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assoc

Actuarial Students Society at Macquarie University

EDITORS

Allen Juang

ajuang@mqassoc.org

Steven Ye

sye@mqassoc.org

Guessing Competition Results

Week 2 marked SAMFEST, the miniature O-week for second semester. ASSOC took this opportunity to hold a stall for members to have a chat with us and get updated on the events that were coming up. Hopefully we managed to do this, but if not I'm glad that we at least succeeded in entertaining ourselves while at the stall by scrounging as many SAM bags as possible. We probably should have been more prepared, thank you to the Wine Appreciation Society who we stole sticky tape off, and AISEC who kindly lent us their black texta.

In conjunction with this we held a lolly-guessing competition (to try and draw you guys to the stall). This was the "tricky actuarial guessing competition" where there were both mms and Skittles in the jar. Here are the guesses:

	mms: 259		skittles: 619			mms: 259		skittles: 619			
	guess	% error	guess	% error	total % error	guess	% error	guess	% error	total % error	
1	600	131.66	127	79.48	211.14	46	350	35.14	400	35.38	70.51
2	234	9.65	472	23.75	33.40	47	700	170.27	650	5.01	175.28
3	315	21.62	340	45.07	66.69	48	500	93.05	500	19.22	112.27
4	59	77.22	69	88.85	166.07	49	888	242.86	466	24.72	267.57
5	150	42.08	150	75.77	117.85	50	253	2.32	293	52.67	54.98
6	298	15.06	359	42.00	57.06	51	800	208.88	600	3.07	211.95
7	275	6.18	239	61.39	67.57	52	275	6.18	165	73.34	79.52
8	293	13.13	184	70.27	83.40	53	363	40.15	197	68.17	108.33
9	288	11.20	169	72.70	83.89	54	211	18.53	243	60.74	79.28
10	375	44.79	325	47.50	92.28	55	350	35.14	250	59.61	94.75
11	350	35.14	425	31.34	66.48	56	212	18.15	250	59.61	77.76
12	340	31.27	297	52.02	83.29	57	250	3.47	250	59.61	63.09
13	510	96.91	308	50.24	147.15	58	243	6.18	272	56.06	62.24
14	600	131.66	180	70.92	202.58	59	128	50.58	434	29.89	80.47
15	150	42.08	200	67.69	109.77	60	380	46.72	600	3.07	49.79
16	200	22.78	200	67.69	90.47	61	400	54.44	500	19.22	73.66
17	450	73.75	600	3.07	76.81	62	337	30.12	425	31.34	61.46
18	787	203.86	276	55.41	259.27	63	360	39.00	300	51.53	90.53
19	562	116.99	370	40.23	157.21	64	387	49.42	329	46.85	96.27
20	530	104.63	250	59.61	164.25	65	318	22.78	288	53.47	76.25
21	288	11.20	272	56.06	67.26	66	500	93.05	500	19.22	112.27
22	210	18.92	260	58.00	76.92	67	452	74.52	526	15.02	89.54
23	135	47.88	284	54.12	102.00	68	350	35.14	350	43.46	78.59
24	223	13.90	327	47.17	61.07	69	1005	288.03	1008	62.84	350.87
25	250	3.47	250	59.61	63.09	70	380	46.72	250	59.61	106.33
26	230	11.20	250	59.61	70.81	71	430	66.02	315	49.11	115.13
27	240	7.34	220	64.46	71.79	72	440	69.88	605	2.26	72.15
28	250	3.47	270	56.38	59.86	73	673	159.85	665	7.43	167.28
29	625	141.31	560	9.53	150.84	74	634	144.79	634	2.42	147.21
30	289	11.58	421	31.99	43.57	75	534	106.18	534	13.73	119.91
31	257	0.77	381	38.45	39.22	76	777	200.00	1007	62.68	262.68
32	548	111.58	427	31.02	142.60						
33	320	23.55	280	54.77	78.32						
34	200	22.78	320	48.30	71.08						
35	333	28.57	318	48.63	77.20						
36	301	16.22	423	31.66	47.88						
37	198	23.55	361	41.68	65.23						
38	263	1.54	295	52.34	53.89						
39	180	30.50	145	76.58	107.08						
40	100	61.39	120	80.61	142.00						
41	157	39.38	132	78.68	118.06						
42	385	48.65	402	35.06	83.71						
43	100	61.39	210	66.07	127.46						
44	389	50.19	255	58.80	109.00						
45	437	68.73	556	10.18	78.90						

