

A CONTINUOUSLY DEVELOPING PROFESSION IN CHALLENGING TIME

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The world is changing. That is not new, but the Covid19 pandemic, globalisation, technological progress and demographic change are profoundly impacting OECD labour markets on a scale not seen before. Alongside these seismic changes there is, in Europe, a push towards more evidence-based, fact-checked policy making; on that basis Social Security Actuaries can make a real difference.

There has been a quantifiable change not only in the quantity and quality of jobs that are available, but also the way in which and by whom they are carried out. Work patterns are diverging from the full-time dependent employee model on the basis of which social protection systems have, in principle, been designed. The resulting and varied concerns of scheme members play out broadly in the process of '*political economy*'.

Insecurity, unfairness, and growing tensions among different groups seem to reflect a growing perception of increases in overall inequality, leading to a growing demand for adjustments in the social contract.

Social Security Actuaries are able to assess the relevant dynamics of the changing balance between groups – in particular (but not limited to) between younger and older age cohorts. This should contribute to the design of new institutional frameworks,

consistent with those dynamics. Actuarial modelling approaches and methodologies are built on projections of future cash flows, which facilitate assessment of the short-, medium- and long-term impact of pension policies and reforms on adequacy and sustainability of pension system provision in an integrated way. When assessing the adequacy and sustainability of pensions, qualitative as well as quantitative terms are important, particularly in the following areas:

- The calculation methods for the European Commission periodical Reports on Ageing and Pension Adequacy;
- The development of pension adequacy measures, including replacement ratios, which themselves may be defined in a variety of ways;
- The use of pension projection methods;
- Compliance with ISAP2 and with the ISSA/ILO Actuarial Guidelines;
- Pension tracking Services in the EU countries;
- Technical input aimed at making suggestions



'what role should actuaries play with regard to social security?'

for strengthening the methodology and reporting framework for public pension projections under the Eurostat Table 29 pension data exercise; and

- Long-term demographic projection.

While it may be natural to approach many of the topics noted above in a perspective focusing on pension benefits, and hence pension scheme liabilities, it may be useful to recall that actuarial methods are equally applicable the expense side of scheme management. This is a field that needs to develop further as there exist few comparative studies of total pension provision and their costs.

In recent times, we see evidence that policy-makers are, generally,

beginning to take increasing note of the advice of actuaries working in Social Security. However, the Social Security Actuaries should continue to communicate their profession in a clear way to enhance peoples' understanding in questions as '*what role should actuaries play with regard to social security?*' '*What would be the specific contribution to the wellbeing of society?*'

Discussions focused on helping people to develop their understanding of their pension entitlements more deeply are welcome. But it is important to raise awareness of issues and challenges relating to pensions, both to institutions and to the public and to point out that Social Security actuaries have the necessary tools to implement solutions.

In conclusion, when considering the role of the Social Security Actuary, the overall aim should be to advance solutions to challenges facing the member states, not least by increasing public understanding of the way in which social security contributes to economic security, while taking into account the differing frameworks in different member states.

The objective of Social Security Actuaries is to ensure that, in the long term, pension benefits sufficient at least to prevent poverty will be provided to all European citizens. It is therefore worthwhile to create a forum in which those actuaries in different countries who are working with social security institutions may be enabled to collaborate effectively.