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CaReER ReLated

Actuary: Do You Have What It Takes to Earn the Gold?

by Dahna M. Chandler


Want a prestigious career where you don't need a law or medical degree to earn six figures, where you can earn a starting salary of up to 60K annually and won't need an MBA to reach the executive suite or even the CEO's office? If so, and if you are a bright math and business lover

in your freshman or sophomore year of college who had a minimum math SAT score of 600 and who is maintaining at least a 3.3 GPA in a strong quantitative program, you will like a career in actuarial science. Ranked by professional satisfaction, actuary is number two, according to 2002 edition of The Jobs Rated Almanac. It has been in the top five since 1988.

As an actuary, you will assign a dollar value to risk. You will be a highly respected professional on a career path to becoming a high-profile insurance industry professional important to the bottom-line success of a \$1.07 trillion dollar sector of the financial-services industry or a professional with a government agency like social security. Top performers in actuarial science reach average salaries of \$120K. Senior partners in consulting firms can earn high six-figure salaries. Most insurance industry CEOs, earning \$1 million or more annually, are actuaries.

For entry-level analyst positions, you need an undergraduate actuarial degree. Unless you decided to become an actuary late in your undergraduate career, you do not need a master's degree for entry-level analyst positions. Instead of getting MBAs or master's degrees, actuarial analysts take a series of eight or nine exams in either the life insurance or property and casualty insurance areas to ultimately earn a Fellow designation, considered the Ph.D. of the actuarial profession. Each exam you pass increases your salary, bonus, and responsibility.

Few African Americans enter the profession because they don't know about the profession. African-American Fellows are rare. Some seven decades after Asa T. Spaulding became the first African-American actuary, fewer than 45 of the approximately 10,000 Fellows in the U.S. are African American.

 Actuary: Do You Have What It Takes to Earn the Gold?

Breaking In and Moving Ahead:

The Key Qualifications to Actuarial Career Success

What skills do I need to be an actuary?

- Specialized math knowledge
 - Calculus, statistics, probability
- Keen analytical, project management and problem solving skills
- Good business sense
 - Finance, accounting, economics
- Solid communication skills (oral & written)
- Strong computer skills
 - Word processing programs, spreadsheets, statistical analysis programs, database manipulation, programming languages


What talents do I need to be an actuary?

- Self-motivation
- Creativity
- Independence
- Ability to work with others
- Ambition

In a nutshell, the abilities developed and honed by successful actuaries include an excellent business sense with a knowledge of finance, accounting and economics, keen analytical, project management, and problem solving skills, specialized math knowledge, strong computer skills, and solid written and oral communication skills.

But, actuaries aren't just analytical left brained thinkers who like to solve complicated problems. They enjoy learning, writing and talking to people, can work effectively alone or as part of a team, are interested in a variety of historical, social, legislative, and political issues, and are self-motivated achievers.

From: Adapted from BeAnActuary.com

 Harold Gray

Says Harold Gray, Director of the Center for Insurance Education at Howard University, "Because we don't enter this field in high numbers, not enough of us in the insurance industry are in leadership roles, which often come through actuary work." In an industry where there are more opportunities than ever, Gray's goal is to make certain many more actuarial analysts are African American.

Demand is high for actuaries, and as entry-level professionals, African Americans can expect several job offers upon graduation from a good program. Career entry can be like training for a spot on the Olympic team, and advancement is like continually beating your personal best to earn a gold medal. For those of you who are ambitious and hard-working math or actuarial science students, this will be a lucrative career path. Stafford Thompson,

31, a 1994 Summa Cum Laude FAMU alumnus and a Pricing Actuary at TransAmerica Reinsurance, agrees. Thompson prices \$100 billion deals for his company.

Thompson is on the fast track to the executive suite. The confident, affable president of the International Society of Black Actuaries (IABA), who receives his Fellow designation from the Society of Actuaries in March 2005, learned about an actuarial career during his junior year of high school when he attended Howard University's Summer Actuarial Program run by Gray. "I learned what actuaries do and how much they make, and I was hooked," he chuckles.



Making the Team

But like earning Olympic gold, your becoming a full actuary is a demanding process that starts, often, in high school. The average entry-level actuarial analyst had 600+ SAT scores and graduated from a strong program with a 3.3, or better, GPA, passed one or more exams, was a leader in their actuarial science program or a member of Gamma Iota Sigma, the insurance industry fraternity, and did one or more internships in the profession. Though the industry standard is to recruit the best and brightest from the top actuarial programs, students from other quantitative majors are considered as long as they meet the other minimum requirements, including passing exams.

