

A dynamic splash of blue water against a light blue background, with a dark blue rectangular overlay at the bottom containing text.

Retirement Readiness

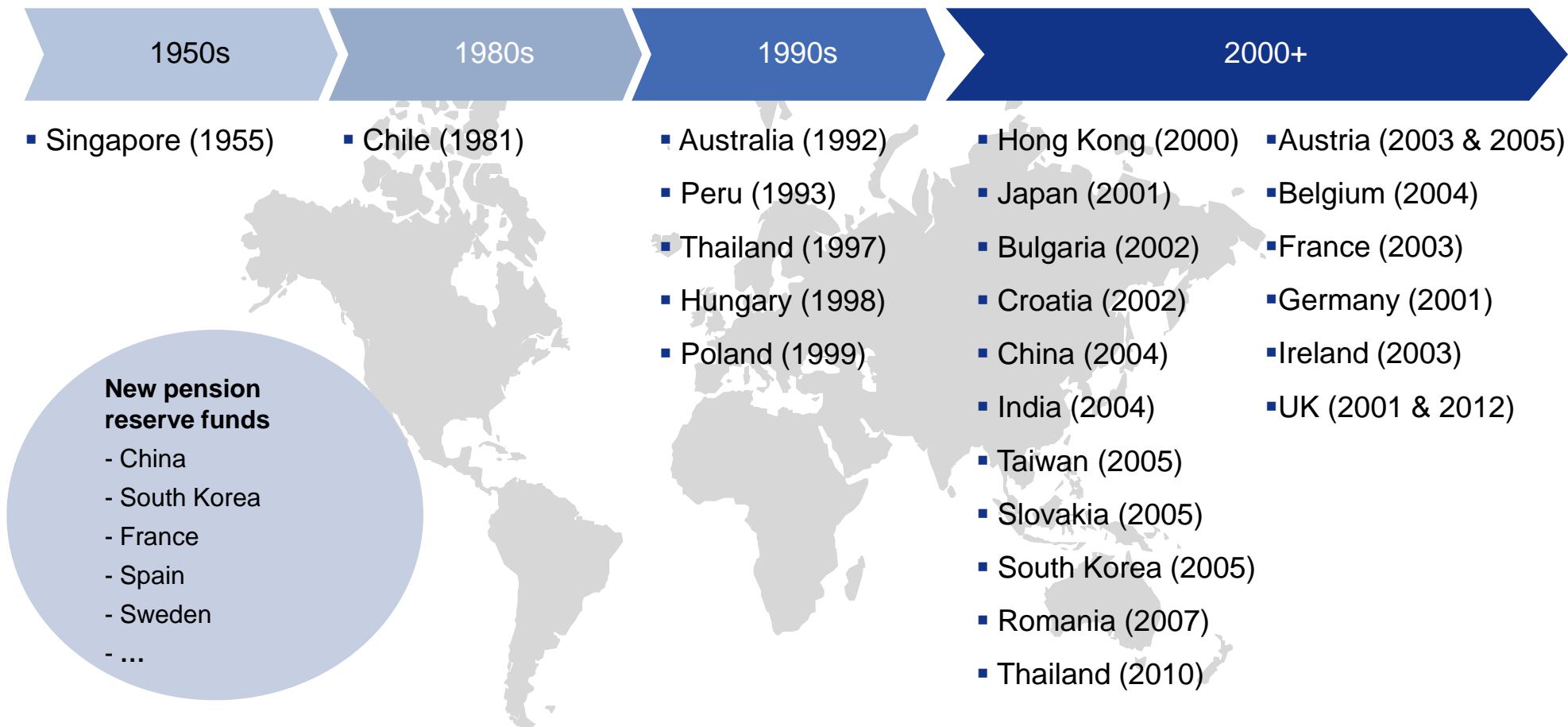
OECD/IOPS GLOBAL FORUM ON PRIVATE PENSIONS - Sydney Nov 2-3

