. The advisor is there to make sure that they do it properly. You do not help out on the project. You do not write up the summaries of the sessions. This is very independent work. You are just making sure that they are doing this independent work properly. Critique.

Not everyone can be an advisor. There are some rules. First of all, you have to be an FSA for at least five years. And you have to be an SOA member in good standing. So if you are 90 years old and retired 25 years ago, or if you have not been a member long enough, you cannot be an advisor. You have to present effective communication skills. This is an SOA requirement.

We talked about the model plans that you can find on the SOA Web site. Before we accepted everything, when we were reviewing all the plans, if you submitted an initial model plan, it had automatic acceptance, and the candidate could start their professional development plan. We have not been able to develop model plans in all of the sections. We have developed plans that take into account whether the emphasis is going to be on valuations, benefits, or product development; and these are the practice regulations, special products, taxation. They cover the whole gamut of what a student could professionally develop in.

On the retirement side, the topics are shorter. But for the most part, they are based on plan design, regulations, taxation, that kind of thing — things that the

candidate is not tested on. They don't know the IRS rules. They don't know the code. They do not know what Revenue in Canada requires. They have to learn that somewhere. And this is where they learn professional development, and again, this is where the model plans have their emphasis. Probably nine out of 10 times, your candidate is going to go to the SOA Web site, look at these model plans, and decide which one fits them best. They are going to photocopy it, and that is it. They don't have to amend it at all.

If you have a game plan for your candidate that does not fall under the model plans, then you could submit a modified plan that is tweaked to meet specific educational objectives, certain programs and projects that are more focused on a certain aspect that the candidate is going to be proceeding with. Again, these are automatically approved. But if you want, we can review them.

When your candidate submits the initial plan to the SOA, they have to submit the plan, itself. Ideally, it is probably your model plan. And this can be done by e-mail, at pdcomments@soa.org. And professional development will look at the plan and come back to tell you if it is approved, likely as of the same day that it has been received. If you send the plan in at midnight, they're not going to look at it until the next day, so your effective date would be the day after you send it.

Once you send the plan in, you have to follow it up with money. And what the Professional Development Committee expects you to do is mail it out at the same time as the initial professional plan. You then have to send the original professional development plan in.

The most important thing that you should be thinking about — in addition to your candidate sending in the plan and the money — is that letter of commitment. This is a professional commitment, not a legal commitment. It's not like a marriage. This one will expire. It is a mini-marriage; it expires after 25 months, or maybe even shorter if they are using retrospective credit. What's the commitment? Well, the candidate commits to completing the professional development plan, and the advisor commits to advise, review, and critique. And this is done in accordance with the SOA's rules of professional conduct. The reason I am highlighting this is that the Professional Development Committee, in the past, unfortunately has seen a number of plans rejected over suspicion that the advisor has not taken his or her role seriously. This is governed by the rules of professional conduct. You need to treat this as seriously as you do your client work. Here's what you've got to do. Take this seriously, review your candidate's work, and do not get involved with a candidate with whom you have any emotional or financial attachments. Those are easy rules to remember.

How, as an advisor, can you help with the program? Well there's that educational objective. Review the candidate's summary description. One of the biggest problems that we have when we review plans is that the descriptions are either incomplete or contradictory. So you have to ask yourself three questions when you

are looking at your candidate's write-up. First of all, are they accurate? Do they say what was learned? Now, you can do both of these quite well. You could write five pages on a session that demonstrates a very good description. And you could say what was learned and how valuable it was. But if it does not link back to the educational objective, you have wasted your time. If the educational objective was focusing on investment management or financial management, and you've gone to a session that deals with taxation, there's no relation to the educational objective, no matter how valuable it was as a learning aid to you.

MR. OLSEN: I am a Fellow of the Canadian Institute of Actuaries; we take the discipline pretty seriously, right? And presumably, if an advisor submits a program in which you suspect that there is some inappropriateness, that is a pretty serious matter among professionals.

