International Organisation of Pension Supervisors

Information to Members of DC Pension Plans: Conceptual Framework and International Trends

Ambrogio I. Rinaldi and Elisabetta Giacomel
(COVIP, Italy)

Working Paper No. 5
September 2008

International Organisation of Pension Supervisors

Working Paper No. 5
September 2008

Information for Members of DC Pension Plans: Conceptual Framework and International Trends

THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS

AMBROGIO I. RINALDI AND ELISABETTA GIACOMEL

(COVIP, ITALY)

Working Paper No. 5
September 2008

Information for Members of DC Pension Plans: Conceptual Framework and International Trends

ABSTRACT

In recent years, the shift towards defined contribution (DC) pension plans has been a key trend in the field of private pension provision. In this context, where a wide range of options may potentially be available to individual plan members, it is crucial to ensure that they have the information necessary to make appropriate choices. Based on the findings of an IOPS survey, this paper offers a conceptual framework for considering information provision within the context of the pension system and related factors (such as the range of choices offered to individuals, the use of default options, the level of financial literacy, etc). It goes on describing the different general approaches followed across countries regarding the information to be given to members and the role played by the supervisory authority in this context. After a classification of the information documents used, a detailed description of the evidence collected follows, focusing on specific contents of the information directed to members: pension projections, investments and returns, costs, contributions paid. Finally, the paper identifies common wisdom and good practices, stressing the complementary relationship between information and financial education and the importance of (and information signals provided by) default options. The conclusions indicate aspects of the matter that deserve further work.

Keywords: [……]

http:/www.iopsweb.org

1. Introduction and Executive Summary

In recent years, the shift towards defined contribution (DC) pension plans has been a key trend in the field of private pension provision. Unlike the defined benefit plans that have long been dominant in some countries, DC pension plans place the risk upon the member, and this entails that different options are, or should be offered – in particular, regarding types of investment, contribution levels, the nature of benefits and possibly the plan provider.

This, in turn, requires that individual members are enabled to make sensible and informed choices. Providing information – also known as disclosure – is usually seen as the main policy priority for achieving this, along with ensuring that financial education is sufficient to make the information useful. These goals are receiving increasing attention from policymakers, regulators and supervisors worldwide. Appropriate disclosure requirements are noted in the OECD's *Core Principles of Private Pension Regulation*[1], whilst the organisation recently published a set of *Good Practices for Financial Education Relating to Pensions*[2].

In 2006, the IOPS Technical Committee identified a particular need for research in the area of DC plan information, and decided to launch an international survey, with the aim of identifying general trends and common concerns, analysing local policy issues and sharing good practices.

A detailed questionnaire was therefore sent to IOPS delegates asking to describe their countries' general approach and experience relating to information to be provided to potential and current members, and connected issues: disclosure requirements and practices, promotion, advice, and advertising[3]. Attention was paid to seeking effective ways to make members aware of the level of uncertainty they should be prepared to accept. Supervisory activities were also considered. The questionnaire aimed not only at fact-finding, but also at discovering the rationale behind national approaches, and at the identification of candidates for good practices in the field.

Twenty-one countries replied to the questionnaire, offering a remarkably wide range of experiences and geographical background. This paper reviews its findings. It summarizes the information supplied by countries[4], identifies general trends and common concerns, and proposes a list of good practices in the field. It also offers a conceptual framework that suggests the need to analyze in a wider context the issue of information to members of DC pension plans.

In fact, the survey has shown a widespread consensus on the key risk factors involved in DC pensions. These include:

- the complexity of choices to be made in the DC framework, and the lack amongst the plan members of the financial literacy and the planning attitude needed to deal with that complexity;

---

[1] See the OECD *Core principles of occupational pension regulation*, principle no.5: "Appropriate disclosure and education should be promoted as regards respective costs and benefits characteristics of pension plans, especially where individual choice is offered".

[2] See http://www.oecd.org/dataoecd/4/21/40537843.pdf

[3] The questionnaire –see Annex 1– focused on the accumulation phase and only on DC plans.

[4] Experiences of individual countries are mentioned or described in the context of the general discussion of the single topics. However, given the richness and complexity of the information reported by respondents, a comprehensive description of the experiences of individual countries is not attempted in this paper. The detailed answers are available to interested readers in a companion paper available in the members' area of the IOPS website and on request to non-members.

- the difficulty of conveying to plan members the value of benefits that can be reasonably expected over a long time horizon and, especially, the level of uncertainty that surrounds this expectation;
- the information asymmetry and potential interest misalignment between fund members and pension providers, exacerbated by poor understanding of the major impact of costs and fees, particularly over the long-term;
- the resulting possibility that plan benefits will not meet member needs or expectations, given the context of declining mandatory public pensions, and the consequent impact on social cohesion and public finances.

Despite this consensus, the survey discovered a wide range of differing approaches, both in terms of information provided and the methods of delivery. In the main, this stems from differences in the structure and development of pension systems, and the varying local contexts of labour relations, regulation and financial markets. It therefore makes sense to consider the information provided to members within a wider framework, and to assess how this issue interacts with others to improve the design of pension provision in a specific country's environment.

Such a 'conceptual framework' is presented in Section 2. It stresses the complementary relationship between member education and information, and examines the extent to which other factors – such as regulation, product standardisation and the use of default options - can act as information substitutes.

Section 3 summarizes the questionnaire submitted to IOPS members and lists the replies received. Section 4 identifies the main trade-offs involved in the differing approaches of respondents. This includes the relative roles of statutory regulation, self regulation, and of the supervisory authority in defining information standards. It also looks at the effects of principle-based regulation, in comparison with standardised information requirements, and notes the difference in approach between pension products and other savings instruments. The section also highlights the increasing role played by supervising authorities in the direct provision of information.

In Section 5, the paper offers a classification of the documents made available to members (identifying 'structural' plan documents, on-going plan information and member specific communications). It shows a general alignment across the respondent countries, but with some specific, and interesting local differences. Annex 2 contains a complete breakdown of the materials described.

Sections 6 to 9 focus on critical, specific aspects of member information: pension projections, investment policy and performance, and costs and contributions. Particular attention is paid to the assumptions used in calculating the 'best estimate' of benefits at retirement, and to explaining the uncertainty that underlies it. On investment policy, we focus on the description of available options, and stress the informative nature of default options; in terms of performance, we note a common concern that excessive attention should not be given to short-term results. We also note a widespread focus on the transparency of costs and fees, and to clarity on the regular payment of contributions.

Reflecting the widespread agreement on many issues amongst respondents, Section 10 offers a range of 'common wisdom' findings and suggestions of good practice (including information provision on joining the plan, easy to use information, the provision of personalized information etc.) – which are compatible with and build on the OECD guidelines referenced in this paper. It also includes several more specific, system-dependent, recommendations – for instance, when principle-based regulation of information provision could be considered good practice, when standardised information may be desirable, and how the functions of the supervisory authority in setting and checking information requirements differ with the environment.

Finally, the paper draws a series of conclusions. It notes that much has been done, and is currently been done, to improve the value of information provided to DC plan members. But it also reflects the widespread concern amongst respondents about the degree to which these individuals are truly empowered to take appropriate decisions. It believes that, by itself, the provision of information cannot be regarded as a panacea, sufficient in itself to enable members to take care of their future needs in retirement. Rather, it suggests a policy mix that includes member information and education, modular communication, and the use of devices such as default options. The paper closes by suggesting aspects that deserve further study in any future research agenda.

2. A Conceptual Framework

Why is information to members so important in DC pension plans?

In a paternalistic, "classical" defined benefits (DB) context,[5] all the relevant decisions are taken on behalf of the individual member by the sponsoring employer and/or the pension fund administrators, often including employee representatives. Individual members may be – and should be - interested to learn about their expected benefits, for instance in order to adjust their own saving behaviour to match their future needs. But the member is not asked to take specific decisions regarding the pension plan. In fact, the employer and/or the fund itself bear the risks, and therefore are entitled to handle the relevant control variables in order to manage and mitigate these risks.

The situation is very different in the DC context, where risks are borne by members. For that reason, it is good practice that members are offered different options, in order to allow them to match their needs and preferences with the different combinations of risk and reward that are offered by their pension plan.[6]

Indeed, the variety of decisions that individual members (and potential members) of DC pension plans may be asked to make, and the range of options that they have to consider, are indeed wide. Although in many systems (e.g. mandatory systems) not all kinds of decisions are available, individuals may often be asked to take decisions on the following:

- whether to save for a supplementary pension;
- how much to contribute;
- in some cases, whether to stay in the occupational pension plan (OPP) or to opt-out into a personal pension plan (PPP);
- in the case of opting for a PPP, which provider to use;
- the risk/reward profile of a specific investment option;
- the kind of benefits (lump-sum, annuity, early withdrawal, etc.).

The risks embedded in these decisions are significant. In summary, they add up to a sort of final, "bottom line" risk: the possibility of an individual having an inadequate income in retirement.

---

[5] Obviously, in DB plans with significant risk sharing between members and the employer/the plan, information to members is relevant indeed and many of the considerations made for DC plans will also apply.

[6] See the OECD *Guidelines for the protection of members and beneficiaries in occupational pension plans,* paragraph 5.1: "*Where members direct their own investments in an occupational pension plan, they have the right to a number and diversity of investment choices sufficient to permit them to construct an appropriate investment portfolio in light of their own individual circumstances and in the context of the particular pension programme*". In the EU context, see also the IORP Directive, art.11.4, that states that "*where members bear the investment risk*", they must receive, also on request, "*detailed and substantial information*" on *"the range of investment options, if applicable, and the actual investment portfolio as well as information on risk exposure and costs related to investments"*. Let us note that many argue that the optimal number of choices to be offered should be quite small, as too many options increase decision costs and may in fact discourage participation in supplementary pension plans.

To better understand this ‘bottom line’ risk, it may be useful to list the intermediate risk factors that are more directly visible to, and manageable by, an individual during their working life. Specifically, they may:

1. contribute too little, and/or for too short a period, to a supplementary plan;
2. face unduly high fees and costs;
3. choose a bad provider, and/or opt out from a good occupational plan (often described as the risk of being exposed to misselling);
4. select an inappropriate (ex-ante) asset allocation;
5. encounter poor performance (ex-post) from their investment.

The group of the first four of the listed risks could be collected under a wider concept: the risk of taking wrong decisions. The latter one (the risk of an underperforming investment) is an inherent uncertainty that members of DC plans face, even if their choices are fully appropriate.

In this paper, we concentrate mainly on the analysis of the role that information to members itself (and possibly combined and interacting with other policy instruments) may play in mitigating the risk of taking wrong decisions or, more specifically, in dealing with each of the first four risks listed above. In addition, we’ll address the issue of how to ensure members are adequately informed regarding the fifth listed risk, i.e. the investment risk to which they remain exposed.

Let us stress again that even if the “right” decisions are taken, some residual uncertainty will remain. That being so, there is certainly a role for ex-post information on investment results: firstly, in helping to readjust decisions for the future; but also in making members aware that risk is inevitable, and that they should be prepared to accept bad results if things go wrong. We may add that, in fact, this sort of residual risk could be eliminated only at the cost of reducing returns to the risk-free rate – and that in doing so, the whole point of having funded pension plans invested in the financial markets would be missed.

In other words, correct, ex-post information on investment results, especially when combined and compared with ex-ante information, may help to prevent excessive risk aversion among plan members, and may instead favour an appropriate long-term stance in assessing pension fund performance.

In general terms, taking stock of standard economic theory, the specific decisions regarding a DC pension plan should be seen as part of a much wider inter-temporal optimization problem, in which individuals are asked to take their decisions at every point in time regarding alternatives, or “control variables”: how long and how hard to work, how much to save/consume, how to invest saving flows, whether and how to reallocate their stock of wealth, etc. In an ideal world, through the whole of their working life, individuals should take a “trajectory” of decisions regarding the control variables, having in mind a specific objective about their welfare after retirement (bequests included). Moreover, they should continuously re-adjust their retirement objectives, according to the progressive “resolution of uncertainty” regarding their nominal and real earnings, the actual return of their investments, their health conditions, etc.

In this ideal world, in order to achieve an optimal pattern of decisions and the highest level of welfare that their endowments allow, an individual would simply need complete information. In that case, policymakers would need only to encourage the provision of information, as a “sufficient” instrument in order to induce optimal behaviour by individuals. Other possible policy instruments (see below) would be pointless - or even harmful, as they could distort optimal choices.

In the real world of decision-making, however, we clearly cannot expect individuals to be able to take optimal decisions regarding pensions using all the relevant information that is made available to them. In fact, the costs of processing all that information would be too high, and some "bounded" optimising behaviour is likely to prevail.

That being so, how can we increase the likelihood that appropriate decisions are taken by individuals regarding their pensions? In our view, attention has to be paid not only to the provision of information, but also to the design of the broader regulatory setting, and to the appropriate use and mix of policy instruments. We can list the most important of these factors and policy instruments as follows:

1. education of individual members regarding pension matters;
2. regulation limiting individual choice;
3. product/plan standardisation;
4. competition and market discipline;
5. prudential regulation that limits risk-taking;
6. price/cost caps;
7. advice;
8. default options.

