

VIRTUAL MEETING OF THE PENSIONS COMMITTEE

HELD ON FRIDAY 16 APRIL 2021 FROM 09:00-12:00

MINUTES

The participants list of those who attended this virtual meeting is attached at the end of these minutes as **Annex 0.1**.

1. OPENING OF THE MEETING AND ADOPTION OF THE AGENDA

- 1.1 To consider any matters arising not covered elsewhere as substantive items on the [agenda](#).
The Chairperson of the Pensions Committee (PC), Tatiana Bitunska, welcomed the members to this virtual Spring meeting and expressed her wishes that the next meeting will be face-to-face. She welcomed the new representative of Slovakia – Peter Holotnak. Mr. Holotnak introduced himself in front of the participants of the meeting.
The Chairperson presented the meeting agenda and ask for additional suggestions. Jeroen van den Bosch informed the committee that Agnes Jozeph will not be able to present today the activities and the progress of the work done by Intergeneration Fairness TF. Therefore the point 5 of the agenda should be postponed. It is expected that a presentation will be ready before Autumn meeting. Tatiana Bitunska suggested to consider having a separate meeting of the PC on that topic after May. No other points were raised at this moment.

1.2 Introduction of the note-taker.

It was agreed that until 10am The Vice-Chairperson (Gábor Borza) will be the note-taker and after that the Chairperson will take notes of the meeting.

2. MINUTES OF PREVIOUS MEETINGS

To confirm the [Minutes of the meeting](#) held virtually on 8 October 2020 (**Annex 2**).
The Chairperson briefly went through on the draft minutes and they were accepted without any changes.

3. STRESS TEST IORPS II

To receive an update from the chairperson. (**Annex 3**)
The topic of ingoing consultation initiated by EIOPA on the Stress testing of IORPs II was presented. EIOPA invited the AAE to take a part in the preparation of the Framework for next stress-test of IORPs. EIOPA wants to explore further a cashflow analysis for the 2022 Stress Tests on top of the valuation of the liabilities. It was mentioned that the main focus of EIOPA is so called horizontal approach and ESG. The PC was invited to present the AAE position

during the workshop organized on 18th February. In the event the AAE position was presented by Falco Valkenburg, Susanna Adelhardt and Tatiana Bitunska. The Chairperson of RMC, Mr. Malcolm Kemp also participated in that discussion. The Chairperson of PC thanked to Susanna, Falco and Malcolm for their support.

Mr. Hartwig Sorger drew the attention to that the main client of the Stress Test is not EIOPA but the management of the IORP which has to make decisions and actions, so instead of prescribing specific method, the prudent person approach should be taken emphasized.

Mr. Jean-François Gavanou asked to translate the chart with Dutch headings. Mr. Jeroen Van den Bosch explained the charts in detail.

It was noted that European actuaries are familiar with the CFs' projections and analysis, but we still need to consider what of the outcomes to select and to analyse further for the purposes of IORPs' stress-testing.

The other issue is how to approach assessment of the ESG factors and to include it in the stress testing.

The Chairperson informed the committee members that following the PC' suggestion to re-establish CFs' TF the Board of AAE approved ToR and the new TF should be formed in the coming weeks. The invitation for volunteers will be sent out to PC and to all MA. The members of former Cash-Flow Task Force are invited to join.

Mr. Jeroen Van den Bosch proposed to extend the search to the members of the Stress Test committee/task force. Falco Valkenburg proposed the other technical committees as well as MAs.

Action: The Chairperson to send out an invitation for volunteers to members of CFs TF 2018, members of PC, IC, RMC and to members titularies of all MA.

4. **EDUCATIONAL NOTES IORP**

To receive a summary of the status. – Cathal Fleming (**Annex 4**)

Mr Cathal Fleming updated the PC on the status of the EAN. After previous meeting in October 2020, the Actuarial Standard Subcommittee had provided some comments on the draft EAN, which related mainly to the language and style guide to be followed.

