
RISKY BUSINESS

—News and notes on the Actuarial Studies Program—

Department of Mathematics

Spring 1995

The University of Texas at Austin

**From
the
Director**



I hate to bore you, but it's been another fine year.

There's the almost steady-state number of about 85 great students—always charming and bright, usually hard-working and stimulating, occasionally maddening. And to the students' delight employers these last 12 months have been recruiting hungrily (*see Recruitment lively on page 4*), including a bunch from out of state.

We of course mourn the passing of Gene Wisdom, upon whose work this program continues to build 15 years after his time as Director. Gene's innumerable contributions to the program over roughly 40 years will never be forgotten by the hundreds to whom he was friend, teacher, mentor, or colleague.

My only worry at present about the program involves the Endowment Drive, where we can add \$450,000 to the endowment supporting the actuarial program by raising \$175,000 by August 1996 (*see Endowment Drive on page 2*). Although we've reached almost 65% of our goal in just nine months, most pledges came very early and we're in a real full now. Not raising the final \$62,350 we need could cost us not just that amount but an additional \$134,000 in matching—a disaster for the program.

The Endowment Drive Task Force had hoped to raise most of the contributions from the insurance industry, which has not recently supported the program on a yearly basis nearly as much as has the consulting community. We may have already had all the success possible in that area, and may regrettably now need to approach the consulting community more vigorously. Yet we cannot afford to lose anyone's regular yearly support, which funds such items as the newly-named Eugene Wisdom Actuarial

See Director on page 2

Eugene Wisdom Actuarial leader, former UT Director, dies at 72

Eugene Wisdom, distinguished Texas actuary and former director of the UT-Austin actuarial program, died 3 November 1994 at the age of 72 after a brief bout with cancer.

A native of Fort Worth, Gene attended public school in San Angelo; after getting his bachelor's degree from Baylor in 1941, he joined the Marines where he served in the South Pacific and reached the rank of first lieutenant.

After the war he obtained a master's degree in actuarial mathematics from the University of Michigan. He then began his actuarial career, first in Houston for five years and then in Austin as a consulting actuary for the firm that in 1957 became Rudd & Wisdom. He served as Associate Professor and Director of the Actuarial Science program at UT-Austin from 1968 through 1980, when he returned to his consulting practice full time until his 1990 retirement. He played a central role in raising funds for the UT program and in arranging for the program's new home in the Mathematics Department in 1989.

Gene was a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and a member of the Actuaries Club of the Southwest, of which he was President in 1964–65.

In retirement he actively pursued his lifelong interest in music. One of his most enjoyable accomplishments was playing banjo in the Alamo City Jazz Band for the past five years; that group performed at his Austin memorial service. He was also a member of the Austin Banjo Band.

Gene enjoyed traveling to jazz festivals around the country, sharing his knowledge and enthusiasm for traditional jazz. His friends will remember him for his hard work bringing the enjoyment of traditional

Scholarships to be in his honor

In honor of the late Gene Wisdom, the UT-Austin actuarial program's Southwest Actuaries' Scholarships are being renamed the Eugene Wisdom Actuarial Scholarships.

For the past two years, merit-based Southwest Actuaries' Scholarships have been awarded to deserving actuarial students from the gifts to the program made as a result of the annual Spring fund-raising drive; eight such awards have thus far been made in the amount of \$250 to \$500 per semester.

The new name will take effect in the Fall of 1995. The size and number of awards will continue to be determined by the availability of discretionary funds after budgeting for the usual necessary expenses such as printing and mailing resumé booklets. Those interested in supporting the Eugene Wisdom Actuarial Scholarships should contribute to the general discretionary fund; this is the area of our greatest need for yearly support.



Look on pages 2-4 for:

Alums organize:	4
Endowment Drive:	2
SoA exam proposal:	3
Student snapshots:	2, 3
Focus on students:	4

jazz and the accomplishments of its musicians to as many fans as possible. In 1977 he co-founded the Austin Traditional Jazz Club and was co-organizer of the Hill Country Dixie Fest.

He is survived by his wife of 46 years, Beverly; son, Robert; daughter and son-in-law, Ann and Stephen Harris; daughter, Laura; and two grandchildren. He is also survived by countless friends and former students who learned much from this strong but gentle man.

Congratulations, new Associates!

Starting with the 1994 issue, *Risky Business* has attempted to identify all new Associates that have come through the UT program since its move to Mathematics. No attempt is made to recognize other important status changes, however: Fellowship, membership in the Academy, marriage, parenthood, Lottery winnings, and the like. This is just a one-person program, remember!

To the best of our knowledge, the following individuals that were UT actuarial students since fall 1989 have become Associates since last year's *Risky Business*; omissions are regretted, and corrections will be appreciated. The listing is in order of departure from UT.

