



SOCIETY OF ACTUARIES

2012  
**YEAR IN REVIEW**

# Contents

**INTRODUCTION**

---

**1** Letter from the President

---

**STRATEGIC FOCUS**

---

**2** Develop Knowledge

---

**5** Transfer Knowledge

---

**11** Cultivate Opportunities

---

**14** Develop and Promote Professional Networks

---

**20 VOLUNTEERISM**

---

**22 2013-2016 STRATEGIC PLAN**

---

**GOVERNANCE**

---

**23** Financial Results

---

**24** Board of Directors

---

**25** Welcoming President Manning

---





**2012** was a year of critical change and growth for the SOA, enhancing its ability to remain the leading provider of globally-recognized actuarial credentials. The many projects and initiatives highlighted throughout this report are crucial to the future advancement of the profession and reflect the talent, passion and commitment of the many member volunteers who contributed to the success of each.

The **Society of Actuaries (SOA)** is an educational, research and professional organization dedicated to serving the public and the actuarial profession. Its mission is to advance actuarial knowledge and to enhance the ability of actuaries to provide expert advice and relevant solutions for financial, business and societal problems involving uncertain future events.

# Letter from the President



Time flies when you are having fun and this past year has certainly flown by for me. I want to thank everyone for making 2012 a memorable year. Specifically, I would like to thank all of the SOA's volunteers for the work they have done and continue to do.

Additionally, I want to thank the members of the SOA board. We have accomplished much this past year including the commitment to provide the education and examination of future property and casualty/general insurance actuaries. We have developed an updated strategic plan, continued to increase our presence internationally, and approved a pathway for candidates to appear on the ballot for SOA board positions via a petition process.

I believe all we have accomplished this year has positioned the SOA and the profession for continued success for the foreseeable future while enhancing each of our most valuable, hard-earned professional assets, our credentials in the Society of Actuaries.

We are extremely fortunate to have a motivated and talented staff headed by its executive director, Greg Heidrich. I want to thank each member of the staff for the effort they put forth on a daily basis to support the efforts of the actuarial profession.

This year I have had the privilege of attending the graduation ceremonies for the successful attendees of five Fellowship Admission Courses. If these graduates are any indication, there is no doubt that our future is bright.

I watched closely as elected officials in Washington decided whether they will allow the United States to "go over the fiscal cliff." While we know the answer, the problems facing us

will continue, and the input and insight offered by actuaries will still be needed. Whether it is the efficient delivery of health care, Medicare reform, public pension plan funding, negotiating volatile capital markets or Social Security reform, there cannot be a well-crafted solution without significant actuarial input.

The projects undertaken this year were not solely initiated by me, and their progress won't end with my tenure as president. I will remain a presidential officer for two more years and intend to continue to advocate for the tough strategic decisions that will benefit the actuarial profession and the SOA.

Being president of the Society of Actuaries has been an honor and one of the great privileges of my professional life.

I want to thank all of the professionals at Milliman for allowing me to take on this additional responsibility.

I want to thank the members of the SOA for your suggestions and support throughout my year as your president.

Remember to work to improve your weaknesses as well as your strengths.

Do good. Do well.

Good luck!

Thank you very much.



Supporting research that advances actuarial knowledge, expands the boundaries of actuarial science, and develops intellectual capital for use by current and future generations of actuaries.



## A NEW RESEARCH STRATEGY

In October 2011 the board of directors of the Society of Actuaries (SOA) approved a new strategy for all research and intellectual capital. The new strategy seeks to advance knowledge, expand boundaries and develop intellectual capital. We also need to find a balance between research that develops intellectual capital for immediate use by practitioners, research that fosters further new thinking in actuarial science, and research that expands the profession's boundaries.

## RESEARCH EXECUTIVE COMMITTEE

In 2012 the SOA formed the Research Executive Committee (REC) to manage the new research strategy. The REC, which is focused specifically on practice research, serves primarily as an oversight group to provide overall leadership and recommend funding across all areas of SOA research.

In 2012 the REC received 17 applications for funding and allocated its Research Expanding Boundaries Pool budget to seven diverse research concepts/ideas:

1. Complexity science and behavioral finance
2. Regulatory risk for insurers
3. Risk adjustment bias in health insurance exchanges
4. 2014 Living to 100 Symposium

5. Climate change index
6. Natural resource sustainability—report on actuarial issues and next steps for the profession
7. Report on the conference on the future of aging and retirement

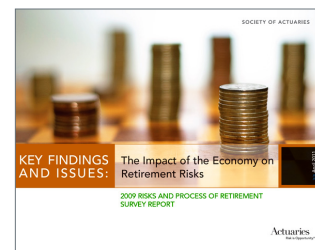
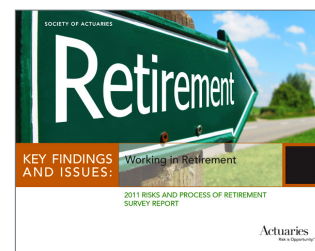
For more information on the new research strategy, please read the article [“The SOA Research Portfolio: A Profitable Investment”](#) which appeared in the December 2012/ January 2013 issue of *The Actuary*.

## PRACTICE RESEARCH HIGHLIGHTS

The following are highlights of practice research projects completed in 2012.

**The Retirement Risk Survey** continued to produce important and timely reports. The two most recent short reports were released in late summer 2012:

- *Key Findings and Issues: Working in Retirement*
- *Key Findings and Issues: The Impact of the Economy on Individual Retirement Risks*



2011 KEY FINDINGS AND ISSUES SHORT REPORTS

These reports generated considerable media attention, including mentions in *The New York Times*, *Forbes*, Fox, CNBC and *Investment News*. These two short reports follow two other reports that provide a short survey overview and a report on longevity. All of the reports can all be accessed on the [SOA website](#).

**The Impact of Severe Inflation and Deflation on North American Financial Security Systems** was initiated by the North American Actuarial Council (NAAC) Collaborative Research Group, with researchers Stephen D'Arcy and Kevin Ahlgrim. The [final report and model](#) can be found on the SOA website.

**Emerging Risks Survey 2011** incorporates and describes a set of emerging risks defined by the World Economic Forum and compares results from previous years. The [final report](#) has been posted to the SOA website.

**Climate Change Phase 1 Report:** Assessing the potential impacts of climate change on insurance is complex. The Casualty Actuarial Society, Canadian Institute of Actuaries, Society of Actuaries and the American Academy of Actuaries' Property/Casualty Extreme Events Committee responded to this emerging risk by collaboratively commissioning research on climate change and the potential risk management implications for the insurance industry. The [report](#), a product of phase 1 of a multi-phase project on this subject matter, synthesizes the vast and rapidly growing body of scientific knowledge on climate change.

### HEALTH ACTUARIAL RESEARCH INITIATIVE (HARI)

The first HARI project, a study of risk mitigation programs under the Affordable Care Act (ACA), was released in June 2012. The [report](#) was well received by regulators, state health exchange administrators and others in the health policy community. The research used a sophisticated model to project populations, premiums and loss ratios

under various scenarios under the new health insurance markets brought about by the ACA. The report, authored by James O'Connor, FSA, MAAA, and Adrian Clark, FSA, MAAA, of Milliman, Inc., shows that risk mitigation programs appear to reduce financial risks to health plans. At the same time, overly restrictive premium rate limitations can lead to high federal risk corridor payments.

Upcoming research reports will focus on the cost of the future newly insured under the Affordable Care Act and risk-adjusted metrics for Accountable Care Organizations.

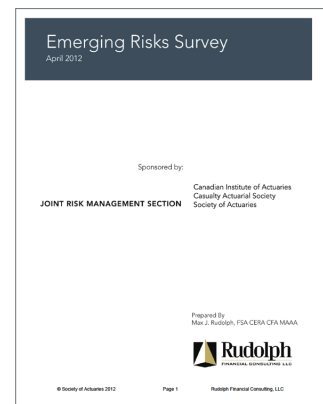
### EXPERIENCE STUDIES

#### Mortality Improvement Scale BB

The SOA's Retirement Plans Experience Committee (RPEC) released its [Mortality Improvement Scale BB Report](#). Scale BB has been developed as an interim mortality improvement scale, which may be used by pension actuaries until a formal successor to the widely used improvement scale, Scale AA, is completed. Additional background information on the development, application and impact of Scale BB is provided in the question and answer document (Q&A). In March 2012, RPEC exposed a draft of the Scale BB report for comment. The exposure draft generated many comments, and RPEC reviewed and considered them all in the development of the Scale BB report and the Q&A document. [Read the report, the summary of comments and RPEC's response to them, and the Q&A document.](#)

#### 2007–2009 U.S. Individual Life Persistency Update

[This report](#) presents the latest results of an ongoing joint study, conducted by the SOA and LIMRA International, of individual life insurance lapse experience in the United States. In this study, whole life, term life, universal life and variable universal life experience are summarized and analyzed along many key policy and product factors. Premium payment mode, underwriting method and risk class are just a few of the



EMERGING RISKS SURVEY 2011

factors reviewed in the study. This latest study is based on experience data from 2007 to 2009 from 27 life insurance writers and can be found, with previous updates of this study, by clicking on 'persistence' on the [life experience study webpage](#).