A detailed discussion of these factors or policy instruments goes beyond the scope of this paper. Nevertheless, we find it useful to make a few remarks on each of them, focusing on their relationship with regarding information directed to DC plan members. In particular, we shall group them, according to the way that they interact with such information. For in fact, some of them can be seen as "<u>substitutes</u>" for information, while others should instead be seen as "<u>complements</u>".

Education

First, we focus on the complementary relationship between information and education. In general, information to members is only useful to the extent that they are able to make use of it. While basic and simple-to-understand information should be considered good in any case, detailed and sophisticated information is likely to be useful only if members are endowed with the degree of literacy needed to understand, interpret, and to make use of it. We refer here not only to general financial literacy, but also to the planning skills needed to consider pension matters in a long-term perspective.

So when the degree of "pension planning education" among members is poor, the provision of information is likely to be ineffective in mitigating the risks embedded in DC-based systems. In this case, many of the other regulatory instruments listed above may play a replacing role, limiting the complexity of the decisions to be taken by members. They can thus be seen as information "substitutes".

Regulation limiting individual choice

Regulation that limits individual choice can take different forms: the most obvious examples are mandatory (or quasi-mandatory) membership, and regulation that favours membership of the occupational plan arranged by an employer. In theory, such regulation may lead to sub-optimal outcomes, as it limits the opportunities available, but in practice it can often improve welfare. That is because it radically reduces decision costs and, as in the DB context, acts in a paternalistic way overcoming the difficulty of empowering members to take their own decisions.

Product standardisation and competition

An important role may also be played by the standardisation of plan characteristics, such as their risk/return profiles or their fee structure. This regulatory approach is typical of systems that are based on personal pension plans, provided by a range of financial firms, and usually offered directly to individuals, (though in some cases an employer, and employee representatives, are involved in the selection of a sponsored plan). In these cases, emphasis is placed upon product comparability, and competition between providers. The interaction of these factors with the need for information to be given to members is more complex. For on one view, product standardisation can be seen as an information (and education) substitute, reducing complexity and easing comparison, making choices simpler. But in order to make competition work effectively and foster market discipline, information and education are essential complementary ingredients.

Prudential regulation and cost caps

Prudential regulation limiting risk-taking by pension funds also interacts with the need to provide information to members (and for their education): in the DC context, prudential regulation can be seen as a "consumer protection" device, all the more justified by the particular social relevance of pension funds, and because transparency may be insufficient to protect members from the investment risk inherent in the DC pension plans. In a different plan environment, a similar role might be claimed for the imposition of "caps" on charges and fees; for even in presence of adequate transparency, it might be argued that individuals are not careful enough to spot the cost differences across the plans available.

Advice

Providing customized advice to members may be a particularly effective form of offering a combination of information and education. Such advice may make it unnecessary to supply detailed information on all possible options available, and may therefore allow greater focus on the quality and customization of information. The drawback of this approach lies in its high costs, which may make it impracticable on a wide scale, and possibly also with the responsibilities implied, which may require a legal setting where advice is not discouraged.

Default options

The remaining listed policy instrument that of default options, is especially interesting. In our view, it should be seen as a cost-effective way to provide information and even advice to members. Providing a default option can signal the choice that should best suit members in "normal" conditions, and for the majority of plan members may act as an efficient substitute for the processing of complex information. However, default options do not remove the need to offer details on all other options available; for if they wish, members should always be able to check whether other options are better suited to their specific needs and preferences.

In some cases, default options play an important role through the imposition of a "duty of care" on fund administrators, that are obliged to make the relevant choices on behalf of members, unless they take over the responsibility for the investments.

The remainder of this paper provides the detailed findings of the IOPS survey. At various stages, we will find it useful to refer to the conceptual framework drawn above, in order to interpret the evidence collected.

3. The Questionnaire and Replies Received

The survey data was requested from IOPS members via a questionnaire (see Annex 1). It focuses on the accumulation phase, and is divided into two sections. Section One covers the general approach followed in each country in terms of information provided to potential and current members, asking questions on several specific aspects, including: disclosure requirements and practices, promotion, advice, and advertising, with attention given to the regulatory framework and supervisory activities. The section deals not only with a description of countries' experiences, but also with the analysis of the main relevant issues, and the identification of priorities and best practices. Emphasis is placed upon the risk factors affecting pensions in a DC environment, and upon methods for ensuring that members are aware of the levels of uncertainty that they should be prepared to accept.

The questionnaire was sent out in November 2006. Twenty-one countries replied, representing a remarkably wide range of experiences and geographical areas:

- 13 replies from Europe and the Middle East, of which 7 from EU15 and 4 from Central and Eastern European countries;
- 4 replies from Central and South America;
- 3 replies from Asia and Australia;
- 1 reply from Africa.

Section Two of the questionnaire aimed at the collection of detailed information on the nature and the contents of the documents that DC pension plans make available to members (hereby defined "information documents").

Accordingly, Section Two of the questionnaire was designed as a matrix, flexible enough to fit all kinds of documents. The matrix is in three parts, and contains:

- structural information about the pension fund/plan;
- information about on-going activity (performance results, etc.) with reference to the pension plan/fund as a whole, including information about each investment option;
- member-specific information (evolution of the personal account, etc.).

Overall, Section Two of the questionnaire gathered about 150 items that could be contained in information documents. As reported by some delegates, this section of the questionnaire may be useful *per se*, as it could provide a checklist of items to include in material supplied to members.

Fourteen of the twenty-one respondents completed Section Two. The replies are summarized in Annex 2. They show a wide diversity of practices amongst countries.[7]

Table1: Questionnaire. Replies received

Country	Organisation	Section Two	Further documents attached
Australia	Australian Securities and Investments Commission (ASIC) Australian Prudential Regulation Authority (APRA)	X	Examples
Austria	Austrian Financial Market Authority		Legislation
Belgium	*Commission Bancaire, Financière et des Assurances* (CBFA)		
Bulgaria	Financial Supervision Commission		
Chile	Superintendency of Pension fund Administrator (SAFP)	X	
Costa Rica	*Superintendencia de Pensiones*	X	Examples
Hong Kong	Mandatory Provident Fund Schemes Authority (MPFA)	X	
Hungary	Hungarian Financial Supervisory Authority		
Ireland	The Pensions Board	X	Examples
Israel	Ministry of Finance	X	
Italy	*Commissione di Vigilanza sui fondi Pensione* (COVIP)	X	Examples
Jamaica	Financial Services Commission	X	
Kazakhstan	Financial Supervision Agency of Kazakhstan	X	
Kenya	Retirement Benefits Authority	X	
Mexico	*Comisiòn Nacional del Sistema de Aborro para el Retiro* (CONSAR)	X	Examples

[7] For five countries, examples of information documents were also supplied: they are collected in an IOPS internal document. Another IOPS internal document contains all the detailed replies to the questionnaire. The two documents are both available in the members' area of the IOPS website, and on request to non-members.

Netherlands	Authority for the Financial Markets (AFM)		
Poland	Polish Financial Supervision Authority	X	
Slovakia	National Bank of Slovakia	X	
Spain	Insurance and Pension Fund Directorate		
Turkey	Undersecretariat of the Treasury, Pension Monitoring Center of Turkey	X	Legislation and Examples
UK	The Pensions Regulator		

4. General Approaches to Information to Plan members and the Role of the Supervisory Authority

There are several dimensions to the differing approaches that countries take to supplying information. In particular, each country 'trades off' between alternative possibilities, and the role of the local supervisory authority also plays a part in determining the nature of the balance achieved. We'll now focus on each of these dimensions, and the trade-offs involved, bearing in mind that each is intrinsically linked to the other.

Relative role of statutory regulation, self-regulation and the supervisory authority

It is difficult to identify general trends regarding the relative roles of statutory regulation, self-regulation, and the supervisory authority.

Primary law has a central role in several countries, such as those where DC pension plans are mandatory (Chile, Mexico).

Austria applies a combination of basic regulation by law, and further guidelines that are set by the supervisory authority. In particular, the law sets minimum standards for information requirements, but pension funds are not discouraged from providing more information. The same approach is followed in many other countries. This is seen as good practice in order to maintain flexibility while ensuring minimum standards.

In Italy, all the regulatory powers are entrusted by law with the supervisory authority. This is seen by the supervisor as the best way to achieve effectiveness, as regulations can be quickly adapted to changing needs and the evolution of markets. The pension supervisor is also the main source of regulation in Turkey.

In Ireland and the UK, guidance by the supervisor is seen as crucial in determining how the supervised pension funds operate in terms of providing information. This should be seen as good practice, in particular when the number of funds is large and a principle-based approach is used.

In several countries – for example, in Hungary – self-regulation is expected to have an increasing role in future. In the UK, the Pensions Regulator often operates in partnership with the industry. In several jurisdictions (Belgium, Turkey), a council of pension providers and other practitioners (financial industry, pension funds, employers, trade unions, pensioners, experts) has been instituted and is officially recognized.

Principles-based vs. standardized information

Coming to the contents of regulation regarding member information, a basic, fundamental trade-off has to be considered: principle-based or format-based, standardized information?

In a few countries, (see for instance the UK and Australia), the choice is clearly for a principles-based regulation of information. In particular, in the UK it is stated that "*the information must be sufficient to ensure that people can make informed decisions*". The format of information documents is left to the responsibility of fund administrators.

In other countries, information is highly standardized (see Chile, Italy, Mexico, and several Central-Eastern European countries), with detailed regulation describing the format of information documents, and even with fac-simile documents for fictitious pension plans compiled and made available by the supervisory authority, in order to offer guidance to plan providers. In many other countries (for instance, Austria, Ireland), a mixed approach is followed: a minimum standard of information is set by legislation/regulation, and administrators are then free to provide more detailed information.

There are evident pros and cons to these approaches. The principle-based approach ensures flexibility and allows information to be adjusted to the specific characteristics of a plan: it also underlines that the responsibility to ensure adequate information lies with the plan administrators.

On the other hand, the definition of detailed standards favours comparability between plans. This may be a crucial requirement where effective competition is an important element for ensuring the efficient functioning of the private pension system, given in such cases there may be a significant risk of misselling (due to interest misalignment between commercial providers and plan members, and their limited financial literacy). It also may also make sense to provide standardized, regulated information when membership of a plan is mandatory, or quasi-mandatory.

The relationship between the desired degree of competition in the system and the standardisation of information is worth noting. In particular, in systems where pension plans/products are highly standardized and individuals are free to choose between different providers (see Chile and Mexico, but also Bulgaria, Hungary and Poland), the standardisation of information is usually emphasized. Italy is a special case, where this approach is applied not only to standardized plans/products, but also to different kinds of plans: occupational, UCITs-like and insurance-based. This is a consequence of these different kinds being in competition with each other, and comparability therefore being an important prerequisite to make competition work. A similar situation is observed in Australia and Jamaica, where different kinds of plans coexist and compete, and comparisons are therefore needed and encouraged. In all these countries comparative tables, particularly regarding costs, are often part of some information documents and/or are shown on the supervisors' web-sites (see *infra*).

The role of the supervisory authority varies according to the type of approach implemented. Where standards are imposed, supervisory authorities see document checking as one of their major tasks. However, this is organized in a variety of ways, depending on the number of plans to check, the complexity of the documents and the resources available. Formal ex-ante authorization of documents issued by single plan providers is not common: it is used only in Bulgaria and in Hong-Kong, and in Ireland for certain kinds of personal plans. More often, standards are defined ex-ante (sometimes very strictly, as in Chile and Mexico) and checking is made after the documents are issued.

In several cases (see Austria, Spain) information documents and their actual delivery to members are checked during on-site visits. In most of other cases, documents are checked off-site, often in response to complaints received (Belgium, Turkey) and sometimes also on a random basis (Turkey).

When the number of funds is large and a principle-based approach is used, the checking of documents on a meaningful scale is usually not feasible and, as mentioned above, guidance becomes the main instrument that supervisors use.

In several countries, the detail of required information varies between different kinds of plans, with less stringent requirements typically applied to occupational funds than to individual plans. In Spain, for example, the employer has to make the information only available for occupational plans, while for personal plans there is an obligation for plan providers to actually deliver the information to members. In other countries (Belgium, Ireland, UK) the need to compare occupational and personal plans is not considered a priority, as employers typically pay their contributions only to a specific plan. A further reason to lessen information requirements may be the presence of guarantees offered by the employer, as in the case of Austria and Belgium.

Simple vs. detailed information

In the recent past, there has been a trend toward providing DC members with ever-more complete and detailed information. Lately, as with other saving vehicles where the risks are borne by clients (e.g. mutual funds, see *infra*), there is a growing concern that too much information is not necessarily a good thing, and that there is a need for communication to be kept simple in order to be effective. In the UK, a poor level of understanding amongst members is seen as one of the key risk factors for DC pension plans.

