

MEETING OF THE PENSIONS COMMITTEE

HELD ONLINE

ON THURSDAY 31 MARCH 2022 FROM 14.00-18:00 CEST

MINUTES

Chairperson: Tatiana Bitunska

Participants: The list of participants (online) is added as Annex 0.1.

1. **OPENING OF THE MEETING AND ADOPTION OF THE AGENDA**
 - 1.1 Tatiana Bitunska opened the meeting and welcome the online participants. She presented the distributed [agenda](#) and received request by Falco Valkenburg to present the item 10.3 (update on activities of EIOPA OCCUPATIONAL PENSION STAKEHOLDERS GROUP) before 15:00 CEST. The chairperson proposed the item 10.3 to be presented after agenda item 4. She asked the participants for any suggestion regarding the content of the meeting.
 - 1.2 The agenda was approved with the above changes.
2. **MINUTES OF PREVIOUS MEETINGS – 5 min**

The [Minutes of the meeting](#) held in Sursee on 30 September 2021 (**Annex 2**) were approved.
3. **STRESS TEST IORPS II – update 15 min**

The chairperson of Cash Flows TF, Susanna Adelhardt was not able to join the meeting by technical reasons.

Tatiana Bitunska presented the preliminary consultations with EIOPA on technical advice for IORPs Stress Test. The Chairperson explained that in January the AAE was invited by EIOPA to participate in the initial discussion. In the consultation process there were 4 participants on behalf of the AAE – Philip Demol (on behalf of the Board), Susanna Adelhardt (chairperson of Cfs' TF), Gabor Borza (Vice-chair of PC) and Tatiana Bitunska. The main outcomes of the meetings held are that EIOPA will not introduce any requirements related to CFs' analysis, but only the approach applied in 2019 will be followed together with a new "climate change risk" scenario. The AAE pointed out that CFs' analysis is an approach that provide users with analytical information from different perspective. It needs to be used on proportional basis. That also raised the question of proportionality which is not covered by the EIOPA till now.
4. **INTERGENERATIONAL FAIRNESS INDEX**

The members of the committee were informed on the topics presented during the webinar on Sustainability, organized on 1st of February by RMC. Gregorio Gil de Rozas made a

presentation on the Intergenerational Fairness Index (prepared by Australian Actuarial Society). **(Annex 4)** The chairperson invited PC's members who are interested in the topic to join a volunteering group.

Hartwig, Charles, Falco commented: Actuaries do not have to determine what is fair, that is for politics, we only measure and draw attention.

10.3. Update on the recent activities of EIOPA OPSG was provided by Falco Valkenburg. Falco presented the current structure of the OPSG. He is a Vice chair of OPSG, representing the AAE. The OPSG meets at least 4 times per year. During the meetings in October and March the following topics were discussed:

- IORP II Review
- Technical specifications for stress-testing IORPs
- Low interest rates and low expected returns
- Best practices for DC pensions
- Pension Tracking Systems and Pension Dashboard
- Update on Proportionality.

Regarding IORP II review Falco pointed out that most likely the review will be delayed. Call for advice is expected to be published in the second half of the year.

Falco also noted that OPSG supports the CFs' approach. On 7th April OPSG will have a meeting with EIOPA (board of supervisors).

At the end Falco mentioned that no products have been approved yet in the PEPP register.

5. **PENSION TRACKING SYSTEM - sharing the BEST PRACTICES – update 20 min**

Update on the webinar held on 9 March and further discussion. **(Annex 5)**

The topic was presented by the chairperson. A lively discussion with the participants took place on the specifics of the different PTS. Jeroen van den Bosh made some clarifications regarding the PTS in NL.

The statistics show increasing longevity that would lead as at 2070 people (will most likely) to work longer. Therefore the comparison based on fixed age brackets is not optimal.

6. **SOCIAL SECURITY SUBCOMMITTEE – update 20 min**

Maria Economou provided an overview on the work of the Social Security Sub-Committee, including the work of three Task Forces – Methodology and Projections TF, Adequacy of Pensions TF and Mortality TF. She also presented the draft of the Discussion paper prepared by the SSSC based on AR21 and APR21. The paper will be provided to all members of the PC for review.