### Business Practice Surveys

The Committee on Life Insurance Mortality and Underwriting Surveys does detailed surveys of insurance company practices in various areas and publishes the results of these surveys. This allows actuaries and underwriters to see the norm and variation in company practices in these areas. Depending on the survey, actuaries may use the results of a survey to modify their pricing or other company assumptions.

#### Mortality Improvement Survey Reports

Provide results of a survey that examined how life reinsurers and direct writers of life and annuity products handle mortality improvement in their pricing practices. Results of this survey, which cover pricing in both the United States and Canada, are summarized in three separate reports:

- [Mortality Improvement Life Direct Survey Report](#)
- [Mortality Improvement Life Reinsurance Survey Report](#)
- [Mortality Improvement Annuity Survey Report](#)

#### Preferred Structures Survey Report—

Reports on the results of a survey to capture the current state of preferred risk underwriting practices in the U.S. life insurance market. This survey was sent to Canadian and U.S. life insurance companies that write preferred risk business in the United States.

#### Predictive Modeling Survey Report—

Presents results of a survey that gathered information on behalf of the life insurance industry about the degree of the use of predictive modeling and the tools and methods used by life insurance companies to optimize results.

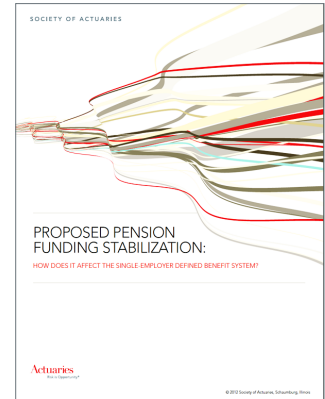
### DATA-DRIVEN IN-HOUSE RESEARCH (FORMERLY RAPID RETIREMENT RESEARCH)

The Rapid Retirement Research Pilot, now referred to as data-driven in-house research, was approved by the board of directors to test an assumption that if we have access to existing data that can be used to analyze current issues of concern, and if we have models in place that can be used to analyze that data, then we should be able to do a much quicker turnaround on issues that are of key importance today.

The second report in the pilot program, *Proposed Pension Funding Stabilization: How Does It Affect the Single-Employer Defined Benefit System?*, was released in June 2012 and provided a system-wide analysis of how the pension funding stabilization provisions contained in the Moving Ahead for Progress in the 21st Century (MAP-21) Act would affect funding requirements for the U.S. private single-employer defined benefit (DB) pension system. The report shows the short-term implications of the provisions, such as the deferral of cash contribution requirements, as well as the broader implications of the bill, such as its effect on the volatility of contribution requirements, the transparency of disclosures, and the solvency of the system.

The research in the report provides an objective, actuarial analysis of the potential impact of the legislation on the funding requirements for corporate DB plans.

At its meeting in October 2012, the board decided to continue this program. In addition, the board supported expanding the scope of the research function, and the SOA is exploring potential for a health research function.



2012 RAPID RETIREMENT RESEARCH REPORT





Rigorous education is at the core of each actuary's problem-solving ability.

## Education

The SOA is committed to developing actuaries who are able to deliver quality professional advice that meets the current and future needs of employers, clients and the public.

The SOA recognizes that candidates are located throughout the world and that SOA designations and credentials have worldwide respect. Therefore, the SOA strives to deliver quality education that employs the best and most appropriate methods available and considers the perspectives of key stakeholders, including candidates, members, employers and the public.

### GENERAL INSURANCE FELLOWSHIP TRACK

The SOA will begin offering a fellowship track in general (property-casualty) insurance in 2013, ensuring that the SOA is providing options covering all actuarial disciplines for members earning the fellow of the Society of Actuaries (FSA) designation. The board approved the new track after determining that including general insurance education will help fulfill the SOA's strategic vision to be a leading global provider of actuarial education.

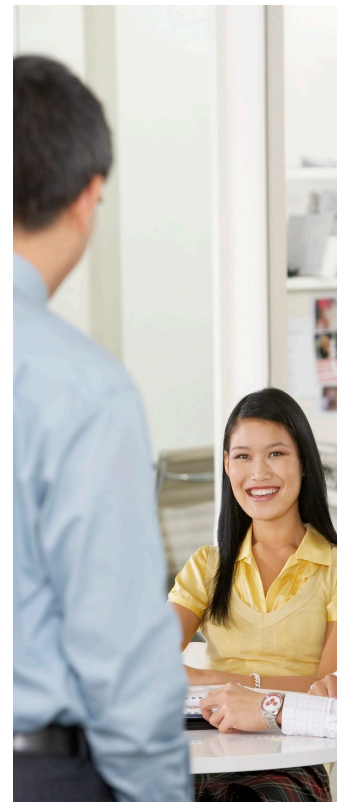
"Currently, the SOA is the only broad-based actuarial education organization with a significant international presence that does not offer education in the full range of practice areas," said Bradley M. Smith, FSA, MAAA, 2011-2012 SOA president. "For the SOA to meet the needs of our growing member and candidate base outside the United States and Canada, we must offer this educational option," Smith added. "We're

very excited to take this step and believe it will provide tremendous benefits to our candidates, members and their employers."

Tonya B. Manning, FSA, EA, FCA, MAAA, 2011-2012 SOA president-elect, noted that for the track to be successful, members earning an FSA must be recognized as qualified to practice in the general insurance area by the appropriate national bodies, and the SOA will work with these bodies to ensure that end. "Given the SOA's recognized, high-quality actuarial education and examination capabilities, I am confident we will create a world-class general insurance track," Manning said.

Additionally, having a focus on general insurance topics will strengthen the skill sets of all SOA members. "As actuaries, we have to understand that markets for our services are constantly changing. We can't depend on maintaining the status quo—we have to seek out new skills, new areas of practice, and new industries to serve, and we have to be willing to move into areas where we haven't been before," Manning added.

The first of the general insurance track-specific exams and e-learning modules is expected to be made available to candidates beginning with the fall 2013 exams.





[Additional information on the general insurance track](#) is available on the SOA website.

**CERA/FSA Restructuring**

At its March 2011 meeting, the board of directors approved enhancements to the pathway to the Chartered Enterprise Risk Analyst (CERA) credential and moved to expand enterprise risk management (ERM) learning opportunities in all tracks for candidates pursuing fellowship.

The new CERA pathway became effective July 1, 2012, and a new ERM exam was given for the first time in fall 2012. In addition, a two-hour transitional exam, Advanced Finance (AdvF), was also administered and will again be administered in spring 2013. The AdvF exam consists primarily of the current Advanced Finance and ERM exam material that remains after the enterprise risk management material was moved to the new ERM exam.

As part of the new CERA pathway, a new ERM module replaced the Operational Risk module. The ERM module provides the bridge between the introductory ERM material covered in the Fundamentals of Actuarial Practice (FAP) course and the detailed material covered in the ERM exam.

[Further information on the CERA pathway](#) is available on the SOA website.

**New Version of FAP Launched In January**

Important updates to the Fundamentals of Actuarial Practice (FAP) e-Learning module became effective in January 2012. The updated module was significantly enhanced with an improved flow of material and many new readings, including additional ERM content. The SOA published a new book for use in the course. *Understanding Actuarial Practice* replaced four of the seven books that were required for FAP and brings together four different practice areas at a level that candidates need to understand the material. The book presents the material in a more organized fashion and also reduces costs for candidates and employers.

**UNIVERSITY OUTREACH PROGRAM**

The SOA’s University Outreach Program helps the profession engage with students on college campuses across the United States, Canada and other countries with a strong SOA presence. SOA education and marketing/communication staff are joined on campus by SOA members to promote the profession as well as share education-related information with students, faculty and advisors. In 2012 the program expanded its visits to Malaysia, China, Taiwan and Jamaica.

