



PENSIONS, BENEFITS AND SOCIAL SECURITY SECTION (PBSS)

**Minutes of the 22nd Committee Meeting of the PBSS Section
held on Sunday 07, June 2015 from 15:30 to 17:55 hrs at the Grand Hotel, Oslo.**

1. Welcome and Apologies

The Chairman (Marius Du Toit) welcomed everybody to the meeting. Seven PBSS Committee members attended the meeting (including a member on the phone. See the table on page 7). Apologies were received from Mr. Florian Léger and Mr. Geoff Rashbrooke.

2. Adoption of Agenda

MdT briefly discussed the agenda of the Committee meeting, and the agenda was adopted without change.

3. Approval of the minutes of the last committee meeting held on Wednesday, 10 September 2014 from 16:00 to 18:10 hours at the Millennium Gloucester Hotel, London

No comments were made and the minutes were approved without change.

4. Strategic issues

Four issues were discussed in this agenda. Firstly, MdT raised the issue of the risks facing IAA, the committees or the sections and asked whether there would be any risks that PBSS should submit to IAA responding to the survey other than 1) disintegration of sections and 2) building up of too large reserves causing taxation problems. Mr. Abraham Hernández Pacheco raised the risk that IAA or actuarial profession became irrelevant to the world or the industry under some circumstances. MdT noted that in Africa that there was a shortage of actuaries and a need of lower level of actuarial skills or services. Mr. Rodrigo Ibarra-Jarrin explained the situation in some Latin American countries that signature of an actuary is not mandatory. It was recalled that one of the IAA members was promoting a non-actuarial designation and such a move could eventually lead to accreditation by association. MdT summarized the discussion and said that he would include the risk in the answer to the survey.

Secondly, MdT raised the issue of the work plan that all the sections and the committees were required to submit on an annual basis. There was a question whether PBSS should support the IAA Strategic Objectives even if it were not explicitly stated in the Rules of PBSS. MdT referred to the objective of PBSS to promote and facilitate an international exchange of views, advice, research and practical information which is stated in Article 2 of the Rules of PBSS and said that this objective would be consistent with the IAA Strategic Objective 3. Abraham emphasized that PBSS should pursue activities focused on its members rather than the IAA. Mr. Thomas Terry said that particularly PBSS had focused on doing things that IAA could not do for creating a community and forming discussion among actuaries throughout the world.

Thirdly, in conjunction with the issue of the work plan, MdT raised the question how PBSS should cooperate with the official persons designated by IAA as supranational relationship managers or whether PBSS should identify somebody as a PBSS delegate. Mr. Junichi Sakamoto and Tom recalled

that the supranational relationship committee had been abolished and its responsibilities were distributed to other committees. After active discussion, it was agreed that relevant IAA relationship managers would report to the PBSS Committee on a periodic basis and if there were a need for a PBSS committee member's attendance to some meeting, the relevant IAA relationship manager would ask the PBSS Chair to nominate an appropriate member to attend.

Fourthly, MdT took up a discussion paper titled "Discussion Paper: IAA and the Sections" drafted by Malcom Campbell, which is about the question what the role of the sections is and how can the sections be more useful to IAA and vice versa. MdT explained that a task force had been set up to investigate the issues pointed out by the discussion paper and raised several questions to be considered in this meeting:

- ✓ What value added services can IAA and the sections provide to individual actuaries?
- ✓ What are more efficient ways to provide the services?
- ✓ How can we utilize sources from sections' database?
- ✓ How can we better link meetings of local sections in different countries to that of the IAA sections?
- ✓ Is there any need for the sections?
- ✓ How can the sections assist IAA in pursuing Strategic Objective 2?

MdT mentioned his initial thought that every member of all the IAA member associations would belong to one or more sections and pay additional (for instance) two dollars per section. Then, various ideas were raised for promoting the sections to individual members of IAA member associations. However, no conclusion was reached.

