

MARKETING RESEARCH:

ACTUARIES SERVING INDIVIDUALS

A study funded by the Committee on Finance Research of the Society of Actuaries

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EXECUTIVE SUMMARY

MAIN PURPOSE OF THE STUDY

To determine the viability of actuarial counseling (actuaries serving individuals).

STEPS OF THE STUDY

1. Develop the overall project, obtaining input from several actuaries and actuarial committees.
2. Commission Teresa Winer, F.S.A., to coordinate project and give summary.
3. Survey a group of retirees.
4. Hold a focus group among a group of retirees.
5. Hold a focus group among a group of professional advisors.
6. Commission a marketing researcher to hold focus groups, summarize results and make recommendations.

MAJOR FINDINGS

There is a lack of awareness about the actuarial profession and a lack of understanding of actuarial skills. This lack of understanding is an obstacle to the continued growth of this specialty as a profession. With an increased awareness, it becomes evident that actuaries can provide specific services and fulfill individual needs. From the work accomplished over the course of this study, we think actuarial counseling is a viable niche for actuaries to explore.

MAJOR RECOMMENDATIONS

The Society of Actuaries could help increase awareness in the following ways: (1) Expand the web site and the directory to include listings of actuaries serving these markets. (2) Utilize the Speakers Bureau for professional development in the legal, accounting and financial planning arenas. (3) Develop existing links with the ABA and establish new links with other nonprofit associations to help increase awareness of actuaries, their expertise and specific services available to individuals as well as to the financial community. (4) Encourage actuaries to develop continuing education materials for financial planners, lawyers and CPAs, and work with professional associations to obtain approval for continuing education credits. More studies should be undertaken to further investigate potential markets for actuaries.

Promising ways for an independent actuary to serve the individual market include: (1) Support financial planners by enhancing their services. (2) Develop software and other services to incorporate actuarial calculations for financial planners. (3) Approach attorneys through association or industry meetings, or continuing education programs. (4) Form alliances with lawyers in family practice work.

The web is a good marketing tool for all markets. Actuaries wishing to be independent would need to market themselves in yellow page ads, in trade magazines, by writing articles, etc. In all situations, actuaries should be mindful that general awareness of the actuarial profession is low.

MARKETING RESEARCH PAPER:

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By Teresa Winer

When an actuary identifies his or her specialty as “Individual,” this typically indicates an expertise in an insurance company’s individual line of business for life and health products, as opposed to the group line. Many actuaries are employees of an insurance company or a consulting firm that serves insurance companies and/or employers. Relatively few actuaries currently work directly with and for individuals. Actuaries can directly market themselves to individuals or to professionals who provide certain services for individuals. Actuaries serving individuals might “specialize” in pension, life insurance, health insurance, investments, property and casualty, etc. This study explores some of the newer markets for actuarial services.

In 1992 an article on “Actuarial Counseling – A New Role” was presented at the International Congress of Actuaries in Montreal. In March 1996, an article by Jack Bragg was published in *The Actuary*, Vol. 30, No. 3. Mr. Bragg’s article discussed a relatively new concept of actuaries serving individuals. Bragg and Associates developed an assistance kit and several products for actuaries interested in entering this new field. A Task Force for Actuarial Counseling, within the Society of Actuaries, was established in 1997.

Recently, the term “Personal Actuary” has emerged. “Retail Actuary” has also been proposed. Regardless of the terminology used, this study is about actuaries working with individuals.

Leaving the corporate environment to serve individuals has been a risky choice for a few actuaries. Without a support system, a clear job definition and a market, it is difficult for an actuary to succeed in serving individuals. The public perception of actuaries is often obscure at best, and there is a lack of a sense of urgency to look for an actuary even if the need is realized. The need to find a multitude of small projects and continually market oneself, as well as the fear of having a much lower income, has kept many actuaries out of this market.

A number of progressive ideas emerged from the focus groups held from this study, which will enable actuaries to consider their options in this new context. We have discovered that there is a potential for earning substantial hourly rates, and in excess of \$400 per hour for first-rate experts providing expert testimony. Actuaries are more appreciated and also better paid when working with certain professionals (such as financial planners or lawyers). Our focus group expected a minimum of \$100 per hour billing rate.

A lacking ingredient is the clear communication of what needs actuaries can meet and how they can significantly enhance a professional's ability to serve his or her clients. The results of this study will be helpful to those involved in committees on, or interested in, current actuarial issues such as the "Big Tent" concept, marketing of the actuarial profession, actuarial counseling, actuary of the future, actuarial education and actuaries in nontraditional roles. It will be helpful for actuaries as well as for individuals and businesses in diverse markets who have need of actuarial services.

The participants of the focus groups gave guidance as to the particular areas actuaries could fit in and how best to market their services. Further market research could help actuaries with specific start-up recommendations, reducing downtime and guesswork.

This paper summarizes recent marketing research studies for actuaries serving individuals. The goal of these studies was to explore the areas of need for actuaries and identify potential markets. The attached qualitative reports, prepared by Ms. Susan Nassar, summarize each 2-hour focus group. One focus group consisted solely of a group of retirees and the other was held among a group of selected professionals.

FOCUS GROUPS

As mentioned in the qualitative report, the retiree focus group was drawn from surveying a group of retirees through North Atlanta Senior Services (N.A.S.S.).(*1) The survey results are attached. The survey was designed with input from the Task Force on Actuarial Counseling, the Actuary of the Future Section Council, and the Project Oversight Group from the Society of Actuaries (SOA). The second focus group session was obtained by recruiting a group of professionals that would likely benefit from actuarial support.

A freelance marketing research facilitator, Susan Nassar, was hired to lead our focus groups. She also prepared the attached Qualitative Reports. The purpose of holding focus groups was to brainstorm and to delve deeper into new ideas for this nontraditional type of actuarial work. How actuaries could better serve individuals or various professions serving individuals was explored. In order to obtain insight into specific potential markets for actuaries, we purposely did not define the term "actuary" for the groups, nor did we suggest a limited type of work that actuaries could potentially perform. The market researcher purposely acted less knowledgeable than the participants, in order to generate ideas in a non-judgmental, brainstorming fashion.

RETIREE GROUP RESULTS

The retiree market is of primary interest because of its large existing size and future projected growth. The primary fear among retirees is outliving one's assets. There currently is a lack of trust of representatives in this field based on a fear of exploitation by con artists.

The results from this group reveal applications for the retail market for all ages. The benefit of talking to retirees included their ability to reflect upon their needs with hindsight, and their recent experience when confronted by a myriad of important financial decisions prior to retirement.

Based on our focus group discussion, many retirees remembered considerable confusion when presented with pension and insurance options upon retirement. An actuary has a wealth of comprehensive knowledge that could be most helpful in providing guidance with financial decisions just prior to retirement. Due to a time limit on when many financial decisions must be

made, the need is compelling for an ethical, factual and unbiased opinion. The difficulty of reaching the preretirement market would be that these persons generally do not anticipate decisions looming ahead, and therefore cannot appreciate the need for help from actuaries.

Out of approximately 100 attendees to the “LifeSpan” luncheon, about 40% returned a completed survey. Gary Mevorah, a pension actuary exploring the field of serving individuals, delivered a presentation to the group prior to handing out the survey. Mr. Mevorah clearly explained the function of actuaries and expressed the need for their help in our study. We were asked by N.A.S.S. management to keep the survey as simple and short as possible. The survey questions were therefore inherently general and non-detailed. We had a very good response rate among this group.

The retirees who completed our survey were highly educated overall. Twenty had Bachelor’s degrees, eight had Master’s degrees, and four had Doctorates. Only one had not finished high school and one gave no answer. The average age of those who reported their age (41 out of 44) was approximately 71 years old. On the questionnaire, we specifically asked about interest in participating in our focus groups. We recruited from the few who indicated any interest in participating, and this numbered about ten persons.

We were ultimately only able to recruit four persons out of the group of 100 to participate in the focus group from all that indicated any interest in the survey. The other four were recruited from outside the “LifeSpan” group. The persons we recruited were extremely helpful and are greatly appreciated.

At the end of the retiree focus group session, Gary Mevorah and David Bragg (Bragg and Associates) explained their particular niches and offered products and services to the focus group participants. Services offered by Bragg and Associates and Gary Mevorah were at no cost to the participants.

Mr. Mevorah currently offers his pension review services for “free,” with an expectation to collect a percentage on the back end (for helping rectify pensions that may be incorrectly computed). Only two out of the N.A.S.S. group requested the “StatusQuote” product from Bragg and Associates (a personalized life and health expectancy document). Additionally, one participant recruited from outside of N.A.S.S. requested the free pension review from Mr. Mevorah and two more from outside the group requested the “StatusQuote”. These individuals were given ample opportunity to request free products and given full explanations of the services offered by Mr. Mevorah and Mr. Bragg.

This study was not large enough to be statistically valid for the entire retiree population. However, anticipating that approximately 2 out of 100 retirees may be interested in actuarial services could be reasonable for an actuary pursuing this market. An actuary could potentially increase these odds by targeting or specializing in highly educated retirees, such as retired physicians, university professors or other niches.

Even though an actuary serving the retiree market might need to prepare for a low percentage of retirees to have an interest in actuarial services, the retiree market is very large and is growing rapidly. Gaining access through “niche group” marketing to a large number of retirees, the potential for finding many clients is especially promising.

The Survey

The information from the survey was especially valuable because we did not get the answers we expected.

In comparing the focus group participants' comments with their respective survey answers, I observed many differences in responses. For example, the focus group participants, as well as the majority of retirees surveyed, indicated in their survey answers that they felt they understood their insurance policies. However, in the focus group, none said they had read their policies and several were confused by the terminology. Other differences were found. The survey answers would lead one to believe that these participants trusted their insurance company. In contrast, during our focus group discussions, some of those individuals stated that insurance companies intentionally used confusing policy language.

A difference appeared in many of the questions regarding whether or not the participants felt comfortable making financial decisions and/or choosing insurance options. In the short written survey, people expressed confidence about their knowledge. In further focus group discussions, many doubts arose, indicating minimal knowledge. Many expressed a need for more guidance in making some of their decisions.

One specific example of the importance of the focus group's detailed discussion was that opposite answers were given by one individual in one of the survey questions (#9) versus the discussion. The individual answered "no" to question #9, indicating that she did not have trouble collecting any insurance claims in the last 5 years. The same individual in the focus group complained extensively about having trouble collecting on her husband's recent disability benefits (due to confusion about terminology and whether or not he had a pre-existing condition). This could lead one to conclude that some individuals are reluctant to discuss areas where information deficits or negative experiences exist until confidence and/or a certain level of trust is established with individuals or groups. Though it is difficult to understand why, there may have been many such oversights made in answering this survey.

Even though an overwhelming number of respondents (39 out of 44) indicated that they had not had trouble collecting on any insurance claims in the last five years, in reality, they may well have had many problems in collecting on such claims.

The survey contained short, written questions, especially the yes/no type. Additionally the questions were broad and a relatively short time period was given to answer them. Some may have been embarrassed to admit a lack of knowledge. For many reasons, a discussion was apparently necessary to ascertain the true opinions and needs of these individuals in their insurance and financial matters.

Because of the contradictory results from our retiree group, a survey would need to be designed differently from this one and would need to be tested extensively to enhance reliability.

Retirees – A Summary of the Qualitative Report

The Qualitative Report from the Retiree Focus Group session is presented in three sections. The first section lists key findings, which include key issues among both older retirees and younger adults. The second section is titled "Conclusions." The conclusion indicates a lack of knowledge of services that actuaries could provide. The third section includes recommendations, with some interesting ideas on how to promote actuarial counseling.

As the Qualitative report indicates, there is a need for independent, fee-based actuarial counselors. The lack of knowledge by some of the retirees was surprising given the number of financial advisors, brokers, accountants and lawyers that exist. One of the primary needs of this group seemed to be knowing when and how much money to withdraw from retirement accounts. Incorporating the probabilities of death, disability and sickness could help people evaluate different “scenarios” in their future.

If the survey participants did need an actuary, where would they look to find one? Given the SOA as a multiple-choice option, a large number said they would ask the Society of Actuaries for a recommendation. Others would look in the Yellow Pages. According to the attorneys in the professional focus group, Yellow Page ads may appear negative for actuaries seeking expert witness or legal work. Some actuarial counselors may want to stay away from Yellow Page advertising. This would indicate a large opportunity for the SOA to promote actuaries to the public and offer assistance in identifying those actuaries wishing to counsel individuals. Registration and/or classification of actuaries as actuarial counselors would help connect them with those in need.

As stated in the Qualitative Report, most people do not necessarily know how an actuary could help them. Until the public becomes more aware of actuaries, especially as being “on their side,” actuaries looking for work with individuals in the counseling field may find greater success linking up with financial planners, lawyers, accountants, brokers, and the like.

PROFESSIONAL GROUP RESULTS

Unlike the retiree group, the professionals were more likely to have heard something about actuaries. Like the retiree group, these professionals had confusion in identifying the areas in which actuaries are most expert.

The professions represented by this focus group included trial lawyers, divorce attorneys, financial planners, estate administrators for banks, CPAs, brokers and investment advisors. The most promising future role for actuarial counselors is working with attorneys and financial planners. Summary comments for those two professions are given below. Not only is the need for an actuary very clear, but higher billing rates are fairly well accepted.

Attorneys

One major trial firm represented recently took state tobacco litigation to trial. The experienced trial attorney in our focus group had recently searched for an actuary for help in another case, but was unable to find an actuary or a consulting firm willing to go against the insurance companies involved. Actuaries willing to cross that road would presumably find a lot of work.

A second trial lawyer, a junior level person, worked for a local firm that has employed Dr. John Brown as an expert witness. Dr. Brown bills himself as a “Consulting Economist”. He does not have an actuarial designation but did teach for many years in Georgia State University’s Actuarial Science Department. The economist term is based on the legal use of valuing economic portions of a claim versus noneconomic portions. One would expect that an actuary would be the best expert for valuing economic loss such as disability, loss of income, death, etc. However, to the typical individuals participating in a trial, there exists little or no previous association with actuaries or their work and thus the actuarial profession is not widely understood.

Another attorney, specializing in family practice (divorce, etc.), felt that actuaries would be very useful as advisors and/or expert witnesses involving benefit calculations, life expectancy, “health expectancy”(*2) and financial asset calculations. Actuarial advice would be particularly helpful in the retirement/benefits assessment area, alimony projections, and the like. This market should be the domain of actuaries, but again the lawyers look to other expert general economists, statisticians or mathematicians.

In order to operate as an expert witness, it is generally accepted that one needs impeccable credentials, “lots of letters behind their name,” and even endowed chairs at Universities for handling the top cases. Presumably there would be many cases where actuaries should be involved. Unfortunately, the only way to “advertise” to this group is to speak at national association meetings or by word of mouth. The SOA could help greatly by providing a list of names, without specifically recommending certain actuaries, to individual attorneys, legal groups and associations, and also, by placing ads in major newspapers, professional journals and national magazines, explaining the advantages of seeking actuarial assistance in legal proceedings.

Financial Planners

Full-time employment would be a great possibility for an actuary teamed up with a financial planning firm. Financial planners seem almost desperate for someone to help them decipher insurance illustrations. They also would like software that appropriately reflects many contingencies in investing their clients’ money.

Whether operating on a fixed cost or hourly basis, actuaries enjoy high recognition among these professionals. A financial planner is making recommendations and giving advice on a wide range of financial decisions for clients. An articulate actuary would be able to work well with financial planners, bringing comprehensive skills for overall analysis that facilitate the financial planners ability to advise their clients. Depending upon the circumstances, an actuary may advise only the financial planner or advise the client directly. Some financial planners would like an actuary to talk to their clients and some would prefer the actuary be only in a “back office” set-up.

