



Newsletter

Chairman's Message



Daniel J. McCarthy

Dear Friends of the Foundation:

As the new Chairman of the Actuarial Foundation, it is my privilege to carry on the Foundation's time-honored tradition

of helping to secure a financial future for an educated public. I'd like to take this opportunity to share my dream for harnessing the talents of actuaries to increase public understanding, address societal problems and advance actuarial knowledge over the course of my two-year term.

My dream for the Actuarial Foundation is really quite simple. It has two distinct parts: Part I has to do with us having more worthwhile projects that fall into the scope of our mission than we have available resources to fund and/or implement. Part II has to do with us overcoming this obstacle by securing appropriate resources to successfully execute these initiatives.

So, how are we, as a philanthropic organization, measuring up against this dream? As for Part I, I am pleased to report that we are making good progress. Here are a few highlights of the valuable projects the Actuarial Foundation is currently working on:

Youth Education. The Actuarial Foundation's Board of Trustees recently authorized a program that has the capacity to multiply the number of young people we touch by a factor of ten or more. *We'll provide on-going updates in future issues of the Newsletter.*

Rebuilding Math Classrooms. While Katrina may be gone; its devastating effects remain. Thanks, in part, to a larger

number of first-time donors, the Actuarial Foundation has provided a significant degree of support. Much more is needed, however, and we'll stay the course on this important program in 2006.

Consumer Education. This area is in transition, with some important projects nearing their final stages. We are especially proud of the fact that we are currently publishing one project, *Seven Life-Defining Financial Decisions*, in Spanish. Given the extent to which many Americans do not understand the interplay between planning for their future and the kinds of financial products available, there is obviously much more we can do. *We will report more on this important initiative as the year progresses.*

Research and Actuarial Education. I am pleased to report that the Actuarial Foundation received a commitment from Milliman, Inc., to fund a scholarship program targeted at tomorrow's actuaries. This exciting new program honors the late Stuart Robertson, one of the firm's founders. Stuart's son Dick Robertson, a former President of the Society of Actuaries and the American Academy of Actuaries, will serve on the advisory group. Additionally, the committee that manages our Research and Actuarial Education programs will continue with its ongoing program of scholarships and research grants.

Have we accomplished my dream yet? No. Are we taking significant action in this direction? Most definitely. That is why we need to focus some of our attention on Part II. Part II is about us — all of the actuaries in the U.S., our employers and other organizations — who have a genuine interest in what we

(continued on page 4)



Calendar of Events

April 23-25, 2006
ERM Symposium
Chicago, IL

April 24, 2006
8th Bowles Symposium
Chicago, IL

May 7-10, 2006
CAS Spring Meeting
Fajardo, Puerto Rico

May 17-19, 2006 Employee
Benefits Spring Meeting
Dallas, TX

May 24-25, 2006
SOA Life Spring Meeting
Hollywood, FL

June 20-22, 2006
SOA Health Spring Meeting
Hollywood, FL

July 16-19, 2006
ASPPA Summer Conference
Las Vegas, NV

July 18, 2006
Actuarial Foundation Board of
Trustees Meeting
New York, NY

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



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

Look Who's Joined Us in 2006

Welcome to our new volunteers to the Board of Trustees whose three-year terms began January 1, 2006. We are honored to have their expertise and enthusiasm working on the Foundation's behalf.

Actuary
State Farm Insurance Companies, IL



A. David Cummings, FCAS, MAAA

"The Actuarial Foundation's initiatives in consumer education first attracted my attention. During my work as a Foundation volunteer, I've learned that many actuaries have a strong desire to help the public become

better informed. The Actuarial Foundation provides a unique vehicle for the actuarial community to make this desire become a reality."

Vice President, Marketing
First Nonprofit Insurance Company, IL



Trish Shanahan

"Having served on the Foundation's marketing committee for several years, I have seen the great work the Foundation does. As a non-actuary, I bring a different perspective to their messaging and I

look forward to helping the Foundation as it prospers."

Professor Emeritus of Risk Management and Insurance
Georgia State University, GA



Harold D. Skipper

"The Actuarial Foundation is making a difference—in consumer education, student achievement, and research—areas for which I care greatly."

Board Update

The Board of Trustees met in Rosemont, IL for their first meeting of 2006 on February 21-22. Meeting highlights follow:

- Trustees gathered on day one of the meeting for a strategic planning session to turn program ideas into actions.

