

**Presidents' Forum**  
**Omni Shoreham Hotel – Washington D.C.**  
**March 28, 2014**

**Minutes**

Please see the [Presidents' Forum Attendance Roster](#) for the list of attendees.

**1. Introduction**

President Rob Brown opened the meeting by thanking the American Academy of Actuaries for organizing the agenda. He added that the Presidents Forum operates independently of the IAA and does not report to the IAA. Rob Brown noted that in a recent survey, it was suggested that the Presidents' Forum retain its independent status and that the IAA periodically request that the Presidents' Forum consider questions that look over the horizon.

**2. Attracting and Engaging Future Actuaries**

Mark Freedman and Tonya Manning gave a [presentation](#) about attracting actuaries to the profession, highlighting the Society of Actuaries' efforts in particular. They provided a brief overview of the SOA's attraction, retention, and engagement activities, and discussed the changes in the profession related to technology, new pathways, and competitive advantages. Tonya Manning discussed the ways in which the SOA seeks to attract aspiring actuaries through easy access to information, detailed information on fields of study, and compelling facts about why the actuarial profession has so much promise. The SOA utilizes BeAnActuary.org, Centers of Actuarial Excellence, and university outreach to help focus students on an actuarial pathway. Mark Freedman discussed the SOA's retention efforts, including the SOA's 'enhanced relationships with members' initiative and e-learning courses, with topics ranging from soft skills to continuing education. The discussion also included a final segment on the SOA's engagement activities, which aim to expand the types of opportunities available to actuaries. SOA activities towards this goal include efforts focused on cultivating career opportunities, with the hope that these efforts will elevate the value of the actuarial credential to candidates, employers, and universities.

**3. New Magazine of the French Institute of Actuaries**

Thomas Béhar of the French Institute of Actuaries [presented](#) the quarterly magazine "l'actuariel" during this portion of the Presidents' Forum. The magazine, of which he is the editor, is a subsidiary of the Institute des Actuaire's of France. The magazine has the purpose of attracting people to the profession, increasing the Institute's visibility, showing the level of expertise of the profession, and explaining the actuarial profession in a manner that is understandable to everyone. At present, the magazine is printing 5,500 copies at a price of 19.90 Euros per issue. Mr. Béhar went on to explain the benefits of the magazine, which include access to professional research and debates for actuaries, and access to information, trends, and research for employers.

The magazine currently has a circulation of 3,000 members, with readers mainly located in France, but also throughout the United States and Europe. Mr. Béhar explained that the magazine is comprised of four sections: Stakes, Ideas, Actuarial Profession, and Life of the Institute. Satisfaction survey results confirm that the content enhances reader awareness of actuarial news and meets their expectations. A participant asked a question about the end goal of l'actuariel. Mr. Béhar indicated that their goal is for actuaries to be known as risk managers, and to reach out to the banking industry. Another participant

asked if the magazine devoted space to specialist material, and Mr. Béhar answered that the magazine stays away from technical content, to ensure that its readability is not compromised.

#### **4. Certified Actuarial Analyst Designation**

Ronnie Bowie's [presentation](#) focused on information surrounding the Institute and Faculty of Actuaries' new Certified Actuarial Analyst (CAA) designation. Mr. Bowie opened his speech by tying in the subject matter of the last two presentations: extending the profession. He indicated that purpose of the CAA designation is to move in a new direction, based upon demand from their members. The IFoA are aware of the actuarial status of their members, and the need for a professional code to bring together technical skills, professionalism, and Association support. Mr. Bowie emphasized that the CAA designation can be achieved alongside Fellowship and in broader opportunities. The tests required for the CAA designation were outlined, which include Modules 0 – 4, and then a final module on Models and Audit Trails. The timeline for the CAA will likely take two or three years, which is considerably shorter than the pathway to Fellowship. He noted that this designation gives employers an opportunity to invest in their employees, and attract and retain good candidates. Participants raised the question of the pathway for an individual who starts with the CAA and then wants to become a Fellow. Mr. Bowie indicated that at present, there is no bridge to connect the two, but they expect to build one with time, and that the CAA credential is worthy in its own right. In answer to an audience question, Mr. Bowie stated that CAAs will be non-voting members of the IFoA.