7. **PENSIONS CO. PRIORITIES 2022 – 20 min**

The members of the PC discussed the main priorities to work on till end of the year, namely:

1. Stress Test 2022 for IORPs. Main goals and expectations for outcomes. CFs' analysis as more sophisticated approach.

2. Pension Tracking Services – value for customers.
3. Pensions adequacy
4. Sustainability topic and Intergenerational Index.
5. Risk Management for IORPs.
6. Review of IORP II.

➤ To discuss what topic PC would bring to the 'convention A' - event that is preliminarily scheduled for 22nd of September 2022. The topic would potentially also be of interest of a wide audience.

8. **WEBINARS – 10 min**

The webinars (co-)organised by PC/SSSC after Sursee meeting were noted:

- 14 December 2021 – The added value of Social Security actuaries – In what way, is actuaries' advice considered in policy decision-making in Member States? – 168 participants
- 1 February 2022 - Sustainability and Climate Change – what does it mean for risk management in Insurance and Pensions? – 242 participants
- 9 March 2022 - Pension Tracking System (PTS), challenges ahead – 153 participants

The next seminar is expected in September 2022, under Convention A initiative. PC's members are invite to discuss possible topics for it.

9. **IFRS 17 FOR PENSIONS PROVIDERS (LIFE TIME ANNUITIES) – 50 min**

The topic was presented by Ivancica Rajic and Ksenija Sanjkovic. The participants received a presentation on pensions system in Croatia – three pillar system as follows:

- 3rd pillar (8 open and 20 closed (occupational) funds – pure DC plans which provide at retirement Lump sum benefit or Life-time annuity by PIC.
- 2nd pillar - 4 Pensions Funds operated as DC plans during the accumulation phase. At the retirement the members of 2nd pillar PF have rights to choose between transferring to PAYGO system and a provider of life-time annuity by PIC (based on the accumulated amount). Currently there are only two Pension Companies that provide such products. They have to comply with capital requirements in amount = 4% of TP. According to EIOPA classification they are categorized as "Pure DB".

Pro's and con's regarding treatment of these contracts under IFRS 17 were discussed with Gabor Borza and Zoltán Szabó.

Zoltan summarized that if pension products in Croatia meet the definition of Insurance contract (for risk transferring) they have to follow the requirements of IFRS 17.

10. **LINKS WITH OTHER ORGANISATIONS – 20 min**

To note the [overview of meetings](#) with external stakeholders (2022 Q1 attached as **Annex 10**).

10.1 EIOPA

An update from Tatiana Bitunska on meetings and consultations with EIOPA was provided. On 28th January there was a meeting between EIOPA representatives and members of AAE PC.

The PC responded to the following consultations:

- [Discussion paper on the Methodological Framework for Stress-Testing IORPs](#)
- [the Commission's survey on Redeveloping European statistics on population](#)
- [Informal consultation on Technical specifications for Stress test for IORPs.](#)

10.2 IAA

The members of the PC received an update from Charles Cowling of the IAA pensions related activities. Charles noted that the main contributors to the work of IAA were actuarial associations in Australia and Nederland. Their work was mainly focused on:

- Covid-19 impact on mortality and longevity.
- Role of actuaries.
- Decumulation options.

10.4 PENSIONSEUROPE

Tatiana Bitunska presented information on the meeting held on 11 March.

11. JOINT MEETING RISK MANAGEMENT, INSURANCE AND PENSIONS COMMITTEES – 5 min

To note the [agenda of the joint meeting of the RMC, IC and PC \(Annex 11\)](#).

12. INFORMATION EXCHANGE – 30 min

Slovenia: David noted that new legislation for long term care will come in force. Cash benefit for health will be removed in the future. Five different types of benefits will be provided under the new system.

Ireland: Automatic enrolment for particular ages is planned with purpose members to choose lower risk when they are approaching the retirement.

Spain: The indexation of pensions with inflation is in place. Occupational schemes change taxation for 2nd pillar.

