

Subject CM1

2021 Study Guide

Introduction

This Study Guide has been created to help you navigate your way through Subject CM1. It contains all the information you will need before starting to study Subject CM1 for the 2021 exams and you may also find it useful to refer to throughout your Subject CM1 journey.

The guide is split into two parts:

- Part 1 contains specific information about Subject CM1
- Part 2 contains general information about the Core Principles subjects.

Please read this Study Guide carefully before reading the Course Notes, even if you have studied for some actuarial exams before. While you may have already read (the majority of) the Part 2 material in previous subjects, the information in Part 1 is unique to this course.

Contents

Part 1	Section 1	Subject CM1 – background and contents	Page 2
	Section 2	Subject CM1 – Syllabus and Core Reading	Page 4
	Section 3	Subject CM1 – summary of ActEd products	Page 15
	Section 4	Subject CM1 – skills and assessment	Page 16
	Section 5	Subject CM1 – frequently asked questions	Page 17
Part 2	Section 1	Before you start	Page 19
	Section 2	Core study material	Page 20
	Section 3	ActEd study support	Page 22
	Section 4	Study skills and assessment	Page 28
	Section 5	Queries and feedback	Page 33

1.1 Subject CM1 – background and contents

History

The Actuarial Mathematics subjects (Subjects CM1 and CM2) were introduced in the Institute and Faculty of Actuaries 2019 Curriculum. Subject CM1 is *Actuarial Mathematics*.

Predecessors

The topics in the Actuarial Mathematics subjects cover content previously in Subjects CT1, CT5, CT8 and a small amount from Subjects CT4, CT6 and CT7:

- Subject CM1 contains material from Subjects CT1, CT4 and CT5.
- Subject CM2 contains material from Subjects CT8, CT6, CT1 and CT7.

Exemptions

In order to be eligible for a pass in Subject CM1, you will need:

- to have passed or been granted an exemption from Subjects CT1 and CT5 during the transfer process
- to have met the profession's requirements based on the current curriculum.

See the profession's website for further details:

www.actuaries.org.uk/studying/exam-exemptions

Links to other subjects

Concepts are introduced in:

- Subject CS1 – Actuarial Statistics
- Subject CS2 – Risk Modelling and Survival Analysis*

* A small number of concepts are introduced in detail in Subject CS2. However students do not need to have studied Subject CS2 before sitting Subject CM1. Assumed knowledge from Subject CS2 is covered to the extent it is needed in the CM1 Course Notes.

Topics in this subject are further built upon in:

- Subject CM2 – Financial Engineering and Loss Reserving
- Subject CB1 – Business Finance
- Subject CP1 – Actuarial Practice
- Subject CP2 – Modelling Practice
- Subject SP1 – Health and Care Principles
- Subject SP2 – Life Insurance Principles
- Subject SP4 – Pensions and Other Benefits Principles.

Contents

There are five parts to the Subject CM1 course. The parts cover related topics and are broken down into chapters. At the end of each part there are assignments testing the material from that part.

The following table shows how the parts and chapters relate to each other. The final three columns show how the chapters relate to the assignments and to the days of the regular tutorials. This table should help you plan your progress across the study session.

Part	Chapter	Title	No of pages	X Asst	Y Asst	Tutorial – 5 days
1	1	Principles of actuarial modelling	25	X1	Y1	1
	2	Cashflow models	24			
	3	The time value of money	27			
	4	Interest rates	40			
	5	Real and money interest rates	13			
	6	Discounting and accumulating	32			
	7	Level annuities	36			
	8	Increasing annuities	30			
	9	Equations of value	21			
2	10	Loan schedules	31	X2		2
	11	Project appraisal	32			
	12	Bonds, equity and property	54			
	13	Term structure of interest rates	51			
3	14	The life table	45	X3		3
	15	Life assurance contracts	45			
	16	Life annuity contracts	44			
	17	Evaluation of assurances and annuities	31			
	18	Variable benefits and conventional with-profits policies	41			
4	19	Gross premiums	41	X4	Y2	4
	20	Gross premium reserves	59			
	21	Joint life and last survivor functions	41			
	22	Contingent and reversionary benefits	61			
5	23	Mortality profit	35	X5		5
	24	Competing risks	61			
	25	Unit-linked and accumulating with-profits contracts	25			
	26	Profit testing	51			
	27	Reserving aspects of profit testing	56			

1.2 Subject CM1 – Syllabus and Core Reading

Syllabus

The Syllabus for Subject CM1 is given here. To the right of each objective are the chapter numbers in which the objective is covered in the ActEd course.

Aim

The aim of the Actuarial Mathematics subject is to provide a grounding in the principles of modelling as applied to actuarial work – focusing particularly on deterministic models which can be used to model and value known cashflows as well as those which are dependent on death, survival or other uncertain risks.

Competences

On successful completion of this subject, a student will be able to:

1. describe the basic principles of actuarial modelling
2. describe, interpret and discuss the theories on interest rates
3. describe, interpret and discuss mathematical techniques used to model and value cashflows which are contingent on mortality and morbidity risks.

Syllabus topics

1.	The basics of modelling	(10%)
2.	Theory of interest rates	(20%)
3.	Equation of value and its applications	(15%)
4.	Single decrement models	(10%)
5.	Multiple decrement and multiple life models	(10%)
6.	Pricing and reserving	(35%)

The weightings are indicative of the approximate balance of the assessment of this subject between the main syllabus topics, averaged over a number of examination sessions.

The weightings also have a correspondence with the amount of learning material underlying each syllabus topic. However, this will also reflect aspects such as:

- the relative complexity of each topic, and hence the amount of explanation and support required for it
- the need to provide thorough foundation understanding on which to build the other objectives
- the extent of prior knowledge that is expected
- the degree to which each topic area is more knowledge- or application-based.

Detailed syllabus objectives

1. The basics of modelling (10%)
 - 1.1 Describe the principles of actuarial modelling. (Chapter 1)
 - 1.1.1 Describe why and how models are used including, in general terms, the use of models for pricing, reserving, and capital modelling.
 - 1.1.2 Explain the benefits and limitations of modelling.
 - 1.1.3 Explain the difference between a stochastic and a deterministic model, and identify the advantages/disadvantages of each.
 - 1.1.4 Describe the characteristics, and explain the use of, scenario-based and proxy models.
 - 1.1.5 Describe, in general terms, how to decide whether a model is suitable for any particular application.
 - 1.1.6 Explain the difference between the short-run and long-run properties of a model, and how this may be relevant in deciding whether a model is suitable for any particular application.
 - 1.1.7 Describe, in general terms, how to analyse the potential output from a model, and explain why this is relevant to the choice of model.
 - 1.1.8 Describe the process of sensitivity testing of assumptions, and explain why this forms an important part of the modelling process.
 - 1.1.9 Explain the factors that must be considered when communicating the results following the application of a model.
 - 1.2 Describe how to use a generalised cashflow model to describe financial transactions. (Chapter 2)
 - 1.2.1 State the inflows and outflows in each future time period, and discuss whether the amount or the timing (or both) is fixed or uncertain for a given cashflow process.
 - 1.2.2 Describe in the form of a cashflow model the operation of financial instruments (like a zero-coupon bond, a fixed-interest security, an index-linked security, cash on deposit, an equity, an interest-only loan, a repayment loan, and an annuity-certain) and insurance contracts (like an endowment, a term assurance, a contingent annuity, car insurance and health cash plans).

