TUAC Ad Hoc meeting on Pension reforms
Paris, 1 December 2014
OECD Conference Centre, 2 rue André-Pascal, Paris 16

PARTICIPANT'S HANDBOOK

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- TUAC meeting on pension reforms – Who bears the risks?, 5 June 2013, OECD Conference Centre, Paris – Summary report

[1] http://www.oecd.org/daf/fin/private-pensions/retirementsavingsadequacy.htm

Pensions at a Glance 2013: Retirement-Income Systems in OECD and G20 Countries (extracts)

http://www.oecd.org/els/public-pensions/pensionsataglance.htm

Executive summary

This edition of *Pensions at a Glance* examines the distributional impact of recent pension reforms and analyses how housing, financial wealth and publicly provided services may affect living standards in old age. It also contains a comprehensive selection of pensions policy indicators, covering: the design of pension systems; future pension entitlements for men and women at different earnings levels; finances of retirement-income systems as a whole; the demographic and economic context in which retirement-income systems operate; private pensions and public-pension reserve funds. The publication also includes profiles of the pension systems for all OECD and G20 countries.

Later retirement ages and increased private pensions arrangements

Reforms vary between countries, but there are two main trends. First, reforms of pay-as-you-go public pension systems, aimed at postponing retirement, have introduced higher pension ages, automatic adjustment mechanisms and modified indexation rules. These should improve financial sustainability of pension provision. Retirement ages will be at least 67 years by around 2050 in most OECD countries. Some others are linking the pension age directly to the evolution of life expectancy. Second, governments have been looking at funded private pension arrangements. While the Czech Republic, Israel and the United Kingdom have introduced defined-contribution pension schemes, Poland and Hungary have reduced or closed these. Pension reforms made during the past two decades lowered the pension promise for workers who enter the labour market today. Working longer may help to make up part of the reductions, but every year of contribution toward future pensions generally results in lower benefits than before the reforms. While future pensions will decline across the earnings range, most countries have protected the lowest earners from benefit cuts; everywhere, except in Sweden, pension reforms will hit the highest earners most.

Adequate living standards in old age

The reduction of old-age poverty has been one of the greatest social policy successes in OECD countries. In 2010, the average poverty rate among the elderly was 12.8%, down from 15.1% in 2007, despite the Great Recession. In many OECD countries, the risk of poverty is higher at younger ages. Incomes of people aged 65 years and older in OECD countries reach, on average, about 86% of the level of disposable income of the total population, ranging from almost 100% in Luxembourg and France to less than 75% in Australia, Denmark and Estonia. However, to paint a more complete picture of pensioners' retirement needs, other factors – such as housing wealth, financial wealth and access to publicly provided services – also need to be considered. In OECD countries, on average more than three-quarters of those aged 55 and above are homeowners. Housing can make a major contribution to pensioners' living standards, because they save on rent and can, when necessary, convert their property into cash through sale, rent, or reverse mortgage schemes. Nevertheless, homeowners may still be income poor and may find it difficult to pay for both home maintenance and their daily needs. Financial wealth can complement other sources of retirement income. Unfortunately, recent internationally comparable data is lacking in this area, making comprehensive assessment difficult. The extent to which financial wealth can help reduce the risk of poverty in old age depends on its distribution; as wealth is strongly concentrated among the top of the income distribution, its impact on poverty among the elderly is limited. Access to public services, such as health care, education and social housing, also affects older people's living standards. Long-term care is very important as care costs associated with greater needs (i.e. 25 hours a week), may exceed 60% of the disposable income for all but the wealthiest one-fifth of the elderly. Women, who live longer than men, have both lower pensions and less wealth, are at a particular risk of old-age poverty when long-term care is needed. Public services are likely to benefit the elderly more than the working-age population:

adding their value to incomes, about 40% of older people's extended income is made up of in-kind public services, compared to 24% for the working-age population.

Key findings

Population ageing means that in many OECD countries, pension expenditures will tend to increase. Recent reforms have aimed at maintaining or restoring financial sustainability of pension systems by reducing future pension spending. The social sustainability of pension systems and the adequacy of retirement incomes may thus become a major challenge for policy makers.

● Future entitlements will generally be lower and not all countries have built in special protection for low earners. People who do not have full contribution careers will struggle to achieve adequate retirement incomes in public schemes, and even more so in private pension schemes which commonly do not redistribute income to poorer retirees.

● It is essential that people should continue paying in contributions to build future pension entitlements and ensure coverage. However, increasing pension age alone will not suffice to ensure people stay effectively on the labour market. A holistic approach to ageing is needed.

● Retirement incomes come from different sources and are subject to different risks, related to labour markets, policy, economic conditions and individual circumstances. Unemployed, sick and people with disabilities may not be able to build adequate pension entitlements.

● Current retirees have high incomes relative to the total population: 86% on average in OECD. This outcome and the reduction of old-age poverty are policy successes of the last decades.

● Because of stigma, lack of information on entitlement, and other factors, not all elderly people who need last-resort benefits claim them. There is thus a certain degree of hidden old-age poverty. The retrenchment of public pension systems, trends towards working longer and more reliance on private pensions may increase inequality among retirees.

● Housing and financial wealth supplement public pension benefits. They do not, in their own right, appear to be sources of income that can be expected to replace a proper pension income. Better internationally comparable data are urgently needed to explore in greater detail how housing and financial wealth can contribute to the adequacy of retirement incomes.

● Public services are retirement-income enhancers. This is especially true of healthcare and long-term care services. Services benefit the poorest retirees much more than they do richer elderly households. Public support is set to play an increasingly important role in preventing old-age poverty among people requiring health and long-term care services.

