



THE ACTUARIAL
FOUNDATION®

Newsletter

PREPARING FOR TOMORROW'S POSSIBILITIES THROUGH EDUCATION

Chairman's Message



David G. Hartman

Dear Friends of the Foundation,

The year 2010 has been very successful for The Actuarial Foundation. As I close my first year as Chair, I look

back on the year with pride in what

we have accomplished in a short amount of time in all of our programmatic areas.

In youth education, we continue to provide high-quality programs for our nation's classrooms and students—a highlight to this is the more than 4,000 sets of *Building Your Future* which have been delivered so far. As you will read in this issue, our research, awards, and prizes continue to raise the bar in accelerating top-level knowledge for the profession. In scholarships, where we had another high number of awards this year, we also continue to open doors to the best and brightest new minds for our profession.

Let me take this opportunity to thank all donors, volunteers, and staff for making all these things possible.

When you have so many strong programs, it is imperative you spread the word about them. In 2010, we did just that.

Recent highlights of this outreach include national press releases to announce our 2010 scholarship winners and the promotion of our donated individual sets of

Building Your Future materials. These two activities got the Foundation's name to the desks of teachers nationwide and into the halls of college campuses. We also launched a media campaign to promote our *If Disaster Strikes* guide, targeting Gulf and Atlantic coast states during hurricane season, demonstrating how we can reposition existing content in light of a current situation.

These activities merely scratch the surface of all the outreach we do on a daily basis in support of the Foundation and its programs, but they set a tone for how we can all do our part to spread the word. I encourage you to visit our Web site to learn about all of our programmatic and outreach activities, then share what you have learned with a colleague or someone you think might be interested in the good works we do. Telling just one person not only leads to that new person learning about us, but there is a strong chance that person will also tell someone what they learned from you. Those few minutes of discussion or quick email you send could have lasting positive impacts on the Foundation and those who benefit from our programs.

This was a great year for the Foundation, and with your continued support, the year 2011 will be even better!

I hope all of you have a very happy holiday season.

Sincerely,

David G. Hartman, FCAS, MAAA, FCIA, HonFIA

In the spirit
of the season,
we thank you
for all you do!

The Actuarial Foundation Staff

Eileen Louma
Debbie Chris
Ellie

SPOTLIGHT ON

**Research, Awards,
Prizes, and
Scholarships**

Turn to page 2 to see
what the Foundation has been
up to regarding research, awards,
prizes, and scholarships and why
you should take notice.

*"Education is the most powerful weapon
which you can use to change the world."*

— Nelson Mandela

This Newsletter has been made available
to you through a grant from
Actuarial Careers, Inc.®



www.actuarialcareers.com

MISSION: To develop, fund and execute education and research programs
that serve the public by harnessing the talents of actuaries.

Education is the Key, and Together...

YOUTH EDUCATION

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

Middle School Math Programs Reach a Combined 190,000 Teachers

In October, the Foundation released the fifth installment in the *Expect the Unexpected With Math®* series through education publisher Scholastic, Inc., which was delivered to 142,000 U.S. middle school teachers nationwide.

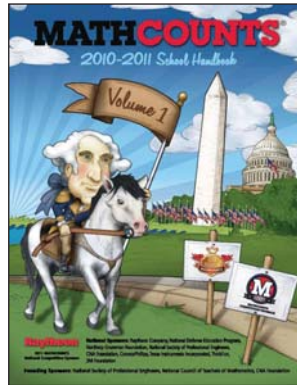
In *Solving the Unknown with Algebra*, students uncover algebra-based solutions to real-world situations, learning about models



Solving the Unknown's
Rick and Athena

and proportions, growth and decay, functions and formulas, and square roots.

In September, nonprofit group **MATHCOUNTS** published and distributed its *2010-2011 School Handbook* to 48,000 middle school teachers nationwide. Actuaries and actuarial candidates representing The Actuarial Foundation provided their expertise to a section which helps students put math skills into statistical practice using real-world examples.



To view *Solving the Unknown With Algebra*, the *MATHCOUNTS Handbook*, and the Foundation's other youth education materials, go to www.ActuarialFoundation.org/programs/youth_education.shtml.

