

The 7th Pension Experts Meeting in Asia and the Pacific

20-21 November 2012, Seoul



OECD/Korea Policy Centre

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OECD Korea Policy Centre

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The 7th Pension Experts Meeting in Asia/Pacific Region Seoul, Korea, 20-21 November 2012 Invitation

Dear Sir/Madam,

We, OECD-Korea Policy Centre through its Health and Social Policy Programme, are pleased to invite you to participant in the upcoming pension experts meeting in Asia/Pacific region in 20 - 21 November 2012 at Hotel Stanford in Seoul, Korea.

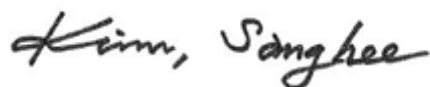
This meeting will discuss the pension challenges faced by many countries. Examples will be drawn from both the OECD and the Asia/Pacific region. Delegates will share their experiences and provide details of what has happened within their country. Initial results for the 2013 edition of Pensions at a Glance - Asia/Pacific will be discussed. Further expansion of the report will be discussed both regarding the list of indicators and the inclusion of special chapters. A draft agenda for the experts' meeting is attached. A revised agenda and general information for participants will be available closer to the meeting's date.

We would appreciate receiving the registration form no later than 26 October 2012 to Ms Heo, Ji Hye (minerva78@oecd-korea.org; tel. 82-2-3702-7144). Please be issued a visa and get traveler's insurance individually.

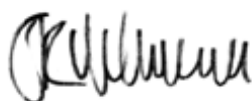
Thank you very much and we look forward to a favorable reply.

Yours,

Sincerely,

Handwritten signature of Sang Hee Kim in cursive script.

Sang Hee Kim, Director General, Health and Social Policy Programme,
OECD/Korea Policy Centre

Handwritten signature of Edward Whitehouse in cursive script.

Edward Whitehouse, Head of Pensions, Social Policy Division, OECD

The 7th Pension Experts Meeting

To be held at the Stanford Hall, Stanford Hotel in Seoul
(20-21 November, 2012)

Program/Agenda

DAY 1

Starting at 09.00 and ending at 17.50

20 November 2012		Session 1
		Chair : Andrew Reilly
09.00 – 09.30	Registration	
09.30 – 09.40	Welcome	
	Sang Hee Kim Director General, OECD Korea Policy Centre	
09.40 – 10.30	<i>Pensions in OECD countries – what has happened and what are the future plans?</i>	
	Presentation by Andrew Reilly(OECD)	
10.30 – 11.00	<i>Promoting Fairness and Sustainability of Pension Systems in East and Southeast Asia</i>	
	Presentation by Donghyun Park(ADB)	
11.00 – 11.30	<i>Coffee Break</i>	
11.30 – 12.30	<i>What does the future hold for Asia?</i>	
	Presentation by Andrew Reilly(OECD)	
12.30 – 14.00	<i>Welcome Lunch</i>	

20 November 2012

Session 2

Chair : Andrew Reilly

14.00 - 14.40

Country Presentation (China)

Presentation by Shuyan Geng

14.40 - 15.20

Country Presentation (India)

Presentation by Ashish Aggarwal

15.20 - 15.50

Coffee Break

15.50 - 16.30

Country Presentation (Singapore)

Presentation by Ngee Choon Chia

16.30 - 17.10

Country Presentation (Sri Lanka)

Presentation by Anthony Abeykoon

17.10 - 17.50

Country Presentation (Thailand)

Presentation by Nawaporn Wiriyapunpong

DAY 2

Starting at 09.00 and ending at 12.00

21 November 2012

Session 3

Chair : Andrew Reilly

09.00 - 09.45

Initial results for Pensions at a Glance 2013

Presentation by Andrew Reilly(OECD)

09.45 - 10.15

Options for the future of Pensions at a Glance Asia/Specific

Presentation by Andrew Reilly (OECD)

10.15 - 10.45

Coffee Break

10.45 - 11.45

Discussion of the earlier results/options

11.45 - 12.00

Closing Remarks from OECD and OECD-Korea Policy Centre

Presentation Materials



Pensions in OECD countries – what has happened and what are the future plans?

Andrew Reilly
Pension analyst
Social policy division
OECD



7th Pension Experts' Meeting, 20th-21st November 2012, Seoul



1

Background to pension reforms: the 'crisis'



Phases of the crisis

- **Financial** crisis:

- pension funds' investments lost 23% of their value in 2008 in OECD countries
- positive returns in 2009 and 2010 (+4.5%), but turned negative in 2011H1 (-2.1%)

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- growth had been 3% in 2007 and 2007, zero in 2008
- GDP fell in 31/34 OECD countries by average of 3.8%
- unemployment increased from 6% in 2007 to 8.5% of workforce from 2009

Phases of the crisis

- **Economic** crisis:

- growth had been 3% in 2007 and 2007, zero in 2008
- GDP fell in 31/34 OECD countries by average of 3.8%
- unemployment increased from 6% in 2007 to 8.5% of workforce from 2009

- **Fiscal** crisis:

- deficits were 1.2% of GDP on average in 2006 and 2007
- increased to 8.5% in 2009, with 7 countries > 10%
- slow consolidation expected: still 5% forecast for 2013






2

Pension-reform measures: September 2007 to March 2012



	Coverage	Adequacy	Sustainability	Work incentives	Administrative efficiency	Diversification/ security	Other
Australia		•	•	•	•	•	•
Austria				•			
Belgium		•		•			
Canada		•				•	
Chile	•	•			•	•	•
Czech Republic		•	•	•		•	•
Denmark				•			•
Estonia			•	•	•	•	
Finland		•	•	•		•	•
France	•	•	•	•			
Germany	•	•		•			
Greece		•	•	•	•		•
Hungary			•	•			•
Iceland						•	•
Ireland	•		•	•		•	•
Israel	•					•	
Italy				•			
Japan	•				•		
Korea	•	•	•				
Luxembourg							
Mexico					•	•	
Netherlands						•	
New Zealand			•				•
Norway			•				•
Poland	•		•	•		•	•
Portugal	•			•			
Slovak Republic					•	•	•
Slovenia			•				
Spain		•	•	•			
Sweden		•			•	•	
Switzerland			•			•	
Turkey		•		•		•	
United Kingdom	•	•	•	•	•	•	•
United States							•



Coverage

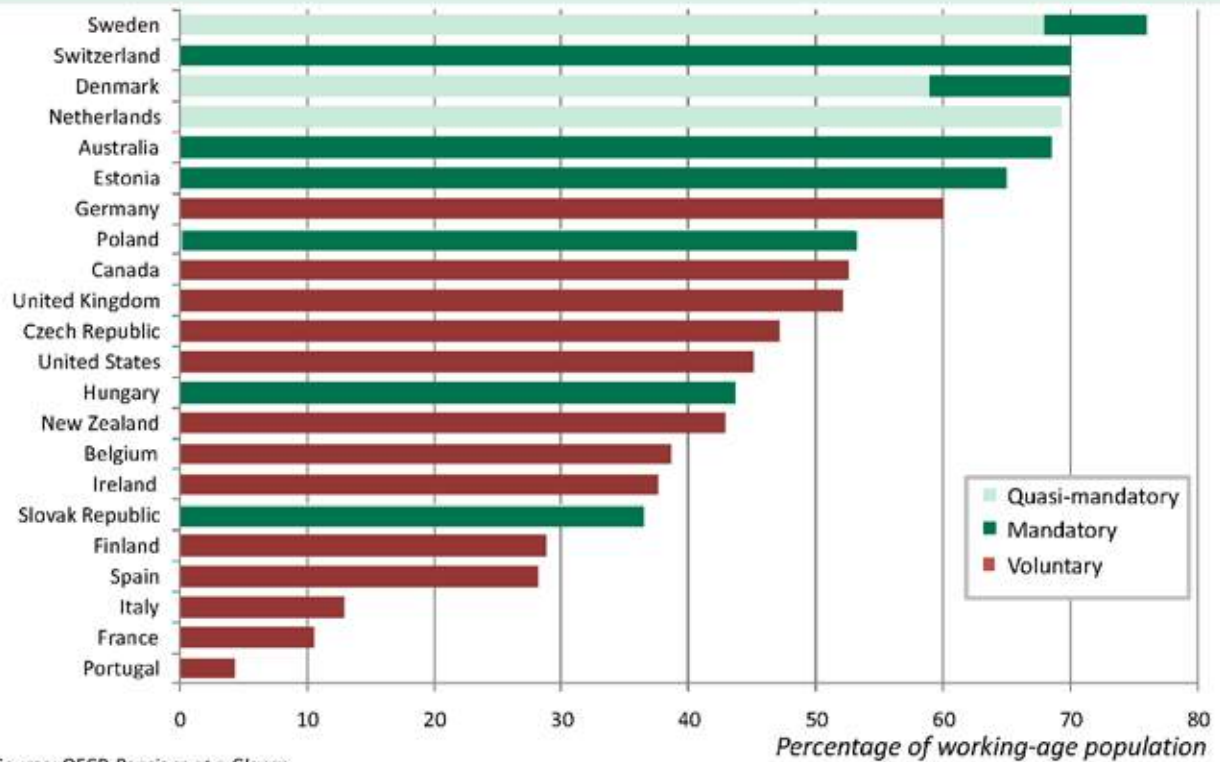
Coverage: issues

- Low coverage of formal pension systems in some OECD countries
- Voluntary private pensions are important complement to low public pensions in *e.g.* Canada, Ireland, UK, US
- Cuts in public pensions in other countries are implicit 'privatisation' of pensions

Coverage: reform measures

- About a third of OECD countries took action
- Public schemes:
 - France (recipients of maternity benefits)
 - Ireland (low earners)
 - Japan (self-employed)
- Private schemes:
 - extension of mandate to self-employed in Chile
 - tax incentives in Chile, Germany, Poland BUT reduced tax breaks in Australia, Ireland, New Zealand, UK
 - new centralised public scheme in Portugal
 - automatic enrolment in New Zealand and UK

Coverage of private pensions



4

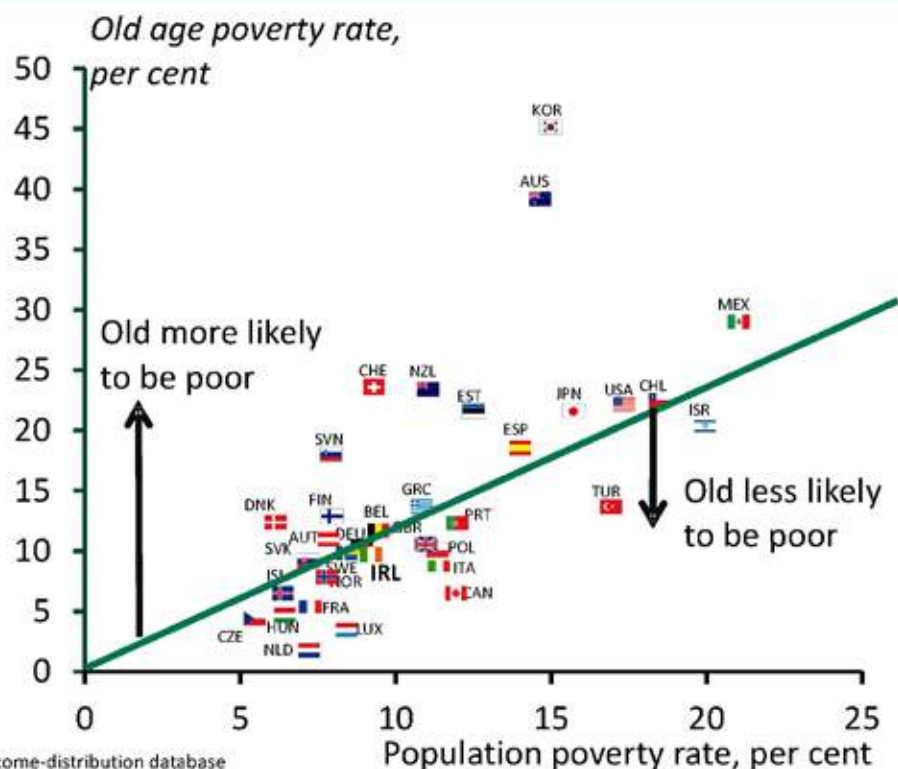
Adequacy



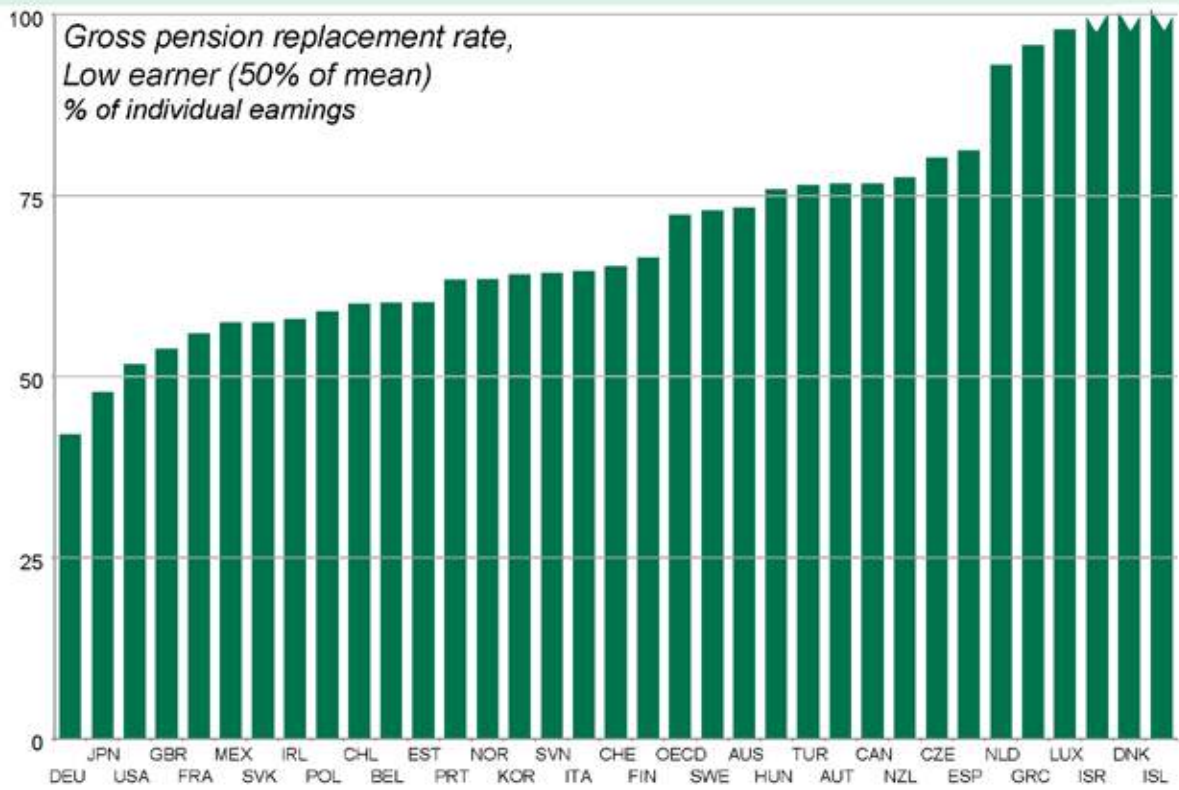
Adequacy: reform measures

- Increases in safety-net benefits in Australia, Belgium, Canada, Czech Republic, France, Korea and Spain
- New safety-net programmes introduced in Chile, Finland and Greece at much higher level
- Higher tax reliefs for pensioners in Finland and Sweden
- 'One-off payments' in Australia, Greece, the United Kingdom and the United States

