



20

10

Year in Review

This is the story of 2010—the critical initiatives, activities and accomplishments of the SOA. Turn the pages and find how working together, member engagement, commitment to the actuarial profession and confidence in our vision played an integral part in the year's success.



2010 was a year of progress, breaking new ground, and growing in numbers, strength and visibility. The material found throughout these pages reflects the talent, passion and commitment of the many individuals and groups who contributed to that progress and advancement.

53 Knowledge Matters

There is strength in learning and supporting educational ventures. Reaching out to broader audiences and sharing the gift of knowledge equals critical growth for the profession.

59 Focus on Research

Research expands the boundaries of actuarial science. Studying topics such as retirement planning and health care issues provides important information that affects our economy and our financial security, and helps shape public policy.

67 Seeing a Bigger Picture

Communication is a powerful art. Strengthening a dialogue with members and increasing visibility of the profession by creating and maximizing opportunities for actuaries are important pieces of our vision for the profession.

71 Around the World

Globalization is everywhere, and the SOA is an international organization. Our strategy focuses on extending the global reach of our high-quality education and research offerings.

20
10

Year in Review

Letter from the President



S. Michael McLaughlin, FSA, CERA, FIA, MAAA
President, 2009–2010

Dear Members:

Being an actuary is at the very heart of who I am. Serving as the 2009–2010 Society of Actuaries' president ranks as one of my top career achievements. Clichéd as it may be, as I rang in 2011 with my family, I paused to reflect on what this role has meant to me. No one can argue that the SOA is recognized globally as a leader in the actuarial profession. We are admired for our strong education and examination system, our important research activities, and quite honestly, for the commitment and dedication shown by our members and volunteers—over 22,000 and 3,500 strong, respectively. However, in 2010, we demonstrated, through the work of our volunteers and professional staff, that we are not content to rest on our laurels! 2010 continued to be a year of growth for the SOA—whether we were launching new communication channels to encourage member dialogue, expanding our pre-qualification and continuing education offerings, increasing the profession's media visibility, or expanding our global reach. These are the very reasons the SOA is a leader in the actuarial profession. We have much to be proud of, and you'll read many examples of our leadership in this year in review.

Clear, focused, open communication can be a powerful tool that not only informs but also brings a community together. I am happy to say that we made several advances this past year to both listen to and speak with members. For example, by introducing SOA Dialogue webcasts and our SOA blog, *Speaking of Actuaries*, we effectively opened up a whole new realm of communication with members regarding issues facing the profession. We have also extended our emphasis on communication to a very important constituency—employers, and the most visible way we do this is through our Employers Council. We meet regularly with the council to get their perspectives on the profession, and we all benefit from those conversations and the resulting ideas that are generated.

Enhancing and improving the quality of actuarial education, for both our candidates and our members, is one of the SOA's top priorities, and we recognize the need to keep our educational process current and cutting edge. As you read through this report, I am sure you will agree that the

improvements we have made in the e-Learning modules and the enhanced professional development offerings are important developments that give both aspiring and seasoned actuaries opportunities for professional growth. In addition, I encourage you to learn how volunteerism can help grow your career. You continue to learn new skills as well as build a network of professionals that is of huge value over time.

You have heard me mention numerous times over the past year that I see opportunity for the profession everywhere, and I still stand by that mantra. Almost all areas of actuarial practice are in the public eye, and it is up to us to seize the moment. Whether it is related to public pension issues, health care reform or financial reform, actuaries need to be heard and have our expertise recognized. We were very fortunate this past year to have a number of our research projects earn strong media attention, such as the report on the cost of medical errors and the Risks and Process of Retirement survey. It is through thought-provoking analysis such as this that we are able to provide solutions to important issues and raise our visibility among policymakers, employers and the public.

SOA members span the globe, and the SOA is truly an international organization. SOA members outside of North America face certain challenges and we have been working to better serve all members, especially in the area of professional development. We have created more e-Learning opportunities, webcasts and virtual sessions. For the growing segment of our membership in Asia, we are working to develop e-Learning and webcasts in Mandarin. Of course, I can't talk about our international growth without mentioning the transformation of the CERA into a global credential. On Sept. 1, 2010, the SOA transferred ownership of the CERA to the CERA Global Association, evolving the credential into a truly globally owned one. The global nature of the CERA will increase its prominence within North America as well as around the world and facilitate the free movement of actuaries internationally.

Viewing ourselves as a global profession and a global organization benefits all of us. We have a great deal to contribute and by working together we will ensure that our voices as a profession are heard.

It has been such a pleasure and honor to serve as your president. I look forward to continuing to work with you side by side to ensure the SOA remains a leader in the years to come.

Onward and upward.

Best regards,



S. Michael McLaughlin

Knowledge Matters

Advances in the Society of Actuaries' education system have broadened the scope of development for candidates and members and have strengthened our educational foundation. We now offer fellowship exams twice a year. We have developed new e-Learning tools. And we are fostering the important growth of the academic community.

NOW OFFERING FELLOWSHIP EXAMS TWICE A YEAR

Beginning in the fall of 2011, the Society of Actuaries (SOA) will offer all FSA-level examinations in both the fall and the spring sessions. Candidates will enjoy important new benefits (e.g., increased administrations, scheduling flexibility, and a recommended order for FSA requirements), though the change does not come without its challenges—namely, exam volunteers now have to develop twice as many exams in the same one-year time frame.

There are more than 850 volunteers in the education system; approximately three-fourths of them work on FSA-level exams. Logistically, it would be very difficult to double the number of volunteers working on FSA exams. Instead, the SOA has focused on efficiency.

First, we looked at how others do it. The United Kingdom administers two exams per year and creates both of the exams together in a single process. "While we still need twice as many questions when offering two exams, we felt it would be more efficient to have the Education Committee handle the two of them together," stated Kathleen Wong, FSA, CERA, MAAA, and the current general chairperson of Education.

Second, the SOA created an extensive training program for education volunteers that has been well received and is showing results. The training begins with education theory, covers key goals to be accomplished through the examinations, and culminates in the methodology for writing well-formed questions. Explaining the importance of precise wording in exam questions, Wong added, "As we are trying to test certain cognitive areas, it's very important to be precise on what you mean when you say 'explain' vs. 'evaluate' vs. 'list.' You are looking for a different answer in each of those cases."



Spotlight on e-Learning

The sophistication of e-Learning allows for the introduction of higher cognitive level tasks and more practical and relevant work for candidates. It also provides candidates a broader range of topics tailored to specific career choices.

E-Learning in 2010 saw new modules in Health Foundations and Financial and Health Economics, and the revision of the Decision Making and Communication module. In addition, new requirements for existing modules were put into place. These changes in e-Learning expand the knowledge base and provide a more comprehensive way to obtain practical information in a variety of areas.

NEW THREE-MODULE REQUIREMENT FOR FELLOWSHIP

In July 2010 new e-Learning requirements designed to provide enhanced learning opportunities for FSAs took effect. Candidates pursuing fellowship with the SOA now complete a total of three FSA modules plus the Decision Making and Communication (DMAC) module.

Prior to this change, individuals who had obtained their CERA credential and then decided to pursue fellowship could not count the work they completed on operational risk and had to repeat the entire Financial Reporting and Operational Risk module. The new three-module requirement restores the CERA pathway to once again be a subset of the Finance/ERM track requirements for FSA.