Building Your Future Wins Financial Literacy Award and is Featured in Magazine Article

In October, The Institute for Financial Literacy awarded *Building Your Future* the 2010 Excellence in Financial Literacy Education Award for Curriculum of the Year in the K-12 General Category. Congratulations to every person who played a role in the development of this program!



Building Your Future is such a positive story, it was also the subject of a feature story in *FORUM*, a nonprofit professionals magazine. The story includes interviews with Maureen Hager, Frederick J. Sievert, Robert F. Conger, James A. Tilley, and Eileen C. Streu, as well as insights from teachers and a principal.

Read the article at www.ActuarialFoundation.org/publications/documents/AssociationForumBuildingYourFuture09-10.pdf.

RESEARCH, AWARDS & PRIZES

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

The Foundation's Role in Supporting Actuarial Excellence

Submitted by Curtis E. Huntington,
Research Committee Chair



Curtis E. Huntington

The Actuarial Foundation encourages actuarial excellence through its research activities. These activities play an important role in furthering the knowledge base of our profession. So, what has the

Foundation been up to regarding research, and why should you take notice?

Research has always been a cornerstone of

the Foundation's activities, since a profession that does not research risks its future. Our role in actuarial research has not only grown since the early days, but it continues to establish foundational bases in the knowledge exchange within our profession.

**To paraphrase Sir Francis Bacon,
"We are all debtors to our profession."**

Consider the early development of *Financial Economics with Applications to Investments, Insurance and Pension* which was sponsored by the Foundation. Today, this topic has become a fundamental building block of actuarial education.

Citing this as an example of the long-term relevance of the research we support, you can see why the Foundation continues to encourage such excellence. For instance, we are

now embarking on an exciting project with the International Actuarial Association (IAA) to sponsor the educational monograph *Determination of Discount Rates for Financial Reporting Purposes*. This builds on our support of the recently published IAA *Stochastic*

Modeling guide, which is one of the most important research projects the Foundation has supported in years, funded through the James C. Anderson Memorial Prize.

Our activities with IAA are just examples of the research we support in conjunction with the other actuarial organizations. These learned societies do much of their own research, but the Foundation also coordinates research with them, such as the

...We are Making an Impact

Foundation's annual grants competition which is coordinated with CAS and SOA. When advantageous, we also work with the Actuarial Foundation of Canada regarding their research activities.

For examples of some recent research activities, we encourage you to visit the Foundation's Web site and look at the wide range of research being conducted. There are literally dozens of articles available on demand, covering important ideas in life, health, pensions, finance, and property and casualty.

The Foundation's research activities cover all aspects of the profession and are highly beneficial to it. We invite you to support this effort in several ways. You can share this research with your colleagues, or you could consider a financial contribution to the Foundation's research activities. Best yet, you could give back to your profession by doing a research project of your own, or encouraging a colleague to do so. As our field advances to meet the changing times, we will continually raise the bar in the research we support.

In addition, our awards and prizes, which are administered as part of the Foundation's research activities, celebrate significant accomplishments by our peers.

Our overarching goal is to have all of our activities in the areas of research, awards, and prizes push the envelope in high-quality knowledge exchange and advancement of the profession.

Go to www.ActuarialFoundation.org/programs/actuarial_education.shtml to read published research, see our prize winners, and learn how you can participate in these programs.

Congratulations to Kent, Hanson, and Halmstad Winners

The **Wynn Kent Public Communications**

Award was given to John M. Bertko, FSA, MAAA. Bertko won the award for his efforts in raising the actuarial profession's profile in the public domain by co-authoring papers on health care.



Wynn Kent Public Communications Award Winner John Bertko

The **John Hanson Memorial Prize** was presented to David MacLennan, ASA, EA, for his paper *Benefit Adjustments for Multiple Annuity Starting Dates*. MacLennan received his award at the Conference of Consulting Actuaries Annual Meeting.



John Hanson Memorial Prize Winner David MacLennan

The **David Garrick Halmstad Prize** was awarded to Philippe Atrznr, Freddy Delbaen, Jean-Marc Eber, and David Heath for their 2007 paper, *Coherent Multiperiod Risk Adjusted Values and Bellman's Principle*.

