

# Newsletter

## Chairman's Message



Robert A. Anker

Dear Friends of the Foundation:

As I reflect on our theme *"preparing for tomorrow's possibilities"* I am pleased with the progress we are making in laying the foundation for increased

public understanding of the profession, greater awareness of societal issues and advanced actuarial knowledge.

As an independent philanthropic organization representing over 17,000 actuaries in the United States, we rely heavily on the spirited collaboration of our members who are represented by five distinct actuarial organizations, each active in advancing various facets of the profession.

Examples of this collaborative spirit are the numerous volunteer mentors who work with our youth education programs across the country as well as the many volunteers who help develop consumer education materials on retirement, disabilities and annuities. This active participation, combined with the generosity of individual donors, corporate sponsors and our supporting actuarial organizations, is truly making a difference in the lives of those we serve.

Through your commitment, The Actuarial Foundation:

- Provides opportunities to independently contribute, while benefiting both the public and the image of the profession
- Reliably represents charitable work of the entire actuarial profession

- Adds to the profession's unbiased, independent image
- Provides support for vetted research in support of other actuarial organizations
- Helps worthy students through scholarships and research
- Gives actuaries a great opportunity to pursue shared goals

Obviously, your involvement does make a difference. Lives are being changed because of your generosity. As a Board, we are entrusted with the privilege of raising and stewarding the investment you make in The Actuarial Foundation. It is a responsibility we take very seriously.

Thank you for your continued and sustained generosity. Because of you, we are positioned well for tomorrow's possibilities.

Sincerely,

Robert A. Anker, FCAS, MAAA  
Chairman



This Newsletter has been made available to you through a grant from American Re

[www.amre.com](http://www.amre.com)

THANK YOU!



## Calendar of Events

October 10-11, 2005  
**Academy Annual Meeting**  
Washington, DC

October 17, 2005  
**2006 Individual Grants Competition Deadline**

October 30 - November 2, 2005  
**CCA Annual Meeting**  
Asheville, NC

November 6-9, 2005  
**ASPPA Annual Conference**  
Washington, DC

November 13-16, 2005  
**CAS Annual Meeting**  
Baltimore, MD

November 13-16, 2005  
**SOA Annual Meeting**  
New York, NY

November 30, 2005  
**The Actuarial Foundation Board of Trustees Meeting**  
Rosemont, IL

MISSION: To utilize the unique skills and abilities of actuaries to increase public understanding, address societal problems and advance actuarial knowledge.

## SUPPORTING U.S. ACTUARIAL ORGANIZATIONS:

American Academy of Actuaries  
American Society of Pension Professionals and Actuaries  
Casualty Actuarial Society  
Conference of Consulting Actuaries  
Society of Actuaries

# Board Update

The Foundation Board meets three times per year in the Chicago area. Its most recent meeting was held July 18. Below are highlights from that meeting.

- As a follow-up to the March strategic planning session, a Task Force was established to review the mission statement of the Foundation. Several recommendations were presented. The Task Force will present final options and clarifiers to the mission statement at the November meeting for acceptance.
- The ASA Task Force met prior to the Board meeting to address four directives from the March meeting: refine the ASA program; restate the ASA mission; discuss program

expansion; and detail the case for support. Recommendations for the Committee for Student Achievement to consider:

- Continue current ASA program format
  - Add turnkey programs for middle and high school levels
  - Develop programs tailored for advanced high school students (perhaps with actuarial focus)
  - Restate ASA mission
  - Program expansion possibilities
- Election results for terms beginning January 1, 2006:

### Re-elected to a second term:

Ainar Aijala, Steve Goldberg, Curtis Huntington, and Tim Lynch

### Elected to a first term:

A. David Cummings, FCAS  
 Director at State Farm Research Center;  
 Trish Shanahan  
 Marketing & Communications  
 Manager at First Nonprofit Insurance  
 Company;  
 Harold Skipper, PhD  
 Professor of Risk Management  
 & Insurance at Georgia State University

### Elected to Emeritus Trustee:

Mavis A. Walters

### Chairman-Elect:

Daniel J. McCarthy (2-year term)

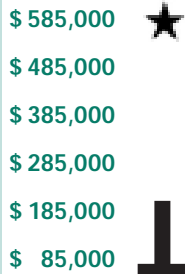
### Secretary/Treasurer:

A. Norman Crowder (re-elected)

- Next meeting of the Board of Trustees is November 30, 2005.

## Exceed Help Us Reach Our Goal

Individual and corporate contributions fund programs and projects that we, as donors to the Foundation, should be justifiably proud. We need your continued support to expand our reach.



