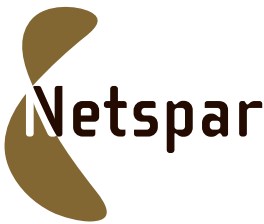


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## Theme: Social Innovation

How can an aging society maintain a good social security system and labor-intensive services such as education and health care? How to safeguard the accumulation, maintenance and utilization of human capital? How to develop a more custom-made pension system with advanced and integrated pension products? A fundamental change is required in the way in which society organizes work, maintains the talents of people, and insures old-age risks. This is a call for social innovation! Three articles address this relevant issue.

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In a challenging and interactive setting, the November module of the Netspar-UMBS Academy will bring together high-level economists to discuss several topics of pension reform from a European perspective. Participants will be offered the latest insights into policy reform in European countries and will be given the opportunity to run computer simulations themselves.

### **18 First Junior Pension Day**

Students of the MSc Economics and Finance of Aging (EFA) presented their internship topics and preliminary results at the Junior Pension Day in June. The audience could react to the students' presentations, which resulted in lively discussions. Two students reflect on this event.

# A Call for Social Innovation

The aging of the population, which is caused by increased longevity and decreasing fertility rates, is often considered as a threat. The ratio between working people and retirees will decrease, which makes social security systems more difficult to finance and results in a shortage of employees in labor-intensive non-tradable sectors, such as education and health care. Aging, however, may also be seen as an opportunity because it raises the return on investment in human capital, thereby making it more important to develop, maintain and cherish the talents of people. This means that more people can enjoy healthy and productive lives up to an old age.



Lans Bovenberg

### By Lans Bovenberg

To exploit the opportunities of the aging of the population, policymakers should focus on safeguarding the accumulation, maintenance and utilization of human capital. The combination of a longer life and faster obsolescence of skills due to fierce competition and rapid innovation demands life-long learning. A fundamental change is required with regard to the way in which society organizes work and maintains the talents of people over the life course. This implies a cultural change, which together with effective institutional change will make it possible for people to work longer and to invest more in the human capital of children. As a direct consequence, an aging society can maintain a good social security system and excellent labor-intensive services such as education and health care. Three groups deserve special attention here: young people, women and older workers.

### Young adults

In a knowledge-intensive society with growing service sectors, social and communication skills, self-discipline, adaptability and the ability to learn become more important. Young people who are not able or willing to learn in a traditional school setting may start their working lives at a young age instead of receiving full-time education. In other words, the combination of work and training may have to start early on. Indeed, human capital is produced not only in schools but also in families and firms. Training on the work floor is well suited for learning competences that are essential in a service economy, such as being customer-oriented and being able to work in teams.

At the same time, schools should become more oriented towards the needs of students and their future employers. Their focus should be on the labor market opportunities of their students and on combining training with work. Schools and employers in the regions should cooperate more closely to generate job and training possibilities for these young people. Having students pay more for higher education may help to make students more demanding, thereby putting more pressure on educational institutions. This will also help to stimulate young adults to start work early.

### Women

In the Netherlands, female participation rates in terms of hours per week are low. This holds true both for women with young children and for women without young children. When the children start attending school, the participation rate does not increase much. This is due in part to the way in which society organizes work and careers, which are still oriented towards the traditional male breadwinner who can devote himself for 40 years, 40 hours per week, to his job.

With the feminization of work, the demand for female human capital increases. In a knowledge-intensive services economy, key non-cognitive ('feminine') skills (such as social and communication skills, creativity) become increasingly important. Sectors that traditionally employ many women are growing (care, education, personal services). As a direct consequence of the feminization of work, young employees – women and men alike – combine their career with family obligations. The challenge for social innovation is thus to create more flexible workplace cultures that reconcile the needs of employees who balance work with family and other obligations with the needs of employers. The reconciliation of work and family involves the way in which the entire life course is organized. Most importantly, more flexibility regarding the way in which





The demand for female human capital increases.

various activities are combined over the life course contains the main opportunity cost of becoming a parent: foregone career possibilities. In this way, people can exploit their longer life to combine the pursuit of a fulfilling career in paid work with the vital task of rearing the next generation of workers.

#### Older workers

Early retirement programs have created a vicious cycle. Workers retire early because their skills are obsolete, while human capital is not maintained because people retire early and thus display only a short time horizon. As working lives are being compressed, careers must be made during the reproductive stage of the life cycle. This increases the opportunity costs of bearing children.

Early retirement has thus given rise to a culture in which little investment is made in people – older workers, in particular. In the ideal case, employees, with the help of their employers, invest in themselves up to old ages. Moreover, employers need to find fresh ways to exploit the talents of older workers. More flexibility in the way they organize their work, for instance, can allow older workers with changing private needs to keep on working.

One of the key social challenges is to create a better functioning labor market

for older workers in order to increase their job opportunities and job mobility. Greater mobility within and between jobs will help these workers to stay motivated and continue to learn. Maintaining the competences of employees and investing in their human capital also helps to increase the effective retirement age in line with increased life expectancy so that increased longevity is not a burden on retirement systems.

A more flexible labor market for older workers also allows the speed and time of retirement to act as an instrument to buffer risk. This requires adjusting the implicit labor contract (according to which workers are underpaid when young and overpaid later on). Indeed, increasing the retirement age at which the employer lays off the employee must not put undue strain on the employer. Employees should thus accept more wage flexibility over the life course (payment according to labor productivity) and internal flexibility in working practices (so as to protect their labor productivity at higher ages).

Older workers faced with a more flexible labor market bear less risk because they are less dependent on their firm surviving. The differences narrow between the insiders who are lucky enough to work for

a surviving firm and the outsiders whose firms have not survived. Moreover, golden chains no longer tie older workers to their employer. This facilitates entrepreneurship and a more efficient allocation of labor. Indeed, workers can more easily transfer between different states in the labor market (e.g. entrepreneurship, full-time employment, part-time employment, part-time retirement, etc).

#### Cherish the talent

In the face of aging, more rapid technological change and increased competition on world markets, the key challenge is to stimulate the maintenance and utilization of human capital so that the potential talents of young people, women and older workers are exploited better. This allows the working life to be extended in line with increased longevity, and the major opportunity costs facing parents when investing in the human capital of their children to be contained. Accordingly, rather than posing a threat, aging becomes an opportunity: giving people more productive and meaningful lives in which they develop and use their talents to meet the needs of others.

Paul Frissen: 'We have a poorly equipped parliamentary democracy'

## Social Innovation and Politics



Paul Frissen (1955) is dean and board chairman of the Netherlands School of Public Administration in 's-Gravenhage (NSOB), and professor of Public Administration at the Tilburg School of Politics and Public Administration (TSPB), which is connected to the Faculty of Law at Tilburg University. He obtained his doctorate cum laude in 1989 with his thesis *Bureaucratic culture and computerization*. His publications and consultancy projects have a number of connected themes: steering, postmodernization, aesthetics, fragmentation, variety, inequality and disparity. Since 1996, he has published a number of books on the state: *The Virtual State* (1999); *The Empty State* (2000), *The State, a triptych* (2002) and *The State of Difference* (2007).