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Allianz 
Global Investors

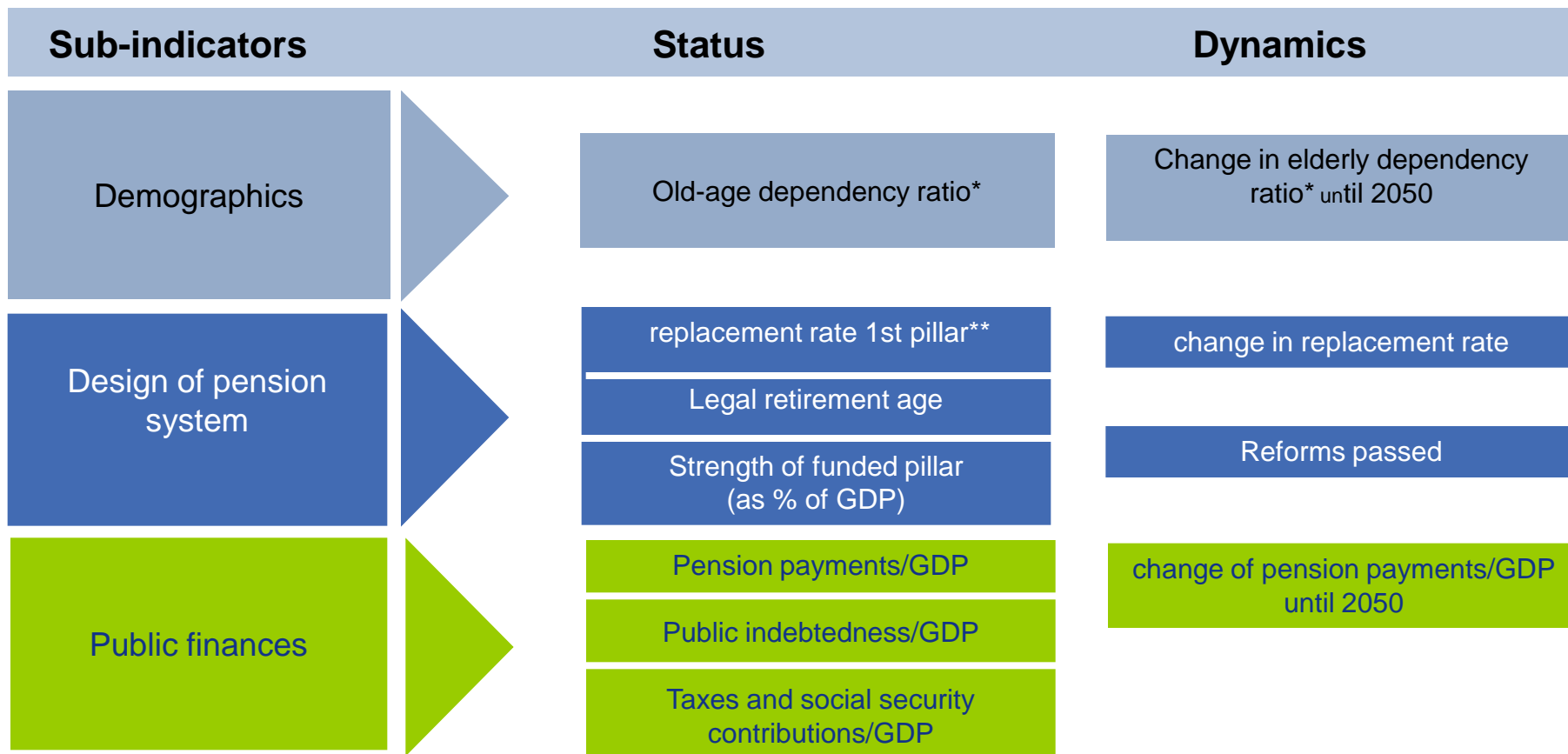
New funded pension schemes shape the global retirement markets

Paradigm shift is occurring on the system level...



