SOCIETY OF ACTUARIES

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SOA CPD
REQUIREMENTS

Wherefore Attestation

BY EMILY KESSLER

THE TIME HAS COME to attest your continuing professional developments. Helpful hints for accomplishing the task lie within this article.

As you are well aware, the SOA CPD Requirement took effect on Jan. 1, 2009. The SOA CPD Requirement is different from some other CPD requirements in that it requires you to attest compliance with the requirement and it makes your attestation public. Since the SOA CPD Requirement is on a two-year cycle, our first attestation is approaching on Dec. 31, 2010. The membership directory will be changing starting in 2011. What does this mean for SOA members?

WHY DID WE BUILD IN ATTESTATION?
Many people rely on the value of the SOA credential. Employers and clients hire SOA members because they know an SOA credential carries with it knowledge and expertise gained through years of study. But the SOA credential is not equivalent to a college degree: it's a professional credential. Professional credentials add value above and beyond a degree because most credentialing bodies ensure their members stay up-to-date with the latest knowledge

and trends in their field. This assures the member's education is as strong as the day the credential was first granted.

As you know, the SOA Board of Directors approved a CPD requirement for all members, effective Jan. 1, 2009. This set minimum educational standards for continuing education for members. In setting the standard, the Board had to consider whether it was sufficient to simply have a standard, if there was no enforcement

of that standard. In other words is it sufficient to have a standard if the SOA didn't know if members met the standard? And, if a CPD requirement assures the users of actuarial services that SOA members have stayed current, shouldn't there be a way for the public to verify that SOA members met the requirement?

The SOA CPD Requirement was set in the aftermath of the failure of Equitable Life in the United Kingdom and the Morris Review, conducted by the U.K. government. More recently, we've seen financial markets crash, and the public lose confidence in the financial industry to protect their investments. Our employers, clients and the general public rely on the work actuaries do. In the light of recent failures, they cannot simply take our word for it that our members meet continuing education standards; they need to be assured that members meet existing standards.

So, the SOA Board added member attestation, including public disclosure of a member's compliance status. The Board considered it a small price to pay to preserve the reputation of the profession. [See sidebar "What Price Reputation?"]

WHAT IS ATTESTATION?
At the end of each CPD cycle, SOA members attest that they have met (or not met) the SOA CPD Requirement. SOA members can meet the SOA CPD Requirement by meeting one of the following (or a combination of the following):
- Section B of the *SOA Continuing Professional Development Requirement.*

- *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* (the U.S. Qualification Standard).
- *Canadian Institute of Actuaries Qualification Standard—Continuing Professional Development* (CIA Qualification Standard).
- Category 1 or 2 of the *CPD Scheme of Faculty of Actuaries & Institute of Actuaries* (UKAP CPD Scheme).

ATTESTATION WILL OPEN ON NOVEMBER 1 AND CLOSE ON FEBRUARY 28 AT THE END OF EACH CPD CYCLE.

- *The Continuing Professional Development Standard of the Institute of Actuaries of Australia* (IAAust CPD Standard).

In attestation, SOA members simply state that yes, they have met the SOA CPD Requirement and state by which of the five methods listed above the requirement was met. Attestation will be done electronically, by logging into the SOA member site. Once logged in, members click a few buttons and they're done. Members may print out a copy of their attestation for their own records.

Attestation will open on November 1 and close on February 28 at the end of each CPD cycle. So, for the 2009-2010 CPD cycle, the attestation period will open on Nov. 1, 2010 and close on Feb. 28, 2011. For the 2010-2011 cycle, attestation will open on Nov. 1, 2011 and close on Feb. 28,

2012. Members will be sent an electronic link, as well as reminder e-mails, during the attestation period.

HOW DOES THE SOA VERIFY ATTESTATION?
The SOA will verify attestation by auditing a subset of the members—about 1 percent of members (approximately 200 members). Members who are audited will be asked to supply a compliance record showing how they complied with their elected attestation method. A member who complies with the U.S. Qualification Standard will be asked to show how he or she fulfilled, in each year, the 30 hours of required CPD for the U.S. Qualification Standard. A member who complies with the CIA Qualification Standard will be asked to show how he or she met, during the most recent CIA cycle, the 100 hours required by the CIA. Members' records should show the amount of time spent in self-study, webcasts, meetings and seminars attended, what type of credit was earned, and how many hours or units of credit were earned. You can find out more about the audit in the CPD FAQs at *http://www.soa.org/cpd-faq.*

