

HEALTH WEALTH CAREER

MERCER COLLEGE RECRUITING

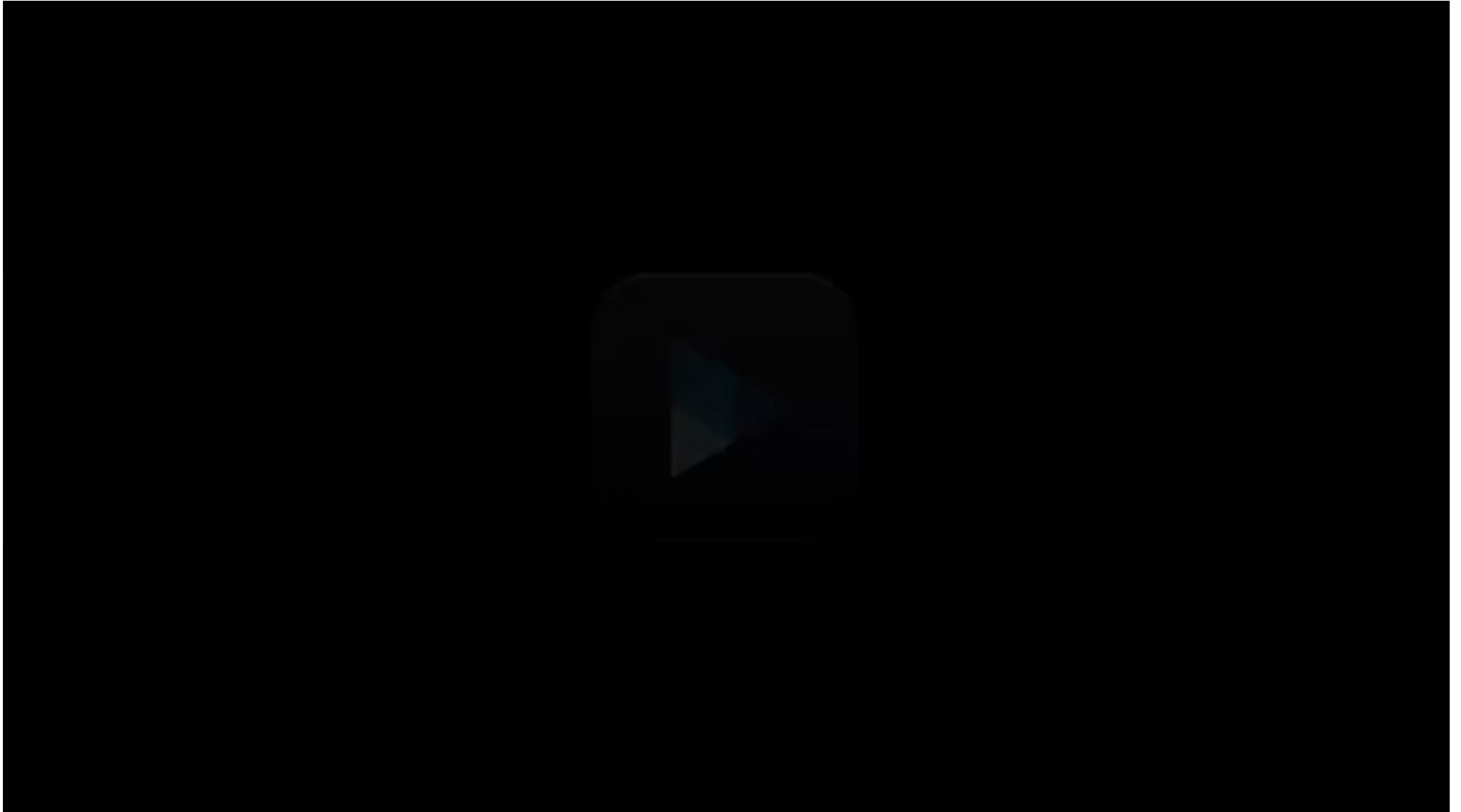
THE OHIO STATE UNIVERSITY

October 20, 2016

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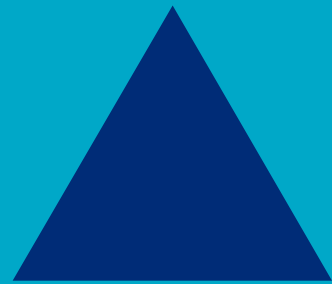
MERCER'S MISSION AND VALUES