As a result, several countries now have legislation that requires information to be simple and understandable. In some (see Spain, Ireland, UK), specific emphasis is put on the simplicity of language to be used in communication, often in the context of the principles-based approach, whilst the use of graphs is often seen as effective in conveying information in an easy-to-understand way.

In Mexico the semi-annual balance statement has recently been redesigned with the explicit objective of making it simple for readers to understand. In Italy, a synthetic document has been recently added to the detailed information to be provided to members.

The Australian regulator responsible for transparency and market conduct (ASIC), adopts a modular approach on its web site: it offers simple introductory material, but also provides references to detailed documents that allow the interested members to get detailed and technical information on all relevant topics.

Differences of approach between pensions and other savings instruments

The information requirements for supplementary pension plans have to be similar or different to those set for other long-term savings instruments? We find different approaches across countries.

In Australia a common policy is followed for DC pension plans as for other long-term savings products, such as mutual funds and life insurance policies. This approach is driven by the country's institutional setting, where a single authority, (ASIC), is entrusted with supervisory tasks on the conduct of business, disclosure and information for all financial, insurance and pension products.

This is in general not the case in EU countries, where the institutional setting varies and does not have univocal implications in terms of difference in the approach to information between pension plans and financial products. For although supervision is integrated in many countries, the EU Directives applicable to mutual funds, to insurance companies and to pension funds are different. The Directives applicable to mutual funds, and to insurance products, provide for detailed sets of rules regarding the information to be delivered or made available to clients, with the two sets of rules differing one from the other. The EU pension fund Directive, though, is less specific in prescribing the information to be supplied, and makes little distinction between DC and DB schemes.[8]

[8] Lately, in the EU there are several developments in the field of financial regulation that may be relevant for the topic of this paper. First, the Market for Financial Instruments Directive (MIFID) and its implementation measures (into force from November 2007) contain general rules regarding conduct of business and information to be given to clients. Second, the three level-3 Committees of the so-called Lamfalussy architecture to financial market regulation (CEBS, CEIOPS, and CESR) have been working on the issue of long-term investment "substitute products" and on the rationale for the existing differences in their regulation. Third, in October 2007 the CESR issued a consultation paper on the regulation of key disclosure to investors for UCITs. Although the three developments do not refer specifically to pension products, they address many of the issues discussed in this paper.

In many countries, we find that the information requirements for DC plans are inspired by those defined for either mutual funds or insurance companies, depending on the local degree of similarity between DC plans and these two savings products. In Mexico, information requirements are similar to those set for mutual funds, whilst life insurance products served as models in Israel. In Hungary, an intermediate approach between mutual funds and insurance has been applied to DC plans.

Other countries prefer to apply specific requirements to pension funds. In some systems, where DC pension plans are mandatory (see Chile), information requirements are more stringent than for other long-term savings products.

The Netherlands is another interesting example, where the supervisory structure is similar to the Australian case, with supervision split by objectives and therefore a single regulator responsible for information matters for all kinds of financial and retirement products and plans. In spite of this, regulation is stricter for DC pension plans[9] than in general for financial products, with a stronger duty of care to be applied to pension providers. The providers have to offer members the option to take over investment responsibility on their behalf. If members decide to make their own choices, then the providers have to advise members on the investment options available, while for other financial products execution only is possible. The rationale is the quasi-mandatory character of pension plans in that country.

In such a diversified landscape, the international evidence does show a couple of aspects in which the information needs relative to DC pension plans are distinct from those for mutual funds and life insurance. First, information is needed on the regularity of contributions, due to the fact that the payment of contributions is often under the control of employers, and members therefore are to be allowed to check that payments are made when due. Second, the very long-term nature of pension plans and the social relevance of their objective (i.e. to ensure adequate retirement incomes) makes personalized pension projections very important. A clear trend in this direction can be observed (see *infra* Section 6).

Supervisors as direct sources of information to members

Another noticeable trend is the increasing role of supervisory authorities in the direct provision of information to members. In some cases, this role is explicitly recognized as a statutory objective of the supervisor. The fact that information comes directly from the supervisor may contribute to maintaining public confidence in the functioning of the system.

Supervisors' websites are the most widely used instruments, as they are the only way for the supervisors to reach members directly, immediately and at a limited cost.

As mentioned above, the website of ASIC, Australia's integrated supervisor on transparency and the conduct of business, is a good example of a well-organized site. It supplies information in a modular way, offering a general description of the pension system and the kinds of plans available, and then providing in-depth analysis of specific themes. As in several other countries (Chile, Hong Kong, Ireland, Mexico, Poland, Turkey, UK, cfr. *infra* Section 6) an interactive pension calculator is made available in order to allow members to produce personalized pension projections.

In several cases, particularly when different commercial providers of pension plans compete in the system, the supervisory authorities publish tables that allow members to compare the most important data across the plans. In particular, comparative tables on costs and fees are published by the supervisor in Australia, Chile, Hong Kong, Hungary, Ireland, Israel, Italy, Mexico, Spain, Turkey and the UK. Tables comparing returns are much less common; in the replies to the questionnaire some respondents underlined that this would not

[9] In the Netherlands, most pension plans are defined benefit, but recent legislation in 2007 addressed also DC pension plans.

be good practice, as the publication by the supervisor of comparative data on past performance would encourage attention to short-term results.

Summary statistics on average past performance can, however, be seen as good practice and are published by many supervisors, together with other market statistics.

5. The Information Documents

"Paper" documents are still the main vehicle providing information to pension plan members.[10] The IOPS questionnaire asked delegates to list and describe all the information documents made available to potential and current members.

The titles of these documents, and the detail they provide, vary greatly between countries. A full appreciation of this diversity can be obtained looking at the replies to Section Two of the questionnaire, enclosed as an appendix. Nevertheless, we have classified these documents in a number of categories.

General description of the plan/fund

This document describes the fund/plan structure in general terms. It provides information regarding the rights and obligations of members, the responsibilities of the other parties and general information regarding the investment policy of the fund. Usually it is delivered to members when joining the plan, and is then made available on request and/or put on the plan website. The level of detail may vary.

Specialized documents on investments

In EU countries, such documents usually contain a so-called statement of investment policy principles, made compulsory by the EU pension fund Directive. This describes in detail the investment policy of the plan, including strategic asset allocation, investment risk measurement methods and risk management techniques. In other cases, it may consist of a guide to the investment process and of the plan and the available investment options. It is generally provided to members at joining and it is always available on request.

Key developments of the plan/fund

This is a brief type of document, describing major recent developments (e.g. pension fund assets, members, fees, and contributions). Specifically directed to members, it summarizes the information contained in the annual report and/or the longer document containing the general description of the plan. It is often delivered to members together with the personal balance statement.

Personal balance statement

A personalized document, that describes the evolution of the personal balance of the individual members, and includes contributions paid, dates of payment, current value of accumulated personal balance, capital gains/losses, and taxes. It is usually delivered annually to members, but in some cases it can be issued and delivered more frequently. A "real-time" version of the personal balance statement is sometimes made available to members on the plan website, or is sent by e-mail.

[10] Websites of pension providers are progressively challenging this primacy. This could be a field for further analysis.

Pension projections

This provides estimates of the benefits (lump-sums and/or annuities) that a member can reasonably expect at retirement, given a series of assumptions on contribution rates, investment returns, etc. It is usually personalized, containing individual-specific data, such as age, gender, current salary and contributory rates. In general, it is made available annually.

Annual report

Produced for official purposes, in compliance with civil or commercial law, this is often not intended primarily for members. However, it is typically made available to members on request and put on the pension fund's website.

Other documents

In some jurisdictions, there are a few other documents that do not fit in the classification defined above. These are delivered to members when specific events occur, such as when members leave their company or leave the fund, switch from one option to another or transfer their accrued benefits from one fund to another. These are situations in which members may need to be made aware of specific aspects that may be detrimental to their interests, and specific warnings are therefore useful.

One of these documents is particularly interesting: it is required in Ireland, when members of an occupational plan wish to transfer their benefits into a PRSA (Personal Pension Plan). To quote from the survey response, "*This certificate compares the benefits that may accrue from the transferring occupational pension scheme with the benefits that may accrue from the PRSA contract. The member should get this certificate before transferring their entitlement from an occupational pension scheme to a PRSA. They should also receive a written statement outlining reasons why such a transfer is in their best interests*". This is an useful example of compulsory advice, that may qualify as good practice in circumstances where it is possible to opt-out from an occupational plan in favour of a commercially promoted personal plan, and where the risk of misselling should be minimized.

Based on the classification defined above, Table 2 lists the information documents that each reporting country makes available to members on request and/or places on the fund website, (shown by shading the appropriate box), and specifies if and when they are actually delivered to them.

As to whether documents are automatically delivered to members, or simply made available on request, a clear pattern emerges. Documents containing a general description of the fund/plan are available in all countries, and are usually given to members when they first join the plan. In following years, the documents containing the general description of the plan are made available only on request, although modifications of main rules and characteristics are often delivered to members when they occur.

A personalized document containing the evolution of the member's balance is delivered annually in all cases, and sometimes at even shorter time intervals. In a few instances, this is accompanied by a short document containing a description of key developments of the plan/fund in the prior period. Conversely, full annual reports are typically only made available, but not delivered to members.

This pattern reveals a common concern that the quantity of information supplied to members needs to be carefully calibrated. A modular approach can certainly be seen as good practice: and while information actually delivered to members should be kept to the essentials, detailed and specialized information on all aspects of a pension should be made available on request.

Table 2: Information documents: availability and delivery to members

(Available documents indicated by shaded areas)

Country		1 General description of the plan/fund	Specialized document on investments	Key developments of plan/fund	Member's balance statement	Personalized pension projection	Annual report
Australia		delivered at joining[1] & [2]	delivered at joining		delivered annually		delivered annually
Austria			delivery at joining		delivered annually	delivered annually	
Belgium				delivery annually	delivery annually	delivered five yearly to members aged > 45 *coming*	
Bulgaria					delivery annually		
Chile			*coming*		delivered four-monthly[3]	delivered annually to members aged >30[3]	
Costa Rica					delivered six-monthly		
Hong Kong		delivered at joining[1]		delivered six-monthly	delivered annually		
Hungary		delivered at joining	delivered at joining [2]		delivered annually	delivered annually to members <15 years to retirement and >15 of membership	
Ireland	OPP	delivered at joining	delivered at joining [4]		delivered annually	delivered at joining and annually *from 2008*	
	PPP	delivered at joining		delivered six-monthly	delivered six-monthly	delivered at joining and annually	
Israel		delivered at joining			delivered quarterly and annually	delivered annually	
Italy		delivered at joining[5]		delivered annually	delivered annually	delivered at joining and annually	
Jamaica		delivery at joining	delivery at joining		delivered annually	delivered annually	
Kazakhstan					delivered annually		
Kenya		delivery at joining			delivered annually		delivered annually
Mexico		delivery at joining[1]			delivered six-monthly [3]		
Netherlands		delivered at joining			delivered annually		
Poland		delivered at joining		delivered annually	delivered annually		delivered annually
Slovakia		delivered at joining	delivered at joining	delivered six-monthly	delivered annually		
Spain			delivered at joining	delivered four-monthly	delivered annually		delivered annually (an extract)
Turkey		delivered at joining	delivered at joining	delivered annually	delivered annually	delivered at joining (upon request) and annually	delivered annually
UK	OPP	delivered at joining			delivered annually	delivered annually	
	PPP	delivered at joining			delivered annually	delivered at joining and annually	

Note: OPP: Occupational Pension plans; PPP: Personal pension plans.

(1) A comparative table of fees in standard form is included.
(2) An extract of the investment policy.
(3) A comparative table of fees and gross returns is included.
(4) For schemes with more than 100 members.
(5) Includes the so-called Statement of Investment Principles made compulsory by the EU Pension Fund Directive.

6. Pension Projections

In principle, pension projections summarize all the information that is needed by members of DC pension plans. They aim to target the "bottom line" result: i.e. how much the member can reasonably expect to receive at retirement. Individuals can therefore compare the pension forecasted with their needs, and assess its adequacy. If they wish, they can then adjust the decision variables that fall under their control: how much to contribute, the risk profile of their investment and its implied expected return, how long to work before retirement, etc.

Unfortunately, pension projections are not easy to produce. They imply a large number of assumptions on economic, financial and demographic variables over a vast time horizon, of perhaps 50 years or more. They also need to be personalized, in order to fit the actual situation and the likely prospects of the individual, bearing in mind their age, gender, current salary, contribution rates, etc.

Moreover, it should be recognized that it is not sufficient to communicate to members only the "best estimate" of the forecast. For in fact, this expected value is exposed to all the risk factors that are embedded in the process of DC pension design. Therefore, it should be considered crucial to advise members of the uncertainty surrounding the “best estimate”.

