

# **IMPLEMENTING OUTCOMES-BASED CPD: SOUTH AFRICA'S EXPERIENCE**

**By Tobé Hope and Mickey Lowther**

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## **ABSTRACT**

This paper presents the new outcomes-based CPD process of the Actuarial Society of South Africa. It documents our learnings and war-stories to share with other National Actuarial Associations who may be thinking about moving in this direction.

## **KEYWORDS**

Continuing professional development; professional development cycle; professional practice.

## **CONTACT DETAILS**

Tobé Hope, Hollard Health. [TobeH@hollard.co.za](mailto:TobeH@hollard.co.za)

Mickey Lowther, Actuary Mickey Lowther. [actuary@mweb.co.za](mailto:actuary@mweb.co.za)

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## **1. INTRODUCTION**

The Actuarial Society of South Africa ('the Actuarial Society') presents its new Continuing Professional Development ('CPD') process. Numbers of hours are no longer prescribed. Instead, cycles of professional development support you in your career. "You decide where you need to improve, do it, and then assess yourself," as a user summarized the new approach.

The process is designed to assist actuaries keep their Professional Promise. The Society will no longer have schedules of members' verified attendance at formal events to show to the public – rather they will have improved confidence that members are maintaining their professional competence.

Members work through cycles of Professional Development on a regular basis:

- list the various professional roles you perform, and any new areas you would like to grow into
- consider what capabilities you should have for these roles and assess where you have development needs
- select and carry out activities that may meet these needs
- implement the development into your work
- analyse the progress made – preferably engaging with a fellow actuary.

As in the actuarial control cycle, this last step leads to the beginning of a new cycle of planning, acting and analyzing.

The system is already showing good results, as members are inspired to develop and maintain a quality professional service, rather than merely recording CPD compliance. Feedback from members includes ...

- “It has been immediately helpful to me, despite 30 years post-qualification experience.”
- “You really need to think about what you need to know.”
- “I now see CPD as an integral part of my life, rather than chore.”

The Actuarial Society believes that ‘outcomes-based’ cycles of professional development are likely to bring about meaningful professional development. In fact, many of the activities that would ‘count’ under the former hours-based system could also appear in the new system – but as part of a cycle including prior planning and subsequent implementation and analysis.

The authors serve on the CPD sub-committee of the Actuarial Society. This paper documents our learnings and war-stories to share with other National Actuarial Associations who may be thinking about moving in this direction. A number of associations on four continents have already made enquiries.

Section 2 of the paper sets out how the Actuarial Society thinks about lifelong professional development. Section 3 describes how we implemented the new ideas, and our members give their responses in section 4. Section 5 answers questions that have frequently been asked by actuaries, actuarial associations and employers. Section 6 suggests a toolkit for associations to begin with, noting that the learning and development process will also apply, indefinitely, to the CPD system itself.

Compliance with the changing Continuing Professional Development (“CPD”) requirements of the Actuarial Society of South Africa (“ASSA”) remains a condition of continuing membership of ASSA as set out in the bye-laws. Non-compliance will lead to sanctions as determined by the Council from time to time.

## **2. IT HELPS ME DO MY JOB : AUTHENTIC CPD IS THE KEY TO QUALITY SERVICE DELIVERY**

In March 1992, the Institute of Actuaries and the Faculty of Actuaries jointly launched their CPD Scheme. Virtually all Actuarial Society members qualified through these bodies at that time, and in due course we introduced a similar scheme. CPD was defined as the maintenance, improvement and broadening of knowledge and skill and the development of personal qualities necessary for the execution of professional and associated duties throughout the actuary’s working lifetime. It

specifically included the development and maintenance of competence in the actuary's current speciality or in a new speciality.

The Scheme required every member to complete at least 15 hours of formal CPD and 52 hours of informal CPD in any one year. Formal CPD included formally organised events of a specifically actuarial nature, while informal CPD covered any other activity the member considered to be of value in meeting the definition of CPD, but did not qualify as formal CPD. The value of any event was left to the member to decide, and the Actuarial Society refrained from formally "accrediting" events for CPD purposes. Members were required to keep records demonstrating compliance with the Scheme, and it was stated that, in the event of a charge of unprofessional conduct, members who could demonstrate compliance with the Scheme would be in a stronger position than those who could not.

Following the lead of the Institute and Faculty of Actuaries, the "one size fits all" nature of the Scheme was amended in 2008. Requirements varied according to the role of the actuary (for example, a statutory valuator) and 'formal' CPD now had to be 'verifiable'.

In hindsight, one might observe the emphasis swinging away from 'development' and towards 'compliance'. Further amendments were proposed in 2010 when the Institute and Faculty increased the number of hours for certain categories. During sessional meetings, our members asked for justification for the changes, and the amendments were put on hold while a research project on contemporary understandings and practices of CPD was undertaken.

In the project (Lowther & McMillan, 2014), conceptualisations of professional development were identified from available literature and the CPD requirements of various professions. Thereafter, the opinions of members were sought by means of an on-line survey. Analysis of the literature indicated that professional development is most effective when it takes place through a development cycle of planning, action, results and reflection. Furthermore, professional development is associated with competently completing tasks which are required in the workplace. Data from the survey supported these insights. The research project concluded that the Actuarial Society should design its CPD Scheme in such a manner that it encourages members to engage in work-based development cycles to develop and maintain their capabilities.

