

**REPORT
of the Pensions Committee
to be presented to the
Meeting of the General Assembly
in Barcelona on 23 September 2016**

The Committee met once during the year, in London, on 8 April. The Chairperson will present an oral report of the meeting which will be held in Barcelona on 22 September.

1. Review of IORP Directive

The Committee considered a wide range of issues where AAE could provide further input to the trilogue discussions: these included

- sharing of best practice from member states in relation to disclosure of technical provisions
- inter-generational balance and long-term stability
- whistle-blowing
- Actuarial Function – who can fill it, and its relationship to other functions
- Own Risk Assessment framework
- Pensions Benefit Statement
- inclusion of Environmental, Social and Corporate Governance

The AAE position paper '*Proposed revision of the IORP Directive*' was published in November 2015.

2. Further work on Solvency II for Pensions

The Committee has continued to provide input to EIOPA in support of the Quantitative Assessment and Stress Test, and AAE has been asked to provide further assistance to EIOPA in preparation for the 2017 Pensions Stress Test.

3. Social Security Sub-Committee

The main issues were –

- The AAE discussion paper "*The ageing of the EU – implications for pensions*", published in March 2016, which could be updated regularly, possibly aligning with the cycle of the European Commission "Ageing report". The discussion paper helps to communicate the role of Actuaries in social security and pensions policy and AAE is setting up meetings with officials to further this.

- The Task Force on Adequacy of Pensions fed into the discussion paper (previous bullet) and more work is being conducted on
 - Replacement ratios and their limitations
 - Internal rates of return as a measure for intergenerational fairness
- A Task Force on pensioner mortality has been established. The Terms of Reference are substantial and the TF has been encouraged to be appropriately selective in its priorities e.g. communicating mortality issues to policymakers

Co-operation with the IAA

4. Actuarial Standards

The Task Force established to consider whether model standards should be recommended for Actuarial Function Reporting and Risk Reporting for IORPs (ESAP7 and ESAP8) concluded that

- creation of model standards would be a challenge
- it needs to be certain that there is a problem that needs solving before proposing a model standard as a solution
- there is no need for a model standard at this time

The Committee agreed that the TF need not pursue a standard model and should, instead, consider development of an Educational Note (which could then form the basis of a standard, should this become appropriate).

5. EIOPA OPSG

Philip Shier gave an overview on the OPSG's work over recent months.

The group met on 20 October 2015 and, on 1 December 2015, there was a joint meeting of the OPSG, the Insurance and Reinsurance Stakeholder Group (IRSG) and the Board of Supervisors (BoS). The BoS indicated that they would welcome the stakeholder groups having a higher profile. This would be positive for EIOPA: for example, were stakeholder representatives to accompany Gabriel Bernardino to meetings with MEPs, this would demonstrate stakeholder support. The BoS also suggested that they would be receptive to comments and views being fed directly to them, rather than through EIOPA senior management, protecting against filtering or nuancing of messages.

The OPSG is looking at ways in which to streamline/improve its efficiency and will take these on board.

On 24 February, the OPSG held the final meeting under its previous mandate. The change-over period can present continuity challenges: for example, the previous group had not completed its response to the personal pension consultation, yet the new group did not hold its first meeting until the consultation period had expired. This is another area in which the group is considering how to improve efficiency.

OPSG input over recent months has included:

- Opinion on the revised IORP Directive
 - Document on EIOPA's stress-test
 - Position papers on consumer protection issues, included costs and charges, communications and governance.
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