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THEME: SOCIAL SECURITY

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PLANNING AHEAD

ARE OUR EU PENSIONS AND SOCIAL SECURITY SYSTEMS FIT FOR THE FUTURE?

BY **JENNIFER BAKER**

EU employment and social policies bring practical benefits to citizens, but also have to tackle challenges linked to globalisation, the ageing of Europe's population and changing social realities. **Andriana Sukova**, Acting Director-General, DG for Employment, Social Affairs and Inclusion at the European Commission, spoke to The European Actuary's **Jennifer Baker** about the view ahead.

The rapidly ageing population frustrates the pension systems in several countries. For instance in France the system faces reforms, but public buy-in is difficult to mobilise. How do you fight historical legacies?

'The question is not how to fight historical legacies, but how to collectively ensure that pension systems are economically sustainable and socially adequate throughout the EU.

You're right that demography is a big challenge currently because our population is ageing. People have active working lives, but they also have long lives as retired. And this is very good. However,

the birth rate is not that accommodative of our extended lives beyond the pension. I think that there are a lot of concerns, but also a lot of action undertaken at EU level, to make sure that our welfare systems function well.

We must ensure that our welfare systems are compliant with the national subsidiarity requirements of member states, but at the same time, that we are taking care of everyone. One of our major concerns is that we don't leave anyone behind.

Let me start by praising and publicising the report of the [high level group on the future of social protection and welfare state in the EU](#),

commissioned by the European Commission just over a year ago. This valuable report advises member states how to reform and ensure investments in their welfare states through initiatives that make social protection fit for the future. And I want to refer first to the [Council recommendation on access to social protection for workers and the self-employed](#) because that's a precondition for having a good pension situation.

With the [European care strategy](#), we have developed policy initiatives in relation to attracting more workforce in the care sector, making sure that the working conditions for this workforce are well covered. Making sure that people >

engaged in long-term care are also socially protected.

We have the **Council Recommendation on ensuring the fair transition towards climate neutrality** because we know that climate transition is affecting everyone. There is no avoiding this. It is a process that will accompany us, our work, our thinking, and also taking care of the most vulnerable for the foreseeable future.

We have a **Council recommendation on adequate minimum income**, ensuring active inclusion so that the people who are involved in vulnerable situations are taken out of poverty. They shouldn't be below the poverty line because this is Europe of the 21st century. And this is the solidarity that Europe should demonstrate. It's one of our founding principles, and we should stick to it in all circumstances. I'm very happy that during COVID times we demonstrated what European solidarity is.

We also have a **Directive on minimum wages** which makes sure that people are well protected when they're working full time. Our objective is to reduce in-work poverty, and make sure that social protection accompanies everybody's work life, so that after retirement people do have a decent living. We are working actively now with a lot of member states, with the national authorities, and the different institutions engaged in



ANDRIANA SUKOVA

the process to ensure that all the legislative work – which is mostly recommendations and directives in our policy area due to subsidiarity – are really taken up to the benefit of all European citizens.

Finally, let's not forget that the EU aims to **reduce the number of persons at risk of**

poverty or social exclusion by at least 15 million by 2030, including at least 5 million children, compared to 2019 levels. All Member States have set their own targets to contribute to this goal and shape welfare policies for the next decade. This is one of the three **EU headline social targets for 2030.**' >

It's interesting in fact that you mentioned climate change mitigation, because our readers are actuaries, and they're in the business of quantifying future risks. And climate change is one of the things that keeps them awake at night. Now we see, in some countries, extending the working life is one of the ways they're trying to mitigate risks. In Denmark, for example, the working age is up to 74. How likely are other countries to follow suit?

'Well, I mentioned the subsidiarity because the pension systems and the potential pension regulations are national and they're quite diverse. On average, the retirement age in Europe is between 60 and 67. To ensure the stability of the pension funds, member states are increasing the age of retirement. It is also connected to life expectancy. Currently, European citizens work two years for every year of retirement. There is a connection between life expectancy and the duration of their work life.

Statistics also show that retirement lasts between 15 and 25 years. We know that there are some very lucky people who live much more, but there are the unlucky people who don't live 15 years beyond retirement. In Denmark, life expectancy is also a key factor for deciding on the pension age.

For the moment, the upper limit of all the other member states is 67 and we can safely consider this as a normal pension age. But longer working lives vary because there are different professions where working conditions require that we take care of people and let them retire in a fair and flexible way. Fairness is the keyword here. There should be flexibility and recognition of the efforts of the workers.'

And there should be flexibility for those who maybe want to work beyond a retirement age?

'Of course, nobody should stop people if they want to continue working. Of course, workplaces should be adapted for them. The tasks should be adapted for them. And that's probably the inevitable way forward bearing in mind our labour shortages and skill shortages. Our labour shortages are quite significant and that's not something that's going to be solved in the next two years.'

Turning to the question of freedom of movement. Moving to other countries to work and live is not always easy due to complex national regulations. How does the Commission influence things for the better given national competencies? How can we ensure people can take advantage of their freedom of movement without losing out financially – especially as you say we may need skills or youth

workers in certain parts of the bloc?

'In fact, the free movement of workers is one of the fundamental principles of the European single market. When people go to different places and different countries and work for different periods there, we have to make sure that they get equal treatment. That means equal treatment for wages, working conditions, dismissal and any social and tax benefits that a person, no matter his/her origin, enjoys in a member state.

There should also be clear, fair and enforceable rules for mobility. Because this can facilitate the decision of a person who has the right profession, the right skills, to go to another labour market where their skills are needed. One of the first pieces of community legislation in 1957, after the Treaty of Rome and the creation of the European Union, was about regulating and coordinating social security systems among Member States. In Article 3 of the Treaty of Rome, the European Social Fund was created to facilitate labour mobility. So, this is really a founding principle of the EU.

Our social security regulations and rules in member states are based on four key principles. The first is equal treatment – and this is unquestionable – then exportability of benefits. If you have accrued certain rights in one country, you should benefit from them wherever you go. >

In addition, aggregation of periods and making sure that insured persons are covered by one, and only one, member state social security legislation at a time. We want to be sure that it is clear in which country the person is working most. And finally, that a person's social security and social rights are allowed and insured.

Of course, these rules have been updated because things have changed. The European Union has grown and there are trends in society in the economy that do affect mobility. National systems have also developed. That is why, in 2016, the Commission came up with [a proposal modernising social security coordination rules](#) in a number of domains, such as unemployment benefits, family benefits, long-term care and data protection. The discussions with Council and Parliament are ongoing. But in relation to pensions, the coordination of old age pensions will ensure that workers do not lose their pension rights when moving within the European Union.

Last year in September, we also proposed [concrete actions to digitise social security coordination](#), improving the information that we exchange among national authorities, and also speed up recognition of acquired rights across borders. We're working with member states now to implement these actions and make them a real additional benefit for people

who have retired. We have the [EURES](#) (EUROpean Employment Services) network, and the EURES portal where we provide support to workers who are ready to move somewhere else, giving them a lot of practical information about what they have to do when they move and so on. This is not only about the job itself, but also the environment to which they're moving and the living conditions. Our latest data shows that 3.4 million people have used the EURES platform.'

What are the different perspectives or the different approaches towards social welfare across the EU. Who are the different stakeholders – because of course businesses have to be involved in helping their employees as well – and how can the European Commission ensure a kind of level playing field so that no one gets left behind across social welfare in the EU?

'Well, I think that this is touching very seriously upon our efforts to make sure that social partners at all levels are well engaged in the process, in the discussions and also in the protection of the rights of people. We have recently had a new impetus on social dialogue at EU level at the [Val Duchesse Social Partners Summit](#). There is a commitment at EU-level that businesses, trade unions and all social partners should be working together to

make sure that we have a really good European social model.

We will continue respecting the diversity of national pension systems of national rules, as across the EU, there is no one-size fits all solution. In addition to the Val Duchesse Declaration of 31st January, we have the [European Semester](#), where we are monitoring [pension adequacy and pension fiscal sustainability](#). We have a lot of funding, which will be provided to reform pension systems in a number of countries under the [Recovery and Resilience Facility](#).

This year in May, we'll have the 4th edition of the pension adequacy report. It's a big report because it looks at how our pension systems can prevent poverty and social exclusion in different countries. It's a comparative report and provides a broad overview of pension systems across the EU by looking at the changes that are ongoing in pension systems and making sure that they can be resilient. COVID was the first test, but we don't know what's ahead. We should make sure that we provide social security systems as a resilient tool for supporting Europeans.' <

ANDRIANA SUKOVA is Acting Director-General, DG for Employment, Social Affairs and Inclusion at the European Commission.

