Netspar

Network for Studies on Pensions, Aging and Retirement

ISSUE 15
SPRING
2013

NETSPAR MAGAZINE

Self-reliance Is Not the Same Thing as Every Man for Himself

Second Pillar to Be Divided Between First and Third Pillar

Risks Must Be Clear and Manageable

Theme: Pension, Care & Housing

CONTENTS

It must have been less than ten years ago. An economics student was looking for a topic for his thesis and he thought the theme of pensions might be suitable. When he proposed this to his prospective supervisor, he was met with a pitying look. *"There's nothing to say about pensions,"* came the sobering reply, *"much less write a thesis about. Pensions are a fact and there is simply nothing there to entertain academic study."*

THE TIDE CAN TURN

The tide can turn. Starting in September 2013, Tilburg University will be offering special Netspar tracks in four major master's programs, each of which will be inspired, to a significant degree, by the pension conundrum. That means that starting this year, dozens of students will not only delve intensively into this theme, they will also be writing thesis papers about it.

In just a decade, pensions have become a booming business in the academic world. While pensions are, indeed, still pretty "ordinary," they have proven immensely interesting from a research perspective. Apparently, they are not what they always appeared to be: that is, a 100% guaranty for the remaining decades of your life. It turns out that pensions are fraught with risk. And those risks are not only scary, they are intriguing. You can calculate them; you can estimate them and try to cover them; you can even look into whether people have the slightest idea of what risk is and whether you can teach them how to live with it.

There is a second reason pensions are enjoying a surge in academic interest, and that is because they can no longer be viewed as a phenomenon unto themselves. This issue of Netspar Magazine provides compelling evidence of that. More and more insiders are becoming convinced that we need to view issues such as housing, healthcare, and pensions in terms of their interconnectedness. That adds to the complexity and challenging nature of pensions.

Should we be happy with these developments? Trading in certainty for risk and simplicity for complexity does not necessarily give us cause for joy. On the other hand, perhaps older people can take some comfort in being able to say, 'Well, my pension plan may have much more risk associated with it than I always thought, but my granddaughter got a nice thesis out of it.'

Frank van der Duyn Schouten (*)
Chairman of the Board, Netspar

* Frank van der Duyn Schouten was Chairman of the Board until May 1, 2013. He was appointed Rector at the VU University Amsterdam. Prof.dr. Theo Nijman is ad interim Chairman of the Board.


Lou Spoor

SELF-RELIANCE IS NOT THE SAME THING AS EVERY MAN FOR HIMSELF

Lou Spoor of Achmea was one of the instigators of the debate on the tension between shrinking pensions and exploding healthcare costs. "We have yet to find the ideal solution, but we are closer than we were six years ago. A number of unworkable ideas have been dropped," he says.

by Frank van Alphen

"I recently read in the paper that older people who fear they may have to pay a share out of pocket for a nursing home want to gift their money to their children," says Spoor, Manager of Strategy at Achmea. "That is a behavioral response to the cabinet's plans to introduce co-payments. This is only the beginning. You will start seeing that expecting the elderly to help pay for their healthcare is going to produce more conflicts.
These kinds of divisive issues ratchet up the debate on pensions and healthcare."

About six years ago, at the invitation of Lans Bovenberg, Spoor started publishing his thoughts on the far-reaching implications for pensions and healthcare of an aging population. "It was pretty quiet in the beginning," he recalls. "But then it started to change. One of the things that helped was the CPB (Netherlands Bureau for Economic Policy Analysis) study in 2011 forecasting that healthcare costs would rise 18-24 percent over the next few decades. That's no small potatoes."

That hefty increase will be compounded by decreasing pension benefits. Many pensions have not been indexed for years and dozens of funds even had to lower pensions this year. "And on top of that, there's been a reduction in build-up percentages. Anyone who starts building their pension now will receive less, by dozens of percentage points, than current retirees," Spoor suggests.

"The critical question is: where are we going to get the money down the line to fund healthcare? It has to come from one place or another," the macroeconomist points out. "Once you start thinking about it, you can't help but include pensions in the equation. It's a good thing this theme is now on the agenda."

