Speakers – bios and abstracts

Paul Smeets, Maastricht University

Social Investors

Abstract: Investors are willing to sacrifice financial returns in exchange for social returns. They hold sustainable investments in spite of their expectations of lower financial returns and higher management fees compared to conventional investments. The constant focus of the sustainable finance industry on financial performance undermines the willingness of investors to invest in a sustainable manner. A key challenge for the sustainable finance industry is to show the positive societal impact it creates. Smeets will discuss how to create impact and communicate it to investors.

Bio: Professor Smeets investigates what motivates individuals to give to charities and to invest not only for financial return but also for social return. He particularly focuses on how to encourage millionaires to give to charity, how the rich think about income redistribution and how money increases happiness. He is a co-founder of the Sustainable Finance Master Program at Maastricht University. His work has been covered by the New York Times, the Atlantic, Forbes, the Guardian, BBC News and Süddeutsche Zeitung. Paul Smeets advised the Dutch Ministry for Foreign Affairs, the Authority Financial Markets (AFM) and the Central Planning Bureau (CPB).

Kristy Jansen, Tilburg University

Pension fund's illiquid assets allocation under liquidity and capital requirements

Abstract: This paper empirically assesses the impact of liquidity and capital requirements on the strategic asset allocation of defined benefit pension funds to illiquid assets using unique and unbiased data. Liquidity requirements result from short-term pension payments and collateral requirements on derivatives. Capital requirements follow from the requirement to retain sufficient capital to absorb unexpected losses. Liability duration and hedging of interest rate and currency risk affect the allocation to illiquid assets through both these requirements. Consistent with our theoretical framework we find evidence that the liquidity and capital requirements effect the illiquid assets allocation. Pension funds with the lowest aggregate liquidity and capital requirement have the highest illiquid assets allocation.

Bio: Kristy Jansen is a second year PhD Candidate at Tilburg University and affiliated with the Dutch Central Bank. She executes both theoretical and empirical research. In her theoretical research she studies the effect of the inability to trade certain assets on the optimal portfolio choice of the investor. From this perspective, she also studies implications for liquidity premiums of these assets. Her empirical research focuses on the trading behavior of institutional investors, using proprietary data of the Dutch Central Bank. She studies their actual investment decisions regrading illiquid assets, as well as the factor strategies they implement. Kristy earned a Bachelor's degree in Econometrics, a Master's degree in Quantitative Finance and Actuarial Science, and a Research Master's degree in Finance from Tilburg University.

Amir Amel-Zadeh, University of Oxford

The Materiality of ESG Information: Evidence from a Global Survey

Abstract: Today ESG information is clearly a factor in investment decision making across the investment management landscape. Despite this growing momentum, however, there is still a lack of consensus on which ESG information is material and why, how it should be disclosed, and how best to integrate it into investment strategies. This presentation summarizes some of the key findings of a large global survey of more than 900 asset managers, asset owners and corporate issuers shedding light on these issues. It provides insights into the motivation and challenges of investors when considering ESG information for investment decisions and which information is considered most material. The presentation will also touch on differences in the views of issuers and investors why ESG information is material and provide an outlook on the future of ESG investing strategies.

Bio: Amir Amel-Zadeh is Associate Professor of Accounting at Saïd Business School, University of Oxford and Research Fellow with the Newton Centre for Endowment Asset Management, University of Cambridge. His research examines the effects of financial and nonfinancial disclosures on investment decisions and asset allocations. Prior to joining Saïd Business School, Amir held a position as Assistant Professor at Judge Business School, University of Cambridge, and prior to that worked at Lehman Brothers in London. Amir sat on the Board of Directors of the European Financial Management Association and on the Advisory Board of the Pension Investments Academy. He received his PhD and MPhil in Finance from the University of Cambridge.

Eric French, University College London

Couples' and Singles' Savings After Retirement

Abstract: Not only retired couples hold more assets than singles, but high-income couples grow their savings during most of their retirement period. Why are they saving so much? Do they expect high medical expenses, do they deeply care about the welfare of their surviving spouse upon death, or do they want to leave bequests to others? What happens to savings when one of the members of the couple dies and why? We build a model of retired couples and singles facing uncertain longevity and medical expenses in which couples and singles can have different bequest motives. Both might care about heirs, but couples might also care about their surviving spouse. We use the AHEAD data and the method of simulated moments to estimate our model and disentangle the importance of saving motives of couples and singles. We also evaluate the effects of a Medicaid expansion on the savings and bequests of couples and singles.

