

SCF Section Co-Hosts Atlanta Actuarial Club Meeting

Julie Curry Speaks on “Working as a Self-Employed Actuary”

On March 16, the Smaller Consulting Firm Section and Atlanta Actuarial Club co-sponsored a meeting to help local actuaries meet and network with each other. One of the featured speakers, Julie Curry, gave a presentation of particular relevance to our members. Julie became an independent consultant seven years ago, after working in an insurance company and large consulting firm for a number of years, and she discussed some of the issues involved in going out on your own.

Several factors are important to consider when making the decision to go solo. First, are you self-motivated enough to work in a less formal setting? Especially if you choose to work at home, you may need to set up a separate environment for your work with office, phone, set “business” hours, etc. Next, decide what product you plan to sell and develop a marketing plan. For smaller consultants it often works best to choose a smaller niche product that isn’t provided by the bigger firms. And being cheaper than other firms helps only if you can first demonstrate the skills and ability to perform the services they require. The biggest selling point for individual consultants is a previous relationship rather than a cheaper price tag. You should make an inventory of your industry contacts, including former clients and co-workers, and contacts from actuarial meetings and volunteer groups. Keep in mind that your contact list will only stretch so far, and at some point you’ll have to make cold calls.

A critical question is whether you are financially prepared to go out on your own. You should plan to have a low income for the first few years relative to what you earned in a larger firm, and expect significant fluctuations in cash flow over time. Plan ahead for start-up costs like computer equipment and incorporation, and continuing ongoing costs like business and personal insurance, professional dues, utilities such as phone and Internet, rent for office space if you choose not to work at home, and travel to actuarial meetings for networking and continuing education. If you find you need to license actuarial software (e.g., valuation systems), these can cost tens of thousands per year. Business insurance, including professional liability insurance, can be expensive as well, often in excess of \$5,000 per year. At first you may need to tap other sources of income like savings, income from a working spouse, work through actuarial temporary agencies, and perhaps even temporary non-actuarial work.

If you decide to go for it, there are several other practical decisions you will need to make. What kind of corporate structure do you want to use, and how will you handle legal work such as contract development? Where will you obtain liability insurance? How will you address support functions like bookkeeping and taxes, clerical work, technical support? Do you plan to do all of your actuarial work yourself, and if not will you hire employees or use subcontractors? Where will you find peer reviewers, especially if you do not hire employees? Do you want to provide traditional benefits for yourself and any employees, such as health insurance, disability insurance, and a pension plan? And finally, how will you keep your own skills sharp—technical knowledge of course, but also presentation, marketing, and people skills?

Julie pointed out some resources available to help, including the SCF Section, which has a “Resource Center” on its Web site containing past articles with more detail on some of these topics. Other suggestions are the Small Business Association (www.sba.org) and the Service Corp of Retired Executives, or SCORE (www.score.org). Thanks to Julie for such a useful presentation, and if you’re thinking of becoming a solo consultant, good luck!

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