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INTERNATIONAL TRENDS: LIFE-EXPECTANCY CREATES CHALLENGES FOR PENSIONS FORECASTS

Growing life-expectancy throughout the developed world puts pressure on pension systems often initially conceived on the basis of lower life-expectancy figures and of a model where the value of the pension was not affected by the duration of retirement. For instance “defined benefit schemes” are of that type, as well as some – but not all – solidarity schemes. The pressure is now on governments to take the life-expectancy risk factor into account and adapt existing systems accordingly.

OECD: Linking Life-Expectancy and Retirement Schemes

Edward Whitehouse, head of the OECD’s pension policy analysis team presented a paper at the International Conference of Actuaries and Statisticians in Ottawa, Canada, which suggests that 17 of the 30 OECD countries could ensure there is a “better balance of risk management towards pensions costs if governments were to implement an automated link between pensions and life-expectancy”, IPE.com reported. Whitehouse argued in his presentation on “Life Expectancy Risk and Pensions”, that “it is hard to think of a convincing reason why people approaching retirement should not bear at least some of the cost of their generation living longer than previous generations”, but stressed it is “unlikely to be optimal” to force retirees to carry all of that risk.

According to an earlier in-depth study by Mr. Whitehouse on the same subject*, about thirteen of the OECD’s thirty members have actually introduced a link between life-expectancy and the retirement income systems. Just ten years ago, only one country – Denmark - had established such a link, the author notes. The OECD report lists different approaches taking into account life-expectancy risk and impact on pension costs:

1. Establishing defined contribution scheme, where the future pension lump sum or annuity depends solely on the capital saved and invested.
2. Introducing notional accounts: This is “hypothetical account created by the state for each insured person, which contains all contributions made during the employee’s working life and is indexed to a particular measure such as wage growth”. (<http://www.ssa.gov/policy/docs/ssb/v66n1/v66n1p31.html>)

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The final pension is calculated by dividing “the amount credited to that account by the insured's average life-expectancy at the time of retirement, effectively providing an annuity.” Unlike individual and occupational accounts, in which benefit obligations are funded by assets accumulated during a retiree's working years, notional accounts are generally financed on a pay-as-you-go basis.

3. Adapting defined benefit public schemes (through pay-as-you-go) but where the final level of benefits will depend on life-expectancy.

4. Introducing qualifying conditions that change according to life-expectancy, for instance the pension age or the number of contribution years to be entitled to receiving a full pension.

Table 1: Link between Life-Expectancy Schemes and Mandatory Retirement Systems in Selected Countries

Country	Linkage to life-expectancy by type of approach			
	Defined Contribution	Notional accounts-account balance divided by average life-expectancy at retirement	Final level of benefits linked to growth in life-expectancy	Qualifying conditions linked to growth in life-expectancy
Australia*	YES Pillar II			
Denmark *	YES Pillar II			YES Retirement age will increase gradually to 67, then will be adjusted to life-expectancy at age 60, meaning that retirement age will be set even higher in the future
Finland*			YES Benefit level will vary according to life-expectancy	
France				YES According to a 2003 reform, the minimum of years of contribution to benefit from a full pension will increase over time from 40 years to 42 years by 2020 in order to integrate the life-expectancy risk. (http://www.info-retraite.fr/)
Germany			YES Taking into account longer life-expectancy, the replacement rate of the public pension has been lowered to encourage workers to subscribe to a voluntary supplementary pension scheme 9 (http://www.deutsche-rentenversicherung.de/).	YES a gradual increase in retirement age from 65 to 67 years from 2012 to 2029
Hungary*	YES Pillar II			
Italy*		YES		
Latvia	YES Pillar II			
Lithuania	YES Pillar II			
Mexico*	YES Pillar II			
Norway*	YES Pillar II			
Poland*	YES Pillar II	YES		
Portugal*			YES Since 2007, benefit level will be adjusted according to life-expectancy	
Russia **	YES Pillar II	YES		
Slovakia	YES Pillar II			
Sweden	YES Pillar II	YES		

