

SOCIETY OF ACTUARIES

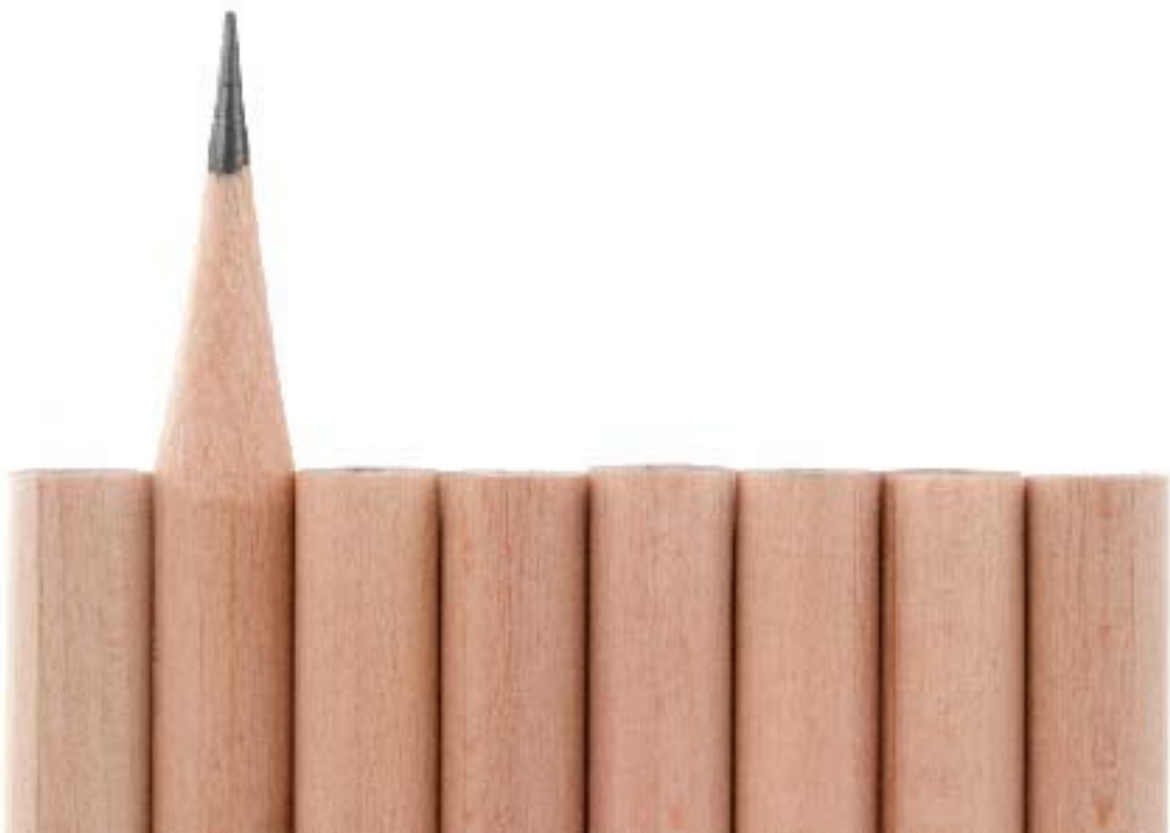
Continuing Professional Development (CPD) Requirement

MARCH 2009



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In March 2007, the Society of Actuaries' Board of Directors approved a motion establishing the Continuing Professional Development (CPD) Requirement for SOA members. In October 2007, the Board finalized the CPD Exposure Draft, which was released to the membership on Nov. 7, 2007 for comments. The Board would like to thank the members—more than 100 of them—who took time to comment on the exposure draft provisions. Based on member comments, a number of changes were made:

- The requirement to use the term “(inactive)” or “(emeritus)” with your SOA credential if you did not comply with the SOA CPD Requirement was eliminated. The member directory will be updated to show a member's SOA Continuing Professional Development Requirement status as either Compliant or Non-compliant. Members who are eligible for dues waiver due to retirement status will be shown as Retired. Retired members who elect to comply with the SOA CPD Requirement will be shown as Compliant.

The SOA policy will be changed so that members cannot opt out of appearing in the member directory. All members' names, credentials and SOA Continuing Professional Development Requirement status will be shown in the member directory.

