

RISKY BUSINESS

—News and notes on the Actuarial Studies Program—

Department of Mathematics

Spring 2008

The University of Texas at Austin

From the Director



I apologize for repeating myself from year to year, but I have to say that the actuarial program is in good shape—plenty of students, students passing exams, and students getting actuarial jobs. For more info, see the program data on page 4; for a bit of negative news, see the lead article 43, 43, 36, 35, 33 on this page.

We continue to increase our teaching flexibility by having our actuarial faculty gain experience with more of the curriculum. Milica Cudina has now taught interest theory, financial economics, and life contingencies; Leslie Vaaler, after teaching only interest theory while writing our interest-theory book (now officially on the SoA/CAS syllabus for Exam FM/2), has now also taught life contingencies, the introductory financial economics for Exam FM/2, and our Seminar on Actuarial Practice; and both Milica and Leslie will probably teach part of the Exam C/4 sequence next year.

Progress continues toward hiring a successor as Director for when I retire from UT-Austin in August 2010. While nothing is yet certain, we've identified our leading candidate from among a handful of very strong candidates and I hope that an offer will be made and accepted next fall to join our faculty in Fall 2009 so as to overlap with me for a year. Please keep your fingers crossed.

We've tinkered slightly with our small actuarial graduate program under the M.A. in Mathematics; starting next year we intend to allow students to elect to take an additional relevant graduate class instead of writing an MA Report on their summer internship.

So all is well. How boring!

Jim Daniel, Director

Find us on the Web at
www.utactuary.info

Actuarial educator visits UT-Austin

Dr. Mark Maxwell, ASA, is teaching one section of interest theory for us this semester while on sabbatical from Robert Morris University (RMU) in Pittsburgh, where he heads its actuarial program.

Maxwell—as he prefers to be called—generously offered to teach the students' Actuarial Science Club exam-prep seminars for Exams P/1 and FM/2 in April at no charge, allowing most of the Club's income to support actuarial scholarships.

While not teaching for us or donating his time to the students, he's working on finishing his probability and statistics introductory textbook, jointly authored with Dr. Len Asimow, ASA, his RMU colleague. They hope that their text, when published, will join those on the list of those recommended for learning the material for Exam P/1.

RMU hired Maxwell from Maryville University in 2000, and he began directing the actuarial program in 2003. Originally from Idaho, he received his PhD in Mathematics from Oregon State University in 1994.

A devoted Chicago Cubs fan, he has a dog named Wrigley—whose predecessor was named Buckner.

Beckner named Mathematics Chair

Bill Beckner became Chair of the Department of Mathematics in late summer, succeeding Efraim Armendariz who stepped down after 16 years. Bill holds the Paul V. Montgomery Professorship in Mathematics, the brother professorship to Jim Daniel's Paul V. Montgomery Professorship in Actuarial Mathematics; his research interests are in analysis.

Beckner has been a strong supporter of the actuarial program and its future development. Well before becoming Chair he began his service on the committee that has been planning for the future of the program and

See **Beckner** on page 4

43, 43, 36, 35, 33

Whatever regression model you use, that time series data strongly decreases. Unfortunately, it represents the numbers of individuals who have contributed to the actuarial program during our annual fund drive in the past five years.

During this same time period, the numbers of our graduates holding actuarial jobs has of course steadily increased—in 2007, for example, 30 more students found entry-level actuarial jobs. Historically, about 520 UT-Austin alums have taken actuarial jobs, and about 70% of those have done so since 1989.

Increasing numbers of alums working as actuaries and decreasing numbers of individuals contributing financially of course combine to yield a strongly decreasing percentage of alums giving back to the actuarial program that helped prepare them for their careers—approximately 10%, 10%, 8%, 7%, and 6%. Such a disturbing trend can only be corrected through the generosity of our graduates.

The numbers of companies, rather than individuals, contributing funds for general program support have perhaps shown a bit of an upward trend (12, 7, 8, 15, 14), and the numbers of companies contributing scholarship funds have remained fairly constant (12, 12, 11, 11, 13).

