

Case Study: Creating Holistic Balance Sheets for Pension Funds

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Nematrian's founder and owner, [Malcolm Kemp](#) was invited by the Actuarial Association of Europe (AAE), a European-wide actuarial body, to contribute to advice to EIOPA on proposed refinements to the EU-wide regulatory framework applying to Institutions for Occupational Retirement Provision (IORPs). Included by EIOPA in these proposals was a proposal for EU IORPs to develop *holistic balance sheets* incorporating security mechanisms not otherwise captured by more traditional balance sheet formulations.

Malcolm worked closely with others to formulate more practical ways in which the holistic balance sheet concept could be included in the Quantitative Impact Study proposed by EIOPA. The outcome was that EIOPA was better able to understand how holistic balance sheets might in practice be specified and some of the potential challenges involved. The AAE was able to further its own mandate, which is to offer expert advice to EU bodies thereby promoting the role and expertise of actuaries in the financial community.

If you want to find out more about Nematrian's approach to holistic balance sheets or how Nematrian can help then please contact Malcolm Kemp at malcolm.kemp@nematrian.com.

Related material available via Nematrian website

There is a significant amount of material on this topic included in the Nematrian Extensions part of the Nematrian website. Malcolm authored two leading papers in 2011 addressing these topics, [Entity-wide risk management for pension funds](#) (written in conjunction with Chinu Patel) and [Sponsor covenants in risk based capital](#) (links take you to pre-print versions of these documents on the Nematrian website). Related topics are also covered in Malcolm's book on [Market Consistency](#) published by Wileys.

Some of the AAE's advice was based on Nematrian's own submission to EIOPA, a copy of which is available [here](#). Please [contact us](#) if you would like a copy of the spreadsheet referred to in Nematrian's submission or to sign up to receive other research material from Nematrian in this area.