Recently, *Forbes* magazine published a related article titled “Eight Steps to Salvation” in its December 27, 1999 issue. The article advocated the use of actuaries in financial situations, giving two specific examples. One was to “design a special defined-benefit pension plan” for a small business owner and the other was to “analyze a policy’s return and outline your options.” The article specifically recommended ways to avoid the costs of a full-blown “comprehensive financial plan.”

Actuarial expertise is needed in the financial planning field today. One of our focus group participants, an investment advisor with a math degree, has already incorporated mortality assumptions into a modeling program operated in a spreadsheet on his laptop computer. The advisor is using Group Annuity Mortality tables in 30-year projections of investment scenarios. Monte Carlo techniques are used to randomly generate some of the assumptions. Mortality tables are adjusted with arbitrary factors. This particular advisor is planning to market his program to the industry. In his words “I don’t know that I have the best mortality or the right mortality, but you know what, I guarantee my users don’t know.”

The credentials of those working in the financial planning field vary greatly. Actuaries could add much more legitimacy and discipline to this field by lending their expertise. Actuaries should capitalize on their broad education and superb credentials. As in all careers, much will be learned outside of the actuarial examinations, but this could occur easily on the job.

Financial planning firms are not the only places to provide actuarial support work. Banks provide financial advisory services in their estate administration and other divisions. With restrictions being lifted for bank holding companies to own insurance companies, actuaries may be able to create new avenues into the banking side.

Billing

The primary recommendation here was to mirror the market being served. For example, the legal profession typically bills hourly, except in the case involving a fixed fee for service, such as preparation of simple wills, real estate transactions, etc. The financial planning market would prefer more packaged services at one fee. There could be a lack of understanding as to how many hours various jobs would take. Actuaries need to make clients feel comfortable and overcome hourly billing fears by using a fee-based method.

Interest in Services

Our professional focus group was held on a Thursday evening in the Buckhead section of Atlanta, on what happened to be one of the worst traffic nights of the year. As a result, we started about 30 minutes late. We ran out of time at the end to explain the free actuarial services being offered. The professionals were asked to stay after the meeting to talk to Mr. Mevorah and Mr. Bragg about the actuarial services we offered, but few could stay late. We did, however, feel fortunate to have so many participants who contributed some great ideas during the session itself. Given more time, we would have been able to gauge the interest in the actuarial services offered.

MAJOR FINDINGS

Visibility

It is clear from both of the focus group discussions that actuaries are not visible enough. For the professional group, a concerted effort needs to be made for actuaries to develop “continuing education” materials for certain professions, and associated presentation materials, which could bring actuaries into the picture. Additionally, actuaries could offer much in the way of software to help financial planners better understand their clients’ risks and help communicate these risks to individuals.

Actuaries need to find short, user-friendly phrases to describe what they do. Terminology such as “modeling contingent events” is good for some markets, but not others. An actuary needs to be able to shake someone’s hand and describe what he or she does in simpler terms. More marketing research would be helpful in developing terminology for the individual market.

When professionals realize a need for an actuary, they are at a loss as to how to find one. The SOA could at least organize this new specialty and make a link on their web site so that professionals and individuals can locate an actuary in their geographical or specialty area.

The SOA could cultivate and utilize its relationships with other professional association groups, such as the ABA. The SOA could provide materials as well as a list of actuaries interested in serving as expert witnesses. Enhancing links to the ABA and other associations by providing lists, finding continuing education synergies, and sharing materials could facilitate connections to other professions. It is difficult for actuaries to break into the legal market without such assistance.

Forbes magazine reported in its November 29, 1999 issue that “These days actuaries come with personalities.” Although “old stereotypes die hard,” as the magazine quoted, our focus group professionals would love to find actuaries with personalities.

Recently, a study by the Metro Atlanta Chamber of Commerce indicated that people skills are very important, especially in areas where it is difficult to evaluate technical proficiency. As reported by the *Atlanta Journal* on November 18, 1999, the study “looked at the needs of 40 Georgia firms in eight key industries such as manufacturing, health care and services.” “Whether the job was low tech or high tech,” people skills were key.

The results of our marketing survey were similar. One lawyer said that any person he worked with would need to pass the “drink a beer” test. That is, it was important for the lawyer to feel comfortable with an actuary or anyone else he would want to work with. Being able to explain actuarial concepts to laymen is important, especially to explain the technical work of actuaries.

Related Marketing Issues

A major issue that came out of the focus groups was a lack of awareness about actuaries. The purpose of our marketing research was to determine the viability of actuarial counseling as a profession. A lack of recognition impacts the viability of the profession. Solving problems, such as the lack of recognition, is not a part of this project directly, but some suggestions came out of this study. One suggestion for marketing the actuarial profession that came out of the professional focus group was to hold more focus groups!

The public generally recognizes the acronyms ABA, CPA, CFP, AMA, but does not recognize SOA, AAA, MAAA, FSA or EA. A marketing campaign could help and could be targeted, such as to trade magazines for specific groups, to keep costs down. Lack of recognition is a major obstacle for actuaries to overcome in serving individuals. As mentioned in page 5 of this article, by placing ads in major newspapers, professional journals and national magazines, the advantages of seeking actuarial assistance could also be explained in the case of financial planning.

“The vision of the Society of Actuaries,” according to its 1999 yearbook, “is for actuaries to be recognized as the leading professionals in the modeling and management of financial risk and contingent events.” While the Society has prepared actuaries well, there is much to be done to achieve the “to be recognized” portion of the vision statement.

As we move into the new millenium, actuaries and their organizations may think about repositioning to gain more public awareness. Historically, it was not necessary to market actuaries or the SOA. The insurance, health and private pension industry, the primary market for actuaries, was already well aware of the profession and jobs were plentiful. In the past, the SOA could afford to devote energy solely to education issues, without worrying about demand issues. The equation is becoming unbalanced, and there is a need for marketing somewhere in an

actuarial association, if not the Society then possibly the American Academy of Actuaries or other organizations.

Current users of actuaries know how to locate them. A finding from this marketing research study is that nontraditional users do not know how to find actuaries. An online directory could include listings of actuaries, indicating more specialties of practice such as expert witness, actuarial counselors, etc. A brief resume could be kept, with a checklist of areas of specialties, in some sort of database. Specialties could be listed under major practice areas.

Educationally, the SOA's new exam and University approach could improve the ability for actuaries to serve individuals by enhancing communication and personal skills. Though it could be expensive, an educational campaign to market actuaries to the public or some type of public service marketing campaign would greatly help our profession.

Additionally, the SOA Speakers Bureau could be a prime vehicle to market actuaries to outsiders. The speakers bureau could potentially become a very valuable resource for an actuary serving individuals if the bureau is marketed outside of the actuarial profession.

SUMMARY

The Qualitative Reports are a summary of our focus group results.

This study allows us to peek into the minds of several outsiders and discuss the future. The comments made by many of our participants should be well received and hopefully will spur action on the part of our profession.

With a "Big Tent" future looming ahead (see The Actuary Supplement, January 1999), the actuarial profession will broaden and expand its activities. The SOA will potentially change to meet the needs of this expansion in its membership. Even without the "Big Tent" future, the job outlook has already changed.

The Qualitative Reports include several recommendations. In my view, the SOA web site improvement would be the most helpful step. A directory listing with more specialties would be helpful on the web as well as an 800 line to help the public find actuaries in specific specialties. Ms. Nassar's suggested radio campaign may be more expensive and could be a bit premature as a nationwide campaign. However, an actuary might consider local radio spots as a tool to promote him/herself. When a major public service campaign is considered, some of Ms. Nassar's ideas could be utilized. The Qualitative Reports have some creative marketing ideas.

In addition to the Qualitative Reports, please read the attached full transcripts of the focus group sessions! They are very enlightening. Also, the tabulated results of the survey are included.

It is hoped that actuaries interested in serving individuals will find some very practical tips in the attached documents. Please feel free to contact me with your comments and experiences if you are an actuary serving individuals, by sending email to me at twiner@worldnet.att.net. I would be especially interested as to whether this study is helpful to you in establishing or enhancing your own practice.

The Committee on Finance Research of the SOA took the important first step in funding this study. Given that this was a first step with a limited budget, we chose Atlanta and these two

small groups to initiate the process. This study could be expanded to explore many potential markets for actuaries nationally. Other groups that were identified as potential markets have included: preretirement aged groups, University alumni associations, medical doctors, persons changing jobs, new parents, and others.

More focus groups could be held to expand upon this study. A broader mix of participants could be included in future focus groups. The research could be targeted to key cities nationally. Focus groups will give more information than surveys, partly due to the complexity of the issues, consumer needs and actuarial services involved.

A promising project that is already underway is an Ambassador program, which is being developed by The Actuary of the Future Section of the SOA. This type of program would list specific actuaries working in nontraditional areas as resources for other actuaries exploring the same nontraditional areas. With the counseling specialty still in an early stage, much will be learned by trial and error. An actuary interested in serving individuals should be able to call an “ambassador,” someone with experience, to find out what worked for him or her. If any actuaries are interested in signing on as an ambassador, please contact someone on the Actuary of the Future Section Council of the SOA, listed in the SOA Yearbook.

Appreciation

Thanks to Gary Mevorah, David Bragg and Jack Bragg for the products and services offered to focus group participants. Thanks to Jack Bragg for the connection to N.A.S.S., and to Gary and David for help in recruiting participants for the professional focus groups and to all who participated in the focus groups.

*1. Thanks to Sister Kathleen Purser of N.A.S.S. for her great help and guidance in this endeavor!

*2. Health Expectancy is a calculation devised by Bragg and Associates, and represents the number of healthy future years a person is expected to live. See the National Underwriter, dated August 16, 1999.

APPENDIX

BRIEF OUTLINE OF SOURCES OF MATERIALS FOR ACTUARIES ENTERING THIS MARKET

Materials needed to serve individuals could vary by the specific market chosen, the products offered and the individuality of each actuarial counselor. Brochures, promotional pieces, web sites, and the products and services themselves could be uniquely designed, depending on the specialty of the actuary involved. The following list of sources for materials might be useful for actuaries who want to begin serving the individual market. Innovations are to be expected with actuarial counseling being in an infancy stage. Help for getting started can be found in public libraries, as well as some of the following sources:

- Bragg and Associates (www.braggassociates.com)
**An actuarial firm that produces the “Actuarial Counseling Kit.”
Jack and David Bragg also provide support and advice.**

- The American College, Bryn Mawr, PA

ChFC exam materials for Financial Planners are very helpful as a reference. Other such materials can be found in libraries or bookstores.
- Computer Training – Companies and Libraries

Internet training, web site development, and references for consulting professionals are offered by companies such as CompUSA and many public libraries. Classes and contacts are offered for those interested.
- Small Business Association (SBA) Seminars and Materials

Although not specifically targeted for actuaries, the SBA holds teaching seminars for persons generally interested in starting their own businesses. Here you can find help with writing a five-year business plan.

You can find brochures, books and names of volunteers willing to provide guidance. Accounting, legal and other general issues are discussed.

In the seminars, advice is offered from CPAs, lawyers, and other professionals. Many questions are answered.
- **SCORE**

The service corps of retired executives is a group of business people assembled by the SBA. This is a volunteer effort.
- IRS

Tax forms and free advice can be found at IRS service centers. There are some very knowledgeable IRS advisors; the web site is also a resource.
- Public Information Materials

Information about legal, financial, or pension issues, etc. can be found from a variety of sources, such as the U.S. Consumer Information Center, at 888-878-3256 or the American Bar Association, etc. Check web sites.

ATTACHMENT I

- Qualitative Marketing Research Report -

Actuarial Counseling Focus Group

among

Retirees

August 19, 1999

Atlanta, Georgia

Actuarial Counseling Focus Group among Retirees

This reports learning and implications from a focus group among Atlanta retirees.

Qualitative Research Caveat

As always with qualitative research, these results must be considered hypothetical only, as they are based on a very small sample. But the learning, once processed by knowledgeable and experienced professionals, can be used as valuable input to the Counseling project.

Purpose of the Research

To determine if and how actuarial counseling might be of use to persons considering retirement, and possibly during other stages of their lives as well.

Methodology

Participants were recruited from among those attending an organization of retirees, North Atlanta Senior Servers (NASS) LifeSpan Resources, luncheon on July 26. The NASS newsletter had announced that an Actuarial Counselor would speak briefly about this project. At the actual meeting, Gary Mevorah explained the project and handed out a questionnaire aimed at determining respondents' understanding and comfort level with their

- various insurance policies
- pension benefit choice
- choice of health care plan
- interest in estimating their health expectancy.

At the end of the survey, they were also asked if they would be interested in attending the focus group "to help with this research study." Focus group participants were recruited from those who said yes.

The focus group was held in a meeting room at the Peachtree Presbyterian Church in Buckhead. The composition of the group was

- 2 male retirees aged 65-66
- 4 female retirees aged 67-77
- 1 recent widow aged 47

As a thank-you for helping, participants were offered two services free from Bragg Associates:

- a personalized Health Expectancy quote
- a Bragg Index analysis and rating of their life insurance policy.

KEY FINDINGS

1. Retirees are faced with a long laundry list of issues and decisions where an actuary could advise and help them prepare for different scenarios.

Many of their concerns, of course, are things that should be addressed even much earlier, but because they have more time once retired, they are more likely to think about them then. Of course, they are forced to make some of the decisions.

The group was asked to share all the various issues they have dealt with, or *should* have dealt with, at this stage in their lives. Obviously, there were many *shoulds*. Being moved to take action and making decisions about things one does not necessarily understand does not get easier.

The list they generated, along with some specific comments (in italics) that add insight into their thinking, was as follows.

- Choice of Medicare program (Can you trust the HMO option? What are the benefits?)
- Medicare supplemental insurance (Do I need/want it? If so, which plan is best for my situation?)
- Long-term care insurance (Only two single women in the group had it.)

The first day I retired, an insurance agent came to sell me Long Term Care. I told him to get lost.

I have it and people are always asking me who to take it out with.

A friend of mine who doesn't have children nearby got it.

I have to consider, what are the chances I'll need it and chances I'll have the money to cover the expenses?

That's a good actuarial question.

That's where actuaries should be front and center.

You need to plan for the situation if you live a long time with Alzheimer's.

It's like other insurance. The premium goes up as you get older.

- Planning for major catastrophes

I have a friend who had a stroke. Now she has paralysis and can't talk and her father is in the start of Alzheimer's and that's a major catastrophe.

Major catastrophes. It scares the daylights out of me.

- Life expectancies for self and spouse (No one in the group had ever received an estimate, and there was some skepticism that averages could be relevant.)

I just can't imagine how they can do that... I think if you know your family history and look into your own health, you can get a pretty good idea.

- Establishment of and meeting future goals (e.g., travel, a new car, monetary gifts)
- Projections of future monetary needs
- Providing for children and grandchildren (when and in what form)
- Making investments that match your goals, and then monitoring/managing them versus those goals

You have to have someone reliable. I've fired two different folks.

- Changing investment goals and investment allocations accordingly
- The ongoing/increasing cost of living, including ever-rising rents
- Apartments that may go condo, forcing them to buy or move

Someone I know was forced out of their home with little notice... She's 80 years old.

- Reverse mortgages
- How to protect ourselves from con artists

- Life insurance

- Do you still need/want it or not:

I gave up on life insurance.

I stopped paying on mine and took the money back... I invested it.

Otherwise it would accrue at only 1 to 2 per cent.

- Appealing a denial of benefits:

I called the insurance company and they would not give me an understanding of the term referring to my husband's health condition-- medical/legal jargon. They were denying coverage because of this wording [but] no one could explain it to me... It was finally resolved with litigation... Even the lawyer couldn't understand it. They do this on purpose... They tried to claim that the beginning of the disease was before the policy was in effect, and that they were not responsible even though it wasn't diagnosed... They pre-approved his hospital stay and then tried to deny coverage.