Spoor says that planners have yet to hit upon the right fix, but over the years they have been able to rule out a number of bad ideas. "The option of having people save for healthcare costs was still being floated a couple of years ago. The idea was that people would accumulate a reserve that they could use if they needed lots of care," he explains. "But there were a bunch of problems with that. First off, not everyone – by a long shot – will face high healthcare costs at the end of their life; that's only true of about one in five old people. That means all those other people would have saved for nothing.

"The second problem is that you cannot possibly save enough. The cost of inpatient care is much higher than an individual can save on their own. Saving only makes sense if the costs are reasonably predictable. The third objection is that here in the Netherlands, we already save a lot. It's questionable whether people should have to save even more on top of their pensions."

If saving is ruled out as a solution approach, then some form of insurance automatically crops up as an alternative. "Then it's interesting to consider the solutions people have tried in other countries. The Germans, for example, have to pay a high co-payment for elderly care. Compared to them, we're spoiled in the Netherlands."

Because the co-payments in Germany started to become too burdensome, they introduced a simple form of supplementary health insurance this year. "You pay a premium of about ten or twenty per month, which goes up as you get older," Spoor explains. "If you need to go to a care facility, the insurance pays out about 1,500 per month to help pay for that extra care. It's comprehensible to everyone. I am very curious to see if this form of insurance takes off."

With all these kinds of deals, the question is whether they should be mandatory or voluntary. "As soon as you require people to participate in make a plan, it feels like a tax," Spoor says. "I do not believe in that.
You want to give people the freedom to do something else with their money. But with a voluntary plan, you also need to be assured of enough members. Insurance is not viable if too few people participate. This is where the government comes in. It has ways of encouraging participation. In Germany, the government provides incentives for the supplementary health insurance by contributing extra money toward the premium."

Houses

In the search for future-proof solutions, planners also looked at home ownership. More than half of the elderly own their own home, many of which are paid off, at least partially. Locked up in those bricks are wealth reserves the owners cannot easily tap into.
"The easiest thing would be for these seniors to sell their house and move into a rental. But that is not what happens: old people don't like to relocate. Remove an old tree and it will wither," Spoor explains.

The fine points of how to extract the equity stored in homes have yet to be worked out. "We do not have an operational market for financial products that can capitalize on home equity," he says. "That is why a special task force was set up to look into ways of converting bricks into euros. As part of the so-called Capitalization Task Force, organizations such as VEH (an association promoting homeownership), Rabobank, Achmea, a government ministry (BZK), and PGGM are searching for usable models. This working group will present its findings to Housing Minister Stef Blok in late spring."

Self-reliance

This administration has been hammering on the notion that citizens must become more self-reliant. "The message is that in the future, the government is going to do less," says Spoor. "While this is understandable, a message like that triggers behavioral responses. Giving your money to your children is one example of that. If being self-reliant means having to pay for more things yourself, people might start saving less. They might also be less inclined to help pay for others, because shouldn't those people be self-reliant, too?"

"The government is setting things in motion that are the exact opposite of what it hopes to achieve. It needs to tread softly. If you destroy some of our sense of solidarity, it will be gone forever. Re-instilling solidarity into the system is very difficult to do. We need to find a careful balance between own responsibility with freedom of choice and solidarity with imposed contributions to the collective," concludes Spoor.

Professor Arnoud Boot sees crystal-clear connections between pensions and the housing market. That does not mean pension funds will be assigned more duties. Boot is predicting that they will actually become less significant. "For the private individual, the link between pension, home and healthcare is logical. Everyone has pension contributions, housing expenses, and medical costs," says Boot from his office in the Economic Department at the University of Amsterdam. "The question is whether those things should be concentrated in a single entity."

SECOND PILLAR TO BE DIVIDED BETWEEN FIRST AND THIRD PILLAR

Arnoud Boot

by Frank van Alphen

The answer to that question is easy, for Boot. "There is no reason to expand the responsibilities of pension funds and have them play a role in the housing and healthcare domain, too. As soon as you give institutions more responsibility, you run into enormous governance problems. It is impossible to maintain oversight of such conglomerates, and I do not have much confidence that complex organizations like that can be well managed. So, separate is better, while not entirely without expense – we simply need to accept that coordination problems will exist among those more individualized but simpler organizations."

