



## REFERENCE LIST

### February 2010

#### *Social security*

**“Minimum-Income Benefits In Oecd Countries: Policy Design, Effectiveness And Challenges”**, Herwig Immervoll , OECD Social, Employment And Migration Working Papers N°100,

[http://www.olis.oecd.org/olis/2009doc.nsf/LinkTo/NT00008AF2/\\$FILE/JT03276695.PDF](http://www.olis.oecd.org/olis/2009doc.nsf/LinkTo/NT00008AF2/$FILE/JT03276695.PDF)

**Summary:** Almost all OECD countries operate comprehensive minimum-income programmes for working-age individuals, either as last-resort safety nets alongside primary income replacement benefits, or as the principal instrument for delivering social protection. Such safety-net benefits aim primarily at providing an acceptable standard of living for families unable to earn sufficient incomes from other sources. This paper provides an overview of social assistance and other minimum-income programmes in OECD countries, summarises their main features, and highlights a number of current policy challenges.

**“Labour Force Participation Rates: The Population Age 55 and Older, 2008”**, Craig Copeland (2010), Employee Benefit Research, Notes February 2010, Vol. 31, No. 2,

[http://www.ebri.org/pdf/notespdf/EBRI\\_Notes\\_02-Feb10.LF-Prtcp.pdf](http://www.ebri.org/pdf/notespdf/EBRI_Notes_02-Feb10.LF-Prtcp.pdf)

**Summary:** The labour-force participation rate is increasing for those age 55 and older. The percentage of civilian non-institutionalised Americans age 55 or older who were in the labour force declined from 34.6 percent 1975 to 29.4 percent in 1993. However, since 1993, the labour-force participation rate has steadily increased, reaching 39.4 percent in 2008—the highest level over the 1975–2008 period.

For those ages 55–64 (the near elderly), this is being driven almost exclusively by the increase of women in the work force; the male participation rate is flat to declining. However, among those age 65 and older (the elderly), labour-force participation is increasing for both males and females.

Education is a strong factor in an individual’s participation in the labour force at older ages: individuals with higher levels of education are significantly more likely to be in the labour force than those with lower levels of education.

This upward trend among the working near elderly and elderly is not surprising and is likely to continue because of workers’ need for access to employment-based health insurance and for more earning years to accumulate assets in defined contribution (401(k)-type) plans—especially after the 2008 downturn in the stock market and economy. Many Americans also want to work longer, especially among those with more education.

## **International Social Security Association 17<sup>th</sup> Colloquium of Social Security Actuaries and Statisticians**

The Canadian Office of the Chief Actuary has posted on the OCA's web site the papers from the 17th International Conference of Social Security Actuaries and Statisticians that took place in Ottawa in September 2009 in order all IAA members can have access to it. All presentations and reports are in both English and French (both official languages). The links are:

[http://www.osfi-bsif.gc.ca/osfi/index\\_e.aspx?ArticleID=2983](http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=2983)

[http://www.osfi-bsif.gc.ca/osfi/index\\_f.aspx?ArticleID=2983](http://www.osfi-bsif.gc.ca/osfi/index_f.aspx?ArticleID=2983)

### ***Pension systems reform***

**“Retirement income provision in Australia – outstanding design issues in a mature system”**, Hazel Bateman (2009), Centre for Pensions and Superannuation, UNSW, Australia, <http://www.docs.fce.unsw.edu.au/fce/Research/ResearchMicrosites/CPS/retirement.pdf>

**Summary:** At first glance, Australia's retirement income arrangements, centred on a private mandatory pillar and supported by a publicly provided safety net and voluntary private retirement saving, appear to be performing well. Yet, under the surface lie a number of design and implementation issues which could threaten future retirement incomes. This paper critically reviews and assesses Australia's retirement income arrangements and identifies outstanding design and implementation issues. A key factor is the increasing reliance on defined contributions arrangements, which place much of the risk and responsibility associated with retirement income provision on individual retirement savers.

