REFERENCE LIST
May 2017

Financial Wellness Essay Collection

May 2017—Society of Actuaries

This collection of essays provides thought-provoking views and perspectives on financial wellness.

Financial wellness concepts and programs have become an increasingly important area for both employers and employees to consider as greater responsibility for financial planning and retirement security has been shifted to individuals.

The essay collection was sponsored by the Society of Actuaries' Committee on Post-Retirement Needs and Risks (CPRNR), and is part of an ongoing series of essays that explores topics related to managing post-retirement risks.

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Women Get a Bigger Social Security Bump

May 2017—Center for Retirement Research at Boston College

The magic number is 35. That's how many years of earnings the US Social Security Administration (SSA) uses to calculate every worker's pension benefit. But 35 years can be a tall order for the many boomer women who took time off or cut back on their hours to their children. Nearly half of today's 62-year-old working women didn't make any money for at least one year according to their earnings history record with the SSA.

This also means they have more to gain financially than men from working longer, because each additional year of work substitutes for a zero- or low-earning year during motherhood in the benefit calculation, according to research by Matt Rutledge and John Lindner at the Center for Retirement Research, which sponsors this blog.

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Why Pensions Matter, The history of defined benefit pension plans in the USA

May 2017—National Public Pension Coalition

Pensions, in the broadest sense of the term, have existed since ancient Rome. Soldiers in the Roman army could earn pensions through their military service. The value of these pensions to Roman soldiers helped to maintain the power of emperors such as Augustus. Pensions for military service have continued to exist in one form or another in the two thousand years since.

Public pensions for teachers, firefighters, police officers, and other civilian public servants in the United States are a more recent development. In fact, public pensions as we know them are just over one hundred years old. Governments began offering pensions because they are the most effective and cost-efficient way for working families to prepare for retirement. Unfortunately, many people today have forgotten the true value of pensions and why they are so important.

This report will explore the history of defined benefit public pensions in the United States, why they were implemented in the first place, and why they continue to remain today.

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Fewer Older Americans Work Part-time

May 2017—Center for Retirement Research at Boston College

It's now a given that more people in their 60s and 70s are choosing to keep working; however, a related trend rumbling beneath the surface isn't so well known: the population of older people with full-time jobs has increased sharply—to almost 61% in 2016, from 40% in 1995—due to the declining popularity of part-time work.

Most older Americans are retired, but among those who do work, the move from part-time to full-time constitutes "a major shift" in work schedules, according to the Brookings Institution's Barry Bosworth and Gary Burtless, and George Washington University's Ken Zhang, in a report last year. This is one factor in the broadening trend of rising labor force participation for older workers in the United States.

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Commentary: The Case of Expanding Social Security

May 2017—The Buffin Foundation

The March 2011 edition of *Commentary* described the inadequacies of the current system for providing retirement income in the United States. As it stands, arrangements for the provision of retirement income in the United States are not expected to meet the needs of today's working population; therefore, significant increases in financial resources will be necessary to maintain reasonable standards of living after retirement.

- Previously published: US with inadequacies of the SS System to provide retirement income.
- Current arrangements for provision are still not getting it better for working population. In the US, they have: SS, employer-sponsored DB plans, employer-sponsored DC 401(k) plans; IRAs; personal savings (for a minority). Many workers are not covered by their employer.
- Longevity + inflation + investments risks = a huge impact on retirement income.
- Switching DB plans to DC arrangements transfer all risks to individuals.
- Pension Funds Governance and investment management strategies needs to be improved.

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Retirement Ball´s in Employers´ Court

May 2017—Center for Retirement Research at Boston College

If employers want to improve the poor retirement prognosis for a large chunk of American workers, there are some obvious things they could do.

That's the big takeaway in Morningstar Inc.'s April report by David Blanchett on employers that offer 401(k) plans, but who don't necessarily take the recommended approaches to encourage them to save enough for their retirement.

In the early 2000s, automatic enrollment in 401(k)s became all the rage. This strategy, devised to increase participation rates in employer-funded 401(k)s, has proven to be effective: today, nearly 90% of automatically-enrolled employees continue to contribute to their 401(k)s, whereas only about half of employees contribute to 401(k)s when the enrollment process is strictly voluntary.

Recently the auto-enrollment trend has stalled, and the crazy-quilt private-sector retirement system still has many holes in it; even when companies automatically enroll their employees, plans are often designed to discourage employees from saving enough, concludes Morningstar's David Blanchett, head of retirement research, in his report.

