



CARIBBEAN ACTUARIAL ASSOCIATION



Accredited as a Full Member
of the International Actuarial Association

2016 Annual Conference

Connecting Minds: Sharing Knowledge and Impacting Societies

**CAA 26th Annual Conference &
25th Anniversary Celebration**

**Torarica Hotel
Paramaribo, Suriname**

30th November to 2nd December 2016



CARIBBEAN ACTUARIAL ASSOCIATION



Accredited as a Full Member
of the International Actuarial Association

Financial security during retirement

MSc Servaas Houben, AAG-FIA, CFA, FRM

Shouben@ennia.com

Servaashouben@gmail.com

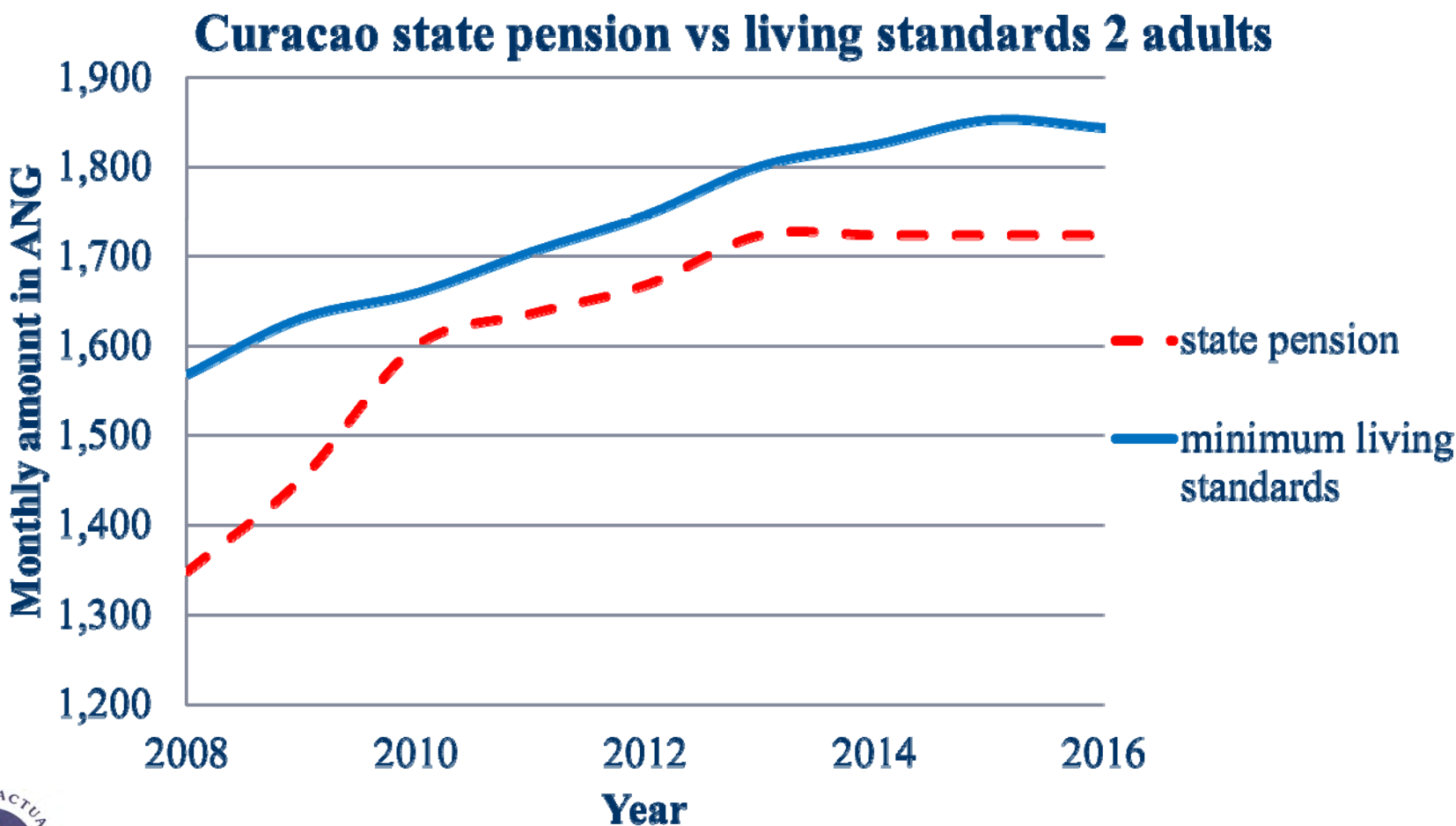
+5999 688 1693

1 December 2016

Minimum living standards \neq state pension

- Several methods to assess level of minimum living standards
 - Absolute minimum: only food, clothing, housing
 - Social minimum: mobility
- Clear link between state pension and minimum living standards in Netherlands, not in Curacao or Aruba