It was originally planned for the winner to be the person with the smallest sum of absolute differences between their guess and the actual number of each lolly type – that’s a bit hard to understand in words so basically, the person that had the smallest $\{|\text{skittles guess} - 619| + |\text{mms guess} - 259|\}$. It was then pointed out how stupid that was because, effectively, it was the same thing as having people guess one number like in a normal guessing competition. Slightly disheartened at my sappy logic, I changed the calculation method to smallest sum of percentage errors in the two guesses.

I have to admit that watching people guess was quite amusing - from those that took complete stabs in the dark (in particular James Zhao from 1st year who guessed without the jar even being there), to those who took the longest time imaginable counting and calculating... someone was even ready to pull out his calculator until I assured him that no one else had done it yet (a guy in third year who wasn’t willing to be the first, I won’t use any names - no, it wasn’t Faro). It’s at least reassuring to know that this person’s guess was closer than James’, but nevertheless not close enough as the winning guesses belonged to Cathy Wu from 3rd year, who went away with the jar of lollies (that had miraculously not melted in the sun). Unfortunately no one won the free

Ball ticket, since no one guessed the exact numbers (+/- 3).

Looking at the stats, all but five people underestimated the number of Skittles in the jar whereas only a third of the guesses underestimated the number of mms (with the common assumption being that Skittles cost more than mms and hence ASSOC wouldn’t be able to afford very many... That’ll show you guys). Despite this, using average % errors, guesses for Skittles were slightly better than guesses for mms, but both were quite poor at 46.12% and 59.85% respectively.

On a final note - For those extra keen students wanting to do hypothesis testing or further statistical analysis on the above guesses, feel free to email me and I will provide you with all the sample data. I hope you enjoyed the lollies Cathy; they took quite a long time to count!

Sussan Lam

**President
ASSOC 2003**

4th Year Job Prospects: The Random Walk Process

“When I was a young man, I remember how the Technology Bust sent stock markets plummeting, how September 11 changed the world and led to the War against terrorism, and how SARS killed thousands of people...”

Some day in the distant future, (genetically enhanced) grandchildren on my lap in front of an open (hologram) flame, I will reminisce about these turbulent times and proudly declare that I had lived through it all. I will look back at my tumultuous life with a wry smile – and wonder just why I was so concerned about my job prospects in my 4th year of university.

In 2003, a young group of actuarial graduates hit the market, wide-eyed with optimism and ambition, fed on the stories of multiple offers and generous remunerations. We were, however, unprepared for and highly shocked by what we discovered: a lack of job supply, a sea of lost opportunities to our rival universities, constant rejections, and a buyer’s market where the shoe was definitely on the employer’s foot. 2003 has been one of the toughest years for graduate employment in recent history. Many of the actuarial employment agencies have commented on the sheer number of actuarial graduates who have asked for their assistance in graduate employment. How could things have gone so bad in such a short period of time? How could we have been so blind?

This article is not meant to shock you, but to inform you of the tough conditions that a future graduate may

likely face. It is my hope that you will never have to face such depressing lows in life as many of my fellow graduates and I have felt over this past year. My hope is that you will be prepared for such a bleak outcome, a piece of advice I wish someone had given me earlier.

