

# **Revised U.S. Qualification Standards (effective January 1, 2008)**

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Professionalism Part 2  
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# Agenda

1. Structure of Revised Qualification Standard
2. Description of Scope
3. Discussion on “Statement of Actuarial Opinion”
4. Basic Education and Experience
5. Continuing Education (CE) Requirements
6. No More Approved Providers
7. Applicability of CE Requirements to EAs
8. Specific Qualification Standards
9. Frequently Asked Questions



# Background on Revisions

- The COQ and leadership of the five U.S.-based actuarial organizations believe that the revisions to the Qualification Standards reflect a broad consensus that more rigor and broader applicability are needed to keep pace with actuarial responsibilities given the complex, fast-changing, and increasingly global financial marketplace actuaries work within.



# Background on Revisions

*(continued)*

- On May 23, 2007 the Academy Board of Directors adopted the recommendations of the COQ subject to minor clarifications which were completed in June 2007.
- The revised Qualification Standards became effective January 1, 2008.



# Structure of Qualification Standards

The revised Qualification Standards are set out as follows:

- Introduction (including definitions)
- General Qualification Standard
  - Basic Education and Experience Requirements
  - Continuing Education Requirements
- Specific Qualification Standards (when necessary)
- Changes in Practice and Application (general and specific)
- Acknowledgement of Qualification (suggested language)
- Recordkeeping Requirements



# Scope Expanded

- The prior Qualification Standards applied more restrictively to “Prescribed” Statements of Actuarial Opinion (PSAO). The revised Qualification Standards expand applicability of the Qualification Standards to all actuaries issuing Statements of Actuarial Opinion in the United States.
- The revised Qualification Standards do not apply to you if you do not issue Statements of Actuarial Opinion.



# Statement of Actuarial Opinion

- “Statement of Actuarial Opinion” is defined in the revised Qualification Standards as “an opinion expressed by the actuary in the course of performing Actuarial Services and intended by that actuary to be relied upon by the person or organization to which the opinion is addressed.”
- “Actuarial Services” are defined in the *Code of Professional Conduct* as “[p]rofessional services provided to a Principal (client or employer) by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.”



# Statement of Actuarial Opinion

*(continued)*

- Appendix 1 to the revised Qualification Standards sets forth various examples of what constitutes an SAO and what does not constitute an SAO.



# Basic Education and Experience Requirements of General Qualification Standard

Before issuing an SAO, an actuary must meet the following three criteria:

- Be a Member of the Academy, a Fellow or Associate of the SOA or the CAS, a Fellow of the CCA, a Member or Fellow of ASPPA, or a fully qualified member of another IAA-member organization; and
- Have three years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems; and
- Be knowledgeable, through examination or documented professional development, of the Law applicable to the statement of actuarial opinion.



## Additional Basic Education and Experience Requirement to Issue SAOs in Specialty Track

The revised standards also require the actuary to satisfy one of the 3 requirements below for issuance of SAOs in an area of practice covered by a specialty track offered by SOA, or covered by exams of the CAS or ASPPA:

- Attain the highest possible actuarial designation in an IAA full-member organization (other than the Academy) and complete a specialty track in the area of actuarial practice relevant to the subject of the SAO; or



# Additional Basic Education and Experience Requirement to Issue SAOs in Specialty Track

*(continued)*

- Attain the highest possible actuarial designation in an IAA full-member organization (other than the Academy) and have a minimum of one year of responsible actuarial experience in the area of actuarial practice relevant to the subject of the SAO under the review of an actuary who was qualified to issue the SAO at the time the review took place under standards in effect at that time; or
- Have a minimum of three years of responsible actuarial experience in the area of actuarial practice relevant to the subject of the SAO under the review of an actuary who was qualified to issue the SAO at the time the review took place under standards in effect at that time.



# Grandfather Clause on Basic Education and Experience Requirements

- Once an actuary is qualified to issue an SAO, the actuary's basic education and experience requirement is met "forever"; therefore future changes in the basic education and experience components do not apply retroactively. If you were a credentialed and qualified actuary prior to January 1, 2008, you have met the basic education and experience requirements, however, if you did not become a credentialed actuary until January 1, 2008 and thereafter, you must comply with the new qualification standards in connection with the basic education and experience requirements.