When we talk about the financial relationship with the candidate, it would seem to me that there is always a financial relationship, because this is probably arising out of an employment relationship. I am struggling now with a new system, to make sure that I fulfill my duties appropriately. Is it inappropriate that a candidate would be in an employment relationship? I would think not, but maybe we have to talk a bit about what you mean by "if there's a financial relationship." I mean, all of the candidates in our group come to work and do good work, and they are paid for it. So it seems to me that in the first instance, there is a financial relationship. I am sure that is not what you are getting at, but I just want to flush that out a bit.

MR. SHAND: Sure, if there is a financial or emotional conflict of interest, it would be inappropriate. How's that sound? You wouldn't get involved with anybody if you had a conflict of interest. Conflict of interest can happen in a variety of different ways.

MR. OLSEN: Wouldn't early Fellowship or earlier Fellowship be considered to the advantage of the company? Isn't that then a conflict of interest, a financial conflict of interest, in the way that you just described it?

MR. SHAND: Let's say that you are in the field of investments, and your advisor also happens to be your financial planner. Is that a reasonable arm's-length relationship? I think that's probably a good way to look at it. If it seems strange to be involved in a relationship with this candidate, because there is a certain financial commonality between the two of you that is less than arm's-length, then I don't think you should be involved in that relationship. That's not talking about the company, itself, though. Of course, there's a financial commonality between the candidate and the advisor. It's called the "company" and that's not what we're talking about here. We're just talking about a conflict of interest for whatever reason.

MR. OLSEN: To me, well, it wasn't so deep. It was simply a personal conflict. It seems that if you had someone that you were advising, like a spouse or a

significant other, obviously, you have got a financially vested interest in if he or she becomes an FSA.

MR. SHAND: There's an example right there.

MR. OLSEN: Well, if you will allow me to play devil's advocate and belabor the point for just one more moment, forget the PricewaterhouseCoopers, what about the two-person operation, where an FSA has an underling, and it is to the advantage of a two-person company to have two FSAs, rather than one. And the sooner that lower-level individual achieves Fellowship, the better. It is for the benefit of the company; it is for the benefit of the individual. That's no different, in terms of a company relationship. But I would argue that there is a conflict to some extent, because that senior person might have his own self-interest in seeing Fellowship occur at an earlier time for that student.

MS. CARSTENS: I think that, obviously, the intent in Mr. Shand's commentary was a personal relationship. And I'm not sure that there are specific guidelines out there. Do the words "financial relationship" appear anywhere?

MR. SHAND: No, they do not. It was an example.

MS. CARSTENS: But you bring up a good point. It is up to the student to choose an advisor, somebody the student respects professionally and views as a mentor to help guide the student through the process. So maybe we need to take a look at whether or not there needs to be some guidelines as to when a person might not be an appropriate mentor, even though the individual respects that person.

MR. SHAND: The Code of Professional Conduct says that if it does not feel right, do not do it. Now again, with the two-person consulting house, in my opinion, I would not recognize that as a conflict of interest, unless the advisor has an agenda to produce the higher billing fees as quickly as possible. It's a gray area.

MS. CARSTENS: Yes, but I think it is a valid point to bring up to the Professional Development Committee.

FROM THE FLOOR: The only example of a financial conflict that I can think of is, because of politics in the company, the advisor will be competing against you, once you reach Fellowship.

MR. SHAND: Competing in what way?

FROM THE FLOOR: For their job position or promotions. You know, depending on the structure of the company, that would be a conflict of interest.

MR. SHAND: Promotion is not necessarily guaranteed, though.

MS. CARSTENS: So in the situation that you're suggesting, the advisor is somebody whose position may be taken over. Is that right?

FROM THE FLOOR: Yes, that's what I was thinking of. It could be a financial conflict.

MS. CARSTENS: If you look at it, you need to be an FSA for five years. You know, if you are going to have a certain person as your advisor, you would expect that that person has quite a bit of experience and can mentor. So maybe that distinction doesn't happen all that often, meaning maybe they're going to be far enough apart that it's going to be five years down the road before the new FSA takes the position. But it is not always the case.

