

MEETING OF THE PENSIONS COMMITTEE

HELD IN SOFIA, BULGARIA

ON THURSDAY 11 APRIL 2019 FROM 14:00-17:30 EEST

AND ON FRIDAY 12 APRIL 2019 FROM 09.00-10.30

MINUTES

Venue: [InterContinental Sofia, 4 Narodno Sarbine Sq, Sofia, Bulgaria.](#)

The participants lists are attached at the end of these minutes as **Annex 0.1**.

Part 1: Thursday 11 April 2019, 14:00-17:30 EEST

1. OPENING OF THE MEETING AND ADOPTION OF THE AGENDA

1.1 Maitane Mancebo, as Chairperson of the Pensions committee, welcomed the members to Sofia and thanked the Bulgarian Actuarial Society for hosting the event.

The agenda was adopted. A copy is [available on the website](#).

1.2 Hans Michael Øvergaard agreed to take the minutes from the meeting

2. MINUTES OF PREVIOUS MEETINGS

The [Minutes of the meeting](#) held in Utrecht on 20 September 2018 in Utrecht and the telephone conference held on [21 January 2019](#) were adopted.

3. PAN-EUROPEAN PERSONAL PENSION PRODUCT (PEPP)

Philip Shier gave an update on the Pan-European Personal Pension Product (PEPP) regulation publication. The European Parliament had a formal vote 4 April 2019 and adopted the text of the PEPP. Because this is a regulation, it does not have a requirement to be transposed into national legislation. Nevertheless, the regulation applies 12 months after the publication in the official journal of the delegated acts. There are six places where delegated acts are required in the regulation, and it is expected to take 12 months to define these. Therefore, PEPPs will come into force in around 24 months from the publication.

Philip informed that it is still a lot of challenges to be solved. Providers is one of them, who will be providing this product? Insurers and asset managers probably the most likely people providing them. There are some concerns about tax regulation which is decided on national level. Hence, there are worries about tax arbitrage in the product.

In addition, there are some other topics to be addressed such as what kind of information is expected from the provider of the product? The AAE set a working group monitoring the work and progress of the PEPP last year, and a discussion paper highlighting the issues of the

proposed regulation has already been published. More details about these concerns can be found in this paper.

4. **COMMITTEE OBJECTIVES AND REVIEW OF TERMS OF REFERENCE**

- For the topics "Propose cash flow approach as a complement of the current stress tests" and "Contribute to costs and past performance for pension products discussions" a lot of work has already been done.
- For the topic "Contribute to the PEPPs development" it was decided that we could help EIOPA developing PEPP, now that the regulations is more or less final
- Continue the work with creation of a database with scientific papers and background materials for development of future papers. The AAE secretariat are working on this.
- The creation of the educational note on the actuarial function has already been done, see point 6 in the minutes.
- For the future we have to make ourselves more noticeable such that we are asked for advice by EIOPA and other stakeholder groups. This should be done by giving advice based on actuarial principles and not to take anyone's side. Every delegate can ask local supervisory authority to use actuarial advice.

5. **PENSIONS COMMITTEE STRUCTURE**

The meeting was informed about structure and subgroups within the committee. The proposal according to annex 5 was accepted.

6. **EDUCATIONAL NOTES**

Cathal Fleming gave an update on the development of Educational Notes for Actuarial Function Reporting and Risk Reporting for IOPs. There has been and debate if this is a "Standard" or "Education Note". If it is a "Standard", member states may need to review their own standards, so it may be complicated. Some people have been happy with the note and somebody not. Cathal informed that much of the debate has been on the language, in terms of "should" and "must" and not so much on the content. The working group continues the work with the note.

7. **SOCIAL SECURITY SUBCOMMITTEE**

Maria Economou gave an update of the work of the Social Security Sub-Committee. The Aging Report has just been published and it will be presented in different events (to the Bulgarian Association, ECA 2019 and there will be a webinar about it).

The TF Projections and Methodology is working together with Eurostat on the Table 29 results in order to reach consistency in the answers. Costas Stavrakis is leading this project.

There is a mortality TF gathering information on different countries experience. They are in the stage of collection and organizing raw data for population projections.

The Adequacy TF is working on sustainability, focusing on minimum pensions and comparability issues. The next aging report is supposed to be published in 2021 and they will be working on discussing it.

Maria also informed about meeting with Eurostat on June 24th. The social security subcommittee has as well organized an upcoming webinar, see next point.

8. **WEBINARS**

- 8.1 AAE will hold a webinar "Meeting the Challenge of Ageing in the EU" on 25 June 2019. The seminar is based on a discussion paper "Meeting the Challenge of Ageing in the EU" written by the Social security subcommittee.