*Life-Expectancy Risks and Pensions: Who bears the Burden, Edward Whitehouse, OECD, 2007

** <http://www.ssa.gov/policy/docs/progdesc/ssptw/2008-2009/europe/russia.html>

U.K: Living Longer May Increase Pension Expenses by 40%

According to projections made by the U.K. Pensions Policy Institute as part of their Modeling Ageing Population to 2032 project, the impact of people living longer would have an enormous impact on pension expenditures. According to the social policy think-tank, spending on pensions could soar by

40% from now until 2032, due to a combination of factors: the state pension becoming more generous, the increase of the number of pensioners and people living longer in retirement. Official statistics from the Office for National Statistics estimate that between 2006 and 2036 the number of pensioners will grow by 66% and that the number of people living to over



85 will increase by 145%. However, PPI claims that its own projections indicate life-expectancy may in fact be increasing even more quickly. It puts the increase of pensioners at 77% between 2006 and 2032, and at 300% the increase of over 85 year-olds. Under the higher life-expectancy projections of PPI, pension spending levels could grow from 4.4% of GDP in 2012 to 6.2% of GDP.

(<http://www.pensionspolicyinstitute.org.uk>)

U.K.: Offsetting Extra Costs through Later Retirement

In its projections of the impact of life-expectancy increase on pensions expenditures, the U.K. Pensions Policy Institute (see above) says that some of the increase in expenditures could be offset by raising the statutory pension age from 65 to 67 earlier than planned, between 2026 and 2038, instead of 2034 and 2036. (<http://www.pensionspolicyinstitute.org.uk>)

Bulgaria: Universal Retirement Age Only After Crisis

Bulgaria's Labor and Social Policy Minister Totyu Mladenov says that plans to raise retirement age for women to 63 and aligning it with men's retirement age will not be introduced until after the crisis. However, discussions about the need to increase retirement age would continue, he said. Since 2000 men retire at 63 while women retire at 60 up from 60 and 55, respectively. Allowing men and women to retire at the same age is an issue that Bulgaria needs to consider Mladenov said in an interview with television station bTV on September 17 2009. He was also planning to convene the ministry's consultative council. At the meeting of this body, which includes employers and labor unions, there would be a discussion of what had been achieved regarding the pension reform begun nine years ago, "and what direction we need to take from now on," Mladenov said. The proposed reduction in the social security burden should be offset by a sweeping reform of the pension system, the head of the mission of the International Monetary Fund (IMF) in Bulgaria, Bas Bakker, said. According to sources quoted by the Sofia Echo English-language newspaper, the Government has pondered an increase in pension age and that the measure had "even made it to an early draft of its governance program before the elections, but was finally dropped to avoid pressure on employees nearing the current retirement age, the first to be made redundant and who can end up with next to no income if they do not qualify for state pension benefits."

(www.sofiaecho.com, novinite.com)

Netherlands: Unions On Deadline to Negotiate Increase of Retirement Age

The National Federation of Christian Trade Unions (CNV) is still in discussion with other unions about finding alternative solutions to the government's plan to raise the retirement age. The Government announced plans to increase the retirement age from 65 to 67 years but offered the unions the possibility to propose alternative solutions by October 1. (Global Pensions)

U.S.: Ohio State Pension Funds Propose Increase in Retirement Age

In order to ensure adequate funds to cover pension liabilities in the future following losses incurred by the stock market and by longer life-expectancy, several Ohio pension funds providing

pensions for state employees have drawn up their recommendations for lawmakers. The State Teachers' retirement system proposes to increase the number of years to qualify for a full pension. The Ohio Police and Fire Pension Fund proposes to increase retirement age from 48 to 52 years with 25 years of service. The School Employee retirement system of Ohio proposes to increase the present retirement age for employees who have 10 years of service from 65 to 67 and from 55 to 57 for those who have been employed by the state school system for 30 years. Other proposals include increasing contributions for employees and employers.