Current adequacy: poverty rate



Future adequacy: replacement rate



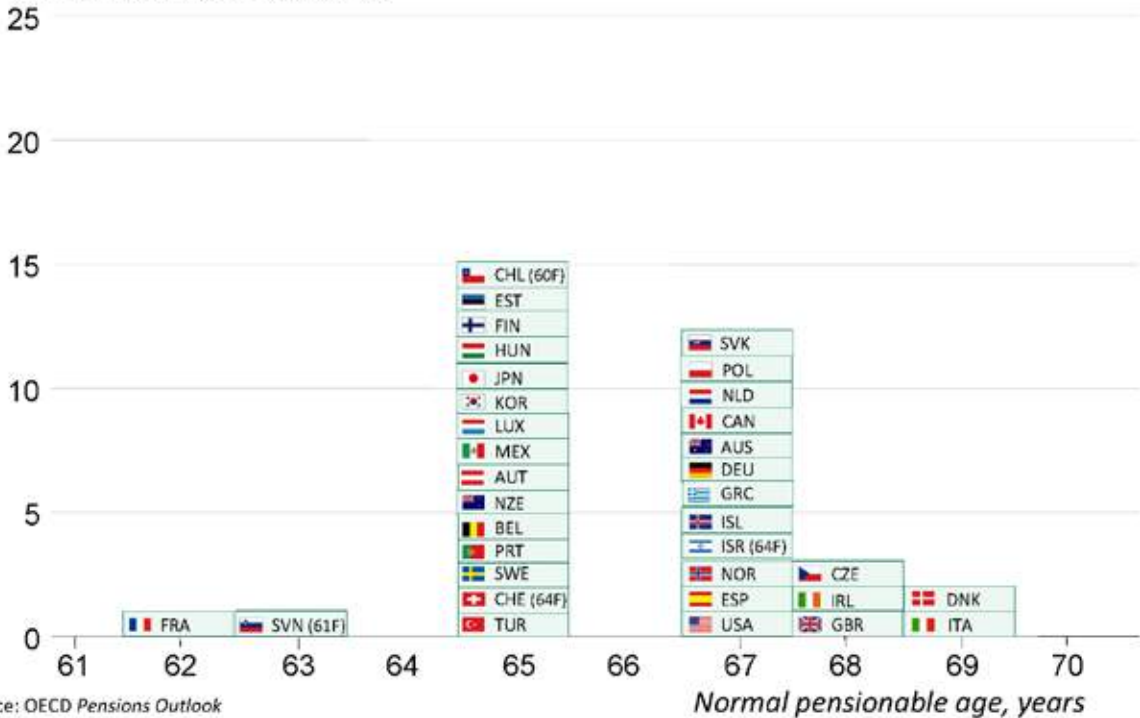
5

Live longer, work longer



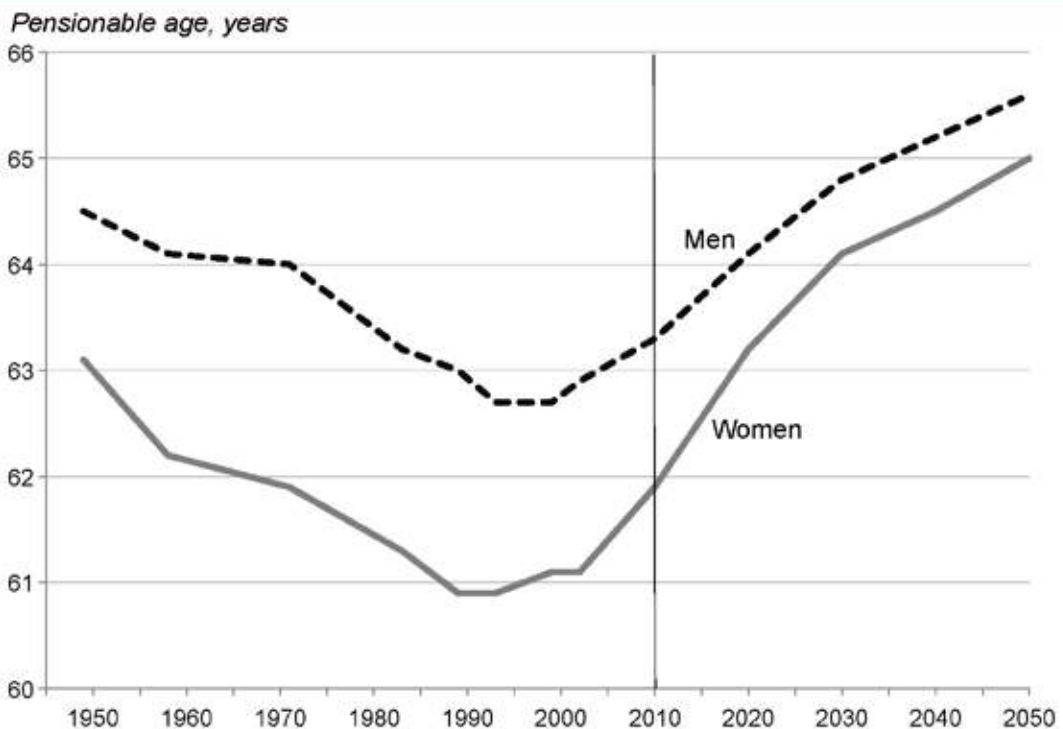
Normal pension age: long-term rules

Number of OECD-34 countries



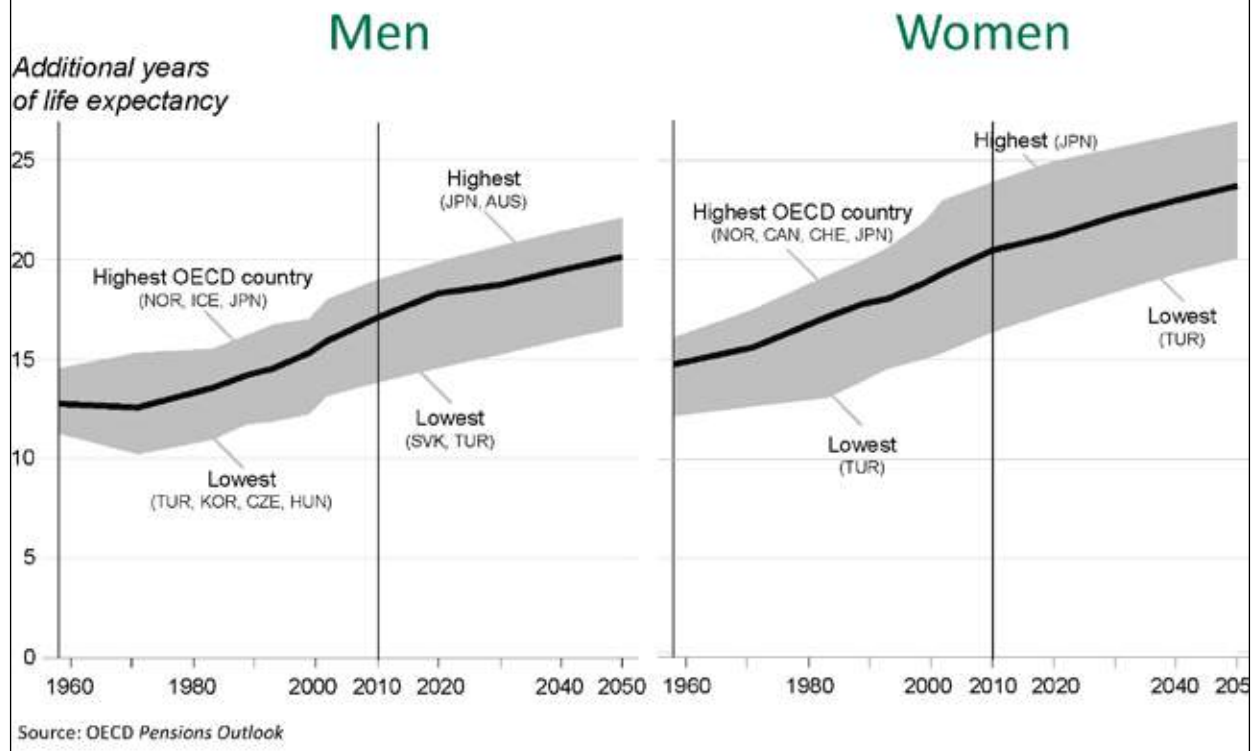
Source: OECD Pensions Outlook

Trends in pension ages: OECD average

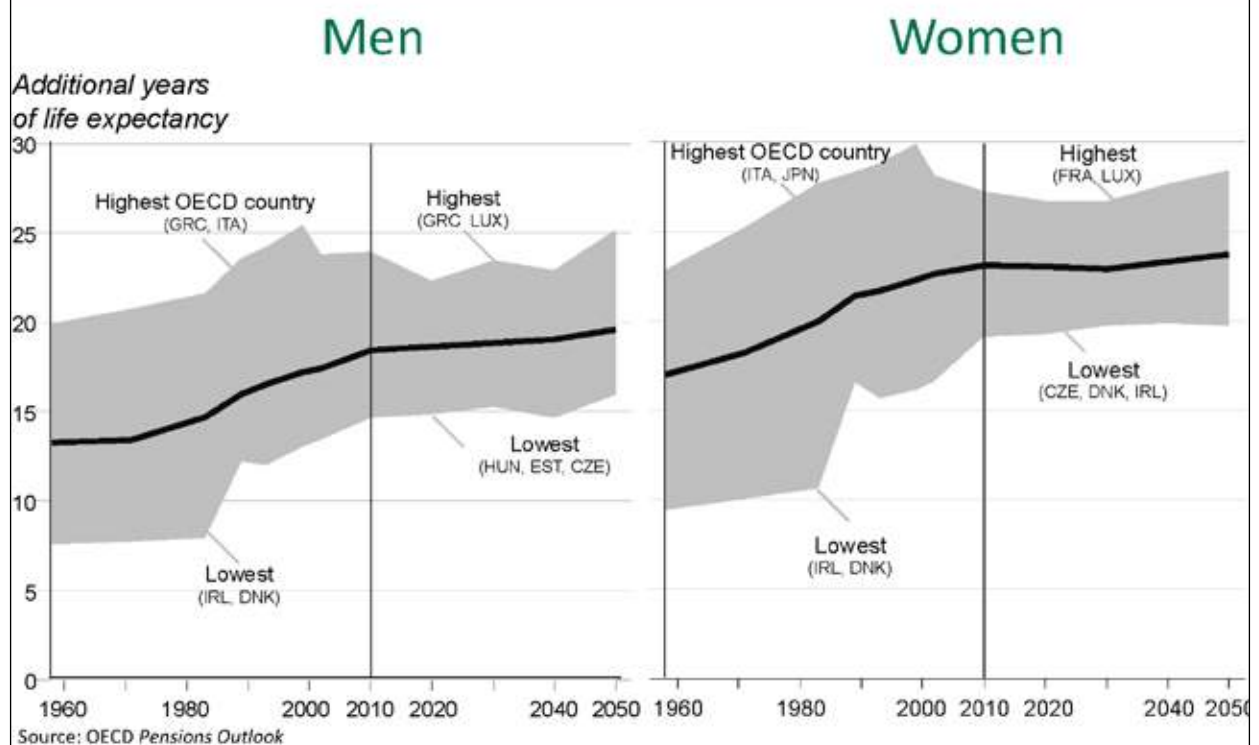


Source: OECD Pensions Outlook

Trends in life expectancy at age 65



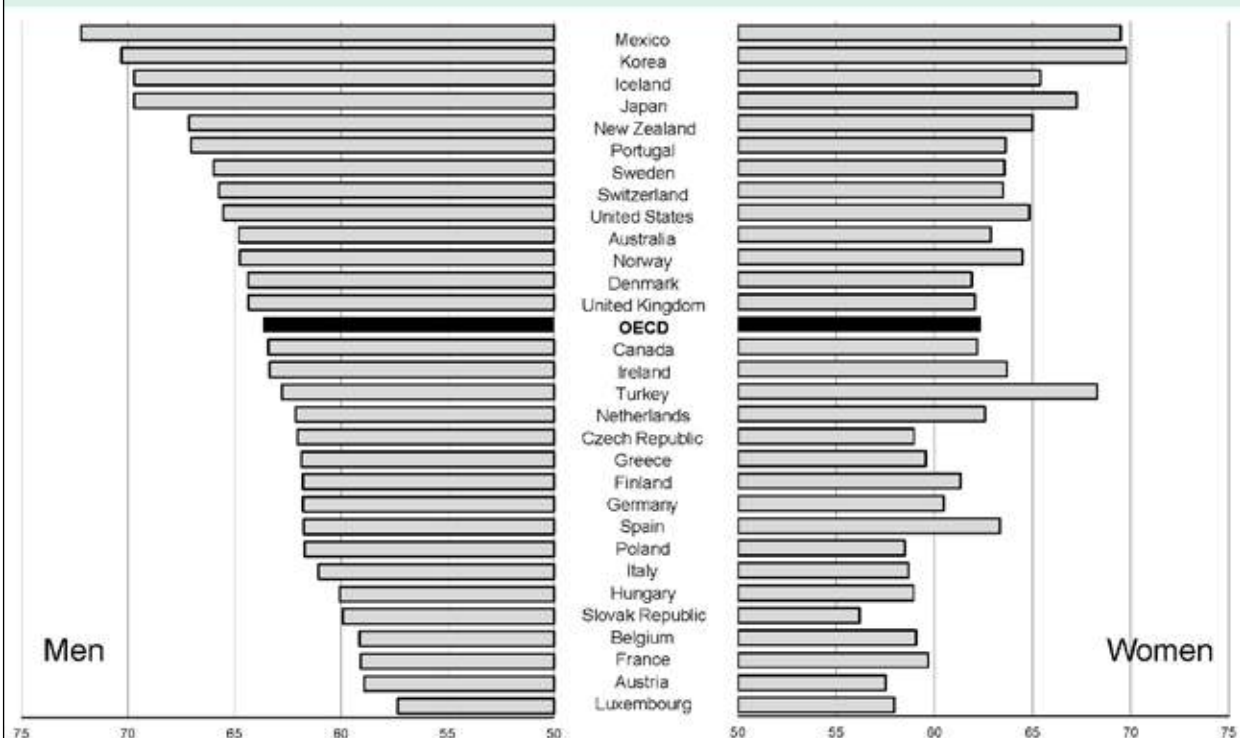
Life expectancy at pensionable age



Work incentives

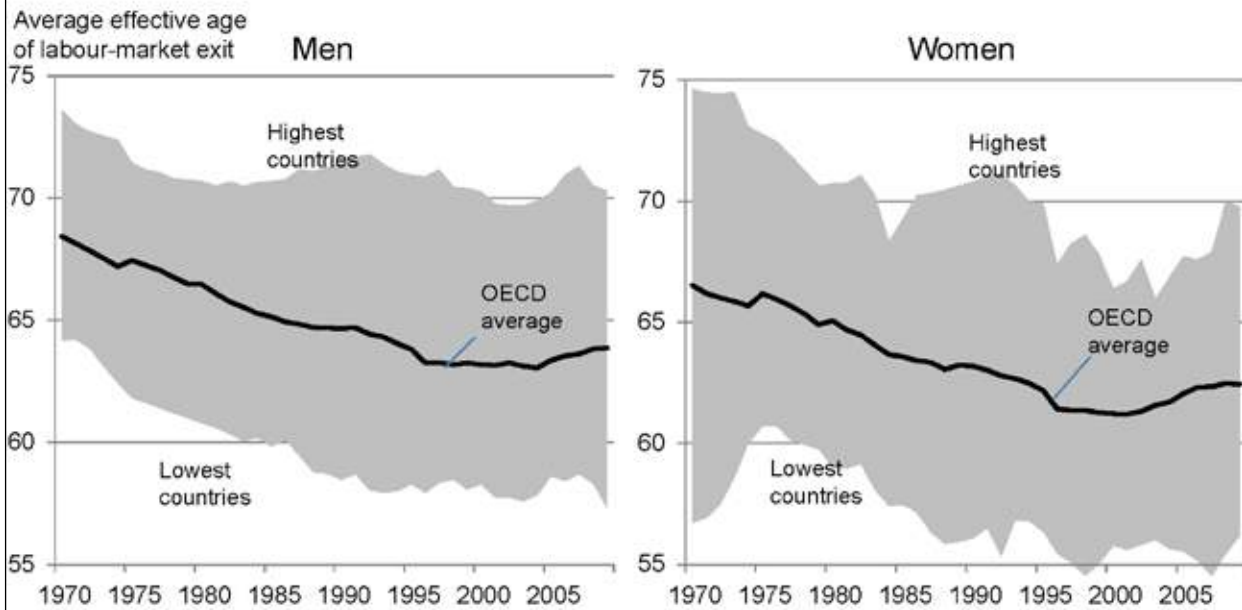
- 14 countries have taken other steps to prolong working lives
- Improve incentives after normal pension age:
 - France and Australia in pension system
 - Portugal and Sweden through taxes and contributions
- Tighter conditions for early retirement in Czech Republic, Denmark, Finland, France, Greece, Hungary, Poland and Spain

Effective retirement ages



Source: OECD Pensions at a Glance

Retirement trends



Source: OECD Pensions at a Glance



6

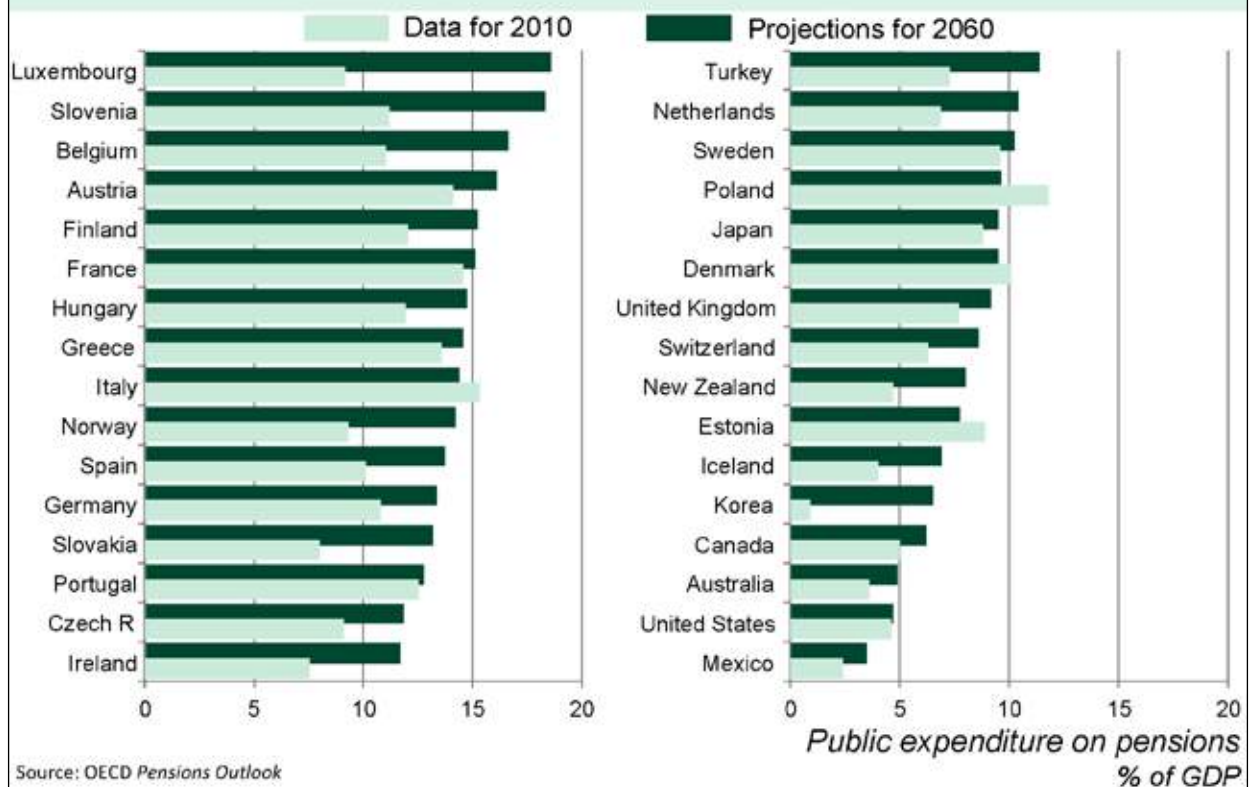
Sustainability



Fiscal and financial sustainability

- Improved work incentives and higher pension ages will reduce costs
- Direct benefit cuts remain rare: Korea and 13th month benefits (Greece, Hungary)
- Indirect cuts through indexation policy (Greece, Hungary, Norway) or changed earnings measure (Greece, Spain)
- Automatic-adjustment mechanisms

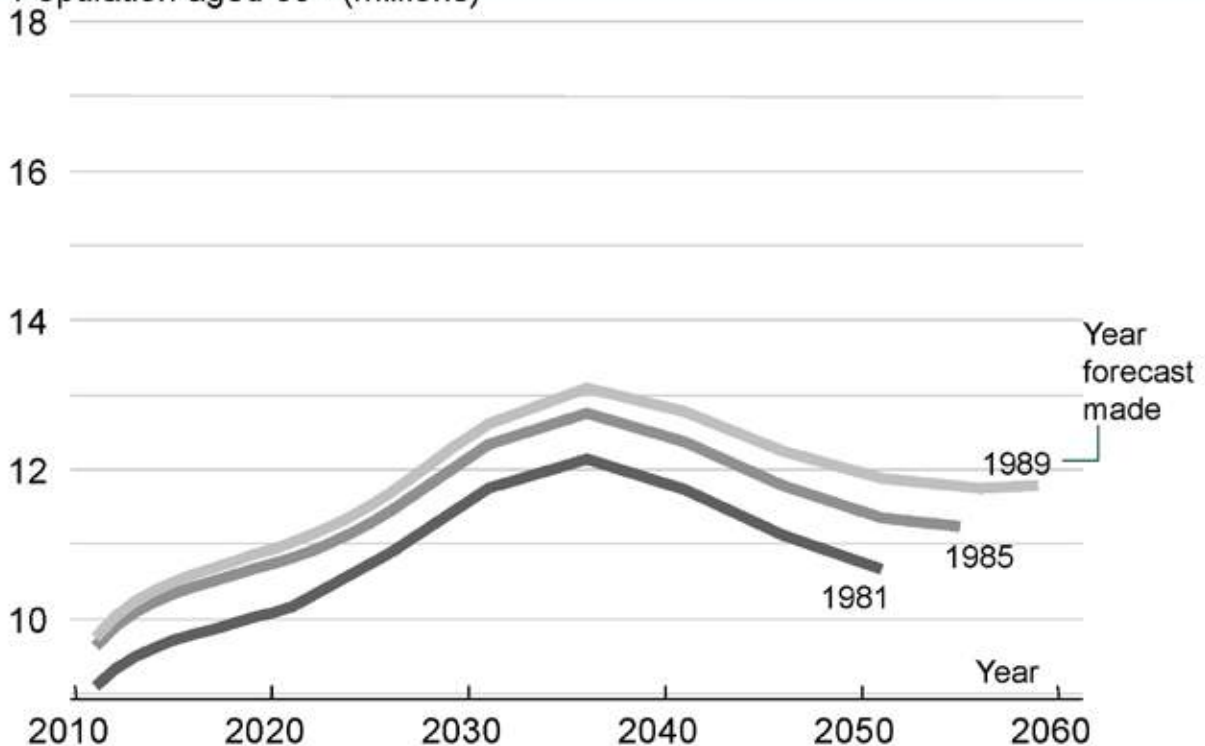
Financial projections



Putting pensions on auto-pilot

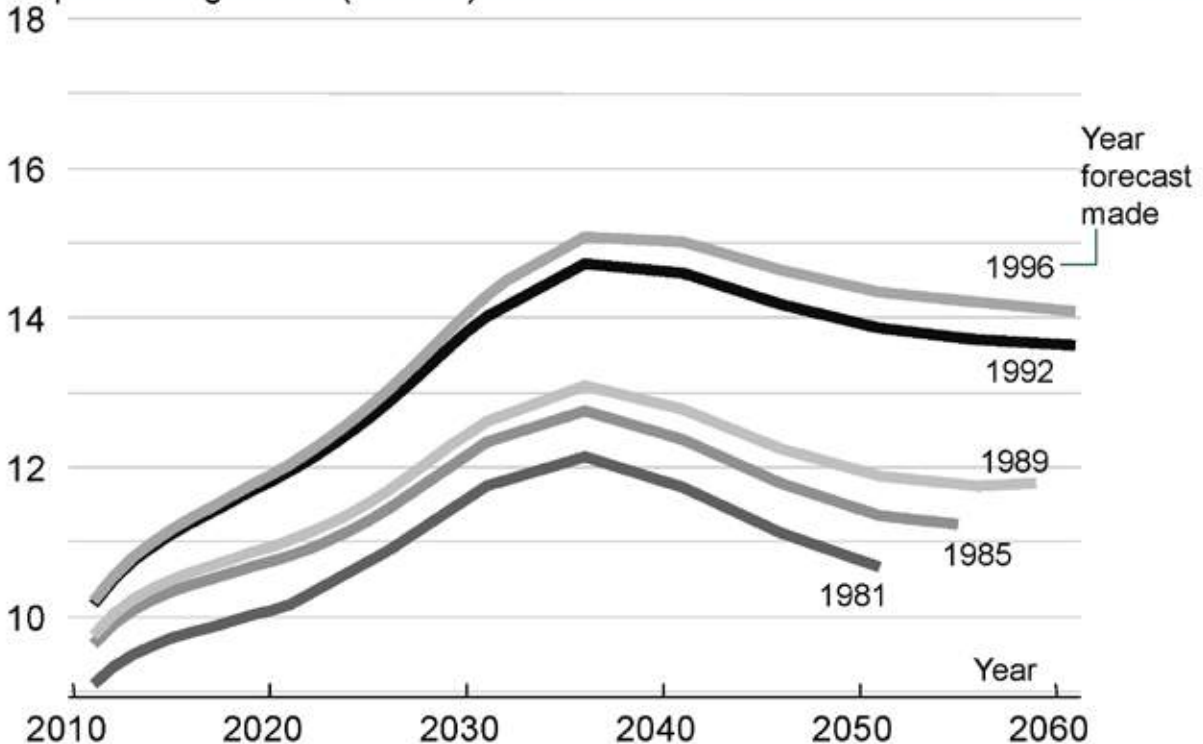
Forecast errors: UK example

Population aged 65+ (millions)



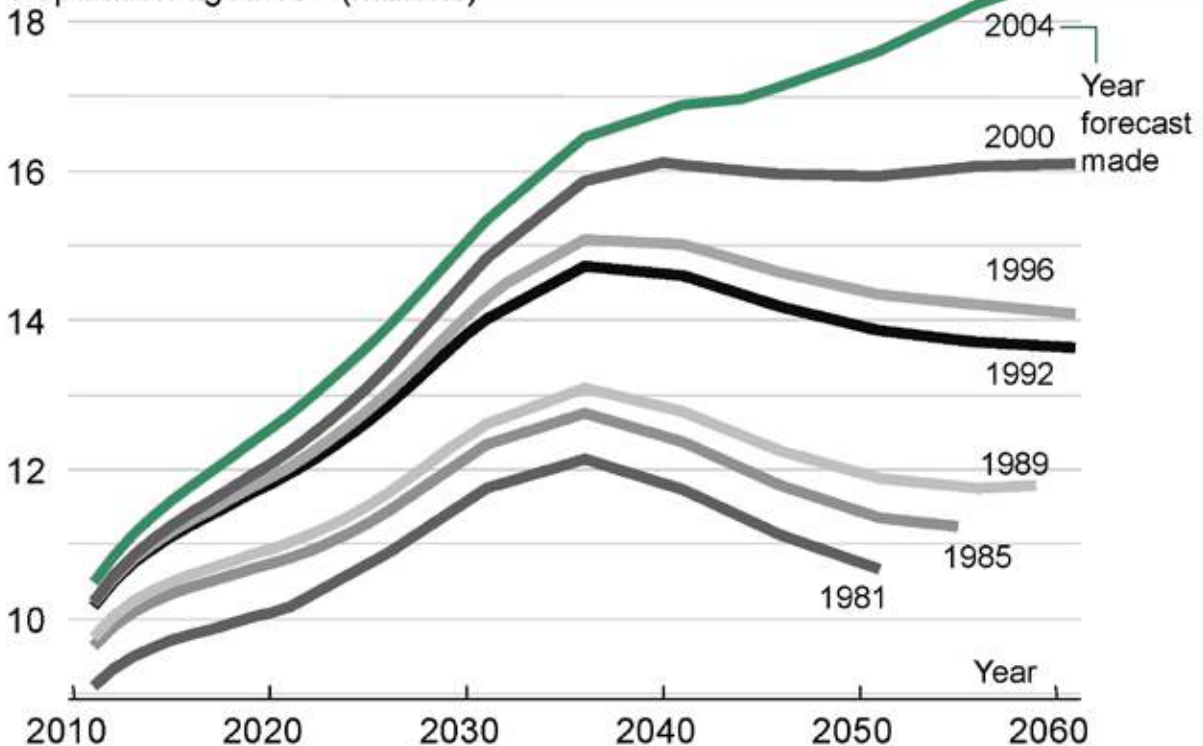
Forecast errors: UK example

Population aged 65+ (millions)



Forecast errors: UK example

Population aged 65+ (millions)



Life expectancy uncertainty

	Baseline	UN	OECD projection for 2050				
	2010	projection 2050	by percentile of the distribution of projected mortality rates				
			1st	25th	50th	75th	99th
Life expectancy at age 65 (years)							
Men	16.9	20.0	23.2	21.6	21.0	20.4	18.9
Women	20.5	24.0	26.9	25.5	24.9	24.3	22.9
Change from 2010 baseline (years)							
Men	0.0	+3.1	+6.3	+4.7	+4.1	+3.5	+2.0
Women	0.0	+3.5	+6.4	+5.0	+4.4	+3.8	+2.4

How is life-expectancy risk allocated?