MR. SHAND: Unfortunately, when you talk about conflict of interest, there is the obvious, the not so obvious, and everything in between.

As we said before, professional conduct doesn't just relate to conflict of interest. I would recommend that each and every one of you read the SOA's Code of Professional Conduct and think about how that comes into play when you're trying to serve as an advisor.

MS. CARSTENS: Or Joint Actuarial Organization's Code of Professional Conduct.

MR. SHAND: Let's talk about the project. Going to sessions and stuff like that is pretty straightforward. But it is the project that seems to raise most of the questions. Again, there's that educational objective; make sure that it's tied not just to the candidate, but to what the SOA's educational objective is.

Ensure that this is a legitimate effort by the candidate. What defines a legitimate effort? We think 60 to 100 hours are probably expected on this work, which will take about six to 10 weeks. So this will cover a number of weekends. As we were saying before in the example, if someone's thinking about seeking a new employer, and they're just starting their project or they're smack in the middle of it, don't be bolting in the next six weeks, or three weeks, or whatever.

Associated with but not identical to work already done in conjunction with employment — we've seen a number of projects that have come in that have not suggested that they were new work. In fact, we've seen a couple of people submit plans to us and say, "Well, this is client work that I did a year ago, that was pretty heady and advanced stuff, beyond what we learned on Course 8, so I'm going to submit it." Well, it is not advanced for you anymore. And we have come back and said, "We can't accept this project."

Six steps to a project — follow this recipe, and you will get perfect cookies every time. The candidate will have to review appropriate literature and collect data. This is an issue that is new to the candidate. How is the candidate going to deal with this

issue? Well, let's see what they have done in the past, if anything has been done. You need to be able to look at this with a research emphasis. This is the research skill that the SOA wants you to work on: analysis of data in literature — develop your conclusions and recommendations. Remember, it's results-oriented. The candidate must communicate the purpose, scope, result, and conclusion to the advisor and other relevant parties. Again, this is the communication emphasis that the SOA is trying to put on professional development.

If you are doing client work, for example, you would end up presenting this to the client. In some cases, where it might be research-oriented for the benefit of your company, you would be presenting it to the advisor. But ultimately you are presenting it to a group of senior actuaries that will be using this project or these results. So the scope, as to what is a relevant party, can be quite wide. Receive peer review and comments — in other words, did the project do what it was supposed to do? I would hope so, especially if it is going to be client work.

MS. CARSTENS: I just wanted to say something about that communication aspect. In the past, we have received plans to review that we sent back, because we thought that we did not clearly understand how the plan was communicated. It appeared that the individual completed his project and maybe gave it to a couple of individuals with whom he worked to review, but didn't necessarily communicate beyond, "Here's my completed project; can you look at it?" I think that in certain instances, that would be okay to do, as long as the candidate then receives feedback and somehow imparts some kind of understanding to the professional development committee as to how they used the feedback in either modifying their report, or thinking about their report, or whatever.

MR. SHAND: It is issues-related. Who had the issue, and did you communicate the solution back to that person, or that party, or what have you? And how did you communicate it? That is the other important thing. We have had people submit their plans to us as a bunch of PowerPoint slides. Is this the report, or is this the communicative part of it, or what is it? They need to keep that in mind.

Ensure that the candidate's work is his own. There are team projects that a candidate might be working on. And we would say that's fine. That's perfectly acceptable, but the candidate has to play a specific role in the project. And that work has to be substantial. And you have to be able to distinguish that work from what other people were doing, for which they were primarily responsible. I will use a pension example. You are doing this huge project for a client, in which you might be involved in a stochastic simulation of results, which is only one part of the big picture of the work that you are doing. As long as you can identify that work, specifically for that candidate, then it is perfectly acceptable. You may have another candidate doing something on the investment side on the pension funds. As long as they are both doing individual work that each can claim credit to, teamwork is fine.

