OECD/IOPS CONFERENCE
ON PRIVATE PENSIONS IN LATIN AMERICA

29-30 March 2006, Santiago, Chile

SUMMARY RECORD
SUMMARY RECORD OF THE OECD/IOPS CONFERENCE ON PRIVATE PENSIONS IN LATIN AMERICA

Introduction

1. The Organisation for Economic Co-operation and Development (OECD) jointly with the International Organisation of Pension Supervisors (IOPS) held the Conference on Private Pensions in Latin America on 29-30 March 2006 in Santiago, Chile. The conference was hosted by the Superintendency of Pension Fund Administrators (SAFP) of Chile and was organised with sponsorship by the Government of Japan.

2. The conference was very successful, gathering around 150 participants. The participants from 17 OECD member countries (Australia; Austria; France; Germany; Hungary; Italy; Japan; Korea; Mexico; Netherlands; Poland; Slovak Republic; Spain; Sweden; Turkey; United Kingdom and United States), 16 non-OECD member countries, including 10 non-OECD Latin American countries (Argentina; Brazil; Chile; Colombia; Costa Rica; Dominican Republic; Ecuador; Hong Kong, China; India; Israel; Jordan; Kenya; Nicaragua; Nigeria; Peru; Uruguay) and 7 international institutions (International Actuarial Association, International Federation of Pension Administrators; International Labour Organisation; International Social Security Association; Trade Union Advisory Committee to the OECD; World Bank and International Organisation of Pension Supervisors) participated in the conference.

3. The conference started with a welcome speech provide by Mr. Osvaldo Andrade, Minister of Labour and Social Security of Chile. The Minister outlined the particular timeliness of the organisation of the OECD/IOPS conference given the recent reform initiatives undertaken by the new Chilean Government to overhaul national pension system. Revamping pension provision was made one of the key priorities of the policy agenda of the President Bachelet having a focus on social-development objectives: to tackle pensioner poverty; to enhance women’s financial stability and to secure the long term financial stability and sustainability of the pension system. A special commission has been appointed to study potential changes and to bring forward legislation to begin implementing the reforms which will be considered by the Congress later this year. Minister Andrade highlighted that in the face of important challenges (e.g.: low coverage, lack of competition, burden of fees and commissions, insufficient benefits, etc.) posed by the current pension environment, sharing experience and good practices with different countries would further enrich the national debate on future of pensions and retirement savings in Chile and would provide an opportunity for participants to learn lessons from the Chilean experience. The opening key notes were also provided by Mr. Ambrogio Rinaldi, the Chairman of the OECD Working Party on Private Pensions and Mr. Guillermo Larrian, the ex-vice Chairman of the IOPS, who welcomed the participants and respectively introduced the activities of the OECD and IOPS.

4. The conference consisted of seven sessions: (1) Pension Reform in Chile after 25 years; (2) Private Pension Regulation in an International Context; (3) Challenge of Coverage; (4) Payout Phase of Pension Systems; (5) Risk Management in a Defined Contribution World; (6) Risk Based Supervision in pension systems; (7) Challenge of Investment Choice and Costs.
Session 1: Pension Reform in Chile after 25 years

5. Mr. Guillermo Larrain, former Vice-President of IOPS and Superintendent of Pension Fund Administrators of Chile, opened the session by proving an overview of the evolution of the Chilean private pension system since the reform was launched in 1981 and analysing the results of the reform from the macroeconomic, financial and social standpoints. The expert underlined that regardless steady growth of private pension funds (currently amounting to around 70 per cent of GDP), that positively affected the development of domestic financial markets and in general on labour market productivity and economic growth in the country, and high average returns generated on pension assets, concerns remain regarding the sustainability of pension benefits received at the end of the working carrier. In this regard Mr. Larrain presented the most recent reform initiatives aiming to achieve more adequate and comprehensive levels of benefits on retirement. The focus was set on: 1) the introduction of the “multifund” system (multifondos) offering five different investment portfolios to the plan members to accommodate individual risk preferences and investment needs, 2) creation of the electronic consultation system generating information to participants on annuities’ provided by the insurance companies and the AFPs (Funds Pension Administrators) offering programmed withdrawals (renowned as SCOMP), and 3) implementation of enhanced requirements for the provision of better information to affiliates and efforts to provide comparative information on fees charged by financial service providers.

