



REFERENCE LIST

August 2014

An Anti-Retirement Advocate

August 2014 – Center for Retirement Research at Boston College

At 89 years old, retirement is one of the few things that has not made it onto Robert E. Levinson's vita. Levinson almost single-handedly seems to be trying to start an anti-retirement movement. He feels so strongly that he once wrote a book titled, "The Anti-Retirement Book." "I just feel very strongly that one should never retire, or if they're forced to retire they should try to find something productive to do," he said. Though not wealthy, Levinson is one of the lucky Americans. The long-time businessman and fund-raiser for a Florida college is college educated and said he is comfortable financially. But when he looks around his luxury senior community in Delray Beach, he sees pain and regret. Many residents seem idle. For example, a retired physician sits in the lobby waiting for people to drop by and consult him on their ailments.

<http://squaredawayblog.bc.edu/squared-away/an-anti-retirement-advocate/>

A Short-lived Retirement

August 2014 – Center for Retirement Research at Boston College

Call it the anti-retirement movement – older Americans who are either resisting the lure of retirement or have eagerly exited a short-lived retirement to return to work.

Squared Away tracked down three people who fit the profile of the type of people research has shown are most likely to keep working into their mid-60s, 70s, or even their 80s: college-educated go-getters who find unlimited travel or golf a tad boring. To be sure, these are the lucky Americans who have financial and other advantages that many older people lack. The extra money they receive from working, even if it's part-time, isn't their primary motivation, though it's nice to have. And they have the luxury of crafting their own work schedules, which also allow them to enjoy their families or philanthropy. Two of these older Americans – Roger Parker, a retired minister (the second musician from right in photo above), and Deborah Hope, a financial industry veteran – are profiled below.

<http://squaredawayblog.bc.edu/squared-away/a-short-lived-retirement/>

Private Sector Multiemployer Pension Plans – A Primer

August 2014 – Center for Retirement Research at Boston College

The brief's key findings are:

- Private sector multiemployer pension plans, which are negotiated by a union with a group of employers, have become a focus of congressional interest.
- Multiemployer plans have been hurt by an expansion of benefits during the 1990s and the twin financial crises since 2000.
- Most are recovering, but a substantial minority faces serious funding problems.
- These problems are exacerbated by unique structural challenges:
 - The cyclical nature of the construction industry, which covers the most plan participants;
 - A low ratio of active to total participants that increases the burden on underfunded plans; and
 - Insufficient penalties for employers who withdraw from the plans.

http://crr.bc.edu/wp-content/uploads/2014/08/IB_14-13.pdf

Wanna Be a Homeowner? Take a Class

August 2014 – Center for Retirement Research at Boston College

In case anyone has forgotten, buying a home can be damaging to your financial health. But prospective first-time homeowners may want to take advantage of still-low mortgage interest rates and the recent, slower increases in house prices. Homebuyer classes can provide an excellent crash course in the mysteries of mortgages, maintenance, taxes, and risks – information that can help preclude the kind of mistakes made during the subprime mortgage crisis. There's a tool on the website of the federal government's Consumer Financial Protection Bureau (CFPB) to search for first-time homebuyer classes and housing counselors. So, is now a good time to buy a house? Conventional wisdom says this depends on how long the buyer intends to live in the house – the longer the better to cover the high upfront costs of buying and moving and to ride out price fluctuations in the housing market.

<http://squaredawayblog.bc.edu/squared-away/wanna-be-a-homeowner-take-a-class/>

Retirees Live on Less

August 2014 – Center for Retirement Research at Boston College

Many recent U.S. retirees in a new survey receive less than two-thirds of what they earned during their working years, and they've made significant adjustments along the way. That finding for baby boomers who've retired in the past five years is contained in a larger national survey conducted by T. Rowe Price, the Baltimore mutual fund company. The full survey covered some 2,500 working and retired individuals, age 50 and over. All of them have at least some savings in a 401(k) account. The majority of the recent retirees reported their annual income is between \$25,000 and \$100,000. Social Security is the largest single source of that income, and smaller but equal shares come from defined benefit pensions and from retirement savings plans.

<http://squaredawayblog.bc.edu/squared-away/retirees-live-on-less/>

A Financial Plan for Alzheimer's

August 2014 – Center for Retirement Research at Boston College

First, the facts from the Alzheimer's Association. At age 65, one in nine individuals has Alzheimer's disease. At 85, the risk exceeds one in three. Its victims are more often women.