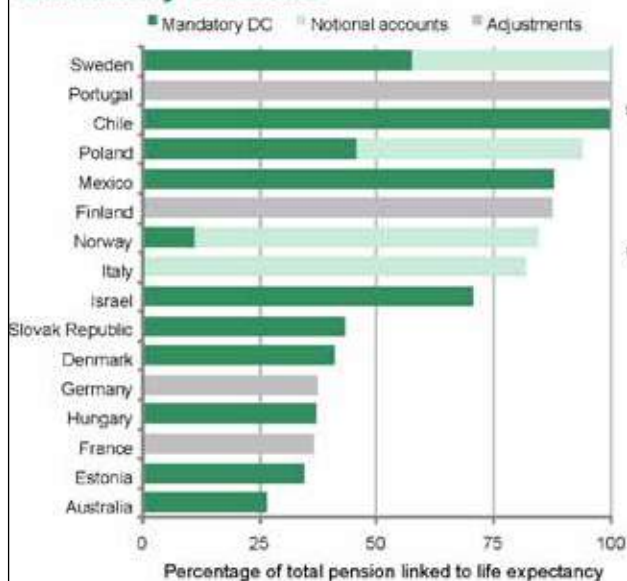
- Standard measures of pension entitlements:
 - replacement rate and pension wealth
- With a pure DB pension system:
 - replacement rate constant with changing life expectancy
 - pension wealth higher for higher life expectancy
- With a pure DC pension system:
 - replacement rate falls with higher life expectancy
 - pension wealth constant with changing life expectancy

Retirement incomes are a package

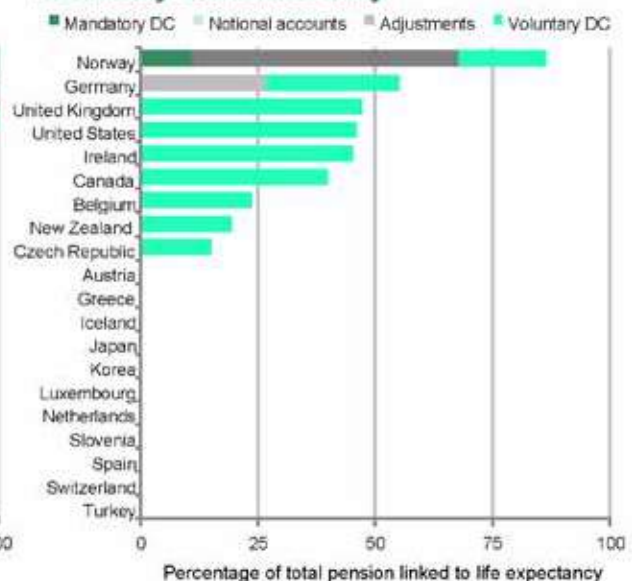
- Benefit levels **unaffected** by changing life expectancy
 - DB earnings-related, basic
- Benefit levels **affected** by changing life expectancy
 - DC, notional accounts
- Benefits levels **offset** reductions in other schemes
 - means-tested, minimum pensions

Index of pension links to life expectancy

Life-expectancy links in mandatory schemes



Life-expectancy link in voluntary schemes only



Source: OECD Pensions at a Glance

Administration and diversification

Administrative efficiency

- Improvements in public schemes in Greece and Japan
- Measures to reduce charges for private pensions in Australia, Chile, Estonia, Mexico, Slovakia, UK

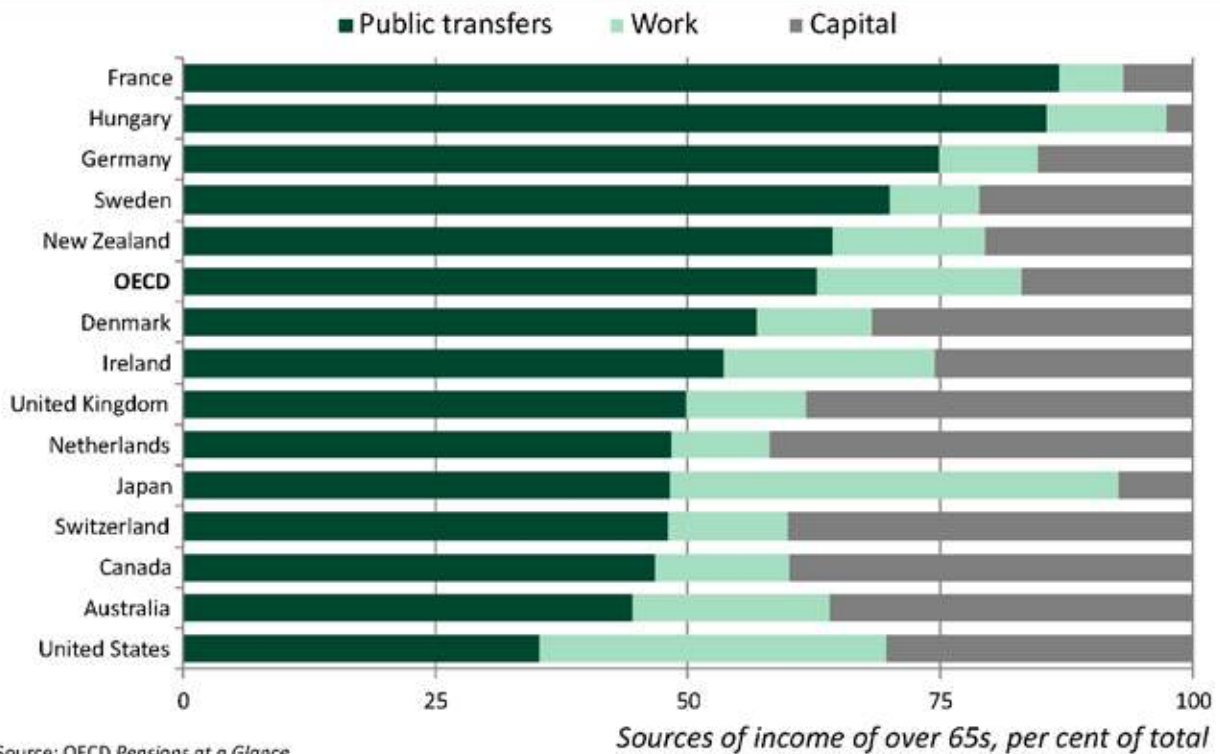
Diversification and security

- 'It is the part of a wise man to keep himself today for tomorrow, and not venture all his eggs in one basket' (Miguel de Cervantes, 1605, *Don Quixote*)
- Pay-as-you-go public pensions:
 - sustainable rate of return = earnings growth + employment growth
- Funded pensions
 - rate of return in capital market directly or indirectly affects pension value
- Think of pension package as a 'portfolio' of different 'assets'

Diversification and security: measures

- Greater investment choice and automatic switch towards less risky assets: Australia, Estonia, Mexico, Slovakia, UK
- Looser restrictions on investments: Canada, Chile, Mexico, Poland, Slovakia, Switzerland
- Stronger protection for people in insolvent defined-benefit plans: Canada, Ireland, Japan, UK
- Longer recovery periods for DB plans in Canada, Finland, Ireland, Netherlands, Norway and US

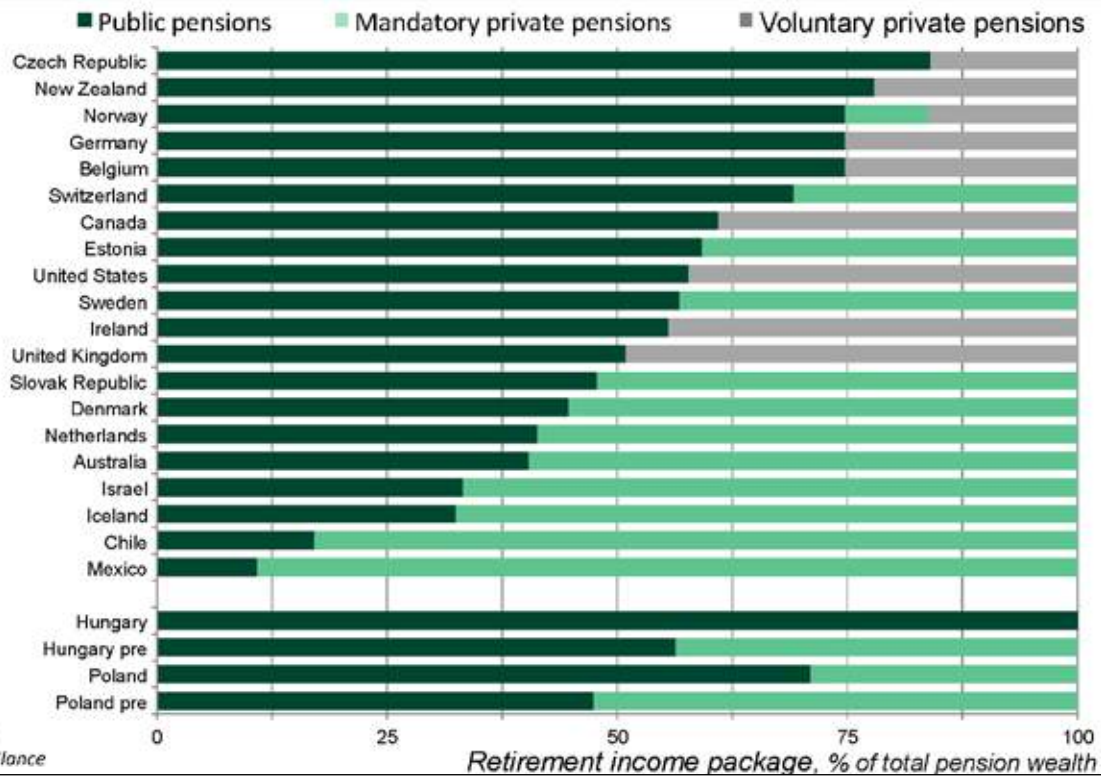
Diversification in incomes today



Going backwards?

- Reversals of systemic pension reforms:
 - full in Hungary
 - partial in Poland
 - temporary in Estonia and Slovakia
- BUT Czech Republic to introduce mandatory defined-contribution plans
- Public reserves: France, Ireland, New Zealand

Future diversification



9

Conclusions



Direction of policy

- Pace of reform accelerated during the crisis and beyond
- Balancing objectives of benefit adequacy and financial sustainability
- Need for longer working lives widely accepted
- But cuts in public benefits to achieve financial sustainability leaves 'pension gaps'
- Need for greater private pension saving
- Targeting of public benefits in most vulnerable

Future work

- Pensions at a Glance: Latin America and Caribbean
Una Mirada a las Pensiones: América Latina y el Caribe
- Special chapters
 - economic well-being of older people
 - coverage and contribution density
 - future adequacy of retirement incomes
 - role of social pensions
- Indicators
 - demographics, pension entitlements, expenditure private pensions (assets, investments, charges)



Pensions at a Glance
RETIREMENT-INCOME SYSTEMS IN OECD AND G20 COUNTRIES

andrew.reilly@oecd.org
www.oecd.org/els/pensionsystems



The image shows the cover of the 'Pensions at a Glance 2011' report. It features a collage of three previous covers (2007, 2009, 2011) on the left. The 2011 cover is the largest and shows a hand holding a gold coin over a green landscape. The title 'Pensions at a Glance' is in green, and the subtitle 'RETIREMENT-INCOME SYSTEMS IN OECD AND G20 COUNTRIES' is in blue. The OECD logo is at the bottom right. A horizontal strip of G20 country flags runs across the middle of the page.

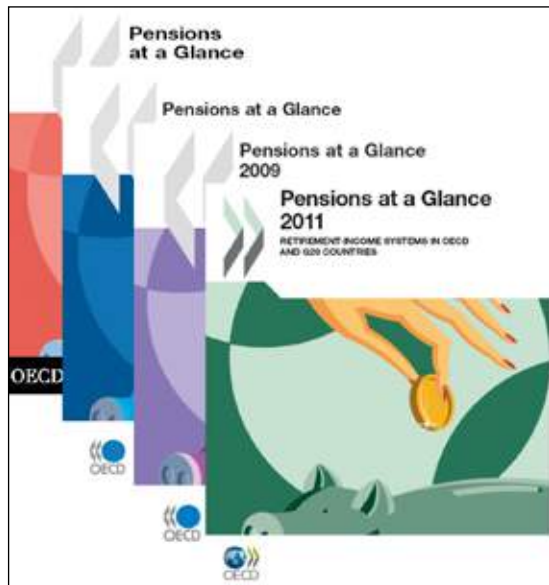


Pensions at a Glance
RETIREMENT-INCOME SYSTEMS IN OECD AND G20 COUNTRIES

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www.oecd.org/els/pensionsystems



This is an identical copy of the slide above, featuring the same collage of report covers, title, contact information, OECD logo, and G20 flag strip.



Pensions at a Glance

RETIREMENT-INCOME SYSTEMS IN
OECD AND G20 COUNTRIES

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www.oecd.org/els/pensionsystems



Promoting Fairness and Sustainability of Pension Systems in East and Southeast Asia

Dr. Donghyun PARK,
Principal Economist, Economics and Research Department,
Asian Development Bank (dpark@adb.org)
7th OECD Pension Experts Meeting for Asia Pacific Region
Seoul, 20-21 November 2012

Outline of Presentation

- Introduction to ADB research project TA 7357 Developing Asia's Pension Systems: Overview and Reform Directions
- First output of TA 7357 = *Pension Systems and Old-Age Income Support in East and Southeast Asia: Overview and Reform Directions*, published in January 2012
- Second output of TA 7357 = *Pension Systems in East and Southeast Asia: Promoting Fairness and Sustainability*, published in September 2012
- Policy options for promoting fairness and sustainability

Introduction to TA 7357

- The ADB research project which funded this book is TA (technical assistance) 7357 Developing Asia's Pension Systems: Overview and Reform Directions
- The research project grew out of and is based on:
 - Discussions with OECD pension modeling team during OECD pension conference in Seoul in June 2008
 - ADB Economics Working Paper no.165 Ageing Asia's Looming Pension Crisis
- The two outputs of TA 7357
 - *Pension Systems and Old-Age Income Support in East and Southeast Asia: Overview and Reform Directions*
 - *Pension Systems in East and Southeast Asia: Promoting Fairness and Sustainability*
- Research team --- ADB staff and country experts

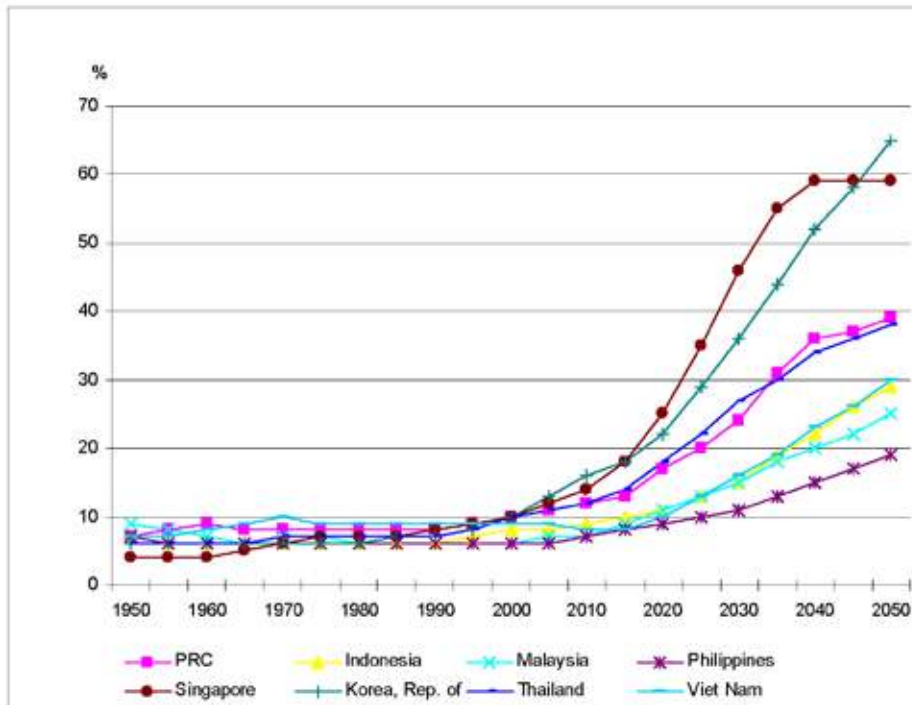
3

Introduction to TA 7357: Why?

- Old-age income support will be one of developing Asia's biggest social and economic challenges in the 21st century
- This is largely due to a seismic demographic transition – i.e. population ageing
- Population ageing is an Asia-wide phenomenon, but there are major differences across sub-regions.
 - More advanced in East Asia and Southeast Asia than in South Asia
- At the same time, traditional family-based old-age support is being eroded due to extensive socio-economic changes
- In contrast to OECD countries, Asia does not yet have mature, well-functioning pension systems.

4

Figure 1
Ratio of Population Aged ≥65 to Population Aged 15-64, 1950-2050



5

First pension book: outline

- Overview: why does Asia need well-functioning pension systems?
- Country chapters
 - PRC, Indonesia, Korea, Malaysia, Philippines, Singapore, Thailand, Viet Nam
 - Overview: current state of pension system
 - Diagnosis: key weaknesses and challenges
 - Policy options
- Policy options chapter
 - Three most salient country-specific options
 - Common region-wide themes for pension reform
- Appendix chapter on pension modeling results
 - Contributed by OECD pension modeling team – e.g. computation of replacement rates

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Table 1
Pension Age and Basic Structure of Pension Systems, 2007

Country	Pension Age (Years)	Difference Between Life Expectancy and Pension Age (Years)		Defined Benefit or Defined Contribution	Element of Income Redistribution
		Male	Female		
China	60 (55)	11.3	19.8	Defined Benefit, Defined Contribution, and Notional Defined Contribution	Yes
Indonesia	55	13.7	17.7	Defined Contribution	No
Korea	65	10	17.2	Defined Benefit	Yes
Malaysia	55	17	21.7	Defined Contribution	No
Philippines	65	4.5	8.9	Defined Benefit	Yes
Singapore	62	16	19.9	Defined Contribution	No
Thailand	55	11.5	20	Defined Benefit	No
Vietnam	60 (55)	12.3	21.2	Defined Benefit	No

7

First pension book: diagnosis

- The biggest failure of Asian pension systems is inadequate coverage - they *cover only a limited part of population*.
- The share of the labor force which is covered by pension systems ranges from 13.2% to 58%.
- The coverage rate for working-age population ranges from 10.8% to 40%.
- In advanced economies, pension systems typically cover around 90% of the labor force and between 60% and 75% of the working-age population.
- Even in high-income Asian countries such as Korea, coverage falls well short of developed-country levels.

Figure 2
Share of Labor Force Covered by Pension Systems and
Share of Population Aged 15-64 Covered by Pension Systems, 2007

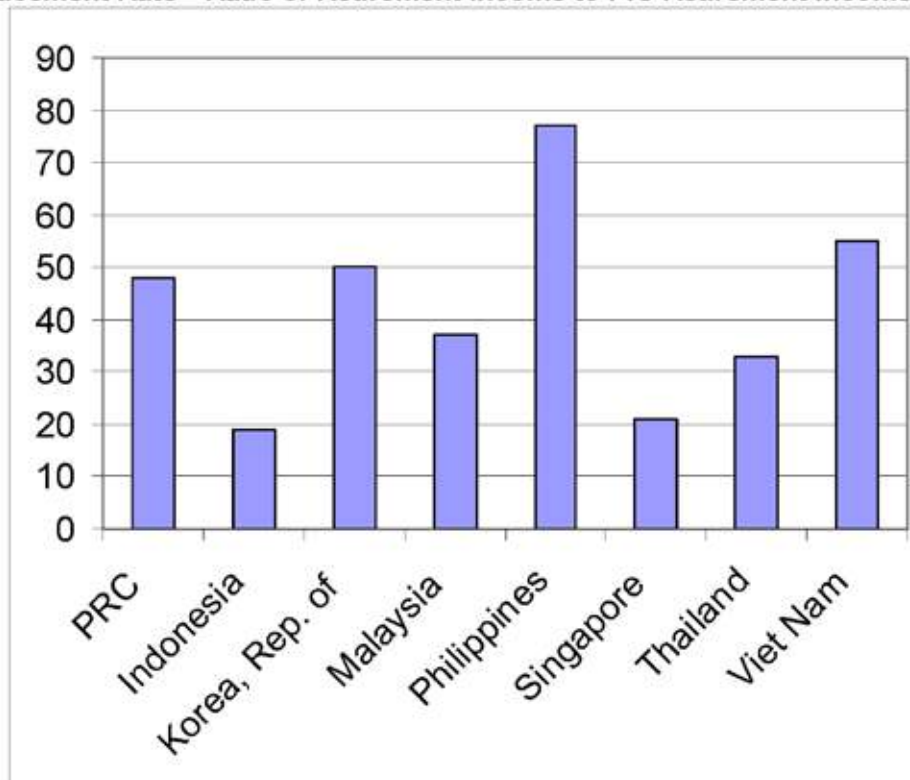


9

First pension book: diagnosis

- Asian countries also perform poorly with respect to the replacement rate, or the ratio of retirement income to pre-retirement income.
 - Replacement rate is a widely used measure of the adequacy of pension benefit as a source of post-retirement income.
 - Pension experts generally recommend a replacement rate of between 66 to 75%, adjusted for both longevity and inflation risks.

Figure 3
Replacement Rate—Ratio of Retirement Income to Pre-Retirement Income, 2007



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First pension book: country-specific reforms

- The diagnosis of the current state of Asian pension systems makes it abundantly clear that there is an urgent case for pension reform throughout the region.
 - Without major reform, the region's pension systems cannot deliver adequate old-age income support in face of population aging and structural shifts.
- Given the great deal of heterogeneity among the eight countries, both in terms of their overall socio-economic development and the development of their pension systems, we can expect the policy options for pension reform to differ substantially across countries.
 - We set forth the most salient country-specific policy options for building up stronger and better pension systems which can deliver economic security throughout retirement.