Brunei: Subjects to Retire Later

The Sultan of Brunei introduced an increase in retirement age from 55 to 60 years beginning January 1, 2010. This change is part of a wider pension reform that also introduces mandatory funded schemes for workers, called the "Supplemental Contributory Pension" (SCP), which is aimed at buffing the current Employee Provident Fund (EPF) [also see section on Government policies for more information about the reform]. (news.brunei.com, brudirect.com)

Global: Surveys Show Workers Opposed and Oblivious to Later Retirement

As reported in a past issue of International Pension Newsletter (see IPN #9), polls throughout the developed world show that by eroding revenue and savings, the financial crisis has pushed workers to delay their retirement. At the same time, surveys also show that working longer is not an option popular with workers, echoing the dilemma of governments that are pressed to reform retirement age because of demographic or financial constraints, while being tempted to avoid alienating voters. According to a survey commissioned by Swedish pension provider AMF, a majority of blue collar workers do NOT want to work over the age of 65, Globalpensions.com reported. Only 20% of respondents said they are ready to work beyond retirement age. Among these, one quarter said they would work longer to increase their pension, and another quarter said they enjoy their job.

In Romania, 70% of workers want to retire early – before the official retirement age of 63 years for men and 58 years for women. The online poll, conducted by ING Life Insurance and a web publication among 9000 respondents showed that 36% wished to retire between 56 years and 60. 30% said they want to retire between 45 and 55 years, and 9% said they wish to retire before the age of 45. (financiarul.com) As for pension literacy, a recent U.K survey reflects the population's lack of knowledge about the pension system.

While in the U.K., the minimum retirement age is set to rise from 50 to 55 in April 2010, only a quarter of UK workers are actually aware of this change, according to new research released recently by Aon Consulting, an employee risk and benefits management firm (aon.mediaroom.com). Less than a third (31%) of workers aged 45 – 54 (those potentially most affected by the changes), said they were aware of the increase to the minimum retirement age. Similarly, less than half (46%) knew that the state pension age for women is rising to 65 in 2010, possibly forcing millions of women into working for up to five extra years. The consultancy pointed out the need for improved communication about the issue.



MARKETS:

Spain: DC Schemes Positive at Last

For the first time since 2007 Spanish defined contribution plans showed positive results. The average profitability of the 1019 DC funds included in the study was 0.43% over the last 12 months. Depending on the type of the fund, the results vary but the general tendency reveals an improved performance. The best ones in this range are fixed income funds with the short term funds showing profitability of 2% and long-term of 4.3%. (Global Pensions)

Romania: Pension Funds Show Good Results... but Contributions Remain Too Low

For the first 8 months of 2009 Romanian pension funds increased their returns considerably, according to data published on the website of the Romanian Pension Fund Association (APAPR). 12 mandatory pension funds (Pillar II), returned 11.31%. Assets are invested primarily in state securities, bonds and money market instruments. The 13 voluntary pension funds managing Pillar III assets for 175,000 participants posted a return of 10.73% for the first 8 months of 2009. These funds invest in equity more willingly than mandatory ones. The Pillar III (voluntary) pension market is dominated by 3 companies that hold 90% of total assets and clients: Allianz-Tiriac Pensii-Private, BCR Asigurari de Viata and ING Asigurari de Viata. But the main concern is the low level of contributions in mandatory funds: Romania has the lowest level of contributions (2%) to the Pillar II of all CEE countries. (Private Pensions.ro, Ziarul Financiar, Global Pension, apapr.ros)

GOVERNMENT POLICIES: ADAPTING PENSION SCHEMES TO POST-CRISIS CONDITIONS

Finland: New Guidelines Streamline Pension Schemes for Executives

On September 8, the Finnish Cabinet Committee on Economic Policy suggested guidelines on executive management remuneration and pension benefits. The guidelines state top management retirement age should now be a minimum of 63 years, in line with the general minimum retirement age provisions, and, in new pension schemes, supplementary pensions must be based on the defined contribution model forming a part of the total salary paid by the employer, instead of on a specific pension level.