Increasing the number of modules to three per track also allowed room to include a Financial and Health Economics module in all tracks without the need to eliminate topics already included in those tracks. In three of the five tracks, the additional module provides candidates with increased education tailored to their specific career choices.

NEW HEALTH FOUNDATIONS MODULE

When the SOA first began discussing the structure of the health track in the early 2000s, our vision included a module about health care data. Because of the need to condense material, the separate module never materialized—until now. With the recent launch of the new Financial and Health Economics module, the health track underwent a revision resulting in a new Health Foundations module.

The main focus of the Health Foundations module is the importance of a health actuary understanding and interpreting health care data. To do that, actuaries need to understand the language and terminology of health care, and so the first section of the module really focuses on medical terminology and medical coding. The subsequent sections deal with interpreting clinical data, clinical studies and clinical policies.

The module is very practical in nature. For example, it covers how one actually deals with ICD-10, which is something that is going to be a major disruptive change to how data is collected. According to Heather Waldron, FSA, MAAA, and Education volunteer who wrote most of the module, “It is a massive change in coding clinical data that will impact how we gather and use data. We’ve provided a really good way for people to get up to speed on what data is available in a company and how to interpret and use that data.”

The module is an excellent way for an actuary who is beginning to move into the health care arena to obtain

“Knowledge of health economics will enable actuaries to better understand the big picture dynamics of health care and how they affect what we do. In turn, it helps us to make better decisions.”

—Dale Yamamoto, FSA, EA, FCA, MAAA

practical information. It provides a good way for people to get started with understanding everyday work.

“We provide a very practical, hands-on approach to get every FSA candidate off to a great start in terms of understanding what’s happening ... what they need to do their day-to-day job,” said Joan Barrett, FSA, MAAA, and curriculum chair for Health.

NEW FINANCIAL AND HEALTH ECONOMICS MODULE

The new Financial and Health Economics e-Learning module was launched in July 2010 and became a requirement for all FSA candidates on all tracks. In addition, the module is available to members for professional development credit. The coverage was broadened to include applied economics topics and applications that address all areas of practice. Knowledge of applied economics increases an actuary’s understanding of key business and financial decisions. The module builds on those areas of microeconomics relevant to financial and health systems management.

“All industries are undergoing significant changes. By increasing exposure to topics such as financial economics, health economics and corporate finance, actuaries will be better prepared to work closely with other business professionals,” stated Jeff Allen, FSA, FCA, MAAA.

REVISED DECISION MAKING AND COMMUNICATION MODULE

While employer surveys consistently give actuaries high marks for their quantitative skills, surveys tell us employers believe actuaries need to improve communication and business skills. In response to these findings the SOA developed the Decision Making and Communication module (DMAC) in 2007. An extensive revision to the DMAC module was completed in 2010, with greater emphasis given to the decision-making process and better preparing candidates for the required final assignment, in their path to fellowship.

As Warren Luckner, FSA, MAAA, and curriculum general officer for DMAC stated, “The revisions to the DMAC module enhance learning opportunities for candidates and address employer concerns in the areas of communication and strategic thinking. Candidates are provided with an organized method for making decisions and effective tools for communicating throughout the decision-making process.”

“While maintaining examination rigor through formal assessments at critical stages, e-Learning modules take full advantage of the Internet to help us deliver education to actuaries now and, just as importantly, in the future.”

—Daniel P. Cassidy, FSA, CERA, EA , FCA, MAAA,
2010 Education Executive Group chair



HONESTY AND INTEGRITY MODULE NOW REQUIRED OF ALL E-LEARNING CANDIDATES

The overwhelming majority of SOA candidates live up to the profession’s high standards for professionalism and integrity when taking examinations and assessments. However, the SOA also takes strong action to defend the education and examination system. Sophisticated anti-plagiarism software and administrative reviews are in place to identify cheating. Equally as important, however, is that candidates fully understand the rules. To this end, a new module has been developed.

The Honesty and Integrity module, launched in June 2010, is required for all new registrants and is available to all prior registrants. The module carefully discusses definitions of cheating and plagiarism and provides numerous examples of proper and improper behavior.

Building the Academic Community

It is important that the actuarial profession build and maintain strong relationships with the academic community that supports it. The SOA has launched a number of programs over the last few years designed to recognize universities that exemplify the highest academic standards in actuarial science (Centers of Actuarial Excellence program), encourage the pursuit of an academic career among our brightest minds (SOA James C. Hickman Scholar program), and engage students in a dialogue about what it means to be an actuary (University Outreach).



CENTERS OF ACTUARIAL EXCELLENCE

The Centers of Actuarial Excellence (CAE) program is a key component in the SOA's plan to strengthen the position of the academic branch of the profession. The SOA Board of Directors identified that strengthening the role of academics within the actuarial profession has the potential to enhance research and intellectual capital development. The academic branch helps the profession grow stronger and plays an integral role in advancing actuarial knowledge.

Eight university actuarial science programs in the United States and Canada were named CAEs in 2010.

- University of Illinois at Urbana–Champaign
- University of Michigan–Ann Arbor
- Pennsylvania State University
- Université du Québec à Montréal
- Simon Fraser University
- University of St. Thomas
- University of Toronto
- University of Western Ontario

These schools joined 13 CAE schools that were awarded the designation in the fall of 2009.

The programs at each of the CAE schools met eight rigorous criteria and specific requirements related to degree curriculum, graduate count and quality, faculty composition, appropriate integration, connection to industry and research/scholarship in order to qualify for the CAE designation.

The CAE program not only allows U.S. or Canadian universities and colleges with outstanding actuarial programs the opportunity to be recognized for that achievement, but also to compete for substantial grants for education and research.

The first CAE grants (one Education and one Research) were awarded in 2010. This year's Education grant was awarded to the University of Wisconsin–Madison's Actuarial Science, Risk Management and Insurance Department. The Research grant recipient has been selected, but the name of the school will not be announced until contract negotiations are complete.

The grant given to the University of Wisconsin–Madison will support the department's "Technology-Enhanced Learning in Actuarial Science Classes" project. Through the project, the department is developing Web-based learning modules that students will be using for the basic actuarial curriculum. The new tools will help students learn software, theory, applications, historical vignettes and practice problems. "This is technology-enhanced learning and not

distance education,” said Edward W. (Jed) Frees, FSA, Assurant Health Professor of Actuarial Science and director of the Technology-Enhanced Learning project. “This initiative is not to replace the current classroom structure but in fact to enhance quality. It allows the next generation of actuaries to access materials on-demand whenever they want to. Students have the ability to repeat modules, as well as make use of interactive features such as online quizzes. They can be more engaged.”

SOA JAMES C. HICKMAN SCHOLAR PROGRAM

Recognizing that the academic community produces important new research that often translates into breakthrough practice applications, in 2009 the SOA established a doctoral stipend program to increase the number of academic actuaries who hold a Ph.D. and an actuarial designation, and who intend to pursue academic careers in the United States or Canada. The program is designed to provide stipends to doctoral students who will, through their studies, address research and education needs of the profession, including both the theoretical and practical aspects. The program was renamed the SOA James C. Hickman Scholar Program in 2010 in memory of the late James C. Hickman, FSA, ACAS, MAAA.

