



International Actuarial Association
Association Actuarielle Internationale



OECD/IOPS Global Forum

Victoria Falls, Zimbabwe

Charles Cowling
President Elect, International Actuarial Association

October 2023

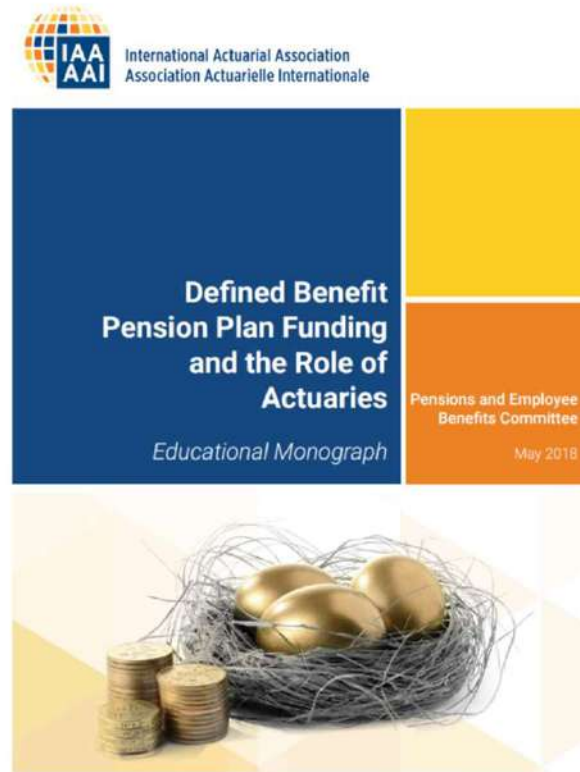


Strengthening Trustees' Skills and Capacities

Role of actuaries in improving skills of trustees

An Actuarial Perspective

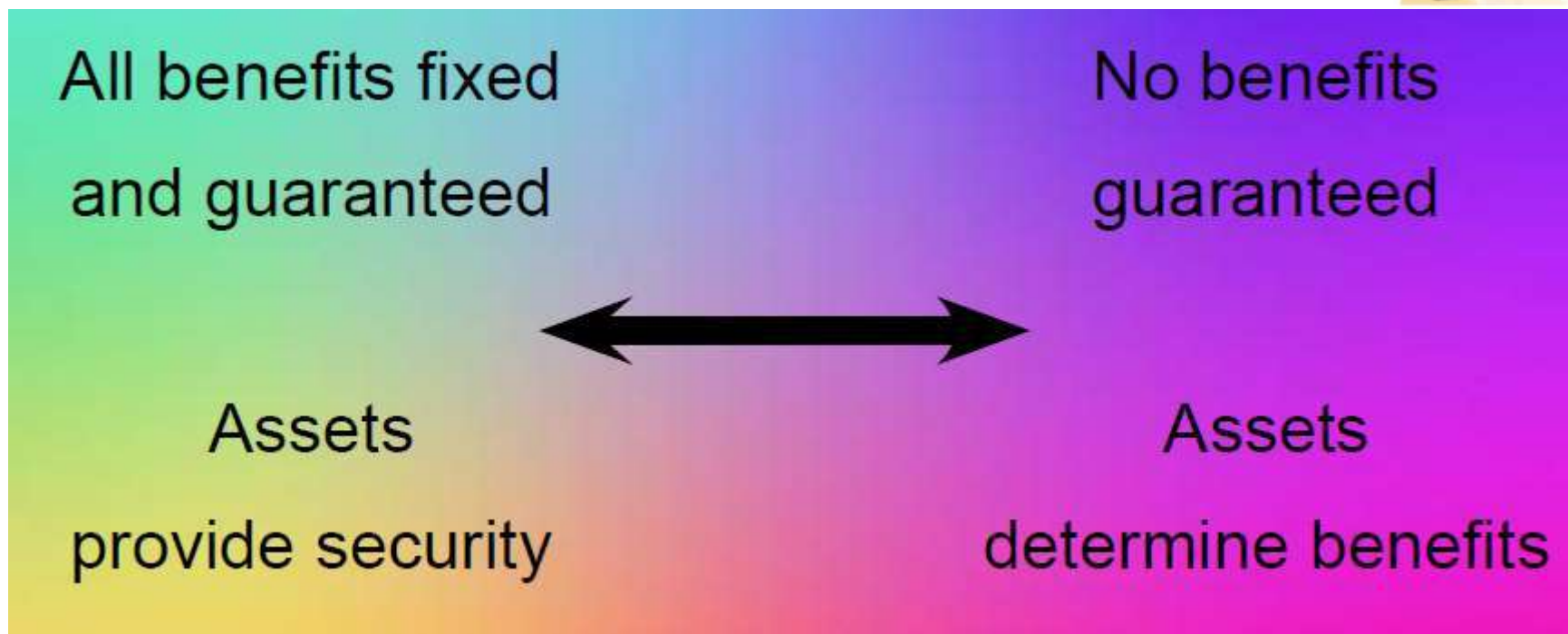
- Pension Benefit Design
- Key Questions for Trustees
- Country Experience