Interest in our graduates has slowly increased over these five years among employers outside Texas, as measured by the numbers of employers using our job-placement service and offering summer internships and entry-level jobs to our students. But so far this has not resulted in financial support in addition to the greatly appreciated support of offering positions to students.

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Students recognized for excellence

Michael McPhail and Brian Gaudet



December graduating seniors Brian Gaudet from Cypress, TX, and Michael McPhail from Sugar Land, TX, received Bob Williams awards for academic excellence during the Mathematics Department's December awards ceremony.

The Williams endowment was created by UT-Austin alum and Emeritus Professor Bob Williams to provide funds to support excellence in undergraduate mathematics. Each of the half dozen specialty areas for mathematics majors can recommend graduating seniors for recognition. Only three awards were made in December, and

two of those went to Brian and Michael from the actuarial program. [The third was in the high school math teaching category and went to Michael's wife Julie!]

Brian and Michael both graduated with credit for Exams P/1, FM/2, MLC/3L, and MFE/3F. Both have begun their actuarial careers, Brian with Trustmark Insurance in Lake Forest, IL, and Michael with USAA (P&C) Insurance in San Antonio.

Alisa Havens

Actuarial M.A. student Alisa Havens won a Frank Gerth III Teaching Excellence Award in Mathematics for 2006-2007.

Established by the late UT-Austin Mathematics Professor Frank Gerth, Gerth Awards are given every year to recognize various forms of excellence by Mathematics graduate students—teaching (as a Teaching Assistant or Assistant Instructor), performing on PhD preliminary exams or their courses, or writing a dissertation. Alisa's recognition for her excellent performance as a TA continues the long tradition of teaching awards for actuarial MA students.

Havens is completing her actuarial MA this semester and has accepted an entry-level actuarial job with The Hartford, where last summer she was an intern. She began her studies at UT-Austin in the fall of 2006 after graduation from TCU.

Michal Kujovic

Actuarial M.A. student Michal Kujovic was last spring named a two-year student representative to the editorial board of *The Future Actuary*, the quarterly publication of the CAS and SoA that yearly reaches thousands of actuarial candidates taking the preliminary exams.

Last summer he attended his first of three summer editorial board meetings in the Chicago area, where he and other student representatives could suggest story ideas for the coming year. *The Future Actuary* regularly publishes articles on such topics as career development, nontraditional careers, study tips, and professional conduct and ethics.

Michal, who this year has served as President of the UT-Austin students' Actuarial Science Club, is completing his actuarial M.A. this semester and will begin his actuarial career with Watson Wyatt Worldwide in Houston. Before coming to UT-Austin he graduated from UT-Dallas, where he had been awarded a chess scholarship.

Yanin Ounkomol



Yanin Ounkomol was awarded a Natural Sciences College Book Award for academic excellence as she graduated in May 2007. She chose *Mathematical interest theory* by Jim Daniel and Leslie Vaaler, who were delighted to autograph the book and present it to her.

Financial aid honor roll

Outstanding students receiving merit-based financial aid from the actuarial program during the period from Summer 2007 through spring 2008 included:

AEGON-USA Actuarial Mathematics Scholarships: Benjamin Coneway, Michael McPhail, Amie Sun, Kristy Trang, Yu Hsiang Wu; James Morris Dial Scholarships in Actuarial Studies: Komail Khoja; Hewitt Associates Actuarial Scholarships: Cyan Manuel, Abbas Mujtaba, Pui Man Ho; JP Morgan Compensation and Benefit Strategies Actuarial Scholarship: Pui Man Ho; Jordan Scholarships funded by the Southwest Actuarial Forum: Tak Tim Chan, Komail Khoja, Xin Qiao; Jordan Scholarships funded by general funds: Daphne Lum, Scott Merkord, Tejesh Patel; Jordan Scholarship funded by the Actuarial Club of the Southwest: Michal Kujovic; Jordan Scholarship funded by USAA Life: Annie Morris; Mercer HR Consulting Actuarial Scholarship: Katherine Limanjaya; Milliman USA Standard of Excellence Actuarial Scholarship: Saleh Lalani; C. Mitchell Actuarial Scholarship: Zhi Fang; John S. Rudd Jr. Endowed Actuarial Scholarship: Brian Gaudet; Rudd and Wisdom Actuarial Studies Scholarships: Hao Chen, Meagan Hughes, Tejesh Patel, Murtaza Rawat; D. W. Simpson & Co. Scholarship: Coco Li; Towers Perrin Actuarial Scholarships: Khiem Ngo, Brice Robinson; Troncso Consulting Group Actuarial Scholarship: Junsheng Ma; USAA P&C Actuarial Scholarships: David Fernandez, Brian Gaudet; UT Actuarial Alumni Association Scholarships: Jesus Flores-Komiyama, Pui Man Ho, Daphne Lum; Watson Wyatt Worldwide Actuarial Scholarships: Scott Merkord, Rong Rong, Michal Kujovic; Eugene Wisdom Memorial Scholarships in Actuarial Studies: Jonathan Glowacki, Katherine Limanjaya; Actuarial Studies Excellence-Awards (Fireman's Fund and USF&G merit-based loan program to assist the Texas Department of Insurance): Rong Rong, Tatiana Yacho; Texas Department of Insurance Internships (Fireman's Fund and USF&G program to assist the Texas Department of Insurance): Tak Tim Chan, Benjamin Coneway, Ray Guan, Pui Man Ho, Katherine Limanjaya, Jungsheng Ma, Lin Lin.



Focus on students

Student club boosts social, professional activities

From Michal Kujovic (President) and Ray Guan (Treasurer)

The Actuarial Science Club (ASC) aims to help students become actuaries. It provides seminars and mock exams to prepare for the actuarial exams. This is cool, but too nerdy! Officers realized a need for change. In addition to having real-world actuaries talk at the meetings, the ASC invited members to a myriad of social activities ranging from dinners and happy hours to downtown dancing, Austin Ice Bats hockey games, and parties. We believe social interaction leads to friendship and boosts rapport. Friends help and support each other, which in turn results in better grades and exam scores.

The club achieved some extraordinary success this year. Thanks to the university's financial funding services, for the first time the ASC got a sponsor for the SoA/CAS exam seminars. The University Co-op's donation of \$500 allows us to cut the seminar fee from \$90 to only \$50 dollars. Dr. Maxwell, ASA, a visiting professor, led both seminars this Spring. Dr. Maxwell is not charging for his services so that more of the proceeds can go to the actuarial scholarship fund.

The extension of ASC mock exams to all preliminary examinations proved to be another success. About 15 students tested their knowledge in a simulated exam environment last fall. In addition, the club organized a special P/1 mock session for the February sitting.

Besides making the club more social, a couple of new professional features were introduced. The most popular was free DVD-based seminars, using a commercial exam-prep DVD. The club owes this excellent idea to the honorary club member Steven Smith, who donated his FM DVD seminar to the club after passing the exam. Other features included the actuarial tutor list, where we found three students brave enough to tutor for actuarial classes and exams, and the actuarial market, where we helped match sellers with buyers of used manuals & textbooks.

The "social thing" seems to be working. The club is growing and people are starting to come out of their shells. We recently added two new officers to our regular officers of Michal Kujovic (President), Ray Guan (Treasurer), and Taylor Johnson (Vice President). Joey Biediger became the Representative to Natural Sciences Council (NSC), and Alison Campestre became the Community Service Coordinator. Joey posts ASC events on the NSC website, and Alison makes sure we show some goodwill to the community. For more info on the club please visit <http://www.ma.utexas.edu/dev/asc/>.