- We clarified that you are required to inform only those relying on your actuarial expertise if you are not compliant with the SOA CPD Requirement. If your employer does not rely on your actuarial expertise, you do not need to inform your employer of your compliance status.
- The definition of structured credit has been changed to include listening to audio recordings, viewing video recordings or reading transcripts of events as structured credit. This was done to respond to cost concerns for members and concerns about the difficulty of obtaining structured credit outside North America.
 - i. We heard concerns from members about the ability to easily attain professionalism credit as structured credit, particularly from members outside North America. We believe that including audio and video recordings as structured credit should make it possible for all members to easily obtain structured professionalism credit. The SOA will make audio and/or video recordings, as well as e-Learning modules on professionalism, available.
- We clarified that professionalism credit is always job-relevant credit and can therefore meet both categories.
- Several members were confused about the phrase, “Members who must comply ...” in Section D3(a) of the exposure draft (regarding alternative compliance). We changed the language to state that alternative compliance is available to members who are subject to the designated qualification standards, and by extension not available to members who aren't subject to those other standards.
- We added the Faculty of Actuaries & Institute of Actuaries' CPD Scheme (United Kingdom) and the Institute of Actuaries of Australia's CPD Requirement as methods of alternative compliance. These schemes were chosen because we grant mutual recognition for the FSA credential with those organizations.

- Given that the American Academy of Actuaries (AAA), Conference of Consulting Actuaries (CCA) and Canadian Institute of Actuaries (CIA) have made CPD tracking tools available, we are not planning to introduce an SOA tracking tool.
- We added other clarifications, including: members who did not complete the FAP for their designations may use that for structured credit; we will grant structured credit for examinations of other full-member International Actuarial Association (IAA) organizations (e.g., Casualty Actuarial Society); members can earn self-study credit for the CFA and graduate level courses; members can earn self-study credit for learning new things required as part of their job; and we clarified how members may carry credits back one year to meet the requirement.

The document has also been reorganized to give more prominence to alternative compliance.

The Board approved these changes to the SOA CPD Requirement at its June 2008 meeting. The SOA CPD Requirement will take effect on Jan. 1, 2009, and members must report compliance as of Dec. 31, 2010. More information on the compliance processes will be issued at a later date.

A. THE SOA CPD Requirement

1. **To comply with the SOA CPD Requirement, members must meet the basic requirement provisions outlined in Section B, Basic Requirement Provisions; or, if they are eligible, they may instead meet the alternative compliance provisions outlined in Section C, Alternate Compliance Provisions. Members must also certify compliance annually, as outlined in Section D, Certification of Compliance.**
2. **The SOA CPD Requirement applies to all members.**
 - a. All ASAs, FSAs and members holding the CERA credential will be subject to the SOA CPD Requirement.
 - b. Members will become subject to the SOA CPD Requirement upon attainment of their first SOA credential—generally ASA—either by examination or mutual recognition. Members are not required to begin earning CPD credits until the calendar year following the year of the attainment of their first credential and are not subject to reporting until the end of the second full calendar year after the attainment of their first credential.

Example: A new associate earns his ASA credential in spring 2011. He is not required to begin earning CPD credits until 2012, and his first required certification of compliance would be Dec. 31, 2013.
 - c. The online member directory will be altered to include a heading for the SOA Continuing Professional Development Requirement. Members who comply with the SOA CPD Requirement through the provisions of Section B or through the provisions outlined in Section C, will be shown as Compliant under this heading.
 - d. Members who elect not to comply with the SOA CPD Requirement will be shown as Non-compliant under the SOA Continuing Professional Development Requirement heading in the member directory and must meet the terms of paragraph e (below).
 - i. Members who are eligible for dues waiver due to retirement status will be shown as Retired under the SOA Continuing Professional Development Requirement heading in the member directory. Retired members who comply with the SOA CPD Requirement will be shown as Compliant.
 - e. Members who do not meet the SOA CPD Requirement must inform anyone relying on their actuarial expertise that they have not met the SOA CPD Requirement.
 - f. Members who have resigned or who have been dropped as members of the SOA and subsequently apply for reinstatement must complete one full cycle of CPD to be considered compliant with the SOA CPD Requirement.
3. **Members must certify to compliance at year end, beginning with the end of the first cycle on Dec. 31, 2010. Compliance provisions are outlined in Section D.**
4. **The SOA CPD Requirement will take effect in 2009. The first two-year cycle will begin on Jan. 1, 2009, and the first certification of CPD compliance will be as of Dec. 31, 2010.**