Many students take the first exam during their freshman year of college and most no later than the end of their sophomore year, though some are taking their second exam by then. These exams are difficult—the pass rate for an exam is approximately 30%, and students who don't pass at least one exam before college graduation aren't likely to find an actuarial analyst position because passing exams determines aptitude for completing them and commitment to the field. (The prerequisites for passing them, as well as practice exams and syllabi, are available online at BeAnActuary.org/exams.)

While having strong quantitative skills and exam success are critical for entry level hopefuls, "Having a well rounded curriculum in college is critical, says Thompson, "because you'd be surprised how many times Charlemagne or some other medieval conqueror has come up in conversations at work or in other professional settings." It's important, he says, for students to take liberal arts courses as well as math and business courses.

Those who make the cut find entry-level positions in top insurance firms. Allstate, one firm that actively recruits minority analysts and strives to retain them, has both an outstanding 10-week summer internship program and entry-level analyst program. Allstate recruits top students from some 20 colleges and universities into both programs. Interns, who get paid housing, subsidized travel and are paid a percentage of an entry-level actuary's annual salary, complete tasks on real projects that

would otherwise be done by full-time employees. "We use internships as a primary method for hiring full-time jobs, as internships are like a 10-week interview," explains Jodi Wrede, Project Manager for Allstate's Property and Casualty Actuarial Support Program.

Wrede, who has an actuarial degree herself, is responsible for hiring, salary, and communication with recruits. She says, "We are looking for a mutual fit." Allstate and its 13 Summer 2003 property and casualty interns found that mutual fit with all accepting full-time positions and entering six to nine months in Allstate's intensive entry-level actuarial career-training program.

Challenging entry-level positions exist in consulting firms as well. Mercer Human Resource Consulting, a global organization with 13,000 employees globally in 40 countries around the world that works with its client firms to create compensation and benefits plans, employs 1,000 actuaries and hires more actuaries than general analysts. Internships and entry-level opportunities exist in their retirement and health-care and group-benefits divisions for students who are from top actuarial science programs, who have strong academic records, and who are interested in becoming Fellows. Says Lara McCann, National College Recruiting Manager for mercerHR, "Both interns and entry-level hires can expect real work immediately, because mercerHR doesn't have a formal training program. Their real work serves as on-the-job training and orientation into the firm, supplemented by other training opportunities."

Taking Home the Gold—The Actuarial Exam Process

Successful actuaries have myriad qualities (see sidebar, "Breaking In and Moving Ahead"), but Wrede, McCann, and recruiter Patty Jacobsen of Chicago's D.W. Simpson, the number one U.S. actuary-recruiting firm, can't stress passing the exams enough. Explains Jacobsen, "Passing the exams necessary to receive a Fellow designation is critical to staying in the field because firms only want those prospective actuaries willing to complete the process." Actuarial analysts, she says, spend their first several years in the field learning the industry, their job, and the technology associated with their positions and taking exams. Prospective actuaries work full-time while studying for exams, which require up to 500 hours of study each and can take up to ten years to complete.

Fellow designation by the Casualty Actuarial Society (CAS), for those in property and casualty insurance, requires passing nine exams, and in the Society of Actuaries (SOA), for those practicing in the life and health or pensions area, it requires passing eight exams. But, prospective actuaries can apply for CAS membership as Associates after completing seven exams and in SOA upon completing six. Both societies require Associate and Fellow candidates to complete intensive professional development programs to earn the additional credits required for designations.

Because Fellow designations are like gold medals for the firms too, the most competitive employers offer formal actuarial exam-study programs which pay the costs of courses, materials, fees and study time for employees completing the exams. Allstate's Jennifer Black, Pricing Manager for the Mid-Atlantic region, finds their program helpful. The 1999 FAMU B.S. graduate in Mathematics and Business and president of

IABA's Chicago chapter, who is studying for her sixth CAS exam, says, "The preparation is excellent, and it helps to share experiences during study groups with others who are going through the process, too."

What do I need to do to get that first job?

- To pass at least one exam; two is better.
- At least one actuarial internship while in college.
- Keep your grade point above a 3.3 in a quantitative major like actuarial science, mathematics, finance, accounting or economics.
- Learn to speak and write well and how to navigate corporate culture as an African American.
- Take computer classes and learn industry specific software and programming languages (Excel, C++, Visual Basic).
- Educate yourself on the various realms of actuarial work including the multiple areas of the business (life, health, property, casualty, pension, benefits); you don't have to pick one area until you've taken several exams and worked in a company awhile, but you should understand what the various areas are • Demonstrate that you are committed to a career in actuarial work by joining the Gamma Iota Sigma, national insurance fraternity, if there's one on your campus, or the International Association of Black Actuaries and similar organizations.
- Network, network, network. Remember that networking is the process of building mutually beneficial relationships where individuals who've learned to trust each other exchange information, resources and support to help one another grow personally and advance professionally. Building trusting relationships takes time, so start connecting now.

