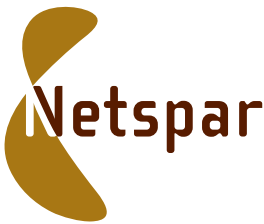


Netspar News

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ING
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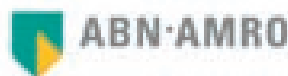
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The logo symbolizes the exchange between various spheres

History of Netspar

By Lans Bovenberg
Scientific Director Netspar

Consider this first issue of *Netspar News* as a rather elaborate birth announcement. Netspar was conceived when the Dutch National Science Foundation (NWO) announced in August 2003 that I was awarded one of the 2003 Spinoza prizes. How to spend the seed money of 1.5 million euro that came with the Spinoza prize? Theo Nijman and I brainstormed one afternoon about the possibility of working together on a research institute on pensions. We tested the idea with Dick de Beus, who at the end of 2003 still served as the executive director of PGGM – the pension fund for the Dutch health care sector. Dick welcomed the idea – to put it mildly. Soon after that, Arie Kapteyn and I spoke with Stichting Instituut Gak. This private foundation, which supports research in social insurance, doubled the Spinoza premium. With the support of NWO, PGGM, and the GAK fund, the conception had taken place. During the three months before the official award of the Spinoza premium on February 4, 2004, the seedling gained considerable weight: all the other participants lined up.

Core values

Netspar, born on March 30, 2005, is a healthy, prosperous girl with three key character traits. First of all, she is independent. Although she adores her parents, she is not afraid to question their arguments. As a female, she has a somewhat different perspective on the life cycle than her brothers within her male-dominated pension family. Rather than taking strong positions herself, she always likes to bring balance into the debate by putting forward the key trade-offs: sketching the playing field, and leaving it to others to take policy positions on that field.

Her independence is closely related to her intellectual interests. This should come as no surprise, since she was conceived by the NWO. The Spinoza prize guarantees scientific integrity and scholarship. Netspar realizes that she can maintain her independence

Lans Bovenberg
(founding father of
Netspar, l) and Hein
van Oorschot
(president of Tilburg
University, r): Netspar,
a piece of cake?



only if her analyses are supported by scientific evidence, which can be reproduced and tested by her international scholarly family.

Her final main character trait is sociability and, related to that, a willingness to listen to the arguments of others. Netspar likes to bring people together so that they can learn from each other's knowledge, experiences and perspectives. She is also quite open-minded, in that she is not committed to one particular worldview. She loves economics, but she also has a keen interest in sociology and psychology.

The symbolism of Netspar's logo

The logo of Netspar suggests exchanges, links, balance and focus. Most importantly, it symbolizes the exchange between various spheres: education and research, academia and practice, public and private sectors, micro and macro, the old and the young. Netspar links these various spheres in a flexible, dynamic network organization. Netspar also aims to balance the various arguments and to focus different disciplines and perspectives on a single area: pensions, social insurance and aging. Netspar works in the present, where the action is, to employ knowledge accumulated in the past to address future challenges.

The dynamics in the logo suggest the constant flow of new ideas that give rise to innovation when combined. At the same time, social innovation should respect enduring values of intra- and intergenerational solidarity and reliability. Taking on this challenge, Netspar wants to explore how the future and the past can be linked: protecting what is valuable and replacing what no longer fits new circumstances.

The two areas in the logo that are linked by Netspar also reflect the subject area of Netspar: the intergenerational contract and the dynamics of the life cycle. The intergenerational contract stipulates that each generation invests in the human capital of the next and is taken care of at the end of its life by the generations in which it has invested. The point at which the two areas meet represents the rush hour of life in which the middle generation cares for both the previous and the next generation. The past and the future, the old and the young, are thus tied together.

Safeguarding Quality

By Theo Nijman
Scientific Director Netspar

Adept management of its academic excellence is one of the essential conditions for Netspar's success. International networks can be built and maintained only if a player is highly respected in the academic community. Likewise, knowledge that is developed in recent work internationally can be exploited to address policy questions that are relevant in the Dutch institutional setting only if stringent academic standards are met. To ensure that all of its activities will meet such high standards, Netspar has implemented a number of mechanisms for good governance.

Starting at the top of the organization

The first indicator of quality management at Netspar is the joint role played by the three Scientific Directors and seven Program Coordinators – all with excellent academic credentials, and the latter representing six different Dutch universities – in the selection of senior researchers. In the selection process, the Netspar management evaluates carefully an individual's publications in the highest ranked academic journals worldwide – another quality control instrument.

Junior researchers are recruited primarily on the international job market, which was held this year in Philadelphia in the first week of January. Tough international competition, transparent selection procedures and the involvement of many senior Netspar researchers assure quality. The PhD students that are to be recruited this spring will have to satisfy the quality standards of both Netspar and their local Graduate School. Graduate Schools in the Netherlands are evaluated on a regular basis through international peer reviews.