**2012 University Outreach Visits**

Chinese University of Hong Kong—Hong Kong
Duke University—Durham, N.C.
East China Normal University—Shanghai, China
Hong Kong Polytechnic University—Kowloon, Hong Kong
Hong Kong University—Hong Kong
Howard University—Washington, D.C.
Instituto Tecnológico Autónomo de México (ITAM)—Mexico City, Mexico
Jinan University—Guangzhou, China
National Cheng Kung University—Tainan City, Taiwan
National Chengchi University—Taipei, Taiwan
National Taiwan University—Taipei, Taiwan
National Tsing Hua University—Hsinchu, Taiwan
Shanghai University of Finance and Economics—Shanghai, China
Simon Fraser University—Burnaby, British Columbia
Sunway University Business School—Petaling Jaya, Malaysia
Universidad Anáhuac México Sur—Mexico City, Mexico
Universidad de las Américas Puebla (UDLAP) —Puebla, Mexico
Universidad Nacional Autónoma de México (UNAM)—Mexico City, Mexico
Universiti Kebangsaan Malaysia—Bangi Selangor, Malaysia
Universiti Tunku Abdul Rahman—Petaling Jaya, Malaysia
University of British Columbia—Vancouver, British Columbia
University of Calgary—Calgary, Alberta
University of Malaya—Kuala Lumpur, Malaysia
University of Michigan—Ann Arbor, Mich.
University of North Carolina—Chapel Hill, N.C.
University of Southern California—Los Angeles, Calif.
University of West Indies—Kingston, Jamaica
Vanderbilt University—Nashville, Tenn.

### CENTERS OF ACTUARIAL EXCELLENCE

The Centers of Actuarial Excellence (CAE) program allows universities with outstanding actuarial programs that meet and/or exceed the designation's eight rigorous criteria the opportunity to be recognized for their achievement and to compete for substantial education and research grants. In December 2012, Concordia University in Montréal, Québec became the 24th school to be awarded the designation since the program began in fall 2009. More information about the [CAE program](#) is available on the SOA website.

### CAE GRANTS

As a benefit of attaining CAE status, schools can compete for [SOA-sponsored grants](#) to help universities make significant investments in their programs, research and the profession in the areas of education and research.

- Temple University's Department of Risk, Insurance and Healthcare Management research grant, Actuarial and Econometric Analyses of Systemic Risk in the Insurance Industry (principal investigator: J. David Cummins, Ph.D.), funds a research program studying applications of actuarial science in measuring systemic risk and integration of actuarial methods with other disciplines (such as econometrics and financial engineering).
- The Mathematics Department at the University of Michigan was awarded an education grant for its Industry Partnership Program. The development of this enhanced internship program is headed by Kristen Moore, ASA, Ph.D., with a goal of bringing students, multidiscipline faculty and industry together each summer to collaborate on research.
- University of Waterloo's research grant supports a large research program,

Integrated Risk Management: with Applications to Insurance Companies and Other Financial Institutions, involving nine faculty members. Under the leadership of Ken Seng Tan, ASA, CERA, Ph.D., this program's areas of study focus on risk identification, risk quantification, hedging techniques, longevity risks, systemic risks and their impact on equity-linked insurance.

### SECOND ANNUAL CAE FACULTY CONFERENCE

The 2012 CAE Faculty Conference was held on July 19–20, 2012 in downtown Chicago. Faculty representatives from all CAE schools were in attendance. SOA staff members were on hand to share information on the SOA's international strategy, changes for the education system and current marketing initiatives. CAE grant recipients were also on hand to present updates on their research and education-related projects, a portion of the day that is always well received by the attendees. The conference wrapped up with faculty representatives utilizing breakout sessions to discuss university hiring issues and ways to better connect students to the SOA and the profession. The CAE Faculty Conference continues to be an excellent opportunity for university faculty at our top actuarial schools to come together with the profession to learn and share ideas.

### FIRST ANNUAL CAE STUDENT SUMMIT

In August 2012 the SOA hosted 41 student representatives from the Centers of Actuarial Excellence universities. The day-long program included opportunities for students to connect with each other, learn more about the SOA, and gain career insights from experienced practitioners. The new event is a step toward developing a better understanding of our candidates and finding ways to enhance that important relationship. As one student attendee stated, "It was a great experience that I will remember for the rest of my life."



FIRST ANNUAL CAE STUDENT SUMMIT

**2012–2013 SOCIETY OF ACTUARIES’ JAMES C. HICKMAN SCHOLARS NAMED**

The SOA awarded four new SOA James C. Hickman Scholars in 2012. Each recipient will receive a \$20,000 stipend for the 2012–2013 academic year. The recipients were chosen

from a pool of highly qualified applicants currently in (or applying to) actuarial science (or a related field) doctoral programs in the United States or Canada. Recipients have made good progress toward, or have already attained, an actuarial credential.

**The 2012–2013 SOA Hickman Scholars**

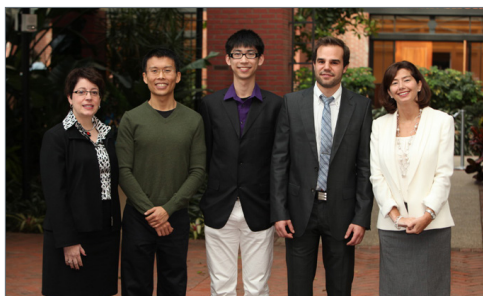
Mingbin Feng (Northwestern University)
Philippe Gagnon, ASA (Université de Montréal)
Jit Seng Chen, FSA, FCIA (Cornell University)
Yanwei Zhang, FCAS (University of Southern California)

**In addition, one 2009–2010, three 2010–2011 and six 2011–2012 SOA Hickman Scholars had their \$20,000 stipends renewed for the 2012–2013 academic year:**

Maciej Augustyniak (Université de Montréal)
Michael Batty, FSA, CERA (University of Wisconsin–Madison)
Marc-Andre Desrosiers, FCAS (University of Wisconsin–Madison)
Anne Mackay, ASA, FSA (University of Waterloo)
Tianxiang Shi (University of Waterloo)
Shengzhe Tang, ASA (University of Toronto)
Zhongyi Yuan (University of Iowa)
Qingchong Zhang, ASA, MAAA (Northwestern University)
Wenyuan Zheng (University of Connecticut)
Zhe Zhu, FSA (Massachusetts Institute of Technology)



The SOA has been increasingly focused on providing new, leading-edge programs for our international members. As a part of that effort, the SOA held the **SOA Annual Symposium** Nov. 5–6, 2012 in Shanghai. The one-and-one-half-day symposium, with 53 attendees and 15 speakers, provided in-depth coverage of topics affecting actuaries and the actuarial profession in Asia.



2012-2013 HICKMAN SCHOLARS PICTURED WITH BOARD MEMBERS

From L to R: Jennifer Gillespie (board member), Jit Seng Chen, Mingbin Feng, Philippe Gagnon, Tonya Manning (board member), Yanwei Zhang (Not Pictured)

### CANDIDATE ENGAGEMENT

Beginning in 2013, the SOA will launch an ongoing initiative to create programs and services specifically for candidates.

“The board approved the implementation of programs that will strengthen the SOA’s relationship with its candidates and build the pipeline of new actuaries into the profession,” stated 2011-2012 SOA President Brad Smith, FSA, MAAA.

Programs to be explored may include but are not limited to the enhancement of candidate publications, development of candidate networking events, standardized study materials for exams MFE and MLC, enhancements to the online job board, and providing exam performance feedback to preliminary exam candidates.

## Professional Development

### NEW E-COURSES

Two new e-courses were added to the already [extensive list of online education](#) available to SOA members.

#### **Integrated Decision-Making Process**

The Integrated Decision-Making Process (IDMP) provides a foundation for making decisions related to complex business problems that require the involvement of many stakeholders and decision makers. IDMP presents a decision-making process that is specific enough to provide solid guidance when making decisions yet general enough to be applicable in a wide variety of situations.

Through readings, a case study and other activities, participants learn how to

- Anticipate the kinds of questions necessary for making business decisions.
- Participate in and influence the decision-making processes in their work environment.

- Partner with others to identify a range of viable options related to a decision to be made.

#### **Straight Talk: Effectively Communicating with a Non-Technical Audience**

It doesn’t matter how smart you are or how brilliant your calculations are. If you cannot effectively communicate ideas to an audience that does not speak the same technical language as you, you’ve lost them.

Straight Talk: Effectively Communicating with a Non-Technical Audience will provide you with tips, guidelines and activities designed to help you communicate effectively with professionals across all disciplines. Presenting both good and bad—before and after—scenarios, this e-course also provides video examples demonstrating effective communication.