AGENDA

- Industry Overview
- Consulting Industry
- Sample Projects
- Mercer
- Q&A

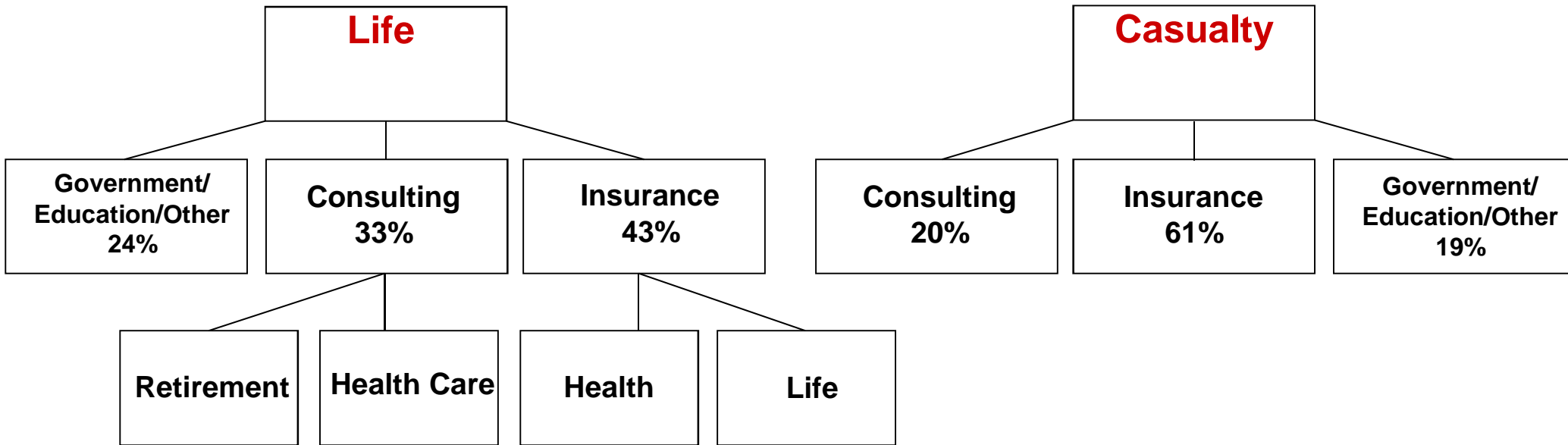
INDUSTRY OVERVIEW



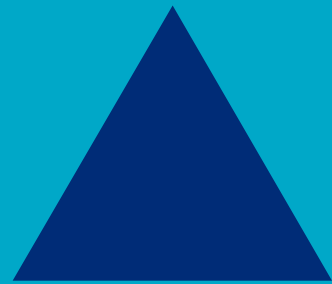
FELLOWS

Society of Actuaries

Casualty Actuarial Society



CONSULTING INDUSTRY



WHAT IS A CONSULTANT'S ROLE?

- Understand a client's business so we can truly understand their needs
- How do we do it?
 - Read financial statement, financial news and web sites
 - Learn about their industry, their people and leaders
 - Talk to them!
- Give expert advice and opinions to clients based on our experience
- Help clients make choices, solve problems and recognize opportunities to do things better
- Capitalize on our teams' diverse knowledge and skills on behalf of clients

ACTUARIAL CONSULTANTS' ROLES ARE CHANGING

- Times are changing
 - Used to be a “Number Cruncher”
 - Then became a “Compliance Junkie”
 - Now we need to be *Business People*
- Our work is still highly technical, but we maximize its value by putting it into the proper business context
- Combination of
 - strong analytical skills
 - business knowledge
 - communication skills
- Key players on management teams

RETIREMENT AT-A-GLANCE

- Mercer's Retirement business applies integrated thinking to solve the retirement challenges of today and tomorrow.
- We help our clients design and implement sustainable retirement programs by managing the commitments of the past while planning for the needs of the future.
- We focus on managing the risks and financial impact on our clients' businesses while developing retirement programs that engage their workforces.
- We advise and implement comprehensive and leading-edge solutions so that our clients can achieve their business and fiduciary objectives.
- Mercer Retirement is breaking into the sphere of individual retirement readiness.

The Mercer Advantage

Critical Issues -- Retirement



Plan sponsors, fiduciaries, and individuals face unprecedented challenges in sustainable retirement provision, brought about by:

- New regulations and an increasing demand for transparency in governance and accounting practices.
- Increased economic volatility and investment risk.
- Rising pension liabilities.
- Changing demographics and longevity risk.
- The declining role of public pensions and an increasing burden on employers and employees.



THE MERCER ADVANTAGE

Breadth of Services -- Retirement



Comprehensive Plan Management and Administration

- Local, regional, multi-country, and global plans.
- Aligned asset-liability governance.
- Accounting.
- Actuarial valuation.
- Funding/cash flow management.
- Legal and compliance.
- Member communication and administration.

SOLUTIONS AND TOOLS

- Mercer Globe.
- Mercer Gold.
- BenCalX.

Integrated Defined Benefit Risk Management

- Strategic risk advice, identification, and assessment.
- Risk retention and transfer strategies.
- Holistic company balance sheet management.
- Impact of pensions on business performance.

SOLUTIONS AND TOOLS

- Mercer Dynamic De-risking Solution.
- Funding Status Monitor.
- Pension Buyout Index.

High-Performing Defined Contribution Plan

- DC plan management and optimization.
- Employee wealth maximization.
- Workforce management strategies.
- Target dating/auto pilot DC.
- Member engagement and administration.

SOLUTIONS AND TOOLS

- Retirement Planner.
- Wealth solutions.
- Individual advice.

Innovative Plan Design

- Benefit plan design aligned with stakeholder objectives.
- DB, DC, and hybrid.
- Workforce strategies.
- Mergers and acquisitions consulting.
- Scenario modeling.
- Future-proofed/sustainable design.

SOLUTIONS AND TOOLS

- Benchmarking.
- Dashboards.
- Benefit adequacy modelers.

RETIREMENT OVERVIEW

Services

Strategic retirement consulting

- Design of defined contribution & defined benefit plans
- Retirement plan governance
- Financial management and investments
- Administration
- Actuarial and other evaluations

Key Trends

- Aging population / wealth accumulation
- Pension reform and risk management
- Shift from DB to DC plans
- Pricing pressure importance in selected markets
- Greater awareness among rank & file
- Outsourcing
 - Investments
 - Administration

Mercer Position

- #2 market share/brand: Retirement and actuarial consulting
- #2 market share/brand: Corporate pension investment professionals
- But...
 - Changes in traditional competitors (Towers Watson/Aon Hewitt)
 - Continued expansion of financial institutions (Fidelity/T. Rowe Price/Vanguard)

RETIREMENT CONSULTING

FOCUS ON TWO KEY QUESTIONS FOR CLIENTS

- **What retirement program best fits their employees?**
 - While there is a trend away from defined benefit (DB) plans to defined contribution (DC) plans, each employer needs to decide on the appropriate retirement plan or plans for their employees.
 - Mercer has consulting, investment and outsourcing capabilities that help employers design and administer their retirement plans end-to-end
- **How can they optimally manage their programs?**
 - Maintaining retirement plans to attract and retain employees involves a daunting array of legal complications, administrative requirements, and high-profile / high-risk financial decisions.
 - Mercer has broad and deep expertise in many areas, such as plan design and management, executive retirement, retiree medical plans, investment consulting, and merger/acquisition consulting, in addition to our traditional actuarial and administrative services.

THE MERCER ADVANTAGE

BREADTH OF SERVICES – HEALTH

Benefit Strategy and Design

- Strategy, actuarial, design.
- Flexible benefits.
- Collectives.
- Exchanges (US).

Benefit Plan Management and Brokerage

- Plan renewal.
- Marketing/vendor selection.
- Financial and claims analysis.
- Vendor performance, management, evaluation, and audit.
- Regulatory compliance and governance.
- Employee communications.
- Collective bargaining.
- Administration.
- Lines of coverage (including accident, life and disability, health care, insured pensions).

