

Improving Financial Literacy

International Conference hosted by the Russian G8 Presidency in Cooperation with the OECD

Session 3: Financial Education for Pensions and Insurances

Dr. Doris M. Schönemann, Vice-President of the Board of Directors of Ausgleichsfonds der Alters- und Hinterlassenenversicherung, AHV, (Pension Fund for Swiss People)



Ausgleichsfonds

der Alters- und Hinterlassenenversicherung (AHV)

Fonds de compensation

de l'assurance-vieillesse et survivants (AVS)

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Author	D. Schönemann

What is Financial Education for Pensions and Insurances about?

« Raising Awareness of Risks »



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Demography – Why?

In order to better understand the Swiss Federal Social Security System (AHV/IV/EO) in today's environment and since its inception in 1948.

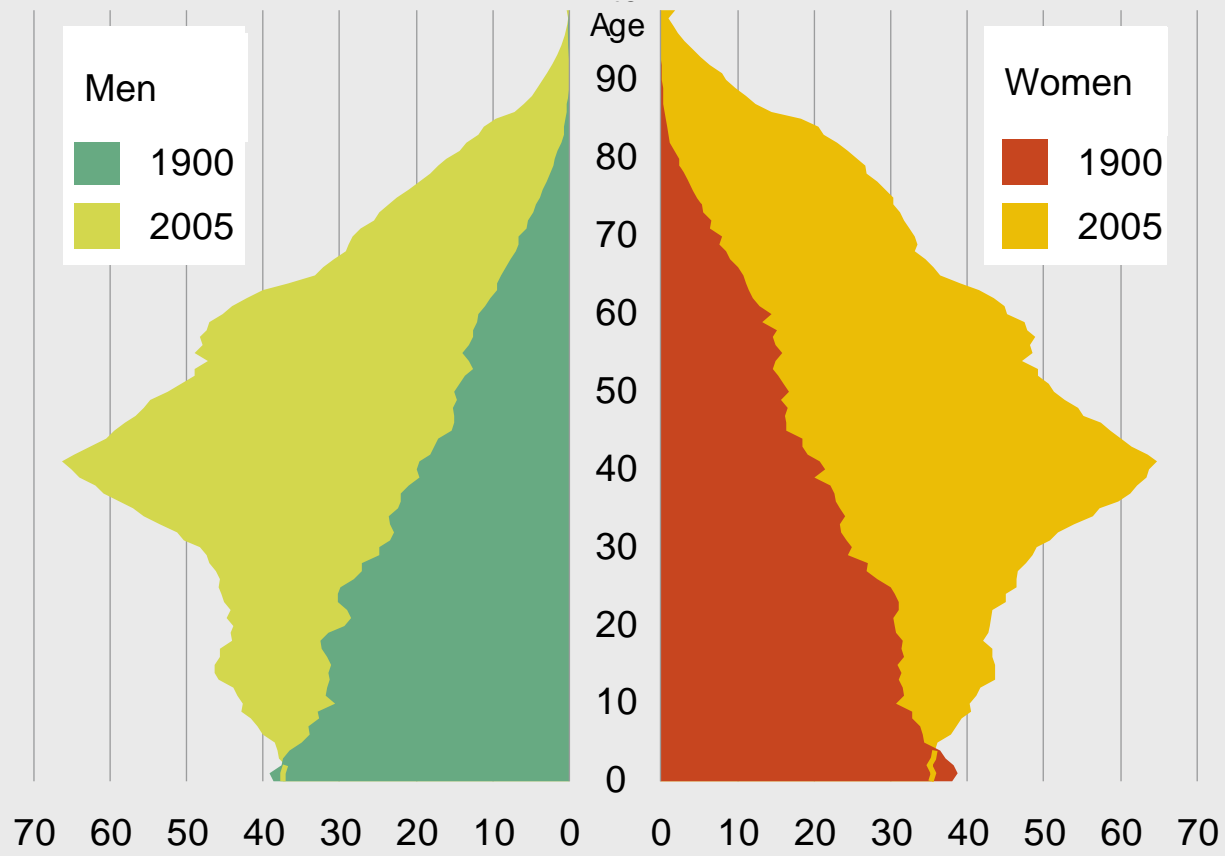
Three demographic parameters :