In analyzing the supply side of the market, it can be seen that jobs have been in short supply. With the Australian economy stalling and the international environment still uncertain, it is no surprise that many employers have chosen not to employ graduates. The financial problems of AMP have not helped, since AMP has traditionally been the largest employer of actuarial graduates. Life insurance companies are struggling and there have been almost no graduate positions in life insurance in Sydney. With consolidation in the general insurance industry, the graduate employment outlook is also uncertain in this field this year. Areas such as finance and IT still continue to offer limited opportunities due to general market conditions. Non-traditional actuarial fields may provide some comfort for actuarial graduates, but it requires a lowering of that actuarial pride that all actuarial students seem to embody and an additional pay cut. For students intending to work overseas, it is typical for overseas firms to prefer the employment of fully qualified actuaries. There may be opportunities internationally, but the relatively strong Australian economy in recent times still suggest that working in Australia is probably the best bet for future employment.

The market dynamics on the demand side has changed in recent years. Where there used to be only one university in

NSW teaching the actuarial studies course, there are now two. This means that for graduates in 2003, we are not only faced with limited job supply, we are also faced with even fiercer competition for the limited positions available. The UNSW Co-op Program offered 12 Actuarial Industry Scholarships in 2002. This means that many summer vacation and graduate positions are not available to the general market, as I am sure many of you are aware. To make things even worse, we have remnants of past graduates with double degrees and postgraduate qualifications also competing for these limited opportunities. In a low-supply high-demand market, something has to give. In recent IAAust Journals, questions have been raised about the impact of this phenomenon. One possible scenario is a reduction in actuarial salaries as markets start questioning the necessity to pay such relatively large graduate salaries. Another possibility is the broadening of the actuarial profession into other non-traditional fields. Whatever the case may be in the future, current market inertia has meant that salaries have not fallen, leaving many graduates unemployed.

I would therefore like to destroy once and for all the conception that actuarial students will have it 'easy' when they start applying for employment. There are no free rides in life and this is just another one of those situations.

Some advice for future graduates:

1. Have a long-term view of studying - prepare early for job applications and be vigilant of any opportunities

2. Always take any opportunities available to you
3. Be prepared to diversify your career or to go for smaller firms
4. Be prepared to lower your actuarial pride
5. Using actuarial employment agencies may give you an advantage
6. Marks are important, participate in extra-curricular activities and know the firm (basically everything you already know)
7. Have a backup plan for your backup plan, just in case things don't go your way
8. If all else fails, keep things in perspective and don't worry.

To quote a friend of mine, "the HR Department seems to be intimidated by high-achieving actuarial students... and their selection criteria is a complete mystery, a random walk process." These might be words from a sour grape, but they are nevertheless in my opinion, truthful words.

To those students that have already secured employment or who are at the top of their years, I would like to say congratulations. I am sure that your many, inevitable sacrifices have earned you these enviable rewards. For the rest of us mere mortals, take heart that you have tried your best, which is all that can be expected from anyone.

There are no doubts we will all eventually find employment.

MPN Night 2003

Thirty-nine, Forty, Forty-One, Forty-Two, Forty-Three... No, I wasn't counting sheep, I was counting people, (although I did experience difficulty sleeping the night before). It was held on 18th August 2003, SAM building level 3 Function Room, at 5:45pm: the ASSOC Meet the Professionals Night 2003!!!

People, people, "people is power", quoting a popular Faro Mok-ish slogan. At this moment, I couldn't agree with it more. We need more people! It's about 15 minutes to the MPN and the function room is barely quarter-full, and the only attendants are 1st-year ASSOC representatives, 2nd-year ASSOC representatives, and ...err... 3rd-year...ASSOC...representatives! I was absolutely delighted when, eventually, an unfamiliar face showed up, and then realised that ...uh...it was a guest speaker.

I had complete confidence in the success of this event, guaranteed to my fellow colleagues beforehand that "The only problem we are ever going to have is how to fit 150 people in a room that accommodates a maximum of 120." For a while, the problem seemed a bit bigger than that. Where are the students? I mean where else can you find a careers event that provides valuable information and freeeee foood? Are they dumb? Or are they just not punctual? ...