- When the insurance company "changes" the benefits:

We had one unfortunate instance when [my husband] had surgery. That year the disability insurance coverage was 4 times pay. During the next year the policy changed to 2 times pay. I still question this... So in 1996, the financial picture changed because of the company policy. All the planning in the world couldn't anticipate...

How do you spot that kind of risk? It's in a lot of different policies. For example, I knew someone considering a huge jumbo policy from two different life insurance companies, both very reputable policies. With one, if he forfeited the policy in the first year, the company had the right to give him zero dollars back. The other one didn't have the contractual right. That's not something most people would pick up on.

- Understanding your policy, preferably BEFORE you buy:

I have found out, going back, that I have been way too lax, not reading things, just assuming things.

You need somebody [to help] get past that mumbo jumbo.

- Choosing the best credit card(s)
- Watching out for credit cards where *they [intentionally] don't post the payment until it's late.*
 - Being aware of all the small print, including increased interest fees after one late payment.
- Pre-paid death plans or burial insurance; pre-arranged funerals

I have an older friend who arranged it down to what she will wear.

After Mother's funeral was completed, that prompted my father to do it, then he died within a year.

- Financial power of attorney
- Health power of attorney, including organ donations

Recently we met with an attorney who said every person should have these.

- Wills and beneficiaries

I recently took a trip and wanted to have all my ducks in a row.

- Living wills (Who should make the decision?)

The problem is finding a power of attorney that can pull the plug.

Someone told me I couldn't have a doctor.

I think you can have a doctor, [but] it must be different from the attending doctor.

The common thing is to have a spouse and a secondary person with a living will. Then you don't have to designate anyone power of attorney.

A living will is not binding. If you have a physician who doesn't think it's a good thing...

It's not taped to your chest when you enter the hospital.

And your children could be divided on it.

- Living trusts, bypass trusts

so it won't go through probate.

- Other estate planning considerations, to be reviewed periodically
 - Naming an executor:

If you don't have children, no younger family members, all older, who would be my executor?

As we get older, the family limitations increase.

Early on I discussed with two much younger friends about being dual executors.

Trust is very much involved.

- Making things easier for a spouse in case

Make her a co-signer on your checking account. You don't need power of attorney for that.

- Double-check that Social Security contributions have been correctly recorded
- At what age to retire, when to initiate Social Security and other retirement benefits

I figured... the money I would have gained between 62 and 65, I would start losing at age 74.

- For widows/widowers, how to get the maximum amount of Social Security

Women have more problems than men. Most of us drop out for children. We're in and out of a career. It affects your long-term Social Security, as well as your pension.

- Confirming that pensions have been correctly calculated

I worked for the railroad. That money was transferred to Social Security. At the time the railroad was higher, so looking at my benefit, it seems to me that perhaps they have not credited me to the degree they should have.

- How to take pensions which seems to be one of the most obvious uses of an actuary

That's one of the best uses of an actuary, making choices at retirement.

- lump sum versus annuity:

I had to make that choice within one year of retirement, so the time came up on me very fast.

With TIAA you can take the minimal withdrawal option from 71 1/2 to 75 [so] it's staying in there earning interest. The big question at 75 will be to stay with the lump sum option so I can pull it out as needed, or go to an annuity to get much more-- about \$7,000... I need to know the balance or situation with my other finances. Is there enough income to be able to meet my needs from other resources and keep this money in reserve and be able to take the money out when I need it?

I didn't realize you can take a lump sum and put it in a charitable trust and take interest income and you don't pay taxes. I was six weeks too late.

- depending on who dies first, 4 choices of declining value:

100% for your self is the larger amount. Yourself and spouse is a reduced rate. You base your decisions primarily on emotions... Chances are you will be OK, but you'd never know unless you had some good valid help.

- That haunting fear that one will outlive his or her finances
- Taking income tax on social security payments into account when planning (several were surprised it was taxed)

I got hit with taxes on Social Security. You need to think about that in advance. It wasn't in our budget. I was flabbergasted.

I was angry.

You have to estimate that.

For the last two years I had to pay a penalty because I didn't pay the tax.

- Dispelling any misperceptions that women get less social security than men
 - Choosing a retirement/continuing care community based on types and amounts of fees versus life expectancy
 - Making people aware that viatical settlements exist, and helping them with the decision if it arises
2. **Younger adults who are still working face many decisions as well, and some may require—or at least deserve—a review and update as often as every year. But most people are unaware of such needs, or rather, opportunities.**

During your earlier years you're not very much concerned with this sort of thing. A lot of people don't take advantage of the advice.

Young people don't like to think ahead--is my whole life insurance enough?

Issues and decision points where actuaries can help well before retirement are as follows.

- Choosing between medical coverage options, and then understanding the plan/policy one has chosen

Understanding how coverages change due to Medicare when you reach age 65;

No one told me they would cancel my policy when I reached 65!

Can you trust an HMO? Will it do what is best for you? Will it stay solvent?

I have a friend with lots of medical problems [who had] to go to a different one.

I am concerned that HMO's will go bust... How can they survive when they guarantee so much?

- Thinking in terms of life expectancy, considering the long-term

At that point, nobody was saying if I would live to 90 what to do.

- Help with life insurance decisions was seen as one of the strongest needs for an actuary at any age

The advisors are different from an actuary. They look at the life insurance policy to see if the company is a good one, but they aren't qualified to say if this policy is a good value.

They aren't qualified to say if this policy is good for me or should I invest the premium elsewhere. That's where an actuary and actuarial science comes in. A financial planner, tax accountant, or lawyer can't do it. The financial planner just says this pays about 8.9% per year. That's not all of it.

A lot of young people take out Whole Life. It's often a lousy investment.

- Watching out for risks of having your policy canceled

If you're diagnosed with a long-term illness, they just may not send you a notice. You're too busy. No payment is made. The policy is canceled.

If it's available, you better have [the payment] taken out [of your checking account or payroll check] automatically.

- Disability/occupational insurance

When I was younger... the agent didn't tell me the pitfalls.

- Long-term care insurance (Will I need it? Would it be better to invest that money elsewhere?)
- Buying versus renting
- Buying a condo versus a house
- Mortgage insurance
- Homeowners and natural disaster insurance

What security do you have in your policies?

- Auto insurance (What does the language mean? How much personal liability do I need? Where can I get the best deal?)
- Evaluation of benefits package before accepting a new job
- Retirement plan choices after taking a new job (For example, for teachers and academics, choosing between TIAA-CREF and the school or state's plan.)

- 401k allocation choices
- Estimate of savings required for desired retirement lifestyle
- Realizing that Social Security may not be around and planning for that possibility
- Not blindly trusting pensions

So many pensions have gone defunct.

I know a retired Eastern Airlines pilot whose plan got massacred. He's getting less than 30% of his pension.

The safest thing is to go with an independent 401 type of plan, something you have some control over.

- Understanding effect of changes in company pension plan (e.g., IBM)
- Not taking the good money years for granted

Many of us around the table were cognizant in the 1930's that there wasn't much money around... We've had so many good years and good money. That too can change!

We need to have an education of our lifestyle. The credit card mentality has become a way of life. Everything now. Live it up.

- Periodically checking that Social Security withholdings have been correctly registered
- Estate planning-- to set up living trusts, power of attorney, and ensure that beneficiaries and all death benefits are set up as they should be.

You look at a picture and have an outside source. It's a good process.

In my situation I want to change [as needed.] I don't want anyone to control...

I read recently [the executor] shouldn't be a family member if [he/she] is the beneficiary of a trust.

- Living wills, and organ donor decisions
- Revocable versus irrevocable trusts

- Designating an executor

If you have no heirs, you need to think of someone who can take care of your estate.

I had a lawyer and he was older than I was.

- With death of a spouse, to verify correct receipt of life insurance, 401K, etc., and how to best handle those monies
 - Making people aware that viatical settlements exist, and helping them with the decision if it arises
3. **Awareness of the actuarial profession was low to nonexistent. Those four in the group who had even heard of actuaries associated them only with insurance companies.**

I've always associated them with insurance, especially life insurance, telling the insurers, giving them the formulas as what to charge.

The probability of living to such and such an age.

Those magic numbers, assuming we are not hit by a meteorite.

Then at the end of almost two hours of discussion, one respondent still asked,

So, what else do actuaries do besides estimating lifespans? What else do they run numbers on?

CONCLUSIONS

There could be a huge consumer market for actuarial counseling, but as with any consumer product or service, potential users will need to first be made aware of its existence and benefits for them. Secondly, they will need to be convinced of the need and want this service. Those two goals will require a considerable amount of advertising dollars spent against the right strategy and ongoing, well-executed advertising.

After all that, the service will need to be offered at an acceptable price. Pricing was not discussed in the focus groups because participants were not yet convinced they needed or wanted such counseling.

RECOMMENDATIONS

1. **It is much easier to get repeat business than to constantly generate new business.**

The suggested strategy is that the actuarial generalist have a comprehensive and on-going relationship with each client, as opposed to being consulted only sporadically for isolated bits of advice.

Many people have their own lawyer and their own accountant. They would also have their own actuary

A key source of new business would be word-of-mouth recommendations from current clients.

- 2. Decide how you want actuarial counselors to be seen by potential clients—that is, how you want to position yourself in the marketplace.**

Part of a positioning is also describing what benefits you bring the user, what makes you different from other products in your category

And finally, ideally your product/service will give users some kind of an emotional benefit, in addition to the concrete or objective ones.

For example, here is a possible positioning statement for actuarial counselors.

Positioning Statement

Actuarial Counselors are independent consultants who ensure that their clients are realizing all available opportunities for a secure financial present and future. They do this by recommending which vehicles/products should be used (all necessary types of insurance, development of a good credit record, retirement accounts, etc.), which brands are the best value, and which options within brands are the most beneficial to an individual/family's current situation in life. An Actuarial Counselor is the first person one should call for overall financial planning because he or she is fluent in virtually all types of planning vehicles, from insurance contracts to investments. And the actuarial counselor's guidance takes into account such things as the client's predicted longevity from his insurance companies' point of view, versus the client's most likely longevity, which is usually significantly longer. Everyone should have his or her personal/family actuarial counselor who is intimately familiar with the family's situation, who proactively calls when new opportunities arise, who periodically checks to be sure things are still on track, and who can be called on as necessary, whether for a full review or to translate the wording of an insurance clause. The earlier one gets an actuarial counselor involved in his planning for the future and for contingencies, the better. Having an actuarial counselor gives one that wonderful peace-of-mind that everything possible is being done, that the best possible decisions have been made, and that the entire planning/contingency portfolio is being kept up-to-date.

3. **Creating a perceived need and want for actuarial services could be obtained by regular radio advertising possibly complemented with print. One could imagine 10- or 15- second radio spots at peak times, each communicating one particular reason that you need an actuarial counselor. For example:**

Campaign Name: Call An Actuary

Voice 1: We have to choose which health insurance plan we want by tomorrow and I don't even know where to start! Cheapest is not necessarily the best. But I don't understand some of their terms...

Voice 2: Call an actuary. Call 1-800-A-C-T-U-A-R-Y (spelled out, then repeated:) That's 1-800-ACTUARY.

→ → → → → → → → →

Voice 1: I wish I had somebody that could help me decide if I'll need long-term care insurance. It sounds great, and I am scared to death about what will happen to me when I get old. There won't be anyone around like me for Mother and Dad. I'll be all alone. On my own. But is it a sure thing? It's so new. And I've read articles that say buyer beware.

Voice 2: Call an actuary. Call 1-800-A-C-T-U-A-R-Y (spelled out, then repeated:) That's 1-800-ACTUARY.

Each spot would draw the attention of the target client by talking about a decision or problem he/she identifies with. The second voice offers the solution, always in the same voice and words, driving home with repetition that one needs an actuary, and inferring that an actuary can resolve the stated problem.

A wide variety of spots would communicate the breadth of an actuary's capabilities, and increase the likelihood of hitting on a key concern of the prospect who is listening.

4. **The actuary should charge on an hourly basis just like most accountants and lawyers. The fee should probably be more similar to that of an accountant.**

If the actuary desires to handle time-consuming tasks, such as a pension analysis, by only charging a percentage of any monies retrieved, that would most certainly be appreciated by the client.

5. **Occasional articles should appear in general interest women's and men's magazines about the usefulness of having an actuarial counselor.**

Two very suitable candidates would be *Men's Health* and *Working Woman*.

ATTACHMENT II

Actuarial Counseling Focus Group

Among Professionals

This reports qualitative learning from one focus group among legal and financial professionals, aimed at identifying counseling opportunities for actuaries, as well as insights as to how they might market themselves and how much they might charge.

Methodology

A 2-hour discussion was held among nine Atlanta professionals. The make-up of the group was:

2 trial lawyers, 1 divorce lawyer, 3 financial planners, 2 investment brokers, and
1 bank estate administrator.

Qualitative Research Caveat:

Because of the small sample of respondents, the learnings and conclusions from this research must be considered hypothetical and therefore used judgmentally.

KEY FINDINGS & CONCLUSIONS

Awareness & Usage of Actuarial Counselors

- Based on this group, awareness and understanding of the actuarial profession is extremely low among target professional users. Since no one in the groups had ever seen one in flesh and blood, they could only assume they were either very rare, or shy and antisocial. Even a respondent who had previously worked in an insurance company exclaimed, “We never saw them!”

Left to their own imagination to conjure an image of actuaries, respondents could only envision a detailed, numbers-oriented person who works quietly and calmly behind the scenes—sort of like the green visor accountant.

Consistent with that image, one respondent had read an article saying that [actuaries] have “the longest life expectancy” among professionals because their jobs are low stress.

(For respondents' unaided "definitions" and associations for actuaries, see the last section of this attachment.)

- Only one respondent, a trial lawyer, had actually used an actuary, but only twice in the past eight years.

In one case, he needed an expert in a wrongful death case.

I have deposed actuaries... They assess and give an opinion of an economic loss. For example, had the decedent not died, what would anticipated earnings have been.

In another instance, he had hired an actuary to evaluate a deferred compensation plan, assessing life expectancies and pay-outs for his clients.

I'm right in the midst of evaluating whether to sue an insurance company for the way they implement a deferred compensation plan.

The rest of the group had never considered using an actuary because they were not aware of what they can offer and how they might help them. When asked to write down the definition of an actuary, the gist of their answers was a mathematical someone who calculates probabilities of dying.

How Professionals Currently Find Actuarial Counselors

- The trial lawyer found his independent actuaries by referral, but only after some directionless searching. For the expert witness, he called another trial lawyer to find out who he uses; and for the counselor, he sought the advice of a friend who is an actuary but not currently practicing. Respondents made it clear that—at this point at least-- it is only by referral or reputation that they can feel confident in a particular actuarial counselor's competency.

I just went through the process of finding an actuary on a plaintiff's case. It seems like the actuarial field is so dominated by the insurance industry... I had a very difficult time... I checked www.actuary.com literally, on the fly. There was some useful information [and links], but in terms of finding somebody, it was just a dead end... I found one indirectly with an economic consulting firm I have used in the past on unrelated stuff.

- It is worth noting that he went to the Web looking for a possible lead, not to the Yellow Pages.

The single biggest ongoing counseling opportunity seems to be financial/estate planning, where an actuary could complement a CPA, thus covering all the bases and making the best assumptions and projections possible.

Biggest Counseling Opportunities

One respondent who had recently been contacted by Gary Mevorah attested to the fact that actuaries could be very welcome associates if financial planners knew more about them.

I think there is a void of how an actuary can help... When Gary first approached me, a light bulb came on. It was like Wow, this is great.

The financial consultants/planners in the group mentioned several ways an actuary could help them do their jobs better:

- Working with them behind the scenes so they can better understand and explain their recommendations to their clients.

I don't see us hiring actuaries to be face to face with clients. I don't care about the insides of a program. Explain it so I can take it to a client. Esoteric numbers, computations, probabilities—those of us who deal with individuals need a basis of explaining.