Our Council accepted the following principles that were mooted in the research:

a) Professional development is associated with competently completing tasks which are required in the workplace. Professional development is most effective when it encompasses all the stages of a development cycle. For example, the action stage of a cycle might be an off-site seminar – but what the literature makes clear is that development is not complete until what has been learnt off-site has been synthesized into an authentic workplace activity. The experience of members, as

reflected in the survey responses, tended to support this insight in that many reported that their professional development was more than keeping-up-to-date, and that most of this development had been work-based.

b) This understanding of professional development was not consistent with the current CPD scheme, nor indeed with those of the International Actuarial Association ('IAA') and some of the large actuarial associations. The implication of this insight for the Actuarial Society was that it should encourage its members to understand and apply this concept of professional development.

c) Accordingly, the purpose of the Actuarial Society's revised CPD requirements would be to encourage members to develop and maintain the capability to keep their professional promise to deliver a quality service (as set out in the Code of Conduct). Members would be required to do this by engaging in a work-based development cycle. Members would highlight and record the value of their CPD irrespective of the time spent on it, perhaps using on-line planning tools similar to those already in successful use by the Chartered Institute of Management Accountants. Members would be required to declare annually that they have complied with their CPD obligations. Since most of this development will take place in the employer's workplace, the Actuarial Society needed to consider the extent to which the employer should be a partner in CPD.

d) A minimum number of hours for the action stage could be stipulated by the Society if desired, but a disadvantage of minimum requirements is that it is human nature to then see them as sufficient. Friedman & Phillips (2004) caution against CPD requirements being designed around the ease of producing statistics and monitoring compliance, to the detriment of a focus on effective development.

e) The suggested CPD model would best be introduced as a pilot project, in which the experience of members choosing to carry out their CPD in this way would inform the development of the process.

### **3. IMPLEMENTATION WAR STORIES**

The Council of the Actuarial Society tasked the CPD sub-committee with developing a plan to implement the revised Scheme, while taking into account the different needs of members, for example those belonging to other actuarial associations or holding practising certificates, who may be required to continue complying with an input-hours-based scheme.

We invited members to participate in a pilot scheme that was run in 2014. Some 35 members volunteered, of whom 30 eventually continued with the pilot. Participants were provided with motivational documents and a template for a professional development plan. After six months, volunteers were asked to identify problems with and/or advantages of the new scheme. The overall

experience was positive, although some members struggled with the design of a personal development plan, and a few reverted to the old scheme. Most regarded the new scheme as less onerous administratively, and some indicated that it aligned very well with their performance assessment processes at work. The responses were analysed (Lowther & McMillan, 2015) and the authors identified three trends:

- The new CPD encourages authentic professional development because it is work-based and requires reflection, highlighting the value of analysing one's work for better and more professional service delivery ;
- This reflection also strengthens actuaries' professional identity; and
- The strengthened professional identity in turn encourages the actuary to engage in meaningful CPD, a virtuous circle.

A potential shortcoming in the new CPD system also emerged from analysis of the responses. This was that the proposed system only required 'personal' reflection, when the theory talks about learning happening in communities of practice. The committee recognised the importance of on-line or face-to-face discussion with peers and that some sort of peer interaction needed to be facilitated through appropriate mechanisms in the next phase of the roll-out.

A separate in-house survey was performed at an actuarial employer where the actuaries were not participating in the pilot. A total of 24 actuaries were approached. Key feedback points were consistent with the pilot survey - in terms of possible improvements to the existing CPD scheme as well as some resistance to change. At some level, it could be argued that these responses validated the need for a new approach to CPD. Responses included

- "Good idea – but remember with much power comes much responsibility and accountability."
- "At the end of the day, CPD compliance ultimately looks to the integrity of the member."
- "In a disciplinary or non-compliance context, I suspect it will be too subjective as to what qualifies for CPD."
- "While hours don't ensure anything is learnt, it does actually change behaviour, it drives people to learning environments."

The next plan was to target a larger group of at least 100 members of the Society. Several work streams related to the implementation of the second pilot were identified by the committee viz:

- Develop a generic document on CPD theory
- Change Management
- Case studies – examples of how the reflective process might work for different actuarial and non-actuarial roles
- Process Documentation – initial process manual
- Company involvement
- Ongoing Member communication

- Monitoring and compliance – test initial ideas, check they are consistent with the emerging process and include building a peer interaction process into the system.
- Confidentiality
- Engage with our Actuarial Governance Board, regulator and Mutual Recognition Agreement (‘MRA’) partners

However, the Actuarial Society relies largely on members of the Society to volunteer. Volunteer committee members provided oversight and a certain amount of work-output, but didn’t have the time or expertise to do justice to the potential of the project. The Committee therefore outsourced the development of the work- streams, retaining its oversight role, and engaging with the Actuarial Society’s office to create capacity for the future operational items.

The second pilot of outcomes-based CPD was formally launched to the profession at the Actuarial Society’s 2016 annual convention. Although a year later than originally anticipated, the extra time had been well used to refine the process, including web based support material and an ‘infomercial’ video. About 50% of the membership chose to follow the new system.

After one year, participating members were required to complete a survey. These responses were mainly positive, and are analysed in the next Section.

#### **4. MEMBERS’ EXPERIENCE OF THE NEW PROCESS: “*Am I a Better Actuary as a Result of my CPD Activities this Year? The Answer is Absolutely Yes.*”**

The 400+ members who opted to use the new CPD process were asked to complete an anonymous on-line survey reflecting their experience during 2017. Approximately half have responded to date, with significantly positive feedback.

After some detailed questions (see below) members were asked in summary whether the new CPD process helped them do their job. 55% answered ‘to some extent’, 35% answered ‘fully’, and 10% answered ‘not really’. Two respondents had found the new process vague and unhelpful and had reverted to the hours-based system.