# Applicability to Enrolled Actuaries

- Enrolled Actuaries (EAs) are deemed to meet the basic education and experience requirement in the pension practice area.



# New Three-Year Experience Requirement

- The revised Qualification Standards contain a new provision that requires “three years of responsible actuarial experience” to be deemed to be qualified before issuing an SAO.



# Continuing Education Requirements

- **30 CE Hours** – Actuaries subject to the revised Qualification Standards must complete and document at least **30 hours** each calendar year of relevant CE (except for transition year 2008).
- **Organized Activity Requirement** – At least six (6) hours must be from “Organized Activities.”
- **Professionalism Requirement** – At least three (3) hours must be on professionalism topics.
- **Maximum on General Business Courses** - General business courses are limited to three (3) CE hours per year.



# Continuing Education Requirements

*(continued)*

- Continuing education is “**relevant**” if
  - (1) it broadens or deepens an actuary’s understanding of one or more aspects of the work an actuary does;
  - (2) the material expands an actuary’s knowledge of practice in related disciplines that bear directly on an actuary’s work;  
or
  - (3) it facilitates an actuary’s entry into a new area of practice.



# Continuing Education Requirements

*(continued)*

- Ultimately, it is an actuary's responsibility to make a reasonable, good-faith determination of what continuing education opportunities will enhance an actuary's ability to practice in a desired field.



# Continuing Education Requirements

*(continued)*

- “Organized activities” involve interaction with actuaries or other professionals working for different organizations.
- Examples of organized activities include, but are not limited to, conferences, seminars, webcasts, in-person or online courses, or committee work that is directly relevant to the area of practice of the subject of the Statement of Actuarial Opinion.



# Continuing Education Requirements

*(continued)*

- In-house meetings can constitute “organized activities” by using outside speakers, otherwise in-house meetings without an outside speaker could qualify as an “other activity” for CE credit purposes.
- “Outside speaker” does not include someone employed by a company working at a different location.



# Continuing Education Requirements

*(continued)*

- **“Other activities”** – include, but are not limited to:
  - reading actuarial literature, statutes or regulations,
  - reading other books, papers or articles on relevant technical or professional topics,
  - writing professional papers or articles,
  - listening to tapes of actuarial meetings or other relevant seminar or conferences,
  - in-house meetings,
  - studying for actuarial exams,
  - drafting actuarial exam questions, and
  - preparing to speak or lead a discussion at a continuing education activity.



# Continuing Education Requirements

*(continued)*

- **Professionalism topics** – include, but are not limited to, the following:
  - studying, reviewing, or providing input on an Exposure Draft of an ASOP;
  - studying or reviewing the Code of Professional Conduct; or
  - serving on the ASB or a professionalism committee.
- The professionalism component may be satisfied by either organized activities or other activities.
- Excess professionalism credits may be carried forward if the annual CE requirement has been met and exceeded.



# Continuing Education Transition Rules

- For SAOs issued in 2008, the CE requirements of the pre-2008 standards apply.
- For SAOs issued in 2009, the total number of CE hours required in 2008 is 24 rather than 30.
- For SAOs issued in 2010 and later, the 30 hour requirement applies.
- Excess CE hours in 2007 may be carried forward to 2008 if the credits meet the definition of relevant CE under the revised Qualification Standards (including organized activities and professionalism).



# No More Approved Providers

- The revised qualification standards have done away with the approved provider program contained in the pre-2008 qualification standards; therefore there is no longer an approved provider list at the Academy website.
- Each actuary will be required to determine whether the event or activity they attend constitutes “relevant continuing education” that will satisfy the qualification standards.
- This does not effect the JBEA’s regulation regarding EA’s obtaining CE from a provider approved by the Joint Board.



# Applicability To Enrolled Actuaries

- Under the pre-2008 Qualification Standards an Enrolled Actuary was deemed to meet the continuing education requirements under the qualification standards for the issuance of PSAOs in the pension practice area if he or she complied with regulations issued by the Joint Board for the Enrollment of Actuaries.



