



## **PENSIONS, BENEFITS AND SOCIAL SECURITY SECTION (PBSS)**

### **Minutes of the Committee Meeting of the PBSS Section held on Sunday 30 March 2014 from 14:00 to 16:00 hrs at the Washington Marriott Wardman Park Hotel, Washington, DC.**

#### **1. Introductions and Apologies**

The Chairman (Marius Du Toit) welcomed everybody to the meeting. Eleven PBSS Committee members attended the meeting (including one member on the phone. See the table on page 8). Apologies were received from Mr Florian Leger and Mr Wang Wenliang.

#### **2. Adoption of Agenda**

MdT briefly discussed the agenda of the Committee meeting. An issue on the election process was proposed by Mr Gary Hibbard, who said we should have some broad discussion around the issue. It was decided to take up the issue in the agenda item 7.2 "Committee membership election at the AGM to be held on Monday, 31 March". In addition, an issue of publication was proposed by Mr Douglas Andrews and it was decided to take up the issue in the agenda item 4.4 "ASTIN Bulletin".

#### **3. Approval of the minutes of the last committee meeting held on Wednesday, 09 October 2013 from 16:30 to 18:30 hours at the Pan Pacific Hotel, Singapore**

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

#### **4. 2015 Colloquium – Oslo, Norway, 07– 10 June, 2015**

MdT slightly reshuffled the order of the agendas and took up the agenda item 5.1 first, because Ms Gunn Albertsen attended the Committee meeting as a guest from Norway. Gunn provided some feedback and input about the 2015 Oslo Joint Colloquium as follows:

We have prepared some promotional materials for the Congress, we have a table in the venue of the Congress for promoting the Oslo Colloquium, and we will show a movie in a parallel or plenary session during the Congress. The president of the Norwegian Society of Actuaries (Ms Kari Mørk) will attend the PBSS Annual General Meeting tomorrow and is planning to show you the video. We have distributed the call for paper notice via the web page in the "Upcoming Events" of the IAA website. The web pages of the Oslo Colloquium include some description on the history of the Colloquium at the request of the IAA. The scientific committee has already started working and fixed a preliminary schedule of receiving abstracts about four months before the Colloquium and returning feedbacks to the authors some three months before the Colloquium. It would be helpful if you promote the Oslo Colloquium when you have chances of attending seminars, colloquiums, and congresses. The venue of the Oslo Colloquium will be the Grand Hotel located in the center of Oslo, near the Parliament building. We are planning all the sessions in the Hotel. The registration fee would be the same level as the 2013 Lyon Colloquium with about 10% increase, reflecting the general price inflation since the Lyon Colloquium. We will have several categories of registration fees, for instance for the members of the Sections, for early registration, for academics, for civil servants, etc. We are estimating that the number of participants to the Oslo Colloquium will be about 200 in total. The economic

responsibilities are solely on the Norwegian Society of Actuaries as in the case of the Lyon Colloquium. However, if some surpluses were to arise, we will transfer that to the PBSS. Hence, the Norwegian Society will not benefit from any surpluses. We would be very happy if PBSS offers best paper prizes and bursaries for the Oslo Colloquium.

Mr Abraham Hernández Pacheco suggested resending the call for paper notice periodically and it was decided to include a reminder of call for paper in the PBSS newsletter, which is to be issued every two months. MdT confirmed that PBSS would provide best paper prizes and bursaries for the Oslo Colloquium.

MdT said we need a volunteer for the scientific committee of the Oslo Colloquium. MdT said we should be involved in the selection of best paper prizes and it was agreed that someone with expertise in pensions should take part in the scientific committee, to ensure proper selection of PBSS best paper prizes from the field of pensions. Mr Christopher Daykin suggested nominating Mr Florian Leger and it was agreed to appoint Florian as the PBSS representative to the scientific committee (subject to his agreement).