Specialty Health and Benefits

- Wellness and health management (including behavioral health and absence management).
- Pharmacy management.
- Analysis and measurement.
- Retiree medical.
- Defined contribution advisory (US).

International Consulting

- Global and regional benefits management.
- Multinational pooling.
- Global health management.
- Expatriate benefits.
- Elect by MMB (and other SME offerings).
- Other international consulting.

Individual and Voluntary Benefits

- Voluntary benefits.
- Executive benefits.

Benefits Administration

- Enrollment.
- Employee communications.
- Flex administration.
- Call centers.
- Claims adjudication (self-insured).

HEALTH & BENEFITS OVERVIEW

Services

Strategic health & benefits consulting

- Design of health care & wellness programs
- Health care & wellness plan selection and renewal
- Evaluation of plan performance
- Management & administration of health & wellness programs
- Help employers navigate healthcare reform

Key Trends

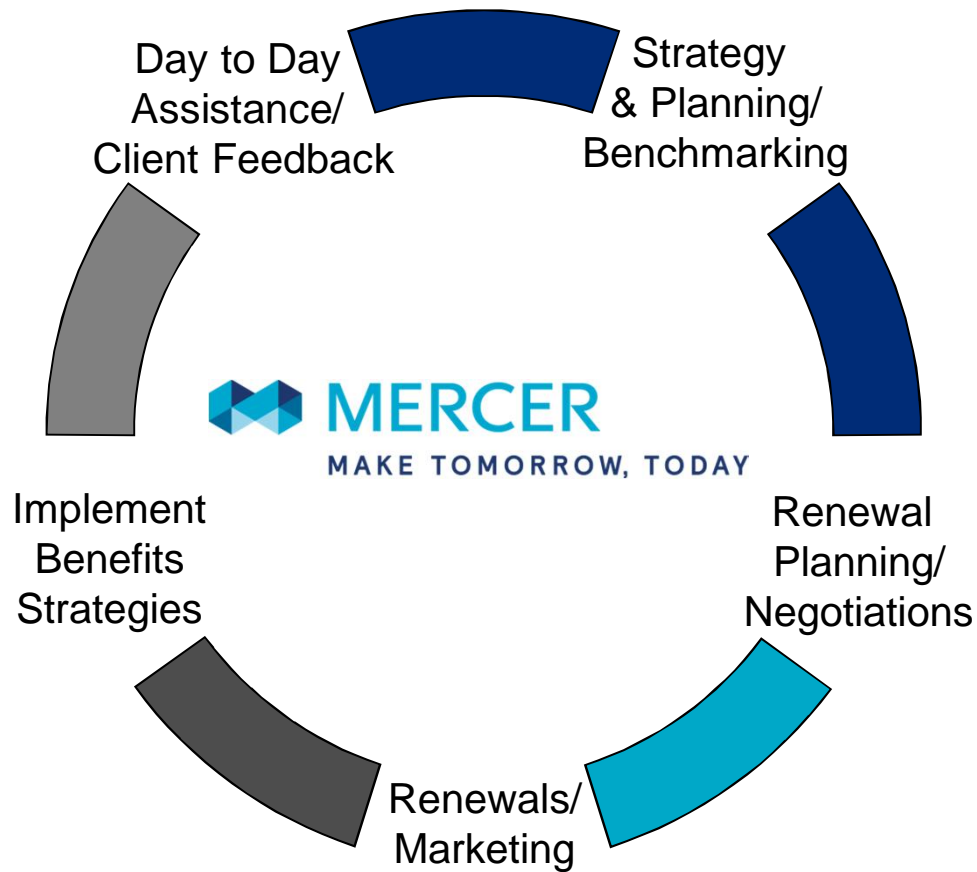
- Aging population
- Consumers lack skills, access to “transparent” information about cost and quality, and incentives to manage health care
- Overuse/ underuse/ misuse of care

Mercer Position

- 5,625+ colleagues
- \$1.6B revenue
- Serving 10,600 clients
- Specialty practices in
 - Absence Management
 - Mergers & Acquisitions
 - Pharmacy
 - Total Health Management
 - International
 - Stop loss
 - Regulatory and Compliance
 - Life Accident & Disability (LAD)
 - Voluntary Benefits
 - Data Analytics
 - Risk management

HEALTH & BENEFITS

WHAT DOES A HEALTH & BENEFITS CONSULTANT DO?



