

Actuarial Exam Strategy

Jeffrey Stock
FSA, MAAA

Matthew Winger
FSA, MAAA

Actuaries' Club of Hartford/Springfield

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Requirements for ASA

Event	Topics	Format	Frequency
Exam P	Probability and Statistics	3 hours, multiple choice, online	3 times / year
Exam FM	Interest Theory	2.5 hours, multiple choice, paper & pencil	May and November
Exam M-LC	Life contingencies, stochastic processes	3 hours, multiple choice, paper & pencil	May and November
Exam M-FE	Financial economics, option pricing, interest rate forecasting models	2 hours, multiple choice, paper & pencil	May and November
Exam C	Loss models, credibility theory, financial simulation	4 hours, multiple choice, paper & pencil	May and November
VEE	<i>Validation by Educational Experience</i> Economics and Finance Time Series & Regression	College credit or third-party administered test	6 times / year
FAP Modules	<i>Fundamentals of Actuarial Practice</i> Eight modules covering Actuarial Control Cycle	2-hour MC online exam at end of mod 5 Final assessment project at end of mod 8	Several times per year
APC	<i>Associate Professionalism Course</i>	One day seminar	4 times / year

Requirements for FSA

Event	Topics	Format	Frequency
FSA Exam 1	Practice-specific tests covering specific products or functions:	6 hour exam, essay	Once per year
FSA Exam 2	<ul style="list-style-type: none"> • Finance/Enterprise Risk Management • Health, Group Life & Managed Care • Investment • Individual Life & Annuity • Retirement Benefits <p>Offered intro & advanced test</p>	6 hour exam, essay	Once per year
FSA Modules	Strategic Business Management topics, module tied to the FSA Exam 1 & 2	4 modules Internet-based project	On demand (?)
FAC	<i>Fellowship Admission Course</i> Professionalism, Ethics, Verbal Communication Skills	3-day seminar	4 times / year

Requirements for ACAS

Event	Topics	Format	Frequency
Exam P	Jointly administered with SOA.		
Exam FM			
Exam 3	Statistics and Actuarial Models (Exam M-LC &FE also accepted)	4 hours, multiple choice, paper & pencil	Twice per year, Fall & Spring
Exam C	Loss models, credibility theory, financial simulation	4 hours, multiple choice, paper & pencil	Twice per year, Fall & Spring
VEE	Jointly administered with SOA.		
Exam 5	Introduction to Property Casualty Insurance and Ratemaking	4 hours, multiple choice & essay exam	Once per year, Spring
Exam 6	Reserving, Insurance Accounting Principles, Reinsurance, & Enterprise Risk	4 hours, multiple choice & essay exam	Once per year, Fall
Exam 7	United States: Nation-Specific Examination: Annual Statement, Taxation, and Regulation	4 hours, multiple choice & essay exam	Once per year, Spring
CP	Course on Professionalism	One day seminar	Twice per year

Requirements for FCAS

Exam 8	Investments and Financial Analysis	4 hour exam, multiple choice & essay exam	Once per year, Spring
Exam 9	Advanced Ratemaking, Rate of Return, and Individual Risk Rating Plans	4 hour exam, multiple choice & essay exam	Once per year, Fall