PENSION TRACKING SYSTEMS: MORE THAN A SERVICE TO CITIZENS

BY **JEROEN VAN DEN BOSCH**

Pension Tracking Systems (PTSs) remain under the attention of the European Commission, EIOPA and governments of several countries even after 10 years. What actually is a PTS, why is there undiminished interest in PTSs, and what can actuaries do for the development of PTSs?



JEROEN VAN DEN BOSCH

WHAT IS A PENSION TRACKING SYSTEM?

A PTS is a service on the Internet where a citizen can log in to view her or his own pension data. This information can include source data, such as an insured period or career period, based on which a pension entitlement is determined. But it can also include the pension entitlement itself. A PTS in any case contains pension data for the first pillar (social security) and possibly also pension data from the second pillar (employer pensions) and third pillar (individual pension). In the Netherlands we have a PTS in the form of mijnpensioenoverzicht.nl which is managed by the Stichting Pensioenregister on behalf of the pension sector. >

‘ *A pension tracking system appears to be by far the most important source from which citizens get their pension information*

In several countries in Europe, PTSs have emerged in recent decades from different needs. There are countries where the need arose to get a better grip on pension spending nationally and where the service to citizens became a kind of extra option. In other countries, citizens are asked to check their own source data annually. And there are countries where only service to citizens was central to the creation of the PTS. In short, the creation of such a national PTS lies very much with the circumstances of the country: especially the way pensions are designed in the country and the political context of pensions.

However, the effect of a PTS for citizens cannot be underestimated. Whereas two decades ago we were somewhat sceptical about this form of pension communication in the Netherlands and the costs it would entail, it currently appears to be by far the most important source from which citizens get their pension information.

DEVELOPMENTS FROM AN INTERNATIONAL/ EUROPEAN PERSPECTIVE

The European Commission has had an increased interest in PTSs for about a decade. The initial reason is that this would allow cross-border

workers to gain long-term insight into the level of their pensions through a European PTS.

Over the past decade, funding has been made available by the European Commission to investigate whether setting up a European PTS is a viable option. A group of pension administrators from various countries (including APG and PGGM) participated and are still involved.¹

In addition, EIOPA has increased interest in this topic as evidenced by the 2021/ technical advice on the development of PTSs. This also shared experiences in communication and behavioral sciences.² And also the opinion issued by EIOPA on September 28, 2023 on the European Pension Directive (IORP II) pays attention to PTSs.³

WHAT IS THE LONG-TERM AMBITION?

In the long term, a national PTS can be an added value to fulfil duty of care from the government or pension provider. By giving citizens the opportunity to gain insight into their pensions during their lifetime in a simple way, pension expectations can be adjusted in a timely manner. Of course this is not beatific but it can be of great value in addition to other interpretations of duty of care. >

¹ [For more information on ETS](#)

² [More information on the advice of EIOPA](#)

³ [More information on the advice of EIOPA on the IORP II directive](#)

The European Commission dreams of a European PTS that could link the various national PTSs

The European Commission dreams of a European PTS that could link the various national PTSs. The question is, however, whether this is a useful contribution at this time with about 10 million workers who could make use of it out of a total population of 450 million in the European Union.

THE ROLE OF ACTUARIES

The AAE (Actuarial Association of Europe) has published two reports in the past on the usefulness and necessity of a national PTS and what should be considered in its technical design.⁴

PTSs may sound like a technical exercise to aggregate data. However, when looking at the aggregability of pensions, it is very important to determine, among other things, what the parameters are for the returns on the various investments, the interest rate forecast and the calculations of the risks surrounding the pension. If no clear agreements are made about this, the pensions of the various administrators cannot simply be added together. This is where actuaries can play a role because of their independent view on these technical issues. And

this is where the necessary work is currently being done. After all, the calculations of the outcomes of the pensions from PEPPs (Pan-European Pension Plans), IORP II and PRIIPs (Packaged Retail and Insurance based Investment Products) are currently not aligned. As a result, the calculation of pension entitlements is not uniform and differs for each product. Actuaries can certainly be of significance here to ensure that citizens actually receive balanced, clear and correct information about their pensions.

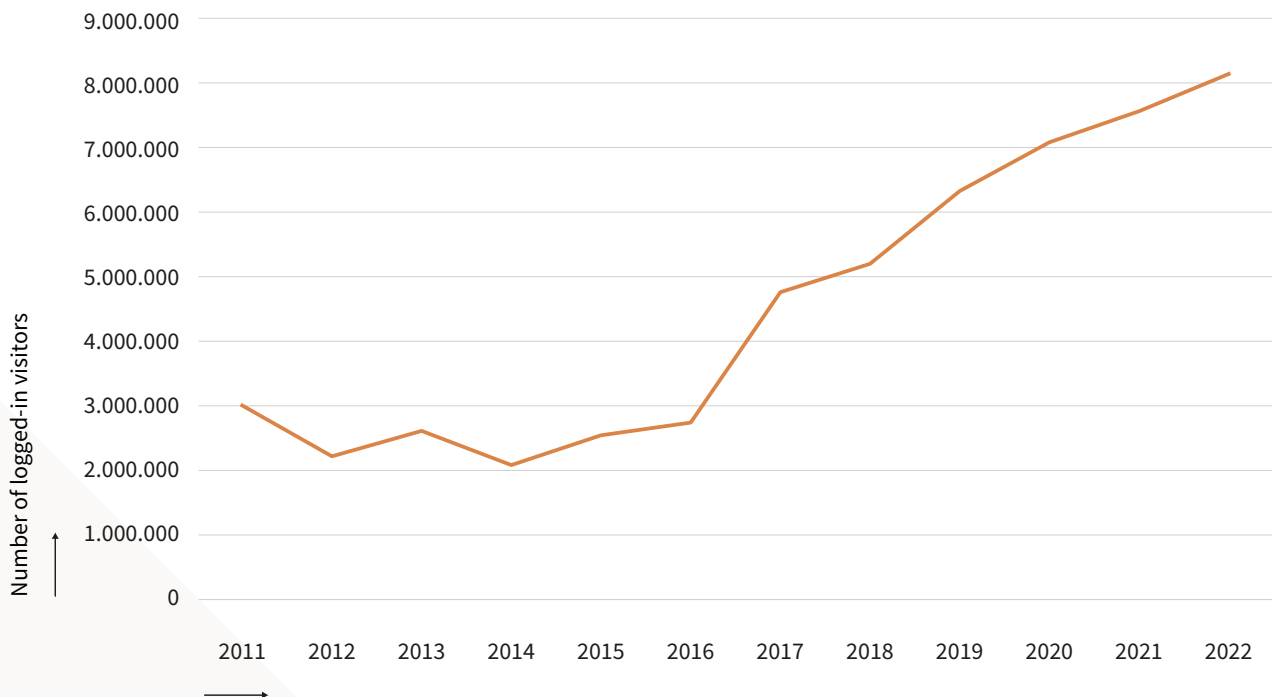
From the core objectives of the AAE, contributing to the well-being of European citizens, a working group will be started in 2024 that will focus on PTSs. This working group will look at the current status of PTSs in Europe and then propose how it wants to be involved in the development of PTSs in Europe. This could be in the form of assisting local actuaries who are in the process of developing their national PTS, but also in the form of advice towards European institutions on the various technical aspects of a PTS. By sharing knowledge and expertise within the structure of the AAE, actuaries can fulfil their social responsibility. >

⁴ In October 2013 the ‘[Report on key issues from the review of national tracking services](#)’ was published: In February 2015 a second report on ‘[Key issues for setting up national pension tracking services in six EU countries](#)’ was published.



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FIGURE 1: MIJNPENSIENOVERZICHT.NL IN THE NETHERLANDS



Mijnpensioenoverzicht.nl was created by an amendment when the Pensions Act was introduced in 2007. The text about the function of mijnpensioenoverzicht.nl more or less only concerned the sentence that there would be a Pension Register. In January 2011, the Pension Register Foundation actually made mijnpensioenoverzicht.nl live, showing all first and second pillar pensions for every citizen. Since then, mijnpensioenoverzicht.nl has been expanded with all kinds of additional features such as a

gross-net trajectory, insight into the survivor's pension and different pension entry ages. Meanwhile, the expectations of citizens visiting mijnpensioenoverzicht.nl about the amount of their pension and the risks surrounding it are being managed (via the navigation metaphor). At a time when the risks for the participant are increasing due to the introduction of the Future Pensions Act, one of the ways to manage those risks is to provide balanced, clear and correct information. <

JEROEN VAN DEN BOSCH
is Chairman of the taskforce
of the Pension Tracking
Systems at the AAE.