- Ensuring that they make the best recommendation to their clients, and that they do so effectively.

What people don't realize, when they need to take a distribution... for example, \$2,000 a month for someone who is 65 may equate to \$450 grand lump sum... You need to make sure that the factors you are using are as probable as possible.

For estate planning, having an actuary right there working in conjunction with a CPA would be very powerful. It would be just what we need.

- Designing the next generation planning software.

Anybody with financial planning can design programs. Actuaries can go further to say what's the probability this projection can happen. For different investment outcomes, maybe an actuary could take that a little further.

- _ Objective insurance analysis is probably a service that many lawyers do not realize is available.

That would be valuable for a law firm. A back-up resource to verify benefits. Sift through the muck and mire to make sure the client understands what benefits there are. It could be for the vested or non-vested spouse. (divorce lawyer)

Desirable Characteristics of an Actuarial Counselor

- _ The actuary must be able to satisfy those most basic requirements of perceived competency and fit for a particular job. In some cases, like convincing a jury, multiple designations and degrees plus celebrity may be necessary.
- _ The most effective actuarial counselor will probably have a broad business background, as well as enough legal and financial knowledge to understand a client's needs and then to talk with the client in his or her own terms.

A background in the area of law would be helpful... to communicate in terms a lawyer can understand.

He or she would need at least a talking level of knowledge about income tax, retirement, estates—to be part of the team at all.

- _ Additionally, he or she should be a good teacher.

[After] excellence in their discipline, [being] a good communicator is next most important. What do these numbers mean to me? I want to understand what I need to use the numbers for!

- _ The personal chemistry between client and counselor must also be right.

Everyone has to have interpersonal skills.

When we're interviewing lawyers for our firm, I use the "drink a beer test." I take him or her out for a beer... How would I like to work with this person? You might be with this person 12 hours a day.

- At a minimum, an actuarial counselor would be expected to cost the same as a CPA. So an hourly fee, that could be a good starting point, realizing that CPA's charge different amounts depending on their experience and area of expertise.

As opposed to what an attorney makes on an hourly basis, it would be a lot better to compare [their fee] to a CPA rate. They crunch numbers [too.]

It's my experience with CPA's as expert [witnesses], the hourly rates equal or exceed lawyers.

What clients will ultimately be willing to pay will depend on their needs and timing.

It depends on what you're buying and what you need it for. If it's a major case, I like guys with lots of letters after their name, endowed chairs at Stanford. I'd pay \$425 an hour.

It depends on your sense of urgency. Finding someone now or six months from now or a year from now can make a huge difference.

- In terms of charging by the hour versus by the project, every client and job should be considered separately.

If a client bills his own time on an hourly basis, he might be more comfortable with paying by the hour.

You have to look at your market. Attorneys are comfortable charging hourly. There's a frame of reference.

It's passed on to the client anyway, and the client would understand hourly. So the actuary would charge based on the market. A billable environment is OK for hourly. (attorney)

And for projects of unpredictable length or time spent, it is only fair that the counselor be paid based on time spent.

It would be hard to charge on a project basis for a consultant to a lawyer. Very often you would need feedback. Hourly would be better... more practical, because you don't know where an answer will take you.

But if the job is more routine, or if hourly seems too open ended for the client's taste, then charging a single project fee might be more appropriate.

I would encourage them to stay away from an hourly rate and do the fixed fee, say \$500 for a specific job, regardless of whether you put an hour on it or not. The hour thing is unimportant when the cost is \$500 total.

It would have to be on a job by job basis. If you drag your feet, you're slow and inefficient, they won't like paying by the hour. To be able to bid a job you'd need a fixed fee.

Or for someone who works in a certain market like simple wills, I agree.

RECOMMENDATIONS

- There is a need for a modern, comprehensive definition of an actuary that is brief, memorable, and persuasive—i.e., generates interest in their usage.
- Like any “product,” actuarial counselors must decide how they would like to be viewed or thought of as a profession, and then develop and implement a marketing plan to achieve that image among their target end users.

Potential users need especially to know what the actuary can bring to the party over and above the CFP and CPA. How might an actuary on the team maximize the total sum of the various parts, for example.

- Actuaries need an advertising campaign that communicates not only the benefits of using them but develops a positive, proactive image that one can latch on to.

The kind of high charged professionals who are most likely to use the services of an actuarial counselor like to work with other high energy, highly competent professionals. The current image, or lack of image, of the actuarial profession must be addressed.

- Each individual actuarial counselor will still need to market him/ herself directly to potential clients. Some ways suggested by respondents were:

Volunteer to talk at professional meetings.

[Talk to] groups that would be potential clients. They are always looking for speakers.

Offer to come in-house and provide a seminar or some other kind of continuing education.

Everybody needs continuing education. Basically all you have to do is get people to approve you. You can even go to some larger firms, just for your associates. Charge a minimal fee. If it's for free they would be suspicious about the motives.

- When calling on a potential client, the actuarial counselor should stress his experience in the client's area. Additionally he or she should mirror the dress, demeanor and language of the potential client. (Professionals prefer to work with those of like ilk.)

- Each actuarial counselor should probably have a somewhat specific area of specialty, so he or she will have depth of experience and not just breadth, and therefore more credibility. Specializing also provides the individual counselor a point of difference from his or her competition. In the words of a CFP respondent:

If you're in a niche, you differentiate yourself. If you find a need... a niche where no other actuaries are, all you have to do is explain the need and everyone will beat the door down.

- Some possible specialties identified by respondents were as follows.

Projections for the Center for Disease Control.

Development of modeling software that goes beyond averages and life expectancy.

Work/train with an insurance company, then leave and consult for the legions of trial lawyers that sue the insurance industry. Major actuarial consulting firms would never touch this! That is how former prosecutors become defense attorneys.

- The actuarial counselor will need to provide information that gives the potential client confidence in his or her expertise. In addition to listing past clients and offering referrals if desired, any honors or examples of exceptional performance should be used in the "bio" one gives to potential clients. One way to get across the actuary's breadth of expertise would be to list each area of experience with some examples of practical applications underneath.

- Once the counselor gets a couple of jobs, word of mouth will become an invaluable marketing tool.

There is usually a network that various attorneys call up. Usually it's discussed among colleagues. Experts

sometimes do advertise, but most attorneys have trepidation in responding to an ad.

- Actuarial counselors should not attempt to enter the market with bargain fees because these pioneers will set the fee expectations for all those who follow. If they start off undercharging, it will be difficult for those who follow to ever rectify the situation.

For hourly fees, a starting point might be to charge what a client at the same level would charge. For example, a newer actuary might charge the same or a little less than a junior lawyer in the client firm charges. Charging much less will lower the perceived value and education/expertise of the actuary.

My sense is that you can hire 'em cheap. Because they have no marketing sense, so they underprice themselves. They undervalue themselves, don't recognize their value. They remind me of engineers in a way.

- The Society of Actuaries should offer links from its web site to members who so desire. It could even follow the example of the National Association of Realtors and provide every member his own linked web site free.

CURRENT AWARENESS & IMAGERY FOR ACTUARIES

Prior to any discussion about the actuarial profession, respondents were asked to write down—to the best of their ability—their definition of, or associations with, an actuary. The word that kept popping up the most was *probability*. An image of a sort of anti-social math whiz or accounting type also surfaced.

They wrote and ad libbed the following.

Death.

Number cruncher.

Analytical...mathematical...
probabilities...statistical...insure...health...pensions...

I have no clue. Someone who is detail oriented?

One who uses statistics and probability to determine the likelihood of an event, or determine a value.

Statistical analysis of life expectancy in various applications.

Someone who mathematically computes the statistical probability or likelihood of an event or outcome within a reasonable certainty.

A specialist in evaluating life expectancy as it relates to various contexts, including life insurance and retirement plans; who advises on risk management to those extending a product or service, and overall math whiz.

Retirement, disability, insurance. Someone who evaluates the chances/probability related to mortality and morbidity... They make accountants look funny... One out of 10,000 persons who likes statistics.

Computes the probability/life expectancy of individuals based on large groups of data and adjusted for various factors—i.e., weight, sex, etc.

Someone who evaluates life expectancies, calculates insurance, takes a part in wrongful death claims, makes other calculations...

Uses statistics in insurance and pension issues.

Actuarial Counseling Marketing Research Survey For Retirees Attach. III

July 29, 1999, NASS Luncheon, 1:00 P.M., Peachtree Presbyterian Church, Atlanta

**THE SOCIETY OF ACTUARIES: Contact person: Teresa Winer ;
Speaker: Gary Mevorah**

Please take a moment to answer this survey. **All answers are confidential.**

No one will make sales calls to you based on this survey. This survey is funded by a grant from the Society of Actuaries, which is a non-profit educational and research organization.

Background Information- The Society of Actuaries requires rigorous education, training, and accreditation for membership. Fair and unbiased actuarial opinions are provided to the insurance industry, consumers, regulators, attorneys, and others. However, the public's needs and interests may not be sufficiently served by the actuarial profession. This survey will help us obtain a better sense of the needs of many retirees.

An actuarial counselor belongs to a special branch of the actuarial profession, and is an advisor, much like your family doctor. Actuaries are trained in the design and evaluation of financial security systems (health insurance, retirement and pension plans, life insurance, automobile insurance etc.); -- ideally qualified to help you. Counseling is strictly for your benefit and not for the benefit of an insurance company;

Your answers will help us to provide better consulting services to retirees.

Thank you in advance for completing this survey to the best of your ability.

If you have any questions about anything in this following survey, please make notes and/or comments anywhere on this document (or an extra sheet).

Please circle the answer(s) that most closely matches your opinion.

1. Thinking about all the different kinds of insurance you have – for example, health care, life, automobile, disability, etc. -- Do you understand your insurance coverage?

YES 37 NO 3 Don't know 0

2. If you answered no, what is it that you don't understand?

1 person wrote "Some of the requirement particulars for benefit eligibility." (He answered "no" to the above question, however)

3. Do you trust your insurance company?

YES 35 NO 5 Don't know 4

4. Do you trust your insurance agent?

YES 34 NO 2 Don't know 6

5. How much do you agree or disagree with the following statement:

I felt/feel comfortable making a decision on my pension benefit choices upon retirement - such as selecting between 50% Joint and Survivor or 75%, Joint and Survivor, lump sum, life annuity, early retirement, or other similar choices.

14	Very Comfortable	(One person wrote: "I wasn't
15	Somewhat Comfortable	given full information on what to do with
3	Don't know or can't answer	a pension at age 70. I made a wrong
3	Somewhat Uncomfortable	decision.")
0	Very Uncomfortable	
5	I didn't make these types of decisions (my spouse or someone else does it for me).	

6. If you or a family member are/were working and a company offered you or someone in your family an early out/retirement plan, would you feel confident that you could make the best choice?

YES 17 NO 6 Don't know 17

7. If you were diagnosed with a terminal illness and were offered a discounted immediate insurance cash payout, would you be able to make this type of decision?

YES 24 NO 8 Don't know 11

8. If you were offered fixed cash payments (a structured settlement) in exchange for an annuity policy, would you be able to make this type of decision?

YES 16 NO 12 Don't know 15

9. Over the last 5 years, have you had trouble collecting on any insurance claims?

YES 5 NO 39 Don't know 0 (one person wrote:
A little slow at times")

10. Over the last 5 years, if you have bought or changed your insurance, did you feel confident in making a choice between insurance plans or options?

YES 28 NO 5 Don't know 3

11. Do you have unanswered questions regarding your insurance or pension benefit plans regarding your rights, such as selection of a beneficiary, etc.?

YES 6 NO 34 Don't know 2

12. Did you ever get a divorce and think you didn't get your fair share?

YES 5 NO 28 Don't know 0

13. If you were involved in a personal injury or wrongful death lawsuit, would you feel confident in accepting or rejecting a settlement offer?

YES 14 NO 14 Don't know 16

14. If you needed to choose between a traditional health plan, Medicare Supplement Policy, HMO, or Continuing Care, would you feel confident in making a decision?

YES 27 NO 10 Don't know 6

15. Have you been turned down or rated as "substandard risk" when purchasing life or health insurance?

YES 4 NO 39 Don't know 0

16. This question is for smokers only: Do you want to know how smoking affects your life expectancy and/or insurance cost?

YES 1 NO 4 Don't smoke 22

17. For financial planning or other reasons, do you have an interest in obtaining a calculation of your life expectancy?

YES 14 NO 26 Don't know 3

18. For financial planning or other reasons, would you like to have an estimate of your "health expectancy", that is, the future number of years you are expected to be healthy?

YES 14 NO 26 Don't know 2

19. Please check any of the following information you would be interested in being reviewed by an actuarial counselor:

- 5 The value of cashing in my insurance policy(ies)
- 3 Confirming that I am/am not receiving the full insurance benefits I deserve.
- 12 Choosing and/or understanding a Medicare Supplement Policy

- 15 Choosing and/or understanding a Long Term Care Policy
- 9 Explaining charitable annuities
- 6 Explaining what is covered or not covered under my insurance policies
- 5 Choosing among different types of insurance policies in general
- 8 Choosing a retirement health plan

20. If you needed to contact an actuary, how would you most likely look for one? (Check all that apply)

- 13 Call the Society of Actuaries in Chicago for a recommendation
- 13 The Yellow Pages
- 0 Advertisements in Magazines or Newsletters (if yes, which ones?)
- 5 The local business white pages
- 8 Use a computer to search on the Internet
- 4 Other: (3 = friends) (1=GSU)

Thank you. Please continue on the next page.

PLEASE FILL OUT THE REMAINDER OF THIS SURVEY FOR RESEARCH PURPOSES. --- Now let us find out about you:

Highest level of years of education/schooling completed: (check one)

- 0 Below high school
 - 1 Some high school
 - 4 High School
 - 6 Some college or trade school
 - 20 Bachelors Degree
 - 8 Masters or Professional Degree
 - 4 Doctorate
 - 0 Other: _____
-

Age: 70.927

Male 13 - Female 30

Marital status: (circle one) Married 21 Single 6 Widow(er) 11 Divorced 5

Who in your household is most responsible for making decisions on insurance, investment and estate planning? You can check one person, or if you share these responsibilities with others, please put what percentage of the decisions are made by each person.

- 29.6 myself 12 spouse or other family member
- 1.4 paid consultant 1 other

My retirement status (check all that apply)

- 37 Retired 3 Employed part time 4 Employed full time

**YES!! I am interested in participating in a focus group to help with this research study. The focus group will be held on Thursday, August 19th at 10:00 -12:00 A.M.
(circle one)**

Very Interested Somewhat Interested NOT Interested.

Please give us your name and phone number so that we may contact you if we have questions about your answers on this survey; or for a focus group session.
NO SALESPERSON WILL CALL!!!

Name: _____

Phone: _____

Additional Comments (continue on other sheet if necessary):

Transcript of Focus Group Among Retirees -

Attachment IV

August 19, 1999

Introductions

Susan Nassar – When Teresa asked me to do this, I said I would love to. I would like to learn about actuaries and I have lots of questions. I think I'll learn a lot from you all. I think it will be fun and you'll learn a lot too. I told you I do this for a living ...(explain own situation – my husband is 65 and so on) I know I'm not taking care of it like I should. You know we are busy. So I'm scared to death...I know I'm not doing what I should do. That's where I am in my life in terms of planning.

Delores - 12 years in Atlanta, from New York, advertising career – retired, 67 years old, divorced. Since I worked there in the good years, I had profit sharing.

Bill – From Missouri originally. Physician, public health most of my career – City Health Director, Centers for Disease Control, I think I lost several retirements by moving around. I decided early I didn't want to base all my career on that. Part-time teaching at Emory Medical School, married, 3 children (all in their 30s), 2 grandchildren. 65 years old, deferred income and retirement benefits.