# Applicability To Enrolled Actuaries

*(continued)*

- Under the revised Qualification Standards, Enrolled Actuaries who issue Statements of Actuarial Opinion “related to retirement plans to which ERISA applies” will be deemed to meet the new Qualification Standards requirements for continuing education if they satisfy the Joint Board CE requirements, but only through 2010.
- Commencing in 2011, this exemption will apply only to Form 5500 Schedule B certifications and other government-required forms. For any other SAO, Enrolled Actuaries must meet all of the revised CE requirements including 30 hours annually.



# Applicability To Enrolled Actuaries

*(continued)*

- EAs who issue SAOs other than those specifically exempted must meet the CE requirements under the Qualification Standards.
- Much discussion ensued in relation to this issue, and the majority consensus was that beginning in 2011, Enrolled Actuaries subject to the Code of Professional Code should meet the same qualification standards that all other members are required to meet in issuing SAOs.



# Specific Qualification Standards

- The requirements for the Specific Qualification Standards have not substantially changed.
- They primarily apply to actuaries who issue the following SAOs:

NAIC Life and A&H Annual Statement

NAIC Property and Casualty Annual Statement

NAIC Health Annual Statement



# Specific Qualification Standards

*(continued)*

- The only change to the basic education requirement of this Section is the addition of reinsurance on the property/casualty list.
- The continuing education requirements have increased from 12 to 15 CE per calendar year, with a minimum of six from “organized activities”.
- The CE requirements of the Specific Qualification Standards also satisfy the General Qualification Standards CE requirements and are not in addition to the 30 hour requirement.



# Frequently Asked Questions

- **Frequently Asked Questions**



For more FAQs about the Revised Qualification  
Standards please see:

<http://www.actuary.org/qualstandards/qualfaqs.asp>



# SOA CPD Requirement

2008 Employee Benefits Spring  
Meeting – Professionalism, Part II  
Emily Kessler, SOA



# Compliance

- Effective date: January 1 2009
- All members are subject to the SOA's CPD requirement
  - ASA, CERA and FSA
- Must certify compliance as of December 31 of each year
  - First certification December 31, 2010



# Don't panic

- If you are subject to the US Qualification Standard, you may use alternative compliance to meet the SOA CPD Requirement
  - If you meet the US Qualification Standard, you meet the SOA standard
  - This is considered compliance **in full**



# 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*

\*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. **At least 7.5 units of structured credit must be from a source other than the employer.**



# Definition: Structured credit

- **Structured credit:** Any organized learning experience with opportunity for interaction among participants
  - Meetings, seminars, webcasts, some volunteer activities
  - At least 7.5 units of structured credit per cycle from a non-employer source
- **Self-study:** No limit on activities that count as self-study credit, except normal work duties do not count



# Students

- Must comply 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



# 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



# 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)



# Exposure draft

- Over 100 comments received
  - Inactive/emeritus status
  - Requirement is onerous
  - Professionalism
  - Alternative compliance
    - ◆ More alternative compliance options (international)



# Inactive/emeritus status

- Most comments, most passionate comments
- Drop it, or just publish a list of who hasn't complied



# Requirement is onerous

- Mostly focused on structured credit
  - Philosophical (our definition is too strict)
  - Cost
  - Difficulty
- International members: cost & difficulty
- Proposed SOA standard requires more structured hours than US Qualification Standard
  - Number of hours in line with CIA standard, but stricter definition of structured credits than CIA



# Professionalism

- Almost all comments focus on difficulty of obtaining **structured** professionalism
- Comments from international members dominate this category



# Alternative compliance

- Viewed positively by members sending in comments.
- Many international members (and some US members) believe we should allow alternative compliance with the CPD standard of any other IAA body



# CPD Requirement: Next Steps

- KMSAT developed alternatives for Board
- Board considers & finalizes requirement at June 2008 meeting



# Questions





# CCA's Revised CE Program



# Initial Voluntary Program

- 1985 – Voluntary Program for Recognition of Continuing Professional Education
  - 20 hours annually
  - Carryover credits to next year were allowed
  - Recognized in the Yearbook
  - Individuals self certified



## Profession-wide CE?

- 2000 – NAAC discussion of possible profession-wide CE requirement
  - NAAC established a Task Force
  - Task Force Outcome – each organization encouraged to work towards establishing its own program



# Mandatory CE

- 2004 - CCA adopted a required CE program its members.