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First pension book: PRC reforms

- Improve transparency and governance
 - For both state and private sector systems
 - Government to make available timely and accurate information widely available
- Extend pension participation
 - Improve compliance in the urban system.
 - Proceed with implementation of the new Rural Pension System implementation.
- Raise normal retirement age (NRA)
 - First step is to raise female NRA to age 60
 - Make actual retirement age flexible, but with fully enhanced pensions for late retirement and appropriately reduced pensions for early retirement.
 - Then gradually raise NRA for both males and females to age 65 over the next 25 years.

13

First pension book: Asia-wide reform themes

- While policy options for pension reform are inevitably country-specific, a number of common themes which have resonance for pension reform throughout the region emerge from the analysis of the eight country chapters
- We now outline some of those recurrent region-wide themes in pension reform.
 - In terms of the sequencing of pension reform in developing Asia, the eight reforms have been arranged in terms of urgency, with the first being the most urgent.

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First pension book: Asia-wide reform themes

- Draw up a national blueprint for old-age income support
- Build a national consensus on old-age income support through constant dialogue
- Set up an independent National Social Security Council (NSSC)
- Improve transparency, accountability and professionalism
- Promote equity and sustainability
- Achieve adequate retirement income
- Mitigate old-age poverty
- Achieve higher returns on pension assets

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First pension book: final observations

- Pension reform must be part of policy package
 - Successfully raising the retirement age requires flexible labor markets
- Pension reform can speed up reform in other areas
 - Fully funded pension schemes can contribute to bigger, deeper and more liquid financial markets
- East and SE Asian countries have traditionally prioritized growth over social protection
 - However, putting off pension reform is no longer an option
- Building up a good pension system entails large opportunity costs
 - In particular, less resources available for meeting the needs of the non-elderly population

16

Second pension book: origins

- Research team explored the possibility of taking a closer look at key aspects of Asian pension systems
 - Fairness or equity
 - Sustainability
- Fairness
 - In Asian countries, some segments of the population enjoy more generous pension conditions – e.g. civil servants
- Sustainability
 - Pension systems of many Asian countries will not be able to honor their future promises without significant reform

17

Second pension book: introduction

- Demographic change poses two huge socio-economic challenges for developing Asia
 - Sustain rapid growth in the face of less favorable demographics
 - Demographic dividend is set to decline
 - Deliver affordable, adequate and sustainable old-age economic security
 - Region's fast-growing elderly population makes this imperative
 - The two strategic objectives sometimes come into sharp conflict with each other, and necessitate tough trade-offs
 - For example, expansion of public transfers to the elderly will reduce fiscal resources for health, education and infrastructure which affect growth

18

Second pension book: introduction - fairness

- There is a great deal of disparity in terms of coverage, level of net benefits, and retirement age.
- For example, to attract personnel into the civil and the military service, their pension benefits are often more generous than those of the rest of the population.
 - In some cases, beneficiaries contribute relatively little into these systems further enhancing their net benefits to the extent that they can pose a risk to fiscal sustainability
- Another major disparity is between urban and rural areas
- Intra-generational disparities also arise between the formal and informal employment sectors

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Second pension book: intro - sustainability

- If fairness deals with intra-generational disparities, sustainability addresses inter-generational disparities.
- In Asia, as in other parts of the elsewhere, defined benefit pension schemes tend to be pay-as-you-go and are not sustainable in the long run
 - Little or no link between contributions and benefits
- Without far-reaching reforms, the financial burdens of these schemes on future workers may become politically unacceptable
 - Fundamental reforms include raising retirement ages to reflect rapidly increasing longevity and raising contribution rates

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Second pension book: intro – national consensus

- These disparities make building a national consensus for pension reform difficult because they dilute the general public's sense of ownership and thus weaken popular support for reforms
- Voluntary participation and compliance will not, however, be forthcoming if there are significant discrepancies in fairness
- Likewise, a lack of sustainability will undermine public confidence that the system can fulfill its fundamental promise to deliver benefits in the future
- Fairness and sustainability are thus indispensable for establishing a national consensus for pension reform

21

Second pension book: policy options - PRC

- Reform the pension systems of both civil servants and public service employees so that their pension arrangements are brought into line with the urban system
- Pay more attention to unsatisfactory investment returns
- Integrate the rural and urban systems in the second half of the century

22

Second pension book: policy options - Korea

- Alleviate the poverty of the current elderly population
- Extend the coverage of the national pension scheme
- Improve the long-term financial stability and inter-generational equity of the national scheme.

23

Second pension book: policy options – Asia-wide

- Recognize the urgency of addressing the challenges aging populations pose
 - It must be recognized that this is a major national issue that must be addressed now at the highest levels of government
 - There should be a clear mandate for developing an integrated set of policies to coordinate and synchronize initiatives on retirement, labor markets, budgets, and financial and capital market opportunities for pension and provident funds
 - This responsibility could be assigned to a minister/director who could consider forming a national authority to make recommendations for reform, monitor the results, and enforce policies designed to meet the aging challenge

24

Second pension book: policy options – Asia-wide

- **Put greater emphasis on delivering pension benefits**
 - It is of paramount importance to ensure that benefit promises remain credible over time. These promises are of a long-term nature, so the design and management of pension plans and provident funds, the quality of their actuarial projections for long-term assets and liabilities, and their transparency and accountability are crucial
 - Transitional arrangements, including costs, need consideration as well and will require innovative designs of schemes, products, and delivery systems
 - Policies must ensure not only the accumulation of sufficient pension wealth but also its effective conversion into sustainable financial security throughout retirement

25

Second pension book: policy options – Asia-wide

- **Manage the impact of increased longevity on length of retirement**
 - In most Asian countries, the proportion of life spent in retirement mandated by pension rules has increased significantly due to relatively inflexible young retirement ages
 - But this has yet to be recognized and has created unequal treatment for those not covered by formal plans. Inequality could also occur if workers currently not covered are covered by special schemes while the ages for pension eligibility remain at current levels
 - As the population ages, labor market policies must adapt to turn increased longevity into increased productivity in a structural rather than a palliative manner

26



confidential

China Pension Development

Social Insurance Administration
Ministry of Human Resources & Social
security, P.R. China
Seoul, Nov. 2012

1



1. Main Schemes
2. Main Indicators in 2011
3. Pension projection 2011-2050
4. Reform Scenarios Analysis

2



1. Main Schemes

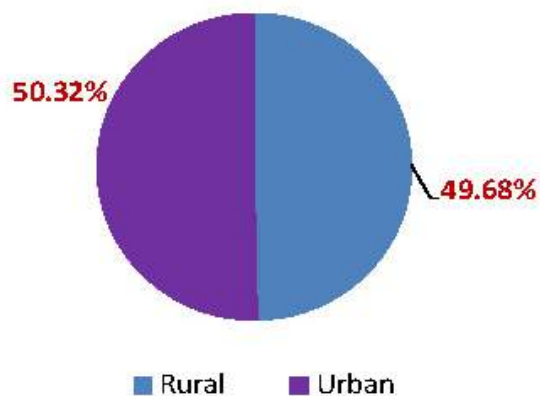
- **Urban Employees' Scheme**
- **Rural & Urban Residents' Scheme**

3

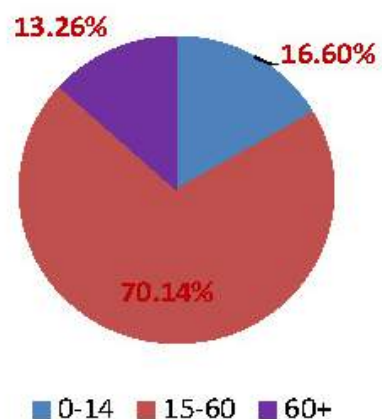


2. Main Indicators in 2011 --- Demographic

Population Urban/Rural



Population Age Distribution



Sixth Census 2010 Total Population: 1.34 bn

2011 total population 1.35 bn, Urban 51.3%

4



2. Main Indicators in 2011 --- Economic

- GDP 47.2 trillion RMB
- Public Fiscal Revenue: 10.37 trillion
- Average Earnings (urban non-private): 42452
- Average Earnings (urban private): 24556
- Disposable income per capita (urban residents): 21810 (mean 19118)
- Disposable income per capita (urban residents): 6977 (mean 6194)
- Total Employed: 764m, Urban Employed: 359 m

5



2. Main Indicators in 2011 ---- Schemes

Units: 10 thousand persons, 100 million RMB

Scheme	Insured	Contributor	Retiree	Dependency Ratio	Total Income	Total Expenditure	Balance	Fiscal transfer	Fiscal Transfer/ Fiscal Revenue
Urban Employee	28391	21565	6826	3.16	16895	12765	19497	2272	2.19%
Residents	32643	24118	8525	2.83	1070	588	1199	--	--

To Sep. 2012, the Residents Scheme covered 449 Million.

6



3. Pension Projection 2011-2050

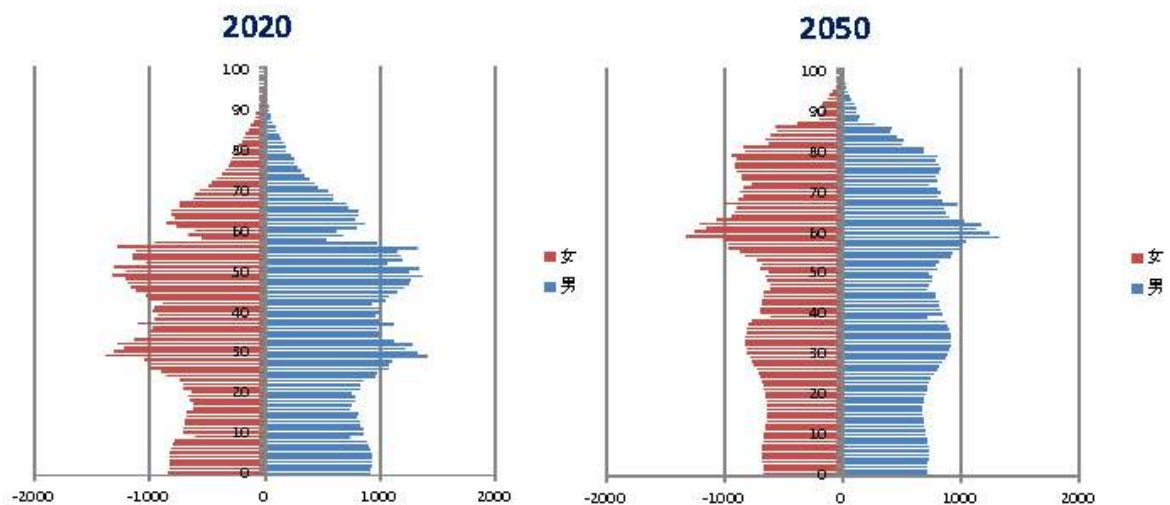
Urban Employees Scheme

- Population Projection
- Insured population Projection
- Pension Pooling Fund Projection

7



3. Pension Projection --- Population

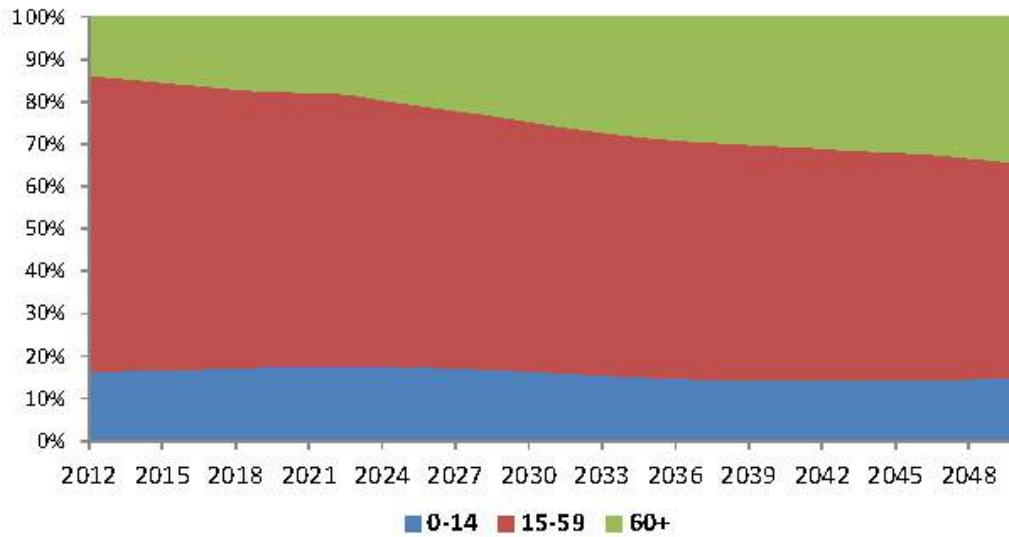


Assumption: TFR 1.6 - 1.8

8



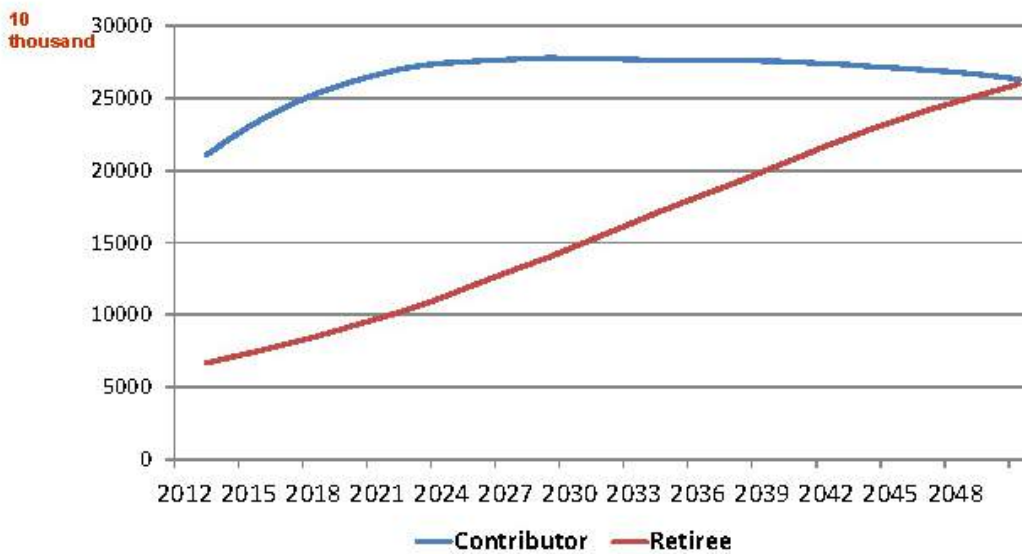
3. Pension Projection --- Population



9



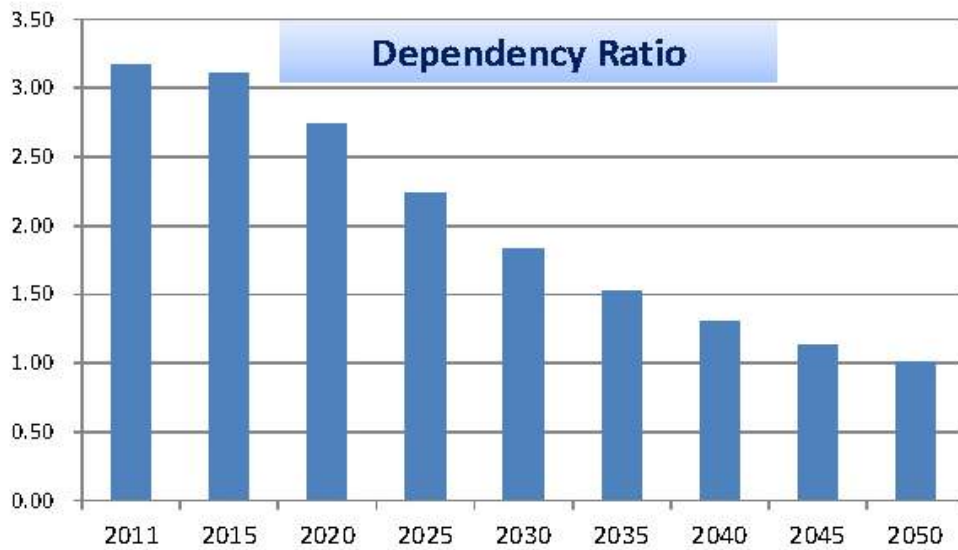
3. Pension Projection --- Insured



10



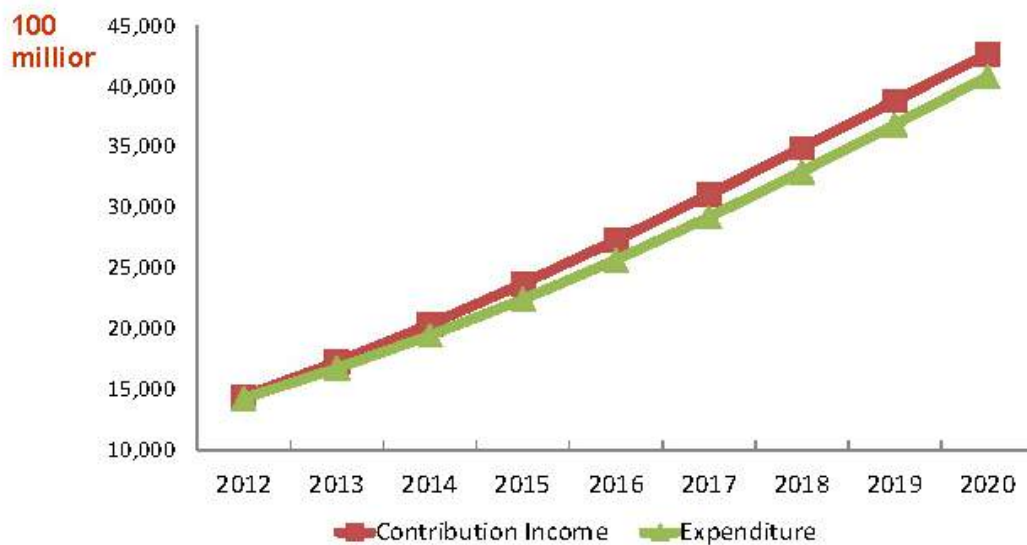
3. Pension Projection --- Insured



11



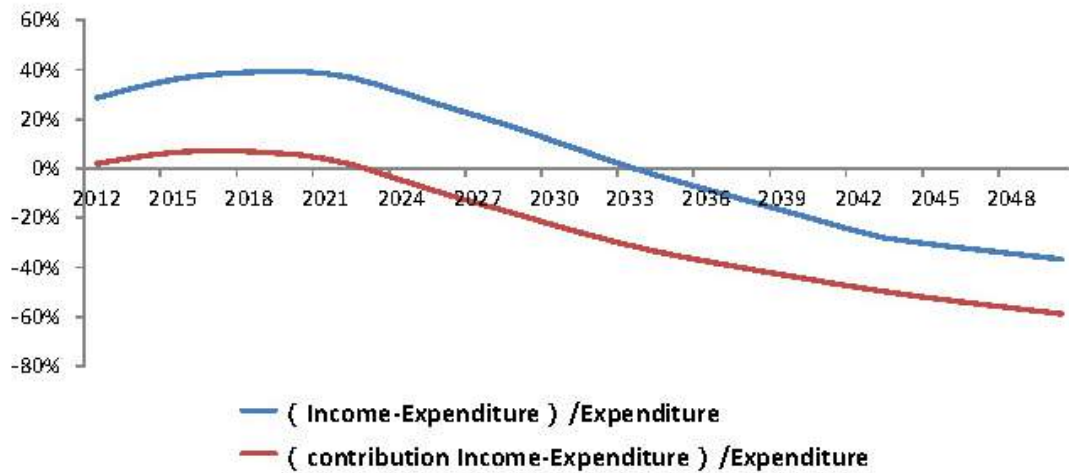
3. Pension Projection --- Pooling Fund



12



3. Pension Projection --- Pooling Fund



13



4. Reform Scenarios Projection

Assume:

- Pensionable Age Increase
- Population Control Policy Reform

14



4. Reform Scenarios Projection

--- pensionable age increase

Increasing pensionable age, assume:

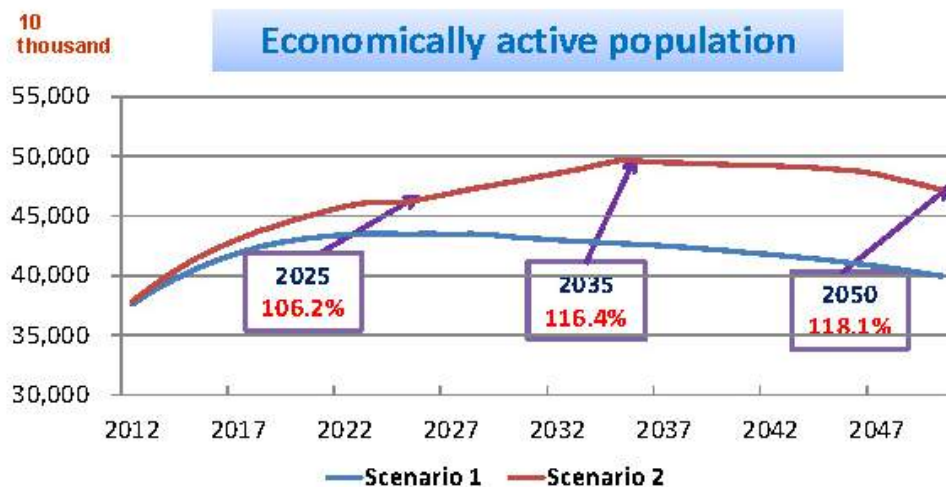
- 2016-2025, female workers 50 to 55, half per year;
- 2026-2035, female 55 to 60, male 60 to 65, half per year.