Strengthening Trustees' Skills and Capacities

Pension Benefit Design





Strengthening Trustees' Skills and Capacities

Key Questions for Trustees



- Is the funding objective clear and understood by all parties?
- Is the funding strategy consistent with the funding objective?
- How does the investment strategy interact with the funding strategy?
- How is the financial position of the pension plan expected to develop in the future?
- Are the actuarial assumptions reasonable and appropriate?
- Are the risks associated with the funding and investment strategies understood?
- What is the impact and likelihood of the continued support of the employer?
- What conflicts of interest exist?
- What information is provided to members?



Strengthening Trustees' Skills and Capacities

Country Experience - Canada



- Complex environment with multiple jurisdictions
 - Target benefit type plans
 - Multiple employer plans
 - Industry wide plans
- Basic actuarial tasks
 - Main responsibility held by trustees → Actuaries assist with training on assumptions, methodologies and data
- Sustainability of arrangements
 - **Retirement adequacy** → Actuaries help trustees understand potential outcome of employer program and understand what is required to achieve an adequate retirement, including providing assistance in the communication and tools to arrive at an adequate retirement
 - **Funding policy** → Actuaries help trustees develop a funding philosophy that aligns with the risk tolerance of the various stakeholders – employer, employees and retirees
 - **Risk management / controls** → Actuaries help trustees develop a list of various risks to the pension plan and building metrics to help trustees determine whether or not actions should be taken



Strengthening Trustees' Skills and Capacities

Country Experience - Australia



- Overwhelming DC with consolidation into a small number of large funds
- Trustees generally professional with corporate governance expertise
- Regulatory Guidance on trustee governance covers Responsibility, Independence, Renewal, Expertise, Diligence, Prudence, Transparency and Oversight
- Actuaries work with Trustee Boards both as:
 - Directors, with expertise in
 - Investments, Insurance, Risk management, DB management, Strategy
 - External Advisers, providing advice on
 - Traditional DB roles, Review of service providers, Risk management, Assistance with insurance, Operational risk reserving



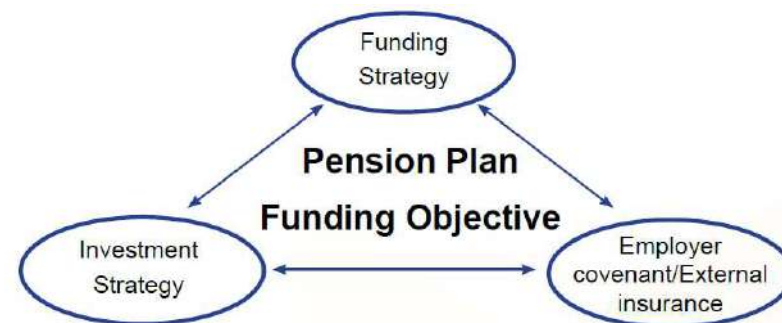
Strengthening Trustees' Skills and Capacities