Luckily, they are just not punctual. A horde of them turned up in the last few minutes, and the day was saved. The rest of the night went on smoothly as planned:

6.00 Introduction by President of ASSOC

6.05 Commonwealth Bank Australia – **Senthooran Nagarajan**

6.20 PricewaterhouseCoopers – **Anna Dayton**

6.35 Tillinghast – **Chris Keech**

6.50 - - - Refreshment Break - - -

7.00 IAAust – **Deborah Driussi**

7.15 Classic Solutions – **Andrew Gill** and **Matthew Wood**

7.30 QBE – **Bill Konstantinidis** and **Siddharth Parameswaran**

7.45 Closing Remarks by Executive Manager for MPN 2003
Mingling Session

The speakers were great, we got some very interesting presentations and some of them were even very funny. We are all extremely grateful to the speakers for sharing with us "something very close to their heart", quoting Bill's speech.

But, I have to admit, the highlight of the day really belonged to the time when the food trays came up. Even the guests were excited. After all, we did have wonderful and delicious food of such a great diversity as chicken skewers, spring rolls, spring rolls and chicken skewers. (What do you want me to do with our limited resources? Double my funding and I'll make it a five-star

equivalent!!!.....and I don't count that pizzezza as food.)

In addition, it is a joy to report that the great problem that had haunted almost every single ASSOC career event: the ever annoying ASSOC banner which loves to amuse the audience and embarrass us by falling off the wall every now and then through the presentation, was finally and successfully resolved, with great wit, innovation, courage and decisiveness. The solution was surprisingly

straightforward: the banner was simply left at home...yo Faro!!!

To conclude, I really want to tell you about my ever brilliant concluding speech, but I won't, because "modesty is a virtue" (*Just like your ever brilliant speech -Editor*). Instead, I'll spend the last paragraph praising my colleagues. ASSOC and I and James owe the success of MPN 2003 to everybody who has contributed to it:

Faro Mok
Sussan Lam
Allen Juang
Danny Kwok
Emily Xin
Revsion Tam
Benjamin Poon
Lin Zheng
Sharon Jia
Emma Su
Jason Yu
Davis Nguyen
Trang Nguyen
James Zhao
Jia Lin
Sean Kam
Wei Lin

Thanks again to all the speakers and the organisations they represent for their support:
Commonwealth Bank Australia,
PricewaterhouseCoopers,
Tillinghast Towers-Perrin,
Institute of Actuaries in Australia,
Classic Solutions,
QBE Insurance.

ASSOC Meet the Professionals Night 2003
Event Coordinator
Jeffrey Chen
James Wang



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The Zurich Group in Australia employs actuaries in a number of positions. These include the traditional roles within the life insurance and general insurance businesses, as well as a variety of senior roles within the business.

Share Market Game (SMG) 2003

The Share Market Game returned for its third year in online form, albeit without live share prices. As a consequence, some components from previous years' competitions were sadly missed, including short selling and the trading of warrants. One thing we can boast about though, is that OUR competition is developed and run in-house!

We were helped by AMP's large rebound in share price, due to National Australia Bank's less than successful strategic move to acquire a substantial shareholding in the beleaguered financial services firm.

Some participants were surprised by the exorbitant returns being generated by their portfolios. No, they weren't mistakes, but they were the compounded annualised returns (the figures were so large because participants were making substantial returns in such a short space of time).

The ASSOC Index was a portfolio of 10 stocks picked from the ASX200 using a "buy and hold" strategy, which involved no trading, just the initial purchase on the first day of competition. It was right on the mark in terms of choices, with 7 out of the 10 stocks in positive territory, generating a 9.5% return in five weeks.

Here are some interesting statistics from the game:

- 9.46% of participants outperformed the ASSOC Index during the game period, while 33.78% beat the ASX200 benchmark.
- If you were the broker for the competition, you would have

received \$294,197.56 for brokerage in 5 weeks.

- At the start of Week 5, each competitor had a 1 in 10 chance of obtaining a cash prize by the end of the week.