5. Bursary and best paper prizes

MdT reported the results of the bursaries for the Oslo Colloquium and proposed several principles of awarding the bursaries and the quantum on the amount based on the past discussions among committee members. Proposed principles were as follows;

- 1) Adherence to deadlines
- 2) The person should be an author and should attend the meeting.
- 3) The paper of the person should be accepted.
- 4) Committee members cannot be eligible for the bursaries.
- 5) With respect to the countries of the candidates for the bursaries, we should be flexible about it, though preference would be given to developing countries.

There was a comment that being a member of PBSS was currently not a prerequisite to apply to the bursaries. MdT answered that currently participants of a PBSS colloquium automatically become a PBSS member for one year as a default treatment. Taking the objectives of PBSS into consideration, it was agreed to keep the current treatment with regard to the membership status of the applicants for the bursaries.

On the quantum, MdT explained that it was separated into the following three parts to accommodate to the individual situations of applicants; colloquium fees, contribution to travel (up to CAD700), and contribution to accommodation (up to CAD300). MdT noted that we would be open about how many persons would be awarded the bursaries per colloquium. After brief discussion, the proposed quantum was agreed. The number of the bursaries per colloquium would depend on the individual circumstances but it would normally be up to five. It was also noted that these principles and the quantum should be communicated to colloquium organizers at an early stage.

As for the best paper prizes, MdT proposed the following principles:

- 1) Offer a prize of CAD1,000 for the best paper presented at the annual colloquium.
- 2) Organising committee or scientific committee decides on the best paper.
- 3) If the scientific committee, there must be a PBSS committee representative.
- 4) Presented at the closing of the colloquium, and
- 5) Presentation only is excluded, since it is not backed by a paper.

MdT said that in the previous ICA, the PBSS committee had selected the best papers by itself but in the case of the Oslo Colloquium, the scientific committee selected best papers and a PBSS committee member, Mr. Florian Léger, joined the scientific committee. MdT also proposed that the amount of a best paper prize should be linked to the general price increase. There was a comment that such papers with certain organisational characteristics, e.g. written by committees, would not be eligible for the prizes. These principles or thoughts were all agreed.

As for the best 'pension related articles' in ASTIN Bulletin, MdT said that as there were so few pension related papers in ASTIN Bulletin, it was not mentioned in the proposed principles but research activities should be encouraged. Then, consideration was given to the idea of encouraging the authors (to be restricted to actuaries) of pension related papers published or submitted to ASTIN Bulletin or published in other magazines such as the Social Security Bulletin, etc., to come to the next PBSS colloquium and present their papers, with the possibility of being awarded the best paper prizes. Consideration was also given to the idea of awarding a young actuary of less than (for instance) 35 years an encouragement award. These ideas were taken note of.

6. Publications and webinars

6.1 ASTIN Bulletin

MdT reported that it would be very difficult to go ahead with a separate publication since there were too many objections from other committees. MdT added that PBSS is the only section at the moment which had gone electronic version only unless members ask for copies.

6.2 Webinars

MdT extended his appreciation to Mr. Gary Hibbard for his being actively involved in planning and organising webinars. Tom said at the occasion of the IAA meeting in Zurich Gary and he exchanged some ideas for webinars, including IAS19, ISAP3, an overview of the world economic situation particularly related to long term promises as presented by Mr. Bob Swarup from the UK, Actuarial Association of Europe (AAE) update, the discount rate monograph, papers presented in ICA2014 and longevity. MdT pointed out the need to invite more members to register for webinars, since generally it had been only thirty participants although the licence allows 100 participants per webinars.

7. Future Colloquia, Meetings, Conferences or Seminars

7.1 2016 Colloquium – Newfoundland, Canada, 27 – 30 June 2016

MdT explained briefly the draft program of the IAA & IPEBLA Joint Colloquium to be held in St. John's, Newfoundland, Canada, just before the Canada Day, at a new convention centre. MdT said that this colloquium would be held in conjunction with the annual general meeting of the Canadian Institute of Actuaries and remarked that it was still pending whether we should allow participants to swap over PBSS sessions with CIA sessions.