In a speech given at the Hickman Scholar reception during the 2010 SOA Annual Meeting, Hickman’s widow, Margaret Hickman, said, “There have been a number of wonderful tributes for Jim since his sudden death in September 2006, but I think the James Hickman Scholars Fund would be the one that meant the most to him. This award is not just for him, but for the numbers of bright students who will be helped along their hard journey of earning a fellowship in the SOA and earning a Ph.D. in Actuarial Science.”

UNIVERSITY OUTREACH PROGRAM

The SOA’s University Outreach program, first launched in 2007, has been helping us engage with students on college campuses across the United States and Canada. SOA education and marketing/communication staff are joined by local actuaries or actuaries who are alumni of that university. The feedback we have received from students has been extremely positive. Students surveyed shared that they are more informed about the profession and the SOA’s education system. Faculty and advisors have responded favorably to the visits. As one student advisor

noted, “The SOA’s visit to our campus helped me become better informed about the exam process and learn about nontraditional career paths.”

- In 2011, we will launch a video available for download at www.riskisopportunity.net, which mimics a typical on-site visit and highlights information about the education and exam pathways, opportunities for actuaries, and interviews with practicing actuaries.
- In addition, the website will include an exciting new feature titled “Opportunity TV,” which brings videos like Actuaries in Action onto the site so that students have an opportunity to hear firsthand about the exam process, internships and the importance of obtaining a designation. These visits offer a great opportunity to create a more personal dialogue with students, faculty and college advisors.

“Our University Outreach program continues to grow and has proven to be a valuable way for us to connect with future members of the profession,” said Lisamarie Lukas, director of Communications for the SOA. “Students really appreciate the opportunity to learn about the profession directly from its members.”

The Learning Continues with Professional Development

“With all the change going on now, it is important that all actuaries be informed of what they need to know. Information is now king.”

—Health Meeting attendee

When it comes to your professional development, you’ve heard it before—your education does not stop when you receive your credential. Professional development is truly a continuum of education that helps you expand your knowledge and skills in order to meet increasingly complex problems and to enhance the value added by actuarial work. For the first time, SOA members are attesting to their adherence with the Continuing Professional Development (CPD) requirement. And the SOA has been developing many more robust offerings to help you in your quest for additional learning opportunities.

In response to member feedback, we combined the Life Spring Meeting and the Product Development Symposium into the Life & Annuity Symposium. As a result, attendees found the content and structure of the meeting to be more beneficial and gave the meeting an overall satisfaction rating of 4.0 (up from 3.6 in 2009), on a scale of 1-5. We also delivered 23 seminars and 66 webcasts and virtual sessions, all cost-effective opportunities for members to grow their skill sets as well as respond to emerging issues. For example, the Health Section worked with the Conference of Consulting Actuaries (CCA) and the American Academy of Actuaries (The Academy) to sponsor a series of four webcasts following the passage of health reform regulation. We are also extending our options into e-Learning and podcasts, with two professionalism e-courses launched in 2010 and new offerings coming in 2011.

To help provide more focus to professional development, the Professional Development Committee (PDC) was formed and has been hard at work developing programs that will meet the diverse needs of members as well as establish continuity with the education program. For more detail about the work of the PDC and enhancements to the professional development program, see the article that appears in the February/March 2011 issue of *The Actuary* magazine.

Key Meetings and Events

MEETING	ATTENDEES	
	2009	2010
Life & Annuity Symposium	New in 2010	525
Health Meeting	735	753
Valuation Actuary Symposium	583	807
Annual Meeting	1909	1950

EVENT	TOTAL	
	2009	2010
In-person meetings (seminars, symposia)	26	32
Webcasts	28	50
Virtual sessions	7	16
E-courses (with two rolling out after the first of the year)	11	6

Focus on Research

Research expands the boundaries of actuarial science and educates our members and the public. Studying such topics as retirement planning and health care issues, and collaborating with other organizations, helps us address current, significant topics. Research provides important information that affects our economy and our financial security, as well as helps shape public policy.



Expanding the Boundaries of Actuarial Science

“Produce and support research that expands the boundaries of actuarial science.” These are powerful words that are part of the mission and strategy of the SOA. The SOA lives up to this standard by producing quality research that expands knowledge and provides new information for members, the public and other research stakeholders.

SOA research covers a wide range of topics and industry needs. Over 35 research projects were completed in 2010. In addition, two member oversight groups were created to enhance research processes and quality. A number of our projects earned substantial media visibility, especially those dealing with retirement risks and the cost of medical errors.

RISKS AND PROCESS OF RETIREMENT SURVEY

This fifth biannual report highlights that the level of retirement planning, or lack thereof, has not changed significantly since 2007. Almost one-third of pre-retirees stated that retirement will not apply to them, with 31 percent of that group indicating they will be financially unable to retire. The report notes that the proportion of individuals planning to save money and work as much as possible

situation, including whether a long-term retirement is still economically and socially feasible.”

BARRIERS TO FINANCIAL ADVICE FOR NON-AFFLUENT CONSUMERS

This report addresses the need for improvement in the way Americans are offered and receive professional financial advice. The study reveals that many non-affluent American consumers, those of moderate or low net worth, are neither seeking nor receiving affordable, quality professional financial advice and highlights a number of the barriers they face. “Although Americans’ individual responsibilities for their own retirement have increased with the shift from defined benefit to defined contribution plans, their financial knowledge has not kept pace,” said Janet Deskins, FSA, MAAA.

“The need for professional, customized financial advice is compelling.”

THE ECONOMIC MEASUREMENT OF MEDICAL ERRORS

Medical errors are a significant source of unnecessary health care costs every year. This study estimates that measurable medical errors cost the U.S. economy \$19.5 billion in 2008. The findings were

based upon an analysis of an extensive claims database. The report highlights an opportunity for not only improving the overall quality of care but also reducing health care costs in this country. “In the past the insurance industry had low visibility in its involvement in quality-improving initiatives,” said Jim Toole, FSA, CERA, MAAA. “Now is the time for the industry to assume an active role by helping health care systems implement an actuarial approach, which can more systematically identify potential causes of medical errors than alternative approaches.”

“More long-term planning is needed for individuals, and it is imperative that they look beyond five or 10 years, because that is the tip of the iceberg for many individuals nearing retirement or early into their retirement.”

—Anna Rappaport, chair of the Committee on Post-Retirement Needs and Risks

is statistically unchanged compared to before the economic downturn. “More long-term planning is needed for individuals, and it is imperative that they look beyond five or 10 years, because that is the tip of the iceberg for many individuals nearing retirement or early into their retirement,” said Anna Rappaport, FSA, EA, chair of the Committee on Post-Retirement Needs and Risks. Valerie Paganelli, FSA, EA, MAAA, goes on to say, “From an actuarial perspective, we recommend a deeper understanding of the specific long-term retirement risks individuals need to address for their

Working Together

The SOA also collaborates with other actuarial organizations on research projects. For example, the NAAC Collaborative Research Group is comprised of 10 North American actuarial organizations and is working on several projects. In addition, the SOA conducts research in support of the Academy's activities to shape public policy.

