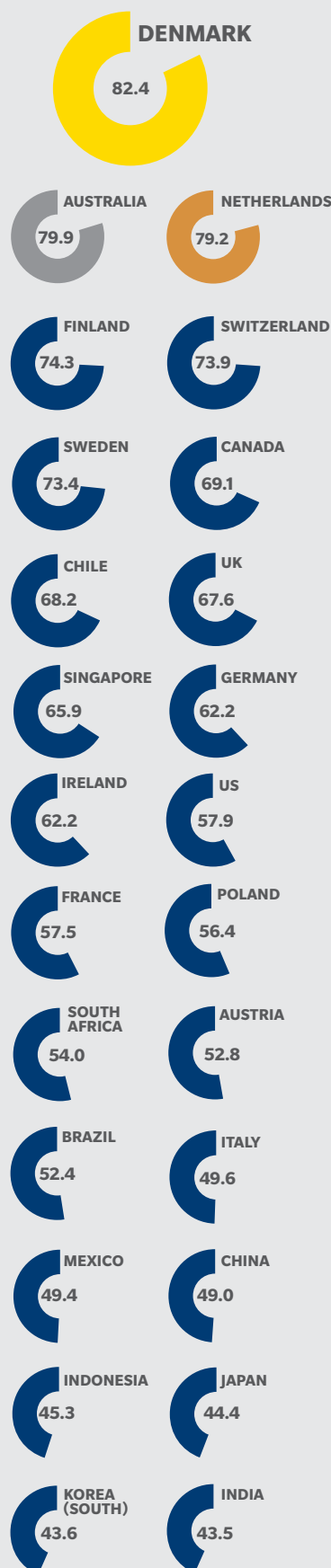


2014 RESULTS



FAST FACTS

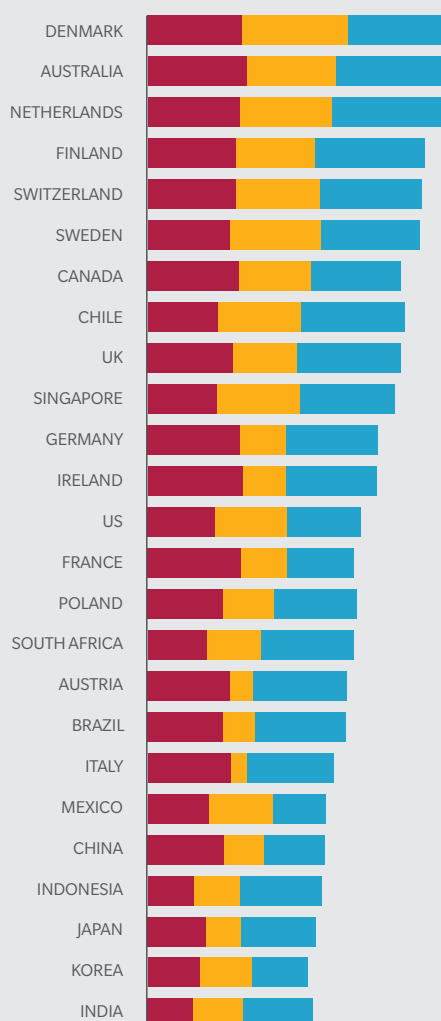


THE **MOST COMPREHENSIVE**
GLOBAL COMPARISON OF
PENSION SYSTEMS.

