Better pensions, better jobs: status and alternatives toward universal pension coverage in Latin America and the Caribbean
August 2015- Journal of Pension Economics and Finance

This article offers an overview of the current state of labor markets and pension coverage in a wide sample of Latin America and the Caribbean countries, and proposes a series of possible avenues toward universal coverage, not only as an instrument to fight poverty during old age, but also as part of an agenda for increasing formal employment and productivity growth. We conclude that despite perspectives of low economic growth and reduced fiscal space, the region is going through intense demographic and socio-economic changes, which increase the demand for better jobs and provide a real opportunity for initiating the bold reforms in pensions, labor, and taxes needed to achieve universal coverage.

http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=9909347&fulltextType=RA&fileId=S1474747215000190

Non-traditional investments: key considerations for insurers
August 2015- British Actuarial Journal

Life insurers have historically relied upon investment markets as a key source of profit and crucially have been able to do this while embarking on relatively “vanilla” investment strategies. In the current low-yield environment, broadening their investment horizons is critical to maintaining profitability. This paper summarises some relevant external literature and the working party’s own research in understanding the potential benefits and pitfalls for insurers seeking to invest in non-traditional assets. The objective of this paper is to help educate and promote understanding by all (the many) relevant parties. In doing so, we hope to help organisations to achieve some further economic success for the ultimate benefit of society. Although this paper has primarily been written from the perspective of a life insurer, we hope it will be of interest to a much wider audience. Many of the asset classes considered here are relevant to general insurers, pension funds and the wider capital markets. It is very important to note that this paper does not contain investment advice and the analysis represents the views of the individuals and the working party and not the companies which they represent or the Profession. This paper does not make any comment as to the suitability (or otherwise) of specific investments for particular investors.

http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=9914642&fulltextType=RA&fileId=S135732171500015X
An Ideal Retirement System - for the better of society
March 2015- Mercer

The report is designed to answer the questions of an ideal retirement system. An Ideal Retirement System Report covers:

- Ten Principles for an Ideal Retirement System
- Providing Appropriate Benefits
- Looking to the Longer Term
- Including the Best Features
- Building Community Confidence
- Comparing Pension Systems

Financial literacy, trust and retirement planning
August 2015- Journal of Pension Economics and Finance

We study the complex relationship between financial literacy, retirement planning and trust in financial institutions, using data from the 2010 Bank of Italy Survey on Household Income and Wealth. The impact of financial literacy on retirement planning is a well-established issue in the existing empirical literature; our main contribution is proving that financial knowledge not only impacts retirement planning, but also the decisions of entering a private pension scheme (or devoting the severance pay to a private pension scheme). Adding the consideration of trust poses serious econometric concerns, since both financial literacy and trust in financial institutions are likely to be endogenous and the presence of two endogenous regressors renders the identification of causality very difficult. Our solution is to keep only financial literacy as endogenous and include in our models an exogenous regional indicator of social capital (similar to the one adopted by Guiso et al., 2004), as a proxy for the level of trust between the counterparts of a financial contract in each geographical area. Our main findings show that trust has a positive influence on both the decisions to enter a private pension scheme or to devote the severance pay to a private pension scheme.

No Social Security COLA Causes Medicare Flap
August 2015- Center for Retirement Research at Boston College

The brief's key findings are:
In 2016, for only the third time in 40 years, Social Security beneficiaries are not expected to receive a cost-of-living adjustment (COLA). No COLA means that Medicare Part B premiums cannot increase for most beneficiaries, so a minority has to bear the full burden of rising costs. Beyond this immediate flap, a broader issue is that Medicare premium growth is not fully captured by the inflation measure used to set the COLA. As a result, when Medicare premiums rise rapidly, older Americans cannot maintain their non-Medicare spending. In short, even the Social Security COLA does not fully insulate older households from the erosive impact of inflation.
Fiscal stress pressures state legislators to either raise taxes or cut spending, but public pensions provide a vehicle to postpone tax increases and maintain current spending. I estimate that states cut their pension contributions at seven times the rate of other spending in response to fiscal stress. The cumulative impact of state undercontributions due to fiscal stress explains about 4% of mid-2008 actuarial underfunding. States not paying actuarially required contributions for reasons other than fiscal stress explains an additional quarter of underfunding. As investment returns explain little underfunding, much underfunding appears due to insufficient employee and actuarially required government contributions to keep up with growing pension liabilities.

http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=9925419&fulltextType=RA&fileId=S1474747215000189