Contribution strategies

Healthcare cost projections

Healthcare reform analysis

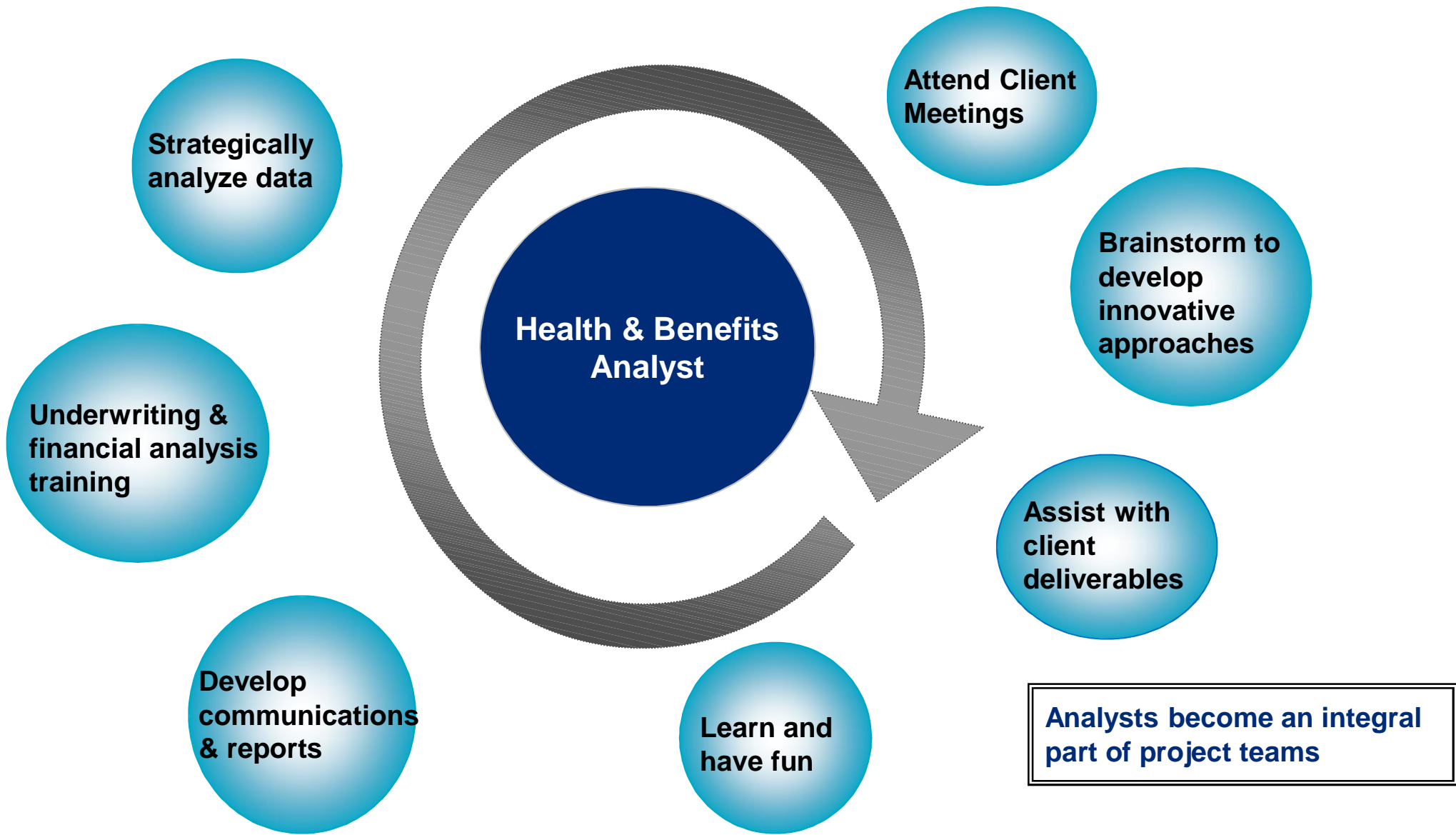
Mergers and acquisitions

Retiree health care valuations

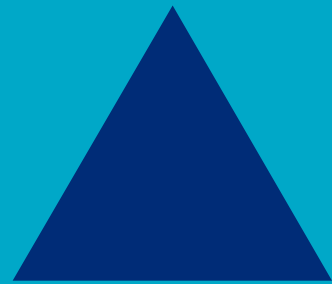
“To optimize our clients’ investment in people.”

HOW DO I GET THERE?

HEALTH & BENEFITS ANALYST



SAMPLE PROJECTS



ACTUARIAL MATH

- Actuaries use their skills to model the value of promises based on uncertain future events
 - Value of an insurance promise if someone dies in the next 5 years
 - Value of an annuity promise for someone at retirement
 - Value of a promise to indemnify them if their house burns down
 - Value of a promise to pay medical bills
- These all have two items in common
 - The uncertainty of the event
 - The assumption of the time value of money

ACTUARIAL MATH

AN EXAMPLE

You have had such a meaningful experience in Dr. Smith's class that you and your classmates would like to give him a gift. You'd like to invest some money for him that will pay him \$1,000 at the beginning of each year from his retirement at age 65 until age 85.

However, you're not certain he will retire from Ohio State, so you want to take this probability into account. This will help you save some money and pay for tuition next semester.

How much will you need to pay, based on the following assumptions?

- The funds you set aside on his behalf will earn 8% interest
- Dr. Smith is 35 years old
- There is a 75% chance he will retire from Ohio State
- There are 40 people in your class

SOLUTION

- If Dr. Smith retires from Ohio State at age 65, you should have accumulated the following amount for him:
 - $\$1,000 * [1-(1.08)^{-20}]/0.08 * 1.08 = \$10,604$
- The probability this will be payable is 75%, so you can discount the number for this amount
 - $\$10,604 * 0.75 = \$7,953$
- This money will earn 8% from now (age 35) until then (age 65), so you can discount the number for interest
 - $\$7,953/(1.08^{30}) = \790
- There are 40 of you in the class, so each person pays $\$790/40 = \20

That's not so much now, is it?

CASE STUDY – SOME ACTUARIAL MATH

Retirement actuaries often deal with finding liabilities for retirement plan benefits. A general formula in words for this liability is:

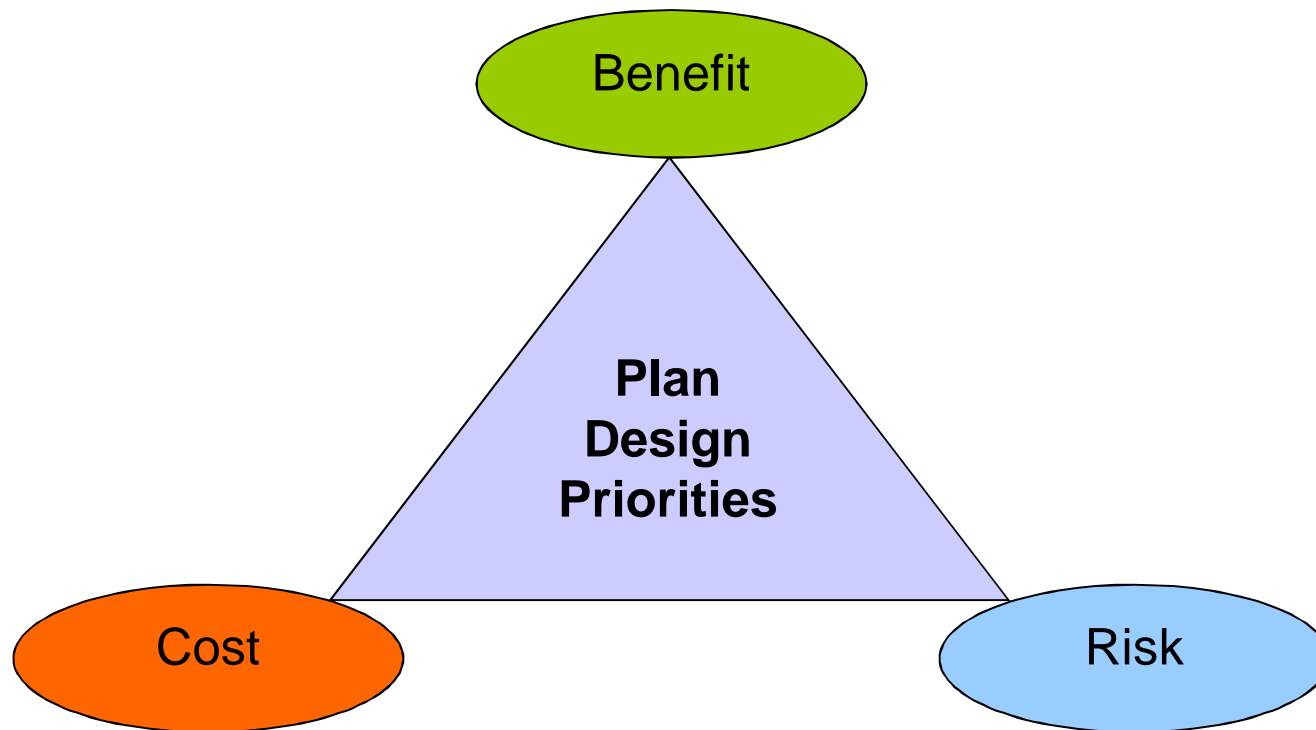
$$\text{Liability (PV)} = (\text{Benefit}) * (\text{Annuity Factor}) \\ * (\text{Probability that Person Survives to Benefit} \\ \text{Start Date and Starts}) * (\text{Discounting Factor})$$