Jim – 66 years old, retired state employee, State of Florida – Disability Determination (we processed Social Security Admin claims for the state), 2 children, 5 grandchildren. I dabble in the stock market now.

Maxie - I lived in Brazil 15 years when I was married. Divorced, born in Atlanta and returned back after divorce, retired from staff with Admissions and Recruiting at Georgia Tech. Worked previously for 17 years at Bank South, I did have some nice stock that they gave me. An advisor told me to diversify - I really messed that up royally, the bank merged after that and the stock went way up.

Sarah – Originally from Virginia, age 77, retired from North Georgia College, Chairman – Department of Nursing and started that department. Since I've retired I intended to do nothing and travel but I am busy with the church, women's clubs, etc.

Rita – Grew up in Detroit. Lived in Atlanta since 1950s. The last 15 years of my career I spent at Georgia State University. Nursing Background, I started the TIAA Supplemental annuity and invested heavily, I am very frugal, single. I also invested in American Hospital Supply and Pet Supply...Fortunately, an advisor recommended blue chip. So I invested in AT&T. AT&T has been a blessing. They broke up into the Bells, so I stayed with BellSouth. I have a retirement pension from GSU. I started investing in stock through A.A.R.P.'s Stock program. Longevity is in my family. age 75.

Susan – Age 47, portrait artist (part-time), widowed 3 months ago, 2 children. Caretaking for husband past three years, moved to Atlanta 4 years ago, living off of Social Security disability

benefits for past 3 years from husband's illness. I am OK financially where I am. I have investments.

Additional persons:

Erroll – 45 years old , 4 children, married, lived in Atlanta since 1986, banking, financial services background (and related industries). Originally from Washington D.C., lived in Boston (helped provide information about financial planning questions to the participants).

Actuaries on hand (introduced at end): Teresa Winer, Chastain Financial Services; Gary Mevorah, Mevoco; David Bragg, Bragg and Associates.

Susan Nassar – We have some people who have already been through all these retirement decisions...and I guess, with so many people living longer... Susan, Errol and myself are at the ages where we should be planning. I'm not looking to find out what you have, but where actuaries can help. They have a lot of knowledge. Did everyone here know what an actuary was before someone talked to you recently about it?

The probability of living to such and such an age

Probability of lifespan

Associated with insurance, especially life insurance, telling the insurers, giving them the formulas as to what to charge

“Magic” numbers, assuming we are not hit by a meteorite

Way beyond my consciousness

S.N. Has anybody here not heard of actuaries at all? I think that's pretty common, right?
None responded

S.N. The purpose of this is to see where there might be opportunities for them to help us. I'm going to write a report that says here's some areas where people could probably use your services. When it comes to planning for the future, what are all the kinds of things involved in that? You may not have done it yet, you may wish you had done it. What did you think about as you were getting ready to retire? I want to talk about everything, from insurance to savings to whatever. What's involved, even if you haven't done it? We're just getting a list now. I don't need to know the details now.

Ongoing cost of living

Long-term care

Expense records and budgeting

When I was younger, occupational insurance/disability (Agent didn't tell me the pitfalls!)

Medical insurance (No one told me they would cancel my policy when I reached age 65!)

(Was adequately covered)

How long will you live, and your family?

How long will my spouse, children and grandchildren live?

Goals: What you want to happen, if you want a lump sum to give your grandchildren.

Financial goals

Expectations – travel, gifts, rent, taxes, car purchases (escalating prices)

Someone was forced out of their home with little notice, you don't know if it's going condo and bingo you have to move or buy one. A lady is 80 years old and this is happening to her.

They went to a Senior Community (you have to be 55) with health facilities, exercise

S.N. That's a good point - Where will I live when I can't handle it myself?

How will I pay for it? Some insurance takes care of that.

S.N. Is that mortgage insurance – the insurance takes care of your house if you die?

Reverse mortgages

Natural disasters – risk, what security do you have in your policies?, recent Salt Lake City earthquakes – you feel safe in Atlanta

Estate planing – packaged together for children and grandchildren, taxes

S.N. I heard the government's biggest source of taxes is ...

Medicare supplemental insurance – sales calls once or twice per month, University of Regents plan cost is \$24/mo, I get it through the State

Choices – HMO vs. Medicare. Can be on a separate supplemental HMO plus Medicare.

An HMO option -

Your HMO premium goes down – who is primary versus other depends on the HMO

One of the reasons I came, was all the people calling me regarding HMO's.

Some HMO's are going out of business – I am concerned that HMO's will go bust

I have a friend with a lot of medical problems, and you may have to go to a different one.

Kaiser is a good one – survived since the 30s & 40s – Kaiser is recently bought out

Bottom line is money. How can they survive when they guarantee so much?

Some are very selective. If Kaiser is being bought out, what does that say to us?

Still have to pay some costs with an HMO. They don't pay for everything.

That gets back to what kind of coverage. Others are worse than HMOs.

When I get a medical expense, it goes to supplemental first and then Blue Cross/Shield.

When I get a physical I have to sign a slip that says they won't pay for x-rays, cardiograms, etc.

S.N. What are some other elements to this whole picture? It's pretty big ... I already have a whole page.

Medigap – What policy should you get that they won't cover?

Managing Investments – Stock holdings,

Like I have some with Fidelity, Charles Schwab – a couple of years ago they were great now some are down a lot

Mutual Funds – Time horizons, long term vs. Liquidity, goals change your type of investments

S.N. Thinking about the goals and those could change, too.

You have to have someone who can do it. Reliability

I've fired two different folks.

How to protect yourself from con artists – some are white collar and look good

We're very vulnerable. Aged people are vulnerable to con people.

They call for trips, etc.

How to manage our money-especially with insurance. The products can be very complicated.

S.N. How many of you have read your insurance policy?

None

Wording is bad

S.N. **I would like someone to sit down and read it to me word by word and explain it I have found out, going back, I have been way too lax, not reading things, just assuming things. I called the insurance company and they would not give me an understanding of the term**

S.N. What was the term?

Referring to my husband's health condition – medical/legal jargon – I asked the health professionals and the insurance company and they were denying coverage based on this wording. No one could explain it to me.

I should be able to call up and they would make me understand

It was finally resolved with litigation.

S.N. Did you ever find out what it meant?

The lawyer couldn't understand it.

They do this on purpose. I have a problem with this.

They tried to claim that the beginning of the disease, that it began before the policy was in effect, and they weren't responsible even though it wasn't diagnosed.

Pre-existing conditions – they try to say the disease was in effect before they pre-approved his hospital stay and then tried to deny coverage.

What about credit card scams? It's been in the paper just this week.

Don't post the payment until it's late. They had to show when the check cleared.

S.N. I noticed I send mine in ahead 5 days ahead of the deadline

They cut down the time of payment – no longer 30 days “grace period”

Not only credit cards ...Banks are getting more of your money - charging for everything.

S.N. It bores me to death reading the details, re credit cards. I would rather pay somebody to do things for me. Is that something that should go on the list?

It should go on the list!

Get offers all the time. It's the same as people calling you up.

You'd be paying someone a full time salary to get help with that

They are also charging you for credit card insurance when you don't sign up

Did they do that for you?

S.N. I'd hope the person would be teaching me about this.

They offer credit card insurance

The credit card insurance goes out at age 65

For what? There are people that are totally oblivious about paying the minimum.

If you died your bill would be paid

S.N. Isn't it just your minimum payment?

The outstanding balance would be paid

- S.N. My husband just paid a bill, pay things twice. It's more trouble for me to go back and redo it. Every few months I find something that shouldn't be on it.
 Quite a few educated people think they only have to pay the minimum, but don't know
 She never paid it off – this was a young well-educated person working in a hospital
 You mean educated in a few areas.
- S.N. We all have our talents in certain areas.
 There is a problem that people believe that this is a way to manage their finances
 The thing that happened to me, they gave me credit for \$4.73 instead of \$473. So that
 came through and the bank only took \$4.73 off. So the credit card company charged me interest. So I asked the bank why did this check go through? And they said they only look at the bottom corner.
- S.N. What else, before we take a quick break?
 Death Plan
 Funeral plans, specify limitations, burial insurance. Plan ahead with funeral home, graves
- S.N. Are you talking about going to the funeral home ahead of time and plan? What else?
 Will Power of Attorney – financial and medical
 Recently we met with an attorney who said every person should have these.
- S.N. What about so your will won't go through probate?
 Living trusts, bypass trusts, but that's all a part of your estate planning.
 Estate taxes may go by the wayside.
- S.N. Again the government gets a big part of estates
 Over a certain amount
 What actually is considered in an estate – belongings, cars
 There's another thing - Charitable Trusts

Some people also pre-pay for funerals

- S.N. OK, we have a pretty good list here. Let's just talk about Retirement Decisions – my husband's recent retirement decision choice between state and TIAA. He chose the state and he made a bad decision. They give 4% per year. How could we know at that early stage to ask for help? Did any of you have to make choices?
 That's one of the best uses for an actuary, making choices at retirement
 Lump Sum vs. Annuities
- S.N. What about some of the other choices you had to make?
 Depending on who dies, 4 choices - declining in value
 100% self is larger amount, self and spouse is a reduced rate
 Base decisions primarily on emotions
 1st couple of years OK anyway – probably OK with plan with most income
 Chances are you will be OK, but you'd never know unless you had some good valid..
 As far as actuaries, per se, shouldn't estate planners make use of actuaries?
 I would want to talk to somebody.

The kind of people I would look to – financial planners – it’s become quite a profession

Need to start looking at age 40

S.N. What we’re talking about is before taking a new job...evaluate the benefit package before moving.

I was very fortunate, they were a big company and the

Human Resources department advised for what kind of decisions.

I feel I had enough advice for what I was getting at that time

At that point, nobody was saying if I would live to 90, what to do

During your earlier years you’re not very much concerned with this sort of thing

A lot of people don’t take advantage of the advice

Young people don’t like to think ahead, Is my whole life insurance enough?

The advisors are different from actuaries so often times they look at the life insurance policy to see if the company is a good one, but they aren’t qualified to say if this policy is a good value

Some young people have questions about life insurance

Some people aren’t qualified to say if this policy is good for me or should I invest the premium elsewhere

That’s where an actuary and actuarial science comes in

A financial planner, tax accountant, or lawyer can’t do it

The financial planner just said this pays about 8.9% per year, that is not all of it

S.N. I want to hear about Sarah’s decision. What decision making was needed earlier in life? Previous history with jobs: If you stayed with them you had a lot of retirement, but if you left,

I lost a lot of retirement. Then I went with the University.

Choices with state pension or TIAA credit

One of the women in the math department told me to put half in State and half in TIAA

When I entered it changed – what you put in it, you couldn’t take out until you were 65, and you couldn’t change the 50/50 allocation at all

I have a small pension from West Virginia and a nice one from TIAA

S.N. And maybe you should have put it all in TIAA?

In hindsight I should have put it in TIAA.

How could anyone have known that? That it would be as good as it is.

Nobody knew that stock would go up so much.

S.N. When I told you my husband only gets 4%, you know that is low. There might be an opportunity for an actuary to tell young people “You have to think about this now!”

I was there 10 years and when I went to North Georgia College I brought TIAA in with me. What I put into TIAA – a counselor told me to change it. So, I have 2 policies with them.

The state of Georgia is very good.

S.N. What decisions have you had to make as you approach retirement?

Keep up with Social Security – what you paid in, checking your benefits, making decisions

Women have more problems than men – most of us drop out for children – in and out of career –

It affects your long-term social security/pension

When are you going to take it? When do you retire? Not necessarily, when you wish to initiate it?

When do you wish to initiate social security payments?

I figured from 62 to 65, the money I would have gained each month I would start losing by the time I was 74. I would start to lose the benefit of retiring at age 65

Can't get TIAA until you're 65 – then decision is a choice of benefit – spouse, long term, life, or guaranteed a certain number of years. I've made that decision for a lifetime.

S.N. What about Maxie?

I retired from the state and luckily I had a wonderful Boss.

Boss told me to put every penny into an annuity – a nice sum – I wouldn't have otherwise.

And then on getting the money out of there -

An advisor told me not to annuitize – you don't have to take anything out until age 70 ½ - just leave it in there

S.N. I don't really understand what the choices are.

You do not have to take it out.

Annuitize means to start taking out the money – a set amount every month. If you delay it's higher.

S.N. Can you also take a lump sum?

I've taken a lump sum and converted to an annuity – I asked my financial planner and he only gave me one figure.

That's when I retired – 401k deferred income – another I left in and take some out

I had to make that choice within 1 year of retirement. So, the time came up on me very fast.

You can still invest.

It's flexible – with TIAA you can take minimal deposit option – From 71 ½ to 75 you can take the minimum to meet tax purposes and still allow the account to accumulate, annually, quarterly, or monthly. It's staying in there earning interest.

The big question at age 75: Stay with the minimum and have lump sum option so I can pull out as needed, or go to an annuity to get much more – about \$7,000 per year.

S.N. What do you think you need to know to make that decision?

I need to know the balance or situation with my other finances (to make that decision)

Is there enough income to be able to meet my needs from other resources and keep this money in reserve and be able to take the money out when I need it.

You pay taxes on what you take out

I didn't realize you can take a lump sum and put it in a charitable trust and take interest income and don't pay taxes

I was 6 weeks too late

S.N. How did you learn that?

I had a financial advisor from the college then a private financial counselor

As a charitable trust you get a certain % - is that a better deal because you don't pay taxes

Yeah because it's growing –

S.N. Is that the thing Congress is looking at now – taxing more?

S.N. Go back to what you need to know.

Assess other financial resources – excluding medical emergencies

- Once you make that assessment -are you then trying to determine how long you will live, remain healthy?
 Yes
 90 years old is nothing in my family
- S.N. Are you planning to age 100?
 Yes
- S.N. Are you planning for over 100?
 ...with reasonably healthy behavior.
- S.N. Has anyone told you your life expectancy?
 No. I know who I've inherited most things from and looked around. I just figured it out on my own – bet you a nickel I'm right

- I expect to live 20 years or more
 I think if you know your family history and look into your own health
 I don't see how anybody can figure it out!
 So much has changed on that because people are living longer. It has affected a lot of things.
- Am I going to outlive my finances?
- S.N. Did you have to make any decisions with your husband's death, like lump sum?
 Within the end of this year – payouts on 401K, savings, tax-free rollovers, annuitize
- S.N. Will you be able to decide if you want to take it monthly, lump sum, or what?
 I've already gone through pre-planning – estates and trusts set up
 The company had “progressions” through Met Life. It's set up for a situation like ours.
 To make sure everything was set up like we wanted...in fact it was not.
- Go though pre-planning – we had thought everything was in order, but we hadn't thought of everything – such as legal forms – living trusts, power of attorney.
 When you look at a picture and have an outside source, it was a good process.
- S.N. Can you give me an example of something you didn't think of?
 The legal documents, trusts, power of attorney
- S.N. Does this fall into the discussion – being an organ donor or not?
 Sure
 If you have no heirs, you need to think in terms of someone who can take care of your estate.
 I had a lawyer and he was older than I was.
- S.N. What's the name of that person—an executor?
 Who names your executor? Is it worth your while to pay someone to do that? Do you trust someone?
 Look at revocable versus irrevocable
 In my situation, I want to change – I don't want anyone to control
- S.N. Should a family member be the executor, or an independent person that you pay?
 But I read recently, it (executor) shouldn't be a family member - if beneficiary of a trust
 As we get older the family limitations increase
 If you don't have children, no younger family members, all older, who would be my executor?
 I wanted same city, and have younger friends
 Early on, discussed with two much younger about being dual executors

- I recently took a trip and wanted to have all my ducks in a row
Trust is very much involved – co-signor on a checking account – don’t need power of attorney
The problem is finding a power of attorney that can pull the plug
Someone told me I couldn’t have a doctor.
I think you can have a doctor -
It must be different that the attending doctor – they should be different people
- S.N. Has everyone here, except me, named a medical power of attorney?
(a few responded) no I don’t have one
- S.N. Refer this to Bill since he’s a doctor
Common thing to have a spouse and secondary person, with a living will – don’t have a power of attorney – then you don’t have to designate anyone.
Living will is not binding. If you have a physician who doesn’t think it’s a good thing...
It’s not taped to your chest when you enter the hospital
And you could have children divided on it
- S.N. Something recently I thought of, Long-Term Care insurance – how many of you have it?
Two responded yes – (both single)
A friend of mine who has children nearby got it.
People ask me who to take it out with
There are scams on the phone. That is a good actuarial question too.
What are the chances I’ll need it and chance I’ll have the money to cover the expenses?
That’s where actuaries should be front and center.
I have a friend who had a stroke, now she has paralysis and can’t talk and her father is in the start of Alzheimer’s and that’s a major catastrophe.
Major catastrophes – It scares the daylights out of me. It’s like other insurance the premium goes up as you get older.
You need to plan for the situation if you live a long time with Alzheimer’s
Minimum deposit – what to do with that financial account?
The first day I retired, an insurance agent came to sell me Long Term Care
I told him to get lost
- S.N. How many policies do you have?
I have supplemental medical, Long Term Care
I gave up on Life Insurance
I kept \$15,000 retired from Georgia State– I didn’t pay for it
I stopped paying on mine and took the money back – I invested it
I never did pay on that.
- S.N. Some people don’t know they can do that, they can take out their cash from insurance.
What kind of insurance did you have?
“General Life” (i.e. whole life (sic))
Last time I had 20 year paid up – I took the money and put it in a mutual fund.
An agent came around and talked to me
- S.N. I wonder if people know they are over-insured and can take out their money.
Otherwise it would accrue interest at only 1 to 2%
A lot of young people take out whole life – it’s often a lousy investment
Of course the Insurance Company makes more money on general insurance (meaning whole life)

We had one unfortunate instance when he had surgery, that year the disability insurance coverage was 4 times pay, during the next year the policy changed to 2 times pay. I still question this.