By Clemens van Diek

You might say that Frissen is the image of a consultancy expert as a result of his theoretical baggage and experience. He participates, for instance, in a number of steering committees, consultancy boards and foundation boards, including the Raad voor Maatschappelijke Ontwikkeling (RMO). In addition to this he is also an independent consultant.

The Netherlands is a land of counsel, where the political process values support and compromises. That arises, according to Frissen, from the fact that we are, by nature, a society of networkers with coalitions of minority parties. The nature of the Dutch parliamentary democracy means that action takes place more cautiously. That is our political tradition, our political culture. Sensitive issues are quickly resolved via consultancy boards and commissions. Parliament here is less important than its counterparts in two-party systems, such as they have in the US and Great Britain, where two camps are strongly opposed to each other.

All of the government commissions, Frissen estimates, cost around 25 million Euros. 'That's peanuts, absolutely nothing. And just look at the quality you get for it. The costs are lower than the expense of the royal family. That shows the proportions.

We have a poorly equipped parliamentary democracy. In general, the support is scandalously understaffed. Each parliamentary proposal to increase staffing is dismissed by the Home Office using the argument: "We don't have the money for it." If you compare that with Germany or the US, then it's just scandalous.' And: 'You can't formulate fifty pages of ambitions, and then reduce the government apparatus by twenty percent.'

**What makes a commission successful?**

Frissen: 'It's successful whenever the subject matter is urgent and the commission is called into existence at the right time and place. You'd think that concrete and customized advice would be the most successful, but this is absolutely not the case. Original ideas and abstract panoramic advice – not necessarily bursting with policy recommendations – can also have an enormous impact. Some WRR reports are like that – such as the report *Bij Wijze van Goede Dienstverlening*, which offers pleasingly contemplative advice. Being contemplative is also one of the obligations of counseling bodies. That's why they should be appointed for a longer period, beyond the quick and dirty matters of

everyday life, to draft landscapes, in order to set down the agenda at a strategic level, to show what the most important issues will be. With ad hoc advisory boards it's all about concrete governmental projects.' He continues, 'Why is the WRR getting it right now? Because chairman, Wim van den Donk, is someone who is undisputable in terms of scientific quality and authority. He has an excellent social and political network and a great understanding of proportion, for what is and what isn't important. Plus: he's brave: Wim isn't afraid of being controversial.'

**Why did the Board of Economic Advisors fail?**

Frissen: 'The REA was a *Fremdkörper*. This was due, essentially, to the unbelievably complicated positions of the Lower House, government and departments. The REA advised the House, which is made up of government parties and opposition parties. In addition, the composition of the REA was highly politically profiled, with economists who also play a prominent role in the public debate. It's questionable, then, whether the statements and claims of these economists were really so objective.

## Social Innovation According to Ton Wilthagen

# The Dutch Road tow

### Paul Frissen (continued)

The casting wasn't good, either. Support has to take place in relative silence, so that party politics can benefit from it. The REA was highly profiled, meaning that the House was always in a position to hold an opinion on REA's advice. The REA opted for transparency, which means that the work was sub-optimal. But it was a useful experiment.'

#### And the Bakker Committee?

Frissen: 'The committee was given an impossible task regarding one of the crown jewels, the right of dismissal. The success of the Bakker Committee is entirely dependant on political relations. This is a complicated cabinet, with one party in serious crisis (the PvdA), and another party currently in the middle of a successful position of power (the CDA). How will the cabinet fare with this? Will it reach the finish line? What will the electoral relationships be?'

#### In conclusion, a recommendation?

Frissen: 'If you want to take part in a counseling body in order to prove yourself right, then my advice is: don't do it. You need to have a good feel for political rationality.'

When it comes to labor market reform and employment policies, the European Union currently touts the concept of 'flexicurity', aiming at simultaneously enhancing both flexibility and security in the labor market in view of the globalization of the economy and far-reaching demographic tendencies such as the aging of the population. Every Member State is expected to map out its distinct pathway towards greater flexicurity.

by Ton Wilthagen

In the Netherlands, the Committee on Labor Market Participation (more widely known as the Bakker Committee) has recently published (June 2008) its proposals and recommendations for raising the labor market participation rate in the Netherlands to the 80 percent level by 2016. The report suggests ways to reform the Dutch labor market system while at the same time alleviating workers' feelings of insecurity. Are these proposals likely to contribute to a next productive step or even a paradigm shift in Dutch labor market policies, thereby creating better flexicurity?

#### Wage costs subsidies

The Committee's report advocates a three-track approach. The first track pertains to the necessity – and urgency – of facilitating and stimulating weak groups to get a job or to work more hours. The proposals here might be considered less innovative, as they originate in a broad consensus among labor market experts (and build on existing or former policies in the Netherlands), but they are nonetheless important. Basically,

this track represents a sticks-and-carrots approach for all parties involved. It is proposed that employers are encouraged to hire long-term benefit recipients on the basis of temporary wage subsidies, a so-called no-risk policy and secondment arrangement. Benefit recipients, in their turn, will have a participation obligation, and part-time workers will be stimulated to extend the number of working hours. At the same time, facilities for combining work and care will be improved, including career, working-time and childcare arrangements.

#### Employment Insurance

The second track might well be considered the more fundamental track. Its goal is to ameliorate the operation of the labor market, to foster innovation, to generate higher labor productivity and to contribute to more employment security and employability for workers. This track comprises two main elements. The first proposal is to turn the current Employment Insurance Scheme into Employment Insurance, geared towards the prevention of unemployment and a smooth transition to a new job. Employers are required to continue the worker's payment until a maximum of six months after giving notice to the worker. During this so-called transfer period the worker can fully devote himself or herself to finding



# ards 'Flexicurity'



Ton Wilthagen: 'A great deal of work is actually performed outside the scope of the traditional employer-employee relationship.'

new employment. If this time span does not suffice, the worker is dismissed, but only after the efforts of both the employer and worker have been evaluated. The worker then enters a six-month reintegration scheme, during which time the sector or industry bears the financial responsibility and where private or public reintegration organizations can be relied upon. Then, if a new job still has not been obtained, the responsibility is shifted towards the municipality. This new system also has advantages for employers, as employment protection legislation is eased by the abolishment of the current pre-emptive testing of dismissals, conducted by the public employment services.

The second element is the introduction of a so-called Working Budget, which replaces the current Dutch Life Course Savings scheme and another employee savings system. This budget is personal and portable, which means that the worker can transfer it from one job to another, and it is designed to keep up the worker's employability level and provide additional income in case of job transitions, part-time retirement, training, unpaid leave or time spent in setting up one's own business. Both the worker and the employer contribute to the Working Budget, and the employer's contribution supersedes the current severance pay obligation.