“Technical skills are important. You cannot be an actuary unless you have strong technical skills,” said Michael Braunstein, ASA, MAAA. “If you want to be a successful actuary, you need to communicate effectively.” Braunstein, who helped design the course, is the assistant director of the actuarial science program at the University of Connecticut and teaches technical writing for actuaries as well as delivers presentations on the subject.

“It’s not about you; it’s about your audience. You have to make sure you are communicating in a way they understand,” said Braunstein. “If you don’t, they disengage and you lose credibility.”



“If you want to be a successful actuary, you need to communicate effectively.”  
—Michael Braunstein, ASA, MAAA

**2012 Professional Development Events**

<b>Life &amp; Annuity Symposium</b> 471 total attendees
<b>Health Meeting</b> 868 total attendees
<b>Valuation Actuary Symposium</b> 669 total attendees
<b>Annual Meeting</b> 1,921 total attendees
<b>Virtual Sessions</b> 16
<b>e-Courses</b> 398 e-courses purchased as of Dec. 12, 2012
<b>Seminars</b> 28
<b>Webcasts</b> 53
<b>Canadian Events</b> Three face-to-face events and four webcasts

**PODCASTS**

Since the Actuary of the Future Section produced the SOA's first podcast in 2011, more sections have become involved and are producing their own podcasts. To date, the Actuary of the Future, Taxation, Pension, Health, and Financial Reporting Sections have produced podcasts on topics ranging from networking tips to estimating equity risk premium to the Affordable Care Act. Podcasts are available on both the [SOA website](#) as well as on the [SOA Podcast channel](#) on iTunes. By subscribing to the channel, members gain free access to the latest actuarial and industry-related matters as discussed by key SOA members and volunteers from the SOA sections.

**Content Management System and Taxonomy Implementation**

The SOA's new taxonomy structure aimed at classifying and organizing our intellectual content on the website was incorporated into the SOA's website in 2012. The content management system and search engine include tools that make SOA's content more 'findable.' For these tools to work, however, the SOA's electronic intellectual capital had to be tagged to the taxonomy structure that includes topic taxonomy, competency taxonomy, non-topic taxonomy and controlled vocabulary. While labor-intensive, the tagging process was essential to improve the searchability and findability of the SOA's electronic intellectual capital.

SOA.org users now have the ability to browse for content via the taxonomy(s), narrow search results by taxonomy and in general, search for and find content more easily.



There were over 800 podcast downloads in November and December 2012 on **SOA.org**.

<b>Total Content Items Tagged</b>	Nearly 20,000
<b>Total Taggers</b>	17
<b>Total Hours Spent Tagging Content</b>	Just over 3,000 hours





Clear, focused, progressive communication is a powerful tool that not only informs but also brings a community together.

## MEMBER AND CANDIDATE DIALOGUE

Strengthening a dialogue with members and candidates is very important to the SOA, and it continues to broaden the channels by which the SOA communicates, including social media.

The [SOA's LinkedIn group](#) continues to grow and now has more than 12,000 members. Online discussions among group members are on a diverse range of topics, including industry issues, SOA research, SOA events and professional opportunities. In addition, 16 sections now have their own LinkedIn groups.

The [Speaking of Actuaries Blog](#) continues to provide dialogue on issues like health care reform, retirement and social security issues. In 2012 we had 69 posts, which included healthcare financing, retirement planning for the middle market, a series of posts presenting common scenarios faced by management teams, and weekly links to online articles and conversations about risk management. We encourage members to join the discussions.

Members and candidates alike interact with the SOA via Twitter and share many items of interest regarding the actuarial profession. The Twitter feed has over 1,600 followers. If you haven't already, [join the conversation!](#)

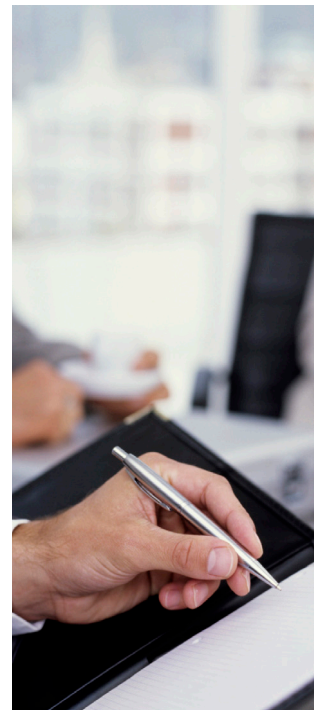
Interactive Sessions with SOA Leaders were launched in 2010 and continue to be a successful way to have a dialogue with members on important SOA topics. Three sessions were held in 2012 covering topics such as the general insurance track, enhancements to SOA.org, highlights from the October 2012

board meeting, the 2013-2016 SOA Strategic Plan, and an update on changes in the Joint Preliminary Actuarial Examination Agreement. Attendee feedback has been positive, with over 70% on average indicating they were satisfied or extremely satisfied with the webinars. "I think this was just the right amount of subject, detail and time for me," said one attendee. "There was good dialogue in the webcast," stated another attendee. "The presenters were well prepared and didn't shy away from what could be controversial topics. Instead, they were very clear about the SOA's position on those topics." [The archive of the sessions](#) can be accessed on the SOA website.

The SOA developed a Candidate Community Facebook page, which launched in 2011. To date there are over 3,000 "fans" from all around the globe. Not only are candidates interacting with the SOA, but they are actively engaging with each other, such as looking for study partners and exam advice.

## RAISING VISIBILITY

The SOA continues its mission of promoting the actuarial profession's image in the media. The media placements in 2012 continue to build the actuary's reputation as a source of informed and unbiased thinking on some of the most



# 2012 Year in Review

important issues facing society today. Among the many important discussions to which actuaries contributed were:

- Retirement challenges and protecting retirement funds during a downturn economy
- Balancing risk management practices following the downturn economy

- Risk scenarios for businesses of all sizes
- Economic impact of obesity

The SOA also launched a new blog, [Riskpertise](#), aimed at business professionals and executives who are increasingly in need of actuarial advice. Valuable insight include perspectives, research and points of view that can guide decisions in the C-suite.



WATCH THE FOX AFFILIATE REPORT ON SOA RETIREMENT RESEARCH

## ERM MEDIA HIGHLIGHTS

[Superstorm Alters Companies' Risk Focus](#) - Nov. 26, 2012

[Chinese Slowdown And Cyber Attacks: Key Risks For 2012](#) - June 11, 2012

[Lloyd's of London Delves Deeper into Emerging Markets](#) - May 14, 2012

## RETIREMENT MEDIA HIGHLIGHTS

[SOA study: Most retirees more concerned than 5 years ago about retirement finances](#) - Oct. 1, 2012

[Retirement hurdles](#) - Sept. 12, 2012

[Society of Actuaries Releases Two Consumer Retirement Briefs](#) - Jan. 24, 2012

## HEALTHCARE MEDIA HIGHLIGHTS

[U.S. health cost growth slowed in 2011 but with signs of pickup](#) - Jan. 10, 2013

[Boomers need health-care costs reality check](#) - Sept. 14, 2012

[Slightly Fewer Americans Were Obese In 2011, Report Finds](#) - Jan. 10, 2012

## LIFE INSURANCE MEDIA HIGHLIGHTS

[Risk ratings help set life insurance rates](#) - Oct. 19, 2012

[When the smoke clears, will your life insurance quotes be high?](#) - Feb. 23, 2012

[Are you too old to buy affordable life insurance?](#) - Jan. 23, 2012

## CAREER MEDIA HIGHLIGHTS

[The best job opportunities of the future](#) - Aug. 31, 2012

[Actuary crunches numbers for risk assessment](#) - Dec. 18, 2012



VISIT SOA'S NEWSROOM TO READ ABOUT ACTUARIES IN THE NEWS



**LONGEVITY STRATEGY**

Understanding the factors driving increases (or decreases) in longevity has become a social, economic and political issue over the last few decades. The SOA recognizes that protecting against the financial risk associated with mortality and longevity is a key part of the work many actuaries do, and the science of measuring and forecasting longevity is rapidly changing. The SOA and the actuarial profession can play a key role in helping public stakeholders (the general public, policy makers and regulators) understand the drivers of changing longevity.

The SOA’s Longevity Strategy Task Force recommended four goals structured around a single premise—longevity risk is a key issue of social and economic importance and actuaries have much to say about it.