1. Birth rate
2. Mortality / life expectancy
3. Immigration



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Swiss Age Pyramid



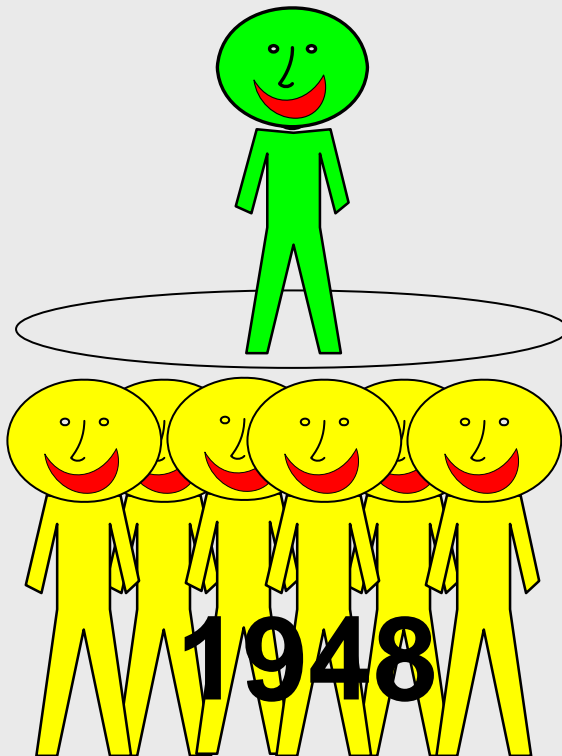
Source: SFSO



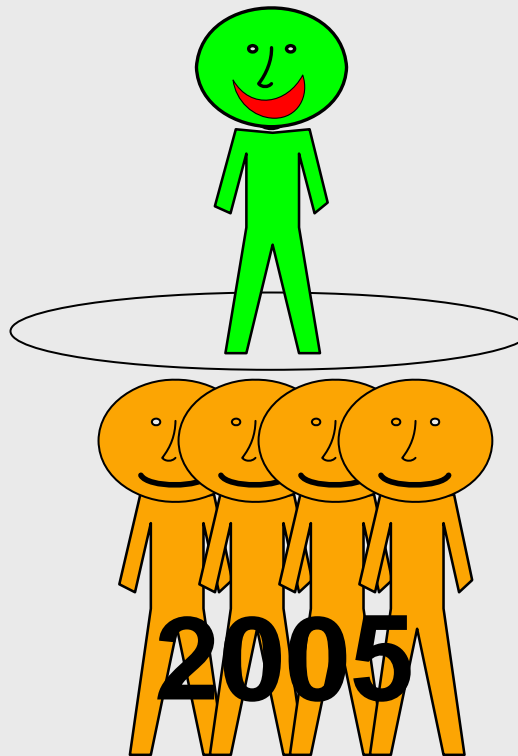
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Relation Pensioner vs. Contributors