Country Experience - UK



DB

- Integrated Risk Management
 - Climate risk
 - Inflation risk
- De-risking and run-off → Developing end-game strategies, consolidation, buy-out
- Pension cash-flow projections and investment matching
- Mortality & longevity modelling
- Pension Protection Fund



DC

- Designing accumulation and decumulation strategies



IAA and IOPS Building a Collaborative Future

Both IAA and IOPS aim to promote and facilitate an international exchange of views, advice, research and practical information among experts involved with public and private pensions.

Collaboration activities could include:

- Sharing international experience
- Principles of private pension supervision
- Risk-based pensions supervision
- Pension plan design, the pay-out phase and retirement income adequacy
- Consumer protection and financial illiteracy



IAA and IOPS Building a Collaborative Future

Ongoing IAA activities/topics of interest for potential collaboration

- Climate Risk – Series of 8 papers; 6 already published
- Pandemics – Lessons Learned; impact on Pensions
- Sustainability Development Goals
- Artificial Intelligence
- Water-Related Risks
- Future Actuary – preparing the profession for the future/ capacity building.



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Thank you for your attention

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Additional Information



IAA Officers 2023



President:
Micheline Dionne
(Canada)



President-Elect:
Charles Cowling
(UK)



**Immediate
Past
President:**
Roseanne Harris
(South Africa)



About the IAA

Founded in 1895, and reformed in 1998 with a new constitution, the International Actuarial Association (IAA) is the worldwide association of professional actuarial associations.

- 73 FMAs (Full Member Associations)
- 27 AMAs (Associate Member Associations)
- Representing 70,000+ Actuaries in 115+ countries



