

Population Issues Working Group Meeting, Zurich

Thursday, April 8, 2015

Minutes

Participants:

Assia Billig, Chair
Sam Gutterman, Vice-Chair
Morteza Aalabaf-Sabaghi
Yair Babad
Thomas Béhar
Rob Brown
Christopher Daykin
Junichi Sakamoto
Martin Stevenson

Secretariat:

Christian Levac

1. Minutes of the last meeting

Minutes of the PIWG teleconference dated February 26, 2015 were approved

2. Retirement Age Report

- a. Sam initiated a discussion about the intended audience of the report. It was agreed that the audience should include policymakers and actuarial organizations that need to talk to policymakers on the topic of a possible change in retirement age.
- b. Rob suggested organizing a half-day seminar at the Vancouver IAA meeting to present the findings of the report. Policymakers, think tanks, actuaries and other interested parties should be invited.
Action items: prepare agenda for the seminar and invite speakers.
- c. Sam agreed, once further drafts of the paper are developed, to revise the report to make it coherent to give it more logical structure, remove repetitions and harmonize terminology.
- d. Assia presented the Introduction and Chapter 1. It was suggested to refine the definition of different types of retirement age, and to address how existing retirement ages may affect the sustainability of the schemes and how they affect behaviour by providing incentives for exiting or staying in the labour force.
Action items: Assia to review these two chapters by the end of May.

- e. Morteza presented Chapter 2. He noted that this chapter needs more information on demographics that lead to the question to increase the retirement age or not. It was agreed that this chapter would benefit from tables and/or charts showing the evolution of life expectancies, fertility, population pyramids and other demographic indicators. Morteza will work on this chapter, asking members of the group to provide this information, as needed. Morteza will ask Adrian Gallop to assist him. The last section of the chapter contains good ideas, but does not seem to fit in Chapter 2. Sam will look at it and will incorporate into other parts of the report, as needed.
Action items: Morteza to prepare next draft of Chapter 2 by the end of May- early June. Morteza to contact Adrian for assistance.
- f. Sam led the discussion on Chapter 3. The chapter is a little philosophical and may need to be tightened up. Terminology such as “individual equity”, “social adequacy”, etc. need to be better explained. Whether we should address the question of progressive nature of taxation was discussed, including its impact on actuarial neutrality and incentives to continue to work or to retire. One conclusion was that there will be some cross-subsidization for schemes aimed at achieving “social adequacy”, with the question of “actuarial neutrality” not being a primary consideration. Sam may address this briefly here. It was also decided that the current section on measurement should be moved to Chapter 5 where success or failure of retirement age policy will be discussed.
Action items: Sam to prepare next draft of Chapter 3 by the end of May. Martin, to take section on measurement written by Sam and to incorporate it in Chapter 5.
- g. Yair led a discussion of Chapter 4. It was noted that the section on the role of the actuary is very good, but it deserves a separate chapter, which Assia will write. It was suggested that that chapter 4 may benefit from more examples of how countries are dealing with increases in retirement age. Assia will provide Yair with some material on social security. It was decided that Yair should clarify the meaning of “strategies” in this chapter -- do they mean incentives?
Action items: Yair to prepare next draft of Chapter 4 by the end of May. Assia to send material on social security to Yair. Assia to write a separate chapter on actuarial involvement by the end of May.
- h. Martin presented Chapter 5. He said that the main focus of the drafted chapter was on private pension plans – but this does not provide a complete story. Chapter 5 should cover policy implications of different levels of retirement age. Some of these issues include providing employment opportunity to older workers, investment of assets supporting applicable obligations, savings resulting from an increase in retirement age as percentage of GDP. Chris Daykin mentioned that the latest EU Ageing report will

be released in May – he will share it with the group when available. The report will provide the perspective of the cost of pensions vs health. Assia will provide Martin with some materials on the pros and cons of increasing retirement age from social security and society perspective. Martin also agreed to write several paragraphs on policy implications for the introduction, which he will do when the report is assembled into a single document.

Action items: Martin to prepare next draft of Chapter 5 by the end of May. Assia to send material on social security to Martin. Chris to circulate EU Ageing Report when available in May.

- i. It was decided that in view of the intended Vancouver seminar, the full report should be assembled by mid-summer. In order for Sam to be able to meet this deadline, the next version of the individual chapters should be ready by the end of May.

Action items: All writers are to send Sam their chapters by June 1. Sam to assemble the report by July 15.

3. Next projects

It was decided that after the completing the Retirement Age report, the PIWG will address a project on long-term care. Several members of the group are interested in this topic. Although inequality was mentioned as a possible topic to be addressed, it was decided to defer further discussion until the Vancouver meeting.

Action items: Sam will prepare a draft TOR for the long-term care project for discussion at the Vancouver meeting in October 2015.

4. Other Business

Assia thanked everyone for their participation and input. The next meeting of the working group will take place in Vancouver, October 2015.