CURRENT CHALLENGES OF THE GERMAN SOCIAL SECURITY SYSTEM

BY **NATALIA LÖFFLAD**

In the Social Security Working Group of the German Association of Actuaries (DAV), dedicated DAV members examine legislative projects from a professional and actuarial perspective. The following remarks are based on the presentation by Katja Jucht and Andreas Holle from the Social Security Working Group as part of the Continuous Professional Development series ‘DAV vor Ort’ (DAV on site).



NATALIA LÖFFLAD

OLD-AGE PROVISION IN GERMANY

Retirement provision in Germany is based on three pillars: The first pillar includes the State Pension (Deutsche Rentenversicherung). This system is based on a pay-as-you-go method, in which the contributions of the employed are directly used for the pension payments of current retirees. It provides a pension which is mainly based on the earned income during employment and ensures that retirees receive the financial means to maintain their standard of living in retirement.

The second pillar of retirement provision includes occupational pension schemes. Here, companies offer their employees the opportunity to build up additional pension entitlements. Occupational pension schemes are a voluntary supplement to the state pension and aim to close the retirement >

income gap. Employees can improve their retirement provision through salary conversion and/or employer contributions.

The third pillar of retirement provision is private pension schemes. This includes private pensions and endowment insurances. Private pension schemes offer flexibility and allow individuals to consider their individual needs and goals.

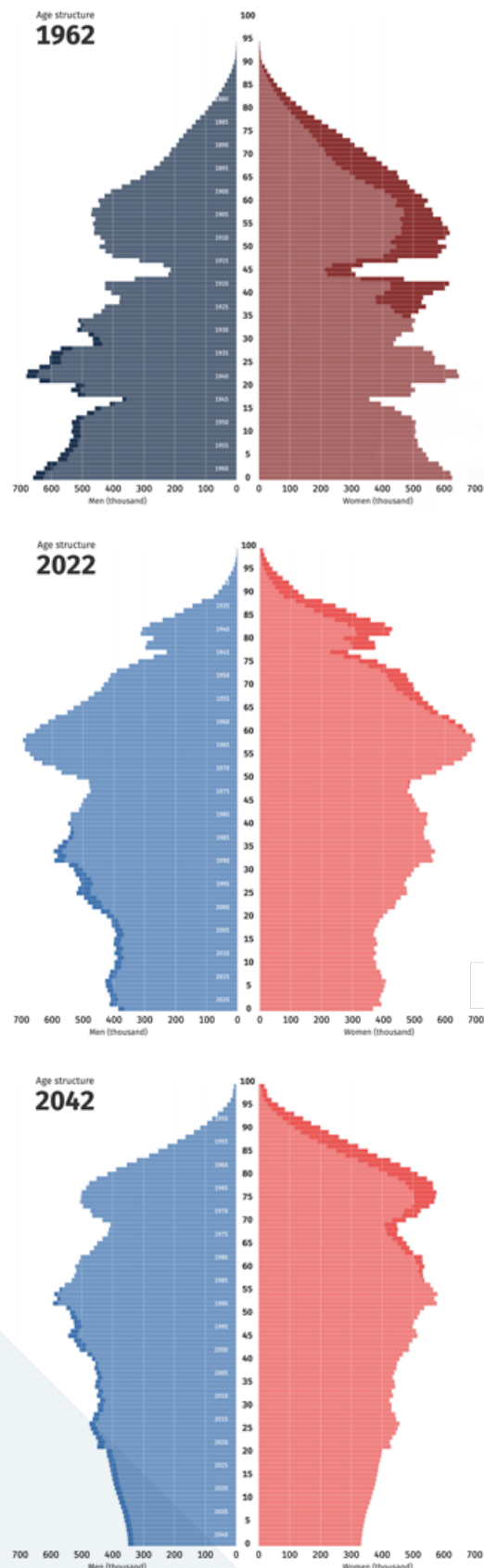
CHALLENGES OF DEMOGRAPHIC DEVELOPMENT

The increasing life expectancy and low birth rate lead to an aging population and pose a challenge for the financing of the State Pension. In 1962, the ratio of pension recipients to contributors was 1:6, while in 2020 it was already at 1:1.8, and it is expected to further decrease. A decreasing number of workers have to support a growing number of retirees. As a result, the contributions paid in 2022 were already insufficient to finance pension payments, leading to the federal government providing 21% of the statutory pension payments through subsidies of more than 100 billion euros per year.

Currently, a double safeguard mechanism is planned in the State Pension, which aims to maintain an average pension level of 48% of the average income for long-term contributing individuals, while keeping contributions below 20% of employee income (half of the contribution is paid by the employer). Both measures will further increase the federal subsidies in the future.

To meet this challenge, various measures are being discussed, such as raising the retirement age. To finance the double safeguard mechanism, the retirement age would have to be raised to 69 by 2030 and to 71 by 2045. Just fixing the average pension level at 48% already means a significant increase in the contribution rate. >

FIGURE 1: POPULATION PYRAMID SHOWING THE AGE STRUCTURE OF THE POPULATION IN GERMANY



Source: destatis.de

CURRENT POLITICAL PROJECTS

In the current legislative period, the government has planned three pension packages. Part of the first pension package, which has already been passed, includes pension increases as of July 1, 2022 (5.35% in the west and 6.12% in the east of Germany), the reintroduction of the catch-up factor, and significant improvements in existing disability pensions.

The so-called catch-up factor existed until 2018 and resulted in halving of pension adjustments for existing equalization needs (Social Insurance Pensions Improvement and Stabilization Act). This regulation was suspended in 2018 and is now intended to be reintroduced but supplemented by a 'priority rule' for the safeguard level of minimum security.

The second pension package in winter 2022 is intended to fix the minimum average pension level at 48% of the average salary for long-term contributing individuals. The costs of the State Pension are intended to be partially financed through the newly established so-called 'stock market pension (Aktienrente)', which is also part of the second pension package.

According to the coalition agreement, the introduction of capital funding will be financed by means from the federal budget amounting to 10 billion euros for the first time. In the statutory pension system, this amount would be annually lacking to finance the ongoing pension payments – additional federal subsidy will be necessary. This means that the government will assume part of the costs for the introduction of capital funding in order to facilitate the start. However, the exact financing and design of the capital funding has not yet been clarified.

The third pension package is planned for next year and will regulate retirement provision for new self-employed individuals, as agreed in the coalition agreement. Another goal of the federal government is to strengthen private pension, particularly the so-called Riester pension. It was introduced in 2002 as a funded pension system,

when the net pension level was reduced after a pension reform. The Riester pension includes voluntary additional private retirement provision for employees. It is financed from net income and is supported by government allowances and special expense deductions. It aims to compensate for the decline in the pension level resulting from demographic developments.

To make retirement provision future-proof and prevent a dramatic increase in individual parameters (such as retirement age or individual contributions) of the State Pension, an intelligent mix of the available levers in the pay-as-you-go pension insurance is necessary. For example, in combination with promoting the employment of older people and strengthening occupational and private retirement provision.

ON THE WORKING GROUP

In addition to these statutory topics, the DAV working group deals with other current issues that could have an impact on the State Pension and how the problems can be better addressed. For example, it examines whether the climate ruling of the Federal Constitutional Court can be applied to the situation in the State Pension.

Further projects of the working group include the development of an intergenerational equity index for Germany, in analogy to the Australian index, where a generational report has already been written. This report examines the long-term sustainability of current policies and how demographic, technological, environmental, and other structural trends could affect the economy and the budget over the next 40 years. <

NATALIA LÖFFLAD is a board member of two IORPs (Allianz Versorgungskasse VVaG and Allianz Pensionsverein e.V). She is an actuary and fully qualified member of the German Association of Actuaries (DAV), where she recently took over the lead of the Social Security working group.

