

**American Academy of Actuaries  
October 28, 2011  
Board of Directors  
Meeting Summary**

In its final meeting of the year, the Academy Board of Directors approved a number of financial, organizational, and governance-related measures and engaged in substantive discussion on a broad range of issues.

**New Directors**

The Board congratulated the following newly elected Regular Directors (term in parentheses):

Mary Bahna-Nolan	(2012-2014)
Ken Kent	(2012-2014)
Cathy Murphy-Barron	(2012-2014)

**Election of Officers and Special Directors**

The Board elected the following Officers and Special Directors:

Cecil Bykerk	President-Elect (2012)
Stephen Rosen	Secretary (2012-2013)
John Schubert	Treasurer (2012-2013)
Cande Olsen	Vice President, Life Practice Council (2012-2013)
John Moore	Vice President, Pension Practice Council (2012-2013)
Maryellen Coggins	Vice President, Risk Management and Financial Reporting Council (2012-2013)
Dale Yamamoto	Conference of Consulting Actuaries President (balance of 2011-2012)
Mark Dunbar	ASPPA College of Pension Actuaries (ACOPA) President-Elect (2012-2013)
Gary Josephson	Casualty Actuarial Society (CAS) Incoming President-Elect (2012-2013)
Pat Rotello	Conference of Consulting Actuaries (CCA) President-Elect (2012-2013)
Tonya Manning	Society of Actuaries (SOA) President-Elect (2012-2013)

**Budget and Finance Issues**

**Dues**

The Board voted to accept the recommendation of the Executive Committee to make no change in member dues for the 2012 membership year.

**Audit**

The Board approved the appointment of Calibre, CPA to conduct the 2011 audit and approved changes to the Audit Committee charter that clarified the independent auditor

term limit and the Committee's role in reviewing internal controls. Ken Kent will represent the 2014 class of regular directors on the Audit Committee.

### **Salary and Benefits**

The Board accepted the Executive Committee's recommended 2012 salary budget assumption, which includes 43 currently approved positions and a 3.0% average salary increase. No additional staff positions are budgeted for 2012.

### **Other Financial Matters**

In other financial matters, the Board approved the following strategic budget initiatives for 2012.

1. To include sufficient funds in the 2012 budget to reimburse travel expenses for Board and Executive Committee members other than Special Directors to attend their required meetings in 2012.
2. A request from The Actuarial Foundation (TAF) to increase the Academy contribution for three years by approximately \$3000 a year for three years. The Academy's current contribution to TAF is \$88,000.
3. An increase in the reserve ratio target from 40–60% to 50–100% to be in line with what is more standard practice for similar organizations.

### **Academy Governance**

The Board continued its consideration of governance issues that have been discussed by the Board in the last year. Board members shared their own views on the nature of the Academy (an association of associations, a member organization, or a hybrid of the two) and their views on other governance issues previously discussed at the May Board meeting. Presidential officers Dave Sandberg, Mary Frances Miller, and Cecil Bykerk will work with a subgroup of the Board to develop next steps.

During this agenda item, the Board discussed the recent request by SOA President Brad Smith, an Academy special director, to consolidate the SOA, CAS, and Academy. The Board, by consensus, agreed that the Academy should participate in cross-organizational discussions concerning the structure of the U.S. profession. There was no consensus about the merits of the proposal from Mr. Smith.

### **Joint Discipline Proposal Update**

Mary Frances Miller reported that the membership this summer had voted to allow the Academy to enter into an agreement on a joint discipline process. Further work needs to be done to present to the Board structural options to implement joint proceedings and to determine where it would be housed.

### **Public Interest Committee (PIC): Advocacy Statement on Lifetime Income**

Public Interest Committee Chairperson Tom Terry updated the board on development of a possible Academy advocacy statement on lifetime income. Following the September exposure of a draft advocacy statement, and the receipt of comments from members, the PIC is now considering a different approach than a statement. The proposed new approach is to initiate efforts to build a national conversation on this topic, possibly

including a call for papers, research projects, hearings, town hall meetings, and collaboration with the SOA on some activities.

### **Academy Enterprise Risk Management Task Force Report**

The Board received an extensive report from the Academy Enterprise Risk Management (AERM) Task Force, which was empanelled earlier this year to conduct a preliminary risk assessment of the Academy and determine how best to institute risk management procedures. The task force will return to the Board with recommendations for specific actions in January.

### **Member CE Compliance Attestations**

The Board approved a recommendation from the Council on Professionalism to require all Academy members who serve as members on any Academy committee to meet the continuing education (CE) requirements as set forth in the U.S. Qualification Standards. The Council on Professionalism believes that requiring Academy volunteers to comply with CE requirements further illustrates the Academy's commitment to its mission of promoting high professionalism standards. The CE compliance attestation will be effective in 2012 and will accompany the annual Conflict of Interest Policy Acknowledgement distributed during the first quarter. Academy volunteers will have until March 31, 2012, to come into compliance with the new CE attestation requirement. Notices to members with specific information will be well publicized and sent out very shortly.

### **In Other Action, the Board:**

- Approved an updated Academy strategic plan.
- Was provided with a copy of a presentation on soft skills for actuaries originally presented at the May 2011 Meeting of the North American Actuarial Council.
- Received a report from Dave Sandberg on possible Academy coordination on education and syllabus matters at the CAS and the SOA.
- Heard a report from International Secretary Steve Lehmann on the fall meeting of the International Actuarial Association (IAA) in Zagreb and the Academy's continued participation in the IAA's ongoing work on developing model international standards of actuarial practice, particularly the process adopted by the ASB to review and comment on model international standards and provide that information to all five of the major U.S.-based actuarial organizations. The Academy has exposed the IAA ISAP 1 General Actuarial Practice and ASB's comments to its entire membership.
- Concurred with maintaining the composition of the Nominating Committee for 2012 to include the presidential officers, outgoing special directors and one regular director from each of the three classes of regular directors.

The next meeting of the Board of Directors is scheduled for January 2012.