<b>Goal 1</b>	SOA members recognize the impact of changing longevity as a key financial risk to be managed.
<b>Goal 2</b>	SOA members play a public leadership role in longevity risk management.
<b>Goal 3</b>	The SOA supports actuaries so that they can be leading experts on longevity risk management.
<b>Goal 4</b>	SOA members and volunteers recognize the expertise of others in longevity and use that expertise.

The SOA’s long history and strong reputation in the creation of experience studies puts it in a position of strength from which to make changes. However, the rate at which longevity is improving/declining is continually and rapidly changing, forcing all parties, including actuaries, to change how we approach the study and projection of mortality and longevity.

A stronger position in the longevity space not only offers future opportunities for the SOA and its members, but also helps mitigate any

potential threat to the perceived professional expertise of actuaries.

The SOA is currently working to develop a plan of action for 2013. While plans are still in formation, we are looking at new communications, education for members, candidates, volunteers and thought leaders, new research projects that go beyond experience studies, and building partnerships with non-actuaries with expertise in longevity.

**PUBLIC PENSION PLANS AND REPUTATIONAL RISK**

The board of directors of the SOA has identified public plan underfunding as a key risk that could potentially negatively affect the actuarial profession and has been considering the SOA’s response to the issue over the past two years. “While we understand that actuaries are not the ones who make the decisions or write the laws for how these plans are funded, they do have a role and we want to look at how actuaries are practicing in this area,” stated SOA 2012–2013 President Tonya Manning, FSA, EA, FCA, MAAA, during the [Dec. 3, 2012 Interactive Leader Session](#).

As a first step to help trustees and plan sponsors understand the decisions they need to make with regard to public sector plan funding, in 2012 the SOA held a call for essays on the theme “Good, Better, Best: The Basics of Funding Public Sector Pension Plans.” Authors distinguished between “good, better, best and not recommended” and considered factors such as the ability to withstand economic downturns, alignment with sponsor cash flow considerations, and risk management, to name just a few.

In addition to the above call for essays, a [Public Plan Funding Symposium](#) was held Sept. 20–21, bringing together a mix of public plan actuaries, trustees and other public plan stakeholders.



Remaining strong and vibrant by working together around common issues to ensure that the actuarial profession's voice is heard and respected.

## PROFESSIONAL INTEREST SECTIONS—BRINGING VALUE TO MEMBERS

The SOA recognizes the value of [professional interest sections](#) to members. The [2011 SOA Member & Candidate Survey](#) showed that those members belonging to at least one section have a higher degree of satisfaction with the SOA than those members who do not belong to a section. Belonging to a section is an indicator of greater engagement with the profession. With 57 percent of SOA members belonging to a section, the benefits most valued by section members are:

1. *Specific and practical information* that enhances job performances and opportunities.
2. *Networking* opportunities for career enhancement and knowledge gathering.
3. Membership that confers a positive *reputation*.

"People are deriving more value from the SOA when they are a member of a section," said Donna Megregian, FSA, MAAA and volunteer on the Section Member Value Team. "Section members receive targeted information pertinent to their jobs through section newsletters, emails and section web pages."

Since 2009 the Section Member Value Team, a subteam of the Council of Section Chairs, has studied how sections add value for members, how to measure that value, and how to improve value. SOA section membership in recent years has reflected a trend in most associations—

declining membership among younger members (Gen X, millennials). The team is exploring whether certain benefits be reserved for section members or be provided to them on a priority basis.

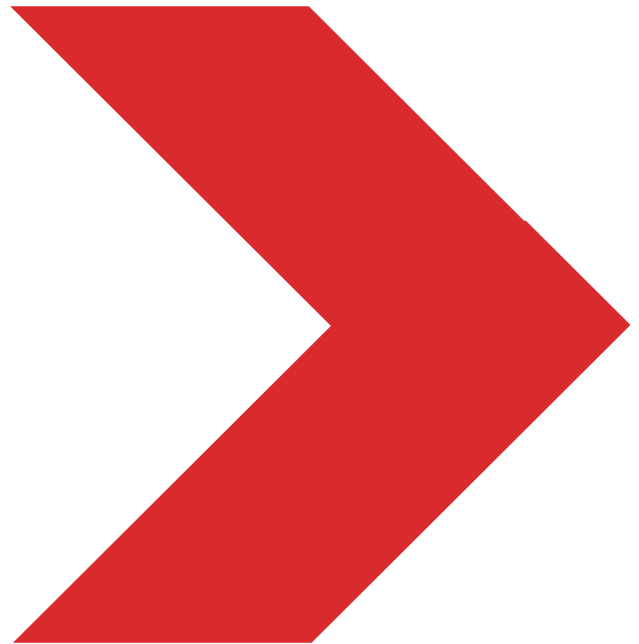
## SECTION CONTRIBUTIONS AND THOUGHT LEADERSHIP

Sections are major contributors to SOA research and professional development opportunities, with close to 40 active research projects, and 18 of the 19 sections having sponsored at least one live networking event in 2012. From [podcasts](#) to [seminars](#) to [symposiums](#) to [cutting-edge research](#), sections are a major way for members to be connected to the larger actuarial community.

Some of the sections' many and diverse activities have included:

### Long-Term Financial Planning Summit—

This day-long session was held during the Investment Symposium and was a discussion on the risk associated with building long-term financial plans to meet future pension and life insurance obligations. Leaders from the Investment, Pension, and Forecasting & Futurism Sections joined Professional Risk



"People are deriving more value from the SOA when they are a member of a section."

—Donna Megregian, FSA, MAAA

Managers' International Association (PRMIA) members to identify steps to improve assumptions or reduce reliance on traditional assumptions.

**AppsforActuaries website**—The Technology Section helped the SOA jumpstart a new website for members with an app contest. Their subteam periodically reviews website content and makes recommendations to keep the material fresh and relevant to our members.

**2012 Asset Adequacy Testing Survey**—Sponsored by the Financial Reporting and Smaller Insurance Company Sections, this survey allowed appointed actuaries to discuss current practices regarding asset adequacy testing and cash flow testing in particular. Similar reviews in the past have been performed by the American Academy of Actuaries. The results are available on [SOA.org](http://SOA.org) as a reference tool of current techniques, methodologies and assumptions for actuaries to use as they complete 2012 testing.

**Mortality Improvement Education**—In 2012, the Pension Section had a particular focus on educating its members on mortality improvement issues in conjunction with the release of the Scale BB mortality improvement scale by the Retirement Plans Experience Committee. This focus included a June webcast and multiple sessions at the 2012 SOA Annual Meeting, in addition to regular articles in the *Pension Section News*.

**Affordable Care Act**—Health actuaries are extraordinarily busy implementing new pricing and coverage standards that affect nearly all health care markets, and are active assessing the new risks the expanded health insurance market presents. There are interesting opportunities within payment models and care delivery for actuaries as well. The Health Section hosted webcasts, meetings and boot camps designed to assist actuaries in learning as much as possible.

**Research Report on Premium Persistency Assumptions Study of Flexible Premium Universal Life Products**—Sponsored by the Product Development and Financial Reporting Sections, the study examines premium persistency assumptions for flexible premium universal life products used by life insurers in pricing, cash flow testing and for GAAP/IFRS purposes.

**Research Report on Pricing Using Market Consistent Embedded Value (MCEV)**—Sponsored by the Product Development Section and the Committee on Life Insurance Research (CLIR), the report explains the concept and construction of market consistent embedded value (MCEV), and explores the methodology by which one might calculate MCEV, or the market-consistent value of new business (MCVNB), in the pricing process.

“As a member of a section, you receive a lot of information related to your area of practice,” said Jerry Enoch, FSA, MAAA, and member of the Section Member Value Team. “You receive information about something that is of interest to you and important to your advancement.” Enoch went on to say, “If you choose to avail yourself of the opportunities, you can attend section breakfasts at meetings, become a friend of your section council and be involved in their monthly calls, or volunteer to work with a group on something that interests you, just to name a few. Of the many benefits, you make some very good contacts and expand your knowledge base. The payback can definitely be great.”

### **INTERNATIONAL—CULTIVATING GROWTH, COMMUNITIES AND DEMAND**

In October of 2011, the board of directors of the SOA approved an international strategy statement for the SOA, following the work of a task force on the subject. The board also established an International Committee to provide oversight and coordination to the



“As a member of a section, you receive a lot of information related to your area of practice.”  
—Jerry Enoch, FSA, MAAA



In 2012, the SOA launched a **new member benefit**. Each person who pays for at least one section will receive a coupon for \$25 off a section-sponsored webinar. This benefit will continue in 2013. Renew your section membership or join a section today and take advantage of this great benefit!

