

# The role of actuarial review and calculations in pension supervision- Joint IOPS/IAA paper

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# Well, you know the IAA but what is the IOPS?

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- **The International Organisation of Pension Supervisors (IOPS)** is an independent international body representing those involved in the supervision of private pension arrangements. Formed in July 2004, it was instigated by the Organisation for Economic Co-operation and Development (OECD) and the International Network of Pension Regulators and Supervisors (INPRS).
- IOPS currently has **83 members** and observers representing **72 countries** and territories worldwide. The organisation cooperates closely with other international organisations involved in pension supervision policy development and dialogue, including the OECD, World Bank, ISSA, IAIS and IMF.

# Objectives of the IOPS

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- The major goal of the IOPS is to improve the quality and effectiveness of the supervision of private pension systems throughout the world, thereby enhancing their development and operational efficiency, and allowing for the provision of a secure source of retirement income in as many countries as possible.
- The IOPS:
  - acts as a standard-setting body on pension supervisory matters and regulatory issues,
  - promotes international co-operation on pension supervision,
  - provides a worldwide forum for policy dialogue on pension supervision and
  - promotes, conducts and facilitates research in co-operation with relevant international bodies

# Presentation roadmap

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- Background and relevance
- Methodology and scope
- Main findings and observations
- Implications for supervisors and conclusions
- Joint paper accessible [here](#) and [here](#).

# Background and relevance

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- Importance of the actuarial work
  - DB/hybrid: liability, solvency, funding
  - DC: Not seen as important because risk resides with participant; No liability of sponsor
- Declining number of DB schemes
  - What are the current activities of the actuarial professional?
  - Does supervisory expectations diverge from the practise of actuarial professionals?
  - What are supervisory concerns regarding the work of actuarial professionals?



# Methodology and scope

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- ▶ Survey tool: Questionnaire [two groups]
  - IAA respondents
  - IOPS respondents
- Framework
  - IOPS Principles of Private Pension Supervision, 2006
  - OECD Recommendations on Core Principles of Occupational Pension Regulation, 2009
- Areas included in survey:
  - Interaction between supervisor and actuarial professionals
  - Importance of reviews in pension plans/funds
  - Risk management
  - Stakeholders
  - Is a qualified actuary required?
  - Professional responsibility

# Main findings and observations (1/2)

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1. Establishing financial position
2. Directing supervisory action
3. Legislative and prudential requirements
4. Who is doing the reviews?
5. More important in DB, hybrid having more DB elements
6. Useful in DC (having guarantees or paying annuities)
7. Risk management

## Main findings and observations (2/2)

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# Implications for supervisors and conclusions (1/2)

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# Implications for supervisors and conclusions (2/2)

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