WHY WILL THE SOA AUDIT RECORDS?
Particularly during the first few cycles of the SOA CPD Requirement, the audit helps the SOA ensure that members understand

Member Directory Mock-Ups
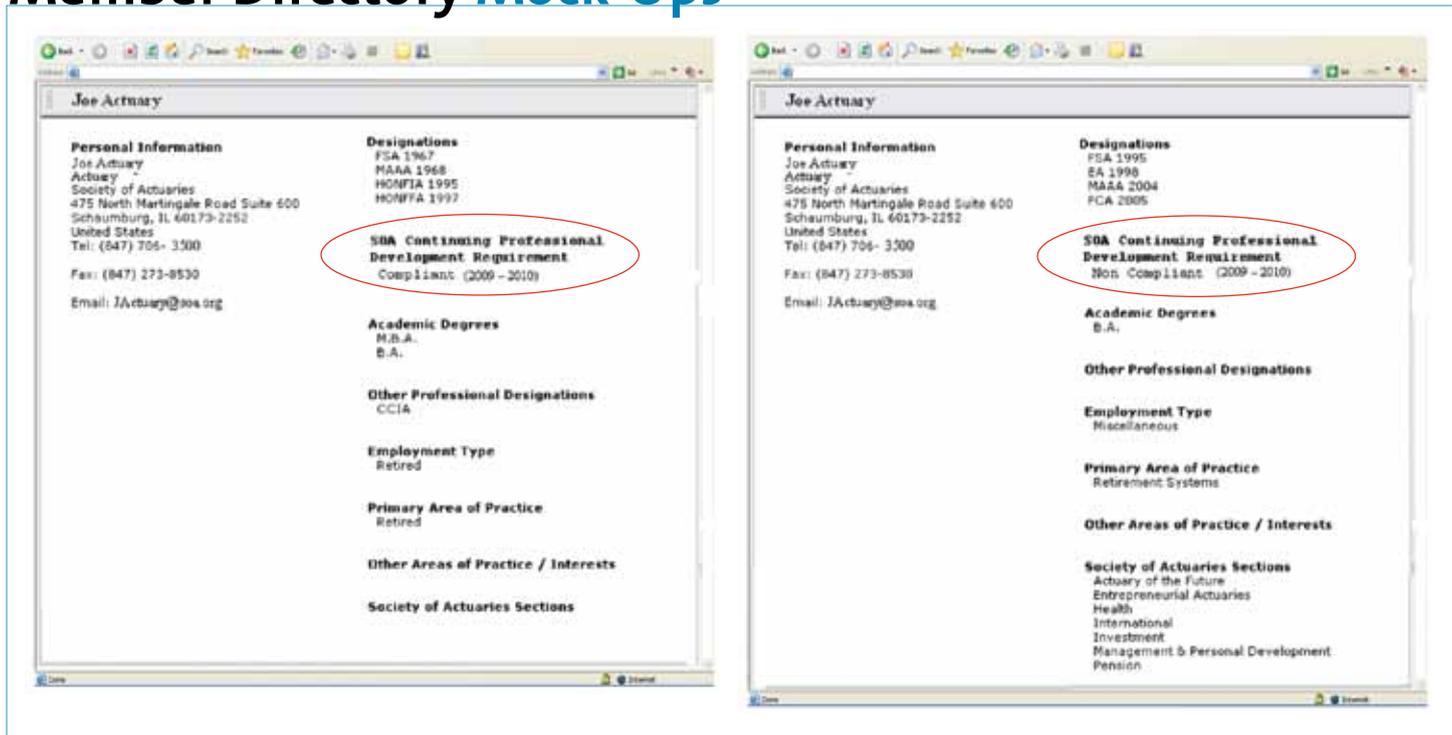
the provisions of the requirement. But the long-term purpose of the audit is to assure the public that members who state they've complied with the requirement truly have complied. If there was no audit, the SOA could not assure the public that members weren't falsely attesting compliance.

HOW CAN THE PUBLIC VERIFY ATTESTATION?

The public can verify your compliance with the SOA CPD Standard by going to the membership directory. The member directory will show a member's compliance status. Note the directory doesn't show the method by which you complied, but just whether you've complied or not. A mock-up of the member directory is shown above.

Note that there is a new section (circled) called SOA Continuing Professional Development Requirement. The member, Joe Actuary, is shown as compliant with the SOA CPD Requirement for the 2009–2010 cycle. This is because Joe Actuary attested com-

pliance with the SOA CPD Requirement between Nov. 1, 2010 and Feb. 28, 2011.

