



## REFERENCE LIST

### September 2013

#### **Asia's unique retirement challenge**

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*September 2013- Asia Insurance Review*

Population ageing is a global phenomenon, but what sets Asia apart is the sheer scale and speed of its ageing, says Mr Yves Guérard, co-author of the Working Paper “Reducing Disparities and Enhancing Sustainability in Asian Pension Systems”. In this summary which is an abstract of the Working Paper published in October 2012 jointly by the Lee Kuan Yew School of Public Policy and the Asian Development Bank, he recommends that Asian countries embark on systematic pension reform now to meet the challenge of delivering affordable, adequate, and sustainable economic security to their fast-growing elderly population.

[http://www.actuaries.org/ABOUT/News/AsiaInsReview\\_Sept2013.pdf](http://www.actuaries.org/ABOUT/News/AsiaInsReview_Sept2013.pdf)

#### **How Sensitive Is Public Pension Funding to Investment Returns?**

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*September 2013- Center for Retirement Research at Boston College*

The *brief's* key findings are:

- To assess the sensitivity of pension funding to investment returns, the analysis projects funded ratios through 2042 for large public plans using:
  - a stochastic model of year-to-year returns; and
  - a median real return of 4.45 percent, the average used by plans in 2012.
- The baseline results show that the funded ratio for the 50th-percentile outcome does not reach 100 percent because:
  - plans pay only 80 percent of annual required contributions (ARC); and
  - amortization approaches produce inadequate contributions.
- Paying 100 percent of the ARC and using more robust funding approaches leads to near full funding by the end of the period.
- However, even under these more favorable scenarios, the variability of returns still poses risks of funding shortfalls.

[http://crr.bc.edu/wp-content/uploads/2013/09/slp\\_34.pdf](http://crr.bc.edu/wp-content/uploads/2013/09/slp_34.pdf)

## **Can Educational Attainment Explain the Rise in Labor Force Participation at Older Ages?**

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*September 2013- Center for Retirement Research at Boston College*

The *brief's* key findings are:

- Over the past 25 years, the labor force participation of men age 60-74 jumped from 35 percent to 44 percent.
- At the same time, the educational levels of older workers increased dramatically in both absolute terms and relative to prime-age workers.
- Better educated workers are healthier and have more opportunities.
- Indeed, the analysis suggests that rising education levels account for more than half of the increase in labor force participation.
- Going forward, gains in education by older workers will slow considerably, which will slow further increases in their labor force participation.
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[http://crr.bc.edu/wp-content/uploads/2013/08/IB\\_13-13.pdf](http://crr.bc.edu/wp-content/uploads/2013/08/IB_13-13.pdf)

## **Housing in Retirement Across Countries**

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*August 2013- Center for Retirement Research at Boston College*

The “retirement saving puzzle” is a phenomenon in which many U.S. households have significant wealth late in life, contrary to the predictions of a simple life-cycle model. In this project, we examine cross-country differences in the saving behavior of retirees in order to weigh in on the discussion of the puzzle.

The role of risk diminishes with age, and is seen primarily in financial asset saving, while housing assets do not appear to respond to spending risk, suggesting that housing is not a precautionary asset.

[http://crr.bc.edu/wp-content/uploads/2013/08/wp\\_2013-18.pdf](http://crr.bc.edu/wp-content/uploads/2013/08/wp_2013-18.pdf)

## **Validating Longitudinal Earnings in Dynamic Microsimulation Models: The Role of Outliers**

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*September 2013- Center for Retirement Research at Boston College*

Rapid growth in the earnings of the highest earners over the past two and a half decades has contributed to strains on Social Security’s finances and made projecting lifetime earnings on a year-by-year basis – already a complicated technical problem – even more challenging. This project uses various descriptive techniques and high-quality administrative earnings data matched to household surveys to explore related questions about the changing wage distribution. We first describe the characteristics of high earners, both at a point in time and over longer periods (from 1983 through 2010). We then evaluate how well SSA’s MINT7 dynamic microsimulation model projects inequality in the earnings distribution and the long-term characteristics of earnings paths.

[http://crr.bc.edu/wp-content/uploads/2013/09/wp\\_2013-19.pdf](http://crr.bc.edu/wp-content/uploads/2013/09/wp_2013-19.pdf)

## **Land of the setting sun.**

### **Brazil, the “country of the future”, spends far too much on its past**

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*September 2013- The Economist*

Brazil urgently needs to reform its pension system. Neither the general pension scheme for private-sector workers nor the special one for civil servants produces a surplus. Despite sky-high contribution rates—up to 33% of salary, two-thirds paid by the employer and one-third by the worker—both schemes need to be topped up from general taxation to pay current pensions. Brazil needs to reshape its public spending, not increase it. It needs to invest more and to stop bribing the middle-aged to leave the workforce, carrying their children’s inheritance with them.

<http://www.economist.com/news/special-report/21586682-brazil-country-future-spends-far-too-much-its-past-land-setting-sun?zid=300&ah=e7b9370e170850b88ef129fa625b13c4>

### **Auto-enrolment pensions: key questions on saving for your retirement**

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*September 2013- The Guardian*

The auto-enrolment pension scheme in the UK has made a good start - but it may not deliver the retirement you were expecting.

The "biggest shake-up in UK pensions for over 100 years" has passed its first test, but experts warn it fails to secure financial wellbeing in retirement. As auto-enrolment approaches its first anniversary, it has created 1.6 million more savers in workplace pensions, with just 9% of employees so far choosing to opt out; initial estimates were 30%.

<http://www.theguardian.com/money/2013/sep/29/auto-enrolment-pensions-saving-retirement>

## **Detroit Spent Billions Extra on Pensions**

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*September 2013- The New York Times*

Detroit's municipal pension fund made payments for decades to retirees, active workers and others above and beyond normal benefits, costing the struggling city billions of dollars and helping push it into bankruptcy, according to people who have reviewed the payments.

The payments, which were not publicly disclosed, included bonuses to retirees, supplements to workers not yet retired and cash to the families of workers who died before becoming eligible to collect a pension, according to reports by an outside actuary and other people with knowledge of the matter.

[http://dealbook.nytimes.com/2013/09/25/undisclosed-payments-cost-detroit-pension-plan-billions/?\\_r=0](http://dealbook.nytimes.com/2013/09/25/undisclosed-payments-cost-detroit-pension-plan-billions/?_r=0)

## **Tailoring Social Protection to Small Island Developing States: Lessons Learned from the Caribbean**

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*September 2013- The World Bank*

This paper examines the role of social protection (SP) in Small Island Developing States (SIDS), given their particular structural, human resource and capacity constraints. The paper recommends a series of systemic efforts to: (i) harmonize SP systems and policies across the region to better respond to increased regional mobility; (ii) consolidate SP programs within countries to improve efficiency; (iii) foster key human capital improvements among the poor to break inter-generational transmission of poverty; (iv) improve monitoring and evaluation systems and data collection capacity to facilitate more responsive SP programs; and (v) increase partnerships with civil society and private sector. At the thematic level, the paper recommends (i) improving the responsiveness to economic and environmental shocks; (ii) improving efficiency and effectiveness of social safety net programs, in particular cash transfer programs; (iii) tailoring labor market interventions to respond to constraints faced in the SIDS context; and (iv) reforming social insurance schemes, particularly pension schemes, to address current deficiencies and ensure readiness to respond to impending ageing.

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/0,,contentMDK:20237228~menuPK:282656~pagePK:148956~piPK:216618~theSitePK:282637~isCURL:Y,00.html>