Boot does see some overlap between the pension industry and the way the average Dutch person finances a home purchase. "On one end, you have first-time home buyers who must borrow a lot to buy a home, and at the same time, they are required to set aside money for their pension. This could be structured so that people would not have to enter into so much debt," he suggests. The solution is obvious, as the professor explains. "Let young people have a house-saving plan first and wait to buy a home until they can put down 20 percent. The precondition would be that they wouldn't have to pay pension contributions those initial years of their career. Otherwise, they won't have the financial room to save."

Boot believes it does not much matter, in the end, if someone is saving for their pension or their house. "If you add up the balance under this scenario when the person is older, he may have less of a pension, but also a lower mortgage. That means his living expenses are lower. His net worth will be the same as someone who borrowed more and receives more pension benefits."

He expects the role of pension funds to erode. "Everyone's getting tied up in knots about non-indexation and discounts. That turmoil results from the misconception that pensions are guaranteed, as has been suggested for years. No one ever said who was guaranteeing them. Now it's become clear that there is no agency that can provide that certainty."

The current paternalistic system was kept afloat for so long, in Boot's estimation, thanks to the large number of young people paying into it compared to the number of retirees. Moreover, employers would deposit additional funds in an emergency. "Now, the situation is reversed. There are more old people than young, and companies don't want to be on the hook for pension fund deficits. They've distanced themselves from the funds and now only pay a fixed benefit to employees," asserts Boot.

He fears that the intergenerational solidarity in pension funds is at risk. "Redistribution issues keep cropping up that are very difficult to resolve," he says. "Under one variant the older members suffer; under another, the younger ones. You can avoid this problem by accumulating pension in age cohorts. You would still have a form of solidarity among members of a given age category, but you would no longer have a big pot of money that everyone feels entitled to – and over which people will continue to fight."

The transition to pension build-up per age cohort would be an intermediate stage, in the professor's view. "In the long term, the mandatory nature of pensions will fall by the wayside. It only persists because of usurious policies with hidden costs. After the so-called mis-selling scandal, no one should dream of leaving pension build-up to the market. The sale of usurious policies simply proved how out of hand it can get," says Boot, who in the nineties was one of the first researchers to look into the hidden costs insurers were building into their policies.

Nevertheless, he does see opportunities for closer market interaction and for the third pillar to become more important. "The European IORP directive will allow for the creation of new types of pension vehicles," he predicts. "If pensions are no longer mandatory, then a group of people who view themselves as a collective could place a pension plan under such a vehicle. Insurers could provide the back office. The board would be appointed by the collective. That promotes greater involvement on the part of members.

"I foresee a snip in the pension system. The second pillar will be divided between the first and third pillars. On top of your social security, you receive a simple, basic pension resembling the present second-pillar pension. This pension is fairly secure, and everyone can accumulate it. Provision will be left to a few government-affiliated entities; you don't need hundreds of pension funds for that."

In addition to social security plus a basic pension, there will be more individual third-pillar pensions. "Those are much more flexible than existing pension plans. People can determine for themselves how much they want to save and even select an investment mix. They can include insurance elements if they want, things like insurance that covers longevity risk or disability insurance," he explains.
The overlaps between pensions and healthcare are less obvious, according to Boot, than the link between retirement provision and the housing market. He does not see a role for the pension industry to play in this. "Saving for healthcare costs makes no sense. They cannot be predicted and people who need a lot of care can never save enough money to pay for what it will cost. Healthcare costs fall under the insurance domain," he concludes.

The debate on healthcare costs is only just beginning, according to Boot. "What we are talking about now is making people pay a co-payment for nursing home care. It seems logical to me that you would pay to live there. The discussion gets a bit trickier when it concerns expensive, life-saving operations and who's entitled to them. It's hard to limit demand. Demand for healthcare will only increase. And that's understandable: everybody wants the best-possible care for, say, their child. Our only consolation is that all countries are wrestling with the rise in healthcare costs. Healthcare is complicated and market failure looms. Not a single country has found a solution."

In addition to social security plus a basic pension, there will be more individual third-pillar pensions.

