

INTERNATIONAL ACTUARIAL ASSOCIATION
Social Security Committee Meeting
Thursday, October 10, 2013 – 9:00 to 12:30 (Break 10:30-11:00)
Pan Pacific Singapore
Room: Ocean 6

Minutes

Delegates

Junichi Sakamoto	Chairperson
Barbara D'Ambrogi-Ola	Co-Vice-Chairperson
Warren Luckner	Co-Vice-Chairperson
Bob Conger	Casualty Actuarial Society
Giovanna Ferrara	Istituto degli attuari
Ibrahim Muhanna	
Thierry Poincelin	Institut des Actuaire
Martin Stevenson	

Ex-officio

Rob Brown (items 1-4 and 11-17)	President-Elect
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Executive Committee Liaison

Ken Buffin

Conference call participants

Martin Lunnon	Institute and Faculty of Actuaries
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Observers

Chris Daykin	Past President, Co-Chairperson, IAA Fund
Asahiro Kishimoto	Japanese Society of Certified Pension Actuaries
Stuart Leckie	Actuarial Society of Hong Kong
Joseph Nichols	American Society of Pension Professionals & Actuaries
Godfrey Perrott (items 1-5)	Co-Vice-Chairperson, Actuarial Standards
Don Fuerst	American Academy of Actuaries

Apologies

Anne Drouin	International Labour Organization
Florian Léger	International Social Security Association
Wim Els	Actuarial Society of South Africa
Themba Gamedze	Chairperson, Africa Subcommittee
Michael McDougall	Actuarial Society of South Africa
Nobu Shimizu	PBSS, Japanese Society of Certified Pension Actuaries

1. Introduction of attendees and guests

The attendees introduced themselves.

2. Approval of agenda

The agenda was approved.

3. Approval of minutes of the previous meeting in The Hague, Netherlands.

The minutes of the previous meeting in The Hague were approved. Junichi will write to Yves regarding his comments on the discussion about the jurisdiction of the public sector as referred in the minutes of the previous meeting.

4. Report on the 2013 Geneva Discussion Forum (by Ken, Barbara)

The 4th Geneva Discussion Forum was held on 18 September. This meeting is an annual event with the participation of ISSA, ILO and IAA representatives, this year also OECD was represented by Monika Queisser. The meeting is an opportunity for experts to address critical issues and collaborate on them.

(1) General report

In the past the IAA was represented by Ken Buffin, Rob Brown and Junichi Sakamoto. This year due to budget constraints the representation from the IAA has been chosen mostly from Europe. The participants to Geneva Discussion Forum were:

IAA: Barbara D'Ambrogio-Ola, Chris Daykin, Brian Ridsdale, Ken Buffin

ILO: Alejandro Bonilla, Anne Drouin, Krzysztof Hagemeyer, Hiroshi Yamabana,
F. Bonnet, F. Duran, C. Lloret, Christoph Ernst, John Woodall

ISSA: Florian Léger, Simon Brimblecombe, Jaime Arevalo

OECD : Monika Queisser

The agenda of the forum has been circulated to the members of the committee. A report on the meeting is being prepared, it will be circulated with all the presentations to the members of this committee as soon as it is ready. In the meeting related to the discussion about standards the ILO raised their need for a more detailed guideline that could better fit developing country's needs.

Chris Daykin reported an interesting discussion on adequacy of pension. There was a good presentation from ILO at the meeting. Also OECD is working on adequacy at the moment and so is doing the ISSA. This would be a good topic on which we could all work together.

Chris also reminded us that ILO, IMF and WB had been asking about education on social security for actuaries for a while yet. The UK profession has built a lower level of education for analysts and in the forum discussed were building the framework of social security education at the lower level and a possible collaboration with ILO preparing this module.

The meeting was a success; the forum is to continue in the future years.

(2) Discussion on the draft MoU with the ILO

The first draft of the MoU with ILO has been sent to the members prior to the meeting.

There is a MoU between IAA and ISSA and one between ILO and ISSA so this completes the triangle. The second draft was ready on October 4th and it was sent to committee members for comments. Ken Buffin will meet Anne Druin in the end of October and discuss it with her. After the draft is ready, there is a formal process to be followed. Hopefully it will be approved in Washington.

The committee members expressed some concerns on the fact that the MoU is really detailed and imply quite a big effort. We spoke about the fact that not all of the tasks mentioned in the MoU fall on the jurisdiction of the SSC and that a few items should be prioritised at a time. We also discussed the possibility of annually identifying issues to be worked on and producing

annually a more detailed work plan during the year. It was also suggested that in the workplan could be indicated the names of the person involved in each issue from both the organizations. The committee agreed on the fact that there is a lot of work, but also that this is a great opportunity to start a good collaboration. The members of the committee were also happy to see micro insurance as one of the items of the collaboration. In the future we have to keep in mind that we should not limit the resources to this committee but indicate suitable persons from their own member associations. We can also get resources from there.

