

Working as a Self-Employed Actuary

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Background

- Insurance Company - 8 years
- Ernst & Young - 6 years
- Independent Consultant - 7 years

Decision Process

- Self-Motivated?
- Product to Sell?
- Industry Contacts?
- Financially Prepared?
- Other Considerations

Self-Motivated?

- Personal Example – Atlanta Olympics
- My Solution:
 - Separate Office
 - Defined Office Hours
 - Dedicated Phone Line (Cell?)

Product to Sell?

- Niche Market – Product or Service
- Cheaper May Not Sell
- Marketing Plan

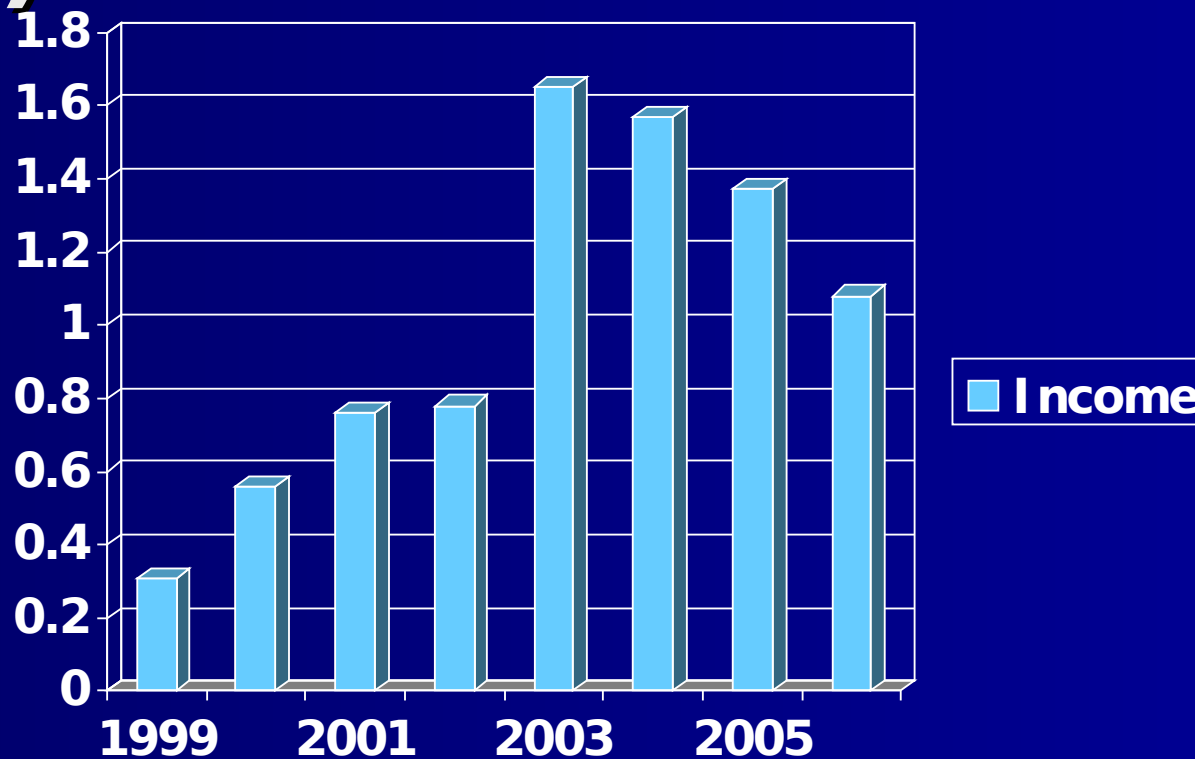
Industry Contacts?

- Former Co-Workers
- Contacts from Actuarial Meetings
- SOA/SEAC Committees
- Former Clients
- Cold Calls

Financially Prepared?

- Expect Low Income First Few Years
- Significant Fluctuations in Cash Flow
- Start-Up Costs (Computer, Office Equipment and Furniture, Costs of Incorporation, Etc.)
- Office Rental (Optional)
- Fixed Costs – Business/Med/Dis Insurance, Phone, Internet, Continuing Education
- Other Sources of Income – Spouse, Actuarial Temp Agencies, Non-Actuarial Temp Work, Savings, Other

Graph of Consulting Income (Normalized to 5 Yr Ave Inc)



Other Issues

- Corporate Structure
- Employees/Sub-Contractors
- Pension Plan Options
- Medical/Disability Insurance
- Administrative Issues – Tech Support, Clerical Support
- Liability Issues – Liability Insurance

Other Issues (Continued)

- Peer Review – Who?
- People Skills
- Presentation Skills
- Legal Issues – Contracts, Engagement Letters
- Tax Issues – Multi-State Returns, Self-Employment Tax, Quarterly Estimates

Personal Development

- Technical Skills
- Systems Skills
- People Skills
- Presentation Skills
- Marketing Skills

Resources

- Smaller Consulting Section of SOA
 - 600 Members, mostly pension
 - Helps independent actuaries get resources from SOA
 - Provides training in presentations, etc.
 - Contact Daniel Cassidy (978) 371-8029
- Small Business Association – sba.org
- SCORE (Service Core of Retired Executives) – score.org