S.N. They can do that after you have the policy?

Yes – so in 1996 the financial picture changed because of the company policy– all the planning in the world couldn't anticipate

I've heard of something similar to this before -

You could determine whether that risk existed. For example, two well-known life insurance companies being considered for huge jumbo policies... both very reputable policies - he had an actuary look at the policies. Going beyond spotted potential risk – his single premium – if he forfeited that policy in 1st year, surrender that policy. One company had the right to give \$0 back, other didn't have that contractual right. That's not something I would or most people would pick up on. Somebody to get past that mumbo-jumbo to read the policy line by line.

How do you spot that kind of risk. It's in a lot of different policies. If someone had a complete assessment made on all the risks, at least he had his eyes open.

We were shocked

I suppose you are actually at the whim of the policy – he bought it for himself

If I understand you right – it was a contractual right

How do you spot the right to do that? We had that for 10 years.

A complete assessment – if this risk exists, be aware of it

People working for a company are figuring and planning based on what they were told they could expect.

S.N. So that's something they couldn't have planned for.

We have to realize there is a risk.

Must realize Social Security may not be there

Greater chance of having that (Soc. Sec.) than a company pension

S.N. Let's say they crunched the numbers, what would be happening, do you know about this Errol?

It's controversial.

Pension related questions are ideally suited for an actuary, and Social Security because Social Security is mortality based and the same thing with pensions.

S.N. If they had to go to court over this, who is going to be the expert witness?

Certainly an actuary would be involved.

So many pensions have gone defunct -

The safest thing is to go independent type of plan (401), something you can have some control over.

A retired airline pilot – his plan got massacred -getting less than 30% of pension - Eastern Airlines

Medical Insurance – premium notices sent out “at their convenience”

If you are diagnosed with long term illness, they just may not send you a notice and you're too busy – no payment is made – policy canceled

The Insurance Company didn't send a notice – you forget – it's canceled

What about taking it out automatically ?

– it wasn't available then. Today it may be all right.

S.N. We are talking about all our plans. Any other issues?
Many of us around this table were cognizant in the 1930s that there wasn't much money around.
I got an allowance of 5 cents a week and I thought I was pretty rich.
We've had so many good years and good money – that too can change!
Part of what we need – we need to have an education of our lifestyle
The credit card mentality has become a way of life
Everything now – live it up...Be careful, caution!
I read about a lady put up as pauper in New York tenement house – lived it up every day before that

Funeral arrangements
After mother's funeral was completed, prompted father to do it – he dies within a year
Older friends arrange it down to what they will wear

S.N. Is that a thing actuaries can say?
Anyone – lawyers, financial planners
Could help from perspective of how long are you expected to live
Is that all that actuaries do?
What else do they run the numbers on?

S.N. Free services
Hit with taxes on social security
Need to think about that in advance
It wasn't in our budget
It depends on your income – up to 85%

I was flabbergasted
I was angry
Many were surprised
You have to estimate that
For the last 2 years I had to pay a penalty – I didn't pay the tax
A woman can get less than a man even though you worked the same as a man
Even if you're single?
And if you're in that bracket

Explanation of free services offered today and Q & A Session
Presentation by Gary Mevorah

G.M. I am an actuary, and my field of expertise is in the Pension and Benefit areas. Today I'm offering to check your pension benefit amount for you at no charge.

S.N. If someone wants to take advantage of this offer, what should they do?

G.M. Some of these forms that I mention...First it's a one page form that's signed, to give permission to contact the employer. It gives me the authority to work on that person's behalf. And then the rest follows, we just correspond on a regular basis after that and we would go step by step. We try to start it off simple and not too involved, really, just a form to get the documents.

S.N. So they can give it to you today or fax it to you later?

G.M. That's true, I mean I have a copy of the form I can hand out, sure.

S.N. You can also mail?

G.M. Of course.

If you find the error is in the favor of the person who is paid too much, I guess you have no obligation. (laughter)

G.M. You're right, the person would do what they want to do in that case. And the thing is, I'm so focused on finding errors on the other end, not that I won't pick it up, but I may not have all the facts necessary to prove it's in their favor. It may appear to be a mistake in their favor. Just like it may appear to be a mistake against them, I don't have all the facts, so I can't always say that it is definitely wrong. That just gets the ball rolling, so that when I start corresponding with the company, then I'd flush out the facts more so.

Do you give out your information back to the company? For example, I have a pension from Fulton County, do you get a bunch of stuff and you find out I've been getting too much, do you have to give back all of your data to them?

G.M. Oh, they make photocopies of the plan documents.

But do you give them what you're producing?

G.M. Well I don't necessarily produce anything, I would only contact the employer if there's a mistake, and I explain where in the plan document the problem occurred and ask them to please re-compute the benefit.

What Bill is saying is if, for instance, Fulton County has been paying \$50 too much, you're not gonna report it are you?

G.M. No, no I personally wouldn't inform them. That would be up to the person.

Then you would have to pay them for the loss of money, because you would get a certain amount the other way.

G.M. They could pay me, I would just get a percentage of what the person is saving. If it's still at the alleged state.

S.N. Don't forget he's working for you.

G.M. That's true, I am representing you, the individual, you know.

S.N. Should we talk about the other two things? Again, people can leave if you want.

David Bragg First of all you have done a wonderful job of defining the issues and Susan has done a wonderful job of managing this discussion. My name is David Bragg and I'm not an actuary. My father is, though, and we have a very small business. We specialize in collecting insurance experience information. It gives us the ability to look at individuals and advise them on how long they are going to live, typically: Life expectancy and the implication that has on their insurance needs. If I were asked for a definition of what actuaries do, you can think of an insurance company as an automobile, and the agents have their foot on the gas, and the underwriters have their foot on the brake and the actuaries are steering while looking out the back window. That's a simplified way to explain that actuaries use tools, like looking at large group, pools of data that they can find and draw inferences from that. What we do, particularly, we look at longevity, life expectancy. We all have a hidden advantage here, that the insurance companies don't really want you to know about, and that is you're going to live a lot longer than you think you are. And that period of life expectancy is going to be broken into a healthy period and a sick period. And not necessarily, that sick period might be in pieces. And the trick is to get them to pay you for the longest period of time, you know you will live longer than generally they think and you want to get them to pay you for the longest period of time rather than the other way around. I've passed out this sheet of paper, called the

Status Quote and it's just a simplified way of getting you to think about what your life expectancy is. And in the middle of the page you have the total, this is a 65 year-old woman, who doesn't smoke, and according to our information, her life expectancy is 24 years. I should point out that your life expectancy is not a predictor of the date you're going to die. It's an average. It's quite likely you will live longer than this. One way of thinking of this, of all the people in a sample, half will die before and half will die after 24 years. In fact, the chance of you dying on the exact day of this analysis is extremely rare. The point is you're going to live a lot longer than you think. We can advise you on how to make insurance decisions to take that into account and benefit you. There's a short explanation on p. 2 of what this health expectancy is, and on the 3rd page is a blank. If you would like to fill in the information and leave it with me. Or fax it to me, I will calculate this health expectancy for you and send it back to you. The 4th page...One of the best ways to take advantage of a long life is annuities. There are all kinds of annuities. There are immediate annuities that pay right away and deferred annuities that pay at a later date. There are variable annuities that allow you to have control over the funds. You take some of the risk, tell them what funds you want to put them in. There are fixed annuities that just pay you 4%, that's probably not a very good buy, but the trick is to get that company to pay you in some form to the maximum advantage to you. If you know you will live longer, maybe it's best to defer that annuity until some point in the future, when you are 70 or 74 years old. You'd be amazed to discover that your life expectancy at 74 is well into the 90s, beyond that predicted life expectancy. This is one of the things that our small firm can do. Bring current knowledge of what your life expectancy is going to be and arm you with that knowledge. Another thing we can do is to rate insurance products. We have this Bragg Index and it's a simplified tool. It attempts to break down the value of your life insurance policy. This is for a cash value policy. Term is where you pay and it pays if you die in a certain period and you get no cash value. The cash value policies can be just whole life, or Universal Life, which is a fund. You pay in the fund and they take out the cost of insurance charges. As long as there is a balance in the fund that insurance stays in force. The crediting rates go down and eventually that fund goes down to zero and your coverage goes away. You think you're buying permanent insurance. 10 years ago when you bought the policy, not only did the agent tell you it was permanent insurance, but that the premium would "vanish." You wouldn't have to pay the premium back when they were crediting rates of 11 -12 % and now the crediting rates are quite low. There is a very real possibility that you're going to outlive that coverage. You're going to have to put more money in that account at some point to keep that coverage in force. We can analyze these products. We do it in a very simple way. We know what the cost of insurance is going to be and what reasonable expenses are, and we will analyze that fund and hold their feet to the fire. If they're making excess profit, we're going to point that out to you. This Bragg Index number is an average. It's an open-ended scale, we vary from 180 points to extremely low down to 20 points. They are not giving you back a decent return on your investment. That's what the Bragg Index intends to do. We know what the company expects to pay in claims. We look at an enormous volume of insurance experience, representing about \$4 trillion insurance in force, approximately 89,000 deaths in our most recent table. Actuaries take great comfort in volume. They love to look at large pools of numbers. It

gives them a certain degree of comfort in the information that they're looking at. We know this and can apply it to the insurance product that you'd like to have rated.

I'm curious how this table might be used for planning purposes. How can you use that type of information for your own personal use?

How is "sick years" defined?

- D.B. That means the years where you cannot get ordinary insurance. You don't have to be very sick to qualify as sick under this definition. And most people are sick over a period of time. Someone mentioned a continuing care retirement facility. They provide you with health care and is it a good deal or not? Those buying into these communities pay very substantial amounts of money. If you know your life expectancy, you can do a very reasonable analysis of that sum of money over time. These are the kinds of skills that actuaries bring to the table.

There are pitfalls for the uninitiated. If you have an insurance policy you can look at which area of your policy ...as far as actuarial soundness...

- D.B. All companies have good products and bad products. The best companies today are saying if we don't have the best product for you, you should buy it from some other company. We should tell you, then we are delivering a service and we're earning your trust. Automobile insurance companies are advertising this. Most companies are not going to tell you where to go for a better buy. That's a change in attitude in the industry. That strikes a chord with the common people. We will send you to the best deal. But we're talking life insurance.
- D.B. Not necessarily, all forms of insurance are similar, having a pooled risk. No, I mean the Bragg Index.
- D.B. Yes, but we can also look at annuities. It's just going the other direction. You're betting you will stay alive longer and they are betting you'll die sooner. That annuity is apt to pay you for a very long time. Actuaries are making educated guesses. If you are prudent in mortality, really among your generation, if you're going to outlive your money, that's worrisome. I want to make one point, actuaries are knowledgeable about all of this. To become an actuary, to earn that designation, simply takes on top of a college education, 8 years of intensive study. Pensions, life contingencies...but really more so, these days, actuaries are analyzing financial services. How to advise banks and life insurance companies on how to manage money, so it can't be emphasized enough how sophisticated these people are. In a way, the insurance industry has always kept the actuaries behind a locked door. This knowledge, in a way, could be used against them. I'm not saying there's that kind of conspiracy, but as an insurance consuming individual, (everybody in this country is, to one extent or another), I know that an actuary, under the right circumstances, can add value. Typically an actuary has to decide if you should buy that fund or not, they know where to put their hands on the tools to make a scientific analysis. If you're likely to live to an advanced age, then you should plan accordingly.

I think this status quote...I have been taking out the very minimum that I can out of my annuity each year, and at my present age...whether as I should switch to getting a monthly annuity. The option of staying with a lump is that I can throw it out at

any time. If I need 100% I can take it out. Whereas, with an annuity, I don't get any more than the monthly amount.

D.B. Again, you can structure annuities all kinds of ways. That's one of the things that people don't realize. An annuity should be structured to best deliver value to you.

What is the cost?

We've tried in the past to link this service to a transaction. It's hard to go to people and say for a fee, we will charge you and the individual will say I don't think I'll do it now because I don't have a need. One of the ways to link it to a transaction is like what Gary's doing. If he gets you more money, he deserves a fee for that service. Another common thing right now, is called viatical settlements. There are people who will buy your policy, pay the premiums until you die, and get the benefits. It's quite a big business. If you have \$100,000 life insurance policy, they might offer you as little as \$15,000 in cash. That's an attractive option when life insurance isn't that good anymore, the trick is, is that sum being properly calculated...are they pulling the wool over your eyes and giving you \$15,000 when someone else would give you \$30,000. That's where a transaction can be linked to a service. In my mind, an actuary can perform that service. There is a distinct advantage for an actuary, because they have a better knowledge of insurance, how the insurance is conceived, and the tables applied. As opposed to talking to someone in the industry who has a product to sell you, who may or may not tell you what you really need to know. In terms of answers to your questions, like the young lady who was sitting here, there were parts in her insurance program that were not discerning...someone with a knowledge of the industry and the language, perhaps an actuary, could have helped give her some input and some forewarning. I can see a distinct advantage.

May I ask, what is the percentage, how is your fee calculated, Gary?

G.M. What I've been doing with my pension calculations, if I made someone \$10,000, \$3,000 would go to me.

D.B. Now that is the money that you've collected retroactively, but what about future?

G.M. There is an option, I can determine what the present value is, 30% of that, and then I take off 20% for immediate payment. Some people can pay 30% per month. I discount for up front payment.

S.N. I have heard in Europe people buying a house, they pay a lot up front, does that happen here?

D.B. I happen to know in Switzerland that you take out a lifetime mortgage...it's a way to get into a house that's very expensive. And that becomes a commodity in a way.

Japan does that too. That's part of your inheritance. Sons take over that house or an operation, that is one way they can get into something.