2010 Individual Grants Competition Recipients

The Foundation, CAS, and SOA jointly sponsor an annual research program to support the advancement of knowledge in actuarial science. The Foundation is pleased to present the researchers and projects for 2010:

Michael Baron – *Sequential Analysis of Actuarial Risks and Credibility*

M. Bebbington and C.D. Lai, R.Zitikis – *A Mathematical Model for Late-Life Mortality*

Carole Bernard and Mike Ludkovski – *Impact of Counterparty Risk on the Reinsurance Market*

Vytaras Brazauskas and Harald Dornheim – *Robust-Efficient Methods for Regression Credibility*

Stephen D'Arcy – *Capital Allocation in the Property-Liability Insurance Industry*

Runhuan Feng – *Valuation of Counterparty Credit Risk Using Collective Risk Theoretic Approaches*

Edward W. (Jed) Frees and Yunjie (Winnie) Sun – *Micro-Econometric Modeling of Personal Lines Insurance*

David Landriault – *Capital Requirements With Implementation Delays*

Colin Ramsay – *An Actuarial Approach to Pricing Funeral (Burial) Micro-Insurance*

Nariankadu D. Shyamalkumar – *Confidence Intervals for the CTE: In Search for Improved Small Sample Performance*

Jaap Spreeuw, Soren Fiig Jarne, and Jens Perch Nielsen – *Using the SAINT Model to Identify Mortality Trends for Several Frailty Specifications*

Jun Zhou – *Incorporate the Dependence Structure in Estimating Loss Reserves*

SCHOLARSHIPS — ANOTHER STELLAR YEAR

The Actuarial Foundation awarded \$82,500 to 39 college students who are pursuing careers in the actuarial profession. A student of note this year is Bryant University student Daniel DiMugno, recipient of the *Actuary of Tomorrow – Stuart A. Robertson Memorial Scholarship*.



Daniel DiMugno

The Foundation also awarded 23 **Actuarial Diversity Scholarships**, two **Caribbean Actuarial Scholarships**, and 13 **John Culver Woody Scholarships**. See all this year's scholarship winners at www.ActuarialFoundation.org/programs/actuarial/documents/TAF_Scholars_2010_web.pdf.

Our Sincere Appreciation...

to the members of our programmatic committees who volunteered their time, energy, and expertise this past year.

Consumer Education Committee

Dave Bahn, Dave Cummings, Kathy Olcese, Anna Rappaport, Harold Skipper, Warren Luckner, and Michelle Smith

Research Committee

Doug Borton, Louise Francis, Sam Gutterman, Dave Holland, Curtis Huntington, Stuart Klugman, Joe Leube, and Alan Stonewall

Scholarship Committee

Robert Conger, William Hogan, Curtis Huntington, and Michael McLaughlin

Student Achievement Committee

Edward Bales, Cecil Bykerk, Suzanne Chapa, Thomas Edwalds, Jeremy Fogg, Maureen Hager, Steven Schreiber, Frederick Sievert, and Patricia Teufel

Actuaries Stack the Odds in Favor of Students in New York

Nearly 200 actuaries came together for an evening of fun and camaraderie in support of the Foundation's youth education initiatives in New York, October 18, during the SOA Annual Meeting. The casino night-themed fundraising event included plenty of gaming, entertainment by magician Brent Loewenstein, a dessert bar sponsored by Hannover Life Re, and fabulous prizes sponsored by MG-ALFA of Milliman.

Congratulations to all the night's winners, including Grand Prize winner Deborah S. Balsley, who won a \$1,500 Best Buy gift card to design her own home entertainment system. Thank you to our event sponsors and everyone who joined us in celebrating our phenomenal youth education initiatives!



Event Sponsors



CCA and ASNY Strike a Match for the Foundation

The Conference of Consulting Actuaries (CCA) is calling on its members to support THE THIRST REMAINS campaign, and will match all gifts to this campaign up to a goal of \$15,000.

The Actuarial Society of Greater New York (ASNY) is also conducting its fifth matching gift campaign with the Foundation, and will match all member donations of any kind up to a goal of \$5,000 by the end of 2010.

CCA and ASNY members can make their matching gift donations at www.ActuarialFoundation.org/donate/index.shtml. The page has specific online donation buttons for each group's members.

