

Actuarial Studies Seminar Series – 30 April 2008
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Higher moments of annuities under i.i.d. interest rates.

The syllabus for actuarial subject CT2 involves deriving formula for the first two moments of the accumulated value of annuity under the assumption of independent identically distributed interest rates. a recursive formula is used for the second moment. It is well-known that the recursive formula approach also works for higher moments. Perhaps surprisingly, explicit formula can be derived for the higher moments.