



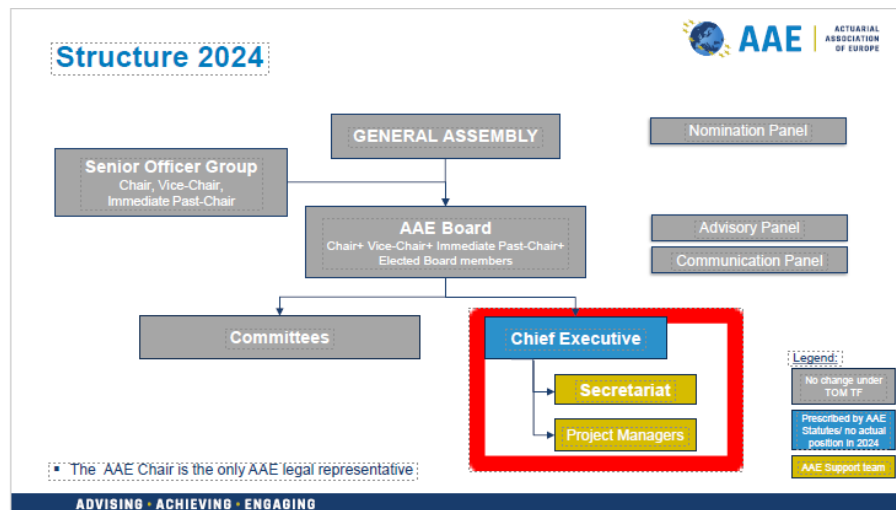
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AAE Target operating model

Edinburgh, 11.04.2025

Scope of Target Operating Model Task Force



Scope and rationale of the creation of the Target Operating Model Task Force (TOM TF)

- The AAE Board is constantly reviewing the set up of the AAE and how to further improve it.
- The AAE Board created the TOM TF to review and propose a target operating model with the aim to support the sustainable achievement of AAE's strategic objectives **(the scope)**.
- The AAE Board is working on the strategy and collaboration/set up with committees and leveraging the AAE volunteers.
- The TOM TF during the working meetings also produced proposals for the AAE set up outside of the scope and those points have been communicated to the Board for action and decision. A review of AAE Strategic Objectives, the AAE Strategic Plan and its Pillars is out of scope.



TOM TF Process

The TOM TF started with a kickoff survey to the member of the TOM TF (83% response rate) to understand each MA's position and asked about red lines, what should the AAE do more and do less, what synergies can be leveraged and how can the AAE Staff become more productive.

Based on the results, three working groups were created to work on specific areas:

- Enhancing engagement with European entities.
- Improving efficiency.
- Exploring funding options.

The outcome of the work on the specific areas led to **"the consensus"**:

- To ensure continuity and enhanced stakeholder management at the European level, a Chief Executive and/or a coordination role is needed.
- The AAE Staff needs to reduce its workload by becoming more efficient, more coordinated, and more focused. To achieve this, a Chief Executive and/or coordinator is required."

The TOM TF then decided to further work on TOM options based on the findings of the work done on specific areas:

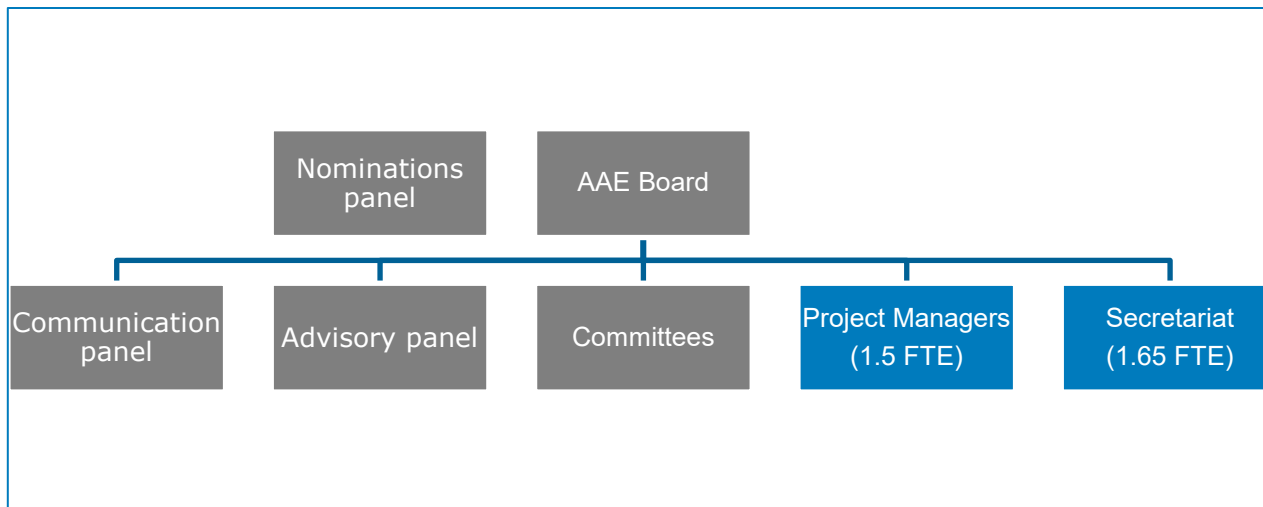
- Option A – Deliver on the consensus with no hiring and no extraordinary financing.
- Option B – Deliver on the consensus with hiring and no extraordinary financing.
- Option C – Deliver on the consensus with hiring and additional financing.

