



THE *future* ACTUARY

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Actuaries Advancing Beyond: Greg Leonberger, Marquette Associates

By Wei Zou Ang

Aspiring actuarial students often find themselves in a particular dilemma when choosing their first careers out of college: insurance or consulting? However one cannot help but ask if there exist opportunities that lie outside the traditional actuarial career paths. Are actuaries only limited to the traditional fields of insurance and consulting for their entire careers?

Unbeknownst to most, actuaries are being increasingly sought after by non-traditional employers for their industry-specific expertise and prior actuarial work experiences. This series of interviews will help shed light on non-traditional careers that actuaries have ventured into and how real actuaries have leveraged their unique skill sets to move beyond traditional actuarial career fields.

Greg Leonberger, FSA, is the director of research with Marquette Associates, a boutique investment consulting firm with over 165 clients and about \$71 billion dollars under advisement. After graduating from the University of Notre Dame with a degree in Mathematics and Economics, Greg spent his initial years with Hewitt Associates as a pension consultant before receiving an MBA from the University of Chicago and joining Marquette Associates. Our dialogue below describes his unique career path and current work at Marquette Associates.

Wei: So, tell me about Marquette Associates.

Greg: Marquette Associates is a boutique investment consulting firm with over 165 clients and about \$71 billion dollars under advisement. Our client base is mostly institutional, comprised mainly of university and hospital endowments, and a broad spectrum of pension plans including public, corporate, and Taft-Hartley. We were founded in 1986 and are a relatively young firm, which means that we have a lot of young hungry people anxious to contribute to the growth of the firm.

Wei: What is your role at Marquette Associates?

Greg: I am the director of research and have two main responsibilities. First of all, I run all of Marquette Associates' asset allocation studies. We developed our own

proprietary asset allocation software that reflects typical actuarial liability inputs such as contributions and benefit payments. We dynamically model all different asset classes including alternative investments. For alternative investments, we are actually able to reflect the illiquid nature of the asset classes by modeling the capital calls and distributions inherent in closed end funds such as Private Equity and Infrastructure. Most asset allocation software programs ignore this critical component of alternative asset classes.

My second responsibility is to coordinate all of the capital markets research at Marquette. Marquette's research is a diverse mix of white papers, market analysis, and topical subjects. Our white papers seek to quantitatively analyze portfolio themes and strategies; for example, our most recent white paper is about stress testing client portfolios during periods of high inflation and how clients can protect their portfolios against the adverse effects of high inflation and / or rising interest rates. Market analysis is broken out by asset class and identifies patterns, themes, and opportunities that can benefit our clients' portfolios. Topical subjects tend to be more qualitative and not as complex; examples include the recent financial reform bill and the Fed's most recent announcement about further quantitative easing. Ultimately, it is my responsibility to coordinate our Investment Committee, Research Team, and senior partners to assemble comprehensive and integrated market themes and analysis that serve both our firm and clients.

Wei: How has your actuarial background helped you?

Greg: We have a lot of pension clients, so my nine years of experience working on pension plans while at Hewitt Associates provides me insight on how to design portfolios that can help clients accomplish their investment goals while keeping plan liabilities in mind. I have a fairly good feel for the liability side of the equation and understand what triggers would cause a change in its pension liability and how pension liabilities would react in different interest rate scenarios, which is especially useful given the new PPA (Pension Protection Act) regulations.

My experience at Hewitt also helped me to develop organization, project/people management, and effective communication skills. All those intangibles that you pick up working at a large firm can truly add value to a smaller firm that might not have an infrastructure as established as a larger firm.

Most importantly, the approach to analysis and problem solving that is ingrained in all actuaries through the exam and career progression provides an outstanding foundation for assembling capital markets research. Our white papers incorporate rigorous data analysis and interpretation; without an actuarial background, designing the project and modeling would be much more difficult if I had not spent the first nine years of my career doing that on a daily basis.

Wei: How did your career path lead you to Marquette Associates?

Greg: I was a Math and Economics major at the University of Notre Dame, which didn't have an actuarial science program at that time. I didn't know anything about

actuarial science, but learned about it through a presentation by CIGNA during my junior year and thought being an actuary would be a great way for me to leverage my math and economics degrees. I interned at CIGNA that summer and had a great experience there. However, I decided to move into consulting after graduation and joined Hewitt as a pension consultant where I worked for nine years. After finishing all my actuarial exams, I was slightly frustrated at my lack of a general business background and remembered how much I enjoyed the material for Course 6, which was the Investments exam, so I decided to get my MBA from The University of Chicago Booth School of Business concentrating in analytic finance. Halfway through my MBA program, I realized that I really wanted to be on the other side of the pension table, working with pension investments rather than the liabilities. I knew that I had a very good background for the switch given my experience in pension consulting and MBA concentration, so it then became an issue of finding the right opportunity. I was fortunate enough to land this position at Marquette Associates as the director of research and have since really enjoyed the chance to leverage my pension experience at Hewitt and academic background in quantitative finance. It has been a great transition from pension consulting to investment consulting.

Wei: What do you like best about your job?

Greg: Well first of all, I love the diversity of my responsibilities at Marquette Associates. I mentioned that I run the asset allocation studies and economic research at the firm, but I am also involved with a variety of other business strategy functions within the company, such as pitching business to new clients, explaining our asset allocation studies to clients, and even revamping our corporate website. But if I had to pick the one thing I like best, it would be that the position is a great balance between my past as an actuarial consultant and my MBA education.

Wei: On the flip side, what are the challenges of your job?

Greg: Having enough time to do everything we want to do in research is challenging for a smaller company given our limited resources. There are a lot of bright people at the firm and a lot of great ideas and topics to dive into, but at the end of the day, we only have six full time associates on our research staff and there are only so many hours in a day. You have more resources at your disposal at a larger firm, but you really have to prioritize what you want to achieve at a smaller firm.

However, I believe that working at a smaller company also gives its people a larger voice and truly empowers them. When Marquette recruited me for this position to grow their research department, they essentially handed me the keys and let me run with it. The opportunity to play such a big role within the company was one of the key attractions for me to work at Marquette Associates.

Wei: What is a normal day like for you?

Greg: Every morning I get an e-mail from the CFA Institute highlighting the major financial events of the previous day, so I am aware of what happened overnight and what to expect each day across the different financial markets of the world. I'll spend

15–30 minutes reading the different articles. After scrolling through that, I will usually spend the rest of the morning working through any open asset allocation studies for our clients. My afternoons are spent working on white papers, which includes a broad array of activities such as data collection/analysis, writing, editing, and collaboration with other research associates. However, it is not typical to have a normal day, as the nature of consulting typically means that client issues can quickly alter the plan for any given day!

Wei: Where do you see the actuarial profession moving forward?

Greg: I feel there will be an increased demand for health care actuaries as the U.S. demographic continues to age and retire, and there will be an increased focus on how we will be paying for those health care costs. I also think that actuaries will become increasingly prominent within the investment field as liability-driven investments gain traction with pension plans.

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

Greg: Well, I have two if that's ok. This speaks more towards students who didn't graduate from actuarial science programs: don't feel intimidated by your first actuarial job. Have confidence in yourself in excelling in your work and passing your exams, even if you are going against people who have graduated from an actuarial science program or are older than you.

Secondly, take your career seriously from the day you start. Be sure to do good work, be involved in as many clients and as many projects as you can, truly take an interest in your work and ask lots of questions so you can completely understand what you are doing and how it fits into the big picture. Looking back at my career, this is something I wish I did more of earlier on. Choose a profession you really want to do and really go all in, invest 100 percent into the day-to-day processes of your job as well as the exam progress.