

# Actuarial Society of South Africa

## EXAMINATION

1 September 2010

### A302 (Communication)

#### Marking Schedule & Examiners Report

##### Question 1

##### *Presentation*

*Up to 50% of the marks are available for the mechanics of the communication.*

**Range of slides:** Title slide, background/agenda slide which refers to the purpose of presentation; 'body slides' covering various ideas/concepts/sections; concluding/summary slide with offer to take questions. Two marks would be lost if too few or too many slides.

**Headings & Titles:** This includes major and sub-headings and numbering (internal & slide), all titles and labels (graphs/tables) and correctness of names and dates in headings and titles (e.g. firm, fund, people, etc.). Headings need to be explanatory and informative so communicative at a glance. Labels, especially table headings, are accurate and complete.

**Structure & Design:** This has more to do with appearance and layout of slides. It includes use of space and composition; size/clarity of writing (font); number of bulleted/numbered sections; choice, type and execution of graphic (appropriateness). Any visual must add value, not be merely decorative, and must be clear at a glance. (8 marks)

**Language:** Actual wording of headings and bullets (phrases, not full narrative sentences), grammatical parallel structure throughout, consistent use of language and punctuation, headings neither too cryptic nor longwinded, overall grammar, spelling, overall tone (not too familiar, chatty or emotive).

**Overall impression:** How does the whole presentation 'hang' together in terms of coherence, logical development, structure of message and 'look' – all the elements above working together to create good impression.

## Content and objectives

*Up to 40% of the marks are available for the content of the slides. Content marks for each point may be scaled down where the content is unclear.*

1. Different ways rates expressed
  - Nominal vs effective
  - Annual vs monthly vs annual, convertible monthly
2. All loans repaid monthly
3. Choosing cheapest rates
  - Need to compare like with like/in order to compare
  - convert all to same expression
  - Choose one expression (e.g. effective monthly or annually)
    - Explained the chosen one
      - In terms of monthly or annual interest payment
      - Suitable Rand based example
  - Avoid explaining more than one rate expression in detail; no marks given if explained none
  - Choose provider with lowest rate (need to state this explicitly as a general principle, not just at the bottom of the current rates table)
4. Converting other expressions to a common one
  - From nominal to effective monthly giving simple formula
  - Referral to handout for effective annual to effective monthly
  - Give example of conversion per expression; easy to follow; may use current Pofadder provider rates
  - Examples in some way consistent; if just used current Pofadder provider rates in the examples, give 0 out of 2
5. Current rate comparison per provider
  - Type and rate quoted
  - Correct comparable rates
  - Cheapest/best loan from Y
6. Questions?

*Up to 10% of the marks are available for meeting the communication objectives.*

The communication meets the recipient's objectives and presents the communicator in a credible fashion:

1. Audience would be able to take new rates given by current providers and determine which is the cheapest rate
2. Presentation factually correct and not too thin on facts

### Comments for Question 1:

#### General Comment:

The examination was very good at gauging how well students were able to communicate relatively basic actuarial technical facts to their target audience. The technical knowledge required was not onerous.

In the light of technical requirements not being onerous, students who made a technical error in calculation and presentation of the interest rates, generally did not pass the presentation question and this generally resulted in them not passing the examination. Some students used actuarial or mathematical notation in their explanations. This was entirely inappropriate for the target audience and all students who did this did not pass this question. It was surprising how many students missed easy marks by not having an appropriate header slide, agenda slide, conclusion and/or question slide. It was also surprisingly that many candidates did not point out which loan provider was the cheapest at the present time.

## **Question 2**

### **Letter**

*Up to 50% of the marks are available for the mechanics of the communication.*

**Length:** Students are allowed a leeway of about 50 words over or under the specified word count. Award only 2 marks if the word count is beyond that specified by another 50 words. No marks if the word count is more than 100 words beyond that specified.

**Format:** Sender's address can be a letterhead across top of page or an address on right or left of page and include correct address details (no punctuation, etc.). The date should be in between addresses on right OR left but not below recipient's address. It should be written out formally: 1 September 2010. The format mark also includes salutation and close. Marks will be lost if the recipient's name is given yet student chooses a "Dear Sir/Madam" approach.

**Language:** This section includes choice of words, register/level of language, avoidance of jargon, style & tone, grammar, punctuation, spelling etc.

**Planning and structure:** This involves the use of headings from the subject line to headings in actual letter. Also includes the logical, coherent arrangement of information, good sentence and paragraph structure, good clear use of information without technical formulae etc. as well as good beginning, middle, end conventions: Opening paragraph: goodwill and topic identification; relevant body explanations and close: goodwill once again and pointing the way ahead.

## Content and objectives

*Up to 40% of the marks are available for the content of the slides. Content marks for each point may be scaled down where the content is unclear.*

The following points **should** be included:

1. Regulation 37
  - Revisions to Regulation 37 comes into effect on 1 December 2010
  - It governs the investment of retirement fund assets; if say that it governs RA funds, give 1 out of 2
  - As a RA holder in Red Co, you are a Red Co RA Fund member
  - Restrictions previously took place at Fund level
  - But now take place at individual level
  - Suitable example to explain this concept to the client; if do not use a fund with only 2 RA holders, but the example given is correct, give 2 out of 4
  - Maximum of 75% and 25% on equity and non-SA/foreign/overseas investments
  
2. Individual RA holder's investments
  - On 1 September 2010; needs to be stated explicitly along with the figures [2]
  - Split by Reg 37 categories; if full split not shown by table or in words, give 0 out of 2
  - Showing totals per category
  - Totals in equities and non-SA investments exceed limits
  - You are therefore impacted
  - Reduction needed by 1 December 2010; needs to be said explicitly, reference to end of November gets no marks
  
3. Assistance
  - Wide range of investment options offered; accept website referral to underlying funds for full marks
  - Will be able to find investment to reflect
    - risk profile
    - investment goalsa reference to this idea, if expressed adequately (even if not fully), gets 2 out of 4
  - Broker will contact client by end of October
  - Hotline details: days, hours and number
  - No administration fee on switches due to the revised Regulation

*Up to 10% of the marks are available for meeting the communication objectives.*

Have the objectives have been met for both parties in terms of mutual respect, sense of acceptance, trust etc. As reader, would the letter (and letter writer) be seen as credible (or would matters go further)?

1. As Product Manager, would have been happy to send this out and, as a client, you would have been happy to receive it
2. As a client you would feel that you are OK and would be taken care of

**Comments for Question 2:**

Many of the students who failed this question seemed to be confused who the letter was from and what their role in giving advice to the client was. Candidates who displayed this lack of understanding did not pass the question. An example was an essential part of the answer to this question and numerous candidates failed to give one. Candidates who failed to give an example generally did not pass the question. The use of informal language in the letter was not appropriate. Some candidates were very informal in their opening paragraph. Asking after the health and well-being of client or asking them whether they enjoyed the World Cup is not appropriate in a letter of this nature and yet quite a few candidates did this. Many candidates did not mention 'Regulation 37' but just covered the concept. These candidates did not generally pass the question. Quite a few candidates also got the dates wrong of when the change occurred and when the client was required to change their investments by. This cost easy marks which could easily have been the difference between passing and failing. The key divide though for this question was on whether a candidate covered what assistance the company could provide. Candidates who handled this section well generally passed the question.