THE NORTH AMERICAN ACTUARIAL COUNCIL (NAAC) COLLABORATIVE RESEARCH GROUP

The group was formed in 2009 and grew out of the efforts of the various actuarial organizations in North America to coordinate and partner on research activities. The organizations recognized the need not only to come together to report on their respective research activities, but also to identify areas of potential synergy and to collaborate on significant research opportunities.

With this mission in mind, the group has discussed a wide range of topics related to the organizations' research efforts. As a result, the group initiated a new project that is exploring the risks and impact of severe inflation and deflation on financial security systems and the economy.

As an offshoot of the NAAC Collaborative Research Group, the SOA is partnering with the Canadian Institute of Actuaries (CIA) as well as the Casualty Actuarial Society (CAS) and the Academy on a joint climate change research project. As a result of their research, they hope to raise awareness of the potential risks associated with climate change and the risk management implications within North America and globally. The project results are intended to be used by actuaries and others in predicting losses or opportunities related to climate change and the impact to insurance risk.

COLLABORATION WITH THE CANADIAN INSTITUTE OF ACTUARIES

The SOA's Retirement Risk Survey continues to be one of the pre-eminent industry surveys covering the area of post-retirement needs and risks. In 2010, the CIA launched a survey covering many of the same issues explored in the SOA Retirement Risk Survey. To promote synergy between the two organizations and uncover new insights, an effort was initiated in late 2010 to compare the findings from the most recent SOA and CIA surveys. The results, scheduled to be available

in the first quarter of 2011, are expected to reveal insights into how Americans and Canadians approach and understand post-retirement risks. Similarities and differences will be of primary interest. In addition, CIA representatives will join the working group for the upcoming 2011 SOA Retirement Risk Survey to lend their expertise and unique perspective.

Work with the CIA continues. To aid in the estimation of future rates of insured and annuitant mortality improvement, the SOA's Reinsurance Section initiated a study examining historical rates of improvement for both the general population and the insured population from a global perspective. The study will provide insight into how U.S. mortality improvement trends compare to Canada, the United Kingdom and other developed countries. In addition, the study reviews some of the data sources available in each country as well as the current techniques being utilized in projecting future rates of mortality. Results of the study are expected to be available in the first quarter of 2011.

SUPPORT FOR THE AMERICAN ACADEMY OF ACTUARIES

The SOA has initiated and completed several studies in which the results not only extend actuarial knowledge but further the efforts of the American Academy of Actuaries. One such study examines the financial reporting effect on U.S. contracts of the International Accounting Standards Board's (IASB's) proposal to revise the reporting of liabilities for insurance contracts under a future international framework. The results, available on the SOA website, aided the Academy's Risk Management and Financial Reporting Council in preparing a response to the IASB regarding its proposal. In addition, the SOA and the Academy's Modeling Efficiency Work Group are collaborating on research investigating various modeling efficiency methods as they might be applied to the required stochastic modeling under a principle-based approach framework for determining reserves and capital.

Rapid Retirement Research Pilot



“To be able to quickly turn around research that is topical and addresses current issues is the key.”

—Tom Terry, FSA, EA, FCA, MAAA

One of the tools we will be using is a pension plan simulation model and database developed by the Pension Benefit Guaranty Corporation. It is unique in its scope as it covers the entire private sector retirement system in the United States. In addition, we will investigate what other models and databases are available for use in the U.S. and Canadian context. We will learn what it is to leverage tools like this as we seek to complete retirement research that is relevant in North America and beyond.

If we can complete research in a matter of months as opposed to the typical one- to two-year time frame for many SOA research projects, we can actually model impact and comment meaningfully in a timely manner, thus bringing our skills to the table and visibly elevating the role that actuaries are playing in informing the public and influencing public policy decisions. “The actuarial profession will have a seat at the table when we’re looking to provide commentary and insights into current issues,” stated Ian Genno, FSA, CERA, FCIA.

While the SOA produces high quality research, it is typically research that is based on the process of identifying an issue, deciding the best way to address the issue, and determining where to obtain the right information and the best way to analyze that information. This then typically leads to either a Request for Proposal or a call for papers for an outside researcher to complete the work. This all takes time.

By contrast, the Rapid Retirement Research Pilot was approved by the Board of Directors in 2010 to test an assumption that if we have access to existing data that can be used to analyze current issues of concern, 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. In particular, a key foundation of the pilot is the addition of an SOA staff actuary to focus 100 percent on conducting the research.

While the initial pilot is focusing on the retirement area, ultimately we can leverage what we learn and apply it to other practice areas, if the SOA Board approves a broader application at the end of the pilot period. It is important to note that this pilot does not replace our current research, but complements it; it is data-driven and model-based, a different approach from our current research. “To be able to quickly turn around research that is topical is the key,” said Tom Terry, FSA, EA, FCA, MAAA. “It’s a perfect coming together of the needs of policymakers for good, solid analysis and the capabilities of our profession.”

Developing Intellectual Capital

For the actuarial profession to be strong, it is imperative that it grow and develop in dynamic ways. A major aspect of this growth is our development of intellectual capital.

In October 2008, the Board of Directors adopted a strategic initiative to consider the role of the SOA in the development of intellectual capital, and the Develop Knowledge Team (DKT) was formed. In 2009 we surveyed over 2,000 actuaries regarding our intellectual capital. Among many recommendations, we learned two very important things:

- The SOA needs to do a better job of creating intellectual capital for the profession, and
- We need to provide better tools for accessing that intellectual capital.

Part of the DKT's work in the past year has been to look at what type of research the SOA produces and how easy it is to find that information on the website. As a benchmarking exercise, the DKT researched other organizations to see how their websites were arranged and the types of search tools utilized. As a result of that exercise, the SOA plans to invest in a content management system (CMS). The goal for 2011 is to identify and implement a CMS as well as develop a taxonomy structure which will eventually help to improve searchability on *Soa.org*. "We expect members to see incremental benefits in fall 2011 with more substantial benefits into late 2011 and beyond. The investment in the content management tool will also provide more website functionality and additional distance learning options for members," said past DKT Chair Anne Button, FSA, EA, MAAA.

We are not only trying to share information with our members, but are also trying to share information with other researchers and with the general public. As a member commented on the intellectual capital survey, "We should have a lot more to say than we do. The SOA can be an organizing force in doing so. Besides targeting members only, we should aim more broadly—our intellectual capital is only as good as the credit and recognition we get from the broad marketplace of users of ideas." However, as Button goes on to say, "If they cannot find what they are searching for on our website, it's

"We need to be able to show the world what we create."
—Anne Button, FSA, EA, MAAA



almost as if it doesn't matter that we went through all that trouble to produce it. We need to be able to show the world what we create."

The DKT has made progress in responding to the recommendations made by members, one of those being the targeted selection of practical research projects. Part of the goal is to identify who our audiences are, where we want to focus our attention, what type of themes of research that we might be interested in pursuing, and make sure that they are all connected. While experience studies are considered to be one of the most popular tools that the SOA creates, members also feel that they fall short of meeting individual needs. Therefore, an experience studies oversight working group has been formed, and a staff actuary has been hired to focus on experience studies.