This page: Theo Nijman
Opposite: Erry Stoové



...through activities and publications

Openness and transparency will be hallmarks ensuring the quality of all of Netspar's activities and publications. For example, Netspar researchers must make their assumptions (as well as underlying datasets and models) accessible, in so far as possible, to all participants. Discussion Papers in the Netspar DP series will always present not only the views of the author, but also comments submitted by a discussant and a summary of the pertinent discussion (which takes place after every presentation of draft DPs). Likewise, Netspar will organize brainstorm meetings that bring together people with opposing views to address topical policy questions. A summary of these sessions, and discussions, will be published in subsequent issues of *Netspar News*. Netspar will also publish a series of Reference Papers outlining the implications of specific developments in the literature for selected policy questions. In line with its quality standards, Netspar will not take sides with regard to specific policy views, but rather will describe and analyze the relevant arguments.

Aspirations and advisors

Netspar will initiate a new Master of Science program on 'Economics and Finance of Aging'. Accreditation of this program (slated to begin September 2006) also requires a substantive quality check by the accrediting authority, the NVAO (the Netherlands–Flemish Accreditation Organization). Netspar's *Partner Council*, comprised of representatives from all sponsoring parties, will help to ensure that Netspar's research and its education program remain in line with the needs of the sponsors. The *Advisory Board* has a clear non –executive role in outlining and safeguarding strategic decisions. Last, but not least, Netspar's *Scientific Council* is vital in safeguarding academic quality and advising Netspar's researchers on emerging developments. Each member of the *Scientific Council* has an outstanding academic reputation and broad experience in addressing policy questions.

'Netspar Style'



By Erry Stoové (SVB)
2005 Chairman of Netspar's *Advisory Board*

An unusual organization calls for unusual governance. Netspar is a unique network providing a stimulating atmosphere for academia, the public sector and the private sector to explore the many facets of pensions, aging and retirement. Participants in the Netspar program have been creative in shaping a modern and transparent administration worthy of the organization and its aims. From the early stages in Netspar's formation, Netspar's co-founders and sponsors were meant to take an active role in formulating, planning and partaking in the research program. With regard to governance of Netspar, participating companies and institutions were asked to make a commitment on two different levels.

First level of governance: *Advisory Board*
Netspar partners have committed to participation in an advisory board. In view of the diversity of parties involved, this took a great deal of effort. It was soon evident, for example, that an advisory board incorporating all the participating parties would be unworkable.

After some exploratory talks, a formula was created that was acceptable to all. Partners were put into more or less coherent clusters of participants from similar sectors, creating a natural system of representation. Each cluster sends a delegate to Netspar's *Advisory Board*, and each cluster makes its own administrative arrangements. This construction allows a perfect balance between maximum commitment and transparent consultation procedures, with the *Advisory Board* informally acting as a Supervisory Board. While respecting the formal responsibilities of the University Board and its administrative and supervisory bodies, the *Advisory Board* protects the quality and integrity of the research program.

The next level: *Partner Council*

Although the horizontal accountability of the *Advisory Board* could have sufficed, allowing Netspar to easily meet the criteria of a network organization, Netspar asked its co-founders and sponsors for a second level of commitment: the *Partner Council*. The *Partner Council* offers partners a platform for direct exchange of knowledge and critical thought. Within this council, partners share responsibilities and receive opportunities for actively planning the activities. Each partner organization sends a representative—generally, someone responsible for policy development and research within the organization. The *Partner Council* is thus a sort of 'experts exchange'.

Together with the *Advisory Board*, therefore, the *Partner Council* offers a form of horizontal accountability. Of course, Netspar is vertically accountable to the University and Faculty management. The *Partner Council* gives its members a hands-on opportunity to partake of a sophisticated exchange of knowledge. This requires active participation. None of our organizations can afford to neglect the permanent exploration of social and economic developments. Our colleagues can benefit from a continuous orientation towards science and society – especially in this field. Society is set to go through an enormous change over the next decade. The number of pensioners will double. The elderly of the future will be fit, and eager to continue contributing to society.

What will this mean for the economy in terms of growth, the demand for human services and permanent education? New demands will be placed on the organizations co-operating in Netspar, such as banks, insurance companies, pension funds and government institutions. Speaking as one of the partners, I am looking forward to receiving the results of the Netspar research projects, and to gaining new insight along the way.

The *Partner Council* and the *Advisory Board* together represent a modern supervisory arrangement, based not on formal powers but on authoritative deliberations and close co-operation regarding research proposals.

Knowledge exchange: The *Outer Ring*

Partner organizations may benefit from Netspar's research program also through Netspar's *Outer Ring*. Although the *Outer Ring* has no governance role, it is vital in the exchange of knowledge, one of the key tenets of Netspar and its partners. The *Outer Ring* gives selected researchers and employees from partner organizations the opportunity to take part in Netspar seminars.