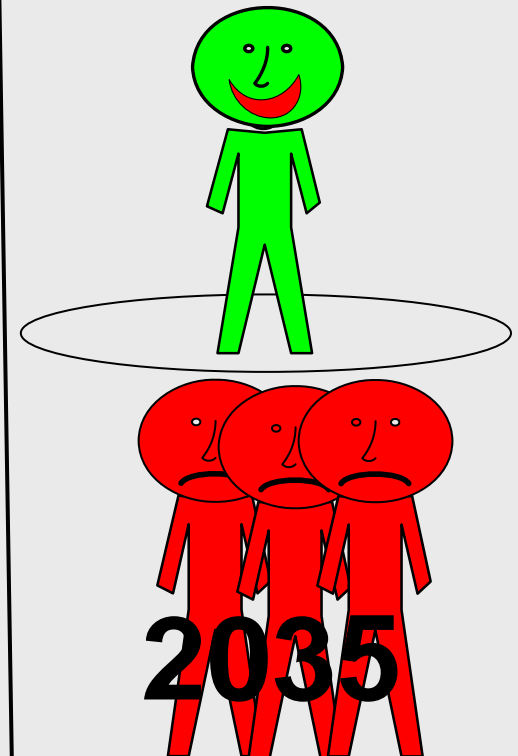
1 Pensioner for
6.5 Contributors



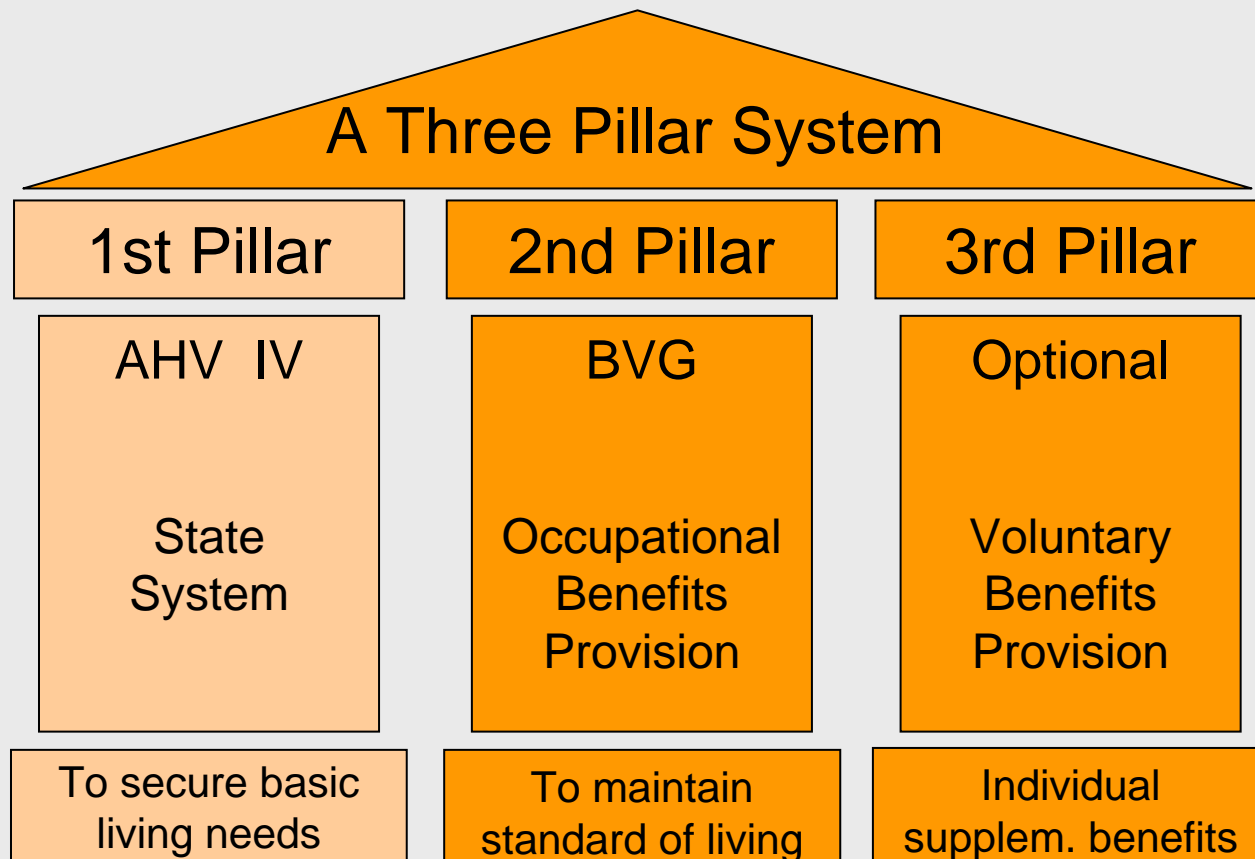
1 Pensioner for
3.5 Contributors



