

MINUTES OF THE SOCIAL SECURITY SUB-COMMITTEE

HELD ON THURSDAY MARCH 31ST, 2022 FROM 10.00-13.00 CEST

The Participants list of the Virtual Meeting can be found at the end of the document as Annex 0.1.

1. Opening of the meeting and adoption of the agenda

Maria opened the meeting welcoming the participants. She introduced the new SSSC members: Boguslawa Wolniewicz, Meeri Kesala, Katja Jucht and Ulrich – Michael Homm. The agenda was adopted.

2. Notes about the Committee's progress

Maria informed the participants about the committee's progress since the committee's meeting in September 30th. Specifically:

- The committee offered a webinar on December 14 under the title: "The added value of Social Security actuaries – In what way is actuaries' advice considered in policy decision-making in Member States?" The webinar was very successful. 164 colleagues (actuaries and non-actuaries) from 26 different countries participated. Among them there were 50 colleagues from social security institutions and government bodies. Maria thanked the chairpersons for their excellent presentations and all the SSSC members for their great effort to promote the webinar.
- SSSC represented / (will be represented) in the following events:
 - National Congress of Actuaries: November 2021, Rome: Daniela Martini and Raffaello Marcelloni gave a presentation
 - 20th International Conference of Social Security Actuaries, Statisticians and Investment Specialists: March 2022, virtual: David Bogataj and Raffaello Marcelloni gave a presentation.
 - European Congress of Actuaries: June 2022, Madrid: Raffaello Marcelloni will give a presentation.
- The committee finalized the discussion paper "For Labour Supply to Labour Productivity" followed the publications of the Ageing and the Pension Adequacy reports. The paper submitted to the PC for approval.

Maria informed the participants about the Conference call the chairpersons and herself had in March in order to discuss the best way to approach the committee's targets. They agreed to have an open discussion with the SSSC colleagues to get their feedback.

3. Task Force Methodology and Projections / chairperson Mr Stavrakis

Aim:

Enhance the value of actuaries in social security at national and EU level.

Get the views of SSSC colleagues on the following aspects:

- Understand the key challenges currently faced by the social security actuaries
- Discuss how, in practical terms, to enhance the value of social security actuaries at (a) national and (b) EU level and thus making a visible contribution of the actuarial profession towards policy decision-making
- Explore the possibility of discussing the above not only among social security actuaries but also among other professionals/ experts who work in social security institutions and undertake actuarial work
- In this context, discuss the possibility of organising a Forum with the participation of social security professionals/ experts and perhaps policy-makers - pros & cons

4. Task Force on Adequacy of Pensions / chairperson Mr Parniczky

Aim:

In full agreement what Costas have said, applied to adequacy and sustainability, move forward to practical solutions to our main questions.

Get the views of SSSC colleagues on the following aspects:

- Discuss the methodological issues we may focus on in more detail and differentiate what an actuary can do.
- Discuss adequacy challenges taking into account sustainability and other related aspects, like intergenerational fairness.

Costas started the discussion referring to the colleagues who undertake actuarial work and there are not actuaries. He set the following questions as options to enhance the value of actuaries in Social Security:

- At a 1st level: What we can do on providing support to people who share practices in actuarial work
- At a 2nd level: Professionalism – What are the tools / work providing the standards we have.
- At a 3rd level: How we can be perceived from the others and the policy makers.

We have to find out the needs of people in the front and what are the challenges they are facing he said.

Costas asked if inviting our colleagues who undertake actuarial work and are not actuaries is an option; we can make use of their experience he said.

We need to find out the practical tools to apply and how, at the same time, this output could be relevant to policy makers.

Costas proposed to organize a forum with experts in Social Security.

Tibor referred to the regular activity to make comments about the Ageing Report -AR and the Pension Adequacy Report - PAR. As Maria said in her summary, we have completed the discussion paper "For Labour Supply to Labour Productivity" in relation with the reports He proposed to prepare papers "on our own", as SSSC, using as a basis the questionnaires SSSC will distribute on various topics of interest as for preparing to the next reports.

The two reports, he said, are complementary to each other but for us, as SSSC, not all discussed in those reports are important. The AR is focusing on its final aim, that is giving country specific economic advise, not just pensions. The PAR takes too many approaches in order to get real conclusions. There are too many topics and different methodologies discussed as an effort to cover a lot. I think, he said, that best for us is to try to find what should be our focus area on sustainability and adequacy. We should try to find out how we could express better ourselves. What we could discuss with the ministries / governments / Social Security administrators.

