ICPM-CRR Discussion Forum: Global Challenges to Retirement Security

June 2016

Dates: June 6-8, 2016
Location: Boston Harbor Hotel, 70 Rowes Wharf
Moderators: Rob Bauer and Alicia Munnell
*Indicates sessions moderated by Alicia Munnell, all others moderated by Rob Bauer

Monday, June 6, 2016

7:45-8:30 Registration
Continental breakfast available

8:30-8:45 Welcome and Opening Remarks
Barbara Zvan (Board Chair, Rotman ICPM)
Rob Bauer (Executive Director, Rotman ICPM)
Alicia Munnell (Director, Boston College CRR)

Topic: Defined Benefit Plans: Public and Private

8:45-10:15 What Is the Biggest Challenge Facing Public Plan Sponsors? (Practitioner Perspective)
Speakers: Hank Kim (National Conference on Public Employee Retirement Systems), Greg Smith (Colorado Public Employees’ Retirement Association), Michael Williamson (State of Wisconsin Investment Board), and Marcie Frost (Washington State Department of Retirement Systems)

Session Objective: Kim will provide an introduction of the U.S. Pension landscape, after which Smith, Williamson, and Frost will give short overviews of the challenges the organizations they are representing are facing.

Session Format: Moderator (Kim) will introduce the topic in 10 minutes, each panelist will speak for 5-7 minutes. This will be followed by a moderated discussion between the panel members and a plenary Q&A.

10:15-10:45 Networking Break
10:45-12:15  **What Is the Biggest Challenge Facing Public Plan Sponsors? (Research Perspective)**

*Speakers: Andrew Biggs* (American Enterprise Institute), *Rob Bauer* (Rotman ICPM and Maastricht University), and *Jean-Pierre Aubry* (Boston College CRR)

**Session Objective:** This session features the research community’s perspective on key issues facing U.S. public pension plans. **Biggs** will discuss how inadequate and volatile investment returns pose an obstacle to plans’ fiscal health. **Bauer** will focus on the need for effective plan governance. **Aubry** will describe how recent cutbacks in pension benefits may make it harder to attract quality workers.

**Session Format:** Each panelist will present for 15-20 minutes, followed by a plenary Q&A.

12:15-1:15  **Networking Break and Lunch**

1:15-3:00  **“De-Risking” Defined Benefit Plans**

*Speakers: Emily Kessler* (Society of Actuaries), *Joshua Gotbaum* (Brookings Institution), and *Amy Kessler* (Prudential)

**Session Objective:** Rising longevity poses a potential risk to the defined benefit pension plan model. Partly to respond to this risk, some plans have begun transferring their pension liabilities to private insurance companies. **E. Kessler** will provide an overview of the longevity risk challenge. **Gotbaum**, a former head of the U.S. Pension Benefit Guaranty Agency, will cover pension “de-risking” activity and its implications for plan sponsors and plan participants. **A. Kessler**, who is with a company involved in “de-risking” transfers, will discuss how insurers manage the risk.

**Session Format:** Each panelist will present for 15-20 minutes, followed by a moderated discussion between the panel members, and a plenary Q&A.

3:00-3:30  **Networking Break**

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**Topic: Long-Term Investing in Alternative Assets**

3:30-5:15  **Case Study: “Texas Teachers and the New Texas Way”**

*Speaker: Luis Viceira* (Harvard Business School)

**Session Objective:** **Viceira** will present a recent Harvard Business School case study on how to manage private equity investments. The case study discusses how to align strategic partnerships in alternative investments and how to manage the costs of investing in these assets.

**Session Format:** Case study introduction, breakout groups with table assignments, and a report-back session. Protagonist, **Britt Harris** (Teacher Retirement System of Texas), will be in the room and will answer questions.
5:15-5:30  Further Thoughts and Suggestions for Future Action  
The moderators will ask the audience what was thought-provoking during today’s session and what the potential impact on their actions will be going forward.

5:30-6:00  Personal Break  
All participants are invited to join us at the conclusion of today’s program for cocktails and dinner. Hotel guests are encouraged to drop their conference materials at the hotel and change (if desired).

6:00 onward  Cocktails/Stand-Up Dinner  
Meritage, Boston Harbor Hotel (proceed to the ninth floor rotunda).
Tuesday, June 7, 2016

7:45-8:30  Registration Desk Open  
Continental breakfast available

8:30-8:45  Opening Remarks and Introduction of the Day  
Rob Bauer (Executive Director, Rotman ICPM)  
Alicia Munnell (Director, Boston College CRR)

Topic: Making Retirement Plans More Efficient

8:45-10:15  Costs of DC/DB Plans: How Low Can They Go?*  
Speakers: Ian Lorimer (UniSuper), Sarah Holden (Investment Company Institute), and Dirk Broeders (Dutch Central Bank)  
Session Objective: The costs of managing defined benefit and, especially, defined contribution plans have emerged as a major concern in recent years for government regulators, consumer advocates, and plan participants. The panelists will address this issue from the perspective of different countries. Lorimer will focus on the approach to fees in Australia. Holden will offer an analysis of fees in the U.S. marketplace. Broeders will provide a perspective on the costs of managing defined benefit plans in the Netherlands.  
Session Format: Each panelist will present for 15-20 minutes, followed by a moderated discussion between the panel members, and a plenary Q&A.

