



Individual Choice in Retirement Arrangement Case of Thailand

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Government Pension Fund, Thailand
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Government Pension Fund

- Established in 1997
- Defined contribution
- 1.16 million members
- Single Pooled-fund of \$6.3 billion





Government Pension Fund

- At least 60% in low-risk asset
- 20% limit on stock, warrant & convertible debenture
- 10% limit on single company's stock, warrant & debenture
- Low risk asset
 - *Cash/ bank deposit*
 - *Government bond*
 - *Bank's debt instrument*
 - *Investment grade bond*
 - *Securitized bond*
- High risk asset
 - *Stock & warrant*
 - *Corporate debenture*
 - *Mutual fund*
 - *Real estate*
 - *Other securities*





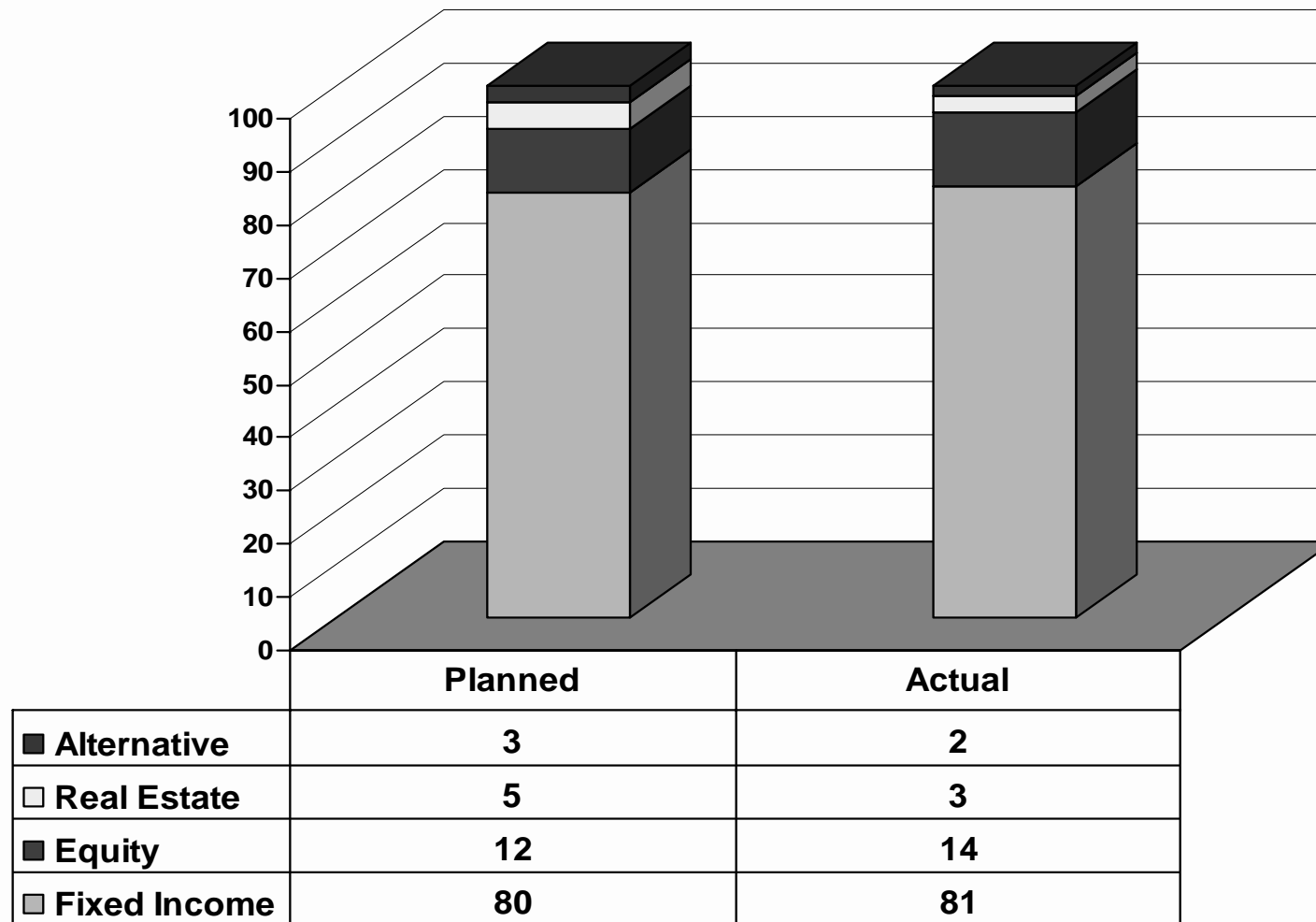
Investment Policy Statement

- Philosophy & objective
- Portfolio constructing
- Investment guideline
- Control mechanism





Asset Allocation





Amending Act & Regulations

- Foreign investment
- Subsidiary/affiliate
- Member investment choice
- Voluntary additional contribution
- Annuity/periodic payment





Why investment choices?

