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Actuaries Advancing Beyond: Salman Hamidani, UBS

By *Wei Zou Ang*

Salman Hamidani is currently an associate director within UBS Global Asset Management's Asset Liability Investment Solutions Group. As an actuarial science graduate from Drake University, Salman worked with both Tillinghast and JPMorgan Compensation and Benefit Strategies (formerly known as Chicago Consulting Actuaries) before helping UBS develop its Asset Liability Investment Solutions Group. Salman is an FSA and also pursuing the CFA designation. He shares with us his career experiences and thoughts through the interview below:

Wei: Please describe UBS and your responsibilities at UBS?

Salman: UBS is a global banking institution with 3 main divisions: Wealth Management, Investment Banking, and Global Asset Management. I work in the Asset Liability Investment Solutions group which falls under Global Asset Management. We focus on analyzing investment strategies for pension plans and developing and implementing investment solutions that target plans' liabilities as their investment benchmark.

Wei: What is Asset-liability management?

Salman: Many people interpret ALM and LDI (liability driven investing) in different ways. To us, LDI quite simply recognizes the liability as the investment benchmark for a plan's assets. Portfolio risks and returns then are assessed relative to the liability.

Wei: Could you describe a normal day on the job?

Salman: As a team within the global asset management division, we work with plans and their consultants to develop, implement, and manage LDI solutions. Typically, the process starts with someone from our sales team contacting prospects about solutions and advice we can offer. Next, our team is brought in to analyze and customize a solution to reflect a plan sponsor's specific circumstances. If the client agrees to implement our solutions, we could manage all or part of the plan's assets.

In addition to providing LDI based advice and portfolio management, our group is also involved in research about current market trends, writing papers, developing marketing materials and educating both clients and internal staff about LDI.

Wei: Could you describe your career path?

Salman: As an actuarial science graduate from Drake University, I interned at Tillinghast, TowersPerrin and was immediately attracted to the challenges of consulting. I started my career with CCA Strategies in retirement consulting after graduation. While at CCA, I realized that the major challenges facing the pension industry stemmed from the funding of the pension plans. I believed that in order for Defined Benefit plans to survive under current regulations, we would have to address the way DB assets are managed. So I started to look for projects doing ALM studies for pension plans within CCA. As I learnt more about the field, I found myself more interested in learning about the assets side too. Additionally, going through the actuarial exams, I took the Investment course for my Course 8 exams and began to develop a skill set that would allow me the opportunity to transition into asset management. When the UBS opportunity came by, I felt it was a very good fit and I have been working at UBS ever since.

Wei: What are the biggest challenges of your job?

Salman: Everything we do right now is relatively new and this has presented me with a lot of opportunities as well as challenges. Good ideas are prevalent everywhere and lot of times it comes down to execution. So the challenge of our group is not just to come up with new solutions but then also to convince the sales professionals, investment consultants, investment committees and pension plan sponsors to adopt the same—and here I think a consulting background can come in very handy.

Wei: How has an actuarial background helped you with your job?

Salman: Having worked previously as a pension consulting actuary, I came in as an actuary on the liability side, so my actuarial experiences have directly helped me with my current role at UBS. However, after transitioning, I have had to learn a lot on my own as well. I feel that the one way the rigorous actuarial examination process prepares you more than anything else is the ability to learn new information quickly and effectively. In my current role right now, a lot of things are unprecedented, so you need to be resourceful and be self-sufficient to implement your own ideas.

Wei: What do you like best about your job?

Salman: Since we have a small group dedicated to LDI in the U.S., I have exposure to everything involving Asset Liability Investments at UBS Global Asset Management. From portfolio management decisions, interacting with clients and internal staff, to developing products and marketing them, I am exposed to all aspects of my job and this has kept it very interesting.

Wei: What attracted you towards an actuarial education in the first place?

Salman: To an extent, I was attracted to the actuarial career path by the challenge and exclusivity of the profession. However as I progressed within the examination

process, I felt that the general skill set that you developed within the actuarial field is widely applicable, and it helped you develop the ability to effectively learn on your own. So even if you start your career as an actuarial consultant, you know that you can easily switch to another profession because you have already developed the discipline to learn new things very quickly.

Wei: How do people follow your footsteps?

Salman: One thing I discovered was that I was always a little more interested in the investments side, that was why I double-majored in finance as well. I started off in pension consulting, but after four years, I started to change my skill set towards investments. So if you are an actuary and are more inclined towards investments, try talking to asset managers or investment banks as actuaries are becoming increasingly prominent in these non-traditional places.

Wei: Where do you see the actuarial profession heading towards in the future?

Salman: On the traditional pension side, I can see more actuaries going into asset management. A lot of traditional actuaries I know have started taking the CFA examinations and I also expect actuarial consulting companies to start investing in the infrastructure for asset-liability management.

Wei: If you had one piece of advice for college students, what would it be?

Salman: I would say don't limit yourself to the traditional actuarial career opportunities and try to talk to as many people as possible. However, if you are looking for a traditional actuarial career, then make sure you know whether you want to go into insurance or consulting.