Strategic Exam Considerations

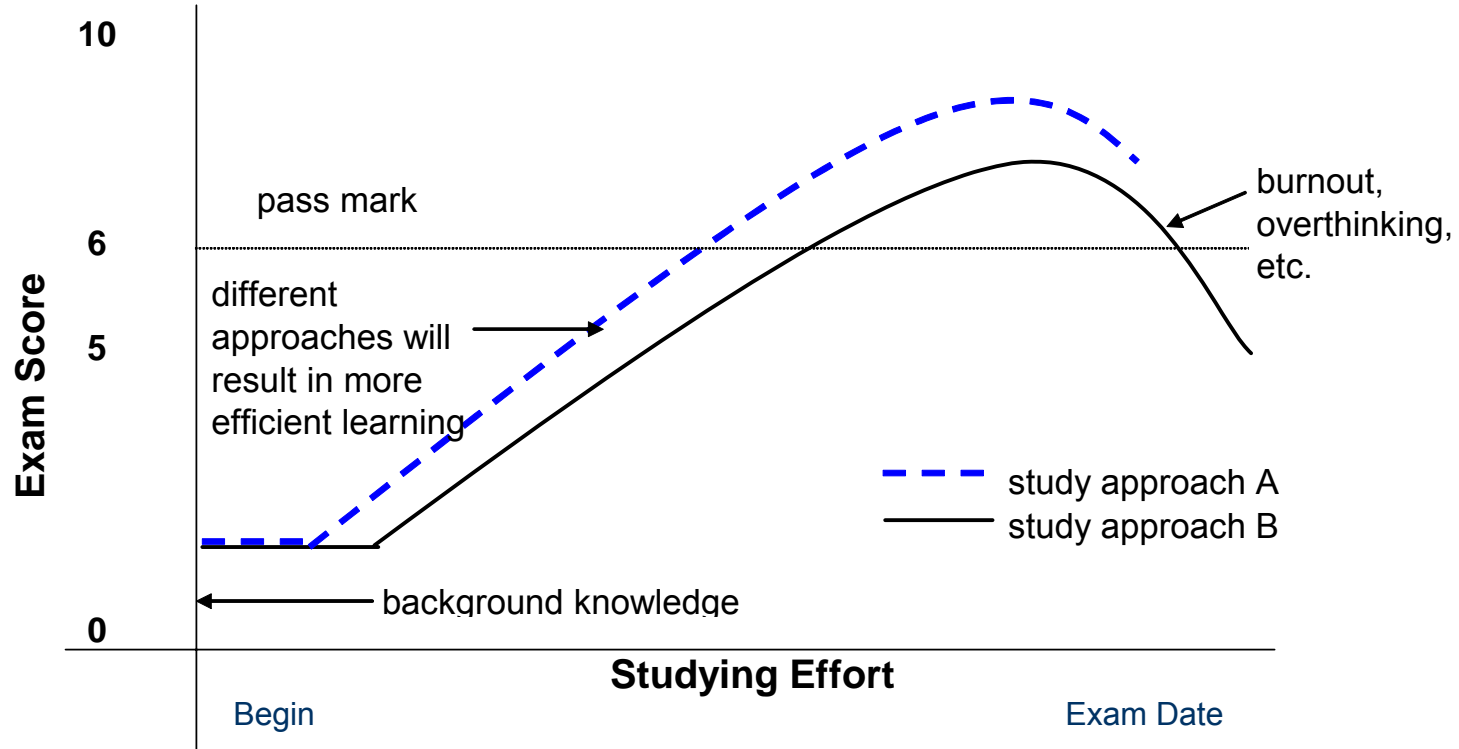
- Choosing whether and which exam to take
- Learning the Material vs. Passing the Exam
- Achieving the optimum score
- Choosing the best study aids
- Find an adaptable study method

Taking Multiple Exams

- After failing an exam, some students will double down and take two exams the next sitting to catch up
- We recommend you think carefully before taking multiple exams at the same time
- Probability Example:
 - 45% Exam M-LC pass probability, given first attempt
 - 85% Exam M-LC pass probability, given second attempt
 - 35% Exam M-FE pass probability, given first attempt
 - **30% Distraction Ratio**

Options	Pass Probability		Passed Exams				Mean	Study Hours
	M-LC	M-FE	0	1	2			
1. Take M-LC	85%	0%	15%	85%	0%	0.85	100	
2. Take M-FE	0%	35%	65%	35%	0%	0.35	200	
3. Take Both	60%	25%	31%	55%	15%	0.84	300	