## Retirement age of 67

The third and final track includes the proposal to raise the pension age as of 2016 (by one month per year) in line with the population's growing life expectancy. The goal is to counteract the decline of the labor supply, caused by a shrinking working population. Currently, Dutch people are entitled to a state pension at the age of 65. The recommended reform would result in a retirement age of 67 years no later than 2040.

## Better flexicurity?

Can these reform proposals be expected to further develop Dutch flexicurity, by enhancing the adaptability of both workers and citizens? By and large, the answer to this question may be positive, as the suggested reform will help to facilitate transition security, 'protected mobility' and participation in the Dutch labor market. Evidently, there are important issues to be further discussed and elaborated, such as the consequences for the current older generations in the labor market and the effects on small- and medium-sized companies. Moreover, any labor market

reform should be informed by the fact that a great deal of work is actually performed outside the scope of the traditional employer-employee relationship, which means that the employment relationship might no longer be the single channel for coordinating and stimulating the operation and dynamics of the labor market and providing decent security to all workers.

Professor Ton Wilthagen holds the Chair in Institutional and Legal Aspects of the Labour Market at Tilburg University, and is the Director of the Tilburg Flexicurity Research Programme, Faculty of Law, Tilburg University.

# Netspar and Holland Financial Center to Cooperate in Retirement Management

## 'The Netherlands Must Become'

Enabled by new European legislation and encouraged by global interest, the Netherlands must use its expertise on pensions and finance to position itself as market leader on pensions and retirement. By acting now, it could still profit from the first-mover advantage to market the vast amount of knowledge and expertise behind the Dutch pension system, which is widely considered to be one of the best in the world.

by **Leen Preesman**

### Joint effort to capitalize on Dutch competitive edge

The Netherlands must capitalize on their knowledge and expertise, using them to create exportable products and services. This is the message of Holland Financial Centre (HFC), tasked with improving the competitiveness of the Dutch financial sector, and Netspar, the knowledge platform on pensions, population aging and retirement. The organizations decided to team up after the financial sector was designated as one of the key areas of the national Innovation Platform. They have combined their resources in the project Retirement Management, which focuses on developing new products and concepts. 'The Netherlands must become the 'pensions arcade' of retirement management,' according to Akkie Lansberg, director of HFC. We would like to have organizations from all over the world seeking our guidance on a wide range of pension-related subjects – not only regarding products, but also on subjects like education, research, regulation and supervision. People in the sector must become keen to have a job in the Netherlands on their cv.'

HFC and Netspar point to the significance of the Dutch pension sector as well as its well-developed financial industry. They underscore the subsequent extensive knowledge about and experience with pension services that has been developed in the Netherlands, and point to the large and powerful pension providers with an excellent international reputation. Thanks to the private initiative of the social partners – supported by a strong public framework – and a robust public state pension, Holland has one of the best pension systems in the world, they claim.

### The Netherlands uniquely positioned

The Netherlands is well positioned to become the leading center for retirement management at the moment, since many countries are affected by population aging, and the need for capital-funded pension provisions is increasing. The recent liberalization of the European pension market, the new rules for financial accounting (IFRS) as well as the new Dutch Pension Act have significantly increased the dynamics on the markets for pension-related products. In short, this is the right moment for action.



Frans de Roon: 'Pensions need to be increasingly attuned to changes during a life course.'

HFC and Netspar alike envision the use of a whole array of services, products and policies for covering the various risks at the end of people's life course. This 'package' consists of pensions, asset management, private and social insurances for shortfall of income and care, as well as the wider effects of population aging on both the labor market and the housing market. 'We could help and advise on all products and services. And the market is large, extending beyond Europe. We are already being consulted on pensions by countries like China,' Lansberg points out. HFC intends to bring market parties together to tackle such issues as promoting the Netherlands as pensions center and discussing the desired changes of legislation. Frans de Roon, Netspar's director of partner connections, adds, 'Although different countries have different systems, we'd like to offer them building blocks, which they can fit in their specific situation'.



nt Project

# e the World's Pensions Arcade'



Akkie Lansberg: 'The government can also contribute through swift implementation of European legislation.'

## Why this initiative, at this time?

'Innovation in the financial sector doesn't happen all by itself, because financial business is often a short-term-driven activity. Research and development must therefore be stimulated, to increase the attractiveness of the sector. Traditionally, the Dutch pensions industry has been a national business. HFC will work on broadening the sector's focus into an international one,' Lansberg explains.

'So far, the pension funds and the insurers have been competing for the Dutch market. But since the European Pensions Directive IORP has opened up Europe, all players can have a much bigger slice of the opportunities.'

De Roon adds that Netspar will contribute to the project by offering its knowledge of, for example, asset-liability management and asset management as marketable components for the financial services sector. 'We are at the start of the innovative cycle.'

If the Netherlands intends to increase its competitiveness, it needs to focus on research and education,' he stresses. Netspar is already deeply involved in research into tailor-made pension solutions following the social trend of individualization. 'Pension products need to be increasingly tuned to changes that occur during a life course, such as job changes, the period of employment and family composition, which in turn increase the need for communication,' he makes clear. 'In addition, population aging requires improved maintenance and use of human talents. The shifting ratio between inactive elderly and active young people represents an urgent call for innovative solutions for risk management— where care, housing and pension intersect.'

## Other issues

The combined effort of HFC and Netspar is also meant to anticipate the exodus of financial services from the Netherlands, involving the currency trade, investment banking and asset management sectors. Lansberg: 'This is a global trend that we can't stop, let alone reverse. But the Dutch industry has a very strong base from which to capture European opportunities.' 'The opportunities are abroad, with countries looking for alternatives for their increasingly unaffordable pay-as-you-go systems and expensive individual savings arrangements resulting in disappointing benefits. In developing innovative risk management, we can continue building on our expertise in integrating the build-up and benefit phases of pension products, such as in asset-liability management.' Lansberg underscores the fact that assisting other countries in building up their own solid capital-funded systems is also in the interests of Dutch society. 'The economic effects of EU countries struggling to finance their pension systems will ultimately have a negative impact on pensions in the Netherlands through either inflation or interest movements.'

## The funding question...

HFC and Netspar expect that it will take years before the Dutch pensions and finance sectors have been maneuvered into the right position for the — otherwise self-sustaining — project. The budget needed is 120 million euros, of which approximately 50% will be met by the sector. A grant for the remaining 50% has been requested from the national government.

A government contribution is essential for the success of the project, Netspar and HFC concur. 'The relation between the Dutch pension providers and insurers is tense. Some parties are focused mainly on defending established interests on the national market, such as the desired market position and the exact task demarcation between pension funds and insurers. The government needs to advocate the joint interest of the Dutch economy. In this role, it can transcend the individual interests,' Lansberg points out.