Numerous respondents took the opportunity to amplify their answer with comments, and these are set out in Annexure B. Of the comments, the following highlight the crux of the new process, ie that professional development is predominantly work based, and should bring about improved practice:

- “Am I a better actuary as a result of my CPD activities this year? The answer is absolutely yes.”
- “A great process, much better than the hours metrics. It delivers real value and acknowledges individual integrity, maturity and responsibility to do it right. The fact that it makes so much sense made it a pleasure.”
- “I found that with the new system, I actually consciously did more toward CPD.”
- “I truly value the new outcomes-based method of CPD, since it aligned perfectly with my self-identified CPD requirements.”
- “It works as you identify your current limitations and take action to address them. It’s a natural process that is already followed in the work environment.”

The first detailed question in the survey asked whether the member had been able to apply each of the six steps of the professional development cycle. Virtually all respondents had been fully or partly able to apply the first three steps (list roles, assess capabilities and identify development areas). About 95% had been fully or partly able to carry out the balance (design development, implement and reflect / diffract). Of the comments made, about 50% related to the new process having potential for the member, but that this would only emerge over time as they made better use of and became more familiar with development cycles. About 20% commented that their development had been work-based, and another 20% noted that the process had worked well for them.

Asked about the ease or difficulty of applying the process, about half the comments referred to the process being easy and effective. Most of the rest of the comments referred to the need for discipline and/or experience with the system. Finding a diffraction partner was a challenge for some, and others called for more examples.

Most members had been able to include all three strands of the professional promise (technical, normative and organizational) in their development cycles. These cycles were carried out annually by 75% of respondents, whereas 20% reviewed quarterly and 5% monthly.

Further questions elicited categories of developmental areas identified. These results are useful for the Actuarial Society to plan seminars. The most commonly mentioned areas were:

Regulation	72%
Communication	55%
Data Science	47%
Corporate Governance	43%
Public Speaking	38%
Public Interest	36%

80% of respondents noted that their employer assisted with their development. The majority of comments highlighted the new alignment between the Society and the Employer in terms of development requirements, although some asked for more guidance for employers.

## **5. FREQUENTLY ASKED QUESTIONS**

### **5.1 Compliance**

The most common question asked is ‘How can we prove the member has done what she was supposed to do?’ or similar. The fact that the most common question is *not* ‘What is the developmental value of the system?’ seems to underline the trend away from development and towards compliance. The literature and the surveys point to CPD not being merely about attending conventions and seminars to accumulate hours. At such events, delegates often listen with one ear whilst using the time out of office to clear emails. It should be remembered that we don’t assess actuarial exams by the number of pages written, but rather by the content thereof!

The previous inputs-based CPD system of logging and monitoring hours is easy to monitor, and does not raise many confidentiality issues – but the research argues that whatever it may be monitoring, it is not monitoring authentic professional development. CPD is not a once a year process to record your hours. To repeat a feedback point mentioned earlier: “Remember with much power comes much responsibility and accountability.” Just as the profession and the clients place trust in the professional to do what they say they will in technical service delivery, so the new system primarily depends on the professional to act in a professional way. This was a criticism raised by some against the growing levels of monitoring in the old system. The new system is designed for the 99% who wish to keep their professional promise, not the 1% who might be tempted to avoid this requirement, and therefore might equally evade any monitoring system that were to be designed. As also mentioned above, Friedman & Phillips (2004) caution against CPD requirements being designed around the ease of producing statistics and monitoring compliance, to the detriment of a focus on effective development.

There is nevertheless a certain amount of ‘built-in’ compliance in that members are required to discuss and diffract their development cycle with another member. In addition, members must make an annual declaration that they have followed the CPD process. For the reasons set out in the next subsection, members keep their own records and do not submit them to the Society. However, the plan is that the Society will carry out annual interactions with a random sample of members, possibly with a retired actuary/ies conducting a confidential interview with the member. In theory, this would work well with the iterative learning process of the new approach but it would have several consistency and administrative issues.

These interviews would also contribute to the development cycle of the new CPD process itself. Key points that would emerge include:

- members willingness to engage in professional development cycles,
- members success in so engaging,
- problem areas and suggestions, and
- sampling can also focus more heavily on areas where the Actuarial society is more concerned about ongoing development or practice standards.

## 5.2 Confidentiality

The framework on confidentiality was and is one of the more challenging aspects of the new approach. The Actuarial Society needs to balance the conflicting positions of auditing and reviewing Professional Development Plans to ensure that as a collective they are pushing South African actuaries to maintain their professional promise with the reality that many Plans will contain personal learnings and even market sensitive information (for example an actuary could have many learnings distilled from a merger or acquisition process).

In the research, several references were made to the crucial importance of personal development records being private – otherwise people will not be candid with themselves, and one could even get two versions, one for use and another for compliance. For example, this quote from Brown (1995) regarding a personal portfolio, being ...

“a private collection of evidence which demonstrates the continuing acquisition of skills, knowledge, attitudes, understanding and achievement. It is both retrospective and prospective, as well as reflecting the current stage of development and activity of the individual. It is personal and private, assembled in whatever way seems appropriate to the owner. Key tools are the capacity for reflection, analysis and application of skills in practice.”

Members were advised that they will be required to produce full documentation of their CPD compliance at the time of a CPD review or any investigation into their professional conduct and that the failure, or inability, to produce such information will itself be a prima facie indication of unprofessional conduct.

There is also the possibility that if the Actuarial Society holds records, they could be subpoenaed for a variety of reasons. If a member is reviewed for CPD purposes, detailed information would be deleted, so that the ASSA holds no confidential member development information.

