

Errata for Third Edition of Exam FM/Exam 2 Manual (Last updated 9/10/06)

- [9/10/06] Page 84, Q.7. These questions should actually appear after Section 3i.
- [4/4/06] Page 99, Q. 22. This question, which appeared on the SOA's November 1990 exam, is actually defective. (To my knowledge, the SOA never published a notice that the question was defective.) The exam committee wanted you to assume that the same interest rate applied to all 3 statements (i), (ii) and (iii). But this is inconsistent with the given information. Statement (i) is true for an effective semiannual rate of about 4.517%. Statement (ii) is true for an effective semiannual rate of about 2.234%. This gives no information about how you should determine the PV in (iii). The solution on page 104 of this manual is based on the erroneous SOA assumption, which leads to the "correct" official answer.
- Please note that this question is similar to question 52 on page 93 of Kellison (same idea, different numbers). Of course, the Kellison question is defective for the same reason.
- [4/4/06] Page 113, first line, right-hand side of equation. Should be **1,000**, not 10,000.
- [9/10/06] Page 115, Q. 8 and Q. 10. These 2 questions should say that all logs are to the base e.
- [9/10/06] Page 123, Q. 5, 3rd line. a(4) should be (a angle 4).
- [9/10/06] Page 132, 2nd line under "Perpetuities". The 2nd limit should be "as **n** goes to infinity, not m.
- [9/10/06] Page 133, 3rd line. Should say "**m-thly** perpetuities", not "monthly".
- [9/10/06] Page 142, Q. 7, 3rd line. $j = .025$, not .0025.
- [9/10/06] Page 143, last line. Should be **3,704.32**, not 3,703.42.
- [9/10/06] Page 146, Q. 30, 4th and 5th lines. There should be a double-dot on (a angle n). Also, $n = 30.47$, not 30.83. (Answer is still (C).)
- [9/10/06] Page 150, 1st line under "Integral Form". There should be a bar over (a angle n).
- [4/4/06] Page 178, Q. 13, first and last lines. Replace 9.76 by **10.24**. The final answer on the last line is **124.93**, not 124.45. The answer is still (A).
- [9/10/06] Page 179, Q. 19, 5th line. Should say "will be found **to be less than** 3,500".
- [9/10/06] Page 180, Q. 22, last line. Replace 1,449.23 by **1,499.23**.
- [9/10/06] Page 197, Q. 18, 1st and 2nd lines. Delete the coefficient 12 where it is shown 3 times on the right-hand side of the equation.
- [9/10/06] Page 204, Q. 5, 8th line. The term $(1 - k^n)$ should be **(1 - kn)**.
- [9/10/06] Page 260, Q. 2, 4th line, last term. Should be **(1 - v)**, not $(1 - v)$.
- [9/10/06] Page 287, Q. 4, 5th line. (s angle 5) is at **.09**, not .07.
- [9/10/06] Page 296, Q. 15, 2nd line. The exponent of 1.05 is **2**, not $\frac{1}{2}$.
- [9/10/06] Page 309, 1st line. The closing bracket should be right before (a angle 10), not after it.

[9/10/06] Page 317, Q. 3, 1st line. The last term in the parenthesis should be $(1.03^{19})(v^{20})$, not $1.03(v^{19})(v^{20})$.

[9/10/06] Page 362, solution to Example 2, 1st line. Should be **1,155.60**, not 1,115.60.

[9/10/06] Page 370, 7th, 8th and 9th lines. There should be a negative sign to the right of the equal sign on these 3 lines.

[9/10/06] Page 379, Q. 5, 3rd line. Should be $j = 2.9336\%$, not $(1 + j)$.

[9/10/06] Page 380, Q. 13, 2nd line. Should be **1,003.38**, not 1,000.38.