

THE ACTUARIAL PROFESSION: MANY ROADS CAN LEAD TO ROME

BY LLOYD SPENCER

“If a man empties his purse into his head, no man can take it from him. An investment in knowledge pays the best interest.”

—BENJAMIN FRANKLIN

My oldest daughter graduated in May with a bachelor’s degree in elementary education. As we prepared to celebrate this

achievement, I asked her if she thought the investment she’d made in a post-secondary education would yield a satisfying career. She replied, “I don’t know. But I can’t imagine what I’d be facing if I hadn’t made the choice to attend college.”

graduates are outperforming their peers with less education.” This is especially true for millennials (those born in the United States after 1980), which the report refers to as “the best-educated generation in U.S. history,” with 34 percent holding at least a bachelor’s degree and 26 percent holding a high school diploma. Among millennials ages 25 to 32, those with at

least a four-year college degree enjoy median annual earnings 62.5 percent higher than those with a high school diploma.

outstanding college loan debt have “about 40 percent less equity in their homes” and “about 52 percent less in retirement savings” when compared to peers with no debt.² William Elliott, the initiative’s director, notes that these students are “better off than if they didn’t go to college, but they’re not doing nearly as well as they could be, and as their peers are doing, if they have no debt.”

One of the strengths of the actuarial profession, in my view, is diversity of educational experience enjoyed by those who have sought membership in its ranks.

A recent Pew Research Center report evaluated the rising cost of **not** going to college.¹ In a nationally representative survey of adults, supplemented by Pew Research Center analysis of economic data from the U.S. Census Bureau, researchers found that “On virtually every measure of economic well-being and career attainment ... young college

least a four-year college degree enjoy median annual earnings 62.5 percent higher than those with a high school diploma.

This assessment makes a compelling argument for the pursuit of a college degree—without considering either the financial outlay necessary to obtain a degree or the future economic value of earnings that may result from holding a college degree.

Regarding the former consideration, research conducted through the Assets and Education Initiative at the University of Kansas suggests that four-year college graduates with

These statistics convey a stark financial reality faced by many recent graduates of the traditional post-secondary education cycle in the United States.

In many parts of the world, apprenticeships continue to provide a financially efficient point of entry for employment in a number of trades and professions. Have you ever considered that the actuarial profession provides such a case in point? In many jurisdictions around the world, actuaries are considered to work in a self-regulated profession, built on a foundation that combines apprentice-like supervised work experience and a specialized, largely self-study education validated by examination. While components of the actuarial education are predicated on completion of collegiate coursework (for the Society of Actuaries, those courses are “Validated by Educational

Experience”), there is no actuarial professional requirement that a candidate hold a bachelor’s degree.

Actuaries enjoy relatively low barriers of entry to initial full-time employment. Employers routinely hire actuarial interns who have completed one actuarial exam, and often make offers of full-time employment to those with nearing attainment of a college degree with two actuarial exams completed. In addition, many individuals find the actuarial profession after having pursued careers in a variety of other fields. This suggests to me that there is some degree of independence between the collegiate course of study one may have pursued and one’s potential for success as an actuarial professional.

I conducted a highly non-scientific survey of some of the FSAs in my office, asking if they would be willing to recommend someone to our employer for full-time actuarial employment—an individual who meets our employer’s hiring criteria—yet doesn’t have a college degree. Four of five indicated they would, provided the candidate had a reasonable backstory to justify the candidate’s lack of a collegiate degree.

Where does this leave us? Should actuarial employers consider recruiting high school students directly into the profession? This seems extreme. However, one of the strengths of the actuarial profession, in my view, is diversity of educational experience enjoyed by those who have sought membership in its ranks. Holding a bachelor’s or master’s degree—is not a guarantee of future career or professional success, actuarial or otherwise. Nor is the lack of a degree necessarily an indicator of future career disappointment. Attaining professional success is a distinctly personal achievement.

Our actuarial colleagues in the United Kingdom recently introduced a “Certified Actuarial Analyst” (CAA) designation through the Institute and Faculty of Actuaries (IFoA). According to Derek Cribb, CEO of the IFoA, this new type of actuarial designation is intended to allow employers to professionalize those individuals who compose a “growing pool of technical, analytical and actuarial support roles.”³ According to the IFoA, the pool of candidates for the CAA designation would be drawn from current para-actuarial employees of actuarial organizations, as well as those individuals with an aptitude for actuarial work

who have dropped or never started collegiate studies. Perhaps it is time for the SOA to consider a similar approach, one that has the potential to attract qualified students to the profession regardless of their educational background. **A**




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END NOTES

- ¹ Pew Research Center, February 2014, “The Rising Cost of Not Going to College” (www.pewsocialtrends.org/2014/02/11/the-rising-cost-of-not-going-to-college/)
- ² National Public Radio, April 11, 2014, “Paying Off Student Loans Puts a Dent in Wallets, and the Economy” (www.npr.org/templates/transcript.php?storyId=301439981).
- ³ “IFoA’s Certified Actuarial Analyst Trailblazing Around the World,” March 5, 2014 (www.actuaries.org.uk/news/press-releases/articles/ifoae2%80%99s-certified-actuarial-analyst-trailblazing-around-world).



LIVING TO 100 AND BEYOND

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Living to 100 and Beyond

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This book explores the research that has focused on increasing life expectancies and the lifestyles of longer lived individuals.

It provides a basic understanding of the actuarial mathematics associated with life expectancies, their calculation and their projection. It also highlights the important issues facing society as populations age.

The book also provides a discussion of a host of products targeted for the aged. It can thus serve as a reference source for anyone who is impacted by any aspect of this fascinating topic.

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