

THE PATH ALREADY TRAVELLED IN OTHER COUNTRIES: SOLUTIONS ADOPTED IN OTHER COUNTRIES

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APFIPP

ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS

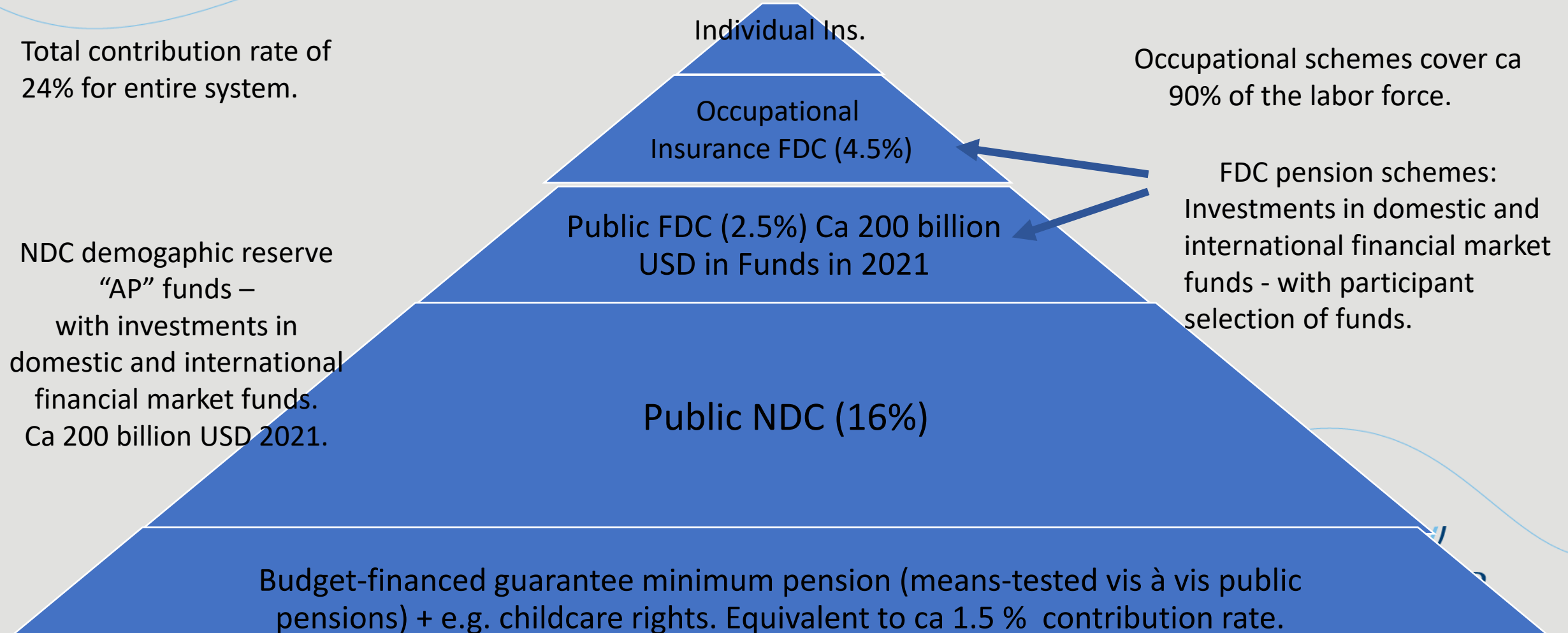
OVERVIEW OF THE SWEDISH PENSION SYSTEM

- ***Old system - 1960- 1998***
- In 1960 Sweden introduced a *universal defined benefit public pension scheme*, called ATP.
- Full benefit at age 65 = 60 % of the average of the best 15 years of individuals' earnings + a folkpension as a minimum pension guarantee.
- ***Overview of the new Mandatory Universal Public Pension System implemented in 1999***
 - Nonfinancial (NDC) and a financial (FDC) public pension scheme + a tax-financed minimum benefit guarantee (means-tested vis á vis NDC+FDC benefit).
 - NDC accounts indexed yearly to the preceding year's *nominal wage-sum growth*;
 - FDC accounts: a) max (5) choice from ca 700 domestic and international market funds registered in Sweden or b) auto-enrollment in the publicly managed "default fund" AP7.
 - Life annuities (can claim 100, 75, 50, 25% of full benefit): Based on: a) the individual's account balance and b) birth cohort's (unisex) life expectancy (LE) at the age of calculation.
 - Ceiling on contribution-based earnings 1.5 x average nominal earnings to be indexed to LE from year 2026.