On what direction should we go forward? Tibor used the Pension Tracking Systems topic as an example. This project has a well-focused definition of which pensions to cover. The Social Security pensions is a related area to think of. It is important for our committee, he said, to look back on what we have already done so that to decide on what directions / topics we may focus from now on. This would give us topics to discuss with broader community, actuaries and non-actuaries working for social security institutions on a forum or other occasions.

Richard pointed out that Social Security actuaries are treated as state employees and they are not paid as their colleagues in private sector. As a consequence, he said, it is not challenging for them to work for Social Security. He also mentioned that we need to examine the assumptions taken into account for investors regarding future retirees.

Chris said that there are three key areas to enhance the value of social security actuaries:

1. Raise the profile and promote the role of Social Security actuaries.
2. Give critical comments and information on the key points through presentations
3. Identify areas to research and to develop and promote the results.

The principal role is to work together at national level. We need to communicate the key aspects through papers, by organizing forums and seminars in order to discuss the social security aspects and talking about what actuaries put on the table. The social security impact is on the whole economy. We need to capitalize our expertise. Chris highlighted that in UK the government actuary has authority.

Maria proposed to check if in the Education Syllabus Social Security topics are clearly discussed.

Maitane said that Communication is the key. Not only to the regulator but also to the population. The messages we give, due to population ageing, are not pleasant she said. However, we are not

the only profession that gives difficult messages. We need to organize forums to share with people our knowledge and let them know what is coming. In Covid times people also didn't like the messages of the experts but they needed to accept them. Politicians may listen but they do not react.

Goyo said that they, as Spanish Association, didn't feel that their endeavor to collaborate with the Ministry was successful since they didn't engage as they were thinking. The Social Security minister didn't provide them data. The Association is now waiting for EU comments and then they'll share with the population their technical view. There is a new legislation for qualified pension plan which will be related as well to Social Security. The discussion is to increase the contribution period from 25 to 35 years. The max Social Security pension should be linked with the max contribution payments. We, as Spanish Association, he said we have some role to play on this. Despite the fact that there is not a formal collaboration with the ministry we need to see how to support them in materializing it. Goyo said that the Spanish Association will continue its communication with the society and asked if, at AAE level, they could share their experience with the EU.

Meeri mentioned that she interviewed her colleagues at work about the kind of info they receive when they attend international conferences. They said that most conferences deal with microsimulation technical aspects. What should be useful she said is to have a forum at the same level as theirs.

Costas said that we need also to emphasize to the fact that different EU countries are at a different stage of development as for example in Spain where the actuarial voice is formally established. Regarding Social Security actuaries' career progression, it could positively change if specialized qualifications are asked and there is an independent office deciding for the salaries of actuaries in Social Security.

Tatiana said that we need to offer new challenges to the actuarial profession because it seems that it is not attractive to young people. The actuarial profession should also be considered among those that offer consulting services to the ministry she added.

David mentioned that in Slovenia opened an office for pensions and demography but it was not a successful initiative. The reason was that the decisions became very political because as they had to do with how to transfer the assets. We should initiate a debate in EU about the future of Social Security and the development of a common Social Security system in Europe he said.

Chris proposed to hold seminars within the context of AAE and webinars for Social Security actuaries' activity. We should think of the International liaises; Lausanne has a Social Security orientation and lectures can be taken by ILO.

Tibor said that ILO issue is to support primarily developing countries. We should find the interesting topics and translate/interpret them to EU countries. We should promote the idea that Social

Security administration should be preferably done by actuaries. In several EU member states in legislation there is no reference to SS actuaries; so first we should prove that we can take this mandate and then we will be invited. For this purpose, for example we should find topics to discuss and organize forums. Now, in practice, what happens is the following. The initiatives, reform, etc come from the EU and then the government asks advice from the actuaries. If EU initiates the discussion, it usually leads to restrictions in the pension system. Let's being proactive, he said, find our topics and not wait to be invited. From communication point of view, it is better to avoid always discussing bad news.

Jeroen mentioned as an example the initiative taken in the Netherlands in 2009 when the Association tried to get involved in the new pension system. It was also about administration issues but the Association kept trying. It took us, he said, about 6 or 7 years to be asked by the government for giving advice; *finally, the Dutch Association succeeded it.*

Katja said that in Germany politicians had not time to consider in depth the Social Security issues since they had to deal with one crisis after the other.

Costas replied that then, as in Covid 19 times they should listen to the experts. In Cyprus, he added, professionalism is put on the table. Professionalism provides facts and integrity; it takes time but finally it works. A questionnaire focused on all these issues should be distributed in the Member States and based on the questionnaire results we may find what type of forum / webinar as SSSC could focus on.