## **5. Matters arising from the minutes**

### **5.1 Corporate membership**

MdT reported that earlier this year (2014) IAA sent the invoice of the corporate membership dues to the Japanese Society of Certified Pension Actuaries but the JSCPA was not ready for it. Nobu explained that the fiscal year of the JSCPA starts on April and the payment before April of the fiscal 2014 dues would be recognised as one of the expenditures in the fiscal 2013 of the JSCPA. However, the JSCPA did not expect the payment in its budget for the fiscal 2013. Thus the JSCPA could not afford to pay the dues for the fiscal 2014 of IAA. Nobu added that the person in the JSCPA responsible for international affairs recognises the issue very well and no problem would be expected for the payment of the fiscal 2015 dues. Besides, as for the calculation basis of the corporate membership dues, namely full CA\$50 per person for the first 50 members and CA\$5 per person for the remaining members, it was confirmed that the number of the members means the number of the fellow members of the association concerned (in this case the JSCPA).

### **5.2 Bursary offers for the 2015 Colloquium**

MdT reported that PBSS made a contribution of CA\$10,000 to the ICA bursary fund and said for the 2015 Colloquium we have already decided to offer bursaries. MdT raised the issue of whether we should increase the amount of bursaries as time goes by, but added that it seems too early to inflate the amount and we should keep the amount of CA\$1,000 for the time being. Nothing was decided about the issue.

However, it was confirmed that the intention of the bursary is to cover part of the costs of attending the Colloquium, mainly the registration fee and not to fully cover the travel expenses. As for the condition of giving bursaries, MdT suggested the broad guideline on the conditions of receiving bursaries would be, 1) the person wrote a paper and it was accepted by the Colloquium organizer, 2) the person is from a developing country, 3) the person must be a member of PBSS, 4) the person is preferably young, etc.

Mr Douglas Andrews commented that the last condition is ambiguous and might be difficult to apply and the third condition would be hard for a person under financial difficulties. Mr Christopher Daykin pointed out that the top priority should be given to the first condition and it should be confirmed that the person concerned did not obtain any money by delivering the paper before the Colloquium. Chris also said we should reimburse the registration fees only after the colloquium to avoid the risk that the person does not actually make a presentation at the colloquium.

### **5.3 Prizes for best paper**

MdT said although we have a short list of best three papers, we need some discussions on whether we should select a paper written by the president of IAA and it was agreed that such persons as the

President of IAA, Congress organizers and the PBSS Committee members are not eligible for the PBSS best paper prizes. Mr Douglas Carey questioned the case where the paper concerned has co-authors, but in this case the co-author of the potential best paper "Target Benefit Pension Plans" is not an actuary.

The presentation of the awards would be done in a plenary session on the last day of ICA. It was agreed that the prizes be awarded to the following three best papers 1) Matthias Börger and Marie-Christine Aleksic, "Coherent Projections of Age, Period, and Cohort Dependent Mortality Improvements", 2) Fatima Badat, Kudzai Chigiji, Johann Söhnge, Krishen Sukdev and Natalie van Zyl, "The Evolution and Future of Social Security in Africa: An Actuarial Perspective", and 3) Bonnie-Jeanne MacDonald, Lars Osberg and Kevin D. Moore, "How Accurately does 70% Final Earning Replacement Measure Retirement Income (In)Adequacy?".

#### 5.4 ASTIN Bulletin

Doug A. introduced the discussions at the section chairs' meetings and talked on the following two subjects. Firstly, IAA is restructuring its publications committee and creating a publications subcommittee, to which the editors of the ASTIN Bulletin would belong. But there were strong reactions from various members of the ASTIN Bulletin management board, since it appeared to them that somehow IAA is trying to snatch control of the ASTIN Bulletin from the section. So this is a matter of principle that needs to be contested.

Second subject was the issue of having another publication. Doug A. made a presentation at the section chairs' meeting in Singapore and said it is worth pursuing the idea of having another academic journal with a broader scope than the ASTIN Bulletin and also pursuing the idea of having a professional magazine. At that stage, Doug A. found that we should take the resource of editors into consideration. According to Doug A., the academics that participate in as part of international actuarial association are quite limited and some are younger academics who do not get their rewards from editing journals. Doug A. concluded that at present it would be difficult to have another academic journal since sufficient resources of editors were not available.

