



The Actuarial Profession

making financial sense of the future

Society of Actuaries in Ireland

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Actuaries looking forward

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Actuaries looking forward

- Update on Faculty / Institute structure
- Public interest
- The story of longevity projections
- Solvency of defined benefit pensions
- Hybrid pension schemes
- Conclusion / Q&A

Update on Faculty / Institute structure (1)

- My presidential address – consultation launched
- 2:1 may support merger, but
 - Preserve Scottish activity
 - Don't get London-centric
- Alex Salmond and The TGWU

Update on Faculty / Institute structure (2)

- Faculty Task Force
- Report on website
 - Design principles
 - Model options
 - What's important
- Faculty Council
 - Mandates discussion
 - Asks for clear recommendations

Public interest

- SAI mission:
 - “To develop the role and standing of the actuarial profession and enhance its reputation, in particular for serving the public interest”
- Individual Actuaries c.f. The Profession
- An example of the UK Profession’s stance
- SAI stance on IMF comments?

The story of longevity projections (1)

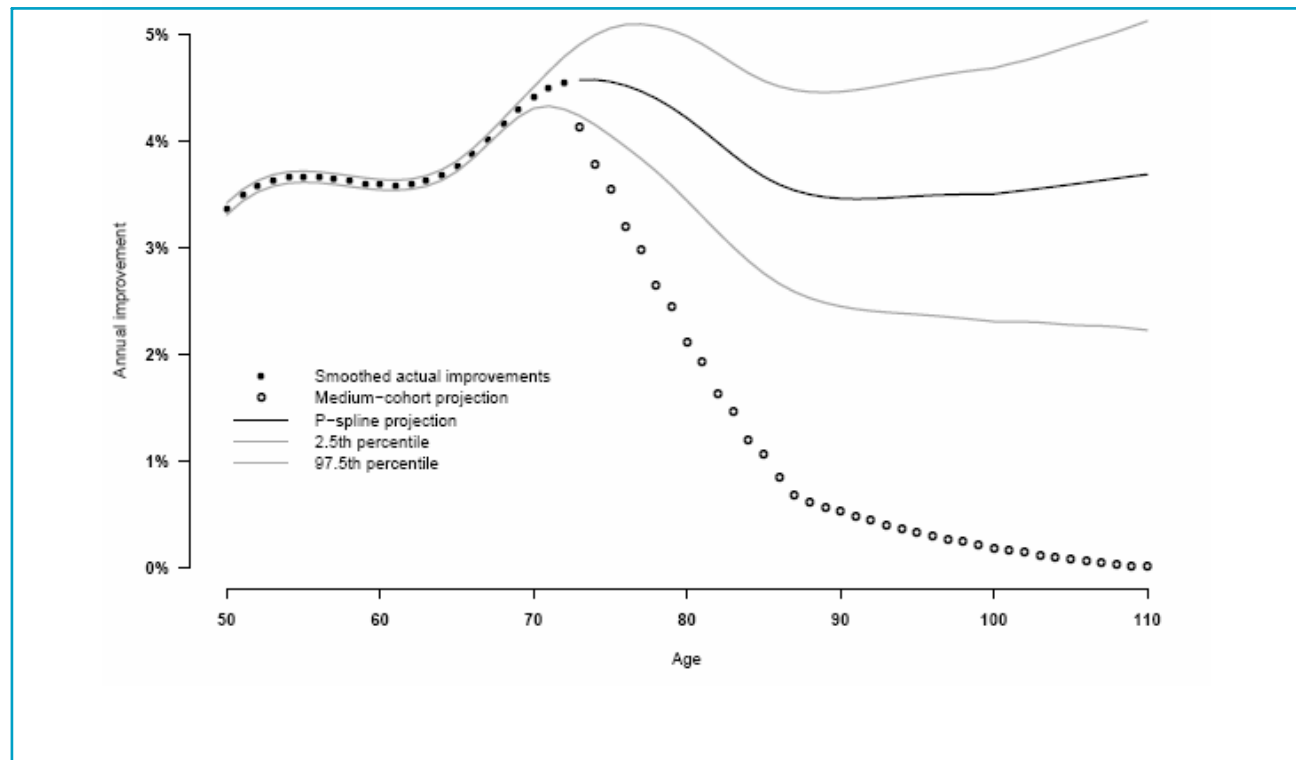
- The 1992 tables
- The cohort patches
- The 2000 tables
- No cohort patches
 - Because of uncertainty
- Uproar

The story of longevity projections (2)

- The CMI library consultation
- The Presidents' letter
- The BAS statement
- The FT story
- Why?

The story of longevity projections (3)

Male Pensioner Longevity Improvements – Recent Past and Possible Future



Solvency of defined benefit pensions (1)

- Irish background
 - Annuities for retirees
 - TV (costs to scheme) for others
 - No safety net
 - No debt on employer legislation
- So a big issue for you too!

Solvency of defined benefit pensions (2)

- Specimen reserves
- Male aged 45 : 1000 p.a. from age 65*
 - Typical funding 4930 or 4159
 - FRS17 4665
 - Buy-out 11126

*Lots of qualifications and assumptions, including expenses

Source: AEGON UK October 2007

Solvency of defined benefit pensions (3)

- Lack of understanding
- IAPF quote
- Liabilities are determined by
 - Generosity of benefits
 - How long people live
- Not by how you choose to measure them
- Real issue is pace of funding of liabilities

Solvency of defined benefit pensions (4)

- Psychology of slow pace of funding
 - Sponsor)
 - Trustees) Don't rock the boat
 - Members)
- So do we need bogeymen?

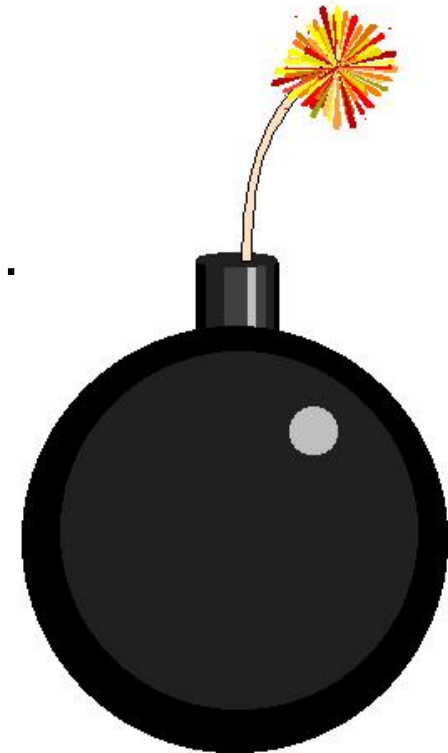


Solvency of defined benefit pensions (5)

- Possible bogeymen
 - Accounting Standards Boards
 - Revising FRS17 – IAS 19?
 - Solvency II
 - Karel Van Hulle
 - Pensions Regulator

Hybrid scheme

- Some mix of DB and DC
- Communication
 - If the members don't understand it.....



Conclusion / Q&A