OUR WOMAN IN THE HAGUE

On 22 November 2023 the Netherlands held elections. The results reshaped the political landscape. One of the big winners of the election was the new political party Nieuw Sociaal Contract (NSC) who gained 20 out of 150 seats in the House of Representatives. It became the fourth largest party in the country and it is an important partner in the negotiations to form a new government. The party leader, Pieter Omtzigt, is a quantitative economist, while the number 8 on the list, Agnes Joseph, is an actuary. We asked her about her ambitions in politics, now that she has entered the House of Representatives with her actuarial background.

BY **KOOS GUBBELS**

What was the motivation to join a political party and participate in the elections?

‘As an actuary in the pension sector, I have always enjoyed following the changes in pension legislation. Meanwhile, the biggest transition in the Dutch pension sector ever has been announced. The Act Future Pensions is in force as of 1 July 2023. Setting up a completely new system will pose major challenges in the near future. I see a lot of practical opportunities for improvement. When the government fell, I thought: this is the chance to make a case for that. After all, where better to monitor legislation and improve it than in The Hague?’

Did you have any political ambitions or experiences before?

‘This will be my first time in politics. Previously, as an expert in legislative processes, I helped various members of the House of Representatives and the Senate to understand the often complex pension subjects. I also participated in a few round table sessions on the Act Future Pensions in the House of Representatives and the Senate.’

As an actuary, you have a technical background. What problems in political decision-making do you think you will have to overcome?

‘Of course, I have a lot to learn when I enter the House of Representatives. Being a representative of the people is a profession in its own right. I am really looking forward to that. On the other hand, I think that with my actuarial background, I can also add a lot. Much political decision-making is based on the results of mathematical models. Sometimes model results are presented as the only objective truth. As an actuary, I know all too well that a mathematical model is just a tool for decision-making. Often, it is not the absolute outcome of a calculation that is the most interesting, but rather the sensitivities of that outcome for different model assumptions >

‘The first thing I would like to change is that existing pensions will remain in place

are crucial to understand. I therefore hope that, in doing so, I can contribute in a broader sense to the proper use of models in political decision-making in the coming years.’

You are very critical of the new pension system. What would you like to change now you are in politics?

‘With the Act Future Pensions, all pension funds are switching to defined contribution schemes. The switch to defined contribution schemes is a global trend. The new defined contribution schemes do more justice to the changing course of life. In the long run, they will enable more customization and choice. What I am very critical of, is that pension funds should by default convert the ‘fixed’ benefits that have been promised into ‘variable’ benefits that move with the stock market. This also holds for people who have already retired, without being given a proper say. The first thing I would like to change is that existing pensions will remain in place. Or, if pension funds want to convert the pensions into variable benefits in the new system, that participants in the fund are given the right



of consent. In addition, I want to significantly simplify the pension legislation. We need to reduce blind steering on mathematical models and we

need more open standards. This not only makes pension administration cheaper, it also ensures that you can better react to unexpected future events.’ >

‘My main drive to go to The Hague is to arrange the best possible pension for everyone

What other topics besides pensions do you see as your area of focus?

Because politics relies on model outcomes for many subjects, I am widely deployable to contribute ideas on all kinds of topics. Especially when it comes to understanding and valuing the results of mathematical models. You can think of models in the context of sustainability, healthcare policy, migration policy, housing policy, etc. I have every confidence in that, as soon as I delve into a file, it will fascinate me and give me energy to improve things in the interest of society. My primary focus will be on pensions and long-term health care, which are topics with very large government budgets.’

What are you going to do about the actuary's reputation in politics?

First of all, I am on the list of candidates as an 'actuary'. And within the NSC, an 'actuary' is now a well-known concept. I think that this is a good first step. Hopefully it will lead towards a wider awareness of our field. After all, actuaries are

already making an important contributions to society in all kinds of areas, including insurance and pensions. I am also going to need my fellow actuaries in my political work. The group of Young Actuaries from the Actuarial Society has already reached out to visit the House of Representatives. This is a good initiative. If we could get more young people interested in our wonderful field by raising more awareness, that would be great development.’

How did you prepare for the interviews?

I know the party leader, Pieter Omtzigt, from the time we both worked at the University of Amsterdam. He went into politics, I chose the business world. But we kept in touch regularly. During the period that I was considering running for the House of Representatives, I mainly had extensive conversations with the HR team of NSC. In addition, there were long assessment days with all potential new colleagues. Those interviews and days were very instructive. In addition to pensions, you have to think about a variety

of topics that play a role in society. From transgender laws to sustainability and nuclear energy. In preparation for this, I read a lot and had conversations with experts in various fields. This was inspiring and educative.’

The political world can be both exciting and challenging, how do you stay yourself?

‘My main drive to go to The Hague is to arrange the best possible pension for everyone in the Netherlands. That has actually been my mission for years. It gives me something to hold on to. Pensions are a long-term endeavor and laws can't be changed overnight. Not even if you work in The Hague, so I am going to have to be very patient, which will be quite a challenge. But I mainly focus on the long-term goals and don't want to get distracted. This is what I have set out to do. In addition, I hope to stay in contact with all actuaries in the field and I hope that everyone I have enjoyed working with over the years will still be able to find me.’ <

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6/7 June 2024
ROME, ITALY
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The Actuarial Association of Europe (AAE) and the Italian Society of Actuaries (ISOA) invite you to the next European Congress of Actuaries (ECA 2024) in the vibrant city of Rome, Italy. In the tradition of the ECA, this year's event will again provide an exciting actuarial congress program and valuable networking opportunities for the European actuarial community.

Register now at www.eca2024.org

THE 5th EUROPEAN CONGRESS OF ACTUARIES - Managing Uncertainties in a Changing World -



The 5th European Congress of Actuaries (ECA 2024) takes place in Rome, Italy, on June 6 and 7. The event will be hosted by the Actuarial Association of Europe (AAE) and ISOA (Italian Society of Actuaries), organized by the EAA - European Actuarial Academy, with 35 sponsors that are supporting the congress.

The congress program centers around the contemporary challenges faced by actuaries, in line with the theme: „Managing Uncertainty in a Changing World - Assessing Risks Sustainably for the Well-being of Society.“ ECA 2024 aims to provide actuaries with an international global perspective, enabling them to evaluate any kind of risk to meet the growing demands of any stakeholder and decision-maker also in the future. This vision aligns with the goals outlined in the *3 Years Strategic Plan* of the AAE Board.

Anticipated attendees include experts and executives from across Europe, engaging in discussions on a variety of topics inspired by the overarching theme. High-class keynote speakers, including Fabio

Massimo Castaldo from the European Parliament and Petra Hielkema from EIOPA, will contribute valuable insights. The program also features several parallel sessions with experts covering various professional and scientific areas, enhancing the overall program.

In addition to the program sessions, a central break and exhibition area as well as an atmospheric Italian evening event provide ample opportunities for networking among colleagues from Europe and beyond. The historic and culturally rich backdrop of Rome, the „Eternal City,“ surely contributes to the overall experience of ECA 2024. AAE and ISOA eagerly look forward to welcoming you to this impactful event!

5th EUROPEAN CONGRESS OF ACTUARIES 2024

When: 6 & 7 June 2024

Where: Rome Marriott Park Hotel

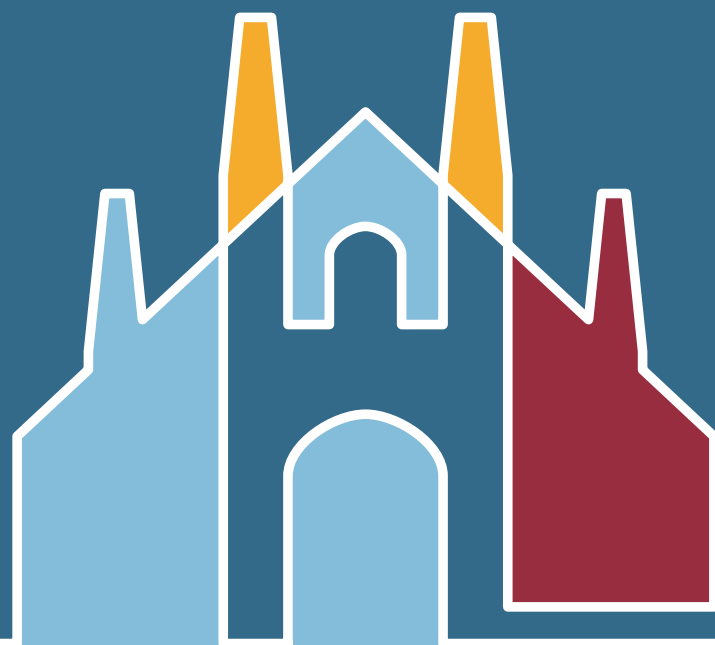
Early Bird tickets until 15 March 2024

Registration is open at www.eca2024.org

THE ITALIAN ACTUARIAL CONGRESS: **A STEP TOWARDS THE GLOBAL ACTUARY**

BY **GIAMPAOLO CRENCA**

The XIV Italian Actuarial Congress was held in Milan from 15 to 17 November 2023. The full title of the event embodies its ambitious contents and goals, and communicates the fact that they are both current and forward-looking in nature: 'The global actuary for a sustainable world: tradition, innovation and emerging risks'. >



XIV

This was also the forum for the first assessment of the 15-year global actuary project which was launched by the Italian Actuarial Council in 2021. Such an extended project period may seem surprising, but after considering the broad and comprehensive program and details provided at Congress, the time appears more than justified.