In addition to experience studies, the SOA produces high-profile research such as Living to 100 and Retirement 20/20. However, we recognize that we need to engage in more research studies that expand the actuarial practice, and a number of those projects are under way. Some broader consumer-oriented research could be very useful to the general public. Our challenge is how to effectively disseminate that information.

In addition to the development and dissemination of SOA research, the DKT is focusing on the role of publications within the SOA. Given that a major strategic focus of the SOA in recent years has been to strengthen academia, we recognized how important the *North American Actuarial Journal* (NAAJ) is to our academic community. The publication represents the cutting edge of research in our profession. However, we also recognize that for most actuaries their everyday work is not on the cutting edge and it is often difficult to envision how to apply the concepts presented in the journal. To help with this, the DKT has recommended a bridging document that will identify papers published in the NAAJ that have a real-world focus, as well as identifying those concepts that over time have become mainstream. The exact format of the bridging publication is still to be determined, but will be in the planning stage in 2011. The DKT has also recommended an opt-in option for members to receive the print version of the NAAJ, which is also in the planning stage. A third recommendation of the DKT that has been implemented is the cessation of the *Actuarial Practice Forum* (APF). While the publication was launched in 2006 as a practical papers journal, at its June 2010 meeting the Board of Directors approved

the recommendation by the DKT to discontinue publication due to decreasing interest by SOA members. The February 2010 issue served as its final publication.

“We are always looking for ways to improve our content delivery and serve as a resource to our members. This is a long-term project that will help us achieve the goal of strengthening the role of the SOA as a source for intellectual capital for the profession,” said Button.

Experience Studies

Experience studies are one of the cornerstones of SOA research, and an army of member volunteers performs experience studies and surveys for the benefit of the actuarial community and the general public. In 2010, three experience studies and three surveys were added to the list of completed projects. These included an individual life mortality study, an individual payout annuity study, a credit life mortality study and an early duration claims survey. Work is currently underway on 22 additional studies and surveys. These studies will provide invaluable data for pricing

and developing products. In addition, an Experience Studies Oversight Working Group was formed to provide high-level strategic direction to increase the value of experience studies to actuaries, their employers and the general public.

Opening Doors to Untapped Opportunities

The ever-changing climate of health care brings considerable uncertainty to the future roles of health actuaries, but it also opens doors to new exciting opportunities.



With health reform a reality and sweeping changes to the health care industry on the horizon, this is a perfect time to assess the opportunities for health actuaries and how well our skill sets match those opportunities. As the health care industry changes, actuaries will be needed to analyze more than just financial data. Models will be needed to assess health outcomes, compliance, quality of care, comparative effectiveness research and clinical study design.

We know that health plans value the actuary's skill set, but recent research sponsored by the SOA showed that, with our skills, there are also opportunities at organizations that don't traditionally hire actuaries. Our market research pointed to several areas that have had little or no actuarial representation in the past, but appear to be a good fit for our skill set. These areas include:

- Management consultants who work on large-scale health care projects.
- Wellness and disease management companies.
- Clinical outcomes organizations.
- Comparative effectiveness research firms.
- Providers—particularly large hospital systems.
- Health care analytics groups within health plans.

Health in the United States is a \$2.3 trillion industry. There are 3,500 health actuaries. The space we serve is broad, but we have been very limited in serving that space. "My greatest fear is not health reform, it's that we become irrelevant; 3,500 actuaries can become irrelevant overnight," stated Jim Toole, chair of the Untapped Opportunities for Actuaries in Health work group. "Currently we primarily

serve the insurance industry, but there are doctors, hospitals, public health, drug manufacturers, device manufacturers—there are all these different parts of the U.S. health care system that we are currently not serving and so to me these are untapped opportunities."

While health insurers are familiar with the work of actuaries, those outside of that space are not. Indeed, there are many who associate actuaries with life insurance and don't even

"It's going to be even more important that we get out there and put actuaries in the center of the conversation."

— Jim Toole, FSA, CERA, MAAA

associate them with health insurance. Given this fact, it is important that we begin branding the health care actuary. One place to start is raising the awareness of the health actuary's skill set. However, as Jennifer Gillespie, FSA, MAAA, stated, "I don't think you can just make awareness by telling people; a lot of it is by showing, so that's looking for places where we can do projects together."

Research is one possible way to partner with a hospital or a pharmaceutical manufacturer, whereby doing research jointly we can showcase the skills and value that health actuaries can bring to the table. The medical errors report that was published in the summer of 2010 is a perfect example of health actuaries taking a leadership role. The report, which garnered national media coverage, tackled an issue that's of national interest and showed our strengths and quantitative skills.

Actuaries have substantial expertise in the area of health care financial analysis and, in particular, payment systems. Therefore, we are well positioned to respond to the various

proposals and pilots being performed across the country in the area of payment reform. These opportunities are magnified by provisions in the Affordable Care Act (ACA).

In response to this potential opportunity, the Payment Reform Work Group was officially formed in the summer of 2010. The work group, chaired by Greger Vigen, FSA, is developing research and education programs as new reform opportunities unfold. The idea is to educate actuaries about what's going on, and to support actuaries who are working in this field. "We are trying to identify and support people who are already working on these projects, as well as educate the broader actuarial community," said Vigen. "We are trying to determine how to have a positive impact given the pace of change that has happened in the industry right now."

Some of the various types of payment reform alternatives being discussed include Accountable Care Organizations, patient-centered medical homes, readmission and complication reduction, primary care payment reform, Global Payments, bundled payments, Pay for Performance and Alternative Networks.

2010 has been the start-up year for the work group. Some of the key accomplishments include:

- Developing a strategic plan on how to get actuaries more involved.
- Conducting a series of seminars at the health and annual meetings on payment reform.
- Developing an ongoing series for the beginning of 2011 to educate actuaries about the various key issues in both payment reform and measurement of health care.

The SOA is also targeting ways it can get involved in helping health actuaries overcome some of the hurdles they may encounter, such as understanding specialized terminology. A first step was the Medical School for Actuaries Boot Camp, which was planned entirely to meet the need for more clinical terminology and knowledge. In addition, we continue to bring in industry speakers for webcasts and seminar sessions who have worked in some of the untapped areas we are targeting and can share projects that actuaries and non-actuaries worked on together in some of those areas. "We're starting to get more focused—building bridges, identifying opportunities, and then trying to help with improving skill sets," stated Gillespie.

The bottom line, though, is that health actuaries need to be willing to step up to the challenge to remain relevant, expand their skill sets and let their voices be heard.

"It's going to be even more important that we get out there and put actuaries in the center of the conversation. This is our opportunity. Where there is change, there is opportunity and it's ours to lose," said Toole.

Seeing a Bigger Picture

Communication is a powerful art. Enhancing member dialogue, focusing on partnerships to achieve strategic goals and promoting member involvement on multiple levels gets people talking and listening. More importantly, it helps showcase our members as leaders in the measurement and management of risk. Strengthening a dialogue with members and increasing visibility of the profession by creating and maximizing opportunities for actuaries are important pieces of our vision for the profession.



“We can’t progress if we are not able to discuss challenges, share ideas, even contradictory ideas, and propose solutions.”

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

“Actuaries have skills that can benefit society. We have expertise in social security and health care systems, and I think it is very important that our voice be heard and that our expertise be recognized.”