15



4. Reform Scenarios Projection

--- pensionable age increase

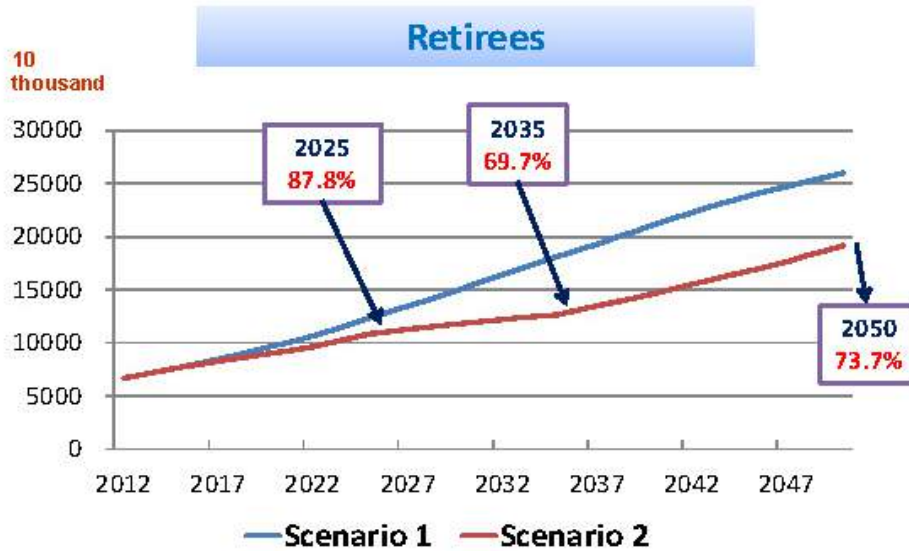


16



4. Reform Scenarios Projection

--- pensionable age increase

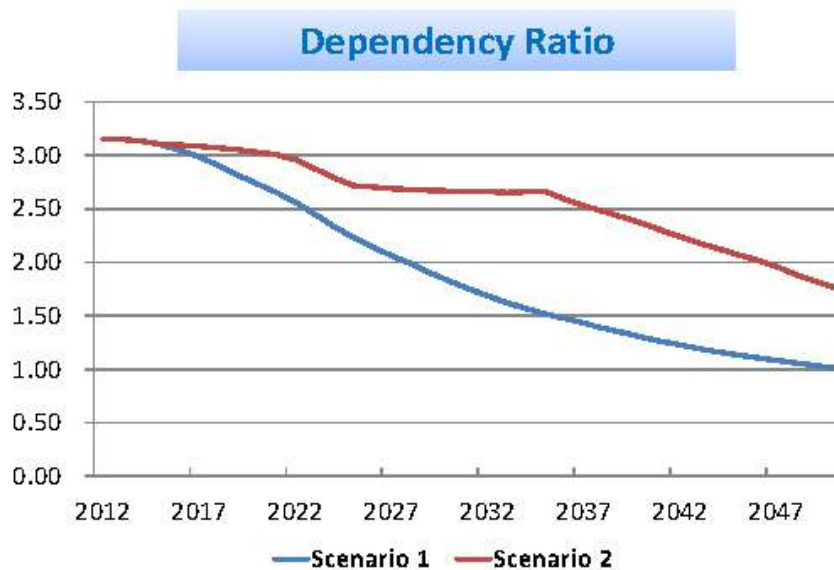


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4. Reform Scenarios Projection

--- pensionable age increase



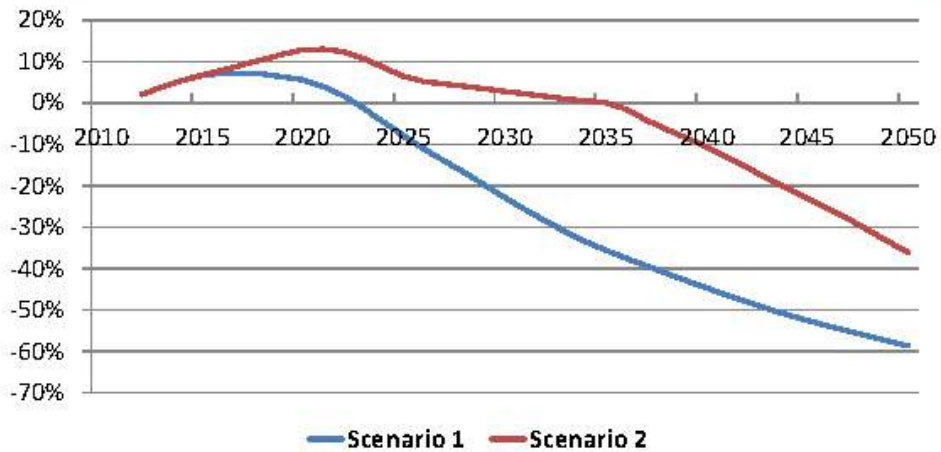
18



4. Reform Scenarios Projection

--- pensionable age increase

(Contribution Income – Expenditure)/Expenditure



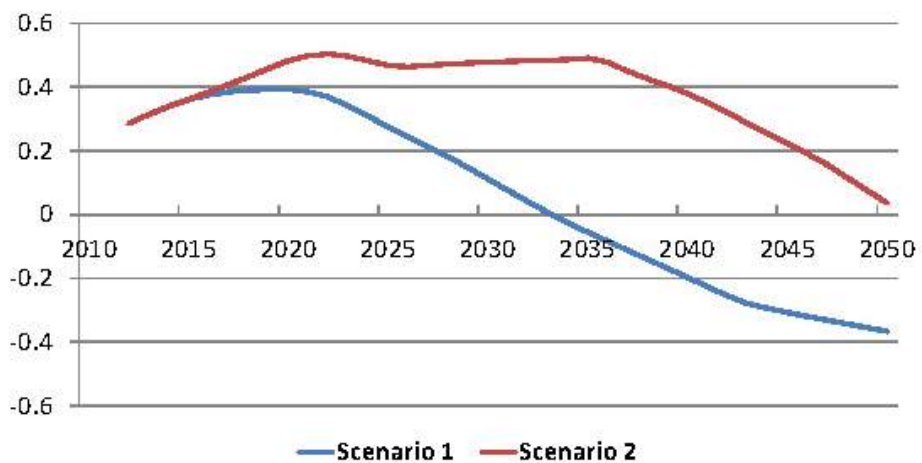
19



4. Reform Scenarios Projection

--- pensionable age increase

(Total Income – Expenditure)/Expenditure



20



4. Reform Scenarios Projection

--- population control policy reform

Reform the population control policy, assume:

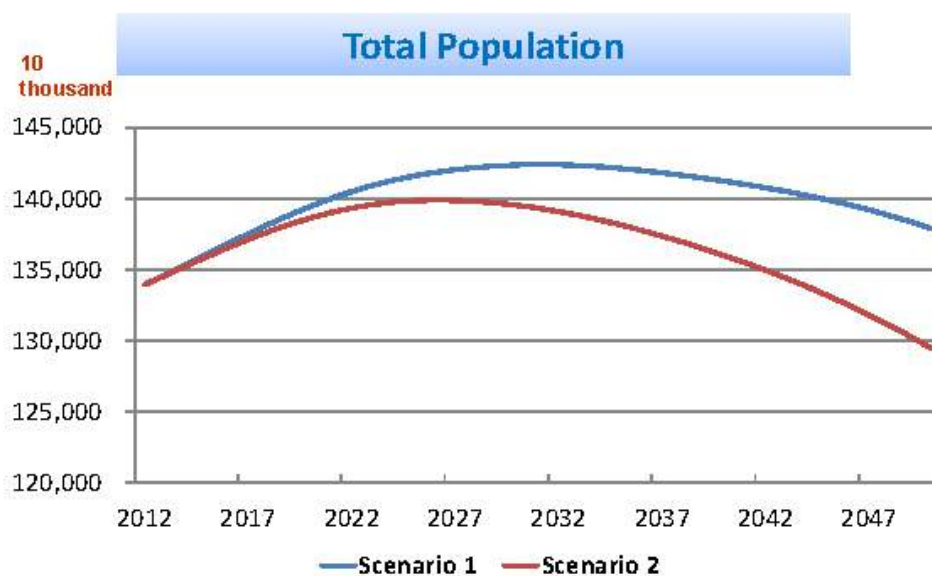
- Scenario 1, TFR 1.6 in 2011 to 1.8 in 2030, then constant (as in part 2);
- Scenario 2, TFR 1.6 constant.

21



4. Reform Scenarios Projection

--- population control policy reform



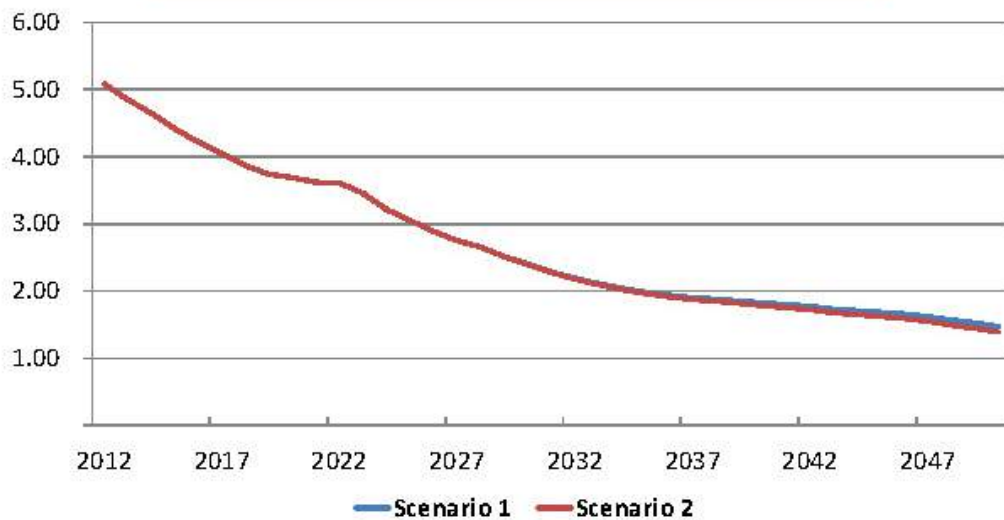
22



4. Reform Scenarios Projection

--- population control policy reform

Total Population Dependency Ratio



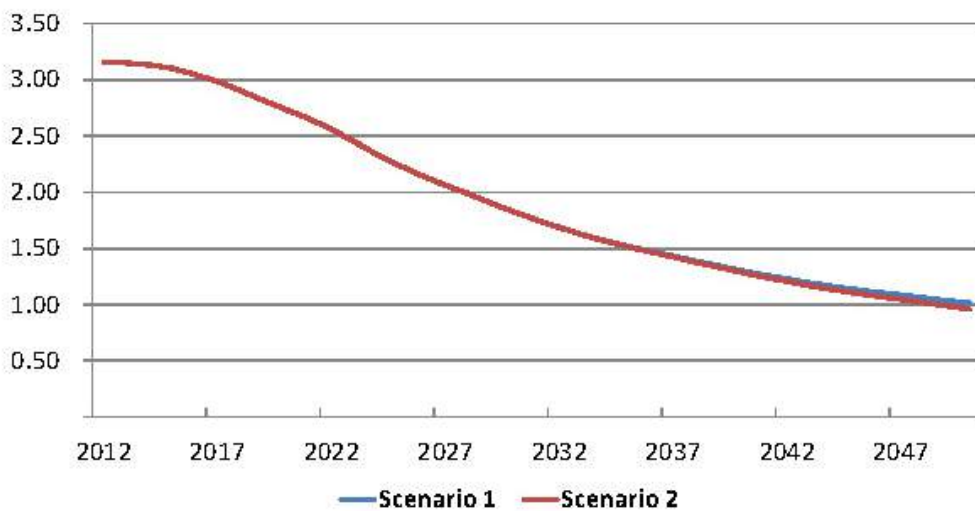
23



4. Reform Scenarios Projection

--- population control policy reform

Urban Employee Pension Dependency Ratio



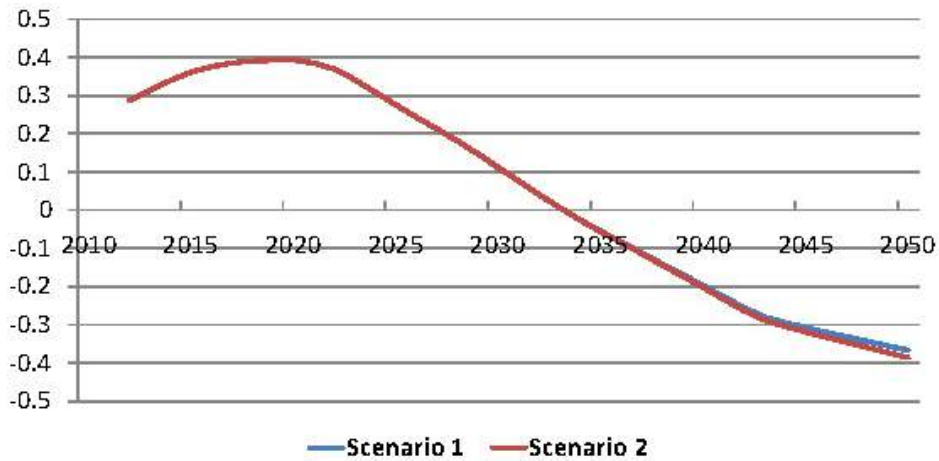
24



4. Reform Scenarios Projection

--- population control policy reform

$(\text{Total Income} - \text{Expenditure})/\text{Expenditure}$



25





Country Presentation

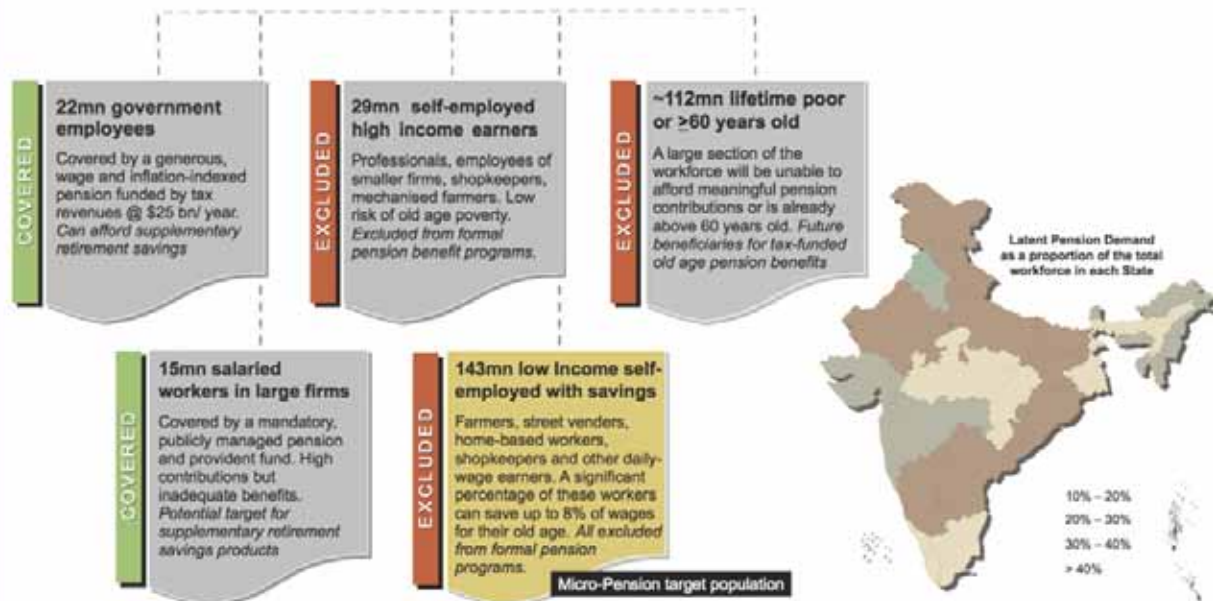
By Ashish Aggarwal, Executive Director, Invest India Micro Pension Services (IIMPS)

Emerging Pension Market in India

The 7th Pension Experts Meeting in Asia and the Pacific by OECD Korea Policy Centre, Seoul

November 20, 2012

INDIA'S PENSION LANDSCAPE



Sources: Indian Retirement, Earnings and Savings Survey, Indian Ministry of Finance and Invest India Incomes and Savings Survey, 2007

OVERVIEW OF GOVERNMENT OF INDIA'S FINANCES

Government of India's total expenditure for FY 2012-13 is estimated at US\$ 300 billion against an estimated receipts of about US\$ 215 billion.

Central government's debt is estimated at 45.5% of the GDP.

Fiscal deficit is conservatively estimated at 5.1% of GDP.

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GOVERNMENT OF INDIA'S PENSION EXPENDITURE

Particulars	Expense Type	11-12 RE	12-13 BE	11-12 RE	12-13 BE
		INR crore	INR Crore	US\$ billion	US\$ billion
Pension (Civil) Expenditure	Non Plan	56190	63183	11.2	12.6
Total Revenue Expenditure	Non Plan	815739	865595	163.1	173.1
Pension (Civil) as % of Total Non Plan Expenditure		6.89%	7.30%	6.89%	7.30%
Social security & welfare	Plan	15378	18191	3.1	3.6
Defence Pensions	Non Plan	34000	39000	6.8	7.8
Rural Employment Expenditure	Plan	31000	33000	6.2	6.6
Total Revenue Expenditure	Plan	346200	420513	69.2	84.1
Rural Employment as % of Total Plan Expenditure		8.95%	7.85%	8.95%	7.85%

Budget Documents, 2012, Government of India. RE- Revised Estimate, BE- Budget Estimate. Financial Year is April to March
The above pension expense does not include pension expenditure of 28 State Governments and 7 Union Territories and that of grant in aid institutions

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CHRONOLOGY OF INDIA'S PENSION REFORMS

- **2004** : All new central government (civil) employees shifted to a DC based New Pension System (NPS) and an interim Pension regulator (PFRDA) is set up by the Government
- **2006**: IIMPS launches a voluntary “Micro Pension” initiative with 25,000 poor women workers in Gujarat and 1,000 milk farmers in Bihar encouraging them to save at-least US\$1 per month in a Retirement Benefit Fund managed by UTI AMC
- **2008**: GOI transfers US\$300 million of NPS contributions by central government employees to the three pension fund managers appointed by PFRDA

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CHRONOLOGY OF INDIA'S PENSION REFORMS

- **2008**: High Level Committee on Financial Sector Reforms headed by Dr. Raghuram Rajan and commissioned by Government of India submits its report which highlights the need for broad-based access to pension products
- **2008**: The Employees' Provident Fund Organisation (EPFO) issues an EOI for appointment of professional fund managers for its flagship scheme with a corpus of more than US\$39 billion
- **2009**: NPS made available to all Indians by Government of India

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CHRONOLOGY OF INDIA'S PENSION REFORMS

- **2010:** NPS Lite launched to encourage low income unorganized sector workers to participate in pension scheme
- **2010:** Central government announces a Conditional Cash Transfer (CCT) of Rs 1000 (US\$ 20) per annum for 3 years for all low income workers who save a matching amount in NPS/NPS Lite
- **2011:** Since 2006, 27 State governments and Union Territories (UT) have also shifted all their new employees to the NPS. (India has 35 States/UTs)

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CHRONOLOGY OF INDIA'S PENSION REFORMS

- **2011:** IIMPS and NABARD, India's apex rural bank launch a one year project to test delivery of pension products to low income rural workers
- **2012:** CCT benefit under NPS/NPS Lite extended till 2017 by Government of India
- **2012:** IIMPS partners with LIC to distribute NPS Lite
- **2012:** IIMPS appointed by Karnataka government to implement its co-contributory scheme with NPS Lite

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NPS STATUS

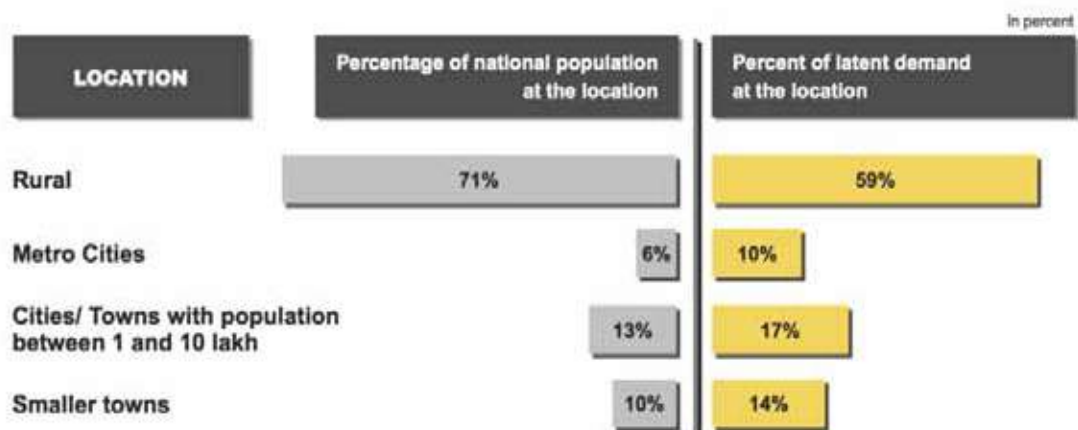
Employer / Sector	Number of Subscribers	Corpus under NPS (in Crore)	US\$ mn
Central Government	10,37,017	14,303	2,861
State Government	14,21,281	6,702	1,340
Private Sector	1,51,783	618	124
NPS – Lite	12,54,860	328	66
Total	38,64,941	21,951	4,390

As on October 7, 2012, Department of Financial Services, Government of India

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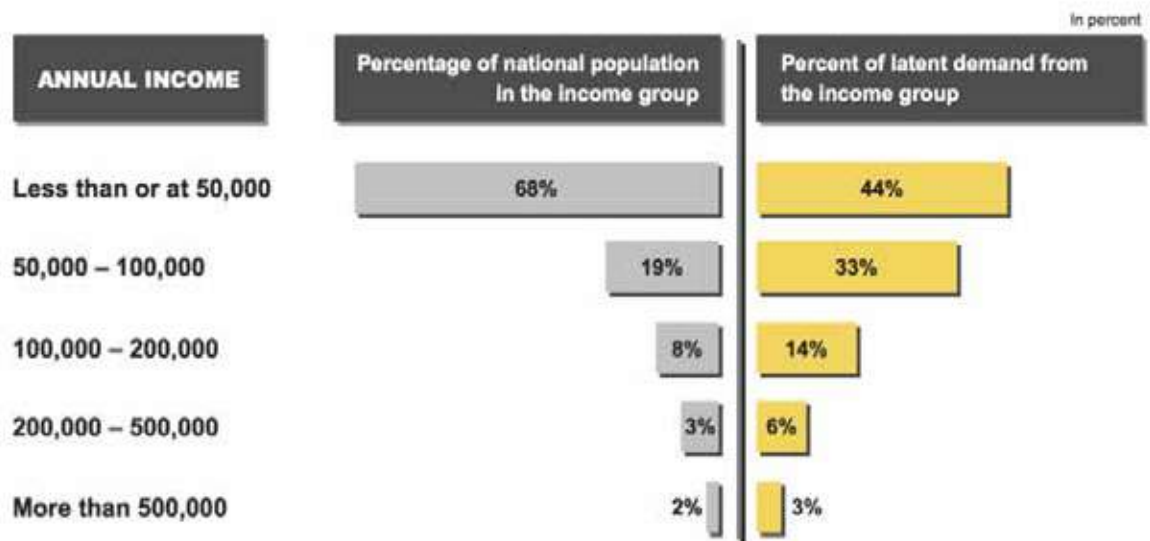
INDIAN MARKET: URBAN-RURAL SHARE OF LATENT



Source: *Private Pension Markets in India: The Sleeping Giant*, IILSS-07, IIMS Dataworks
Pension-ready population estimated at 80 mn informal sector workers