On the other hand, with respect to having a professional magazine, Doug A. pointed out that there would be another approach of utilising paid editors for editing the magazine. The Cambridge University Press would probably be able to provide us with the editing service on a pay-basis relatively easily, although they have not committed to the Cambridge University Press yet. The Cambridge University Press would also identify some organisations that can provide a freelance editing service. Doug A. said in any way it would be inexpensive and paid editing might be a possible choice when we select a professional magazine.

Doug A. added that when we utilise paid editing, the sections supporting the professional magazine would designate somebody to serve as a contributing editor, whose responsibility is gathering materials. The responsibility would rotate and, two sections would be selected for each issue of the magazine and the contributing editors on duty would gather materials from various sources such as colloquiums, meetings, academics, etc. Doug A. also mentioned another idea of selecting topics instead of sections for each issue of the magazine.

Answering the question whether the magazine aims at carrying full-length papers, Doug A. said the idea would be short papers but not just news items. MdT said *the Actuary*, a publication of the UK association, might be a possible model of the magazine. Chris said his image of the magazine is carrying summaries of papers and presentations with about a thousand words. Doug A. said the item of professionalism and ethics, in which consulting actuaries are very interested, would be a potential regular feature of the magazine. The magazine would also have, as a regular feature, the item of introducing actuaries from around the world.

As for the costs of the magazine, Doug A. said it would be relatively inexpensive because it is electronic publication and section chairs are thinking about selling advertisements. Doug A. remarked that it is difficult to get a concrete price for advertising in an electronic publication because there are

no examples so far. However, Doug A. estimated that the cost to the section would be about CA\$1.25 per member and per year, which might bring net income of CA\$0.75 per member and per year to the section, while the costs would depend on the income from advertising and the number of sections participating in the magazine. MdT mentioned that as for the costs of the ASTIN Bulletin, PBSS pays much less than other sections because PBSS selected the option of electronic version only and we do not share the printing costs.

In terms of the number of electronic copies, Doug A. showed an estimation of about 3,800, although it is uncertain at this stage how many sections would support the professional magazine and how many persons are duplicated. The number of 4,000 is currently used as a rough estimate when talking to the Cambridge University Press, since there might be subscriptions by institutions such as libraries and academic institutions.

Doug A. said the next step would be to get an agreement of IAA to go ahead, which section chairs are in support of, and you might see the earliest publication in 2015 or 2016.

## **5.5 Webinars**

MdT reported that we held a webinar on December 3 last year and it was successful. The idea is to invite all the winners of the best paper prizes to the webinars and we will invite Ms Mary Hardy, the winner of the best paper prize at the Lyon Colloquium, to the next seminar to be held on May 6 this year. MdT expressed his thanks to Mr Gary Hibbard, the chair of the Pensions, Employees Benefits Committee, for all his work. MdT added that if we would have three prizes this week at the Congress, then we should have many topics for webinars soon. Gary said there would be many other topics that we can pick up as there have been many topics and discussions in the PEBC meetings.

## **6. Future Colloquia, Meetings, Conferences or Seminars**

### **6.1 2016 Colloquium --- Newfoundland(?), Canada, June(?) 2016**

As for the 2016 Colloquium, MdT reported that he sent to the PBSS committee members a draft agreement with IACA, Health Section and IPEBLA and the four parties agreed to have a joint colloquium in Canada in 2016. MdT pointed out that the question is how the Canadian Institute of Actuaries should be involved in the Colloquium. On the financial aspect, MdT reported that the current agreement is that IPEBLA would share a quarter of the profit or loss and three Sections would share the remaining. In the event of profit, three Sections will share their share equally, but in the event of loss, IACA will take a bigger part of the loss and the loss that PBSS have to accept will be capped at a certain amount.

MdT also pointed out that since the CIA conference will be held for three days from Monday 27 to Wednesday 29 June 2016, another question is whether we choose the same three days or the three days from Tuesday 28 to Thursday 30 June 2016 for the PBSS Colloquium in order that each party has one separate day. In the latter case, we might have separate registration fees for the CIA members for our third day and it would be same for Monday as a matter of reciprocity. But still there would not be any financial link between the CIA and the Sections. MdT said if agreements are fixed, we have to book a convention space in Newfoundland by ourselves while the CIA have booked a space already. Chris said it is quite a big convention centre and has enough rooms for the Colloquium. In respect of the number of the participants to the Colloquium, MdT estimated that the participants from the IPEBLA would be about 120, and if each IAA section would have 30 participants, then the total number would be more than 200 and it would be sufficient for the Colloquium.