Consider a Matching Gift Program

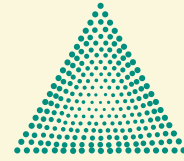
Your actuarial club/affiliate or employer can follow in the footsteps of CCA, ASNY, and other groups with your own matching gift program. Your combined gifts will help more than one million kids gain better math skills, improve teen financial literacy, bridge the gap in consumer education, support scholarships for the next generation of our profession, and advance actuarial research.

Contact Eileen Streu (Eileen.Streu@ActFnd.org; 847-706-3557) for details.



Have You Volunteered Lately?

If you have volunteered your time in your local community utilizing Foundation program materials, we want to hear from you! Email your volunteer story to Programs@ActFnd.org.



Calendar of Events

December 2, 2010

The Actuarial Foundation
Board of Trustees Meeting
Rosemont, IL

January 5-7, 2011

Living to 100 Symposium
Orlando, FL

February 27-March 2, 2011

ReFocus Conference
Las Vegas, NV

March 13-16, 2011

ERM Symposium
Chicago, IL

March 22-23, 2011

The Actuarial Foundation
Board of Trustees Meeting
Rosemont, IL

March 27-30, 2011

Enrolled Actuaries Meeting
Washington, D.C.

April 11-13, 2011

SOA Life Insurance Conference
Las Vegas, NV

May 15-18, 2011

CAS Spring Meeting
Palm Beach, FL

SUPPORTING U.S. ACTUARIAL ORGANIZATIONS


AMERICAN ACADEMY of ACTUARIES


ASPPA™
WORKING FOR AMERICA'S RETIREMENT


CAS
CASUALTY ACTUARIAL SOCIETY


Conference of
Consulting Actuaries


SOCIETY OF ACTUARIES

THE THIRST REMAINS for *Building Your Future*

Actuaries make a difference in the Foundation's QUENCH THE THIRST giving campaign, but THE THIRST REMAINS!

In 2009 the Foundation asked the actuarial profession to QUENCH THE THIRST for financial literacy in our nation's high schools. Hundreds of actuaries stepped up to the plate and donated to this worthwhile campaign.

We made an impact, but THE THIRST REMAINS and teachers are asking for their THIRST for the *Building Your Future* curriculum to be quenched. The Foundation has a list of hundreds of high school teachers who are waiting for donated classroom sets of *Building Your Future* to bring to their students.

Engaging and informative, *Building Your Future* gives teens a lifetime of sound personal financial and money management skills, covering topics such as credit cards, loans, taxes, insurance, inflation, and managing bank accounts. The Actuarial Foundation developed *Building Your Future* to reach these teens before they face the challenges of life on their own.

If you have not yet donated a classroom set,



Engaging and informative, *Building Your Future* provides America's teens the essentials of financial literacy.

or if you have sponsored a classroom(s) and are willing to do more, this is your opportunity to experience the personal gratification of knowing you have positively shaped young lives. You will also have the

utmost thanks of the teachers who are tasked with helping these students make the right decisions for their future and the lifelong appreciation of the teens who so desperately need these financial literacy skills.

Choose to Make a Difference!

Sponsor a classroom today with your gift of \$250 through THE THIRST REMAINS giving campaign. View the waiting list of schools and make your donation at www.ActuarialFoundation.org/donate/quench.shtml.

An economy without financial literacy is like a landscape with no water...

THE THIRST REMAINS

"I wholeheartedly support *Building Your Future*. Knowing the profound impact these gifts have on the students and hearing the heartfelt gratitude of their teachers makes this program the most rewarding I have ever experienced."
— Albert Beer, FCAS, MAAA

"I made the donations because I wanted to do something to help improve math and financial education in this country. It is gratifying to know that I've helped in a small way and also to have done something to support an initiative that's important to the actuarial profession."
— Justin Hornburg, FSA, FCA, MAAA

Preparing for Tomorrow's Possibilities *Through Education*

Corporate partnerships have helped fund many of the Foundation's youth, consumer, and research initiatives. Thanks to all of the organizations below whose support of our mission over the last year has made so much of our work possible.

Corporate Sponsors from 09/01/09-11/01/10.