Table 1.3. Recent and post-reform pension reforms

In CHAPTER 1 RECENT PENSION REFORMS AND THEIR DISTRIBUTIONAL IMPACT

	Pension eligibility age	Adjusted retirement incentives	Change of years in benefit formula or qualifying conditions	Link to life expectancy and/or financial sustainability	Defined contribution scheme	Other
Australia (post)	Age Pension for women rose from 60 to 65. Further increase for men and women from 65 to 67 in 2017-23.	New income test concession for public pension.				Higher withdrawal rate for income test in the public pension.
Austria (post)	Early retirement age increased by 1.5 years. Pension corridor between 62 and 65. Pension ages for women aligned with those of men.	Benefit reduction for early retirement introduced and set to increase. Access to early retirement restricted.	Best 15 to 40 years.	Introduction of sustainability factor under discussion.		Reduction in accrual rate. Less generous indexation for higher pensions.
Czech Republic (post)	Gradual increase in pension age to 65 by 2030. Pension age to be increased by 2 months every year after 2025. Models assume a retirement age of 69.	Changes in increments and reductions for early/late retirement.	Increase in contribution years required from 25 to 35.			
Finland (post)		Increased accrual rate for people of working age 63-67.	10 last years to lifetime average.	Life-expectancy multiplier (from 2010).		Basic part of national pension income-tested. Higher valorisation of past earnings and lower indexation of pensions in payment.
France (post)	Increase in retirement age to 62 according to OECD models.	Changes in adjustment to benefits for early/late retirement in public and occupational pensions.	Minimum contribution period increased. Earnings measure in public scheme from best 10 to best 25 years.	Minimum contribution period to increase further with changes in life expectancy.		Targeted minimum income of 85% of minimum wage. Valorisation now effectively to prices in both

						plans.
	Pension eligibility age	**Adjusted retirement incentives**	**Change of years in benefit formula or qualifying conditions**	**Link to life expectancy and/or financial sustainability**	**Defined contribution scheme**	**Other**
Germany (post)		Reduction in benefits for retirement before 65.		Valorisation and indexation cut back as system dependency ratio worsens.	Voluntary DC pensions with tax privileges.	Phased abolition of favourable tax treatment of pension income.
Greece (post)	Pension age rising from 58 to 65.			Pension age linked to life expectancy from 2020.		
Hungary (post)	Gradual increase in pension age from 55 for women and 60 for men to 62 for both. Pension age increases from 62 to 65 between 2012 and 2017.	Accrual rates linear rather than higher for earlier years.	Pension calculation based on gross rather than net earnings.	Through annuity calculation in DC scheme.	DC scheme closed in 2012.	Minimum pension to be abolished. Less generous Indexation of pensions in payment. Pensions subject to income tax.
Italy (post)	Pension age for men increased from 60 to 65 and for women from 55 to 60. Pension age for women to match that of men, and both will then increase to 67 by 2021.	Adjustment to early-retirement benefits through notional annuity calculation.	Qualification years for long service pension increased from 37 to 40 years.	Through notional annuity calculation.		From DB to notional accounts. Less generous indexation of higher pensions.
Japan (post)	Pension age increasing from 60 to 65.		Earnings used to calculate pension extended to include bonuses.	Benefits adjusted to reflect expected change in dependency ratio.		Accrual rate reduced.
Mexico (post)					Mandatory private DC scheme replaces public DB plan.	

	Pension eligibility age	Adjusted retirement incentives	Change of years in benefit formula or qualifying conditions	Link to life expectancy and/or financial sustainability	Defined contribution scheme	Other
Norway (recent)				Mandatory employer DC contributions.		
Norway (post)					Notional accounts scheme from January 2011.	
Poland (recent)	Withdrawal of early retirement for certain groups of workers.		From best consecutive 10 in final 20 years to lifetime average.	Through notional annuity calculation in public scheme and annuity calculation in DC.	DC scheme mandatory for new entrants and workers under 30.	Abolition of basic pension. From DB to notional accounts.
Poland (post)					Contribution rate for DC accounts reduced from 7.3% to 2.3% from 2011. Gradual increase to 3.5% from 2017. Residual 5% reduced to 3.8% goes to second NDC scheme.	
Portugal (post)	State pension age for women aligned with men's at 65.	Introduction of increments for late retirement and reductions for early retirement.	From best 10 out of last 15 years to lifetime average earnings.	Life-expectancy adjustment to benefits.		Less generous indexation of higher pensions.
Slovak Republic (recent)	Increase in pension ages to 62 for men and women.		From best 5 in final 10 years to lifetime average earnings.	Through annuity calculation in DC scheme.	DC scheme mandatory for new entrants and voluntary for incumbent workers.	From DB to points system.

	Pension eligibility age	Adjusted retirement incentives	Change of years in benefit formula or qualifying conditions	Link to life expectancy and/or financial sustainability	Defined contribution scheme	Other
Slovak Republic (post)				Retirement age linked to life expectancy.	Contribution rate lowered to 4% from 1st September 2012 but to rise to 6% by 2024.	
Spain (recent)		Introduction of small increment for late retirement.				
Spain (post)	Pension age to increase to 67 by 2027.		Automatic link between pension parameters and life expectancy from 2027.			Changes in accrual rate calculation.
Sweden (post)			Best 15 years to lifetime average (public earnings-related scheme).	Through calculation of notional annuity and annuity in DC schemes. Additional sustainability adjustment in notional accounts.	DC scheme mandatory for nearly all workers. Occupational plans switch from DB to DC.	From DB to notional accounts. Abolition of income-tax concessions for pensioners.
Turkey (recent)	Pension age to increase to 65.					Changes to accrual rate calculation.
Turkey (post)						Reduced accrual rate.
United Kingdom (recent)	Women's pension age and eligibility for guarantee credit rises from 60 to 65.	Increment for deferring State Pension claim increased. Lump-sum option added.			Employers required to provide access to DC ("stakeholder") pension.	Increase in basic State Pension. Extension of means-tested supplements. Increased progressivity of earnings-related State Pension.
United Kingdom (post)	Pension age to be increased to 68.					

THE OECD ROADMAP FOR THE GOOD DESIGN OF DEFINED CONTRIBUTION PENSION PLANS

This roadmap has been approved and endorsed by
the OECD Working Party on Private Pensions in June 2012

Defined contribution, private pension plans are increasingly an integral part of most countries' overall pension system, while for some countries they are the main component of their pension system. Therefore, overall retirement income adequacy depends importantly on the pension benefits stemming from these plans.

In seeking to assist countries to strengthen retirement income adequacy in a defined contribution environment, the OECD Working Party on Private Pensions has identified elements of good design and public policy. This roadmap for the good design of defined contribution plans consists of the following recommendations:

1. **Ensure the design of DC pension plans is internally coherent between the accumulation and payout phases and with the overall pension system.** Consequently, the target retirement income in DC plans should be determined consistently with the benefits provided by the other components of the pension system. To define and achieve this target, all possible risks (*i.e.*, labour, financial and demographic risks) affecting retirement income of DC pension plans should be monitored.

2. **Encourage people to enrol, to contribute and contribute for long periods.** Where mandatory enrolment is not considered opportune, mechanisms such as automatic enrolment, with the possibility for individuals to opt out, are particularly useful, together with setting adequate default contribution rates. Making sure people contribute for long periods with sufficiently high contribution rates is the most effective way to improve their chances of obtaining an adequate replacement rate from DC pension plans. This goal needs to be complemented with "work longer" policies.

