

Chairman's Message



Frederick J. Sievert

Dear Friends of the Foundation,

At this particular moment in our nation's history, financial literacy is perhaps more important than ever and the threat of financial illiteracy remains

high. Several months ago our Board decided to embark on a major project to produce educational materials that could be used in high schools across the country to teach students fundamental financial matters that unfortunately are often ignored in today's high school curriculum. A series of three books has recently been produced and printed under the title; *Building Your Future* (BYF), and is receiving extremely strong demand from teachers and governmental agencies alike.

As we enter the school year this fall, our Board is launching a major marketing campaign to encourage widespread usage in high schools across the country. Since the early demand for the BYF materials has been so high we are very optimistic that this effort will not only meet a vital need

across the nation but will enhance the visibility of our profession and the important role of actuaries in the economy.

I am also pleased to report that so far in 2009 The Actuarial Foundation Board has conducted two very productive and strategic meetings that continue to advance our mission. Programs like BYF will continue to emerge from our strategic deliberations. We are fortunate to have a highly dedicated and engaged Board that is passionate about its role as the charitable arm of the actuarial profession; with Trustees willing to give generously of their resources and talents.

The combination of a strong Board of Trustees, engaged staff and highly successful programs has enabled us to continue expanding our educational outreach to thousands of teachers and millions of students and consumers. At the same time we are also funding valuable research for the profession and providing a growing list of meaningful scholarships and awards to practitioners and students.

Successfully achieving our mission and growing our programs requires that we continue to expand our revenue base as well. We remain grateful for the support we

receive annually from the five supporting U.S. actuarial organizations to cover our infrastructure costs. Pursuing and expanding our programs depends almost entirely on the generous support we receive from individual and corporate contributors. In the difficult economic environment of the past 18 months we have been fortunate to have increased our revenues in 2008 by 17% over 2007. Of course we do not know what 2009 will bring, but we anticipate, with your help, more remarkable results as a reaffirmation and endorsement of our successful programs and outreach.

Thank you again for supporting your actuarial foundation and I assure you that our Board and many other dedicated volunteers will continue to raise the profile of our profession and its role in the U.S. economy.

Sincerely,



Frederick J. Sievert, FSA, MAAA
Chairman

An economy without financial literacy is like a landscape with no water...

QUENCH THE THIRST



Quench the Thirst Campaign

Give teens a reservoir of financial knowledge they can draw upon for the rest of their lives.

See how you can help – page 5

Together, We are Making an Impact

YOUTH EDUCATION

We're inspiring a new generation of math-skilled thinkers.

A new school year is upon us and mentors are needed for Advancing Student Achievement programs in ...

Gary Comer College Prep – Chicago, IL

The Math Team needs Actuaries to prepare students for math competitions before and after school and on Saturdays. Students on the Math Team experience the same excitement of competition and thrill of a win as Comer's student-athletes, but their "sport" is math! Contact the lead mentor, Suzanne Chapa, for more information at schapa@nacolah.com

Woodside & Roberge Elementary Schools – Rivervale, NJ

After school math club looking for Actuaries to work with their 5th grade students. Help get students excited about math by playing multicultural math games aimed at broadening their mathematical experiences, and help them realize the value of mathematics in today's world and especially in future careers. Contact Debbie McCormac, debbie.mccormac@actfnd.org, for more information.

Volunteer opportunities exist in several communities across the country. See if an Advancing Student Achievement mentoring program is available in your community and volunteer today. If you would like to learn how to start a program

contact the Foundation office.

www.actuarialfoundation.org/programs/youth/mentors_needed.shtml

Fourth in the *Expect The Unexpected With Math* series will be released in October to thousands of middle school teachers across the country benefitting millions of students

A popular band called *The Geometrics* is planning a big concert, but they need help to build a stage and promote the show. The local school's math club volunteers to become the Geometrics' Stage Crew and use their geometry knowledge to help. **Setting the Stage with Geometry**, the theme of this year's release is developed with education publisher Scholastic and volunteer actuaries who contribute to and oversee development of the math applications used in the program. Teachers asked for Geometry lessons to help their students understand formulas used in measuring perimeter, area, surface area and volume which align with their required teaching standards for middle school. These engaging and user friendly lesson plans get kids interested in math, improve math literacy and link real word experiences with math. The Actuarial Foundation funds the *Expect the Unexpected with Math* series through your donations to youth education. To view other programs in the series, go to:

www.actuarialfoundation.org/programs/youth_education.shtml

RESEARCH, AWARDS, PRIZES & SCHOLARSHIPS

We're moving boldly to handle the challenges of the future.