The youth education group discussed a variety of turnkey programs. The major focus was on a partnership with Scholastic, a well respected and sought after educational resource. This project will reach thousands of math teachers and a million plus students in the middle school grades. The Board approved an expenditure of \$371,000 for the development and dissemination for this project with a scheduled release date of October 2006.

The consumer education group reviewed several topic ideas in the insurance and financial areas where there are gaps in the public's understanding related to these issues. Their challenge is finding the appropriate partners with the appropriate audience for our work.

The research and actuarial education group discussed ways to leverage the research work done by the actuarial organizations, as well as the possibility of developing a new actuarial math textbook. They will also be reviewing the current awards, prizes and scholarships with the possibility of increasing award amounts.

- It was stated by Mr. McCarthy that the members of the Supporting

Organization Task Force (representatives comprised from each supporting actuarial organization serving as liaisons to their respective organizations) are pleased with the work and direction of the Foundation and will provide reports to their Boards.

- Program committee chairs reported on the status of current projects and newly released projects. Read about these activities and more under Making an Impact in this newsletter.
- Next meeting of the Trustees is scheduled for July 18, 2006 in New York. We wish to thank New York Life Insurance Company for generously providing the meeting space.

2005 ANNUAL REPORT

Through the generosity of you, our donors, both individual and corporate, the Foundation was able to accomplish many initiatives and benefit many people this past year.

The Foundation's Annual Report will be available on the Web site following completion of the audit in April.

Together, We are Making an Impact

YOUTH EDUCATION

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

NEW ADVANCING STUDENT ACHIEVEMENT (ASA) PROGRAMS

THE ACTUARIAL FOUNDATION & JUNIOR ACHIEVEMENT OF CHICAGO PARTNERSHIP

Junior Achievement (JA) of Chicago is a non-profit educational organization with a purpose to educate and inspire young people to value free enterprise, business and economics to improve the quality of their lives. JA is dedicated to bringing the free enterprise system to life in the classroom and reinforcing the importance of staying in school. JA of Chicago works closely with the Chicago Public School system's Office of Education-to-Careers (ETC). The purpose of ETC is to prepare students for their lives beyond the classroom and focuses on several industry clusters - one of which is the Business and Finance Cluster. Five high schools have been designated as Finance Academies of the Business and Finance Cluster by ETC.

Many actuarial mentors are needed for the Junior Achievement partnership in this Chicago-based program. To learn more about the program, visit our Web site at: http://www.actuarialfoundation.org/youth/call_for_mentors.htm or call the Foundation office. A little of your time will go a long way in the life of a student.

ASA PROGRAM BRINGS STATISTICS TO HIGH SCHOOL

According to math teachers at Exeter-West Greenwich High School in West Greenwich, RI, students are only exposed to basic statistics topics that have been integrated into their math classes. In their new ASA program, *Statistics at Work*, students will work with actuarial mentors on solving "problems of the week" that use statistical concepts the students are currently studying. Mentors will also help students prepare for the *Designer Math Competition* that requires students

to demonstrate how they use a combination of mathematical, analytical and business skills to solve a wide variety of business problems.

Lead Actuary: Jennifer Hallworth, FCAS

CONSUMER EDUCATION

We're employing actuarial skills in the public interest.

TAKING THE MYSTERY OUT OF RETIREMENT PLANNING

The Actuarial Foundation is pleased to announce the availability of a new publication, *Taking the Mystery Out of Retirement Planning*.



This publication, developed by the Department of Labor, focuses on a topic that is often overlooked, the transition period prior to retirement.

We commend the Department of Labor for focusing on the uncertainties and risks during retirement, the need to think about survivor benefits, and their analysis of the implications in delaying retirement.

A Foundation task force of retirement planning specialists with a wide range of backgrounds assisted the DOL in planning and reviewing this publication. Many thanks to: Anna Rappaport, Chair; James Burke; Carol Bogosian; Mort Dickstein; Stanley Freilich; Dick Schreitmueller; Vinaya Sharma; Eugene Steuerle and Marc Twinney.

To request a copy of *Taking the Mystery out of Retirement Planning* call the DOL, toll-free, at 866-444-3272 or download a copy of the booklet at: <http://www.dol.gov/ebsa/pdf/nearretirement.pdf>.