## 5.3 Case Studies

Participants have asked for examples of professional development plans. The committee's initial goal was to create a range of fictitious plans that could be applicable to various roles e.g. the

statutory actuary, the board member actuary, the actuary in general management or business, the non-statutory industry actuary, the wider-fields actuary.

A few were created, and are available on the website. But it is hoped to expand these with anonymised real-life plans, as users become more familiar with the system. However, the real value of the process is in developing, actioning, implementing, reviewing and reflecting on the plan. Fixed and formal templates could distract from this, so members are encouraged to develop (and redevelop) formats that suit themselves. One member in the pilot noted that he had been through four different formats in four years as his plans and learning requirements changed at each cycle.

#### 5.4 Alignment with the Employer's CPD processes

The Committee considered the impact that outcomes-based CPD might have on internal performance review systems in place at the key actuarial employers. In particular, the extent to which some level of integration with the company's own appraisal and career management systems is possible.

Employers of actuaries are a key stakeholder in the implementation of the outcomes-based CPD. Ensuring a high level of buy-in from the larger actuarial employers in terms of some level of integration and involvement with in-house career review processes, resulted in a relatively painless transition for those members employed by the bigger organizations. Both parties want to have a team of professionals that are the best at the actuarial work in which they are involved.

In the process, the Committee was clear that it was not abdicating CPD to qualifying employers, but seeking a reasonable integration of processes such that the Actuarial Society and the employer maintained the integrity of their own reviews – the Society in terms of the CPD outcomes and the employer in terms of the performance review and career development. However, in several development themes, what the Employer required from the members was consistent with the learning and development envisaged by the Actuarial Society in the outcomes-based CPD.

#### 5.5 Change Management

The committee's goal was to phase out the old and bring in the new over the next 3-4 years.

An important aspect is the change management process and any good implementation takes time. It was not an overnight implementation and the Actuarial Society needed to get buy-in from the members, the employers and other stakeholders.

As part of the implementation, members were given the option of remaining on the input-based CPD for an initial period post implementation of the output-based CPD. As mentioned above, about 50% of members opted for the new process, so the remaining transition may well proceed smoothly and with good buy-in.

As with all change management, communication and clarity thereof was key.

## 5.6 Communication

Ongoing member communication during the change process was key to the implementation and success of the transition.

Developing the expertise to do authentic CPD is itself professional development. The Committee needed to develop a strategy to start the participants in the second pilot on their development path.

The Committee used structures within the Actuarial Society to communicate the transitions such as

- Presentations and discussions at the annual actuarial conventions,
- Inclusion of the CPD process in the President's address at the conventions,
- Sessional meetings in the major metropolitan centres with video links to other centres,
- A presence on the Society's website,
- General email communication with CPD flyers.

A sample flyer is included in the toolkit in Section 6.

The Committee also engaged with the profession's oversight body, the Actuarial Governance Board. This Board comprises mostly non-actuaries and is responsible for the disciplinary process of the Actuarial Society. The Board was enthusiastic in its support for the proposed new Scheme citing that it should strategically position the Profession for the future.

The developments have also been presented at the Professionalism and Education committees of the IAA. The IAA is not prescriptive as to the nature of CPD that National Actuarial Associations should require. Associations from four continents have made enquiries about our experiences.

## 5.7 Mutual Recognition Agreements

The Actuarial Society enters MRA's to allow members of the Society to work internationally, and to allow appropriately qualified international actuaries to practice in South Africa. MRA's are especially important for members working for multinationals with offices through much of the

world including continental Europe and USA. Both initial education and ongoing professional development are usually considered by each party to an MRA.

It was important to keep MRA partners abreast of these developments. For example, an engagement started with the Institute and Faculty of Actuaries ('IFOA') towards the end of 2015. This was a discussion on embedding the concepts of the actuarial control cycle and iterative learning into the CPD process including the 'why and how', how it maintains standards and further develops the actuarial profession.

The process of sharing with the IFoA provided valuable insight into structuring the monitoring and compliance process – arguably another example of iterative learning! For the duration of the second pilot, the IFOA have agreed that their partially-regulated members may follow the old or new CPD. More than this, they have engaged directly with their partially-regulated members to do their own research into the potential value of the new process.

## 5.8 The Back Office

Detailed record-keeping of members' CPD timesheets will no longer be required as members keep their own confidential records and merely show them to the CPD reviewer if required. The Society would only need to record the statement of compliance, and the outcome of any assessment process.

Instead, the office of the Society now needs to provide qualitative (as opposed to quantitative) support, including the CPD co-ordinator, CPD reviewers, and CPD webmaster. Given the important role that authentic and effective CPD plays in the delivery of the Professional Promise, this is an important contribution by the Society office to the CPD process. Ideally, the Committee will revert to a conventional governance role, overseeing the initiatives of management within the Society.

## 5.9 Fail and learn

The Profession rate the level of a student's 'fail' whereas a 'pass' attracts no more attention other than that it's a pass. The subtle lesson here is that making mistakes creates the platform for additional learning. A further analogy could be the Agile or Scrum type methodologies applied in systems and code development in the software development industry.

Actuarial Society members would benefit from having a safe and protected process to discuss mistakes, unpack them and learn for them in what is in effect another application of the principles of the actuarial control cycle meshed with interactive learning processes.

The Society is only as good as its collective membership, so we needed to create a process to get our members to grow to the next level (learn, think, apply, reflect, modify).

### 5.10 Practising Certificates

Practising Certificates are required by the Actuarial Society for certain statutory work requiring expertise, experience and judgement. The regulator relies on the profession to certify competence, where results are financially significant for the client and /or the regulatory system, and where work is specific and specialized.