SOA's international activity, in keeping with the international strategy. The key elements of the strategy, which is designed to build on the organization's historical international success and enhance the value of the SOA credential, are to:

- Grow our international membership,
- Build and maintain international sustainable communities, and
- Cultivate demand for actuaries globally.

The following report provides an update on our progress in 2012 in each of these areas.

### Growing the Profession

With 18 percent of SOA members residing and working in Canada and 12 percent outside of North America, the SOA's membership is geographically diverse and spans the globe.

### SOA's International Growth— FSAs and ASAs

	2012	2011	2010
<b>United States &amp; Canada</b>	86.63%	87.45%	87.86%
<b>China Region</b>	6.30%	5.79%	5.54%
<b>SE Asia</b>	4.01%	3.73%	3.60%
<b>Europe</b>	1.78%	1.81%	1.80%
<b>Rest of World</b> (Latin America, Caribbean, Mexico, Middle East, Africa)	1.27%	1.22%	1.20%

Global recognition of the SOA pathway and credentials benefits all SOA members and candidates. Employment opportunities, as well as opportunities to expand into new emerging fields, are another result of a larger global community.

To remain strong and vibrant, the actuarial profession needs to continue to extend its global reach. "The world is becoming a smaller place," said Darryl Wagner, FSA, MAAA, chair of the SOA International Committee, "and things are more global in general. Proactively growing our membership worldwide makes

the profession stronger by allowing us to apply lessons learned from around the world and capitalize on a global SOA community."

Along with growth, the SOA is focused on more effectively meeting the needs of international members. One way the SOA has worked to better support its international members is to increase available educational offerings. In 2012 there were a number of seminars and webcasts developed specifically for the Asia-Pacific community and held in that region's time zone. For example, the "Retirement Landscape in Mainland China" webcast covered who the key players are and what the roles are for actuaries in the retirement industry, as well as the opportunities and challenges for industry development.



"Community and connection are extremely important for the actuarial profession."  
—Darryl Wagner, FSA, MAAA

### Developing Sustainable Communities

Whether you are an actuary practicing in a small town for a small firm, or an actuary working in a large urban area for a multinational organization, the world today is connected, and so the SOA needs to be fully engaged in domestic and international issues. Developing and maintaining sustainable communities internationally is an important component of staying connected and can have a number of different dimensions such as connecting members around topics of international interest and working to support employers, industries or regulators in a specific location or region.

To help with building communities, part of the International Committee's mandate is to find avenues for relevant knowledge sharing such as joint research projects, and provide networking opportunities, including volunteer outreach. The committee has as one of its key priorities helping the SOA build stronger relationships with actuarial organizations and other supranational organizations that allow the SOA to be more responsive to requests from other organizations and better promote the actuarial profession globally.

Examples of community building events held by the SOA in 2012 are financial reporting seminars in Hong Kong, Manila and Kuala Lumpur; an asset liability seminar in Shanghai and Taipei; a symposium in Shanghai; and CPD-level professionalism courses in Hong Kong and Taipei. All in all, seven face-to-face events were held in the Asia-Pacific region.

Encouraging non-North American members to join sections as well as encouraging the sections to take an active role in sponsoring and creating international professional development events is another engagement method. "I believe one of the keys to success is engaging more sections to provide activities of international interest for both domestic and international members," said Alan Cooke, FSA, FCIA, member of the International Committee and past chair of the International Section. "The Financial Reporting and International Sections have already been very active in this regard, but the Health, Pension, Joint Risk Management, Reinsurance and Investment Sections in particular have a lot of potential to provide international topics." Cooke went on to explain, "To the extent that the sections have brought in international content, it has been very popular. The Health Section did a comparative medical systems session at their symposium a few years ago and it was one of their most popular sessions."

"Community and connection are extremely important for the actuarial profession," said Wagner. "I like to use the analogy of import

and export. Everybody has knowledge that they could import, but everybody has knowledge that they can export as well. It is definitely multi-directional, which makes implementation challenging but also very exciting."

### **Cultivating Demand**

Another area that the SOA is focusing its attention on is finding ways to demonstrate to employers the value of actuaries. The SOA recognizes that it needs to improve employer outreach as well as seek broader regulatory recognition of the profession and SOA credentials. "In some countries actuaries have very narrow roles," stated Cooke. "By working with regulators and prospective employers we can elevate the awareness of the profession, which hopefully will result in actuaries becoming involved with more types of employment opportunities."

The SOA is also working to promote nontraditional employment opportunities, keeping in mind that what may be considered traditional roles in North America are not even options in some countries. So what is considered traditional to many actuaries is nontraditional to many others, especially in developing nations.

The SOA recognizes there are opportunities in countries such as Saudi Arabia where the insurance industry has grown substantially in recent years, yet there are few actuaries. These countries are looking to the SOA pathway to be their educational pathway, especially in the fellowship space. Building strong membership groups in these areas can really make a difference for members and the profession.

### **CANADIAN MEMBERSHIP VALUE ENHANCEMENT**

Canadians represent 18 percent of the overall SOA membership. However, Canadian members have in the past expressed a slightly lower satisfaction with the SOA than their U.S. counterparts. In addition, Canadian members join sections in a lower proportion. In October



"I believe one of the keys to success is engaging more sections to provide activities of international interest for both domestic and international members,"  
—Alan Cooke, FSA, FCI



"As the business world has become more global, it has also shrunk," said 2011–2012 SOA President Brad Smith, FSA, MAAA. "The SOA must be more deliberate. We are consciously developing objectives, strategies and tactics to help achieve our strategic vision to remain the global leader in actuarial education."

2010 the SOA began a strategic initiative to address this issue.

Over the past two years, many advances have been made to improve services for Canadian members. In late 2011 Joseph De Dominicis was hired as the Staff Fellow-Canadian Membership to lead the Canadian Membership Value Enhancement Initiative. A strategy was developed around three key pillars:

- Making connections
- Developing content
- Increasing communications.

### **Making Connections**

*With the Canadian Institute of Actuaries ...*

The SOA has been working with the Canadian Institute of Actuaries (CIA) to strengthen the relationship between the two organizations. For example, the two organizations partnered in various areas including continuing education, research and, more generally, promoting the profession in Canada.

*With employers ...*

Seven companies employ approximately 75 percent of the actuaries in Canada. The SOA is working closely with these companies to understand their professional development needs and design programs that are specifically geared toward their employees. The SOA is looking at a new model for delivering professional development to actuaries employed in large firms. These firms typically do a lot of in-house training, which is geared specifically for their own actuaries. The SOA piloted a new program where it brought the professional development sessions to their offices. The SOA presented six such sessions in 2012 and reached over 600 Canadian actuaries. The sessions were very successful, and the SOA is looking at ways to make this program sustainable for the future.

*With candidates ...*

The SOA has made connections with student clubs. In addition, the SOA has presented to students and staff at Simon Fraser University, University of British Columbia and the University of Calgary.

*With section councils ...*

Ten sections have recruited Canadian friends of council to help the council better serve Canadian members, with additional sections strongly considering recruiting for their section as well. Section friends have helped develop content, considering the need of Canadian members.

### **Developing Content**

The SOA and the CIA co-sponsored four [webcasts](#) in 2012.

- **Modeling Deflation and High Inflation Risk for the Insurance Industry**—This webcast addressed concerns which arise while actuaries are projecting inflation scenarios after the financial crisis of 2008. The researchers described a publicly available model that can be used to develop inflation/deflation projections with the ability to be readily adjusted to reflect the existing uncertainty.
- **Defined Benefit Pension Plan Termination: Getting It Done in Canada**—There are unique pitfalls, challenges, requirements and opportunities facing pension plan sponsors in Canada. This webcast covered how to navigate through the plan termination maze and take advantage of tips and strategies to help make the process as smooth, efficient and cost-effective as possible. Devoted strictly to the Canadian market, this well-received webcast had nearly 300 attendees, which is a significant percentage of the pension actuaries in Canada.



- Insurance Company Investment Strategies in an Economic Downturn—** Canadian and U.S. experts Jeff Hancock and Max Rudolph reviewed some key conclusions learned from the financial crisis and highlighted instances where financial institutions in North America can benefit from past mistakes to help make better investment decisions in the future. They compared and contrasted the most important learning opportunities for practitioners in Canada and the United States.
- Better, Longer Lives: Future Drugs and Future Costs in Canada and the U.S.—** Experts from Canada and the United States discussed current developments in specialty and biological drugs, including upcoming drug launches and the impact that these drugs will have on costs. They also described how the landscapes in both countries are changing and discussed ideas to help manage increasing costs as these drugs become more widely used. The webcast had over 600 attendees, 40 percent of whom were Canadian.

