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\(map GH32, reference G3\)](#)

Course Outline

STAT8049

Advanced Global Retirement Income Systems

Semester 1, 2012

*STUDENTS: Course details change from semester to semester. **Please check** that you are reading the Course Outline for the correct semester.*

Course Description

Supervised reading course covering the detailed theoretical and practical understanding of the operation and regulation of the superannuation and retirement funding schemes.

Graduate Studies Select Classification

Advanced and Specialist

Contacts

Role	Office address	Email	Telephone	Consultation Times
Course Convenor and Lecturer (Course Authority) <i>Adam Butt</i>	CBE Building 26C Room 3.49	adam.butt@anu.edu.au	6125 3580	My office door is general open for questions on any day except Mondays and Wednesdays
School Student Administrator <i>Tracy Skinner</i>	CBE Building 26C Room 4.48	tracy.skinner@anu.edu.au	6125 0487	N/A

Communication

Announcements

Students are expected to check the Wattle site for announcements about this course, e.g. changes to timetables or notifications of cancellations. These will typically be made through the News Forum on Wattle, to which you are automatically subscribed. Notifications of emergency cancellations of classes will be posted on the door of the relevant room.

Any non-personal queries regarding the course should generally be made through the appropriate discussion forum in Wattle. Queries will typically be answered within 24 hours on weekdays.

Email

If necessary, the course convenor will contact students on their official ANU student email address. Information about your enrolment and fees from the Registrar and Student Services' office will also be sent to this email address.

Any personal queries regarding the course should generally be made by emailing the course convenor. Queries will typically be answered within 24 hours on weekdays.

Course Information

Learning Outcomes

Upon successful completion of the requirements for this course, students will be able to:

1. Describe the different design and products for retirement benefits and the associated factors that affect the choice and provision of these products.
2. Perform actuarial calculations relating to defined benefit retirement schemes and communicate the context and implications of these calculations to various stakeholders.
3. Examine the current issues facing retirement income provision and review possible solutions.

Workload

Students taking this course are expected to commit at least 10 hours per week to completing the work.

This will include:

- 2-3 hours per week – in class discussion time
- 4-5 hours per week – reading and answering discussion questions
- 3 hours per week – general studying and assignment preparation

Course Delivery

This course is a reading course and thus there are no formal lectures. You will be provided with a reading brick (details for collection will be placed on Wattle) which contains the references listed on the following page. The references are split into the material you should read for each week. Week 1 is an introduction week, whilst Week 13 is reserved for any additional discussion including about the final exam. An introduction to the readings each week will be placed on Wattle, which you should review before commencing the readings.

There will be a 3 hour discussion session each week – details of which will be confirmed on the News Forum in Wattle (they may not match the university timetable). The aim of the discussion time is to share ideas on the material that you have read each week as well as answering questions based on the material which will be provided in the reading introduction on Wattle each week. You will get the most out of the discussion time if you are prepared by doing the readings and considering the questions before it. The discussion time will also be used to consider practice exam-based questions in order to prepare you for the exam.

Discussion Forums

Discussion forums have been set up in Wattle for each week of the course. The course convenor will moderate the forum and respond to any questions that aren't adequately answered within the forum.

These forums are a place for you to discuss/query/comment/etc. on the material for that week. Examples of posts you might make in a discussion forum:

- Thoughts on how the material links in with material for previous weeks
- Questions on interpretation of the material
- Issues you feel are not covered in the material
- Additional thoughts on the questions covered in class
- Thoughts on past exam questions related to that week of material

Posts to the discussion forum should be respectful of the course convenor and other students – see the link to “Netiquette” on Wattle for more information.

Each week a question in the introduction to the readings will be set aside to be considered in the discussion forum only (and not in class). One or more students each week will be required to answer this question. This should be completed within two days of the class for that week (or may be completed before class should the student so desire). After an answer has been posted other students may provide feedback and additional thoughts on the question. This process forms a part of the assessment for the course (see below).