Practicing Certificates are an important component of the maintenance of standards for various classes of actuarial work. Practice Area Committees recommend the issuing of a certificate, based on knowledge and experience criteria. In terms of knowledge, the Practice Area Committee may have a competency framework and even a list of suggested readings of which members need to have in-depth understanding. The experience criteria included a certain number of ‘hours’ of old-style CPD. Committees were concerned about quality control if the old process was changed.

We are still finding our way through this important issue, but have noted the following:

- Ending hours based CPD for members in general doesn’t mean that a Practice Area Committee cannot ask for its own requirements if justifiable
- These own requirements might be ‘hours’ but could also be other indicators of competence – such as mentoring, signing valuations, peer review, re-examination, etc.
- In any event, some Practice Area Committees used to ‘interrogate’ CPD and ask the candidate why it was relevant. They can still do this in the new system, eg “what in your professional development cycles has helped you maintain your effectiveness as a valuator?; How have you incorporated this learning into your practice?”
- In fact, if a Practice Area Committee wasn’t doing this, the value of the old requirement for CPD hours is questionable.

Our Code of Professional Conduct does not say “you need X hours to fulfil your role” but rather “you are suitably qualified and know your stuff”.

### 5.11 Role of the Society

Some members predicted that attendance at the Society’s annual convention and regular seminars would reduce if members were not ‘forced’ to go in order to collect CPD hours. This concern has not eventuated, and the 2017 annual convention had a record attendance.

The convention was however carefully positioned to support the new CPD system. Technical and normative topics were chosen and advertised for their practical value. It was also pointed out that this value would not be realised unless and until delegates thought about the content, and then applied or rejected it in their work.

This implies an important role for the Actuarial Society in the professional development process to pro-actively ensure that appropriate content required by the profession is made available – whilst at the same time positioning this content as only part of the development process.

An additional benefit of the reflection step in the professional development cycle is for members to identify areas where the Society could facilitate content or debate. The table in Section 4 above is an early result.

#### 5.12 Reflection and Diffraction (“R&D”)

This is a very important discussion in the new CPD process.

‘Reflection’ is a term borrowed from physics. It is a good first step in the analysis process, but can be rather static and individual. Another term from physics that is becoming popular in this field is ‘diffraction’, the process of two waves interacting. The acronym R&D is further useful because the acronym itself adds to understanding with its double meaning of research and development.

R&D is a regular discussion with a peer - or separate parts of the PDP can be discussed with colleagues from different areas. It should be a deliberate process and not just corridor chats in the office.

The Committee again engaged with the Society’s membership in sessional meetings in 2017, to refine the concept of the R&D. From the feedback, the Committee developed the framework as follows:

- The objective of the R&D is for the member to have an objective external perspective, or a sounding-board, on their own CPD development plan and progress; in particular to identify aspects that the member may have missed (“I don’t know what I don’t know”).
- It is the member’s responsibility to arrange an R&D at least once or twice per year.
- Typically the counter-party in such a discussion could be one of the following:
  - Another actuary
  - Another professional
  - A human resources development specialist
  - A senior executive in an organization
  - A chairman of a board of directors
  - A chairman of an actuarial, audit, or risk committee

- Ideally, the counter-party should be another member, and a mutual R&D session will ensue.
- The member may have R&Ds with different people over time.
- If the member is employed, this may be part of the employer's performance review and development process; if so, the member should ensure that their professional development is adequately covered.
- The member should record the fact that a discussion was held and document the learning outcome(s) of the R&D as part of their CPD development plan, but no other record of the R&D need be kept.
- The counter-party of the R&D is not required to sign or certify anything, nor take any responsibility for the outcome of the R&D, as it is intended purely to assist the member in their personal development for which the member takes responsibility.
- There is no requirement that the member disclose their full development plan to the counter-party in the R&D.
- The contents of the discussion and the member's CPD development plan remain confidential at all times.
- The recipient and intended audience of the review is only the actuary concerned. No report from the counter-party is intended, nor will be made available to anybody else, including the Actuarial Society. There is furthermore no obligation on the diffraction partner to whistle-blow on the actuary concerned, other than in cases of obvious professional misconduct.

In practice, some members at the larger actuarial employers incorporated their CPD and R&D into their workplace talent and career management systems.

One aspect of the R&D process that should be emphasised is that it is not a peer review. This also emerged at the recent sessional meetings. A very valuable contribution in the Cape Town discussion was that we should not call it peer review, because that conjures up misleading perspectives of what is intended and sets up unintended consequences for the reviewer, such as legal liability and a duty of care to third parties.

## **6. TOOLKIT**

We have produced a number of documents during this process. They are available on the website of the Actuarial Society [<https://www.actuarialsociety.org.za/professional-resources-structure/cpd>], and may be used, with permission, by other National Actuarial Associations in the bona fide development of their CPD processes. Please contact our CPD co-ordinator Niel Fourie in this regard [nfourie@actuarialsociety.org.za](mailto:nfourie@actuarialsociety.org.za).

These documents include:

Guide to the Actuarial Society's alternative CPD requirements 01.12.2016-30.11.2018

Outcomes-based CPD – the movie

Lowther, M.W. and McMillan, W.J. (2014), 'The professional development cycle: Key to quality service delivery', *South African Actuarial Journal*, vol. 14, pp. 1-18.

