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What Is An Actuary?

- Actuaries apply math and statistics knowledge to business and finance in order to estimate risk.
- Then, they help find ways to reduce risk and its financial impact.
- Actuaries plan for the future by evaluating the likelihood of future events.
  - Retirement
  - Catastrophic events (fire, earthquakes, hurricanes, etc.)
  - Health care and auto claims
Before We Go More In Depth, Some Terms You Should Know…

- Actuary—The field or profession, the professional person
- Actuarial Science—The subject matter studied in school (often the major)
- SOA—Society of Actuaries is an educational, research and professional membership organization for actuaries in the US and Canada
- FSA—Fellow of the Society of Actuaries is the most prominent professional designation
- CAS—Casualty Actuarial Society is another professional membership organization
- FCAS—Fellow of the Casualty Actuarial Society

The SOA is currently more prominent than the CAS. They are similar organizations, but differ with the career path of the actuary
Career Paths Of An Actuary

- Once you graduate from college there are different options for career paths:
  - Consulting
    - Retirement consulting
    - Health consulting
  - Insurance
    - ~60% of all actuaries are employed by insurance companies
    - Health insurance (SOA)
    - Life Insurance (SOA)
    - Property and Casualty including auto, homeowners, etc. (CAS)
  - Less traditional roles
An Example of Actuarial Work

- Present Value
  - If you have a retirement plan that pays you $1,000 a month for as long as you live, how much is that worth today?
  - You have to account for interest rates
  - Also factor in the probability of surviving
Would You Make A Good Actuary?

- Do you excel in math courses?
- Are you an inquisitive or curious person?
- Do you like to solve complicated problems?
- Do you enjoy strategy games, like Risk or cards?
- Do you enjoy explaining things to people?
- Are you interested in current issues on social or political topics?
- Are you a self-motivated achiever?
- Do you enjoy working with computers?
- Do you have an interest in business or financial issues?
Benefits Of Being An Actuary

- Actuary has consistently been ranked one of the best careers in America.
  - Currently ranked 1st according to CareerCast.com's 2010 Jobs Rated Report
  - Based on environment, income, physical demands, hiring outlook, and stress

- Salary
  - Average starting salary in July 2009 was $56,320
  - Average salary in May 2008 was $84,810
  - Pay raises or bonuses for passing exams

- Outlook
  - U.S. Department of Labor predicts an increase of 21% in number of jobs by 2018
  - Steady demand for risk management especially in current economic situation
Actuarial Exams

- In order to achieve professional designations, there are a series of exams to pass
  - Exams test subjects related to the actuarial profession such as:
    - Probability
    - Financial Mathematics
    - Investments
    - Life insurance
  - The tests are known for their difficulty
  - Many begin taking the exam in college when the material is fresh
  - Most companies will offer paid time off for studying and pay for exams, study materials, and even classes to help prepare
“Why I Became An Actuary”

- “I always liked math and knew I didn’t want to be a high school teacher.”
- “Because retirement and healthcare issues are always changing, I was ensured that I would be challenged in my career.”
- “I wanted a job that I didn’t have to go to graduate school for, that offered great pay and benefits!”
- “Being an actuary gave me the chance to explain very technical ideas in a way that anyone could understand.”
- “If you’re good in math, enjoy solving puzzles, and want to continue learning, this is a great career for you.”
- “Although I do enjoy math, it was the combination of the math and the business world that influenced my decision.”
- “Let’s be honest: The pay!”
Day In The Life Of An Aon Hewitt Actuary

- 8:00 am—Arrive and grab a Starbucks before starting the day
- 8:30 am—Check e-mail and voicemail, and then deal with any small emergencies from the previous day
- 9:00 am—Use Excel to calculate numbers for a client so they can plan for their employees’ retirements
- 11:00 am—Meet with client team to discuss ongoing projects
- 12:00 pm—Lunch at the Aon Hewitt Cafe
- 1:00 pm—Travel to client meeting in Chicago
- 2:30 pm—Abandon previous plans to do follow-up work from the client meeting
- 4:00 pm—Leave to home to study for actuarial exam
How To Become An Actuary

- Most traditional way is to go to a school with an actuarial program
  - Most of the Big Ten schools offer the actuarial science major or concentration
    - Illinois, Purdue, Wisconsin, Minnesota, University of Michigan, Michigan State, Penn State, Ohio State and Iowa all offer programs
  - Good options local to the Midwest
    - DePaul, Northern Illinois, Drake, Butler, Ball State, Nebraska
- Many are successful in a nontraditional programs
  - Some appropriate majors include: Mathematics, Statistics, Finance, Insurance, Economics
Where To Get More Information

- [www.BeAnActuary.org](http://www.BeAnActuary.org)
  - Great resource for high school students
  - Offers a lot of information

- [www.soa.org](http://www.soa.org)
  - Official site for the Society of Actuaries
  - Has a list of colleges with actuarial programs (see the education section)

- [www.casact.org](http://www.casact.org)
  - Official site for the Casualty Actuarial Society