Off to a good start

The first meeting of the *Advisory Board* got off to a promising start. In a pleasant and constructive exchange of views, we contemplated the program and ambitions of Netspar initiator Lans Bovenberg and the Netspar management. A firm foundation has been laid for good governance.

Netspar's Participants

Advisory Board

protects the quality and integrity of the research program. Each 'cluster' of partners sends one representative to the Board.

Partner Council

offers partners a platform for planning activities and for direct exchange of knowledge and critical thought. Each participating organization assigns one expert as its representative.

Outer Ring

promotes vital exchange of knowledge. Partner organizations select its own representatives for seminars.

Utrecht School of Economics



Peter de Gijzel (r),
converses with Netspar
scientific director
Arie Kapteyn (m), and
Theo Verhallen, Dean of
the Faculty of Economics
and Business
Administration of
Tilburg University

By Peter de Gijzel
Dean, Utrecht School of Economics

Netspar, an international network of academia and private and public institutions, is designed to meet one of the greatest social political challenges of this century: the restructuring of the welfare state. The welfare state was developed in western countries during the last century as a response to the growing demand of their citizens for protection against social risks as a way to provide a socially optimal standard of living to the part of the population that is not economically active for socially accepted reasons.

The crisis of the modern welfare state began in the 1970s. The lessons that have been drawn since then, from attempts to maintain the welfare state, have clearly demonstrated that welfare state institutions were developed as specific solutions to social risks. Social risks themselves change constantly because of the continuously varying social, political and economic structure of modern societies. It is thus important to understand how and why institutions evolve over time, and how they can be altered to deal with the changing character of social risks. The dynamic character of the welfare state makes institutional change and the consequences for an efficient and equitable distribution of social risk the core problem of a scientific analysis of the welfare state.

Restructuring the welfare state

The social, political and economic consequences of restructuring the welfare state give an ambitious edge to Netspar. Its mission calls for a multidisciplinary approach, and its success depends greatly on cooperation between academics from various disciplines, such as economics, law, political sciences, psychology and sociology, and practitioners in the fields of social security and social protection.

The Utrecht School of Economics (USE) welcomes Netspar as an important initiative. Netspar will contribute to the understanding and scientific solution of the problems of an aging society, which put such great pressure on the valuable institutions of the welfare state. Furthermore, Netspar can be seen as a serious attempt to stimulate cooperation between otherwise competing universities that have at their command the expertise that is needed to master the challenges that Netspar wants to meet. Because of its network character, Netspar offers small partners like the Utrecht School of Economics the opportunity to participate in and benefit from the network economies that will be produced by the cooperation with top universities on a common research theme. This will promote USE research and help to stimulate the youngest economics faculty in the Netherlands. Because USE focuses its research and education on the institutional, historical and spatial dimensions of economic problems and encourages multidisciplinary economic research in cooperation with other disciplines such as law, history, sociology and geography, USE will certainly have its own valuable part to play in the Netspar network.



Educational Ambitions

By Arthur van Soest
Director of Education, Netspar

Courses starting this September will maximize interaction between employees of Netspar partners, master's students and researchers in Netspar's new master's program, 'Economics and Finance of Aging'

At the forefront of Netspar's education ambitions is a new master's degree program that Netspar plans to introduce at Tilburg University. The *Economics and Finance of Aging*, which focuses on aging-related issues such as pension systems, retirement, redistribution and optimal taxation, optimal investment strategies, etc., aims at students who want to work at insurance companies, pension funds, other financial institutions, or the public sector. Although the program is officially slated to start in September 2006, some courses will already be given as of September 2005. Courses will be taught by researchers affiliated with Netspar from Tilburg University and other Dutch universities.

Employees of Netspar participants

Interested employees of the Netspar partners may take part in one or more courses. These courses encourage interaction between regular students, employees of Netspar partners, and researchers. For example, master's students and employees of Netspar partners can work on joint assignments, with the master's students benefiting from the employees' practical experience, and employees benefiting from the students' knowledge of relevant recent developments in economics and finance.

Exchange of knowledge

These courses are only one way in which Netspar aims to stimulate exchange of knowledge in economics of pensions and aging between practitioners and academics. Other activities organized by Netspar with the same goal are the pension days, pension workshops and brainstorm sessions.

Courses and more information

Three courses will be given during the period September – December 2005: *Introduction to Economics and Finance of Aging*, *Microeconomics of Insurance and Redistribution*, and *Investment Analysis of Aging and Pensions*. Between February and May 2006, some courses will be given on specific topics in financial, macro- and microeconomics of aging and pensions. More information will be provided in the next issue of *Netspar News*.

