



Developments in the West

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The Business of Change: 2010 and Beyond



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Four main themes

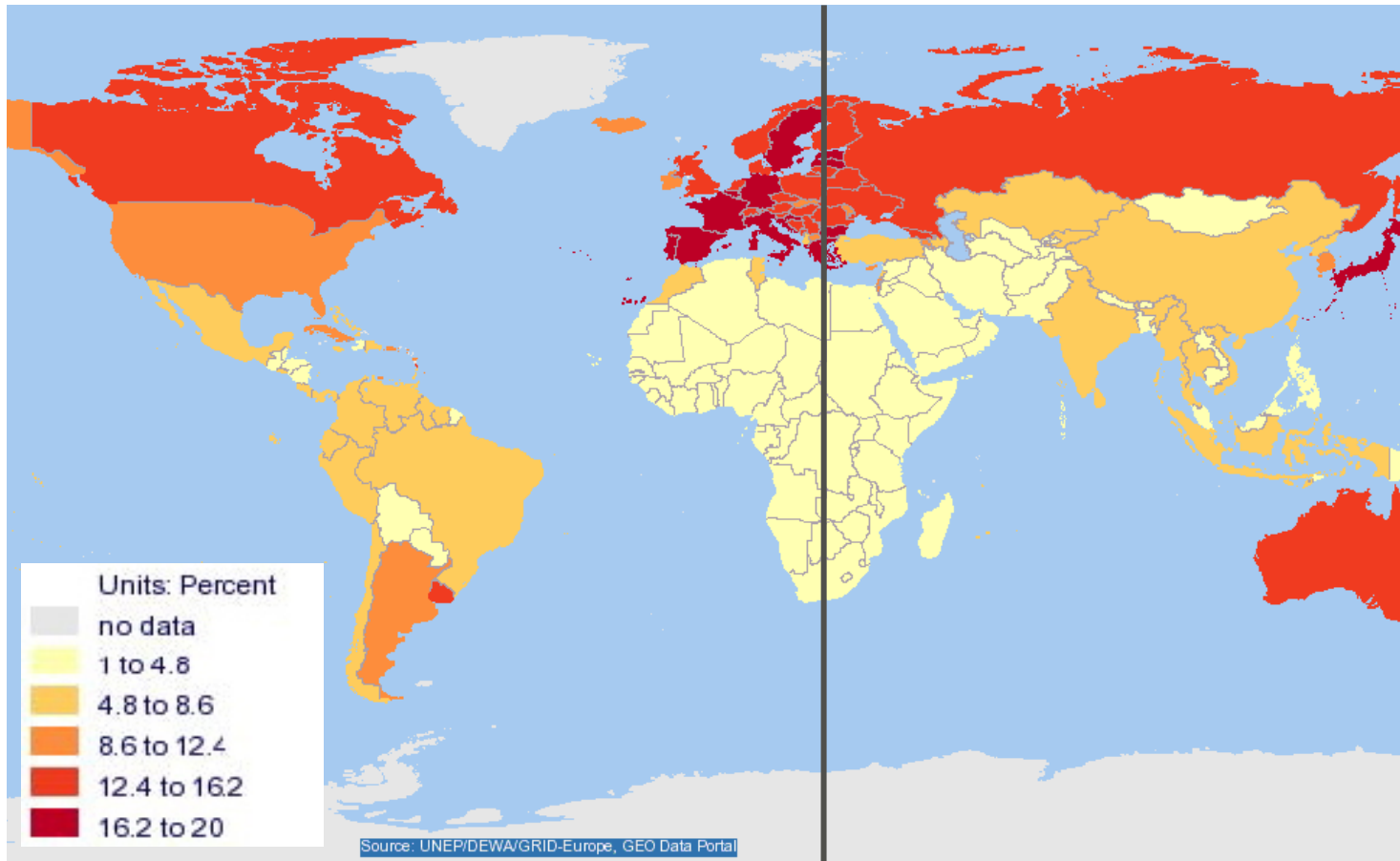
1. Demography
2. Retirement
3. Nature of pension
4. Pension Protection