Given this background, the survey questionnaire sought detailed responses in terms of the definition and communication of pension forecasts. In particular, we asked if and how projections are defined, how uncertainty is dealt with, how and by whom assumptions are defined, and finally if and how projections regarding supplementary pensions are combined with projections regarding first-pillar pensions.

We summarize many of the findings in table 3, in which we report cases where projections are either required by regulation or provided in the Authority website. The number of countries introducing this requirement is increasing, showing a growing consensus on its importance.

Usually, pension funds have to make pension projections available to current members annually. Sometimes, they have to be offered only to members of higher age (Belgium, Hungary). In a few cases (Italy, Ireland, UK) pension projections have to be delivered when joining the plan. Overall, there is a consensus that pension projections should be used by individuals as a device to monitor the accumulation of pension wealth throughout their working lives.

Table 3: Pension projections to be made available

Country	How, when made available by PFs	Assumptions: defined by	Assumptions: interest rates	Communication of uncertainty	Projection linked to I pillar	Projections provided on the SA web site
Australia						yes
Austria	to be made available annually	pension fund and employers	to be set according to the *Pensionskasse* contract/business plan	sensitivity on rates of return of rate +-1%	voluntary	
Belgium	currently to be made available every 5 years to members aged > 45; in the future, upon request to all members (*coming*)	not defined yet	not defined yet		*from 2010*	
Bulgaria	provided by insurance companies on their web-site	pension fund				
Chile	to be made available annually to members aged > 30	authority	one single interest rate	sensitivity on contribution density		yes
Hong Kong						yes
Hungary	to be made available annually to members < 15 years to retirement and > 15 years of membership	pension fund		*caveat*		
Ireland	to be made available at joining and annually (PPP, OPP)	PF's actuary according to guidelines of Society of Actuary	a max rate of return (6%) for PPP	*caveat*		yes
Israel	to be made available annually	authority	assumed rates of return variable in relation to the asset allocation	*caveat*		
Italy	to be made available at joining and annually (OPP, PPP)	authority	assumed rates of return variable in relation to the asset allocation	*Caveat*		
Jamaica	to be made available annually	pension fund				
Mexico		authority	two rates to be used: - 5% for all funds - actual returns of last 36 months	sensitivity on contribution density		yes
Poland						yes
Slovakia	to be made available on request (PPP M, PPP V)	PF according to guidelines of Ministry of Labour (PPP M)	assumed rates of return variable in relation to the asset allocation			
Turkey	to be made available on request to all PPP	regulation	Two different scenarios: 9% and 11% before 2013 (*6% and 8%, from 2013*)	sensitivity on rates of return		yes
UK	to be made available at joining (PPP) and annually (OPP, PPP)	guidance of Faculty of Actuaries and Institute of Actuaries (OPP), Authority (PPP)	for OPP: maximum rate of return (7%)/ for PPP: 5%, 7%, 9%	*caveat* sensitivity on rates of return (PPP)	voluntary	yes

Note: OPP: Occupational Pension plans; PPP: Personal pension plans; M: Mandatory; V: Voluntary.

There is, however, no consensus on the best way to define the assumptions that are used. This is a particular demanding task, as pension projections imply assumptions for future decades regarding assets returns, real growth of wages, inflation, mortality tables, etc. In about half of the countries, assumptions are the responsibility of the supervisory authority, or they are set by regulation, and implemented uniformly throughout the system (possibly within an accepted range). Elsewhere, they are left to the pension funds, and in one case to the employer, (though set under the responsibility of an actuary, within a range laid out by guidelines issued by the professional body).

In Australia, pension projections are not mandatory and assumptions are not standardized, although there is a legal requirement that forecasts have a reasonable basis.

The pros and cons of these alternatives are evident. Where different providers compete against each other, the setting of assumptions by the supervisory authority or by regulation eliminates, or reduces, the "competition in optimism" that pension providers may engage in, favouring comparability. On the other hand, when the setting of assumptions is left to pension funds and providers, the resulting increased flexibility may favour rapid adjustments to market conditions.

Combined projections, which bring together the benefits generated from supplementary plans with those from the basic public social security, are an important means of enabling members to assess their overall retirement situation. But they are still not common. In fact, among the reporting countries they are mentioned only in three cases, (Austria, Belgium, and UK)[11]. Presumably, the difficulty of coordinating the different bodies responsible in each country for the public and the private components of pensions has, so far, hindered their implementation. However, this seems to be an obvious objective to set for the future.

The survey shows growing consensus on the importance of assessing and communicating the uncertainty surrounding the expected values of pension forecasts. However, in the majority of countries the communication of uncertainty is limited to a simple *caveat*. Only in two countries, (Austria, UK), is the uncertainty communicated using different rates of returns.

In a few cases, it is required that projections should cover a range of assumptions, regarding in particular interest rates: this is the case of Austria, Turkey and the UK. In two cases, (Ireland and UK), a maximum rate of return is set.

Italy is a special case, where the rates of return to be used in projections are set, by regulation, in terms of the asset allocation of the chosen plan. In particular, the regulations set the expected real return for bonds at 2% and for stocks at 4%. The expected return of each pension plan has to be determined accordingly, applying these returns to the allocation between bonds and stocks set by the investment benchmark that has to be communicated in the pension plan information documents. Slovakia has a similar approach, defining the different maximum expected returns to be used in projections (2, 3.5 and 5%) as a function of the category of the plan: conservative, balanced and growth.

This approach may be seen as good practice, since it communicates to members that asset allocation is the crucial variable to control in order to influence both risk and expected returns. In fact, using projections of return that do not take asset allocation into account may generate a bias toward more conservative asset allocations, which would obviously also be characterized by a lower expected return. However, such an approach would naturally imply that the difference in the levels of risk involved in the different asset allocations should also be appropriately communicated to members. This is not an easy task and is currently still under study in many contexts.

[11] International debate has often made reference to the experience of Sweden, as example of good practice, with particular reference to the information regarding basic pension. In Sweden, a so-called "orange" envelope is sent to all workers annually; it contains projections of benefits generated by the mandatory part of the system, that includes the public first pillar, managed on a pay-as-you-go "notional" defined contributions basis, and the individual accounts where compulsory contributions are invested in funded pension funds.

In those instances where assumptions on returns are defined by regulation or by the supervisory authority, one might consider whether they should be defined gross or net of the plan costs. No clear evidence has been provided on this by respondents. On one hand, a requirement to disclose returns in gross terms favours the comparison of asset management skills across providers. But on the other, the comparison of net returns highlights what goes into members' pockets. Though the choice between the two alternatives remains controversial, setting returns in net terms certainly creates a focus on cost differentials between plans, and thus reinforces cost competition.

In Chile and Mexico, a great deal of attention is paid to contribution density. In these countries, periods of unemployment or informal employment are common, leading to irregular contribution flows. When this represents a major source of uncertainty for the accumulation of pension wealth, it is sensible to make projections regarding future contributions under different contribution assumptions.

7. Investment

Investment policy

Information regarding the investment policy is central in a DC context, as the investment risk is borne by pension plan members. It is even more essential in cases where individuals are offered several investment options. The replies to the questionnaire show that, in terms of the information given to pension plan members, investment policy is probably the topic that receives most attention in all countries.

Usually, a description of the investment policy is included in a document containing a general description of the plan that is delivered to members on joining. In several countries, there are also specialized documents on investments (as discussed above). In the EU, the IORP Directive requires that occupational pension funds prepare and review every three years, (and revise without delay after any significant change in the investment policy), a written statement of investment policy principles, containing, "*at least, such matters as the investment risk measurement methods, the risk-management processes implemented and the strategic asset allocation with respect to the nature and duration of pension liabilities*" (art.12). The statement typically takes the form of a stand-alone document.

Several countries, such as Austria, require that documents describing the investment policy contain a clear warning that members bear the investment risk and that values are subject to fluctuation. This can be seen as good practice, since it contributes to making members of DC plans aware that "things may go wrong" even if the all the appropriate decisions are taken.

In the case of personal pension plans offered by commercial providers, attention is typically paid to rules of conduct in the promotion of sales. In several cases, the approach to information given to members is similar to that applied to other long-term investment products.

Here, the "know my customer" and the "suitability" rules often apply. However, at least when pension plan membership is mandatory (as for instance in the Netherlands) these rules may be thought of as helping to provide members with advice on the investment options that suit them best, rather than judging some authorized product to be inadequate; for this, of course, would conflict with the mandatory nature of the system.

An interesting case is that of Turkey, where pension providers are required to prepare a "risk profile form". The form is completed by the potential members, and is intended to identify their individual risk profile, by asking information about their preferences and needs. On this basis, the promoter recommends the investment option that suits them best. However, the potential member remains free to choose a different option.

In order to assess the information requirements, the IOPS survey asked for evidence also on the level of decision-making required of DC plan members. The questionnaire therefore requested information on the investment options available to members, and on the existence of default options. The results are summarized in following table 4.

Table 4: Investment options

Country	Multiple investment options	Default options	Default options: selected features
Australia	very frequent	very frequent	
Austria	no		
Bulgaria	2 no	no	
Chile	required	required	life-cycle
Hong Kong	very frequent	very frequent	usually low risk
Hungary	very frequent	*required from 2009*	life cycle
Ireland	very frequent	required	life cycle required for PPP
Italy	generalized	required (OPP)	guaranteed return
Jamaica	no (OPP) very frequent (PPP)		
Mexico	required	required	life cycle
Netherlands	very frequent	required	life cycle
Poland	no (PPP)	no (PPP)	
Slovakia	required (PPP M)	required (PPP M)	life cycle
Spain	very frequent	reccomended	life cycle
Turkey	very frequent	reccomended	life-cycle recommended
UK	very frequent	very frequent (OPP) required (stakeholder pensions)	life-cycle reccomended

Note: OPP: Occupational Pension plans; PPP: Personal pension plans; M: Mandatory.

The table shows that the offer of multiple investment options is standard, or at least very frequent, in the great majority of countries.

Various definitions are used to classify the different investment options offered. In a few countries (Chile, Bulgaria), the definition is in terms of investment limits, in bonds or stocks. In most countries, a qualitative description of the level of risk is used (e.g. low/medium/high). The use of benchmarks for describing the risk profile is not common: only Mexico and Italy mention it.

Typically, supervisory authorities check the consistency of assigned risk levels with the investment policy actually implemented and/or investment limits defined *ex-ante*, and they may intervene in case of substantial misalignments.

In 12 of the 21 countries that took part in the survey, a default option is required, recommended, or usually set by pension providers. There are two kinds of default options in place. The most common mechanism is based on the life-cycle principle, assigning younger members to riskier alternatives and older members to the less risky. Often, there are also switches towards less risky alternatives that are applied automatically when members reach a certain age. Low-risk, or guaranteed default options, uniform for all members regardless of age, are limited to a small minority of cases (see Hong Kong, Italy).

In this paper, we want to emphasize the informative content of the default option. In fact, the default option is equivalent to a sort of authoritative recommendation of a particular choice, rationally defined in the absence of "private" information on the preferences and needs of an individual member. Therefore, the default has a very important signaling function, and its definition should be seen as a key element of the pension system.[12]

In other words, as already noted above in Section 2, a well-designed default option can be seen as an efficient way to produce and communicate information, and therefore act as a substitute for other, often less effective, ways to inform members.

On the other hand, an ill-designed default option produces misleading signals and therefore, besides its direct effect of sub-optimally allocating the pension assets of 'non-choosing' members, it may also distort other members' behaviour, by conveying misleading information.

A specific example is worth noting: the rationale underlying the choice of a low-risk investment option as the default is not clear, as low risk is also associated with low returns, especially in the long run. Such an option may only make sense in a short term perspective, for individuals that are expected to stay with that option for a short period of time, either because they are close to retirement, or because they plan to use it as a temporary buffer before selecting a more appropriate investment profile.

We conclude that well-designed default options should be regarded as good practice, not only for their direct function, but also for their informative content; in the absence of individual-specific information, they can be seen as signaling the "recommended" option to select.

Investment performance

The degree of emphasis that should be assigned to investment performance is a controversial issue in the context of DC plan information.

In the UK, for instance, the FSA explicitly states that past performance should not be seen as a good criterion upon which to make investment decisions. And in most countries, any statement of past performance must be accompanied by a warning that this does not represent an indicator of future performance, as returns may fluctuate. Clearly, this should be seen as good practice, since it alerts members to an intrinsic feature of DC plans.

Indeed, most countries emphasize the need to show results obtained over a reasonably long time horizon, with providers typically required to disclose returns for periods of at least five years. Graphic devices are often used, such as histograms showing returns in each of the most recent five or ten years. This too can be seen as good practice, since it gives an idea of both the overall level, and the volatility, of results at a glance.

A standard for the presentation of investment results is offered, within the EU, by the provisions of the Market for Financial Instruments implementation Directive (art.27), although it is not formally applicable to many pension plans. It states that past performance must not be the most prominent feature of a presentation, and that information provided should cover at least the last 5 years. In addition, it calls for an explicit warning that the figures refer to the past, and are not a reliable indicator of future results. It also requires that performance should be indicated net of charges, or at least that all charges should be disclosed.