The HFC director is convinced that the government will take a positive decision on the subsidy request. 'The financial sector is a very important part of the Dutch economy, accounting for 7.3% of GDP as well as directly employing 286,000 people. The national interest is at stake,' she says. According to De Roon, the pensions and financial sectors will also contribute their part. 'It's in everybody's interest, so we can expect support for the project.'

Besides subsidizing *Retirement Management*, the Dutch government can also contribute to the success of the project by swift and proper implementation of European legislation with a minimum of impediments, the HFC director indicates. 'For example, the implementation of the first European IORP Directive took over two years. That's way too long.'

Gerard Riemen (vB) and Fieke van der Lecq (NMa)

# Innovation and Market Forces

Is a competitive market a must for innovation? Does social innovation collide with solidarity? These are some of the questions we would like answered by two leading figures from the pensions sector. Gerard Riemen has recently become director of the Association of Industry Pension Funds and has built up an impressive knowledge of the sector as policy official at szw. Fieke van der Lecq is manager of the Financial Sector Monitor of NMa and is also a part-time professor of Pension Markets at Erasmus University.

Fieke: 'The individual has to be able to make choices.'  
Gerard: 'A pension is primarily an employment condition.'

By Jean Frijns

Gerard, can you indicate what kind of innovations you see within the pension sector?

'I see pensions as a condition of employment. We can observe that pensions are constantly developing: the pension contract is flexible. Consider the developments in the area of value transfer and the exchange between the various pension components. In the future I expect further flexibility, a possible exchange between home and pension and perhaps even pensions in kind. Innovation is much stronger in the area of asset management. Dutch pension providers excel in innovative products and strategies. Progress has also been made in terms of clarity for the participant: think of the efforts of the individual funds, as well as of national initiatives like the uniform pension overview and the indexation label. But there still are many possibilities for innovation with regard to developing the insight and comprehension of participants; ICT can help us in this.'

The same question to you, Fieke.

'In terms of the arrangements, I see opportunities for innovation. I'm thinking of more customization and the connection between pensions and life-course savings schemes and third-pillar products. This will lead to greater options for individuals,

potentially being a welfare increase.

Just like Gerard, I think that the innovation in managing pension capital is impressive. In the field of communication, the individual participant and his own specific situation should be more at the heart of it. In this area, pension funds still have a lot to learn from marketing methods that focus on the individual consumer and his needs. Pension funds could, for example, do more with market segmenting in order to map out the needs of their participants.'

Gerard: 'I think that considering the options for individualization is interesting, but I would warn against dismissing the difference between the second and third pillars. A pension is primarily an employment condition, and concerns the individual as an employee; the central focus in the third pillar is on the employee as a consumer. It's important to properly define the second and third pillars.'

Fieke: 'We're living in a transitional labor market in which the individual does not contribute to a collective arrangement in all of the phases of his working life. He has to be able to make choices regarding the accrual of his own pension (= financial capital) and investing in his human capital. In order to be able to do that, he needs a variety of products that can be implemented in mutual association.'

Gerard: 'Pensions are part of that. It's vital

that the participant has a clear view of his pension situation as a component of his total financial and working situation. Only then can he make responsible choices; I can't see how the current pension design in the second pillar prevents that. It's principally an issue of understanding and insight.'

You both seem to think that we should be moving towards greater financial literacy. Is that realistic? The noises within the world of pensions tend more towards a sort of neo-paternalism.

Gerard: 'Pension funds have a responsibility towards their participants that I take very seriously. You can't just let people suffer for the consequences of bad choices in the past, if they couldn't predict the consequences when they made their choice. That means that pension funds have to stay aware of what it is that their participants need. This is not a problem for company pension funds, which are closer to their participants. The largest sectoral funds, however, can still gain in the field of the specific approach of their participants.'

Fieke: 'The scientific literature on financial education shows that there are three essential issues: knowledge, self-reliance and a sense of urgency. The information strategy of pension funds ought to be focused in this way. In general, I am in



favor of an 'and/or' strategy in which applicants (participants) are guided in the selection process if the offers improve (for example, through sensible default options that are customized to the individual situation of the participant, as well as selection options for whoever wishes them). In this way you can encourage participants to take responsibility themselves.'

**How sustainable is our collective system? And does the prospect of a retreating government and globalization of the labor market compel us to place further emphasis on individual responsibility?**

Gerard: 'It's true that you could say that, as far as social security is involved, the government is making a withdrawal movement. Pensions as we know them, however, don't rely on the central government, but on agreements between social partners, with a stable core of working relations between the employer and the employee. Arrangements will continue to be adjusted to meet changing circumstances. Above all, collective pensions form an economically efficient and superior product. All in all, there's no reason to be pessimistic about the future of our system.'

**Fieke, to you a question regarding so-called 'disruptive technologies': to what extent can they undermine the collective system?**

'Technological developments in the area of ICT or asset management will make further individualization possible: consider issues such as a financial passport. That, however, doesn't strike me as disruptive. More important, I think, are disruptive policies: invasive changes within our taxation system, the disappearance of walls between banks, insurance companies and pension funds, or European policy in the area of mandatory participation. These can have far-reaching consequences for the design of our pension system.'

**What can one do to ensure that innovations are made in the interests of the participant? Implementation organizations could be an important innovative power, but are removed from the participant.**

Gerard: 'We now have a competitive market for implementing administration and investments. For pension funds, that's a joy. Whether or not it leads to innovation in the preferred direction depends on the quality of the pension funds themselves. They are ultimately responsible and must be in the driving seat. Moreover, we ought not to forget that the fund is there for the participant.'

Fieke: 'The crucial question is whether there are enough incentives to bring about innovation. If we do everything together in the same way, there are few incentives per

account. More competition in implementation will lead to better service provision, but how will pension funds be encouraged to go looking for options that they are, as yet, unaware of? If they aren't presently gaining clients in a particular way, then are there sufficient other incentives? Innovation requires stimuli in order to create new solutions— and rewards, if these solutions work out. Innovation incentives are also in scale size and financial power, in exposure to international developments and mutual benchmarking. The Dutch system scores pretty high in this, and competition is also useful within research. If the Netherlands wants to develop into the world's 'Pension Valley,' then it will require an assortment of research institutes.'

Gerard: 'In terms of working conditions, innovation is directed through the labor market. At most, you could say that employees as a collective are sometimes rather conservative and don't always encourage innovation. In terms of implementation, there are, as we have already seen, sufficient innovation incentives. You may well ask yourself whether the system contains enough incentives for providers and pension funds to quickly arrive at further innovations in terms of transparency towards participants. Instead of short-term thinking, I want to encourage both parties to take the long-term view in this area.'



