
# REFERENCE LIST
## July 2016

**Intergenerational risk-sharing through funded pensions and public debt**

***July 2016- Journal of Pension Economics and Finance***

We explore the benefits of intergenerational risk-sharing through both private funded pensions and via the public debt. We use a multi-period overlapping generation model with a pay-as-you-go pension pillar, a funded pension pillar and a government. Shocks are smoothed via the public debt and variations in the indexation of pension entitlements and pension contributions. The intensity of these adjustments increases when the pension funding ratio or public debt gets closer to their boundaries. The best-performing pension arrangement is a hybrid funded scheme in which both contributions and entitlement indexation are simultaneously deployed as stabilisation instruments. We find that contribution and indexation adjustment policies are substitutes and the same is the case for contribution and tax adjustment policies. By contrast, indexation and tax adjustment policies are complements. We compare different taxation regimes and conclude that a regime in which pension benefits are taxed, while contributions are paid before taxes, is preferred to a regime in which contributions are paid after taxes, but benefits are untaxed.

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**What's New in Public Pension Funding**

***July 2016- Center for Retirement Research, Boston College***

A small group of researchers at the Center for Retirement Research, which sponsors this blog, produces a large volume of analysis of the nation's state and local government pension funds. Their work isn't typical of the personal finance information that appears in this blog. But it turns a bright light on the financial condition of the pension funds that millions of state and local government workers and retirees rely on. The bottom line, according to these studies, is that while some funds are in poor condition, many more are managing.

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**Optimizing Retirement Income Solutions in Defined Contribution Retirement Plans**

**July 2016- Society of Actuaries**

One of the biggest retirement planning challenges for workers is deciding if they have accumulated sufficient retirement savings in order to retire. To address this challenge, we suggest that retirees deploy a significant portion of their savings to generate reliable retirement income to meet their ongoing living expenses, and set aside the remainder of savings for unexpected emergencies, discretionary expenditures, and significant one-time purchases.

With this strategy, an important retirement planning task is to build reliable sources of income to partially or fully replace a worker's paycheck from employment. While they're working, their regular paycheck imposes a financial discipline that guides their spending for basic and discretionary living expenses. It's natural and familiar for retirees to continue the discipline of a regular paycheck once they've retired.

This report develops a framework and analyses that can be used for optimizing retirement income solutions, using criteria defined by retirees and advisors.

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**It's Time to Collaborate on a New U.S. Retirement Plan**

***July 2016- Institutional Investor***

There is a retirement security crisis building in the U.S. As many as 50 million full-time workers in the U.S. – or 40 percent of the U.S. workforce – have no access to a workplace savings vehicle. And each day these workers do not save, they are another day closer to impoverished elder years.

Added to those without access to a savings plan are the 20 percent of both public and private sector workers who are offered 401(k) or other voluntary savings plan but, in the absence of automatic enrollment, do not sign up for it. The U.S. personal savings rate has fallen to a meager 5 percent from its peak at 15 percent in 1975, despite that being a time of economic recession.

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**Step by Step**

***July 2016- Contingencies Magazine***

Life expectancy at age 65 in the United States has been steadily increasing for many years. The 2015 OASDI Trustees Report1 showed that the life expectancy of a male age 65 in 1940 was 12.7 years, while in 2010 it was 18.9 years. The female life expectancies were 14.7 and 21.2, respectively.2 People can now expect to receive Social Security benefits about 50 percent longer than when the program was established.

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**Differences in Life Expectancy by Income Level**

***July 2016- Contingencies Magazine***

Research overt the past 50 years or more has established that longevity in the United States for someone age 65 has been increasing at about the rate of one year every decade. For example, the U.S. Census Bureau found that the life expectancy for someone age 65 in 1972 was 15.2 years, rising to 19.1 years in 2010, a gain of 3.9 years over that 38-year span.

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**Planning for retirement—or not**

***July 2016- Employee Benefit Research Institute (EBRI)***

Despite approaching retirement age, roughly 4 in 10 workers ages 55 and older have not yet tried to calculate how much money they will need to have saved so that they can live comfortably in retirement, according to EBRI's most recent Retirement Confidence Survey (RCS). Not surprisingly younger workers ages 25–34 are less likely (38 percent) than workers ages 45–54 (50 percent) or 55 or older (61 percent) to indicate they have tried to calculate how much money they need to accumulate for retirement.

Overall, the percentage of workers attempting a retirement-needs calculation has increased across all age groups since 1996, the RCS shows.

While workers ages 55 and older are more likely than younger workers to think they will need to accumulate less than $250,000 by the time they retire so that they can live comfortably in retirement, nearly a quarter (24 percent) across all ages believe at least $1 million is needed.

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**How Can We Realize the Value That Annuities Offer in a 401(k) World?**

***July 2016- Center for Retirement Research, Boston College***

The brief's key findings are:

- A growing number of people are entering retirement with more 401(k) savings and less annuity income from Social Security and traditional pensions.
- Annuities assure a lifelong income stream and – compared to other draw-down options – can provide attractive payouts, which can help cover late-life health costs.
- But few individuals buy annuities, partly due to behavioral barriers such as the complexity of valuing the product and the way that draw-down options are framed.

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**Impact of Raising Austria's Pension Age**

***July 2016- Center for Retirement Research, Boston College***

Like the United States, many European countries are concerned about shoring up their pension systems for their aging populations. In 2000, Austria took action by introducing a series of small increases in the earliest age at which workers can begin receiving their federal pensions. This reform is gradually phasing out early eligibility entirely. Raising the earliest claiming ages, from 60 to 65 for men and from 55 to 60 for women, will cause them to converge, next year, with the pension program's standard – or "normal" – retirement ages. Prior to the reform, workers who had signed up for benefits before their normal retirement age received only mild reductions in their monthly benefits. The reform, in addition to gradually raising the early retirement age, exacted a larger penalty on the early claimers, increasing the incentive to continue working.

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**3 Ways to Get Better Retirement Returns in the Next 20 Years**

***July 2016- Investopedia***

If your retirement is still in the distance, now's the time to consider tweaking your savings strategy to generate better retirement returns. You need to be prepared for what lies ahead with the stock market. Implementing the following strategies can help you position your portfolio to weather any storms that may be on the horizon.

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**How to Catch Up with Your Retirement Savings**

***July 2016- Investopedia***

There is a Chinese proverb that says, "The best time to plant a tree was twenty years ago. The second best time is today." This kind of thinking can be applied to the situation of folks who find themselves nearing the end of their working life who have not yet begun to save for retirement. If you are around 50 years of age and haven't started to save for retirement, the answer is simple: begin now.

While it would have been ideal to begin earlier, age 50 can still be a good age to start—you still have many years of work ahead of you, and although you certainly need to get serious about strategizing for retirement, there are plans available to help you to catch up and make up for lost time.

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