In countries where competition between commercial providers is an important feature of the system – and where competition includes occupational plans, as in Italy - the attention to

[12] The literature that emphasizes the importance of default options is extensive. We like to mention: Brigitte C. Madrian and Dennis F. Shea, (2001), *The power of suggestion: inertia in 401(k) participation and savings behaviour*, The Quarterly Journal of Economics; James J. Choi, David Laibson, Brigitte C. Madrian and Andrew Metrick (2003), *Passive and Potent defaults*, American Economic Review; Benartzi Shlomo and Richard Thaler, (2004), *Save More Tomorrow™ : Using Behavioural Economics to Increase Employee savings* , Journal of Political Economy.

performance is usually stronger. In such cases, plan members are usually given the right to check the performance of their plan with sufficient frequency, and in a timely fashion.

Table 5: Investment performance and actual portfolio

Country	Investment performance			Frequency of disclosure of the actual portfolio
	Frequency of disclosure of returns	Required disclosure of Volatility	Publication of comparative tables on the SA web site	
Australia	annually	yes		annually
Austria	annually	yes		no
Belgium	annually			annually
Bulgaria	daily	yes	yes (return, volatility)	annually
Chile	monthly		yes (returns)	monthly
Hong Kong	monthly	yes	yes (volatility) *coming*	six-monthly
Hungary	annually		x	annually
Ireland	annually (OPP) six-monthly (PPP)	yes		annually (OPP) six-monthly (PPP) SA website
Israel	quarterly and annually	yes	yes (return, volatility)	quarterly and annually (FP and SA website)
Italy	monthly	yes		annually
Jamaica	annual		yes	annually
Kazakhstan	annual			annually
Kenya	annual			annually
Mexico	monthly	yes (var)	yes	monthly
Poland	daily		yes (OPP)	annually
Slovakia	daily			six-monthly
Spain	annually			no
Turkey	daily	yes	yes (volatility)	daily
UK	annually			voluntary

Note: OPP: Occupational Pension plans; PPP: Personal pension plans; PF: pension fund; SA: supervisory authority.

In Table 5 we report the frequency of disclosure of investment returns. In most countries, investment performance is disclosed on an annual basis. In four countries, the required frequency is monthly, and in four others it is even daily: in these cases, pension plans are typically organized in a way similar to mutual funds, with assets composed of listed securities and a market-to-market net asset value, divided into shares that are quoted every day, (or at least at the end of the month).

The frequent disclosure of investment results is clearly an element of transparency that is appreciated by members and supervisors, fostering market discipline and encouraging continuous care in monitoring the investment process. It also stimulates competition, especially through media coverage of the results. However, this continuous attention to results also gives rise to some concern, as choices regarding investment options in pension plans should properly be made using a long term perspective, and excessive attention by members to short-term performance could often lead them to incorrect decisions.

The disclosure of volatility indicators (usually standard deviation or value-at-risk as in Mexico) is required is several cases. This is certainly an important element of transparency, and can be very useful for those who are more financially literate. However, the majority of members are probably not able to check the volatility indicators and make some use of them in any meaningful way.

Several supervisory authorities publish comparative tables of investment returns and/or volatility on their website. This offers an official source of comparison that may increase confidence in the private pensions system. In all respondent countries, however, comparative tables and performance measures are also provided by the specialist press.

The disclosure of performance is often complemented by the periodic disclosure of the actual composition of pension fund portfolios, showing the amount invested in individual securities. This is an important element of transparency, likely to be welcome to many members, and useful also as a mean to keep potential conflicts of interest in the investment activity (such as those linked to self-investment) under public scrutiny.

8. Costs

In a DC context, costs are usually borne by plan members and have a direct, significant impact on benefits. Moreover, in contrast to returns, that may and do fluctuate, and that costs are "hard facts", as they are generally quite stable and predictable over time.

Costs are important both for occupational and for personal pension plans. In the UK, The Pensions Regulator regards costs as a key issue that trustees should consider: they should ensure that members receive value for money from their occupational scheme. Ensuring cost transparency for occupational plans puts pressure on trustees, making them accountable to members, and stimulating them to look for efficiency gains.

For personal plans, when individuals are allowed to choose among different providers, costs are a key variable to consider; for in the long run, differences in costs may add up to huge differences in pension benefits.

The IOPS questionnaire addressed cost disclosure in detail. It asked how cost comparability is dealt with, whether all the single items of cost are analytically disclosed, whether synthetic cost indicators are used, and whether tables comparing costs of different plans are made available to members.

The main findings are summarized in the following table. The first point is that, in almost every country, all costs are analytically disclosed. All the same, comparison may not be easy, as the cost structure can be complex and opaque. Hidden costs are a tricky aspect, for instance when pension plans invest in mutual funds that apply management and other fees, potentially causing cost duplication. In some countries, such hidden costs have to be disclosed. In others (see Italy), duplication of management fees is not allowed. This, of course, discourages pension plan asset managers from investing in mutual funds managed by other investment houses.

In a few countries, synthetic cost indicators are used or required, in order to facilitate comparisons. These are calculated for a representative member, using a standard methodology. However, they do not seem to gain general consensus. For instance, in Mexico there has been concern that synthetic indicators may be misleading for individuals that do not fit the assumptions made in the calculations: internet-based calculators may then be preferable, as they allow the individual to adjust assumptions.

In some cases, the synthetic cost indicators, or even the single cost components of all the products or plans available in the market, are shown together in comparative tables, and published on the web site of the supervisory authority. This is a proof of the emerging consensus that cost comparison is crucial in the DC context, and should be considered good practice.

Cost caps have been set on management fees in some countries. In other cases, limits have been placed on the overall cost structure.

Structural regulation on costs may often supplement disclosure in order to achieve the policy objective of mitigating DC pension plan costs. Moreover, in terms of providing information to members, we might note that cost caps can send ambiguous signals. They do prevent products with excessive costs from being offered in the market, but on the other hand they may define as "acceptable" a particular level of costs that is well above the minimum possible, and might therefore limit competition. The effect of the presence of cost caps on market dynamics and, in particular, on the incentives for a member to understand their own costs is therefore debatable.

Table 6: Costs

Country	Analytical disclosure of all costs	Synthetic cost indicator	Table of cost comparison on Supervisory Authority website	Cost cap	Limits on costs structure
Australia	X	X	X		X
Austria	X				
Belgium	X				
Bulgaria	X				
Chile	X	X	X		X
Costa Rica					
Hong Kong	X	X	X		
Hungary	X	X	X		
Ireland		X	X (PPP)	X (PPP)	
Israel	X	X	X		
Italy	X	X	X		X
Jamaica	X				
Kazakhstan	X			X	X
Kenya	X				
Mexico	X		X		
Poland	X				
Slovakia	X			X	
Spain	X		X	X	
Turkey	X		X (*coming*)	X	
UK		X (PPP)	X (PPP)	X (PPP)	

Note: PPP: Personal Pension Plans.

9. Contributions

The provision of information regarding contributions is important for two reasons.

Firstly, for pension planning in the DC context, contributions are an important "control variable". The contribution rate should be varied over time, as a function of the development of the individual balance, and of the gap that may emerge between the actual balance and the balance that would be consistent with desired and targeted benefits. Therefore, it is important for the member to have access to current and previous contributions, and to the evolution of the current personal balance over time.

Secondly, systems should be in place to check that contributions are paid regularly, especially regarding employer contributions. In many countries, it is left to individual members to ensure that their employer contributions are paid when they are due. In this case, it is crucial that they receive timely information about the contributions actually paid.

Table 7: Contributions

Country	Paid contribution: Information provided by	Paid contribution: Frequency	Unpaid contribution due by employers: Warning system in place	Activated by	Communication to	Notes
Australia	pension fund	annually	no			
Austria	pension fund	annually				
Belgium	pension fund	annually	yes	pension fund	members	disclosure of unpaid contributions within 3 months
Bulgaria	pension fund	annually	yes			unpaid contributions are checked by the National Revenue Agency that collects contributions
	pension fund	available on the web-site				
	National Social Security Institute	available on the web-site				
Chile	pension fund	quarterly				
Hong Kong	pension fund	annually	yes	pension fund	members (annual), supervisory authority (monthly)	
	employer	monthly				
Hungary	pension fund	annually	yes			unpaid contributions are checked by the Tax Authority that collects contributions
	employer	monthly				
Ireland	pension fund	six-monthly	yes	pension fund and advisors	members, supervisory authority	
	employer	monthly				
Israel	pension fund	annually	yes	pension plan management company	members	
Italy	pension fund	annually				
	employer	monthly				
Jamaica	pension fund	annually				
Kenya	pension fund	quarterly	yes	trustee, custodian and fund manager	supervisory authority	disclosure of unpaid contributions within 40 days
	custodian	quarterly				
Mexico	pension fund	annually				
Netherlands			yes	pension fund	members	disclosure of unpaid contributions within 90 days
Poland	pension fund	annually				
Slovakia	pension fund	annually				
	pension fund	available on the web-site				
	employer	monthly				
Turkey	pension fund	annually	yes	pension administratin g company	members (monthly)	disclosure of unpaid contributions within 30 days
	pension fund	available on the web-site				
UK	pension fund	annually	yes	trustee	supervisory authority, members	disclosure of unpaid contributions within 90 days

Table 7 summarizes the evidence collected by the questionnaire regarding the information provided to members on contributions paid. In most countries, the information is supplied by the pension fund; in a couple of cases, by the custodian. A few countries mention that information on contributions paid is made available by the employer on the pay-sheet.

Usually, this information is provided on an annual basis. In several other cases, the frequency varies between monthly and half-yearly. In three cases, the information is made available on the web.

Warning systems for unpaid contributions are in place in 9 (out of 21) countries. Typically, the pension fund alerts the member of an employer's unpaid contributions within a period that varies between 40 and 90 days. In some countries, the pension fund has a duty to alert the supervisory agency, and the latter has enforcement powers against employers.

10. Common Wisdom and Good Practices

From our discussion in the previous sections, many candidates for good practices have emerged. In this section we will collect them together. It should be noted that these good practices are compatible with and build upon the OECD guidelines referenced throughout the paper.

A few good practices are already operative in most countries and could therefore be seen as common wisdom. In particular:

- the delivery when joining the plan of a document containing a general description of plan characteristics; after enrolment, this document is usually kept available to members on request, and changes in key plan characteristics are automatically communicated when they occur;
- the provision of a written statement of the investment policy, (often in the form of a specialized document), and of a description of the investment options available to members;
- in general, the effort to make information to members easy to understand, with the use of simple language and, where appropriate, the use of graphs;
- the regular delivery to each member of a personalized balance statement, typically with annual frequency; this allows members to check the regularity of contributions and the development of their personal balance;
- the provision to members of personalized pension projections, containing estimates of the value of benefits that they can reasonably expect to receive;
- a close attention to costs and fees, especially where competition between commercial plan providers is an essential feature of the system, but also where occupational pension plans play a central role and are not exposed to competition; in this latter case, the disclosure to members of information on costs supports good governance and efficiency, putting pressure on the trustees and/or plan administrators;
- the communication of investment returns using a time horizon of several years, and giving adequate notice that they do not represent an indicator of future performance, since returns fluctuate;
- an important role to be played by the supervisory authority in the direct provision of information to members of pension plans, in particular by offering through their websites general information on the main features of the system, comparative information on costs and fees, and interactive decision-making tools.

Some other good practices are more system-dependent: in other words, they should be seen as particularly appropriate in a given environment, while in other circumstances different, and sometimes even opposite, practices may be also very effective.

Principles-based regulation of information to members is certainly good practice where there is a strong role for administrators and trustees, and where occupational plans play a central role. This is also true in cases where different kinds of plans may be adopted, and product standardisation is not pursued.

On the other hand, highly standardized information may be good practice in systems based on personal plans, and on competition between many providers; this applies particularly where the products themselves are standardized, comparability is seen as a crucial element of the system, and the degree of financial literacy amongst members is relatively low. An intermediate approach is also seen as effective in many contexts, with minimum rules set in primary legislation, and pension funds left with the responsibility of providing additional information.

The role of the supervisory authority in defining the information requirements, and checking their implementation, varies across different environments - partly as a function of the number of plans to monitor, the size and complexity of the documents and the resources available. The use of guidance by the supervisory authority is seen as good practice, particularly where the number of plans is very large and therefore regular, generalized checking is not feasible. The ex-post checking of information documents - conducted both on-site and off-site, as part of a periodic supervisory examination - is widely seen as appropriate.

