

SPECIAL SEMINAR ON ANNUITIES AND PENSIONS

Wednesday, 8 June

8:30 – 9:00 hrs. **Opening remarks**

Carolyn Ervin
Director, OECD Directorate of Financial and Enterprise Affairs

Gerardo Rodriguez Regordosa
Subsecretario de Hacienda y Crédito Público de México
(Deputy Minister of Finance)

Session 1. Designing DC Pension Plans

9:00 – 9:20 hrs **Policy options to strengthen retirement income adequacy in DC pension plans.**

Speaker: Pablo Antolín, Senior Economist, OECD

The OECD will introduce the main policy options to improve the design of DC pension plans and strengthen retirement income adequacy. The OECD messages include “consider all risks, including human capital risk, when assessing adequacy”, “be coherent when designing DC pension plans”, “contribute and contribute for long periods”, and “establish default life cycle strategies”. Coherence has to be global, taking into account the overall pension system, and internal between the accumulation and payout phases. Consequently, default investment strategies need to account for the links between the accumulation and payout phases.

Session 2. Linking the accumulation and payout phases

09:20 – 10:45 hrs. **Moderator:** Pedro Ordorica (President, CONSAR)

Speaker: Moshe Milevsky (York University, Toronto)

The presentation will focus on how to link the accumulation and payout phases of DC schemes; in particular, investment strategies that minimize the impact of risks regarding the combination of both phases.

Discussant: Solange Bernstein (Superintendent of Pensions, Chile)

Q&A

10:45 – 11:15 hrs *Coffee break*

Session 3. Designing the payout phase of pension systems

11:15 – 12:15 hrs. **Moderator:** Heinz Rudolph (Senior Financial Sector Economist, World Bank)
Speakers: Heinz Rudolph (World Bank), Fco. Tonatiuh Rodríguez (Vice-president AMAFORE), Thomas Terry (International Association of Actuaries, IAA; Vice President of the US Society of Actuaries)

This session will discuss the pros and cons of different payout options (programmed withdrawals, annuities and combinations). It will also debate risks faced by pensioners and providers of retirement products, as well as the management and regulatory challenges of dealing with these risks, including different institutional arrangements.

Q&A

12:15 – 13:45 hrs *Lunch*
Stephen Coles (UCLA) will talk about longevity and supercentenarians

Session 4. Annuities and Longevity Risk

13:45 – 15:15 hrs **Why are annuities important? How can we deal with longevity risk?**

Moderator: Manuel Aguilera (President, CNSF; Chairman IPPC)
Speaker: David Blake (Director Pensions Institute, Cass Business School)

The presentation will discuss that annuities are important as they provide insurance from longevity risk and stable income. Providers of annuities face market, interest and longevity risk. The first two risks are also present in other forms of structuring the payout phase (e.g. phased withdrawals). Moreover, there are instruments to hedge market and interest rate risk. It is longevity risk that causes serious problems for the provision of annuity products.

David Blake will talk about the longevity risk problem and how to deal with it addressing capital market solutions as well: longevity swaps, longevity bonds, linking retirement or benefits to life expectancy, long-term investment (infrastructure), and the potential use of reverse mortgages.

Discussant: Jac Herschler (ACLI; Vice President Annuity Strategies, Prudential)

Q&A

15:15 – 15:45 hrs *Coffee Break*

Session 5. Annuities

15:45 – 17:30 hrs **Round table: Practical examples of annuity markets.**

Participants are expected to describe the annuity markets in their respective countries, the providers of annuities, and policies to encourage annuitization.

Moderator: André Laboul (Head of Financial Affairs Division, OECD; Secretary General, IOPS)

Speakers:

Osvaldo Macias, Vice-Superintendent of Insurance, Chile (teleconference)

Don Yeo, Deputy CEO, Central Provident Fund Board, Singapore

Brian Buynisky, Department of Labor, United States

Susan Voss, Iowa Insurance Commissioner, National Association of Insurance Commissioners (NAIC)

Norma Alicia Rosas Rodriguez, Vice-President, Comisión Nacional de Seguros y Finanzas, Mexico

Q&A

17:30 – 18:00 hrs **Closing Remarks**

Angel Gurría,
Secretary General, OECD (video)

Carolyn Ervin
Director, OECD Directorate of Financial and Enterprise Affairs

Ernesto Cordero Arroyo
Secretario Hacienda y Crédito Público de México, (Minister of Finance)

20:00 **Official dinner**

Host: Ernesto Cordero Arroyo, *Minister of Finance, Mexico*

Venue: *Palacio del Arzobispado*

Invited: all (IOPS - WPPP - IPPC - AIOS - ASSAL)