Bio: Eric French is a Professor of Economics at University College London, Co-director, ESRC Centre for the Microeconomic Analysis of Public Policy, Institute for Fiscal Studies, and is a Fellow at the Institute for Fiscal Studies and Centre for Economic Policy Research. French's research interests include: household behavior over the lifecycle; the impact of government and private pensions on savings and labor supply; the impact of health insurance on medical spending, savings, and labor supply; the impact of disability insurance programs on labor supply; the impact of the minimum wage on employment and spending of minimum wage households; and dynamic structural modelling.French's research has been published in Econometrica, the Review of Economic Studies, American Economic Review, Journal of Political Economy, Handbook of Labor Economics, Handbook of the Economics of Population Aging, Annual Review of Economics, Review of Economics and Statistics, the Journal of Labor Economics, International Economic Review, Journal of Applied Econometrics, Journal of Human Resources, Economic Journal, Fiscal Studies, American Economic Journal: Policy and other publications.Previously he was a senior economist and research advisor on the microeconomics team in the economic research department at the Federal Reserve Bank of Chicago, and taught at the Department of Economics and the Business School at Northwestern University.French received a B.A. in economics from the University of California–Berkeley, and M.S. and Ph.D. degrees in economics from the University of Wisconsin–Madison.

Simen Markussen, The Ragnar Frisch Centre for Economic Research

Efficiency vs. Equality - lessons from the Norwegian pension reform

Abstract: The Norwegian pension reform in 2011 provides an excellent opportunity to study the effects of strengthened work incentives and increased flexibility (reduced earliest access age from 67 to 62) in pension systems. We divide the workforce in deciles after lifetime income (age 21-60) and study reform responses within each of these groups. We find that increased work incentives affected labor force participation substantially in all deciles, but less so for the lowest and the highest deciles. Increased flexibility had, perhaps surprisingly, close to zero effect. Finally we show how the reform affected pension entitlements as well as total income from age 62 and throughout life.

Bio: Simen Markussen is a Senior Research Fellow at the Frisch Centre for Economic Research in Oslo, Norway. Doing empirical research, mostly on administrative data, he has been working on topics like pension and retirement, health economics, social insurance programs, social mobility and policy evaluations. Markussen has been the member of several public commissions in Norway and is now leading a commission on adult learning.

Susan Thorp, The University of Sydney

Pension disclosures and consumer confusion: Cure or Cause?

Abstract: There is ample evidence that consumers are perplexed by retirement savings decisions, resulting in costs to the individual and weak competitive pressure on pension funds. In principle, consumers can take advice, follow nudges or read simple disclosures to compensate for their lack of expertise. Consumer advocates and regulators promote these strategies, aiming to reduce confusion and help retirement savers make better choices. I consider the surprising ways that consumers actually use purportedly transparent disclosures. I propose changes to disclosure testing regimes to take them beyond comprehension testing towards behavioural prediction.

Bio: Susan Thorp is Professor of Finance at the University of Sydney. She researches consumer finance with a particular focus on retirement savings. She uses theoretical, empirical and experimental techniques to test consumer responses to advice, disclosures and choice architecture. Her research has been published in leading international academic journals including Management Science, the Review of Finance and the Economic Journal, and has attracted over three million dollars in public and industry funding. Susan is a member of the Steering Committee of the Melbourne Mercer Global Pensions Index, an annually compiled internationally recognised index of pension system quality, a member of the Research Committee of the OECD/International Network on Financial Education and Associate Investigator at the Centre of Excellence in Population Aging Research.

William Gale, The Brookings Institution

Retirement Saving Plans for Contingent Workers

Abstract: This presentation explores retirement saving policies for contingent workers. A heterogeneous and growing component of the workforce in the US and other countries, contingent workers face several retirement saving challenges. Relative to traditional employees, contingent workers tend to have less education, lower and more volatile earnings, and less access to employer-provided retirement benefits. The presentation discusses policy options to help them save for retirement, ranging from facilitating plan participation through fintech to revamping the retirement system to create plans that attach to workers as they move from job to job.

Bio: William Gale is the Arjay and Frances Miller Chair in Federal Economic Policy at the Brookings Institution. He co-directs the Tax Policy Center and directs the Retirement Security Project. He is co-editor of Automatic: Changing the Way America Saves (2009); Aging Gracefully: Ideas to Improve Retirement Security in America (2006); The Evolving Pension System: Trends, Effects, and Proposals for Reform (2005); Private Pensions and Public Policy (2004). His research has been published in the American Economic Review, Journal of Political Economy, and Quarterly Journal of Economics. In 2007, a paper he co-authored won the TIAA-CREF Samuelson Award Certificate of Excellence.