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INDIAN MARKET: INCOME PROFILE OF LATENT

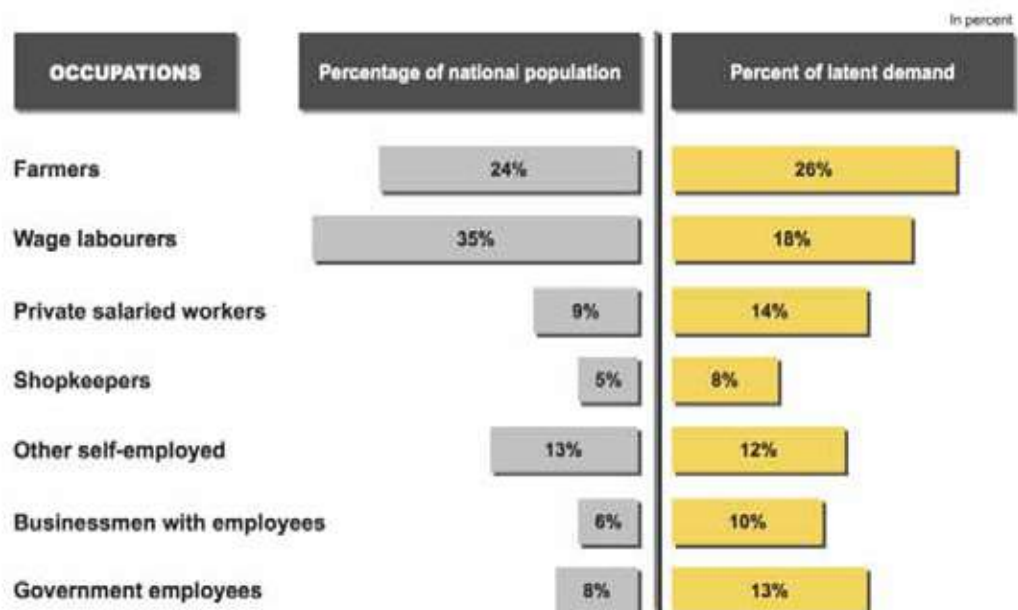


Source: *Private Pension Markets in India: The Sleeping Giant*, IJSS-07, IIMS Dataworks
Pension-ready population estimated at 80 mn informal sector workers

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INDIAN MARKET: OCCUPATIONAL DISTRIBUTION

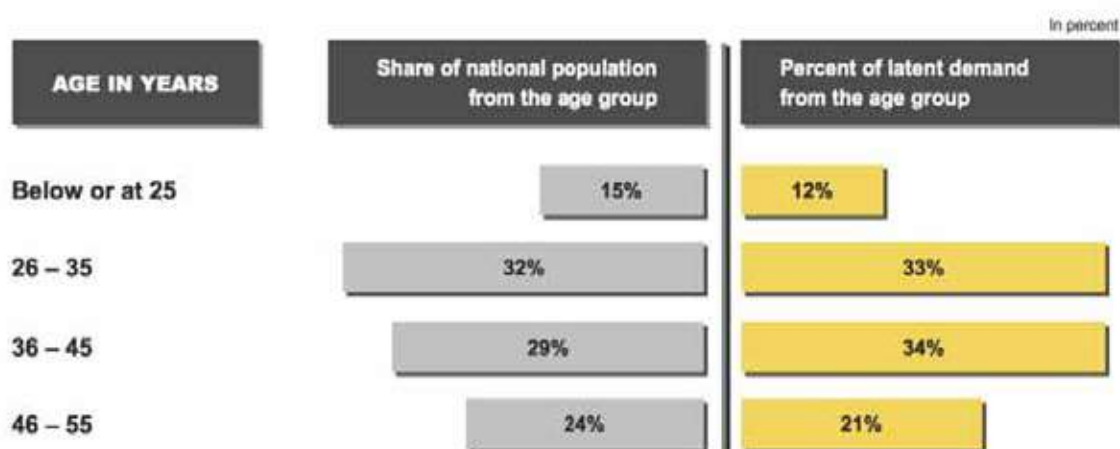


Source: *Private Pension Markets in India: The Sleeping Giant*, IJSS-07, IIMS Dataworks
Pension-ready population estimated at 80 mn informal sector workers

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INDIAN MARKET: AGE DISTRIBUTION OF LATENT



Source: *Private Pension Markets in India: The Sleeping Giant*, IILSS-07, IIMS Dataworks
Pension-ready population estimated at 80 mn informal sector workers

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SOUTH ASIA: THE LARGER OPPORTUNITY

Parameters/ Country	Bangladesh	India	Nepal	Pakistan	Sri Lanka
Population (million) (UN, 2009)	162.2	1198	27.5	173.4	20.4
Age Distribution (UN; % of population)					
0–14 years	31.3	31.5	38.3	36.9	24.3
15–59 years	62.5	61.3	54.5	56.9	63.9
> 60 years	8	7.4	6.1	6.1	11.8
Projected elderly (2050, % of population)					
> 60 years	21	19.6	15.6	14.9	27.8
> 80 years	2.3	2.6	1.7	1.8	6.5
Workforce (million) (ADB)	49.5	380.8	15	55.8	13
Unemployment (% of workforce)	4.2	3.1	2.1	5.5	5.8
Workforce (% working age)	58.5	39.2	83.4	45.7	51.2
Agriculture (% employed)	48.1	56.1	73.9	45.1	32.2
Pension Coverage (% of workforce)	10	12	5	10	15
Per Capita Income (World Bank, 2010)	\$470	\$950	\$511	\$1,095	\$2,054
Access to Financial Services (ADB '07) (% of population)	NA	37	52.3	30	26.6

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FUTURE OUTLOOK AND NEXT STEPS (1)

Immediate Market

66 mn: Formal sector and economically well off workforce

NPS, being mandatory for new government employees to grow at a steady pace

NPS is also expected to emerge as a supplementary pension saving vehicle for 22 mn government employees

NPS could emerge as an attractive pension choice of the 29 mn high income self employed workforce

Over next few years, NPS could emerge as an alternative to EPF for 15 mn formal private sector employees

PFRDA legislation to get parliament approval. FDI limit in pension fund management to be same as that for insurance (currently at 26%, government pushing for 49%)

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FUTURE OUTLOOK AND NEXT STEPS

Bigger Challenge

150 mn: Low Income workforce with savings capability in the Unorganised Sector

Large Market: 150 mn workers with cash incomes saving as low as US\$ 1 a week for old age is an annual saving of US\$ 8 billion

Challenging Market: Fund Management, and Policy Decisions are easier. How do you get 150 mn people to save for old age over long term?

More State Governments to add their CCTs to NPS Lite: Karnataka and Haryana have already done so. Political risk to be observed.

Traditionally government led distribution push has resulted in sub-optimal outcomes. Push for banking has resulted in millions of dormant account. Similar challenge for NPS lite.

Need for market based solutions which can tap the market effectively

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MICRO PENSION

Integrated Products: Pension, Savings and Insurance

Secure, Cashless & Portable:
Prepaid Cards, Bank mandates

**Strong Focus on standard Customer Education
instead of Sales**

B2B: Partner with Community based groups and Micro Finance Firms

Focus on Persistency instead of enrolments:
National Helpline, Efficient Service



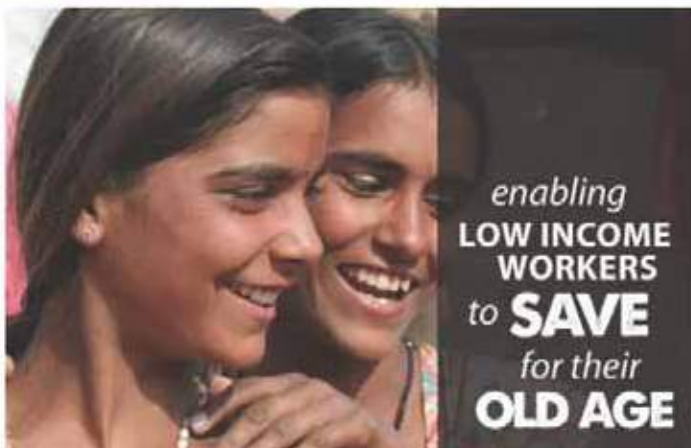
NATIONAL BANK FOR AGRICULTURE
AND RURAL DEVELOPMENT



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THANK YOU



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Invest India Micro Pension Services | <http://www.micropensions.com>

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18

Adequacy of Singapore's CPF Payouts - Income Replacement Rates of Entrant Workers

CHIA Ngee Choon
Department of Economics
National University of Singapore

20 November 2012

This paper was commissioned by the Singapore Ministry of Manpower (MOM).

1

Scope of Presentation

- Comparing Pension Systems
- Overview of Singapore's Social Security System/Central Provident Fund (CPF)
- Adequacy of CPF Payouts for Retirement – Income Replacement Rates
- Conclusion

2

Comparing Pension Systems

Approach

- Comparing pension systems across countries is not straightforward as pension systems are diverse and often designed to fit the social context of each country
- Internationally, we commonly use the concept of Income Replacement Rate (IRR), ratio of pension benefits to pre-retirement earnings to evaluate and compare the different social security systems.
- There are two measures, gross and net where net takes account of personal income taxes and social security contributions paid by workers and pensioners.

Singapore's IRR in International Reports

- OECD Pensions at a Glance Asia Pacific 2011
 - Entrant worker at age 20, full career, works till age 62

Individual earnings (% average)	50	100	150
Gross IRR	12.7%	12.7%	6.4%
Net IRR	15.8%	15.2%	8.4%

- Melbourne Mercer Global Pension Index 2012
 - Used OECD data to make a positive adjustment and arrived at net IRR of 20% for median income earner
- The IRR figures are low because the methodologies used, while appropriate for many pension systems, are not designed for evaluating the CPF system.

5

Methodology by OECD

- Considers only CPF savings that are earmarked for retirement
 - Retirement savings only constitute savings in the CPF Special Account
- Savings in the Ordinary Account net of amount withdrawn to finance housing purchase is not included
- OECD has qualified in a 2009 report that Singapore's IRR would be 82% if all CPF SA and OA savings are put towards retirement-income provision, without any pre-retirement withdrawals for housing.
- It is important for international IRR comparisons to take into account the unique institutional features of Singapore's CPF system.

6

Overview of Singapore's Social Security System/CPF

8

CPF System

- Fully funded, Defined Contribution (DC) scheme
- Based on individual accounts
 - **Ordinary Account (OA)** – home ownership, insurance premiums, education, investment and retirement
 - **Medisave Account (MA)** – hospitalisation expenses and approved medical insurance premiums
 - **Special Account (SA)** – old age and investment
 - **Retirement Account (RA)** – created at age 55 for members to set aside savings from OA and SA for retirement

8

CPF System

- CPF contribution rates are made up of employer's contribution and employee's contribution and channeled to member's individual CPF sub-accounts
- Current CPF salary ceiling at S\$5,000 (US\$4,093) per month
- A mechanism is in place to enable interest rates to track market rates, subject to floors. CPF savings currently earn returns of
 - Ordinary Account (OA) – 2.5% p.a.
 - Special, Medisave, Retirement Accounts (MA, SA) – 4.0% p.a.
 - Extra Interest of 1.0% for first S\$60,000 (US\$49,110) of CPF savings including up to S\$20,000 (US\$16,370) in the OA

Role of Home Ownership in Social Security

- Singapore's home ownership rate is 88.6% in 2011. Even amongst the bottom 20% of households in income in Singapore, over four-fifths own their homes.
- Our approach to achieving retirement adequacy goes beyond retirement income. It also helps Singaporeans own their home, which means that Singaporeans do not need to worry about housing and can avoid paying for rental in retirement.
- Housing subsidies/grants are given by the government to help Singaporeans own a home, e.g. CPF Housing Grant, Additional CPF Housing Grant and Special Housing Grant (for low-income families)
- Housing assets appreciate in value over time. Singaporeans can fallback on and monetise their housing asset, should their retirement savings be insufficient.
 - They may sublet or move to a smaller flat. There are also government schemes to facilitate monetisation, such as the Silver Housing Bonus and enhanced Lease Buyback Scheme.

Workfare Income Supplement (WIS)

- Objectives:
 - Encourage older low-wage workers aged 35 and above to remain employed
 - Provide immediate needs by supplementing income with cash.
 - Boost CPF savings.
- WIS quantum varies by income and age. It makes up about 25% of a low-wage worker's annual pay for those earning S\$1,000 (US\$818) a month and aged > 60 years old

Age tiers	Max WIS
35 to 44	\$1050 (US\$854)
45 to 54	\$1400 (US\$1,139)
55 to 59	\$2100 (US\$1,709)
60 and above	\$2800 (US\$2,278)

- Targets workers in the bottom 20%, but gradually phased out with an Income threshold of S\$1,700 (US\$1,391)
- More than 440,000 low-wage workers have benefitted from WIS annually, receiving an average of S\$450m (US\$368m) from the government each year.

11

CPF Decumulation Schemes

- Upon turning 55, CPF savings from Special Account and Ordinary Account will be set aside for retirement needs, capped up to the Minimum Sum
 - Sums above the Minimum Sum may be withdrawn in cash or retained in the CPF
- Minimum Sum is S\$139,000 (US\$113,780) in 2012 and will continue to increase to reach S\$120,000 (US\$97,635) (2003\$) in 2015
 - Minimum Sum provides a monthly payout slightly above S\$1000 (US\$818); this is sufficient for basic needs in retirement
- Minimum Sum can be drawn down from drawdown age of 65 via the Minimum Sum scheme or the national life annuity scheme – CPF Lifelong Income For the Elderly (LIFE)
- The CPF LIFE provides a lifelong monthly payout
 - Members turning age 55 from 1 Jan 2013 with at least S\$40,000 (US\$ 32,740) will be auto-included in the scheme
 - There are two plans – the LIFE Standard Plan and the LIFE Basic Plan.

12

Family Support

- Beyond the CPF system, intra-family transfers remain an important source of retirement income for many older Singaporeans.
- Two-thirds of those aged 55 and above receive a monthly allowance from their family, which reflects well on the state of family support.
- We have also liberalised the Minimum Sum Topping-Up (MSTU) Scheme over the years to allow members to set aside more retirement savings for themselves and their loved ones.
 - Members who make cash top-ups into the CPF accounts of certain immediate family members (grandparents, grandparents-in-law, parents, parents-in-law, spouse and siblings) can claim up to S\$7,000 (US\$5,730) of tax relief.
 - In 2011, the topped up amounts to Retirement Account is about S\$155m (US\$127m) .

Adequacy of CPF Payouts for Retirement - Income Replacement Rates

Purpose of the Study

- To assess whether the CPF can provide adequate retirement for a young Singaporean joining the workforce today
- Fills gaps in similar studies by incorporating unique institutional features of the CPF

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Assessing Retirement Adequacy using Income Replacement Rate

- Study uses concept of IRR to measure how much an individual's CPF savings is able to replace his pre-retirement earnings
- Findings in the Study are based on **Net IRR**:

$$\text{Net IRR} = \frac{\text{Net Retirement Income}}{\text{Net Pre-retirement Earnings}}$$

CPF LIFE payout at the CPF drawdown age of 65

Earnings at age 55 net of personal income taxes and employee CPF contributions

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What the Study Modelled – Starting Wages

- Males enter the workforce at age 25, females at age 23, and they work till age 65.
- We used CPF administrative data to determine the starting wages of workers

Starting Wages of Male and Female Workers (2012\$)

Percentiles	Male (age 25)	Female (age 23)
30P (lower-middle income)	\$1,820 (US\$1,480)	\$1,650 (US\$1,340)
50P (median income)	\$2,500 (US\$2,035)	\$2,120 (US\$1,725)
70P (upper-middle income)	\$3,300 (US\$2,686)	\$2,700 (US\$2,200)

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What the Study Modelled – Earning Paths

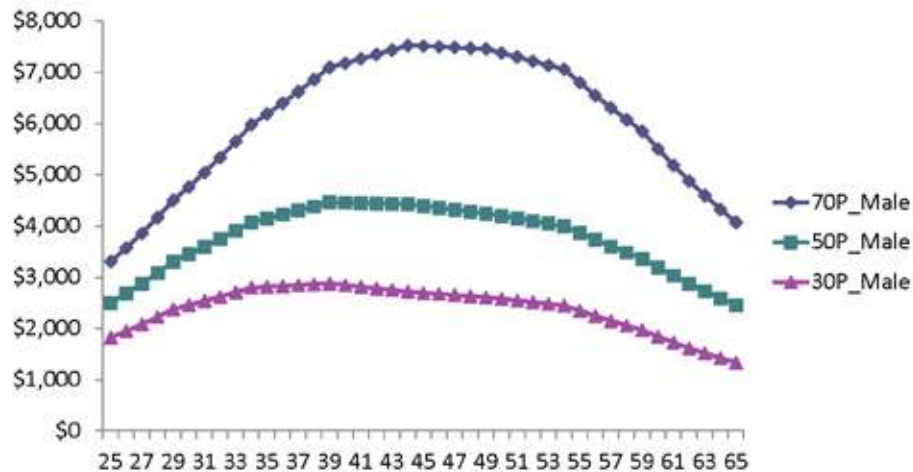
- Compared to the OECD methodology which used the Gross National Income per capita to proxy average income of an average worker in Singapore over their working lifetime (no wage growth), we computed wage growth using empirical data collected by the Ministry of Manpower from the Labour Force Survey.
- The age-earnings profile of workers over their working life for the respective income percentiles is a hump-shaped distribution of earnings by age, i.e. wage growth is faster when the worker is young and declines as he gets older.
- It is important to take this age-earning profile into account in studies on retirement adequacy as a dollar saved when a person is younger earns more interest over time than a dollar saved later in life.
 - A model which assumed constant wage growth could understate savings accumulated over a person's lifetime especially for a DC scheme.

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What the Study Modelled – Earning Paths

Empirical Age-Earnings Profile (Male Workers)

Real Wage (2012S\$)



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What the Study Modelled – Regularity of Work

- Instead of assuming a full career where the worker works 100% of the time throughout his working life, we assumed that the worker encounters periods of unemployment or economic inactivity to mirror real-life employment experience
- Using empirical data from CPF administrative database, we identified CPF members who are active* at age 55 to determine the employment density i.e. how much a CPF member worked over his or her life
- Based on the data, we assumed the worker
 - Works 85% each year (unemployed /inactive 15% of the time) from age 25 to 54
 - Works 78% each year (unemployed/inactive 22% of the time) from age 55 to 65

* Active CPF members refer to persons who have at least one CPF employment contribution paid for them for the current or any of the preceding three months. Activity status is based on data as at end of 2011.

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What the Study Modelled – CPF Parameters

Based on current policies:

- CPF contribution and allocation rates
- CPF salary ceiling
 - Pegged to wage growth at the 80th income percentile rather than kept static at \$5,000
- Interest rates on Ordinary Account (OA) of 2.5% while that for Special, Medisave and Retirement Accounts (SMRA) is 4.0%. The first \$60,000 of CPF savings including up to \$20,000 in the OA would also earn an Extra Interest of 1%
- Minimum Sum (MS) at \$120,000 (in 2003 dollars), in line with recommendation by Economic Review Committee in 2003
- Workfare Income Supplement (WIS) is also factored in for low-wage workers
 - WIS quantum and income eligibility criteria are assumed to keep pace with the income growth of the WIS target group

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What the Study Modelled – Housing Consumption

- A male member marries a female member from the same income percentile and upon marriage buy a Build-to-Order (BTO) flat directly from the Housing Development Board (HDB) when they are aged 30 (males) and 28 (females)
- The couple buys a BTO flat type within their financial means
 - 30P, 50P and 70P members buy a 3-room, 4-room and 5-room flat respectively
 - Close to average prices of new flats offered in the first half of 2012 in non-mature estates - \$188,000 (US\$153,000) [3-room], \$297,000 (US\$242,000) [4-room] and \$381,000 (US\$310,000) [5-room]
- HDB housing grants are factored in
- Couple will utilise all accumulated CPF savings in their Ordinary Accounts at the point of purchase for down-payment
- Remaining price of flat (net of housing grant) will be financed through a 30-year HDB loan at 2.6% mortgage interest and mortgage instalment is jointly financed by the couple
- Couple does not upgrade to a larger home

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What the Study Modelled – Retirement Income

- Members use all their accumulated CPF savings (Special Account and Ordinary Account net of housing withdrawals), including amounts above the Minimum Sum, to purchase a CPF LIFE Plan
 - This reflects what a member is able to set aside for retirement by saving through the CPF
- Payouts are calculated based on the LIFE Standard and Basic Plans instead of an annuity factor to more accurately reflect the annuitisation feature of CPF-LIFE in Singapore
- Members will start receiving payouts from the drawdown age of 65

What the Study Modelled – Others

- Inflation rate is 1.8%
 - 20-year annualized inflation rate using the Consumer Price Index (CPI) for the period 1991-2011
 - However, many parameters were derived in real terms and inflation assumption used would therefore not matter. In particular, the age-earnings profile was derived using real historical incomes.

Result 1 – CPF Members Entering the Workforce Today have Adequate CPF Savings when they Retire

- Table below summarises the results. The IRRs shown already factor in withdrawals made by CPF members to pay for their homes. Members will continue to own and stay in their homes after retirement.

Net IRR for Men and Women (CPF LIFE Standard Plan)

	30P	50P	70P
Flat type	3-room	4-room	5-room
Men	88%	70%	63%
Women*	80%	64%	59%

- The IRRs for female members are lower because empirically, females earn less than their male counterparts and have a longer life expectancy.

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Result 2 – Singapore’s Net IRR Compares Well Internationally

- The median member in Singapore has a net IRR of 70% (males) and 64% (females).
- This compares well to:
 - World Bank target: 53% to 78%
 - OECD countries: 72% (average); 66% (median)
- Our policies in Singapore promote home ownership and retirees generally do not pay rental. Home ownership is not always the norm overseas.
- For international comparison, it is therefore useful to assess the adequacy of the CPF system in a way that factors in the fact that retirees in Singapore are able to consume not just their CPF payout in retirement, but also the imputed rent of the home they own.
- To facilitate comparison with countries where rental is the norm, an IRR with imputed rent is computed. It is higher, at 78% for the median male member and 74% for the median female member.