See also www.tilburguniversity.nl/masters

Research

Presenting

Macro, Meso and Micro Teams

Pensions, aging and retirement raise numerous questions at the macroeconomic level, as well as with respect to the behavior of institutions and individuals. Netspar will address research questions at all three levels, by the macro, meso and micro research teams, respectively. Each team will be led by one of the scientific directors: Lans Bovenberg (macro), Theo Nijman (meso) and Arie Kapteyn (micro). They will be assisted by seven program coordinators.

Macro

At the macroeconomic level, high and volatile pension premiums may produce adverse macroeconomic effects. Moreover, pension policies give rise to substantial intergenerational redistribution, while differences in retirement institutions within Europe may yield substantial international spillovers across countries.

Meso

At the institutional level, the trade-off between risk and return for pension institutions and their participating members as well as the supervision and regulation of pension funds and insurers are key issues.

Micro

To address macroeconomic and institutional issues, one should assess how incentives created by pensions and social insurance affect labor market behavior (including retirement choices), portfolio choice, and consumption and saving behavior.

Integrating three research fields.....

One of the explicit aims of Netspar is to facilitate exchanges between researchers working in various sub-programs in order to develop a broad vision on aging. Indeed, as aging proceeds, pension funds are increasingly impacting key issues faced by public policy.

One example is the effective retirement age affecting the incentives to maintain human capital and the political support for intergenerational solidarity. Other examples are the collective burden (which includes pension premiums) impacting the long-term performance of the economy and its macroeconomic stability, and the portfolio decisions of pension funds affecting the overall supply of risk-taking capital.

Research on these macroeconomic issues thus requires insight into the policies of pension funds. In assessing the sustainability of pension schemes, the sensitivity of individual consumption and labor-market behavior to financial incentives is crucial. Hence, the objectives and the behavior at the individual level are relevant in a life-cycle context.

The Macro Team



This behavior can be analyzed from different angles (economics, psychology, and sociology), which should be integrated.

...with pension finance as applied micro and macro

To explore the added value of obligatory, occupational pension schemes in terms of enhanced solidarity and reduced market frictions, both macroeconomic and microeconomic aspects are relevant. The quality of pension institutions should ultimately be judged on the basis of the added value for their individual stakeholders. Moreover, the sustainability of pension policies depends on both microeconomic responses on labor and capital markets and on the macroeconomic implications of this behavior and of aging for the prices on these markets and the government budget.

Core researchers: Inside ring

All three research teams consist of 10 to 15 researchers affiliated with Dutch universities. These researchers have been selected by the scientific directors and program coordinators on the basis of their research proposals as well as their performance in terms of publications in top-quality academic journals. Part of the research time of these senior researchers is funded by Netspar. The

researchers will carry out part of Netspar's research program, present a certain number of academic and reference papers, act as discussants in Netspar meetings, act as referees of Netspar working papers, are available for expertise service, and/or teach in the education program. The output and activities of the senior researchers will be evaluated annually.

In addition, young top-notch researchers will be recruited on the international job market. These researchers, who have just received their Ph.D. degree at top U.S. and European institutions, will be appointed on tenure-track positions at one of the participating universities. Netspar buys research time of this tenure-track faculty. The university also guarantees a tenured position after five years if the tenure track faculty meets certain criteria.

This promise allows Netspar to attract top-quality researchers. Junior researchers from MIT, Harvard, the London School of Economics, the European University Institute and University Carlos III in Madrid, among others, have already decided to join Netspar as of September 1, 2005. Finally, the costs of 12 Ph.D. students will be (partially) funded on the basis of competitive research proposals provided by the universities.

Roel Beetsma (1)
Universiteit van Amsterdam
International capital flows, net foreign assets and real exchange rates

Jan Boone (2)
Tilburg University
Optimal tax policy, retirement decisions, and redistribution

Lans Bovenberg (3)
Tilburg University
Optimal tax policy, retirement decisions, and redistribution; Risk in general equilibrium models and pension policy; Optimal life-time income taxation

Peter Broer (4)
Tilburg University
Risk in general equilibrium models and pension policy

Sylvester Eijffinger (5)
Tilburg University
Financial supervision in Europe; Stability and growth pact: demographic developments and pensions

Ben Heijdra (6)
Universiteit van Groningen
Non-traded goods, aging, and pensions in open economies

Harry Huizinga (7)
Tilburg University
Financial market

development and institutional investors; Public pension guarantees and moral hazard

Kees Koedijk (8)
Erasmus Universiteit Rotterdam
Risk and return of sustainable investing

Clemens Kool (9)
Utrecht University
International capital flows, net foreign assets and real exchange rates

Lex Meijdam (10)
Tilburg University
Aging, pensions and fertility; International spillover effects of aging and pension systems

Enrico Perotti (11)
Universiteit van Amsterdam
Political economy of pension reform

Coen Teulings (12)
Universiteit van Amsterdam
Social insurance, pension funds and life-cycle saving

Harrie Verbon (13)
Tilburg University
International spillover effects of aging and pension systems

Sweder van Wijnbergen (14)
Universiteit van Amsterdam
Pension reform around the world