Actuarial Exam Study Curve



The Long-Term View

- Passing exams in perspective
- How to bounce back after failing an exam
- Work considerations

Creating A Study Plan

- Get feedback from prior exam-passers
- List learning objectives in syllabus
- Daily task set
- Maximum effective studying per day
- Practice under exam conditions

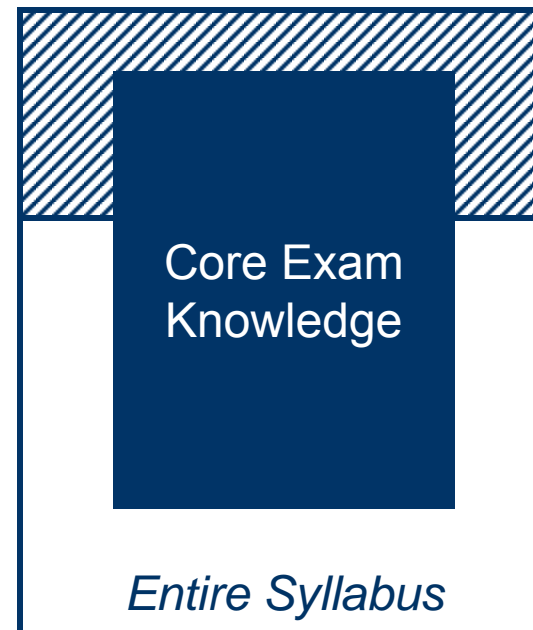
Sample Daily Task Set

	Monday May 5	Tuesday May 6	Wednesday May 7
AM Difficult 2 hrs	learn FAS 97 GAAP accounting method	learn about using hybrid debt securities for risk management	drill lists related to US GAAP accounting
Lunch Easy 1 hr	practice cost of capital calculations	Review FAS 97	break
PM Medium 3 hrs	review reasons for using reinsurance	practice lists - leverage - tax benefits, advantages and disadvantages, free cash flow problems	review other dividend models: residual theory, agency cost / contracting model, signaling model

Core Exam Knowledge

Visualize Exam Content

- Must be proficient with core knowledge to pass
- Will be able to answer some questions testing non-critical topics → Great, but not at expense of critical topics
- Some non-critical topics will be difficult to learn → Skip it and don't look back



Prioritization

- Make tradeoffs on material balancing exam likelihood and difficulty to learn
- Difficulty measure is an individual preference
- Likelihood is difficult to objectively measure

Difficulty

		Likelihood	
		Hi	Low
Low	Hi	1	?
	Low	?	?
Hi	Hi	?	?
Hi	Low	?	9

Seminars & Group Studying

- Review seminars
- Group studying
- Exam buddy
- Details matter
- Last minute advice

Multiple Choice vs. Essay Exams

	Computational Exams	Essay Exams
Passing Strategy	Solve computational problems correctly.	Written answers. Fast recall of concepts to frame the answer, fill in details later. (Grammar doesn't count.)
Grading Approach	<i>All-or-nothing.</i> All questions carry equal point values.	<i>Additive.</i> Partial credit possible. To gain points, your *written* statements must match the grading outline. Questions graded individually and carry different point values.
Time Strategy	Avoid 'sand trap' questions.	If you can get a '8' in three minutes, don't spend 15 minutes to get the '10'.
Guessing Strategy	No penalty for guessing. Eliminate incorrect answers to boost likelihood of guessing correctly. Can get full credit by luck.	Do not lose credit for guessing, but don't gain any for guessing incorrectly. Do not contradict yourself.

Multiple Choice vs. Essay Exams

	Computational Exams	Essay Exams
Precision Needs	High enough to differentiate between answers.	Generally low. Can get a good score just by writing formulas.
Source Material	Not helpful nor necessary.	Necessary and helpful.
Memorization	Formulas only.	Formulas and lots of lists.
Read-through	Not permitted.	Permitted.