Source: Allianz Global Investors

Pension Sustainability Index

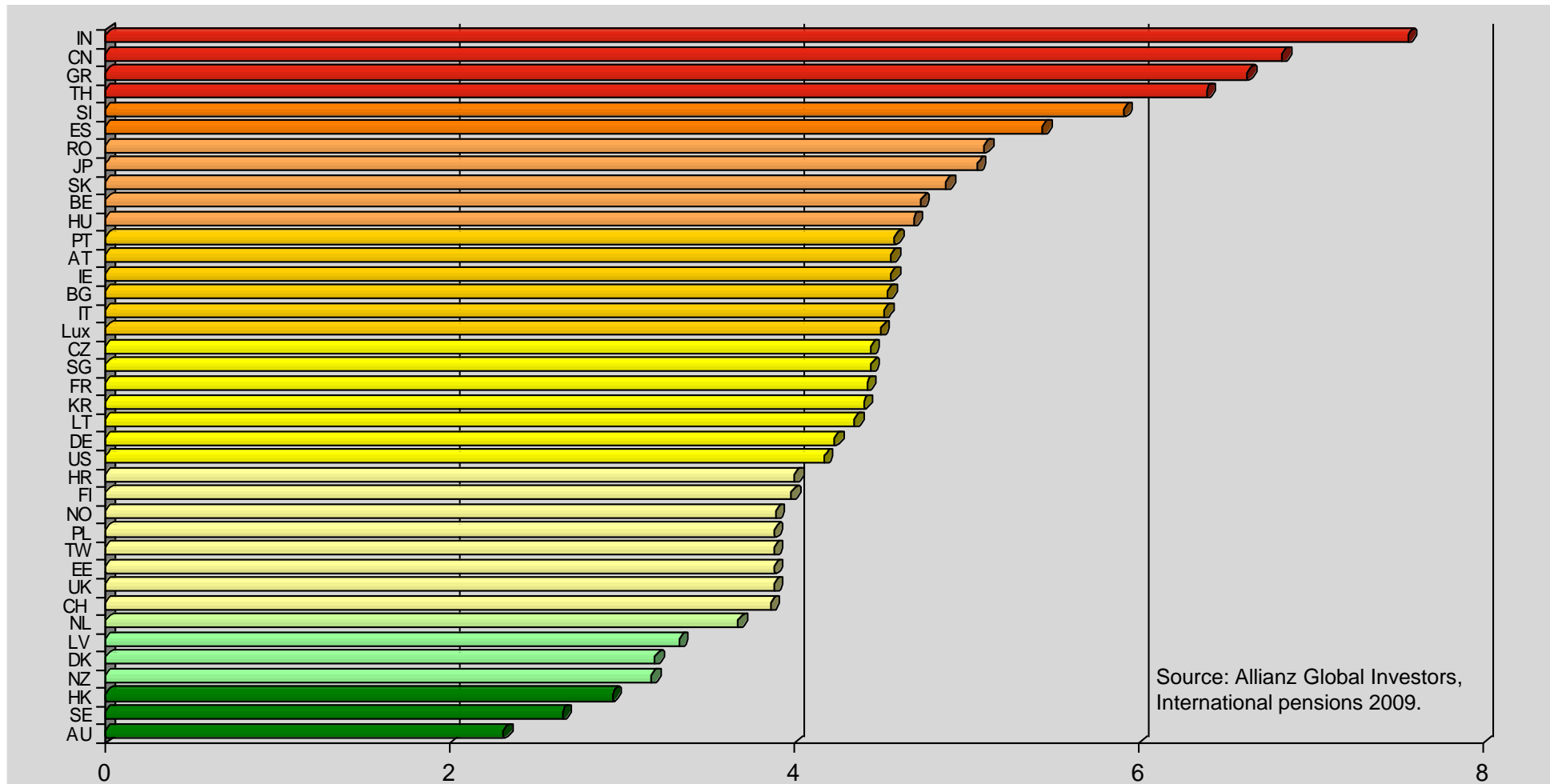


* Ratio of ≥ 65 years of age to 15 to 64 years of age

** In Asian countries, includes coverage within the workforce

Sustainability of public pensions

Allianz Pension Reform Pressure Gauge - Scale from 1 - 10: 1 minor need for reforms, 10 high need for reforms



Source: Allianz Global Investors, International pensions 2009.