### ***Retirement savings***

**“Workers' Response to the Market Crash: Save More, Work More?”**, Steven A. Sass, Courtney Monk, and Kelly Haverstick (2010), CRR Boston IB#10-3, [http://crr.bc.edu/images/stories/Briefs/ib\\_10-3.pdf](http://crr.bc.edu/images/stories/Briefs/ib_10-3.pdf)

**Summary:** In the summer of 2009, the Center for Retirement Research at Boston College (CRR) surveyed workers approaching retirement, age 45 to 59, on changes in retirement saving and expected retirement ages. The survey also collected data on the many factors that could affect how workers respond to the downturn, including financial and employment characteristics, emotional reactions to the downturn, and enhanced financial literacy. This last was investigated by presenting “expert” advice on effects and trade-offs of working longer/saving more.

The survey's results show considerable variation based on an individual's asset losses, years to retirement, and psychological reaction. Those with significant asset losses and/or a greater reliance on financial assets are more likely to respond to the downturn, as are individuals closer to retirement. Psychological factors also appear influential, with those more distressed by the downturn more likely to react. Interestingly, standard demographic variables, such as race and gender, are not correlated with how one reacts to the downturn.

The preliminary analysis of the financial literacy questions indicates some grounds for hope that providing better information can improve individuals' retirement planning choices. Of those receiving “expert” advice, about 60 percent who initially did not plan to respond to the downturn reconsidered, suggesting that credible information can substantially change both retirement and savings behaviour. Another potentially interesting finding is that, among those who had a strong initial preference for working longer to offset losses, receiving a clear explanation of the trade-off between working longer and saving may convince some to save more as well.

**“Why Did Some Employers Suspend Their 401(k) Match?”**, Alicia H. Munnell and Laura Quinby (2010), CRR Boston IB#10-2, [http://crr.bc.edu/images/stories/Briefs/ib\\_10-2.pdf](http://crr.bc.edu/images/stories/Briefs/ib_10-2.pdf)

**Summary:** The employer match of employee contributions is an important characteristic of 401(k) plans. The match was designed to encourage participation and contributions – particularly by lower-paid employees. However, at many companies, the employer match became a casualty of the financial collapse and ensuing recession. While several large companies have restored their match, it is still important to understand what causes such a response.

This Issue in Brief attempts to explain why some firms suspended their match while others did not. The results suggest that liquidity constraints, rather than profitability issues, are the main reasons for suspending the match. The brief concludes that cash-strapped companies appear to have been forced to cut back, and, if the pattern follows that of the 2001 recession, most companies are likely to restore their match once the economy recovers. To the extent that the match is quickly restored, little harm may have been done – especially compared with the alternative of laying off workers.

**“Retirement income and assets: outlook for the future”**, Daniela Silcock, Sean James and John Adams (2010), Pensions Policy Institute,

<http://www.pensionspolicyinstitute.org.uk/default.asp?p=12&publication=0260&>

**Summary:** This is the final report in a series of four, looking at the evolution of needs for income during the course of retirement and the roles different sources of income and assets could play in helping pensioners to meet their needs in retirement. The previous three reports in this series examined the income needs of pensioners and the roles that housing assets, pensions and other financial assets can play in funding retirement. The project has the overall aim of providing independent evidence to inform debate about the role of different types of income and assets in funding retirement.

This report summarises findings from the first three reports and considers how the trends and issues identified in them could combine to produce a picture of possible interactions between needs, income and assets for a future generation of pensioners reaching state pension age in 2030. In addition this report explores the ways that working longer and recent reform proposals for the funding of care and support could potentially impact on retirement income and assets.

### ***Longevity and life expectancy***

**“Living to 100: Survival to Advanced Ages: Insurance Industry Implication on Retirement Planning and the Secondary Market in Insurance”**, Jay Vadiveloo, Peng Zhou, Charles Vinsonhaler, and Sudath Ranasinghe, Actuarial Practice Forum February 2010, Society of Actuaries, <http://www.soa.org/library/journals/actuarial-practice-forum/2010/february/apf-2010-02-ranasinghe.pdf>

**Summary:** The paper focuses on two broad areas: (a) integration of insurance products with investment products to mitigate the risk of outliving one's assets in post-retirement financial planning, and (b) modelling and pricing for the longevity risk in the secondary market in insurance.