ERM Research Excellence Award Winner Announced

B. John Manistre, FSA, FCIA, MAAA won the 2009 Actuarial Foundation's ERM Research Excellence Award for his paper; *A Risk Management Tool for Long Liabilities: The Static Control Model*. To download the paper, go to: www.actuarialfoundation.org/programs/actuarial/awards_prizes_comp.shtm#erm The Actuarial Foundation presents an annual award for the best overall paper submitted in response to a call for papers issued in conjunction with the ERM Symposium. This Award not only recognizes a paper's excellence but also its significant contribution to the growing body of ERM knowledge and research.



B. John Manistre receiving award from Cecil Bykerk

2009 Individual Grants Competition Recipients

This annual research program supports the advancement of knowledge in actuarial science and is jointly sponsored by The Actuarial Foundation, the Casualty Actuarial Society and the Society of Actuaries. We are pleased to present the researchers and their projects for 2009:

Dr. Doug Andrews – *The Actuarial Principles Underlying A Sound Method for Partially Funded Social Security Retirement Systems*

Dr. Mary Hardy, Ishmael Sharara, and Dr. David Saunders – *A Study of International Solvency Regimes*

Dr. Andreas Milidonis – *An Empirical Investigation of CDS spreads using a Regime Switching Default Risk Model*

Expect the Unexpected With Math

SETTING THE STAGE WITH GEOMETRY

Abbreviations

A = area	P = perimeter
b = base	$\pi = \text{pi} = 3.14$
BA = base area	r = radius
C = circumference	SA = surface area
d = diameter	slant h = slant height
l = length	V = volume
h = height	w = width

2D Shape Formulas

Perimeter: the total distance around the outside of a polygon

RECTANGLE: $P = 2 \cdot (l + w)$

CIRCLE: $C = \pi \cdot d$

TRIANGLE: $P = \text{side } a + \text{side } b + \text{side } c$

Area: the number of square units it takes to completely fill a two-dimensional shape

RECTANGLE: $A = l \cdot w$

CIRCLE: $A = \pi \cdot r^2$

TRIANGLE: $A = 1/2 \cdot (b \cdot h)$

3D Shape Formulas

Surface Area: the sum of all the areas of all surfaces of a three-dimensional object, measured in square units

RECTANGULAR PRISM: $SA = 2 \cdot (l \cdot w + l \cdot h + w \cdot h)$

CYLINDER: $SA = (2 \cdot \pi \cdot r^2) + (\pi \cdot d \cdot h)$

SQUARE PYRAMID: $SA = (BA) + (1/2 \cdot P \cdot \text{slant } h)$

Volume: the amount of space inside a three-dimensional shape, measured in cubic units

RECTANGULAR PRISM: $V = l \cdot w \cdot h$

CYLINDER: $V = \pi \cdot r^2 \cdot h$

SQUARE PYRAMID: $V = 1/3 \cdot BA \cdot h$

SCHOLASTIC THE ACTUARIAL FOUNDATION

continued on page 3

Making an Impact *(continued from page 2)*

Dr. Andreas Milidonis, Dr. Samuel Cox, and Dr. Yijia Lin - *Regime Switching Models: Applications to Mortality Modeling and Pricing*

Dr. Rahul Parsa – *Copula Regression*

Dr. David Saunders, Dr. Mary Hardy, and Dr. Claymore Marshall – *Pricing and Hedging Insurance Contracts with Embedded Options*