3. **Improve the design of incentives to save for retirement, particularly where participation and contributions to DC pension plans are voluntary.** An appropriate structure of tax incentives (including financial subsidies for those who pay low or no income taxes) and/or matching contributions can both be efficient mechanisms to encourage participation and increase contributions.

4. **Promote low-cost retirement savings instruments.** Policymakers need to ensure that there are incentives in place to improve efficiency and reduce costs in the pensions industry. Disclosure-based initiatives should be promoted, but may need to be complemented with more effective solutions such as appropriate tender mechanisms or default allocation to low-cost providers, especially in compulsory or auto enrolment systems. In certain pension's structures, cost issues can be addressed by establishing large pension schemes, run on a non-profit base.

5. **Establish appropriate default investment strategies, while also providing choice between investment options with different risk profile and investment horizon.** As many members may be unwilling or unable to choose investments, default options need to be carefully designed following the lessons learnt from behavioural economics. But if they wish, people should be allowed to choose the investment strategy best suited for them according to their risk profile and their level of risk tolerance, as well as their different overall pension arrangements.

6. **Consider establishing default life-cycle investment strategies as a default option to protect people close to retirement against extreme negative outcomes.** Life-cycle investment strategies reduce the impact of market risk on the account balance as the member ages. Such a design is consistent with economic rationale and risk attitudes and is therefore well-suited for default strategies.

7. **For the payout phase, encourage annuitization as a protection against longevity risk.** A certain level of annuitization of balances accumulated in DC pension plans should be set as the default mechanism for the payout phase, unless pay-as-you-go public pensions or the old-age safety net already provide for sufficient regular pension payments. A combination of programmed withdrawals with a deferred life annuity (e.g. starting payments at the age of 85) that offers protection against inflation could be seen as an appropriate default. The demand for annuities could be also promoted by financial education initiatives stressing that they are insurance products designed to protect people from outliving their resources. Lump-sum payments may have to be discouraged as a form of benefit pay-out, except for small DC account balances.

8. **Promote the supply of annuities and cost-efficient competition in the annuity market.** Different providers, such as public schemes, non-profit occupational plans, and insurance undertakings may provide different arrangements of risk-sharing in the payout phase that may help strengthen benefit adequacy and diversify risks in retirement income. Competition among different providers in the market for individual and group annuities should be promoted to ensure cost-efficient provision for plan members and to help develop the annuity sector as a whole.

9. **Develop appropriate information and risk-hedging instruments to facilitate dealing with longevity risk.** The market for annuities would benefit from certain actions aimed to making the management of longevity risk easier. Firstly, reliable life tables should be made available by public statistical agencies; they should be regularly updated and incorporate stochastic forecasts of future improvements in mortality and life expectancy. Secondly, capital market solutions to longevity risk management could be promoted by producing standardised, publicly and readily available longevity indices. While there has been no successful example of longevity bonds thus far, governments could additionally consider in certain contexts issuing longevity indexed bonds and issuing very long-term bonds in enough quantities.

10. **Ensure effective communication and address financial illiteracy and lack of awareness.** Effective communication includes providing regular individualised benefit statements. In addition, clear benefit projections under prudent assumptions, informing members about the possible impact of higher contributions or later retirement on their benefits could also be made available. Plan members should also have free and ready access to comparative information about costs and performance of different providers, and the language used in disclosed materials should be readily understood by them.

OECD PROJECT ON RETIREMENT SAVINGS ADEQUACY:
SAVING FOR RETIREMENT AND THE ROLE OF PRIVATE PENSIONS IN RETIREMENT READINESS

Background and motivation

The aim of this project is to provide a more comprehensive picture of the role of private and funded pensions for individuals in different countries and to assess their readiness to finance their future retirement.

Some of the key questions that would be addressed by this new, pilot project would be following:

- *Are people saving enough for retirement? Are private pensions fulfilling their complementary role in providing for retirement?*

- *Should policy makers introduce measures to increase retirement savings or to postpone retirement? Should these measures be targeted to specific population subgroups?*

These are key policy questions that require urgent answers to make sure that adequate policies are implemented to improve future retirees' savings and thus their retirement well-being. This project ultimately aims at providing such responses. In order to answer these questions, the study will assess – in a first phase - how much individuals have to finance retirement, focusing on the role of private savings. In a later phase of the project, it will compare retirement income with a suitable reference point.

This will help determine whether different individuals (broken down by age cohort, socioeconomic group and gender) are sufficiently prepared to finance their retirement and if not, how much their retirement savings (or retirement age) would have to increase in order to reach their retirement income target.[1] This exercise would ultimately lead to policy recommendations on how to improve retirement savings adequacy for population subgroups that are at greatest risk of not reaching their target income.

In this context, the project will look at actual individuals and assess, not only how much current pensioners have to finance their retirement (actual replacement rates) but how different cohorts, those close to retirement (i.e., aged 55 to 64) or younger cohorts (i.e., aged 35 to 54) fare in terms of rights and assets accumulated to finance their future retirement, underlining the role of private retirement savings.

This project was launched initially with a few countries, and over time new countries have been and will be added.

[1] There are already a few exercises assessing the retirement readiness of current workers: the Employment Benefit Research Institute (http://www.ebri.org/publications/ib/index.cfm?fa=ibDisp&content_id=4593), and the Center for Retirement Research (http://crr.bc.edu/special_projects/national_retirement_risk_index.html) for the US; and Moore et al. (2011): "Canada Looming Retirement Challenge" Howe Institute Working Paper Series on Pensions

Programme goals and objectives

Goal

To determine whether people are saving enough for retirement and examine the role that private pensions play and could play in the retirement readiness of the working age population. That is, to examine how much individuals have to finance retirement by combining all possible sources of retirement income and savings (i.e., public pensions, occupational, private pensions, and other savings such as private savings and housing).

Main objectives

- Provide a picture of the amount of financial resources people may have to finance retirement, including public, private and funded pensions, and other sources such as savings and housing. This includes having a good understanding on how the different sources of retirement income, in particular those stemming from private pension plans, combined across countries;

- Construct indicators of retirement savings adequacy to highlight the role that private pensions play in financing future retirement;

- Identify groups in the population of each country, according to various socio-economic factors, that may have insufficient retirement savings to finance retirement;

- Draw policy recommendations on how to improve the adequacy of retirement savings of different population groups in each country by, for example, promoting higher saving rates in private pension plans or increasing the contribution period by postponing retirement age.