8.2 Potential topics for new webinar could be: IORP II vs PEPP for non-pensioner actuary. If someone have ideas, please send them to Maitane.

9. **LINKS WITH OTHER ORGANISATIONS**

9.1 Maitane informed about meetings with [external stakeholders](#). It was commented that the list should include the name of the delegate representing AAE.

9.2 **IAA**

Charles Cowling gave a brief update from the last IAA meeting held in Mexico.

10. **INFORMATION EXCHANGE**

a. Belgium:

- Transposition of IORP II to national law done on time.
- New law in public sector allows employer to offer employees supplementary pension with a tax exemption more than 3% of the salary. It was already allowed for private sector.
- All employees without supplementary pension of more than 3% can set up a second pillar pension on their own and the employer will have to contribute.

b. Bulgaria:

- IORP II implementation done in mid-January.
- Lifelong pension after retirement shall be introduced, but for the moment there are no rules for how it should be financed.

c. Ireland: No new development.

d. UK:

- Change in retirement age from 65 to 66 year from April 2020. Equal for men and women.
- Auto enrolment rules changes and the new contribution is 8% (change from 5%).
- New pensions legislation allows to transfer employer DB liability to employees, if they fund better the liability (but is still cheaper than a buy-in), but this way all the risk is transferred to the employee. It's called "Pension Superfund".
- Only 1% of population is buying annuities. 25% of accumulated money is tax-free, and rest (or most of the rest) is being drawn down.
- IORP II has been implemented. Uncertainty about how Brexit will affect.

e. Norway:

- Change in pensions plans for public sectors effective from 01.01.2020. Civil servants pensions flexible retirement from age 62 to 75. Normal retirement age is 67.

f. Sweden:

- Late IORP II implementation, new law expected in June 2019. Meeting with supervisory authorities about IFRS 17 implantation.

g. Austria:

- New mortality tables from the actuary association from 1.1.2020 to be used for pension accounting.

h. Spain:

- New updated mortality tables are produced.

- An upcoming election may influence the pension system. A technical opinion is being prepared in order to give advice on the pension system and what the future and current challenges are.
- i. Slovenia:
 - Uncertain why they got into the infringement procedure about IORP II implementation.
 - Increased minimum pension to 500 € for those having minimum 40 years.
 - There is a debate going on about working and receiving a pension.
- j. Switzerland:
 - Proposal to reduce the minimum return of old age account from 1% to 0.75% did not go through.
- k. Greece: New pension amount decrease for current and future pensioners.
- l. Netherlands:
 - IORP II is implemented.
 - During the last 10 years it has been debated about change the pension system. The pension age is today 66 years, this may increase to 67 years.
- m. France:
 - Ongoing reform to change pillar 2 in the pension system.
 - 3rd pillar regulation passed today, there will be a tax benefit for transferring assurance vie to 3rd pillar pension.
- n. Hungary:
 - Active workers have given a generous rise of salary in the past 3-4 years, but already paying pension is index by inflation, so there is a material devaluation of existing pensions.
 - Solvency II implemented for the one and only IORP, but not for the voluntary pension funds as they are not under the EU regulation.
- o. Portugal:
 - Have not implemented IORP II.
 - Change in decumulation phase for DC schemes, they are no longer obliged to provide an annuity, they can use a draw down option for the accumulated funds.
- p. Germany:
 - Don't know why they are under the infringement procedure due to the IORP II implementation.
 - New mortality tables, replacing tables from 2005.

11. **ACTIVITIES PENSION COMMITTEE**

Maitane gave an update of activities since last meeting in Utrecht.

12. **EIOPA OCCUPATIONAL PENSIONS STAKEHOLDERS GROUP**

Falco Valkenburg informed about EIOPA Occupational Pensions Stakeholder Group (OPSG). Presentation was attached to the agenda as Annex 12. Topics in last meeting was IORP stress test and IORP II implementation. There is also a request to look at the ORA (Own Risk Assessment).

Part 2: Friday 12 April 2019, 09:00-10:30 EEST

13. **IORP DIRECTIVE: TRANSPOSITION AND EIOPA CONSULTATION**

Some delegates of the PC prepared before the meeting in Sofia answers to two EIOPA consultations. The summary of these responses can be found in Annexes 13a and 13b (sent with the agenda).

14. **EIOPA's 2019 EUROPEAN STRESS TEST FOR IORPs**

14.1 Brief talk about AAEs answer to EIOPA survey about stress test of IORPs. The answer is listed in Annex 14.1 as sent with the agenda. A report from EIOPA is expected in December.

15. **INTERGENERATIONAL FAIRNESS**

There was a general discussion on how could the PC address the intergenerational fairness topic. Things to be considered were:

- Baby boom
- How has pension reforms develop
- How does the social security in different work
- Changing from DB to DC plans
- Who owns stocks – the rich or poor one. Has this changed over time?
- Is fairness a political question?