What sort of assumptions are factored into this equation?

ACTUARIAL ASSUMPTIONS

- Benefit Amount
 - Earned to date vs. projected (and what sort of projection)
 - Salary growth
- Annuity Factor
 - Interest rate
 - Mortality assumptions
 - Form of payment
- Probability of employee reaching retirement and starting a benefit
 - Retirement
 - Mortality
 - Disability
 - Termination
- Discounting factor – Interest rate assumption

CASE STUDY ON RETIREMENT PLANS YOU CAN'T HAVE ALL THREE PRIORITIES



- A high-benefit plan aiming for low cost can only achieve it by assuming high risk (e.g. a DB plan invested in equities)
- A high-benefit plan aiming for low risk can only achieve it through accepting higher cost (e.g. a DB plan invested in fixed income)
- A low-cost plan aiming for low risk can only achieve it through providing a lower benefit (e.g. a low-cost DC plan or a DB plan invested in fixed income with lower benefits)

TRAITS OF DEFINED BENEFIT (DB) AND DEFINED CONTRIBUTION (DC) PLANS

	Defined Benefit	Defined Contribution
Determination of Benefits	Based on a formula set forth in the plan document	Based on funds in account balance upon retirement
Determination of Contributions	Contributions are determined actuarially and can be volatile based on factors discussed below	Contributions are predictable based on plan provisions
Employees Who Benefit Most	Older, longer service employees	Younger, lower service employees
Portability	Benefits are generally not portable between plans	Account balances can be very portable between employers
Communication	Benefits are not very transparent and can be difficult to communicate	Benefits are transparent and easier to communicate
Burden of Responsibility	Plan Sponsor primarily funds these plans	Cost is shared between employee and employer
Administration	Can be expensive to administer	Relatively inexpensive to administer
Trusteeship	Investments professionally held. Tend to have better returns	Often, investments are employee-directed and have less favorable returns

- Another primary differentiator is the allocation of risk between employer and employee

CASE STUDY

FACTS AND ASSUMPTIONS

- 1% of final average pay per year of service = 4% of payroll
- 1% of career av. Pay per year of service = 3% of payroll
- 1% of pay DC plan = 1% of payroll
- Equities are expected to return 10% over the long run with of STD of 12
- Fixed income is expected to return 5% over the long run with a STD of 4
- Liabilities are expected to grow at 6% / year with STD of 12
- 95% of random experience falls within 2 STD of the mean
- 68% of random experience falls within 1 STD of the mean

CASE STUDY - CLIENTS

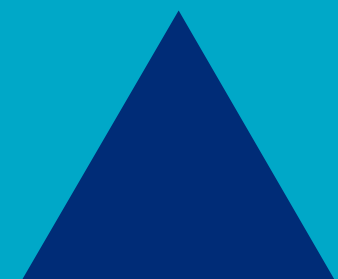
- Client 1
- Hospital – High benefits; low cost
- Payroll = \$1,000,000
- Long service is important. Cash is important
- Client 2
- Manufacturing – High benefits; low volatility
- Payroll = \$1,000,000
- Union concerns are important
- Client 3
- Bank – Low cost; low risk
- Payroll = \$1,000,000
- Operational efficiency is most important.

CASE STUDY

QUESTIONS

- What does the plan design of your client look like?
- How will their assets be invested?
- How much do you expect the plan to cost?
- What is the volatility of your plan?

MERCER





AN OVERVIEW OF MERCER
OUR MISSION

MERCER MISSION

We help clients around the world advance the health, wealth and performance of their most vital asset – their people.

An overview of Mercer Part of Marsh & McLennan Companies

MARSH

Insurance Brokerage, Intermediary & Risk Advisory Services

- Corporate risk identification & advice
- Global insurance brokerage services & solutions
- Product & industry expertise & specialization
- Risk consulting
- Affinity insurance program management & private client solutions
- Alternative risk strategies
- Insurance captives management
- Claims management & loss control services

Risk & Insurance Services

GUY CARPENTER

Reinsurance & Risk Advisory Services

- Risk quantification & assessment
- Integrated strategies to protect, deploy & optimize capital
- Global reinsurance structuring & placement
- Portfolio optimization modeling
- Capital markets / M&A advice
- Rating agency advice
- ERM analysis
- Contract & claims management

MERCER

Consulting, Outsourcing & Investments

- Retirement
- Health & benefits
- Human capital
- Survey & products
- Communication
- Investment consulting
- Investment management
- Mergers & acquisitions
- Outsourcing

Consulting

OLIVER WYMAN GROUP

Management Consulting & Advisory Services

- Strategy, operations & technology advice
- Financial services consulting
- Organization design & transformation
- Enterprise risk analysis
- Brand management & strategy
- Regulatory advisory & litigation support
- Actuarial consulting