RISKS MUST BE CLEAR AND MANAGEABLE

DNB has been closely following pension developments, especially in terms of their relationship to other domains the regulatory agency monitors. "We are on the lookout to make sure no risks are being covered up anywhere," says Jan Marc Berk, Director of the Economics and Research Division of De Nederlandsche Bank (DNB). It is in that capacity that Berk (1964), who also succeeded DNB President Klaas Knot as professor of Money and Banking at the University of Groningen, discusses the pension sector and its connection to banks and the housing and healthcare portfolios.

by Frank van Alphen

DNB is not only the regulator of the banking and pension industries, among others; it is also the official economic advisor for The Hague. "We provide advice whether they ask for it or not," points out Berk. "We determine what the consequences of certain decisions will be. But of course, we leave the ultimate decision up to the politicians."

Berk starts by examining the vulnerabilities in the Dutch economy through a macroeconomic lens. "The interdependencies between the financial sector and the real economy are more entrenched than in other countries. This is a result of how we have structured our pension system and housing market. Because our pension system is fully funded, there's a direct link to the financial markets. I must add that this system also has big benefits. Pensions are set aside in a huge piggy bank. That means politicians have less influence over pensions, and we are better prepared for the aging society than some other countries," according to the division head.

The interdependencies between the financial and real economies are further intensified by the relatively high levels of mortgage debt. "Many Dutch people are carrying a relatively long-term balance," Berk says. "They have these high mandatory contributions to their pension funds, on one hand, and relatively high mortgages, on the other."

To make matter worse, banks are facing a funding gap. They do not have enough savings deposits to fund their mortgage loans. They have to raise money on the capital market, which makes them subject to the vacillations of the financial markets. "This high interdependency with financial markets concerns us because it makes the Dutch economy so much more procyclical in nature. Economic swings become magnified," says the macro-economist. "That produces greater uncertainty, which is bad for economic growth since it puts pressure on consumer confidence."

One side effect of the banks' dependence on the capital market is that mortgage interests are higher in the Netherlands than in other countries. Part of this is because the suppliers of capital now assess the risks associated with mortgage portfolios differently than before the crisis. "One consequence is that the quantitative easing by the ECB has had less of an effect on interest rates here," says Berk. "Another drawback is that families are saddled with high mortgages."

DNB, which also monitors the government's fiscal stability, calls attention to the relationship between the pension and mortgage portfolio and the public treasury. "Changes to the pension system could have vast repercussions for the government's finances because of the delayed taxation rule. Contributions are deductible up to a certain amount and benefits are taxed," Berk points out. "We think it's important that any measures, at the very least, not increase the interdependencies between the real and financial economies."

The interdependencies between the financial and real economies are further intensified by the relatively high levels of mortgage debt.

Healthcare

DNB views rising healthcare costs primarily from the perspective of their effect on the government's fiscal stability. "Those rising healthcare costs impact the government's finances. Measures used to control the costs can quickly influence the degree of solidarity between, say, healthy and sick people in the system," says Berk. As soon as the discussions enter that kind of tricky territory, DNB keeps a respectable distance. "Those are political deliberations that we keep well shy of, but there's no disputing that something has to be done about rising costs. We can provide information, as necessary, about the repercussions of certain decisions. The politicians need to have sufficient information to make informed decisions."

One interesting link made between the housing portfolio and the pension system was in the form of the commission headed by Kees van Dijkhuizen, which explored the possibility of using more pension money to help close the funding gap. Dijkhuizen proposed that the government start issuing collateralized mortgage obligations. These would be attractive for pension funds because they yield more than normal government loans. Banks could allocate mortgages with a National Mortgage Guarantee to a government agency that would issue the bonds.

"We were not part of that commission, but we were consulted. The proposals are a step in the right direction. We will watch to make sure risks aren't swept under the rug. The risks must be clear and manageable. In this case, no risks were covered up, contrary to what some critics thought. But we are not there yet," warns Berk, who also serves as a deputy Crown-appointed member of the Social and Economic Council. "It is too early to start celebrating. The details still need to be worked out and that's bound to be quite an ordeal."

Berk points out that there have already been numerous measures announced to restrict the interdependency between the financial markets and the day-to-day economy. These include higher capital requirements for banks and a package of measures to rectify the housing market. The implementation of the new pension contract in 2015 is also supposed to make the system less procyclical: financial setbacks can be spread out

Jan Marc Berk

over longer terms. "Many measures have yet to be introduced," says Berk. "Not until the new rules and laws have been implemented will we be able to assess whether they're having the desire effect."

