



IAA Pre-Council Webinar

Sept 13, 2017

10:00-10:45 ET

Repeated at 22:00-22:45 ET

Welcome!

Opening Remarks by President Tom Terry



The purpose of this webinar is to preview certain topics that we will discuss at our in-person Council meeting in Chicago on Oct 7



We will not do a roll call of participants. The attendance list and recording of webinar will be sent afterwards



We will set aside 5 to 10 minutes at the end for questions or comments. Please use the WebEx Question & Answer facility for this.



Agenda Today

1. Welcome remarks
2. Brief review of Chicago IAA meetings (October 3 to October 7)
3. Council agenda – October 7
4. More background on four Council agenda items
 1. Member fees for 2019 and beyond
 2. Proposed 2018 budget and member fees (transition year)
 3. IAA syllabus approval
 4. Investment policy changes
5. Questions, comments



Chicago IAA Meetings

Tuesday October 3: Pre-meeting seminars

- International Insights on Mortality, Population and the Public Interest
- The Actuary in Banking Seminar Event hosted by the Actuarial Society of South Africa

Wednesday October 4: Special sessions in the morning

- Women leaders in the actuarial profession
- IAA welcome session
- Concurrent roundtables



Concurrent Roundtables

Wednesday morning concurrent roundtable discussions

1. FMAs and public policy
2. Diversity in the profession
3. Actuarial research



Council Agenda – October 7, 2017

Consent agenda

- Ratification of EC appointments and re-appointments
 - Committees, Working Groups, IAA Delegates to Sections
- Results of electronic ballots
 - Admission of Actuarial Society of Kazakhstan as Full Member
 - Admission of Actuarial Society of Ghana as Full Member



Council Agenda – October 7, 2017

Statutory Committee reports

- President and Executive Committee
- Nominations Committee
 - Approve appointments and re-appointments to statutory and limited membership committees
- Finance and Administration
 - Auditors for 2017
 - 2018 Budget and member fees
 - Updated investment policy
 - IT project



Council Agenda – October 7, 2017

Business Agenda

- Education Syllabus
- Member fees – 2019 and beyond
- Accreditation Committee report
- Branding and Communications Subcommittee report
- Professionalism Committee report
- Actuarial Standards Committee report
- Change of officers (Council vote)



Council Agenda – October 7, 2017

More background on four Council agenda items

1. Member fees for 2019 and beyond
2. Proposed 2018 budget and member fees (transition year)
3. IAA syllabus approval
4. Investment policy changes



1. Member fees for 2019 and beyond

Current practice

1. The current internal regulations state that “Full Members and Associate Members shall pay such membership fees as determined by the Council.”
2. It has been a long-standing tradition that IAA membership fees for FMAs have been established by Council each year as an annual rate times the number of Fully Qualified Actuaries (their “FQA count”). For example:

$$(\$18.75 \text{ CAN}) \times (\text{FQA count})$$



1. Member fees for 2019 and beyond

The issue: FQA Count

- FMAs define FQAs for themselves
- Over the years, inconsistencies have emerged in the FQA Count from one FMA to another



1. Member fees for 2019 and beyond

Inconsistencies in FQA Count:

- Some individual actuaries are considered an FQA by one FMA but not by another
- We have seen the emergence of numerous different qualifications, classifications, and designations for actuaries
- This evolution has contributed to FMAs creating new member categories and revising their own FQA definitions, creating greater inconsistencies among FMAs

We need to define a new, common base for determining FMA member fees. The new base should be fair for all.



1. Member fees for 2019 and beyond

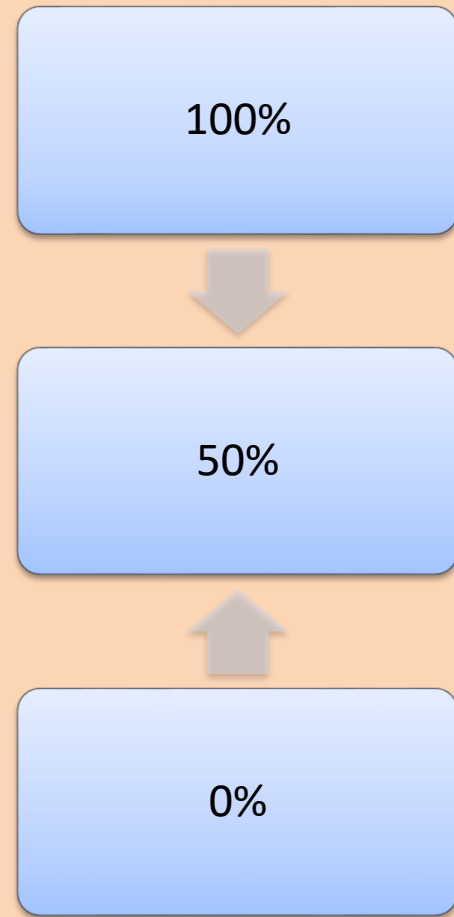
Defining a new basis for IAA Fees

- We believe a new basis on which IAA member fees are calculated should be broad and inclusive, and not limited to a term like FQA that can be defined differently from one FMA to another
- Reflecting the principles of **fairness, clarity and simplicity**, we propose that the new basis should encompass all individuals who have earned an actuarial credential or qualification, whether it is Fellow, Associate, CERA, Qualified, Certified, or some other credential or local terminology
- We propose that the new basis be discussed and approved in Berlin for use beginning in 2019



2. Proposed 2018 Budget and Member Fees (Transition Year)

- We understand that some FMAs are intending to change their FQA definition for 2018. We estimate that these changes could result in a substantial budget variance for 2018.
- Hence a temporary transition measure for one year in order to address the budget issue and is fair for all FMAs.
- Our budget proposal anticipates that all FMAs will pay for 50% of their Associates for 2018.



2. Proposed 2018 Budget and Member Fees (Transition Year)

The wording in the budget proposal note is the following:

- This budget assumes no increase in the Full Member Association fee rate and no increase in revenue from other categories of membership. It reflects an average 2% increase in the overall number of fee paying actuaries. The budget also anticipates that Full Member Associations with other categories of fee paying actuarial members not already included in their IAA membership fee calculations (such as Associates and CERA) will pay IAA membership fees for 50% of those additional members in 2018.



2. Proposed 2018 Budget and Member Fees (Transition Year)

Summary

1. The intention is to have a fair, clear and simple transition for all FMAs
2. The term fee paying actuarial members is used as a transition measure and targets professional actuarial members who have been awarded an actuarial credential or qualification but who are not considered as FQA by FMAs
3. This description does not include pre-credential (pre-qualification) actuarial students, actuarial analysts, or para-professionals who are not deemed to be actuaries



2. Proposed 2018 Budget and Member Fees (Transition Year)

The 2018 budget projects a small deficit of roughly \$47,000 CAD

- Revenues from membership fees +2%
- Exceptional expenses related to IT project impact



Next Steps

In Chicago

1. we will seek approval for the 2018 budget
2. we will start a discussion about member fees for 2019 and beyond
 - We will circulate a discussion paper prior to Chicago



3. Syllabus

1. Update since Budapest
2. Approval in Chicago



4. Investment policy

1. Detailed description included in 30 Day agenda
2. Brief summary presentation in Chicago
3. Seeking Council approval



Questions or Comments?



Thank you!