State pension insufficient to cover minimum needs

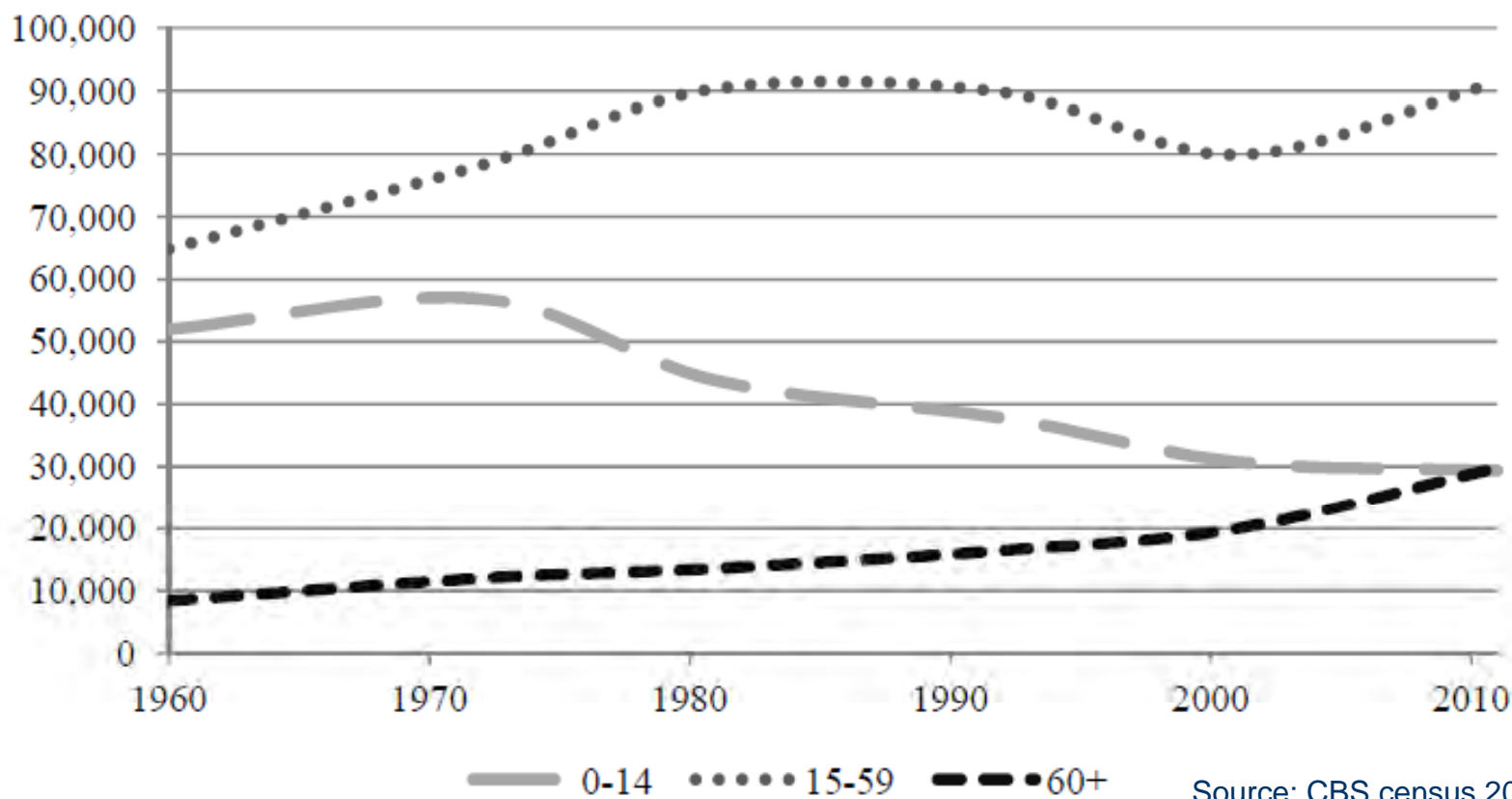


Source: VBC



Changing demographics result in challenges to paygo state pension

Figure 1. Population growth by broad age groups, 1960 – 2011



Source: CBS census 2011



Solutions

- To avoid reduction in spending power, enhance (early) saving:
 - Aruba:
 - Mandatory for all employees (including part-time and seasonal employees) from 2012
 - Strong social control and fines in case employers don't participate
 - Balance between pay-go and capital based pension saving
 - Align start state pension with life expectancy
 - Barbados: gradual increase to age 67
 - Differentiate between Social Economic Status (e.g. level of education)