#### **5. Presentation on the US Social Security System: Successes and Challenges of a 75-year old System**

Caroline Colvin, Acting Commissioner of Society Security and Steve Goss, Social Security Chief Actuary led a presentation on the successes and challenges of the US Social Security System. To begin, Ms. Colvin outlined the demographic challenges that the US Social Security System faces, and how its challenges are very similar to those other countries are facing. She emphasized the importance of the public's trust and understanding of the US Social Security program. The U.S. Social Security program provides benefits to over 300 million people who are currently receiving benefits or will be eligible to receive benefits.

The Social Security program is currently one of the most efficient programs in the U.S. government, with total administrative expenses for the program at less than 1% of old-age benefits or disability benefits. They employ over 75,000 workers who make the complex determination on whether applicants meet the stringent requirements, particularly for disability. At present, there are 54 state and territorial benefits determination centers, which can provide a challenge when attempting to work with state governments and Congress simultaneously. The Social Security program is moving towards a sophisticated third-party process to detect fraud, which is essential to maintaining public trust.

Ms. Colvin discussed the disability determinations process in more detail. This is done in advance of issuing benefits, with a periodic medical review of those who are receiving the benefits. At present, the program is unable to do these reviews at the appropriate frequency due to underfunding, with a 1.3 million case backlog. Although they are experiencing underfunding, the program focuses on detecting fraud, underpayments, and honest overpayments through data analytics. The US Social Security System has set out a zero-tolerance policy for fraud, ensuring that those who are found guilty are prosecuted and the money is recovered as a deterrent to others.

Ms. Colvin then outlined the Supplemental Income Program, noting that is the most challenging aspect of the Social Security system, particularly with regards to verifying eligibility. In an effort to ensure accuracy, they have recently instituted data exchanges with financial institutions.

The Social Security System is also embracing technology to administer their vast expanse of programs. As a result, the number of employees in field offices has decreased, and those needing to visit a field office has also decreased due to phone and online systems. They are currently tracking the opportunities available using mobile phones, but are sensitive to maintaining data security. In a demonstration of their technological reach, My Social Security now has 10.7 million people registered to gain access to their information online.

Steve Goss then presented on further topics regarding the Social Security System, beginning with a history of the program. The program has been providing benefits for 75 years, but the landscape has changed considerably. The program has two Boards of Trustees for old age survivors and disability, with a separate trust fund for Medicare. Every time any of the trust funds has been depleted, Congress has stepped forward to put more money into the fund. However, US Federal Government borrowing has increased significantly, and the fiscal challenges to the government are a challenge to the Social Security administration.

Between 1975 and 2008, the Social Security disability program amounted to about 4.3% of GDP, which is comparatively low. However, recently the United States is facing the adverse conditions presented by demography. A drop in birth rates combined with increased life spans will raise the cost of the program to 6.2% of GDP. While the program does not have the answer to this challenge, it raises the question of sustainability, and the need to look towards other programs around the world. The Social Security System's disability trust funds reserves could be depleted by 2016 and the old age program by 2035. Congress will once again need to come in and take care of the situation surrounding these challenges.

Participants raised the question of the role of the actuary in maintaining and promoting public confidence in a system that comes under attack from time to time. Mr. Goss answered that those working in the office of the actuary are able to go out and explain the system to people and how it works, to ensure understanding on the part of both the public and Congress. Ms. Colvin reiterated that ensuring the public trust in the system is critical, and that the office of the actuary has a great deal of trust and respect from both Democrats and Republicans.

An additional question was raised regarding financial literacy around the Social Security System, and how the program can ensure that the public understands the benefits and challenges. Ms. Colvin stressed that the program is educating the public and getting the message out with through their website and the media, and are working to inform the public about the areas of social security that are the most misunderstood.

Participants also discussed the perception that social security will not be there when members of the public retire. It would be beneficial to educate financial planners regarding the probability of benefits availability. Mr. Goss answered this question by noting that this perception was a challenge, but they are working to change the language around social security to encourage people that the system will be there for them and the government will step up.

## **6. Conclusion of the Presidents' Forum**

IAA President Rob Brown invited comments on the Governance Review, and received praise for using new methods to communicate the results, such as the Webinar.

He informed participants that the Institute and Faculty of Actuaries would take the lead in setting the agenda for the next Presidents' Forum in London.

Rob Brown then closed the Presidents' Forum.

Prepared by: Margaret Ann Jordan, Society of Actuaries

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