A DYNAMIC SOCIAL SECURITY SYSTEM IN UNISON WITH DEMOGRAPHIC AND LIFESTYLE CHANGES

BY

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ABSTRACT

This paper will first describe changes in demographic, family and lifestyle patterns and anticipated major trends in further changes. Facing these changes, we introduce a dynamic social security system deemed most suitable for accommodating the changes. The details of the operation of the system are then described. All the desirable features of the system are also emphasized. Finally, all the questions as raised in the Society of Actuaries’ CALL FOR PAPERS are then answered under the system.
Old age is Indian country. Uncharted and dark. Even when we have parents still living to provide us with maps, show us over the rising hill, the crest of the road, we don’t want to look. Fear, perhaps. Not of death so much as of all the indignities lying in wait for us.

Nina Bawden in Walking Naked
MAJOR CHANGES AND SHIFTS AROUND THE WORLD

- Changing Population Structure
- Changing Family Pattern
- Changing Retirement Pattern
- The Information Revolution and Global Electronic Village
- Shift from Nation State to Business State
- Shift from Fixed to Flexible and Responsive Systems
MAJOR CHANGES AND SHIFTS AROUND THE WORLD

- Shift from Short-Term to Long-Term
- Formation of Trade Blocs and Harmonization of Standards
- Increasing Labor Mobility
- Development of a New and Global Lifestyle
- Shift from Reliance on Institutional Help to Self Help
- Shift from Complacency to Accountability
MAJOR CHANGES AND SHIFTS AROUND THE WORLD

- Aging Population
- Increasingly Interdependent World
- Politics will Take a Back Seat to Economics
- The Consumer will be Sovereign
- Innovative Employees Specializing in Information Sciences will be more Demanding and Mobile
- A New Global Lifestyle will be Nurtured
- People will Get More Used to Self Help and Accountability
THE DYDAMIC SOCIAL SECURITY SYSTEM (DSSS)

- Membership
- Contribution Rate
- Individual Members’ Accounts
- Credited Interest Rate
- Administrative System
- DSSS Benefits
THE DYDAMIC SOCIAL SECURITY SYSTEM (DSSS)

- Medical Account
- Catastrophe Insurance Scheme
- Medifund
- Education Scheme
- Withdrawal
DSSS’ DESIRABLE FEATURES

- Fully Equitable
- Fully Funded
- Fully Vested
- Fully Portable
- Intergenerationally Independent
- Fully Reciprocal Across National Boundaries
DSSS’ DESIRABLE FEATURES

- Encouraging Private Intergenerational Transfers
- Encouraging Late, Phased or Flexible Retirement
- Emphasis on Saving And Personal Responsibility
- Emphasis on Employer Responsibility
- Provides for Disability and Medical Expenses
APPLICATIONS

- Phased Retirement Issue — SSS
- Phased Retirement Issue — Private Employer Plan
- Rationale for Family Benefits
- Rationale for Widowed and Divorced Spouses Benefits
- Alternative for Divorced and Widowed Spouse Benefits
APPLICATIONS

- Implications of Trend to Defined Contribution Plans for Spousal Benefits
- Solutions in Other Countries to Phased Retirement and Family Issues
- Implications of Privatization and/or Individual Account Proposals
- Impact of Reform in Social Insurance System on Employer Pension System and Vice-Versa
- All Other Possible Questions
CONCLUSIONS

- A SSS Must Take into Consideration All Major Trends in Changes and Shifts in Demographic, Family, Retirement and Lifestyle Patterns
- A SSS Must Possess As Many Desirable Features As DSSS Does
- A SSS Must Jointly Be Provided for by Employees, their Families, Employers and the Government