Dr. Nariankadu Shyamalkumar – *On Statistical Inference of CTE*

Dr. Steven Vanduffel – *The Optimal Design of Structured Products*

Dr. Virginia R. Young and Dr. Erhan Bayraktar – *Stochastic Volatility Models in Minimizing the Probability of Lifetime Ruin*

Dr. Eric Weibel – *Modeling Driver Culpability in Multiple-Vehicle Collisions Using Conditional Regression*

Scholarship Awards

The Actuarial Diversity Scholarship, in its inaugural year with The Actuarial Foundation, received a record number of applications from deserving students. We are pleased to have awarded 29 scholarships in 2009. Aisha is one of those students, and will be attending Ohio State University this fall. The Actuarial Diversity Scholarship is unique in that each scholarship recipient will be assigned an actuarial mentor. We appreciate the wonderful response to all those who volunteered this year to be a mentor. If you wish to be on the mentoring list for 2010, please forward your name and contact information to eleanor.vogel@actfnd.org.

There are a total of four scholarship opportunities within the Foundation – the Woody Scholarship; *Actuary of Tomorrow* – Stuart Robertson Memorial Scholarship; Caribbean Actuarial Scholarship and the Actuarial Diversity Scholarship. You are



“Thank you for awarding me with the Actuarial Diversity Scholarship. I really appreciate it, and I look forward to speaking with my actuarial mentor.”

Aisha J. Durley

able to view each scholarship program through our Web site. A listing of all scholarship recipients will be highlighted in the next issue of our Newsletter.

Join our Legacy Circle

The Actuarial Foundation would be honored to have you as a member of the Foundation's Legacy Circle. By joining, you will be alongside a group of exceptional individuals who have done something extraordinary and far beyond traditional giving. They offer a unique testimony to the values they hold dear. Legacy Circle Members have made a grand gesture of generosity that lives on long after they do, and they directly impact society through the simple eloquence of example. If you have already included The Actuarial Foundation in your charitable estate plan, let us know. Visit the Planned Giving area of our Web site at: www.actuarialfoundation.org/donate/PlannedGiving.shtml

MISSION:

To develop, fund and execute education and research programs that serve the public by harnessing the talents of actuaries.

2008 ANNUAL REPORT

The 2008 Annual Report is now posted on the Foundation's Web site at: www.actuarialfoundation.org/publications/annual_reports.shtml

If you would like a printed copy to be mailed to you, please contact the Foundation office at: 847.706.3535, or request a copy to programs@actfnd.org

Consider a Planned Gift

Planned giving is a deep and meaningful commitment. A way to preserve your values, inspire others around you to give, and forever leave your mark on an organization that has been so meaningful during your life. Leaving a planned gift is a wonderful way to make an expression of your values while realizing significant financial, tax and estate planning benefits. A planned gift to The Actuarial Foundation during or after your lifetime can be a gift of cash, stock, retirement plan assets or life insurance. Consider The Actuarial Foundation with a gift for today, tomorrow and beyond.

Board Update

Highlights from the June 30, 2009 Board of Trustees meeting held in Rosemont, IL.

- The Governance Task Force made recommended amendments to the Bylaws and Policies & Procedures. The Board approved changes to Article VII, Section 6 of the Bylaws affecting committee terms for chairs, vice-chairs and members; established a Scholarship Committee which will become a standing committee; renamed the AERF Committee and the Committee for Student Achievement to become the Research Committee and Student Achievement Committee. Updated Bylaws are available on the Foundation's Web site.
- We are pleased to report that the firm of VirchowKrause & Company completed the 2008 audit and reported no difficulties or concerns while performing the audit.

- The Nominating Committee presented election results for Trustees whose initial terms begin January 1, 2010. Welcome to:

Cecil D. Bykerk, FSA, FCA, MAAA

Robert V. Deutsch, ASA, FCAS, MAAA

Warren R. Luckner, FSA, MAAA

Steven I. Schreiber, FSA, MAAA

Michelle D. Smith, FSA, FIAA, MAAA

Dale H. Yamamoto, FSA, EA, FCA, MAAA

Congratulations to David G. Hartman as our incoming Chairman and to Joseph W. Kelly as Secretary/Treasurer for 2010-2011.