Lowther, M.W. and McMillan, W.J. (2015) "I now see CPD as an integral part of my life." Authorship in Continuing Professional Development. Conference presentation – OLKC, Milan

Example 1- An actuary in academia

Example 2- An actuary acting as a non-executive director

Optional Pro-forma CPD record

For a more personal account of our journey, read "*How a dentist changed actuarial practice in South Africa and internationally*" by Mickey Lowther in the *South African Actuary* magazine (Vol 1, number 3) [<https://www.actuarialsociety.org.za/assa-news/south-african-actuary-magazine>]. This article is also a tribute to the late Professor Wendy McMillan, a professional development expert at the Faculty of Dentistry, University of the Western Cape. Wendy played a substantial role in conceptualising the development process – and brought it home to us that, in fact, actuaries don't know everything, and that there is a whole field of professional development out there waiting to be tapped into. In particular, our engagement with the Professional Practice, Education and Learning Network ('ProPEL') was and remains valuable.

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Appendix A



**CONTINUING PROFESSIONAL DEVELOPMENT ('CPD')**

This document sets out the Actuarial Society's understanding of what CPD is, and why members must engage in CPD, and was promulgated by Council in 2014. © Actuarial Society of South Africa

**The Professional Promise**

The mission of the Actuarial Society of South Africa ("the Society") is to ensure that the professional conduct and skills of members always meet the highest standards; to develop and expand the expertise of members as markets and conditions change; to ensure the relevance and enhance the role and reputation of the profession, both in South Africa and within the international actuarial community and to harness the expertise of members to inform public debate. To achieve its mission, the Society has developed a Code of Professional Conduct. In this Code, the professional promise of each member is that:

*"Members are expected to render quality services to their clients through:*

- a. The application of specialist and up-to-date actuarial knowledge and expertise;*
- b. The demonstration of ethical behaviour, especially in doing actuarial work; and*
- c. The member's accountability to the Society for professional oversight."*

In order to deliver on this professional promise, members must engage in lifelong professional learning and development. The Society therefore requires its members to comply with its CPD requirements. Non-compliance will lead to sanctions as determined by Council from time to time, including possible termination of membership, as set out in the bye laws.

Prior to qualification, the learning is guided by the Society's education programme, including work-based development of Actuarial Professional Practice. After qualification, the development is guided by the CPD principles outlined in this document.

## **CPD Principles**

*(A) Professional development is complex, work-based and intrinsic to being a professional*

Many professions recognise the need for work-based development at the intern stage, but this need actually lasts throughout the professional's career, especially in the less-structured business professions. Professional development does not only take place in discrete off-the-job CPD events, but is an on-going process where professionals collectively construct knowledge within the complex dilemmas of everyday work.

*(B) Effective professional development must develop the capability to practice*

To be effective, planned learning needs to move through a cycle, such as that described below. Work-based development is challenging to plan, but may be prompted through applying strategies and by avoiding barriers.

*(C) CPD requirements of a delivery-focussed profession should promote effective professional development.*

The role of the Society is to support the development the member practitioner operating in complex ways in work environments. Given that the majority of this development will usually take place in the employer's workplace, the Society needs to consider the extent to which the employer should be a partner in CPD.

## **Professional Development Cycle**

A key requirement for professional development is that each member ideally maintains and implements a personal development cycle. Actuaries are familiar with the power of an actuarial control cycle to move an enterprise forward through cycles of planning, acting and reviewing. A personal development cycle follows similar patterns such as:

- Define your role
- Assess your development needs
- Design and document activities
- Implement
- Analyse and apply learning
- Evaluate progress and repeat.

The development cycle should take cognizance of the first CPD principle set out above, and therefore include analysis of unplanned development that occurs during interaction with colleagues at work and with clients. The cycle should consider delivery of all three parts of the Professional Promise, including:

- The development and maintenance of competence in the member's technical skills in their current speciality or in a new area;
- The deepening of the member's understanding and application of the normative principles set out in the Code of Professional Conduct and its supplements; and
- Activities, both formal and informal, which result in the maintenance and development of the Society to better serve the interests of stakeholders and support the members.

Annexure B	
Actuarial Society of South Africa	
Outcomes-based CPD Survey December 2017	
<b>(Q 14) Please comment on how effective you have found the new system, any noteworthy, good or bad points, and any improvements that you would recommend:</b>	
Commented 91; Skipped 122	
I think the outcomes-based process is better than the previous system. However, ASSA initiated activities, including interactions with the wider membership and their experiences still carry much weight in my opinion.	1
The new system worked particularly well for me last year. As previously mentioned, I started a new role, working closely with other actuaries and non-actuaries who were highly experienced in the work I was performing. This provided an excellent learning forum, albeit one which would have been very difficult to quantify under the old system.	2
Very effective, the new process alligns to the way we manage individual development at my company	3
I have always viewed CPD as a by-product of my working responsibilities - to act professionally, with demonstrable technical skills and in an honest and ethical manner. It has been more a tick-box exercise to comply through an hours-based regime. The move to outcomes-based, has personally been more relevant and helped with the self-introspection as to current areas requiring development.	4
I love the new system, but I did find it difficult to maintain a consistent level of engagement throughout the year given work pressures. Can automated reminders be sent out?	5
I'm still getting used to it and not yet able to derive the full benefit from its intentions.	6
The system is very simple and allows me to focus on outcome as opposed to complying to a checklist	7
In order to provide guidance on the expected levels of competency (so people can benchmark themselves and also know what they don't know), the Society can provide CPD templates for various roles, for example provide a CPD template for a life pricing actuary with 10 years experience	8
I did not engage with the system fully during 2017 so I feel I will unlock more value from it in 2018 when I do quarterly reviews and discussions. I just did 1 during 2017 and on reflection I think it will be more meaningful to have more regular engagement with this. I think the new system is better than the old. If it is used as intended then I do feel that outcomes will be much better. I think the survey was good as I would like to see actuarial seminars/sessions having topics that are aligned with areas of development that have been identified by its members.	9
I find the structured approach of the new system much more useful and proactive in identifying and addressing development areas. I would also suggest that this survey continues to be conducted for future CPD periods to gain further insights about and enhance the new system.	10
Careful thought needs to be given to development areas and planned activities to support development. This is an improvement to the time based scheme.	11
This is a new approach for me and I think I still need some time to fully implement it within my career development in order to get the full benefits.	12
As a newly qualified Fellow, I cant really compare the outcomes-based approach to the hours-based approach. It found it difficult in the beginning to judge how much development is required without significant input from another Fellow/peer reviewer.	13
I found the CPD system helpful in motivating with my employer where I need more technical growth and input e.g. seminars. I also found it helpful in drawing *equal* attention to aspects of CPD which normally get cursory attention e.g. professionalism.	14
It really helped me, and did not seem like just a box-ticking exercise - it added value!	15
Good	16
I think the system is good. The reflection process of determining your development areas and the steps to achieve this is developmental in its own right. It will take time for the system to mature and the habits to be well established.	17
It's a great system. Is practical and effective. Links well with the employer personal development plan. However, the system potentially over-relies on the member's professionalism and may need that balanced out with solid evidence to back up some of the claims made.	18