7.2 2017 Colloquium – Cancún, Mexico, 2017

MdT reported that he had received a formal letter from Mr. Pedro Pacheco Villagrán, the president of the Colegio Nacional de Actuarios (CONAC), proposing to the PBSS Committee Cancún as the venue for PBSS 2017 Colloquium. The proposal was accepted unanimously and MdT extended his appreciation to Abraham. Abraham said the concrete date was to be determined but would probably be end of May or early of June. Abraham added that their thought is trying to do something along with some other international organisations, for instance the World Pensions Summit and an international organisation of social security pension fund managers.

7.3 31st ICA – Berlin, Germany, 04 – 08 June 2018

MdT said that at some point the PBSS Committee would be involved in the work of organising the Congress.

7.4 2019 Colloquium

MdT proposed that it would be very early stage but we should start thinking about the 2019 Colloquium. Tom asked whether we should have some mechanisms of inviting proposals of hosting a colloquium. The PBSS Committee took note of the need to disseminate that it is inviting proposals on the 2019 Colloquium.

8. Finance report

8.1 Fiscal 2014 financial statements

Mr. Carl Hansen reported as follows:

“FY2014 was ended with excess of income of CAD10,820 over expenses. This surplus can be partly attributed to the timing issue that the expenses for the Washington ICA (contribution to the bursary fund) came through FY2013 and the expenses for the Oslo Colloquium come through FY2015. We are still in a situation where we are having revenues in excess of what we are paying out. Thus we should continue member initiatives and looking for new ideas on how we can use the money for the sake of PBSS members. PBSS is in a pretty good situation since it is one of the few sections with a growing membership, while several sections are concerned about dropping of their memberships.

IAA has been quite good at reorganizing the finances over the last year or so and it is now issuing financial statements quarterly to the sections with some notes. It becomes quite easy to follow the financial situation regularly. As for the first quarter of FY2015, basically we have almost no expenses because the expenses for the Oslo Colloquium have not been accounted for yet.

There will be some follow-up in September as the per member share of the IAA administration expenses was scheduled to increase from the current level of CAD22. In FY2014, PBSS paid out CAD10,428 as the share whereas the revenue from the membership due was CAD26,100. The actual amount that IAA is spending toward section administration is about CAD27 per member. I think we have to admit that the per member share will go up to the level of about CAD24. However, ICA2014 did quite well financially and there was a discussion in Zurich to use some of the surplus generated by ICA2014 to offset what would be the increase in the per member share for two or three years. “

There was a question how much surplus PBSS should accumulate to organize a colloquium even in the case where any association do not want to take the risk, while taking account of the taxation issue. There was a lot of discussions about the question. For instance; currently PBSS has accumulated surplus of about CAD51,000; We have been cautious in preparing annual budgets, taking into consideration the need to cope with the financial risks that PBSS would face; In any way, surplus of less than CAD100,000 should not be an appropriate target; Revenues from corporate sponsorship have played a significant role in organizing a colloquium and they have been effectively shared among the co-sponsoring sections; PBSS might be asked from the organizer to lend some money to prevent its cash flow from coming up short; As for the taxation problem, Canadian authority will check the overall amount of IAA and thus for the time being we need not care about the taxation problem. No conclusions were reached about the appropriate amount of accumulated surplus.

9. Membership and constitution

9.1 PBSS

MdT reported that at the Section Chairs meeting consideration was given to changes in the rules of the sections. Following is the summary of his explanation; The proposed amendment in Article 8 a., is to make it clear the role of the IAA delegates. The proposed amendment in Article 9 a. is to make it clear that committee members are elected from the list of ordinary members. The proposed amendment in Article 9 c. is to cope with such a situation that somebody becomes a chairman but have to quit almost immediately. The proposed Article 10 and 11 are quite important since there are committee members who do not participate at all and there is no way to replace them. Proposed Article 10 states the duties and responsibilities of committee members and proposed Article 11 says what the committee can do if the committee member does not comply with proposed Article 10, for instance to terminate the term of a committee member prematurely by a two-thirds or greater vote

of the total membership of the committee. There was a comment that some of the present PBSS committee members might not be a PBSS member and not properly paid in his annual membership dues after elected to be a committee member. It was decided to add some corresponding condition in proposed Article 10.