The many success stories we've shared with you through Newsletters are made possible from personal giving and corporate sponsorships. As Chairman of the Foundation's Development Committee, I ask each of you to renew and/or commit to an annual gift to the Foundation in order for us to reach our fundraising goal. This year's fundraising goal is \$585,000. We can reach it and exceed it with your help. Please give generously in order to help us continue to do good work in our profession's name.

Online donations are an easy way to make a gift today!

[www.actuarialfoundation.org/donor/donor.htm](http://www.actuarialfoundation.org/donor/donor.htm)

## Bulletin Board

As heard on Sky High and United Airlines

The Actuarial Foundation is heard at 30,000 feet! If you will be flying United Airlines in November and December, be sure to listen to Sky Radio's in-flight interview on the Foundation's *Advancing Student Achievement* mentoring program.

It's Official  
 It's Registered  
 It's Ours! ®

The Actuarial Foundation ®  
 Advancing Student Achievement ®  
 Preparing for tomorrow's possibilities ®

A Gift for Our Donors

Through a generous grant from American Re, each 2005 donor to the Foundation will be receiving a small gift of appreciation. Watch your mail!

Gift Hint: *You are now a chapter in someone's life.*

2004 Annual Report

The 2004 Annual Report is now posted on the Foundation's Web site at:  
<http://www.actuarialfoundation.org/news/news.htm#annual>.

If you would like a printed copy to be mailed to you, please contact the Foundation office at 847-706-3535.

Radio Interview

Everyday Wealth Radio highlighted our consumer education piece *Making Your Money Last for a Lifetime: What You Need to Know About Annuities* in May.

Dick Schreitmueller, one of the booklet's authors, answered basic questions on annuities based on the content of the booklet. You can hear Dick's interview at:  
[http://www.actuarialfoundation.org/consumer/radio\\_intv\\_annuities\\_book.htm](http://www.actuarialfoundation.org/consumer/radio_intv_annuities_book.htm)

# Project Updates

## YOUTH EDUCATION

*We're inspiring a new generation of math-skilled thinkers.*

### THE YELLOW SCHOOL BUS IS ON ITS WAY AND ACTUARIAL MENTORS ARE WELCOME TO BOARD!

The new school year is just around the corner and The Actuarial Foundation's *Advancing Student Achievement (ASA)* program is looking for actuarial volunteer mentors for new and established programs in:

- ATLANTA, GA
- CLEVELAND HEIGHTS, OH
- HOUSTON, TX
- KANSAS CITY, MO
- LEXINGTON, KY
- NEWARK, NJ
- SUN PRAIRIE, WI
- PHILADELPHIA, PA
- PITTSBURGH, PA
- ST. LOUIS, MO

If you can spare a relatively small amount of time to assist in a math-mentoring school program, please visit The Actuarial Foundation's Web site at the following link: [http://www.actuarialfoundation.org/youth/call\\_for\\_mentors.htm](http://www.actuarialfoundation.org/youth/call_for_mentors.htm) or contact Debbie Scanlon, Project Administrator at the Actuarial Foundation at [asa@actfnd.org](mailto:asa@actfnd.org) or 847.706.3600. We hope you will consider mentoring a student making a difference in their life and yours.

### NEW ASA PROGRAM!

#### FIRE PRAIRIE MIDDLE SCHOOL, KANSAS CITY, MO

A Fire Prairie Middle School teacher met with the Kansas City Actuarial Club (KCAC) to discuss the possibility of starting a mentoring program. There was concern that the travel distance from the actuaries' places of employment would be a deterrent to regular visits to their rural school. They came up with the idea of getting together via Web conferencing and field trips. The program is called VIP, the *Virtual Investigations Program*. Actuarial mentors have Web cams installed in their offices for "virtual" mentoring.

Our VIPs will Web conference with students regularly to discuss unit concepts

and offer insights into problem solving strategies. The classroom teachers will facilitate these interactions. The math lessons are inquiry-based. Students engage in exploration of concepts in small groups, looking for patterns and discovering algorithms for common problem types. These investigations often take the form of games the students can play with the volunteers. Through the Web cams students will ask their actuarial buddies for advice and direction in their investigations. The actuaries will model high quality mathematical thinking for the students to emulate.

The students and mentors will also take three fun-filled field trips to Hallmark's Kaleidoscope Activity Center for an area and perimeter activity, a "Business Lunch" on the Country Club Plaza to discuss fraction/decimal/percent problems and a *Geometry of Architecture* tour in downtown Kansas City.