2. Theory of interest rates (20%)
- 2.1 Show how interest rates may be expressed in different time periods. (Chapters 3 and 4)
- 2.1.1 Describe the relationship between the rates of interest and discount over one effective period arithmetically and by general reasoning.
- 2.1.2 Derive the relationships between the rate of interest payable once per measurement period (effective rate of interest) and the rate of interest payable p (> 1) times per measurement period (nominal rate of interest) and the force of interest.
- 2.1.3 Calculate the equivalent annual rate of interest implied by the accumulation of a sum of money over a specified period where the force of interest is a function of time.
- 2.2 Demonstrate a knowledge and understanding of real and money interest rates. (Chapters 5 and 12)
- 2.3 Describe how to take into account time value of money using the concepts of compound interest and discounting. (Chapter 3)
- 2.3.1 Accumulate a single investment at a constant rate of interest under the operation of simple and compound interest.
- 2.3.2 Define the present value of a future payment.
- 2.3.3 Discount a single investment under the operation of a simple (commercial) discount at a constant rate of discount.
- 2.4 Calculate the present value and accumulated value for a given stream of cashflows under the following individual or combination of scenarios: (Chapter 6)
- 2.4.1 Cashflows are equal at each time period.
- 2.4.2 Cashflows vary with time, which may or may not be a continuous function of time.
- 2.4.3 Some of the cashflows are deferred for a period of time.
- 2.4.4 Rate of interest or discount is constant.
- 2.4.5 Rate of interest or discount varies with time, which may or may not be a continuous function of time.

- 2.5 Define and derive the following compound interest functions (where payments can be in advance or in arrears) in terms of i , v , n , d , δ , $i^{(p)}$ and $d^{(p)}$:
(Chapters 7 and 8)
- 2.5.1 $a_{\overline{n}|}$, $s_{\overline{n}|}$, $a_{\overline{n}|}^{(p)}$, $s_{\overline{n}|}^{(p)}$, $\ddot{a}_{\overline{n}|}$, $\ddot{s}_{\overline{n}|}$, $\ddot{a}_{\overline{n}|}^{(p)}$, $\ddot{s}_{\overline{n}|}^{(p)}$, $\bar{a}_{\overline{n}|}$ and $\bar{s}_{\overline{n}|}$.
- 2.5.2 $m|a_{\overline{n}|}$, $m|a_{\overline{n}|}^{(p)}$, $m|\ddot{a}_{\overline{n}|}$, $m|\ddot{a}_{\overline{n}|}^{(p)}$ and $m|\bar{a}_{\overline{n}|}$.
- 2.5.3 $(Ia)_{\overline{n}|}$, $(I\ddot{a})_{\overline{n}|}$, $(\bar{a})_{\overline{n}|}$ and $(\bar{\bar{a}})_{\overline{n}|}$ and the respective deferred annuities.
- 2.6 Show an understanding of the term structure of interest rates. (Chapter 13)
- 2.6.1 Describe the main factors influencing the term structure of interest rates.
- 2.6.2 Explain what is meant by, derive the relationships between and evaluate:
- discrete spot rates and forward rates.
 - continuous spot rates and forward rates.
- 2.6.3 Explain what is meant by the par yield and yield to maturity.
- 2.7 Show an understanding of duration, convexity and immunisation of cashflows. (Chapter 13)
- 2.7.1 Define the duration and convexity of a cashflow sequence, and illustrate how these may be used to estimate the sensitivity of the value of the cashflow sequence to a shift in interest rates.
- 2.7.2 Evaluate the duration and convexity of a cashflow sequence.
- 2.7.3 Explain how duration and convexity are used in the (Redington) immunisation of a portfolio of liabilities.

3. Equation of value and its applications (15%)
- 3.1 Define an equation of value. (Chapter 9)
- 3.1.1 Define an equation of value, where payment or receipt is certain.
- 3.1.2 Describe how an equation of value can be adjusted to allow for uncertain receipts or payments.
- 3.1.3 Understand the two conditions required for there to be an exact solution to an equation of value.
- 3.2 Use the concept of equation of value to solve various practical problems. (Chapters 10 and 12)
- 3.2.1 Apply the equation of value to loans repaid by regular instalments of interest and capital. Obtain repayments, interest and capital components, the effective interest rate (APR) and construct a schedule of repayments.
- 3.2.2 Calculate the price of, or yield (nominal or real allowing for inflation) from, a bond (fixed-interest or index-linked) where the investor is subject to deduction of income tax on coupon payments and redemption payments are subject to deduction of capital gains tax.
- 3.2.3 Calculate the running yield and the redemption yield for the financial instrument as described in 3.2.2.
- 3.2.4 Calculate the upper and lower bounds for the present value of the financial instrument as described in 3.2.2, when the redemption date can be a single date within a given range at the option of the borrower.
- 3.2.5 Calculate the present value or yield (nominal or real allowing for inflation) from an ordinary share or property, given constant or variable rate of growth of dividends or rents.
- 3.3 Show how discounted cashflow and equation of value techniques can be used in project appraisals. (Chapter 11)
- 3.3.1 Calculate the net present value and accumulated profit of the receipts and payments from an investment project at given rates of interest.
- 3.3.2 Calculate the internal rate of return, payback period and discounted payback period and discuss their suitability for assessing the suitability of an investment project.

4. Single decrement models (10%)

4.1 Define various assurance and annuity contracts. (Chapters 14, 15, 16, 18 and 25)

4.1.1 Define the following terms:

- whole-life assurance
- term assurance
- pure endowment
- endowment assurance
- whole-life level annuity
- temporary level annuity
- guaranteed level annuity
- premium
- benefit

including assurance and annuity contracts where the benefits are deferred.

4.1.2 Describe the operation of conventional with-profits contracts, in which profits are distributed by the use of regular reversionary bonuses, and by terminal bonuses. Describe the benefits payable under the above assurance-type contracts.