The SOA and the CIA have also co-sponsored in-person events. For example, the SOA sponsored the networking reception at the CIA annual meeting and presented three sessions. In turn, there were over 10 sessions at the SOA annual meeting that had Canadian-specific content, including a concurrent session and a breakfast sponsored by the CIA.

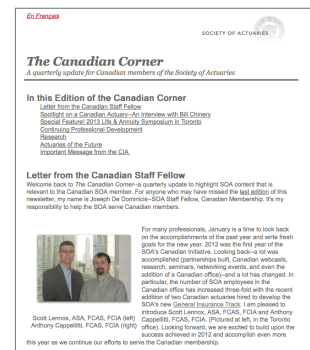
The SOA and the CIA are also partnering on two research projects, specifically focusing on the health care system in Canada. One project is assessing the sustainability of the Canadian health care system going forward, and the other is comparing the Canadian health care system to other health care systems around the world.

**Increasing Communications**

A quarterly e-newsletter, *The Canadian Corner*, was launched in 2012. The newsletter highlights Canadian actuaries, offers updates on initiatives, and includes links to content of interest to Canadians. Provided in French and English, the newsletter includes a special interest article that is directly aimed at Canadians. In the first three issues, interviews with very senior, high-profile Canadian actuaries were included.

**Moving Forward**

“We value our partnership with the CIA,” said Joe De Dominicis, FSA, FCIA, staff fellow, Canadian Membership. “We will continue to work closely with the CIA in a variety of areas to deliver better products and services to Canadian actuaries.”



THE CANADIAN CORNER NEWSLETTER



# Recognizing SOA Volunteers



Strengthening communities locally and globally—volunteering is a powerful tool that becomes an agent of change.

Volunteers are the lifeblood of the SOA. At the 2012 Annual Meeting, the second annual Outstanding Volunteer Award was presented to the top 10 outstanding volunteers who exhibited superior commitment, effort and leadership in their volunteer roles in 2012. In addition, these volunteers are applauded for their collaboration on team activities and their participation in generating and implementing new ideas to advance the mission and vision of the SOA.



## 2012 Outstanding Volunteer Award Recipients

Ravi K. Bhandari, FSA, MAAA

Robert G. Frasca, FSA, MAAA

Peter Hepokoski, FSA, MAAA

Ellen L. Kleinstuber, FSA, EA, FCA, MAAA, MSPA

Kory J. Olsen, FSA, CERA, MAAA

Laurence Pinzur, FSA, EA

Kevin J. Pledge, FSA, FIA

Peter Gerard Rossi, FSA, CERA, FCA, MAAA

Joseph A. Tomlinson, FSA, MAAA

Kathleen R. Wong, FSA, CERA, MAAA



WATCH THE VIDEO HONORING THESE AWARD RECIPIENTS AND HEAR THEIR STORIES OF HOW VOLUNTEERING WITH THE SOA IS THE WAY THEY STAY CONNECTED TO THE ACTUARIAL COMMUNITY.

**WHAT MEMBERS HAVE SAID ABOUT THEIR VOLUNTEER EXPERIENCES**

“Volunteering is the best way to return many years’ training in the Society to the members, whether it’s current members or prospects coming down the road. You can add value in multiple ways and I think that is the most important thing to motivating yourself to be continually engaged in doing something you really like to do.”

—Genghui Wu, FSA, FCIA, MAAA

“There is a lot of opportunity to volunteer. I started volunteering because I wanted to get involved, I wanted to know more. I have met so many people because of my volunteer work and that has been very helpful.”

—Donna Megregian, FSA, MAAA

“There are a lot of benefits to volunteering. I found out that it’s fun! I meet and work with intelligent people and I become a better person as a result of those interactions. I also fulfill a personal desire for service, to make the world a better place than I found it and to give back to an organization that’s been very important to me professionally. It’s really just a positive experience all the way around.”

—Jerry Enoch, FSA, MAAA

Volunteering at the SOA provides you with the opportunity to make a meaningful impact on your profession. You will grow personally and gain new skills that can be taken back to your workplace. What’s more, your volunteer work can be tailored to you, offering opportunities that interest you and flexibility around your schedule.

No matter how you choose to volunteer, there’s something for everyone at the SOA. Volunteer today and watch a world of opportunity unfold.

Log on to the SOA website to [volunteer](#).

**INTERESTING FACTS ABOUT SOA VOLUNTEERS**

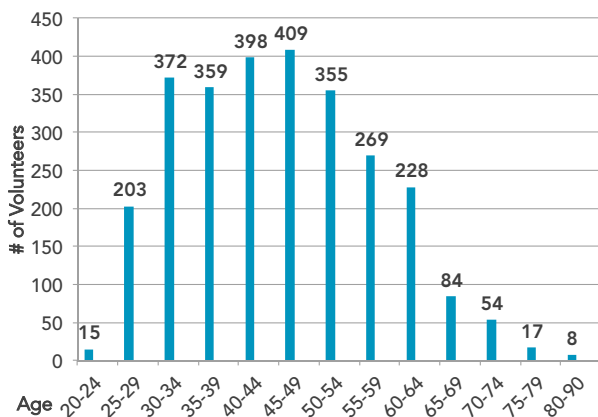
**2012 Volunteers by Designation**

DESIGNATION	SOA
ASA	294
CERA	255
FSA	2189

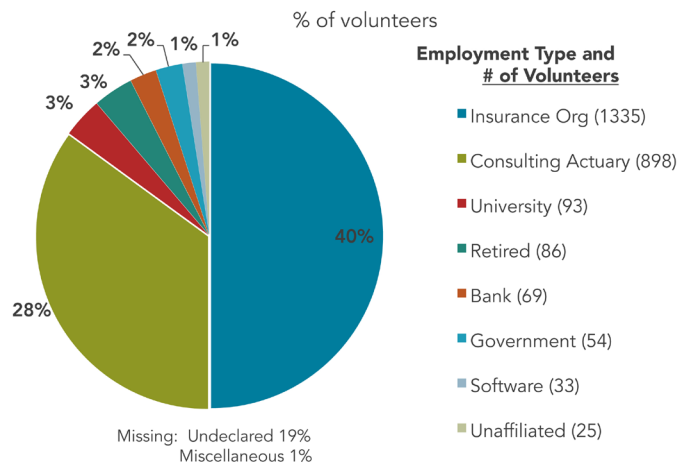
**2012 Volunteers by Region**

Region	SOA MEMBERS
United States	2578
Canada	421
Other	166
Asia Pacific	84

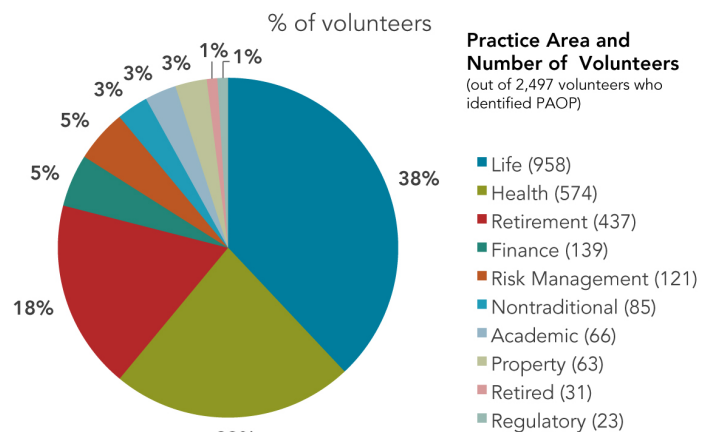
**2012 Age of SOA Volunteers**



**2012 SOA Employment Types**



**2012 SOA Primary Area of Practice (PAOP)**





The SOA is an educational, research and professional organization dedicated to serving the actuarial profession and the public.

The SOA's vision is to be the leading provider of globally recognized credentials establishing actuaries as business leaders who measure and manage risk to support financial security for individuals, organizations, and the public. We have updated our mission for the 2013–2016 strategic plan as follows:

**The SOA, through research and education, advances actuarial knowledge and improves decision making to benefit society. We enhance the ability of actuaries to be trusted financial and business advisors on problems involving uncertain future events. We provide and ensure the integrity and relevance of our credentials.**

A strategic plan helps an organization prepare for the future. It takes an organization from its current state to its desired future. It defines a mission and the organization's vision. Ultimately, the strategic plan is a path for achieving goals.