Mr. Cathal Fleming (author of the notes) summarized the steps of the process:

Stage 1 – Proposal to develop an EAN – 2018;

Stage 2 – Development and Issuance of an Exposure Draft – issued on 28 June 2019;

Stage 3 – Approval and Issuance of the EAN:

- Committee approval – done on 26 March 2021 by e-mail;
- ASSC approval – done in March 2021;
- ProfC approval – done on 16 April 2021;
- GA approval – pending

As next steps :

- The Chairperson of ProfC to inform the Board on 12 May that the EAN has been approved;

- And to decide if we want to go for an electronic vote of the GA or to include it in the GA agenda for 1 October.

Mr Philip Shier thanked Cathal's work and patience. This was the first such document going through the Due Process, and it took 3 years.

5. **INTERGENERATIONAL FAIRNESS**

To receive an update on the activities of the TF Intergenerational Fairness by Agnes Joseph. **(Annex 5)**

The topic is postponed for next meetings.

6. **COVID 19 AND IMPACT ON RETIREMENT**

Overview of the impact of the crisis on retirement so far.

Prof. David Bogataj presented some elements of his study on the impact that Covid 19 has on mortality, fertility, expectancy of life at birth. Prof. Bogataj noted that in the period January 2020 – January 2021 in 27 EU-countries are registered 600 thousand deaths more comparing to 2019. It was noted that based on the statistical data the life expectancy for all 27 EU countries covered by the analysis was increasing during the period 2002-2018. Now the trends are changed. Some comparisons between different EU countries was presented by David. For some of the parameters seems that north countries (Finland, Norway) have been less damaged by Covid 19, in comparison with some south countries (Italy, Spain).

Mr. Richard Deville ask question about the reason for such differences. Prof. Bogataj explained that there are different factors like cultural differences and the stage when the pandemic started in different regions.

The Chairperson thanked Prof. Bogataj for the impressive presentation and express the hope that by the end of the year PC members will have another chance to discuss the topic with David.

7. **SOCIAL SECURITY SUBCOMMITTEE**

To receive a report from Maria Economou on the work of the Social Security Sub-Committee.

The Chairperson of the Social Security Sub-Committee (SSSC), Maria Economou, presented the work of the Sub Committee in the last months.

TF Mortality worked on the comparison between Eurostat's 2015 and 2019 population projections. The new projections show a population increase in the future, something that could bringing sustainability to public finances in the long term, but this is a subject under further discussion at the SSSC. Analysis with and without impact of the migration are considered.

TF on Adequacy on Pensions has prepared a discussion paper with all the different indicators including sustainability, adequacy and fairness. There is a concern about the level of involvement of actuaries and actuarial methodologies in Social Security in the different Member States. The TF circulated a survey in July and November 2020 on this topic, but the number of the responses received was not material.

Mrs Bitunska invited those who had not participated yet to try to collect some relevant information for their countries and to send their responses to Mrs Economou.

TF Methodology and Projections is working on providing guidance on how the T29 results should be communicated in the Member States. AAE will have a time slot in the Eurostat Meeting on April 26 in order to present the appropriate communications from the actuarial perspective.

The AAE has been asked by TAIEX Expert Mission to provide experts for the conference organized by Social Ministry in Azerbaijan on Covid 19 impact. The SSSC nominated three experts for the event – Dr. David Bogataj, Ms. Daniela Martini and Mr. Raffaello Marcelloni to present their work related to the Covid-19 impact on the demographic projections.

EIOPA call of experts in tracking systems: Jeroen Van den Bosch from SSSC is involved in this project.

The committee responded to the Ageing Consultation conducted by the European Commission.

The SSSC finalized its discussion paper about the future Role of SS actuaries in Europe.

The committee discussed to offer a webinar in October.

8. **PAN-EUROPEAN PERSONAL PENSION PRODUCT (PEPP)**

To note further activities regarding the PEPP Taskforces being formed to address the development of Regulatory Technical Standards (RTS) as required under the PEPP Regulation.

Mr Philip Shier updated the PC on the latest publication (in March) of the Regulatory Technical Standards (RTS) from EIOPA to the European Commission.

Some of the main highlights mentioned were that the PEPPs Benefit Statements should be presented in a transparent way to monitor personal savings, the cap on the annual costs of this products, and that the best way to present possible pension outcomes is by doing stochastic modelling. For the benefit statement, figures will need to be deflated to reflect any future inflation.