4.1.3 Describe the operation of conventional unit-linked contracts, in which death benefits are expressed as combination of absolute amount and relative to a unit fund.

4.1.4 Describe the operation of accumulating with-profits contracts, in which benefits take the form of an accumulating fund of premiums, where either:

- the fund is defined in monetary terms, has no explicit charges, and is increased by the addition of regular guaranteed and bonus interest payments plus a terminal bonus; or
- the fund is defined in terms of the value of a unit fund, is subject to explicit charges, and is increased by regular bonus additions plus a terminal bonus (unitised with-profits).

In the case of unitised with-profits, the regular additions can take the form of (a) unit price increases (guaranteed and/or discretionary) or (b) allocations of additional units.

In either case, a guaranteed minimum monetary death benefit may be applied.

- 4.2 Develop formulae for the means and variances of the payments under various assurance and annuity contracts, assuming constant deterministic interest rate.
(Chapters 14, 15, 16, 17, 18 and 20)
- 4.2.1 Describe the life table functions l_x and d_x and their select equivalents $l_{[x]+r}$ and $d_{[x]+r}$.
- 4.2.2 Define the following probabilities: ${}_n p_x$, ${}_n q_x$, ${}_n | m q_x$, ${}_n | q_x$ and their select equivalents ${}_n p_{[x]+r}$, ${}_n q_{[x]+r}$, ${}_n | m q_{[x]+r}$, ${}_n | q_{[x]+r}$.
- 4.2.3 Express the probabilities defined in 4.2.2 in terms of life table functions defined in 4.2.1.
- 4.2.4 Define the assurance and annuity factors and their select and continuous equivalents. Extend the annuity factors to allow for the possibility that payments are more frequent than annual but less frequent than continuous.
- 4.2.5 Understand and use the relations between annuities payable in advance and in arrear, and between temporary, deferred and whole life annuities.
- 4.2.6 Understand and use the relations between assurance and annuity factors using equation of value, and their select and continuous equivalents.
- 4.2.7 Obtain expressions in the form of sums/integrals for the mean and variance of the present value of benefit payments under each contract defined in 4.1.1, in terms of the (curtate) random future lifetime, assuming:
- contingent benefits (constant, increasing or decreasing) are payable at the middle or end of the year of contingent event or continuously.
 - annuities are paid in advance, in arrear or continuously, and the amount is constant, increases or decreases by a constant monetary amount or by a fixed or time-dependent variable rate.
 - premiums are payable in advance, in arrear or continuously; and for the full policy term or for limited period.
- Where appropriate, simplify the above expressions into a form suitable for evaluation by table look-up or other means.
- 4.2.8 Define and evaluate the expected accumulations in terms of expected values for the contracts described in 4.1.1 and contract structures described in 4.2.7.

5. Multiple decrement and multiple life models (10%)
- 5.1 Define and use assurance and annuity functions involving two lives. (Chapters 21 and 22)
- 5.1.1 Extend the techniques of objectives 4.2 to deal with cashflows dependent upon the death or survival of either or both of two lives.
- 5.1.2 Extend the technique of 5.1.1 to deal with functions dependent upon a fixed term as well as age.
- 5.2 Describe and illustrate methods of valuing cashflows that are contingent upon multiple transition events. (Chapter 24)
- 5.2.1 Define health insurance, and describe simple health insurance premium and benefit structures.
- 5.2.2 Explain how a cashflow, contingent upon multiple transition events, may be valued using a multiple state Markov model, in terms of the forces and probabilities of transition.
- 5.2.3 Construct formulae for the expected present values of cashflows that are contingent upon multiple transition events, including simple health insurance premiums and benefits, and calculate these in simple cases. Regular premiums and sickness benefits are payable continuously and assurance benefits are payable immediately on transition.
- 5.3 Describe and use methods of projecting and valuing expected cashflows that are contingent upon multiple decrement events. (Chapter 24)
- 5.3.1 Describe the construction and use of multiple decrement tables.
- 5.3.2 Define a multiple decrement model as a special case of a multiple state Markov model.
- 5.3.3 Derive dependent probabilities for a multiple decrement model in terms of given forces of transition, assuming forces of transition are constant over single years of age.
- 5.3.4 Derive forces of transition from given dependent probabilities, assuming forces of transition are constant over single years of age.

6. Pricing and reserving (35%)
- 6.1 Define the gross random future loss under an insurance contract, and state the principle of equivalence. (Chapter 19)
- 6.2 Describe and calculate gross premiums and reserves of assurance and annuity contracts. (Chapters 19 and 20)
- 6.2.1 Define and calculate gross premiums for the insurance contract benefits as defined in objective 4.1 under various scenarios using the equivalence principle or otherwise:
- contracts may accept only single premium;
 - regular premiums and annuity benefits may be payable annually, more frequently than annually, or continuously;
 - death benefits (which increase or decrease by a constant compound rate or by a constant monetary amount) may be payable at the end of the year of death, or immediately on death;
 - survival benefits (other than annuities) may be payable at defined intervals other than at maturity.
- 6.2.2 State why an insurance company will set up reserves.
- 6.2.3 Define and calculate gross prospective and retrospective reserves.
- 6.2.4 State the conditions under which, in general, the prospective reserve is equal to the retrospective reserve allowing for expenses.
- 6.2.5 Prove that, under the appropriate conditions, the prospective reserve is equal to the retrospective reserve, with or without allowance for expenses, for all fixed benefit and increasing / decreasing benefit contracts.
- 6.2.6 Obtain recursive relationships between successive periodic gross premium reserves, and use this relationship to calculate the profit earned from a contract during the period.
- 6.2.7 Outline the concepts of net premiums and net premium valuation and how they relate to gross premiums and gross premium valuation respectively.

6.3 Define and calculate, for a single policy or a portfolio of policies (as appropriate):

- death strain at risk;
- expected death strain;
- actual death strain; and
- mortality profit

for policies with death benefits payable immediately on death or at the end of the year of death, policies paying annuity benefits at the start of the year or on survival to the end of the year, and policies where single or non-single premiums are payable. (Chapter 23)

6.4 Project expected future cashflows for whole life, endowment and term assurances, annuities, unit-linked contracts, and conventional/unitised with-profits contracts, incorporating multiple decrement models as appropriate. (Chapters 26 and 27)

6.4.1 Profit test life insurance contracts of the types listed above and determine the profit vector, the profit signature, the net present value, and the profit margin.

6.4.2 Show how a profit test may be used to price a product, and use a profit test to calculate a premium for life insurance contracts of the types listed above.

6.4.3 Show how gross premium reserves can be computed using the above cashflow projection model and included as part of profit testing.

