

Press Release, Geneva, Switzerland, 14 November 2019

Research Paper “The Impact of Pensions and Insurance on Global Yield Curves” wins Swiss Finance Institute Outstanding Paper Award 2019

Swiss Finance Institute has attributed its Outstanding Paper Award to “The Impact of Pensions and Insurance on Global Yield Curves”, a research paper by Robin Greenwood, Harvard Business School, and Annette Vissing-Jorgensen, University of California Berkeley, that investigates the destabilizing impact that pension discount rules have on bond markets.

Geneva, 14 November 2019. The Swiss Finance Institute’s college of chairs has nominated Professor Robin Greenwood, Harvard Business School, and Professor Annette Vissing-Jorgensen, University of California Berkeley, as winners of the Swiss Finance Institute (SFI) Outstanding Paper Award 2019. This prize distinguishes an unpublished research paper expected to make an outstanding contribution to the field of finance. In their paper, the researchers use the dramatic impact the global financial crisis had on the solvency of pension funds and insurance companies around the world as a starting point to investigate the impact of reduction in interest rates on the present value of pension and insurance liabilities. Empirical results, using data from 26 countries, show that countries with larger private pension systems tend to have lower yield spreads on long maturity bonds, the spread between the yield on 30-year and 10-year government debt, and that these results hold despite vast differences in the structure of pension systems around the world. These findings suggest that the preferred-habitat demand by the pension and insurance sector for long-dated assets drives the long end of the yield curve. Further analysis also reveals that when regulators change the reference curve by which pensions discount their liabilities the prices of fixed income assets also changes.

The winners of the SFI Outstanding Paper Award 2019 will be invited to present their research during the SFI Research Days in Switzerland in June 2020. The research paper can be accessed at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3196068.

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Swiss Finance Institute

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