Russia: Increasing Employer Contributions

On July 24, Russian President Dmitry Medvedev signed a legislative act that changes the financing of social security benefits starting January 1, 2010. The new law abolishes the Single Social Tax system and replaces it with a flat-rate employer contribution – amounting to 26% in 2010 and increasing it to 34% from 2011 onwards. Employers will have to pay these contributions to the three funds. In 2010 26% of the combined employer contribution will be allocated as follows: 20% to the Pension Fund, 2.9% to the Social Insurance Fund, 3.1% to the Compulsory Medical Insurance Fund. (ssa.gov)

Brunei: Introducing a Mandatory Defined Contribution Scheme

The Sultan of Brunei Darussalam announced two pension system reforms coming into force on January 1, 2010: introduction of a new supplementary mandatory defined-contribution pension scheme, called the "Supplemental Contributory Pension" (SCP) and an increase of the mandatory retirement age from 55 to 60. The SCP will complement the existing old-age pension and a mandatory Employees' Trust Fund (TAP). The SCP is a defined contribution scheme that requires participants and employers to contribute by law every month. Like TAP, the SCP scheme applies to all citizens and permanent residents working in the private and public sector. Both employees and employers will contribute 3.5% of an employee's monthly salary to the SCP. The minimum contribution is B\$17.50 (US\$12.17) a month based on a B\$500 (US\$347.69) salary. If an employee earns less than B\$500 a month, the government will top up the contribution to bring it up to B\$17.50. The main objective of the SCP is to ensure everyone will be able to retire at the compulsory age of 60 with a minimum pension of B\$150 a month, in addition to the existing B\$250 state pension, participants will have at least B\$400 a month to live on for the rest for their lives when they retire (news.brunei.com, brudirect.com)

Thailand: Introducing a Voluntary National Retirement Savings Program

The Thai government has approved reductions in both employer and employee contributions to the nation's Social Security Fund for a six-month period effective July 1, 2009. These reductions have been introduced in an attempt to increase employees' disposable income and alleviate cost pressures for employers given the current global economic downturn. Employer and employee contributions have been reduced from 5 % to 3 % of wages until December 31, 2009. The government contribution rate will remain unchanged at 2.75 %. The Government of Thailand is also to consider the draft law that sets up a new national voluntary savings program which is aimed primarily at low-income workers, nearly 25 million people nationwide, estimated to lack any form of formal, long-term retirement savings. Citizens may apply for membership starting at age 20, with contributions matched by the government on an age-based sliding scale. Minimum contributions will be 100 baht (US\$2.94) per month, up to a maximum of 1,000 baht (US\$29.41). The government would contribute 50 baht (US\$1.47) per month for members aged 20-30, 80 baht for members aged 30-50, and 100 baht for those 50 to 60. Member contributions of more than 100 baht per month will not be matched by the government, but set aside in individual accounts for payment upon retirement. Early withdrawals may be made starting from age 50, up to a limit of 40% of a member's contributions and accumulated benefits. Upon retirement, participants would receive a monthly pension based on their accumulated contributions and investment earnings. Existing retirement programs in Thailand include 9 million people covered through the Social Welfare Fund, which is mandatory for workers at registered companies, another 2 million civil servants through the Government Pension Fund and up to two million private workers through voluntary provident funds and retirement funds. (ssa.gov)