The course convenor would like to encourage all students to add a photo of themselves to their profile in Wattle. This will assist the course convenor in identifying students; giving you a more personal experience. However, adding a photo of yourself is not compulsory.

Past Exam Questions

Past exam papers for STAT8049 will not be provided to students. Instead, two sample exams with model solutions have been placed on Wattle. The questions for these sample exams have been sourced (with modification where appropriate) from past exam papers from the equivalent IAAust courses.

In addition, these past exam papers from equivalent IAAust courses can be found on Wattle; however some questions in the past papers are not relevant to the material discussed in STAT8049. The questions that are relevant will be listed on Wattle with their relevant topics (although some of the questions will cover material from multiple topics). Note that this list includes questions from the sample exams discussed above.

Study Schedule

Note that readings in italics are not included in the reading brick but can be found at the APRA (www.apra.gov.au) or IAAust (www.actuaries.asn.au) websites

Week	Learning Outcome	Topic	Readings
1	N/A	Course Introduction	N/A
2	1	Introduction to Retirement Income Systems	<ul style="list-style-type: none"> • Organisation for Economic Co-operation and Development (OECD) – Pensions Glossary • World Bank – Averting the Old Age Crisis • APRA – A recent history of superannuation in Australia • OECD – Recommendation on Core Principles of Occupational Pension Regulation • OECD – Guidelines for pension fund governance – Appendix 2 • <i>The Superannuation Industry Supervision Act – Sections 52(1-2), 62(1), 65(1),66(1-3),67(1-2), 89(1), 109(1), 117(3-5)</i>
3	1	Benefit Design	<ul style="list-style-type: none"> • Superannuation Fund and Planned Savings Design course paper – Sections 1-15, 18-27
4	2	Funding Methods	<ul style="list-style-type: none"> • Ferris S - An Introduction to Funding Methods • <i>IAAust Professional Standard 400 - Investigation of Defined Benefit Superannuation Funds – Sections 3, 5.5, 5.10-5.15</i> • <i>The Superannuation Industry Supervision Act – Section 130(1-2)</i> • <i>SIS Regulations – Sections 9.01, 9.03, 9.04, 9.05-9.19</i>
5	2	Data & Assumptions	<ul style="list-style-type: none"> • IAAust Occupational Superannuation in Australia - Chapter 14 • Sander A - A Note on Setting Assumptions for Actuarial Valuations • <i>IAAust Professional Standard 400 - Investigation of Defined Benefit Superannuation Funds – Section 5.6</i>
6	2	Monitoring Experience	<ul style="list-style-type: none"> • Ferris S - An Introduction to Analysis of Surplus • IAAust Occupational Superannuation in Australia - Chapter 17
7	2	Reporting & Compliance	<ul style="list-style-type: none"> • <i>SIS Regulations – Sections 9.26 – 9.33</i> • <i>IAAust Professional Standard 400 - Investigation of Defined Benefit Superannuation Funds – (now read the whole document)</i> • Ward J - The Emergency Services Superannuation Fund Triennial Valuation 1994

Week	Learning Outcome	Topic	Readings
8	2	Non-Deterministic Methods	<ul style="list-style-type: none"> • Clark G - Asset and Liability Modelling - the Way Ahead? • Yakoubov, Y, Teeger, M and Duval, D – The TY Model – A stochastic investment model for Asset and Liability Management
9	2 & 3	Surpluses & Scheme Wind-ups and Terminations	<ul style="list-style-type: none"> • Ferris S – Superannuation Surpluses • <i>SIS Regulations – Sections 9.20 – 9.25</i> • APRA Superannuation Circular III.A.6 • McNeice D – Superannuation Fund Terminations: A Review of Current Issues and Practice – Sections 1 – 5 • <i>IAAust Guidance Note 459 - Payments from Superannuation Funds to Employers</i>
10	3	Retirement Benefit Adequacy & Benefit Projections	<ul style="list-style-type: none"> • Westpac-ASFA – Retirement Standard and Detailed Budget Breakdowns • IAAust – Outstanding Issues for Benefit Projections and Online Calculators – Sections 1 – 12 • <i>IAAust Practice Guideline 499.02 - Projected Superannuation Benefit Illustrations</i>
11	3	Managing Individual Retirement Risks	<ul style="list-style-type: none"> • Rawlinson, D, Cater M – Retiree’s Longevity Risk • Wakeling A, Yang A – Managing Longevity Risk • AXA North Super and Pension Guarantee Product Disclosure Statement Part B – Pages 23 - 37
12	3	The Aging Population & Longevity Risk for Governments & Schemes	<ul style="list-style-type: none"> • Peter Costello – Address to National Press Club on the Intergenerational Report 2 • Watson Wyatt / Cass Business School – The Uncertain Future of Longevity • Antolin P – Longevity Risk and Private Pensions
13	All	Additional Discussion & Exam Preparation	N/A

