

## MEETING OF THE PENSIONS COMMITTEE

HELD ON THURSDAY 6 OCTOBER 2022 FROM 13.30-17.30 CEST

ROME, ITALY

### MINUTES

**Chairperson:** Tatiana Bitunska

**Participants:** The list of participants is added as Annex 0.1.

#### 1. OPENING OF THE MEETING AND ADOPTION OF THE AGENDA

Tatiana Bitunska opened the meeting and welcomed the participants. She expressed her thanks to all attendees and to the Italian Actuarial Association for organizing the meeting. The members of the PC kept a minute in silence in the memory of our good friend prof. Ermanno Pittaco who passed away in September.

The agenda was approved as it was announced before the meeting.

Gabor Borza volunteered to take notes. The Chairperson thanked for his support.

#### 2. MINUTES OF PREVIOUS MEETINGS

the [Minutes of the meeting](#) held online on 31 March 2022 were approved (**Annex 2**).

#### 3. VICE-CHAIRPERSON PENSIONS COMMITTEE

Gábor Borza was unanimously re-elected to continue as vice-chairperson of AAE Pension Committee. Tatiana Bitunska thanked Gabor for readiness and for valuable support to the work of PC.

#### 4. HOW TO MANAGE RISKS AFFECTING PENSIONS BENEFITS

The participants discussed some main outcomes from the PRESENTATION OF LUIGI ANTONELLI (Under Agenda of Joint PC-IC-RMC meeting) (**Annex 4**)

- ✓ Hartwig pointed that the mean-reversing in the models might need to be revisited.
- ✓ Philip noted that scenario test seems to satisfy regulator; IORP BE + not favourable -> how members need to be informed;
- ✓ Jeroen emphasized the importance of the choice mechanism;
- ✓ Ornelas mentioned that the number of scenarios need to be reduced;
- ✓ Simon mentioned also the importance of communication, keeping in mind that most of the members are financially illiterate;
- ✓ Susanna drew the attention to the difference between the nominal and real values;

- ✓ Tatiana mentioned the importance of the replacement ratios;
- ✓ Jeroen emphasized to use rounded figures as otherwise the client will “understand” the projected figure as guaranteed or point estimate as opposed to a probability variable

5. **STRESS TEST IORPS II**

The Chairperson of PC noted that during the first half of the year EIOPA organized a workshop to discuss on the final Methodological Framework for Stress testing of IORPs.

Tatiana Bitunska gave a floor to Susanna Adelhardt, Chairperson of the Cash Flows’ TF to present the current status and main observations on the Stress Tests exercise .

Susanna summarised the issues around the Stress Test on IORPs:

- ✓ no CFs asked by EIOPA;
- ✓ no real valuation for the PFs;
- ✓ not a good insight;
- ✓ long period from the data to the feedback (2021 December -> 2022 December)

Charles mentioned that the most important factor is the employer’s bankruptcy

Philip mentioned the local regulators risk management framework leveraging on EIOPA input.

6. **PENSION TRACKING SYSTEM - sharing the BEST PRACTICES**

Sissel Rødevand (via MS Teams) presented the Norwegian system (**Annex 6**)

Tatiana: interesting that no single point of contacts

Jeroen: why not combine the various parts?

Basically there are not enough resources to properly implement.

A lively discussion with the participants took place on the specifics of the different PTS.

Tatiana Bitunska thanked to Sissel for her efforts to join virtually the meeting and for sharing very interesting and helpful information.

7. **SOCIAL SECURITY SUBCOMMITTEE**

Maria Economou, Chairperson of the SSSC 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 updated the group about the morning discussions (see details of the SSSC minutes) and informed the PC about the new chairperson of the TF Methodology & Projections, Mr Mark Lee.

1). Coverage of the Social Security’ topic in AAE Core Syllabus has been one of the main topics.

- ✓ Tatiana: we can ask IFoA to share their experience in the education for this area; Chris Daykin has worked in the past on the Syllabus;
- ✓ Charles: demographics – to what extent fertility effect population;
- ✓ Maria: migration has to be included.

2). Organizing a forum with the Social Security professionals / experts is under consideration.

8. **PENSIONS CO. PRIORITIES 2023 (Annex 8)**

Tatiana Bitunska presented the initial list with priorities for 2023:

1. Active advisory position in the review of IORP II Directive
2. Role of actuaries in the IORPs
3. Coverage of the Social Security' topic in AAE Core Syllabus
4. Inflation issue in pensions perspective.
5. Sustainability and climate related risks – impact on pensions.

Proposed points have been commented and accepted

## 9. **WEBINARS / FORUMS**

Tatiana Bitunska noted the success of the last webinars organized by the PCo and SSSCo :

- 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 – 197 participants

The participants discussed possible topics for FUTURE webinars/ Round tables:

- ✓ Organizing a forum with the Social Security professionals / experts
- ✓ Webinar organized by WG on Risk Management for IORPs
- ✓ Outcomes by IORPs' Stress Test 2022

## 10. **LINKS WITH OTHER ORGANISATIONS**

10.1 The [overview of meetings](#) with external stakeholders was presented as **Annex 10.1**.

### 10.2 **IAA**

PC received an update from Charles Cowling of the recent pensions related initiatives within the IAA.