Columbia: Introducing Life-Cycle Funds to Pillar II

On July 16, President Alvaro Uribe signed the Financial Reform Bill. This Bill's main objectives are financial consumer protection and the implementation of a multi-fund scheme for mandatory pensions which will broaden investment choices. Starting in 2011, pension fund management companies (AFPs) will be required to offer three types of funds – conservative, moderate and risky based upon affiliate's risk profile and age as well as the minimum required yield for each fund. Currently, AFPs are permitted to offer only one type of fund with limited investments. Another provision of the Law creates a mechanism to provide pension payments below minimum wage called Periodic Economic Benefits, for affiliates that had made contributions to the pension system and who have reached the minimum age but does not have enough funds to obtain a minimum pension payment. (ssa.gov)

Peru: Annuities Can Be Received in U.S. \$

Since September 1, Peru's Pillar II allows beneficiaries to choose between two retirement schemes payable in both Peruvian nuevos and in U.S. dollars. Under the mixed income option, the individual account balance is divided in two at retirement. Half of the assets go to an individual account in a fund managed by a pension fund management company and at retirement then paid out in nuevos, the other half goes into a fund administered by an insurance company which pays an annuity in U.S. dollars. A second option, the bi-monetary annuity allows a worker to purchase two annuities at the same time from one insurance company, one in each currency. Until this change, Peruvians could receive their retirement benefits payments only in the local currency. (ssa.gov, Watsonwyatt.com)

FUND STRATEGIES:

Russia: Members of Failed Pension Fund Transferred to Other Fund

Investors of the liquidated NPF 'Pension-Plus' will be transferred to the NPF 'First National Pension Fund', according to a regulation by the domestic regulator, the Federal Financial Markets Service. The 'First National Pension Fund' was established in 1992 and is in the top 10 largest Russian NPFs. 'Pension-Plus' lost its license in July 1 on the grounds of legal violations, together with another 15 funds. 13 other funds lost their license on other grounds. This mass annulment followed an audit by the regulator into the activities of about three dozen NPFs whose activities had been suspended earlier, pending audit results. (RiaNovosti, Prime-Tass, rosincom.ru)

U.S.: Pension Funds May Invest in Indian Infrastructure Projects

Indian Minister for Road Transport and Highways Kamal Nath announced that U.S. pension and private equity firms are interested in investing US\$80 billion to build roads and expressways. Over the next three years, investors will provide \$10 billion, buyout firms will finance construction works and pension funds will provide money for post-construction. These projects promise to be very profitable according to Mr. Nath's. According to estimates by Goldman Sachs, India will require

\$1.7 trillion to build infrastructure in the country over the next 10 years to support economic growth. The current Government has pledged to spend more on public works to whip up a sluggish economy. The Indian government is considering offering "mega projects" that would require giant bids of at least 1 billion each to attract large companies with the best technology. (Bloomberg.net)

Netherlands: Pensions Regulator Finds Funds Underestimate Risk

The Dutch pensions supervisor De Nederlandsche Bank (DNB) warned that ten pension funds underestimate the risks they expose themselves to in their investment policies, following an in-depth study. The risks are related to both external and internal factors, the regulator indicates. The risks relate to issues like an active investment policy, complex derivative transactions or the outsourcing of activities, Joanne Kellerman, pensions director at DNB explained. The regulator sent out a letter to ten pension funds explaining the current situation. More close attention should be paid to the investment policy and risk management of pension funds. So the special committee was organized to make investigation and draw recommendations for the future. Also, the regulator will take over some of the abovementioned issues. (IPE.com)

Netherlands: Pension Funds Now Considered as Companies

The Netherlands Competition Authority has decided that because pension funds are involved in economic activities, they should be treated as business ventures. This means they are now subject to anti-monopoly and competition regulations, and thereby prohibited from forming cartels, for instance, and their gross contributions will count as their turnover. If two pension funds that received contributions of at least EUR 30 million decide to merge, they have to notify the Netherlands Competition Authority. (WatsonWyatt.com)