Before exploring what happened at the event, taking a look at the Congress in figures is informative in its own right: in summary there were 41 sponsors, 61 patrons, 130 speakers (equally split between actuaries and stakeholders), 3 international sessions in English, 10 international speakers representing the higher levels of the Actuarial Association of Europe (AAE) and the International Actuarial Association (IAA) including the Chairperson of AAE and the President Elect of IAA, speakers and hosts from the world of politics, institutions, supervisory authorities, industry associations, academia, press, etc. In total there were 1,270 participants – a very large attendance count which includes numerous stakeholders. This was a very busy Congress from an organisational and operational point of view too.

The opening video combined words and images to convey the event's programming and key messages, and was followed by an intensive 2.5-hour official start to the Congress made up of various institutional greetings. These were by no means formulaic but genuinely full of substance, establishing the actuarial profession as an important point of reference especially in evaluating risks to support all kinds of stakeholders. There were written and filmed messages, including from ministers, politicians

and MEPs. Afterwards several different hosts delivered their words of welcome in person.

The speech by Tiziana Tafaro, President of the Italian Actuarial Council, marked the start of the content portion of proceedings. It gave an overview of the status of the actuarial profession in Italy. This was contextualised with respect to the Italian actuarial project which seeks to move significantly towards a global actuary in 15 years; as this Congress followed two years after the launch of that project, the time had come to deliver on the previously agreed goal of evaluating its progress together.

The first day closed with an institutional round table. With politicians among the participants, a journalist was in place to moderate the debate about the role and the contribution of actuaries, between tradition and innovation, in supporting a more sustainable world.

Over the next two days all tabled topics were discussed in plenary sessions, parallel sessions and round tables. In every case there were actuaries participating in discussions with stakeholders, which was significant in many aspects, including for promoting actuaries' 'visibility of substance'.

The Congress was organised into six broad topic areas, with keynote speakers on different subjects.

I. The Global Actuary project in the Italian and international scenario

There was plenty of interesting discussion of views on the global actuary, with a good mix between the Italian and international approach. >

II. Insurance: Solvency II review, IFRS17, climate change and value for money: what perspectives and changes in products and in the management?

Here, a number of speakers used modelling to demonstrate how assessed climate change risks and ESG impact on products.

III. Welfare in a changing world: what responses from the different actors involved?

This subject was approached from the different perspectives of social security, pension funds, supplementary health private funds, assistance.

IV. Sustainability in insurance, pension, finance, corporate sectors and the contribution of the actuary

There were a range of approaches in evidence here too, on account of the various sectors involved. Stakeholders also underlined the important contribution that actuaries make.

V. The Actuarial Association's internal project concerning human and economic resources

A number of relevant parties presented all the activities which have been taking place in the Italian Actuarial Association to support the human and economic resources project. This highlighted the recent investments which operationally strengthen the global actuary project.

VI. Focus on the insurance world: what reform for motor insurance and what future for segregate funds in life

The two named areas dealt with in this topic are very significant in the Italian market. Some important stakeholders, including

institutional stakeholders, took part in debating the future and possible reform of the bonus malus clause. On the matter of segregate funds, it was widely emphasised that they remain fundamental for the life insurance market.

Other notable events at the Congress included broadcast of a video trailer publicising the European Congress of Actuaries ECA2024, to be held in Rome on 6 and 7 June 2024. There were also a few individual speakers on special topics: Brando Benifei, MEP, addressed the Congress about the Artificial Intelligence Act, for which he is a rapporteur; Charles Cowling, President Elect of IAA talked about the international actuarial world and the global actuary prospects; and as Chairperson of AAE, I gave a speech about our new 3-year strategic plan in Europe.

The Congress demonstrated that the global actuary project is proceeding well after two years, and that actuaries are aware and ready to take this direction in future. Stakeholders highly value and encourage discussions and relationships which support actuaries being capable of assisting any decision makers to take the right decisions.

All of this is strong encouragement to keep moving forward on this path. <

GIAMPAOLO CRENCA

is President ISOA, Past President Italian Actuarial Council, Chairperson AAE, member of the ECA Steering Committee.

3-YEAR STRATEGIC PLAN: THE AAE RISES TO THE CHALLENGE

BY **GIAMPAOLO CRENCA**

With a sense of continuity that takes into account all the work that has been done in recent years, the new Board of the Actuarial Association of Europe (AAE) is looking to the future and implementing a very important 3-year strategic plan. This plan builds on a significant goal which I presented in my maiden speech as Chairperson in Cologne last October:

‘to develop the actuarial profession from all points of view, from a global perspective’

The word ‘global’ was chosen here to essentially refer to the ability to *evaluate any kind of risk, if quantifiable or assessable, and to support any kind of stakeholder/decision-maker*. And in that description, the word ‘any’ is key because it captures the significant change in mindset which is required, as well as the necessary broadening of skills. The horizon for actuaries needs to be expanded to make it possible to further develop their traditional fields of operation and at the same time to develop wider fields.

The fact of the matter is that the world is moving and changing, and the actuarial profession needs to be aligned with that. This means evolving its strategy accordingly, making its skills and knowledge in insurance, pension, finance, corporations and institutions available to support any stakeholder in evaluating risks – traditional

and emerging – and developing solutions and models. All of this has to happen while keeping in mind that the AAE also has the mission of working for the *wellbeing* of society.

At a detail level, the skills we are talking about relate to many different topics including technological innovation such as artificial intelligence, machine learning, digitalization, new frontiers for data, data science and big data; but also enterprise risk management (pure risks), supplementary health private funds and social security in the welfare world, the ‘right to be forgotten’, value for money, sustainability, governance roles and much more.

To reach that point, and to achieve our future goal of a global actuary, there are two critical priorities: that we greatly expand education everywhere, with an approach which endures for the long term, and also that we strengthen professionalism in our field. Both of these aspects are essential and fundamental.

Last but not least an actuary must be able to make suggestions, offer ideas and solutions, and integrate their own experience while working with passion, inspiration, enthusiasm and courage. Actuaries should understand the global perspective to also mean that they need to *build* a complete professional figure, as viewed from any angle! >

GIAMPAOLO CRENCA is
Chairperson Actuarial
Association of Europe

***‘So looking to the future,
successfully carrying out this
plan means seizing these
opportunities to create exciting
prospects for the actuarial
profession.’***



All these goals and considerations have been included in the AAE’s 3-year strategic plan which the Board has approved. This has been structured into five broad projects, summarised as follows:

- **Development of the actuarial profession**
- **Relationship with any kind of stakeholders / communication**
- **Education**
- **Professionalism / involvement of Member Associations**
- **Human and economic resources**

These areas have been developed and selected based on the previous list of priorities and on the principle of ‘improving in the sense of evolving’. Each overview project / priority area is made up of many sub-projects, and each Board group is responsible for implementation of these.

The committees within AAE are deeply involved with supporting each project and sub-project. An application plan and work plan have been set up for following the works in progress and registering updates. The 3-year strategic plan was officially launched and each Board group already is at work on the different projects, we are expecting to already have some results to report during 2024.

The key takeaway is that AAE has a strategic plan and a timeline for reaching a specific goal, and broadening the actuarial horizon to wider fields. Furthermore the scope of impact of the 3-year strategic plan is not limited to a few individuals, but is intended to affect and benefit all about 29,500 actuaries in Europe.