6.5 Show how, for unit-linked contracts, non-unit reserves can be established to eliminate ('zeroise') future negative cashflows, using a profit test model. (Chapter 27)

Core Reading

The Subject CM1 Course Notes include the Core Reading in full, integrated throughout the course.

Accreditation

The Institute and Faculty of Actuaries would like to thank the numerous people who have helped in the development of the material contained in the Core Reading.

Further reading

The exam will be based on the relevant Syllabus and Core Reading and the ActEd course material will be the main source of tuition for students.

However, some students may find it useful to obtain a different viewpoint on a particular topic covered in Subject CM1. A list of suggested further reading for Subject CM1 has been prepared by the Institute and Faculty of Actuaries and can be found on their website. This list is not exhaustive and other useful material may be available.

1.3 Subject CM1 – summary of ActEd products

The following products are available for Subject CM1:

- Course Notes
- Paper B Online Resource (PBOR), including the Y Assignments
- X Assignments – five assignments:
 - X1, X2, X3: 80-mark tests (you are allowed 2¾ hours to complete these)
 - X4, X5: 100-mark tests (you are allowed 3¾ hours to complete these)
- Y Assignments – two assignments:
 - Y1, Y2: 100-mark tests (you are allowed 1¾ hours to complete these)
- Series X Marking
- Series Y Marking
- Online Classroom – over 150 tutorial units
- Flashcards
- Revision Notes – 13 A5 booklets
- ASET (2014-17 papers) – four years of exam papers, *ie* eight sittings, covering the period April 2014 to September 2017
- ASET (2019-20 papers) – two years of exam papers, covering the period April 2019 to September 2020
- Mock Exam – one 100-mark test for the written Paper A examination and a separate 100-mark test for the computer-based Paper B exam
- Additional Mock Pack (AMP) – two additional 100-mark Paper A tests and two additional 100-mark Paper B tests
- Mock Exam Marking
- Marking Vouchers.

Products are generally available in both paper and eBook format. Visit www.ActEd.co.uk for full details about available eBooks, software requirements and restrictions.

The following tutorials are typically available for Subject CM1:

- Regular Tutorials (five days)
- Block Tutorials (five days)
- A Preparation Day for the computer-based exam
- Six-day Bundles in both Regular and Block format, covering the five days for the Paper A exam, plus the Preparation Day for the computer-based exam.

Full details are set out in our *Tuition Bulletin*, which is available on our website at www.ActEd.co.uk.

1.4 Subject CM1 – skills and assessment

Technical skills

Subjects CM1 and CM2 are very mathematical and have relatively few questions requiring wordy answers.

Exam skills

Exam question skill levels

In the CM subjects, the approximate split of assessment across the three skill types is:

- Knowledge – 20%
- Application – 65%
- Higher Order skills – 15%.

Assessment

Assessment consists of a combination of a 3¼-hour written examination and a 1¼-hour computer-based modelling examination.

1.5 Subject CM1 – frequently asked questions

Q: *What knowledge of earlier subjects should I have and what level of mathematics is required?*

A: Subject CM1 does require some knowledge of statistics. In particular, you need to be familiar with random variables, probabilities, expectations and variances. These topics are prerequisites for studying *any* of the IFoA examinations, and are further developed in Subject CS1, although it is not essential to have studied Subject CS1 before Subject CM1.

The level of maths you need for this course is broadly A-level standard. In particular, you will need a knowledge of calculus, *ie* differentiation and integration. You will find the course much easier if you feel comfortable with the mathematical techniques used and you feel confident in applying them yourself.

If your maths or statistics is a little rusty you may wish to consider purchasing additional material to help you get up to speed. The course 'Pure Maths and Statistics for Actuarial Studies' is available from ActEd and it covers the mathematical techniques that are required for the Core Principles subjects, some of which are beyond A-Level (or Higher) standard. You do not need to work through the whole course in order – you can just refer to it when you need help on a particular topic. An initial assessment to test your mathematical skills and further details regarding the course can be found on our website.

Q: *What should I do if I discover an error in the course?*

A: If you find an error in the course, please check our website at:

www.ActEd.co.uk/paper_corrections.html

to see if the correction has already been dealt with. Otherwise please send details via email to **CM1@bpp.com**.

Q: *Who should I send feedback to?*

A: We are always happy to receive feedback from students, particularly details concerning any errors, contradictions or unclear statements in the courses.

If you have any comments on this course in general, please email them to **CM1@bpp.com**.

If you have any comments or concerns about the Syllabus or Core Reading, these can be passed on to the profession via ActEd. Alternatively, you can send them directly to the Institute and Faculty of Actuaries' Examination Team by email to **education.services@actuaries.org.uk**.

1.6 Subject CM1 – Some useful formulae

The formulae below are useful for parts 3 to 5 of the Subject CM1 course. These formulae are explained and developed in the relevant chapters of the Course Notes, but you may find this formula sheet helpful when starting to practise questions. Other useful formulae are given on pages 36 and 37 of the *Tables*.

Assurances:

$$A_{x:n}^1 = A_x - v^n {}_n p_x A_{x+n} = A_x - \frac{D_{x+n}}{D_x} A_{x+n}$$

$$A_{x:n}^1 = v^n {}_n p_x = \frac{D_{x+n}}{D_x}$$

$$A_{x:n} = A_{x:n}^1 + A_{x:n}^{\overline{1}}$$

$$\bar{A}_{x:n} = \bar{A}_{x:n}^1 + A_{x:n}^{\overline{1}}$$

$${}_n | A_x = A_x - A_{x:n}^1 = v^n {}_n p_x A_{x+n}$$

$$\bar{A}_x \approx (1+i)^{\frac{1}{2}} A_x \text{ or } (1+\frac{1}{2}i)A_x \text{ or } \frac{i}{\delta} A_x$$

$$((IA)_{x:n}^1 = (IA)_x - v^n \frac{l_{x+n}}{l_x} [(IA)_{x+n} + nA_{x+n}]$$

$$(IA)_{x:n} = (IA)_{x:n}^1 + nv^n \frac{l_{x+n}}{l_x}$$

$$A_{xx}^1 = \frac{1}{2} A_{xx}$$

$$A_{xx}^2 = \frac{1}{2} A_{xx}^{\overline{}}$$

$$A_{xy}^{\overline{}} = A_x + A_y - A_{xy} = 1 - d\ddot{a}_{xy}^{\overline{}}$$

$$\bar{A}_{xy}^{\overline{}} = \bar{A}_x + \bar{A}_y - \bar{A}_{xy} = 1 - \delta \bar{a}_{xy}^{\overline{}} = (1+i)^{\frac{1}{2}} (1 - d\ddot{a}_{xy}^{\overline{}})$$

$$A_{xy:n}^{\overline{}} = A_{x:n}^{\overline{}} + A_{y:n}^{\overline{}} - A_{xy:n}^{\overline{}} = 1 - d\ddot{a}_{xy:n}^{\overline{}}$$