Detailed description of the project

The project will calculate and estimate the amount of money that current workers have or may have to finance their retirement. It will consider and add up all the different sources of income that people may use to finance their retirement. In this context, the project will focus on the role of retirement savings from funded pension arrangements in contributing to finance retirement. Moreover, in order to determine whether individuals may be prepared for retirement and whether retirement savings may need to be increased, the total amount of income individuals have to finance their retirement needs to be compared against a reference or target income.

Retirement income sources

The different sources of income that will be considered in evaluating the retirement readiness of different population subgroups include:[2]

1. Pension rights accumulated in Social security or state pensions (PAYG funded pensions)
2. Pension benefit rights accumulated in occupational defined benefit pension plans
3. Assets accumulated in occupational defined contribution pension plans
4. Assets accumulated in personal defined contribution pension plans

[2] Where possible, the information will be combined with information collected by the OECD Directorate for Employment, Labour and Social Affairs, in particular on public pensions.

5. Other assets available to finance retirement:
    a. Other savings (e.g. life insurance)
    b. Housing

Reference or target income

The project will aggregate retirement income sources to get a single measure of expected old-age income for the different population subgroups. In addition, the project will address the question of adequacy by comparing the estimated income with a suitable reference or target income. Such a reference level can be defined in different ways.[3]

On the other hand, if one wanted to assess whether pension systems achieve the other key goal of preventing poverty in old age, one could compare the estimated retirement income of current workers against the relative poverty threshold (60% of equivalised median income).

One could also compare the estimated retirement income of current workers against the amount of income received by people already retired (e.g. those aged 65+). The amount of money retired people have to finance their retirement is easily determined as they are already receiving pensions. However, they may not have enough to finance retirement.

Consequently, another reference income to determine retirement readiness could come from an assessment of expenditure or consumption patterns of different cohorts given in current expenditures surveys. Using these surveys, a reference income could be calculated by comparing the expenditure or consumption patterns of those already retired with that of those in working age.

However, one could argue that current retirees' expenditures are constrained by the income at their disposal and therefore, their income determined from their expenditure fails to indicate their real needs in retirement.

Additionally, one could use the life-cycle theoretical approach to calculate retirement needs of different population subgroups as the reference or target income to assess current cohorts' retirement readiness.

Finally, the evaluation of retirement readiness of different cohorts can be evaluated at retirement or at their current age. For people close to retirement (e.g. aged 55 to 64) or younger cohorts (e.g. those aged 35 to 54), one can determine what assets and pension rights they may have accumulated up to now by looking at their work histories. However, one cannot know what will happen between now and the time they retire. Consequently, one needs to make assumptions about their future. Alternatively, one could calculate what current retirees had in their past at different ages and compare, or what the life-cycle approach would suggest that people should have a different ages and compare with what they currently have.

Therefore, based on the different assumptions and their complexity as regards the target or reference retirement income, and of the different income sources considered to assess the overall income available to finance retirement, the project comprises four main phases:

[3] It would be important to keep in mind the need for a replacement income. Therefore, reference incomes such as earnings in the years preceding retirement (at the individual level) and average earnings (at macro level) could be used, in line with the works of the EU Open Method of Coordination and *Pensions at a Glance*.

Project implementation

Phase 1

In this phase, the project will only consider state pensions, occupational pensions, as well as personal pensions, as the main source of income to finance retirement. This phase will look sequentially at (i) current pensioners, (ii) cohorts that are close to retirement (people aged 55 to 64), and (iii) the cohorts of prime age workers (those aged 35 to 54). Cohorts close to retirement have already build up most of their pension rights and assets accumulated and very little needs to be assumed about what will happen between now and retirement. In general, it may be safe to assume that current trends may continue. For the younger cohorts (prime age workers), assumptions about what will happen between today and the time they retire become trickier. Different alternatives would have to be evaluated. The (actual or projected) retirement income for all these cohorts would also be compared with that of new workers entering the workforce, as calculated in the OECD publication *Pensions at a Glance*.

Phase 2

In phase 2, the project will extend the sources available to finance retirement by incorporating other savings and the main asset that people have, such as housing. An imputed rent for homeowners will be calculated (which can be used when comparing estimated income against the reference level in Phase 3). In addition, a simulation will be carried out to evaluate the potential contribution that housing could make to retirement income by converting housing assets into a retirement income (for example, one could assume that workers buy a reverse annuity mortgage at retirement). It will be done first for cohorts close to retirement and then for younger cohorts. Simulations will also be made to calculate the additional retirement income that could be obtained from other non-pension savings (e.g. savings in life insurance contracts, bank deposits and mutual funds). The report will also discuss the extent to which housing and other non-pension savings are currently being used to generate additional income streams after retirement.

Phase 3

Finally, in phase 3, the project will attempt to develop a suitable reference measure of retirement income for each cohort and socioeconomic group. It will therefore calculate a reference or target retirement income based either on expenditures surveys or on the life cycle approach, either evaluated at retirement or at their current age.

Each phase will include an analysis of how sensitive the results are to the underlying assumptions, for example, to the retirement age, saving rates, portfolio compositions, returns on investments, inflation, annuity rates (which includes the effects of interest rates and life expectancy), wage profiles, and the probability of remaining in employment.

Country coverage

Calculations of retirement saving adequacy have begun for four countries (Chile, Germany, the Netherlands and the United States). The calculations for Germany are under discussion with the country authorities. Agreements have been established to begin calculations for France, Italy, Iceland, Norway and the United Kingdom.

Concrete steps

1. Assessment of data needs.

- The countries assessed need to have *survey and/or administrative data on private pensions at the individual level*

- Data needs to be publicly available. However, agreements with relevant institutions in the different countries could be established for accessing non-publicly available data sets and/or helping in carrying out the calculations following a common framework.

- There is a need to calculate *labour histories* in order to determine pension rights and approximate pension assets (when necessary) up to the actual date of the survey.

2. Calculations of retirement savings adequacy could be presented according to different income groups (minimum three: low, medium, high), which will require detailed information on distribution of income, savings and contribution behaviour by age and income.

3. Calculations will be done for two working age subgroups, those close to retirement (aged 55 to 64) and prime age workers (those aged 35 to 54). The project will not assess the retirement savings of young workers (those aged 16 to 24 and 25 to 34) as they may not have much labour histories and calculations require strong assumptions about future work histories.