An overview of Mercer

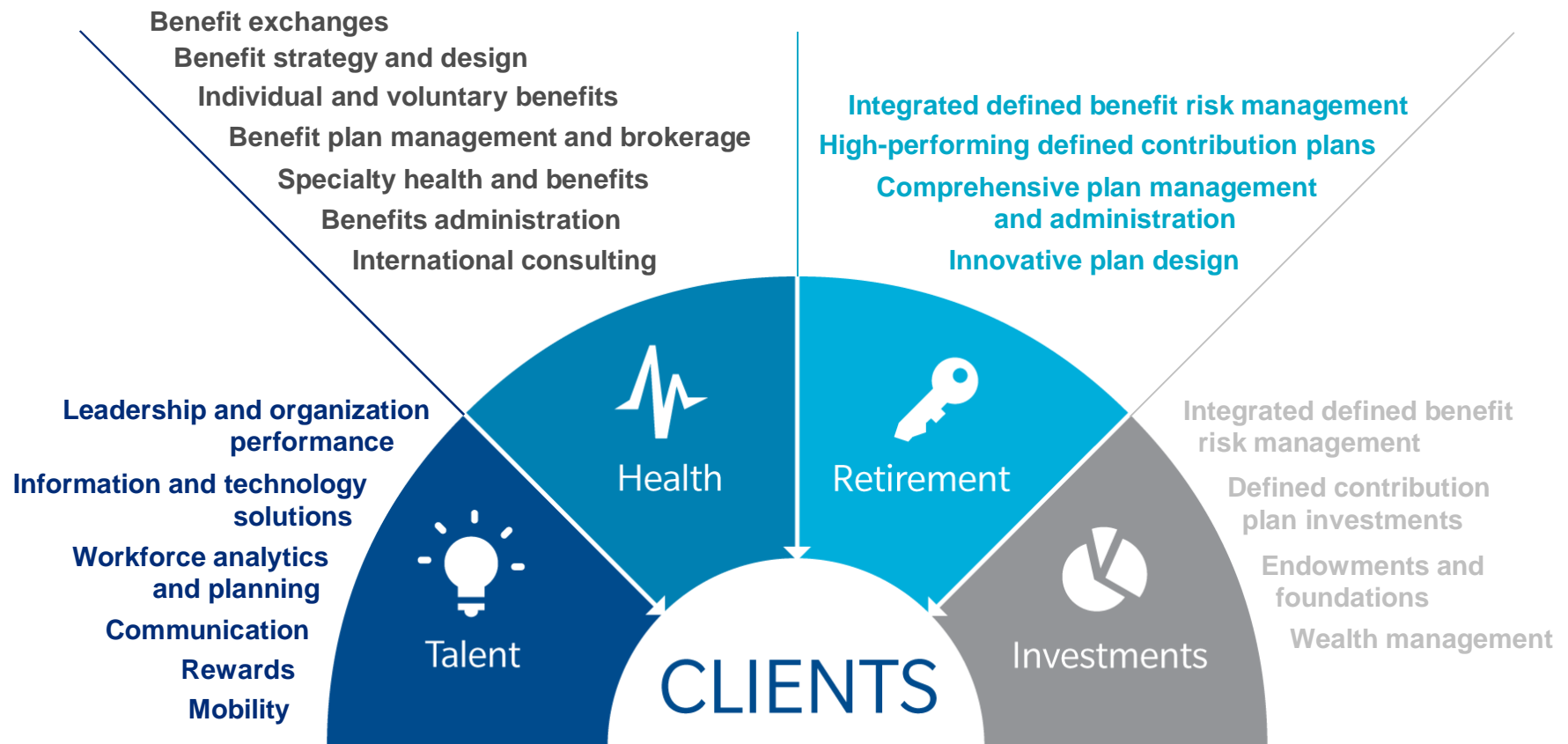
Who we are

We are a global consulting leader in talent, health, retirement, and investments.

- \$3.9 billion in revenue.
- 65-year history.
- Four business segments.
- Offices in more than 40 countries.
- 20,000+ colleagues.



An overview of Mercer Business Segments



AN OVERVIEW OF MERCER THE MERCER ADVANTAGE- BRAND/INTELLECTUAL CAPITAL

Mercer Brand Prestige

Human Resources Consulting Firm Rankings*

2016	2015
1. Mercer	1
2. Aon Hewitt	3
3. Willis Towers Watson	2
4. Deloitte Consulting	4
5. McKinsey & Co.	6
6. Hay Group	5
7. The Boston Consulting Group	8
8. Accenture	7
9. PWC	9
10. Bain & Company	12

Intellectual Capital

- Retirement Plan Design of the Future.
- Melbourne Mercer Global Pension Index.
- Inside Employees' Minds/Inside Employers' Minds.
- 2012 World Economic Forum: Talent Mobility Good Practices study.
- National Survey of Employer-Sponsored Health Plans (US).
- Global equity exposure/exposure to low-volatility equity portfolios.
- *Mercer Workplace Survey*, an annual nationally representative study of employee perspectives on their benefits (data trends since 2003).
- Global Investment Forums.
- Responsible Investment — UN PRI study.

* Vault 2016 rankings

WHY MERCER?

WE MAKE A DIFFERENCE

Mercer's mission is to help clients around the world advance the health, wealth, and performance of their most vital asset – their people.

- 27,000+ Mercer clients.
- 9 million+ benefit plan participants.
- 110 million+ employees of Mercer clients.