Romania: PF Needs to Rethink Their Portfolio Allocation towards Equity

Private pension funds should reallocate their investments and set a priority of investing their money into the stock market instead of government securities and corporate bonds, Mircea Oancea, chairman of the Private Pension System Supervisory Commission (CSSPP), the domestic regulator, said. The reason for such a shift is that the yields of government securities will go down next year. At the end of August, the 440 million euro assets of the Pillar II funds were 58% invested in Government securities, 20% in corporate bonds, and 6% in listed shares. Oancea pointed out that if the funds invested 20% in listed shares, this would mean a 100 million inflow of capital on the domestic stock market. Investments of the pension funds on the stock market should reach at least 20% of assets, experts say. (ziarul.ro)



ANALYSIS OF THE MONTH: PUBLIC/PRIVATE PARTICIPATION IN THE MANAGEMENT OF PILLAR II SYSTEMS

The table 2 below shows that when it comes to the management of Pillar II funds, the involvement of the state and private sectors can vary to a significant degree. The cooperation between public (State) and private sector ranges from one form where the State limits its role to providing only the legal framework and supervision, while collection, management and record-keeping is transferred to the private sector (in the person of non-state pension funds and asset management companies), and, to another form where the State or state institution performs all the abovementioned functions necessary for Pillar II on its own. Almost all countries with Pillar II schemes involve the private sector in asset management. However, contribution collection and record keeping are two functions predominantly entrusted to public institutions, as the table 2 shows.

Sometimes the public institution managing part of the Pillar II scheme also manages the Pillar I system (e.g. in Poland, Russia).

Some countries, like Latvia, stipulated a transfer period during which the Pillar II system was fully ran by the state. Only after that period private parties were allowed to participate. In other countries, like the Russian Federation, the individual always has the option to remain fully in the State system and more than 90% of workers appear to have made this choice by not opting out.

Editor's note: The main rationale for the involvement of private asset managers is that the public sector (the State) is prone to making sub-optimal, politically motivated, investment decisions. However, there is evidence that the advantage of the private sector in this respect can be negated by high costs of collection, administration and asset management. Some years ago The World Bank did a study, comparing the results of management by the State (including asset management) versus management by the private sector. The conclusion was that the losses by the State due to sub-optimal, politicized, decision making in asset management were more or less of the same magnitude as the losses of the private sector caused by high administration and transaction charges.

Table 2: Public/Private Participation in the Management of Pillar II Systems¹

Country	Collecting institution	Management of assets	Record-keeping
Latin America			
Argentina ²	Public, Federal Administration of Public Income	Private until 2008 (when the state nationalized pension funds)	Private, pension funds until 2008
Bolivia	Private, pension funds	Private, pension funds	Private, pension funds
Colombia ³	Private, pension funds	Private, pension funds	Private, pension funds
Chile	Private, pension funds	Private, pension funds	Private, pension funds
Costa Rica	Public, Social Security Institution (CCSS)	Public	Public, Social Security Institution (CCSS)
El Salvador	Private, pension funds	Private, pension funds	Private, pension funds
Mexico	Public, Mexican Social Security Institute ⁴	Private, pension funds	Private, pension Funds
Peru	Private, pension funds	Private, pension funds	Private, pension funds
Uruguay	Public, Social Security Bank (BPS)	Private, pension funds	Private, pension funds
Central/Eastern Europe/Central Asia			
Bulgaria	Public, National Revenue Agency	Private, pension funds	Private, pension funds
Estonia	Public, Central Registrar for Securities, the Estonian Central Depository for Securities, (ECSD) ⁵	Private, pension funds	Public, Central Registrar for Securities (CRS), the Estonian Central Depository for Securities, (ECSD)
Latvia ⁶	Public, State Social Insurance Agency (SSIA)	Public during transition period, then private: the State Treasury managed investments for the first 18 months after introducing Pillar II. After that it handed gradually management over to private institutions	Public, then private after transition period expires
Kosovo ⁷	Public, Kosovo Pension Savings Trust	Public, Kosovo Pension Savings Trust	Public, Kosovo Pension Savings Trust
Croatia ⁸	Public, Central Registry For Insured Persons (REGOS)	Private, pension funds	Public, Central Registry For Insured Persons (REGOS)
Hungary	Pension funds	Private, pension funds	Private, pension funds
Kazakhstan	Public, State Pension Payment Center (SPPC)	Private, pension funds	Public, State Pension Payment Center (SPPC)
Russian Federation	Public, Pension Fund of Russia (PFR) (through taxation ⁹)	Private asset managers and private pension funds, (less than 10%) public (PFR; more than 90%), based on individual choice	Private pension funds, (less than 10%), Public (PFR; more than 90%), based on individual choice
Romania ¹⁰	Public, National House of Pensions (CNPAS)	Private, pension funds	Private, pensions funds
Poland	Public, Social Security Institution	Private, pension funds	Private, pension funds
Slovakia	Public, Socialna Poistovna, the Social Insurance Agency ¹¹	Private, pension funds	Private, pension funds