4. The following assumptions will be used as baseline:

- Assume future accruals in DB plans (both state and occupational private plans) in line with the past experience of the specific income group (e.g. wage profiles and the incidence of and spells of unemployment and their impact on retirement benefits would have to be modelled).

- Contribution rates in DC plans, based on past ones, will be kept fixed in the baseline case.

- Market return, inflation and longevity assumptions (as reflected in annuity rates): use prudent, long-term values.

5. A sensitivity analysis would be performed around those baseline assumptions.

"Secular Stagnation: Evidence and Implications for Economic Policy", Rawdanowicz, Ł. et al. (2014), OECD Economics Department Working Papers, No. 1169, (extracts)

http://www.oecd-ilibrary.org/economics/secular-stagnation-evidence-and-implications-for-economic-policy_5jxvgg6q27vd-en

ABSTRACT/RÉSUMÉ

Secular Stagnation: Evidence and Implications for Economic Policy This paper investigates whether OECD countries are facing secular stagnation. Secular stagnation is defined as a situation when policy interest rates bounded at zero fail to stimulate demand sufficiently, due to low or negative neutral real interest rates and low inflation, and when ensuing prolonged and subdued growth undermines potential growth via labour hysteresis and discouraged investment. Obtaining firm evidence is complicated by considerable uncertainties surrounding estimates of economic slack and its impact on inflation, crisis-related hit to potential output and neutral interest rates. However, signs of secular stagnation are most evident in the euro area, particularly in the vulnerable members, in contrast to the United States and the United Kingdom, where evidence is less firm. Japan is arguably in the advanced stage of secular stagnation that started almost two decades ago. In countries with symptoms of secular stagnation, more monetary and fiscal stimulus should be accompanied by structural reforms to boost potential growth and neutral rates. Evidence on hysteresis effects strengthens the case for accommodative policies. In general, the large uncertainty about the size and persistence of hysteresis and risks associated with certain measures pose policy dilemmas and call for a comprehensive policy response.

(…)

Summing up: Evidence on secular stagnation differs across countries

The evidence discussed above suggests that several economies have experienced prolonged periods of weak growth and significant resource under-utilisation with negative effects on potential output, and a fall in neutral interest rates since the onset of the Great Recession, but that the strength of these effects has varied (Table 3):

- Euro area: in the area as a whole, the crisis-related hit to potential output has been significant and the fall in the neutral interest rate implies that the decline in interest rates to close to zero may not be giving sufficient stimulus. Ensuing actual and potential growth dynamics has been mediocre and slack remains large, especially in the labour markets. These secular stagnation features have been particularly strong in the vulnerable countries.
- Japan: hysteresis effects since the Great Recession have been absent but, already long before the crisis, GDP growth was sluggish and deflation persisted. Estimated neutral rates have been well below actual rates for almost two decades, suggesting that the zero-interest-rate policy failed to provide any support to demand though monetary policy has become supportive since the introduction of quantitative and qualitative monetary easing (QQME) in 2013.
- United States: hysteresis effects have been present but muted compared with elsewhere, and the neutral interest rate is likely to have fallen though monetary policy has still provided stimulus to aggregate demand trough unconventional measures. Consequently, average GDP growth has been not far from historical averages, even if economic slack still persists.

- United Kingdom: hysteresis effects appear to have been strong and neutral rates have fallen though monetary policy has succeeded in providing stimulus through unconventional measures, boosting GDP growth recently.

The worst has been avoided thanks to sustained positive, even if low, inflation due to the apparent insensitivity of inflation to the level of slack throughout the OECD area.

Longer-term OECD's projections have stagnation tendencies coming to an end in the main OECD areas. Thus, the projections have output gaps closing through stronger demand, no further hit to potential output and strengthening potential output growth that eventually pushes up the level of neutral interest rates. There is, however, a risk that a secular stagnation scenario may become entrenched in the euro area, so that persistent slack will be reduced through hysteresis-driven declines in potential output and monetary policy effectiveness will be limited due to continued low neutral rates.

(…)

Policy implications

Short-term policy implications

Secular stagnation characteristics and risks of falling into its trap are especially evident in the euro area and, to a lesser extent, in Japan, necessitating a comprehensive stimulus package to avoid such a scenario. In principle, more monetary and fiscal stimulus should be accompanied by structural reforms that boost potential growth and neutral rates. The presence of hysteresis effects strengthens the case for accommodative policies, with potentially beneficial longer-term implications for economic activity. However, large uncertainty about the size and persistence of hysteresis and risks associated with certain measures poses policy dilemmas

- Monetary policy. With policy interest rates at their effective lower bound, further stimulus would have to come from unconventional measures, including QE, forward guidance or schemes to provide funding to banks. There is some evidence that the effectiveness of such measures may decline as they are used more extensively and asset prices become richly valued (Rawdanowicz et al., 2013). Thus, their effectiveness in addressing the problem of hysteresis is not certain as they may also encourage excessive risk-taking and asset price booms that lead to financial instability and costly recessions. Prudential measures could offset some of these risks but there are limits to their effectiveness and it is doubtful if they can counter a generalised rise in risk-taking (Box 1.5 in OECD, 2013). Moreover, tightening regulation for commercial banks can result in regular bank activities migrating to lightly regulated shadow banks.
- Fiscal policy. Fiscal stimulus could be at least partly self-financing (as a permanent increase in potential output implies a permanent increase in taxes) in the presence of hysteresis, high fiscal multipliers and sustained low real interest rates (DeLong and Summers, 2012). Nevertheless, such a strategy involves risks. The cost of increased debt may turn out higher due to reduced private investment and increasing economic vulnerability (Feldstein, 2012). Moreover, fiscal stimulus may be less potent to deal with a prolonged period of subdued growth, as fiscal multipliers could be smaller than during outright recessions.15 Finally, postponing the implementation of a credible fiscal consolidation plan could lead to adverse market reactions.

- Structural policy. Structural reforms can boost potential output in the longer term and thus neutral interest rates, increasing the effectiveness of monetary policy. They, however, risk widening output gaps from already high levels if they were to weaken aggregate demand and strengthen potential output in the short run. To the extent that hysteresis effects operate, the widening of economic slack could on its own permanently reduce output, thus offsetting to some extent the beneficial long-run effects of structural reforms. OECD research shows that in some cases structural reforms can have immediate positive demand effects (Bouis et al., 2012a) and such reforms should be prioritised when economic slack is large.

