



ACTUARIAL ASSOCIATION OF EUROPE

Role of social security actuaries in Europe Summary of a questionnaire

ACTUARIAL ASSOCIATION OF EUROPE

Questionnaire on the Role of social security actuaries

The main questions

The objective of the AAE SSSC questionnaire is to review the involvement of actuaries and use of actuarial methods in the assessment of the national social security pension schemes in European States

The questions are about country experiences in

- the roles of actuaries in social security pension systems
- regulations of actuarial tasks
- use of actuarial methods
- communication practice about social security

14 respondents:

- AT, BG, CY, DE, EL, ES, FI, FR, HU, IE, IT, NL, LU, UK.

Actuaries are involved in social security pension administration in 10 countries

- CY, DE, ES, LU, IR, BG, UK, EL, FI, IT, HU

Actuaries and organisations

In most countries

- employing actuaries is not explicitly required by law
- but there are dedicated statistical, planning and/or analysis units
- which are regarded best function if actuaries employed

Good examples:

The Anglo-Saxon experience provides for professional, administrative and financial independence of the actuary

- There are dedicated actuarial departments in the UK, Greece, Cyprus and Bulgaria

Forecasting of the social security pension system is part of the budget planning in responsibility of the Ministry of Finance or a central planning bureau

- In the Netherlands, France, Austria

Actuaries, legal and standard requirements

The regulations do not define the actuary

Rather the actual or potential roles or tasks of a social security actuary are prescribed by regulations in almost all responding countries

- Except in countries where the 2nd pillar dominates the system

Professional conduct in general is expected from social security actuaries in all countries:

The ILO-ISSA actuarial guidelines and the IAA ISAP1 and ISAP2

- Bulgaria, Spain, Germany and Cyprus
- Bulgaria, Greece, Cyprus and Luxemburg is using the ILO-ISSA pension model for their AWG projections

Actuaries qualified by the national association also adhere to the actuarial and other financial reporting standards

- Cyprus, Ireland and the UK

Actuarial tasks and responsibilities

Common responsibilities include

- support financial planning, budgeting,
- monitoring the long-term feasibility of the social security pension system,
- assessment of proposed reform options,
- accrued rights/benefit calculations.
- communication of findings and results to government and the public.

Long term projections/assessment of the social security pension system

- feasibility of the system in 10 surveyed countries
- impact assessment of legal changes in 9 countries
- income and expenditure for budgeting performed by actuaries in 8 responding countries

Actuarial tasks overview

- Regular monitoring of the social security pension system is required by law in all countries with social security actuaries, except in Hungary, Spain.
- In DE and GR the assessment of the system is performed annually, the results support budgeting as well as assessment of sustainability
- Budgeting is a task in HU, BG, IT and the NL.
- In BG, DE, IR, IT, LU and the UK impact assessment of regulatory changes is one of the roles of social security actuaries. Similarly in Austria, the Pension Reform Commission assess the system for analysing the changes.
- Benefit calculation by actuaries is explicitly mentioned in Bulgaria.

	Monitoring	Impact	Budgeting	Benefits	
<i>Bulgaria</i>	X	X	X	X	4
<i>Germany</i>	X	X	X		3
<i>Italy</i>	X	X	X		3
<i>Luxembourg</i>	X	X	X		3
<i>Hungary</i>		X	X		2
<i>Greece</i>	X		X		2
<i>Spain</i>		X	X		2
<i>Ireland</i>	X	X			2
<i>The UK</i>	X	X			2
<i>Austria</i>	X	X			2
<i>Cyprus</i>	X				1
<i>Finland</i>	X				1
<i>Netherlands</i>			X		1
<i>Total</i>	10	9	8	1	

Actuaries and communication

Communication about changes in legislation is the task of the Government Ministry responsible for social/labour/pension affairs

Actuarial associations or other independent bodies express opinion in consultations, especially in

- BG, EL, IE, ES

Formal cooperation between the Ministry and the Association in Spain recently but on ad-hoc basis.

Social security information to the insured persons provided by the Administrator

- Online: AT, NL, FR, BG, UK (SE)
- Annually: DE, LU (SE)
- On request: HU, IE



Finally

My questions

What do you think about actuaries in the social security systems –

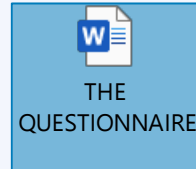
- What tasks they can best fulfil?
- How good we actuaries are in communication with the outside world?



Annex: The Questionnaire

SSSC Questionnaire on The Role of Actuaries in Social Security Systems

1. Does social security employ in-house actuaries?
2. What are the specific actuarial roles/ responsibilities in social security schemes? How these relate to the ILO-ISSA actuarial guidelines?
3. What are the relevant professional issues that need to be considered (independence, international standards, etc)?
4. Besides the SSA what other government institutions have responsibility in actuarial matters of social security pensions?
5. National – International/EU Legal requirements to use actuaries, actuarial methods, legal requirement for regular assessment of the pension scheme?
6. Other/General practice (not necessarily based on legal requirement): What kind of assessments are prepared about the national pension scheme(s) in your country?
7. Social security pensions communications: What kind of social security pension issues communicated?
 - 7.1 Are there information provision on accrued pension rights, benefits, elements of these, like recognized service period, etc.
8. How and under what occasion the Social Security challenges are communicated to the public? E.g. Issue of a new law, pension benefits or pension contributions' changes, or Aiming to help people to understand the Social Security challenges



If you would like to answer the Questionnaire or have a comment/objervation feel frre to send me to
<mailto:tibor@parniczky.com>

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<i>Germany DE</i>	X	X	X		3
<i>Italy IT</i>	X	X	X		3
<i>Luxembourg LU</i>	X	X	X		3
<i>Hungary HU</i>		X	X		2
<i>Greece EL</i>	X		X		2
<i>Spain ES</i>		X	X		2
<i>Ireland IR</i>	X	X			2
<i>The UK</i>	X	X			2
<i>Austria AT</i>	X	X			2
<i>Cyprus CY</i>	X				1
<i>Finland FI</i>	X				1
<i>Netherlands NL</i>			X		1
<i>Total</i>	10	9	8	1	

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