ARCHITECT LEVEL \$50,000 +

New York Life Foundation
OdysseyRe Foundation
Thrivent Financial for Lutherans

VISIONARY LEVEL \$25,000+

Belfatti, McGrath & Company, LLC
Ernst & Young LLP ★
Towers Watson ★

INNOVATOR LEVEL \$10,000+

Actuarial Careers, Inc. ★
CNA Foundation
Deloitte Consulting ★
MassMutual Financial Group
MetLife Foundation
Milliman, Inc. ★
Trustmark Companies ★
Verisk Analytics

PIONEER LEVEL \$5,000+

Actuarial Society of Greater NY ★
Anthem Blue Cross and Blue Shield
Associated Consulting Group
Fidelity Investments
Generali USA
Kansas City Actuaries Club
Munich American Reassurance Co. ★
Northwestern Mutual
Prudential Financial
RGA Reinsurance Company

PATHFINDER LEVEL \$2,500+

DW Simpson Global Actuarial Recruitment ★

PACESETTER LEVEL \$1,000+

ACE Tempest Life Re USA
American Agricultural Insurance Co. ★
The Caldwell Partners International
Casualty Actuaries of The Southeast (CASE)
Conrad Siegel Actuaries
Gen Re LifeHealth
Guardian Life Insurance Company
Guy Carpenter
Hannover Life Re
Justin Hornburg Consulting
Manulife Financial
Optimum Re Insurance Company
Pacific Life Foundation
S.C. International, Ltd. ★
SCOR Global Life
Sun Life Financial
Transamerica Reinsurance
TRI-AD ★

BUILDER LEVEL \$500+

The Actuarial Advantage, Inc.
Actuarial Advisors Inc.
EFI Actuaries
Gill & Roeser Life Intermediaries Inc.
The McKeogh Company ★
Rudolph Financial Consulting, LLC
Wakely Consulting Group, Inc.

5 YEAR GOLD STAR RECOGNITION

The companies listed with a gold star have made annual corporate contributions to The Actuarial Foundation in each of the last five years.

We thank you for your ongoing support!



**THE ACTUARIAL
FOUNDATION®**

475 N. Martingale Road #600
Schaumburg, IL 60173-2226

Phone: 847/706-3535

Fax: 847/706-3599

E-mail: Eileen.Streu@ActFnd.org

Chris.Jorgensen@ActFnd.org

Debbie.McCormac@ActFnd.org

Laura.Hogan@ActFnd.org

Eleanor.Vogel@ActFnd.org

Web: www.ActuarialFoundation.org

STAFF

Eileen C. Streu, CAE

Executive Director

Chris Jorgensen

Director, Marketing & Communications

Laura Hogan

Foundation Specialist

Debbie McCormac

Project Specialist

Ellie Vogel

Foundation Assistant

The Actuarial Foundation

2010 BOARD OF TRUSTEES

David G. Hartman, *Chair*

Frederick J. Sievert, *Immediate Past Chair*

Joseph W. Kelly, *Secretary/Treasurer*

Craig M. Baldwin

Paul Braithwaite

Cecil D. Bykerk

Pamela Cone

Robert F. Conger

A. David Cummings

Robert V. Deutsch

Maureen Hager

Curtis D. Hamilton

David M. Holland

Warren R. Luckner

Cynthia S. Miller

Kathy A. Olcese

Arthur V. Panighetti

Steven I. Schreiber

Harold D. Skipper

Michelle D. Smith

Robert W. Stein

Dorn H. Swerdlin

Patricia A. Teufel

J. Grover Thomas

Dale H. Yamamoto

EMERITUS TRUSTEES

Ian M. Rolland

Robert A. Anker

Edward W. Bales

Albert J. Beer

Douglas C. Borton

Suzanne E. Chapa

Michael J. Corey

Steven F. Goldberg

Patricia L. Guinn

Sam Gutterman

Curtis E. Huntington

Gary R. Josephson

Barbara J. Lautzenheiser

Joseph J. Leube

W. James MacGinnitie

Anna M. Rappaport

Rodney R. Rohda

Charles E. Rohm

Walter S. Rugland

Robert D. Shapiro

Bradley M. Smith

Thomas C. Sutton

James A. Tilley

Mavis A. Walters

Robert C. Winters