The setting of pension projections is a specific area where good practices may be identified. Where comparability across products is considered particularly important, uniform assumptions that are fixed by regulation may be seen as good practice. In other contexts, however, uniform solutions are seen as too rigid and the responsibility to set the assumptions is left to the individual plan. The use of a range of rates of return can also be regarded as good practice, in particular when the relation between the expected return and the level of risk is underlined. No obvious good practice has emerged yet on how to convey the uncertainty surrounding the best estimate, beyond the use of generic caveats; nevertheless, there is growing consensus that this topic is important, and needs to be addressed more appropriately. Finally, pension projections that combine the benefits of supplementary plans with those of basic social security are certainly to be seen as good practice, although they are still not common.

The effective communication of investment policy is another vital area, and here a description of the different options available, and of their risk-return profile is seen as crucial. A qualitative characterization of the level of risk is good practice, although it is unclear whether it should be corroborated by objective factors, such as measures of volatility. The use of questionnaires that members are asked to compile when joining the plan to help identify the investment options that best suit their needs can be seen as good practice, being inspired by consumer protection regulation applied to the selling of financial products.

Besides initial enrolment in the plan, other specific events may call for particular information needs: this is certainly true in the case of switches between investment lines, and of the transfer of members from one plan to another, in particular when the transfer occurs from an occupational plan to a personal pension plan. It might be good practice to compel the provider of the latter to produce a written statement, outlining the reasons why the transfer is in the member's interest: such a provision might help to mitigate misselling risks.

11. Conclusions

The list of good practices presented above, which is derived from the responses summarized in this paper and is consistent with OECD guidelines, testifies to the efforts that have been, and are being, made to provide useful information to members of DC pension plans.

However, it is worth pointing out that a widespread concern also emerges from the survey. Many respondents question whether the provision of information to members is truly successful in empowering them to take appropriate decisions. In fact, the complexity of the decision-making process within DC plans is thought to be really demanding, if not prohibitive, for the great majority of members. Indeed, some think that this may remain true, even if the best efforts are made to inform them adequately, and to offer them opportunities to acquire the requisite financial literacy and planning skills.

We are therefore inclined to conclude that the provision of information to DC pension plan members, even if accompanied by appropriate education efforts, should not be seen as a *panacea*, sufficient in itself to empower plan members to take care of their futures. As a general good practice, a more complex policy mix should be considered, complementing efforts in information and education with the appropriate use of other instruments.

In particular, we want to stress the potential informative role of default options. A well-designed system of default options is a powerful method of conveying information, and authoritative advice, on the options that should best suit members in normal conditions. Default options act as an efficient substitute for the provision, (and the processing), of complex information, and for a vast majority of members they may help to simplify the information that has to be automatically delivered.

In fact, when appropriate default options are in place, information to members could be designed in a modular way: only information documents containing the key facts would need to be automatically delivered, in all cases, to all plan members. Detailed, accurate, timely and updated information on the functioning of the plan, including technical documents, should be made easily available, on request and on the websites, to members that are able and willing to read them, but they should not be automatically delivered to all members. Interactive tools that help members to make their decisions should also be made available on the websites of the funds and the plan providers, and possibly of the supervisory authorities.

We believe that the survey summarized in this paper has been useful, as it has enabled us to collect a wide range of experiences in the field of the provision of information to members of DC pension plans, and has offered us the occasion to define a general framework in order to interpret those experiences. However, the analysis conducted so far makes it clear that further work is needed, in order to study several specific aspects of the matter. Among the many that may deserve attention, we would recommend: the construction of pension projections; the role of supervisory authorities as direct providers of information to plan members; the supervision of the conduct of business in the selling of DC pension products; the information issues related to the benefits phase, with particular reference to annuities; and finally, as already highlighted, the design of default options. These aspects have been covered only too quickly in this paper, but we are glad to see that some of them have already been addressed in specific studies. We are confident that in the future they will receive adequate attention in the research agenda of international organisations and of national regulators and supervisors.

Annex 1

Questionnaire on information to be provided to members in defined contribution (DC) pension plans (Section One)

November 2006

This section deals with the approach followed in each country relating to information to be provided to potential and current members of DC pension plans, and connected issues: disclosure requirements and practices, promotion, advice, and advertising. A special focus is put on supervisory activities undertaken. In some cases, the IOPS member may not be the relevant national competent authority: nevertheless, IOPS members are requested to provide answers, describing the division of competencies in the national jurisdiction and coordinating amongst themselves with the relevant national competent authority if they feel it opportune. IOPS members are also invited to attach a separate file with any relevant paper or documentation that they consider useful.

1. Describe the general approach followed in your country as regards the information to be provided to potential and current members of DC pension plans. Illustrate and analyse what are (or in your view should be) the priorities that regulation and/or the supervisory authority set in this field and discuss their rationale. Identify what are the features of your approach that work best. In particular:

   1.1 How do you deal with the fundamental issue to communicate effectively to potential and current members:

   – the expected value of their pension over a long time horizon (up to 40 years);

   – the uncertainty surrounding this expectation?

You are asked to emphasize any effort made in order to explain in a simple manner the various risks/opportunities attached to DC pension plans and the single investment options, and to make members able to assess the adequacy of the pension that may reasonably expect to receive.

1.2 How the approach followed (or to be followed) is applied to different types of pension plans/products? How do you favour effective comparability of different plans and of the overall quality of the different competing providers of pension plans (e.g. occupational and personal schemes) ?

What are the differences of the approach followed for DC pension plans wrt. the approach followed for financial products such as mutual funds and life insurance policies?

Describe any change in your approach that has been made or decided recently, or any on-going reconsideration of your approach.

With a view to exploring best practices and potential guidelines, you are asked to stress any supervisory activity (and/or piece of regulation) that performed (or that you expect to perform) particularly well in this field.

How does the supervision of information supplied to members contribute to the achievement of the supervisor's objectives, particularly in the case that they are formally set by legislation?

1. Describe the relative role in your country of statutory regulation, self-regulation, and guidance offered by the supervisory authority as regards information to be provided to potential and current members of DC pension plans. Specify whether the regulation is set by primary law or by the supervisor. Describe the role played by the guidance offered by the supervisory authority in disseminating how the supervised pension funds are expected to operate in the field of information to participants.

2. Please list all the information documents that in your country have to be made available to potential and current members of DC pension plans. In case you do not provide answers to session two, please provide a brief description of each document. Are there standards for the format and/or the contents of these information documents? Are the standards set by regulation? Is there any role for self-regulation? What is the role of guidance offered by the supervisory authority?

3. Are the information documents sent for checking and/or authorization to the supervisory authority? Are any documents approved by the supervisory authority before they are circulated to members, or they are checked after circulation? How are they checked? Does the check extend to the correctness of information provided? Does the supervisory authority have the power to require changes in the information documents, and/or to integrate the information already provided? Please describe the process.

4. Is information provided on contributions paid to pension plans? With what frequency and detail (e.g. contributions paid by employers, by employees, etc.)? For occupational plans (in particular for multi-employer plans) are there warning systems in place in order to alert members of any unpaid contributions due by the employer (if yes, explain)? Is information provided on the value of the current balance accumulated? With what frequency? What are the powers of the supervisory authority in this field, and how does it operate?

5. How are costs disclosed ?

   6.1 Is each kind of charge disclosed? How analytical is the information provided? In particular, are "implicit costs" specifically disclosed, as in the case of a pension fund investing in mutual funds that charge their own fees?

   6.2 Is there a requirement to use a synthetic indicator of overall costs (such as a TER - total expense ratio)? More generally, how is cost comparability dealt with, in particular when different kinds of pension plans are available to individuals (e.g. when they can opt out from an occupational plan – where costs typically are fully determined only ex-post – into plans offered by financial intermediaries – where fees are mostly determined ex-ante)?

   6.3 How does the supervisory authority operate in this field? Does it check the correctness of information? Does it publish tables comparing the costs of different schemes (e.g. in its website)?

6. Describe how the investment policy and investment risks of DC pension plans are presented and explained to potential and current members. Describe the relative role played in this specific field by regulation, self-regulation, or guidance by the supervisory authority.

   7.1 Is a document on investment policy principles required to be prepared and made available to members? How is the investment policy described (e.g. in terms of strategic asset allocation, investment style, etc.)?

   7.2 How are the different investment options described to members? Are the investment options classified by levels of risk (i.e. high, medium, low…) and/or by their appropriate time horizon?

   7.3 Is the current composition of the portfolio of each investment option disclosed to members? With what frequency and delay? Is the level of turnover (ratio of securities bought and sold over assets value) disclosed?

   7.4 Is it required to specify (or recommend) a default investment option? Does the default or the recommended option vary as a function of members' characteristics (age, etc.)?

   7.5 Is the presentation of risk indicators required? Are different risk factors (market, interest, currency, operational, etc.) described and explained separately?

   7.6 How does the supervisory authority operate in this field? In particular, does it produce classification criteria regarding the asset allocation, the level of risk, etc., and/or check the appropriateness of classification used by pension plans?

8. How is investment performance (i.e. investment returns and their volatility) presented? Does regulation specify any standard of presentation? Are graphical

devices used (e.g. numbers, symbols, figures, colours)? (if yes, please describe). Are indicators of returns adjusted by risk used or required? How are these computed, and for what horizon?

8.1 How does the supervisory authority operate in this field? Does it check the correctness of the information presented by pension funds? Does it publish tables comparing the investment performance of different schemes, for example in its website? Does it publish summary statistics?

9. Is the potential impact of demographic risks on retirement benefits described and explained to members and beneficiaries? If yes, please describe how the potential impact is presented, and illustrate how the supervisory authority operates in this field.

10. Are projections provided for the annuity that may be reasonably expected by individual members, and is any attempt made to alert individuals of the level of uncertainty attached to the projections?

10.1 How are projections communicated to members: as a percentage of average/final earnings, in nominal terms or corrected for expected inflation, etc.?

10.2 In providing projections, does regulation specify the assumptions to be used for contributions, expected investment returns, retirement age, conversion coefficients converting capital into annuity, and types of annuities?

10.3 In particular, are assumptions on expected investment returns set by regulation (or by the supervisory authority), or they are/may be set by individual pension funds? Are they the same independent of the asset allocation, or they are/may be set differently (for example, allowing for a risk premium in the case of shares)? Is the positive relation between expected return and risk across different asset allocations and the consequences in terms of pensions explained to members? If yes, how? (e.g. are graphic devices used)? How are the assumptions set when a guaranteed return is foreseen?

10.4 Are projections of the pension generated by supplementary pension plans integrated with projections of first-pillar/public pensions, possibly using the projections offered by public bodies?

10.5 How does the supervisory authority operate in this field?

11. Do pension funds, financial firms, or social partners (for occupational plans) provide individual members with retirement planning tools (decision trees, interactive pension calculators, etc.) to help them take decisions on contribution levels, asset allocation, etc.? Are any requirements set by legislation/regulation, and is there any active role by public bodies (supervisory authority included) in offering retirement planning tools to individuals, integrating public and private pensions? Does the supervisory authority make any check of these kinds of activities promoted by pension funds/financial firms?

12. How are conflicts of interest and their handling disclosed? Are there standards set by regulation or guidance offered by the supervisory authority? What categories of conflicts of interest are disclosed (i.e. those of the pension plan administrators/trustees, of the asset managers, of the sellers of personal pension plans, of the employers, etc.)? How does the supervisory authority operate in this field?

13. Describe the activity of "promotion" directed to potential members of DC pension plans in your country. Describe the conduct of business regulation in this field and specify if the activity of promotion is reserved to licensed entities/individuals. In particular, emphasize similarities/differences with respect to conduct of business regulation for the promotion of financial products (mutual funds / life insurance products); specify if there are requirements in terms of disclosure of any ties of sales

agents to certain financial firms. How does the supervisory authority operate in this field?

14. For personal pension plans, are the "suitability" and the "know your customer" rules applied in your country? Is there any specific regulatory requirement in the case of opting out from a public or an occupational plan to a personal plan? (e.g. a compulsory description of (dis)advantages of opting out)? How does the supervisory authority operate in this field?

15. Is "advice" regarding pension products regulated in your country? Is "independent" advice offered (i.e., advice offered by entities/individuals not tied to any firm that offers pension products or services)? If applicable, please give an assessment of diffusion, effectiveness and costs of advice in your country, and describe how the supervisory authority operates in this field.

16. Is "advertising" of pension products specifically regulated in your country? Is it a competence of the pension supervisory authority, or of other public bodies (e.g. the antitrust authority)?

17. Is the use of certain names (such as "pension fund" or "pension plan") restricted to registered/authorized pension funds/plans ? If applicable, how does the supervisory authority operate in this field?

18. Is there any regulation and/or guidance offered by the supervisory authority that refers explicitly to information provided on the web? If so, in what way? Is there a minimum set of information to be put by pension funds on their websites? Are the contents of websites of pension funds/financial firms checked as part of the supervisory activity on supplementary pensions?

19. In the regulation and/or the supervisory activity, is there any attention to the language and terms adopted? Are there glossaries included in the information documents made available to members of DC pension plans?