- Each program area reported on current activities. Please see program area highlights in each issue of the Newsletter for: new programs; call for volunteers; scholarship, award and prize opportunities; and event highlights.

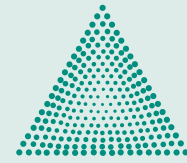
Looking for committee work?

If you are interested in serving on one, or more, of the Foundation's committees or looking for volunteer opportunities, please contact the Foundation office. Staff will be able to provide you with information and answer any questions you may have on the work and responsibilities of our committees and let you know of available volunteer work.

JOIN OUR EFFORTS IN PREPARING FOR TOMORROW'S POSSIBILITIES WITH A DONATION

3 EASY OPTIONS!

- 1** Give online at the Foundation's secure Web site. Monthly, Tribute and/or memorial gifts may also be designated. Go to:
www.actuarialfoundation.org/donor/donor.htm
- 2** or
Send in the donor reply card included with this edition of the Newsletter;
- 3** or
Call us at 847-706-3535.



Calendar of Events

October 25-28, 2009
SOA Annual Meeting
Boston, MA

October 26, 2009
Academy Annual Meeting
Boston, MA

November 1-4, 2009
Conference Annual Meeting
Tucson, AZ

November 11-15, 2009
ASPPA Annual Meeting
Washington, DC

November 15-18, 2009
CAS Annual Meeting
Boston, MA

December 1, 2009
The Actuarial Foundation
Board of Trustee Meeting
Rosemont, IL

SUPPORTING U.S. ACTUARIAL ORGANIZATIONS



AMERICAN ACADEMY of ACTUARIES



SOCIETY OF ACTUARIES

Quench the Thirst Campaign

Did You Know?

- Of 6,000 students who took the Jump\$tart personal finance survey, 62% received failing scores with 60% being the lowest passing grade.
- Fewer than 30% of high school students take as much as one week's worth of course study in money management or personal finance.
- Today, teens spend nearly 30% of their monthly income just on debt repayment. That is double the percent spent in 1992.

That's why The Actuarial Foundation developed *Building Your Future*, an engaging and relevant high school financial literacy curriculum.

About the "Building Your Future" Program

At a time of widespread economic turmoil and financial challenges, our teens must be taught how to manage money wisely so they can make smart decisions today and in the future. The *Building Your Future* curriculum will give teens a reservoir of

financial knowledge they can draw upon for the rest of their lives. You can view the *Building Your Future* curriculum at: www.actuarialfoundation.org/programs/youth/BuildingYourFuture.shtml

"Quench the Thirst" for a High School Classroom

Your gift of \$250 will provide a high school classroom with the *Building Your Future* curriculum, sent to a high school identified by the Foundation or the high school of your choosing, along with a letter identifying you as the donor. Perhaps you would like to benefit your alma mater, a neighborhood school, or your child or grandchild's school.

Please join us in this effort to have actuaries make a difference in communities across the country. To begin to **quench the thirst** of students in your community, online donations can be made at www.actuarialfoundation.org/donate/index.shtml or download a donation form and mail to the Foundation office.

An economy without financial literacy is like a landscape with no water...

QUENCH THE THIRST



STRIKE A MATCH!

Did you know that many employers match employees' contributions when they make charitable donations to their cause of choice? Make The Actuarial Foundation your cause and **Strike a Match** with your employer.

Your combined gifts will:

- Help more than 1 million kids a year with math
- Bridge the gap in consumer knowledge
- Advance actuarial research

Check with your HR department today to **Strike a Match** for The Actuarial Foundation, donate at: www.actuarialfoundation.org/donate/index.shtml



Preparing for Tomorrow's Possibilities through Education

Corporate partnerships have helped fund many of the Foundation's programs for our youth, consumer and research initiatives. Thanks to all of the organizations below whose support of our mission has made so much of our work possible.

Corporate sponsors from 6/1/08-6/30/09.