Funds sought for laptop for MA students

The actuarial program seeks gift funds to allow us to purchase one more well-equipped Windows laptop computer for use by an actuarial M.A. student while in the program; a gift of approximately \$1300 would suffice.

The Mathematics Department provides excellent computing resources for the actuarial M.A. students in the form of a Department-wide network running Linux. This network unfortunately does not offer the actuarial students access to standard business software.

To allow the M.A. students to obtain experience with business tools like Access and Excel, the program acquired funds for seven Windows laptop computers thanks to the financial support of Hewitt Associates, JPMorgan Compensation and Benefits Strategies, Rudd & Wisdom, Towers Perrin, and Watson Wyatt Worldwide. One more computer would give us one for each of our eight supported MA students. Donors are recognized on the program bulletin board and with a plate affixed to the laptop.

Please contact Jim Daniel if you are interested in making such a contribution.

Job market for students improves

A recent presenter to the students' Actuarial Science Club quipped: "When the economy is strong, the actuarial consulting business is good. When the economy is weak, the actuarial consulting business is great." There's some evidence that "entry-level actuarial job opportunities" could substitute in this statement for "actuarial consulting business".

In the 2006–2007 academic year, of the 32 students that had passed at least one exam and were eligible to work permanently in the US, only one who sought an actuarial job failed to find one (but found a position in benefits consulting); only three of the eight international students who had passed an exam found such a position, however. Ten of the jobs were located outside of Texas. From the student perspective, this was an improvement over the previous three years.

Employers and students both indicate that there seem to be more actuarial employment opportunities this year than in 2006–2007. Early offers to graduating seniors indicate strong competition among employers for students.

International undergraduates continue to have more difficulty finding positions, since some employers are discouraged by the uncertainty of being able to obtain long-term work visas in the current "lottery" system. Nonetheless, some such students still find jobs. And the situation seems much better for international *graduate* students.

Placement operation

As announced in the 2005 issue of Risky Business, job and internship placement operations are now located in the Natural Sciences Career Services (NSCS) office. For detailed information on how the eRecruiting system operates, contact NSCS: 512/471-6700, nsemploy@uts.cc.utexas.edu, or see the website at careers.ns.utexas.edu.

New Associates

Starting with the 1994 issue, *Risky Business* has attempted to recognize all new Associates that have come through the UT program since its move to Mathematics. No attempt is made to recognize other important status changes, however: Fellowship, membership in the Academy, marriage, parenthood, Lotto winnings, and the like. We don't have a team of reporters, remember!

The following list shows the new Associates in the SoA or the CAS. Any omissions are regretted, and corrections will be appreciated.

ASA: Tatcha Ayana, PricewaterhouseCoopers (Tokyo); Ling Hong Cai, AIG/VALIC (Houston); Georgios Chimonides, AIG/American General (Houston); Jorge Cisneros, Watson Wyatt Worldwide (Dallas); Nathan Counts, JPMorgan Compensation & Benefits Strategies (Irving); Andy Dare, WellPoint (St. Louis); Emma Fong, Hewitt Associates (The Woodlands); Ashley Smith Guajardo, Mercer (Dallas); Chris Hadik, Towers Perrin (Chicago); Aaron Hodges, Texas Department of Insurance (Austin); Jennifer Neas Hodges, JPMorgan Compensation & Benefits Strategies (Irving); Grace Liu, Towers Perrin (New York City); Patrick McCabe, AIG/American General (Houston); Pete Panno, Texas International Life (Austin); Kale Sears, Buck Consultants (Dallas); Sunil Sen, Woodbridge, IL; Bolle Wong, Buck Consultants (Dallas)

ACAS: None noted on the lists, but please correct me.

Congratulations!

Some approximate numbers on the actuarial program for 2007-2008:

240 students, including 220—one-third of all Math majors—seeking a Math degree. Half are female, 20% are international.

530 registrations in 14 actuarial classes taught by five actuarial Mathematics teachers (not all full time).

42 students seeking entry-level jobs.