The subgroups did a mapping of the current tasks of the AAE Board and AAE staff and defined what tasks should be enhanced and added in order to deliver on **"the consensus"** and derived from those tasks job descriptions.

The outcome of the work is presented in the next slides.



Current Organization



Role of the AAE Board, role of the AAE Committees and AAE Panels

- The AAE Board is responsible to set the strategy, to ensure the AAE setup is optimal to execute the strategy and to monitor its executions and to engage with European stakeholders.
- The AAE Committees are responsible for the execution and delivery of the strategy.
- Panels are enablers for the Board (e.g. Advisory Panel and Communication Panel) or the General Assembly (e.g. Nominations Panel).



AAE Strategic Objectives and Key Pillars

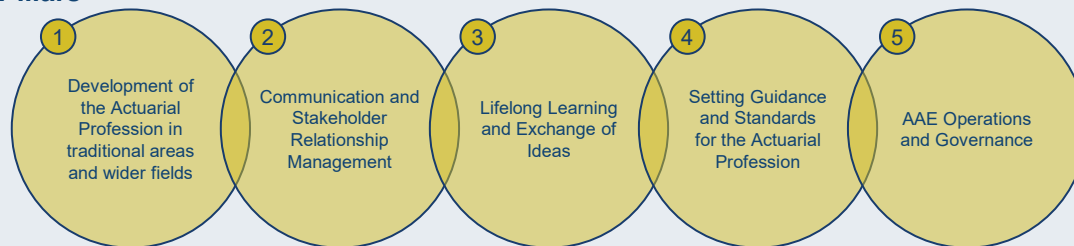
Strategic Objectives

- 1 Enhance Relations with European Institutions
- 2 Promote Professionalism
- 3 Promote a European Community of Actuaries

Vision statement

The vision of the AAE is for actuaries throughout Europe to be recognised as the leading quantitative professional advisers in financial services, risk management and social protection, contributing to the well-being of society, and for European institutions to recognise the valuable role that the AAE plays as a leading source of advice on actuarial and related issues.

Key Pillars



Current operating model – the AAE is working well, and the TOM will make the AAE even more impactful in delivering the SO1-SO3



Target operating model

Current set up



Example: engage more with EU stakeholder groups on AI act, actuaries in banking and finance, actuaries and data science. Promote fit and proper status of actuaries.



Example: ensure regular meetings with joint agenda and topics with EU stakeholders on major legislation. Ensure continuity in stakeholder management from AAE and counterpart.



Example: leverage more the contribution of volunteers by providing coordination and project management support to motivate experienced volunteers to contribute.