The SMG team hopes that all participants learnt a thing or two from the game, and that it was a good environment to practice your trading strategies, without the risk of losing the shirt off your back!

We would like to thank our sponsor, our own Department of Actuarial Studies. Until next time, good luck with your investments!

Congratulations to the winners:

\$150	First Prize	Yi-Nan Wang
\$125		Tim Spiteri
\$75		Owen Chan
\$40		Alex Kwa
\$30		Vanessa Lou
\$20		Meng Hun Lim
\$10		Nina Zhou
\$2	Wooden Spoon	Fei Chen

Players were given \$100,000 (virtual AUD of course) to do with as they pleased, in order to generate the highest portfolio value at the end of five weeks.

Simple Survival Skills to Remember

Confused and panic stricken I stared at the pattern of words and numbers projected on the white screen before me. It was more than three quarters into the semester, in an ACST151 lecture, when it hit me - Oh #\$\$%@, I know nothing! It's a feeling that hits us all at one point or another, a sudden realisation that all the semester's bludging and procrastination has finally evolved into a terrifying nightmare called the final examinations. If life is a box of chocolates, then the final exams are that hard disgusting chocolate sitting in the corner of the box that nobody likes. How does one manage to survive this grueling and exhausting time of year?

First of all, don't stress. Contemplating suicide will not help you understand how to calculate a prospective reserve. To deal with the pressure of exams or assessments think about one thing at a time. Think of each exam as just another test. Don't exaggerate or overanalyze the consequences of your results, it's more important to think about how you're going to manage to get through the things you need to do. Planning out things, even at the simplest and vaguest form, like knowing what days you have to work on certain things, can be quite effective.

One really good method of stress management is talking to your friends. You know you feel better when you know there are people in the same situation as you are in. The start of uni was like a reality TV show where you were dumped into a strange environment with total strangers. Develop a network of friends who you know can help you get through uni. Their support, I found, was a fundamental

component of surviving the first semester.

Here's some advice for those who know it all, or at least think they do. Make it a habit to ask instead of assume. If you are remotely unsure of something, you really should clarify things with a tutor, friend or lecturer. Any sort of assumption could possibly result in you dropping down a grade. Also fellow students (from all years) may be a good point of reference to get support or help. ASSOC have a peer support program that accommodates for this at <http://www.mqassoc.org/ps/index.htm> - where there are second, third and fourth years ready to answer any of your questions.

Yeah, you do need to relax, but just don't relax *too* much. Go watch that episode of Simpsons but do some of that assignment afterwards. Finding the right balance of rest, work and play is essential so that you don't burn out or bludge too much. Know your limitations. It's up to you to stay motivated - setting goals for yourself helps. Remember, bludging is just like chocolate, beer or junk food - its good to have in small proportions but an addiction will only lead to disaster.

Finally, make sure you have fun at uni, and to never give up. There's always light at the end of every tunnel. Unfortunately there is no groundbreaking mathematical formula on how to achieve high distinctions. However, you can go a long way by just remembering the simple things like knowing when to relax and when its crunch time. Work hard, play hard, and most of the time you'll get what you deserve.

- Davis Nguyen

ACTUARIAL GRADUATES & STUDENTS

EMPLOYEE BENEFITS, FINANCIAL SERVICES AND MANAGEMENT CONSULTING

We have a number of opportunities for talented actuarial and other students graduating at the end of this year in our Sydney and Melbourne offices. Opportunities also exist for vacation students working during the summer holiday between December and February.

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Graduate Recruitment

Towers Perrin

GPO Box 3279

SYDNEY NSW 2001

OR

hraustralia@towers.com

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Please include -

- a letter explaining what makes you a suitable candidate for the position;
- your resume;
- a current copy of your academic transcript.

Please make sure you include your address, phone number, University, area of study, and your area of interest.

CLOSING DATES

Graduate applications **24th April 2003**

Summer Vacation positions (Tillinghast Only) **1 August 2003**

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