—Alice Rosenblatt, FSA, CERA, MAAA,
SOA Cultivate Opportunities Team chair.



The Marketing & Market Development Plan (MMDP) was originally developed in response to a concern that actuaries’ opportunities for leadership roles in risk management were being usurped by other professions. Research found that employers often were not considering actuaries for senior risk management roles because of a misperception about actuaries’ skill sets.

To combat that misperception, external communications began focusing on reaching the employer audience. In 2010, the focus of the media relations effort shifted when the Cultivate Opportunities Team (COT) directed the SOA to broaden its outreach to the general public. Media outreach included those areas of actuarial thought leadership that had a consumer bent—such as retirement and areas of health care. Today, media outreach is targeted to both the employer audience and the general public.

The SOA’s 2010 MMDP centered around four programs—Raising Visibility, Member Communications, University Outreach, and Employer and Recruiter Relations.

RAISING VISIBILITY

Working closely with the COT, the SOA continued its mission of promoting the actuarial profession’s image in the media. To help accomplish this task, we formed Viewpoints & Visibility (V&V) teams. There are three V&V teams comprised of dedicated experts focusing on retirement, health care and enterprise risk management. The teams work together to publicize the strength of the actuarial profession by identifying opportunities for broad-interest research and by sharing thought leadership and expert commentary with the media.

A major measurement of success of this program is the increase of media placements in high-quality traditional and online media. Through the work of the V&V teams results have been very strong, with placements nearly tripling what they were in 2009.

One of our major campaigns was in the area of retirement, resulting in the Associated Press and 206 additional media outlets publishing articles on the SOA’s work. Media outlets including *The Wall Street Journal*, *U.S. News & World Report*, *Money Magazine*, *National Underwriter Life & Health* and *Financial Advisor* covered our work. In addition, we achieved placement on many prominent blogs, including Consumer Reports Money Blog, The Wall Street Journal’s Financial Adviser Blog, and CBS MoneyWatch Blog.

All of our media placements continue to build the actuary’s reputation as a source of informed and unbiased thinking on some of the most important issues facing society today.

MEMBER COMMUNICATIONS

Members are the lifeblood of the SOA, and communicating effectively and regularly with members remains a high priority. We continue to introduce additional ways not only to share information with members, but also to listen to your feedback and thoughts. As Mike McLaughlin stated in his Presidential Address at the 2010 Annual Meeting, “We can’t progress if we are not able to discuss challenges, share ideas, even contradictory ideas, and propose solutions.” We continue to develop ways to build and enhance our dialogue with you.

SOA Dialogue: Interactive Leader Sessions—A new member communication effort, the SOA held three interactive webcasts where the president, president-elect and executive director presented topics of interest followed by a Q&A

session where the leaders answered your submitted questions. This has been a successful way to have a dialogue with members on important SOA topics, and we plan to continue these sessions in 2011.

Speaking of Actuaries (SOA) Blog—The SOA was the first actuarial organization to begin a blog. Through the blog, we have had dialogue on issues like health care reform, retirement, and the role of the university in the actuarial profession. The blog will continue in 2011, and we encourage members to join the discussions.

Twitter—The SOA dipped its toes into the social media pool and through Twitter President Mike McLaughlin shared many items of interest with members regarding the SOA and the actuarial profession. You can continue to follow Mike on Twitter at PrezMike2010.

“Actuaries will have a strong role in health reform issues going forward. As policymakers interpret the law and issue regulations, ideally they will rely on actuaries’ judgment and financial acumen to help form the right financial underpinnings for lasting and effective reform.”

—Mac McCarthy, FSA, FCA, MAAA



Imageoftheactuary.org—The website Imageoftheactuary.org and the e-newsletter *Image Watch* are valuable tools for sharing information with members. In 2010 we refined these tools by highlighting actuaries who are living the brand every day through their personal and professional lives and providing more in-depth articles on important topics such as job interviewing and communication skills.

Actuaries in Action Video Series—Through the Actuaries in Action videos, we present the thoughts of actuaries on a variety of topics from trends and opportunities in the profession to thoughts on ERM to tips on sitting for exams. Interviews have been conducted with both more seasoned professionals, as well as with those who have more recently joined the profession. Nine new videos were added in 2010, bringing the total number of videos available to 24.

UNIVERSITY OUTREACH

As you read on page 57 of this report, the SOA’s University Outreach program plays an important role in connecting directly with future members of the profession. Close to 30 schools across North America have participated in visits hosted by members of the SOA’s education, communications and marketing teams, as well as by member volunteers.

In addition to the campus visit program, we enhanced supporting tools such as the website *RisksOpportunity.net*. We developed a video that captures the heart of a typical campus visit and posted it for download on the website. The video highlights opportunities for actuaries, shares information about the education system and exams, and features actuaries speaking about the profession.

There are also two complementary programs that are devoted to building the actuarial profession:

Career Encouragement Committee—This committee is responsible for increasing the recognition of the actuarial profession among high school students, educators and career counselors. A joint venture with the Casualty Actuarial Society (CAS), the committee develops ways to provide information on actuarial careers through printed and electronic recruiting materials and attendance at career fairs.

Actuarial Diversity Committee—Another joint venture with the CAS, this committee’s mission is to facilitate the evolution of a multidimensional actuarial profession by recruiting quality talent from the African-American, Hispanic and Native American communities. The committee supports

selected summer actuarial programs for high school students, reimburses qualified minority students who pass their first exam, and offers mentoring opportunities.

“The marketing campaign has clearly paid off. It was amazing to see so many students interested in the profession. The profession will see a great deal of up-and-coming talent over the next few years.”

— John Horvath, FSA, MAAA

In a joint effort, these committees launched a complete redesign of the “BeAnActuary” website. This redesign, which will debut in 2011, will feature new content, allow for better interaction and feature a clean, modern design to appeal to the web-savvy audience.

EMPLOYER AND RECRUITER RELATIONS

The SOA has continued its focus on a program it started in 2009 that reaches out directly to employers and recruiters, educating these audiences on the contributions the actuary can and does make to an organization. While 2009 focused on discovery and initial outreach, 2010 focused on processes, standards and relationship management. The emphasis evolved from building advocates for the profession to developing strategic relationships with meaningful stakeholders. For example, representatives from the SOA visited Principal Financial Group and met with a senior management team, actuarial work group and current candidates employed by the company. The SOA received a warm and positive welcome and participants were highly engaged, providing valuable insights and feedback.

The SOA has also continued its work with the Employers Council, which was established in 2009. The purpose of this council is to build a solid communications channel with the employer community and to provide the SOA with deep and early employer insight into such areas as current and future business trends, issues and challenges facing the industry, and hiring and staff development needs.

“State Farm joined the Employers Council because we feel it is important to influence the future direction of education and professional development of our actuaries. It is equally important to hear about the issues that are impacting the profession and therefore employers of actuaries,” stated Nancy Behrens, vice president—Life/Health, State Farm Life Insurance Company. “I compare this group to Curriculum

Advisory boards, or similar groups, on college campuses. Employers are able to share what is important in hiring and developing actuaries. And the SOA can share with us any challenges it may have in providing what we might deem as necessary. This is a win/win/win for employers, actuaries and the profession.”