What if a member doesn't attest compliance? Then the member will be shown as noncompliant, as you can see above.

In this case, Joe Actuary either did not attest compliance, or attested that he did not meet the SOA CPD Requirement. As such, the directory shows him as noncompliant. Members who are retired (who meet the requirement for reduced dues on account of retirement) can voluntarily attest compliance, or can be shown as Retired in the directory.

As we change the directory in 2011 to show compliance, we will publish information on the SOA website so the public understands what compliance means. Specifically, we'll note that it means a member attested that he or she completed the CPD Requirement, but that it is not related to a member's qualifications to practice.

ATTESTATION FAQS

When will the directory be changed to show compliance with the SOA CPD Requirement?

The directory will be changed on March 1, 2011 (or shortly thereafter), at the close of the attestation period. At that time, all members who have attested compliance will be shown as Compliant and all retirees will be shown as Retired.

Will the membership directory show how I've complied with the Requirement?
No. The directory will only show that you complied, not the method of compliance.

What happens if I forget to attest compliance before Feb. 28, 2011?
For the first cycle, the SOA will grant a two-month grace period. If you have not attested compliance, and you aren't eligible for reduced dues on account of retirement, your status will show as Pending effective on March 1, 2011 (or

shortly thereafter). You will have until April 30, 2011 to attest compliance. If you don't attest before April 30, 2011, on May 1, 2011, your status would be shown as Noncompliant.

How will I attest?
You will log into the member website to attest. You'll be sent a link—in this case to the membership directory. You'll log in and be asked to check a few boxes to state that you've complied, and which method of compliance you used.

What happens if I don't know how to log into the member website?
Contact the SOA Customer Service department. You can reach SOA Customer Service by phone at 888.697.3900 between the hours of 8 a.m. and 5 p.m. Central Standard Time or by e-mail at *customerservice@soa.org*.

What happens if I don't comply with the SOA CPD Requirement?
First, the membership directory will show your status as Noncompliant (unless you are eligible for reduced dues on account of retirement, in which case your status would be shown as Retired). If you are not compliant, you are also required to notify anyone who relies on your actuarial services that you have not complied with the SOA CPD Requirement. This may include your employer. See Section A.2.e of the SOA CPD Requirement *(http://www.soa.org/cpd-requirement)* and the section on non-compliance in the SOA CPD FAQs at *http://www.soa.org/cpd-faq*. ◮

What Price Reputation?

THERE'S MORE TO THE CPD REQUIREMENT

IN THINKING ABOUT the role of CPD and the profession, one important consideration behind attestation was maintaining the reputation of the profession.

HIGH VISIBILITY
The SOA has done a lot of work in the past few years—through our marketing and market development program—to raise the profession's visibility with the media. Part of this goal is to expand the perceptions of employers (traditional and nontraditional) of potential roles for actuaries. As part of this work, we regularly survey employers to find out their perceptions of actuaries. We've talked about, in other reports, that employers want actuaries to do a better job of communicating and putting actuarial results into a

strategic business context. And we've noted that actuaries rate high on these surveys in areas of quantitative skills, industry knowledge, knowledge of financial instruments and the markets, trustworthiness and high ethical standards.

MORE TO THE STORY
At first glance, the CPD Requirement may appear to be about maintaining the quantitative skills, knowledge of financial instruments and industry knowledge that employers value. That's partly true; part of the purpose of the Requirement is to ensure that current and future generations maintain those skills to the level expected by the users of our services.

But the attestation process and public disclosure of com-

pliance with the Requirement were designed to help maintain the profession's reputation as trustworthy and having high ethical standards. By being transparent with the users of our services about SOA members' compliance with the CPD Requirement, we are assuring them that they can continue to trust actuaries—not just to maintain their quantitative skills, but also, that as a profession, we have nothing to hide

Warren Buffett

dards. After all, if we won't publicly disclose compliance, what are we trying to hide? Do we think most members aren't complying? Yes, we recognize that may put a few actuaries in uncomfortable situations. But maintaining the strong repu-

IT TAKES 20 YEARS TO BUILD A REPUTATION AND FIVE MINUTES TO RUIN IT. IF YOU THINK ABOUT THAT, YOU'LL DO THINGS DIFFERENTLY. —WARREN BUFFETT

with regard to our continuing professional development. This transparency helps to maintain our reputation as trustworthy and having high ethical stan-

tation of the profession outweighs the possible discomfort of a few individuals. After all, a reputation once lost, is hard to rebuild. — E.K. ◮