Reshaping Retirement Security

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Lessons from the Global Financial Crisis

EDITED BY

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Preface

Over the past few years, the worldwide financial crisis has brought deep changes in capital and labor markets, old-age retirement systems, and household retirement and consumption patterns. Around the world, plan sponsors, fiduciaries, policymakers, and households have gained a new awareness of retirement risk. This volume, the newest in our Pension Research Council/Boettner Center Series, draws out lessons learned regarding how retirement planning and long-term financial security have changed in the wake of the turmoil. This book is a welcome addition to all concerned with the future of financial security in retirement around the globe.

In the process of preparing this book, several key people and institutions played essential roles. Superb editorial comments were provided by my co-editors Raimond Maurer and Mark J. Warshawsky. On behalf of the Council, I thank both of them, as well as the many contributors to the volume, the reviewers who helped bring this work to fruition, and the Council's Advisory Board on whom we rely for guidance. This manuscript was expertly prepared and thoroughly edited by Andrew Gallagher with assistance from Irene Shaffer and Heather Shrigley. We are particularly grateful for the intellectual and financial sustenance provided by our Senior Partners and the Institutional Members of the Pension Research Council, listed elsewhere in this volume. The Wharton School graciously provided access to conference facilities and more through its Impact Conference funding. Additional financial support was received from the Pension Research Council, the Boettner Center for Pensions and Retirement Research, and the Ralph H. Blanchard Memorial Endowment at the Wharton School of the University of Pennsylvania.

I also express continued appreciation for the fine collaboration with Oxford University Press, which hosts the Pension Research Council Series on retirement security. On behalf of the Pension Research Council and the Boettner Center for Pensions and Retirement Security of the Wharton School of the University of Pennsylvania, we are pleased to continue in our tradition of research and dissemination on pensions and retirement security around the world.

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List of Abbreviations

AAA	American Academy of Actuaries
ACLI	American Council of Life Insurers
ACMBPRA	Access to Care for Medicare Beneficiaries and Pension Relief Act
AEI	American Enterprise Institute
AIME	average indexed monthly earnings
AMEX	American Stock Exchange
AR1	autoregressive model
BC	business cycle
BEA	Bureau of Economic Analysis
BLS	Bureau of Labor Statistics
BVI	German Investment and Asset Management Association
CAFR	Comprehensive Annual Financial Report
CAMS	Consumption and Activities Mail Survey
CB	cash balance
CCBR	Composite Corporate Bond Rate
CD	certificate of deposit
CEIOPS	Committee of European Insurance and Occupational Pensions Supervisors
CEX	Consumer Expenditure Survey
CPI	Consumer Price Index
CPS	Current Population Survey
CRR	Center for Retirement Research
CRS	Congressional Research Service
CRSP	Center for Research in Security Prices
CWHS	Continuous Work History Sample
DB	defined benefit
DC	defined contribution
DFG	German Science Foundation
DOL	US Department of Labor
DYNASIM3	Urban Institute's dynamic microsimulation model

EBRI	Employee Benefit Research Institute
EIN	Employer Identification Number
EIOPA	European Insurance and Occupational Pensions Authority
EOY	End-of-Year
EPS	earnings per share
ERA	early retirement age
ERISA	Employee Retirement Income Security Act
EU	European Union
FIP	Funding Improvement Plan
FPL	federal poverty level
FRA	full retirement age
FRB	Board of Governors of the Federal Reserve System
GDP	gross domestic product
GNP	Gross National Product
HCE	highly compensated employee
HRS	Health and Retirement Study
ICI	Investment Company Institute
IRA	individual retirement account
IRC	Internal Revenue Code
IRS	Internal Revenue Service
LRA	late retirement age
MPPAA	Multiemployer Pension Plan Amendments Act
MRRC	Michigan Retirement Research Center
NAR	National Association of Realtors
NASDAQ	National Association of Securities Dealers Automated Quotations
NBER	National Bureau of Economic Research
Netspar	Network for Studies on Pensions, Aging and Retirement
NIA	National Institute on Aging
NRA	normal retirement age
NYSE	New York Stock Exchange
OASDI	Old Age, Survivors, and Disability Insurance
OECD	Organisation for Economic Co-operation and Development
OTC	over-the-counter

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PBGC	Pension Benefit Guaranty Corporation
PBO	pension benefit obligation
PEBES	Personal Earnings and Benefit Estimate Statement
PEP	pension equity plan
Pew	Pew Center on the States
PIA	primary insurance amount
PIMS	Pension Insurance Modeling System
PPA	Pension Protection Act
PRA	Pension Relief Act
PSCA	Profit Sharing/401k Council of America
PSID	Panel Study of Income Dynamics
QC	quarter of coverage
RCS	Retirement Confidence Survey
RRC	Retirement Research Consortium
S&P	Standard & Poor's
SCF	Survey of Consumer Finances
SEC	Securities Exchange Commission
SER	Summary Earnings Record
SIPP	Survey of Income and Program Participation
SSA	Social Security Administration
SSAB	Social Security Advisory Board
SSI	supplemental security income
SZW	Netherlands Ministry of Social Affairs and Employment
TDF	target-date fund
WHO	World Health Organization
WRERA	Worker, Retiree, and Employer Recovery Act

Notes on Contributors

Andrew G. Biggs is a Resident Scholar at the American Enterprise Institute (AEI), where his work focuses on Social Security, pensions, and related retirement and budgetary issues. Prior to joining AEI, he served as a staff member to President Bush's 2001 Commission to Strengthen Social Security, on the staff of the White House National Economic Council in 2005, and as deputy commissioner for policy and principal deputy commissioner of the Social Security Administration. He holds a Bachelor's degree from the Queen's University of Belfast, Master's degrees from Cambridge University and the University of London, and a Ph.D. from the London School of Economics.

Lans Bovenberg is a Professor of Economics at Tilburg University. In 2003, he won the Spinoza prize—the second Dutch social scientist ever to win this prize. With the prize money, he founded the research network Netspar (Network for Studies on Pensions, Aging and Retirement) in which various pension funds, insurance companies, public agencies, and universities participate. He has published extensively in the leading international journals on a wide variety of topics: public economics, tax policy, environmental economics, institutional economics, pensions and aging, international macroeconomics, and labor economics.

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