Berk is pushing for simplicity in the new constructions. "Surveys show that families have difficulty making well-founded decisions about their finances," he says. "We have to make sure that any changes do not make things more complicated. This is no trivial matter."

Some pension managers have been making noise about providing a sort of pension in kind. A fund might, for example, offer certain healthcare benefits instead of money. Berk does not have a fixed opinion on this suggestion. "We will only say that a fund that plans to perform other duties must make sure it has management in place that is knowledgeable about those duties. We will set higher requirements for the managers' knowledgeability in any cases of de-specialization."

ACTUIT

We recently entered into a partnership with Netspar. We would like to take this opportunity to introduce our company, ActuIT, explain what we do, and provide some details of what exactly our partnership with Netspar will entail.

by Arne Diemeer (ActuIT)

ActuIT has been in existence for over 11 years and specializes in online communications pertaining to pensions and other financial products. Individual financial communications demand a knowledge of both actuarial and IT matters. Communications between professionals from different fields can often bog down in the face of unfamiliarity with the other field. We possess expertise in both of these terrains. ActuIT was founded by 2 actuaries and has grown to a staff of 9 people with actuarial, IT, communications, and web design expertise. Though we started with a focus on communications related to pensions, we are continuously expanding to incorporate communications about other financial products.

We have developed our own software package (Futurama) that can be used to model any financial calculation simply and efficiently. Futurama can be used to develop interactive web applications (e.g., online pension planners) and generate documents with personal information, among other things. The underlying premise is that we always provide members with customized financial information. We also deploy Futurama as an independent software package for financial specialists. These specialists can use Futurama to communicate about financial themes they are experts in. In addition, we are personally pursuing Futurama implementations in the field of pensions. The ActuIT client base consists of insurance companies, pension funds, and pension providers. Our Futurama package is now being used in various fields on behalf of over 2 million members. In the Netherlands, we are the market leader in the field of pension planners.

With our extensive experience in the field of pension communications, we can provide valuable contributions to Netspar's research in this area. Futurama has been used to develop over 80 pension planners. That means we have a wealth of practical cases at our disposal concerning communications with members about the topic of pensions. We see a great deal of overlap with earlier Netspar studies in the field of member communications.

Of course, we too hope to benefit from Netspar in return. We are always endeavoring to further improve our communications and looking for new ideas and initiatives for doing that. Such know-how is possessed in abundance by Netspar. By teaming up with professionals working in various fields, we can learn from other people's practical experience and add to one another's strengths. These days, with all the changes in the field of pensions, good, clear communication about a topic as complicated as pensions is more important than ever. We could really use all the available information out there. We very much look forward to our partnership with Netspar!

The American baseball coach Abe Lemons once remarked that the trouble with retirement is that you never get a day off. Things are not much different in the period leading up to retirement, especially not for professionals working in the pension industry. There has been one new development after another, the challenge being to remain one step ahead of the changes and progress to the next base in terms of policy.

TIASNIMBAS – NETSPAR ACADEMY

by Alfred Slager (TiasNimbas)

Pension fund members are being made increasingly responsible for their own financial planning. And yet, it turns out that pension consumers are limited in terms of their capacity and willingness to make good choices. And the member base is changing. There are more employers per career path, and the number of self-employed people is growing, presenting a challenge for the system of supplementary pensions.

And how are pension funds dealing with risk?
Which risks can a pension provider absorb on its own and which should be passed on to members?
Supervisory frameworks are being developed for this.
On the one hand, there has been a convergence in risk management frameworks; on the other, a variety of institutions are being created with divergent objectives and procedures for managers.

These are just some of the themes Netspar is charting in its lines of research to help expand our understanding and help the debate along. How can you keep on top of all those changes as a pension professional?
An ever more extensive and intensive level of knowledge is expected of you. And pension professionals must somehow link all these portfolios together.

