



SOCIETY OF ACTUARIES

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Editorial

LOOKING OUT FOR OUR OWN

BY SUE SAMES

THIS PAST SUMMER, while home on break, my daughter, a junior at a university in London, sat me down and said, “Mom, you have got to tell me what to do.” This was followed by, “What should I major in? Really, tell me how to get a job.”

My daughter’s request caused me to reflect on my own experience and take stock of how much things have changed since I started out 25 or so years ago. I have to say that I can’t directly relate to her situation. My career path was always fairly straightforward. I applied to one college and didn’t even seriously consider that I might not get in. Actuarial Science was always the plan; teaching was a half-hearted fallback. Looking back, it is frightfully easy to picture things not working out as well as they did. (What if my parents hadn’t been able to afford to send me to the one school I wanted? What if I hadn’t passed the first exam sophomore year, which led to my first internship? What if I hadn’t gotten the second internship and the full-time job offer that followed? What if I hadn’t been able to continue to pass exams and complete my FSA after having children? How did I manage to pass exams

while I was pregnant anyway?) I’m grateful these near misses are all in my head.

Although the career path for actuaries is still as structured as it was when I started out, the current employment market is more challenging, as it is for all professions these days. There have been any number of articles and posts on how expensive higher education is and the staggering level of debt students can accumulate, especially if graduate school is required. While the cost of higher education is a perennial issue, it is much more acute now as the job market, even for actuaries, has taken such a hit.

Yes, actuaries are once again the #1 job, but now there are posts by dissatisfied students who are not able to find jobs and feel that the actuarial career was oversold. If it is any comfort to us, actuaries are faring much better than lawyers. The recent *New York Times* article on “Is Law School a Losing Game?” centered on the story of a recent and unemployed law school graduate, who is now \$250,000 in debt, due mostly (but not entirely) to student loans.

I did not realize until reading that article that student loans are not dischargeable by bankruptcy, although they are deferrable for hardship. As (barely) legal adults, 18-year-olds can enter into financial agreements and borrow significant sums. Why not borrow money for another three years of graduate school if you can’t get a job with a bachelor’s degree? Student borrowers are particularly vulnerable. Why wouldn’t students expect that lenders actually think they are a good risk—after all, why would these institutions lend large sums of money if they didn’t believe the students had good prospects for paying it off?

Megan McArdle, the business and economics editor for *The Atlantic*, stated it more bluntly, in her posting about student loans dated Sept. 23, 2010.

“Who but a lunatic would loan money to an eighteen year old with no job and no credit record, in the hopes that they will graduate college and begin speedy repayment? ... To make this product work on a mass scale, you need the government

guarantee—and the government’s ability to shield those loans from bankruptcy.”

Clearly the student loan system is a complex issue and not one that is readily tackled; however, I think there are some concrete things our profession can do to help the situation for students generally and especially those seeking actuarial careers.

- Promote financial literacy. No one understands the time-value of money and risk management as we do. While The Actuarial Foundation has material geared to high school students (e.g., *Building Your Future*), it could be supplemented with items of particular concern to students;

namely, credit card debt, student loans and college expenses.

- Make sure the statistics that are provided by the SOA and others on employment prospects and earnings potential for actuaries are realistic and not subject to misunderstanding.
- Encourage the partners in Centers of Actuarial Excellence to help students with these practical issues, as well as their coursework. In particular, help them find a “Plan B” since the actuarial profession may not be able to absorb all the actuarial candidates that are being generated.
- Employers should strive to maintain internship programs, which are a very low-cost way to help students gain valuable experience.

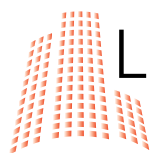
But going back to what first got me started thinking about these issues, my experiences with actuarial science



Sue Sames

have limited applicability for my daughter, who inherited my (lack of) athletic ability, not my math ability. However, if you know of internship opportunities for a bright junior majoring in International Business, I’d love to hear from you. **A**

Sue Sames, FSA, MAAA, is a consulting actuary with Towers Watson. She can be contacted at sue.sames@towerswatson.com.



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