5. Task Force Mortality / chairperson Mr Bogataj

Aim:

Get the views of the SSSC colleagues on writing a discussion paper about Long Term Care in EU. This is to contribute to the EU agenda of "Democracy & Demography".

David will provide relative info to the committee on the above EU agenda.

Participate in the discussion "Future of Social Security in EU" together with Alma Mater Europaea".

David informed the committee about the EU agenda of "Democracy & Demography". He mentioned the importance of age friendly houses for Long Term Care highlighting that, according to relative statistics, the use of age friendly houses can decrease the Long-Term Care costs. David pointed out that: a) Long Term Care is a hot topic b) there is a lot of appetite in getting in advice for LTC as this is a hot priority and c) LTC could be used to open a door to EU. There is a lot of actuarial work in this topic he said and we have to find out how to position ourselves on this and how we can contribute to the debate. He confirmed that SSSC should prepare a discussion paper for Long Term Care.

Costas mentioned that he would like to contribute in the Long-Term Care topic.

Boguslawa shared her experience when she dealt with pension for expats cases pointing out the differences between the Social Security systems between the Member States.

David referred to his own case working as an expat mentioning that due to different rules that apply in each country it seems more favorable, in terms of pension benefits, someone to work in one country throughout his/her career - instead of more than one country.

On the occasion of David's remark, a discussion took place regarding the "correctness" of David's statement.

6. Additional items you may wish to discuss

No other items mentioned for discussion.

7. Future meetings

- 7.1** Possible Conference Call mid-July
- 7.2** October 6, 2022 in conjunction with the AAE Annual Meeting

Maria proposed to have a Conference Call in July, before summer holiday and announced the next committee meeting in Rome on October 6 which is expected to be a "real face to face meeting".

8. Close of the meeting

Maria thanked the participants for their attendance and their contribution to the discussion.

Annex 01

Participants SSSC

Virtual meeting March 31st 2022

	First name	Family name	Country	Nominating association	Role
1	Hartwig	Sorger	Austria	Aktuarvereinigung Österreichs	Observer
2	Florian	Moyzisch	Austria	Aktuarvereinigung Österreichs	Delegate
3	Philippe	Demol	Belgium	IA\ BE	Delegate
4	Tatiana	Bitunska	Bulgaria	Bulgarian Actuarial Society	Chair Pensions Committee
5	Costas	Stavrakis	Cyprus	Cyprus Association of Actuaries	Chair TF Methodology & Projections
6	Ismo	Risku	Finland	Suomen Aktuaariyhdistys	Delegate
7	Meeri	Kesala	Finland	Suomen Aktuaariyhdistys	Delegate
8	John	Woodall	France	Institute and Faculty of Actuaries	Delegate
9	Richard	Deville	France	Institut des Actuaires	Observer
10	Bernd	Muemken	Germany	Deutsche Aktuarvereinigung	Observer
11	Thilo	Volz	Germany	Deutsche Aktuarvereinigung	Observer
12	Katja	Jucht	Germany	Deutsche Aktuarvereinigung	Delegate
13	Maria	Economou	Greece	Hellenic Actuarial Society	Chair SSSC
14	Gábor	Borza	Hungary	Magyar Aktuárius Társaság	Vice chair Pensions Committee
15	Tibor	Parniczky	Hungary	Magyar Aktuárius Társaság	Chair TF Adequacy
16	Mark	Lee	Ireland	Society of Actuaries in Ireland	Delegate
17	Raffaello	Marcelloni	Italy	Istituto Italiano degli Attuari & Consiglio Nazionale degli Attuari (ISOA)	Observer
18	Daniela	Martini	Italy	Istituto Italiano degli Attuari & Consiglio Nazionale degli Attuari (ISOA)	Observer
19	Cinzia	Ferrara	Italy	Istituto Italiano degli Attuari & Consiglio Nazionale degli Attuari (ISOA)	Delegate
20	Jeroen	Van den Bosch	Netherlands	Het Koninklijk Actuarieel Genootschap	Delegate
21	Boguslawa	Wolniewicz	Poland	Polskie Stowarzyszenie Aktuariuszy	Delegate
22	David	Bogataj	Slovenia	Slovensko Aktuarsko društvo	Chair TF Mortality
23	Gregorio	Gil de Rozas	Spain	Instituto de Actuarios Españoles	Delegate
24	Charles	Cowling	United Kingdom	Institute and Faculty of Actuaries	Observer
25	Chris	Daykin	United Kingdom	Institute and Faculty of Actuaries	Delegate