Jörg Neugschwender, LIS Cross-National Data Center

Pension Systems and Income Inequality among the Elderly around the World

Abstract: Pension system regulation has grown to a complex field of study. Nowadays, in most pension systems many actors are setting up the institutional framework securing poverty prevention and income maintenance in old age. As a consequence, old age income among the elderly is typically a mix of incomes from various pension schemes. What implications do different institutional pathways of pension systems have for the income situation?
Cross-national comparative studies on institutional differences and its outcomes provide an essential understanding about consequences of specific pension system regulation in the past and future reform needs. National studies, which aim at adopting other country's national experiences to their own national context, need to carefully analyse comparability of the surroundings such as labour markets and individual labour market attachment and living arrangements. Once these cross-national differences are carefully considered, comparative studies on alternative pathways of pension policy and outcomes are promising for national reform scenarios.

Bio: Jörg Neugschwender (PhD) is a social scientist (sociology/social policy/economics) interested in pension policies and its outcomes for the elderly. Since 2011, he is a microdata expert working on the ex-post harmonisation of income and household budget surveys / administrative data at LIS Cross-National Data Center in Luxembourg, particularly focusing on programming and data consistency tables & charts. In 2016, he published his dissertation Pension Systems and Income Inequality among the Elderly in Europe. From 2008 to 2011 he participated in the DFG project Governance of Supplementary Pensions in Europe: The Varying Scope for Participatory and Social Rights (GOSPE) led by Prof. Bernhard Ebbinghaus and Prof. Giuliano Bonoli.

Peter Haan, Freie Universität Berlin, DIW Berlin

The rising longevity gap by lifetime earnings - distributional implications for the pension system

Abstract: This study uses German social security records to provide novel evidence on cohort trends of the heterogeneity in life expectancy by lifetime earnings and, additionally, documents the distributional implications of this earnings-related heterogeneity. We find a strong association between lifetime earnings and life expectancy at age 65 and show that the longevity gap is increasing across cohorts. For West German men born 1926-28, the longevity gap between top and bottom decile amounts to about 4 years (about 30%). This gap increases to 7 years (almost 50%) for cohorts 1947-49. We extend our analysis to the household context and show that lifetime earnings are also related to the life expectancy of the spouse. The heterogeneity in life expectancy has sizable and relevant distributional consequences for the pension system: when accounting for heterogeneous life expectancy, we find that the German pension system is regressive despite a strong link between benefits and prior contributions. We show that the internal rate of return of the pension system increases with lifetime earnings. Finally, we document an increase of the regressive structure across cohorts, which is consistent with the increasing longevity gap.

Bio: Peter Haan is Head of department of Public Economics at DIW Berlin and Professor of Public Economics at Freie Universität Berlin. He obtained his Ph.D in Economics from the FU Berlin. He was a visiting Fellow at Paris School of Economics, Institute for Fiscal Studies und UCL London. His research focusses on social policy and pension economics. His research was published amongst others in Economic Journal, Journal of Health Economics, Journal of Econometrics and Journal of Public Economics.

Emma Aguila, University of Southern California (USC)

Improving Wellbeing of Older Adults: Payment Frequency and Delivery Method for Non-Contributory Pension Programs

Abstract: The increasing poverty rates among the elderly has led more than 40 countries to introduce non-contributory pensions. In this research project, we analyze different implementation designs of non-contributory pensions, frequency of payment, monthly versus every two months, and the method of payment, cash versus debit card. We use data from an experimental non-contributory pension program in Mexico. We found differences in behavior between those who receive monthly versus bi-monthly payments. While a 2-month disbursement is more cost-effective from an administrative standpoint, we find larger health effects for recipients of monthly payments. We find evidence that recipients have difficulty smoothing their consumption between pay cycles, both with regards to food consumption and health care usage. The use of electronic payment allows governments to reduce administrative costs. However, we found that older adults with little experience with the financial system or illiterate require additional training to use an electronic benefit system.

Bio: Emma Aguila is an Assistant Professor at USC School of Public Policy and Schaeffer Center for Health Policy and Economics. She was Senior Economist and Director of the RAND Center for Latin American Social Policy. She earned a Ph.D. in Economics at University College London, UK. Her research is on pension reform, retirement behavior, non-contributory pension programs, and the interrelation between socioeconomic status and health. Her work has received several international awards. She has more than 20 publications including articles at the Proceedings of the National Academy of Sciences, American Economic Review, and the Review of Economics and Statistics.