Diversification across pension pillars is a key requirement for the sustainability of pension systems

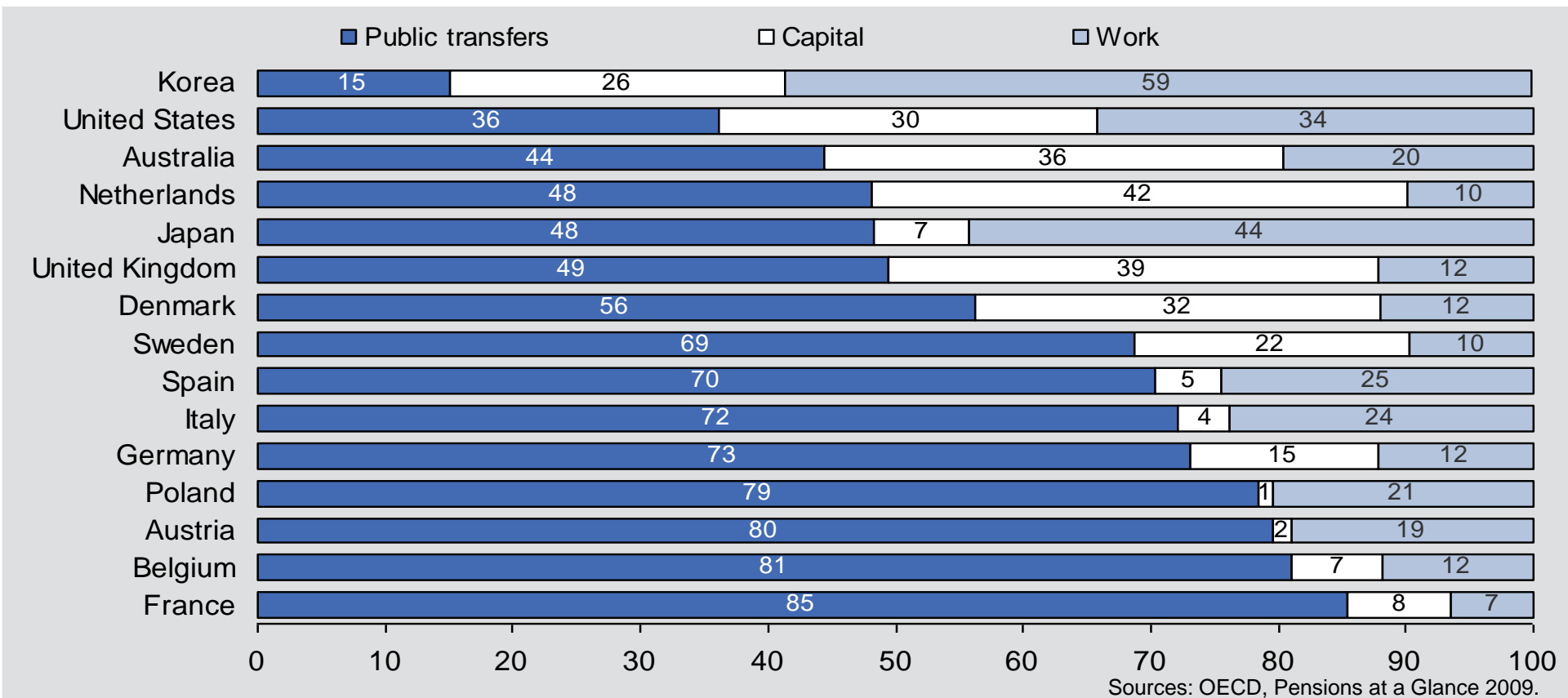
Pension pillars	Function	Risks	Design options
Public pillar	<ul style="list-style-type: none"> ▪ Redistribution ▪ Insurance 	<ul style="list-style-type: none"> • Political • Inflation • Demography 	<ul style="list-style-type: none"> • Pay-as-you-go • Tax-financed
National pillar	<ul style="list-style-type: none"> ▪ Accumulation of savings ▪ Capital accumulation & financial market development 	<ul style="list-style-type: none"> • Inflation • Employer insolvency • Longevity • Investment 	<ul style="list-style-type: none"> • Mandatory/voluntary • Defined Benefit/ Defined Contribution
Personal pillar	<ul style="list-style-type: none"> ▪ Additional savings for financial security 	<ul style="list-style-type: none"> • Inflation • Investment • Longevity 	<ul style="list-style-type: none"> • Tax advantages • Guaranteed/not guaranteed products

Total retirement income adequate?