10:15-10:45  Networking Break

10:45-12:15  How Much Access Should Individuals Have to Their Retirement Savings Before Retirement?*  
Speakers: David Laibson (Harvard) and Anthony Webb (The New School for Social Research)  
Session Objective: Leakages from retirement savings accounts through pre-retirement withdrawals can significantly erode account balances. However, at the same time, providing individuals early access to their retirement savings may also encourage them to participate in retirement savings plans. Laibson will present results from his recent research on the optimal level of illiquidity in a retirement savings system. Webb, who has estimated the size of leakages in U.S. 401(k) plans and IRAs, will serve as a discussant.  
Session Format: Laibson will present for 25 minutes, Webb will present for 15 minutes and Laibson will respond to Webb’s presentation for 5 minutes. This panel will end with a plenary Q&A.
12:15-1:15  Networking Break and Lunch

1:15-2:45  What Are the Best Ways to Close the Pension Coverage Gap?*
 Speakers: J. Mark Iwry (U.S. Treasury), Jamie Mills (Connecticut), Keith Ambachtsheer (Rotman ICPM), and Will Sandbrook (NEST)

Session Objective: In some countries, many workers do not have any retirement saving, often due to lack of access to an employer-sponsored plan. Recently, policymakers have begun targeting this coverage gap in earnest. Iwry will discuss the U.S. federal-level initiatives. Mills will cover the U.S. state-level. Ambachtsheer will discuss a new provincial-level plan in Ontario. Sandbrook will focus on the experiences of the U.K.’s NEST plan, which has already been implemented.

Session Format: Each panelist will present for 15 minutes, followed by a moderated discussion between the panel members, and a plenary Q&A.

2:45-3:15  Networking Break

Topic: Long-Term Investing

3:15-4:30  Latest Academic Insights for (Conservative) Long-Term Investors
 Speakers: John Campbell (Harvard) and Eduard van Gelderen (APG Group)

Session Objective: Campbell will share his recent research findings on the understanding of volatility risk. He will show that the fact that market opportunities are constantly changing (varying real interest rates, varying equity risk premium and varying volatility levels), has important implications for long-term investors such as pension funds. Campbell will show how long-term investors can hedge against these shocks to investment opportunities. Next, van Gelderen will provide feedback to Campbell’s findings from a practitioner perspective. He will also highlight the importance of knowledge management as a strategic discipline. In his view, academic research (such as Campbell’s) offers ample proof of (un)successful investment strategies and new insights. Yet, the adoption by practitioners is often limited. Part of the reason is the lack of investment in knowledge management.

Session Format: Each panelist will present for 20 minutes, followed by a plenary Q&A.
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<th>Time</th>
<th>Event</th>
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<tr>
<td>4:30-5:15</td>
<td><strong>Introduction of Pension Challenges in Chile</strong></td>
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<td><strong>Speakers:</strong> Rodrigo Pérez (Chilean Association of Pension Funds)</td>
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<td><strong>Session Objective:</strong> Pérez will introduce Chile’s pension system and discuss the challenges the pension system faces.</td>
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<td><strong>Session Format:</strong> The panelist will present for 15 minutes, followed by a short plenary Q&amp;A.</td>
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<td>5:15-5:30</td>
<td><strong>Further Thoughts and Suggestions for Future Action</strong></td>
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<td><strong>David Knox</strong> (Mercer) will ask the audience what was thought-provoking during today’s session and what the potential impact on their actions will be going forward.</td>
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<td>5:30-6:00</td>
<td><strong>Personal Break</strong></td>
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<td>6:00 onward</td>
<td><strong>Cocktails/Stand-Up Dinner Reception</strong></td>
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<td><strong>Legal Sea Foods Harborside, 270 Northern Avenue (proceed to the third floor terrace)</strong></td>
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Wednesday June 8, 2016

7:45-8:30  Registration Desk Open
Continental breakfast available

8:30-8:45  Opening Remarks and Introduction of the Day
Rob Bauer (Executive Director, Rotman ICPM)

Topic: Emerging Issues for Retirement Security

8:45-10:15  What Is the Potential of Housing Equity for Enhancing Retirement Security?
Speakers: Don Haurin (The Ohio State University), Chris Mayer (Columbia University), and Anna D’Addio (OECD).

Session Objective: As many households approach retirement with insufficient savings, one (often overlooked) asset that could be tapped to support retirement consumption is home equity. Haurin will discuss potential effects of new rules on reverse mortgages in the U.S. market. Mayer will provide an industry perspective on reverse mortgages. D’Addio will offer an overview on the use of home equity for retirement in OECD countries.

Session Format: Each panelist will present for 10-15 minutes, followed by a plenary Q&A.

10:15-10:45  Networking Break

Topic: Long-Term Investing in Emerging Markets

10:45-12:00  Corporate Governance in Emerging and Frontier Markets
Speakers: Pasquale de Benedetta (World Bank) and Alexander Berg (World Bank)

Session Objective: Benedetta and Berg will present the results of a survey and a series of interviews among Rotman ICPM research partners by the World Bank on the topic of corporate governance in emerging and frontier markets.

Session Format: Benedetta and Berg will speak for 25 minutes followed by a table discussion of results, followed by a plenary feedback, and further Q&A.
12:00-12:15  **Further Thoughts and Suggestions for Future Action**

The moderators will ask the audience what was thought-provoking during today’s session and what the potential impact on their actions will be going forward.

12:15-1:00  **Networking Break and Lunch**

A light lunch is available for those able to stay. Boxed lunches will be available for those people who must hurry to the airport.

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**Directions to the Boston Harbor Hotel (BHH) from Boston Logan International Airport:**

- **Taxi (Approximately $20 USD one-way)**
  - A Massport dispatcher wearing a bright yellow vest outside the lower level arrivals of each terminal can assist with getting a taxi.

- **Water Taxi ($12 USD one-way, $20 USD round trip)**
  - Take the Route 66 shuttle bus from the terminal to the Logan dock where the water taxi is located. If the boat is not there, there is a phone to call for one (617.227.4320). Tickets can be purchased on board. Exit the water taxi at stop 12 (Rowes Wharf).
  - The BHH concierge can call the water taxi for service to Logan airport.