Annuities:

$$a_x = \ddot{a}_x - 1 = v p_x \ddot{a}_{x+1}$$

$$\bar{a}_x \approx \ddot{a}_x - \frac{1}{2} \text{ or } a_x + \frac{1}{2}$$

$$a_x^{(m)} \approx a_x + \frac{m-1}{2m}$$

$$\ddot{a}_{x:n} = \ddot{a}_x - v^n {}_n p_x \ddot{a}_{x+n} = 1 + a_{x:n-1}^{\overline{}}$$

$$a_{x:n} = a_x - v^n {}_n p_x a_{x+n} = v p_x \ddot{a}_{x+1:n} = \ddot{a}_{x:n} - 1 + v^n {}_n p_x$$

$$\bar{a}_{x:n} \approx \ddot{a}_{x:n} - \frac{1}{2}(1 - v^n {}_n p_x)$$

$${}_n | a_x = a_x - a_{x:n} = v^n {}_n p_x a_{x+n}$$

$$((\ddot{a})_{x:n} = (\ddot{a})_x - v^n \frac{l_{x+n}}{l_x} [n\ddot{a}_{x+n} + (\ddot{a})_{x+n}]$$

$$(Ia)_x = (I\ddot{a})_x - \ddot{a}_x$$

$$a_{xy}^{\overline{}} = a_x + a_y - a_{xy}$$

$$a_{xy:n}^{\overline{}} = a_{x:n}^{\overline{}} + a_{y:n}^{\overline{}} - a_{xy:n}^{\overline{}}$$

$$a_{x|y} = a_y - a_{xy} = \ddot{a}_y - \ddot{a}_{xy} = \ddot{a}_{x|y}$$

$$\bar{a}_{x|y} = \bar{a}_y - \bar{a}_{xy} = \frac{\bar{A}_{xy} - \bar{A}_y}{\delta} = \int_{t=0}^{t=\infty} v^t \bar{a}_{y+t} t p_{xy} \mu_{x+t} dt$$

2.1 Before you start

When studying for the Institute and Faculty of Actuaries' exams, you will need:

- a copy of the **Formulae and Tables for Examinations of the Faculty of Actuaries and the Institute of Actuaries, 2nd Edition (2002)** – these are referred to simply as the *Tables*
- an 'authorised' **scientific calculator** – you will find the list of permitted calculators on the profession's website. Please check the list carefully, since it is reviewed each year.

These are both available from the Institute and Faculty of Actuaries' eShop. Please visit www.actuaries.org.uk.

2.2 Core study material

This section explains the role of the Syllabus, Core Reading and supplementary ActEd text. It also gives guidance on how to use these materials most effectively in order to pass the exam.

Some of the information below is also contained in the introduction to the Core Reading produced by the Institute and Faculty of Actuaries.

Syllabus

The Syllabus for Subject CM1 has been produced by the Institute and Faculty of Actuaries. The relevant individual syllabus objectives are included at the start of each course chapter and a complete copy of the Syllabus is included in Section 1.2 of this Study Guide. We recommend that you use the Syllabus as an important part of your study.

Core Reading

The Core Reading has been produced by the Institute and Faculty of Actuaries. The purpose of the Core Reading is to ensure that tutors, students and examiners have clear shared appreciation of the requirements of the Syllabus for the qualification examinations for Fellowship of the Institute and Faculty of Actuaries.

The Core Reading supports coverage of the Syllabus in helping to ensure that both depth and breadth are re-enforced. It is therefore important that students have a good understanding of the concepts covered by the Core Reading.

The examinations require students to demonstrate their understanding of the concepts given in the Syllabus and described in the Core Reading; this will be based on the legislation, professional guidance *etc* that are in force when the Core Reading is published, *ie* on 31 May in the year preceding the examinations.

Therefore the exams in April and September 2021 will be based on the Syllabus and Core Reading as at 31 May 2020. We recommend that you always use the up-to-date Core Reading to prepare for the exams.

Examiners will have this Core Reading when setting the papers. In preparing for examinations, students are advised to work through past examination questions and will find additional tuition helpful. The Core Reading will be updated each year to reflect changes in the Syllabus, to reflect current practice, and in the interest of clarity.

Accreditation

The Institute and Faculty of Actuaries would like to thank the numerous people who have helped in the development of the material contained in this Core Reading.

ActEd text

Core Reading deals with each syllabus objective and covers what is needed to pass the exam. However, the tuition material that has been written by ActEd enhances it by giving examples and further explanation of key points. Here is an excerpt from some ActEd Course Notes to show you how to identify Core Reading and the ActEd material. **Core Reading is shown in this bold font.**

In the example given above, the index *will* fall if the actual share price goes below the theoretical ex-rights share price. Again, this is consistent with what would happen to an underlying portfolio.

After allowing for chain-linking, **the formula for the investment index then becomes:**

$$I(t) = \frac{\sum_i N_{i,t} P_{i,t}}{B(t)}$$

where **$N_{i,t}$** is the number of shares issued for the i th constituent at time t ;

$B(t)$ is the base value, or divisor, at time t .

This is
ActEd
text

This is Core
Reading

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Legal action will be taken if these terms are infringed. In addition, we may seek to take disciplinary action through the Institute and Faculty of Actuaries or through your employer.

These conditions remain in force after you have finished using the course.

2.3 ActEd study support

This section gives a description of the products offered by ActEd.

Successful students tend to undertake three main study activities:

1. *Learning* – initial study and understanding of subject material
2. *Revision* – learning subject material and preparing to tackle exam-style questions
3. *Rehearsal* – answering exam-style questions, culminating in answering questions at exam speed without notes.

Different approaches suit different people. For example, you may like to revise material gradually over the months running up to the exams or you may do your revision in a shorter period just before the exams. Also, these three activities will almost certainly overlap.

We offer a flexible range of products to suit you and let you control your own learning and exam preparation. The following table shows the products that we produce. Not all products are available for all subjects.

LEARNING	LEARNING & REVISION	REVISION	REVISION & REHEARSAL	REHEARSAL
Course Notes	Assignments Combined Materials Pack (CMP) Assignment Marking Tutorials Online Classroom	Flashcards	Revision Notes ASET	Mock Exam Additional Mock Pack (AMP) Mock Marking

The products and services are described in more detail below.