The board of directors of the SOA is pleased to share the final version of the [SOA's 2013–2016 Strategic Plan](#). The plan, created with input from SOA members, candidates and staff, represents a guiding compass for the organization.

Approved by the SOA's board in October 2012, highlights of the plan include:

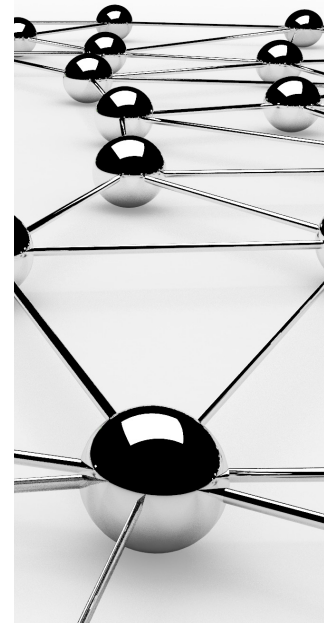
- A refreshed mission and vision for the SOA

- Explicit recognition of the SOA's role as a global professional organization
- Emphasis on promotion of SOA-specific credentials and its education pathway
- The addition of two new key stakeholders—policymakers and regulators.

The [strategy map](#) illustrates the key components of the plan, including mission, vision, stakeholders, and strategic themes. Also included are the [objective definitions](#) that provide more detail and indicate what measures will be used to track the SOA's progress.

"The 2013-2016 strategic plan recognizes the SOA's global role and positions us to address the challenges that face the profession today," stated Mark J. Freedman, FSA, MAAA, 2012-2013 SOA President-Elect and chair of the Strategic Planning Task Force.

The SOA thanks all the members, candidates and other stakeholders that provided valuable input during the development of the 2013–2016 plan. If you have any comments or questions regarding the new plan, please [contact us](#).





## 2011 AND 2012 FINANCIAL RESULTS

The SOA is a non-profit organization—a financial entity with revenues and costs that must be carefully managed to succeed in fulfilling its mission. In setting the annual budget, the overall goal is to provide resources for ongoing operations and strategic initiatives, while maintaining membership equity at acceptable levels.

The SOA has three principal revenue streams: member dues, examination fees and fees charged for professional development. Other sources of revenue include fees for experience studies and research, sponsorships, miscellaneous revenues and investment income.

The financial results, which exclude section activity, reflect an investment in the actuarial profession and strategic initiatives determined by member and candidate research. The SOA seeks to provide significant value to members as well as the resources the organization needs to achieve its core goals and objectives for years to come.

A comparison of the actual 2011 results, the Board-approved 2012 budget, and the actual 2012 results are shown in the accompanying chart.

Total revenues in 2011 and 2012 were \$40.8 million and \$44.4 million, respectively. The SOA 2012 financial results showed a management-basis increase in net assets of \$3,545,000.

Membership equity is measured against the following year's expenses, standing at 69 percent at the end of 2011. The current membership equity position of \$33.2 million is 72 percent of the Board-approved 2013 budget. The target range of membership equity established by the Board is 50 to 100 percent.

Under the Board's leadership, the strength of the SOA's financial position will move strategic ideas forward and enhance our focus on the future of the profession.

Revenues	(in 1,000s)
2011 Actual	\$40,796
2012 Budget	\$41,686
2012 Actual	\$44,421

2012 Revenue Details	(in 1,000s)
Examinations	\$25,536
Dues	\$11,047
Professional Development	\$ 5,614
Other	\$ 2,224
Total	\$44,421

Change in Net Assets	(in 1,000s)
2011 Actual	\$ 2,013
2012 Budget	\$ 338
2012 Actual	\$ 3,545

Membership Equity	(in 1,000s)
2011 Actual	\$29,631
2012 Budget	\$29,969
2012 Actual	\$33,176

### 2011–2012 BOARD OF DIRECTORS

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Bradley M. Smith, FSA, MAAA

#### President-Elect

Tonya B. Manning, FSA, EA, FCA, MAAA

#### Vice Presidents

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Jeremy Gold, FSA, CERA, MAAA

Abraham S. Gootzeit, FSA, MAAA

Francis P. Sabatini, FSA, CERA

Martine Sohler, FSA, FCIA

Thomas S. Terry, FSA, EA, FCA, MAAA

#### Secretary/Treasurer

Thomas S. Terry, FSA, EA, FCA, MAAA

#### Past Presidents

S. Michael McLaughlin, FSA, CERA, FIA, MAAA

Donald J. Segal, FSA, EA, FCA, MAAA

#### Elected Board Members

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Jeffrey A. Beckley, FSA, MAAA

Sue Blanck, FSA, MAAA

Larry J. Bruning, FSA, MAAA

Daniel P. Cassidy, FSA, CERA, EA, FCA, MAAA

C. Ian Genno, FSA, CERA, FCIA

Gaetano Geretto, FSA, CERA, FCIA

Jennifer L. Gillespie, FSA, MAAA

Peggy L. Hauser, FSA, MAAA

Valerie A. Paganelli, FSA, EA, MAAA

Susan E. Pantely, FSA, MAAA

Ronald L. Poon-Affat, FSA, FIA, MAAA

Craig W. Reynolds, FSA, MAAA

Marcus A. Robertson, FSA, FCIA

Susan R. Sames, FSA, MAAA

Jim Toole, FSA, CERA, MAAA

Darryl G. Wagner, FSA, MAAA

Donna K. Weninger, FSA, MAAA

### RETIRING BOARD OF DIRECTORS

The SOA would like to recognize the board members whose terms have expired and thank them for their dedication and tireless efforts in serving the needs of the membership and the actuarial profession.

#### Past President

S. Michael McLaughlin, FSA, CERA, FIA, MAAA

#### Vice Presidents

William J. Falk, FSA, FCA, MAAA

Francis P. Sabatini, FSA, CERA

Thomas S. Terry, FSA, EA, FCA, MAAA

#### Elected Board Members

Jeffrey A. Beckley, FSA, MAAA

Ronald L. Poon-Affat, FSA, FIA, MAAA

Jim Toole, FSA, CERA, MAAA

### 2012–2013 NEWLY ELECTED BOARD OF DIRECTORS

The SOA would also like to welcome the 2012–2013 members elected to the board in September 2012.

#### President-Elect

Mark J. Freedman, FSA, MAAA

#### Vice Presidents

C. Ian Genno, FSA, CERA, FCIA

Jennifer L. Gillespie, FSA, MAAA

Valerie A. Paganelli, FSA, EA, MAAA

#### Newly Elected Board Members

Jeremy J. Brown, FSA, EA, MAAA

Ian G. Duncan, FSA, FCIA, FIA, MAAA

Andy Ferris, FSA, MAAA

R. Evan Inglis, FSA, EA, FCA, MAAA

Kory J. Olsen, FSA, CERA, MAAA

Sudha Shenoy, FSA, CERA, MAAA

# Welcoming President Manning



The SOA is proud to welcome Tonya B. Manning, FSA, EA, FCA, MAAA, as the 2012–2013 president of the Society of Actuaries.

Tonya B. Manning is an actuary for the U.S. Department of Treasury. In this role, she is involved in a number of activities related to employee plans, including participating in regulation projects, reviewing ruling requests, and public outreach. She also assists private practitioners and internal personnel with technical questions. Prior to joining the U.S. Department of Treasury, Manning worked for 22 years at Aon Consulting and was senior vice president and chief actuary for its U.S. retirement practice.

She is a fellow of the SOA, a member of the American Academy of Actuaries (the Academy), a fellow of the Conference of Consulting Actuaries (CCA), and an enrolled actuary.

Manning holds a number of volunteer positions with the SOA. She is a member of its board of directors, currently serving as president and previously as vice president.

Prior to serving on the board, Manning was chair of the SOA's Pension Section Council. She also served on examination committees, assisting in writing questions and pretesting exams, and has been a member of past program committees.

In addition to her volunteer work at the SOA, Manning is a member of the Pension Practice Council and the Volunteer Resource Committee for the Academy, chair of the Academy's Pension Communications Task Force, and co-chair of its Joint Lifetime Income Risk Task Force. She also is a member of the planning committee for the enrolled actuaries meeting, jointly sponsored by the CCA and the Academy.

Manning graduated from the University of North Carolina at Chapel Hill and resides in Winston-Salem, N.C. with her husband Kent.

# SOCIETY OF ACTUARIES

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Schaumburg, IL 60173

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