20. As regards the information to be made available to members of DC pension plans, describe the enforcement and corrective powers of the supervisory authority (e.g. power to impose the disclosure and/or the correction of information; imposition of sanctions; securing compensation and/or restitution for members who may have suffered loss, etc.).

Annex 2

Collection of replies to the questionnaire (Section Two)

Index

Table 1: Classification of information documents

Type	Type in short
General description of the fund/plan	GNDS
Specialized document on investments	INVP
Key developments of the fund/plan	KDEV
Member's balance statement	MBAL
Personalized Pension Projection	PPPR
Annual report	ANRP
Other	OTH

Table 2: Symbols

Description	Symbols
Occupational pension plans	OPP
Personal pension plans	PPP
Mandatory	M
Voluntary	V
Automatic Enrolment	AE

Table 3: Information documents: classification and main characteristics

Country	Name of document	Code of document	Type in short	Information addressed to	Type of plan	Membership	Size of the pension plans	How the document is delivered	Delivery of the document	Frequency of delivery to members	Revision of the document
Australia	Product Disclosure statement	AUS	GNDS	Potential members	OPP, PPP	V, M, AE	Any size	By post, By e-mail By hand at workplace	Mandatory	At initial promotion only	Upon material change
Chile	Account Balance statement	CHI1	MBAL	Current members	PPP	M	Any size	By post On a web-site	Mandatory	Four monthly	Upon material change
Chile	Personalized pension projection	CHI2	PPPR	Current members	PPP	M	Any size	By post On a web-site	Mandatory	Annually to members aged> 30	Upon material change
Costa Rica	*Plan de pensiones*	CRC1	GNDS	Potential/ Current members	OPP	V	Any size	-	Upon request	At initial promotion only	Upon material change
Costa Rica	*Estado de Cuenta*	CRC2	MBAL	Current members	OPP, PPP	V (OPP) M, V (PPP)	Any size	By post, By e-mail On a web-site	Upon request Mandatory	Six-monthly	No
Hong Kong	Offering Document	HK1	GNDS	Potential/ Current members	OPP	V, M	Any size	By post, By email, By hand, On a website	Upon request Mandatory	At initial promotion Upon material change	Upon material change
Hong Kong	Member/Employer Guide	HK2	GNDS	Potential/ Current members	OPP	V, M	Any size	By hand at workplace On a web-site	Upon request	At initial promotion only	-
Hong Kong	Fund fact sheet	HK3	KDEV	Potential/ Current members	OPP	V, M	Any size	By post On a web-site	Mandatory	Annually Six-monthly	Six- monthly
Hong Kong	Consolidated Report	HK4	ANRP	Current members	OPP	V, M	Any size	On a web-site	Upon request Mandatory	-	Annually
Hong Kong	Annual Benefit Statement	HK5	MBAL	Current members	OPP	V, M	Any size	By post By e-mail By hand at workplace On a web-site	Mandatory Upon request	Annually Upon material change	Annually
Ireland	Member explanatory booklet	IRL1	GNDS	Potential/ Current members	OPP	V	Any size	By post	Upon request Mandatory (to new members)	On request and automatically to new members within 2 months of joining	Upon material change

Country	Name of document	Code of document	Type in short	Information addressed to	Type of plan	Membership	Size of the pension plans	How the document is delivered	Delivery of the document	Frequency of delivery to members	Revision of the document
	Preliminary disclosure certificate	IRL2	GNDS	Potential/ Current members	PPP	V	Any size	By hand at workplace	Mandatory	At initial promotion only	Annually when it becomes case specific
	Investment alternatives and default Investment strategy	IRL3	INVP	Current members	OPP where rules provide for the trustees to invest all or part of the resources of the scheme at the direction of the members.	V	Any size	By post	Upon request	On request	Upon material change
	Investment report	IRL4	KDEV	Current members	PPP	V	Any size	By post	Mandatory	Six-monthly	Annually when it becomes case specific
	Personal benefit statement	IRL5	MBAL	Current members	OPP	V	Any size	By post By e-mail	Mandatory	Annually	Annually
	Statement account	IRL6	MBAL	Current members	PPP	V	Any size	By post	Mandatory	Six-monthly	Annually when it becomes case specific
	Statement of reasonable projection	IRL7	PPPR	Current members	PPP	V	Any size	By post By hand at workplace	Upon material change Mandatory	Annually	Annually when it becomes case specific/ Upon material change
	Annual Report including audited accounts	IRL8	ANRP	Potential/ Current members	OPP	V	Any size	By post	Upon request Mandatory (to trade unions)	Annually	Upon material change
Israel	The plan document	ISR1	GNDS	Potential/Current members	OPP/PPP	V	Any size	By post On a web-site	Upon request Mandatory	At initial promotion only	Upon material change
	Annual and quarterly benefit statements to plan members	ISR2	MBAL	Current members	OPP PPP	V	Any size	By post	Mandatory	Quarterly and Annually	
Italy	*Nota informativa*	ITA1	GNDS	Potential/Current members	OPP/PPP	V, AE	Any size	By post By hand On a web-site	Mandatory (potential) On request (Current)	Upon joining On request	Upon material change
	Statement account	ITA2	MBAL	Current members	OPP/PPP	V, AE	Any size	By post	Mandatory	Annually	Annually
	Personalized pension projection	ITA3	PPPR	Potential/Current members	OPP/PPP	V, AE	Any size	By post By hand By hand at workplace On a web-site	Mandatory	At initial promotion (Potential) Annually (Current)	Annually

Country	Name of document	Code of document	Type in short	Information addressed to	Type of plan	Membership	Size of the pension plans	How the document is delivered	Delivery of the document	Frequency of delivery to members	Revision of the document
Jamaica	Member handbook	JMC1	GNDS	Potential/Current members	OPP/PPP	V (PPP) M (OPP)	Any size	Not specified	Mandatory	Upon joining (OPP) Prior to joining (PPP)	Not specified
	Information folder	JMC2	GNDS	Potential members	OPP/PPP	V	Any size	Not specified	Mandatory	Prior to joining (PPP)	Not specified
	Statement of investment policies & procedures	JMC3	INVP								
	Benefit statement	JMC4	MBAL	Current members	OPP/PPP	V (PPP) M (OPP)	Any size	Not specified	Mandatory	Annually	Annually
	Annual Report	JMC5	ANRP	Current members	OPP/PPP	V (PPP) M (OPP)	Any size	Not specified	Upon request	Upon request	Annually
Kazakhstan	Extract from personal account of member	KZK	MBAL	Current members	PPP	M		By post	Mandatory	Annually	-
Kenya	Annual audited accounts	KEN1	ANRP	Current members	OPP/PPP	V	Any size	By post By e-mail By hand at workplace On a website	Mandatory	Annually	Annually
	Membership statements	KEN2	MBAL	Current members	OPP/PPP	V	Any size	By post By e-mail By hand at workplace On a website	Mandatory	Annually	Annually
Mexico	Balance statement	MEX1	MBAL	Current members	PPP	M	Any size	By post By e-mail	Mandatory	Six-monthly	Annually
	Registration Format	MEX2	OTH	Potential members	PPP	M	Any size	By e-mail	Mandatory	At initial promotion only	-
	Switching format	MEX3	OTH	Current members	PPP	M	Any size	By hand at workplace	Mandatory	Upon material change	-
Poland	Information prospectus	POL	GNDS	Potential/Current members	OPP	V	Only large pension plans	By post By hand at workplace On a website	Mandatory On request	Annually	Annually
Slovakia	Information Prospectus	SLK1	GNDS	Potential/ Current members	PPP	M, V	Any size	By hand at workplace On a website	Mandatory	Upon material change	Upon material change
	Annual and semi-annual report on the management of a pension fund's assets	SLK2	KDEV	Potential/Current members	PPP	M, V	Any size	By hand at workplace On a website	Mandatory	Annual/6 monthly	Annually/ six-monthly
	Personal pension account balance statement	SLK3	MBAL	Current members	PPP	M, V	Any size	By post	Mandatory	Annually	-
Turkey	Personal Pensions Introductory Guide	TRK1	GNDS	Potential members	PPP	V	Any size	By hand at workplace	Mandatory	At initial promotion only	Upon material change

Country	Name of document	Code of document	Type in short	Information addressed to	Type of plan	Membership	Size of the pension plans	How the document is delivered	Delivery of the document	Frequency of delivery to members	Revision of the document
	Annual Account Summary Form	TRK2	MBAL	Current members	PPP	V	Any size	By post On a website	Mandatory	Annually	Annually
	Projective Tables and Info. Document	TRK3	PPPR	Potential/Current members	PPP	V	Any size	By hand at workplace	Upon request	-	-

Table 4: Contents of information documents classified by type: structural characteristics of the pension fund/plan

			GNDS													INVP		KDEV			MBAL													PPPR				ANRP			
Area		**Specific items**	**AUS**	**CRC 1**	**HK 1**	**HK 2**	**IRL 1**	**IRL 2**	**ISR1**	**ITA 1**	**JMC1**	**JMC 2**	**POL**	**SLK1**	**TRK 1**	**IRL 3**	**JMC 3**	**HK3**	**IRL4**	**SLK2**	**CHI 1**	**CRC 2**	**HK5**	**IRL 5**	**IRL6**	**ISR 2**	**ITA 2**	**JMC 4**	**KZK**	**KEN2**	**MEX 1**	**SLK 3**	**TRK2**	**CHI 2**	**IRL7**	**ITA 3**	**TRK 3**	**HK4**	**IRL 8**	**JMC 5**	**KEN 1**
Pension plan structure	Identification	Name of the pension plan	x	x	x	x	x	x	x	x	x		x	x	x	x		x	x	x	x	x	x	x			x	x		x		x	x	x	x	x		x	x		x
		Name of the financial institution that set up the plan (if any)	x	x	x	x	x	x	x	x			x	x	x			x	x	x	x	x	x					x				x	x	x	x	x	x	x	x		x
		Registration/authorization details	x	x	x		x	x	x	x	x		x	x	x			x	x				x	x	x	x	x		x	x		x			x			x	x		x
		Pension plan regime (DC vs DB pension plan)	x	x	x	x	x	x	x	x	x				x				x			x	x	x	x					x					x			x	x		x
		Membership area (members to whom the pension plan is addressed)		x	x	x	x	x	x	x								x	x			x	x		x				x				x		x			x	x		x
		Name/description of plan sponsors (e.g. employers obliged to pay contributions to members)		x	x		x			x	x											x	x	x					x										x		x
		Main historical facts regarding the pension plan		x	x		x					x						x																				x	x		
	Governing bodies	Description of role and responsibility	x	x	x		x					x	x																x									x	x		x
		Description of the appointment method	x				x						x																x										x		x
		Current composition	x	x	x		x						x															x	x										x		x
Rights and obligations of members	General descriptions	General description of members' obligations		x	x	x	x		x			x			x														x												x
		Presence of a statement that makes clear the individual members' responsibility to get informed about the plan				x			x	x		x		x							x								x					x							x
		Presence of a statement that makes clear the individual members' responsibility for taking decisions about investment options				x		x	x	x				x															x						x						
		Presence of a statement that stresses the risks borne by members				x	x	x	x	x				x		x	x	x								x			x						x						

			GNDS													INVP		KDEV			MBAL													PPPR				ANRP			
Area		Specific items	AUS	CRC 1	HK 1	HK 2	IRL 1	IRL 2	ISR1	ITA 1	JMC1	JMC 2	POL	SLK1	TRK 1	IRL 3	JMC 3	HK3	IRL4	SLK2	CHI 1	CRC 2	HK5	IRL 5	IRL6	ISR 2	ITA 2	JMC 4	KZK	KEN2	MEX 1	SLK 3	TRK2	CHI 2	IRL7	ITA 3	TRK 3	HK4	IRL 8	JMC 5	KEN 1
		Arrangements relating to the transfer of pension rights and related charges or fees	x	x	x	x		x	x			x		x	x		x							x		x			x						x						x
		Description of vesting rules	x	x	x		x		x			x					x									x			x												x
		Description of claim procedures	x	x	x	x			x			x			x																										x
	Contribution arrangements	General description of contribution arrangements	x	x	x	x	x	x	x	x		x	x		x									x					x						x				x		x
		Contribution rates to be paid by employers (mandatory)	x	x	x	x	x		x	x			x											x																	x
		Contribution rates payable by employers (voluntary)	x									x																	x												
		Contribution rates to be paid by members (mandatory)	x	x	x	x	x		x	x		x	x											x					x												x
		Contribution rates payable by members (voluntary)	x				x	x				x							x					x					x						x						
	Pension benefits	General description of benefit options	x	x	x	x	x	x	x	x					x																				x						x
		A projection of future pension benefits	x					x			x													x		x			x					x	x	x	x				
		Description of assumptions adopted to in the projection	x					x			x													x		x			x					x	x	x	x				
		Format of future pension benefits N(numerical) G (graphical)					N	N	N			N/ G												N	N	N								N	N	N			N		
	Other benefits	Description of other benefits and the relative options offered to members	x	x	x		x		x	x		x												x		x								x							x
Responsibilities of other parties involved in the pension plan	Employers	Description of responsibilities		x	x	x	x		x			x																	x												x
	Asset managers	Description of responsibilities	x	x	x		x					x																	x												x
		Name of current asset managers	x	x	x					x		x	x		x	x		x																x				x	x		x
	Depositary/custodian	Description of responsibilities	x									x																	x										x		x
		Name of current depositary/custodian	x	x	x					x		x	x	x	x																							x			x