Eric Vaith, ACAS, USAA Insurance (San Antonio)
Michael Fang, ASA, USAA Life Insurance (San Antonio)
Troy Thompson, ASA, American National Insurance (Galveston)
Jim Davis, ASA, Milliman & Robertson (Dallas)
Shawn Howell, ASA, The Wyatt Company (Dallas)
Congratulations one and all!

Endowment Drive could yield \$450,000

Last year we launched a special endowment drive to take advantage of a unique opportunity for matching funds. An anonymous donor agreed to provide 50% matching on up to \$200,000 in gifts made by August 1996 to the endowment of the Paul V. Montgomery Professorship in Actuarial Mathematics, and The University agreed to provide 50% matching on up to \$300,000 of those combined funds. Last fall, The Moody Foundation of Galveston agreed to provide the final \$25,000 of those external funds if we can raise the first \$175,000.

So if we raise \$175,000 by August 1996, The Moody Foundation will provide \$25,000, the anonymous donor \$100,000, and The University \$150,000—a total of \$450,000 in new endowment funds. It is planned that the income from the increased endowment will be used to provide salary supplement for the actuarial program Director and to free up increased annual gift funds for use in student financial aid.

Although pledges have slowed of late (see **From the Director** on page 1), we have pledges as of this writing of \$112,650 toward the \$175,000 needed externally.

Pledges or contributions of \$25,000 have been made by The Andrew Delaney Foundation, of \$15,000 by State Farm Insurance, and of \$10,000 by American Gen-

eral Life, Columbia Universal Life, Coopers & Lybrand, The Deloitte & Touche Foundation, Rudd & Wisdom Consulting Actuaries, and Variable Annuity Life. Pledges or contributions of \$500 to \$3000 have been made by Actuarial Consultants, the Actuaries Club of the Southwest, Michael Carter, Peter Dahlberg, Government Personnel Mutual Life, Allen Gunter, KPMG Peat Marwick Southwest, Chris Norman, the Southwest Actuarial Forum, Glenn Tobleman, Towers Perrin matching, and Turpin Consulting. Additional pledges or contributions have been made by Actuarial & Computer Services (in memory of Gene Wisdom), American Income Life, V. Clark Beard, Cheng-Huan Chi, CreditRe Corporation, Philip Dial (in memory of Gene Wisdom), Will Jackson, Jr., Roger Ray (in memory of Gene Wisdom), William F. White, Jr., and anonymous donors (some in memory of Gene Wisdom). *Thank you, everyone!*

The fund-raising drive is coordinated by a task force consisting of Bob Beisenherz (Lewis & Ellis), Steve Bickel (VALIC), Frank Broll (American National), Myron Dye (USAA), Ed Hightower (GPM Life), George Jordan, Jr., (Columbia Universal), Roger Ray (The Wyatt Company), and Toby Tobleman (Rudd & Wisdom).

Brandy Jones *Austin*

Freshman math major. Took exam 100 in February. Interested in racquetball, music, reading, running.

Erika Massell *Spring*

Junior math major. Passed exam 100, taking 140 in May. Interested in reading, bicycling, jogging, watching & playing football.

Financial-aid needs

The costs of actuarial education are skyrocketing, but actuarial financial aid seems grounded.

When the actuarial program returned to the Mathematics Department for the 1989–90 academic year, the UT Office of Student Financial Services estimated \$XXXX as the full cost of attending UT for Fall and Spring for an undergraduate Texas resident living on campus. The corresponding figure for the upcoming 1995–96 academic year is \$9,420. That's a XX% increase in six years—a Y% annual rate of increase. A \$1,000 scholarship that used to cover ZZ% of a schoolyear's cost now only covers WW%. And the costs to a student of taking the SoA calculus exam or the life contingencies exam recently jumped about 14% and 21%, respectively.

If your company wants to establish a continuing scholarship in its name, contact Jim Daniel. You or your company can also boost financial aid by contributing to the Endowment Drive (see **Endowment Drive** on this page) or to the yearly drive for discretionary funds from which the Eugene Wisdom Actuarial Scholarships are financed.

Director ... from p. 1

arial Scholarships and the production and mailing of resumé booklets.

If your company or you as an individual can pledge funds for the Drive to be met by August 1996 without reducing your regular yearly support, please join the more than 30 individuals or organizations listed in **Endowment Drive** on this page that have thus invested in the future.

Jim Daniel, Director

Thanks!

During the last 12 months, nearly 100 individuals and businesses have contributed general-purpose funds, scholarships, time, or ideas to support the actuarial program's students and activities. In Jim Daniel's view and that of the Actuarial Studies Advisory Council, those contributions are used well. And rest assured that they are appreciated. On behalf of the students—the real beneficiaries of your efforts—we thank you all.