- Global direction
- Risk & return profile
- Education has improved
- Opportunity available
- Size of fund : affordable





GPF Survey

- Objective
 - *Determine member's interest in individual investment plan*
 - *Explore member's understanding of investment philosophy*





GPF Survey

■ Result

- *54% are interested in individual investment plan and would like to have the option to choose*
- *21% are familiar with equity investment, even more percentage are familiar with bond product*
- *89% are aware that equity is riskier than bond or deposit*





Conclusion

- Members express their needs in having choices
- Education in investment related subject are utmost essential
- Limitation on how much a member can put in choice should be posted
- Number of choices should be limited at the beginning





Age-based Investment Choices

- Different asset allocation to suit different age group
- Automatically shift asset allocation toward more conservative
- Choices are voluntary





How much can be put in choices?

- Employer & Employee contributions are fully vested
- By law, the two can be put in choices suit members' risk appetite
- In the first stage, employee's contribution and voluntary saving are at their discretion





What choices look like?

- 3-5 choices will be offered, including one with less risky than current plan
- Employee's contribution and voluntary saving can be in different choice
- Member can switch choice once a year





Sample of Choices

Retirement Year	2050	2040	2030	2020	2010
Age	<26	26-35	36-45	46-55	>55

Allocation

Equity	60%	45%	30%	15%	30%
Fixed-Income	40%	55%	70%	85%	97%

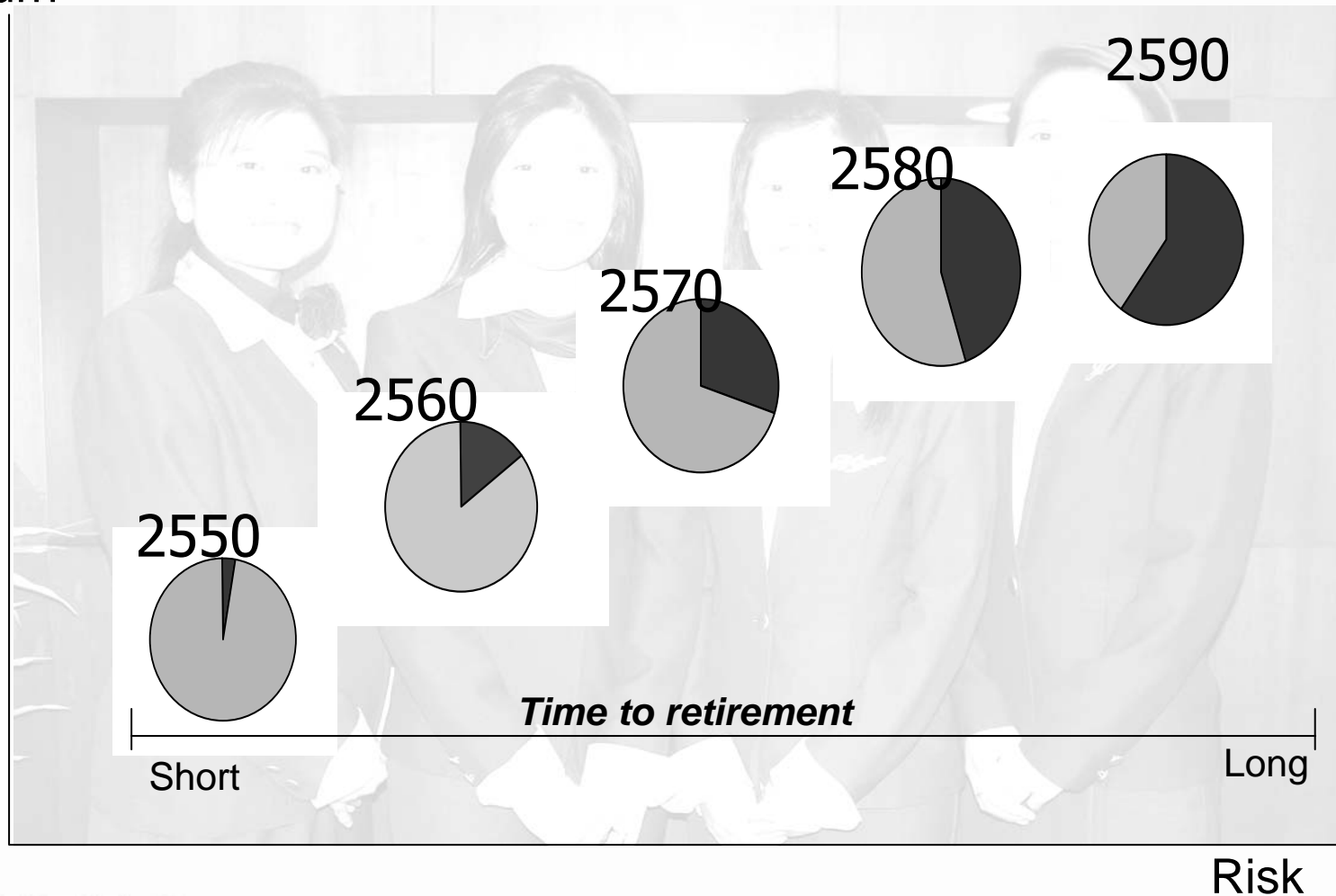


Current Plan



Age-Based Asset Allocation

Return





Education

Transition

To introduce the concept of investment choices

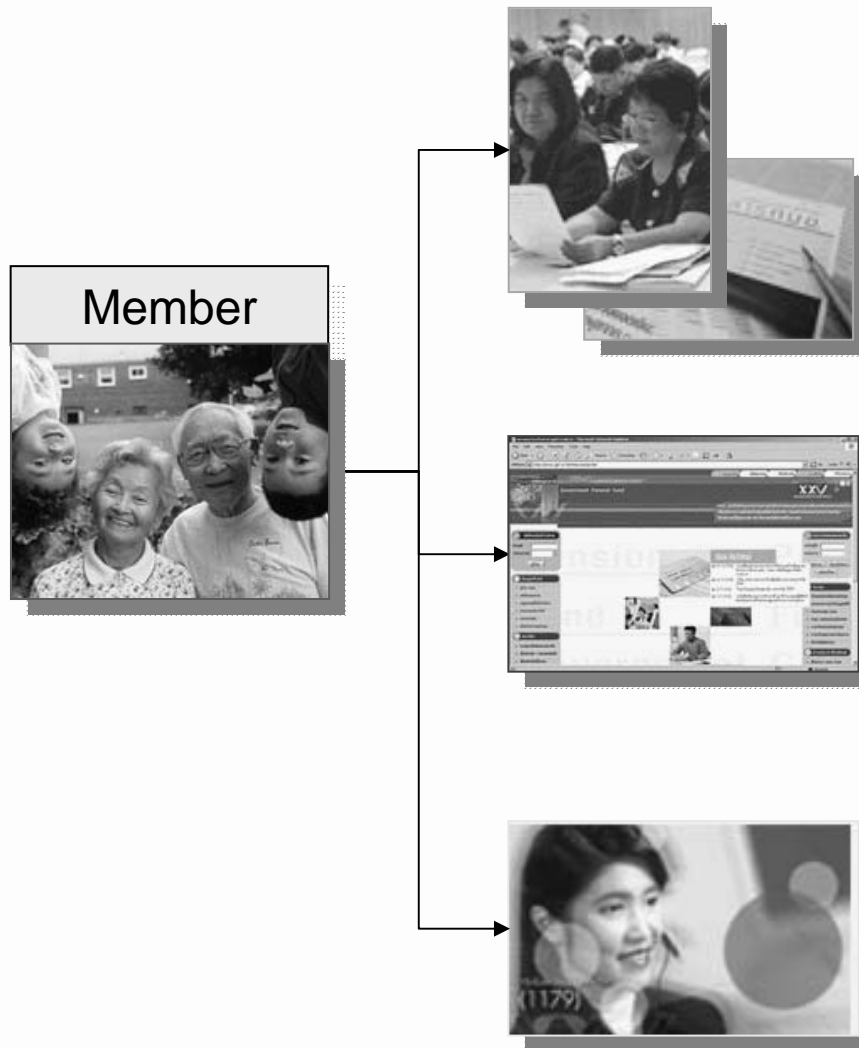
Initial

To inform and educate member regarding the options

Ongoing

To expand knowledge





Education material

- Train the trainer
- On-site visit
- Books
- Articles

Internet

- About GPF
- E-learning
- Financial Projection
- Inquiries

Contact Center

- Telephone Call
- E-mail
- Letter
- SMS

IVR

- Inquiries
- Forms