1 Pensioner for
2.3 Contributors



The Swiss Federal Social Security System



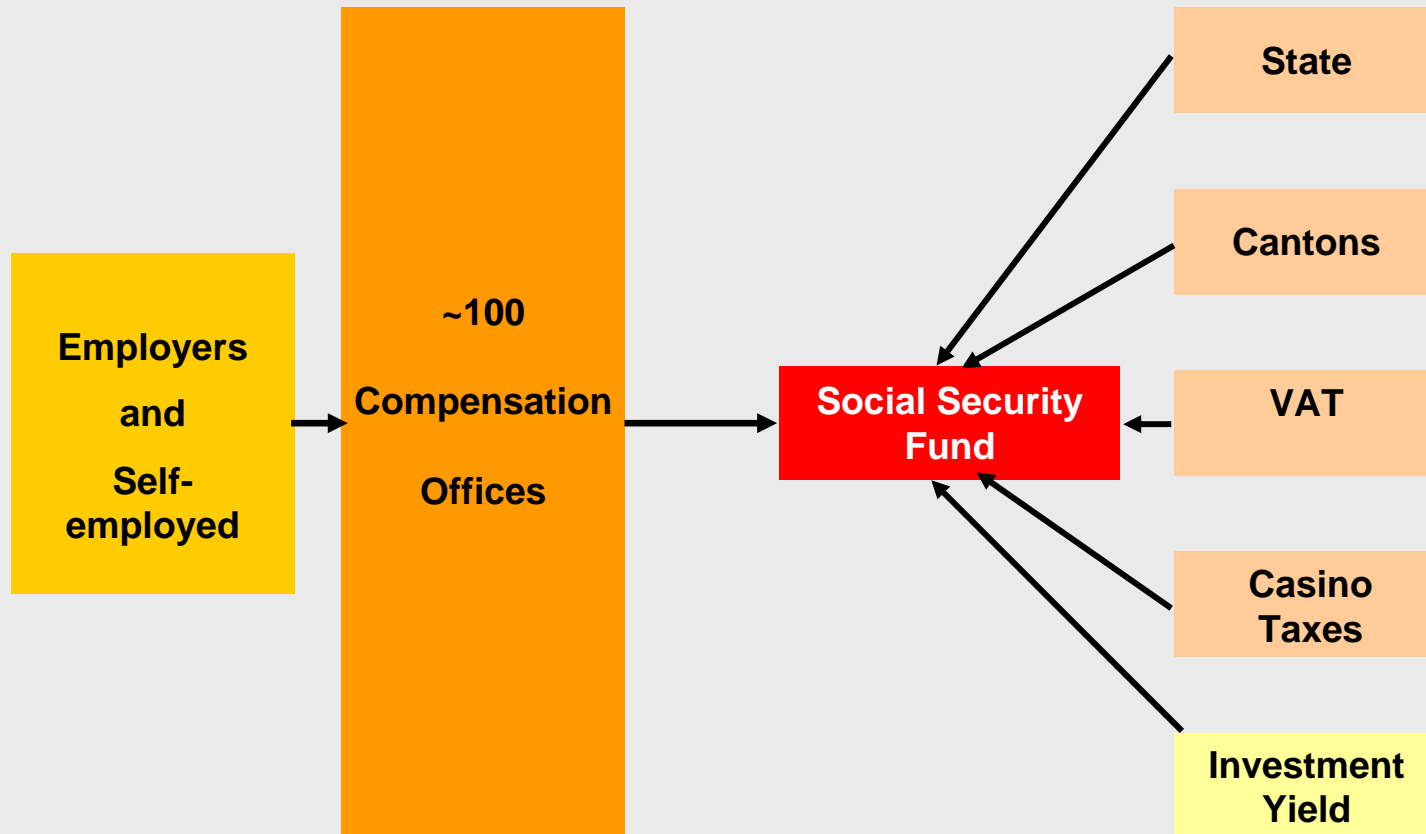
AHV (Social Security)