Mr Shier also mentioned that the industry has already shown their concern about the cost cap of 1%, although it is still uncertain what this cap will cover (distribution, advice, etc.).

Mr. Holotnak also shared his concern regarding cost cap.

9. **LINKS WITH OTHER ORGANISATIONS**

9.1 To note the [overview of meetings](#) with external stakeholders (2021 Q1 attached as **Annex 9.1**).

The list of activities with external counterparties was presented in Annex 9.1 from the meeting documentation. The Chairperson mentioned that the main efforts of PC had been made with regards to three workshops organized by EIOPA. Another important task was the response on Green paper prepared by the SSSC. The response is now available on AAE website.

9.2 **IAA**

To receive an update from Charles Cowling of the IAA pensions related activities (Pensions and Employee Benefits committee was disbanded).

Mr Charles Cowling presented some elements of the changed structure of the IAA. The former IAA Pensions and Employee Benefits Committee was disbanded, but instead a Pensions Forum has been established from the beginning of the year – which, in future, will operate more virtually and in partnership with the IAA Pensions, Benefits and Social Security Section (which is the member led group, as opposed to the Forum which is an Association led group).

Current initiatives are focussed on supporting our relationships with the OECD and IOPS. In particular, there is ongoing work on ESG investment, DC schemes, DC projections and the roles of actuaries in DC-plans in the different countries.

9.3 **EIOPA**

To receive an updated on the participation on behalf of the AAE in EIOPA webinars on Cost reporting for IORPs and Risk management for DC

Mr Jeroen van den Bosch presented the topics discussed during the workshops on IORPs organized by EIOPA in February. During the first workshop on 15th February a Cost reporting for IORPsII was addressed as a topic. The position of EIOPA on cost transparency and reporting was presented as a starting point for the discussion. Furthermore, the positions of the Pensioenfederatie, NL and Italian regulator COVIP were presented on the workshop. The second workshop covers Risk management for DC plans.

Mr Jeroen van den Bosch mentioned that opinions set out common expectations addressed to national supervisors to enhance supervisory convergence.

Mr Shier noted that the current regulation of PEEP on consumer protection differs from the one set in IORPs. Hence different requirements for different pension plans results in misunderstanding.

Mr van den Bosch agreed that it is needed to align technical part (calculation methods, assumptions), costs, etc. and to find how to communicate in the best way the whole picture.

9.4 **EIOPA OCCUPATIONAL PENSION STAKEHOLDERS GROUP**

To receive an update prepared by Falco Valkenburg on the work of OPSG.

Mr Falco Valkenburg shared a presentation on the latest work of the Occupational Pensions Stakeholder Group (OPSG). Mr Valkenburg provided a summary of how the OPSG works. The group can submit opinions and advice to EIOPA on any issue related to its tasks and is composed by 30 members representing different stakeholders. The group changed in July 2020 and Mr Valkenburg is currently one of the two OPSG vice-Chairpersons.

Next Mr Valkenburg listed a number of topics discussed during the last OPSG meetings in January and March 2021 namely:

- Sustainable finance – Paper on taxonomy-related disclosures;
- EIOPA work on Pension Tools - Pension Tracking System and Pensions Dashboard;

- EC starts review on IORP II implementation in different countries; Importance of the proportionality with regard to IORP II;
- Pan-European occupational DC 2nd regime is back on the table;

Mr Valkenburg noted the main output from the first quarter of 2021:

- OPSG position paper on IORP Governance and Risk Assessment, and Cost for DC pension scheme;
- OPSG Advice on product disclosure templates under the Sustainable Finance Disclosure Regulation,

which can be consulted online.

9.5 **EIOPA CONSULTATION ON OPEN INSURANCE**

To receive an update on the AAE response

Mr Philipp Mieke, member of Data Science/AI workstream, presented the topic Open Insurance. The consultation document (49 pages) contains 31 specific questions. He pointed the main considerations covered by AAE answers:

- Comparison Open Banking vs. Open Insurance;
- Data standardization and use;
- Innovation, Competition, Consumer focus;
- Actuarial Tasks and Data Use in Insurance.