How to reach us—

Jim Daniel can be reached at
512/471-7168: UT office
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Actuarial Studies Advisory Council

The ASAC meets each fall to provide advice on the operation of the program, hear a detailed report on the use of gift monies, brainstorm on future activities, and assist with fund-raising plans.

Present ASAC members are: Malcolm Brachman of Northwest Oil, Dallas; Frank Broll of American National Insurance, Galveston; Phil Dial of Rudd & Wisdom, Austin; Myron Dye of USAA Insurance, San Antonio (ASAC Chair); Brian Forman of Columbia Universal Life, Austin; Bob Greving of Southwestern Life, Dallas; Tom Hope of William Mercer Co., Houston; Fred Kilbourne, Independent Actuary in San Diego; Norman Parrish of Hewitt Associates, The Woodlands; Mike Pressley of Towers Perrin, Dallas; Roger Ray of The Wyatt Company, Dallas; Diane Rohn of Towers Perrin, Dallas; Bruce Romig of State Farm Insurance, Austin; Tammy Shelton of Buck Consultants, Dallas; and Mark Trieb of Milliman & Robertson, Dallas.

Mark Jones **Austin**

Math M.A. student graduating in May. Passed exams 100, 110, 140. Interested in competitive chess, custom fishing-rod construction, piano, weightlifting.

Student Club... from p. 4

would like to thank Hewitt Associates, William Mercer Inc., C. Mitchell Co., The Partners Group, Rudd & Wisdom, Texas Department of Insurance, State Farm, and USAA for providing speakers.

Sam Prasad, President

Joe Lopez **Houston**

Sophomore math major. Took exam 100 in February, taking 140 in May. Interested in sports, music. Expecting their first child in May.

Musings on the computer age

As a former Computer Science professor, when I took over the actuarial program in 1989 I was surprised to learn that most employers merely thought "it might be a good idea" for entry-level job candidates to have had a programming course. How that has changed today!

Employers now expect all candidates to be able to program and strongly prefer those with spreadsheet experience. Students with extensive experience with programming or spreadsheets or other applications software are heavily recruited.

Our program strongly encourages all students to develop programming and spreadsheet skills, and urges those that enjoy it to take additional programming classes. Many students now have far greater computer skills than I, and student papers sometimes contain output from sophisticated spreadsheet, graphics, statistics, or mathematics software.

Next fall I'll teach our numerical analysis course, for the first time using the wonderful MATLAB package for performing numerical computations as well as symbolic and graphical ones. Modern computational tools can be marvelous teaching and learning aids, but of course the need for students and teachers to emphasize skills needed on the SoA and CAS exams rather than on the job causes most of us to spend time on exam-tested content rather than on the latest and most useful tools. Although the Calculus Advanced Placement exams are soon to require graphing calculators, and there are pocket calculators that perform symbolic algebra and calculus, actuarial examinees continue to have to use a rudimentary business calculator. It's a complex problem, the interaction between the tools we test and the tools we use. Any ideas?

The Mathematics Department (among others) is expanding its use of computers in teaching and learning, this year opening its own lab providing math students access to powerful computational tools such as symbolic algebra systems (like Mathematica and Maple) that perform for example complex algebra and calculus manipulations symbolically, graphics systems, spreadsheets, statistical packages, and the like.

The University's new Student Microcomputer Facility has the latest Windows and Macintosh computers and workstations, with powerful applications software, and students also have access to Unix and VMS systems.

It's hard for us old fogies to keep up—computer age, cyberspace, virtual reality, expert systems, *harumph!* But I want to keep the actuarial program providing students with the skills, tools, and knowledge they need and you employers want them to have. Let me hear from you so that I know what those are.

Jim Daniel

Another SoA Exam revolution?

By the time you receive *Risky Business* the Society of Actuaries may have announced the proposal by its Board Task Force to revolutionize the exam system, for example by eliminating the exams on calculus, probability and statistics, applied statistics, operations research, and numerical analysis. Please study the proposal carefully with respect to how it will impact you—especially in identifying strong entry-level employees. Let Jim Daniel know your views so the UT program can plan how to adapt. And let the SoA know your views also, positive or negative or both.

Anmol Mehra **Friendswood**

Senior math major graduating in May. Passed exams 100, 120, 130, 140, 150. Interested in baseball cards, the stock market, volleyball, music.

Austin 150 Seminar succeeds, repeats

October's first Austin 150 Seminar—an exam-preparation intensive seminar on the dreaded Actuarial Mathematics (Life Contingencies) SOA Exam 150—was a success, with nine of the 13 participants passing. The second occurred in April, while *Risky Business* was being printed.