The Meso Team



03/10/2005

Joost Driessen (1)
Universiteit van Amsterdam
Pension investments in
corporate bonds

Feike Drost (2)
Tilburg University
Portfolio insurance and
crash risk

Piet Eichholtz (3)
Universiteit Maastricht
Effects of the aging
population on real estate
markets

Mark Goovaerts (4)
Universiteit van Amsterdam
Determination of financial
insurance streams based on
comonotonic risks

Jenke ter Horst (5)
Tilburg University
Performance evaluation
of hedge funds

Frank de Jong (6)
Universiteit van Amsterdam
Valuation of inter-
generational pension deals

Rob Kaas (7)
Universiteit van Amsterdam
Determination of financial
insurance streams based
on comonotonic risks

André Lucas (8)
Vrije Universiteit Amsterdam
Preference specification for
pension funds

Bertrand Melenberg (9)
Tilburg University
Portfolio choice and
equilibrium pricing under
loss aversion

Theo Nijman (10)
Tilburg University
Advantages and
disadvantages of
participation in collective
pension schemes

Frans de Roon (11)
Tilburg University
Portfolio choice and asset
pricing including
economic risk factors

Peter Schotman (12)
Universiteit Maastricht
Long-term investing with
persistent risk factors

Hans Schumacher (13)
Tilburg University
Valuation at market value

Marno Verbeek (14)
*Erasmus Universiteit
Rotterdam*
Performance persistence
and money flows

Anja de Waegenaere (15)
Tilburg University
Measurement and
management of longevity
risk

Bas Werker (16)
Tilburg University
Hedging inflation risk

The Micro Team



03/10/2005

Rob Alessie (1)

Utrecht University
How social security and pension wealth affect household savings and portfolio choice

Eline van der Heijden (2)

Tilburg University
The relationship between risk attitudes and time preferences

Matthijs Kalmijn (3)

Tilburg University
Aging in a life course perspective

Arie Kapteyn (4)

Tilburg University/RAND
Understanding economic decisions in old age

Peter Kooreman (5)

Universiteit van Groningen
Default and labeling effects in savings and consumption decisions; a field experiment

Maarten Lindeboom (6)

Vrije Universiteit Amsterdam
Health, work, and well-being before and after retirement

Ruud Muffels (7)

Tilburg University
Research description in progress

Jan Nelissen (8)

Tilburg University
Micro-simulation of transitions in and out of the labor force

Jan Potters (9)

Tilburg University
Measuring the degree of solidarity in pension systems and social insurance;
The relationship between risk attitudes and time preferences

Fred van Raaij (10)

Tilburg University
Consumer financial planning and (il)literacy

Arthur van Soest (11)

Tilburg University/RAND
Comparing work disabilities across countries; Expectations and realizations of retirement benefits; Savings, portfolio choice, and retirement

Klaas de Vos (12)

Tilburg University
Pension systems and retirement

External fellows: The Outer Ring

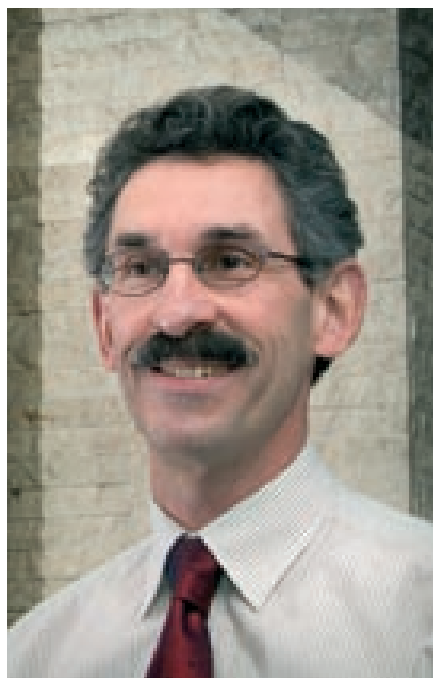
External fellows from Dutch and foreign institutes and universities are also appointed. These fellows participate in the activities of Netspar (e.g. workshops, annual conference) and help to build links between academic institutions and participating institutions.

Many employees of Netspar's partners will also participate actively in the Outer Ring. They will be available as discussants and referees and will carry out part of Netspar's research program. More information on this group of participants will be provided in a subsequent issue of *Netspar News*.

For more details: www.netspar.nl

'It is important to have an umbrella organization to do research on pension issues on a scientific basis'

Four Men, Three Pillars and Netspar



Left: Eduard Ponds (ABP)
Right: Rob Bakker
(Netspar)

By Ton Kamminga

It's remarkable, though not at all coincidental, that the partners of Netspar can be found in all three pillars of the Dutch pension system – from three ministries representing the first pillar of government pensions together with SVB, the independent administrative body responsible for the administration of Dutch state pensions, to a cadre of pension funds, insurance companies, banks and pension administrators taking care of the supplementary, collective pensions in the second pillar, to the individual pension schemes in the third pillar. Two representatives of these partners, Reinoud van den Broek (Achmea, insurance company) and Eduard Ponds (ABP, pension fund), exchanged ideas with Frank de Jong (professor, Universiteit van Amsterdam and senior researcher Netspar) and Rob Bakker (Netspar), on the eve of Netspar's debut.

