

# **International Actuarial Association**

## **Pensions, Benefits and Social Security Section (PBSS)**

### **Report on the 16<sup>th</sup> ISSA conference of actuaries and statisticians**

The 16th International Conference of Social Security Actuaries and Statisticians, organized by the International Social Security Association (ISSA) in collaboration with two Canadian members of the ISSA, the Office of the Superintendent of Financial Institutions and the Department of Human Resources and Skills Development, was held in Ottawa, Canada, 16 to 18 September 2009.

The Conference hosted about 160 delegates from more than 50 countries around the world.

The conference considered the following four technical items:

- Improvements in life expectancy and sustainability of social security schemes
- Optimal financing and self-adjusting mechanisms for sustainable retirement systems
- Financial crisis and its impact on the long-term sustainability of pension plans
- Assumptions in the actuarial evaluation process

The International Actuarial Association (IAA) was represented by:

- Yves Guérard, Secretary General
- Robert Brown, Chairperson, Social Security Committee
- Ken Buffin, Chairperson, Chairperson, Supranational Relations Committee
- Alvaro Castro-Gutiérrez, PBSS
- Geoffrey Rashbrooke, PBSS
- Junichi Sakamoto, Treasurer, PBSS

Yves Guérard presented a report on: “Making survival sustainable”, Robert Brown chaired the round table on “the financial crisis and its impact on long-term sustainability of pension plans”, and Alvaro Castro-Gutiérrez acted as one of the key speakers at the round table.

### **Opening Session**

Jean-Claude Ménard, Chief actuary, Office of the Chief Actuary, Office of the Superintendent of Financial Institutions of Canada, welcome the participants, delegates and observers, and pointed the importance for social security actuaries and policymakers of the ISSA international conferences of actuaries and statisticians, specially in times of financial and economic crisis. He outlined the various topics under the agenda and invited participants to actively take part in the proceedings.

In his opening address, the ISSA Secretary General, Hans-Horst Konkolewsky, underlined that Canada was hosting the international conference of actuaries and statisticians for the second time, with the 13th conference held in Quebec in 2000. He expected actuaries and statisticians to provide crucial guidance to help the ISSA member institutions tackle long-term structural challenges such as population ageing and the impact of globalization, in an effort to constantly improve the financial situation of the schemes.

Karen Jackson (Senior Assistant Deputy Minister, Human Resources and Skills Development, Canada) presented a talk “Social Security Issues in Canada: Best Practices and Lessons Learnt, Development in the last 20 years”.

- **Improvements in life expectancy and sustainability of social security schemes**

Under the first topic the conference considered social security systems responses to changes in longevity and on the impact of these changes on pension financing. The general picture and national experiences were examined.

Main speakers were: Edward Whitehouse (OECD); Yves Guérard (Secretary General, IAA); Adriana Scardino (BPS, Uruguay) and Laura Lacasta (Ministry of Labour, Employment and Social Security, Argentina).

- **Optimal financing and self-adjusting mechanisms for sustainable retirement systems**

The second item on the agenda focused on the socio-economic impact of changing the financing approach of pension schemes under new demographic realities. Policies developed on the employment and social protection originated by the expected developments and environment were considered, as well as and how they could be translated into financial governance principles in social security. The modalities on how the systems should be designed to self-adjust, specifically to correct for changes in economic and demographic conditions, by looking at the best practices around the world, were also examined.

Main speakers were: Anne Drouin (ILO), Martin Lunnon, (GAD, UK), Dough Andrews (University of Southampton, UK), Ole Settergren (Ministry of Health and Social Affairs, Sweden) and Assia Billig and Michel Millette (Office of the Chief Actuary, Canada).

- **Financial crisis and its impact on the long-term sustainability of pension plans**

What are the best strategies to deal with financial crisis? For how long and how severe will pension plans be affected by it? What could be done to protect current and future contributors in the time of such crisis? These questions were addressed and discussed around a round table with key speakers from leading international and national organisations.

The panel was composed by: Robert Brown (Moderator), Chair of the IAA Social Security Committee, Nicholas Barr (LSE), Alvaro Castro-Gutiérrez (PBSS), Michael Cichon (ILO), Danièle Karnievicz (CNAVTS, France) and Edward Whitehouse (OECD).

- **Assumptions in the actuarial valuation process**

This theme was devoted to the analyses of assumptions and projections for social security schemes of eight countries and Quebec. Additional reports informing on other national experiences were also presented, with a focus on joint collaboration and knowledge transfer between developed and developing countries.

Reporters under this item were: Pierre Plamondon (Régie des rentes du Québec), Jari Kannisto (Finnish Centre for Pensions, Finland), Costas Stavarakis (Ministry of Labour and Social Insurance, Cyprus) and Florence Bonnet (ILO).

## **Closing session**

In his concluding remarks, Yannick D’Haene, ISSA Director of the Social Security Observatory summarized the consensus reached at the conference regarding the reintroduction of the social dimension at the centre of the debate on the future of social

security, the shift of focus on important values that had been forgotten, the governance of pension schemes, the major importance of social dialogue, and the paradoxically positive impacts of the crisis.

Jean-Claude Ménard, Chief Actuary, Office of the Superintendent of Financial Institutions of Canada and Chairman of the ISSA Technical Commission on Statistical, Actuarial and Financial Studies, concluded by calling on actuaries to apply the best of their professional abilities with integrity and a social conscience, as the actuarial profession has an obligation to serve the public interest.

### **Meeting of the Steering Committee of the Technical Commission on Statistical, Actuarial and Financial Studies**

Immediately after the closing of the conference, the Steering Committee of the Technical Commission on Statistical, Actuarial and Financial Studies met to discuss the results of the conference, the future programme and collaboration with other international and national organisations.