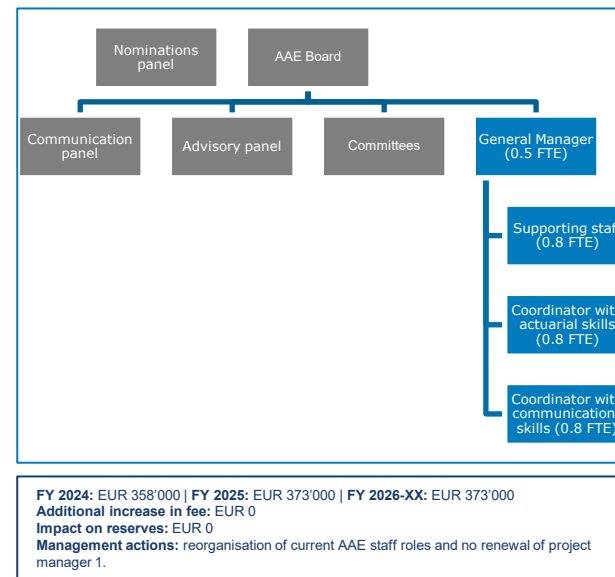
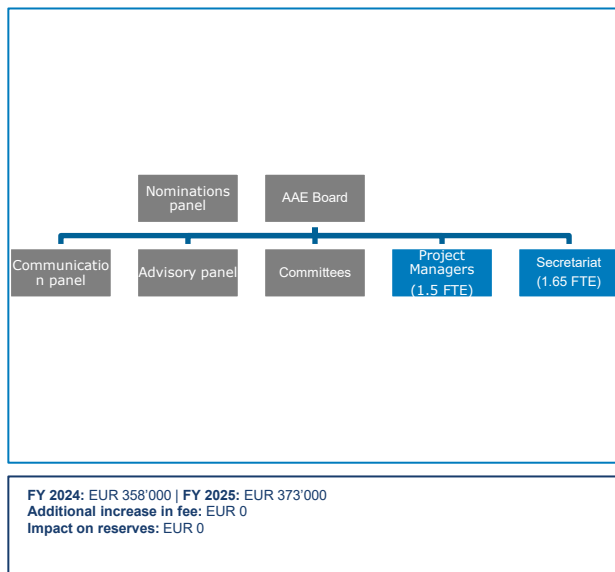


Example: leverage more the contribution of volunteers by providing coordination and project management support.



Example: some AAE staff have very high workload, and overall efficiency can be improved.

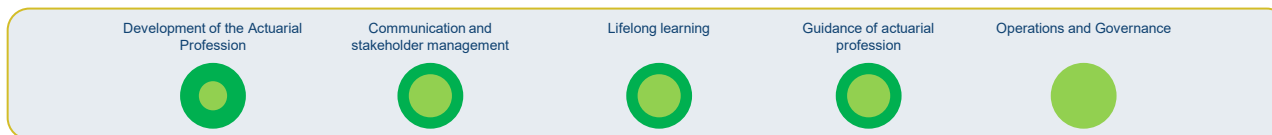
Scenario 1 - Optimizing the current organization



Target operating model



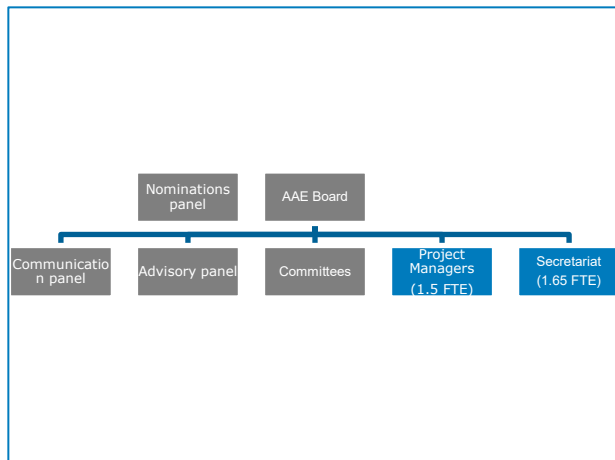
Scenario 1 delivery



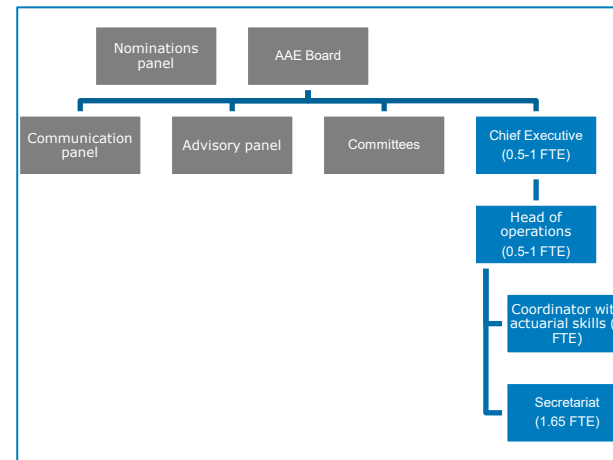
Fees



Scenario 2 - Target Operating Model to achieving our Strategic Objectives (WITHOUT MA SUPPORT)



