

# Update on SOA's Basic Education Redesign and CPD Requirement

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# Today's Presentation

- Update on Basic Education Redesign
- Update on Continuing Professional Development (CPD) requirement



# 2005-07 Basic Education Redesign - Objectives

- Provide a more practice-relevant syllabus
- Better prepare actuaries for the future
- Reduce "travel time" to ASA/FSA



# Key Accomplishments - 2005

- Introduced revised Preliminary Exams
- Introduced Validation by Educational Experience (VEE)



# Key Accomplishments - 2006

- Introduced computer-based testing for Exam P
- Rolled out all eight FAP modules
- Administered first FAP1 examination



# Key Accomplishments - 2007

- Added financial economics content to Preliminary Education syllabus
- Provided instant results for Exam P (CBT)
- Began on-demand administration of FAP Final Assessment
- Administered FAP1 exam four times by year-end (last time on December 12)



# Key Accomplishments - 2007

- Administered Spring and Fall Fellowship examinations
- Rolled out all eight FSA-level modules
- Introduced the new CERA designation



# To Do in 2008

- Implement first expanded Fellowship Admissions Course (March)
- Revise and update FAP modules (throughout the year)
- Replace FAP1 Exam with Interim Assessment
- Continue to evaluate Education Redesign



# Observations

- A massive undertaking – we owe our success to hundreds of volunteers.
- Tried to be adaptable and responsive to candidate and employer feedback.



# Overview of Education System

- Not tested
- Preliminary Exams
- Fundamentals of Actuarial Practice
- Fellowship Exams
- Fellowship Modules
- Expanded Fellowship Admissions Course



# Not Tested

- Calculus – indirectly tested on all exams
- Validation by Educational Experience (VEE)
  - Introduction to Economics
  - Corporate Finance
  - Applied Statistics



# Preliminary Exams

- P – probability – computer-based – instant results in 2007
- FM – financial mathematics – financial economics added in 2007 – computer-based in 2008
- M – life contingencies – financial economics segment added in 2007
- C – actuarial models – content from M moved here in 2007



# Fundamentals of Actuarial Practice (FAP) Course

- Focus on education over examination
- e-Learning via web-based modules
- Present KEY facts, concepts, processes, procedures and principles
- Practical applications, expert experience, examples, case studies and traditional readings
- Provide opportunities to practice and receive feedback (activities and exercises)



# FAP Course – Approved Change

- One controlled and graded exercise following Module 5 (Interim Assessment)
  - Interim Assessment must be successfully completed after Module 5 before proceeding
- One controlled and graded exercise following Module 8 (Final Assessment)
  - Final Assessment cannot be taken before Modules 1-8 and Interim Assessment are completed



# FAP Course - Registrations and Candidate Status

- More than 5,000 candidates have registered
- More than 1,000 candidates have completed the FAP course



# FAP Candidate Feedback

- Very positive
- FAP course is relevant to their work
- SOA e-Learning platform is excellent
- Course material generally well presented
- Candidates' knowledge increased
- Overall quality of FAP course rated exceptionally high



# Employer Feedback on FAP

- Quite positive, but not as positive as candidates
- FAP course is relevant to candidates' work
- Candidates knowledge increased
- Overall quality of FAP course rated as high
- Some (a very few) employers rate FAP as a failure
- Concern that FAP may have less educational content than exams FAP replaced



# FAP Improvements Planned

- Reduce redundancy in readings and reduce the amount of readings, particularly Module 2
- Increase the use of case studies for all modules
- Improve relevancy of end-of-module exercises
- Coordinate end-of-module exercises with assessments
- Replace FAP1 Exam with Interim Assessment
- Some of these changes will occur in the first half of 2008



# FSA Education

- Critical content rigorously examined
- Other relevant content covered via modular, e-Learning education with exercises
- Some advanced applications also covered in educational modules
- Maintain and expand the FAC by including a communication skills component



# FSA Education Redesign

- Examinations – two for each educational track
- Two practice-specific e-Learning modules
- Capstone experience =
  - Decision Making and Communication Module
  - Expanded Fellowship Admissions Course



# FSA Exams

- Two 6-hour exams for each educational track; each exam similar to previous Course 8
- Each exam is offered once per year, alternating between spring and fall exam sessions
- New exams administered May and November 2007



# FSA Modules

- In addition to the two FSA exams, two e-Learning modules are required for each track:
  - Topics that do not lend themselves to an examination format or that do not need to be rigorously tested
  - Optimal level of consistency across educational tracks with some flexibility
  - End-of-module exercises; review and grading for accountability (similar to FAP)



# New ASA-level ERM Credential

- Approved by SOA Board in November 2005
  - Helps members to exploit ERM opportunities
  - Differentiates in marketplace from “traditional” ASA
  - Uses exams and modules within the new structure, some at FSA level
- Name approved in March 2007:
  - Chartered Enterprise Risk Analyst (CERA)



# CERA - Key Points

- CERAs:
  - Are actuaries
  - Will complete an alternative ASA pathway and receive their ASA designation at the same time as their CERA designation



# CERA - Marketplace

- CERAs will be employed primarily in banking and broader financial services, whereas the ASA will have its traditional stronghold in the insurance sector.
- Marketing efforts are directed at publicizing the unique skill set of CERAs.

