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Dutch Stand-Alone Collective Pension Schemes: Best of Both Worlds?

SOA Retirement 20/20
A Discussion Document

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Remaining Pension Design Challenges

- **Pension contracts still not complete**
 - What if there is too much surplus? No surplus?
 - What if there is no inflation? deflation?
- **Undifferentiated investment policies and contributions rates**
 - Young workers can absorb more investment risk than older workers and pensioners
 - Young workers bear most inflation risk with nominal guarantees
 - Young workers may want a lower contribution rate now, and a higher one later

Remaining Pension Design Challenges (cont'd)

- **Back-loading of benefits**
 - Young workers overpay for future pension rights, older workers underpay
 - How to deal with the 'transition burden' of resolving this asymmetry?

Remaining Institutional Structure Challenges

- **Customer-friendliness**
 - How much 'customization' is feasible? Cost-effective?
 - How many 'products' should be offered?
- **Governance and business strategy**
 - 'Representativeness' and requisite expertise both needed
 - Implications of 'fiduciary management' model?
 - Is the Dutch 'co-op' model exportable?