For the most up-to-date information about the Foundation's youth education, consumer education and/or research and actuarial education initiatives, visit the Web site often! www.actuarialfoundation.org/

RESEARCH AND ACTUARIAL EDUCATION

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

41st Actuarial Research Conference (ARC) is scheduled August 10-12, 2006 in Montreal, Canada. Conferences provide an opportunity for academics and practitioners to meet and discuss actuarial problems and their solutions. The host for this year's conference is the Department de mathematiques et de statistique of the Universite de Montreal. For more information visit the Conference site at: <http://www.dms.umontreal.ca/~doray/ARC06/pub.htm>.

AWARDS, COMPETITIONS, PRIZES AND SCHOLARSHIPS

Wynn Kent Public Communications Award



Anna Rappaport

Congratulations to Anna Rappaport as the first recipient of the Wynn Kent Public Communications Award. Her contributions on financial risk issues and communicating the work product of the actuarial profes-

sion have been numerous. Throughout her career Anna has been recognized for her expertise on the impact of change on retirement and workforce issues. She is often quoted in the news media and has published many bylined articles in business and trade publications. Anna will be presented with this Award at the Joint Employee Benefits Spring Meeting on May 18th in Dallas, TX.

Individual Grants Competition Winners

The Actuarial Foundation's AERF Committee and the Society of Actuaries' Committee on Knowledge Extension Research (CKER) sponsored the 2006 Individual Grants Competition to support the advancement of knowledge in actuarial science. Congratulations to the following grant awardees and their projects:

Shaun Wang and Andreas Milidonis, Georgia State University; *"Estimating the*

(continued on page 4)

Stuart A. Robertson Memorial Scholarship Fund Established



Stuart A. Robertson

The *Actuary of Tomorrow* scholarship has been established in Stuart Robertson's name at the Actuarial Foundation to honor his dedication to excellence and to recognize his

positive influence on the professional lives of many colleagues. Funding has been provided from Milliman, Inc. and several of Mr. Robertson's colleagues and friends. Stuart A. Robertson, FSA, MAAA, a distinguished actuary, passed away on November 4, 2005.

The Scholarship Fund is expected to award at least one scholarship of approximately \$7,500 annually to an undergraduate student with demonstrated talents and interests that could lead to a career in the actuarial profession. Eligibility guidelines and application are available on the Foundation Web site at: http://www.actuarialfoundation.org/research_edu/robertson-memorial.htm.

Contributions to the Stuart A. Robertson Memorial Scholarship Fund can be made to the Actuarial Foundation, via mail or online at: <http://www.actuarialfoundation.org/donor/donor.htm>.

For additional information contact The Actuarial Foundation at: Scholarships@ActFnd.org.

Chairman's Message ...

(continued from page 1)

do. The good news is that, in 2005, the Actuarial Foundation raised over \$450,000; which means we donated more money than ever before. However, we have just scratched the surface of what we are capable of accomplishing. The challenge for 2006 is to extend our reach. We will use two building blocks to accomplish this:

1. For those of us who have donated regularly to the Actuarial Foundation, we need to see, in the work that is being done, strong reasons to continue a willingness to donate.
2. As current donors, we need to become ambassadors to thousands of our fellow

actuaries who have not yet grasped the value of our programs, and who have not yet donated to the Actuarial Foundation.

Combining our renewed financial commitment with the infusion of new contributions, the Actuarial Foundation can, and will, achieve both parts of a dream that is not only mine, but, I hope, yours as well.

Sincerely,

Daniel J. McCarthy, FSA, MAAA, EA
Chairman

Effort Update Rebuild Math Classrooms

Thanks to the generosity of corporations, actuarial clubs and individuals who responded to last year's *Rebuild Math Classrooms* effort, more than 30 Gulf Coast schools received grants totaling \$75,000 to help rebuild their hurricane-ravaged math programs. While the Foundation has made significant progress, there is more than \$50,000 in additional qualified requests that we've not yet been able to fulfill. We are grateful for the support we've received to provide our initial wave of assistance. Please consider giving to the *Rebuild Math Classrooms* effort so we can assist the remaining qualified applicants that are awaiting our help.



(Notes of Thanks on page 6)

Making an Impact ...