6. Ms. Solange Berstein outlined key challenges faced by the Chilean pension system and discussed governmental strategies and policies designed to tackle these problems. The focus in the presentation was laid on the issues of 1) coverage, 2) competition and pension system efficiency, 3) investment regulation. The expert pointed out that bordering the coverage in the pension system to reach a wider proportion of workers has been identified a key priority for future reforms. It was noted that although the membership in the pension system has been growing progressively, attaining almost total coverage of formal dependent workers, a deficit in terms of coverage mainly concerns self-employed workers (representing around 28% of labour force) who under the current system are not mandated to contribute to pension system; informal sector workers and poorest segments of the population, in particularly women. Other policy concerns discussed in the presentation was the lack of competition in the Chilean pension system and related issue of high costs in administration of individual accounts. It was argued that one of the main factors decelerating competition (on demand side) was the low interest and demand for information on the part of affiliates on the cost profitability and efficiency between different pension funds. In this respect, improving financial literacy and making information on risks, fees and returns of pension funds more transparent and easily accessible was identified as an extremely important policy objective which is expected to favour competition in pricing among pension service providers. Ms. Berstein concluded her presentation by describing a range of development in investment rules and explained a rational behind the policies directed to further relaxation of quantitative restrictions. She also commented on the consideration given to gradual adoption of the risk-based approach to supervision in Chile.

7. Constructive comments on both presentations were provided by Mr. Guillermo Arthur, President of Association of Pension Funds Administrators of Chile, who conveyed his views on critical issues of 1) early retirement, 2) extension of coverage; 3) improvement of provisions governing guaranteed minimum pensions; 4) creation of policy incentives for development of voluntary pension arrangements; 5) deepening competition; and 6) the need of greater international diversification on investment regulation.

Session 2: Private Pension Regulation in an International Context

8. Mr. Juan Yermo, OECD, presented the OECD Core Principles and Guidelines on private pension regulation and discussed their application in respect to mandatory individual capitalisation systems of Latin America, in particular focusing on the Chilean context. He underlined the fact that the Chilean regulatory framework was highly elaborated and well-developed and supported by intensive supervisory control over
pension fund administrators which is effectively performed by the SAFP. But he also identified three key areas where further policy consideration could be given: 1) governance of the pension funds; 2) information disclosure and 3) investment flexibility. In this respect Mr. Yermo stressed that in the environment where individual choice is being encouraged, much attention should be devoted to information disclosure ensuring that individuals have access to information provided in a simple and transparent way and financial education programmes designed to permit to individuals to acquire skills and knowledge to make informed choices. The expert also observed that the regulatory approach to investment remains highly qualitative in the Chilean system, lacking due diligence requirements, and offered evidence from the OECD countries where diversified investment regimes efficiently combine both quantitative portfolio limitations and the prudent person standard. Finally, the expert brought up the issue of internal governance of pension funds administrators advocating for a need of further improvement of accountability of pension fund governing board to the members and argued the experience of countries that adopted dual board structure accountable to shareholders and pension funds member might merit closer evaluation. The expert also presented the experience of the OECD countries, where the appropriate legislation has been enforced requiring fiduciary to act in “the best interest of members” with respect both to investment of fund assets and also toward benefits provided and expenditures incurred in the process of management of pension funds.

9. The session was followed by a broad international discussion panel where representatives from Australia; Hong Kong, China and Sweden elaborated on their countries’ regulatory developments with respect to governance. Mr. Ross Jones presented recently adopted in Australia new licensing process for trustees as a part of prudential superannuation reform, introduced since 1 July 2004 for a transitional period of 2 years aiming primarily to enhance competence and management skills of trustees. The new licensing rules require trustees to comply with prudential requirements regarding adequate resources (human, technology and financial), risk management and outsourcing and meet basic standards of fitness and propriety. Mr. Darren McShane focused on three key areas where tension arise in respect of governance and which remain matter of policy concern in Hong Kong: 1) regulation of fees arrangements; 2) legal liability of trustees over investment process and the need for enforcement of defined responsibilities and segregation of duties between trustees and investment managers; and 3) implementation of clear rules as regarding the range and number of investment choices offered to the scheme members. Finally, Mr. Daniel Barr discussed governance challenges experienced in Sweden’s Premium Pension Scheme (Premiepensionsmyndigheten, or PPM), independent centralised government agency, which provides core administrative services in the Swedish individual account pension system.