Now if I am a candidate looking for a professional advisor, this is what I would put into my want ad. "Wanted: a professional development advisor. Duties include the following: discuss with the candidate the educational objectives. Provide advice in the development of the plan. Meet all SOA standards." You are certifying that you are going to follow the professional development requirements. Make sure that you know what those requirements are. Certify that the plan is satisfactory with a signature. Sign that letter of commitment. Provide guidance and support.

Remember, it's the candidate's work. You are making sure that they do it right. If you gave your student a project, would you do the project for them? No, but you'd check in to make sure that it's going properly. Think of it as client work. In this case, the client is the SOA's professional development committee. Treat the work exactly the same as if it was one of your own clients. Suggest alternatives, if the plan needs to be revised. Sometimes someone gets halfway through a plan, and you decide it is not going the right way. It might be as simple as reviewing the educational objectives and deciding whether they are applicable or not. If they are not applicable, change them. We have had plans that we have looked at and said, "This is really good work, but you're not really meeting the educational objective in the initial plan. We have a suggestion. Change the objective." Don't go changing your work. Change your objective. Discuss the completed plan, evaluate, and then certify. These are all things you have to do. You have to sign that letter.

How much guidance or support do you give to the candidate? Well, it depends on you and your candidate. "Wanted: a professional development advisor. Experience desired in a candidate's chosen area of study." If you are a group actuary, and this person is doing pension work, you should not be their advisor. Candidate's country of practice — I am a pension actuary in Canada. I can't work with any candidates in the United States that want to do pension work.

Now, if you find that you do not meet the above requirements, you may not serve as an advisor, but you might serve as the head of an advisory panel. An example here might be, let's say you come into a new company. You've only been there for a couple of weeks. You've got a student who wants to use you as an advisor. You're not familiar with the work that they do. You are the only FSA there, but you have got a whole pile of career ASAs that the student will be working under. You can depend on those career ASAs to be able to monitor the plan and make sure that the plan is being followed accordingly. Once they have confirmed that the plan has been executed properly, programs and project, then you can sign off on it. But you have to be satisfied with the people that you are depending on to do their jobs right. So even though you may not oversee this person's development, and there are no other FSAs available, that does not stop the student from performing their professional development plan.

We recognize that there are situations in which this is going to happen. This happens more often with candidates outside of North America, but there are the exceptions where a qualified Fellow is not around, but there are people who are not

Fellows who are just as familiar with actuarial practice. They are career ASAs who can do as good a job or a better job than what that Fellow can do at the moment.

"Wanted: a doctorate advisor. Must be familiar with the SOA's education examination syllabus." Probably nobody here got his Fellowship under the new system. Some of us might have gotten them under the old system. Some might have gotten them in the system prior to that. It changes with the times, so what you wrote under can be quite different than what your candidate has written under, in terms of what's testable material and what is not. You need to be familiar with Course 5, "Applications of Basic Actuarial Principles," and Course 8, "Advanced Specialized Actuarial Practice" — this is where the candidate decides what their specialty is going to be. Notice how the new system puts it off now until the last exam.

Of course, you have to know the professional development requirements. You cannot be a good advisor unless you know the professional development requirements. It sounds obvious. You have to know what the Associate Professionalism Course offers, and what the Fellowship Admissions Course offers. The reason is that ethics makes you a better actuary, will make you a better practicing actuary. It may be appropriate in the professional development plan. It certainly is nonactuarial. But in the candidate's opinion and in the advisor's opinion, if it is appropriate for professional development, we accept it. But if it was duplicated here, we do not accept it. For example, if you went to a session on the SOA's Code of Professional Conduct, you did that through the Fellowship Admissions Course. You do that now at the Associate Professionalism Course. So we would not recognize it now. If your candidate is going to be writing the EA exam, they want to become an enrolled actuary, you need to know what is covered here so that it is not duplicated in the plan. Similarly, with the CIA's practice education course, you need to see what is tested there so that you do not see a duplication.