5. Discussion: Jurisdiction of public sector pension schemes

Before the Nassau meeting, Gary Hibbard (Chair, PEBC) had raised a concern that the public sector pension schemes were not under any committee's jurisdiction. In Nassau, the Social Security Committee (SSC) had discussed the matter and provisionally concluded that the SSC was willing to have it under its jurisdiction because, in many countries, actuaries in charge of social security pension schemes are also involved in the actuarial valuations of public sector pension schemes. The ToR of both committees should be changed. Discussion is continuing since both committees are afraid that some important issues related to public sector pension schemes can remain in the shadow if no one of the two committees is able to pick them up.

(1) Report of the discussion within the PEBC (by Gary, Barbara)

Before Singapore has been formed a small working group with the task of leading the discussion on the public sector schemes (PSS) in Singapore. Member of the group are Barbara D'Ambrogio-Ola, Tom Terry, Martin Lunnon, Adam J. Reese and Ana Ramos. The group had a short call and decided to move on the discussion from the issue of jurisdiction to a more general issue. The IAA needs to find out which are the issues in PSS that need to be taken care of by actuaries. The members of the committee are willing to answer to a short questionnaire so that these issues can be identified. Barbara will send the questionnaire in a couple of weeks. After that it should be decided which of these issues the IAA wants to work on.

We also discussed the possibility of finding information from different researches and also asking ISSA for information. It was also proposed to make a more detailed questionnaire to understand better the nature of the PSS in each country. The main goal is anyway to keep the questionnaire short so as to get a high responding percentage.

We also discussed the political aspect of PSS and the fact that political issues can sometimes be the reason why the actuary is sometimes kept out from decision making.

(2) Comments from Yves (by Junichi)

We discussed Yves' comments on the minute already in the beginning. The SSC and PBEC are working on the issue of PSS together to find the best solution. Yves' comments help the working group to define the scope of this collaboration.

6. Report on joint meeting of AFIR-ERM, PBSS and Life sections held in Lyon, June 24-26, 2013 (by Rob, Junichi)

Junichi reported on the meeting held in Lyon. It was a very successful meeting. There have been about 15 presentations on pensions and social security. Particularly interesting were the serial presentations launched by A. Asher about sustainability and adequacy. The presentations can be found from the following link: http://www.actuaries.org/lyon2013/programme_pbss.cfm

Kentän koodi muuttunut

7. Discussion on the future activities in relation to the ISAP 2 on Financial Analysis of Social Security Programs

(1) Implementation survey: is it necessary? Can we do it? Can we leave it to the ILO or the ISSA? We should note that the social security actuaries in some countries are outside the member organizations.

ISAP2 is going to be adopted in the Council on Sunday. The chair thanked Godfrey and all the task force for their good job.

Within the IAA the professional committee is working on a set of questions to interrogate on the implementation of standards. We decided to wait. Junichi will check with Peter Doyle if the PC will create a general policy on the implementation of ISAPs.

Was raised the question about how do countries find out that the standard is available. The regular procedure in the IAA is to send e-mail to all members (not only full members) and interested parties. It was suggested that maybe the ISAP2 should be sent also to all the members of PBSS.

(2) Standard review process

Now the standard has been set. In the future probably social security environment will change and we will need to review ISAP2. Junichi raised the question on how the review will have to be done. The actuarial standards committee is planning that ISAP should be reviewed on a cyclical base. ASC welcomes SSC's members to send comments on how the review process should work.

It was commented that maybe it is a bit too early to think of the review process, maybe it could be more important to understand how to educate people to use the standards. It was suggested that advice & assistance committee could take care of this aspect.

(3) Co-operation with the ILO and the ISSA

We continue the discussion on the need of ILO for a more detailed ISAP2. Members recall that most of the details that were in the original ISAP on social security have been moved to the appendices and they are still available. Maybe they can be useful to fulfill ILO's needs. Barbara will contact Ann Druin and check how the SSC can help.

(4) Discussion with the DELSA of the OECD

The discussion with OECD was really good in Geneva especially relating to sustainability. On the standards there were not any particular comments from Monika Queisser.

8. Any development on the Committee paper Stochastic Projections of the Financial Experience of Social Security Programs: Issues, Limitations and Alternatives (by Warren)

After The Hague there have been only few small editorial corrections. If anyone has more editorial issues please contact Warren. The e-learning is not yet ready.