Assessment

Proposed Assessment Schedule

Details about assessment may change during the first two weeks of semester. Changes to the assessment schedule will be posted to the Wattle site.

Assessment item	Link to learning outcomes	Due Date	Weighting
Discussion Forum Participation	All	N/A	10%
Assignment	2	Monday, 7 May at 8am	20%
Examination	All	N/A	70%

Further detail about each of the assessment items is below.

Discussion Forum Participation

10% of the marks for this course are allocated to participating in the discussion forums described above. Of this 10%, 3% is allocated for a reasonable attempt at answering the non-class question allocated to you (note that you only need to make a reasonable attempt to obtain the 3%). The remaining 7% is dependent on you contributing to the discussion forum in at least 7 of the weeks of the course (1% for each week you make at least one post, up to a maximum of 7%). See above for a description on the use of the discussion forum.

You will be provided with individual feedback about your contributions to the discussion forum during the teaching break after Week 7.

Assignment

Due Date	Monday, 7 May at 8am
Value or Weighting	20%
Suggested Length	Approximately 8 pages – see assignment instructions on Wattle for final confirmation
Instructions	See assignment instructions on Wattle
Purpose	To test the ability to prepare an actuarial valuation and present results in a report format (Learning Outcome 2)
Marking Criteria	See assignment instructions on Wattle
Submission / Presentation Details	An Excel spreadsheet and report are to be uploaded to Wattle – see assignment instructions on Wattle for further information

Late submissions will be accepted without penalty only with the prior permission (by seeking an extension) of the course convenor. Alternatively, students will be penalised 10% of the total marks for the assignment for each day late (with parts of a day counting as a full day). Assignments received 10 days or more after the due date will receive a zero mark (although feedback will still be provided).

Examination

The exam will take place during the regular exam period and will be 3 hours in length, plus 15 minutes of reading time. The exam will be open-book. Further information will be provided to students in discussion time and on Wattle.

Scaling

Your final mark for the course will be based on the **raw** marks allocated for each assessment task. However, your final mark may not be the same number as produced by that formula, as marks may be **scaled**. Any scaling applied will preserve the rank order of raw marks (i.e. if your raw mark exceeds that of another student, then your scaled mark will exceed the scaled mark of that student), and may be either up or down.

Course-related Matters

Other Course Information

This subject contains a subset of the material from Global Retirement Income Systems Courses 6A and 6B, which are one combination of Module 2 & Module 3 of Part III of the Institute of Actuaries of Australia's Fellowship requirements. It is designed to provide students with the opportunity to study at the same level as expected by IAAust for its Part III subjects. It does not provide you with an exemption from the IAAust Part III subjects. See the Education section of www.actuaries.asn.au for a description of the requirements of Part III.

Technology, Software, Equipment

Students will be required to supply a calculator. A basic understanding of the use of Excel is assumed. The use of Excel is required for the completion of discussion and assignment questions in this course. Excel may be used on campus or on the students' personal computers or laptops. Students may find it beneficial to bring a laptop to the discussion time to follow along with Excel examples, although this is not a requirement. The use of a word processing program (such as Word) is also required for the completion of the assignment.