Now, the task force defined what the role was. We took the task-force definition and tried to develop for ourselves our general impression of what an advisor should be doing, and whether he is actually following that when we see the executed plans.

Again, consider the commitment that's involved here. I have talked to advisors that have told me that they spent all of 20 hours dealing in an advisory capacity. Actually, 20 hours might seem like a short amount of time, but that could be possible, especially if the game plan has been put in place. If the candidate's following through with what they originally said that they were going to do, 20 hours might be right. I'm talking about sitting down with the candidate, setting up the educational objective, and then reading the report, and every now and then having an update as to how the project is going.

This is training camp. Every professional organization has a continuing education program. And under the old system, it took us so long to get to Fellowship. So

some people say, "I have to do continuing education now, after I've been writing these damn exams for 10 years?" You know, people have different views as to what continuing education is. And what the task force and the Board of Governors wanted us to do is develop good habits. You have to be able to look at what your continuing education habits are and remember that you are serving as an example to the student. So if you are not going to display a healthy emphasis toward continuing education, how do you expect your students to be able to do it? Sometimes you are just so busy that you cannot do it. There is nothing wrong with just saying, "I'm sorry, I cannot do an adequate job for you because I am just so swamped with other things." Now, if you're the only FSA there, then that does become a problem.

Again, you have to understand the SOA education examination syllabus, past and present, the conversion credits, and how the exams have changed over the last 24 months. So you need to be aware of that system.

Probably our biggest complaint is that the advisors are not familiar with the education and examination syllabus. We come to this conclusion because we see Course 8 being duplicated. You know, someone took an accounting session. But they do accounting in some of the Course-8 exams. Or, alternatively, they went to an accounting session, for which they claimed three hours of credit, but one hour of it was stuff that they would have learned on a Course-8 exam. So instead of claiming three credits, they should have claimed only two credits. But this is where we see a lot of problems.

The sessions are inappropriate — again, they need to link back to the educational objectives. We don't tell a person to do another session. We tell a person, "First, review the educational objectives. If you think that the program has changed, then change the objective." And then the program matches accordingly. We do not like sending people back and telling them that their plan is totally wrong. And, again, when you are talking about the program part, with the summary sessions, just go back to those three questions. What did it cover, what was learned, and how is it relevant to the educational objective?

MS. CARSTENS: One of the things that I really look for is, "What did the candidate learn?" So in their summaries, I want to see how it links back to the educational objective. I want a clear-cut understanding of what the candidate learned, and how they are going to apply it or not apply it. Sometimes they say that they are not going to apply it in their job, going forward.

And we talked before about session summaries. Including what you learned and the link back to the educational objective can be five pages long for one session. Some people really like to write about the session. But they don't have to be five pages long. They can be a few paragraphs long. You know, they do not have to reiterate everything that was included in the session because, more often than not, they

have included slides of the session. Just in their own words, they should include what the session was about and what they learned from it.

MR. SHAND: If I see three-quarters of a page written on a session, where the first paragraph describes the session, the second one says what was learned, and the third one says how it ties back to the educational objective, I'm very happy. Those are dream plans to read over.

As you know, this session is being sponsored by the Management and Personal Development Section. The sessions that this section offers are very nonactuarial. On a candidate-by-candidate basis, there are certain sessions that may benefit the candidate more. They are presenting types of sessions that cover communication (which is a major emphasis now), problem solving, decision-making, interpersonal skills, management, leadership, business techniques, and practices. Some students may be becoming groomed for instant management, people management. Especially on the insurance side, as you work up the ladder, you're getting more into managing people, and you're getting further away from doing direct actuarial application. Some people might be on a faster track, in which case, these types of sessions that cover these topics would be considered appropriate.

An example I like to use is Toastmasters. Now, for the most part, Toastmasters would not be considered appropriate for a professional development plan, except in the situation in which public speaking becomes an integral part of their job, and very quickly. If they are going to be talking to large crowds five years down the road, Toastmasters should not be included. If they're going to be doing this within the next year, then it becomes relevant. There should be an immediate benefit to this professional development. Think about that short-term development, not so much long-term and career planning.