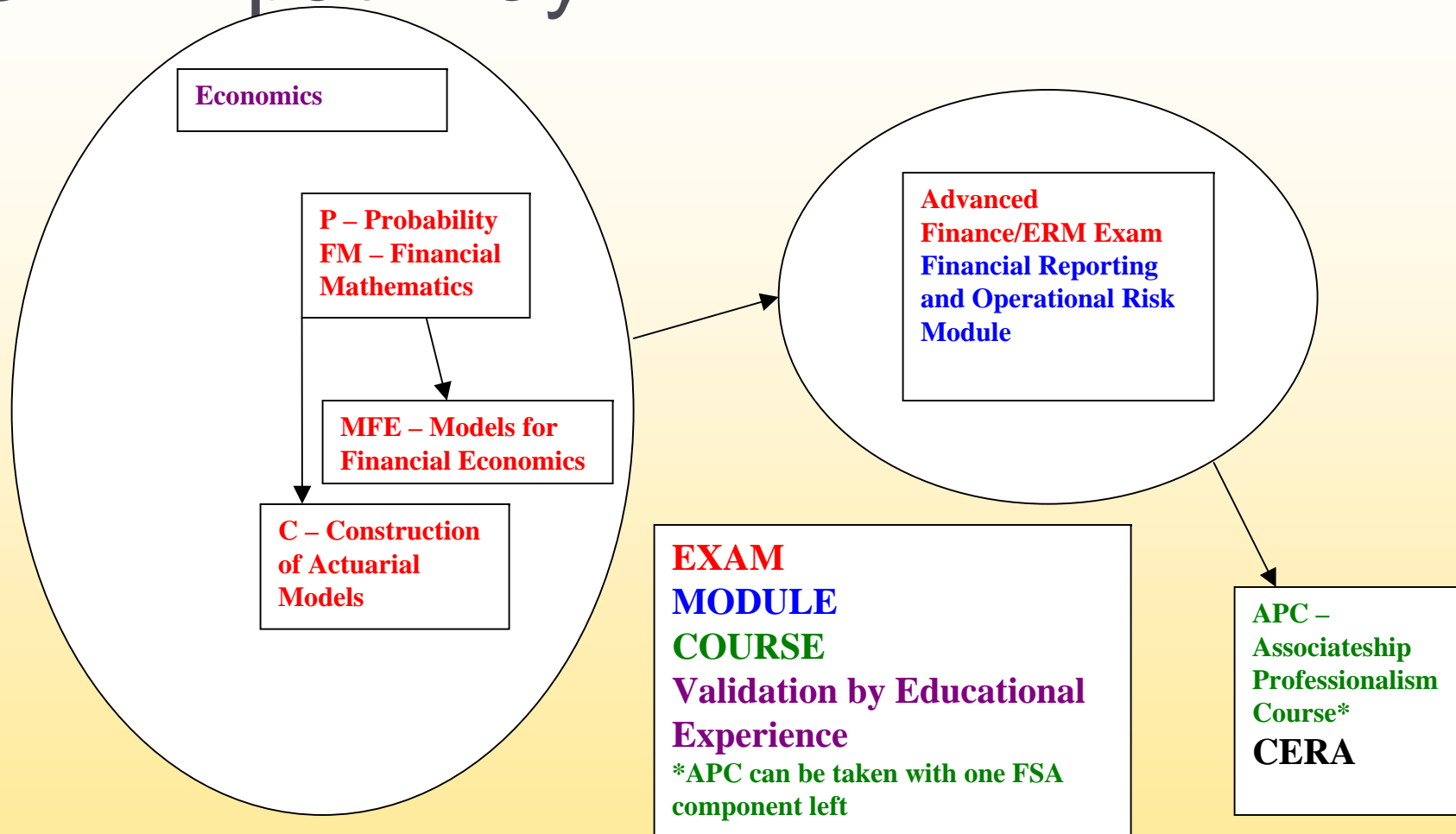


# CERA - Requirements

- For individuals new to the field:
  - Exam P
  - Exam FM (2007 and later)
  - VEE Economics
  - Exam MFE (2007 and later)
  - Exam C (2007 and later)
  - Advanced Finance/ERM Exam
  - Operational Risk portion of FSA-level Module
  - Associate Professionalism Course (APC)



# CERA pathway



# CERA - For Current Members

- If an FSA via the ERM track, qualified for CERA
- Other FSAs who practice in the ERM area will be provided a pathway to CERA that will involve a seminar experience. **Information is available at [www.ceranalyst.org](http://www.ceranalyst.org).**



# For More Information

- General comments and questions may be sent to [eq2005@soa.org](mailto:eq2005@soa.org).
- Questions specific to VEE may be sent to [vee@soa.org](mailto:vee@soa.org).
- Questions specific to FAP modules and exams may be sent to [fap@soa.org](mailto:fap@soa.org).
- Questions specific to FSA modules may be sent to [fsamodules@soa.org](mailto:fsamodules@soa.org).