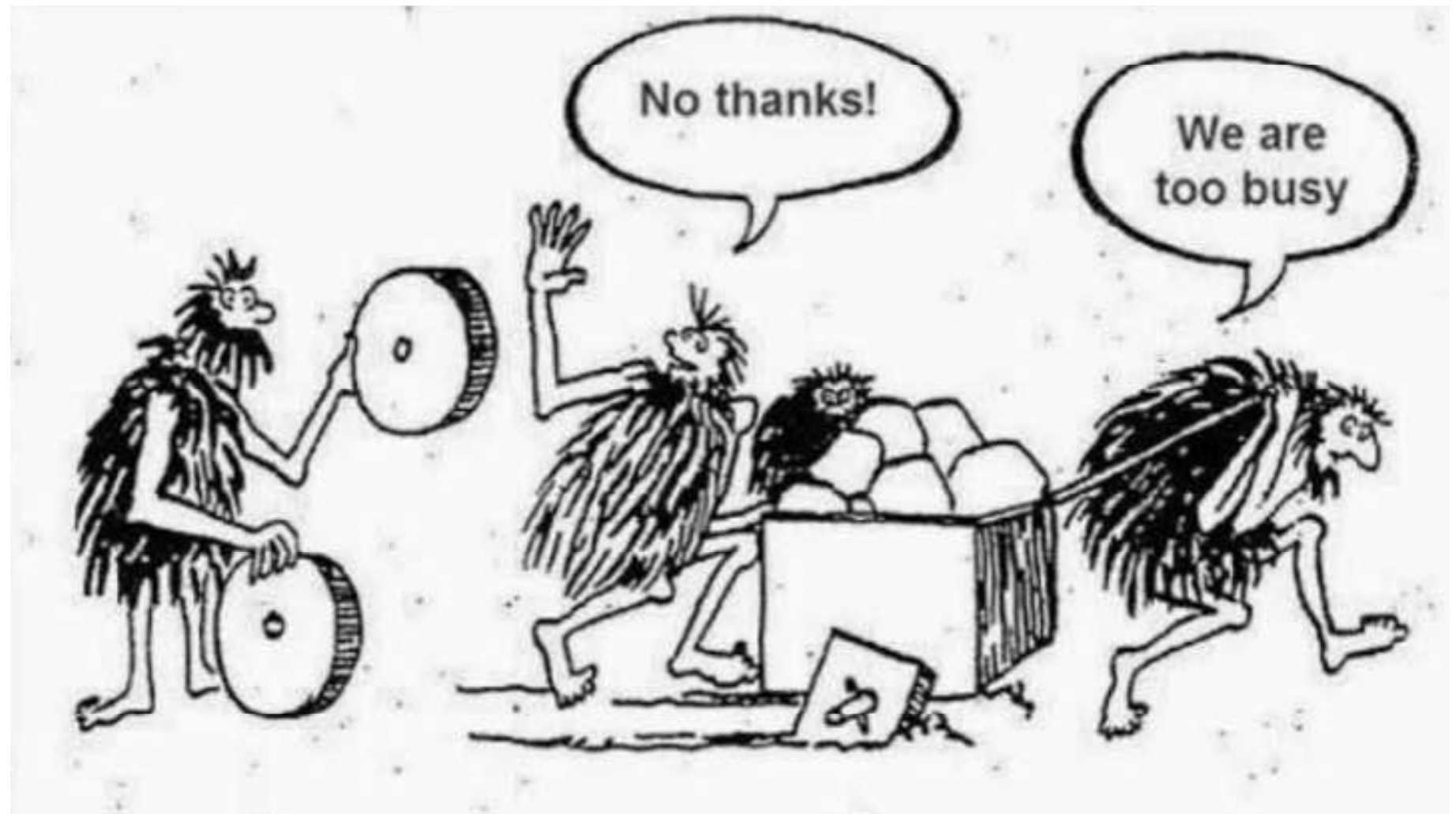


The role of actuaries

- Create public awareness of future issues by:
 - Presenting
 - Writing: in specialised magazines but also main street newspapers
- Be aware of different planning horizons of professions:
 - Short term:
 - Politicians: next elections
 - Accountants: past year
 - Long term:
 - Actuaries: long term stability



Conclusion



About me



Servaas Houben is heading the actuarial team of ENNIA in Willemstad, Curacao. He studied econometrics in the Netherlands and worked in life insurance for the first four years of his career. Thereafter, he worked in Dublin and London. Besides actuarial, Servaas completed the CFA and FRM qualifications, and regularly writes on his blog, for CFA digest and (actuarial) magazines.

Email: servaashouben@gmail.com

Blog: <http://actuaryabroad.wordpress.com>



References

- CBS Curaçao, *Demography of Curacao – census 2011*,
<http://www.cbs.cw/document.php?m=1&fileid=433&f=7d5855138208f7d04ca660bd734c0a70&attachment=1&c=163>
- CBS Curaçao, *Berekening armoedegrens voor Curaçao*, 17 oktober 2008
- Curiel R, Houben S, Oosterwaal K, *Een alternatieve AOV?*, VBC newsletter August 2016,
http://www.vbcuracao.com/website/index.php?option=com_docman&task=doc_download&gid=70&Itemid=57
- Curiel R, Houben S, Slotje A, *Verplicht pensioen op Curacao?*, VBC newsletter Mei 2016,
http://www.vbcuracao.com/website/index.php?option=com_docman&task=doc_download&gid=67&Itemid=57