AN OVERVIEW OF MERCER VALUES

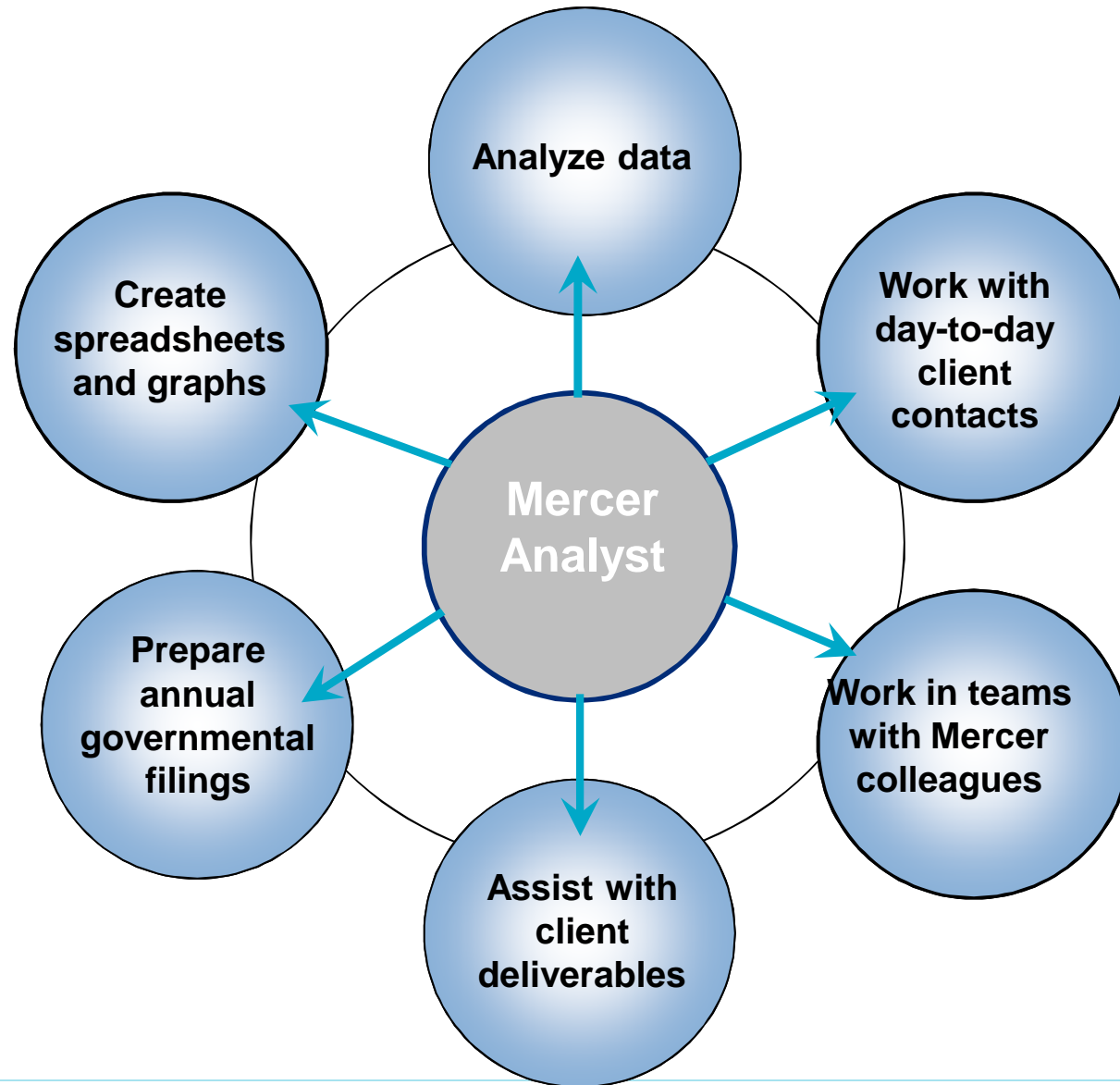
- **PASSION**
to win and be the best at what we do, reflected in our people, thought leadership, solutions and clients.
- **RESPECT**
for diversity: listening to and collaborating with others, being inclusive and bringing the best ideas forward.
- **INTEGRITY**
in everything we do: knowing what is right and acting responsibly with our clients, colleagues and communities.
- **INNOVATION**
that anticipates our client needs and reshapes the marketplace.
- **DEDICATION**
to serving our clients with unparalleled quality and proven success.
- **EMPOWERMENT**
to act like business owners and be accountable for our decisions.

MERCER
PRIDE

RETIREMENT BUSINESS STRUCTURE

- Team-based
- Mentors and coaches
- Training coordinator ensures that all training needs are met
- Supervisor balances work issues and helps provide new opportunities
- You'll work on a variety of client teams with many people at all levels
- Cross-practice client teams

WHY JOIN MERCER CHALLENGING ANALYTICAL WORK



HOW DO I GET THERE? ACTUARIAL ANALYST

- Mercer recruits on-campus for Actuarial Analyst positions
- Career development training program R3 – Right Learning, Right Time, Right Place
 - combines self-paced online, classroom and on-the-job coaching
 - Develops actuarial analysts into well-rounded retirement consultants of the future.
- Mercer offers an actuarial student program which includes:
 - paid time off for exam study
 - paid time off for exam day
 - financial support for materials
 - reimbursement of exam costs
 - Salary increases subsequent to passing exams

NEW EMPLOYEE EXPERIENCE

- New employees are put on client teams with other recent hires, experienced consultants, and members from other practice areas
- Each client team is different and adapted to client needs
- Variety of billable client work
- Focus on background of projects
- Interns will experience all of the above and more!
 - Attend a client meeting
 - Intern housing available at select locations
 - On-going training
 - Social outings

EXAM STRUCTURE

Note: Revised Curriculum goes into effect July 1, 2018!

ASA

- Preliminary Education - five exams
- Validation by Educational Experience (VEE)
- Eight Fundamentals of Actuarial Practice (FAP) modules: interim assessment after module 5, final assessment after module 8
- Associateship Professionalism Course (APC)

EA

- Retirement actuaries in the US require 2 EA exams: EA1, EA2 (segments L & F)

FSA

- Specialized by practice area “tracks”
- Corporate Finance and ERM (CFE), Quantitative Finance and Investment (QFI), Individual Life and Annuities, Retirement Benefits, Group and Health, and General Insurance Track
- Generally three exams, three FSA modules, Decision Making and Communication module (DMAC), Fellowship Admissions Course (FAC)

EXAM STRUCTURE

Note: Revised Curriculum goes into effect July 1, 2018!

