



REFERENCE LIST

July 2012

PBSS Colloquium, Hong Kong

The PBSS (Pensions Benefits and Social Security) Section of the IAA held its annual colloquium from May 6 - 9 in Hong Kong. A wide variety of papers were presented in various practice areas.

- Stochastic Projections of the Financial Experience of Social Security Programs: Issues and Alternatives [[Abstract](#)]
- Pension System in Armenia [[Abstract](#)]
- Reform of the Fiji National Provident Fund [[Abstract](#)]
- Logical errors and inconsistencies of the Swedish pension system [[Abstract](#)]
- The Reformed Mexican Social Security System: 15 years of experience [[Abstract](#)]
- The Need for a Socio-economic Approach in Actuarial Valuations of Social Security [[Abstract](#)]
- Pensions in a Shrinking Economy [[Abstract](#)]
- Management of Pension Assets in China [[Abstract](#)]
- Living Until 120: The Implications for Absolutely Everything [[Abstract](#)]
- The experience of Employee's Pension Funds in Japan – how to manage pension plans soundly [[Abstract](#)]
- How social security is responding to the low birthrate and longevity? (Focusing on annuity) [[Abstract](#)]
- Introducing a Retirement Benefit Target [[Abstract](#)]
- The Pension Benefit Evolution in Indonesia: Design, Funding & Accounting Perspectives [[Abstract](#)]
- IAS 19 Revision: Incorporating the Cairns-Blake-Dowd Model into the Valuation of Defined Benefit Obligations [[Abstract](#)]
- Defined Changes to Contributions Must Change the Actuary's Mentality [[Abstract](#)]
- Long Dated Life Insurance and Pension Contracts [[Abstract](#)]
- Observations on the Financing of the United States Social Security System [[Abstract](#)]
- Ponzi Fraud, Market Turmoil, and Investment Regulations [[Abstract](#)]
- Application of Enterprise Risk Management to Private Pension [[Abstract](#)] (*also ERM*)
- Aging and its impact on Governments, Companies and Life & Health Insurance Products [[Abstract](#)]

Access to complete papers, presentations and videos at:

http://www.actuaries.org/HongKong2012/papers_presentations.cfm?VIDEO=Y

How important is Asset Allocation to Retirement Security?

Center for Retirement Research at Boston College - June 2012

The *brief's* key findings are:

- Financial planners often tout asset allocation to boost retirement preparedness.
- But the typical household nearing retirement has less than \$100,000 in savings.
- Hence, asset allocation lost when tested against three alternatives: working longer, taking a reverse mortgage, and controlling spending.
- Even for households with substantial financial assets, asset allocation is less important than one would expect.

(http://crr.bc.edu/wp-content/uploads/2012/06/IB_12-11-508.pdf)

Boomers May Stop Work Because They Can

Financial Security Project at Boston College – May 29, 2012

Baby boomers in their pre-retirement years who leave the labor force early are in better financial shape than they once were. One explanation is that married men ages 55-61 who don't work are beneficiaries of the growing financial heft of wives with careers: 48 percent had working wives in 1992 but 61 percent do today.

(<http://fsp.bc.edu/boomers-may-stop-work-because-they-can/>)

Participating Payout Life Annuities - Lessons from Germany

Raimond Maurer, Ralph Rogalla, and Ivonne Siegelin – March 2012

This paper analyzes the regulatory framework of German immediate participating payout life annuities (PLAs), which offer guaranteed minimum benefits as well as participation in insurers' surpluses. Our particular focus lies on the mechanics of sharing surpluses between shareholders and policyholders. We show that the process of surplus determination, allocation, and distribution mostly follows transparent and clear rules, and that an insurance company's management has limited leeway with respect to discretionary decision making. Subsequently, we develop an Asset Liability Model for a German life insurer that offers PLAs. Based on this model, we run Monte Carlo simulations to evaluate benefit variability and insurer stability under stochastic mortality and capital market developments. Our results suggest that through PLAs guaranteed benefits can be provided with high credibility, while, at the same time, annuitants receive attractive Money's Worth Ratios. Moreover, we show that it might be difficult to offer a fixed benefit annuity providing the same lifetime utility as a PLA for the same premium and a comparably low insolvency risk. Overall, participating life annuity schemes may be an efficient way to deal with risk factors that are highly unpredictable and difficult to hedge over the long run, such as systematic mortality and investment risks.

(<http://pensionresearchcouncil.org/publications/document.php?file=995>)

Retirement in flux: Changing perceptions of retirement and later life

International Longevity Center - 14 May 2012

Retirement is changing. What it means to be a citizen in an ageing society is in flux.

Older people should expect to work longer and draw upon property wealth to help fund care costs, argues a new think-piece by the International Longevity Centre.

Today, the ILC-UK supported by Swiss Re, launched a think-piece that argues that society needs to abandon the notion retirement marks the point where older people's contributions are no longer necessary or valuable. Traditionally, our understanding of retirement implies that people make contributions in their working life in return for support in later life. An ageing society, with many people living longer and healthier lives, means that contributions should continue into later life - as long as society is able to value adequately the contributions that all generations can make to culture, politics and the economy.