‘Learning’ products

Course Notes

The Course Notes will help you develop the basic knowledge and understanding of principles needed to pass the exam. They incorporate the complete Core Reading and include full explanation of all the syllabus objectives, with worked examples and questions (including some past exam questions) to test your understanding.

Each chapter includes:

- the relevant syllabus objectives
- a chapter summary
- a page of important formulae or definitions (where appropriate)
- practice questions with full solutions.

Paper B Online Resources (PBOR)

The Paper B Online Resources (PBOR) will help you prepare for the computer-based paper. Delivered through a virtual learning environment (VLE), you will have access to worked examples and practice questions. PBOR will also include the Y Assignments, which are two exam-style assessments.

‘Learning & revision’ products

X Assignments

The Series X Assignments are written assessments that cover the material in each part of the course in turn. They can be used to develop and test your understanding of the material.

Y Assignments

The Series Y Assignments are exam-style assessments that cover material across the whole course.

Combined Materials Pack (CMP)

The Combined Materials Pack (CMP) comprises the Course Notes, PBOR and the Series X Assignments.

CMP Upgrade

The purpose of the CMP Upgrade is to enable you to amend last year’s study material to make it suitable for study for this year.

Wherever possible, it lists the changes to the syllabus objectives, Core Reading, the Course Notes and the X / Y Assignments since last year that might realistically affect your chance of success in the exam. It is produced so that you can manually amend your notes. The upgrade includes replacement pages and additional pages where appropriate.

However, if a large number of changes have been made to the Course Notes and X / Y Assignments, it is not practical to produce a full upgrade, and the upgrade will only *outline* the most significant changes. In this case, we recommend that you purchase a replacement CMP (printed copy or eBook) or Course Notes at a significantly reduced price.

The CMP Upgrade can be downloaded free of charge on our website at **www.ActEd.co.uk**.

A separate upgrade for eBooks is not produced but a significant discount is available for retakers wishing to re-purchase the latest eBook.

X / Y Assignment Marking

We are happy to mark your attempts at the X and/or Y assignments. Marking is not included with the Assignments or the CMP and you need to order both Series X and Series Y Marking separately. You should submit your script as an attachment to an email, in the format detailed in your assignment instructions. You will be able to download your marker's feedback via a secure link.

Don't underestimate the benefits of doing and submitting assignments:

- Question practice during this phase of your study gives an early focus on the end goal of answering exam-style questions.
- You're incentivised to keep up with your study plan and get a regular, realistic assessment of your progress.
- Objective, personalised feedback from a high quality marker will highlight areas on which to work and help with exam technique.

In a recent study, we found that students who attempt more than half the assignments have significantly higher pass rates.

There are two different types of marking product: Series Marking and Marking Vouchers.

Series Marking

Series Marking applies to a specified subject, session and student. If you purchase Series Marking, you will **not** be able to defer the marking to a future exam sitting or transfer it to a different subject or student.

We typically provide full solutions with the Series Assignments. However, if you order Series Marking at the same time as you order the Series Assignments, you can choose whether or not to receive a copy of the solutions in advance. If you choose not to receive them with the study material, you will be able to download the solutions via a secure link when your marked script is returned (or following the final deadline date if you do not submit a script).

If you are having your attempts at the assignments marked by ActEd, you should submit your scripts regularly throughout the session, in accordance with the schedule of recommended dates set out on our website at **www.ActEd.co.uk**. This will help you to pace your study throughout the session and leave an adequate amount of time for revision and question practice.

The recommended submission dates are realistic targets for the majority of students. Your scripts will be returned more quickly if you submit them well before the final deadline dates.

Any script submitted *after* the relevant final deadline date will not be marked. It is your responsibility to ensure that we receive scripts in good time.

Marking Vouchers

Marking Vouchers give the holder the right to submit a script for marking at any time, irrespective of the individual assignment deadlines, study session, subject or person.

Marking Vouchers can be used for any assignment. They are valid for four years from the date of purchase and can be refunded at any time up to the expiry date.

Although you may submit your script with a Marking Voucher at any time, you will need to adhere to the explicit Marking Voucher deadline dates to ensure that your script is returned before the date of the exam. The deadline dates are provided on our website at **www.ActEd.co.uk**.

Tutorials

Our tutorials are specifically designed to develop the knowledge that you will acquire from the course material into the higher-level understanding that is needed to pass the exam.

We run a range of different tutorials including face-to-face tutorials at various locations, and Live Online tutorials. Full details are set out in our *Tuition Bulletin*, which is available on our website at **www.ActEd.co.uk**.

Regular and Block Tutorials

In preparation for these tutorials, we expect you to have read the relevant part(s) of the Course Notes before attending the tutorial so that the group can spend time on exam questions and discussion to develop understanding rather than basic bookwork.

You can choose **one** of the following types of tutorial:

- **Regular Tutorials** spread over the session
- a **Block Tutorial** held two to eight weeks before the exam.

The tutorials outlined above will focus on and develop the skills required for the written Paper A examination. Students wishing for some additional tutor support working through exam-style questions for Paper B may wish to attend a Preparation Day. These will be available Live Online or face-to-face, where students will need to provide their own device capable of running Excel.

Online Classroom

The Online Classroom acts as either a valuable add-on or a great alternative to a face-to-face or Live Online tutorial, focussing on the written Paper A examination.

At the heart of the Online Classroom in each subject is a comprehensive, easily-searched collection of tutorial units. These are a mix of:

- teaching units, helping you to really get to grips with the course material, and
- guided questions, enabling you to learn the most efficient ways to answer questions and avoid common exam pitfalls.

The best way to discover the Online Classroom is to see it in action. You can watch a sample of the Online Classroom tutorial units on our website at www.ActEd.co.uk.

'Revision' products

Flashcards

For most subjects, there is **a lot of material** to revise. Finding a way to fit revision into your routine as painlessly as possible has got to be a good strategy. Flashcards are a relatively inexpensive option that can provide a massive boost. They can also provide a variation in activities during a study day, and so help you to maintain concentration and effectiveness.

Flashcards are a set of A6-sized cards that cover the key points of the subject that most students want to commit to memory. Each flashcard has questions on one side and the answers on the reverse. We recommend that you use the cards actively and test yourself as you go.

The following questions and comments might help you to decide if flashcards are suitable for you:

- Do you have a regular train or bus journey?
Flashcards are ideal for regular bursts of revision on the move.
- Do you want to fit more study into your routine?
Flashcards are a good option for 'dead time', eg using flashcards on your phone or sticking them on the wall in your study.
- Do you find yourself cramming for exams (even if that's not your original plan)?
Flashcards are an extremely efficient way to do your pre-exam memorising.

If you are retaking a subject, then you might consider using flashcards if you didn't use them on a previous attempt.