Worth the effort?

Why, we asked them in the first place, is Netspar such a good initiative and worth sponsoring? 'It's important,' according to **Reinoud van den Broek**, 'to have an umbrella organization to do research on pension issues on a scientific basis. Another important aspect is to explore the edges of the pension field – particularly in view of the discussions that will take place in the near future. Take, for instance, the aging of the population and the solutions that can be found to solve the many problems that go along with it.' Above all, Van den Broek senses that there is a lack of vision nowadays on how aging facilities should be shaped. 'Netspar can, at the very least, contribute to establishing such a vision through independent, scientific work. This explains the great enthusiasm for sponsoring this initiative.'

More or less the same arguments motivate **Eduard Ponds**, whose pension fund has always been interested in scientific work. 'That's also why ABP itself accommodates quite a number of dual positions. That is, many ABP employees also have a position at a university for one or two days a week.' Amongst them are a number of PhD students, but Ponds also mentions five professors.



'The investment strategies of ABP have a scientific basis. The decision to participate in Netspar was therefore quickly made.' Concerning the research program, Ponds hopes to get suggestions on 'how to put all kinds of individual pension scheme elements on top of a universal basic arrangement, in order to meet the needs of a very heterogeneous group of clients.'

The universities contribute to Netspar in kind. 'Research time is made available by the university where the researcher is affiliated,' adds **Frank de Jong**. Of course, his commitment to Netspar is mainly scientific. 'What most appeals to me is the international dimension of the program.' A number of other researchers from his university are participating: 'the researchers working in the field of pensions, retirement and aging were easily traced, and many of them enthusiastically supported the initiative.'

The word *enthusiasm* appeals to **Rob Bakker**. His contribution is to promote a better understanding between the academic world and the partners of Netspar. 'Such cooperation should become fruitful for the researchers as well as the partners.' In this context, he refers also to

the 'outer ring' of highly skilled people that are employed in the field, who can contribute importantly to the knowledge exchange between the Netspar participants.

Demarcation

A timely and controversial issue is the demarcation of the activities that are exclusively reserved for the pension funds (second pillar), and those that are left to the free market (third pillar). It is well known that insurance companies in the Netherlands are not very happy with the compulsory membership to pension schemes, as they exist in many branches. Van den Broek notes that Achmea is active in both the second and third pillars, just like the other insurance companies that are participating in Netspar. 'Various developments – among them pension fund governance and outsourcing of executing tasks – bring about a situation in which more and more typical pension fund activities can be carried out by divisions of insurance companies.'

Bakker asserts that Netspar can play a role in the discussion on compulsory arrangements, in view of the European regulations that follow from the recent pension fund directive. 'Netspar will never take an outspoken policy position,

though. Within Netspar, however, the researcher will be free to state his or her own views.' Ponds agrees that this is beneficial: 'the independence of the scientific work is one of Netspar's attractions – not only for those who are working there, but also for those who can benefit from the results.' Needless to say, De Jong fully concurs with the latter statement. 'Scientists do have an independent position, which enables them to keep a greater distance from the daily problems that are confronting the people in the field. Many intriguing questions are ahead of us... What will happen, for example, when more defined-contribution elements are introduced into pension contracts?' Van den Broek points out the essential role of scientific research into the consequences of various future developments for, among other things, our pension system. 'We will have to work longer, we will certainly live longer, and in the meantime we must decide how to organize life-course arrangements.'

International profile

'Compared with, for instance, CPB (the Dutch bureau for economic policy analysis that also does research on pensions and aging), Netspar strives to build up an



Left: Frank de Jong (UvA)
Right: Reinoud van den
Broek (Achmea)

international profile, while CPB mainly concentrates on national issues,' states Bakker. CPB and Netspar, in fact, have already explored ways to work together. 'By doing so, Netspar will not replicate the excellent work of CPB, but rather will focus more on academic and international issues. Although the research within Netspar does not necessarily have to lead to practical solutions, it *does* have to meet a certain scientific standard.

Through the international network and the education program that will be initiated, new ideas can be incorporated in the Dutch policy discussions.' The international dimension of the Netspar research appeals strongly to De Jong. 'Scientists tend to have a lot of international contacts. We all know that pension and aging issues are even more urgent in some other countries, and though their pension systems are mostly quite different from ours, we can learn from their efforts to indicate and solve their problems – just as scientists can also learn from practice,' De Jong adds, recalling an earlier remark made by Ponds about the need for more individual elements, thus giving members a choice in creating their personal pension arrangement. 'Then, researchers can explore how people actually

behave when they are confronted with these choices.' Both Van den Broek and Ponds confirm that they are very interested in research on such issues.