COVERS **25** COUNTRIES
AND **58%** OF THE
WORLD'S POPULATION

MEASURES MORE THAN **50**
INDICATORS UNDER
**3 SUB-INDICES: ADEQUACY,
SUSTAINABILITY, INTEGRITY**

2014 SUB-INDEX RESULTS



#1 ADEQUACY
Australia

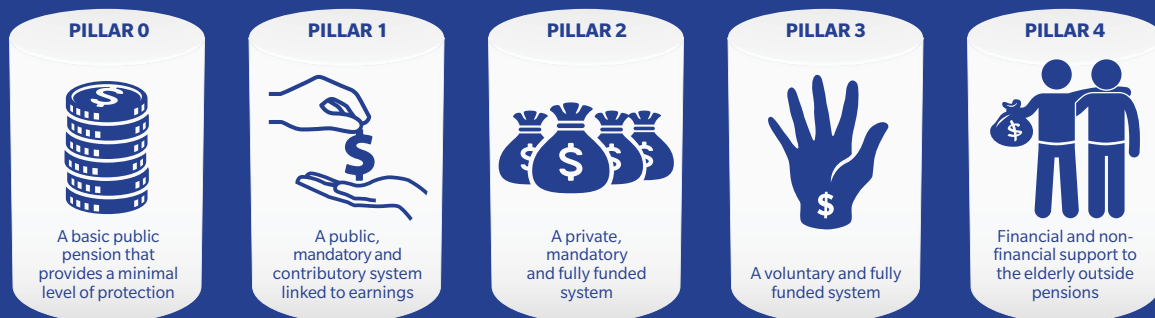
#1 SUSTAINABILITY
Denmark

#1 INTEGRITY
Finland

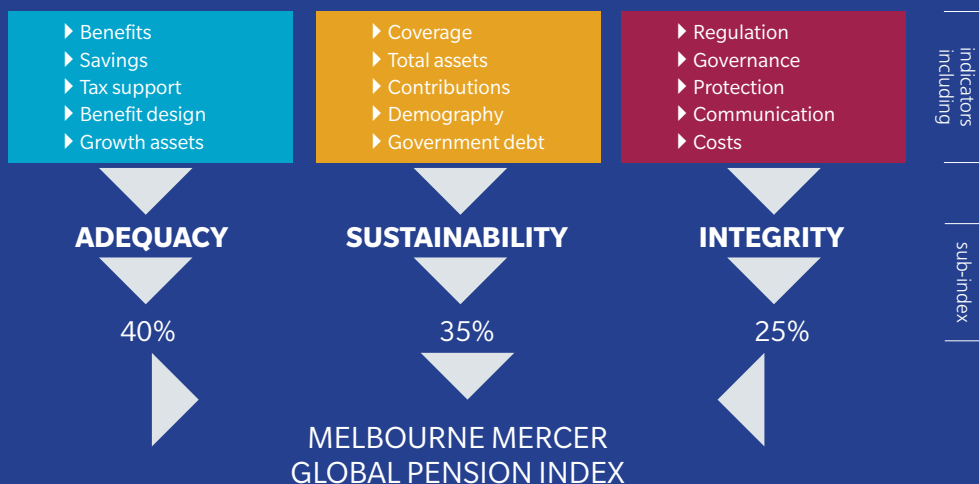
■ ADEQUACY
■ SUSTAINABILITY
■ INTEGRITY

CALCULATING THE MELBOURNE MERCER GLOBAL PENSION INDEX

The Index uses a multi-pillar approach to compare retirement income systems.



CALCULATING THE MELBOURNE MERCER GLOBAL PENSION INDEX



HOW TO IMPROVE RETIREMENT SAVINGS SYSTEMS

There is no perfect system that can be applied universally, but challenges common to many countries include the need to:



INCREASE THE RETIREMENT AGE TO REFLECT INCREASING LIFE EXPECTANCY



PROMOTE HIGHER LABOUR FORCE PARTICIPATION AT OLDER AGES



ENCOURAGE HIGHER LEVELS OF PRIVATE SAVING



REDUCE THE LEAKAGE FROM THE SYSTEM PRIOR TO RETIREMENT



INCREASE COVERAGE OF THE PRIVATE PENSION SYSTEM WITH AN ELEMENT OF COMPULSION OR AUTOMATIC ENROLMENT



IMPROVE THE GOVERNANCE OF PRIVATE PENSION PLANS AND REQUIRE IMPROVED TRANSPARENCY

REFORM IS WORKING

Significant reform to pension systems around the world is having a positive effect with average scores in the Melbourne Mercer Global Pension Index increasing over time.

64.3

AVERAGE SCORE FOR THE SAME 14 COUNTRIES IN 2014









61.7

AVERAGE SCORE FOR THE 14 COUNTRIES IN 2010

GLOBAL SCORECARD FOR RETIREMENT SAVINGS



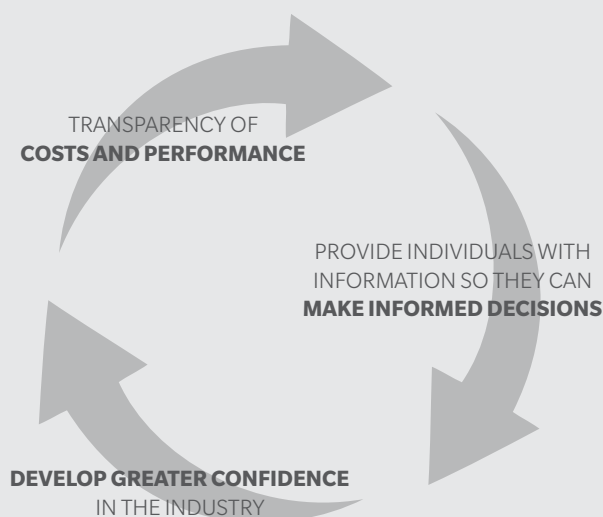
GRADE	INDEX VALUE	COUNTRIES	DESCRIPTION
A	>80		A first class and robust retirement income system that delivers good benefits, is sustainable and has a high level of integrity.
B⁺	75–80		A system that has a sound structure, with many good features, but has some areas for improvement that differentiates it from an A-grade system.
B	65–75		
C⁺	60–65		
C	50–60		A system that has some good features, but also has major risks and/or shortcomings that should be addressed. Without these improvements, its efficacy and/or long-term sustainability can be questioned.
D	35–50		A system that has some desirable features, but also has major weaknesses and/or omissions that need to be addressed. Without these improvements, its efficacy and sustainability are in doubt.
E	<35	Nil	A poor system that may be in the early stages of development or a non-existent system.

TRUST & TRANSPARENCY CRITICAL FOR SUCCESS IN PENSIONS WORLD

“Ensuring transparency and the trust of individuals is becoming increasingly important. If you lose community trust in a pension system; you risk losing the effectiveness of the system.”



Communication to individuals has never been more important or come under more scrutiny from members, regulators, employers, consumer groups, politicians and the media.



“With an ageing population in most countries, improved understanding of the pension system is critical as governments decrease their financial support for the aged and individuals bear greater financial responsibilities for their retirement wellbeing in the future.”

GLOBAL PRACTICES AROUND TRANSPARENCY AND MEMBER COMMUNICATION



DESIRABLE FEATURE	NUMBER OF COUNTRIES THAT HAVE THIS FEATURE (MAX 25)
Information required on joining the pension plan	24
An annual personal statement is required	23
This personal statement includes a benefit projection or estimate	9
An annual report must be provided to members	12
The annual report must show asset allocation	12
The annual report must show major investments	4
Members have access to an independent review (or complaints) process	16
Reimbursement (or compensation) is available under certain circumstances	7
Relevant data collected by the regulator is publicly available	20