<http://squaredawayblog.bc.edu/squared-away/a-financial-plan-for-alzheimer%E2%80%99s/>

Annuitization and Cross-subsidies in a Two-tiered Retirement Saving System

August 2014 – *Annals of Actuarial Science*

We develop a generalization of the World Bank (1994) model of forced saving for retirement. This broader model consists of two tiers of second pillar savings – mandated and non-mandated (voluntary). Furthermore, the government can set two types of guarantees on the first (mandated) tier – investment returns and annuity prices – leading to possible cross-subsidization between the tiers. This has the potential to induce social redistribution, foster a liquid private market for life annuities, and obviate some of the investment risk and annuity price risk that retirees face. We formulate a quantitative model of financial flows within such a system, which explains the mechanism by which cross-subsidization occurs. Based on this analysis, taxonomy of two-tiered retirement systems is presented, that is based on the choices that the government makes.

http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=9328020&fileId=S1748499514000086&utm_source=Issue_Alert&utm_medium=Email&utm_campaign=AAS

A Quantitative Comparison of Simulation Strategies for Mortality Projection

August 2014 – *Annals of Actuarial Science*

We compare quantitatively six simulation strategies for mortality projection with the Poisson Lee–Carter model. We test these strategies on New Zealand mortality data and discuss the simulated results of the mortality index, death rates, and life expectancy.

http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=9328075&fileId=S1748499514000153&utm_source=Issue_Alert&utm_medium=Email&utm_campaign=AAS

401(k) Participant Behavior in a Volatile Economy

August 2014 – *Journal of Pension Economic and Finance*

The booms and busts of the late 1990s and 2000s have taken 401(k) plan participants on a rollercoaster ride. Using data from administrative tax records and household surveys, this paper examines how participants responded to these periods of economic expansions and contractions by documenting changes in 401(k) participation, contributions, and contribution rates from 1990 to 2009. Controlling for earnings, job changes, and other household factors, we find that workers reduce their 401(k) participation and contributions during recessions – suggesting that they may be responding to changes in their expectations about the economy and stock market. We estimate that changes in participant behavior during the Great Recession, in particular, could lower 401(k) assets of the typical 30-year-old by as much as 8% at age 62.

http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=9332797&fileId=S1474747214000250&utm_source=First_View&utm_medium=Email&utm_campaign=PEF

Some Advances on the Erlang(n) Dual Risk Model

August 2014 – ASTIN Bulletin

The dual risk model assumes that the surplus of a company decreases at a constant rate over time and grows by means of upward jumps, which occur at random times and sizes. It is said to have applications to companies with economical activities involved in research and development. This model is dual to the well-known Cramér-Lundberg risk model with applications to insurance. Most existing results on the study of the dual model assume that the random waiting times between consecutive gains follow an exponential distribution, as in the classical Cramér-Lundberg risk model. We generalize to other compound renewal risk models where such waiting times are Erlang(n) distributed. Using the roots of the fundamental and the generalized Lundberg's equations, we get expressions for the ruin probability and the Laplace transform of the time of ruin for an arbitrary single gain distribution. Furthermore, we compute expected discounted dividends, as well as higher moments, when the individual common gains follow a Phase-Type, PH(m), distribution. We also perform illustrations working some examples for some particular gain distributions and obtain numerical results.

http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=9334768&fileId=S0515036114000191&utm_source=First_View&utm_medium=Email&utm_campaign=ASB

The Rising Challenge of Measuring and Managing Longevity Risk

August 2014 – Institutional Investor

In late 2002 signs of a new flu pandemic emerged in Asia. The first reported case of the often-fatal virus occurred in China, spreading as doctors and other health care workers traveled throughout Asia and beyond. By early 2003 severe acute respiratory syndrome, or SARS, had infected hundreds of people in 37 countries. At about that, Peter Nakada received a call for help. Several global reinsurance companies asked Nakada, a risk management expert who specializes in catastrophic events, to create a computer model that would help them evaluate the transmission and lethal potential of the new virus. That was when Nakada, sitting across a table from the chief actuary of one of the largest U.K. – based life insurers, learned of a new catastrophe. Though the flu software was very interesting, the actuary said, SARS “isn't what keeps me awake at night”.

http://www.institutionalinvestor.com/Article/3373646/Asset-Management/The-Rising-Challenge-of-Measuring-and-Managing-Longevity-Risk.html?LS=EMS1062943#.U_zPV8V5PLk

Congressman Larson's Social Security Proposals

August 2014 – The Buffin Foundation

Democratic Congressman John Larson of Connecticut has introduced proposed legislation, *Social Security 2100 Act*, to strengthen Social Security and achieve 100% solvency over the next 75 years. His proposal comprises seven key visions to generate enhanced revenues, provide benefit improvements, and eliminate the current 75-year projected actuarial deficit.