9. Report on the discussion of data issues, especially on the paper to be submitted to the ICA 2014 (by Martin Lunnon)

The next deadline is planned for the end of November. Martin has not get so much inputs as he hoped. He will send the next draft by the end of October. Members will have two weeks' time for comment and the final version is planned to be ready by the end of November.

10. Progress report of the ICA 2014 with special reference to social security (by Bob Conger)

The ICA's scientific committee is working hard with papers and presentations. The program on social security is at a very good stage. By now they have got through 12 sections on social security:

- Current Issues for Pension Actuaries: A Panel Discussion
- Determining Basic Retirement Needs
- Educational Topics for Social Security Actuaries
- Financing of Pensions and Social Security: Sustainability
- How to Achieve Retirement Income Adequacy
- Impact of Shifting Demographics
- Mathematical Modeling for Pension Actuaries
- Pension Regulation Updates from around the World
- Projecting Mortality and Life Expectancy
- Retirement Risk in the Drawdown Phase
- Social Security National Updates
- Target Benefit Pension Plans

The section will last 90 minutes each with 3 papers in each.

In the week before the ICA2014 there will be in Washington seminars on CPD. They will be in the beginning of the week so they will not overlap with the IAA meeting. Committee members are welcome to participate.

11. Discussion on inviting the Chief Actuary and the two Deputy Chief Actuaries of the US Social Security Administration to the Social Security Committee in Washington (by Junichi)

Members agreed that this proposal would be a good idea. It would be good to ask the Chief Actuary to make a presentation on the social security system in our meeting in Washington. Junichi will provide to put their names on the list of special guests.

12. Population Issues Working Group (by Dermot)

Dermot is not here and Junichi did not get any input as to what he could report to the committee. The meeting of the PIWG in Singapore was cancelled because of lacking of participation. We are concerned about what is happening. After the meeting in The Hague apparently nothing more has happened. Population aging is an actual issue, and it is really actuarial when we think about how the aging affect the pension and more. Junichi will contact Dermot and ask how the work of the group is proceeding.

13. Discussion on the Social Security Subcommittee of the Groupe Consultatif (by Chris)

Chris told us about the Social Security Subcommittee of the Groupe Consultatif. the subcommittee was established since the GC wanted to interact with politicians relating to pillar 2 (complementary pension). They have been already doing a great job in only 15 months:

- Produced the paper on substanability
- Established a TF on methodology projections
- Discussed with Eurostat on projections
- Established a TF working on tracking services that provide individual information through informatics systems
- Established a supplementary TF working on tracking services in some other countries in EU
- Established a TF on adequacy which is preparing a position paper
- Responded to a couple of initiatives on consumer behavior
- Establishing a new TF on decumulation which will work with PEBC and OECD

We discussed the possibility of starting some collaboration, for example on adequacy. The TF are organized so that the chairman is a member of GC, other members are nominated from the member countries but are not necessarily members of any committee. Marianna Papamichael (Greece) is the chair of the TF on adequacy, Chris will work as liaison.

14. Discussion on the ASTIN BULLETIN: should we propose that the bulletin should include papers on social security which are in general not very technical or very scientific? (The PBSS section is discussing it now)

This issue was discussed in Lyon. The goal is to have another journal that could publish articles that are less technical but informative to social security and pension actuaries. The articles related to social security are usually high academic level but not so mathematical. We discussed the possibility of adding a new section to the bulletin and the fact that at the moment there is a request for a new journal since actuaries need to have more papers.

15. Work plan for the next six months (e.g. the ISSA conference by Jean-Claude, the 2013 OECD/IOPS Global Forum in Seoul by Junichi)

The Global Forum will be held 5-6.11.2013 in Seoul. The main topic is the harmonization between social security and private pension plans. The schedule has not yet been published. Junichi will report in Washington.

16. Other items of business (e.g. new developments in Spain by Daniel, in other countries, etc.)

- Daniel circulated an information paper several weeks ago.
- Rob reported that the Canada Pension Plan is to be reformed. The goal is to achieve a benefit improvement of social security: raising of the YMPE and increasing the non-contributory GIS benefit. The contribution rate will go up as benefit improvement requires full funding for that part. Two provinces have signed so far; it is a long way to go still.
- In Mexico the congress discussed an initiative to have a universal minimum pension. At the moment there is a minimum pension for those workers who contribute to social security but not for those who don't.
- In France it is going on a reform of basic pension scheme and length of professional activities. At the moment they need 42 years for a full pension and they plan to increase it to 44.
- China, has invited experts and associations to give ideas on how to improve the pension system. Aging population is becoming a problem.

17. Next Meeting: Washington 26-29 March 2014.

Junichi thanked all those present for their active participation and wished all a safe journey home.

The next meeting will be in Washington, March 26-29 ,2014.