

IOPS Annual General Meeting

THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

PROGRAMME OF WORK 2019-2020

**25 October 2018
Beijing, China**



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PROGRAMME OF WORK 2019-2020

I. On-going Projects

The following projects are currently being undertaken by the Technical Committee and will continue in 2019:

- **Supervision of pension investment management, including non-traditional investment, infrastructure and long-term investment:** The report on supervision of pension investment management, including non-traditional investment was published as IOPS Working Paper No. 29 in September 2017. In this second stage of the project, initialised in 2018, the IOPS investigates the supervision of infrastructure and long-term investments by pension funds and ways it can be facilitated. The project expects to be finalised in the first half of 2019.

It is envisaged that the project may result in issuing IOPS guidelines in the area of supervising pension investment management and the project will also provide important support to the work of the G20/OECD Task Force on Institutional Investors and Long-Term Financing from the pension supervisory perspective.

Project team: Iceland, IOPS Secretariat.

- **Revision of the IOPS Principles of Private Pension Supervision:** The IOPS Governing Membership agreed at its Berlin meeting on 29 October 2015 on the need to revise the IOPS Principles of Private Pension Supervision which were previously revised in 2010, in light of the current revision of the OECD Core Principles of Private Pension Regulation, which include the IOPS Principles as its Core Principle 6 and developments in the supervisory techniques and approaches that have taken place since the last revision of the Principles.

The revision started in the second half of 2016 and resulted in identifying some basic editorial and updating changes that needs to be introduced to the text of Principles. Currently the project consists in developing the **Draft guidelines on the application of ESG factors in supervision of pension fund investment and risk management**. The work on the ESG guidelines was initialised in 2018 and is likely to continue during 2019.

Project team: leader (tbc), CAPSA (Canada), China, Romania, and Turkey (Pension Monitoring Center).

- **Projections of retirement benefits:** This is part of solvency and adequacy project accepted by the IOPS Members for the Programme of Work 2017-2018. The work on projections started in 2018 and is expected to be finalised in the first half of 2019. The goal of the paper is to understand:
 - how projections are done in various IOPS jurisdictions (types, inputs and assumptions, revision of inputs and assumptions)
 - how projection results are communicated to users of pension calculators or pension scheme/fund members (particularly how to communicate uncertainty)
 - how projections are supervised (inputs and assumptions & communication)

- what are common problems & good practices in surveyed IOPS jurisdictions

The next step will be to develop IOPS Good Practices on supervision of pension benefits projections in private pensions

Project team: Turkey (leader, Pension Monitoring Center), Chile, Guernsey, Italy, India, Turkey (Pension Monitoring Center)

- **Solvency of DB pension funds in current financial environment**

This is part of solvency and adequacy project accepted by the IOPS Members for the Programme of Work 2017-2018. Some preparatory work on this report started in 2018, however, due to capacity constraints resulting from the large number of on-going projects this one was not formally initialised. It is therefore expected that the project will begin in 2019. The goal of the paper is to understand the current situation of defined benefit pension schemes with regard to their solvency and provide some supervisory guidance in this area. The paper may also provide estimates of the implications for them under the scenario of low interest rates prevailing until 2025 (tentative date).

Project team: Brazil (co-leader), Switzerland (co-leader), CAPSA (Canada), South Africa, Turkey (Pension Monitoring Center)

II. New IOPS Projects

The following priority themes have been accepted for realisation.

Priority 1: Risk-based supervision

In line with this theme, the following projects will be developed:

- **New guidelines or good practices on risk-based supervision.** Team member: Brazil
- **Technical training/workshop on risk-based supervisory issues.** Team member: Hungary
- **Report on risk-based supervisory issues (lessons learnt)**

Priority 2: Digitalisation

In line with this theme, the following projects will be developed:

- **New principles on FinTech supervision, potentially with a focus on cyber-security.** Team members: Kenya, Italy.
- **How can digitalisation further accelerate pensions' plan coverage? How can digitalisation make the supervision of pension plans easier and more efficient?** Team member: Romania

Priority 3: Supervision of pension investments

In line with this theme, the following projects will be developed:

- **Supervision of investment in complex/structured products (including low-interest rate issues)**

- **Supervision of sustainable investments**

The above projects will be developed and completed in the priority order indicated.