- **Basis:** Solidarity between
 - Generations
 - Social classes
- **Inception:** 1948
- **Main tasks:**
 - Retirement benefits, pensions to surviving dependents
 - Supplementary benefits
- **Financing:**
 - Employers, employees, self-employed
 - Tax contributions
 - Federal State and Cantons

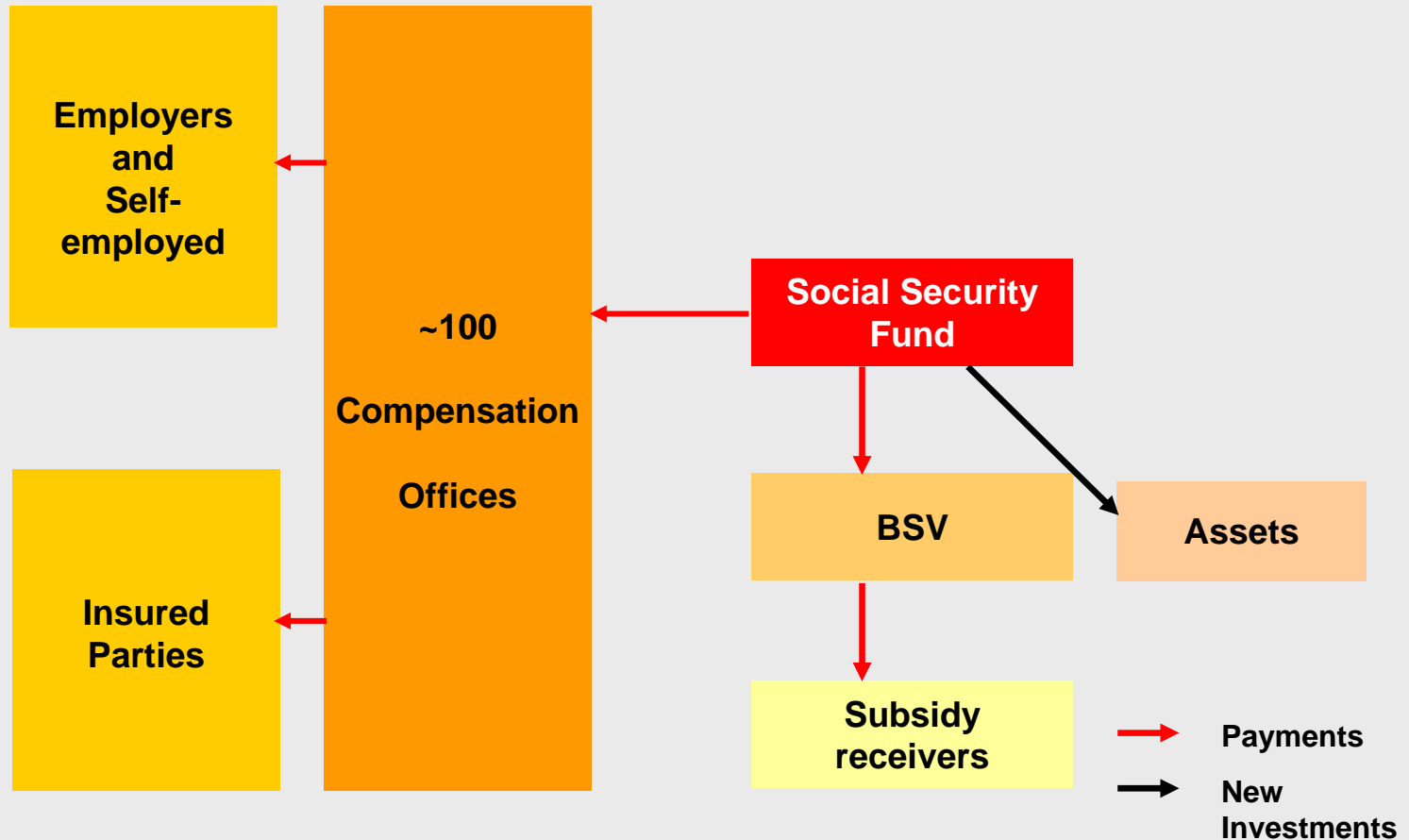


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Income Flows AHV/IV



Expense Flows AHV/IV



What is the Social Security Fund?