WHAT IS THE FUTURE OF RETIREMENT PENSIONS IN PORTUGAL? WHERE DO WE STAND? WHERE DO WE WANT TO GO?

OVERVIEW OF THE SWEDISH PENSION LANDSCAPE

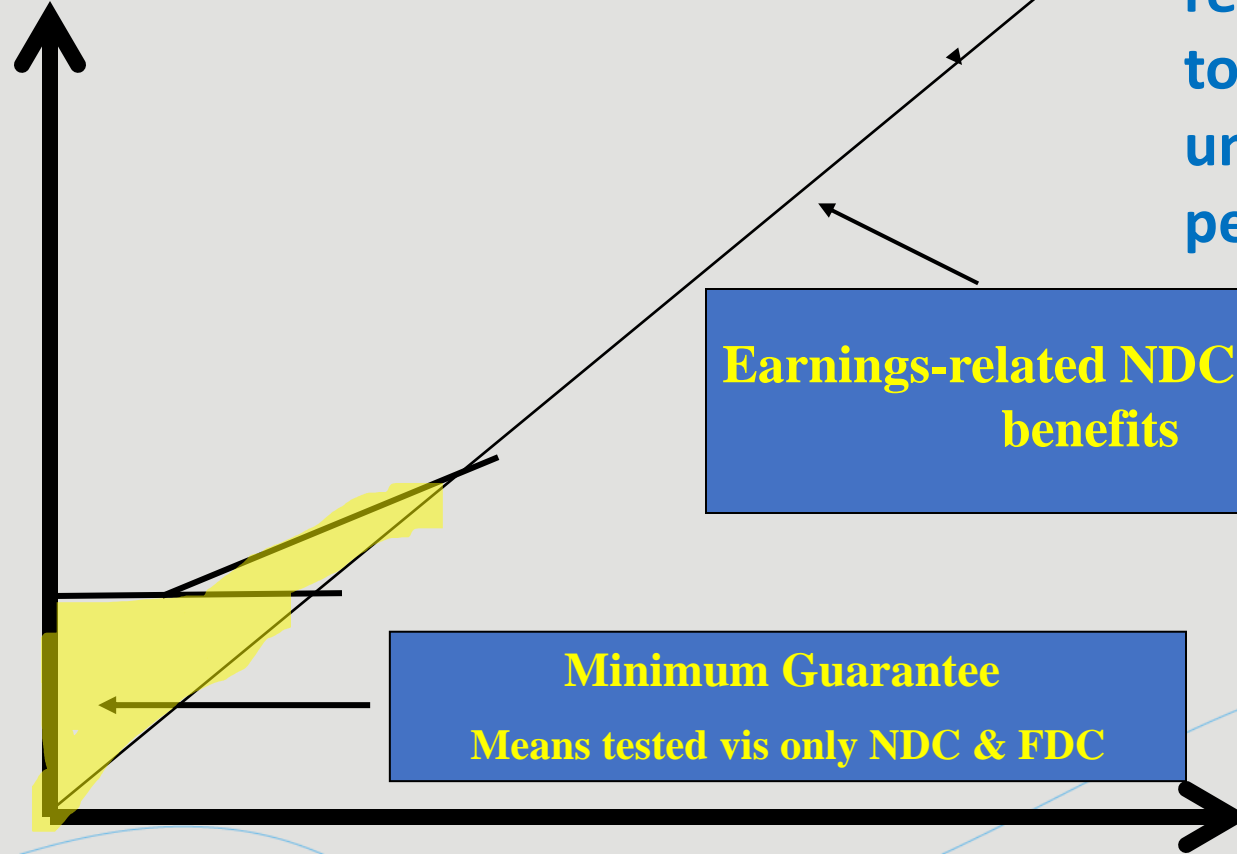




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The Swedish Guarantee Benefit

Pension



Ceiling on earnings-related contributions to *mandatory* universal public pension schemes.