In the euro area, in view of secular stagnation evidence, more accommodative macroeconomic policies, combined with measures to strengthen the banking sector and structural reforms to boost potential growth are needed. The monetary policy stance has recently been eased, including via policy interest rate cuts, targeted longer-term refinancing operations and announced purchases of covered bonds and assetbacked securities. Further unconventional monetary accommodation is, however, needed. Resulting potential costs, involving for instance an excessive compression of sovereign yield spreads and higher issuance of high-yield bonds, do not seem to outweigh associated benefits from higher growth and inflation converging to its target. House price and credit bubbles at national level should be addressed by prudential measures. To ensure an efficient transmission of monetary policy, it will be essential to finalise the repair of bank balance sheets. Some progress in bank recapitalisation has already been achieved. Deleveraging and recapitalisations are by no means finished, given continued weak growth and still high ratios of nonperforming loans. The pace of structural fiscal adjustment could be slowed in some countries if this is in line with EU fiscal rules and does not undermine market confidence. Too ambitious consolidation in the presence of hysteresis effects, high fiscal multipliers and interest rate shocks can result in a protracted spell of negative output gaps and deflation which reduces the level of potential output (Rawdanowicz, 2013). The limited room for fiscal stimulus stresses the importance to raise public sector efficiency and implement growth-friendly budget neutral changes in the structure of government revenue and spending (Cournède et al., 2013). Structural reforms are needed to boost potential output growth but they should be designed so as to have the least negative impact on demand. This calls in particular for reforms to stimulate investment as they would help increase both demand and potential growth.

In Japan, given no scope for fiscal stimulus, policy boost must come from further quantitative easing together with urgent further improvements in structural policy settings. Very high sovereign debt is expected to continue to increase over the next decade even with sustained consolidation (OECD, 2014). Thus, failing to improve the fiscal position risks sparking adverse financial market reactions (Guillemette and Strasky, 2013). To ensure market confidence, the top priority should be to produce a detailed and credible long-term consolidation plan, including social security reforms to limit spending increases in health and long-term care and revenue increases. The current QQME programme provides increasing monetary policy stimulus but further measures are needed. Decisions about the size of a new programme would have to take into account possible diminishing marginal benefits and risks to financial stability. In view of limits to macroeconomic stimulus in Japan and an ageing society, structural reforms to boost actual and potential GDP are needed. This requires implementing specific measures based on the government's revised growth strategy, and carrying out bolder reforms of product markets, including greater international openness, and reducing labour market dualism.

In the United States and the United Kingdom, risks of secular stagnation seem far less important. A pick-up in aggregate demand and firming of potential GDP, as recently experienced and projected by the OECD, call for gradually removing monetary stimulus while sustaining fiscal consolidation to

ensure lower public debt in the longer run. A gradual normalisation of monetary policy is supported by growing evidence of increasing risk-taking in financial markets. In the United States, risk spreads have fallen to close to immediate pre-crisis levels; the issuance of high-yield bonds has reached new highs; underwriting standards have fallen, with covenant-light contracts expanding significantly; and the securitisation of loans to leveraged borrowers into collateralised loan obligations has surged. The United Kingdom has also experienced a compression of corporate bond spreads and a rapid increase in house prices, which have already been above long-term averages in relation to rents and income.

Other longer-term policy considerations

Looking towards preventing the risk of secular stagnation beyond the near term, the inflation target could be raised to reduce the probability of hitting the zero lower bound or to increase resilience in case the bound is reached (Blanchard et al., 2010; Ball, 2013; and Krugman, 2014a). A higher inflation rate and the associated higher nominal interest rates would provide greater room to ease monetary policy in the face of negative shocks. Against these benefits, there are, however, at least two associated risks (Bayoumi et al., 2014). First, a permanently higher inflation rate would entail several costs including distortions in cash holdings; overinvestment in the financial sector; greater uncertainty about relative prices and the aggregate price level; distortions of the tax system; redistribution of wealth; and difficulties in financial planning. Higher inflation also tends to be more volatile, thus raising the term premium and nominal and real longterm interest rates (Bouis et al., 2014). Second, it could be difficult for central banks to credibly modify the inflation target as raising it once could generate expectations of future upward shifts (Bernanke, 2010).

Looking further in the future, implementing fiscal frameworks to ensure low debt levels in normal times would minimise risks of limited room for fiscal accommodation to deal with secular stagnation, should the economy be hit by a large shock. Frameworks could involve a combination of fiscal rules, including debt ceilings, expenditure or deficit rules (Sutherland et al., 2012). Fiscal discipline could be bolstered and a deficit bias reduced by setting up an independent fiscal policy watchdog, to scrutinise budget proposals and underlying macroeconomic assumptions, and strong budgetary procedures. This is likely to help raise transparency and help hold governments accountable for meeting their long-term sustainability goals. Fiscal rules, independent watchdogs and budgetary procedures must be backed by a strong government commitment to fiscal discipline to be efficient.

TUAC meeting on pension reforms
- Who bears the risks?
5 June 2013
OECD Conference Centre, Paris

SUMMARY REPORT

On 5 June 2013 the TUAC held a meeting on pension reforms to take stock of the post-2008 wave of pension reforms across OECD and in emerging economies, as well as specific pension issues around:

- the development of defined contribution (DC) schemes,
- the implications of current monetary quantitative easing policy and government guarantees on bank liabilities, and
- the current OECD/G20 work on long term investment by institutional investors.

The meeting was chaired by Nathalie Joncas (CSN, Canada) and was attended by trade union pension experts from Belgium, Brazil, Canada, Czech Republic, Italy, Netherlands, Portugal, South Africa, and Sweden. Several OECD Secretariat pension and banking experts also attended and gave presentations.

Item 2. Stock taking on pension reforms, post-crisis

Highlights from the OECD presentation:

- The efficiency of public pension systems in tackling old age poverty in fact improved post-crisis thanks to targeted or means-tested measures. But the threshold effect has an impact: a minor adjustment to the basic pension can have disproportionate effect on older people living close to the official poverty line.
- The pace of reforms accelerated during the crisis and beyond; lower public pension benefits of 20-25% on average across OECD are to be expected for future generations. But even after the recent wave, public pension systems need still to be fixed and are not sustainable on the long term.
- Life expectancy is increasing fast and faster than past projections had anticipated. Retirement age might need to increase further in the future. A flexible retirement age is a good proposition, but past experience shows that people always choose early retirement which reduces the efficiency of the system to a large extent.
- Can pension systems be ring fenced from current austerity policy measures? No, full ring fencing is not an option given the size of pension liabilities on the governments' balance sheet. But targeted measures can be taken to protect in-work objectives of pension systems and to tackle old age poverty.
- The way out of the pension crisis that is looming is to increase employment levels and to promote private pensions.
- Political economy of reform: in a context of severe public budget crisis it is indeed "easier" for governments to cut public pensions than to take alternative structural measures, such as improving the tax collection system.
- Tax incentives for private pensions are inherently regressive; only those who can afford to pay income tax can benefit from these incentives.