Council discussions have often centered on the importance of employment trends. In their role to share insights into current issues

facing their businesses, the council also is keenly interested in the outlook for the profession, especially related to future risk management needs. The SOA’s vision for actuaries to be leading professionals in the measurement and management of risk is at the foundation of these discussions. In response to our common needs, the council undertook a research project that assessed the current risk management landscape. The main objectives of the project were:

- Assess the current risk landscape in the energy and broader financial services.
- Gain a better understanding of employer demands for risk managers.
- Uncover any unmet needs.
- Explore how employers retain and grow their risk management staff.

Results from the project indicate that the market for risk professionals is strong, especially in the financial services sector where the changing regulatory climate has necessitated a greater focus on risk. However, there are barriers to actuaries entering this arena. For example, many in the financial sector focus on risk in the shorter term. Because they perceive actuaries as focusing on long-term risks, many do not feel that actuaries are a good fit for some of the risk management roles. In addition, referrals and networking are top resources for recruiting risk management professionals, and historically actuaries have been absent from the banking and energy sector job networks. The challenge is to identify opportunities for actuaries to gain entry into these sectors at an early stage and support advancement into these select positions.

The results were also shared with the Board of Directors at their October 2010 meeting. Following the board’s discussion, it was determined a task force would be formed in 2011 to explore these results and their implications.

INTERNATIONAL

Around the World



Globalization is everywhere and the SOA is an international organization. Our membership is diverse, spans the globe and is rapidly growing. A key factor surrounding the growth is the respect for the SOA credentials around the world. Our strategy focuses on extending the global reach of our high-quality education and research offerings as well as better capitalizing on the intellectual capital resident in our worldwide membership.

Growing Internationally

“Internationally, people are not just choosing the SOA pathway because they want to work in the United States or Canada some day. They’re choosing it because they know that the credential is the gold standard which is recognized and respected around the world.”

— Darryl Wagner, FSA, MAAA



Like the industries it supports, the Society of Actuaries has been impacted by globalization. With 18 percent of SOA members residing and working in Canada and 12 percent outside of North America, our membership is geographically diverse and spans the globe. Our international membership growth has been steady, with the fastest growing international constituent group located in mainland China and Hong Kong. A key factor in our rapid international growth is the respect for the SOA credentials around the world. “Internationally, people are not just choosing the SOA pathway because they want to work in the United States or Canada some day. They’re choosing it because they know that the credential is the gold standard which is recognized and respected around the world,” stated Darryl Wagner.

While the SOA has been very involved in international activities for quite some time, it is appropriate that the SOA review its strategic goals for this growing component of our membership. One outcome of a better articulation of international strategic goals will be a blueprint of tactical options to better serve our members. Therefore, Mike McLaughlin appointed an International Membership Strategy Task Force

in 2010. The task force’s assignment is to develop recommendations for the most appropriate strategy for membership growth and providing member services internationally.

“Our employers and clients are increasingly more global, as are the frameworks under which we operate, including financial reporting and regulatory capital requirements,” said Wagner, who is chairing the task force. “As the largest actuarial organization in the world, we have a lot of responsibility and a lot of opportunity.” The SOA recognizes its duty to help keep its members up to date regarding global trends and to play a role in the shape and direction of the

profession as it develops worldwide.

While the task force continues to work, it has proposed priorities for the SOA’s international strategy as follows:

- Delivering quality service to our members around the world
- Proactively growing our global membership where the SOA fills a need
- Capitalizing on the global SOA community in terms of knowledge sharing.

It is important to note that our international strategy is not about being all things to all people. Rather, it is about extending the global reach of our high-quality education and research offerings and better capitalizing on the intellectual capital resident in our worldwide membership. It is about raising the awareness of the SOA credential globally to help make members more globally mobile and broaden their career opportunities.

There are many places around the world where there is a need for education, continuing professional development, and research—the things that the SOA provides. Part of the strategy is to meet those needs in places where it makes sense, with the key being that it benefits SOA members and the actuarial profession. The SOA's international strategy should increase the value of the SOA credentials to all who hold them.

As mentioned earlier, the SOA is already quite active internationally. For example, the International Section for several years has sponsored financial reporting seminars in Hong Kong, Thailand, the Philippines, Vietnam and Taiwan. Some of these events have been cosponsored by the Financial Reporting Section. In addition, there have been webcasts developed with an international audience in mind, such as the Global ERM webcast sponsored by the Joint Risk Management Section, as well as two Mandarin language webcasts developed by the SOA's China Region Committee.

On a broader scale, the SOA has been involved in several collaborative efforts such as a joint textbook development project with the Institute of Actuaries of Australia and an examination benchmarking process with the Institute and Faculty of Actuaries.

The SOA also sponsors the international experience study, a tool that we offer to developing countries who may not have had experience studies in the past. Finally, the global CERA is a great example of how an initiative started by the SOA can change the landscape of the profession globally.

“Our profession has a great deal to contribute to the global conversation on risk management, retirement planning, health care, social insurance and a vast range of analytical matters. By working together, we will ensure that our voices as a profession are heard,” said McLaughlin. SOA members can expect to hear more throughout 2011 about the progress of the project.

Global CERA Work

SOA representatives to the CERA Treaty Board, the Interim Review Panel and the application review subgroups have worked diligently over the last year to influence the implementation of the Global CERA Treaty in a manner consistent with SOA expectations. These efforts include the establishment and adoption of proper criteria

for use by the Review Panel for review of signatory applications, as well as direct participation in those reviews. The interorganizational cooperation necessary for the work of the Global CERA has also brought about significant learning opportunities for our representatives with regard to remaining competitive in the world market.

CERA—The First Global Actuarial Credential

“ERM is the first actuarial specialty to develop in the age of the internet. There is little difference in ERM from one part of the world to another. The Global CERA will help to keep it that way and will help actuaries working in the ERM field to benefit from a global community of practitioners.”

— David Ingram, FSA, CERA, FRM, PRM

The CERA is the first global actuarial credential. The consistency of the educational requirements is crucial to the certification. The CERA Global Association (CGA) is taking great pains to ensure the quality of the credential remains at the level that was originally intended by the SOA. “This has been structured in a way that allows us to maintain the overall quality of the credential as it was originally intended by the SOA,” stated Francis Sabatini, FSA, CERA, MAAA, CGA board member.

There are three credentialing organizations today, with the

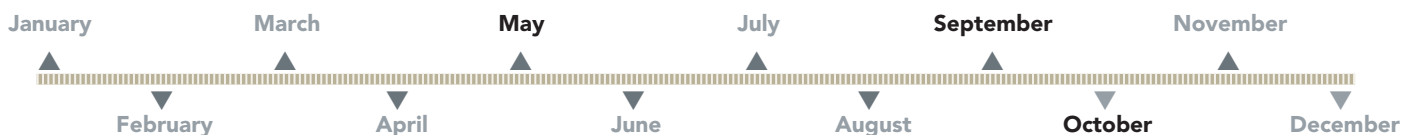
possibility of three more. “But there are six other associations that signed the Treaty that ultimately might become board signatories. Plus there are several other organizations that have expressed interest in joining the Treaty, so it really truly will become global,” stated Sabatini.