Earnings-related NDC and FDC benefits

Minimum Guarantee
Means tested vis only NDC & FDC

Life earnings



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- **Swedish NDC indexation is based on the development of the average real wage and the consumer price index***
- **In addition, a Solvency Ratio is computed annually:**

$$\text{Solvency Ratio} = \frac{\text{(A)ssets}}{\text{(L)iabilities}}$$

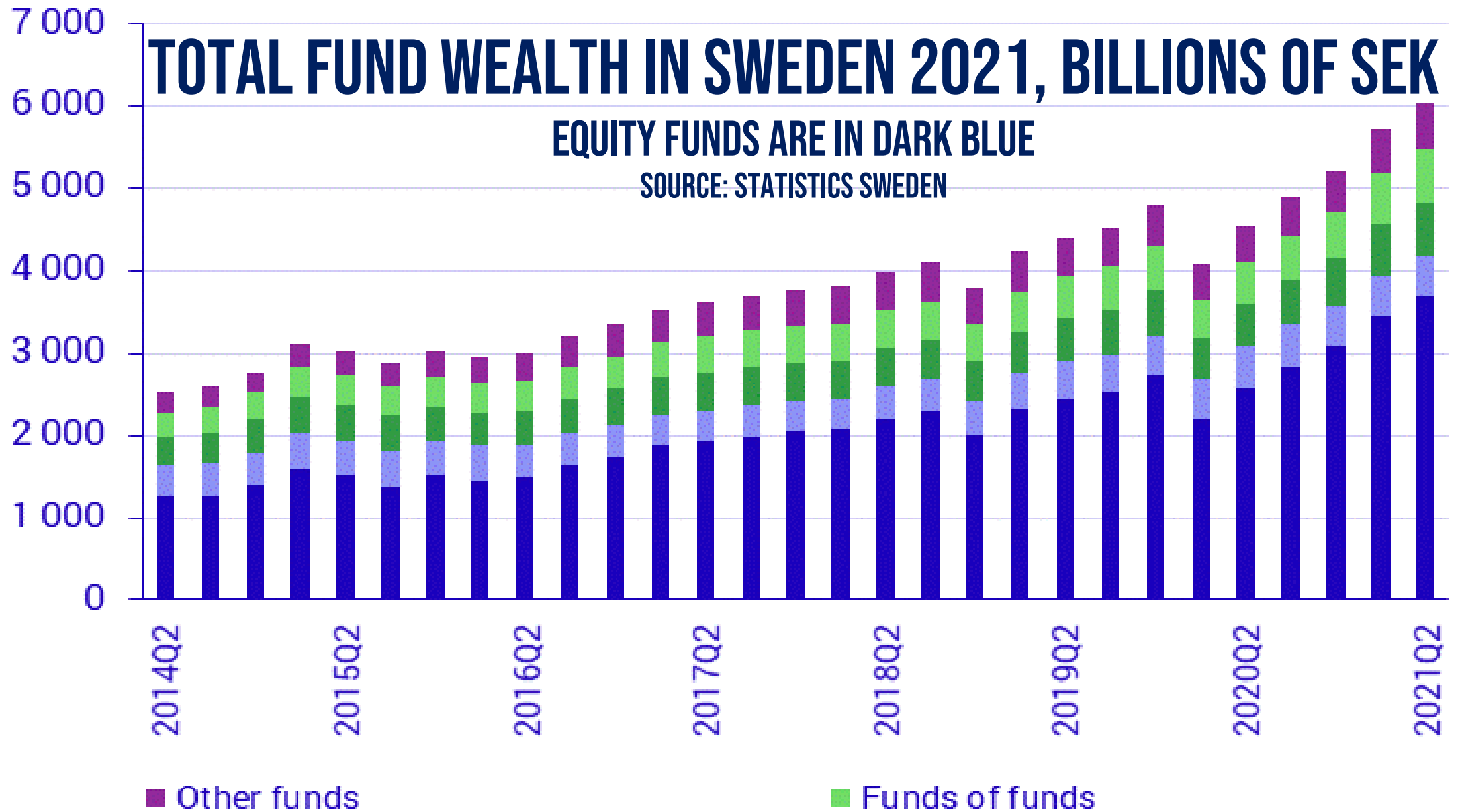
If $A/L < 1$ individual accounts and pensions are indexed downwards to achieve $A/L=1$ – and then up again with economic recovery to the original “growth path”.