I think over the last year that my efforts at CPD have stemmed from a need to remain effective in the roles required of me, not out of specific compliance with the program. The prospect of improving in identified areas is one that I will need to give greater attention in the next cycle.	19
I found the new system much more effective than the hours-based system.	20
I found that with the new system I actually consciously did more toward CPD, especially in the beginning of the year.	21
I had previously identified, following a transition between practice areas, that I would be upskilling myself to fulfill the responsibilities of my new role outside the scope of the previous hour based CPD. As such I truly value the new outcomes based method of CPD, since it aligned perfectly with my self-identified CPD requirements.	22
I think it is much better as more personal/specific needs are formally identified. Writing this down is better for keeping yourself true to actually pursue the necessary development.	23
It works as you identify your current limitations and take action to address them. It's a natural process that is already followed in the work environment.	24
New system is more effective than hours based for anyone who is committed to continuous development. It is specific professional development rather than a broad-brush approach.	25
I like to still keep track of hours spent esp on professionalism development.	26
It was my first CPD submission and I found the process helpful for my personal and career development. The submission process was also straightforward.	27
I think I need to take advantage of the process a bit more.	28
Not sure how effective it was for me personally. To answer differently, I have opted to revert back to time based CPD for the next cycle	29
Found it much better than the hours based model in many ways. Feels more targeted to what I need to develop and allows freedom at conferences to broaden knowledge of all actuarial areas.	30
Perhaps more frequent reviews should be mandatory.	31
it does require discipline to review developmental goals against what you are doing. The diffraction element is the hardest, as it may be uncomfortable to have some conversations with senior colleagues, but when done right can be beneficial.	32
I think the new system is great, but will just take some getting used to, or rather identifying your roles better and understanding what it is that you don't know and how to go about getting it done.	33
I was initially skeptical about the new format, but have found it valuable after following it for 12 months.	34
It was much better in that I could focus on areas that really needed attention, rather than simply gather hours for the sake of gathering hours.	35
I feel that the new system has great intentions and has the potential to contribute more beneficially to my professional development. However it is a new way of working, and I am finding my feet with it, and feel that it will probably take me a few years before it becomes a smooth way of working on my professional development.	36
I found it an useful exercise more than just an administrative function of compliance as with the old system	37
I believe that the iterative cycle described in the description of the outcomes-based CPD is a frequent activity performed by professionals who are serious about their development. As a result, I believe that the new CPD 'system' is less of an administrative hurdle, and encourages the kind of thinking that furthers professional development. I believe it will serve the actuarial profession well.	38
I found proving compliance much easier and the alignment with my work development plan helpful.	39
The new system is a lot more effective and relevant to my specific requirements and role.	40
The new process is better than the hours based approach. I would however suggest different CPD monitoring for unemployed members due to employed members usually getting sufficient exposure in their roles as Actuaries.	41
Effective	42
It helped me to do some things that specifically focus on areas where I need to extend my skills	43
Very effective. I like the personal accountability it promotes and the focus on the goals in each development area, to become a more effective professional to produce the quality work that we need to	44

