

March 15, 2018

Amali Seneviratne
Director, Technical Activities
International Actuarial Association
99 Metcalfe Street, Suite 1203
Ottawa, Ontario
K1P 6L7

**Subject: IAA Paper on “Measuring and Reporting Actuarial Obligations of Social Security Systems – IAA Recommendations”
Comments by the Canadian Institute of Actuaries**

The Canadian Institute of Actuaries (CIA) is the national, bilingual organization and voice of the actuarial profession in Canada. Its members are dedicated to providing actuarial services and advice of the highest quality. The Institute holds the duty of the profession to the public above the needs of the profession and its members.

Having several members who work in the social security field, the CIA is pleased to comment on the proposed paper titled “Measuring and Reporting Actuarial Obligations of Social Security Systems – IAA Recommendations” prepared by the Social Security Committee of the International Actuarial Association. We believe the paper’s recommendations are sound; specifically, the use of an open group approach for pay-as-you-go and partially funded programs.

We acknowledge that an open group approach requires significant assumptions related to new entrants, which could produce misleading results. However, we believe the benefits of this approach to ensure the long-term sustainability of pay-as-you-go and partially funded social security retirement systems exceed those of the closed group approach, which does not properly capture the long-term nature of the social contract and could eventually adversely affect such a contract. This is sufficiently and clearly demonstrated in the paper, and the open group approach has been used in Canada successfully.

Finally, we believe that any actuarial calculations contained in a report on the measurement and disclosure of actuarial obligations of social security systems should be prepared by qualified actuaries and that such a report should include sufficient information to assess the impact of the various assumptions used.

Thank you for taking the time to consider our comments. If you have any questions, please feel free to contact Guillaume Turcotte at 514-879-8917 or at gturcotte@eckler.ca.

Yours truly,

Sharon Giffen
President, Canadian Institute of Actuaries