

THE CHALLENGES FACING SOCIAL SECURITY IN OUR TIMES

BY **MARIA ECONOMOU**

Which are the ageing challenges and opportunities? How we can defend the public pension systems? How (and Why) peoples' awareness on pensions issues should be raised?

With these questions, the Social Security Sub Committee (SSSC) addressed to the distinguished speakers who participated in the Social Security Forum in November to discuss the future of Social Security¹.

Following a series of successful webinars regarding the role of actuary in Social Security, the SSSC of the Actuarial Association of Europe (AAE) decided to organize a Forum and invite the interested actuaries and stakeholders to an open discussion on the challenges facing Social Security in our times.

This initiative of the Social Security Sub Committee was targeting to enhance communication with all involved parties in Social

Security area in order a) to make them aware about the view of the Actuarial Association of Europe, 'to contribute to the wellbeing of society' and b) to highlight the valuable role the actuaries can play in this field.

In that light, the aim of the Forum was to bring together stakeholders from the European institutions and the countries of AAEs member associations for a comprehensive discussion on Social Security. >

¹ For the forum discussion it was proposed the SSSC paper from 'From Labour Supply to Labour Productivity'; an article about this paper is presented in TEA in June 2022.



Francisco de Borja Suárez Corujo
Secretary of State of Social Security and Pensions
Ministry of Inclusion, Social Security and Migration



Valdis Zagorskis
Deputy Head Social Protection Unit, DG Employment,
Social Affairs and Inclusion
European Commission



Giampaolo Crenca
Chairperson
Actuarial Association of Europe

The AAE Social Security Forum brought together stakeholders from European institutions and countries of AAE's member associations.

The program included high-class keynote sessions and comprehensive panel discussions.

The AAE had the honour to host high positioned speakers. Among them were:

- The Secretary of State of Social Security and Pensions from the Spanish Ministry of Inclusion, Social Security and Migrations, **Mr Francisco de Borja Suárez Corujo**.

Mr Suárez presented the Recent Pension Reforms Undertaken in Spain. Among these reforms are included:

a) Pensioners have recovered the right to maintain the purchasing power of their pensions. Since 2022, all pensions are linked to the inflation of the previous year. This corrects the anomaly that was created in 2013, when Spain became the only country in the European Union (EU) whose pension was not linked to the evolution of prices or salaries.

b) A new approach characterized by combining measures aimed at reducing pension spending with a specific

consideration of revenue measures as a tool to guarantee fiscal sustainability.

c) The Substitution of the Sustainability Factor by the Intergenerational Equity Mechanism IEM. The IEM addresses the creation of a final contribution, exclusively dedicated to fill the Social Security Reserve Fund. In parallel, in case it is needed, a disbursement payment schedule has been designed to use these funds in order to cope with potential deficits derived from the spending pressured caused by the demographic challenges.

- The Deputy Head of the Social Protection unit at DG Employment, Social Affairs and Inclusion of the European Commission, **Mr Valdis Zagorskis**.

Mr Zagorskis made a detailed analysis on the four 'Megatrends' impacting Social Security Social Protection: Demographic changes, Changing world of work, Digitalisation and technological change, Climate change and green transition. >

He also referred to the High-Level Group on the future of social protection and of the welfare state in the EU set up in the framework of the Action Plan on the implementation of the European Pillar of Social Rights. The aim of the High-Level group is to develop a vision on how to reinforce social protection and the welfare state in a medium to long-term perspective. The Report of the High-Level Group released in February 2023. Among its recommendations addressed to the EU, Member States, social partners & stakeholders, are: Ensuring inclusive social protection and lifelong learning and supporting adequate income and high-quality care in old age.

- Colleagues, actuaries and non-actuaries, from the International Labour Organization (ILO), Organisation for Economic Co-operation and Development (OECD), Research advisors, Government Actuaries, Chief Actuaries, Academics. Each one, provided from his/her own perspective his/her view on the range of challenges we need to face in the next years for supporting the public pension systems. Challenges, which are not necessarily 'actuarial' in a narrow sense, but which do impact on the objectives which actuaries seek to address.

The AAE had also the honour to host a high-level audience including colleagues, actuaries and non-actuaries, who work in ministries, governmental organizations and institutions, universities but also in insurance companies and pension funds. It is worth noting their interest in attending the Forum and providing feedback after each panel discussion. Based on the received feedback the following priorities are set:

- To address the challenges of ageing: Consider innovative forms of employment that use technology, when necessary, of the transition to jobs suited to older workers.

- To achieve and maintain support for pension systems, Key action: Cater for the diversity of profiles amongst individuals protected under social security when designing policy.
- To raise people awareness: Seeking to explain issues around balancing the concerns of different generations.

The Social Security Forum was a successful event well supported by the figures; *both the number of registrants and the number of attendees was high.*

Even though at this stage it is quite early to evaluate the outcome of this event, we couldn't miss highlighting the eagerness from all stakeholders with different backgrounds to participate in this discussion organized by the Actuarial Association of Europe. A feeling that seems to reflect a growing perception that the actuary's opinion in the domain of Social Security counts. The audience which the Social Security Actuary seeks to address, becomes larger and more open to hear. <



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