			GNDS													INVP		KDEV			MBAL													PPPR				ANRP			
Area		**Specific items**	**AUS**	**CRC 1**	**HK 1**	**HK 2**	**IRL 1**	**IRL 2**	**ISR1**	**ITA 1**	**JMC1**	**JMC 2**	**POL**	**SLK1**	**TRK 1**	**IRL 3**	**JMC 3**	**HK3**	**IRL4**	**SLK2**	**CHI 1**	**CRC 2**	**HK5**	**IRL 5**	**IRL6**	**ISR 2**	**ITA 2**	**JMC 4**	**KZK**	**KEN2**	**MEX 1**	**SLK 3**	**TRK2**	**CHI 2**	**IRL7**	**ITA 3**	**TRK 3**	**HK4**	**IRL 8**	**JMC 5**	**KEN 1**
	Auditors	Description of responsibilities	x									x																	x									x			x
		Name of current auditors	x	x	x					x		x	x																									x	x		x
	Other service providers	Description of responsibilities	x									x																	x										x		x
		Name of current other service providers	x	x	x					x		x	x																									x	x		x
Investment activity	General information	Description of risks associated with investments	x	x	x	x	x	x	x	x				x	x	x	x	x								x			x						x			x			x
		Number and name of investment options	x	x	x	x	x	x	x	x					x	x	x	x	x																x			x			
		Classification of investment options by investment risks borne by members		x	x	x		x		x				x		x	x	x	x																x						
		Presence of a default option	x			x		x	x	x						x			x																x						
		Presence of a lifecycle option	x					x		x									x						x										x						
		Explanation of how choices can be made and changed	x	x	x	x			x	x					x	x	x												x												
		Description of any restrictions/ costs that may be incurred for switching among options	x	x	x				x	x					x	x	x												x				x								
		Description of processes used to deal with conflicts of interest	x									x																										x			x
	Each investment option	Description of the investment policy/management style	x	x	x			x	x				x	x				x				x							x						x			x	x		
		Specification of type and limits (if applicable) of investments	x	x	x			x		x			x	x	x	x		x											x				x		x			x	x		
		Description of the strategic asset allocation	x	x	x			x		x			x				x	x	x	x									x						x			x	x		
		Specification of the time horizon	x					x		x					x				x																x				x		
		Specification of a benchmark	x					x		x			x					x	x																x						
		Description of the risk measurement method adopted	x															x											x												
		Description of risk management processes implemented	x																									x													

Area	Specific items	GNDS													INVP		KDEV			MBAL													PPPR				ANRP			
Area	Specific items	AUS	CRC 1	HK 1	HK 2	IRL 1	IRL 2	ISR1	ITA 1	JMC1	JMC 2	POL	SLK1	TRK 1	IRL 3	JMC 3	HK3	IRL4	SLK2	CHI 1	CRC 2	HK5	IRL 5	IRL6	ISR 2	ITA 2	JMC 4	KZK	KEN2	MEX 1	SLK 3	TRK2	CHI 2	IRL7	ITA 3	TRK 3	HK4	IRL 8	JMC 5	KEN 1
	Possibility to invest in securities issued by the employers																											x												
	Information on the use of derivative instruments	x															x										x										x			
	Duration of bonds								x					x					x																		x			
	Rating of bonds																											x												
	Issuer of bonds (public/corporate)											x		x							x							x									x			
Fees and expenses	Description of all fees and expenses borne by the members directly and indirectly	x	x	x			x	x	x			x	x	x						x	x				x		x	x				x		x	x					
	Exposure of a standard indicator summarizing costs (e.g. total expense ratio, TER)	x							x								x																				x			
Tax relief	General description of tax relief	x	x	x			x	x						x											x			x						x						x
	Limits on fiscal allowances on contributions payable by the employer and by the member	x	x	x										x														x												x
Assistance to members	Details of the contact point where additional information may be obtained	x		x	x	x		x	x		x	x	x				x				x	x	x		x		x	x					x				x	x	x	x
	Competent authority which supervises over the plan	x	x	x		x	x	x	x		x		x								x		x		x		x	x			x		x	x			x	x	x	x
	Advisory tools offered	x			x			x																	x			x									x			
	Website address of the pension plan	x		x	x			x	x		x	x	x	x			x				x	x			x		x	x			x		x				x	x	x	
Changes in the pension plan characteristics/rules	Description of the change in the pension plan characteristics/rules (e.g. adding an investment option, removing or replacing an investment option)	x	x	x							x														x	x		x									x	x		
	Description of the reason for the change	x		x																					x	x	x										x		x	

		GNDS													INVP		KDEV			MBAL													PPPR				ANRP			
Area	**Specific items**	**AUS**	**CRC 1**	**HK 1**	**HK 2**	**IRL 1**	**IRL 2**	**ISR1**	**ITA 1**	**JMC1**	**JMC 2**	**POL**	**SLK1**	**TRK 1**	**IRL 3**	**JMC 3**	**HK3**	**IRL4**	**SLK2**	**CHI 1**	**CRC 2**	**HK5**	**IRL 5**	**IRL6**	**ISR 2**	**ITA 2**	**JMC 4**	**KZK**	**KEN2**	**MEX 1**	**SLK 3**	**TRK2**	**CHI 2**	**IRL7**	**ITA 3**	**TRK 3**	**HK4**	**IRL 8**	**JMC 5**	**KEN 1**
	Explanation of how the change could affect the member's position	x		x																					x		x												x	
Miscellaneous	Glossary of the terms used	x						x	x		x					x						x			x															x

Table 5: Contents of information documents classified by type: on-going activity of the pension fund/plan

			GNDS													INVP		KDEV			MBAL													PPPR				ANRP			
Area	**Specific items**		**AUS**	**CRC 1**	**HK 1**	**HK 2**	**IRL 1**	**IRL 2**	**ISR 1**	**ITA 1**	**JMC 1**	**JMC 2**	**POL**	**SLK 1**	**TRK 1**	**IRL 3**	**JM 3**	**HK 3**	**IRL 4**	**SLK 2**	**CHI 1**	**CRC 2**	**HK 5**	**IRL 5**	**IRL 6**	**ISR 2**	**ITA 2**	**JMC 4**	**KZK**	**KEN 2**	**MEX 1**	**SLK 3**	**TRK 2**	**CHI 2**	**IRL 7**	**ITA 3**	**TRK 3**	**HK 4**	**IRL 8**	**JMC 5**	**KEN 1**
Information on the pension fund as a whole	Assets	Total pension fund assets	x							x			x					x		x								x					x					x	x		x
		Description of methods adopted to valuate pension fund assets	x		x																							x										x	x		
	Members	Total members	x										x															x											x		x
		Total active members																										x											x		x
		Total beneficiaries																										x											x		x
		New members in the period											x															x											x		x
		Members that left the fund in the period											x															x											x		x
		Members retired in the period																										x											x		x
	Contributions	Total contributions paid by the employers	x																									x											x		x
		Total contributions paid by members																										x				x	x						x		x
		Total required contributions paid by members																										x											x		x
		Total voluntary contributions paid by members																										x					x						x		x
	Conflicts of interest	Disclosure of conflicts of interest	x																																			x			
	Risk management	Description of the investment risks measures adopted	x		x																							x										x			
		Description of risk – management process adopted			x																																				
	Benefits paid out	Total annuities paid out																										x											x		
		Total lump-sums paid out																										x										x	x		
	Fees and expenses	Amount of the annual fees and expenses paid	x							x			x															x					x					x			x
		Fees and expenses disclosed on aggregate basis according to standard measure	x		x													x																				x			

			GNDS													INVP		KDEV			MBAL													PPPR				ANRP			
Area	**Specific items**		**AUS**	**CRC 1**	**HK 1**	**HK 2**	**IRL 1**	**IRL 2**	**ISR 1**	**ITA 1**	**JMC 1**	**JMC 2**	**POL**	**SLK 1**	**TRK 1**	**IRL 3**	**JM 3**	**HK 3**	**IRL 4**	**SLK 2**	**CHI 1**	**CRC 2**	**HK 5**	**IRL 5**	**IRL 6**	**ISR 2**	**ITA 2**	**JMC 4**	**KZK**	**KEN 2**	**MEX 1**	**SLK 3**	**TRK 2**	**CHI 2**	**IRL 7**	**ITA 3**	**TRK 3**	**HK 4**	**IRL 8**	**JMC 5**	**KEN 1**
		Fees and expenses disclosed for each investment option	x		x								n					X																				x			
Information on each investment option	Assets and Members	Total assets	x							x			x					x		x								x										x	x		x
		Total members	x										x															x											x		x
		Total active members																										x											x		x
	Switches and transfers	Number of switches/transfers into the investment option																																							
		Number of switches/transfers out of the investment option																																							
	Current portfolio	Description of portfolio by type of assets	x							x			x					x		x								x										x			x
		List of the securities included in the portfolio	x										x					x										x										x			
	Rate of return	Gross rate of return	x							x			x															x					x				x				x
		Rate of return net of tax and charges	x							x								x										x					x				x	x			x
		Number of years (Y) covered for past performance	x							10			1/3					1/5/10		0								x					2					1/3/10			
		Format of past performance N(numerical) G(graphical)					N	N	N	N G			N					N G										N G					N G				N G	N			
		A statement that past performance is not necessarily an indication of future performance	x							x								x																							
		Rate of return of the benchmark	x							x								x																							
		Rate of return of a peer group																																							
	Volatility measure	Description of the volatility measure								x								x																							
		Number of years covered								10								3																							
		Format N(numerical) G(graphical)	N G					N	N	N					N			N																							

			GNDS													INVP		KDEV			MBAL													PPPR				ANRP			
Area	**Specific items**		**AUS**	**CRC 1**	**HK 1**	**HK 2**	**IRL 1**	**IRL 2**	**ISR 1**	**ITA 1**	**JMC 1**	**JMC 2**	**POL**	**SLK 1**	**TRK 1**	**IRL 3**	**JM 3**	**HK 3**	**IRL 4**	**SLK 2**	**CHI 1**	**CRC 2**	**HK 5**	**IRL 5**	**IRL 6**	**ISR 2**	**ITA 2**	**JMC 4**	**KZK**	**KEN 2**	**MEX 1**	**SLK 3**	**TRK 2**	**CHI 2**	**IRL 7**	**ITA 3**	**TRK 3**	**HK 4**	**IRL 8**	**JMC 5**	**KEN 1**
		Volatility of the benchmark								x																															
	Risk management	Description of the investment risks measures adopted	x																	x								x												x	
		Description of risk – management process adopted																		x								x												x	

Table 6: Contents of information documents classified by type: member-specific information

		GNDS													INVP		KDEV			MBAL													PPPR				ANRP			
Area	**Specific items**	**AUS**	**CRC 1**	**HK 1**	**HK 2**	**IRL 1**	**IRL 2**	**ISR 1**	**ITA 1**	**JMC 1**	**JMC 2**	**POL**	**SLK 1**	**TRK 1**	**IRL 3**	**JMC 3**	**HK 3**	**IRL 4**	**SLK 2**	**CHI 1**	**CRC 2**	**HK 5**	**IRL 5**	**IRL 6**	**ISR 2**	**ITA 2**	**JMC 4**	**KZK**	**KEN 2**	**MEX 1**	**SLK 3**	**TRK 2**	**CHI 2**	**IRL 7**	**ITA 3**	**TRK 3**	**HK 4**	**IRL 8**	**JMC 5**	**KEN 1**
Contributions paid	Total contributions paid by the employers											x								x		x	x	x	x	x	x	x	x				x		x			x		
	Total contributions paid by the members	x										x										x	x	x	x	x	x	x	x			x						x		
	Total required contributions paid by the members	x																		x		x			x	x	x	x	x						x			x		
	Total voluntary contributions paid by the members	x																		x		x	x	x	x	x	x	x	x	x		x						x		
Current balance	Value of current balance in each investment option chosen by the member	x																		x		x		x	x		x			x	x									
	Indication of switches and transfers	x																		x	x	x				x	x													
	Details of securities bought and sold (if allowed)	x																									x													
	Indication of payments and withdrawals	x																		x	x	x		x	x		x			x	x									
Fees and expenses paid	Total amount of annual fees and expenses paid by the member	x										x								x	x	x			x	x	x	x	x	x		x								
Benefit options	Indication of the current benefits accruals	x																				x	x				x	x				x				x				
	Indication of the extend to which the accruals are vested	x																				x						x	x											
Fiscal arrangements	Tax relief actually applied	x																									x		x											