The next two are set for the Radisson Hotel in Austin 30 September to 7 October 1995 and again in April 1996. Jim Daniel conducts all activities. In order to keep costs to a minimum, the Austin 150 Seminar is operated externally rather than through UT-Austin; registration remains \$600.



Focus on students

Recent alums organize, provide info for students

The UT Actuarial Alumni Association (UTAAA) started in 1993 with the goal of keeping recent alumni in touch with one another while telling current actuarial students what it was like in the 'real world'. What started as an informal learning session at Mr. Gatti's has blossomed into several programs put on by the UTAAA.

In the Fall semester, a Career Info Panel is held to teach current students about

the different lines of business in the actuarial world. In the Spring semester, mock interviews are held to prepare students for those all-important job interviews. Each of these programs has been well-received by both alumni and current students.

The UTAAA is recruiting members and creating a member directory. Members should have taken coursework since 1989 when the actuarial program moved to the

Mathematics Department under the direction of Jim Daniel. Departing students can obtain a membership form from him, while alumni should contact Valerie Lopez at (210)344-0220 to get on the mailing list.

Valerie Lopez

Editor's comment: Thanks, Valerie (and your employer Towers Perrin of San Antonio), for creating the UTAAA and organizing its activities.

Recruitment lively for entry-level jobs

The last 12 months have featured an extremely strong job market for our departing students, even resulting in jobs for some that weren't planning to depart.

Our continuing record remains intact: 100% of departing students have found actuarial jobs if they have at least two exams, complete the life contingencies class, and are U.S. citizens or Permanent Residents.

Eighteen students departing in May/August found actuarial positions, including a remarkably high nine of ten that had passed only one exam.

And there were dramatically more positions for which our students were recruited for December than usual; eight were hired, including four that already had undergraduate degrees but had planned to complete the life contingencies class this Spring—their minds changed when job offers materialized.

A pleasing trend is the steady increase in out-of-state companies interviewing our students for permanent positions or internships, offering them jobs, and hiring them. In the past 12 months students have been recruited by Aetna, Travelers, Principal Financial Group, American Express Financial Advisors, Pan American Life, William Mercer in Denver, and State Farm, as well as by nearly two dozen Texas companies or offices.

Financial aid honor roll

Outstanding students receiving merit-based financial aid from the actuarial program during the 1994-95 academic year included:

AEGON-USA Actuarial Mathematics Scholarships: Robert Geer, James Vallee (Fall), and Sarah Thompson (Spring).

William W. Hand Memorial Actuarial Scholarship (American Society of Pension Actuaries): Anmol Mehra.

Milliman & Robertson Standard of Excellence Actuarial Scholarship: Farooq Omer.

C. Mitchell Co. Actuarial Scholarship: James Jones.

Rudd and Wisdom Actuarial Studies Scholarship: Theresa Lee.

Southwest Actuaries Scholarships: Martin Battle, James Bonney, and Faisal Chughtai.

USAA Actuarial Scholarship: Sarah Thompson.

The Wyatt Company Actuarial Scholarship: Jennifer Hill.

Actuarial Studies Excellence-Awards (Fireman's Fund and USF&G merit-based loan program to assist the Texas Department of Insurance): Faisal Chughtai (Spring), Brian Frost (Summer), Sarah Thompson (Fall & Spring), James Vallee (Summer & Fall), and Anna Velasco (Spring).

Texas Department of Insurance Summer Internship (Fireman's Fund and USF&G program to assist the Texas Department of Insurance): James Bonney, Faisal Chughtai, and Kaylie Wilson.

Texas Department of Insurance Long-semester Internship (Fireman's Fund and USF&G program to assist the Texas Department of Insurance): Fall—Theresa Lee and James Bonney; Spring—Richard Rhode and Scott Keane.

Student Club having active year

As president of the Actuarial Student Club, I've been pleased and impressed with the student participation and interest. We advertised each of our club meetings in the Daily Texan, which contributed to our membership of 53 students.

Treasurer Robert Geer was a tremendous asset to the club. Besides performing his accounting duties, Bob designed flyers and kept our membership lists in order.

We also appointed a representative (Mark Guajardo) to the Natural Sciences Council. By attending bi-weekly meetings, Mark was able to keep us informed of

career expos and other events.

The UT Actuarial Alumni Association should be commended for organizing mock job interviews in January for all interested students. Many students benefitted from this experience.

The club also decided to try its luck at recreational sports this year, and participated in the Texas Union Bowling League.

Most importantly, we benefitted from all the speakers who donated their time and knowledge to us. These speakers are the most important part of our club activities because they are the link with the real world of actuarial science. For this reason, we

See Student Club on page 3

Expenses of *Risky Business* are paid with gift funds from friends of the program.