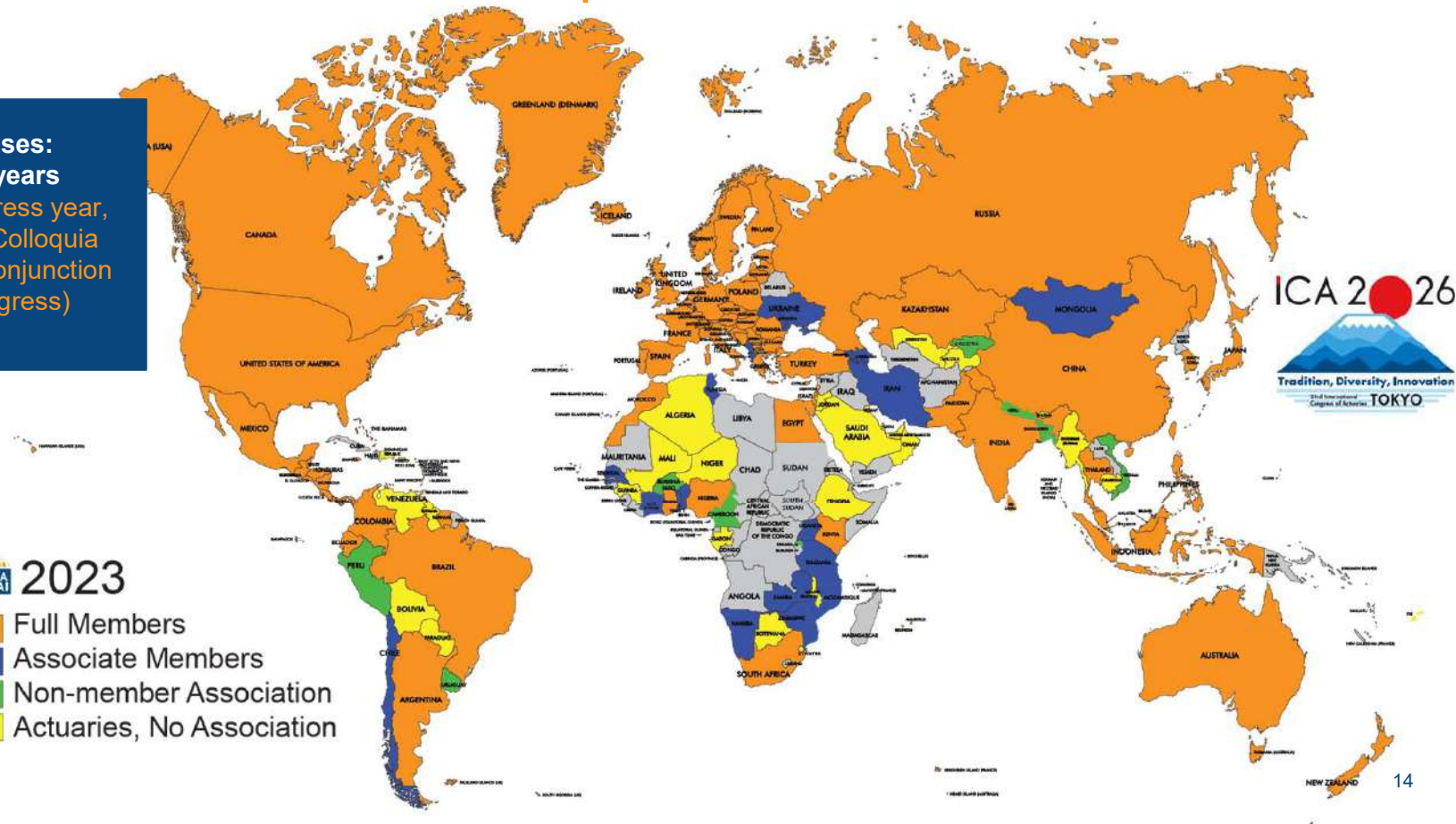
The IAA's Membership in 2023

Congresses:
every 3 years
(in Congress year,
Section Colloquia
held in conjunction
with Congress)