<http://buffinfoundation.org/publication/view/congressman-larsons-social-security-proposals/>

The MERCER and Stanford Center on Longevity Article Series

August 2014 – MERCER

Mercer is partnering with the Stanford Center on Longevity to develop a thought leadership series on retirement income adequacy. The list of published articles is available on the link.

http://www.mercer.com/insights/point/2014/mercer-stanford-center-on-longevity-main.html?mkt_tok=3RkMMJWWfF9wsRolsqXKe%2B%2FhmjTEU5z16O4kXKOWq4kz2EFye%2BLIHETpodcMTsRkMbrYDBceEJhgyQJxPr3ALtEN3tBrRhTjCw%3D%3D

Social Security Update from Washington

July 2014 – The Buffin Foundation

The last few days of July produced several reports and discussions on Social Security. The 2014 Annual Report of the Social Security Trustees was released on July 28 with a briefing at the US Treasury. The National Academy of Social Insurance (NASI) held a briefing that same afternoon and made available its report “*Social Security Finances: Findings of the 2014 Trustees Report*”. Also on that day the Office of the Chief Actuary (OACT) for the Social Security Administration released a memorandum “*Potential Reallocation of the Payroll Tax Rate between the Disability Insurance (DI) Program and the Old-Age and Survivors Insurance (OASI) Program*”.

<http://buffinfoundation.org/publication/view/social-security-update-from-washington>

2005-08 Individual Payout Annuity Experience Report

July 2014 – Society of Actuaries

The Individual Annuity Experience Committee of the Society of Actuaries has conducted an experience study of individual payout annuities, covering calendar years 2005 through 2008. The intent of this study is to provide recent annuitant mortality experience which can be compared to the Annuity 2000 Mortality Table, and the recently completed 2012 Individual Annuity Mortality Table. Sixteen companies contributed data to the study. This is the same number as the last study, but the company mix is different. The study includes immediate annuities, annuitization, and life settlement options of life insurance and annuity death claims. Structured settlement annuities are excluded from this report, as the mortality experience on this specialized block is being compiled and studied separately. This study provides a comprehensive review of intercompany mortality for individual payout annuities in the United States. The 2012 Individual Annuity Mortality Table was developed from the prior 2000-04 experience study and was validated against a preliminary version of the data in this study.

<https://www.soa.org/files/research/exp-study/research-soa-individ-payout.pdf>

Employers’ Pension Provision Survey 2013

July 2014 – UK Department for Work and Pensions

This report presents findings from the 2013 Employers’ Pension Provision Survey (EPP 2013). EPP 2013 was commissioned by the Department for Work and Pensions (DWP) and undertaken by TNS-BMRB Social Research and the National Institute of Economic and Social Research (NIESR). The 2013 survey was the latest in a series, with previous surveys having been conducted approximately biennially since 1994. The survey comprises of interviews with 3,079 private sector organizations in Great Britain. Organizations were selected from a sample drawn from the Inter-Departmental Business Register (IDBR) and fieldwork took place between 19 June and 4 November 2013. This report describes the extent and nature of pension provision among private sector employers in Great Britain in 2013. Regarding the extent of provision, the report covers the proportions of firms providing pensions and the extent of employee membership of employer pension schemes.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/330512/rr881-employers-pension-provision-survey-2013.pdf

Provision of survivor's benefits in private sector Defined Benefit occupational pension schemes

June 2014 – UK Department for Work and Pensions

This survivors' benefits survey gathered information on the provision of survivors' pension benefits in private sector Defined Benefit and Hybrid occupational pension schemes across the UK. In so doing the survey has enhanced understanding of the pension scheme landscape in this area and will inform the Review of Survivor Benefits in Occupational Pension schemes. The Review was announced in the House of Lords during the passage of the Marriage Bill and is now a statutory requirement of section 16 of the Act.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/323427/rr868-survivors-benefits-in-occupational-pension-schemes.pdf