From: Adapted from BeAnActuary.com

Indeed, like being in the Olympics, earning the Fellow designation can be a long, arduous process, and sometimes exam students fail several exams or fail one exam more than once before passing them all. Both Victoria Appia and Michele Myrie can attest to the grueling nature of the exams. Appia, a senior actuarial science major at St. Johns University in New York City and an actuarial intern in the retirement department of Aon Consulting in New York since summer 2003, is retaking her second exam next spring. But the Bajan native, a second division netball center for the Volcano Netball Club and Vice President of St. Johns' Gamma Iota Sigma insurance fraternity, is philosophical about having to retake the test. "The key," she says, "is not to get discouraged but to start studying right away to retake that test."

 Michele Myrie

Life & Health March 2004

	0-0.5 yrs (excl. sign-on)	0.5-2.5 yrs	2.5-4.5 yrs	4.5-6.5 yrs	6.5-9.5 yrs	9.5-14.5 yrs	14.5+ yrs
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1 course	40-51	43-55	48-58-				
2 courses	42-54	47-58	52-63	55-70			
3 courses		51-62	54-66	57-73			
4 courses		53-67	59-72	59-77	64-85		
5 courses		55-70	63-78	65-83	68-90		
ASA		58-73	70-86	75-92	79-102	82-110	91-208+
7 courses			74-90	78-95	82-105	86-118	
8 courses			77-95	82-103	85-116	91-128	
FSA				88-120	97-142	105-157	121-274+
Pension March 2004							
	0-0.5 yrs (excl. sign-on)	0.5-2.5 yrs	2.5-4.5 yrs	4.5-6.5 yrs	6.5-9.5 yrs	9.5-14.5 yrs	14.5+ yrs
1 course	42-53	45-57	47-60				
2 courses	45-55	46-59	51-65	53-73			
3 courses		48-62	55-67	57-76	59-81		
4 courses		52-65	61-71	62-81	65-86		
5 courses		55-70	64-78	65-86	69-94		
ASA		59-75	67-83	71-98	75-102	91-126	108-215+
7 courses			71-87	74-100	81-106	96-130	
8 courses			75-91	80-103	87-115	103-137	
FSA				82-105	95-137	115-162	125-282+
Life/Health/Pension combined-CEO/CFO /CIO/COO/ Pres.-10th-90th% 2003 comp-15 points-from SEC Def 14A filings-Posted June 4, 2004				651=2.46M median=1.36M			

Myrie, an Actuarial Technician at TransAmerica in Charlottesville, N.C. a 1993 recipient of a B.S. in Mathematics and Electronics in 1993 from the University of the West Indies and a Master of Actuarial Science from Georgia State University in 2002, is working on passing her fifth exam after choosing the life track through SOA. Myrie's experience with the exams underscores the importance of getting an actuarial track position in an environment that supports actuarial exam-takers —she began taking the exams in 1991 but had to stop in 1996 because her non-actuarial position at Jamaica's Dyoll Insurance precluded test-taking. "But the urge to be an actuary never left me, so I came to graduate school in the U.S. to ensure getting work in the U.S. insurance industry." She began taking exams again in 2001 and asserts, "As long as it's taking, I never thought about stopping completely." As both Appia's and Myrie's experiences prove, persistence is key to succeeding through the exam process to the Fellow designation.

The Gold Medalist's Professional Life

For those, like Stafford Thompson, whose persistence leads to associate membership and then Fellow designation in CAS or SOA, the payoff is high. In addition to top salaries and leadership opportunities, "Actuaries find their careers rewarding, and they retire from the field," says Jacobson.

Simpa Baiye finds deep satisfaction in his position at CIGNA Reinsurance in Connecticut. As an Assistant Actuary, he works with variable annuity products for over 10 clients and 70 product types. He saved one client \$80 million in reserve requirements by identifying an unusual change in their data. But, the 1998 graduate of the University of Lagos, Nigeria with a BS in actuarial science took a circuitous route to that satisfying role. Baiye, an ambitious former bakery owner and tennis instructor, was born in France to Nigerian parents and raised in Nigeria and Senegal. He found Cigna unreceptive to his application from Nigeria, so he entered the actuarial science graduate program at University of Waterloo, one of Canada's top program and applied to CIGNA from Canada. Of his master's experience, Baiye, who became an SOA Associate last fall, says, "The market doesn't recognize the degree immediately, so you start at the same place as with an undergrad degree, but the coursework provides a base for of the more advanced exam materials."