## Netspar's Next Phase

# Creating an International Net

In 2008, after a successful evaluation of the organization's first three years, Netspar entered the second phase of its existence. In the next phase the focus of attention will be on two major issues: the strengthening of partner contacts and internationalization of the network. This article begins by addressing the latter issue, focusing in particular on the background of these plans and clarifying what is meant by internationalization, in concrete terms. The focus then turns to the Forward Looks Program, coordinated by Netspar, which aims at shaping the research agenda on the topic of aging. Finally, the spotlight turns to the SHARE project, which collects data on the 50+ population in Europe.

By Gerardo Soto y Koelemeijer

The internationalization plans in more concrete terms can be subdivided in four parts:

- internationalization of the network,
- internationalization of research,
- internationalization of research funds,
- internationalization of events.

With regard to its network, Netspar has been up till now a Dutch network of universities and public and private sponsors. In the coming years, cooperation with other international networks will be a top priority. The ultimate goal is to create an international network of research fellows, in which top researchers participate; this expanded network will greatly facilitate the export and import of knowledge on aging and pensions. Already 50 foreign top researchers have agreed to participate in this network. The fellows are asked to include their research on pensions and aging in the Netspar discussion paper series. Furthermore, they are invited to take part in the visitors program, and PhD students supervised by Netspar research fellows may become junior research fellows.

Another facet of Netspar's internationalization plan involves research and the funding of research. Some funds will be made available for researchers associated with foreign universities. This funding applies, for example, to research carried out within Netspar's themes. A theme is a three-year research project in which researchers from various fields collaborate on a thematic subject. Furthermore, Netspar annually provides ten research grants of max €10,000 each to new and original work, and awards grants of €10,000 each to researchers whose proposal for a panel paper (outlining the implications of new developments in the academic literature for policy questions faced by Netspar's partners) has been accepted.

Finally, Netspar's plans for internationalization include moving the venues for some of its events abroad, and organizing these events in cooperation with a foreign research fellow or institute. At present, Netspar organizes several events every year that focus on specific target groups. As of 2009, Netspar plans to hold abroad one of the two academic workshops that it organizes each year, and one of the conferences for industry and government. This will allow Netspar and its partners to exchange knowledge about particular issues in different countries.

### European research agenda

The European Science Foundation (ESF) recently selected *Ageing Health, and Pensions in Europe* as one of the two new topics in the Forward Looks Program, which aims to develop medium- to long-term views and analyses of future research developments in Europe. Netspar is the coordinator of this project, which involves cooperation with many other European institutes that are specialized in aging. Netspar will thus be actively involved in defining the corresponding European research agenda for the next five to ten years. This agenda will enable funding agencies to plan their resources to meet future needs. The aim of the research is to exploit the diversity in Europe to better understand the key relationships between demographics, welfare regimes, pension provision, public health, employment, income security and well being in a multi-disciplinary and cross-national framework. This initiative, furthermore, is intended to stimulate scientific research that will add cutting-edge scientific knowledge on the core topics of the European social and economic policy debate.

# work



In the second phase of its existence Netspar spreads its wings.

The research topics are combined into three broad themes: labor market issues, income security of an aging population, and well being of the elderly. The first theme focuses on raising the labor-force participation of the elderly. The second theme is broadly concerned with everything related to defined-benefit and defined-contribution pension systems, intergenerational risk sharing, financial knowledge and consumption patterns before and after retirement. The final theme is concerned not only with economic well-being, but also with family contacts, other social networks, inter- and intra-generational transfers, time use and satisfaction with daily activities, social exclusion, physical and mental health, the availability of formal and informal long-term care and other aspects of the health care system. Three workshops are planned in the last months of 2008, in Dublin, Turin and Lausanne, and the final conference will be held in The Hague or Amsterdam in April 2009. Aging experts in Europe present and discuss papers, on the three topics. During the first workshop on September 19th in Turin, three papers will be presented, on adequacy of savings (Elsa Fornero and Annamaria Lusardi), innovative institutions and products (Lans Bovenberg and Theo Nijman) and risk and portfolio choices (Christian Gollier).

#### Countries SHARE data

The Survey of Health, Ageing and Retirement in Europe (SHARE) is a multidisciplinary and cross-national panel database of micro data on health, socio-economic status and social and family networks of more than 30,000 individuals aged 50 or over. The Dutch country team participating in SHARE includes several researchers affiliated with Netspar (Rob Alessie, Johan Mackenbach, Arthur van Soest), and future Netspar director Frank van der Duijn Schouten has agreed to become the Dutch country team leader.

Eleven countries have contributed data to the 2004 SHARE baseline study. They are a balanced representation of the various regions in Europe, ranging from Scandinavia through Central Europe to the Mediterranean. Further data have been collected in 2005-06 in Israel. Two 'new' EU member states (the Czech Republic and Poland) as well as Ireland joined SHARE in 2006 and participated in the second wave of data collection in 2006-07. The data from the second wave will be released publicly later this fall at a SHARE conference in Brussels. The survey's third wave of data collection, SHARELIFE in 2008-09, will collect detailed retrospective life histories in sixteen countries, with Slovenia joining in as a new member.

The SHARE study has been set up in close cooperation with the English Longitudinal Study in Ageing (ELSA) and the Health and Retirement Study (HRS) in the United States, which greatly facilitates meaningful comparisons of the results.

One of the projects in the SHARE family, named COMPARE, focuses on developing tools that enhance international comparability of subjective measures such as health, work disability, health care responsiveness, job satisfaction, and satisfaction with social contacts. This project, which is coordinated by Netspar director Arthur van Soest, is approaching completion, and will be marked by a final conference in Brussels later in September.

#### The way forward

Retirement and aging are hot topics now, which is evident by the fact that the ESF has recently selected Ageing, Health and Pensions in Europe as one of the topics in the Forward Looks program. In order to expand its knowledge exchange to an international level, and also to obtain future funding, Netspar has already begun pursuing a course of internationalization. With the current steps Netspar has taken, the organization is well on its way to establishing itself as an important player in the international top research network.

# Partner Profile

Roland van den Brink, Member of the Board of Directors

## Getting to Know Mn Services



Roland van den Brink

Mn Services offers pension funds and other institutional parties the tools to meet modern developments and issues in a successful and result-focused way. Our company stands for service provision in investment management, pension implementation, board support and supplementary arrangements. Our clients, large pension funds from industries and the pension funds of multinationals, use our services both integrally and modularly.

### Our profile

Mn Services is a top player of Dutch origin within the world of pension implementation and international investment management. Clients choose us because of our innovative service provision, our empathy, our vision of investment management and our in-depth understanding and experience of the Dutch collective pensions system. Mn Services delivers a wide variety of established services. The investment management unit, for instance, has been beating crucial benchmarks for years now. Mn Services is preeminent within the arena of digital pension implementation. Our innovative attitude and our state-of-the-art-technology are what make this possible.

### History, origin and experience

Mn Services has a rich, Dutch history and a social origin. The organization came about as a result of the collaboration of employers and employees within the metal and technology sector, and this has instilled us with a people-focused way of working. People are central to the day-to-day decisions that we take in our socially responsible investment management and within the implementation of the collective pension scheme.

