

**Updates and Errata: ACTEX Study Manual for SOA Exam FM, Fall 2018 Edition
as of June 30, 2020**

Please note the following errors in the Fall 2018 Edition of the manual.
In each item, the change is shown in **red**.

Page M2-52, Example (2.115).

The answer (on the last line) should be: 1,242,860.96

Page M2-93, solution to Problem 15.

The second paragraph should begin:

Since **Susan** gets the next m payments ...

Page M2-104, solution to Problem 12.

The *Note* on the 8th line from the bottom of the page should read as follows:

(*Note: Calculator must be in **BGN** mode.*)

Page MT1-4, Problem 3.

The formula after the large paragraph should be:

$$FV = 8 \cdot s_{\overline{10}|i}^{5.25\% (4)} = 8 \cdot \frac{(1+i)^{10} - 1.0525^{10}}{i - 0.0525} \cdot i^{(4)}$$

Page MT1-6, solution to Problem 8.

The one-sentence paragraph just below the middle of the page should begin:

“The last payment will be 564.**89** plus ...”

Page M5-30, solution to Problem 5.

The 2nd line of the formulas in the middle of the solution requires an additional “0”:

$$1,050 - 100x = 90/0.**08852** = 1,016.72 \rightarrow x = 0.333$$

Page M9-52, solution to Problem 5.

The first sentence of the 3rd paragraph of this solution should begin:

“The bank pays the **swap rate (the fixed rate of 5.1618%)** and receives the **variable rate (4%)**, so...”

Page PE5-14, solution to Problem 19.

The first line of equations should be:

$$(1+i)^5 = 213.70 / 159.69 = 1.3382 \rightarrow i = 1.3382^{1/5} - 1 = 0.0600$$

Page PE5-20, solution to Problem 29.

Replace the equation on the 6th line with the following:

$$F \cdot (r - i) \cdot v^{n-t+1} = 10,000 \cdot (0.03 - 0.04) \cdot 1.04^{-(30-9+1)} = -42.20$$

(The negative value indicates that 42.20 of discount is being amortized.)

Page PE6-9, Problem 35.

The first sentence should read:

A 4-year interest rate swap has a notional principal amount of **100,000**.

Page PE6-11, solution to Problem 5.

The end of the last sentence should read as follows:

*“which must equal **Ben's** NPV of -26,243.83.”*

Page PE6-17, solution to Problem 18.

The equation near the middle of the page that gives the value of n should be:

$$n = \ln 1.904046 / \ln 1.004074 = 158.3880$$

(The change is that the minus sign should be deleted.)

Page PE7-18, solution to Problem 18.

The last two sentences of the second paragraph should be:

“Set **PMT** = -2,251.90. CPT N = 262.41.”

Page PE6-23, solution to Problem 33.

The equation in the last paragraph requires an additional “0”:

$$6,000 \cdot 1.003333^{10} = 6,203.03$$

Page PE8-18, solution to Problem 17.

The correct answer choice is **D**, not **B**.

Page PE9-7, Problem 25.

The number in the next-to-last line should be **1,275** (not 1,175).

Page PE9-14, solution to Problem 11.

The second equation should be:

$$X = 960 \cdot a_{\overline{168}|i} = 960 \cdot \frac{1 - 1.00526169^{-168}}{0.00526169} = 106,897.76$$

Page PE9-24, solution to Problem 29.

The first equation on the last line should be:

$$v^2 = \mathbf{0.90525}$$