III. Other On-going Work

- **Tour d' Horizon:** as part of the Tour the Technical Committee regularly reviews major developments related to the supervision of private pensions, building on information provided by members on major reform in their countries. As previously agreed, it is envisaged that urgent projects or work priorities may arise from discussions which take place as part of the Tour, and that the review may also include discussion papers on topical issues provided by the Secretariat. Likewise, papers on research issues or describing particular supervisory experience may be drafted by IOPS members.
- **Statistics/Database:** IOPS Members currently provide statistical data via the OECD's Global Pensions Statistics Project. The statistical information is constantly updated with the report published annually. In addition, the International Social Security Association (ISSA), IOPS and OECD continue to jointly develop and expand the comprehensive data source on the regulation of private pension systems worldwide. Each year about 20 countries' regulatory profiles are being updated and/or created for inclusion in the joint ISSA/IOPS/OECD Complementary and private pensions database. Project team: IOPS Secretariat, OECD.
- **Technical Assistance** – regional outreach meetings will be organized in 2019-2020 if demand arises and resources allow.

IV. On-going Projects with Other Institutions

- **Consumer Protection:** The OECD continues developing further guidance following the adoption of the High Level Principles on Financial Consumer Protection for the G20 (the IOPS has been represented at the Task Force on this issue by the Secretariat). The IOPS continues to be involved in follow up work relating to these Principles (specifically any sectoral based work relating to private pensions).
- **Other G20 work:** the IOPS may also be asked to contribute sectoral expertise to other G20 projects. The POW will be updated to reflect such requests as required.
- **OECD:** the IOPS has partnered successfully with the OECD in previous years on projects of joint interest. During 2019-20, the OECD is working on the following topics, which the IOPS could potentially contribute to the projects such as: Cost of running private pensions (on-going); Design of defined contribution pension arrangements, taking into account behavioural biases, and focusing on the role of defaults (on-going); How funded and private pensions can contribute to enabling people in non-standard forms of work; Supplementary funded pensions and gender; Potential use of Fintech on funded and private pension to increase efficiency and coverage of pension systems, especially for the self-employed and workers in the gig economy; Alternative approaches to manage and/or pool longevity risk; Investment strategies and investment benchmarks; Type of default investment strategies according to different policy and regulatory objectives.
- **IAIS:** The IOPS will continue collaborating with IAIS on any topical projects that relate to pension supervision.

TENTATIVE TIMETABLE 2019-2020

Project	February 2019	June 2019	October 2019	Q1 2020	Q2 2020	Q4 2020
<i>Supervision of investment management – infrastructure and long-term investment (including possible guidelines)</i>	Update	Update	Approve as working paper & to be published by Q4 2017			
<i>Draft ESG guidelines</i>	Update	Approval of the Guidelines				
<i>Pension projections</i>	Approve as working paper					
<i>Solvency of DB pension funds</i>	Outline	Update	Update	Approve as working paper	To be published by Q2 2020	
<i>Priority 1: Risk-based supervision</i>	Outline	Update	Update	Approve one deliverable		
<i>Priority 2: Digitalisation</i>		Outline	Update	Update	Approve one deliverable	
<i>Priority 3:</i>		Outline	Update	Update	Approve one deliverable	
<i>G20/FSB Work</i>	As required	As required	As required	As required	As required	As required
<i>Toolkit Material</i>	Update as	Update as	Update as required	Update as	Update as	Update

	required	required		required	required	as required
Statistics / Database	Request information	Update Database	Update Database			
Technical Assistance	As required	As required	As required	As required	As required	As required