Stable and reliable pension systems need several pillars to balance out risks of the respective and arrive at an acceptable level of overall risk

Retirement income mix differs substantially across countries

Importance of retirement income sources in % of retirement income



What is an optimal composition of income sources?

Understanding adequacy of pensions and retirement income

US

- **National Retirement Risk Index (Boston College);**
- **EBRI**
- **FED: Wealth adequacy – comprehensive measure of income**
- **McKinsey**

UK

PPI (Pensions Policy Institute): Retirement income and assets project

Germany

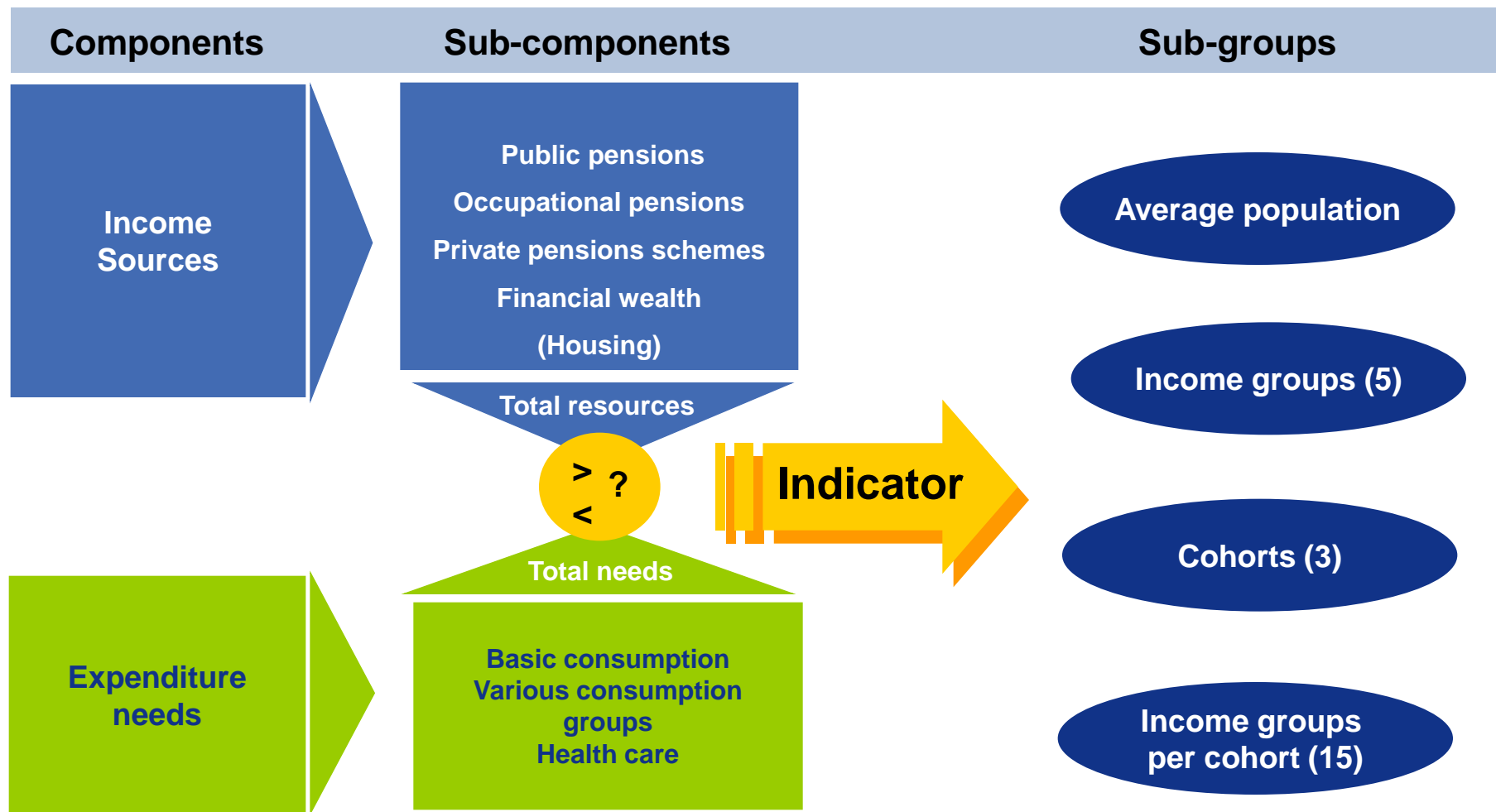
- **DIW-SOEP: Analysis of wealth distribution extended by vested old age provision**
- **ZEW: Analysis of poverty risk with inclusion of financial assets**
- **Fidelity: REAL – Index (Renten- und Alterssicherungs-Index) – derived from survey results to evaluate customers' future income gap**