Working longer is a powerful lever to enhance retirement security. Individuals should be able to extend the number of years they work because, on average, they are healthier, live longer, and face less physically demanding jobs. But averages are misleading when discrepancies in health, job prospects, and life expectancy have widened between individuals with low and high socioeconomic status (SES). To understand the magnitude of the problem, this paper, using data from the Health and Retirement Study, specifies how much longer households in each SES quartile would need to work to maintain their pre-retirement standard of living and compares those optimal retirement ages with their planned retirement ages to calculate a retirement gap. It then uses regression analysis to explore whether the gap reflects poor circumstances or poor planning — that is, the extent to which the retirement gap results from health, employment, and marital shocks that occur before the HRS interview but too late for the household to adjust saving (between ages 50 and 58), as opposed to a gap resulting from inadequate foresight. The analysis shows that households in lower-SES quartiles have larger retirement gaps, and this pattern remains true even after controlling for late-career shocks. In short, the most vulnerable have the largest retirement gaps, and these gaps arise from poor planning rather than late-career shocks.

http://crr.bc.edu/working-papers/how-much-longer-do-people-need-to-work/

The present paper analyzes optimal supervisory rules for pension funds taking account of diverse pension security mechanisms: support provided by either a plan sponsor, a pension guarantee fund or by both. Assuming that the regulatory rule is either to control the shortfall probability or expected shortfall, we show that both the security mechanisms and risk measures used by the regulators have a substantial impact on the optimal regulation and hence need to be considered adequately when setting regulatory rules.

http://link.springer.com/article/10.1007/s13385-015-0103-x
**Windfall Elimination Provision**  
*August 2015- Social Security (Official Social Security Website)*

Find out how your Social Security benefits could be affected if you’re eligible for a pension from work not covered by Social Security.


**Pension for the Self-Employed - Confirm the Income from Work Correctly**  
*August 2015- Finnish Centre for Pensions*

The confirmed income from work of the self-employed is too often below the actual income. The self-employed should not underestimate their work input in fear of the contributions. If the confirmed income from work is low, it also affects the amounts of the sickness allowance and the parental allowance, both of which are determined based on the confirmed income from work.


**How Does Occupational Access for Older Workers Differ by Education?**  
*August 2015- Center for Retirement Research at Boston College*

Changing jobs after age 50 has become increasingly common. To assess the employment opportunities available to these job-changers, this study examines how the range of occupations in which they find jobs narrows as they age and whether this pattern differs by socioeconomic status, using education as a proxy. The results indicate that workers in their early 50s who change jobs find employment in a reasonably similar set of occupations as do prime-age workers but that the opportunities increasingly narrow as they enter their late 50s and early 60s. These results vary by educational attainment. Interestingly, while job opportunities narrow as workers age, the number of opportunities available to older workers at any given age has improved significantly between the late 1990s and early 2010s – though the gains have gone primarily to better-educated older workers. Consistent with previous research, the study also finds: 1) employer policies that emphasize employee training, respect for seniority, and “hiring from within” create barriers to the hiring of older job-seekers; 2) older workers are less likely to be hired in jobs requiring strong cognitive skills; but 3) physical demands and adverse working conditions are not serious impediments.


**When To Start Receiving Retirement Benefits**  
*August 2015- Social Security (Official Social Security Website)*

Take a look at some factors that can help you make an informed decision about the best time to retire.

Academic, government, employer, and individual interest in personal financial literacy have mushroomed as financial decision making has become more complex, costly, and less paternalistic. Financial illiteracy in America manifests in many ways, including low levels of personal saving, high levels of personal debt, negative financial wealth, a decline in standard of living, and increased demand on social safety networks. For college students, of particular concern is the high level of public and private debt accrued while working toward a degree. It is important to understand how prepared households are for retirement planning decisions and which factors can improve their preparedness. We show that financial education is impactful in reducing financial illiteracy, and provides evidence that taking a personal risk management and insurance course helps to prepare college students to make retirement decisions. Second, we provide evidence that life stage explains differences (similarities) in how professionals self-rate the importance, familiarity, and motivation to plan and save for retirement versus their opinion on how vital the questions should be to students. Finally, additional evidence is provided showing that demographic characteristics explain differences in the importance and motivation to plan and save for retirement and in the familiarity that respondents have with retirement planning and saving products.


What Causes Workers to Retire Before They Plan?

September 2015- Center for Retirement Research at Boston College

This paper explores the extent to which health, employment, family, or finances are associated with earlier-than-planned retirement using the Health and Retirement Study (HRS). The importance of any shock that drives early retirement depends both on its effect on those experiencing it and its prevalence in the population; therefore, the analysis proceeds in two steps. First, a probit regression is used to determine the strength of the relationship between the shocks and earlier-than-planned retirement, controlling for individual characteristics. Second, to incorporate the prevalence of the shock, counterfactual experiments are run to determine how much early retirement would be reduced in the population if these shocks did not occur.

http://crr.bc.edu/working-papers/what-causes-workers-to-retire-before-they-plan/
Does Age-Related Decline in Ability Correspond with Retirement Age?