(continued from page 3)

Actuarial Cost Function of Financial Distress"

Ping-Hung Hsieh and John B. Henry III, Oregon State University; *"Extreme Value Analysis for Partitioned Insurance Losses"*

X. Sheldon Lin and Xiaoming Liu, University of Toronto; *"Markov Mortality Models and Their Applications in Actuarial Science"*

Doug Andrews and Robert L. Brown, University of Waterloo; *"Is Defined Contribution a Panacea for Defined Benefit Social Security Funding Problems?"*

Geoffrey Friesen, University of Nebraska-Lincoln; *"An Empirical Examination of Jump Risk in U.S. Equity and Bond Markets"*

Virginia Young, University of Michigan; *"Pricing Life Insurance Under Stochastic Mortality via the Instantaneous Sharpe Ratio"*

BECOME A DONOR TODAY!

Be confident that your gift is an investment in both the public interest and the actuarial profession for and in "preparing for tomorrow's possibilities."

Donor information is made available at:

<http://www.actuarialfoundation.org/donor/donor.htm>
or contact the Foundation office at 847.706.3535

Preparing for Tomorrow's Possibilities

Corporate sponsorships 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. (1/1/05 - 1/1/06)

VISIONARY LEVEL - \$25,000+

Milliman, Inc.
Towers Perrin

INNOVATOR LEVEL - \$10,000+

Actuarial Careers, Inc.
American Re
Deloitte Consulting
Ernst & Young, LLP
New York Life Foundation
Swiss Re Life & Health America
Trustmark Companies

PIONEER LEVEL - \$5,000+

CCA Strategies
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PATHFINDER LEVEL - \$2,500+

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PACESETTER LEVEL - \$1,000+

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Actuaries Club of Boston
AmerUs Group Charitable
Foundation
General Casualty Companies
Leading Solutions Group

Leif Associates, Inc.
Marsh Affinity Practice
Nebraska Actuaries Club
OneAmerica Financial Partners
Pension Section of SOA
Prudential Financial
S.C. International, LTD
Transamerica Reinsurance

BUILDER LEVEL - \$500+

Accident Fund Ins. Co. of America
Actuarial Advantage Inc.
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Conference of Consulting Actuaries
Country Insurance & Financial
Services
Midwestern Actuarial Forum
National Life Group

2006 MATCHING GIFT COMPANIES

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General Re Corporation
John Hancock Financial Services, Inc.
Midland National Life Insurance Co.
Mutual of America Life Ins. Co.
Thrivent Financial for Lutherans
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THE ACTUARIAL FOUNDATION

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IN MEMORY OF

The Actuarial Foundation received gifts in 2005 in memory of the following individuals. Our thoughts are with the family, friends and colleagues these gifts honor.

Robert W. Butcher, FSA, MAAA
Frank H. David, FSA, MAAA
Norma Lambert Edwards
Irwin I. Kent, ASA, FCA, MAAA
Weltha McLachlan Van Eenam, ASA
Cecil J. Nesbitt, FSA, MAAA
Stuart A. Robertson, FSA, FCA, MAAA

Rebuild Math Classrooms

Notes of Thanks...

"Thank you VERY much for your kindness and generosity. This is really going to help us. Our superintendent needs to focus on retaining as many teachers as possible, so funds for extra supplies are scarce."

Belle Chasse Middle School, LA

"Your recent contribution for calculators was a huge boost to our school. Your gift is an affirmation of the kindness and humanity that still exists in this world. Again, thank you for your generosity in helping our school rebuild following such a devastating disaster."

Pascagoula School District, MS

"Some people pass through this world and leave it just as they found it. But people like you take the time to do special things that make the world more beautiful. Thank you for your generous donation and the kindness you have shown to us, and for making a difference in the lives of our children and our community."

Pass Christian High & Middle Schools, MS

"Despite the adversities we know we face, we also know that we are not alone. Kindness has no boundaries and the friendship and generosity of the people throughout this country will be the lift that helps us over current obstacles. We appreciate your help as we continue our recovery and we hope to make you proud of the results."

St. Tammany Parish School Board, LA

"Having students use calculators to solve problems is an important facet of our math curriculum and a required part of our state testing program. Your funds have made it possible for us to replace these crucial educational tools. We deeply appreciate your support of both our students and our efforts to rebuild our schools. Thank you."

W.L. Abney Elementary School, LA

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



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