B. BASIC REQUIREMENT PROVISIONS

1. Members must complete 60 units of professional development every cycle.

- a. One unit is 50 minutes. At the end of each calendar year, members must attest that they earned 60 units of credit in the prior two calendar years. There is no requirement that 30 units of credit be earned in each year, only that 60 units be earned over the prior two years.
 - i. Full hours of credit can be converted to CPD units at the rate of 1.2 units per 60-minute hour. Credit will be given for fractional hours.
- b. A cycle is defined as a two-year rolling cycle. Members must earn 60 units as of each two-year period ending Dec. 31.
 - i. Credit earned in any calendar year will be considered in two CPD cycles. For example, credit earned during 2010 would be considered for the cycle ending in year 2010 and the cycle ending in year 2011.

Example: Jane Member earned 40 units of CPD credit in 2009, 35 units in 2010 and 20 units in 2011. She meets the SOA requirement as of Dec. 31, 2010, with 75 units of CPD credit (40 in 2009 plus 35 in 2010). However, as of Dec. 31, 2011, she has only 55 units of CPD credit (35 in 2010 plus 20 in 2011). She would need to earn 25 units of CPD credit in 2011, rather than 20, to meet the requirement as of Dec. 31, 2011.

2. **Members must earn at least 50 percent of their credits—30 units per cycle—in structured education. Structured credit is any organized activity or any experience which is derived from an organized activity in which there is an opportunity for interaction among participants. More detail is provided in Section B(6).**
3. **Targets are set by category to ensure a balanced education: job-relevant skills, including professionalism, and business and management skills. Members determine their desired allocation in each category while adhering to minimum and maximum standards.**
 - a. At least 45 units per cycle must be in job-relevant skills. They may be in either structured or self-study credits. At least three of the 45 job-relevant units must be earned as structured credits in professionalism.
 - b. No more than 15 units per cycle may be in business and management skills. They may be in either structured or self-study credits.

SUMMARY OF KEY PROVISIONS OF THE SOA CPD Requirement (per cycle)

Category	Requirement (% of credits)	Requirement (units per cycle)	Structured or self-study
Job-relevant skills	75 percent of credits min.	45 units minimum	At least three structured units must be in professionalism
Business and management skills	25 percent of credits max.	15 units maximum	Can be either
Total required credits		60 units	At least 30 units per cycle must be structured credit*

*At least three units of job-relevant structured credit per cycle must be in professionalism; other structured units can be in any combination of job-relevant and business skills that meet the required minima and maxima. At least 7.5 units of structured credit must be from a source other than the employer.

- 4. CPD credits are job relevant if they broaden or deepen a member's knowledge of work and are: (1) required for the member's current role; (2) in related disciplines that bear directly on the member's work; or (3) in a new area in which the member contemplates practicing in the future.**
- a. Job-relevant CPD can include technical topics, nontechnical topics and professionalism:
 - i. Examples of technical topics include actuarial, mathematical, modeling, legislative and regulatory developments, legal and other topics that are core to the work of an actuary.
 - ii. Examples of nontechnical topics include industry trends, technology trends, globalization, business cycles and other job-relevant topics that are not technical in nature. For some members (e.g., those in management roles), nontechnical topics will make up the bulk of their job-relevant credit since these topics are critical to their role. For other members, nontechnical topics are important for future development but should not comprise the bulk of CPD credits earned.
 - iii. Professionalism covers the professional and ethical standards expected of actuaries when carrying out their professional obligations. Examples include the actuarial Code of Professional Conduct (United States), Rules of Professional Conduct (Canada), Actuarial Standards of Practice (ASOPs) and other professionalism topics, such as ethics.
 - b. At least three units of job-relevant structured credit must be in professionalism. Members are encouraged to obtain more than the minimum of three units per cycle in professionalism either through structured credit or self study.
 - c. Ultimately, each member will be responsible for determining the CPD activities that are relevant to his or her development and the appropriate balance of technical and nontechnical topics.