Per Mike McLaughlin, “Offering the CERA globally will facilitate the free movement of actuaries internationally. It will also increase the influence of the actuarial profession in the world of ERM and will allow CERAs to have an internationally recognized credential.”

May 7 – The CERA Global Association (CGA) was formed as a legal entity under Swiss law. It is a “Verein,” an association of associations, whose members are the actuarial societies that signed the Treaty on Nov. 14, 2009.



Sept. 1 – The SOA transferred ownership of intellectual property to the CGA and marked the final step in creating the new organization and evolving the CERA into a globally owned credential.



A new website, www.ceraglobal.org, was launched and includes information on qualification routes, the main learning objectives from the syllabus and information on the actuarial associations in the global CERA Treaty.

2009 Financial Results and 2010 Financial Results (Nov. 30, 2010)

The Society of Actuaries 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 2009 results and future budgets 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.

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.

Total revenues in 2009 were \$35.6 million; 2010 revenues are budgeted to be \$38.5 million.

Historically, basic education and professional development are not only self-supporting, but also contribute to and help cover research projects and operating costs. Membership dues have been used principally to fund the cost of providing services to members.

The SOA 2009 financial results showed a management-basis increase in net assets of \$1,969,000, slightly lower than the budgeted amount.

The 2010 budget continues to provide resources for the SOA to invest in the future of the actuarial profession. A comparison of the actual 2009 results, the Board-approved 2010 budget, and actual results through Nov. 30, 2010 are shown in the accompanying chart.

Revenues	(in 1,000s)
2009 Actual	\$35,570
2010 Budget	\$38,481
2010 Actual through 11/30/2010	\$34,455

2009 Revenue Details	(in 1,000s)
Examinations	\$18,524
Dues	\$ 9,877
Professional Development	\$ 4,877
Other	\$ 2,292
Total	\$35,570

Change in Net Assets	(in 1,000s)
2009 Actual	\$ 1,969
2010 Budget	\$ 374
2010 Actual through 11/30/2010	\$ 5,190

Membership Equity	(in 1,000s)
2009 Actual	\$23,099
2010 Budget	\$23,473
2010 Actual through 11/30/2010	\$28,289

The above figures use our management basis of accounting, which is slightly more conservative than GAAP. Membership equity for 2009 does not include an additional \$2.2 million of designated funds, which are mostly sections' surpluses.

Membership equity is measured against the following year's expenses, standing at 60.1 percent at the end of 2009. The current membership equity position of \$28.3 million is 70.5 percent of annualized expenses. 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.

Board of Directors 2009–2010

PRESIDENT

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

PRESIDENT-ELECT

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

VICE-PRESIDENTS

Tom Bakos, FSA, MAAA

Errol Cramer, FSA, MAAA

Mark J. Freedman, FSA, MAAA

James M. Glickman, FSA

Tonya Bowman Manning, FSA, EA, FCA, MAAA

Sim Segal, FSA, CERA, MAAA

SECRETARY/TREASURER

Mark J. Freedman, FSA, MAAA

PAST PRESIDENTS

Cecil D. Bykerk, FSA, FCA, HonFIA, MAAA

Bruce D. Schobel, FSA, FCA, MAAA

ELECTED BOARD MEMBERS

Jeffrey G. Allen, FSA, FCA, MAAA

Jeffrey A. Beckley, FSA, MAAA

Anne M. Button, FSA, EA, MAAA

Steven W. Easson, FSA, FCIA

William J. Falk, FSA, FCA, MAAA

Christopher J. Fievoli, FSA, FCIA

C. Ian Genno, FSA, CERA, FCIA

Jennifer L. Gillespie, FSA, MAAA

Philip Gold, FSA, FIA, MAAA

R. Dale Hall, FSA, CERA, MAAA

Allen M. Klein, FSA, MAAA

John O. Nigh, FSA, CERA, MAAA

Valerie A. Paganelli, FSA, EA, MAAA

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

Alice Rosenblatt, FSA, CERA, MAAA

Martine Sohier, FSA, FCIA

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

Jim Toole, FSA, CERA, MAAA

Retiring Board of Directors

We would like to recognize the Board members whose terms have expired and thank them for their efforts in serving the needs of the membership and the actuarial profession.

PAST PRESIDENT

Bruce D. Schobel, FSA, FCA, MAAA

VICE-PRESIDENTS

Tom Bakos, FSA, MAAA

Errol Cramer, FSA, MAAA

James M. Glickman, FSA

ELECTED BOARD MEMBERS

Jeffrey G. Allen, FSA, FCA, MAAA

Anne M. Button, FSA, EA, MAAA

Christopher J. Fievoli, FSA, FCIA

Philip Gold, FSA, FIA, MAAA

2010–2011 Board of Directors

We would also like to welcome the 2010–2011 members elected to the Board in August 2010.

PRESIDENT-ELECT

Bradley M. Smith, FSA, MAAA

VICE-PRESIDENTS

William J. Falk, FSA, FCA, MAAA

Francis P. Sabatini, FSA, CERA, MAAA

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

ELECTED BOARD MEMBERS

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

Gaetano Geretto, FSA, CERA, FCIA

Peggy L. Hauser, FSA, MAAA

Marcus A. Robertson, FSA, FCIA

Darryl G. Wagner, FSA, MAAA

Donna Weninger, FSA, MAAA

Welcome President Segal



We are proud to introduce Donald J. Segal, FSA, EA, FCA, MAAA, as 2010–2011 president of the Society of Actuaries.

Donald Segal is vice president at Aon Hewitt in New York City. He specializes in the analysis, interpretation and application of laws and guidance as they apply to qualified retirement plans. Donald is also involved in retirement plan design.

Donald has served on the SOA Board of Governors, Pension Section Council, Knowledge Management Strategic Action Team and other committees. He has previously served on the Conference of Consulting Actuaries Board of Directors (a former vice president). He has also served as vice president for pensions of the American Academy of Actuaries, and as a member of the Academy Pension Practice Council and Pension Committee (formerly chair of both).

He served as chair of the IRS Advisory Committee for Tax Exempt and Government Entities (2001–04) and as a member of the Advisory Committee on Examinations to the Joint Board for the Enrollment of Actuaries (1988–2002).

Donald is a frequent speaker at meetings of the Society of Actuaries and Conference of Consulting Actuaries, and at

the Enrolled Actuaries Meeting. He has served on program committees for the Society of Actuaries, Conference of Consulting Actuaries Annual Meeting (chair 2002) and the Enrolled Actuaries Meeting (chair 2000 and 2004). He also participates in committees that meet with the IRS.

Donald originated and organized the Funding Reform Advisory Task Force—a group of actuaries, lawyers and other professionals whose purpose was to provide input to the federal agencies responsible for drafting guidance under the Pension Protection Act of 2006.

In October 2006 Donald was honored by the Society of Actuaries with the John E. O'Connor Distinguished Service Award in recognition of his volunteer service to the Society of Actuaries and the actuarial profession. He received the Conference of Consulting Actuaries Lifetime Achievement Award in October 2008, and in October 2009 received the Jarvis Farley Service Award from the American Academy of Actuaries in recognition of his service to the American Academy of Actuaries and the actuarial profession.

He is a graduate of Yale University.