MdT said as a next step Mr Adam Reese would have an urgent talk with the CIA next week, in which all things should be sorted out. If things did not go well, we would have to consider alternative idea of having a colloquium in another month, say September 2016 in Canada. MdT emphasised that we need an urgent action next month. Chris said in the case of holding a colloquium in September there would be an issue when the IAA meetings would be scheduled. Doug A. said usually the Association of Canadian Pension Management has its annual meeting in September, which many pension actuaries and pension lawyers attend.

MdT said the risk would be less than the case of Boston because in this case pension lawyers are involved. As for the concern that the CIA would change the dates of the conference, MdT said we need not worry about it because the agreement will book the dates. Then, as a sufficient number of participants is expected, possible concern would be how much the registration fees should be and how the fees should be composed. In that sense the overlapping of the schedules would be essential.

MdT said although slower than expected things seem still on track and added that if things did not go well, we would have to make other plans. MdT remarked that a deadline of one month has been set for helping prompt negotiations with the CIA.

## **6.2 2017 Colloquium --- Mexico, 2017**

Mr Abraham Hernández Pacheco said the president of the Mexican Actuarial Association (Colegio Nacional de Actuarios A.C) was eager to support the PBSS Colloquium to be held in 2017, probably together with the assembly of the Colegio Nacional de Actuarios A.C. Abraham added that the Colegio held a Joint Colloquium of AFIR and ASTIN two years ago and it was a success. As for the location of the 2017 Colloquium, Abraham raised three cities, Mexico City, Cancun and Puerto Vallarta and said Mexico City is most probable. Abraham added that Los Cabos is a beautiful place but there are no big hotels and thus would not fit for the Colloquium.

With respect to the possibility to have a joint colloquium, Abraham responded that the original idea was to have a joint colloquium with the Health Section when they considered a colloquium in 2016. However, the Health Section does not have a plan of having a colloquium in 2017. Abraham added that there might be an idea of having a joint colloquium with IACA, but at a meeting in Den Haag, although everybody was supportive, some concern was raised about the security in Mexico City. MdT said the possibility of having a joint colloquium would remain.

## **6.3 31st ICA --- Berlin, Germany, 2018**

The 31st ICA will be held from 3rd to 8th of June 2018. Chris remarked that an IAA council meeting is scheduled on May 30 of the year.

# **7. Finance report**

## **7.1 Fiscal 2013 financial statements**

Mr Carl Hansen reported that at the treasurers' meeting held a couple of days ago IAA was trying to increase in the 2015 budget the amount of the overhead expenses that sections pay. Carl said the amount is currently CA\$21 or CA\$22 per member but the IAA secretariat said a more realistic number would be CA\$27 or CA\$28 and she suggested to increase the amount to CA\$24. Carl estimated that big issues for IAA would be additional staff and rent of the office. Carl noted that in 2014 we enhanced member services such as bursaries, prizes, webinars etc. and had an almost break even budget, keeping the reserves of CA\$40,000. Carl added that currently we have income of CA\$50 per member and are sharing the expenses of IAA by paying CA\$21 or CA\$22 per member, thus we could allocate about CA\$25 for the activities of PBSS. Carl also pointed out the need to keep sufficient level of contingency reserves. MdT said the IAA target level of reserves was one year expenses but as PBSS was a small organization, we probably needed more than the average. Doug A. commented that we should consider the level of reserves in relation to membership fees. Currently the level is about 1.8 times the membership fees. Carl added that we should also take into account the financial commitment we have made for the 2016 Colloquium to be held in Canada.

Chris said the financial status of PBSS would be much more favourable than several years before and the expected increase in expenditure would not be critical since increase in income is also expected due to the start of the corporate membership arrangement with the JSCPA.