It makes those highly inflated real estate prices more affordable. On the other hand, in Canada, I understand the longest mortgage you can get is something like 5 years. They have something like 10 financial institutions in Canada. Here, in Kroger, we have 5.

That's one of the things here is the banking industry.

The service that could be provided goes all the way from simple advice, from keep that or get rid of this to simply proactively going out and contacting a company, getting a settlement, out of which maybe a commission would be appropriate.

- S.N. What about somebody coming in analyzing some insurance for a fee, can they charge by the hour?
- D.B. Yes. This business is in an infancy in a way. Bringing these services to the insurance consuming public, and the best answer is it depends on what you need. In a way, having somebody analyze your need may reveal some things that you haven't thought of. Typically, our narrow expertise is with Life Insurance and what the experience is likely to be and what your longevity is likely to be. So we sell this service for a fee. In the past I have compared 2 policies and have charged as much as \$300. And this is useful for people having to make a decision with enormous sums of money. A large single premium makes \$300 a good buy. It depends on what the market will pay. They like the idea of having a knowledgeable actuary analyze this decision, then \$300 is a good buy.
- S.N. It sounds like actuaries specialize.
- D.B. Yes, most actuaries specialize, although all are trained in depth really in all aspects of what we're talking about...life insurance actuaries spend a great deal of time worrying about pensions, and you can't earn the designation without rigorous course of study. 8 years.
- S.N. 8 years, what do they do?
- D.B. They work. And actuaries pride themselves on the fact that this is a system of self-education. You cannot go to a college and get a degree and become an actuary. I thought there are colleges. There are many colleges. Georgia State is one of the very best, you can get a degree, which gives you the background to take the test. However, you cannot earn that designation, without passing the series of tests. Typically, and I'm not an actuary, but the way my father did it, he worked for Great West Life as a youngster out of college and they gave him time off to study. They mentored him, he had older people who got him through the process, to complete the exams, earn the designation. That was 50 years ago, by the way, this year. A Fellow of the SOA for 50 years. Back then there were a couple of hundred actuaries in North America. Today there are many more.
- S.N. Put your address, I can mail it, or an email.
- D.B. I was going to ask the group, how many people have access to the Internet? I suppose I could if I wanted to. You could, I live in DeKalb County and there are a number of branches of DeKalb library where you can get free terminal access to the Internet. I have a friend that does trading on the Internet.
- D.B. One of the things I'm trying to do is to develop a service to deliver these over the Internet. This is such a great group and I believe that if you spent a million to do focus group research you couldn't get a better sample. The idea of the value of this service and what was demonstrated here today...almost everybody I've talked to about it admits that there are areas of knowledge...from sophisticated, trained financial analysts to CPAs all the way down to union workers. They get the run around on their pensions. Can you do this analysis, Gary, with state pension, with government money?
- G.M. Yes. Calculating Social Security – I've checked a couple, they were OK. Of course given the potential, because everybody has social security. I have checked the earnings credit.

I worked for the railroad, that money was transferred to social security. At the time the railroad was higher, so in looking at my benefit, it seems to me that perhaps they have not credited me to the degree they should have. As I understand it, the people that do these calculations are not all that familiar with it. They may have a technician, certainly not actuaries.

End of tape

TRANSCRIPT OF FOCUS GROUP AMONG PROFESSIONALS – ATTACHMENT V

Market Research Study for Actuarial Counseling 11/4/99, 6:30 – 8:30 PM Atlanta
Financial Center

Trial Lawyers

Brent - Trial Attorney

Plaintiff's Medical, Wrongful death, Patent Infringement type cases

Adrienne – 3rd year GSU law student; working with Joe , Trial Attorney

(Joe currently uses Dr. John Brown as an expert witness)

Divorce Lawyer

Suzanne - Divorce Attorney

Financial Planners

David - Financial Planner

Jeff, CPA, PFS, CFP - Financial Planner

Top CPA Firm - One-stop shopping

Doug, CPA, CFP, Tax and Estate planner

Investment Advisors/Stock Brokers

Kate, New Broker

Rex, Investment Advisor (also a Math major)

Other

Bob, CFP – Estate Administrator, post mortem support

Market Research Facilitator: Susan Nassar

Presenters/Actuaries on hand – Gary Mevorah – Pension Reviews

David Bragg – “StatusQuote” and Insurance Reviews

Teresa Winer – Chastain Financial Services

Susan – Could you do me a favor and turn your name tags so I can see them? We'll just do introductions. Brent will you start and tell us what you do and what your specialty is?

Brent – I'm with a law firm based out of Minneapolis. I've been in this practice since 1983. I do primarily trial work, plaintiff's medical, commercial work, and property.

Suzanne – I primarily work with family practice. I've been a member of the Georgia bar since 1983.

Adrienne – I'm in law school at Georgia State and I work part time with a small law firm.

Doug - I work with a local firm. A couple of years ago I started an advisory firm. I work with small businesses, entrepreneurs. I have a tax background.

Bob – I have a law degree, specialize right now in estate administration, post mortem work.

Susan – Are you executing the estate after?

Bob – Yes, and helping the survivors with financial affairs.

Rex – I have a degree in Math, develop software for a small financial planning firm, and am an investment advisor.

Susan – You developed this stuff yourself. - How long have you been doing that?

Rex – Since 1980.

David – I am a Certified Financial Planner.

Susan – Gary you can introduce yourself later.

Jeff – I have been working at a financial firm for about 5 years. I am a CFP, CPA, PSF, with a local firm.

Susan – Here's where you can help me tonight. Teresa has gotten a grant from the Society of Actuaries to do a project. They are a service organization. We need to find out: "How can actuaries branch out and do new things with individuals, not necessarily working with insurance companies." Some of you may have used actuaries in the past. How many of you have actually used the services of an actuary? Where you yourself hired one...(a few hands raised) The majority said no...Brent – How did you find an actuary?

Brent – I actually called a friend in a different context about expert services.

Susan – How did you know to call them in this first place?

Brent – That was years ago, based on a recommendation from another trial lawyer, about someone who used Dr. Brown – for “economic” advice – based on life expectancies.

Susan – Please write down a definition of actuaries – to the best of your ability. Who probably knows the least about actuaries –give your definition. This is good to know. See I’m a marketer, not an actuary. If an actuary is a product, we need a definition.

David – I read an article – they have the longest life expectancy, best jobs, no stress.

Adrienne – Someone who evaluates life expectancies, calculates insurance, takes a part in wrongful death claims, makes other calculations.

Rex –A person that evaluates the chances of things.

Kate – Death.

Adrienne – Number cruncher.

Doug - A mathematically minded person, analytical, uses probability and statistics in the field of health, pensions and insurance.

Brent - Statistical analysis of life expectancy in various applications.

Suzanne – evaluating life expectancies and one who is a specialist in various contexts – advises in risk management. A math whiz.

David – Charges on mortality and morbidity. They make accountants look funny. An actuary is one out of 10,000 that likes statistics.

Bob – Someone who mathematically computes probabilities of things within reasonable certainty.

Jeff – Uses statistics in insurance and pension issues. There are so many things it’s hard to name them.

Susan – The word I hear again is probability, probability. I don’t know what to make of that. Brent, I’m going to ask you now what an actuary has done for you and anybody else who has ...What do you know about actuaries?

Brent – I looked for an actuary recently in a wrongful death case.

Susan – How did you know to call one?

Brent – From a recommendation by another trial lawyer, when I needed an expert in a wrongful death case. There is an economic and a noneconomic component. I needed someone to testify about the economic component.

Susan – How have you used actuaries?

Brent – I may have technically used a professor – for economic calculations. But I have deposed actuaries. There is an economic value and a noneconomic value that must be computed. They assess and give an opinion of an economic loss. For example, had decedent not died, what would anticipated earnings have been had they not been killed. I called Teresa a couple of weeks ago for an actuary to evaluate a deferred comp plan and find life expectancies and pay-outs for a group participating in the plan.

Susan – This involves litigation. When you say a group do you mean a company?

Brent – I am right in the midst of evaluating whether to sue an insurance company for the way they implement a deferred comp plan.

Susan – let's talk about a profile of what you would want an actuary to be like to hire him. I'm not looking for anything in particular.

Rex – I've been to the SOA web site. I took material for my own use. If they were cheap I'd hire one.

Susan – What do you mean by cheap?

Rex – We are a very small firm. Someone needs to be good at evaluating risks, able to communicate clearly some of the issues involved in mortality. Typically people think of an average as one point in a range... You need to paint a picture of the mortality – how likely you are to be off the average.

David – I don't see us hiring actuaries to be face to face with clients. I don't care about the insides of a program. Explain it so I can take it to a client. Esoteric numbers, computations, probabilities – those of us who deal with individuals need a basis of explaining.

Bob- If we hired one, we'd need to have a sales goal associated with him/her. They'd find a way. I think it's like David said, to communicate...in terms a lawyer can understand.

Doug – Someone with a broad business background, yet pretty focused in the arena that they work in, a depth of knowledge as to how businesses operate. Both sides – corporate and individuals.

Suzanne – Fewer and fewer cases require alimony – that is the area that is dwindling. Calculate the obligation for the payee or recipient and life expectancy, benefits, retirement, etc. Calculate what is available, the equitable distribution; the health of the parties as well. The total asset picture; how major or minor a role, of retirement components. Need to look at the big picture financially, make recommendations as to life expectancy of the parties. They could be advisors or trial experts. There is usually a network that various attorneys call up. Usually it's discussed among colleagues – experts sometimes do advertise. Most attorneys have trepidation in responding to an ad. The web site idea might be good.

Susan – If you were hiring an actuary what characteristics would you want?

Misc. comments –

Communicating the numeric values would be very valuable

Explaining all the various components that go into analyzing statistics

A background in the area of law would be helpful

Multidisciplinary actuaries

In addition to competency and communication, would need to be professional

Punctual - HA! - This picture doesn't fit – an actuary who isn't punctual!

Jeff – Everyone has to have interpersonal skills. Talk to us, sometimes to clients, based on the volume of clients we have...he/she would need at least a talking level of knowledge about income tax, retirement, estates – to be part of the team at all.

Brent – Possess qualifications, a degree, ranked at a level, then a simple test – I'll probably get sued – but I use the “drink a beer” test – you might be with this person 12 hours a day. This assumes they are competent in what they do.

? How do you figure that out unless you have another actuary evaluate him?

Kate – Excellence in their discipline, and a good communicator – is next important. What do these numbers mean to me? I want to understand what I need to use the numbers for!

Susan – We have to keep this person busy. How do you plan to use this person? Can you give me specific examples?

Brent – In our office it would be making copies!

Suzanne – Answer the phone! Do word processing!

Rex – I need an updated mortality table for my clients and software. What we do for retirement plans in particular, we look at all possible ages, we want to weight outcomes by probabilities. We need some guidance. We need a general mortality table and also to be able to adjust it for individuals. This is a model – what are the chances of getting sick? How much would it cost? We want to model it. That would at least give him 2 days of work. The next step, we help clients. You go to insurance agents and get 12 illustrations, none of which agree. We need an actuary to give them advice. Most buyers don't know how long they will live. People spend a lot of money on insurance.

Susan – Is this a model you created?

Rex – Yes.

Jeff – That is what we basically do. Compare quotes; understanding illustrations by computing an internal rate of return. An actuary could explain what’s going on. Are they using the same mortality, see through and give a “bare bones” evaluation. Compare this to that; or these two are not the same because...

David – How Gary and I met – He evaluates pension plans. They changed the definition of how to calculate the benefit 8 different times. The likelihood of a mistake is 80 – 90%. He makes sure they get what they were promised. In lieu of an income stream, the company will offer a lump sum distribution based on a number of factors. They didn’t tell you how they calculated each one.

Susan – Did anybody else here think that an actuary could recalculate insurance projections and pensions?

Bob – Yes

Suzanne – That would be valuable for a law firm. A back-up resource to verify benefits. Sift through muck and mire to make sure the client understands what benefits are there– it could be the vested or the non-vested spouse.

David – In addition to that - what people don’t realize, when they need to take a distribution – I get my clients to take ownership. For example \$2,000 per month for someone who is 65 may equate to \$450 grand lump sum. He’s likely to take that a lot more seriously.

Susan – You’re saying based on a client’s life expectancy...

David – Yeah. You need to make sure that the factors you are using are as probable as possible.

Adrienne – I think it’s hard for a trial lawyer to imagine employing an actuary because they would be needed at trial for an expert witness

Susan – Why would they need expert witnesses? Is it so the jury can hear it from the horse’s mouth?

Adrienne – Yes. In terms of a trial firm.

Susan – Someone who works for them?

Brent – You’d never put an employee on the stand.

Adrienne – My boss does medical malpractice. Occasionally, you may need some work on a contract case – breach. He can do that on the computer – Excel – it’s not that complex.

Bob – Anybody with financial planning can design programs – actuaries can go further to say what’s the probability this projection can happen. For different investment outcomes, maybe an

actuary could take that a little further. What's the probability if you take out this much money, you'd have enough left for x number of years...Of course, if I could do that, I'd be a billionaire.

Susan – What I'm hearing is actuaries have a terrible image. Definitely Brent would not want to have a beer with one. Before I ask the next question, I guess I need an actuary to explain the broad background they have and what they do in school, etc.

Teresa – The Society of Actuaries administers examinations toward a designation – like a brokerage exam, except it's very rigorous and the average number of years of taking exams used to be something like 7 years. Companies often sponsored actuaries and gave them study time to help them get through all that because of the difficulty. Many people start taking the exams after college. Actuaries can “specialize” in insurance, financial, the pension field – there is a separate designation for that. They not only design the pension plans for the employer but also calculate the pensions at retirement for employees.

Susan – So an actuary knows what goes into calculating a pension plan.

Gary – So an actuary can calculate, every year, the amount of money that needs to be contributed to keep the plan funded.

Teresa – An actuary would work for a company or be a consultant to a company, projecting out claims, profits, and so on. And actuaries also work in the property and casualty field, for auto insurance, projecting claims, homeowner's policies, umbrella insurance and so on.

Susan – So they are constantly comparing projections to reality. And constantly updating their projections.

Teresa – Projections often go 30 years out.

Susan – So, for example, talking about the pension design part, does that click in anybody's mind “Oh, I see something that's a possible use in my profession for that work?”

Rex – We're moving so much more toward defined contribution plans, not defined benefit.

Susan – What about the other specialties? And the next thing you said was -

Teresa – Also, there is investment knowledge - on the investment side, an actuary will know how to match the investments with the out-go, for the liabilities.

Rex – I'm sort of confused about where you might use a statistician or maybe just an accountant. Say, for warranty claims for a manufacturer – they measure the warranty defects and set up some type of reserve, is that something an actuary would do? Or would they use a statistician?

Teresa – Yes there's a lot of those type of predictions made by actuaries – where an insurance policy would be involved.

Gary – That’s part of why we brought you here tonight. Because we have been doing those traditional roles, with pensions, social security, insurance – and we want to venture into nontraditional areas. We need to identify, and know these new areas and educate people and then promote ourselves.

Susan – So what I understand is actuaries have an expertise in all kinds of areas except maybe law.

Teresa – Actually, actuaries have some expertise in insurance law, pension law, contract law

Gary – The reality is that actuaries aren’t crunching numbers as much as they once did because of the complex pension law. Actuaries are expected to have a good handle on pension law, they still need attorneys to clarify and interpret things, but they don’t do as many calculations. You certainly sign off on a plan saying it’s funded within federal regulations. And when we mention about reviewing these pensions, it’s not just checking the arithmetic. That’s just a very small portion of it. The plan itself needs to be in accordance with federal regulations.

Susan – I’m asking you to speak because there is an enormous gap between perception and reality when it comes to actuaries. It seems they haven’t really marketed themselves well. That’s why we’re here – to take the first baby steps toward that. I asked them to talk about what they do so that your minds will be turning about how actuaries might help professionals such as yourself. Obviously not a full time position, but consulting. I was just using that exercise to force you to come up with some things for them to do. Is there any area that you haven’t explained?