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Result 3 – Workfare Provides Significant Boost to Retirement Adequacy of Low-Income CPF Members

Net IRRs for Low-Income Members (CPF LIFE Standard Plan)

Percentile	Men			Women		
	No WIS	WIS	Change	No WIS	WIS	Change
10P	92%	129%	37%	76%	112%	36%
20P	80%	92%	12%	69%	91%	23%*

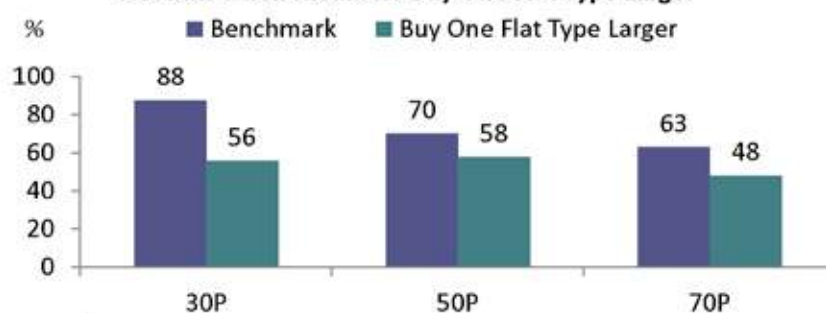
*Due to rounding.

- WIS raises the IRR of the 20P member by **12 percentage pts** (for men) and **23 percentage pts** (for women)
- 10P members receive an even greater boost from WIS
- These members need higher replacement rates as they have lower pre-retirement earnings

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Result 4 – Prudent Housing Choice is Important for Retirement Adequacy

Net IRRs when Members Buy One Flat Type Larger

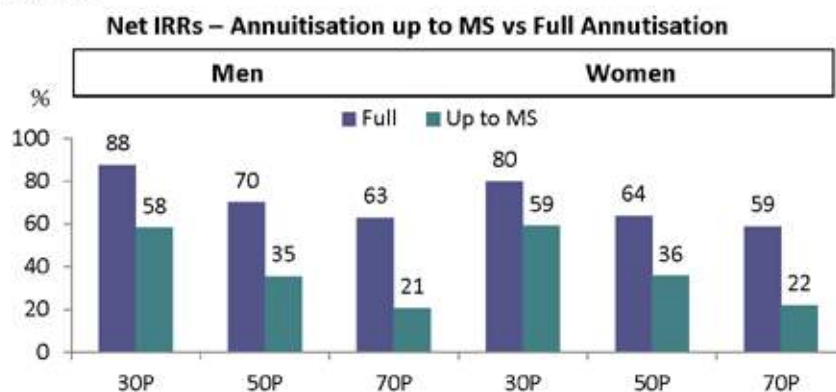


Change in Flat Type	3R to 4R	4R to 5R	5R to Executive
---------------------	----------	----------	-----------------

- Members are able to achieve the IRRs stated in preceding slides if the flat they buy is within their financial means.
- For a median male member who purchases a home that is one flat type larger, his IRR would be 58% instead of 70%.
- Members who have stretched their finances to purchase a larger flat should be prepared to monetise their housing asset later in life to supplement their retirement income should the need arise.

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Result 5 – Use Withdrawn CPF Savings Wisely to Boost Retirement



- The earlier IRR results assume that the total amount of CPF savings accumulated at age 65 (net of withdrawals for housing), including above the MS are used to purchase a CPF LIFE plan.
- If savings above the MS are withdrawn and spent on non-retirement purposes, the IRRs will fall to 35% for the median male member and 36% for the median female member.
- Members who withdraw savings above the MS should therefore invest it wisely, e.g. to generate a stream of retirement income to supplement CPF LIFE payouts.

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Conclusion

Summary

- The study incorporates institutional features which are unique in Singapore including
 - High ownership of HDB housing
 - Government's housing grant schemes
 - Workfare Income Supplement
 - CPF as a DC scheme which allows pre-retirement withdrawal of savings from CPF OA to finance housing
- The results showed that the current CPF system is able to provide the majority of Singaporeans with adequate payouts in retirement as long as
 - Work consistently
 - Make prudent decisions in housing consumption
 - Use CPF savings beyond the stipulated MS quantum wisely

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Thank You

The Public Sector Pension Scheme and Population Ageing in Sri Lanka

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7th Experts' Pension Meeting
Seoul, Korea
November, 2012

Public Sector Pension Scheme (PSPS)

- The PSPS is a non contributory pension system financed by the government budget.
- It provides a replacement rate of 85% of last drawn salary corresponding to maximum of 30 years of service.
- This is in contrast to other countries of using the average of 5-7 years prior to retirement.
- The pension is reduced by 2% for each year of service short of 30 years.

- It is also somewhat less than the international norm of at least 3% and possibly as high as 6-8%.
- In 2011, the PSPS covered 494,000 pensioners which is about 38% of government employees and 5.8% of the labour force.
- The pension expenditure in 2011 comprised 1.5% of GDP, 9.9% of current government expenditure and 22.2% of budget deficit.

- The PSPS is complemented by mandatory contributory (4-7% of their salaries) survival and disability plan - the Widows and Orphans' Pension Scheme.
- It is believed that the Widows and Orphans' plan is over funded relative to the benefits it provides and therefore, PSPS may not be entirely non-contributory.
- The full pension of a deceased pensioner is passed on to the widow and orphans if the widow remains unmarried.

- The PSPS benefit formula has been shown to be generous relative to other countries in South Asia.
- For instance, the Indian replacement rates are much lower , but the ratio of civil service wages to average incomes is much higher.
- Although the target replacement rates are relatively high, the lack of automatic indexation has resulted in lowering the real pension value.
- Thus it may suggest that public service pension payments are a kind of deferred compensation for compressed wages.

- There has also been a significant growth in pension payments during 2004-2006 due to the salary increase of public servants and who retired during that period.
- The number of pensioners being added annually to the PSPS has been increasing on an average of 2.6 percent during 2001 to 2011, with the number of new retirees averaging about 11,000 per year.
- A pensioner at the time of retirement is entitled to a commuted gratuity equivalent to 24 times the unreduced monthly pension which is recoverd in equal installments over a period of ten years.

- The pension bill, which was Rs. 26.5 million in 2001 has risen by nearly four fold to Rs. 100 million in 2011.
- The expenditure on pensions has increased on an average of about 15 percent per annum, with an annual increase of approximately Rs.7.4 million.
- The long term financial viability of the PSPS has not been undertaken for some time.
- Financial projections undertaken in 1998 showed that the pension burden would increase from 2.5% of GDP to 4% in 2020 or 20% of government budget to support less than 3% of the population.

Number of Pensioners under the Public Service Pension Scheme, 2001-2011

Year	Total Pensioners	Annual Increase	Percent Increase
2001	383,838	-	-
2002	394,625	10,787	2.8
2003	400,583	5,958	1.5
2004	411,427	10,844	2.7
2005	418,923	7,496	1.8
2006	430,153	11,230	2.7
2007	438,190	8,037	1.9
2008	445,120	6,930	1.6
2009	456,113	10,993	2.5
2010	473,762	17,649	3.9
2011	493,549	19,787	4.2

Pension Expenditure, 2001-2011

Year	Total Expenditure (Rs. mil.)	Annual Change (Rs. Mil.)	Percent Change (%)
2001	26.5	-	-
2002	31.1	4.6	17.7
2003	31.2	0.1	0.3
2004	36.4	5.2	16.7
2005	46.8	10.4	28.6
2006	58.0	11.2	23.9
2007	68.8	10.8	18.6
2008	74.9	6.1	8.9
2009	85.1	10.2	13.6
2010	91.0	5.9	6.9
2011	100.0	9.0	9.9

Fiscal Burden of the Public Servants Pension Scheme, 2001-2011

Category	2001	2003	2005	2007	2009	2011
Pension Expenditure (Rs. Mil.)	26.5	31.2	46.8	68.8	85.1	100
As % of GDP	1.9	1.8	2.0	1.9	1.8	1.5
As % of Current Expenditure	8.7	7.5	10.6	11	9.7	9.9
As % of Salaries and Wages	33.9	34	33.8	32.1	31.4	31.3
As % of Budget Deficit	17.4	22.1	22.8	24.9	17.9	22.2

Pensions and Demographic Ageing

- The phenomenon of population ageing is the increase in the demographic old age dependency ratio.
- Thus an increase in the percentage of elderly leads to an increase in old age dependency ratio and the number of pensioners and a decrease in the percentage of those in the formal sector of the labour force.
- Thus in Sri Lanka where pensions are funded by general revenues, as the old age dependency increases, the tax revenue has to be increased or pension payments have to be reduced in order to sustain the pension system.

- Between 1946 and 2001 the life expectancy at age 60 has been rising with widening gap between males and females.
- The old age dependency ratio is expected to double during the next 30 years.
- Thus the ratio of pensioners to working age population will double by 2040.
- The PSPS not being indexed to inflation and wages but subject to add hoc revisions, ageing of the population would further erode with population ageing.
- With morbidity compression not currently occurring in Sri Lanka, ageing of the population will continue to increase the costs of health care of the elderly.

Life Expectancy at Age 60, 1946-2001

Period	Male	Female	Gap
1945-47	14.3	14.5	0.2
1962-64	16.6	17.0	0.4
1970-72	16.6	17.8	1.2
1980-82	18.0	20.0	2.0
2000-02	17.7	21.6	3.9

Projections of Old Age Dependency, 2010-2040

Year	% Pop. 15-59 yrs.	% of Pop. 60+ yrs.	Old Age Dependency Ratio
2010	62.8	12.3	19.6
2015	61.3	14.0	22.8
2020	60.4	16.2	26.8
2025	60.3	18.4	30.5
2030	59.8	20.5	34.4
2035	58.9	22.2	37.7
2040	57.3	24.2	42.2

Pensioners to Population Aged 15-59 years, 2010-2040

Year	Pensioners	Population 15-59 yrs. (000')	Pensioners to Pop.15-59 (%)
2010	474,000	13,106	3.62
2015	529,000	13,302	3.98
2020	584,000	13,486	4.33
2025	674,000	13,729	4.91
2030	764,000	13,799	5.54
2035	864,000	13,740	6.29
2040	964,000	13,423	7.18

Adjustments of Pension Expenditures to an Ageing Population

- Fiscal adjustments should be made to increase savings by government and investment in economic growth.
- If the rate of GDP growth is increased and sustained at 7-8%, it would be an effective way of making the PSPS sustainable.
- The increase in the age of retirement and reduction of the commutation rights would have a positive impact on the cost of PSPS.
- Increase the labour force by increasing the participation of females and older workers.
- Make a transition from pay-as-you-go system to a funded system.

References:

Rannan-Eliya, Ravi P. 2008. *Population Ageing and Health Expenditure: Sri Lanka 2001-2101*, Institute for Health Policy, Research Studies Series 2.

Rannan-Eliya, Ravi P. et. al. 1998. *Ageing and Pensions*, Institute of Policy Studies of Sri Lanka, Health Policy Programme, Occasional Paper No. 05.

World Bank. 2000. *Review of Superannuation Benefit Programs in Sri Lanka*. www.worldbank.org/finance/assets/images/fssd0014.pdf. accessed November, 2012.

Thank you for your Attention



PENSION SYSTEM IN THAILAND

November 2012



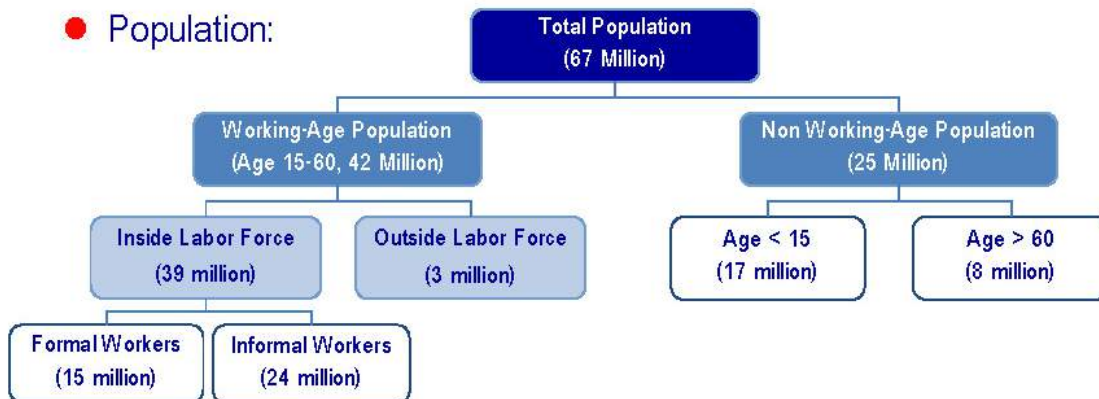
Nawaporn Wiriyapunong
Bureau of Saving and Investment policy
Fiscal Policy Office
Ministry of Finance
Thailand

Outline

1. Thai Economic Overview
2. Current Pension System in Thailand
3. Rationales for Reform
4. On Going and Future Actions

1. Thai Economic Overview

- 4.2% real GDP growth rate, 10-year average of 2002 to 2011 (0.1% in 2011, 4.2% in 2012:Q2)
- 2.5% inflation rate (2012:Q2)
- 18.7% old-age dependency ratio (2012)
- 5,198 USD income per capita (2011)
- 328 USD average personal savings per year (2009)
- Population:



3

2. Current Pension System in Thailand

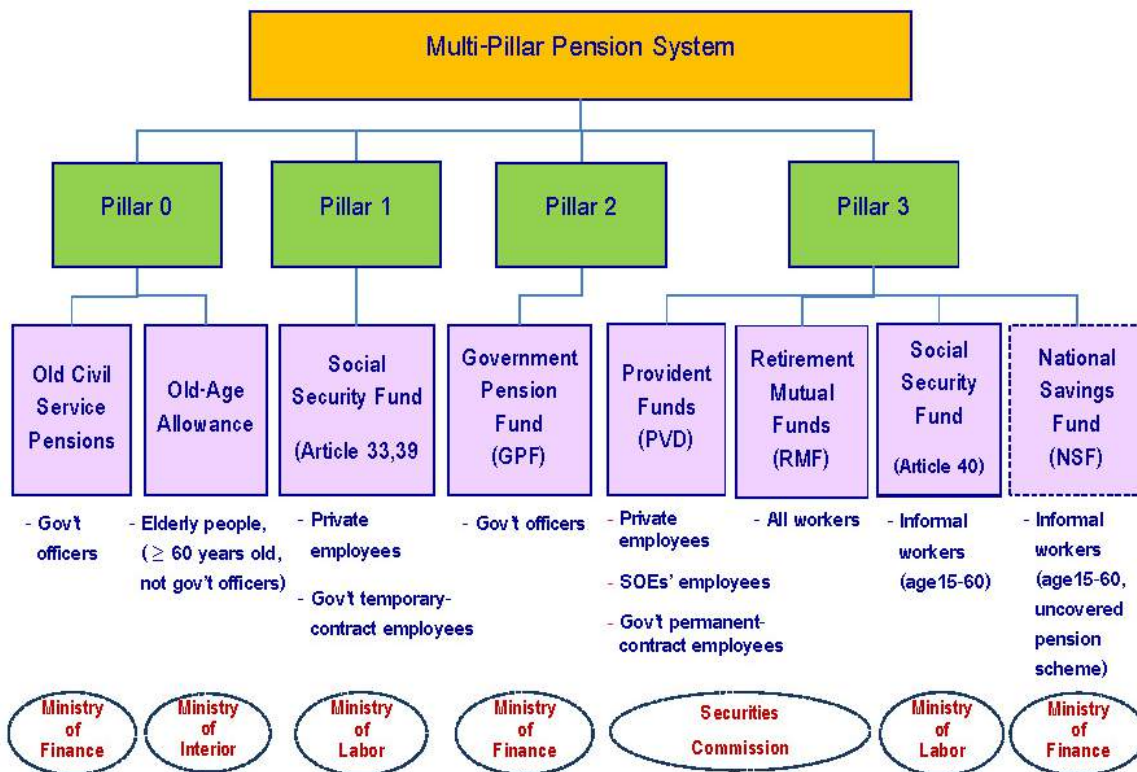
2.1 Existing Old Age Income Schemes

- Old Civil Service Pensions
- Old Age Allowance
- Social Security Fund
- Government Pension Fund (GPF)
- Provident Fund (PVD)
- Retirement Mutual Fund (RMF)
- National Savings Fund (NSF)

2.2 Thai Pension Coverage

4

2.1 Existing Old Age Income Schemes



5

Old Civil Service Pensions

- Non – contributory scheme
- Coverage of government officers
- Officers who have ≥ 25 years of work receive monthly pension, otherwise lump sum payment
- Retirement age at 60
- 0.56 million retired officers (2011)
- Budget 4,076 million USD paid in 2011

6

Old Age Allowance

- Non – contributory scheme
- Coverage of Thai elderly people who are 60 or older, and not government officer
- Allowance 600 – 1,000 baht (20 – 33 USD), increased and varied by age

60 – 69	600 baht per month	(20 USD)
70 – 79	700	(23 USD)
80 – 89	800	(27 USD)
90 and older	1,000	(33 USD)

- Budget 1.8 billion USD (53 billion baht)
- 7.05 million participants

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Social Security Fund (SSF)

- Administered by Social Security Office (SSO)

Formal sector workers

- Mandatory, defined benefit scheme
- Coverage of employees in private enterprises and temporary-contract employees in gov't units
- Joint contribution: 3% of wage from employee, 3% from employer, and 1% from gov't
- Wage cap of 15,000 baht
- Retirement age at 55
- Monthly pension or lump sum
- 11.5 million participants
- Fund size 27,666 million USD

Informal sector workers

- Voluntary, defined contribution scheme
- Coverage of informal workers
- Joint contribution 150 baht (100 from worker (up to 1,000), 50 from gov't)
- Retirement age at 60
- Lump sum only
- 1.2 million participants
- Fund size 14 million USD

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Government Pension Fund (GPF)

- Mandatory, defined contribution scheme
- Coverage of government officers
- Joint contribution:
 - Officers 3 – 15% of salary
 - Government 3%
- Lump sum pension
- 1.2 million participants
- Fund size 19,404 million USD (582,145 million baht)

9

Provident Fund (PVD)

- Voluntary, defined contribution scheme
- Coverage of employees in private and state-owned enterprises, and permanent-contract employees in gov't units
- No wage cap
- Joint contribution:
 - Employees 2-15% of wage
 - Employers contribute not less than employees' contribution
- Administered by Asset Management Companies
- 480 PVD funds
- 2.5 million participants
- Fund size 22,355 million USD (670,671 million baht)

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Retirement Mutual Fund (RMF)

- Voluntary, defined contribution scheme
- Coverage of all workers
- Minimum saving at 3% of income, not less than 5,000 baht a year (167 USD)
- Purchase must be made once a year or every other year (depends on the flow of income)
- At least 5 years of purchase and participants must be at least 55 to be eligible for tax treatment
- The amount of investment is subject to full tax deduction, not exceeding 15% of income and not more than 500,000 baht/year (Including PVD/GPF)
- Capital gain tax exempted
- 105 funds
- Fund size 3,509 million USD (105,281 million baht)

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National Savings Fund (NSF)

- In process of revising the National Savings Fund Act
- Start date after the completion of the Act revision
- Voluntary, defined contribution scheme
- Coverage of informal workers uncovered by any pension scheme
 - age 15 – 60 → No age limit
- Joint contribution from participants and gov't
 - Participant voluntarily contributes 50 – 13,200 baht per year
 - No maximum contribution amount
 - Gov't matching 50 – 100% of participant's contribution varied with age
 - 100% of participant's contribution, not varied with age
- Retirement age at 60 → No age limit
- Monthly pension only → Monthly pension or lump sum after 5-year savings

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2.2 Thai Pension Coverage

	Government & State Enterprise Employees	Workers in <u>F</u> ormal Sector	Workers in <u>I</u> nformal Sector
Pillar 0	Old Civil Service Pension (tax financed)	Old Age Allowance (tax financed)	Old Age Allowance (tax financed)
Pillar 1		Mandatory SSF (Article 33 and 39)	
Pillar 2	Mandatory GPF		
Pillar 3	Voluntary PVD RMF	Voluntary PVD RMF	Voluntary SSF (Article 40) NSF (revising the Act, start date unknown) RMF

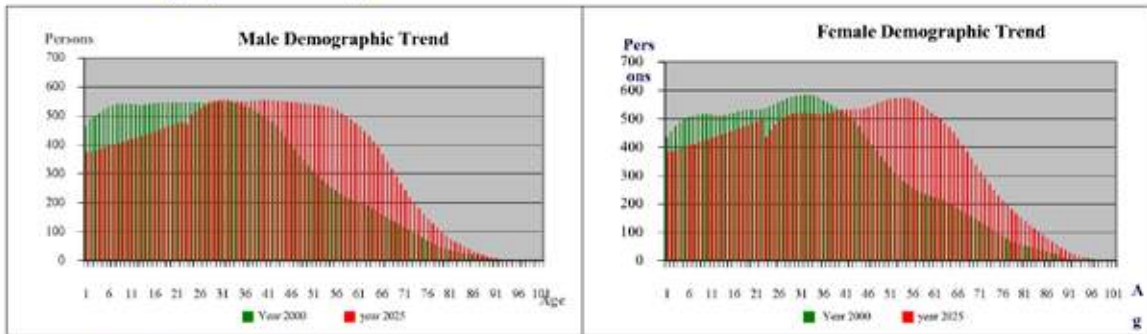
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3. Rationales for Reform

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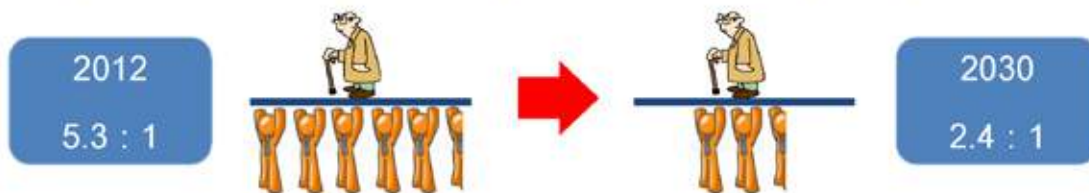
3.1 Rapid deterioration of dependency ratio

- Demographic change



Source: National Statistical Office (NSO)

- Higher responsibility of working people for handling elderly



Source: Office of National Economic and Social Development Board (NESDB)

3.2 Low replacement rate

Targeted Replacement Rate	50 – 60% of latest salary
Gov't Officers in GPF	50 – 70%
Formal Workers in SSF	38%
Informal Workers in SSF	Less

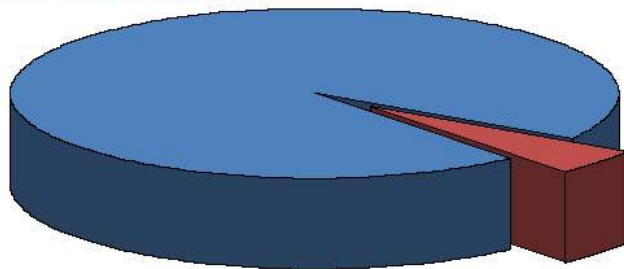
3.3 Low participation of informal workers