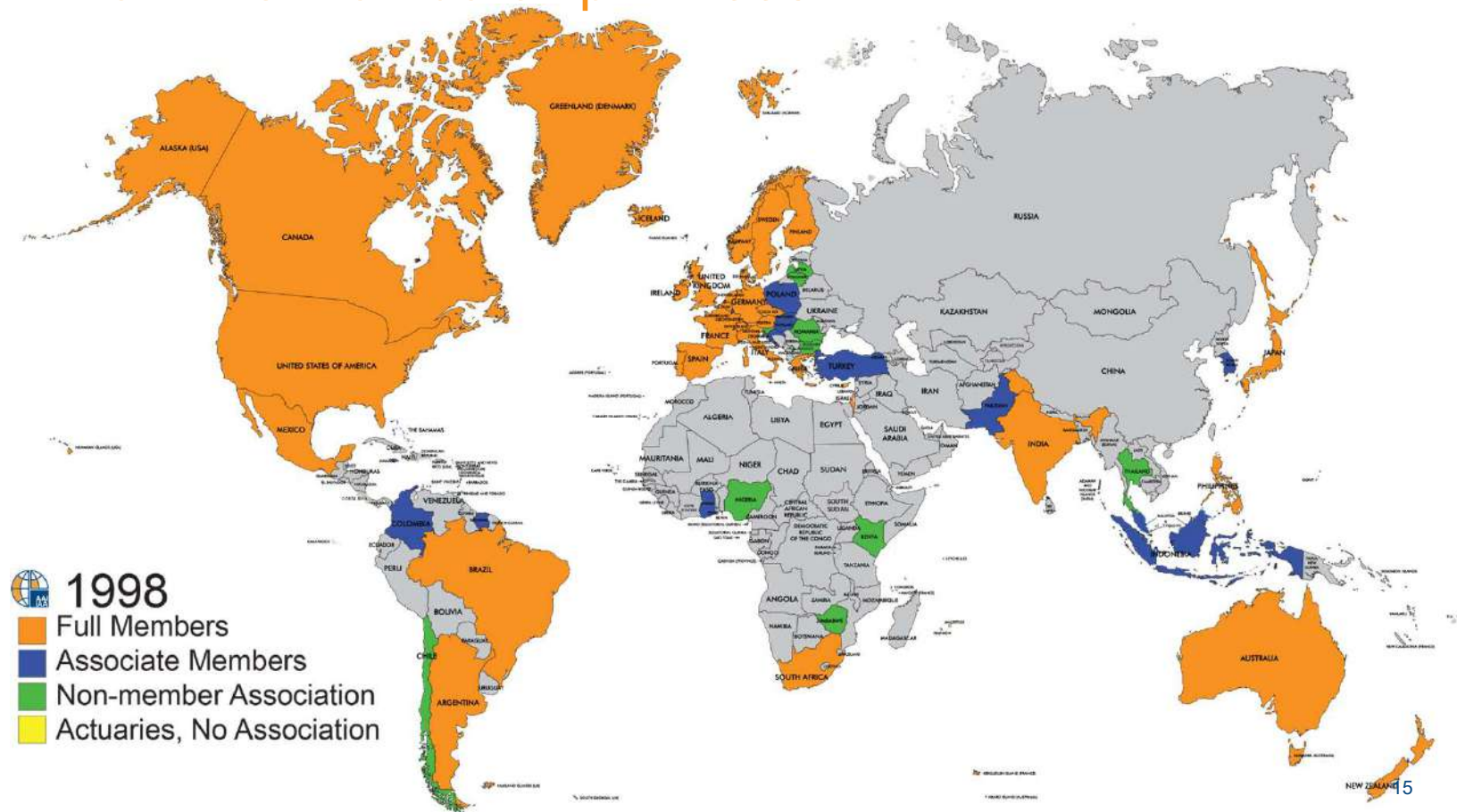
2023

- Full Members
- Associate Members
- Non-member Association
- Actuaries, No Association





The IAA's Membership in 1998





The IAA – An association of associations



Council and (most) committees meet twice a year



Numerous practice, professionalism and member development **committees**



6 Sections
4,500+ Section members



Incorporated in **Switzerland**
Based in **Canada**



700+ volunteers holding
300+ virtual meetings annually



Latest Full Member:
Ecuador



The Vision of the IAA



The actuarial profession is globally recognized as leading experts in risk and financial security, contributing to the well-being of society.



The Values of the IAA

The IAA adheres to the values of

- integrity,
- diversity and inclusion,
- accountability,
- transparency, and
- objectivity

when dealing with Member Associations, other stakeholders and the public.



Mission

I

Impact: Supranational Relationships

Develop relationships with key supranational institutions, providing actuarial expertise on issues of relevance in global forums.

A

Assure: Promotion of the Profession

Support the development of the actuarial profession worldwide and promote appropriate professional/education standards through Member Associations.