Expectations

'By joining Netspar, partners do get specific privileges,' says Bakker. 'One of these is the opportunity given to qualified specialists from the 'outer ring' – under certain conditions – to do research themselves within Netspar and to participate in the various activities of Netspar (such as the Pension days, Pension Workshops and brainstorm groups).' The partners will of course also have direct access to the students that graduate from Netspar's new master program, 'Economics and Finance of Aging,' which in turn may function as a training opportunity for selected employees.

The expectations for Netspar? Running high, all four men confirm. Van den Broek appreciates especially the helicopter view that Netspar can provide. Ponds' parting shot: 'we have a fine and solid pension system, but we've got to be aware of the dangers and new external developments that are challenging that system. To prevent severe and irrecoverable failures, we must continuously adapt the system. Netspar can analyse the policy options that are available.'

Impressions of the EU Conference Meeting Europe's Social and Economic Needs

By Rob Bakker
Director Partner Contacts, Netspar

Opportunity

On 17 and 18 January 2005, a conference was held at Tilburg University entitled 'Meeting Europe's Social and Economic Needs'. One of the workshops, 'Aging Society', offered Netspar a timely opportunity to present itself and to start the crucial process of building a strong international network of researchers working in the area of Pensions and Aging. Representatives were present from the European Parliament, the European Commission, American and European universities, and banks, pension funds and insurance companies.

One of the main themes of this workshop was aging and retirement in Europe. The keynote speaker, member of EU parliament **Lambert van Nistelrooij**, commented on the existing gap between what we know and what we actually put into practice with respect to active aging and empowerment in the EU, which is experiencing a gradually shrinking labor population. He emphasized the enormous challenge of simultaneously

enhancing the labor participation of the elderly and raising labor productivity. He further advocated the role of supranational centers of excellence wherein governmental bodies, market parties and research institutions work together on socially innovative solutions to bridge that gap. Such centers should also motivate researchers to come and stay in Europe.

Jan Nijssen, Global Head Pensions and CEO Central Europe–Insurance, supported the view of van Nistelrooij from the perspective of a globally acting insurance company. His remarks at the seminar focused, among other things, on the need for an effective framework establishing a life-time savings account that effectively could be institutionalized in a revised Dutch three-pillar pension system. **Richard Suzman** (National Institute of Aging, USA) maintained that the consequences of population aging – a crucial global phenomenon – must be addressed within an excellent research infrastructure. Suzman was critical about the poorly developed datasystems in the EU, a precondition for aging-related economic research.

Lambert van
Nistelrooij



Richard Suzman



Declaration

During the conference, participants decided to commonly address the European Council and European Parliament with regard to the pressing need to focus on and devote greater research to the consequences of population aging for the EU economy.

Some excerpts from the *Aging Declaration of Tilburg, January 18, 2005*:

The Lisbon agenda sets out an ambitious program to improve Europe's lagging growth performance. Population aging further weakens Europe's growth potential unless Europe succeeds in activating its aging population. Yet, aging also yields opportunities. People can enjoy life longer. In addition, lower birth rates and improved education enable women to aspire to a career in paid employment. At the same time, aging calls for social innovation (.....).

Europe must take the lead

Europe can take the lead in this social innovation aimed at successful aging, since Europe is the most aged continent of the world. Europe must take the lead if it is to remain one of the most competitive and innovative economies in the world (.....).

Mutual learning and data infrastructure

Reform of pensions, health care and labour markets is a major policy issue in all European countries. The rich diversity of its national institutions allows for mutual learning. Europe can become a laboratory for social innovation. (...) Europe therefore needs to develop a data infrastructure that documents how human capital is developing over the life cycle in the various regions and how different national institutions affect our human resources. As people live longer, do they remain healthy longer? How do norms, values, social networks and family ties change as people age? This data infrastructure not only

facilitates country-by-country comparisons, but also stimulates the interdisciplinary research (social sciences, psychology, medicine) needed to address the challenges raised by aging.(....)

Concrete proposal

As the most aged continent on the globe with a rich institutional and cultural diversity, Europe must take the lead in aging research. Hence, aging and retirement should get a significant as well as a sufficiently equipped priority in Framework Programme 7. Moreover, part of the budget for large data infrastructures should be devoted to developing comparable data in Europe's nations to address the challenges of aging. This is in line with the political commitments of the G-8 at Denver in 1997.

Short News

Calendar Netspar 2005

Netspar provides a coherent program of in-depth discussion possibilities and education for its partners, allowing the participation of interested academics and experts from participating institutions in the private and public sectors. Netspar thus contributes to qualification training and executive development. Seminars taking place during Netspar pension days and pension workshops (open to all partners of Netspar) will bring practitioners up-to-date with recent developments in the literature. In addition, renowned university lecturers, leading practitioners and important international partners will teach mini courses and lectures.

