



Notes of a meeting of the Social Security Sub-Committee held by conference call on 9 May 2017

Participants:

Chris Daykin (chairperson) – UK
Philippe Demol – Belgium
Maria Economou – Greece
Marianna Papamichail – Greece
Tibor Párniczky – Hungary
Costas Stavrakis – ILO (Geneva)

Raffaello Marcelloni – Italy
Jeroen van den Bosch – the Netherlands
Maitane Mancebo – OECD (Paris)
Séverine Arnold - Switzerland
John Woodall – United Kingdom

Apologies:

Yves Brys (Belgium)
Ismo Risku (Finland)

1. Opening of the meeting and adoption of the agenda

Chris opened the meeting and the agenda was adopted.

2. Notes of the meeting in Barcelona on 21 September 2016

The notes of the previous meeting were confirmed.

3. Task Force on Adequacy of Pensions (TFAP)

Maria reported on the work of the TFAP, focusing on replacement ratios and internal rates of return. A number of further pieces of work had been prepared or submitted by members of the TFAP, including those from Tibor Párniczky (TP)(Hungary), Maitane Mancebo (OECD), Ismo Risku (Finland), Catherine Censier (Belgium), Raffaello Marcelloni (Italy), David Bogataj (Slovenia) and Jeroen van den Bosch (the Netherlands). Maitane had prepared an analysis based on OECD data looking at different ways of measuring replacement ratios. Jeroen had submitted a Dutch study investigating some of the most vulnerable groups. Raffaello had also done work on vulnerable groups of insured workers in Italy and his paper would be circulated within a few days. Ismo's work on internal rate of return for cohorts born from 1940 to 2000 in Finland had already been presented at the Barcelona meeting, as had Tibor's colleagues' work on individual data from the Hungarian social security scheme to identify vulnerable groups and career paths. David had prepared some further work on internal rates of return as a measure of adequacy. Ismo had also circulated a paper about the cross-national comparison of pension contributions between nine European countries: Austria, Denmark, Finland, France, Germany, The Netherlands, Norway, Sweden and Switzerland. Marianna will contribute a paper comparing an actuarial fairness index before and after the 2016 reforms in Greece by the end of May.

The Chairman thanked the TFAP for their continuing work and encouraged them now to develop a paper bringing the ideas together. It would be helpful to have a draft of the paper available by the end of June, so that a further conference call could be arranged in early July and preparations made for a face to face meeting of the SSSC in Copenhagen on 20 September when a more intensive discussion on the ideas could take place.

The objective was still for the AAE to promulgate a paper on measures of adequacy for use as a vehicle for communicating with stakeholders such as DGEmployment and MEPs. It was hoped that it would also form a background to the eventual update by the SSSC of the paper on The Ageing of the EU, which was planned for 2018 when the Ageing Report 2018 and the Pension Adequacy Report 2018 are expected to be issued by the Commission.

4. Task Force on Pensioner Mortality

After some months of inactivity the task force has been reactivated, with Yves Brys (Belgium) in the chair. A face to face meeting had been held in Brussels on 11 April and members of the task force had agreed to provide information and data to Yves in respect of their countries. Yves had been unable to join the conference call owing to work commitments but had reported that progress so far had been slow and only a few contributions had been received. The Chairperson would urge Yves to press forward and encourage more contributions from the task force members, so that we could discuss further on the next conference call and have some material to be presented at the meeting in Copenhagen in September.

5. Accounting for social benefits

There were now several strands to this activity, which was being led by the IAA Social Security Committee. There had been a meeting between IAA representatives and the IPSASB, to whose consultation on a possible accounting standard on accounting for social benefits the IAA had responded in 2016. There had been various meetings between the ILO, the IMF, the United Nations, the World Bank and the IAA about treatment of social security and national pension plans in national accounts, including a GFS AC (IMF Government Finance Statistics Advisory Committee) meeting in March in Washington DC. These developments had been discussed at the IAA Social Security Committee meeting in Budapest on 19 April.

Most recently, on 26/27 April there had been an ILO-Eurostat workshop in Luxembourg on methodological and other technical considerations of pension liabilities of social security schemes. This had made rather more progress than previous meetings. Accrued to date pension and social security scheme data will have to be reported by EU countries in a supplementary note to Table 29 of the national accounts for the first time at the end of 2017. However, it had been agreed at the Luxembourg meeting that these disclosures had nothing to do with measuring sustainability of pension systems and that there needed to be a coordinated communication, interpretation and dissemination initiative to explain the difference between the closed group approach in the national accounts and the open group approach in The Ageing Report projections and national actuarial studies. There would be further discussion of this with member state representatives at the forthcoming Ageing Working Group meeting on 18 May and it was hoped to get their support for developing appropriate communications.

Costas considered that this was an area where the AAE SSSC could make a useful contribution and encouraged us to engage with DG ECFin and with Eurostat whilst these ideas were still under development, as well as to make contact with actuaries and modellers in member states who might be involved in the implementation of these proposals. Tibor expressed a particular interest in being kept in touch with developments in this area.

6. Benchmarking pension sustainability

The Chairperson had circulated the 20 March Eurogroup statement on benchmarking pension sustainability. Falco Valkenburg had suggested that this would be a useful topic to discuss with DG Employment and DG ECFin during our next round of meetings with the Commission. Costas reported that there was shortly to be a meeting of the Social Protection Committee to prepare a parallel statement on the social dimension. Tibor was also interested to follow this activity closely.

7. Preparation for publication of Ageing Report in 2018

Preparatory work is already under way in Eurostat and DGEcfIn for the publication of Ageing Report

2018 and it was time for the SSSC to arrange a series of meetings to try to influence this next round. The Chairman would discuss with Falco Valkenburg and Ad Kok the possibility of arranging a series of meetings to share views with the Commission and with Eurostat and to prepare the ground for the AAE response to the Ageing Report and the Pension Adequacy Report in a year's time.

8. Pension tracking services

Jeroen reported that there was a new call for proposals from the Commission for a further stage of work on the development of pension tracking services. The Chairperson asked Jeroen to keep an eye on developments and keep the SSSC informed. Philippe Demol informed those on the call that a comprehensive tracking service for the first and second pillars had been introduced in Belgium in December 2016. He was requested to give more information on this during the next conference call and perhaps make a presentation at the Copenhagen meeting.

9. Future Meetings

A conference call will be planned for early July 2017, before everybody goes on vacation. A face to face meeting will be held in Copenhagen on Wednesday 20 September 2017 (preceding the meeting of the AAE Committees on 21/22 September).

10. Close of meeting