Of 79 students who provided data for the Spring semester; two had exactly four exams passed, three had three, 14 had two, and 18 had one.

Expenses of *Risky Business* are paid with gift funds from friends of the program.

Alum group seeks members, info

The UT Actuarial Alumni Association (UTAAA) needs your updated information for its member directory. If you have recently changed employers, please provide your current contact information. If you are an alumnus of the UT Actuarial Program, and have not joined the UTAAA, please do so now! There is no fee to join—simply provide your contact information so it can be added to the Membership Directory, which is distributed to its 120+ members, as well as to current UT actuarial students. New and updated contact information should be provided to the UTAAA Chairperson: Lillian Cho, Towers Perrin, 12377 Merit Drive, Suite 1200, Dallas, TX 75251 (972/701-2542; lillian.cho@towersperrin.com).

The UTAAA continues to conduct annual Mock Interviews at the beginning of the fall semester. If you are interested in assisting students during our Mock Interview event, please make sure you have joined the UTAAA, and your information in the Membership Directory is current. A flyer containing additional details about the Mock Interviews will be sent to members at the end of the summer.

Many thanks to the following volunteers who provided the September 2007 Mock Interviews: Allan Mak, Towers Perrin-Houston; Gagan Nanda, Watson Wyatt-Dallas; Kale Sears, Buck Consultants-Dallas; Jana Sax, Mercer-Dallas; Lillian Cho, Towers Perrin-Dallas; Lindsey Mormon, Watson Wyatt-Dallas; Michael Moser, Watson Wyatt-Dallas; Riddhi Patel, Mercer-Dallas; Sheryl Kadakia, Mercer-Dallas; Susan Buck Hawthorne, Great American Supplemental Benefits-Austin; Victor Wong, Mercer-Dallas; Wei Yu, Texas Mutual-Austin.

Scholarship created

The Troncoso Consulting Group of Annandale, VA, has established a new actuarial scholarship of \$2,000 per year. Our alum Fernando Troncoso initially funded the scholarship one year at a time under the Jordan Scholarship heading, but has now committed to continuing the Troncoso Consulting Group Actuarial Scholarship under its own name. Junsheng Ma received the award this year.

Scholarship fund from alums steadily growing—pitch in!

From Valerie Zinzer

For nearly 90 years the University of Texas at Austin's Actuarial Science Program has been the only advanced actuarial program in Texas, and its reputation for excellence continues to make it a favorite recruiting location for actuarial employers.

The great news is that the program's success has resulted in increases in the last five years, both in the number of enrolled students and number of students passing exams. Our challenge is that this growth continues to threaten our tradition of providing scholarships to students as they pass exams, because there are simply not enough scholarship dollars.

Whether you're a friend of the program or an alumni reading this, you are no doubt proud of this program's success. You want to ensure that future students have the same motivation, encouragement, and rewards as were available in the past.

A small group of alumni banded together in 2002 to create the UT Austin Actuarial Alumni Scholarship fund drive. This annual fund drive kicks off in the fall. Last year, we awarded 3 excellent students scholarships totaling \$2,000. Last year, we raised our highest level ever—over \$8,000!! We will offer a number of scholarships, and eventually have the scholarship permanently funded through an endowment of at least \$25,000 targeted for 2009. With an annual fundraising goal of \$6,000 we are offering scholarships each year while also setting aside funds to build the endowment.

This alumni scholarship endowment is our way of repaying a program that has given so many of us professional success. If you have any questions, contact any of the dedicated alumni who've made this fund drive possible: Lilian Cho, Jim Davis, Theresa Lee, Valerie Lopez Zinzer, Karen Nowiejski, Kale Sears, Kevin Zagortz.

Beckner continues

considering candidates to serve as the next Director of Actuarial Studies; that committee is chaired by Jim Vick, now Associate Chair of the Department.

Bill came to UT-Austin in the fall of 1983—in fact, he was the last person Daniel helped the Department hire while chairing the Department from 1977 to 1983.