5. **Business and management skills are not unique to the actuarial profession but improve personal effectiveness and the ability to succeed in a diverse business environment. These skills may include business writing, presentation, people management, negotiation, persuasion, project management and leadership skills.**

6. **Structured credit is any organized activity or any experience which is derived from an organized activity in which there is an opportunity for interaction among participants. Participants in this context include instructors or speakers.**
 - a. Credit may be earned by attending the event or by listening to an audio recording, viewing a video recording or reading a transcript of the event. Structured credit may not be earned by reading slides from the event.

 - b. Members must obtain a minimum of 7.5 units of structured credit per cycle from a source other than the member's employer. Employer-sponsored continuing education sessions at which the only speakers are fellow employees do not meet this requirement.
 - i. Outside speaker exception. If your employer sponsors an event that uses outside speakers—speakers who are not employees of the sponsoring employer—that event would be considered structured credit from a source other than your employer and would count toward the minimum 7.5-unit requirement. Please note that this exception is identical to the rule permitting in-house meetings to meet the definition of organized activities under paragraph 2.2.7 of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States: “In-house meetings can satisfy the requirement of interaction with actuaries or professionals working for different organizations by using outside speakers.”

 - ii. The structured credit from a nonemployer source can be from any category: professionalism, job-relevant skills or business and management skills.

 - c. Members who are presenting at a professional meeting earn structured credit units based on the session length. Time spent preparing for the presentation would be considered self study.

 - d. There is no limit on the number of structured units that members can earn from any single event. The organized activity does not need to be sponsored by the SOA or any other actuarial organization.

 - e. Volunteer activities with an actuarial or other professional organization are considered structured credit to the extent that they involve interaction with others and a job-relevant activity. Structured credit would include time spent on conference calls and at face-to-face meetings where the discussions focus on job-relevant topics.
 - i. Examples of volunteer activities that may be considered job relevant would include developing syllabi for, designing and/or grading actuarial examinations; designing continuing professional development sessions; responding to changes in rules, regulations, policy, standards or other regulatory structures; developing research; and environmental scanning.

 - ii. Volunteer activities that are not job relevant would include organizing meetings, recruiting volunteers, designing social events, discussing group finances and making policy or other business decisions.

- iii. A member may decide that only a portion of a structured volunteer activity is considered structured CPD credit.

Example: Fred Member is part of a group planning an actuarial seminar. The group holds a one-hour conference call to plan the seminar. Participants spend 30 minutes on the conference call structuring the seminar, deciding what sessions to include and which speakers to invite. The last 30 minutes are spent deciding the location and date for the seminar. Fred counts the first 30 minutes of the conference call as 0.6 units of structured job-relevant CPD credit. The last 30 minutes is not considered CPD credit.

- f. FSA examinations that are considered an “effective attempt” earn job-relevant structured CPD credit for the year in which the examination was taken.
 - i. An effective attempt is defined as a score that is greater than or equal to 50 percent of the passing score. On the SOA’s zero (0) to 10 scale, this would mean a score greater than zero. There is no limit on the number of times a candidate may count an effective attempt at an exam as structured credit for CPD purposes.
 - ii. A member who fails to earn an effective attempt for a fall sitting (earns a zero) where those structured credits were needed to meet the SOA CPD Requirement may earn credits the following year. A procedure to handle this situation will be outlined in a subsequent document.

STRUCTURED CREDIT UNITS EARNED FOR AN EFFECTIVE ATTEMPT* AT AN FSA EXAMINATION

Structured Credit Units Earned	FSA Exams
15	CSP-RC, CSP-IU, CSP-IC, CSP-GH, APMV, AFE, FET, DP-GH, DP-IU, DP-IC, DP-RC
10	CSP-RU
7.5	DP-RU, EA2-A
5	EA2-B

* An effective attempt is defined as a score that is greater than or equal to 50 percent of the passing score. On the SOA’s 0 to 10 scale, this would mean a score greater than zero.

- g. Successful completion of any of the following FSA modules earns 7.5 units of job-relevant structured CPD credit for the year in which the module is completed: Financial Economics, Health Systems Overview, Financial Reporting/Operational Risk, Investment Strategy, Regulation and Taxation, Social Insurance, and Pricing, Reserving & Forecasting. Successful completion of the Decision Making and Communications module earns 7.5 units of business and management skills structured CPD credit for the year in which the module is completed.
- h. Members who first attain the CERA designation and then later work for their FSA designation will receive 7.5 units of job-relevant structured credit for an effective attempt at the MLC exam.
- i. Members who are no longer taking SOA examinations may also earn structured credit by completing

actuarial examinations and modules.