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1. Demography

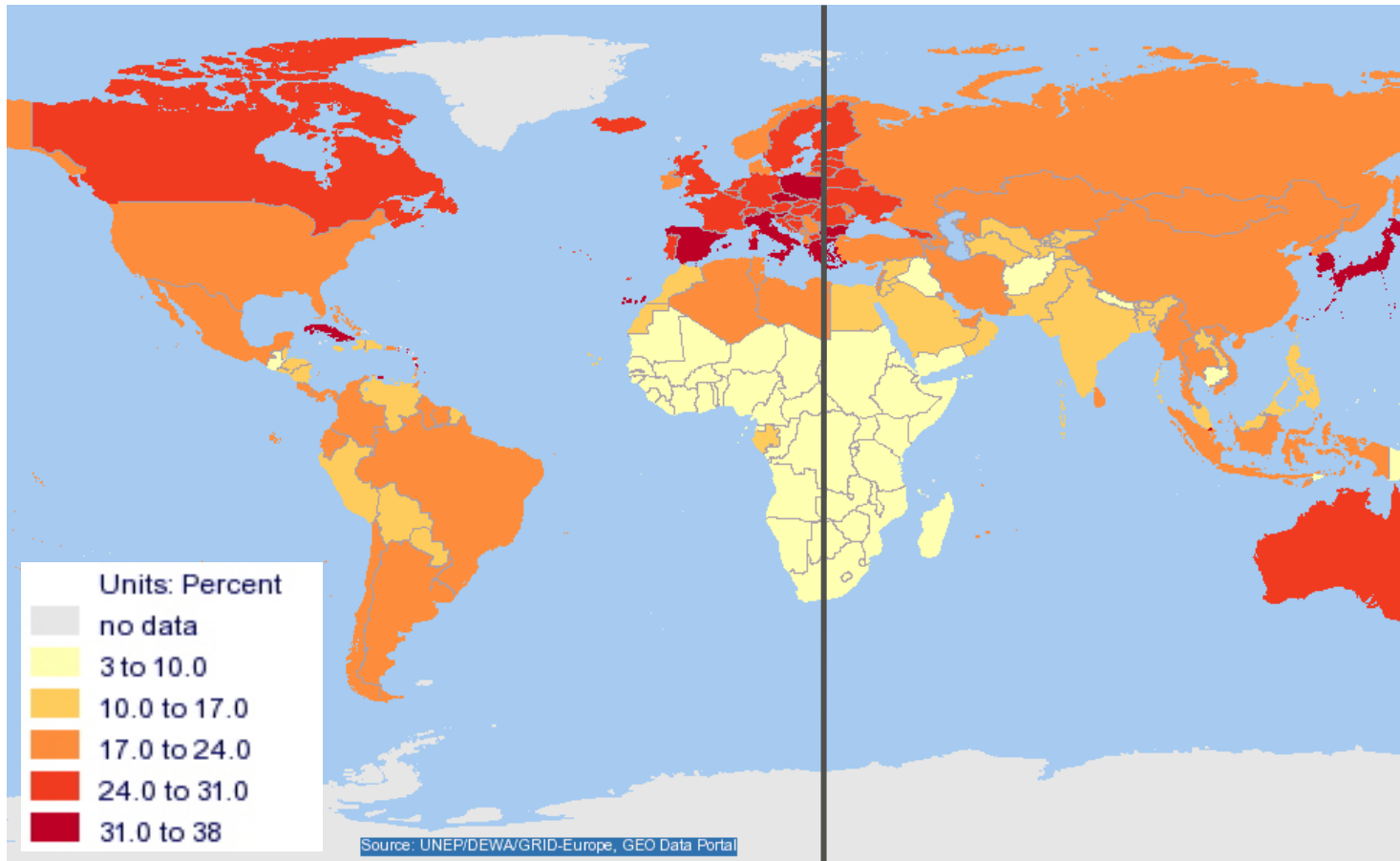
Percent of population aged 65+: 2005



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1. Demography

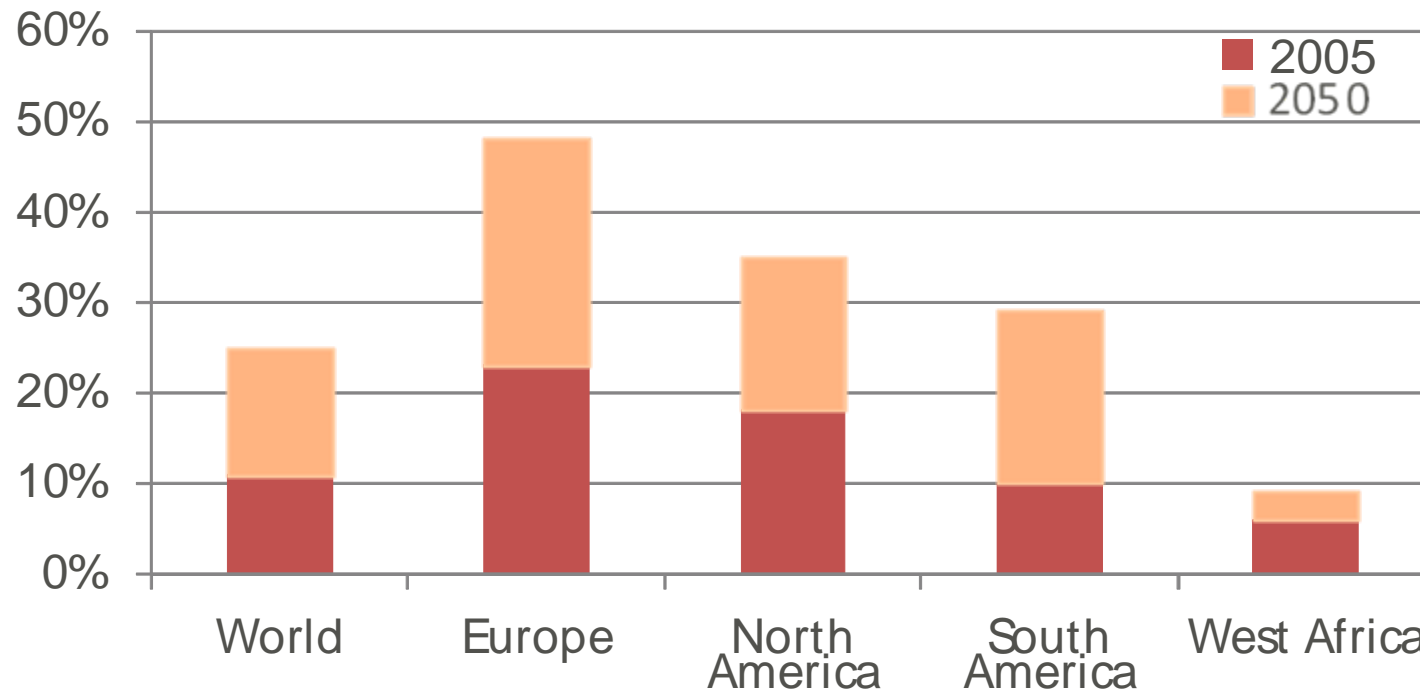
Percent of population aged 65+: 2050



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1. Demography

Actual and projected old-age dependency ratios: 2005 and 2050



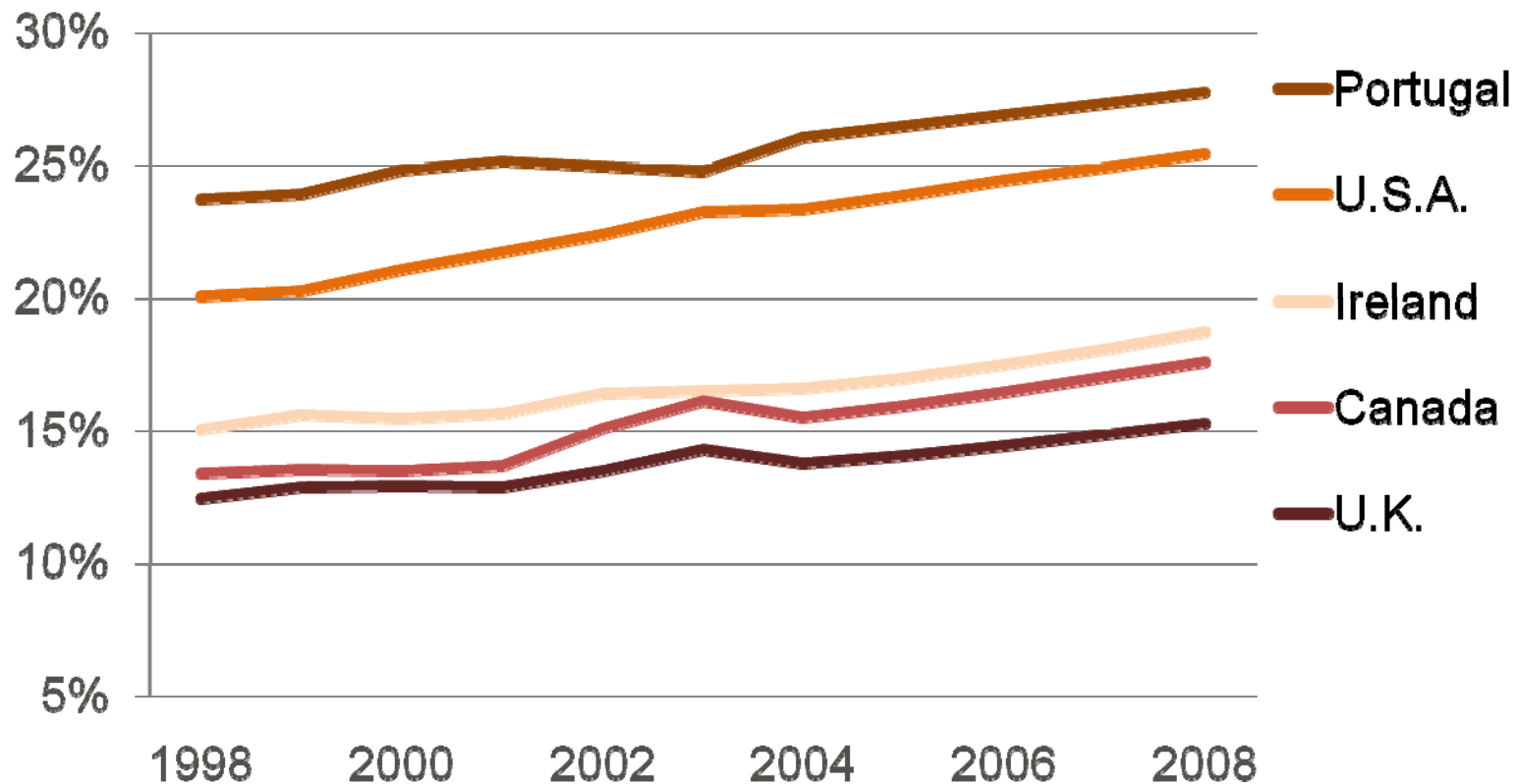
Source: <http://esa.un.org/unpp/index.asp?panel=2>

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2. Retirement

Rates of 60+ population economically active (selected western countries)



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3. Nature of Pension Provision

- Pay-as-you-go State benefits unsustainable
- Employer-sponsored defined benefit schemes expensive
- Shifting of risk
 - State to employers and employees (e.g. 'contracting out' of State benefits)
 - Employers to employees (defined benefit to money purchase)
- Backlash from money purchase generation?
- Potential for more innovative risk sharing?



4. Pension Protection

- ‘Lifeboat’ arrangements
 - PBGC in US
 - PPF in UK
- Insurance
 - e.g. German system for book reserve schemes
- ‘Proper’ solvency
 - e.g. solvency requirements in The Netherlands
 - Solvency II in European Union



Questions?



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