Calendar 2005:

| | | |
|--------------|-----------|---------------------|
| 21 April | Tilburg | Netspar Pension day |
| 12 May | Tilburg | Netspar Pension day |
| 7 & 8 June | Amsterdam | Pension workshop |
| 23 June | Tilburg | Netspar Pension day |
| 15 September | Tilburg | Netspar Pension day |
| 6 October | Tilburg | Netspar Pension day |
| 3 November | Tilburg | Netspar Pension day |
| 24 November | Tilburg | Netspar Pension day |
| 15 December | Tilburg | Netspar Pension day |

The first Netspar Pension workshop will be organized on the 7th and 8th of June 2005 in Amsterdam. Speakers will be Olivia Mitchell (Wharton), Axel Börsch Supan (Mannheim), and Wouter Bos (opposition party leader in the Dutch Parliament). For further information, please contact the Netspar secretariat.

Top Talent Recruited

Six talented young researchers selected at the job market in Philadelphia (US), have already been recruited: Norma Coe (MIT), Joachim Inkmann (LSE), Bas Jacobs (European University Institute), Katherine Carman (Harvard), Frederic Vermeulen (Tilburg) and Gema Zamarro (CEMFI Madrid). They will be involved in the research activities of Netspar.

Bovenberg most quoted

According to the 'ESB Polderparade', Lans Bovenberg is again the most frequently quoted Dutch Economist in the Netherlands. In addition to Bovenberg, other senior researchers at Netspar hold the following positions in the ESB rankings: Coen Teulings (UvA, 3), Sylvester Eijffinger (UvT, 17) and Sweder van Wijnbergen (UvA, 18).

European Pension Debate 2005

Friday, April 1, the Competence Centre for Pension Research at the Law Faculty of Tilburg University will organize a European Pension Debate, entitled: *Pan-European pension solutions: Useful and necessary?* Lectures will be given on the following subjects: *The pension-fund directive, Pensions in East-European member states, Fiscal solutions to overcome impediments in cross-border employment and Creating a common structure for pan-European pensions.*

The conference will be held in Building Y, Room YZ1 of Tilburg University, starting at 08.45. For further information, contact Gerry Dietvorst (G.J.B.Dietvorst@uvt.nl). For updates on the program, check the conference website www.pensionresearch.org

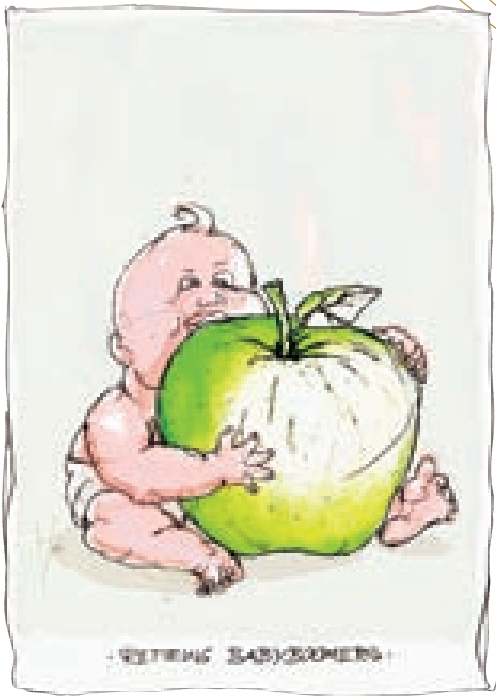
Partner Council Netspar

The Partner Council offers a platform for planning activities and for direct exchange of knowledge and critical thought. The following members will hold a seat in the Partner Council, chaired by Netspar: Gerard Bosman (Mn Services), Reinoud van den Broek (Achmea), Maarten Camps (Ministry of Social Affairs and Employment), Hans Duijn (Fortis), Lex Hoogduin (DNB), Jan Nijssen (ING), Hans van Oijen (St. Instituut Gak), Robert Olieman (SVB), Joep Schouten (SFB groep), Tom Steenkamp (ABP), Jan Tamerus (PGGM), Wouter Tol (ABN AMRO) and Guus Wouters (Interpolis).

Maarten Camps chairman of EMCO

Maarten Camps, director of General Social Economic Affairs at the Ministry of Social Affairs and Employment, and member of the Partner Council of Netspar, has been elected for a two-year period as chairman of the European Union's Employment Committee (EMCO). The EMCO is an important advisory panel (for the EU's Council of Ministers) dealing with employment and the European Employment Strategy. Maarten (40) studied economics between 1983 and 1990 at the universities of Tilburg, Exeter (UK), and Rotterdam.

Netspar



The cartoon, drawn by Dutch illustrator Hans van den Tillaart, will be a regular feature of Netspar News.