### 10.3 **EIOPA OCCUPATIONAL PENSION STAKEHOLDERS GROUP**

Falco Valkenburg provided information on the work of OPSG (**Annex 10.3**).

Falco summarised the key information about EIOPA OPSG (according to the Annex 10.3. Two points to highlight there will be a call for advice about the greenwashing – maybe the best if SCRR WG will follow-up together with the Pension Committee the sustainability and other impacts of the DB->DC transition.

### 10.4 **PENSIONSEUROPE**

Tatiana Bitunska provided information on the last meeting between AAE and PENSIONSEUROPE held in May.

## 11. **JOINT MEETING RISK MANAGEMENT, INSURANCE AND PENSIONS COMMITTEES – update**

The [agenda of the joint meeting of the RMC, IC and PC](#) was noted (**Annex 11**).

The following items have been pointed out:

- Joint WGr on Pensions Risk Management has been established. The chair of the new WGr will be Martin Melchior. The ToR of the WG on Pensions Risk Management were approved by the AAE Board on 5<sup>th</sup> October.
- The first delivery of the WG is going to be a Survey on the Role of actuaries under IORPs. The draft is ready and will be distributed for approval of PC' members.

## 12. INFORMATION EXCHANGE

**UK:** Charles Cowling summarised how the recent UK market turmoil impacted the IORPs' investments due to the way they increased the asset duration by borrowing. As the rates hiked (asset values fell) it was necessary to liquidate assets which happened simultaneously by all the market participants. There was a government intervention to avoid a deeper crisis. – continuation of the topic from the joint committee.

Decision: PC to follow up the issue.

**Austria:** Hartwig asked if it were possible to issue a guidance how to reserve for the non-binary pension fund members. It was agreed that whatever we say it should be read that "if no information available and not against any local guideline".

Decision: PC to follow up the issue.

**Slovenia:** David mentioned small changes in the rules about farmers and adjustment of disability incomes with inflation.

**Ireland:** Philip mentioned several issues:

- the debate about the statutory age limit increase discussion. Following up an earlier increase to 67 (2021) and 68 (2022) they agreed a slower increase, so it remains 66.
- Finally the IOPR directive has been adopted, but technically no actuarial function ??
- one of the aims is to reduce the number of the IORPS from 110,000 to 500.
- auto enrolment from 2024 to be introduced with a heavy state support to lose in case of opting out.

## 13. ANY OTHER BUSINESS

Jeroen van den Bosh announced his new position as an alderman.

## 14. JOINT MEETING RISK MANAGEMENT, INSURANCE AND PENSIONS COMMITTEES

To note the agenda of the [joint meeting of the RMC, IC and PC](#) to be held on Friday 1 October 2021. (**Annex 14**).

## 15. DATE OF NEXT MEETING

The next meeting will be held in Bratislava, Slovakia, on 20 April 2023 (tbc) at the invitation of the Slovak Society of Actuaries and in conjunction with the AAE Spring Meetings.

The Annual meeting 2023 will be held in Cologne, Germany, on 3<sup>rd</sup> or 4<sup>th</sup> of October 2023 at the invitation of Deutsche Aktuarvereinigung.

## Annex 0.1

### Participants Pensions Committee meeting Rome | 6 October 2022

	Family name	First name	Member Association	Country	Role
1	Sorger	Hartwig	AVÖ	Austria	Observer
2	Moyzisch	Florian	AVÖ	Austria	Delegate
3	Demol	Philippe	IA BE	Belgium	Delegate
4	Bitunska	Tatiana	Bulgarian Actuarial Society	Bulgaria	Chairperson
5	Deville	Richard	Institut des Actuaire	France	Observer
6	Adelhardt	Susanna	Deutsche Aktuarvereinigung	Germany	Delegate
7	Economou	Maria	AAE	Greece	Chair SSSC
8	Borza	Gábor	Magyar Aktuárius Társaság	Hungary	Vice-chair
9	Párniczky	Tibor	Magyar Aktuárius Társaság	Hungary	Chair TF
10	Ferrara	Cinzia	Consiglio nazionale attuari	Italy	Observer
11	Van den Bosch	Jeroen	Koninklijk actuarieel genootschap	Netherlands	Observer
12	Valkenburg	Falco	Koninklijk actuarieel genootschap	Netherlands	Observer
13	Rodevand	Sissel	Den Norske Aktuarforening	Norway	Observer
14	Albertsen	Gunn	Den Norske Aktuarforening	Norway	Observer
15	Ornelas Marques	Rita	IAP	Portugal	Delegate
16	Lee	Mark	Society of Actuaries in Ireland	Republic of Ireland	Chair TF
17	Shier	Philippe	Society of Actuaries in Ireland	Republic of Ireland	Observer
18	Bogataj	David	Slovensko aktuarsko društvo	Slovenia	Chair TF
19	Cowling	Charles	Institute and Faculty of Actuaries	United Kingdom	Delegate
20	Wasserman	Simon	FRC	United Kingdom	Observer