# CPD Requirement

- Provisions
- Compliance
  - Alternative Compliance
- FAQs
- Exposure Draft Process
  - Released on November 8
  - Comment period ends on February 22, 2008



# Program provisions

- **30 units per year**, in a rolling 2-year cycle (60 units every 2 years).
  - **One unit = 50 minutes** (1 hour = 1.2 units)
  - At the end of each year, the member will certify that during the past two calendar years, he/she has obtained enough CPD credit to fulfill the requirement within that 2-year period.



# Summary of key provisions

Summary of Key Provisions of the CPD Requirement (per cycle)			
Category	Requirement (% of credits)	Requirement (units per cycle)	Structured or self-study
Professionalism	5 percent of credits <b>minimum</b>	3 units <b>minimum</b>	At least 3 units as structured credit
Job-relevant skills	50 percent of credits <b>minimum</b>	30 units <b>minimum</b>	Can be either
Business and management skills	25 percent of credits <b>maximum</b>	15 units <b>maximum</b>	Can be either
<b>Total required credits</b>		60 units	At least 30 units per cycle must be structured credit*
<p>*At least three units of structured credit per cycle must be in professionalism; other structured units can be in any combination of job-relevant and business skills that meet the required minima and maxima.  <b>At least 7.5 units of structured credit must be from a source other than the employer.</b></p>			



# Definitions

- **Professionalism:** Professional and ethical standards expected of actuaries when carrying out their professional obligations.
- **Job-relevant:** CPD credits are job-relevant if they broaden or deepen a member's knowledge of work
- **Business and management skills:** Skills not unique to the actuarial profession that improve personal effectiveness



# Definition: Structured credit

- Any organized learning experience with opportunity for interaction among participants
  - Examples: Meetings, seminars, webcasts, some volunteer activities
  - Must be a forum for questions
- Must obtain at least 7.5 units of structured credit per cycle from a non-employer source
  - Outside-speaker exception



# Definition: Self-Study

- No limit on activities that count as self-study credit, except that normal work duties do not count
  - Examples: Reading professional literature, statutes or regulations; writing professional papers; listening to recordings of meetings; research; distance learning; preparation for a presentation; studying for actuarial examinations; and reading materials for the completion of modules



# Students

- Must comply with CPD once you have ASA (or CERA)
- If you're still taking exams, you earn structured credit for...
  - An “effective attempt” at an FSA examination
  - Successful completion of an FSA module
- Studying for exams and reading module materials is self-study
- Most students should easily comply
  - May need to get specific professionalism credits



# International members

- No special provisions for international members
  - Requirement is “country-neutral”
  - “Job-relevant” is job-relevant to you, based on your practice
- International members may have concerns
  - Members who have difficulty earning structured credit may submit a plan for an alternative source of structured credit (see Section C7(j) including the example)



# Compliance

- All members (ASAs, FSAs and CERAs) are subject to the SOA's CPD requirement
- Members must certify compliance annually as of December 31 of each year, beginning on December 31, 2010
  - Members will keep a log of CPD activity.
  - The SOA will create an online tracking tool to facilitate the recording process, but members will not be required to use it.



# Compliance

- Members who elect not to fulfill the requirement must...
  - Inform their employer and anyone else relying on their actuarial expertise that the SOA credential is denoted “(inactive)”
  - Use the SOA credential only with “(inactive)”
    - Example: John Member, ASA (inactive)
  - Retired members eligible for dues waiver may use the term “(emeritus)” instead
    - Example: Jane Retired Member, FSA (emeritus)



# Alternative compliance

- Members who must comply with the *Code of Professional Conduct* Qualification Standards (U.S.) or the CIA's CPD standards may cite them as an alternative method of compliance
- We expect most U.S. and Canadian members to comply with the SOA standard through alternative compliance



# Frequently Asked Questions

- Issued 64 FAQs to date
- Structured by topic (background, definitions, compliance, etc.)
- Answer the tough questions
- As questions/comments come in, we scan them for new FAQs



# Exposure Draft Process

- CPD Requirement web page  
[www.soa.org/cpd](http://www.soa.org/cpd)
  - Exposure Draft
  - FAQs
- Comments/questions should be sent to  
[cpdcomments@soa.org](mailto:cpdcomments@soa.org)
- Comment period ends on **February 22, 2008**



# Questions