- Exists since 1948
- Presently managed assets: CHF 20 billion
- Pay-as-you-go-system: neither a defined benefit nor a defined contribution scheme



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Three Investment Objectives by Law



Reasons for a Buffer Fund

Financing of AHV/IV/EO : pay-as-you-go system, not a defined contribution scheme

Contributions and expenses :

1. Are determined on a separate, legally independent basis
 - Contributions are subject to economic fluctuations
 - Expenses largely depend on the number of pensioners and disability cases
2. Main determining factors (not to the same extent and not at the same time):
Wage %, VAT, casino taxes



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Corporate Governance

- Principle: active exercise of voting rights with Swiss companies
- Obligatory Guidelines
- Committee of 3 Board members



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Exercised Voting Rights (30.11.2006)

	2005	2006
Participation in Swiss GAs	160	185
Ordinary GAs	151	179
Extraordinary GAs	9	6
Acceptance of all items	109	149
Rejection of one item	34	25
Rejection of several items	17	11



Fund Communication: Raising Awareness of Risks

Target groups:

- Board of Directors
- Parliament
- Stakeholders, as Unions and Employers
- General Public



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Fund Communication: Aims

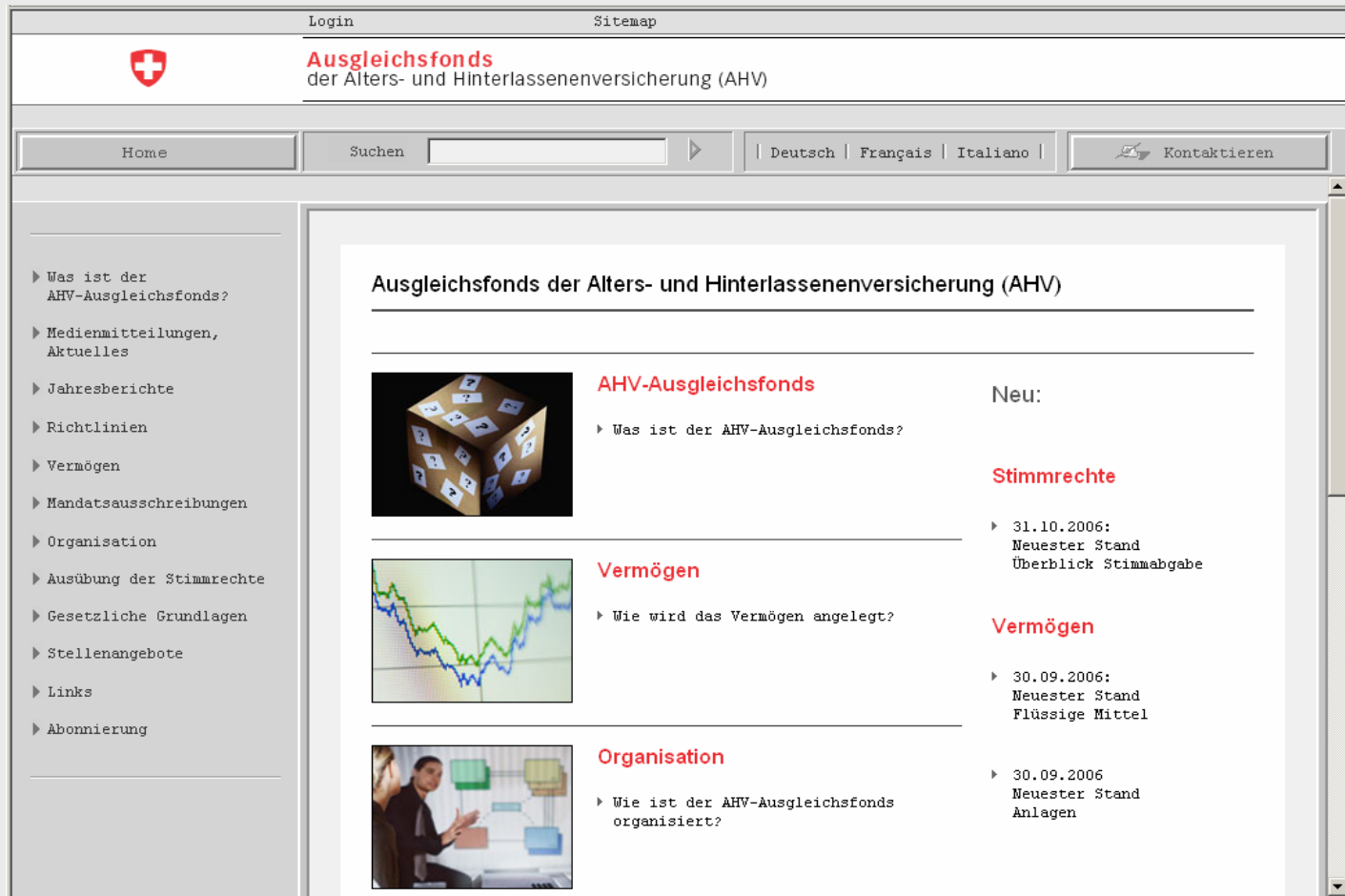
1. Transparency
 - a) General public: www, presentations / speeches, interviews
 - b) Political instances: annual report, meetings