September 2015- Center for Retirement Research at Boston College

While declines in physical and mental performance are inevitable as workers age, they are not uniform across the various systems of the body – some physical and cognitive abilities decline much earlier than others. This variance implies that workers in occupations that rely on skills that decline early may be unable to work until late ages, even as policy changes like increases in the Full Retirement Age (FRA) encourage them to. Researchers often estimate models of early retirement that include a control for whether a worker is in a blue-collar job – basically assuming that less-physical white-collar work allows longer careers. But this assumption ignores the fact that even workers in white-collar occupations may find themselves relying on skills that have declined. This paper instead reviews the literature on aging and constructs a Susceptibility Index meant to reflect how susceptible an occupation is to declines in ability, regardless of whether the occupation relies on physical abilities (as blue-collar occupations do) or cognitive ones.

http://crr.bc.edu/working-papers/does-age-related-ability-correspond-with-retirement-age/

Affordability of public pension benefit: a historical and empirical analysis of US state and local government pension contributions


As a result of the two severe stock market declines since 2000, there has been a steady debate about the affordability of state and local public pension benefits. We measured the affordability of pension benefits in terms of governments’ ability to make the required contributions based on existing tax and revenue bases. We conducted a historical analysis of government pension contributions at national and state level over a 20-year period 1992–2011 and found that the real pension burdens have increased over this period. We also found substantial variation in pension burdens among the 50 states. The results of our empirical analysis showed that employee contribution share, investment return, size of the public workforce, and pension benefit level had significant effects on pension burdens. Based on these findings, we proposed several strategies for reducing pension burdens, including increasing employee pension contribution, reducing size of workforce, and improving pension investment performance.

http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=9967727&fulltextType=RA&fileId=S1474747215000268

Can You Wait to Receive Social Security Benefits?

September 2015- National Academy of social Insurance

This infographic, created in partnership with the National Urban League, details the options a beneficiary has when it comes to claiming benefits. This infographic is part of a toolkit of resources designed to educate workers approaching retirement, and their families and friends, about their options for taking Social Security benefits, and about why it can pay to wait.

For Richer, For Poorer, Retirement incomes  
*September 2015- Actuaries Institute*

This new report is a unique assessment of the superannuation system, comparing the nature and quantum of future retirement incomes of those belonging to different wealth and generational groups. This raises important questions; is the system working? What is it for – to build a nest egg or provide an income stream? Should that stream provide a modest or comfortable living standard? How will future generations fare after saving for their retirement and also paying for the Age Pensions of the baby boomers?

We can only really gauge answers to these questions when we have an agreed set of superannuation objectives enshrined in legislation – currently they do not exist. This is a fundamental requirement – unless we know what the system is meant to deliver we cannot efficiently integrate its various components; taxation concessions, age pension, superannuation savings and home equity, to drive desired outcomes. This research concludes that our superannuation system is generally working but will not deliver a comfortable retirement lifestyle for all groups. Many current retirees were covered by superannuation for only a limited part of their working life and have accumulated most of their wealth through equity in the family home. Future generations of retirees will have a different wealth profile including a greater superannuation component. Regardless of those differences, the Age Pension will continue to underpin the lifestyle of retirees.


Measuring the multivariable adequacy of retirement benefit provision  
*September 2015- International Social Security Association*

The definition of an adequate retirement benefit has often focused on one measure alone – the replacement ratio. Given the multiple aims of social security systems, this focus can be considered too narrow. It is on this basis that a new report launched as part of the Adequacy Project of the International Social Security Association (ISSA) is seeking to broaden the debate on the definition of social security benefit adequacy.

[https://www.issa.int/-/measuring-the-multivariable-adequacy-of-retirement-benefit-provision?redirect=https%253A%252F%252Fwww.issa.int%252Fes%252Fnews%252FFall-news%253Fp_p_id%253D101_INSTANCE_5v735KGSJ4VA%2526p_lifecycle%253D0%2526p_state%253Dnormal%2526p_mode%253Dview%2526p_col_id%253Dcolumn-1%2526p_col_pos%253D1%2526p_col_count%253D2](https://www.issa.int/-/measuring-the-multivariable-adequacy-of-retirement-benefit-provision?redirect=https%253A%252F%252Fwww.issa.int%252Fes%252Fnews%252FFall-news%253Fp_p_id%253D101_INSTANCE_5v735KGSJ4VA%2526p_lifecycle%253D0%2526p_state%253Dnormal%2526p_mode%253Dview%2526p_col_id%253Dcolumn-1%2526p_col_pos%253D1%2526p_col_count%253D2)

Retirement age will rise as planned  
*September 2015- Finnish Centre for Pensions*

According to the projects made at the Finnish Centre for Pensions, the Government bill on the 2017 pension reform will lead to retirement at a later age and a higher employment rate. As working lives are extended, the pressure to increase the earnings-related pension contributions will be alleviated and the average pensions will rise.

