

**PENSION FUND DESIGN UNDER FAIRNESS AND  
EFFICIENCY CONSTRAINTS  
AN ABSTRACT FOR THE 3RD IAA LIFE COLLOQUIUM  
BEYOND TRADITIONAL LIFE INSURANCE  
TOPIC: 2. DESIGNING LIFE INSURANCE PRODUCTS**

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ABSTRACT. The benefits that members of with-profits pension schemes obtain are determined by the scheme design and the *random* funding level at the time of entry.

This paper examines mutually owned with-profits pension scheme design and its effect on intergenerational fairness and efficiency as measured by the level of redistribution and the certainty equivalent benefit respectively. Present practice is analysed, and as a consequence of its disappointing performance alternative designs are suggested and evaluated.

The focus on intergenerational subsidisation is closely related to the implementation of the contribution principle.

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