Some studies been done in Nederland. If there are some volunteers, the pension committee may set a task force or make a survey. Put this on the agenda for the next meeting.

16. **ANY OTHER BUSINESS**

The PC was informed that the AAE European Congress of Actuaries in Lisbon 6-7 June 2019 was sold out.

Ireland asked for experiences about ECB reporting for pension fund assets. Any information about this from other delegates would be appreciated.

17. **JOINT MEETING RISK MANAGEMENT, INSURANCE AND PENSIONS COMMITTEES**

Maitane shared information from the joint meeting of risk management, insurance and pensions committees. See [minutes from the meeting](#).

18. **DATE OF NEXT MEETING**

The next meeting of the Pensions Committee will be held on Thursday 10 October 2019 (tbc) in Vienna, Austria at the invitation of Aktuarvereinigung Österreichs.

ANNEX 0.1

Participants Pensions Committee meeting

Sofia, Bulgaria | 11 and 12 April 2019

Part 1

	First name	Family name	Country	Nominating association	Role
1	Peter	Prieler	Austria	Aktuarvereinigung Österreichs	Alternate
2	Philippe	Demol	Belgium	IA BE	Delegate
3	Tatiana	Bitunska	Bulgaria	Bulgarian Actuarial Society	Delegate
4	Lyubimka	Dermendzhyska	Bulgaria	Bulgarian Actuarial Society	Observer
5	Richard	Deville	France	Institut des Actuaire	Observer
6	Jean Francois	Gavanou	France	Institut des Actuaire	Delegate
7	Susanna	Adelhardt	Germany	Deutsche Aktuarvereinigung	Delegate
8	Maria	Economou	Greece	Hellenic Actuarial Society	Chair SSSC
9	Gabor	Borza	Hungary	Magyar Aktuárius Táraság	Vice-Chair
10	Tibor	Parniczky	Hungary	Magyar Aktuárius Táraság	Observer
11	Falco	Valkenburg	Netherlands	Koninklijk Actuarieel Genootschap	Observer
12	Jeroen	Bosch	Netherlands	Koninklijk Actuarieel Genootschap	Delegate
13	Hans Michael	Øvergaard	Norway	Den Norske Aktuarforening	Delegate
14	Rita	Marques	Portugal	Instituto dos Actuários Portugueses	Delegate
15	Cathal	Fleming	Ireland	Society of Actuaries in Ireland	Delegate
16	David	Bogataj	Slovenia	Slovensko Aktuarsko društvo	Delegate
17	Maitane	Mancebo	Spain	Instituto de Actuários Españoles	Chairperson
18	Merce	Claramunt	Spain	Col.legi d'Actuaris de Catalunya	Observer
19	Lionel	Candaux	Switzerland	Association Suisse des Actuaire	Delegate
20	Charles	Cowling	UK	Institute and Faculty of Actuaries	Delegate
21	John	Woodall	UK	Institute and Faculty of Actuaries	Observer

Participants Pensions Committee meeting
Sofia, Bulgaria | 11 and 12 April 2019

Part 2

	First name	Family name	Country	Nominating association	Role
1	Philippe	Demol	Belgium	IA BE	Delegate
2	Tatiana	Bitunska	Bulgaria	Bulgarian Actuarial Society	Delegate
3	Lyubimka	Dermendzhiyska	Bulgaria	Bulgarian Actuarial Society	Observer
4	Richard	Deville	France	Institut des Actuaire	Observer
5	Jean Francois	Gavanou	France	Institut des Actuaire	Delegate
6	Susanna	Adelhardt	Germany	Deutsche Aktuarvereinigung	Delegate
7	Gabor	Borza	Hungary	Magyar Aktuárius Táraság	Vice-chair
8	Jeroen	Bosch	Netherlands	Koninklijk Actuarieel Genootschap	Delegate
9	Hans Michael	Øvergaard	Norway	Den Norske Aktuarforening	Delegate
10	Marcin	Krzykowski	Poland	Polskie Stowarzyszenie Aktuariuszy	Alternate
11	Rita	Marques	Portugal	Instituto dos Actuarios Portugueses	Delegate
12	Cathal	Fleming	Ireland	Society of Actuaries in Ireland	Delegate
13	Maitane	Mancebo	Spain	Instituto de Actuarios Españoles	Chairperson
14	Merce	Claramunt	Spain	Col.legi d'Actuaris de Catalunya	Observer
15	Anders	Munk	Sweden	Svenska Aktuarieföreningen	Delegate
16	Lionel	Candaux	Switzerland	Association Suisse des Actuaire	Delegate
17	Charles	Cowling	UK	Institute and Faculty of Actuaries	Delegate