

Actuaries Salaries

Salaries are always a topic of great interest – the latest periodic survey indicates that for some Fellows the range of typical salaries has not increased significantly and that the GFC continues to have an impact on the profession.



“The safest way to double your money is to fold it over and put it in your pocket.”

Kin Hubbard



In performing the data collection exercise for this year's survey, we have sensed a heightened level of interest even above the normal excitement which a salary discussion arouses. We believe this centres around the lower annual salary increases since the GFC and the increasing cost of living year on year.

Factors influencing salary reviews usually include job position, level of responsibility, bonus potential, performance against objectives, economic environment and more personal attributes such as leadership potential, communication and interpersonal skills.

Since we have access to salary survey information collected since 2000, we have a good grasp of the trends in market salary levels and the factors influencing them. This is discussed in more detail in our 2012 annual salary report, (please contact us on +612 9262 1612 or australia@acumen-resources.com if you have not already received a copy).

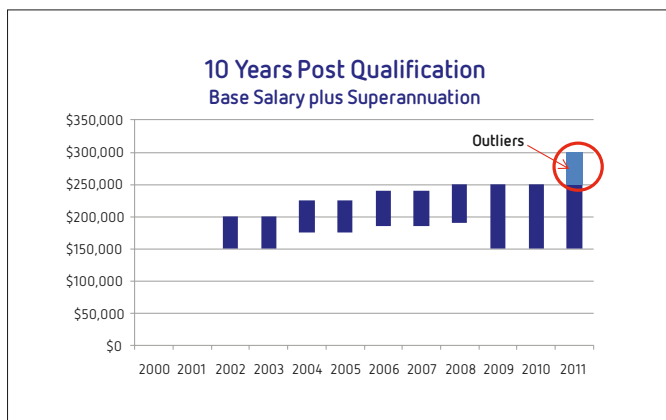
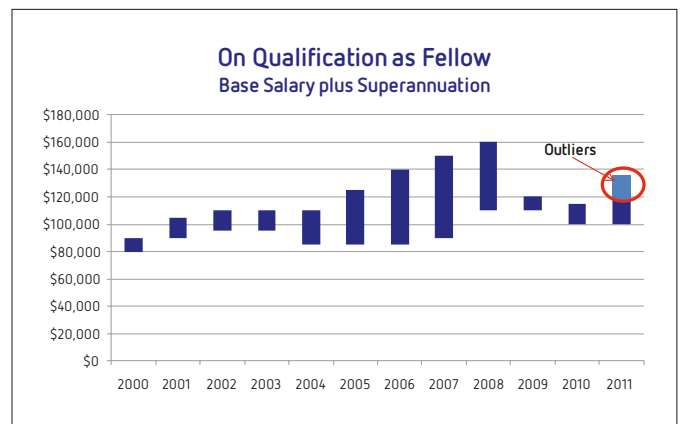
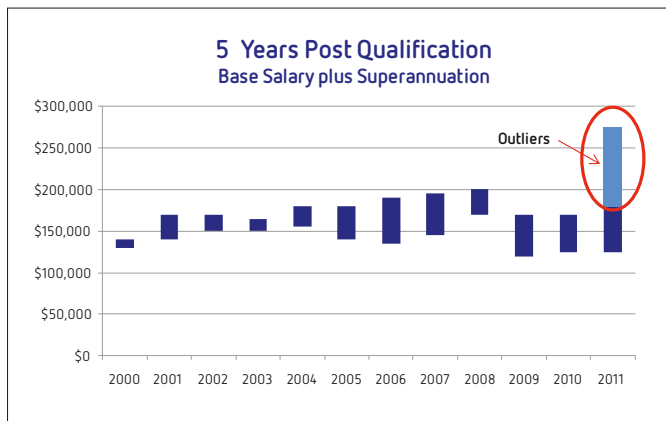
In 2000, Qed Actuarial/Acumen Resources completed its first salary survey in response to demand from individuals and employers. It has helped us build a depth of market evidence and ensures we are well placed to provide realistic advice. We now have over ten years' worth of data and thought it would be interesting to review the changes in salaries over this time.

Note: The graphs illustrate the typical range of salaries only, outliers are excluded for prior years. Outliers shown in the graphs for 2011 are clearly marked.

The data becomes less consistent as we move further away from qualification. As position and performance become increasingly important, it is difficult to make any real predictions about salaries simply in relation to years of experience.