Retirement in flux argues that:

- Older citizens have a responsibility to remain in the labor market, where possible, to enable skills retention and minimize the fiscal burdens on taxpayers. But alongside this, older people should have a right to support from employers, and society more generally, to enable longer working lives.
- Older people should have a right to remain in their own home. It is vital for the well-being of many older care recipients. But it is fair that older people draw upon property wealth to help fund care costs where possible.
- Whilst the idea of an obligation to volunteer is contradictory, we all have a responsibility to remain active in our communities. Many older people are eager to volunteer in later life as part of an active retirement and opportunities to volunteer must therefore be appropriate: flexible, enjoyable, and oriented towards utilizing the skills older people have developed during their working life.
- Retirement should be process rather than an event. The concept of 'gradual retirement' may be better suited to the rights and responsibilities of citizens in an ageing society.

(http://www.ilcuk.org.uk/index.php/publications/publication_details/retirement_in_flux_changing_perceptions_of_retirement_and_later_life)

Pensions: Raising retirement ages and expanding private pension coverage essential, says OECD

OECD – 11 June 2012

It may not feel like it, but today's retirees are living through what might prove to have been a golden age for pensions and pensioners. Far fewer older people live in poverty than in the past: about a quarter fewer than in the mid-1980s. They also can expect to live longer.

Today's and tomorrow's workers, in contrast, will have to work longer before retiring and have smaller public pensions. Their private pensions are much more likely to be of the defined-contribution type, meaning that individuals are more directly exposed to investment risk and

themselves bear the pension cost of living longer.

This edition of the OECD Pensions Outlook examines the changing pensions landscape. It looks at pension reform during the crisis and beyond, the design of automatic adjustment mechanisms, reversals of systemic pension reforms in Central and Eastern Europe, coverage of private pension systems and guarantees in defined contribution pension systems. It closes with a policy roadmap for defined contribution pensions and a statistical annex.

(http://www.oecd.org/document/35/0,3746,en_21571361_44315115_50555875_1_1_1,1.00.html)

OECD Pensions Outlook 2012

OECD – 11 June 2012

This edition of the *OECD Pensions Outlook* examines the changing pensions landscape. It looks at pension reform during the crisis and beyond, the design of automatic adjustment mechanisms, reversals of systemic pension reforms in Central and Eastern Europe, coverage of private pension systems and guarantees in defined contribution pension systems. It closes with a policy roadmap for defined contribution pensions and a statistical annex.

Note: This article has to be paid for.

(<http://www.oecdbookshop.org/oecd/display.asp?sf1=identifiers&st1=212012011P1&LANG=EN>)

Should You Buy an Annuity from Social Security?

Center for Retirement Research at Boston College – May 2012

The *brief*'s key findings are:

Households now retiring need to transform their 401(k) and IRA savings into retirement income. One way is to delay claiming Social Security to increase their monthly benefit, using savings to pay current expenses while they wait.

In effect, they are buying an annuity from Social Security: The savings used is the “price” and the increase in their monthly benefit the annuity income it “buys.”

Buying an annuity from Social Security is generally the best deal in town, especially in today’s low interest-rate environment.

(<http://crr.bc.edu/briefs/should-you-buy-an-annuity-from-social-security/>)

Defined Benefit Plans Slow Their Slide

Institutional Investor – 18 June 2012

Traditional pension plans are being preserved in strong, competitive industries like utilities, energy and big pharma.

(<http://www.institutionalinvestor.com/Article/3047532/Investors-Pension-Funds/Defined-Benefit-Plans-Slow-Their-Slide.html?LS=EMS669910>)

National Retirement Risk Index: How Much Longer Do We Need to Work?

Center for Retirement Research at Boston College – June 2012

The brief's key findings are:

Working longer is the key to financial security, but it does not mean working forever.

Half of today's households are ready to retire at age 65, but more than 85 percent would be prepared by age 70.

Thus, five years of additional work would solve the problem for the bulk of the population.

(<http://crr.bc.edu/briefs/national-retirement-risk-index-how-much-longer-do-we-need-to-work/>)

Guaranteed Pension Returns Not Always Worth the Cost, Says OECD

Institutional Investor – June 15, 2012

Minimum pension returns guaranteed in Denmark, for example, can run to almost a quarter of the assets' value, the Organisation for Economic Co-operation and Development reports.

(<http://www.institutionalinvestor.com/Article/3046807/Investors-Pension-Funds/Guaranteed-Pension>Returns-Not-Always-Worth-the-Cost-Says-OECD.html?ArticleId=3046807&LS=EMS669910>)

Is 62 Dead (as a Retirement Age)?

Financial Security Project at Boston College – June 19, 2012

Despite the Great Recession, many baby boomers are postponing retirement beyond age 62, which has long been our popular standard. Is age-62 retirement a relic of previous generations, or does it have staying power?

(<http://fsp.bc.edu/is-62-dead-as-a-retirement-age/>)

New Financial Tools Backed by Research

Financial Security Project at Boston College – May 22, 2012

The Center for Retirement Research at Boston College is rolling out a prototype of a personal finance website with trustworthy tools and information on topics such as spending and debt reduction and the best way to draw down one's retirement savings. It allows users of all ages to address a specific issue or put together a comprehensive financial plan based on impartial academic research – not sales pitches.

(<http://fsp.bc.edu/new-financial-tools-backed-by-research/>)

The conflict between generations: Fact or fiction?

OECD - 04-Jun-2012

Expect the issue of solidarity between generations to become a major policy challenge in the years ahead, and not just in OECD countries. Here's why.

(http://oecdobserver.org/news/fullstory.php/aid/3768/The_conflict_between_generations:_Fact_or_fiction_.html)