MdT raised the thought that a section with too much money should give contribution holiday to long staying members. Abraham referred another example of giving one year membership to the persons who attended a PBSS Colloquium without charging extra fees. Then there was a discussion on how we should spend our money. Doug A. raised an example of the National Academy of Social Insurance that

it presents each year a prize to the best dissertation in the field of social security and social insurance. Abraham commented that in that case he should send the dissertation to the colloquium then he would be automatically eligible for the PBSS best paper prizes. MdT mentioned that other way of spending our money might be webinars. Doug A. commented that webinars would be a good idea for an international association because members need not to be to the common place.

## **8. Membership and constitution**

### **8.1 PBSS**

The PBSS membership is now approximately 490.

### **8.2 Committee membership election at the AGM to be held on Monday, 31 March**

As for the election of the committee membership, Gary reported as one of the IAA delegates to the PBSS Committee that we have two nominees so far. Gary said there was an e-mail discussion among some of the IAA delegates to the sections following the notice of the election. A concern was raised in the discussion. Namely, one of the nominees is not an ordinary member but an observer member. Specifically in this case, the individual is a part-qualified actuary. Gary clarified that this is only for discussion and nothing to do with the individual in question and said that principle is that people to stand for an election of committee members should come from ordinary members. However, the Rules of the PBSS Section do not appear to cover the point. The Rules say that observer members do not have the right to vote at the AGM and cannot speak at the AGM unless Chairman permits (Article 5). Nonetheless, observer members can nominate themselves to stand for the Committee. It would appear very strange but strict reading of the Rules would seem to suggest the case.

Gary said that at the e-mail exchange, they agreed that it would be fine to comply with the Rules for the upcoming membership election at the AGM tomorrow, because rules are rules. However, if looking forward, Gary questioned whether it would be a good position. Gary also introduced a discussion in the IAA delegates' meeting held on March 29. Namely, the individual who is now standing for the election of PBSS is also standing for the election of other section. The unanimous view of IAA delegates to different sections was that the state of being a qualified actuary is an important thing and they want to emphasize and support it. Consequently, to stand to be a member of the committee of any section, the individual should be an ordinary member. There was also another discussion at the meeting that it would be a good practice for all sections to have a nomination committee to ensure diversity of committee members and so on. Gary said the main thing he wanted to raise here is to open up views and discussions in the Committee about whether people feel that it would be sensible to change the Rules. Gary said there was a view at the meeting of IAA delegates that an important thing that IAA delegates should do is to let it be possible to try to have a consistency around the election process among all the sections.

MdT said he would agree with the view that the Rules should be changed. However, it would be a difficult situation if the individual in question would become a committee member this year and if the Rules would presumably be changed next year. Gary said probably nobody had imagined such a scenario. Gary reiterated that if looking forward he certainly believes that we should reimport the requirement of ordinary member.

Chris explained that for changing the Rules of the PBSS section we have to get the change approved by the AGM and then approved by the Executive Committee and then it have to be put forward to the Council. Originally, the Rules of the PBSS were invented by copying the rules of ASTIN and AFIR. It should be noted that ASTIN and AFIR have much less inclination to stick to fully qualified actuaries, because they think actuary should be open to wider group of academics and so on. But the atmosphere in the IAA has shifted quite a lot those early days and now all things are structured around people who meet the basic education requirements. In the sense of IAA, it would be appropriate for all the sections to allow only qualified members.

Abraham said the initial principle of ASTIN and AFIR of allowing the possibility of having someone with credentials but not full qualification of actuary would not be a bad idea and suggested the idea of

limiting the number of non-ordinary members in the committee, rather than designating a position exclusively for non-ordinary members. MdT raised an example of South African Actuarial Association that the council has a position for the representative of younger members. Chris agreed with the view of Abraham and added that non-ordinary members should not have any controlling position in the Committee.

MdT said that there would be two options. One option is actually changing the Rules and excluding non-ordinary members completely from the Committee, and another option is allowing at maximum one non-ordinary member in the Committee. MdT added either of the two options would work for us but we should be similar to other sections. MdT mentioned that in any way the individual in question would be a member for the next four years. Then, it was agreed to make efforts to reach an agreement with other sections and put the agreement to the next AGM of each section to be held in 2015 and then go to the Council. As for the AGM tomorrow, MdT expected no nominations from the floor and said he would proceed the election process just as in the ordinary case and have no intention to raise the issue at the AGM. There were no objections against it among the committee members.