# Qualification Standards

- 2008 - The QS generally applies to actuaries practicing in the US.
- So, it is generally applicable to members of any one of the U.S.-based actuarial organizations
  - American Academy of Actuaries
  - American Society of Pension Professionals and Actuaries
  - Casualty Actuarial Society
  - Conference of Consulting Actuaries
  - Society of Actuaries



# Question for the CCA: How to revise the Mandatory CE Program?

## Guiding principles:

- Minimize burden for our members
- Maintain CCA's commitment to robust CE
- Should be straight-forward
- Should support our vision statement  
"Advancing the Practice"



# CE Program Revisions

Effective in 2008, CCA incorporated the CE elements of the new US Qualification Standards, with the following three modifications:

1. CCA requires 30 CE hours be met annually, whether or not the member issues a Statement of Actuarial Opinion (SAO).
  - Retired Status may be elected by individuals in years where no actuarial services are performed.
  - An individual in Retired Status appends a “R” to his/her designation during that year.
2. No Enrolled Actuary exemption.
3. No phase in.



# Online Tracking Tool

- To assist our members in the tracking of their actuarial continuing professional development (CPD) to meet the revised Qualification Standards and the Conference's revised program, we are pleased to announce a new CPD tracking tool at:

- [ActuarialCPD.org](http://ActuarialCPD.org)

The screenshot shows the ActuarialCPD website. At the top is the Conference of Consulting Actuaries logo and the title "ActuarialCPD". A navigation bar includes links for Home, View CPD Credits, View EA Credits, Add Credits, Export Data, Profile, and Logout. A welcome message reads "Welcome to ActuarialCPD, David Johnson!". Below this is a paragraph explaining the site's purpose for tracking CPD and EA credits. A "Login and View Credits Now" section lists several options: View CPD Credits, View EA Credits, Add Credits, Export Data, Profile, and Logout. A "Calendar of Events" sidebar on the right lists upcoming seminars and meetings with dates and locations. At the bottom, there is a "CCA Membership" section with information for nonmembers.

**ActuarialCPD**  
Home View CPD Credits View EA Credits Add Credits Export Data Profile Logout

Welcome to ActuarialCPD, David Johnson!

This site was designed for members of the Conference of Consulting Actuaries to track both their Continuing Professional Development credits (as required by the recently revised Qualification Standards) and Enrolled Actuaries credits (as required by the Joint Board for the Enrollment of Actuaries).

**Login and View Credits Now**

CCA members may choose any of the following to track their credits.

- [View CPD Credits](#)  
Allows CCA members to view, enter, update, and (if necessary) delete activities and compute their credits on an annual basis. Members may sort credits by year, type of activity, and area of practice as well as any combination of these criteria. At the bottom of the page, members can find totals for the different areas of credits required under the Qualification Standards including CPD, Organized Activity, Professionalism, Business Skills, and Specific Qualification Standards.
- [View EA Credits](#)  
Contains credit information to allow Enrolled Actuaries to track credits along their three-year cycles. Members can view their credits by reporting cycle and activity type, as well as a combination of the two criteria. At the bottom of the page, members can find their total EA Core and EA Noncore credits based on the requested criteria.
- [Add Credits](#)  
Add new credits to your listing. One entry works for both CPD and EA credits.
- [Export Data](#)  
Download your information to an Excel file.
- [Profile](#)  
Allows members to change their passwords and their e-mail address.

We hope you enjoy this new benefit of CCA membership!

**CCA Membership**

Nonmembers are encouraged to visit the [CCA web site](#) and learn about membership. Complete the [online application](#) to begin the process of joining the CCA.

**Calendar of Events**

<a href="#">Professional Standards Seminar</a>	
April 6, 2008	Washington, DC
<a href="#">Enrolled Actuaries Meeting</a>	
April 6-9, 2008	Washington, DC
<a href="#">Small Firms Seminar</a>	
April 9, 2008	Washington, DC
<a href="#">Pension Symposium: De-risking the Pension Plan</a>	
April 9-10, 2008	Washington, DC
<a href="#">GASB 43/45 Part Two</a>	
April 9-10, 2008	Washington, DC
<a href="#">Confidentiality &amp; Data Security</a>	
May 14, 2008	12:30 - 1:45 PM EDT
<a href="#">Employee Benefits Spring Meeting</a>	
June 4-6, 2008	Tampa, FL