

ARE PENSION FUNDS ‘IRRELEVANT’?

“The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Thus all progress depends on the unreasonable man...”

George Bernard Shaw

“...a propensity to dabble in unproductive financial risks inside pension funds can crowd-out investors’ appetite for genuine entrepreneurial risk-taking...”

Jon Exley
Chair, Finance and Investment
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An ‘Unreasonable’ Actuary?

We have never met Jon Exley, but greatly look forward to the occasion. He presented a paper this summer to the UK Faculty of Actuaries Finance and Investments Conference titled *“Pension Funds and the UK Economy”*. It is an intellectual tour de force not often associated members of the actuarial profession. More importantly, it thoroughly trashes almost every piece of conventional wisdom that the global pension finance and investment industry has accumulated over the last 25 years.

This *LETTER* tells the tale of Mr. Exley’s trashing, and then proves the wisdom of Shaw’s observation that there is indeed much to be learned from the ‘unreasonable man’. Specifically, we show how Mr. Exley’s nihilisms light up the path towards more productive pension schemes that can enhance economic welfare.