The first area discusses different designs of variable and fixed immediate annuities together with investment products in order to manage the longevity risk. The second area describes techniques on how to manage the longevity risk in the secondary market in insurance for impaired policyholders needing liquidity from their existing life insurance policies.

**“The CMI mortality projections model”**, Richard Willets (2010),

<http://www.the-actuary.org.uk/872912>

**Summary:** Richard Willets writing in the UK “The Actuary” gives a very accessible description of the development of ‘CMI 2009’, the latest incarnation of the CMI Mortality Projections Model (refer previous reference lists).

### **Joint debates by ILC-UK and the Actuarial Profession**

Copies of presentations at the debate held Wednesday 17 February 2010 at the Royal College of Physicians, Edinburgh are available at <http://www.ilcuk.org.uk/record.jsp?type=event&ID=67>.

A report on the debate is expected to be posted on the website shortly.

The next Joint Debate: The Future of Age will be on the 28 April 2010 at the Actuarial Profession, Staple Inn Hall, High Holborn, London, WC1V 7QJ, with registration from 16.00 and the event starting at 16.30. If you would like to attend please email [events@ilcuk.org.uk](mailto:events@ilcuk.org.uk).

### ***Regulation***

**“Pension Funds’ Risk-Management Framework: Regulation and Supervisory Oversight”**, Stewart, F. (2010), OECD Working Papers on Insurance and Private Pensions, No. 40, <http://www.oecd.org/dataoecd/35/43/44633539.pdf>

**Summary:** Drawing on the experience of the pensions and other financial sectors, this paper examines what sort of risk-management framework pension funds should have in place. Such frameworks are broken down into four main categories: management oversight and culture; strategy and risk assessment; control systems; and information and reporting. Ways in which supervisory authorities can check that such systems are operating are also considered, with a check list provided to assist pension supervisory authorities with their oversight of this important area.

### ***Other***

**“Health Expectancy”**, Faye S. Albert, John M. Bragg and James C. Brooks, Jr., Actuarial Practice Forum February 2010, Society of Actuaries,

<http://www.soa.org/library/journals/actuarial-practice-forum/2010/february/apf-2010-02-albert.pdf>

**Summary:** This paper presents a different approach to measuring Health Expectancy, especially as it relates to the elderly population. This new actuarial approach is described and numerous examples are given. Three health status levels are envisioned: (1) healthy, (2) needs assisted living and (3) needs skilled care. Comparisons are given with external sources. As a separate but adjunct matter, actual mortality results are given at ages 90 and over. Beneficial aspects of health expectancy are discussed, including survival to and beyond age 100.

### **The Australian Institute of Actuaries Variable Annuities Reading List**

This is available at [http://www.actuaries.asn.au/NR/rdonlyres/60AF0A2B-3E13-406F-AE7E-9DE9568F28E8/5573/InfoNote\\_Variable\\_Annuities\\_reading\\_list\\_Dec\\_09.pdf](http://www.actuaries.asn.au/NR/rdonlyres/60AF0A2B-3E13-406F-AE7E-9DE9568F28E8/5573/InfoNote_Variable_Annuities_reading_list_Dec_09.pdf)

The Australian variable annuities taskforce was established to provide support for members practising, or with and interest, in variable annuities and retirement products, and to make submissions that contribute to evolving regulation or public debate. The first stage of the taskforce’s brief was to provide an initial reading list of topics in this area to membership and the taskforce’s Information Note was released recently.

### **Preview: Pensions conference 2010**

‘Constant change’ is the theme for the UK Pensions conference 2010 taking place at Celtic Manor, Newport, on 9-11 June. For more information, go to <http://www.the-actuary.org.uk/873452>