'Revision & rehearsal' products

Revision Notes

Our Revision Notes have been designed with input from students to help you revise efficiently. They are suitable for first-time sitters who have worked through the ActEd Course Notes or for retakers (who should find them much more useful and challenging than simply reading through the course again).

The Revision Notes are a set of A5 booklets – perfect for revising on the train or tube to work. Each booklet covers one main theme or a set of related topics from the course and includes:

- Core Reading to develop your bookwork knowledge
- relevant past exam questions with concise solutions from the last ten years
- other useful revision aids.

ActEd Solutions with Exam Technique (ASET)

The ActEd Solutions with Exam Technique (ASET) contains our solutions to a number of past exam papers, plus comment and explanation. In particular, it highlights how questions might have been analysed and interpreted so as to produce a good solution with a wide range of relevant points. This will be valuable in approaching questions in subsequent examinations.

‘Rehearsal’ products

Mock Exam

The Mock Exam consists of two papers. There is a 100-mark mock exam for the written Paper A examination and a separate mock exam for the computer-based Paper B exam. These provide a realistic test of your exam readiness.

It is based on the Mock Exam from last year but it has been updated to reflect any changes to the Syllabus and Core Reading.

Additional Mock Pack (AMP)

The Additional Mock Pack (AMP) consists of four further 100-mark mock exam papers – Mock Exam 2 (Papers A and B) and Mock Exam 3 (Papers A and B). This is ideal if you are retaking and have already sat the Mock Exam, or if you just want some extra question practice.

Mock Marking

We are happy to mark your attempts at the mock exams. The same general principles apply as for the Assignment Marking. In particular:

- Mock Exam Marking applies to a specified subject, session and student. In this subject it covers the marking of both Paper A and Paper B.
- Marking Vouchers can be used for each mock exam paper. You will need two marking vouchers in order to have both Paper A and Paper B marked. Marking vouchers have to be used for marking the AMP mocks and can be used for marking the Mock Exam.

Recall that:

- marking is not included with the products themselves and you need to order it separately
- you should submit your script via email in the format detailed in the mock exam instructions
- you will be able to download the feedback on your marked script via a secure link.

2.4 Study skills and assessment

Technical skills

The Core Reading and exam papers for these subjects tend to be very technical. The exams themselves have many calculation and manipulation questions. The emphasis in the exam will therefore be on *understanding* the mathematical techniques and applying them to various, frequently unfamiliar, situations. It is important to have a feel for what the numerical answer should be by having a deep understanding of the material and by doing reasonableness checks.

As a high level of pure mathematics and statistics is generally required for the Core Principles subjects, it is important that your mathematical skills are extremely good. If you are a little rusty you may wish to consider purchasing additional material to help you get up to speed. The course 'Pure Maths and Statistics for Actuarial Studies' is available from ActEd and it covers the mathematical techniques that are required for the Core Principles subjects, some of which are beyond A-Level (or Higher) standard. You do not need to work through the whole course in order – you can just refer to it when you need help on a particular topic. An initial assessment to test your mathematical skills and further details regarding the course can be found on our website at www.ActEd.co.uk.

Study skills

Overall study plan

We suggest that you develop a realistic study plan, building in time for relaxation and allowing some time for contingencies. Be aware of busy times at work, when you may not be able to take as much study leave as you would like. Once you have set your plan, be determined to stick to it. You don't have to be too prescriptive at this stage about what precisely you do on each study day. The main thing is to be clear that you will cover all the important activities in an appropriate manner and leave plenty of time for revision and question practice.

Aim to manage your study so as to allow plenty of time for the concepts you meet in these courses to 'bed down' in your mind. Most successful students will probably aim to complete the courses at least a month before the exam, thereby leaving a sufficient amount of time for revision. By finishing the courses as quickly as possible, you will have a much clearer view of the big picture. It will also allow you to structure your revision so that you can concentrate on the important and difficult areas.

You can also try looking at our discussion forum, which can be accessed at www.ActEd.co.uk/forums (or use the link from our home page at www.ActEd.co.uk). There are some good suggestions from students on how to study.

Study sessions

Only do activities that will increase your chance of passing. Try to avoid including activities for the sake of it and don't spend time reviewing material that you already understand. You will only improve your chances of passing the exam by getting on top of the material that you currently find difficult.

Ideally, each study session should have a specific purpose and be based on a specific task, eg *'Finish reading Chapter 3 and attempt Practice Questions 3.4, 3.7 and 3.12'*, as opposed to a specific amount of time, eg *'Three hours studying the material in Chapter 3'*.

Try to study somewhere quiet and free from distractions (eg a library or a desk at home dedicated to study). Find out when you operate at your peak, and endeavour to study at those times of the day. This might be between 8am and 10am or could be in the evening. Take short breaks during your study to remain focused – it's definitely time for a short break if you find that your brain is tired and that your concentration has started to drift from the information in front of you.

Order of study

We suggest that you work through each of the chapters in turn. To get the maximum benefit from each chapter you should proceed in the following order:

1. Read the syllabus objectives. These are set out in the box at the start of each chapter.
2. Read the Chapter Summary at the end of each chapter. This will give you a useful overview of the material that you are about to study and help you to appreciate the context of the ideas that you meet.
3. Study the Course Notes in detail, annotating them and possibly making your own notes. Try the self-assessment questions as you come to them. As you study, pay particular attention to the listing of the syllabus objectives and to the Core Reading.
4. Read the Chapter Summary again carefully. If there are any ideas that you can't remember covering in the Course Notes, read the relevant section of the notes again to refresh your memory.
5. Attempt (at least some of) the Practice Questions that appear at the end of the chapter.
6. Where relevant, work through the relevant Paper B Online Resources for the chapter(s). You will need to have a good understanding of the relevant section of the paper-based course before you attempt the corresponding section of PBOR.

It's a fact that people are more likely to remember something if they review it several times. So, do look over the chapters you have studied so far from time to time. It is useful to re-read the Chapter Summaries or to try the Practice Questions again a few days after reading the chapter itself. It's a good idea to annotate the questions with details of when you attempted each one. This makes it easier to ensure that you try all of the questions as part of your revision without repeating any that you got right first time.

Once you've read the relevant part of the notes and tried a selection of questions from the Practice Questions (and attended a tutorial, if appropriate) you should attempt the corresponding assignment. If you submit your assignment for marking, spend some time looking through it carefully when it is returned. It can seem a bit depressing to analyse the errors you made, but you will increase your chances of passing the exam by learning from your mistakes. The markers will try their best to provide practical comments to help you to improve.

To be really prepared for the exam, you should not only know and understand the Core Reading but also be aware of what the examiners will expect. Your revision programme should include plenty of question practice so that you are aware of the typical style, content and marking structure of exam questions. You should attempt as many past exam questions as you can.