- We have removed some outliers but felt that in demonstrating the true range gives some evidence to how some industry sectors value actuarial input more than others e.g. education vs. Investment and the varied level of roles Fellows hold across all sectors.
- It is interesting to note that, for Fellows at five years post qualification, the range of typical salaries across the period has not increased significantly and they remain generally in the band \$150,000 to \$200,000.
- The continuing impact of the GFC on salaries can also be seen at these levels and trends will be articulated more clearly in the Acumen Resources annual salary report.
- Bonus becomes an increasingly important factor and can range from 0-60% although it is more typically in the 0-30% range.

QUALIFICATION AS A FELLOW



Again, the graphed range of salaries being paid to newly qualified Fellows has increased steadily over seven of the past 10 years but, since the GFC, salaries have levelled off. We believe there are two clear points behind this.

Firstly, the fact that qualification on its own has become a less dominant factor. Secondly, the fall in graduate salaries since GFC is manifesting itself in lower qualification salaries when compared to their colleagues who graduated 2004 – 2008.

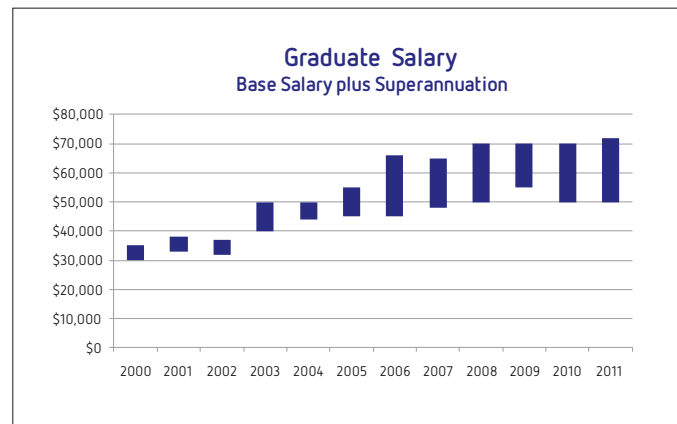
However, the trend for Individuals to be rewarded on balance more for their gain in experience, knowledge and skills than their exam passes is continuing.

- The results in 2009, 2010 and 2011 are significant and clearly reflect the impact of the GFC, when we found that many newly qualified Fellows received lower increases on qualification than they had anticipated.
- At this level, bonus payments on top of salary typically fall in the range 0-20%.

Since the GFC, salaries being paid to newly qualified Fellow have levelled off. We believe there are two clear points behind this. Firstly, the fact that qualification on its own has become a less dominant factor. Secondly, the fall in graduate salaries since GFC is manifesting itself in lower qualification salaries when compared to their colleagues who graduated 2004 - 2008.



GRADUATES



- In more recent years, the range of salaries offered to graduates has widened. This is a result of high competition for the top graduates, and with a higher number of graduates on the market, competition for jobs has been intense and individuals have been more flexible to ensure they successfully secure employment.
- One pertinent point to note here is that graduates with internship or similar experience (e.g. Coop Scholars) are highly sought after and accordingly rewarded by their new employers with a premium over the other graduates.
- As part of our recent discussion with Australian employers, we are of the opinion that this premium in salaries for internship experienced graduates will plateau.
- The graph does not reflect the salaries of actuarial graduates who do not find positions within actuarial teams. In our experience, the numbers who do not find the type of role to which they aspired on commencing their actuarial degree has increased significantly over the period.
- Typically, no additional bonus (or only a small bonus of, say, 5%) is payable at this level. In addition to salary, the graduates in this survey would usually receive generous study packages.
- A very recent trend is an increasing number of companies who are clawing back part of the exam and study costs if a student leaves the company.

SALARY CONSIDERATIONS WHEN MOVING OVERSEAS

Mutual recognition agreements signed by various Actuarial Institutes facilitate actuaries working internationally. An overseas transfer can enhance your resume, giving you broader experience, challenges, variety, new contacts, and the opportunity to work in a different culture and enjoy the benefits of that lifestyle.

While there are many issues to consider, such as how your family feels about it, visas, timing, cultural differences and how your skills transfer, the salary and standard of living are often key. These days, unless your company is asking you to transfer internally, you should expect to be paid on a local salary basis.

The first thing to remember is that it rarely, if ever, makes sense to convert your current salary to another currency and assume you should target this amount. Currently, in nominal terms the Australian dollar is very high and using it as a guide to expected salary levels in Asia or the UK potentially misleading in real terms.

Regardless when allowing for tax and cost of living in real terms, actuarial salaries offer attractive packages in places such as Singapore, Hong Kong & London. **A**