Moving to a continuous outcomes based system required more commitment than old system. Regular reminders from ASSA may assist in holding us accountable and help meet key milestones that were set	45
I think it was very daunting at first, but I definitely see the value in the process. I do however think it requires a lot of discipline on the part of the actuary and mentor so I would recommend regular interaction/review.	46
I think the principles are excellent. But if you aren't already committed to lifelong learning I suspect you will find it challenging to do it properly.	47
I have found the outcomes based approach assists me in targeted development tailored to the requirements of my role and potential future (compared to just hours based).	48
If the hours-based approach was tackled with some thought (i.e. reflecting on what was needed), I think the two systems are essentially the same. However, this approach is certainly conceptually more sound, inherently encourages reflection and treat members like adults. So certainly an improvement	49
All ok	
Possibly a list of case studies of how the process has been used by others	50
I did not experience the previous system so this is not applicable to me.	51
With the implementation of IFRS17, it is natural that there is significant technical development to stay abreast. The new approach to CPD allows one to integrate what happens anyway in a logical system.	52
It would be great to have a tool to log this new format of CPD online, instead of in a personal Excel file for example.	53
Without having committed to do the one activity in my CPD, I would probably have given it up as too much work.	54
A lot of admin ito completing the form (on top of still attending conventions/seminars as they are useful, so it's not like hours were freed up to do the new CPD, in other words it added a lot more hours to the process to slot in, usually at home) Finding someone to discuss the form with is difficult if your manager does not agree to do it and I don't believe would add value if you have truly self-reflected and had performance review conversations with your manager as part of the normal corporate process	55
It overlaps quite a lot with the PDP process at my employer. Many people seem to do it retrospectively so perhaps a mechanism whereby we need to confirm online that we have had our development discussion for the upcoming period would help. I think there may still be room for some hours-based element, eg: professional hours in areas that could easily be missed as they are not directly tackled day to day but rather implicitly.	56
Up to individuals to make the most of it - value would be gained from reviewing quarterly, but potentially too onerous to force everyone to follow this approach.	57
It was much more effective in driving my development. Much or real development takes place on the job and this helped to recognize that and to apply a much more targeted approach to development. Overall a much better system.	58
Good points : - more focused on development as opposed to compliance - can help identify development areas Bad points - requires more effort than current approach - difficult to know what the minimum expectations are	59
I think that the new process has a greater emphasis on the professional growth as it aims to align with the individual's growth plan. It is significantly better for an actuary that continues to learn than a time based CPD programme.	60
I found it more useful to my development than the time based system; though I did attend less society events than before.	61
I enjoyed using the new system because it is aligned to the personal development plan I already do at work, and therefore it was easy to tie back my goals to actual achievements	62
I found it worthwhile although more time is needed to adapt personally to this way of thinking.	63
The disciplines of reflecting where my gaps are and where I need to develop helped me, but those disciplines were in place before the new cpd came along.	64
Excellent System. Well done to all involved in rolling this out. It will definitely benefit Actuaries in their career development.	65
I think it's a good system and am excited by the next cycle.	66
I have found this system intuitive and really great that CPD is not fully put into the hands of the individual. Its also great that you are forced to discuss this with a co-worker - this has helped me tremendously.	67
I prefer this system as it requires an assessment of what we have achieved against our development plan which then can be built upon each year	68
I was at a loss as to how I was going to proceed with the Outcomes based CPD beyond merely staying in touch with ASSA and its meetings, until I had the idea to start on the project which as I worked on it grew and grew.	69

An improvement over the previous system. Development is easier to track when objectives are considered instead of counting hours. That being said: I'm not sure that the system actually helped me with my development beyond what I was already doing in a personal capacity.	70
I like the idea of identifying my own areas for development however the use of subjective assessment criteria makes it difficult to say whether CPD compliance has been achieved	71
Biggest problem was the usual of leaving it all too late.	72
No further comments to those stated previously.	73
I focussed on a personally difficult area of CPD - to apply ST9 (CERA) techniques to our business. Most of my time was trying to come to grips with the fairly complicated modelling issues. So my aim was to pass the CERA exam, and apply some of the techniques to our business. I have not achieved my goals entirely, but I gained enormous knowledge which will be applied to our business in 2018. The new system put me under a lot of personal pressure but in terms of my own sense of development I would rate my score as 7 out of 10. To answer the question simply - am I a better actuary as a result of my CPD activities this year the answer is absolutely yes. The spreadsheet template provided was of great assistance.	74
Better practical understanding of which development fields to consider for which roles, as well as what activities help develop the different areas will improve the effectiveness of the new outcomes-based approach...I'm still a learner driver! :-)	75
I was already doing most of this, informally, so it really just puts a nice framework around it.	76
Overall I found it effective and an improvement over the hours based scheme. Whilst I think it's less time-consuming to complete, there is a stronger focus on personal development areas which is useful. One downside is that there is less of a pull to attend sessional meetings that would be of use but is no longer required from an hours perspective.	77
The CPD action shifted from logging hours into something that is meaningful for my development and performance. Whereas similar activities in the past could not be counted as CPD, outcome-based CPD allows for recognising personalised development as CPD.	78
Very similar to employment performance review and development discussion. Is fresh now but can it be sustained indefinitely?	79
To maximise benefits, alignment of the employer development plans and the society development plans needs to be actively pursued - this may require a bit of flexibility in how different dev categories are mapped to the technical/normative/organisational categories.	80
Large improvement over hours based	81
I prefer the time based approach - easier to track and substantiate	82
Excellent approach	83
Very effective, despite doing it for the first time. I would recommend it to all ASSA members that are still on the old scheme. Having to think about "Desired future roles" was very enlightening. The only real challenge was very few colleagues who opted for the new scheme, so not a lot of peers to discuss the process with.	84
It was very useful to think about the development that I needed as a non-executive director.	85
Other than formalising a process, I don't think I did anything differently to what I have done in the past	86
Since the perception of quality from outside parties is also important, there should also be a minimum requirement in terms of hours. There is a danger of failing to recognise development areas of which you are completely unfamiliar. (i.e. new areas you have not yet heard of).	87
Much easier to align with career plan an work.	88
System focuses on outcomes and not clock watching. Though more difficult to measure should have a more positive impact on development going forward.	89
The new system is like most things in life - what you put in is what you get out. I have complied wholeheartedly with the spirit of the new system and found it to be beneficial, but struggled to tick the boxes in the new CPD declaration - I did not find these to add much value.	90
I find the framework of the outcomes-based system to be a useful guide, although my path to development is generally guided by the requirements of my job and what is happening in the industry. I appreciate the fact that the new CPD system is not onerous in terms of forcing me to comply with strict requirements which don't necessarily suit my development goals or align with the time I have available to invest in additional learning	91