ASA Exam Structure

Exam P: Probability

Exam FM: Financial Mathematics

Exam MFE: Models for Financial Economics

Exam MLC: Models for Life Contingencies

Exam C: Construction and Evaluation of Actuarial Models

FAP Modules 1-8, two assessments

FSA Retirement Track

EA Exams 1, 2F&L

RETDAU: Design and Accounting

RETRPIRM: Investment and Risk
Management or ERM

FSA Retirement Specific Modules

FSA Health and Group Track

GHCORU: Core

GHADV: Advanced

GH Specialty or ERM

FSA Health Specific Modules

WHY JOIN MERCER MERCER'S ACTUARIAL STUDY PROGRAM

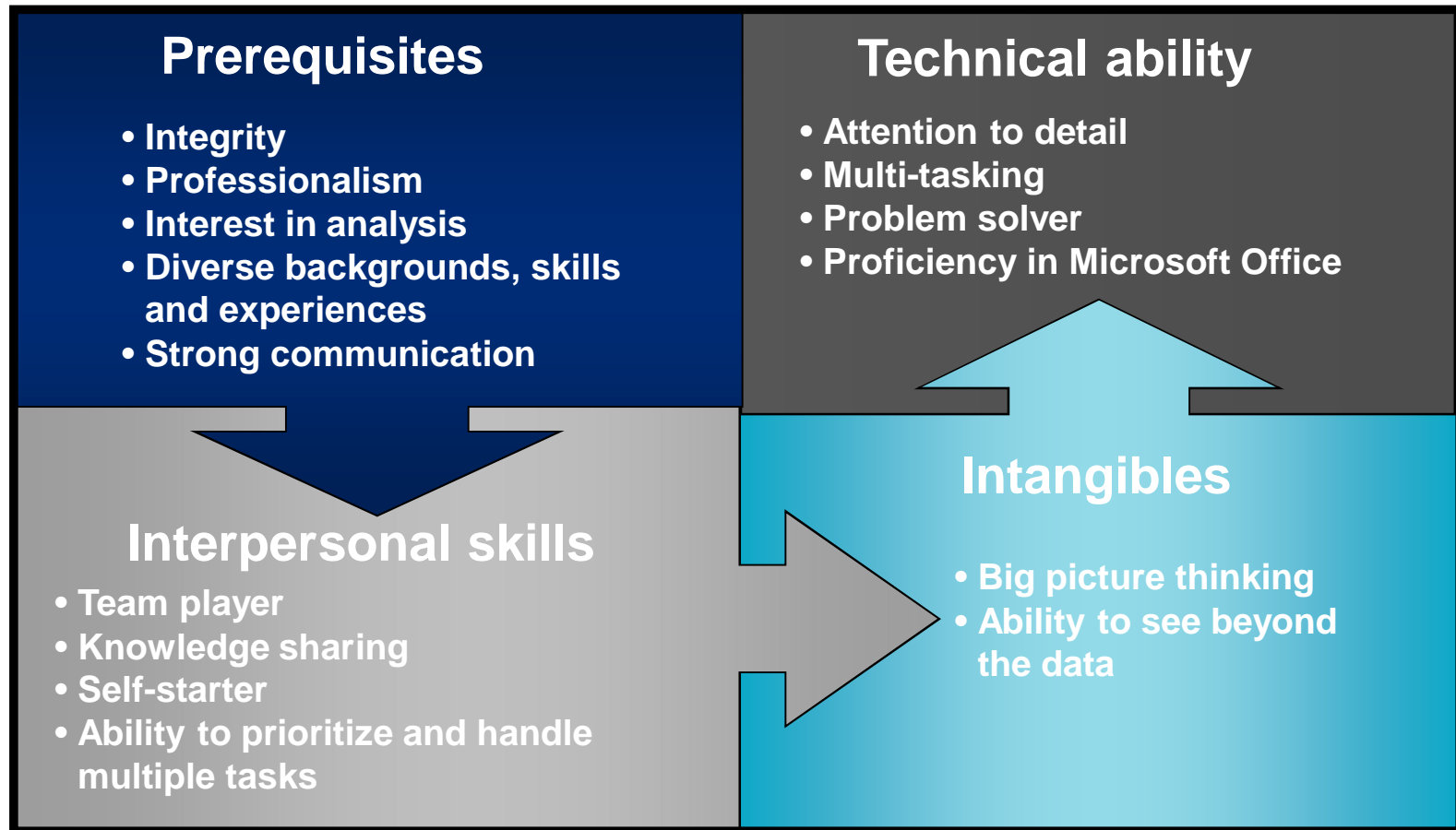
- Mercer and other employers provide students with paid study time to supplement their personal time
 - Generally 3 days per hour of exam
 - Full day off on Exam Day
- Reimbursement of exam fees and books/study aid expenses
- Financial rewards for passing exams
 - Salary increases for each exam passed
 - Bonus for each exam passed on first attempt
 - Bonus upon attainment of each designation (ASA, FSA and EA)
 - Bonus after successful completion of each group of modules, including: modules 1-5 and modules 6-8 and FSA modules
 - Greater opportunity for job growth and responsibility by passing exams

INTERNSHIPS AT MERCER

An internship at Mercer can give you a head start on your career. Program highlights include:

- A paid internship within one of Mercer's key business segments at one of our locations across the US
- A first-hand experience of life in the consulting world
- A mentor to provide support and guidance
- Job shadowing to learn more about other business segments and the work they do
- Formal training activities, lunch-and-learns with leadership, and opportunities to enhance your presentation skills
- Participation in Mercer's performance evaluation process
- And, don't forget FUN! You'll get to know your colleagues and other interns through social events.

WHY MERCER? RECRUITING THE BEST



IS CONSULTING RIGHT FOR YOU?

If you want to...

- Tackle global, headline-making business and economic issues
 - Stretch your creative, analytical and managerial capabilities
 - Work with recognized leaders of business, industry, and the public sector
 - Enjoy a work environment that is open, honest and direct
- ... then there's a good chance that consulting is right for you!

MERCER UNIVERSITY RELATIONS & RECRUITING IMPORTANT RECRUITING DATES

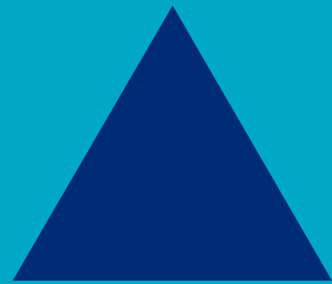
- Resume Submission Deadline:

- On-Campus Interviews:
TBD



Visit us at www.mercer.com/careers/students-and-graduates.html

QUESTIONS?



MAKE



**TOMORROW,
TODAY**