- i. Members who obtained their SOA designation without having to complete the FAP modules may earn structured credit for successful completion of the FAP modules. Members earn 7.5 units of job-relevant structured credit for successful completion of FAP modules 1–5, and 7.5 units of job-relevant structured credit for successful completion of FAP modules 6–8. Members may earn CPD credit for completion of the FAP modules once.
- ii. Members may also obtain structured credit on successful completion of an FSA module. Members may earn credit for a particular module only once every five years. This includes modules members took to complete their FSA.

Example: John Member completed the Financial Economics module in 2008 while in the process of obtaining his FSA. He cannot retake the Financial Economics module for structured credit until 2013.

Emily Member completed her FSA in 1995. She completes the Health Systems Overview module in 2010 for structured CPD credit. She may not retake it again for structured CPD credit until 2015.

- iii. Members passing proctored examinations of other full-member IAA actuarial organizations will earn 2.5 units of job-relevant structured credit for each hour of exam.
- j. Members may not earn structured credit derived from the same event more than once.

Example: Samantha Member attends a professional conference in 2011. She earns 14 units of job-relevant CPD credit at that conference which she uses to satisfy her continuing education requirement for the cycle ending in 2011 and 2012. She also purchases a recording of the conference sessions. Samantha cannot listen to the recording or read the transcript of the same sessions she attended at the conference to earn additional credit. However, she may obtain additional structured credit by listening to the audio recording or reading the transcript of sessions she did not attend.
- k. Most SOA members, particularly those located in the United States and Canada, have ample opportunity to earn structured CPD credit. The SOA has members throughout the world, many working in countries where there are few actuaries, limited financial resources and few or no opportunities to obtain structured CPD. We recognize that there will be members for whom obtaining structured credit presents an undue hardship. These members may submit a proposal for obtaining structured CPD credits through an alternative source. The process for submitting such a proposal will be outlined in subsequent documentation.

7. A wide range of activities count as self-study credit.

- a. Acceptable activities include, but are not limited to, reading actuarial literature, statutes or regulations; reading books, papers or articles on relevant technical or professional topics; writing professional papers or articles; studying for actuarial or other professional exams; relevant graduate level studies (e.g., MBA, finance courses); drafting actuarial exam questions; preparing presentations; research; or distance learning.

Example: Tracy Member was recently promoted to lead a team of actuarial students. She reads a book

on managing and motivating team members, which takes eight hours. She can count that as 9.6 units of self-study business and management CPD credit.

- b. Preparation for a presentation counts as self-study credit. The presentation itself qualifies as structured credit based on the session length.
- c. Studying for actuarial examinations and reading materials for the completion of modules count as self study.
- d. Volunteer activities for an actuarial organization or another professional organization count as self-study activities to the extent that the activity would be considered job relevant and does not involve interaction with others.
- e. Self-study credit can be earned for study done as part of your employment. In general, learning something new for your job is a professional development activity that is job-relevant CPD. Applying something new in your job is part of your normal job duties, and would not be CPD.

C. ALTERNATIVE COMPLIANCE PROVISIONS

1. **Members who are subject to one of the following standards may elect to meet that standard instead as a method of alternative compliance:**
 - a. The Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standard).
 - b. The Canadian Institute of Actuaries Qualification Standard—Continuing Professional Development (CIA Qualification Standard).
 - c. Category 1 or 2 of the CPD Scheme of Faculty of Actuaries & Institute of Actuaries (U.K. CPD Scheme).
 - d. The Continuing Professional Development Standard of the Institute of Actuaries of Australia (IAAust CPD Standard).

2. **The member will affirm fulfillment of the SOA CPD Requirement by positively stating fulfillment of one or more of the following:**
 - a. The Basic Requirement Provisions of the SOA CPD Requirement.
 - b. The U.S. Qualification Standard.
 - c. The CIA Qualification Standard.
 - d. Categories 1 or 2 of the U.K. CPD Scheme.
 - e. The IAAust CPD Standard.