- Assets are defined as the future flow of contributions on earnings + the reserve fund
- Liabilities are future pension commitments

*Other NDC countries have also included the rate of change in the labor force in their indexation, but have no balancing mechanism.



WHAT IS THE FUTURE OF RETIREMENT PENSIONS IN PORTUGAL?





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RATIO OF FUNDED FINANCIAL PENSION ASSETS TO GDP 2019

Country	Pension fund assets, % of GDP	Global rank	Country	Pension fund assets, % of GDP	Global rank
Netherlands	191.85	1	Israel	63.78	11
Iceland	175.00	2	<u>Malaysia</u>	61.21	12
Switzerland	152.50	3	<u>Finland</u>	59.52	13
USA	150.35	4	<u>Malta</u>	48.25	14
Australia	134.31	5	<u>Bolivia</u>	46.92	15
UK	123.31	6	<u>Hong Kong</u>	45.41	16
Sweden	99.83	7	<u>El Salvador</u>	44.61	17
Canada	95.71	8	<u>Denmark</u>	37.81	18
Namibia	89.93	9	<u>Ireland</u>	37.23	19
Chile	80.82	10	<u>Singapore</u>	35.12	20
			Portugal	10.2	50

Source: World Bank



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Development of AP7 S afa – Swedish Public Fund's Default Alternativ

Comparison with the Average of Registered Funds in the Swedish Fund Market

	Overall Public FDC Pension and Default AP7 S�afa	Private Funds, % Average of individuals' fund choices from funds offered by AP7
AP7 S�afa		
Jan. 1 - Sept. 30, 2022	-12,30%	-19,40%
Recent 5 years	65,90%	39,40%
Recent 10 years	284,80%	142,80%
From start 2002	346,50%	160,60%
Overall Public Premium Pension (contribution rate 2.5%)	362,90%	165,80%

Sources: The Swedish Pensions Agency and AP7 S afa



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Swedish fund market January 1 - September 22, 2022

Fund	Number of Participants	Total value of assets September 22, 2022	Change in Fund Value Jan. 1 - Sept. 22, 2022
AMF Aktiefond Sverige	191 270	20 801 045 241	-36
Didner & Gerge Aktiefond	180 013	22 324 425 781	-32
Swedbank Robur Access Sverige A	146 081	12 960 645 083	-32
AMF Aktiefond Världen	177 094	20 921 538 133	-24
Swedbank Robur Technology A	321 606	54 016 370 832	-23
AP7 Aktiefond - Public Fund choice alternativ	148 509	30 453 708 132	-13
Swedbank Robur Aktiefond Pension	164 313	24 678 299 842	-13
AP7 Såfa – Public Fund's default alternativ	5 070 497	802 299 504 610	-12
Swedbank Robur Transfer 80	123 542	33 004 017 819	-12
Swedbank Robur Access Global A	120 525	15 294 936 451	-10
Swedish Stock Market			-33



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OTHER FACTS ON SWEDEN'S ECONOMY

- Population 10.5 million persons
- Public Debt 19.2% of GDP
- Tax Burden 42.7%
- GDP per capita 9th ranking (OECD 2021)
- Gini coefficient 0.276 (Portugal= 0.31; UK=0.37;USA=0.38)



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THE PUBLIC PREMIUM RESERVE SCHEME LOOKING FORWARD

- Until 2019 there were about 700 funds in the system
- From 2019 the number has been continuously reduced with the processing of applications for new contracts with the PPM to 475 in Nov 2022.
- From June 20 2022 the legislation changed ... and with this a new contract model was introduced.
- From June 2022 funds can reach new fund agreements only by participating in upcoming procurements, administered by the new Fund Selection Agency.
- The operations of the public funded pension scheme (PPM) will continue to be managed by the Swedish Pensions Agency.



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THANK YOU!



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