With over 60 years of experience and knowledge, the Mn Services staff has all of the tools necessary to effectively advise and support pension funds. Our services help pension funds to focus on their core tasks: ensuring a financially carefree and affordable pension for all of their members. Unique to our company model is the fact that Mn Services, within the world of pensions (where social partners are remote holders), is in a position to allow the organization to operate as a company. That is a unique structure, and a very successful combination: we have low overhead, high profits and years of dependable results.

### Transparency in service provision

Our service provision is very clear to pension members. It does not just cover the administrative side of things, but also covers the distribution channel, including risk and health care insurance. The less visible side of our work is the worldwide investment of pension capital. We invest over 65 billion Euros and as a result we are the third largest institutional investment manager in the Netherlands.

As early as 2001, Mn Services had already begun serious investment in administration, in processes and also in people. This means that we are stable and transparent in the services that we offer. Information is available from us 24/7. With just one push of a button, a client can view and consult his details on-line in our systems. And this makes Mn Services an attractive party for others wishing to accommodate their service provision.

### Service package

Clients use our services in board support, pension implementation, investment management and additional arrangements and products. Mn Services service provision is comprised of investment management (fiduciary management, asset management, policy support, administrative service provision), pensions implementation (administration, reporting and report making, communication with members, communication with employers, information management), and board support (ALM studies, reporting to supervisors, annual accounts and board reports, consultancy, risk management, performance assessment, custody, policy development).





Mn Services' headquarters in Rijswijk

#### Association

The foundation of Mn Services is within the metal and technology sector. The first and largest shareholder is the Metal and Technology Pension Fund (PMT). But in addition to this, many other clients have sought association with Mn Services. This is because of the continuing consolidation within the Dutch pensions market. Many company pension funds are seeking association with service providers such as Mn Services. Things are becoming far harder for funds operating as an independent entity – especially when it comes to reacting adequately to fast-changing legislation and to requirements relating to corporate governance and supervision. Half of all the pension funds that have chosen to outsource investment management over the last five years have selected Mn Services. Recent examples include the company

pension funds for SCA, the pension fund for the merchant navy, the company pension fund for the tire and wheel industry, and the industry pension funds for the metal and technology industry (PME).

#### The future

Mn Services aims within the next five years to be one of the leading international concerns in pensions administration and investment management. We distinguish ourselves through innovative service provision and empathy, particularly within the market sector. Value creation over time is our mainstay, rather than short-term profit chasing. Core competencies are first-rate process management, a unique global network, socially responsible behavior and understanding of collective pension systems.

#### Core figures

Mn Services manages a capital base of 65 billion Euros for 1.7 million (ex) members of various pension funds. In addition, the organization operates pension administration for over 1.1 million people and 35,000 employers. Mn Services employs 700 professionals.

**"Many clients have sought association with Mn Services because of the continuing consolidation within the Dutch pensions market"**

New Module of Netspar-UMBS Academy

## Pension Reform in a European Perspective



Participants at work in case study on responsible investing, May 2008.

In the near European future there will be an excess of retirees and a shortage of people of working age. If the social security system continues on the old footing, collective insurance of old-age risks will soon be unaffordable. This gloomy scenario forces policymakers to rethink their policies, and pension reform is one of the key tools that can be used to prepare our society for the future. The European perspective of aging will be the central theme in the new three-day module of the Netspar-UMBS Academy, targeted at executives of the pension and insurance sector. In a challenging and interactive setting, this module brings together high-level economists who will discuss several topics of pension reform. In addition to receiving the latest insights, participants will also be offered a computer model with which they can run simulations on policy reform.

### European Commission's view

Heikki Oksanen, Advisor at the Directorate General for Economic and Financial Affairs of the European Commission will explain the role of the European Union in the area of pensions. Population aging is projected to cause a significant increase in public expenditures. Although pension reforms are taking place, the generosity of public pensions will be reduced. As the soundness of public finances is a common concern in the EU, especially in the euro area, the so-called Stability and Growth Pact (SGP) provides the framework for setting the targets for public finances in terms of deficits and debt for each country. Here, not only the expenditure projections based on current rules for public pensions should be taken into account. Also the possible pension reforms that switch to partial funding instead of relying on pure

pay-as-you-go pension provision should enter the picture.

Another European contribution comes from Martin Weale, Director of the National Institute of Economic and Social Research, United Kingdom. He will discuss the future income prospects of the elderly in the UK and some other European countries, given their current saving behavior. He also discusses the effects of a recent policy reform in the UK: namely, the introduction of personal accounts.

### Computer simulation model

CPB Netherlands Bureau for Economic Policy Analysis, which serves as research provider on policy reform in the Netherlands, will be represented by three lecturers: CPB Director Coen Teulings will address the optimal pension system from the participants' perspective. Deputy-director

Casper van Ewijk will explore the budgetary implications of aging and assess the effectiveness of various policy reform proposals. Ed Westerhout, program leader of CPB's Aging and Pensions section, will introduce an economic model of aging and policy reforms. The model can be used to calculate the depth of the aging crisis, as measured by the fiscal gap or sustainability gap. It can also be used to calculate the effects of macroeconomic policy reforms. These effects include not only the balance sheet of the public sector, but also the position of different generations and core variables of the macro economy, such as national consumption and GDP. In this session, participants will first be given information about the global properties of the model and about how to make computer simulations. After that, they will be asked to choose a number of policy reforms that they find interesting, to run the corresponding simulations and to evaluate and judge the outcomes. Central presentation of the results will be followed by a general discussion on the different policy reforms as well as the merits and drawbacks of computer simulations in the policy debate.

### Aging and Pensions in Europe

November 19-21, 2008, The Hague

More information: [www.umbs.nl/academy](http://www.umbs.nl/academy)



## Recently Published Papers

This page offers a selection of papers that were published recently in the Netspar papers series. You can find more papers or pdf versions of these papers at our website: [www.netspar.nl/publications](http://www.netspar.nl/publications)

**Discussion Papers...** are produced by all Netspar researchers and Ph.D. students that are involved in one or more Netspar research programs or themes. A DP aims at publication in high standard scientific journals. It is usually output of a research proposal funded by Netspar. It is published on the Netspar website jointly with a management summary. The DP's are discussed during Netspar activities.