2. Education: applied financial literacy
 - a) Board of Directors
 - b) General public



Homepage of the Swiss Social Security Fund

www.ahvfonds.ch



The screenshot shows the homepage of the Swiss Social Security Fund (AHV). At the top, there are links for 'Login' and 'Sitemap'. The main header features the Swiss cross logo and the text 'Ausgleichsfonds der Alters- und Hinterlassenenversicherung (AHV)'. Below this is a navigation bar with 'Home', a search box, and language options: 'Deutsch', 'Français', and 'Italiano'. A 'Kontaktieren' button is also present. The left sidebar contains a list of menu items: 'Was ist der AHV-Ausgleichsfonds?', 'Medienmitteilungen, Aktuelles', 'Jahresberichte', 'Richtlinien', 'Vermögen', 'Mandatsausschreibungen', 'Organisation', 'Ausübung der Stimmrechte', 'Gesetzliche Grundlagen', 'Stellenangebote', 'Links', and 'Abonniierung'. The main content area is titled 'Ausgleichsfonds der Alters- und Hinterlassenenversicherung (AHV)'. It features three main sections: 1. 'AHV-Ausgleichsfonds' with an image of a die and the sub-heading 'Was ist der AHV-Ausgleichsfonds?'. 2. 'Vermögen' with a line graph and the sub-heading 'Wie wird das Vermögen angelegt?'. 3. 'Organisation' with an image of a person and the sub-heading 'Wie ist der AHV-Ausgleichsfonds organisiert?'. To the right of these sections is a 'Neu:' (New) section with three entries: 'Stimmrechte' dated 31.10.2006, 'Vermögen' dated 30.09.2006, and another 'Vermögen' entry dated 30.09.2006.



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Annual Report of the Swiss Social Security Fund



Ausgleichsfonds
der Alters- und Hinterlassenenversicherung (AHV)

Fondo di compensazione
dell'assicurazione per la vecchiaia e per i superstiti (AVS)

Fonds de compensation
de l'assurance-vieillesse et survivants (AVS)

Fond da cumpensaziun
da l'assicuranza per vegls e survivents (AVS)

Jahresbericht 2005

Ausgleichsfonds der Alters- und Hinterlassenenversicherung



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