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We'll Live to 100—How Can We Afford It?

May 2017—World Economic Forum

The challenges we face to provide our ageing societies with a financially secure retirement are well-known. In most countries around the world, standards of living and healthcare advancements are allowing people to live longer. This should be celebrated, but we should also consider the implications for the financial systems that have been designed to meet our retirement needs, which in many countries are already under severe strain.

This report has been produced as part of the Forum's Retirement Investment Systems Reform project that has brought together pension experts to assess opportunities for reforms that can be adopted to improve the likelihood of our retirement systems adequately and sustainably supporting future generations. The issues and findings discussed are the result of numerous interviews, discussions and workshops. We would like to thank our project partner Mercer as well as the input from our Steering Committee and Expert Committee which has allowed us to draw on unique expertise from different communities and knowledge networks.

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Our Stubborn State of Financial Illiteracy

May 2017—Center for Retirement Research at Boston College

The US retirement system is built on people having a working knowledge of finance. Yet financial literacy among a big chunk of Americans ranges from unimpressive to abysmal.

This revelation was again confirmed in a survey that recently debuted by financial literacy guru Annamaria Lusardi, head of the Global Financial Literacy Excellence Center at George Washington University. In a 2011 survey, Lusardi found that too many Americans were unable to answer three very simple financial questions.

This new survey is more ambitious, though the results are no more promising. It asks 28 questions in eight areas: earning money, budgeting, saving, investing, borrowing, insuring, understanding risk, and information sources. In the nationally representative survey, about one in four people got no more than seven answers (25%) correct.

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Getting Financially Fit

May 2017—Human Resource Executive Online

New research finds employers are stepping up to help workers become more financially savvy as they embrace the role they can play in helping to improve their workers' financial well-being. Personal fitness trackers, onsite gyms, and standing desks have all become standard components of workplace wellness programs, as employers recognize the value of empowering their workers to become more physically fit.

But what about financial fitness?

According to the eighth annual *Survey on Corporate Health and Well-Being* from Fidelity Investments and the National Business Group on Health, 84% of companies now incorporate financial security offerings, such as debt management tools and student loan counseling, into their well-being programs. That's up eight points just since last year.

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Social Security and Total Replacement Rates in Disability and Retirement

May 2017—Center for Retirement Research at Boston College

Social Security provides higher replacement rates for disability insurance beneficiaries than for retired beneficiaries. This fact reflects two factors: 1) Disability Insurance (SSDI) beneficiaries have lower career earnings—Social Security benefits are progressive; and 2) SSDI benefits are not reduced for claiming early.

This project uses the 1992–2010 waves of the Health and Retirement Study (HRS) linked to Social Security Administration earnings records to decompose the differences between the Social Security replacement rates for retired worker and SSDI beneficiaries into these two factors. The project also examines how the total replacement rate—which accounts for other sources of income in addition to Social Security—differs between retirees and SSDI beneficiaries to capture the difference in overall retirement security between the two groups.

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UPCOMING EVENTS

ASTIN/AFIR Colloquium

20–24 August 2017, Panama City, Panama

The August 2017 ASTIN/AFIR-ERM Colloquium will be held in the beautiful coastal city of Panamá, in the heart of the Americas. The event will feature findings from leading researchers and practitioners in the form of concurrent presentations, plenary and panel sessions, and educational workshops.

See the program or register now

IAA Life Colloquium

23–24 October 2017, Barcelona, Spain

The seemingly unstoppable growth in human life expectancy, coupled with the current state of health and social services, has led to a remarkable rise in longevity across the globe.

While increased longevity may be heralded as progress for mankind, it nevertheless poses a major challenge for private and public pension schemes and will have an impact on the life insurance industry, thereby affecting the actuarial profession itself.

See the program or register now

31st International Congress of Actuaries (ICA 2018)

4–8 June 2018, Berlin, Germany

Like no other metropolis in Europe, Germany's capital symbolizes the breakdown of old structures and the beginning of a new era of understanding and cooperation. May the unique atmosphere of a city that has re-invented itself in recent decades inspire you to be an integral part of a vibrant International Congress of Actuaries in 2018.

Come and join colleagues working together, at an event without cultural or geographical barriers.

See the list of pension-related topics, or find out more about the ICA 2018