Other

HSBC (survey); BBVA

Moving towards comprehensive approach of retirement income measures

Retirement Readiness Indicator (OECD / AGI)



Retirement Readiness Indicator (OECD/AGI)



Main challenges

- **Access to detailed survey data in different countries**
- **Modeling the first and second pillar accruals according to the OECD replacement rate model for new entrants**
- **Analysis of voluntary pension schemes and modeling the accumulation phase**
- **Analysis of general savings behavior and asset formation; modeling the accumulation phase**
- **Modeling the decumulation phase for assets and funded schemes**
- **Analysis of consumption patterns to derive expenditure benchmarks for subgroups**

About us

AllianzGI International Pensions: Multiplying investment and retirement knowledge

▶ Understanding pension systems and market trends

- Analysis of global pension & retirement markets and trends
- Analysis of pension regulation and investment policies
- In cooperation with the OECD and other partners

Evaluating the Impact of Risk Based Funding Requirements on Pension Funds

Andy Park, Andrew Hove and Gerhard Schramm

The objective of this study is to analyse what the quantitative funding requirements for pension funds will be if the security phase model is of relevance if based on the risk of underfunding needed to be applied. Also possible measures of the delivery of methodology that will be necessary in order to reflect the specific of pension funds will be discussed.



▶ Identification of pension-related client needs and market demands for product solutions

- Surveys on client demand in specific markets
- Initiation of products and solutions for old age provision in accumulation and pay-out phase
- In cooperation with risklab, AllianzGI entities globally and regional Allianz life insurance companies

International Pension Papers
How the financial crisis affects pension funds: What analysts expect

Allianz 
Global Investors



International Pension Papers
Funding Unfunded Pensions:
Governance and Investments
of Asian Reserve Funds

Allianz 
Global Investors



▶ Communication of expertise and informed dialogue with decision makers

- Client seminars and conferences
- Inhouse training and education
- Publications and magazine **PROJECT M**
- Support of lobbying

Activities

- ▶ Comprehensive pension market studies on Western Europe (2003, 2005, 2009), Central and Eastern Europe (2004, 2007), Asia (2005, 2007) and U.S.A. (2009)
- ▶ Pension Paper Series on specific issues
- ▶ Conferences and client seminars in Istanbul, Beijing, Shanghai, Taipeh, Seoul, Paris, London, Amsterdam, Vienna, Frankfurt, Munich

<http://publications.allianzgi.com>

Which markets and regions do we target? Who are our research partners?