Switzerland: (Lionel provided information in advance by e-mail) – “The Civil Code amendment "Marriage for All" will come into force on 1 July 2022. Previously, a registered (civil) partnership was applicable for same-sex couples. The core element of the Civil Code amendment "Marriage for All" is the opening of marriage for same-sex couples. Marriage or the conversion of a registered (civil) partnership into a marriage will be available for same-sex couples. From 1 July 2022, it will no longer be possible to enter into a registered (civil) partnership. However, previously established registered (civil) partnerships will continue to exist. In terms of pension fund benefits, this does not change much, as a registered (civil) partnership was applicable for same-sex couples. However, the wording of pension plan rules has to be checked.”

13. **ANY OTHER BUSINESS**

Tatiana Bitunska asked participants to nominate a topic that could be of interest of wide audience and can be presented from PC during the second event of Convention A (20 or 22 September).

PC's members nominated the following topics:

- Role of Actuaries in Social Security
- Intergenerational Fairness
- Projections for pensions Benefit Statements (there is a paper recently published by International Organization of Pensions Supervisors (IOPS) on the task).
- Outpayment phase – lessons learned.
- Proportionality topic – how to measure risk and complexity of IORPs?

14. **DATE OF NEXT MEETING**

The chairperson announced the next meeting in Rome and the upcoming ECA 2022, that will be held on 2nd and 3rd of June in Madrid. She invited the members of PC to participate on site the both events. Video invitations were distributed.

The next meeting will be held in Rome, Italy, on **6 October 2022** (tbc) at the invitation of ISOA and in conjunction with the AAE Annual Meeting

Annex 0.1

**Participants Pensions Committee meeting
Virtual | 31 March
2022**

	Family name	First name	Member Association	Country	Role
1	Sorger	Hartwig	AVÖ	Austria	Observer
2	Moyzisch	Florian	AVÖ	Austria	Delegate
3	Demol	Philippe	Institute of Actuaries in Belgium	Belgium	Delegate
4	Bitunska	Tatiana	Bulgarian Actuarial Society	Bulgaria	Chairperson
5	Rajic	Ivancica	Hrvatsko Aktuarsko Drustvo	Croatia	Delegate
6	Cederbye	Frank	Den Danske Aktuarforening	Denmark	Delegate
7	Deville	Richard	Institut des Actuaire	France	Observer
8	Schneemeier	Wilhelm	Deutsche Aktuarvereinigung	Germany	AAE Board-Observer
9	Economou	Maria	Hellenic Actuarial Society	Greece	Chair SSSC
10	Borza	Gábor	Magyar Aktuárius Társaság	Hungary	Vice-chair
11	Szabó	Zoltán	Magyar Aktuárius Társaság	Hungary	Observer
12	Ferrara	Cinzia	ISOA	Italy	Delegate
13	Visentin	Stefano	ISOA	Italy	Delegate
14	Valkenburg	Falco	Koninklijk Actuarieel Genootschap	Netherlands	Observer
15	Van den Bosch	Jeroen	Koninklijk Actuarieel Genootschap	Netherlands	Delegate
16	Rødevand	Sissel	Den Norske Aktuarforening	Norway	Delegate
17	Krzykowski	Marcin	Polskie Stowarzyszenie Aktuariuszy	Poland	Alternate
18	Marques	Rita	Instituto dos Actuários Portugueses	Portugal	Delegate
19	Clossick	Richard	Society of Actuaries in Ireland	Rep. of Ireland	Observer
20	Shier	Philip	Society of Actuaries in Ireland	Rep. of Ireland	Delegate
21	Bogataj	David	Slovensko aktuarsko drustvo	Slovenia	Delegate
22	Holotnak	Peter	Slovak Society of Actuaries	Slovakia	Delegate
23	Bosch	Manuela	Col.legi d'Actuaris de Catalunya	Spain	Observer
24	Gil de Rozas	Gregorio	Instituto de Actuários Españoles	Spain	Observer
25	Domenech	Alvaro	Instituto de Actuários Españoles	Spain	Observer
26	Mancebo	Maitane	Instituto de Actuários Españoles	Spain	Delegate
27	Candau	Lionel	Association Suisse des Actuaire	Switzerland	Delegate
28	Yalçın Avcı	Aylin	Actuarial Society of Turkey	Turkey	Observer
29	Cowling	Charles	Institute & Faculty of Actuaries	UK	Delegate
30	Hanna	Craig	American Academy of Actuaries	USA	Observer