



SOCIETY OF ACTUARIES

Article from:

International News

January 2012 – Issue No.55



Chris Daykin, FSA, FIA, HONFFA, is chairman of the PBSS Section of the IAA. He can be reached at chris@daykinactuary.co.uk.

Pension and Social Security Actuaries Meet in Edinburgh

By Chris Daykin

On 26-27 September, 130 pension and social security actuaries from 26 countries met together for two days of intensive presentations and discussions. This was the fourth Colloquium organised by the Pensions, Benefits and Social Security (PBSS) Section of the International Actuarial Association (IAA).

The sections of the IAA, like those of the Society of Actuaries, are for individual actuaries to join. The PBSS Section focuses on both public provision of pensions and social security and private pensions and remuneration issues. The annual colloquia offer great opportunities for networking, as well as for learning new things. The international mix of presentations and participants makes attendance a very rewarding experience.

With five plenary sessions and almost 30 breakout sessions, there was an immense variety of topics covered, from pension reform to actuarial standards of practice, from new risk-sharing designs to managing the de-accumulation phase of defined contribution pensions. Several sessions dealt with mortality and demographic issues, in particular the challenges of projecting improvements in longevity and ways to insulate retirement schemes from longevity risk.

The venue for the meeting was the Royal College of Physicians, which was a lovely place to hold the meeting for the relatively small sized group (by U.S. meeting standards). The weather was exceptionally good for Edinburgh in September. For the gala dinner participants and accompanying persons were able to enjoy the refurbished beautiful interior of the Mansfield Traquair, built as a catholic church at the end

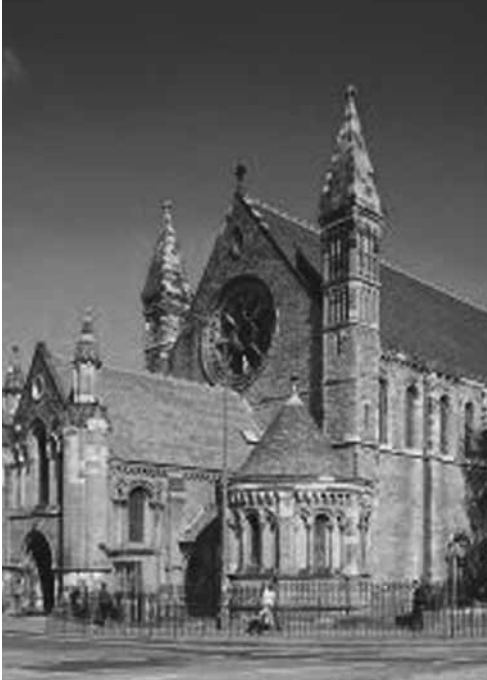
of the 19th century and with amazing murals on almost every square inch of wall by Scotland's leading Arts and Crafts artist Phoebe Anna Traquair.

During the colloquium the PBSS Section held its Annual General Meeting and elected three new members of the committee: Florian Leger (France/Switzerland), Abraham Ernesto Hernandez Pacheco (Mexico) and Nobuhiro Shimizu (Japan).

In the final plenary session we heard the views of a top level panel of experts on the future of pension regulation. Fiona Stewart of the OECD in Paris set out seven key lessons to be learnt from the financial crisis:

- Private pensions are still necessary, alongside public pension systems—this diversification is a strength
- Pension provisions have a very long time horizon
- Supervision of pensions should be more risk-based and less compliance based
- Funding requirements should be designed to act in a counter-cyclical way
- A pension safety net is a vital component of national pension policy
- The design of defined contribution pensions needs further development
- Risk management and governance of pension plans needs to be improved

Although most pension plans did not invest in the financial instruments which became toxic, most plans were impacted by the global financial crisis through the combination of a general decline of all asset values and the increase of



Mansfield Traquair

liabilities resulting from lower interest rates. While this has directly affected members of defined contribution schemes, amongst defined benefit private schemes and public plan members, there has been a serious secondary impact on pensions in terms of loss of confidence in pensions alongside other financial institutions. A vital task looking forward is to rebuild confidence and to make pensions more secure and sustainable, which was the key theme of the conference.

In keeping with the IAA's number one strategic objective to establish and build relationships with supranational organisations, the Edinburgh

colloquium welcomed the participation of representatives from the International Labour Office (ILO), the International Social Security Association (ISSA), the Organisation for Economic Cooperation and Development (OECD), the World Bank and the Inter-American Conference on Social Security.

The next PBSS Colloquium will take the form of a mini-Congress, organised jointly in Hong Kong with the IAA Health Section (IAAHS) and the consulting actuary section—International Association of Consulting Actuaries (IACA).

The meeting will run from the evening of 6 May to the afternoon of 9 May at the Sheraton Hong Kong Hotel and Towers. Preregistration and the call for papers are open on the IAA website at www.actuaries.org/HongKong2012 and formal registration will open soon.

We hope to see many members of the SOA International Section at the mini-Congress in Hong Kong in May 2012. □

NOVEMBER 1:

Attestation is OPEN!

Attestation is now open. You must attest compliance with the SOA CPD Requirement or be considered non-compliant. Three simple steps to attest:



- STEP 1:** Log on to the SOA membership directory and click the SOA CPD Requirements button on the main page.
- STEP 2:** Indicate if you have met the SOA CPD Requirement.
- STEP 3:** Identify which compliance path was used.

That's it! Attest today at SOA.org/attestation.