

# Actuary or chameleon?

Paul Walsh guides us through the job-search jungle that now faces most actuaries.

**O**VER THE PAST NUMBER OF YEARS there has been a sea-change in the average actuary's career path. No longer does he or she want to be tagged as a 'life actuary' or 'pensions actuary' for their whole career but as a 'business actuary' who has experience of a number of actuarial disciplines.

The purpose of this article therefore is:

- ◆ to advise actuaries on how to switch between the various actuarial disciplines;
- ◆ to reassure pensions actuaries that there is life after the culling of defined benefit schemes; and
- ◆ to try and provide actuaries with some of the tools they require in the job-search jungle.

### Transferable skills

In order to transfer smoothly from one actuarial discipline to another, it is important that you are able to identify your transferable skills. The first step in this is to ask 'what skills do you have?' not 'what job do you do?' From that, you should then identify and highlight those skills which are relevant or useful in your intended new role. The reason for this is that your previous day-to-day tasks are likely to have less relevance to your new duties and responsibilities (and may make little or no sense to your potential new employer). However, your underlying skills may be very relevant and, once transferred, can be utilised in very different ways within your new role.

Some sample transferable skills are shown in the table. For example, instead of saying you 'priced life insurance products' (life actuary), 'set premium rates for motor insurance' (non-life actuary), or 'performed triennial valuations' (pensions actuary), you should be highlighting the underlying skill – you 'used a

combination of financial, cashflow, and risk modelling skills...' to achieve the desired result.

In summary: think skills, not tasks.

### The skill-set CV

A curriculum vitae is ultimately a marketing document – a short summary of your working life and achievements, highlighting the skills, knowledge, and events which will appeal to your new employer.

For many employers, mentioning the words SIB review is the kiss of death. Therefore, once again, it is important for actuaries wishing to secure new employment that they demonstrate what their underlying skills are to the potential employer, rather than just listing the tasks they have been performing. For example, figure 1 below shows extracts from two CVs – one is task-orientated while the other is skill-orientated. Not many will secure jobs using the first format.

### A defining moment

The advent of FRS17 was a defining moment for defined benefit (DB) schemes: what could be seen as the beginning of the end. What was introduced as a mechanism for reporting the 'true' cost of running the employer-sponsored retirement scheme has actually influenced employers to withdraw from DB schemes and switch to defined contribution (DC) instead. Apart from asking 'was this what was really intended?', pensions actuaries are also now asking themselves 'what next for me?'

There's no need to worry. Even where employers are putting new employees into DC schemes, the DB scheme for existing employees may take many years yet to run off and thus the DB pensions actuary will still be required for some time into the future.



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Figure 1 Task orientation vs skills orientation	
<b>Responsibilities include:</b>	
<p><i>Using <b>specific</b> SIB review terminology</i></p> <ul style="list-style-type: none"> <li>■ performing SIB review loss-assessment calculations</li> <li>■ checking loss assessments and editing and signing off letters</li> <li>■ providing technical assistance to loss assessment team</li> <li>■ keeping up to date with changes in regulations and techniques involved with assessing cases</li> <li>■ testing spreadsheets prior to implementation</li> <li>■ training others in loss-assessment calculations</li> </ul>	<p><i>Using <b>generic</b> employee benefits terminology</i></p> <ul style="list-style-type: none"> <li>■ modelling occupational scheme benefits for comparison with personal pension funds</li> <li>■ reporting results to clients</li> <li>■ providing technical assistance to clients and external caseworkers on complex modelling issues</li> <li>■ ensuring that current procedures are in accordance with FSA regulations and amending procedures to reflect changes in regulations</li> <li>■ software testing and quality assurance validation</li> <li>■ training of others in regulatory issues and occupational pension scheme features</li> </ul>

**Figure 2 Skill set examples**

<b>Financial modelling skills</b> Risk modelling Cashflow modelling Statistical modelling Stochastic modelling Data modelling	<b>Communication skills</b> Verbal skills Written skills Facilitation skills Presentation skills Negotiation skills	<b>Organisational skills</b> Time management Project management Attention to detail
<b>Analytical skills</b> Problem-solving Financial analysis Strategic analysis Operational analysis	<b>Client relationship skills</b> 2 ears, 1 mouth approach Professionalism Understand their needs Manage their expectations	<b>Managerial skills</b> Delegation Man-management Teamworking Coaching and development
<b>Technical knowledge skills</b> Legislative knowledge Regulatory knowledge European directives Irish taxation law International taxation law	<b>Business development skills</b> Sales Marketing Business retention	<b>Motivational skills</b> Innovation Assertiveness Enthusiasm Self-starter

In addition, employers with DC schemes will still require significant advice from actuaries. Why? Because DB and DC are really just different sides of the same coin: with the first, you know the end benefit (pension as a percentage of final salary) and you need to calculate the contribution rate, while with the second you know the contribution rate and you need to calculate the projected retirement fund.

The latter may sound simpler, but in reality it will be of little use to quote 'telephone numbers' to pension scheme members. It is likely that pension actuaries will convert the projected retirement fund into an annual pension equivalent so that employees can readily understand its relationship to their final salary, as well as understanding whether their current contribution rate is sufficient. Michael Moloney, an employee benefits consultant with Mercer, says: 'In a DC environment you need to be able to explain the key factors driving retirement income to members, not just trustees.' Pensions actuaries will be using the same skills, just in a different environment.

### 'It's life insurance, Jim, but not as we know it'

As a final example, look at the financial reinsurance or alternative risk transfer (ART) market. This market for actuaries had, until recently, burgeoned over the past few years. One example of an ART product is an investment loan to a life or general insurance company, with a reinsurance wrapper. Do you need to be

a life, general insurance, or investment actuary to work in this area? If you look at a cross-section of the actuaries practising in this field you will see that they come from very diverse backgrounds and represent all the major disciplines – they have very different past experience but all were able to demonstrate the underlying skills (analytical, financial modelling, and client relationship skills) required to switch to ART.

### Go for the skill

Whether you want to move up the ladder in your current company, change tack completely, or want that job in the local fish-processing factory, the most important thing to remember is to highlight your relevant skills.

- If you are a life actuary and want to become a general insurance actuary – focus on your data-modelling, statistical-modelling, and risk-modelling skills.
- If you are a general insurance actuary and want to become an employee benefits actuary – focus on your communication skills, client-relationship skills, and business-development skills.

More and more actuaries are becoming less specialised and more generalised. We are opening more doors for ourselves, not only within the different disciplines of our profession but also in wider fields, for example management consulting, environmental impact modelling, and recruitment. □