The co-leads for this innovative program are Pam Devling, ASA and Sarah Klein.

## RESEARCH AND ACTUARIAL EDUCATION

*We're moving boldly to handle the challenges of the future.*

### 2005 INDIVIDUAL GRANTS COMPETITION RECIPIENTS ANNOUNCED

Sponsors of the Individual Grants Competition are pleased to announce the 2005 awardees:

**Vytaras Brazauskas, University of Wisconsin, *Robust and Efficient Methods for Credibility*** - will develop an ensemble of improved data-analysis procedures that offer various trade-offs between robustness and efficiency. The impact of such procedures on credibility premium calculations will be thoroughly investigated and quantified.

**Sebastian Jaimungal, University of Toronto, *Pricing and Hedging Equity Linked Insurance Products Under Jumps, Stochastic Volatility, Interest Rates and Mortality*** - to investigate the pricing and

hedging of Equity Linked Insurance (ELI) products, such as Equity Indexed Pure Endowments and Equity Indexed Annuities (EIAs), under a stochastic interest rate environment in which the risky asset is exposed to stochastic volatility, and jumps and mortality are modeled via a stochastic hazard rate process.

**Bruce Jones, University of Western Ontario, *Pricing Cycles and Ruin Probability*** - will develop and explore a risk model that considers the impact of pricing cycles on insurers' ruin probabilities and will use the model to study strategies for coping with cyclic business environments.

**Kristen Moore, University of Michigan, *Optimal Surrender Strategies and Product Design for Equity-Indexed Annuities*** - will examine optimal surrender strategies and product design for equity-indexed annuities. Using stochastic optimal control, they will study policyholder behavior and then examine contract features such as participation rates, death benefits, minimum guarantees, and fees that yield a product that is desirable for the investor and profitable for the insurer.

**Anthony Webb, Boston College, and Irena Dushi, *The Optimal Allocation of Aggregate Mortality Risk*** - to study the aggregate mortality risk faced by annuity insurers and the risk that the average mortality of the population from which the insurer draws its annuity pool proves to be lower than expected. Insurers anticipate continued reductions in mortality, but they cannot be certain of the pace of such reductions.

**The deadline for submission for the 2006 Individual Grants Competition is October 17, 2005.** The AERF Committee of The Actuarial Foundation and the Committee on Knowledge Extension Research of the Society of Actuaries support the advancement of knowledge in actuarial science with the Individual Grants Competitions.

*For more information please visit [http://www.actuarialfoundation.org/research\\_edu/prize\\_award.htm#individual](http://www.actuarialfoundation.org/research_edu/prize_award.htm#individual)*

# Preparing for Tomorrow's Possibilities

*Corporate sponsors have helped to fund many of the Foundation's programs in youth education, consumer education and research and actuarial education. These organizations have truly stepped forth in supporting our mission, programs and initiatives in 2004 - 2005.*

## **VISIONARY LEVEL – \$25,000**

Towers Perrin

## **INNOVATOR LEVEL – \$10,000**

Actuarial Careers, Inc.  
American Re  
Deloitte Consulting  
Ernst & Young, LLP  
Highland Partners  
Milliman, Inc.  
Swiss Re Life & Health America

## **PIONEER LEVEL – \$5,000**

AmerUs Group Charitable Foundation  
Global Fairways  
Hudson Human Capital Solutions  
Munich American Reassurance Co.  
Nauert Family Foundation  
Thrivent Financial for Lutherans

## **PATHFINDER LEVEL – \$2,500**

D W Simpson & Company  
John Hancock Financial Services  
Max Re Ltd

## **PACESETTER LEVEL – \$1,000**

Accume Partners  
AmerUs Group  
Black Diamond Group  
General Casualty Companies  
Leading Solutions Group  
Marsh Affinity Practice  
Mercer Oliver Wyman  
Napersoft  
OneAmerica Financial Partners

Prudential Financial  
S.C. International, LTD  
Transamerica Reinsurance

## **BUILDER LEVEL – \$500**

American Agricultural Insurance Company  
Actuaries Club of Boston  
Conference of Consulting Actuaries  
Country Insurance & Financial Services  
National Life Group

## **2005 MATCHING GIFT COMPANIES**

American Express Foundation  
Aon Consulting  
AXA Foundation  
Chubb Corporation  
Endurance Reinsurance Corporation of America  
General Re Corporation  
Jefferson Pilot Financial  
John Hancock Financial Services  
MassMutual  
Mutual of America Life Insurance Company  
Principle Financial Group  
Prudential Foundation  
Thrivent Financial for Lutherans  
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