Active study

Here are some techniques that may help you to study actively.

1. Don't believe everything you read. Good students tend to question everything that they read. They will ask 'why, how, what for, when?' when confronted with a new concept, and they will apply their own judgement. This contrasts with those who unquestioningly believe what they are told, learn it thoroughly, and reproduce it (unquestioningly?) in response to exam questions.
2. Another useful technique as you read the Course Notes is to think of possible questions that the examiners could ask. This will help you to understand the examiners' point of view and should mean that there are fewer nasty surprises in the exam room. Use the Syllabus to help you make up questions.
3. Annotate your notes with your own ideas and questions. This will make you study more actively and will help when you come to review and revise the material. Do not simply copy out the notes without thinking about the issues.
4. Attempt the questions in the notes as you work through the course. Write down your answer before you refer to the solution.
5. Attempt other questions and assignments on a similar basis, *ie* write down your answer before looking at the solution provided. Attempting the assignments under exam conditions has some particular benefits:
 - It forces you to think and act in a way that is similar to how you will behave in the exam.
 - When you have your assignments marked it is *much* more useful if the marker's comments can show you how to improve your performance under exam conditions than your performance when you have access to the notes and are under no time pressure.
 - The knowledge that you are going to do an assignment under exam conditions and then submit it (however good or bad) for marking can act as a powerful incentive to make you study each part as well as possible.
 - It is also quicker than trying to write perfect answers.
6. Sit a mock exam four to six weeks before the real exam to identify your weaknesses and work to improve them. You could use a mock exam written by ActEd or a past exam paper.

You can find further information on how to study in the profession's Student Handbook, which you can download from their website at www.actuaries.org.uk/studying.

Revision and exam skills

Revision skills

You will have sat many exams before and will have mastered the exam and revision techniques that suit you. However it is important to note that due to the high volume of work involved in the Core Principles subjects it is not possible to leave all your revision to the last minute. Students who prepare well in advance have a better chance of passing their exams on the first sitting.

Unprepared students find that they are under time pressure in the exam. Therefore it is important to find ways of maximising your score in the shortest possible time. Part of your preparation should be to practise a large number of exam-style questions under timed exam conditions as soon as possible. This will:

- help you to develop the necessary understanding of the techniques required
- highlight the key topics, which crop up regularly in many different contexts and questions
- help you to practise the specific skills that you will need to pass the exam.

There are many sources of exam-style questions. You can use past exam papers, the Practice Questions at the end of each chapter (which include many past exam questions), assignments, mock exams, the Revision Notes and ASET.

Exam question skill levels

Exam questions are not designed to be of similar difficulty. The Institute and Faculty of Actuaries specifies different skill levels at which questions may be set.

Questions may be set at any skill level:

- Knowledge – demonstration of a detailed knowledge and understanding of the topic
- Application – demonstration of an ability to apply the principles underlying the topic within a given context
- Higher Order – demonstration of an ability to perform deeper analysis and assessment of situations, including forming judgements, taking into account different points of view, comparing and contrasting situations, suggesting possible solutions and actions, and making recommendations.

Command verbs

The Institute and Faculty of Actuaries use command verbs (such as 'Define', 'Discuss' and 'Explain') to help students to identify what the question requires. The profession has produced a document, 'Command verbs used in the Associate and Fellowship examinations', to help students to understand what each command verb is asking them to do.

It also gives the following advice:

- The use of a specific command verb within a syllabus objective does not indicate that this is the only form of question which can be asked on the topic covered by that objective.
- The examiners may ask a question on any syllabus topic using any of the agreed command verbs, as are defined in the document.

You can find the relevant document on the profession's website at:

www.actuaries.org.uk/studying/prepare-your-exams

Past exam papers

You can download some past exam papers and Examiners' Reports from the profession's website at **www.actuaries.org.uk**. However, please be aware that the majority of these exam papers are for the pre-2019 syllabus and so not all questions will be relevant.

The examination

IMPORTANT NOTE: The following information was correct at the time of printing, however it is important to keep up-to-date with any changes. See the profession's website for the latest guidance.

For the written exams the examination room will be equipped with:

- the question paper
- an answer booklet
- rough paper
- a copy of the *Tables*.

Remember to take with you:

- black pens
- an authorised scientific calculator – please refer to **www.actuaries.org.uk** for the latest advice.

Please also refer to the profession's website and your examination instructions for details about what you will need for the computer-based Paper B exam.

2.5 Queries and feedback

Questions and queries

From time to time you may come across something in the study material that is unclear to you. The easiest way to solve such problems is often through discussion with friends, colleagues and peers – they will probably have had similar experiences whilst studying. If there's no-one at work to talk to then use our discussion forum at www.ActEd.co.uk/forums (or use the link from our home page at www.ActEd.co.uk).

Our online forum is dedicated to actuarial students so that you can get help from fellow students on any aspect of your studies from technical issues to study advice. You could also use it to get ideas for revision or for further reading around the subject that you are studying. ActEd tutors will visit the site from time to time to ensure that you are not being led astray and we also post other frequently asked questions from students on the forum as they arise.

If you are still stuck, then you can send queries by email to the relevant subject email address (see Section 1.5), but we recommend that you try the forum first. We will endeavour to contact you as soon as possible after receiving your query but you should be aware that it may take some time to reply to queries, particularly when tutors are away from the office running tutorials. At the busiest teaching times of year, it may take us more than a week to get back to you.

If you have many queries on the course material, you should raise them at a tutorial or book a personal tuition session with an ActEd tutor. Information about personal tuition is set out in our current brochure. Please email ActEd@bpp.com for more details.

Feedback

If you find an error in the course, please check the corrections page of our website (www.ActEd.co.uk/paper_corrections.html) to see if the correction has already been dealt with. Otherwise please send details via email to the relevant subject email address (see Section 1.5).

Each year our tutors work hard to improve the quality of the study material and to ensure that the courses are as clear as possible and free from errors. We are always happy to receive feedback from students, particularly details concerning any errors, contradictions or unclear statements in the courses. If you have any comments on this course please email them to the relevant subject email address (see Section 1.5).

Our tutors also work with the profession to suggest developments and improvements to the Syllabus and Core Reading. If you have any comments or concerns about the Syllabus or Core Reading, these can be passed on via ActEd. Alternatively, you can send them directly to the Institute and Faculty of Actuaries' Examination Team by email to education.services@actuaries.org.uk.

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Legal action will be taken if these terms are infringed. In addition, we may seek to take disciplinary action through the profession or through your employer.

These conditions remain in force after you have finished using the course.