Netspar and TiasNimbas Business School have developed a master class series for pension professionals.
Forty students started the program in September 2012, coming from pension funds, government ministries, insurers, or investment management companies.
The aim of the series is to provide participants with the best of both worlds. Netspar researchers debate the findings of their research with students.
Professionals from the field are leading the way in applying new concepts or research findings.
That provides fodder for wide-ranging discussions and routinely produces insights that can justifiably be called cross-sector. Participants do more than engage in classroom discussions; they apply their new-found knowledge in a final project. These projects address practical issues or concerns, questions that Netspar partners are grappling with. They will be presented and discussed at an interactive session at PGGM in Zeist on Wednesday afternoon June 26. You are hereby invited to attend this event; please register at www.netspar.nl.

The first series is not yet finished, but for the next year no free seats are available. We will use the feedback on this first year's program to further improve the program for 2013/2014, so that it optimally meets the specific needs of participants. Then these pension professionals will have no problem reaching the next base.

RECENTLY PUBLISHED PAPERS

This page offers the recently published papers in the Netspar papers series. More papers and all pdf versions can be found on our website www.netspar.nl.

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

2013

Bonsang, Eric and Valeria Bordone
The effect of informal care from children on cognitive functioning of older parents (DP 01/2013-008)

Kippersluis, Hans van and Titus Galama
Why the rich drink more but smoke less: The impact of wealth on health behaviors (DP 02/2013-007)

Lusardi, Annamaria, Michaud, Pierre-Carl and Olivia Mitchell
Optimal financial knowledge and wealth inequality (DP 02/2013-006)

Flores, Manuel and Adriaan Kalwij
What do wages add to the health-employment nexus? Evidence from older European workers (DP 03/2013-005)

Floroiu, Oana and Antoon Pelsser
Closed-form solutions for options in incomplete markets (DP 02/2013-004)

Meijdam, Lex and Eduard Ponds
Optimal degree of funding of public sector pension plans (DP 02/2013-003)

Pool, Veronika, Sialm, Clemens and Irina Stefanescu
It pays to set the menu: Mutual fund investment options in 401(k) plans (DP 01/2013-002)

Kooreman, Peter, Melenberg, Bertrand, Prast, Henriette and Nathanael Vellekoop
Framing effects in an employee saving scheme; A non-parametric analysis (DP 01/2013-001)

2012

Andonov, Aleksandar, Rob Bauer and Martijn Cremers
Can large pension funds beat the market? Asset allocation, market timing, security selection, and the limits of liquidity (DP 10/2012-062)

Andonov, Aleksandar, Rob Bauer and Martijn Cremers
Pension fund asset allocation and liability discount rates: Camouflage and reckless risk taking by U.S. public plans? (DP 05/2012-061)

Osterrieder, Daniela, and Peter Schotman
The volatility of long-term bond returns: Persistent interest shocks and time-varying risk premiums (DP 08/2012-060)

García-Gómez, Pilar, Erik Schokkaert, Tom van Ourti and Teresa Bago d'Uva
Inequity in the face of death (DP 05/2012-059)

Ismayilov, Huseyn, and Jan Potters
Disclosing advisor's interests neither hurts nor helps (DP 09/2012-058)

Ismayilov, Huseyn, and Jan Potters
Promises as commitments (DP 07/2012-057)

Grootjans - Van Kampen, Inge, and Pieter van Baal
Disease prevention: Saving lives or reducing health care expenditures? (DP 12/2012-056)

Peters, Frederik, Wilma Nusselder and Johan Mackenbach
Period life expectancy over- or understates current mortality conditions in the presence of tempo effects (DP 10/2012-055)

Obulqasim, Parida, Werner Brouwer and Pieter van Baal
Cost and benefit of hospital financing system reforms in OECD countries (DP 12/2012-054)

Mackenbach, Johan,
Economic conditions and life expectancy in Europe, 1900 – 2008 (DP 12/2012-053)

Kulhánová, Ivana, Rasmus Hoffmann, Terje Eikemo and Johan Mackenbach
Inequalities in mortality by cause of death: First national data for the Netherlands (DP 12/2012-052)

Ang, Andrew, Bingxu Chen and Suresh Sundaresan
Liability driven investment with downside risk (DP10/2012-051)

Prast, Henriëtte, Federica Teppa and Anouk Smits
Is information overrated? Evidence from the pension domain (DP 12/2012-050)

Becker, Anke, Thomas Decker, Thomas Dohmen, Armin Falk and Fabian Kosse
The relationship between economic preferences and psychological personality measures (DP 04/2012-049)