Country	Collecting institution	Management of assets	Record-keeping
Macedonia ¹²	Public, Pension Disability and Insurance Fund of Macedonia (PDIF)	Private, pension funds	Public, Pension Disability and Insurance Fund of Macedonia (PDIF)
Kyrgyzstan ¹³	Planned reform from 2010: Public	Planned reform: first public during a transition period of two years, then private through pension funds after 2012	No data available
Other			
Australia	Private, pension funds	Private, pension funds	Private, pension funds
Sweden	Public, Premium Pension Authority (PPM)	Private: fund managers have one customer, the PPM who transfers the pension assets for management	Public, Premium Pension Authority (PPM)

¹ Unless mentioned otherwise, source is Tapia, W. and Yermo J.(2008), “Fees in Individual Account Pension Systems: A Cross-Country Comparison”, OECD Working Pers on Insurance and private Pensions, No 27, OECD Publishing

² No info on current re-nationalized design

³ See World bank working paper on Colombia’s reform at WB website web.worldbank.org

⁴ See U.S. Social Security Administration documents, <http://www.ssa.gov/policy/docs/progdesc/ssptw/2006-2007/americas/mexico.html> and Mexican agency website <http://www.imss.gob.mx/>

⁵ See Estonian pension administration website <http://www.pensionikeskus.ee/?id=1791>

⁶ See Allianz country report <http://publications.allianzgi.com/en/PensionResearch/CountryDatabase/Documents/CEE/Latvia2007.pdf>

⁷ See trust website <http://www.trusti.org/trusti/Home/tabid/36/language/en-US/Default.aspx>

⁸ REGOS website <http://www.regos.hr/default.aspx?id=209>

⁹ This is planned to be changed, where the PFR will have to do the collection itself from 2010

¹⁰ Law on mandatory pensions at <http://www.privatepensions.ro/Mandatory-Pensions-Law-2nd-pillar-article-1-4.htm>

¹¹ <http://www.socpoist.sk/?lang=en>

¹² Law on mandatory fully funded pension insurance, 2006. see website of the national regulator <http://www.mapas.gov.mk/>

¹³ See Concept of the reform dated September 2008 on official social Fund website <http://www.sf.kg/law13.aspx>

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The USAID Capital Markets Project (CMP) was launched in October 2005, and is a five-year program designed to assist the country in developing a vibrant and effective financial sector. This effort will promote sustained economic growth and reduce the costs and risks to a sound pension system. You can find out more on the CMP website www.capitalmarkets.kiev.ua or on the website about pension reform in Ukraine: www.pension.kiev.ua

USAID’s assistance focuses on the following areas: Economic Growth, Democracy and Governance, Health and Social Sector. Since 1992, USAID has provided \$1.6 billion worth of technical and humanitarian assistance to Ukraine to further the processes of democratic development, economic restructuring and social sector reform in the region. For additional information about this and other USAID programs in Ukraine, please call USAID’s Development Outreach and Communication Office, tel. (044) 492-7101 or visit the USAID website at: <http://ukraine.usaid.gov>.