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To the Committee on Qualifications:

In response to your request for comments on seven specific questions regarding the U.S. actuarial Qualification Standards, I am writing on behalf of the actuaries in our firm who practice primarily in the pension and health practice areas consulting to the sponsors (corporate, not-for-profit and union groups) of defined benefit and other post-retirement benefit plans. As such, Question 6 does not apply to the work we do as actuaries and we are therefore unable to provide comment on this item. Further, we did not find any substantial concerns regarding the issues raised in Questions 1 – 3.

Our comments in response to the remaining questions proposed by the Qualifications Committee follow.

Question 4

Should there be a yearly cap on professionalism CEs? Currently there is a minimum number of professionalism CEs but no maximum. If capped, what maximum amount do you recommend?

The study of professionalism topics is very important to actuaries in maintaining their overall qualifications to practice and ensuring they are familiar with the expectations placed on us as members of the actuarial profession. However, we feel that it is also imperative for actuaries to maintain some breadth in the topics studied and activities utilized for obtaining their continuing education. Thus, we do believe that some limit on professionalism credits is appropriate. While we offer no specific threshold for consideration, we believe that generally it should be a relatively high percentage of the annual CE requirement to provide flexibility and recognize that there will be unusual circumstances that may necessitate using a substantial number of hours of professionalism study in a given year. For example, consider an individual on an extended leave of absence from work who relies upon attendance at a professionalism seminar or volunteer committee work related to professionalism issues to meet their CE requirement for a one to two year period. Under such circumstances, using exclusively professionalism CE for a short period prior to or after their leave may be appropriate and not have any significant adverse effect on their qualification to practice as an actuary.

Question 5

Currently the QS only apply to actuaries issuing Statements of Actuarial Opinion in the United States, so actuaries providing Actuarial Services without a Statement of Actuarial Opinion are not required to comply with the QS. Should the QS be expanded to include all Actuarial Services as defined in the Code of Professional Conduct?

We recognize that there is a potential reputational risk to the actuarial profession to have certain Actuarial Services that do not require, or may intentionally exclude, a Statement of Actuarial Opinion, delivered by an individual not subject to the QS. If this work is not done with sufficient care, the view of the actuarial profession as a whole may be adversely affected. Consider an individual who provides actuarial services without having any actuarial credentials. Clearly,

these individuals are not subject to the QS, nor does the U.S. actuarial profession have any jurisdiction to preclude them from self-identifying as actuaries. Requiring that all Actuarial Services be performed by an actuary subject to the QS would be one way of addressing this issue, by setting the expectation among potential Principals that actuarial work of any nature (including those services not requiring a Statement of Actuarial Opinion) be performed by a credentialed actuary subject to the QS.

However, we encourage the Qualifications Committee in considering our comments to be mindful of actuarial work that may be prepared by student actuaries (i.e. those currently pursuing an actuarial credential through the SOA, CAS or Joint Board) under the general supervision of an actuary subject to the QS. Precluding such work from being prepared by student actuaries could have a substantially detrimental effect on the ability of consulting firms and other organizations providing actuarial services to do so in a cost-effective and timely manner.

Question 7

Are the carryover provisions of the QS understandable or do they need to be clarified? If so, what is confusing to you and what suggestions do you have in clarifying the requirements? In addition, should the maximum carryover be reduced so that an actuary will always need to earn some CE in a given calendar year? Currently an actuary could carry over a full year's CE from the prior year resulting in no additional CEs for the current calendar year. For both of these questions, please address whether your comments apply to general carryover requirements or to specific, organized, professionalism or business requirements.

We find the carryover requirements of the QS to be clear and understandable. We also believe that there is no need to implement a maximum number of CE hours that may be carried forward from one year to the next for any of the types of CE noted in the Committee's question. Although we believe that actuaries should regularly engage in CE activities to keep the education current and be informed about emerging trends and practices, there are circumstances that occur in which an actuary may take a year off from CE activities. Examples include an extended illness or other leave of absence, or a period of unemployment. In this case, an actuary may have enough CE credits from the year prior to their leave or unemployment to cover their current year CE requirements. Any concern about an individual having maintained sufficient knowledge of current practice is addressed by Precept 2 of the Code of Conduct, which requires an actuary to perform actuarial services only when qualified to do so on the basis of basic and continuing education.

We thank you for your consideration of our comments.