The AAE is convinced that there are considerable development opportunities in respect of the actuarial profession. So looking to the future, successfully carrying out this plan means seizing these opportunities to create exciting prospects for the actuarial profession. <

THE IMPACTS OF RISING INFLATION AND INTEREST RATES VOLATILITY ON SWISS PENSION FUNDS LIABILITIES

BY **AURÉLIE FURET**



AURÉLIE FURET is an actuary at CPEG (Caisse de prévoyance de l'Etat de Genève).

THE SWISS SYSTEM IN FIGURES

The Swiss pension system is based on 3 pillars. The 2nd pillar, based on capitalization, relates to occupational benefits. It covers the risks of retirement, disability, and death. At the end of 2022, it represents 1.353 pension funds (-35% in 10 years), with 4.6 million active insured members (+18% in 10 years) and assets of 1.066 billion (+58% in 10 years).

THE SWISS SYSTEM IN PRACTICE AND THE ROLE OF THE ACTUARY

Each employer chooses a pension fund to which he affiliates his employees. There are therefore a multitude of pension plans, all of which must guarantee at least the legal minimum benefits. As a result, the level of insurance cover can significantly differ among members of distinct pension funds.

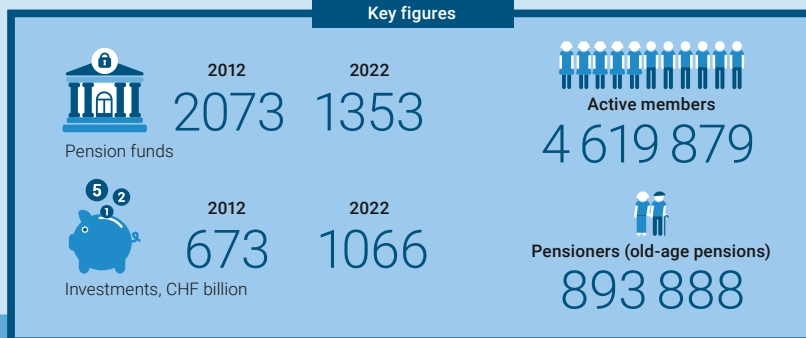
Each pension fund is managed by a foundation board composed of equal numbers of employer and employee representatives. Pension fund management and responsibility are not assumed by 2nd pillar professionals. Therefore, they must undergo training and are supported in their tasks by several people. These include the pension fund expert (consulting actuary), the auditors and supervisory authorities. The actuaries' ability to **explain, communicate and make proposals** to the members of the foundation board is therefore essential. >

Pension fund statistics

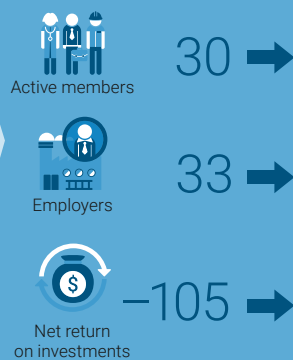
13 Social security

2022

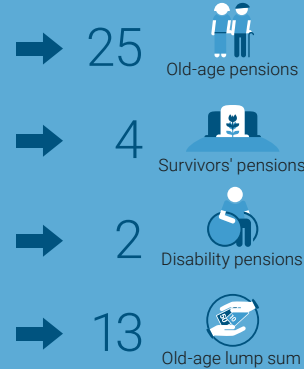
Key figures



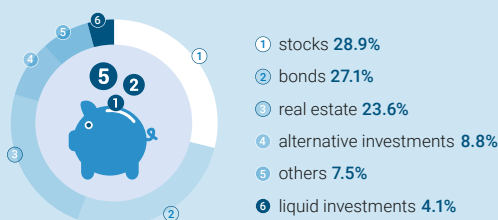
Contributions, CHF billion



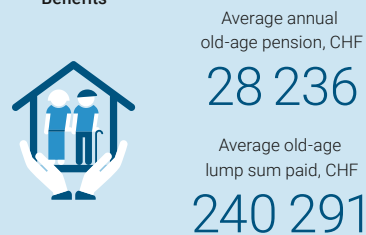
Benefits, CHF billion



Investment classes



Benefits



Source: FSO - Pension fund statistics 2022

www.statistics.admin.ch

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CURRENT ISSUES

Many topics take centre stage in the 2nd pillar. Like other European countries, Switzerland is facing an ageing population, an evolution of socio-cultural norms (part-time work, flexible retirement age, cohabitation, etc.), and volatile interest rates on the financial markets.

In recent years, the upturn in inflation and interest rate volatility has had an impact

not only on the calculation of balance sheet commitments, but also on the level of benefits paid to active insureds and pensioners.

In 2022, the average return on pension funds was around -9%, while inflation averaged 3%. Consequently, pension funds have not been able to adjust benefits in line with observed inflation, which has not yet been reflected in the financial markets. >

Note that, in 2022, the increase in inflation was much less pronounced in Switzerland (2.8%) than in the European Union (9.2%).

The Swiss Chamber of Pension Fund Experts publishes a directive defining the recommended technical interest rate for calculating liabilities and setting an upper limit. This depends on the yield of the 10-year Swiss government bond in CHF over the last twelve months. The rise in bond yields, following the period of negative interest rates, has led to high volatility. Since 2021, this has led for the first time to an upward trend in the upper limit of the recommended rate. In recent years, most pension funds have gradually lowered their technical rate, lagging behind the market. For this reason, they remain cautious about its rise until they have a clearer picture of the emerging trend. **The average technical interest rate stood at 1.72% at the end of 2022.**

HOW TO DEAL WITH THIS UNCERTAINTY?

To ensure that the benefits provided by the pension plan are in line with funding, pension funds carry out long-term actuarial projections based on assumptions, including expected inflation and expected returns. These assumptions represent long-term average estimates. However, we know that future inflation and returns will not be constant and equal to the expected average. To protect themselves against these variations, pension funds have a number of management tools at their disposal, as described below.

CPEG, for example, has assumed a long-term inflation rate of around 1% and an expected return of around 4% for its reference projection model. CPEG based its inflation assumption on the European Central Bank's 2% inflation target and on the fact that Swiss inflation is structurally lower on average over the long term by 1% to 1.5% than European inflation. This correlation is explained in particular by the fact that the eurozone is Switzerland's main trading partner. The expected return is a direct result of the strategy allocation and may therefore significantly differ among pension funds.

ARBITRATING THE INTEREST RATE CREDITED TO ACTIVE INSURED'S RETIREMENT ASSETS

Regarding benefits for active insured members, the **interest rate credited to retirement assets** is a direct management tool for defined-contribution plans, which concerns over 90% of all pension funds. This rate is annually set by the foundation board, depending on the economic situation and on the available financial resources. However, as the system is based on capitalization, the foundation board must keep a long-term benefit objective in sight by crediting a sufficient average interest rate.

How to manage the stability of the pension plan versus the evaluation of balance sheet commitments?

Pension funds use interest rates on two levels:

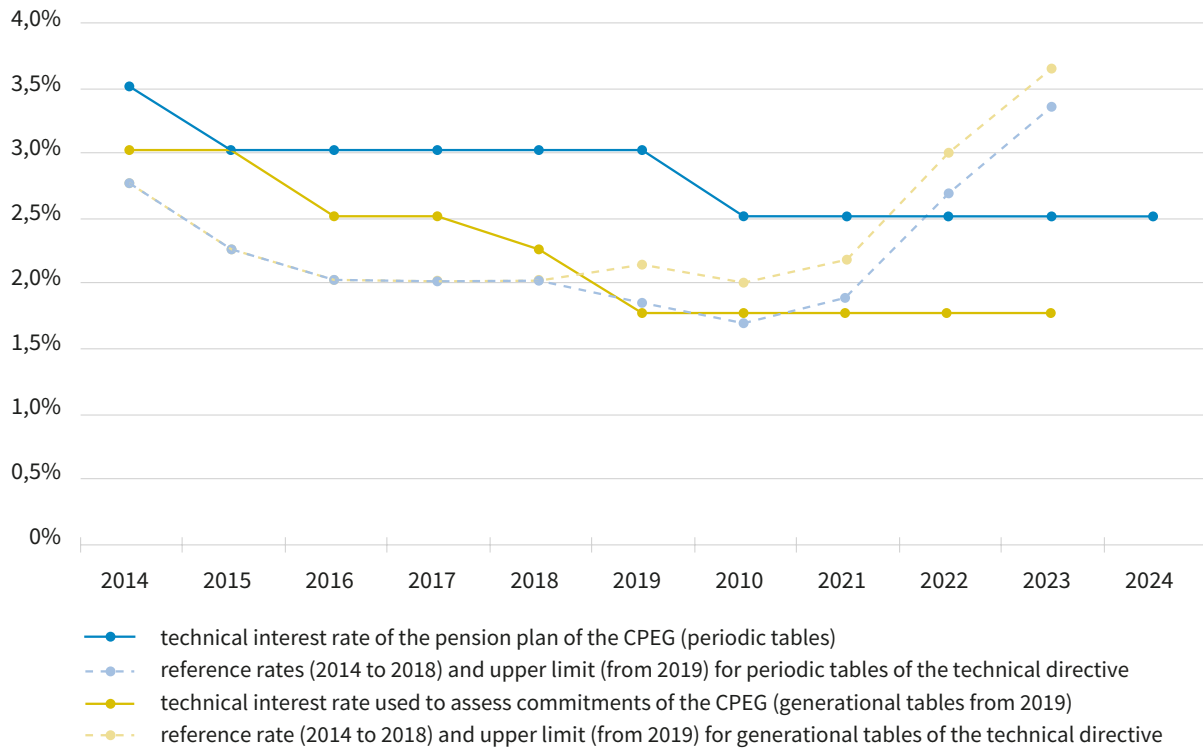
- at the level of the pension plan's technical scales, which define the level of benefits, such as the conversion rate of retirement assets into annuities for defined-contribution plans, or the scale for calculating retirement assets for defined-benefit plans;
- in the calculation of their balance sheet commitments.

Given the volatility of the technical interest rate recommended by the Directive, some pension funds have opted to define two separate rates, thus **dissociating the technical interest rate used to assess commitments from the technical interest rate of the pension plan.**

The aim is to take a longer-term view of the definition of insured members' benefits to ensure equal treatment among them. This approach should help avoid, for example, changing the conversion rate upwards or downwards every year.

Currently, for the plan's technical scales, CPEG uses periodic tables (with fewer future assumptions on longevity) with an interest rate of 2.50% (based on a long-term vision) to adopt a more stable approach to its benefits. To value its commitments, it uses generational tables with 1.75%, to take a more cautious view and be closer to the market. >

FIGURE 1: AN EXAMPLE FROM THE CAISSE DE PRÉVOYANCE DE L'ETAT DE GENÈVE (CPEG)



Note that approximately 70% of pension funds use generational tables to calculate their balance sheet commitments.

WHAT CAN BE PUT IN PLACE TO ADAPT ANNUITIES?

Concerning pensioners, the question of adjusting pensions to the cost of living needs to be studied annually, depending on the level of inflation and on the pension fund's financial resources. As the financial markets have shown themselves to be more lenient for 2023, the foundation boards are seeking solutions to achieve the best balance between maintaining long-term financial equilibrium, protecting the purchasing power of pensioners, and ensuring that the future pensions of active members are not devalued, while respecting equal treatment between members and generations.

There are several forms and levels of adjustments of annuities:

- **Lifetime indexation of annuities**, leading to an increase in balance sheet liabilities;

- Single capital payment as a percentage of the annuity, often called the **'13th annuity'**, not constituting a future right, resulting in a reduction in assets without constituting an additional balance sheet liability;
- **Variable annuity mechanism**, with a guaranteed annuity calculated using a conversion rate based on a low-risk technical rate and a possible capital supplement automatically defined each year according to the financial resources of the pension fund.

It may also be relevant to go further and, for example, to apply a differentiated adjustment according to the year in which the pension was opened if, for example, conversion rates have been lowered in recent years.

LOOKING TO THE FUTURE?

In an ever-changing pension world, pragmatic actuarial creativity will continue to be required to guarantee the long-term financial equilibrium of pension funds, while aiming for equal treatment between the different categories of insured and generations. <

ESG FOR RETAIL INVESTORS

BY **SERVAAS HOUBEN**

ESG investment has become mainstream over the last couple of years for institutions. Sustainability reports have grown in detail and have extended besides qualitative goals and ambitions, into quantitative reports showing measurable progress on KPIs. Despite the increase in interest into ESG matters in the public domain by consumers reflected in climate protests and concerns, this has not yet translated in consumers becoming active ESG investors themselves: retail ESG investment in 2020 was lagging¹ with a share of 25% compared to the 75% institutional investment, despite retail investors owning 52% of global assets as per 2021.² As the share of retail investments in total assets under management is expected to increase to 61% by 2030, this provides a clear opportunity for individual investors to increase their ESG awareness and interest in sustainable assets.

RISE IN POPULARITY OF RETAIL INVESTMENT

Investopedia defines retail investors as 'A retail investor, also known as an individual investor, is a non-professional investor who buys and sells securities or funds that contain a basket of securities such as mutual funds and exchange traded funds (ETFs)'.³ Hence retail investors are consumers who besides their pension, life insurance and other savings products which they let institutions manage for them, also invest part of their assets themselves.

The increase in retail investors as % of total market share increased during COVID-19 as consumers were forced to change their usual allocation of money spent between consumption

and saving.⁴ Due to lay-off during COVID-19 consumers also realized that besides their day-to-day job they needed an alternative source of income. COVID-19 saw the median age of retail investors decrease as more younger investors entered the market. Easy access to online brokerage platforms and IT savviness from the younger generation allowed younger consumers to access investment markets.

Nevertheless, the upward trend has not been the same between various countries. While retail investing is common these days in the US (15.2%) and particularly Australia (35%),⁵ Europe has been lagging (7.8%). Public state pension, and generous company pensions might explain >

¹ [GSIR-20201.pdf](#)
([gsi-alliance.org](#))

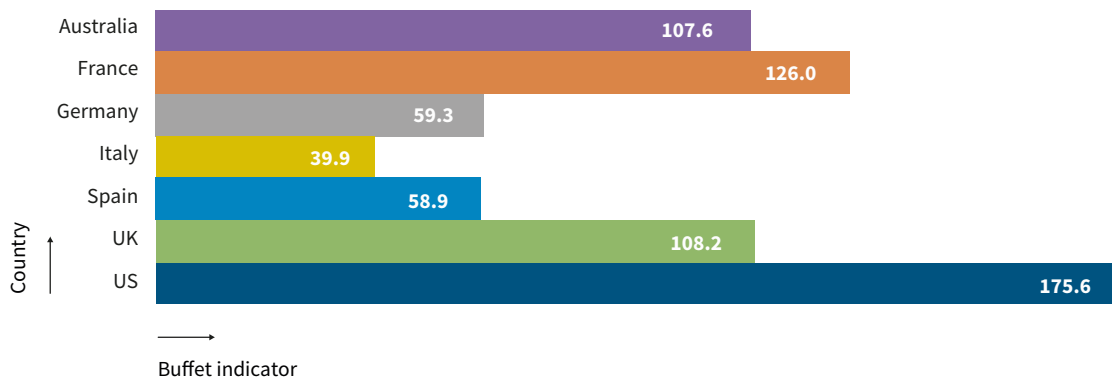
² [The Institutional Share of Global Capital is Shrinking. What Does This Mean for Managers?](#)
([institutionalinvestor.com](#))

³ [Retail Investor: Definition, What They Do, and Market Impact](#) ([investopedia.com](#))

⁴ [Retail Investors Statistics in 2024 - Marketplace Fairness](#)

⁵ [Europe Retail Investor Statistics and Data in 2023](#)
([euronerd.com](#))

FIGURE 1: RATIO TOTAL MARKET CAP VS GDP



the lower level of interest in Europe. However also different preferences around loss aversion and lack of understanding of the stock market could be explanations. This lack of stock market interest is reflected in both the EU stock market size,⁶ and capitalization vs GDP also known as the Buffett indicator⁷ compared to other markets (figure 1)

COPING WITH MARKET VOLATILITY

Despite the risk averseness of the European retail market, changes in life expectancy and family composition create ideal circumstances for long term investment. The worldwide trend in longevity is particularly the case in Western Europe which has seen consistent increases in life expectancy after the second world war due to improved medical treatment and lack of life changing events such as wars, natural disasters, or regime shifts (communism to capitalism). Furthermore the decrease in fertility rates and increase in women's labor participation in Europe have resulted in an increase in wealth accumulation. Lastly the European retirement ages have increased over time due to

longevity which forced governments to increase retirement ages to ensure the dependency ratio (workers vs non-workers) remains sustainable for the working part of the population.