Teresa – You need to understand social insurance, disability, issues such as anti-selection factors for coverage.

Rex – So when is the Social Security system going broke?

Teresa – Actuaries work for the Social Security administration, the government...

Susan – Any other area? David – is there any area that has been slighted?

David– First of all, I’m not an actuary. They are knowledgeable, and I come from a very small firm that helps professionals such as yourself and we try to add value to what you do.

Susan – But you know what they go through to get their degree...and I think Teresa is being modest...Are there any areas that she missed that they study?

David– It’s pretty complicated to give a description of all that’s involved. But what’s important to know is that as a Fellow of the Society you have to study all of these areas, even if you are practicing in only one. For the application of actuarial science you need all of this information.

Susan – Is there any kind of re-certification process? Like continuing education?

David– A lot of the emphasis is on continuing education by the profession. The definition I think they like is the management of future contingent events - like in insurance and pension plans.

Susan – Future contingent events?

David– Yes, the profession is searching for ways to serve to broaden its base and serve these kinds of disciplines.

Susan – I don't know if you have enough information to do this, but here is what I want you to try to do. You have a nephew who has taken all these tests to be an actuary, who wants to be an independent and offer his services to professionals. Can you think about it just for a minute - what would be your advice for him to do with all that learning, all that knowledge, all that talent? How could he make a living off of consulting for just professionals, and be independent?

David – For example something like the CDC might need an actuary for projections. I'm sure they have programs that actuaries can contribute to. I read in the paper that they had to project deaths for the Hong Kong Flu, etc. We have all these antibiotics, more resistant strains... I know their job is to manage that.

Rex – I'd tell my little brother or sister to go in the software business. In financial analysis, all of us use programs to do our analysis. Most people are stuck on life expectancy, which is a terrible way to look at it. The computers are so powerful, that would be the area I would recommend.

Susan – So software services.

Rex - Estate planning, financial planning, it could be a number of things. See what we've typically done, to make our life simple, out of 10,000 possible outcomes, we take the average or we assume a conservative case, and we take one point. That's a pretty poor prediction.

Susan – What were the actuaries like that you knew?

Rex – We never saw them!

David – Often in the back room.

Rex – They could advise computer software companies. Do simulations, models.

Teresa – Actuaries have supported insurance companies in that regard, but not really individuals, like what you're talking about. We do have a Computer Science Section in the Society.

Susan – So think about what you would use actuaries for, from your points of view. Say you have a nephew or sibling and you would tell them how to get the foot in the door in your firm. Maybe an idea like David had that doesn't have anything to do with your firm.

Brent – Harking back to the prior question just a little bit. I just went through the process of finding an actuary on a plaintiff’s case. It seems like the actuarial field is so dominated by the Insurance Industry. I would think someone could work for an insurance company and get training, then turn around and set up a consulting shop for legions of trial lawyers that sue the insurance industry. The major actuarial consulting firms wouldn’t touch this engagement. They are so afraid of getting cross-wise with their bread and butter. There has to be some opportunity to take the industry on as opposed to trying to feed off of it.

? Like what ex- IRS agents do

? That is like how former prosecutors become defense attorneys.

Brent - I had a very difficult time in a real world circumstance within the last 30 days. Since 1983 it’s the first time I’ve looked for an actuary in that context.

Susan - And did you find one?

Brent - I found one indirectly with an economic consulting firm I have used in the past on unrelated stuff.

Susan – I know people look for referrals. Did you look in the yellow pages?

Brent - I called Teresa Winer. I also checked www.actuary.com –literally, on the fly and someone came up! There was some useful information, it connected to other web sites – that site had a link to the Atlanta – I can’t remember exactly – an association of actuaries. But in terms of finding somebody, it was just a dead end.

Susan – How about the rest of you – advice to give somebody working on a consulting basis in your firm?

David – For example, I think there is a void of how an actuary can ever – come across one – when Gary first approached me – a light bulb came on. It was like Wow, this is great.

Susan – That’s another issue, Gary is very specialized. In your opinion, do you think all these people should have a specialty? Because you are a potential market for their services.

David – Absolutely, if you’re in a niche, you differentiate yourself, if you find a need – odds are if you find a niche where no other actuaries are, all you have to do is explain the need and everyone will beat the door down. Everyone is saying that if anyone has a computer there could be a problem with this code - if you’re the only one doing it – it’s like the Y2K thing. Whether it’s a huge problem or not, they are the only game in town.

Rex – What do actuaries charge?

Susan – I'm glad you asked that. Because I was going to ask you - you all know what you have to charge...I don't know if you have been convinced of these persons' education and experience level or not. If you have a need for such a person, what would you expect to pay per hour?

Adrienne - \$200 - \$500 per hour

Suzanne – It would be based on the amount of experience, reputation of the expert, exactly how respected is that consultant as an expert, They would need to have credibility to pass that kind of muster, whether it's on the stand or just sending something to the client.

Adrienne – At trial they charge more –but for consulting...

Brent – It depends on what you're buying and what you need it for. If it's a major case, I like guys with lots of letters after their name, endowed chairs at Stanford. I'd pay \$425 per hour.

David – It depends on your sense of urgency. Finding someone now or 6 months from now or a year from now can make a huge difference.

Rex – My sense is that you can hire 'em cheap. Because they have no marketing sense, so they under-price themselves. They undervalue themselves, don't recognize their value, they remind me of engineers in a way.

David – You'd think they could figure out the probability of earning a certain amount. They should be able to figure out what hourly wage would give them the highest pay!

Adrienne – If you're working all the time for someone you would pay less for an employee than an expert on an hourly basis.

Bob – People who are familiar with actuaries are more aware of what their value will buy - like insurance – would pay more than the general public would. I would think the general public wouldn't pay more than an attorney per hour. There would be a range depending on expensive, and I don't think the public would pay...

Susan – What would be the going rate for a local law firm, junior lawyer in Atlanta – what are those billing rates?

Brent – Starting – You would have to define the market - Top 10 firms in Atlanta, range from \$125 - \$150 per hour starting lawyer. Now if you have an insurance defense firm, it would put pressure on rates. Starting, low end pay.

Susan – Say you want to sue a builder, not talking a big fancy firm – like \$120/hour, if you get a junior lawyer – is \$100 the amount? Let's just use \$100 because it's a nice round figure and not terribly high. Do you all think, not for someone with all the letters, but someone who is capable, is \$100 an hour fair?

Adrienne – It sounds cheap.

Rex – One problem they may have – an actuary sometimes can give an answer very quickly – like a doctor. It may be hard to charge by the hour. It would be hard to generate the number of hours.

Jeff – I would encourage them to stay away from hourly and do the fixed fee, say \$500 for a specific job. The entire world, everything you do is a fixed fee regardless of whether you put an hour on it or not. The hour thing is unimportant, when the cost is \$500 total.

David – As opposed to what an attorney makes on an hourly basis, the perception is, it would be a lot better to compare to a CPA rate. They crunch numbers.

Brent – It's my experience with CPAs as experts – the hourly rates equal or exceed lawyers.

Rex – But a lot of people don't hire an expert – they need an expert.

Jeff – But even someone who is hired at \$40,000 per year is going to be billed out at - the absolute minimum is \$100 per hour.

Susan – So you're saying that you think it should be on a service or product basis.

Jeff – it would have to be a job by job basis. If you drag your feet, you're slow and inefficient, they won't like paying by the hour, but to be able to bid a job you'd need a fixed fee.

Adrienne – Or someone who works in a certain market, like, simple wills, I agree.

Susan – What I hear is to have a sandbox. Here's what I can do for you, have it focused, and here's what I charge.

Suzanne – It would be hard to charge on a project basis for a consultant to a lawyer – very often you would need feedback - hourly would be better. Hypothetically an actuary could say it would be \$500 for an opinion on these issues, that's why hourly would be so much more practical, because you don't know where an answer will take you. You have to look at your market. Attorneys are comfortable charging hourly. There's a frame of reference.

Rex – It is passed onto the client anyway – fairly. The client would be familiar with hourly, since they pay that way...

Susan – So, mirror your client in a way.

David – It's marketing, so the client would understand hourly. So the actuary would charge based on the market – a billable environment is OK for hourly.

Doug – Coming from a billable environment, the public doesn't understand what time things take. They don't know what a CPA or attorney will have to do. They don't know how much research is involved. Then they want good advice but won't want you to spend time. We have a

constant battle over this. It is hard for the public to know what they're getting. First of all they don't know what an actuary is or what they do – and then we tell them we'll start working by the hour? I don't know if he is going to interview a bunch of people and check their health records, etc.

Adrienne – Attorneys have a mixture. It can vary depending on the job. Wills – could be \$X, simple wills. Non-simple, complex is by the hour. The attorney wouldn't take something complex for a simple will. The client would pay too much for a simple will to pay by the hour.

Suzanne – Scenarios of the complex situation is that you don't know how much work is entailed.

Susan – Say this person may need to be in front of a potential client. I don't know if you should say the word advertise, but where should these people be visible? How should they get the word out? Don't live in the woodwork.

? You never see them.

Susan – They eat at their desk.

Adrienne – Web sites.

David – Human nature is to associate with groups that are like you. Professional associations, like trial attorneys, CPA's, financial planners, etc. Volunteer to do a continuing ed. class or a speaking engagement. Speak about the use of actuaries – in your practice – it's a captive audience to market yourself without marketing.

Brent – And I would spin that, a little bit, in terms of, you're right, there are associations of trial lawyers and ABA and all that, but I think the local marketing of that is not an effective way to spend your time because there, in essence, you are marketing to your competitors. Opportunities to market in groups that would be potential clients – if you view a trial lawyer, it's labor unions. Or groups of potential people you would target as clients, not competitors. Nationwide, in an ABA group – market to potential referral sources. I don't know how that translates to actuaries.

Misc. - Here's another thing. Everybody needs continuing education. Basically, all you have to do is get people to approve you. You can even go to some larger firms, just for your associates. Charge a minimal fee. If it's for free they would be suspicious about the motives.

Susan – That's a good point. Any other ideas like that? I know we're out of time –

Adrienne - Word of mouth – how to implement that practically.

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SOA should cross-reference these people who want to provide a service

At a minimum the SOA should give a recommendation by area

You could hold more focus groups!

Susan – Yes –That’s a great way to sample products. It’s like try our new pepsi or coke!

? Back at an accounting firm, the payroll service guy, I tell you everybody in my office know this one payroll service guy who just stopped by all the time, he made you very aware of what he did. He would drop off donuts, and just talk casually about what he did. And soon as I needed him I rang him up. There you go.

Rex – First of all, finding someone through the web takes a long time. I mean, I have 2 web sites, and I use it a lot, but you never know. You don’t know what you’re finding on the web. Part of the big problem is, I, more than most, think I would like to use an actuary. For someone who doesn’t know they need an actuary, how would they know to look up a web site? Part of the problem would be creating the need. It would be great if they knew what they wanted. How do they know they need an actuary. The web site is great once they know it.

David – It could be targeted to a specific group. Portals.

Rex – If that’s true – if there are just a few portals, say ABC, and you wonder if actuaries could afford to advertise on a primetime television network.

Adrienne – I think you all just need to build an awareness. Before I knew Teresa, I didn’t know she was an actuary for many years. I had a college degree, worked for a law firm, I had never heard of it.

? You know access on the web site – the Society of Actuaries could at least have a service to give recommendations out by area, for an independent actuary, at a minimum. At least that would help if you were looking for one. A cross-reference at least.

Susan – Our discussion is over, you’re free to go if you’d like, after you get your gratuity. Gary and David have some freebies. If you are interested in hearing about them, no strings attached-true freebies - they will explain and you can stay and have a beer and we’ll call you a cab.

David – Would it surprise you to learn that the Society of Actuaries web site is sponsored by big insurance companies?

? No.

? Is it?

Brent – That’s my experience - they are linked to the insurance industry. Where would you find one that was independent? You would have to spend some money there.

Gary – Actuaries need to reach out more. I think the idea of giving classes is good. Or, a 30-minute presentation.

? It would be great to have a web site to tell you the date and time of your death!

Some continued informal discussion after –
(Rex and David talking about a recent phone conversation.)

Rex – No if you have 5 minutes I'd like to show you what I do. You'll probably laugh.

David – I'm not an actuary, I am not in a position to laugh at what you do!

Rex- OK my question is if you can tell me the probability, given a financial plan, I'm going to pull up an example. I'm going to look at Mr. Jones. If you'll notice what most people do is when they look at somebody, they tell you one plan. I don't do that. I have a mortality factor that can adjust every number each year. Mr. Jones is 50 years old and will retire at age 70. He has \$350,000, we assume inflation is 3%, he is contributing \$3,000 per year. We want to decide between 2 investments. One is 8% the other ?% with higher risks. What we are going to do, in fact I will do it in illustration mode. It just guessed Mr. Jones died at 64, he only lived 14 years. And it generated 14 random rates of return, applied it to his portfolio and cash flows. And you can see, I can run it again, a different age. What it does is randomly generate an age at death and randomly each year generates a return while he is alive. Mostly it is green, see that red, that is the case where he failed, he died broke. It is Monte Carlo Simulation, and now I can run 1,000 trials, for 30,000 years of simulation. This is amazing to me how powerful the computers are. The main table I use for my client is right here. I have the ages at when he dies. In this case, 90% of the time, he achieves his goal. Most people just do a straight projection. What I do is help people figure out, by playing around with the mortality factor...there's a lot that could be done.

David – Well, we may be interested in helping you. If I don't give you the information I don't have anything to gain. You may be the first person out of the shoot.

Rex- I certainly could put your name all over it. I would be happy to brand, if you're interested, Wednesday, I'm speaking – actually I am doing it twice. It might be of interest to you. People love it. These financial planners have been operating under such a deterministic view for so long, people haven't seen it done this way. Once they see it, it's great, but I have to build up that awareness.

David - We work with some very difficult people, building very complex models, and

Rex – My lawyer, from New York, I pay \$375 per hour – he says combining mortality with Monte Carlo simulations in this way is unique. No one else in the market is doing this. I don't know that I have the best mortality or the right mortality, but you know what, I guarantee my users don't know.

David - There are all these investment advisors, that even if you look at this, everyone has an interest in it, but they don't know about actuaries. One of the things we could do is just say basic...

Rex – I'm just an investment advisor. I'm probably that missing link. I recognize your value more. I'd like to hear more about what you do and have to offer.

David – Our business is evaluating life experience of companies. We can keep an open mind, and you can come over and learn more. The reputation we enjoy in the industry, if we could parlay that into more services.

Rex - I know we didn't really hit it off that well on the phone. I understand where you're coming from. I bet you can charge big bucks for your data. And that's the way to run your business. I'm going for the financial planning market.

David – That's what we're doing as well. We're interested in going after your market. The job market is kind of restricted for actuaries. It has more to do with mergers and cost cutting.

Rex – I got you.

David – We've done some things with lawyers on life expectancy, but there are a lot of things that go into it. We could add value to what you do.

Rex – Well I don't think you're going into the financial planning software business, and I'm not going into the mortality table business. In fact, there could be some commonality. I think there is a need for this outside of the insurance business. The insurance business is not my strong suit.

David – Have you read the National Underwriter? You should read the National Underwriter. It's read by an awful lot of people.

Rex – I have never heard of it.

David – We know actuaries could solve these problems, maybe we can get together.

Rex – If you're interested in how I am engaging advisors to look at this kind of work, please be my guest at this speaking engagement. I've got a web site for this. It's a great thrill in life, for me anyway. Getting paid for this.

David – It would be great if I could follow up with you on this.

Misc.

Susan – The only reason I have heard of the term actuary is that my husband was in the insurance industry.

? How many are there?

Teresa – 300-400 or so just in Atlanta