Dohmen, Thomas, Armin Falk, David Huffman and Uwe Sunde
Interpreting time horizon effects in inter-temporal choice (DP 02/2012-048)

Pollmann, Daniel, Thomas Dohmen and Franz Palm
Robust estimation of wage dispersion with censored data: An application to occupational earnings risk and risk attitudes (DP 03/2012-047)

Skugor, Daniela, Ruud Muffels and Ton Wilthagen
Labour law, social norms and the early retirement decision: An empirical study (DP 11/2012-046)

Beber, Alessandro, Michael Brandt, Mathijs Cosemans and Michela Verardo
Ownership crowded with style: Institutional investors, liquidity, and liquidity risk (DP 11/2012-045)

Hoffmann, Arvid, and Thomas Post
What makes investors optimistic, what makes them afraid? (DP 11/2012-044)

Cole, Harold, Soojin Kim and Dirk Krueger
Analyzing the effects of insuring health risks. On the trade-off between short run insurance benefits vs. long run incentive costs (DP 11/2012-043)

Georgarakos, Dimitris, Michael Haliassos and Giacomo Pasini
Household debt and social interactions (DP 11/2012-042)

Sorensen, Morten, Neng Wang and Jinqiang Yang
Valuing private equity (DP 04/2012-041)

Goldstein, Robert, Frederico Belo and Pierre Collin-Dufresne
Endogenous dividend dynamics and the term structure of dividend strips (DP 03/2012-040)

Collin-Dufresne, Pierre, Michael Johannes and Lars Lochstoer
Parameter learning in general equilibrium: The asset pricing implications (DP 05/2012-039)

Collin-Dufresne, Pierre, and Vyacheslav Fos
Insider trading, stochastic liquidity and equilibrium prices (DP 05/2012-038)

Collin-Dufresne, Pierre, and Vyacheslav Fos
Do prices reveal the presence of informed trading? (DP 08/2012-037)

Solinge, Hanna van,
Explaining transitions into self-employment after (early) retirement (DP 09/2012-036)

Dimmock, Stephen, Roy Kouwenberg, Olivia Mitchell and Kim Peijnenburg
Ambiguity attitudes and economic behavior: Evidence from a U.S. household survey (DP 09/2012-035)

Santen, Peter van,
Uncertain pension income and household saving (DP 10/2012-034)

Haan, Jurre de, Karin Janssen and Eduard Ponds
The holistic balance sheet as the new framework for European pension supervision (DP 10/2012-033)

Bonsang, Eric, and Arthur van Soest
Satisfaction with daily activities after retirement in Europe (DP 08/2012-032)

Scholte, Robert, Gerard van den Berg and Maarten Lindeboom
Long-run effects of gestation during the Dutch hunger winter famine on labor market and hospitalization outcomes (DP 01/2012-031)

Grip, Andries de, Arnaud Dupuy, Jelle Jolles and Martin van Boxtel
Retirement and cognitive development: Are the retired really inactive? (DP 07/2012-030)

Koijen, Ralph, and Motohiro Yogo
The cost of financial frictions for life insurers (DP 08/2012-029)

Binsbergen, Jules van, Wouter Hueskes, Ralph Koijen and Evert Vrugt
Equity yields (DP 03/2012-028)

Fedotenkov, Igor, Lex Meijdam and Bas van Groezen
International trade with pensions and demographic shocks (DP 05/2012-027)

Belloni, Michele, Rob Alessie, Adriaan Kalwij and Chiara Marinacci
Lifetime income and old age mortality risk in Italy over two decades (DP 08/2012-026)

Bartram, Söhnke,
Post-retirement benefit plans, leverage, and real investment (DP 06/2012-025)

NEA (Netspar Economic Advice) Papers

describe and motivate the position of the author on a policy-relevant topic. In contrast to the PPs, 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.

Prast, Henriette
Rationeel beleid voor irrationele mensen. Een gedragseconomische visie op de toekomst van gezondheidspreventie in Nederland (NEA 48)

Design Papers (DESIGN)

discuss the design of a component of a pension system or product. It analyzes the goals of the component and the possibilities of improving its function. A Netspar Design Paper is well accessible by specialists in the industry, responsible for designing these components. The Netspar Design Paper is to be printed, and both digitally and as a printed booklet available.