The accumulation of wealth (and hence buffers), and higher retirement age thus allow European retail investors to cope with (stock) market volatility and receive the benefits of higher long term returns which come with the higher short term risk exposure.

RISE IN POPULARITY OF PASSIVE INVESTMENTS

The rise of exchange-traded funds (ETFs) has been spectacular over the past decade and continuous growth is expected soon.⁸ ETFs provide several benefits like low expense ratios, tracking of market indices, high levels of liquidity, transparency around investments and expenses, and capturing long term market-, social-, and megatrends. As ETFs follow another market index, this also avoids any emotional regret which is present with active stock picking and thus results in lower levels of bias. >

⁶ [Global stock markets by country 2023 | Statista](#)

⁷ [Buffett Indicator: Global Stock Market Valuations and Forecasts \(gurufocus.com\)](#)

⁸ [ETFs To Account For 24% Of Total Fund Assets By 2027, Reveals New Study \(oliverwyman.com\)](#)

The ETFs benefits have resulted in an increase in the number of ETFs,⁹ and an increase in the number of sustainable/green ETFs. Easily accessible and low-cost trading platforms (sometimes without commissions)¹⁰, allow even retail investors with limited means to become active in the stock market. Bourses like Euronext have been launching ESG indices like the BEL ESG index launched in February 2023.

Lastly, companies like Morningstar have started labelling investments based on their level of sustainability by given them a rating which will also help non-expert investors with limited time or means, to get quick access to ESG information.

ESG MARKET INTERESTS

Surveys have generally found that millennials are interested in ESG investing, which may increase ESG assets in retail investing soon. However this interest hasn't translated yet at the same level of interest as institutional investors: in the Netherlands an annual benchmarking of pension funds is published and remarkably the larger funds turn out to be the front-runners when it comes to sustainability.¹¹ Pension funds are active in their communication around sustainability by ways of sustainable and responsible investment policies, policy papers on specific items (e.g. climate change, human rights, water scarcity), or by publishing a separate sustainability report, or designating sections of their annual reports to sustainable investments, inclusion or carbon footprint.

As pension funds are ultimately run by their beneficiaries, this confirms the interest in ESG from the wider public.

RETAIL INVESTMENT IN SUSTAINABLE ASSETS – A WIN-WIN

An increase in life expectancy/higher retirement age, smaller families, and increasing female labor force participation, all indicate an increase in wealth accumulation for retail investors in the coming decades. Although consumers have shown their concern for climate change via protests or during election campaigns, they haven't yet fully converted this concern in becoming a more active investor. Becoming more involved in investment themselves, consumers can put their money where their mouth is and have a more direct impact on companies and their sustainability approach. Furthermore investing themselves will make consumers more aware of the risks and opportunities involved and increase their financial education, make better financial decisions, making them less dependent on government or employers.

The current ESG implementation approach tends to be rather top-down: (government) organizations like the UN, PRI, and others provide a roadmap for change which isn't always embraced by the public. Getting consumers involved in ESG investment themselves could be the missing puzzle piece ensuring bottom-up ESG integration occurs as well. <



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⁹ [Invest For Progress: 5 Reasons Why ETFs Are Booming \(forbes.com\)](#)

¹⁰ [Best ETF Brokers & Platforms for December 2023 \(tradingplatforms.com\)](#)

¹¹ [VBDO Benchmark pensioenfondsen 2023](#)



19-20 MARCH, 2024

CONVENTION A

BY **DANIEL JUNG**

Soon it is time again... the second Convention A is to take place from 19th to 20th March, 2024! This year, the cutting-edge and CPD eligible online event by EAA and actuview will put a special focus on Europe and commonly featuring some instrumental and renowned stakeholders from the insurance and financial industries reflecting the wide variety of the actuarial profession. Don't miss out and mark the days in your diaries!

Each of the two event days starts with an one-hour plenary session by exciting keynote speakers: On Day 1, Edoardo Beretta (Adjunct Professor of the Faculty of Economics, Università della Svizzera italiana) and Martin Summer (Head of the Economic Research Section, Austrian Central Bank) will elaborate on 'The Digital Euro and its Impact on the European Monetary System', while on Day 2, Maud Abdelli (Greening Financial Regulation Initiative Lead, WWF), Brandan Holmes (VP – Senior Credit Officer, EMEA Insurance, Moody's Investors Service) and

Angus Scorgie (Head of Prudential Regulation & International Affairs / Reinsurance, Insurance Europe) will deal with 'The Potential Inclusion of Sustainability Risks in Capital Models and Solvency Regimes'. This session is moderated by Jérôme Crugnola-Humbert, Chair Sustainability and Climate-Related Risks WG, AAE.

During the concurrent sessions, the many partners and institutions present not only explore and discuss the nowadays hot topics such as AI or sustainability but also traditional areas of actuarial practice. Among them the AAE represented by Giampaolo Crenca, Tatiana Bitunska, Martin Melchior, Frank Schiller and Philip Shier, who will share their expertise on 'The Challenges Facing the IORPs in Europe'.

As Convention A Europe is aiming at networking and knowledge sharing, the AAE is encouraging and sponsoring the attendance of all members from its member associations. Registration is open on www.convention-a.com

THE IMPORTANCE OF THOUGHT LEADERSHIP

In my experience, actuaries are typically very willing to adapt and respond as societies and financial systems change around them. When appropriate, they can also be catalysts of such change. Much of this activity takes place within individual business contexts seen only by close colleagues. But alongside this is a rich and varied output of research, new ideas and thought leadership that responds to and shapes change through channels such as position papers, conferences, academic journals, personal contacts, social media and magazines like this one.

One way the AAE promotes actuarial thought leadership is by publishing **papers** designed to present actuarial perspectives to European institutions such as the EU Commission and EIOPA. The papers also aim to promote discussion of relevant topics within the European actuarial community. Recent AAE publications include papers on **value for money benchmarks for the unit-linked market**, on **what actuaries should know about AI**, on the **right to be forgotten**, on **inflation risk management** and on **sustainable products in insurance**.

On behalf of the AAE Board, please can I thank everyone who contributes to this aspect of our shared professional life. The future of our profession would be doubtful at best if we stopped researching, innovating and sharing ideas. Please can I also thank the AAE Secretariat who take on much of the effort required to convert these ideas into nicely presented output.

This makes it appropriate to mention that over the 13 or so years that the European Actuary has been published, the most prolific contributor to this Column has been Ad Kok. Ad was a longstanding and esteemed member of the AAE where he held various pivotal roles, including Chairperson in 2007-2008 and Chairperson of the Freedoms Committee (now the Professionalism Committee) from 2002-2006. He also served as the Chief Executive Officer of the AAE from 2013 to 2019. Very sadly, Ad died in early December 2023 just as the previous edition of this magazine went to print. Ad's dedication to the development of the actuarial profession was exemplary and he will be sorely missed.

Two of Ad's Column contributions to this magazine revolved around promoting the Second European Congress of Actuaries in 2016. The ECA is the AAE's flagship venue for promoting actuarial research and thought leadership. Following in Ad's footsteps, please can I encourage you to sign up for the next European Congress of Actuaries, taking place in Rome in June 2024.

Malcolm Kemp

AAE Board Member and AAE Liaison on the Editorial Board of the European Actuary Magazine

COLOPHON

The European Actuary (TEA) is the quarterly magazine about international actuarial developments. TEA is written for European actuaries, financial specialists and board members. It will be released primarily as e-mail newsletter. The views and opinions expressed in TEA are those of the authors and do not necessarily reflect the official policy or position of the Editorial Board and/or the AAE. The Editorial Board welcomes comments and reactions on this edition under info@theeuropeanactuary.org.

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NEXT ISSUE - THEME SOLVENCY II

The next issue will appear 1 June 2024.

Suggestions can be e-mailed

to info@theeuropeanactuary.org

The deadline is 1 May 2024.

EUROPEAN AGENDA

Please check

<http://actuary.eu/event-calendar/>

for the most actual forthcoming events.

ADVERTISING IN THE EUROPEAN ACTUARY

The European Actuary (TEA) is sent as an online magazine to 25,000 actuaries and financial professionals throughout Europe.

An advertisement in TEA, size 210 x 145 mm (half A4 and seen as full-screen),

costs 3,500 euros. Information on

info@theeuropeanactuary.org