- Informal workers 24 million (36% of total population)
- Only 5% of informal workers join social security system

Workers inside social security system

22.9 million

(95% of informal workers)



Workers outside social security system

1.2 million

(5% of informal workers)

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4. On Going and Future Actions

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4.1 On Going Actions

- Revising National Savings Fund Act to improve benefits for participants. (The Fund will start operation after the Act revision is completed)
- Encouraging voluntary savings
- Considering of raising retirement age

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4.2 Future Actions

- Setting up National Pension Committee, chaired by Prime Minister
- Starting the operation of the National Savings Fund
- Raising people's awareness on an importance of saving for retirement

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PENSION SYSTEM IN THAILAND

November 2012



THANK YOU



Pensions at a Glance Asia/Pacific – main results

Andrew Reilly
Social Policy Division, OECD



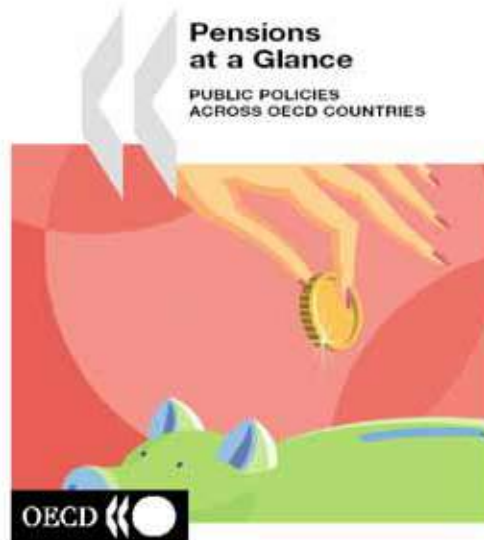
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Brief history



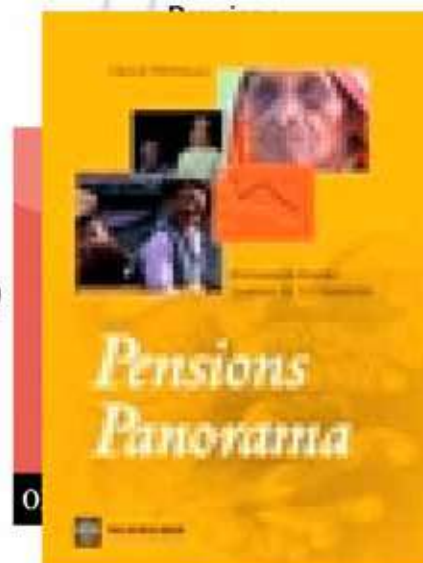
Project history

- *Pensions at Glance*
 - 30 OECD countries
 - 2005



Project history

- *Pensions at Glance*
 - 30 OECD countries
 - 2005
- *Pensions Panorama*
 - 53 countries
 - 2006



Project history

- *Pensions at a Glance*
 - 30 OECD countries
 - 2005
 - 2007
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 - 53 countries
 - 2006



Project history

- *Pensions at a Glance*
 - 30 OECD countries
 - 2005
 - 2007
- *Pensions Panorama*
 - 53 countries
 - 2006
- *Asia/Pacific*
 - 2009



Project history

- *Pensions at a Glance*
 - 30 OECD countries
 - 2005
 - 2007
 - 2009
- *Pensions Panorama*
 - 53 countries
 - 2006
- *Asia/Pacific*
 - 2009



Project history

- *Pensions at a Glance*
 - 30 OECD countries
 - 2005
 - 2007
 - 2009
 - 2011 (42 countries)
- *Pensions Panorama*
 - 53 countries
 - 2006
- *Asia/Pacific*
 - 2009





2

What we have done recently



PAG 2011

- Publication has been extended (by number of countries)
 - OECD now includes 34 countries after the entry of Chile, Estonia, Israel and Slovenia.
 - Also includes the remaining non-OECD G20 countries.
 - Data for China, India and Indonesia are therefore included under the OECD economic assumptions.
 - Does this have an impact for future editions of PAG Asia-Pacific?
 - Do the economic assumptions need to be revised? (will return to this point later)



PAG 2011 (cont.)

- (and by number of indicators)
 - There will now be 35 indicators covering both public and private pensions
 - Also 5 special chapters (Pension age, Retirement behaviour, Retirement incentives, Ensuring jobs for older workers and Life expectancy).
- Published March 2011
 - Released before the SPD Ministerial in May.



3

Assumptions



Pension systems

Country	First-tier schemes			Second-tier schemes	
	Targeted	Basic	Minimum	Public	Private
China		●		DC	
Hong Kong, China	●				DC
Indonesia				DC	
Malaysia				DC	
Philippines		●	●	DB	
Singapore				DC	
Thailand				DB	
Vietnam				DB	
India				DB	
Pakistan			●	DB	
Sri Lanka				DC	



Pension systems

Country	First-tier schemes			Second-tier schemes	
	Targeted	Basic	Minimum	Public	Private
Australia	●				DC
Canada	●	●		DB	
Japan		●		DB	
Korea		●		DB	
Mexico		●	●		DC
New Zealand		●			
United States				DB	
France			●	DB/Points	
Germany				Points	
Italy				NDC	
United Kingdom	●	●	●	DB	



Key assumptions

- Full-career workers
 - contribute every year from age 20 (or standard entry age) to normal pension eligibility age
- Across the earnings range (0.5 to 2.0 times average)
- Forward looking: all legislated reforms fully in place
 - ‘steady-state’ assumption
 - new labour-market entrants
- Standard macroeconomic and financial assumptions
 - earnings growth, real rate of return (on funded pensions), discount rate (for actuarial calculations), mortality rates: projections for 2050



Macro assumptions

	Price inflation	Real earnings growth	Real investment return	Discount rate
OECD and high-income countries*	2.5%	2.0%	3.5%	2.0%
China: short-term	3.75%	7.0%	7.0%	2.0%
Others**: short-term	3.75%***	4.0%	5.5%****	2.0%

* Hong Kong, Singapore

** Indonesia, Malaysia, Philippines, Thailand, Vietnam, India, Pakistan, Sri Lanka

*** Price inflation is 5.25% in Vietnam

**** Real investment return starts at 10.5% in Pakistan before converging to 3.5%. In India starts at 4.0% increasing to 6.0% after 15 years before converging to 3.5%





4

Main findings

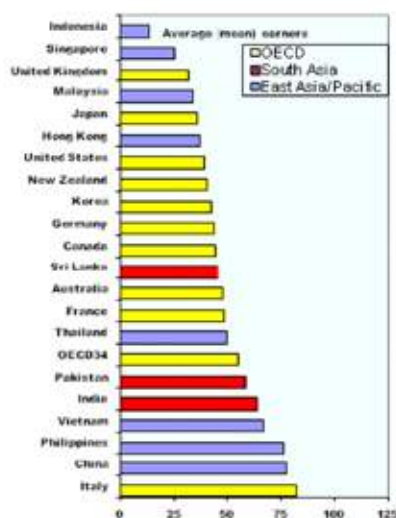
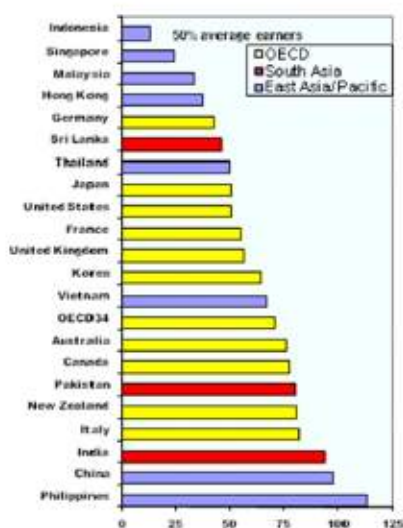


Gross replacement rate

Individual earnings (% average)	Men			Women		
	50	100	200	50	100	200
East Asia/Pacific						
China	97.9	77.9	67.9	78.5	61.0	52.2
Hong Kong	37.5	36.9	24.8	34.2	32.7	21.8
Indonesia	13.1	13.1	13.1	12.0	12.0	12.0
Malaysia	33.9	33.9	33.9	30.5	30.5	30.5
Philippines	113.4	76.7	58.3	113.4	76.7	58.3
Singapore	24.8	24.8	15.8	21.9	21.9	13.9
Thailand	50.0	50.0	41.9	50.0	50.0	41.9
Vietnam	67.2	67.2	67.2	61.8	61.8	61.8
South Asia						
India	93.8	64.0	48.8	89.4	60.1	45.1
Pakistan	80.0	58.4	29.2	70.0	51.1	25.6
Sri Lanka	45.7	45.7	45.7	30.1	30.1	30.1
OECD Asia-Pacific						
Australia	76.2	48.1	34.0	74.2	46.1	32.1
Canada	77.3	44.0	22.0	77.3	44.0	22.0
Japan	50.1	35.7	28.5	50.1	35.7	28.5
Korea	64.1	42.1	23.0	64.1	42.1	23.0
New Zealand	80.9	40.5	20.2	80.9	40.5	20.2
United States	50.3	38.7	28.8	50.3	38.7	28.8
Other G7						
France	55.1	49.0	37.1	55.1	49.0	37.1
Germany	43.2	43.2	33.6	43.2	43.2	33.6
Italy	82.4	82.4	82.4	82.4	82.4	82.4
United Kingdom	56.6	31.9	16.8	56.6	31.9	16.8
OECD34	71.0	55.1	44.4	70.4	54.1	43.4



Gross replacement rate (cont)

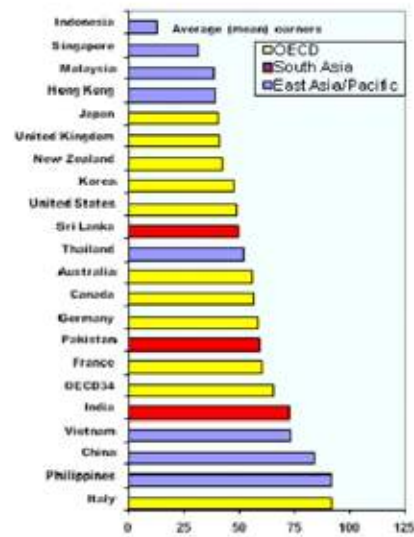
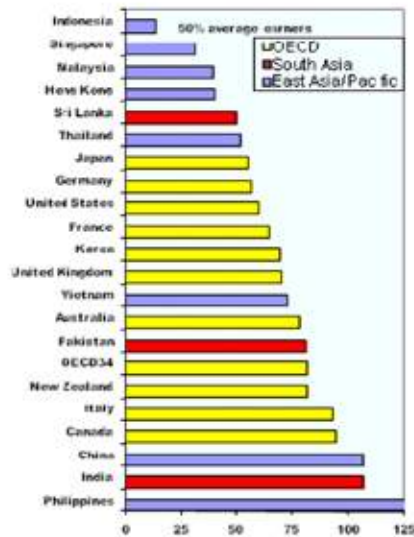


Net replacement rate

Individual earnings (% average)	Men			Women		
	50	100	200	50	100	200
East Asia/Pacific						
China	106.4	84.6	74.2	85.3	66.3	57.1
Hong Kong	39.5	39.4	28.0	36.0	34.9	24.6
Indonesia	13.4	13.4	13.6	12.3	12.3	12.4
Malaysia	38.8	39.0	40.1	34.9	35.1	36.1
Philippines	131.3	92.3	73.8	131.3	92.3	73.8
Singapore	31.0	31.4	20.7	27.4	27.8	18.3
Thailand	51.6	52.1	43.5	51.6	52.1	43.5
Vietnam	73.1	73.1	73.1	67.2	67.2	67.2
South Asia						
India	106.6	72.7	57.6	101.6	68.3	52.7
Pakistan	80.8	59.0	29.3	70.7	51.6	25.6
Sri Lanka	49.7	49.7	49.7	32.7	32.7	32.7
OECD Asia-Pacific						
Australia	76.3	55.8	40.7	76.5	53.8	38.9
Canada	94.8	56.5	31.4	94.8	56.5	31.4
Japan	54.7	40.7	30.8	54.7	40.7	30.8
Korea	89.9	47.6	27.3	89.9	47.6	27.3
New Zealand	81.8	43.1	24.0	81.8	43.1	24.0
United States	59.7	48.5	38.9	59.7	48.5	38.9
Other G7						
France	64.6	60.7	48.9	64.6	60.7	48.9
Germany	56.3	58.5	45.3	56.3	58.5	45.3
Italy	93.7	92.4	93.1	93.7	92.4	93.1
United Kingdom	70.2	41.6	23.7	70.2	41.6	23.7
OECD34	81.4	55.9	55.0	80.8	54.3	54.0



Net replacement rate (cont)

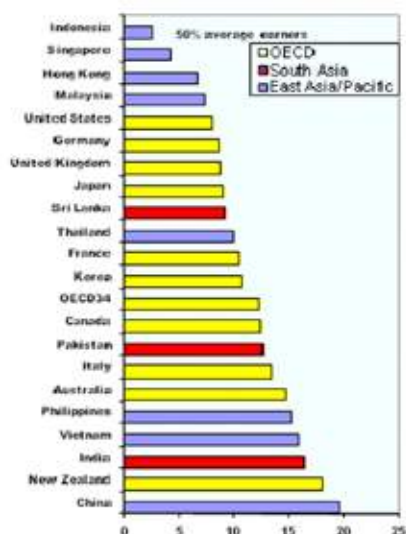


Gross pension wealth

Individual earnings (% average)	Men			Women		
	50	100	200	50	100	200
East Asia/Pacific						
China	19.8	15.8	13.8	20.7	18.0	13.7
Hong Kong	6.7	6.5	4.4	7.0	6.7	4.5
Indonesia	2.6	2.6	2.6	2.6	2.6	2.6
Malaysia	7.4	7.4	7.4	7.4	7.4	7.4
Philippines	15.2	10.5	8.1	17.1	11.8	9.1
Singapore	4.2	4.2	2.7	4.2	4.2	2.7
Thailand	10.0	10.0	8.4	11.4	11.4	9.5
Vietnam	15.9	15.9	15.9	19.2	19.2	19.2
South Asia						
India	16.4	11.3	8.7	17.4	11.8	9.0
Pakistan	12.6	9.2	4.6	13.8	10.1	5.0
Sri Lanka	9.2	9.2	9.2	7.6	7.6	7.6
OECD Asia-Pacific						
Australia	14.7	8.8	5.8	16.2	9.5	6.1
Canada	12.5	7.1	3.6	14.2	8.1	4.1
Japan	9.0	6.4	5.1	10.6	7.6	6.1
Korea	10.7	7.0	3.8	12.8	8.3	4.5
New Zealand	18.0	9.0	4.5	20.2	10.1	5.0
United States	8.0	6.2	4.6	9.0	6.9	5.1
Other G7						
France	10.5	9.4	7.1	12.0	10.7	8.1
Germany	8.6	8.8	6.7	9.9	9.9	7.7
Italy	13.4	13.4	13.1	15.5	15.5	15.1
United Kingdom	8.8	4.9	2.6	9.9	5.6	2.9
OECD34	12.4	9.5	7.8	14.3	10.9	8.7



Gross pension wealth (cont)



Net pension wealth

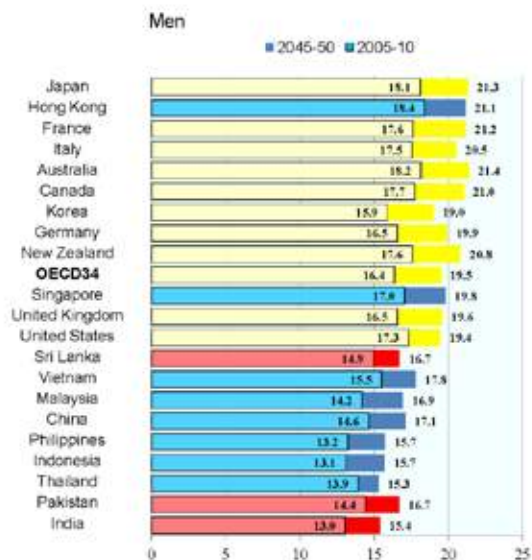
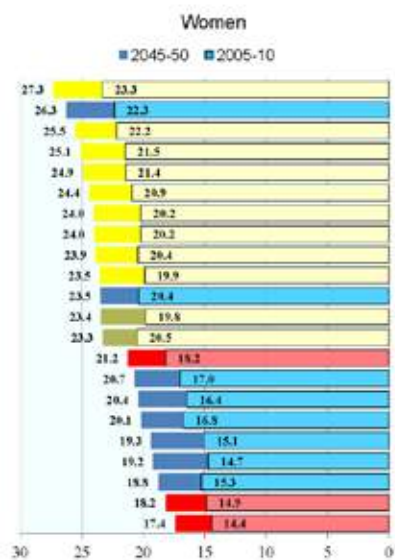
Individual earnings (% average)	Men			Women		
	50	100	200	50	100	200
East Asia/Pacific						
China	19.6	15.6	13.6	20.7	16.0	13.7
Hong Kong	6.7	6.5	4.4	7.0	6.7	4.5
Indonesia	2.6	2.6	2.6	2.6	2.6	2.6
Malaysia	7.4	7.4	7.4	7.4	7.4	7.4
Philippines	15.2	10.5	8.1	17.1	11.8	9.1
Singapore	4.2	4.2	2.7	4.2	4.2	2.7
Thailand	10.0	10.0	8.4	11.4	11.4	9.5
Vietnam	15.9	15.9	15.9	19.2	19.2	19.2
South Asia						
India	16.4	11.3	8.7	17.4	11.8	9.0
Pakistan	12.6	9.2	4.5	13.8	10.1	5.0
Sri Lanka	9.2	9.2	9.2	7.6	7.6	7.6
OECD Asia-Pacific						
Australia	13.6	7.9	4.9	15.0	8.6	5.2
Canada	12.5	7.1	3.6	14.2	8.1	4.1
Japan	8.1	5.9	4.5	9.5	6.9	5.3
Korea	10.6	6.9	3.8	12.6	8.2	4.5
New Zealand	15.6	7.8	3.9	17.4	8.7	4.4
United States	7.9	5.9	4.2	8.8	6.6	4.7
Other G7						
France	10.1	8.4	6.1	11.5	9.5	7.0
Germany	7.8	7.0	5.0	8.9	8.1	5.7
Italy	12.0	10.5	9.0	13.8	12.2	10.4
United Kingdom	8.7	4.8	2.5	9.8	5.4	2.8
OECD34	11.6	8.3	6.1	13.4	9.6	7.0



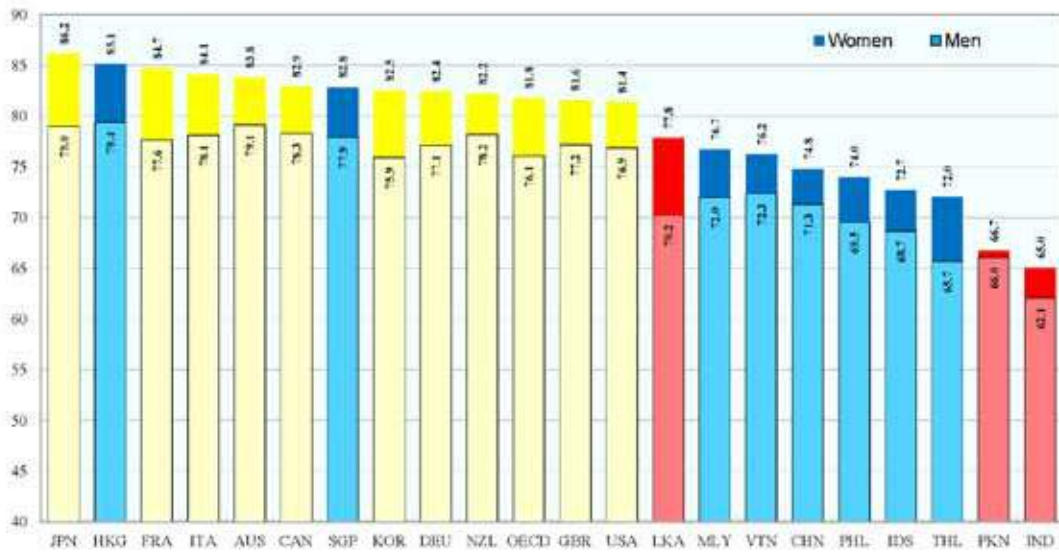
Net pension wealth



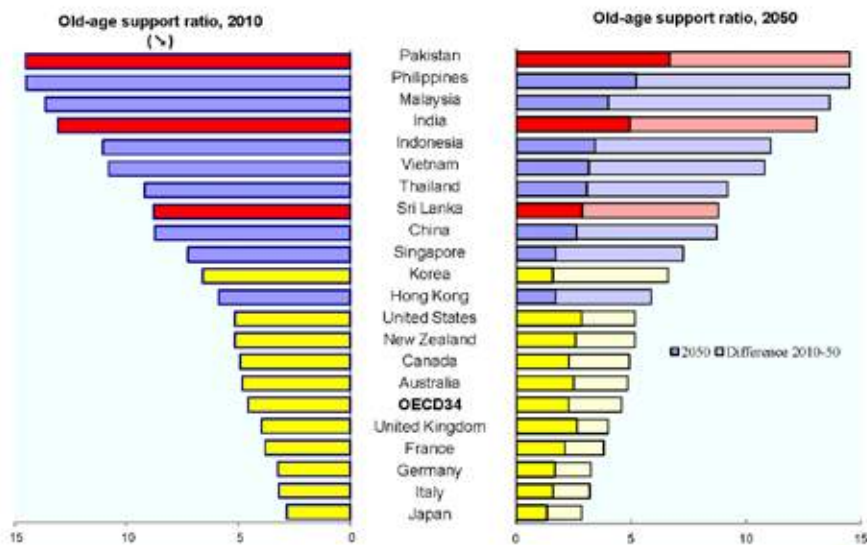
Life expectancy at 65



Life expectancy at birth (2005-10)



Old-age support ratio





5

How do we proceed?



What should we use?

- Economic assumptions
 - OECD for all in the main report
 - Country specific in the country chapters
- Next publication
 - Should we have a special chapter?
 - If yes, what should it cover?



Timetable

- Finalise country chapters to 2010 parameters by end February 2013
- Finish special chapter(s) by end June 2013
- IOPS (International organisation of pension supervisors) event in Korea 13th-14th November 2013
- Plan to launch publication at IOPS
- Next pension meeting at the same time????



Pensions at a Glance Asia/Pacific – main results

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