

# A stochastic model for assets and liabilities of a Finnish pension company

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## **Abstract**

This paper develops a stochastic model for assets and liabilities of a Finnish pension company. The assets and liabilities are expressed in terms of seven economic factors from Finland and EU-area. The development of these factors is modelled with a Vector Equilibrium Correction model, that incorporates statistical information with expert views in the form of user specified growth rates and long term equilibria. The resulting model will be used in ALM analysis.