What happens after the exams are over and professional development still has to be done? You have to do one more thing after you pass the exam, and that is professional development. If it's definitely not actuarial, and it is definitely not technical, but it helps the person become a better actuary over the short-term, then it may be applicable to the professional development plan.

Where do you go for help in all this? Go to the SOA Web site. Contact the Professional Development Committee, if you have questions, issues, comments, or anything like that. Go to pdcomments@soa.org. Talk to other people. There's a Web site discussion forum. There are list serves that are involved. But for the most part, for anything that you want to learn about the professional development requirement, you can go to the SOA's Education and Examination Web pages. Professional development has a page on the Web site. And they have got it all there — everything from policy changes, professional development forms, to the list of SOA-approved events.

What you are reading on the Web site is the same thing that the candidates are reading in the catalog. They don't know any more than you know. But it is your responsibility to know everything that you can. And going to the Web site is very good. You need to see this. It has everything for you. It even has a sample Guideline for Advisors, Model Plans, excerpts from approved executed plans in the health area — this is the one that health-professional-development plan advisors would be involved in. Unfortunately, we've only got life and health at this point, but everything that I've told you and that Ms. Carstens has told you is here. Unfortunately, we only had 90 minutes to talk to you about it. But if you're planning to become a mentor, I hope that what we've talked about here today will give you an idea as to what you're getting into. Take it seriously, because not only are you helping a student develop, you might be surprised at how you develop, too.

I would like to thank you for your time. If there are any questions, I will be more than happy to answer a couple of them.

MR. SCHULTZ: I think you've already mentioned a number of these in passing, but could you list briefly some of the reasons that the project or the completed plans are rejected?

MR. SHAND: As I said before, duplication of what the student had already taken under the exam and a failure to link back to the educational objective seem to be the most common.

We are not trying to hold people up. We understand that things change after the initial plan has been submitted. It used to be that if you had a change in plan, you had to let the SOA know about it. Because we are not reviewing the initial plan now, we will never even be aware of the changes until the executed plan comes in. For all we know, this might have been what happened at day one, when it was not the case. So if there has been a change in focus, and it does not jive with what the initial plan said, we will flag it and find out why. But we do not like simply saying, "This is not acceptable because it didn't match your education objective." We find out what the problem is.

If there is a glaring problem with the professional development plan, we will contact the candidate and the advisor to find out what's going on. We just had that happen a little while ago. We ended up rejecting a plan, and it was so obvious that it just was not in sync with what was happening. We felt that it warranted dealing with both the candidate and the advisor at that time and were able to resolve it by redefining the objective.

FROM THE FLOOR: What is the failure rate?

MS. CARSTENS: For executed plans, I would say that it probably ranges, depending on the practice, whether it be life, pension, or health. It probably ranges between 15 to 20 percent.

And a lot of that may just be that we need further information. You need to let us know how this ties back to the objective.

MR. SHAND: It is very rare that we see a plan that just has a complete rejection response. As I said before, it usually requires more information and clarification. We have had projects that we have deemed inappropriate, because the rigor may not have been there, or it was not demonstrated that it was advanced or original work.

It takes a long time to communicate the message. The requirements are only two years old. Two years ago, when somebody asked me, "Do you think the advisors are doing a good job?" I lied. I said, "Yes, I thought they did." But I could not tell, because it was too early. I said that I hoped that they were going to do a good job. And it has happened. It is getting better. My own personal observation is that it is not there yet. However, we were only here to observe and help people as much as possible to get started. And then it was going to go into your course directly. At some point, we will not review plans anymore. I think that we are getting close to that now. I think we have reached a comfort level; it looks like advisors and candidates are doing a good job. So hopefully, all the work that we have done over the last two years — doing these kinds of presentations, and sessions, and talks — has helped. Personally, I am looking forward to the day that we never have to review a plan again, because that means that we have full confidence in the advisors.