Baiye decided before leaving grad school that he wanted to work with annuity products and says reinsurance gets him closer to that. "The life side of the business has stronger emphasis on investments," the specialty track Baiye will pursue to earn his Fellow designation, which he expects in November. "I intend to play a leadership role in the life and annuity business either in a corporate setting or as an entrepreneur," he says.

Actuary Salary Survey Data From: D.W. Simpson & Company, Actuarial Recruitement							
Property & Casualty - March 2004							
	0-0.5 yrs (excl. sign-on)	0.5-2.5 yrs	2.5-4.5 yrs	4.5-6.5 yrs	6.5-9.5 yrs	9.5-14.5 yrs	14.5+ yrs
1 exam	41-53	45-55	47-60				
2 exams	42-55	48-58	52-63	56-73			
3 exams		51-63	56-66	59-79	62-87	66-92	
4 exams		54-67	58-79	63-86	67-94	77-111	
5 exams		57-71	61-87	67-90	71-99	84-122	
6 exams		62-75	65-97	76-101	79-105	90-137	
ACAS		65-83	75-104	81-111	86-130	100-155	115-221+
8 exams			78-109	84-117	90-141	108-171	
FCAS				99-146	107-160	122-236	129-376+
CEO/CFO/COO/President-2003 compensation-10th-90th percentile 14 data points-from SEC Def 14A filings-Posted June 4, 2004				384-9.83m median=1.75m			

Mike Poe, a CAS Fellow, consulting actuary with the Tillinghast business of Towers Perrin in Washington, D.C. and principle of Towers Perrin, has also found his place in the actuarial profession. Poe is actively involved in business development and managing the projects that he brings in as well as working to train and develop less senior staff in training. A 20-year industry veteran and Howard grad who earned an MBA from the University of Michigan, Poe entered the profession in the early 80s when few managers were African American. He says since

then, "African Americans have made their mark in the insurance industry and have risen to leadership in a number of different areas."

Poe, who had a 680 math SAT score, adds, "Consulting as an actuary provides great opportunities for folks who like problem-solving, have strong math skills, and like helping a wide variety of organizations finance the different risks that they take." But, Poe, who was in the management training program at Aetna before that coming to Towers Perrin over 16 years ago suggests "Students should get internships in both life and property and casualty to see where they want to be before making a choice." And, like most other industry professionals, stresses the importance of the exams. "Take exams seriously because employers want to see that you can study for and pass these exams. They really are looking for that," he explains.

Moreover, he says, "These exams are like boards for a doctor or the bar for a lawyer—getting the Fellow credential shows you have demonstrated the knowledge base to be a professional in this area and are competent to manage a variety of projects in your specialty." Poe's success shows that for those who take his advice seriously and are willing to endure the arduous course to the Fellow designation, the path to the CEO's office in the insurance industry can be paved with actuarial Olympic gold.

Need More Information? Here's Where You'll Find it:

Career information on actuaries specializing in pensions is available from:

- American Society of Pension Actuaries, 4245 N. Fairfax Dr., Suite 750, Arlington, VA 22203. www.aspa.org

For information about actuarial careers in life and health insurance, employee benefits and pensions, and finance and investments, contact:

- Society of Actuaries (SOA), 475 N. Martingale Rd., Suite 800, Schaumburg, IL 60173-2226. www.soa.org

For information about actuarial careers in property and casualty insurance, contact:

- Casualty Actuarial Society (CAS), 1100 N. Glebe Rd., Suite 600, Arlington, VA 22201. www.casact.org
- The SOA and CAS jointly sponsor a Web site for those interested in pursuing an actuarial career. www.BeAnActuary.org

For information about actuarial careers in consulting firms:

- Conference of Consulting Actuaries, 1110 W. Lake Cook Rd., Ste. 235 / Buffalo Grove, IL 60089 www.ccactuaries.org/index.html

For general facts about actuarial careers, contact:

- American Academy of Actuaries, 1100 17th St. NW., 7th Floor, Washington, DC 20036. www.actuary.org/index.htm

For information on African Americans in the field:

- International Association of Black Actuaries, c/o Mosher & Associates, 19 South LaSalle Street, Suite 1400, Chicago, IL 60603

www.blackactuarities.org

Dahna M. Chandler is a professional journalist.

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