Growing Income and Consumption of Retirees

September 2015- Finnish Centre for Pensions

The status of retirees relative to the working-age population has clearly improved in the long run. Their income has grown and they consume more than ever. However, the retirees are not a homogenous group; inequality within the group has increased. In addition, the consumption structure of retiree households has come significantly closer to that of working-age households. The portion consumed on housing and transportation has grown both among retirees and the working-age population. Living expenses and food are emphasized in the consumption of retirees. The higher in age the members of a household are, the greater the portion of these expenses.

The retirement problem that costs Americans $17 billion a year

September 2015- CNN Money

When you receive medical treatment, you know that your doctor has taken a sworn oath to consider your best interest. The same goes for a lawyer. But believe it or not, financial advisers operate under no such commitment, even though they hold your precious, hard-earned nest egg in their hands. In fact, conflicted financial advice -- where advisers put their own interests ahead of their customers' interests -- costs Americans who are saving for retirement some $17 billion a year. This has to change, especially as the retirement landscape shifts and fewer Americans have the fallback of a defined benefit pension. That's why earlier this year, the President announced he was taking action to enshrine a basic principle: that financial advisers should always put their clients' best interest first.

Transitions to Retirement: Myths and rules of thumb in retirement income

September 2015- Pensions Policy Institute

‘Myths and rules of thumb in retirement income’ is the second stage of a two stage major research report, sponsored by State Street Global Advisors, and part of the PPI’s Transitions to Retirement research series. This stage of the research considers how rules of thumb might help retirees to think about and manage their DC pension savings. A round table, hosted by State Street Global Advisors and conducted by the PPI, was attended by representatives from Age UK, Citizens Advice, the Money Advice Service, NEST, The Pensions Advisory Service, The People’s Pension, TUC and Which?. This discussed what ‘rules of thumb’ are, how they differ from received wisdom and how they might support DC savers when setting their strategies for retirement. This report reflects these discussions, along with additional analysis and modelling.
New research exposes retirement risks faced by homemakers

**September 2015- AEGON Global Pensions**

Homemakers are not off the hook in terms of saving and planning for retirement. New research from Aegon exposes retirement risks faced by homemakers and offers recommendations. So, the purpose of this new report based on the 2015 Aegon Retirement Readiness Survey is to expose homemakers’ retirement risks, identify challenges and opportunities, and offer recommendations for homemakers and their families, as well as employers, and policymakers.


Retirement pensions in Lithuania: 25 years and still in transit?

**September 2015- Economía Española y Protección Social, nº VII - 2015**

Adequate social security system is one of key elements of any modern society. Retirement pensions are usually attributed to the area of social security and – as such – pension system has multiple objectives, for example, to smooth income during lifetime of individual, to address poverty issues and similar. Due to ageing population and other circumstances many countries face difficulties when providing retirement pensions solely as part of social security system. Lithuania is not an exception, so – as in many other European countries – pension reform was implemented during the period of 2003 – 2004. Design of retirement pensions before and after reform is presented in this paper. Impact of reform for estimated amount of pensions and public finances as well as main areas of uncertainty are discussed.

http://www.eeyps.es/n%C3%BAmeros/vii-2015/

The evolution and future of social security in Africa: an actuarial perspective.

**September 2015- Economía Española y Protección Social, nº VII - 2015**

Social Security in most African countries has evolved significantly in terms of perspectives, motives, governance as well as innovation of benefits and administration. African countries are slowly, one by one, beginning to reassess the role of social security in correcting several social ills. Empowerment programs and grants are increasingly being provided via social security to women and the youth. From the roots of social security, even very low income countries, some of which have recently experienced several years of civil war and extreme economic hardships, have begun to improve benefit structures and amounts, which include national medical benefits. The attention being provided to social security and how it fits into a nation’s plans to lift itself out of poverty is increasingly involving the actuarial profession from international organisations such as ILO and ISSA as well as consulting actuaries and academics. Assessing and ensuring sustainability of social security benefits requires actuarial valuations to take long-term consequences involving demographic changes into account in the face of providing the benefits in the short term; asset liability modelling to ensure adequate resources are held; ensuring that results are appropriately reported and communicated to key stakeholders; as well as developing long-term strategic plans and dynamic systems surrounding all of these issues. In this paper, the role of actuaries is brought to the centre of the increasingly changing face and evolving culture of social security in taking Africa closer to poverty alleviation.

http://www.eeyps.es/n%C3%BAmeros/vii-2015/