Ralph Koijen and Jules van Binsbergen: *Predictive regressions: a present-value approach* (DP 2008-029)

Nick Draper: *Prudence and robustness as explanations for precautionary savings; an evaluation* (DP 2008-028)

Gerard van den Berg and Annette Bergemann: *From giving birth to paid labor: The effects of adult education for prime-aged mothers* (DP 2008-027)

Gerard van den Berg, Gabriele Doblhammer-Reiter and Kaare Christensen: *Being born under adverse economic conditions leads to a higher cardiovascular mortality rate later in life – Evidence based on individuals born at different stages of the business cycle* (DP 2008-026)

Karen van der Wiel: *Preparing for policy changes: Social security expectations and pension scheme participation* (DP 2008-025)

Dick Broeders and An Chen: *On renegotiating pension deals – A Parisian barrier option approach* (DP 2008-024)

Lisa Callegaro and Giacomo Pasini: *Social interaction in an intergenerational model of informal care giving* (DP 2008-023)

Yannis Biliass, Dimitris Georgarakos and Michael Haliassos: *Portfolio inertia and stock market fluctuations* (DP 2008-022)

Alex Armstrong, Nick Draper and Ed Westerhout: *The impact of demographic uncertainty on public finances in the Netherlands* (DP 2008-021)

Rob Alessie and Joppe de Ree: *Home production and the allocation of time and consumption over the life cycle* (DP 2008-020)

Stefan Hochguertel and Mette Ejnaes: *Entrepreneurial moral hazard in income insurance: empirical evidence from a large administrative sample* (DP 2008-019)

Christian Jaag, Christian Keuschnigg and Mirela Keuschnigg: *Pension reform, retirement and life cycle unemployment* (DP 2008-018)

Pedro Martins, Alvaro Novo and Pedro Portugal: *Increasing the legal retirement age: The impact on wages, worker flows and firm performance* (DP 2008-016)

**Panel Papers...** outline the implications of new developments in the academic literature for policy questions faced by Netspar's partners. The panel papers are aimed at professionals in the pension and insurance sectors and are discussed twice a year (in the spring and the fall) during

one-day panel meetings. Representatives from academic and non-academic partners, as well as international academics, act as discussants. The papers are published in a special Panel Papers booklet series.

Roel Beetsma and Heikki Oksanen: *Pension systems, aging and the Stability and Growth Pact* (Panel 9, revised version)

Frank de Jong, Peter Schotman and Bas Werker: *Strategic asset allocation* (Panel 8)

Johan Mackenbach, Wilma Nusselder, Suzanne Polinder and Anton Kunst: *Compression of morbidity: A promising approach to alleviate the societal consequences of population aging?* (Panel 7)

Arie Kapteyn and Tatiana Andreyeva: *Retirement Patterns in Europe and the US* (Panel 6)

**NEA (Netspar Economic Advice) Papers...** describe and motivate the position of the author on a policy relevant topic. In contrast to the panel papers, these papers contain strong statements. Although Netspar as such is impartial, individual researchers of Netspar may very well have (and express) a personal opinion. Netspar simply offers a forum for in-depth discussion. The authors present the NEA papers at meetings and discuss them with the audience. NEA papers are also published in a booklet series.

Gerard Verheij: *Het Nederlandse pensioenstelsel: weerbaar en wendbaar* (NEA 14)

Peter Gortzak: *Naar een solide en solidair stelsel* (NEA 13)

Jan Bertus Molenkamp: *Fiduciair management: panacee voor pensioenfondsen?* (NEA 12)

Coen Teulings: *Hoe kunnen we onze risico's efficiënt delen? Principes voor optimale sociale zekerheid en pensioenvoorziening* (NEA 11)

Zvi Bodie, Henriëtte Prast en JanSnippe: *Individuele pensioenoplossingen: Doel, vormgeving en een illustratie* (NEA 10)

Lou Spoor: *Je huis of je leven? Eigen betalingen voor woon- en welzijnsvoorzieningen voor ouderen en optimalisatie van de pensioenportfolio* (NEA 9)

Theo Nijman en Alwin Oerlemans: *Maatwerk in Nederlandse pensioenproducten* (NEA 8)

Social security expectations and pension scheme participation

### How secure is our future?

Discussion paper by Karen van der Wiel

This paper sheds more light on private savings by analyzing private pension scheme participation in the presence of policy uncertainty in old age social security. An ageing population typically poses threats to the financial sustainability of PAYG-pension schemes and hence makes the future of these schemes uncertain. Karen van der Wiel assesses the influence of individuals' policy change expectations on their voluntary pension scheme participation in the Netherlands. She found that participation in private pension schemes is higher for those who really believe that old age social security is becoming less generous. This is the case when using the probability that benefit levels will decrease but more so when using the probability that the AOW-eligibility age will go up. In addition, individuals who believe an eligibility age increase to be more likely than a benefit level cut that also report to have a relatively low life expectancy, participate more. This could be explained by the fact that the relative cost of an eligibility age increase is larger for those who expect to live shorter. Individuals hence do prepare themselves for anticipated policy changes in old age social security.



## Students Bridge Gap between Theory and Practice

# First Junior Pension Day

After an initial period of working at their internship companies, the students presented their internship topics and preliminary results at the Junior Pension Day on June 10. Lambrecht van Eekelen (Social Insurance Bank) provided the kick-off with his presentation, *AOW: Foundation of the Dutch Pension Building*, followed by two parallel sessions during which the Masters students introduced their thesis topics. The audience could react to the students' presentations. This resulted in both lively discussions about the current research conducted at the different Netspar partners and useful feedback for the students on their work. Two of them reflect briefly on this first Junior Pension Day.

**Jurre de Haan (internship at Cordares)**

The Netspar Junior Pension Day came at the ideal moment for me. I had just completed my research proposal and, during Junior Pension Day, I was able to present this to fellow students, scientists and internship mentors from the business world. They provided useful feedback about my approach and suggested interesting additions to my model. It was also educational for me to present my work to outsiders. You get so deeply involved in your subject, but does anyone else from 'the outside' understand what you're up to? The outcome of Junior Pension Day, for me, was not just that I adjusted my research proposal, but that I came into contact

with other pensions specialists who also wished to actively work on my thesis. The final get-together was very enjoyable, and I was able to talk with fellow students once again, and to hear all about their experiences as interns.

I wrote my thesis at the pension firm Cordares. The thesis compared the pension contributions in a Defined Benefit (DB) system with those in a Defined Contribution (DC) system, when a retiree wants a pension undertaking with a high degree of security. For Cordares, the purpose of my thesis was to provide social partners with a document that clearly showed the differences in the effects of a DB and a DC arrangement. My mentor was Adri van der Wurff, the



CEO of Cordares. He and the other Cordares staff members with whom I worked gave me the sense that my thesis was extremely relevant and therefore not just something that would end up sitting on a shelf in a cupboard somewhere before it vanished eventually. For my part, I feel that I have contributed something to the company. Two other Netspar students had internships at Cordares. Apart from it being very affable, we were also actually able to help each other. When you are writing up your thesis, you often run into the same kind of problems. My internship was a very positive experience for me. After over six months of pension theory, it was good to finally get a look at how the world of pensions actually works. My internship also made it easy for me to meet specialists who were able to advise me on my thesis.