In addition, MdT pointed out that the statements in present Article 18 was not in accordance with the actual practice. For instance, the last statement in present Article 18 a. says that the PBSS financial statement shall be submitted for audit and approved by the IAA Audit and Finance Committee' but it is not happening in practice. MdT said that it was not a duty of the PBSS section but was all done centrally by IAA. MdT suggested that the sentence should be deleted. MdT also pointed out that as for Article 18 d., IAA did all the financial statements and we received them and make comments on them. It was agreed that MdT would suggest appropriate changes at the Section Chairs meeting. MdT said that according to Article 22, amendments of the Rules could only go through next year.

9.2 Committee membership election at the AGM to be held on Monday, 8 June

MdT said there would be the election of committee members and the result of the electronic voting would be reported in the annual general meeting to be held from 16:45 on Monday, June 8.

10. Cooperation with supranational organisations

This agenda was already discussed in Agenda 4.

11. Website and information exchange

MdT thanks to Abraham for his preparing the monthly reference list every month.

12. Feedback from PEBC

Tom said that PEBC had created a joint sub-committee with the Insurance Accounting Committee in the IAA meeting in Zurich and reported as follows: The purpose of the joint sub-committee is to oversee the relationship between IAA and OECD. OECD has a working party for private pensions (WPPP) and another group that deals with pension supervision and also a group dealing with insurance regulatory matters. So we want to coordinate better the relationship with OECD. Now Mr. Esko Kivisari chairs the sub-committee and in another couple of weeks they have a meeting in Paris. They will report back the activities of the sub-committee to the PBSS committee, by circulating a note in the committee.

Tom also said that their relationship with the IASB would continue to be an important one and explained as follows: Pension accounting has paramount importance for PEBC and it has international scope, whereas other things have national scopes. We had an IASB staff member to attend the meeting in Zurich. She participated in all the meeting and the pension accounting sub-committee remained pretty active with a staff of IASB on various IAS19 related matters. As IASB threatens to renew or reconsider aspects of IAS19, they want to make sure that they are very much present there. They have a lot of interactions back and forth.

Junichi reported that the Social Security Committee finished the MoU with the ISSA and explained as follows: They have close cooperation with the ISSA. In this September there is an international conference for social security actuaries and statisticians in Budapest. IAA sends representatives to the conference. They started MoU with the ILO at almost a same time but we have some disagreement with the wording of MoU. That is, ILO designates IAA as a collaborator, but some members are opposing the wording because collaborator implies some subordinate position.

13. Any other business

MdT asked the participants to take note of the minutes of the Section Chairs held on Thursday, March 27, 2014 in London.

14. Next meeting

MdT said that the next PBSS Committee meeting is in Vancouver.

15. Close

There being no further business, the Chairman closed the meeting, and thanked all for their attendance.

Marius Du Toit
Chairman, PBSS
June 2015

Attendance Register
Meeting of IAA PBSS Section Committee
Sunday, 07 June 2015
Oslo, Norway

	Name	Country	Attendance	Date appointed	Date re-elected	End of term
Honorary Chair	Christopher Daykin	UK	No	3/2014	-	-
Chairman	Marius Michiel Du Toit	South Africa	Yes	5/2008	5/2012	5/2016
Vice Chairman	Abraham Hernández Pacheco	Mexico	Yes	9/2011		9/2015
Secretary	Nobuhiro Shimizu	Japan	Yes	9/2011		9/2015
Treasurer	Carl Hansen	Guernsey	On the phone	3/2010	3/2014	3/2018
	Brij Bushan	India	No	3/2014		3/2018
	Douglas Carey	USA	No	5/2012		5/2016
	Florian Léger	France	No	9/2011		9/2015
	Geoffrey Rashbrooke	New Zealand	No	5/2008	5/2012	5/2016
	Jack Mack	Hong Kong	No	3/2014		3/2018
	Klaus Heubeck	Germany	No	5/2012		5/2016
	Rodrigo Ibarra-Jarrin	Ecuador	Yes	5/2008	5/2012	5/2016
	Wenliang Wang	China	No	5/2012		5/2016
IAA delegate	Thomas S. Terry	USA	Yes	-	-	-
	Junichi Sakamoto	Japan	Yes	-	-	-