

EDUCATION AND EXAMINATION COMMITTEE OF THE SOCIETY OF ACTUARIES (SOA)
SYLLABUS & EXAMINATION COMMITTEES OF THE CASUALTY ACTUARIAL SOCIETY (CAS)

SPRING 2007
EXAM FM/EXAM 2

FINANCIAL MATHEMATICS

INTRODUCTORY STUDY NOTE

1. The Financial Mathematics examination for Spring 2007 will be given on **Friday, May 25, from 8:30 a.m. to 11:00 a.m.** The examination will consist of 30 multiple-choice questions.

The score for the examination is determined solely on the basis of correct answers. Therefore, candidates should answer every question to maximize their scores.

2. Any changes in the Course of Reading for this exam since the publication of the *Spring 2007 Basic Education Catalog* of the SOA or the *2007 Syllabus of Examinations* of the CAS are reflected in this Introductory Study Note and will also be posted on our Web sites. **If any difference exists between information contained in this Introductory Study Note and that contained in the *Spring 2007 Basic Education Catalog* or the *2007 Syllabus of Examinations*, this Introductory Study Note will govern.**
3. The study notes for this exam include sample questions and solutions. The sample questions provide the candidate with the opportunity to practice on the types of questions, which are likely to appear on the examination. New sample examinations are released periodically or whenever the nature of the examination changes substantially.
4. The following list contains all study notes for this exam in Spring 2007. Candidates who have ordered the complete set of study notes should verify immediately that they have copies of the listed items. Items marked with a # are new/updated for this session.

FM-05-07#	Introductory Study Note (this study note)
FM-09-05	Exam FM Sample Questions with solutions
FM-10-05	May 2005 Exam FM
FM-12-05	November 2005 FM Exam Questions and Solutions
FM-22-05	Review of Calculator Functions for the Texas Instruments BA-35
FM-23-05	Review of Calculator Functions for the Texas Instruments BAII Plus

5. Instructions in Study Note FM-23-05 would also apply to the Texas Instruments BAII Plus Professional calculator, though additional methods may also be available.

6. Enclosed is errata for the following text:

Derivative Markets, 2006 Second Edition, first printing, by R. McDonald
http://www.kellogg.northwestern.edu/faculty/mcdonald/htm/typos2e_01.html

7. A survey for examinations FM, M and C will be available on the SOA and CAS web sites after the examinations have been administered. Candidates are encouraged to provide feedback on the course readings and the examinations that they have taken.
8. Several book distributors carry some or all of the textbooks for the Society of Actuaries and Casualty Actuarial Society courses. A list of distributors appears in the *Spring 2007 Basic Education Catalog* and *2007 Syllabus of Examinations*. A set of order forms from these distributors is included with this study note package.

The order forms contain information about prices, shipping charges, mailing policy and credit card acceptance. Any book distributor who carries books for SOA or CAS exams may have their order form included in this set unless the SOA office receives substantial complaints about service. Candidates should notify the Publication Orders Department of the SOA in writing if they encounter serious problems with any distributor.

9. Candidates may use the battery or solar-powered Texas Instruments BA-35 model calculator, the BA II Plus*, the BA II Plus Professional* or TI-30X or TI-30Xa or TI-30X II*. Candidates may use more than one of the approved calculators during the examinations.

Calculator instructions cannot be brought into the exam room. During the exam, the calculator must be removed from its carrying case so the supervisor can confirm it is an approved model. Candidates using a calculator other than the approved models will have their examinations disqualified.

Candidates can purchase calculators directly from: Texas Instruments, Attn: Order Entry, PO Box 650311, Mail Station 3962, Dallas, TX 75265, phone 800/842-2737 or <http://epsstore.ti.com>

The memory of **TI-30X II, **BA II Plus** and **BA II Plus Professional** will need to be cleared by the examination supervisor upon the candidates' entrance to the examination room.*

10. Order forms for various seminars/workshops and study manuals are included with this set of study notes. These seminars/workshops and study manuals do not reflect any official interpretation, opinion, or endorsement of the Society of Actuaries or the Casualty Actuarial Society.
11. A candidate planning to seek admission to the SOA should submit the Application for Admission as Associate *before* completing the education requirements for Associateship as detailed in the *Spring 2007 Catalog*.
12. In addition to the examination requirements, all prospective SOA and CAS Associates will be required to attend and successfully complete a seminar on professionalism prior to admission

as a member. See the *SOA Spring 2007 Basic Education Catalog* or the *CAS 2007 Syllabus of Examinations* for more information.

13. The Casualty Actuarial Society and the Society of Actuaries provide study notes to persons preparing for this examination. They are intended to acquaint candidates with some of the theoretical and practical considerations involved in the various subjects. While varying opinions are presented where appropriate, limits on the length of the material and other considerations sometimes prevent the inclusion of all possible opinions. These study notes do not, however, represent any official opinion, interpretation or endorsement of the Casualty Actuarial Society or the Society of Actuaries. The Societies are grateful to the authors for their contributions in preparing study notes.

The Society of Actuaries and the Casualty Actuarial Society jointly sponsor and jointly administer Exams P, FM and C.

The American Academy of Actuaries (AAA) and the Conference of Consulting Actuaries (CCA) jointly sponsor the Associateship and Fellowship examinations with the SOA.