

## **Ageing Population Group**

By David Lewis

To be presented at the Actuarial Profession's ***Social Policy and the Public Interest*** event  
at the Institute of Actuaries on 9 June 2003

## **Ageing Population Group**

The Ageing Population Group is a committee of the Social Policy Board and is currently chaired by David Lewis. The current Ageing Population Group is a merger of the original Ageing Population Group and the Pension Provision Taskforce. Needless to say, membership of both of these groups has changed over the years that they have been in existence. In common with members of all the profession's Boards and Committees, members of the Ageing Population Group are volunteers and undertake their contributions to the Group in addition to their work or other commitments that they have.

The Pension Provision Taskforce was originally set up in March 2000 by the Presidents of the Faculty and Institute to prepare a series of papers on high level pensions issues. At that time such issues were starting to be considered at the political level and it was felt that the Pensions Board had insufficient resources to deal with these high level issues as well as all the day to day detailed pensions matters that are always with us. Consequently, the profession was in danger of not contributing to the debate on pensions as fully as it would like.

The high level issues that the Pension Provision Taskforce was asked to address were

- Size of the State Pension
- Means testing
- The age of retirement and longevity
- Unfunded pensions in the public sector and the EU
- The impact of annuitisation

Short position papers on each of these topics were prepared with the objective of informing debate by presenting information in a balanced manner and attempting to avoid political debate, although it was accepted that many of the issues were political in nature. The papers were presented to members of the profession at a half day seminar in December 2000 and have been posted on the profession's website.

The first three of the papers mentioned above were presented to a wider audience at a seminar at the House of Commons in February 2001 hosted by Jim Cousins MP.

Following on from this, the Pension Provision Taskforce has been responsible for formulating or contributing to the profession's response to various consultation documents from Government on pensions issues as well as House of Commons and House of Lords Select Committee inquiries into various aspects of pensions. This involves addressing such "interesting" questions as, for example

- What role should the DWP play in encouraging saving for retirement? Do stakeholder pensions and the state second pension (S2P) encourage individual saving for retirement? If not, how could they be improved? What role should tax incentives play?
- What negative effect have recent private pension crises had on public perceptions of saving for retirement and how can they be countered?

- To what extent is the UK's population ageing? What effect will this phenomenon have on the supply of labour and capital, wages, interest rates, asset prices (especially housing) and productivity? How do the relevant facts vary by gender and ethnic group?
- What is the role of the basic state pension and does it fulfil that role? How is pension policy influenced by ideology, short-term political considerations, the need to produce consensus and the need to protect existing benefits?

Finally, the Pension Provision Taskforce has produced a paper for the Staple Inn Actuarial Society which seeks to discuss the question of state pension age, drawing together many of the strands of the arguments in this area and giving the profession the chance to debate the issue. The paper will be presented to SIAS at their next meeting on June 17.

The Ageing Population Group has also been very active in a number of areas. They organised a successful two day conference "Ageing Population – Burden or Benefit?" in Edinburgh in January 2002, with speakers from inside and outside the profession. The organisers sought to achieve four objectives:

- To explore a range of different insights into the ageing population: its nature, consequences and demands on government, markets and people;
- To assess as realistically as possible the social, economic and financial impact of the ageing population on Britain and other parts of the world;
- To explore the need for new approaches to public policy, commercial provision and personal life-styles;
- To bring together people from different backgrounds and fields of expertise to exchange insights into the challenges of the ageing population and its possible solutions.

Following on from this, the Ageing Population Group is currently in the process of organising a second conference planned for September 2004.

Another initiative under the Ageing Population Group umbrella was the "Report on Equity Release Mechanisms", which was produced in January 2001 by a Steering Group of people from a number of different organisations and which was chaired by Desmond Le Grys. This report is still in demand today from a variety of people and the Ageing Population Group is seeking to follow up some of the recommendations in the report, particularly in the light of the FSA's new interest in some aspects of equity release mechanisms.

The Institute sessional paper "Family Fortunes – A Guide to Savings for Retirement" by Deborah Cooper in April 2002 was prompted by the Ageing Population Group. This paper describes a model that is used to investigate optimum levels and timing of savings required by households under a number of different scenarios in order to maintain standards of living into retirement.

The Ageing Population Group has recently set up a Family Policy Research Group whose initial aim is to produce a small leaflet to inform people outside the profession about the demographic outlook in the UK. It will also attempt to generate a discussion on the issue of encouraging an increase in fertility rates and what family friendly policies might achieve this aim, if it was considered desirable.

The projects listed above show the wide range of issues that the Ageing Population Group has been involved in. These issues are sometimes initiatives that arise from within the profession and sometimes a reaction to outside events. It is not always easy to gauge the effects of the work that has been undertaken but it does represent part of the profession's attempt to raise its profile and to inform the public, without necessarily taking political or public policy positions. Generally, the Ageing Population Group is trying to address high level issues divorced from any particular interest group and separately to technical issues that are more properly dealt with by, for example, the Pensions Board or the Life Board.

The Ageing Population Group, in common with the Social Policy Board and other committees of the Board, is also keen to work with other interested organisations who operate in these areas and to meet and discuss social issues with them.