Besides, MdT raised two issues. One issue was that there is a committee member who has never attended any Committee meetings. MdT explained that the individual has never responded to any e-mails since the individual was elected as a committee member in 2012. MdT sent the individual an e-mail with read-receives on and confirmed that the email was certainly opened but there was no response from the individual. MdT questioned whether we should cancel the committee membership of the individual. However, it was unclear whether the Committee has such power to cancel the committee membership of somebody. In addition, as a starting point, we have to check whether the individual in question is still paying the PBSS dues. Gary added that voting unilaterally on someone of the Committee would be a big step and it would not be assumed as the role of the Committee. Doug A. suggested reviewing the Rules and coming back with some suggestions. Nothing was decided on the issue.

Another issue was election of an Honorary Chair. MdT said in terms of Article 10 b, in extraordinary circumstances, an individual may be elected an Honorary Chair of PBSS, in recognition of great service to PBSS. MdT remarked that an Honorary Chair is not under the composition of the Committee but an additional post to the 14 members. In other words, an Honorary Chair does not have any particular duties but is able to attend the Committee meeting. MdT said everybody seems agreed with the e-mail suggesting to elect Mr Christopher Daykin an Honorary Chair. Doug C. added that although he did not respond the e-mail but he agrees with the suggestion. Thus it was decided to elect Chris an Honorary Chair of PBSS and Chris accepted the decision.

## **9. Any other business**

None

## **10. Next meeting**

MdT said that the next PBSS meeting is in Oslo next year.

## **11. Close**

There being no further business, the Chairman closed the meeting, and thanked all for their attendance, including Mr Gary Hibbard who attended the meeting via telephone.

Marius Du Toit  
Chairman, PBSS  
March 2014

**Attendance Register**  
**Meeting of IAA PBSS Section Committee**  
**Sunday, 30 March 2014**  
**Washington, DC., USA**

	<b>Name</b>	<b>Country</b>	<b>Attendance</b>	<b>Date appointed</b>	<b>Date re-elected</b>	<b>End of term</b>
<b>Immediate past Chairman</b>	Christopher Daykin	<b>UK</b>	<b>Yes</b>	<b>11/2004</b>	<b>5/2008</b>	<b>5/2014</b>
<b>Chairman</b>	Marius Michiel Du Toit	<b>South Africa</b>	<b>Yes</b>	<b>5/2008</b>	<b>5/2012</b>	<b>5/2016</b>
<b>Vice Chairman</b>	Abraham Hernández Pacheco	<b>Mexico</b>	<b>Yes</b>	<b>9/2011</b>		<b>9/2015</b>
<b>Secretary</b>	Nobuhiro Shimizu	<b>Japan</b>	<b>Yes</b>	<b>9/2011</b>		<b>9/2015</b>
<b>Treasurer</b>	Cahl Hansen	<b>Guernsey</b>	<b>Yes</b>	<b>3/2010</b>		<b>3/2014</b>
	Douglas W. Andrews	<b>Canada</b>	<b>Yes</b>	<b>3/2010</b>		<b>3/2014</b>
	Douglas Carey	<b>USA</b>	<b>Yes</b>	<b>5/2012</b>		<b>5/2016</b>
	Florian Leger	<b>France</b>	<b>No</b>	<b>9/2011</b>		<b>9/2015</b>
	Geoffrey Rashbrooke	<b>New Zealand</b>	<b>Yes</b>	<b>5/2008</b>	<b>5/2012</b>	<b>5/2016</b>
	Klaus Heubeck	<b>Germany</b>	<b>No</b>	<b>5/2012</b>		<b>5/2016</b>
	Rodrigo Ibarra-Jarrin	<b>Ecuador</b>	<b>Yes</b>	<b>5/2008</b>	<b>5/2012</b>	<b>5/2016</b>
	Wenliang Wang	<b>China</b>	<b>No</b>	<b>5/2012</b>		<b>5/2016</b>
<b>IAA delegate</b>	Gary Hibbard	<b>UK</b>	<b>On the phone</b>	-	-	-
	Junichi Sakamoto	<b>Japan</b>	<b>Yes</b>	-	-	-