FY 2024: EUR 358'000 | FY 2025: EUR 373'000



FY 2024: EUR 358'000 | FY 2025: EUR 373'000 | FY 2026-XX: EUR 465'000

Additional increase in fee: EUR 3,5

Impact on reserves: EUR 75k

Management actions: reorganisation of current AAE staff roles and no renewal of project manager 1. No support from MAs.



Target operating model



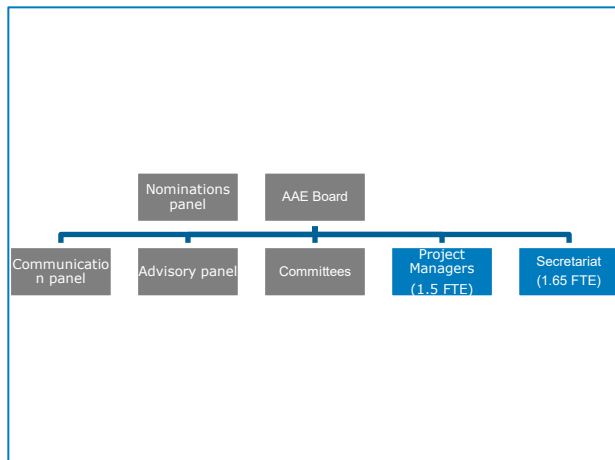
Scenario 2 delivery



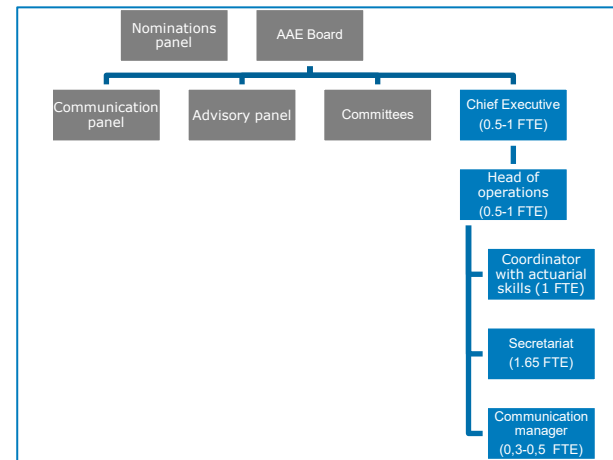
Fees



Scenario 2 - Target Operating Model to achieving our Strategic Objectives (WITH MA SUPPORT)



FY 2024: EUR 358'000 | FY 2025: EUR 373'000



FY 2024: EUR 358'000 | FY 2025: EUR 373'000 | FY 2026-XX: EUR 375'000

Additional increase in fee: EUR 0

Impact on reserves: EUR 75k

Management actions: reorganisation of current AAE staff roles and no renewal of project manager 1. Support from MAs staff depending on contributions from MAs.



Target operating model



Scenario 2 delivery



Fees





Discussion points

- Do we want to achieve the target operating model?
- If we want to create the set up to achieve the target operating model, we have two discussion points:
 - Do we want to finance the set up with an additional fee increase of up to EUR 3.5?
 - If not, do the AAE MA accept to get MA support?

Timeline

- 11 April 2025: TOM TF Progress Meeting
- 11 April 2025: TOM TF Progress will be disclosed for MAs' presidents
- May – June: Consultation period with MAs
- 26 September 2025: TOM TF proposal to be presented to the General Assembly for approval



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Appendix



Efficiency initiative

- Leverage technology:
 - Use AI for meeting minutes and agenda preparation (has already started).
- General manager (scenario 1)/head of operations (scenario 2):
 - Ensure coordination, roles & responsibilities and efficient task allocation.
 - Renegotiates contracts to reduce expenses.
 - In the mid term, raises funds from sponsors and EU funding.
 - Prepares staff retirement and deputization in due course.
- Better use of volunteers:
 - Better split tasks between volunteer and secretariat (e.g. meeting minutes and agenda - has already started).
 - Two vice-chairs will support committee functions (has already started).