Highlights from country reports:

Italy

- The speed at which the recent pension reform took place is exceptional: the Monti Government was nominated in November 2011, a major pension reform was enacted one month later.
- The reform unifies the pension system under a single notional defined contribution (NDC) system, increases the retirement age with automatic adjustment in line with life expectancy and a two-year cap on indexation beyond EUR1400/month.
- The reform lacks transition measures, leaves unaddressed the many people without employment or pension rights, the problems of physically demanding jobs and of weak replacement rates of the NDC system for workers with short or fragmented careers (women in particular).

South Africa

- The government is weighting the costs and benefit of introducing mandatory pension contribution: it would definitely help resolve the extremely low level of coverage of the current system, but it would also have an adverse impact on labour cost and the competitiveness of the private sector.
- The current reform package includes tax incentives for private pensions, better governance and supervision of funds, as well as measures to enhance competition in the market for annuity products.

Canada

- An increase in eligibility age and a voluntary deferral option beyond retirement age of 65 years have been introduced for the basic state pension & additional benefits targeted at lowest-income.
- Given its efficiency, the doubling of Canada Pension Plan (mandatory earnings-based scheme, currently 25% replacement rate) is called for by the CLC.
- In Québec, a new guaranteed minimum pension benefit from the age of 75 and on is under consideration.
- Federal and Provincial governments have been pushing for weaker employer responsibilities under occupational DB schemes in a context under-funding risk: employee contribution rate increases combined with benefit reductions and a push for conversion to DC and to 'hybrid' schemes in which savings are entirely captured by employers.

Netherlands

- Occupational pension funds are under severe funding stress, being squeezed by the fall in interest rates (increasing pension liabilities) and continued depressed asset prices; as a result, the search for yield has intensified and the pension funds' asset mix has become more risky post-crisis.
- The reform process post-crisis spanned over 5 years: expert reports were delivered in January 2010, agreement between unions & employers in June 2011, and final reform package expected during the summer 2013, parliamentary act in 2015.
- Contribution rates are at high levels already, reform will focus on the retirement age, reduction in tax incentives, and cuts in benefits.
- The Dutch pension system has relied too much on pre-funding compared with European counterparts; it is time to rebalance the source of funding toward PAYG.

Item 3. Fair risk sharing: can DC schemes be fixed?

Highlights from the OECD presentation:

- The main challenges with DC schemes are (i) how to cope with the volatility during the accumulation phase and (ii) how to organise the payout phase.
- The OECD has a roadmap for the design of individual DC schemes. OECD guiding principles are: coherence, adequacy and efficiency.
- Coherence of the DC scheme with the overall pension system and between the accumulation and the payout phases; efficiency of the accumulation phase (incl. through life-cycle portfolio) and of the payout phase (existence of a competitive market for affordable annuity products); adequacy, or rather ensuring a "target retirement income", of DC schemes as complementary source of retirement, not one that would substitute to public PAYG and/or tax schemes.
- The current low interest rate environment has indeed an adverse impact on private pre-funded pensions – but it is important to keep a long term perspective: OECD modelling shows that over a 40 year accumulation phase, and despite the many financial crises in the 1970-2000 period, a 7.5% average annual return is a reasonable target.
- There is indeed a need to improve the design of tax incentives for DC schemes because they are regressive in nature and because they can prove very costly for public budgets retrospectively, as evidenced in the case of the transition in Poland from PAYG to DC in the 1990s.
- The development of a competitive market for life annuities is of prime importance. These are complex products that financial service providers and insurance companies in particular have so far been reluctant to develop because of the lack of readily available risk-hedged instruments.
- Portability of DC schemes is not a problem *per se*, but shifting between providers always comes with a cost.
- Having a default option with a life cycle portfolio composition is recommended. It is not a panacea but it is better than minimum guarantees which are excessively costly and reduce performance. Capital guarantees however can be affordable, but only under certain conditions: contributions spans over a long period, no change of provider, no change of the investment strategy.

Highlights from country reports:

Czech Republic

- Government has introduced a private pension opt-out option under the PAYG second pillar; that opt-out is almost identical to the voluntary third pillar individual DC schemes.
- There is no government plan to ensure affordable annuities during the payout phase.

Sweden

- The flexible 61-67 year retirement age system will shift to 63-69 from 2019 and on; but the number of people close to retirement that are under disability benefit programmes is growing rapidly.
- The funded DC premium scheme (corresponding to 2.5% wage contribution) offers more than 800 different investment funds to choose from, but most people pick up the default option which is run by social partners – fund managers would want that advantage given to social partners to be ended.
- Investment performance varies considerably from one fund manager to another.

Item 4.The implications of government guarantees in the banking sector

Highlights from the OECD presentation:

- The traditional roles of governments and central banks in providing the financial safety net have been: (i) lender of last resort, (ii) regulation and supervision and (iii) ensuring proper resolution of failing banks & protecting deposits.
- Since 2008 they have taken on a new role, that of "guarantor of last resort" for bank liabilities and sometimes even assets: blanket guarantees for bank deposits, government guarantees for bank bonds and other bank liabilities, "excess loss guarantees" on bank assets and the assurance by the central bank that liquidity will always be sufficient have characterised the crisis response.
- Some but not all of these ad hoc guarantees have been withdrawn in the meantime. The question is: can this new financial safety net function ever be fully withdrawn in the future?
- Beyond explicit guarantees, the governments' response to the financial has fuelled the perception that banks, and "too-big-to-fail" (TBTF) banks in particular, benefit from an "implicit" guarantee.
- Implicit government guarantees impact (i) financial stability (invitation for the beneficiary to take on more risk), (ii) competition (benefit the TBTF banks, not the smaller ones) and (iii) fiscal and budgeting transparency (costs are seen as a contingent liability of the government, thus reducing the sovereign rating).
- The persistence of bank debt guarantees delays the much needed banking reform process.
- The failure of government to reform and in particular to set up resolution frameworks affects pension funds in several ways: (i) the current dysfunctional banking sector leads to weaker growth and more limited returns in financial markets, (ii) the cost of inaction on resolution reform falls on the sovereign via the rise of contingent liabilities, pressure on sovereign ratings and on government bonds, (iii) the current 'unconventional' monetary policies and quantitative easing favour bank financing but come at a heavy cost for pension funds (low interest rates leads to high pension liabilities).
- Are pension funds bystander victims of the government guarantees on banks? Yes to the extent they suffer from the low interest rate environment needed to stabilise the banking sectors. But at the same they might also be part of the problem. Guarantees do not apply to the banks themselves but to their liabilities, that is to claims of their counterparties, including pension funds' holdings in bank equity and bonds. Recent cases of bank failures suggest that the presence of pension funds as shareholder or creditors tends to complicate proper bank recovery and resolution.
- Banks are still de-leveraging and are not able to fulfil their role of financing infrastructure; hence the need to tap directly in institutional investors' capacity– including pension funds – to compensate for the absence of banks.