2013

Fransen, Erwin, Niels Kortleve, Hans Schumacher, Hans Staring and Jan-Willem Wijckmans
The holistic balance sheet as a building block in pension fund supervision (Design 18)

Jong, Frank de and Yang Zhou
Guarantees and habit formation in pension schemes. A critical analysis of the floor-leverage rule (Design 17)

Bonenkamp, Jan, Wilma Nusselder, Johan Mackenbach, Frederik Peters and Harry ter Rele
Herverdeling door pensioenregelingen (Design 16)

Brüggen, Elisabeth, Ingrid Rohde and Mijke van den Broeke
Different people, different choices. The influence of visual stimuli in communication on pension choice (Design 15)

Heemskerk, Mark, Bas de Jong and René Maatman
Hoofdlijnen pensioenakkoord, juridisch begrepen (Design 14)

Mehlkopf, Roel, Jan Bonenkamp, Casper van Ewijk, Harry ter Rele and Ed Westerhout
Impliciete en expliciete leeftijdsdifferentiatie in pensioen-contracten (Design 13)

2012

De Waegenaere, Anja, Bertrand Melenberg and Tim Boonen
Het koppelen van pensioenleeftijd en pensioenaanspraken aan de levensverwachting (Design 12)

Peters, Frederik, Wilma Nusselder and Johan Mackenbach
The longevity risk of the Dutch Actuarial Association's projection model (Design 11)

Jong, Frank de, and Peter Schotman
De RAM in het nieuwe pensioenakkoord (Design 10)

Colophon

Netspar Magazine is published by Netspar, Network for Studies on Pensions, Aging and Retirement in the Netherlands. Netspar Magazine is distributed digitally. To subscribe or unsubscribe, contact Netspar.

Netspar
Visiting address
Tilburg University, Cobbenhagen Building, Warandelaan 2, Tilburg
Postal address
Postbus 90153, 5000 LE Tilburg
Phone 013 466 2109
E-mail info@netspar.nl
Website www.netspar.nl

Editors
Frank van Alphen
Gaby Coenen
Arne Diemeer (ActuIT)
Alfred Slager (TiasNimbas)
Mandy van Trier
Nina Woodson

Photography
Robert Goddyn

Graphic design
B-more design, Tilburg

Netspar

Network for Studies on Pensions, Aging and Retirement

Netspar, Network for Studies on Pensions, Aging and Retirement, started operations in 2005. It is a network connecting two main groups: pension practice and pension science. The first group consists of ministries, supervising agencies and other civil service institutions, pension funds, pension providers, insurance companies, banks, asset liability management companies. The second group consists of Dutch and non-Dutch pension researchers, and Dutch universities.

Mission

Netspar contributes to the ongoing improvement of financing opportunities for the 'old age' of Dutch and European citizens through network development, formulating and executing scientific research and knowledge transfer programs.

Vision

With this aim in mind, Netspar wants to secure sustainable pension and insurance systems that share risk equitably and efficiently. The network strives to set an example of how public and private parties in the service industry can cooperate with researchers in the social sciences in an efficient and mutually beneficial way to stimulate social innovation. Next to that, Netspar strives to stimulate the research and development capacity of the pension industry.

Core values of Netspar

The core values of Netspar are independence, accessibility for new entrants, and openness to dialogue and interaction between stakeholders. Netspar recognizes the importance of diverse types of knowledge, a wide range of disciplines, and methodological approaches.
It does not support particular policy positions, but is instead dedicated to promoting a wider understanding of the economic and social implications of pensions and retirement. It strives to effectively disseminate unbiased research output among public policymakers, professionals and trustees in financial institutions, and the academic community.

Netspar Partners

Tilburg University
Maastricht University
Universiteit Utrecht
university of groningen
Universiteit van Amsterdam
Erasmus Universiteit Rotterdam
VU University Amsterdam
University of Twente.

nationale nederlanden
ASR
achmea
ORTEC Finance
AEGON
apg All Pensions Group
PGGM
Cardano
ABN·AMRO
ROBECO The Investment Engineers
ZwitserLeven

SVB Sociale Verzekeringsbank
De Nederlandsche Bank
AFM