



August 19, 2021

Committee on Qualifications
American Academy of Actuaries
1850 M Street, NW, Suite 300
Washington, DC 20036

Dear Sir or Madam:

This letter provides Willis Towers Watson's comments on the Second Exposure Draft (ED) of the proposed revisions to the Qualification Standards (including Continuing Education Requirements) for Actuaries Issuing Statements of Actuarial Opinion in the United States (QS).

Willis Towers Watson is a leading global professional services company that employs approximately 45,000 worldwide, over 1,100 of whom are members of U.S. actuarial bodies subject to the Qualification Standards and approximately 600 of whom are enrolled actuaries (EAs). We provide actuarial and consulting services to more than 1,700 defined benefit plans in the U.S, as well as numerous defined benefit plans outside the U.S. with respect to which non-U.S. actuaries may be subject to the Qualification Standards. Our U.S. credentialed actuaries also include actuaries who provide other types (i.e., non-pension) of actuarial services.

The undersigned have prepared our company's response with input from others in the company. We appreciate the opportunity to comment on the ED.

General Comments

We appreciate the consideration given to the substantial comments received on the first ED. In particular we are pleased that the Committee acknowledges that the first ED went well beyond clarifications with respect to EAs.

We believe that the second ED represents a substantial improvement on the first, however we do have comments and suggestions for additional improvement as detailed below.

Specific Comments

Enrolled Actuaries

Based on the clarifications and revisions in the second ED, EAs who perform only ERISA work and maintain membership in one or more US based actuarial organizations will now be subject to the requirement to complete 30 hours of CE per year, rather than the 36 hours over 3 years currently required by the Joint Board. We agree that EAs operating beyond the ERISA sphere should have to satisfy the same CE requirements as other actuaries. However, the significant increase in the hours of CE required may cause EAs who practice only in the ERISA space to entirely drop membership in US based actuarial organizations. Such actuaries would thereby no longer be subject to the ASOPs or the Code of Professional Conduct. We do not believe that would be a positive development.

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On a related note, we believe that Section 2.2.7 should be deleted. The sole responsibility for setting continuing education requirements for EAs resides with the JBEA and the responsibility for knowing and meeting such requirements rests with the individual EA. The Academy and QS play no role in this process so the section, while not incorrect, seems inappropriate.

Subject Area Knowledge Requirement

Section 2.1(d) requires substantial knowledge, experience and education at an extremely granular level. We believe that requirements should apply simply to an area of practice or an educational track as opposed to “any particular subject” within one. We believe that such a requirement presents a risk to actuaries as “particular subject” is open to interpretation and actuaries could be accused of violating the QS if their education and experience are not sufficiently focused based on some narrow interpretation of “particular subject”.

In addition, the requirements of Section 2.1(d)(1) relative to completing education on the “particular subject” when the actuary attained their designation could be interpreted to set a very high standard for an actuary to consider which types of education to complete when there are multiple options (as such a decision may have implications later in their career), and to somehow retain information about which types of information might have been available at that time to know if they did or did not pursue it in order to take advantage of Section 2.1(d)(1) later in their career. With all of the historical changes to exams, this seems to be an approach that is overly complicated and burdensome.

Furthermore, we believe that this requirement will impede the entrance of actuaries into new areas for the individual actuary and emerging areas for the profession more broadly. For the profession, the requirements of 2.1(d) will be very difficult to meet in part due to the absence of supervising actuaries.

Our comments about subject area knowledge in Section 2.1(d) also extend to other portions of the ED that contain corresponding language, for example Sections 2.1.1(b) and 2.1.1(c).

Non-US Actuaries

In our comments on the first ED we objected to the elimination of fully qualified membership in an IAA-member organizations from meeting the Basic Education requirements and noting that this would force Academy membership on non-US actuaries doing work to be used in the US.

The second ED did not change this, acknowledges the forced Academy membership and states the reason for this is it “subjects the actuary to the Academy’s vetting process which, in part, assures that the actuary has met the U.S.-specific knowledge requirement and education requirements that the Academy has determined is similar to those met by actuaries with CAS, SOA, or EA designations”.

We continue to disagree with the exclusion of IAA-member organizations and we do not find the explanation given to be sufficient. First, we would like to hear more about the vetting process used by the Academy and why the Committee believes it is superior to that of IAA-member organizations (or other excluded US based organizations). Second, we note that the SOA and CAS exam syllabi for Associateship consist almost entirely of core actuarial topics that would apply virtually equally anywhere in the world. There is little US-specific content and therefore the rationale does not make sense to us.

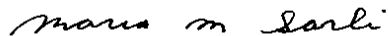
Bias CE Requirement

We have several comments on the CE requirement on bias topics. The first is that the name seems somewhat misleading as we do not believe the topic represents what most would think of when they hear the term bias nor does it likely address the concerns of those who commented on DE&I issues. The ED describes this as follows: "Bias topics include content that provides knowledge and perspective that assist in identifying and addressing biases that may exist in data, assumptions, algorithms, and models that impact Actuarial Services. Biases may include but are not limited to statistical, cognitive, and social biases."

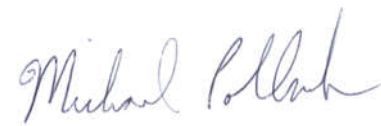
While one hour per year is not a large requirement, we have difficulty envisioning what the content of CE sessions would be year after year in certain practice areas. For example, much of the work for pension actuaries uses well defined data, processes and prescribed calculations with ASOPs covering in great detail the actuary's responsibilities around data, models, assumptions, disclosure, etc. After one or two general sessions, it is difficult to imagine meaningful annual CE on this topic for such actuaries.

On the other hand, we certainly can envision annual, non-repetitive DE&I sessions as this topic is relevant to all practice areas, broad in scope and evolving. While we understand the Committee's response about not using the QS to address barriers to entry into the profession, we do believe that modifying the bias definition to more clearly include DE&I topics would be advisable.

Please let us know if you have any questions. We would be happy to meet with you to further discuss this.



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