3. **Members who use the alternative compliance provisions should use good-faith compliance in combining these standards within a two-year rolling cycle. The U.S. Qualification Standard and U.K. CPD Scheme are annual standards. The IAAust CPD Standard has an annual and bi-annual provision. The CIA Qualification and SOA CPD Standards are rolling two-year cycles.**

Example: Jane Member is subject to the U.S. Qualification Standard. She elects to meet that standard as a way of fulfilling her SOA CPD requirement as of Dec. 31, 2010. She meets alternative compliance by fulfilling the requirements of the U.S. Qualification Standard for the calendar years 2009 and 2010.

Terry Member is a member of the SOA and the Faculty of Actuaries. In 2009 and 2010, he certifies compliance with the SOA CPD Requirement by certifying that he meets Category 1 or 2 of the U.K. CPD Scheme. In 2011, he transfers to the United States and becomes subject to the U.S. Qualification Standard and meets the requirements of that provision in 2011. As of Dec. 31, 2011, he certifies that he meets the SOA CPD Requirement by meeting both Category 1 or 2 of the U.K. CPD Scheme (for 2010) and the U.S. Qualification Standard (for 2011).

Dave Member, a U.S. resident, is transferred to Japan in 2013. He meets the U.S. Qualification Standard's requirements for 2009, 2010, 2011 and 2012. He elects to meet the Basic Requirement Provisions of the SOA CPD Requirement starting in 2013. In 2013, he meets at least 50 percent of the basic requirement provisions of Section B. As of Dec. 31, 2013, he certifies that he meets the SOA CPD Requirement by meeting both the U.S. Qualification Standard (for 2012) and the Basic Requirement Provisions (for 2013).

D. CERTIFICATION OF COMPLIANCE

1. Members must certify compliance at the end of each calendar year.

- a. Members must certify compliance as of Dec. 31 of each year, beginning on Dec. 31, 2010. Members who meet the basic requirement provisions of Section B or the alternative compliance provisions of Section C will certify for completion. Members who do not will be shown as Non-compliant in the member directory.
- b. Members will certify compliance in writing or electronically annually. The process and deadlines will be outlined in a subsequent communication.
 - i. Members will keep a log of CPD activity. The necessary items to be included in the log will be provided in a subsequent communication. These items will likely include the date of the activity, a brief description, whether the credit was structured or self study, whether it covered professionalism, job-relevant topics or business and management skills and how many units were earned. Members will not be required to retain any proof other than this log of CPD activity.
 - ii. Members who elect alternative compliance will be required to maintain logs showing how they met the alternative standard during the CPD cycle.
- c. The SOA will audit a random sample of members who stated they have complied with the CPD Requirement at the end of each reporting cycle. Members who are audited must provide a copy of their log as described in paragraphs (b)(i) and (b)(ii).
- d. Members who did not earn sufficient CPD credits as of the end of the prior calendar year may elect to designate credits from the current calendar year as prior year credits for purposes of complying with the SOA CPD Requirement. A member who does so is immediately considered compliant with the SOA CPD Requirement. For all purposes, the designated credits will be treated as if they were earned during the prior calendar year and cannot also be counted as credits earned during the current year.

Example: Dan Member earns 35 units of CPD credit during 2010 and 21 units of CPD credit during 2011. He has only earned 56 units of CPD credit as of Dec. 31, 2011 and would be considered non-compliant. He earns 10 units of CPD credit in January 2012. He may elect to treat four units of that CPD credit as 2011 credit and may immediately certify compliance.

In addition to the 10 units of CPD credit earned in January, he earns an additional 22 units of CPD credit between February and December 2012. He cannot certify compliance with the SOA CPD Requirement as of Dec. 31, 2012 because he only has 53 units of credit: 25 units of CPD credit for 2011 (21 earned in 2011 plus four carried back from 2012) plus 28 credits for 2012 (32 units earned in 2012 less four units carried back to 2011).

- e. Falsely asserting compliance with the SOA CPD Requirement is subject to disciplinary action under the actuarial Code of Professional Conduct.

UPDATES

Paragraph B(3a) and the Summary of Key Provisions table (Section B.3) were updated to correctly state that the minimum requirement in job-relevant skills is 45 units or 75 percent of credits (October 2008).

Paragraph B(6g) was updated to provide 7.5 units of business and management skills for successful completion of the Decision Making and Communications module for the year in which the module is completed (October 2008).

Paragraph 2(a) reference to members holding the CERA credential was updated (March 2009).

Paragraph B(6g) was updated for changes in names of FSA modules (March 2009).



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