Mr Mieke explained that in the broadest sense Open Insurance defines access to personal and non-personal data via API for consumer, supervisory and industry perspective.

It was mentioned that Open Insurance directly relates to open finance and data protection (GDPR).

10. **WEBINARS**

To discuss potential topics for future webinars.

Mrs. Economou and the chairs of TFs had a meeting where among others they discussed to have a webinar in the Autumn (October / November).

Topics like Ageing, Mortality, Covid 19' impact on demography and economy, Intergenerational Fairness are considered as suitable for wider audience and would help us to strengthen actuarial position and recognition in societies.

11. **INFORMATION EXCHANGE**

To exchange information on current issues in member associations of interest to other members.

No specific issue has been raised. The Members are invited to send a note of any current issue for circulation to the Committee after the meeting.

12. **ANY OTHER BUSINESS**

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

To share feedback of the [joint meeting of the RMC, IC and PC](#) held on Thursday 15 April 2021.

Mrs. Bitunska described the topics discussed in the joint meeting:

- The Stress testing for IORPs II
- Macroprudential analysis / Systemic risks.
- Pandemic risk and COVID 19

All the presentations can be found on the AAE website.

14. **DATE OF NEXT MEETING**

The next meeting of the Pensions Committee will take place at Campus Sursee, Switzerland, most likely on Thursday 30 September 2021 at the invitation of Schweizerische

Aktuarvereinigung, in conjunction with the AAE Annual Meeting.

The Chairperson expressed her wishes to meet in person all the members of PC by then.

Mrs. Bitunska thanked all the members for their participation and closed the meeting.

Annex 0.1

Participants Pensions Committee meeting Virtual | 16 April 2021

	First name	Family name	Country	Nominating association	Role
1	Florian	Moyzisch	Austria	Aktuarvereinigung Osterreichs	Delegate
2	Hartwig	Sorger	Austria	Aktuarvereinigung Osterreichs	Observer
3	Philippe	Demol	Belgium	IA BE	Delegate
4	Tatiana	Bitunska	Bulgaria	Bulgarian Actuarial Society	Delegate
5	Lyubimka	Dermendzhiyska	Bulgaria	Bulgarian Actuarial Society	Observer
6	Erin	Bisson	Channel Islands	Institute and Faculty of Actuaries	Delegate
7	Richard	Deville	France	Institut des Actuaire	Observer
8	Jean Francois	Gavanou	France	Institut des Actuaire	Delegate
9	Susanna	Adelhardt	Germany	Deutsche Aktuarvereinigung	Delegate
10	Phillip	Miehe	Germany	Deutsche Aktuarvereinigung	Observer
11	Maria	Economou	Greece	Hellenic Actuarial Society	Chair SSSC
12	Gabor	Borza	Hungary	Magyar Aktuarius Társaság	Vice-chair
13	Stefano	Visintin	Italy	ISOA	Delegate
14	Falco	Valkenburg	Netherlands	Koninklijk Actuarieel Genootschap	Observer- Past-chair AAE
15	Jeroen	Van Den Bosch	Netherlands	Koninklijk Actuarieel Genootschap	Delegate
16	Hans Michael	Øvergaard	Norway	Den Norske Aktuarforening	Delegate
17	Boguslawa	Wolniewicz	Poland	Polskie Stowarzyszenie Aktuariuszy	Delegate
18	Philip	Shier	Rep. of Ireland	Society of Actuaries in Ireland	Observer
19	Cathal	Fleming	Rep. of Ireland	Society of Actuaries in Ireland	Delegate
20	Peter	Holotnak	Slovakia	Slovenská spoločnosť aktuarov	Delegate
21	David	Bogataj	Slovenia	Slovensko Aktuarsko društvo	Delegate
22	Gregorio	Gil de Rozas	Spain	Instituto de Actuarios Españoles	Delegate
23	Lionel	Candaux	Switzerland	Association Suisse des Actuaire	Delegate
24	Charles	Cowling	UK	Institute and Faculty of Actuaries	Delegate
25	John	Woodall	UK	Institute and Faculty of Actuaries	Observer
26	Craig	Hanna	USA	American Academy of Actuaries	Observer