Item 5. Long Term Investment by Institutional Investors

Highlights from the OECD presentation:

- The OECD project is part of the G20 process and aims at identifying obstacles to and incentives for long-term investment by institutional investors.
- Barriers include: lack of government support for infrastructure projects (lack of infrastructure project pipeline, fragmentation of the market among different levels of government, regulatory instability, high bidding costs); lack of investor capability(expertise, problem of scale of pension funds, regulatory barriers and short-termism of investors) and restrictive investment conditions (lack of transparency in the infrastructure sector, misalignment of interests between infrastructure funds and pension funds, shortage of data on infrastructure projects).
- Central to the project is the development of new "High Level Principles of Long Term Investment by Institutional Investors" as mandated by the G20 Finance.

Item 6. Activities of the Global Unions Committee on Workers' Capital

Highlights from the TUAC presentation:

- The CWC has four objectives: (i) support trustee education, (ii) inform and coordinate corporate or issue-specific shareholder campaigns, (iii) monitor asset management accountability to asset owners (CWC annual proxy review), and (iv) policy advocacy.
- The on-going OECD/G20 agenda on financing infrastructure may create opportunities to broaden workers' capital strategies beyond shareholder activism (listed securities) to green growth and infrastructure job creation (direct investment, green bonds & infrastructure funds).
- There is a renewed interest from the Global Union Federations in engaging workers' capital strategies.

Wrapping up and next steps

Wrapping up the meeting, TUAC participants welcomed the opportunity to engage with OECD pension and financial experts and expressed interest in holding TUAC meetings on pension reform on an annual basis.

While national pension systems are very diverse within and beyond OECD membership, TUAC pension experts participating in the meeting also shared the following conclusions:

- Workers' rights to decent, adequate, predictable and secured retirement income is under attack from short termist austerity measures. The main threat to pensions however is to be found in the massive rise in unemployment (and in youth unemployment in particular), in the growth of non-standard jobs (and of "mini jobs" across Europe) that are free of any contribution to pension schemes and, beyond the OECD, the prevalence of the informal economy.

- According to the ILO, pension reforms post-crisis have in most cases been designed and implemented without proper consultation and negotiations with trade unions and employer groups. Securing pension rights requires a collective social contract between and within generations. The best way to achieve that social contract is through negotiations including with representative trade unions and employer groups.

- The pace of pension reforms post-crisis contrasts with slow progress to reform and restructure the banking sector. Yet the persistence of dysfunctionalities in the banking sector lowers the prospect for a return to sustainable economic growth and job creation, which are needed in their own, but also for pension sustainability.

- Life expectancy is increasing. Older workers can play a greater role in the labour market in the future provided that jobs are made available and that adequate working conditions and flexible forms of working organisations exist. But increasing retirement age unilaterally, or adjusting it automatically to life expectancy fuels inequality. Life expectancy in part depends on jobs and working conditions throughout the employment career. In addition, physically demanding jobs simply cannot be fulfilled beyond a certain age.

- Collective schemes that are based on collective bargaining between social partners are inherently superior to individualised schemes. The development of individualised DC schemes as a prime source of occupational pension income must be reversed. DC schemes benefit from and rely on tax incentives that can be very costly for governments and that are regressive in nature. The complexity of the DC schemes during the pay-out

phase outweighs any possible benefit. A first step to that end is to bring individual schemes under collective agreements and to mutualise or to increase mutualisation of both investment and longevity risks.

- Defined benefit schemes must be protected. Where reforms cannot be made while preserving the basic design of the plan, negotiations between employer and unions should ensure fair risk sharing and fair risk mitigation.

- The widespread use and growth of government guarantees on banks – both implicit and explicit guarantees –have a mixed impact on the funding level of pre-funded pension schemes. The prolonged period of low interest rates and the quantitative easing are however having a clear adverse impact on investors with long term liabilities, including pension funds.

- While respecting prudential rules and investment diversification principles, there is considerable scope to enhance the long term investment horizon of pre-funding pension schemes so as to ensure workers' pension money help finance job creation and infrastructure.

Annex: list of TUAC participants

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Christophe QUINTARD	Directeur Dpt économique (service d'études) FGTB	BELGIUM
Sabine SLEGERS	Secrétaire nationale CGSLB	BELGIUM
Celeni CARUALHO	Organization Secretary CUT Brazil	BRAZIL
Jacy AFONSO DE MELO	National Secretary CUT Brazil	BRAZIL
Nathalie JONCAS (chair)	Actuaire Confédération des Syndicats Nationaux	CANADA
Chris ROBERTS	Senior Researcher Canadian Labour Congress	CANADA
Vít SAMEK	Head of Legal and Social-economic Dpt CMKOS	CZECH REPUBLIC
Valeria PICCHIO	Economic Democracy Dpt CISL	ITALY
Chris DRIESSEN	Policy advisor	NETHERLANDS

	FNV	
Rui RISO	President Sindicato dos Bancários do Sul e Ilhas UGT-P	PORTUGAL
George STRAUSS	President UTATU SARWHU FEDUSA	SOUTH AFRICA
Renée ANDERSSON	Expert LO	SWEDEN
Lena ORPANA	Senior Research Officer TCO	SWEDEN

TUAC Secretariat:
- Pierre HABBARD, Senior policy advisor

Invited speakers from the OECD Secretariat:
- Monika QUEISSER, Head of Social Policy Division, ELS
- Pablo ANTOLIN, Principal Economist, Financial Affairs Division, DAF
- Raffaele DELLA CROCE, Administrator, Financial Affairs Division, DAF
- Sebastian SCHICH, Principal Economist, Financial Affairs Division, DAF