**Jeroen Nijland (internship at svb/Social Insurance Bank)**

Over a period of four months I worked as an intern at the head offices of the Sociale Verzekeringsbank (svb) in Amstelveen. The research I carried out is entitled: *Law and Reality: An investigation into the characteristics of the poor and elderly*. My two-part project first describes the legislation for supplementary benefits for a reduced public pension in the Netherlands, Belgium and Denmark, and then provides an economic

Almost all of the students of the MSc Economics and Finance of Aging (EFA) that followed the programme during the academic year 2007/2008 could start an internship at one of Netspar's partners around April 2008. At the end of the fall semester of 2007, the Netspar partners had proposed more than 45 possible internship topics. In December and January, the students could indicate their preferences. Some students were mostly interested in macroeconomic topics; others preferred to explore microeconomic topics, while a third group preferred finance-related internship possibilities. During the first months of 2008 the students still had to follow courses, but the program also left some time for finding and preparing an internship, including the possibility to visit internship companies, at their invitation. The companies and students actively 'traded' at the internship 'job market' during this period, which led to successful matches for students, Netspar partners and also university supervisors.



analysis of the potential for poverty in the respective countries. The project quantifies the characteristics of the poorer elderly and analyzes the differences between the respective countries. Finally, this analysis uses variations in legislation to explain the differences in the chances of poverty. The research proposals and provisional results of all interns were presented on Junior Pension Day. We were also able to give feedback on the proposals of other students. From the feedback that I received

from others and from their mentors, it appeared that the initial plan for my project was too ambitious, and that it would be difficult to research. This feedback made it possible to look into adjusting the economic analysis within the guidelines of the project requirements of the svb. This led eventually to the current research project, and I have to say that the Junior Pension Day was incredibly important in bringing about the ultimate result.

It was important for the svb that there be a description of the legislation relating to poverty-related supplementary benefits for reduced public pensions. The svb commissioned this project because the supplementary benefit in the Netherlands, the wwv, had been under pressure for some time. This research was presented to the persons dealing with the wwv within the svb. In the first place, this research was meant to provide a way in which to expand the understanding of international regulations; in the second place, it was meant to generate some suggestions about potential alternative uses of the wwv.

This year's internship companies include the Netspar partners Aegon, APG, Cordares, PGGM, ORTEC, and SVB. Topics presented during the Junior Pension Day included, for example:

- The value added of age differentiation in pension deals;
- Effects of changes in pension schemes and policies on different age cohorts;
- Pension ALM from a corporate view;
- The relationship between poverty among the elderly eligible for an old-age pension and the structure of means-tested supplemental benefits on incomplete state pensions.

The complete list of internship topics with corresponding internship companies is available at the website: [www.netspar.nl/education/master/internships](http://www.netspar.nl/education/master/internships). Most students completed their theses in August and September.

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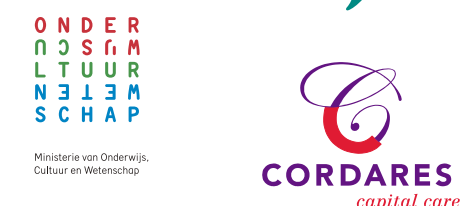
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# Short News

Netspar Partners



## New director Netspar

Frank van der Duyn Schouten, currently Rector Magnificus of Tilburg University, has been appointed Director of Netspar for three days a week. As from 1 April 2009, Frank and Theo Nijman will form the new Board of Directors of Netspar. Frank will concentrate on management tasks and on promoting Netspar's international initiatives. This appointment allows current Scientific Directors Lans Bovenberg and Theo Nijman to focus on research and on developing Netspar as a knowledge network. For two days a week Frank will join the Department of Econometrics and Operations Research at Tilburg University.

## New themes 2008

On a regular basis, Netspar considers new topics and selects new research themes –involving research, education and knowledge exchange – that run for a period of three years. In September three new themes have been chosen. These will be added to the six other themes currently running. The new themes are:

1. *Consumer support in making long term financial decisions with (on line) systems* (Benedict Dellaert, Erasmus Un. Rotterdam)
2. *The behavioral economics of insurance and redistribution* (Peter Kooreman & Jan Potters, Tilburg University)
3. *The impact of market imperfections on recovery strategies for pension funds* (Laura Spierdijk, Un. of Groningen)

You can find more information on the new themes at the website: [www.netspar.nl/themes](http://www.netspar.nl/themes)

## Theme conference The private provisions of pensions

November 5 & 6, 2008, Tilburg  
The program features three keynote speakers on retail financial markets and investor behavior. David Laibson (Harvard) has written extensively on individual retirement savings behavior, gaining prominence for his work on time-inconsistent inter temporal choices. Paolo Sodini (Stockholm), also an expert on individual behavior, focuses on quantifying investment mistakes, and Bruce Carlin (UCLA) analyzes competition in retail financial markets and the complexity of financial products.

## Theme conference Living longer in good health

December 4, 2008, Rotterdam  
This theme event will highlight the relevance and importance of subjective health expectations. James Hammitt, Professor of Economics and Decision Sciences at the Harvard School of Public Health, will give the keynote lecture.

## Theme conference Valuation and risk management

December 10, 2008

This conference, jointly organized by Netspar/ACIS/AG/PRNIA focuses on Solvency II en QIS 4. More information will soon be available at our website.

## Theme conference Health and Retirement

December 18, 2008, Rotterdam

The Netspar themes *Income, Health and Work across the Life Cycle* and *Pensions, Savings, and Retirement Decisions* will jointly organize a one-day conference at Erasmus University Rotterdam. Keynote speakers will be James P. Smith, senior economist at RAND, Santa Monica, and Richard Disney, professor of labor economics at the University of Nottingham. The other talks will be given by researchers involved with the two themes.

## Save this date:

### Netspar's Annual Conference,

April 23- 24, 2009, The Hague

Increasing the labor-market participation of older workers is a top priority for most governments in Europe. Indeed, many countries have been reforming their pension systems, early retirement schemes and social insurance policies. Yet, the labor-market issues for older workers encompass much more than just the incentives for labor supply, and involve also labor demand and labor-market institutions. For instance, firms determine the hiring and firing of older workers, firms set wages and make tenure decisions, and firms decide about investment in life-long learning. Moreover, institutions such as employment protection legislation, social benefits for unemployment, disability or sickness, trade unions and pension regulations matter for the functioning of the labor market of older workers. In light of these policy issues, Netspar, the Social Economic Council (SER) and CPB Netherlands Bureau for Economic Policy Analysis will organize a conference on April 23-24, 2009 entitled *Rethinking Retirement*. Please save this date in your agenda.

## Events Calendar

Beginning this October, Netspar will send all partner contacts a quarterly calendar of all future Netspar events by email. If you are not on the mailing list yet and would like to receive this calendar, please contact the secretariat, phone: 013 - 466 2109, email: [info@netspar.nl](mailto:info@netspar.nl).

You can find information on all Netspar events at [www.netspar.nl/events](http://www.netspar.nl/events)