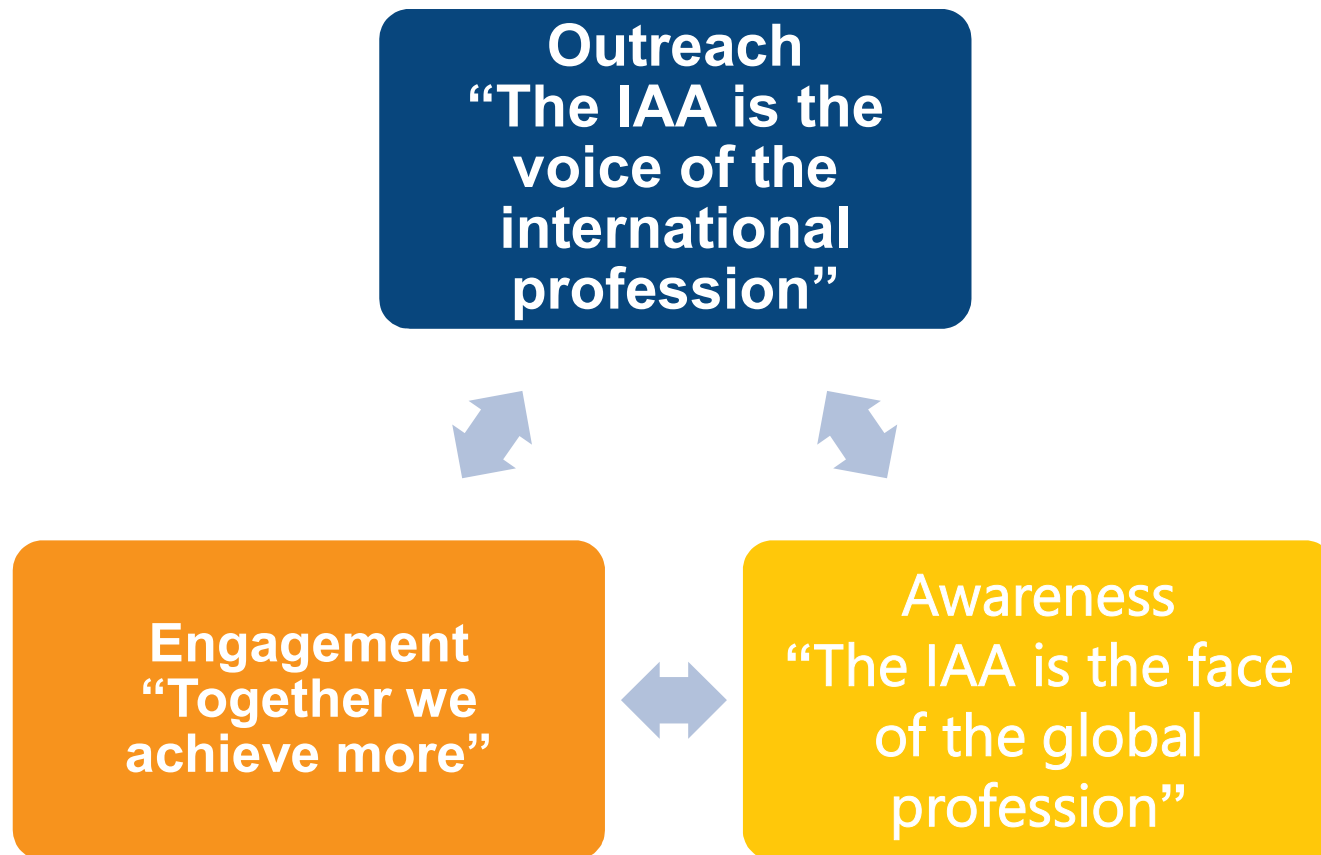
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Advance: Development of Competence

Promote the advancement of scientific knowledge and the skills of the actuarial profession



Strategic Objectives





Impact Entities – Priorities and Levels of Engagement

Level 1- Important (7 entities)

Signed Memorandum of Understanding/Partnership Agreement





Assure: Promotion of the Profession





Advance: Development of Competence



Forums	Virtual Forums
Enterprise and Financial Risk	Banking
General Insurance	Data Analytics
Health	Inclusive Insurance
Pension, Employee Benefits & Social Security	Mortality
	Resource and Environment

Working in liaison with Sections

Advance

A



Time Limited Task Forces

Key current topics the profession is addressing:

- Climate Risk Task Force
 - Series of 8 papers planned, 6 already published since 2020
 - Papers 7 & 8 coming soon!
- Future Actuary Task Force
 - Risk and Opportunities for the profession – report published in April 2023
 - New tasks to be undertaken – Gap Analysis/Skill Development; supply and demand
- Pandemics Task Force
 - Drafting in progress for the first paper on Lessons Learned
 - Podcasts, webinars and other papers will follow
- Addressing Sustainable Development Goals (*work to begin shortly*)
- Water-Related Risks (*work to begin shortly*)
- Artificial Intelligence (*work to begin in 2024*)