ARCHITECT LEVEL – \$50,000+

Milliman Inc. ★

VISIONARY LEVEL – \$25,000+

Deloitte Consulting ★

Ernst & Young LLP ★

New York Life Foundation

INNOVATOR LEVEL – \$10,000+

Associated Consulting Group

MetLife Foundation

Munich American Reassurance Co. ★

Society of Actuaries ★

Thrivent Financial for Lutherans

Towers Perrin ★

Trustmark Companies

PIONEER LEVEL – \$5,000+

Actuarial Society of Greater NY

Aon Benfield

Generali USA

Hannover Life Re

Heidrick & Struggles

The Jacobson Group

Kansas City Actuaries Club

Max Bermuda Ltd. ★

Midwestern Actuarial Forum

Munich Reinsurance America ★

Northwestern Mutual

S.C. International, Ltd.

Wilton Re

PATHFINDER LEVEL – \$2,500+

Alberts Actuarial Consulting LLC

American Academy of Actuaries

Prudential Financial

PACESETTER LEVEL – \$1,000+

ACE Tempest Life Re USA

Actuarial Careers, Inc. ★

Andover Research

Conference of Consulting Actuaries

Conrad Siegel Actuaries

DW Simpson Global Actuarial Recruitment ★

EMB America

Guardian Life Insurance Company

Guy Carpenter

Huggins Actuarial Services

Leif Associates, Inc.

Manulife Financial

Optimum Reassurance Company

Pacific Life Foundation

RGA Reinsurance Company

Sun Life Financial

Transamerica Reinsurance

XL Reinsurance America, Inc.

BUILDER LEVEL – \$500+

American Agricultural Insurance Co. ★

Country Insurance & Financial Services

Gill & Roeser Life Intermediaries Inc.

The McKeogh Company

Regnier Consulting Group

Rudolph Financial Consulting, LLC

Stewart Search Advisors LLC

Wakely Consulting Group Advisors LLC

The Actuarial Foundation

2009 BOARD OF TRUSTEES

Frederick J. Sievert, *Chair*

David G. Hartman, *Vice Chair*

Gary R. Josephson, *Sec/Treas.*

Craig M. Baldwin

Paul Braithwaite

Allan Brender

Suzanne E. Chapa

Pamela Cone

Robert F. Conger

A. David Cummings

Patricia L. Guinn

Curtis D. Hamilton

David M. Holland

Joseph W. Kelly

Cynthia Miller

Bruce J. Nicholson

Kathy Olcese

Arthur Panighetti

Robert D. Shapiro

Harold D. Skipper

Robert W. Stein

Dorn H. Swerdlin

Patricia A. Teufel

J. Grover Thomas

Stanley B. Tulin

EMERITUS TRUSTEES

Ian M. Rolland, *Chair*

Robert A. Anker

Edward W. Bales

Albert J. Beer

Douglas C. Borton

Cecil D. Bykerk

Michael J. Corey

A. Norman Crowder

Steven F. Goldberg

Sam Gutterman

Curtis E. Huntington

Barbara J. Lautzenheiser

Joseph J. Leube

W. James MacGinnitie

Anna M. Rappaport

Rodney R. Rohda

Charles E. Rohm

Walter S. Rugland

Bradley M. Smith

Thomas C. Sutton

James A. Tilley

Mavis A. Walters

Robert C. Winters

5 YEAR GOLD STAR RECOGNITION

The companies listed with a gold star have made annual corporate contributions to The Actuarial Foundation in each of the last five years.

We thank you for your ongoing support!



THE ACTUARIAL
FOUNDATION®

The Actuarial Foundation

475 N. Martingale Road, Suite 600

Schaumburg, IL 60173-2226

Phone: 847.706.3535

Fax: 847.706.3599

E-mail: Eileen.Streu@ActFnd.org

Laura.Hogan@ActFnd.org

Debbie.McCormac@ActFnd.org

Eleanor.Vogel@ActFnd.org

Web: www.ActuarialFoundation.org

Frederick J. Sievert,
FSA, MAAA,
Chairman

Eileen C. Streu, CAE
Executive Director

Laura Hogan
Foundation Specialist

Debbie McCormac
Project Specialist

Ellie Vogel
Foundation Assistant