Markets covered

- ▶ 45 markets world-wide
- ▶ updated annually

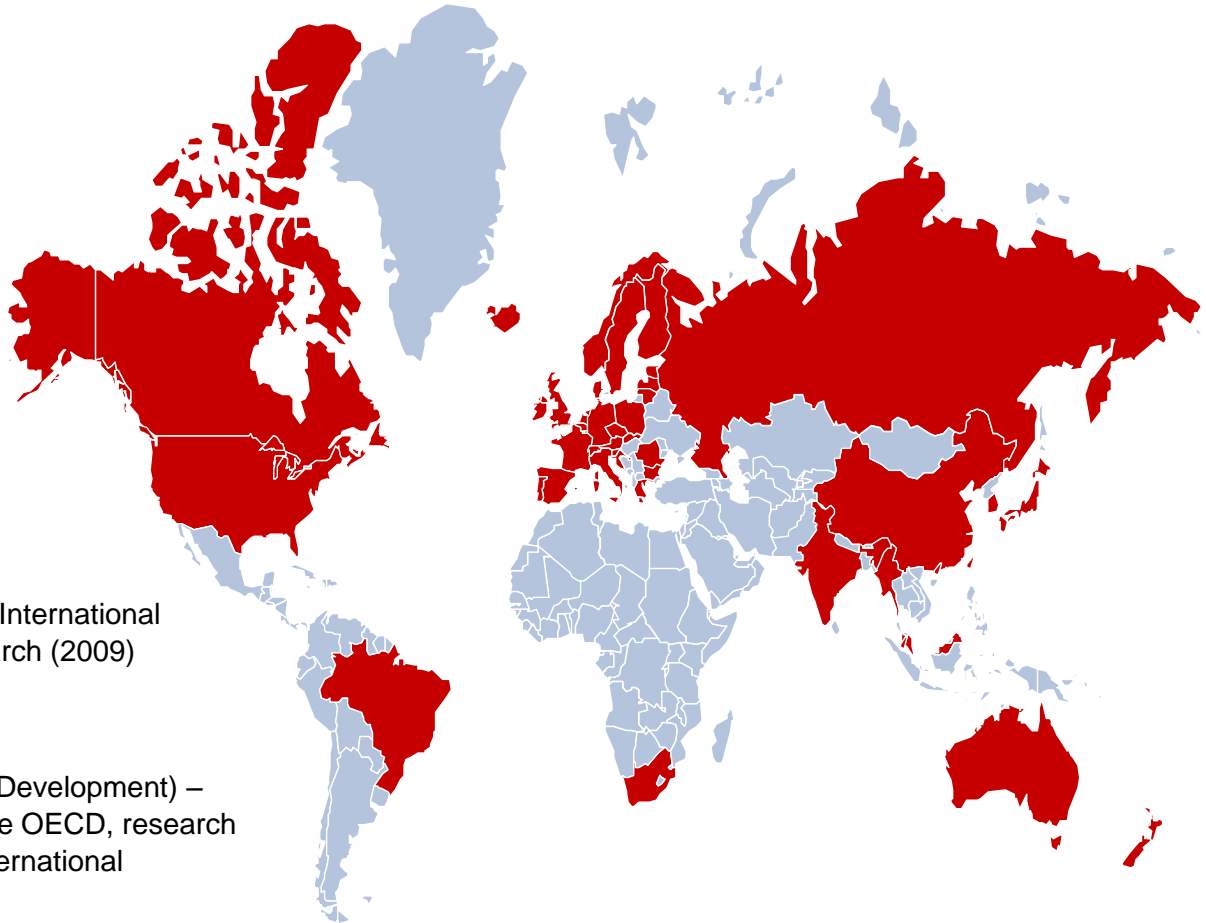
- ▶ Regions in focus
 - ▶ EU (Western Europe, CEE)
 - ▶ Asia-Pacific
 - ▶ United States of America

Research partners and network

- ▶ Professional market research firms, e.g. Research International (2007), ZEW/ Center for European Economic Research (2009) for primary market and client research

- ▶ OECD (Organisation of Economic Cooperation and Development) – sponsoring of Global Pension Statistics Project of the OECD, research cooperation with the Private Pensions Unit* (and International Organisation of Pension Supervisors IOPS)

- ▶ Partners for research, communication and marketing within AllianzGI and Allianz SE, amongst others Allianz Dresdner Economic Research, Allianz Social Opportunities, economic and financial research entities within AllianzGI, risklab germany...



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