

Presentation Proposal

Presentation title:

Simulation analysis of pension risk sharing arrangements.

Author(s)/Presenter(s):

Jesús Eduardo Arredondo, PRM, FRM
Actuarial Consultant and Risk Manager
Nathal Actuarios y Consultores
jesus.arredondo@nathalactuarios.com, jesus.e.arredondo@icloud.com

Type:

Presentation.

Abstract:

This presentation attempts to provide some tools for the analysis of different pension risk sharing arrangements in the form of hybrid pension plans. This tools are presented in the form of stochastic projections, their outcome distributions and their related cost-benefit analysis. It is hoped that analysis will aid in understanding and communicating of the features of the main hybrid pension plan designs, as well as the risks faced by the plan sponsor and the participants. The main risks considered will be investment, interest rate, mortality and inflation. The cost-benefit analysis will be expressed in terms of IAS 19 disclosures for the plan sponsor and a life cycle consumption and savings model for the plan participants. The case study will be set up in Mexico, a country that has a not so optimistic outlook for the replacement rates of the Social Security benefits, and that displays a slight increase in the number of private pension plans with an important decrease in the number of new defined benefit pension plans.

Language:

English

Prior Exposure:

No prior exposure. Information sources will be properly acknowledged. The simulation analysis and actuarial valuations were performed by Nathal Actuarios y Consultores.

Presentation:

The public statistics, actuarial valuation results and simulation analysis addressed will be motivated by a short case study.