Session 3: Challenge of Coverage

10. Mr. Swarup, PFRDA of India introduced the topic and provided brief comments on the challenge of coverage in Asia and in particular in the Indian context. Mr. Swarup underlined that the pension coverage remains a central concern of the governments all around the world and especially in developing economies of Asia where less than 30 per cent of population are covered by any formal pension’s schemes. In India, which exhibits the highest gross household saving rates in the region at 30 per cent, old-age income institutions remain under-developed, with only around 11% of the work force enrolled under retirement saving plans. In this respect, the expert announced key determinants favouring expansion of coverage which are strong and balanced economic growth; consistent tax incentives, implementation of financial education programmes deemed as a device to increase knowledge and awareness of individuals on the issues surrounding the national pension system, improve literacy in financial matters and support the redirection of existing of saving positions towards pensions.

11. Professor Salvador Valdés-Prieto analyzed the decree of coverage under different pillars of the Chilean pension system and discussed various policy solutions that could be envisaged from the public finance perspective to extend coverage to broader segments of the society: to self employed, informal
sector employees and in particular, the poorest cohorts of the population. Professor argued that while the participation rate among the formal sector of the labour force in contributory pension system is high in Chile (95%), the main focus of the future reforms should be laid on designing appropriate integration strategies of the working poor in the pension system and also improving incentives for self-employed workers to regularly contribute to a second pillar mandatory individual private savings accounts and voluntary private pension plans. The announced policy solutions to raise coverage among the self-employed middle class included the proposal to introduce automatic enrolment and default contributions using tax retention of honoraria of self-employed and contribute it on behalf of individuals to his/her individual account. As regarding the proposals to delimit labour market distortions and to increase the coverage among the poorest segments of the population in Chile, the Professor advocated the ideas of 1) conferring partial liquidity for social security savings for self-employed and poor workers; 2) reduce withdrawal rate in the first pillar (Assistance Pensions and Minimum Pension subsidy) which should raise the value of saving in old age; 3) cut contribution rate of the young poor (less than 30 years) for old age and other social benefits and 4) match contributions one to one (in pesos) for the poor above 30 with fiscal subsidy 1 per 1.

12. Ms. Fiona Stewart, OECD, continued the discussion on pension coverage by offering an overview of governmental policies elaborated in various jurisdictions to address the challenge of coverage and in particular focused on the role of the financial education programmes. The expert recognised that the challenge of coverage is pertinent not only in the developing country but as well in the developed countries where private pension coverage remains relatively low whereas vulnerable groups (e.g. young, women, part-time and seasonal workers, rural inhabitants, self-employed) register even lower coverage rates. Discussing financial education programmes, the expert offered international evidence on the positive impact of the public education and awareness campaigns in improving pension coverage. Fiona Stewart concluded by presenting the work of the OECD in the area of financial education and invited the participants of the conference to communicate to the OECD Secretariat the examples of their countries’ most successful and innovative projects relating to financial education.

13. The comments on both presentations were provided by Mr Andras Uthoff, UN ECLAC and Mr. Kim Hee-Sik, Senior Economist of the Bank of Korea. Mr Andras Uthoff recognised as crucially important among governmental reform initiatives aimed to increase coverage in Latin America, the need to improve not only private retirement programmes but also introduce or strengthen universal retirement schemes that ensure minimum pension to both organised and non-organised sectors as a part of governmental poverty reduction policies. Mr. Kim Hee-Sik presented the experience of Korea and described the recent reforms and reform proposals directed to improve pension coverage patterns.

Session 4: Payout Phase of Pension Systems

14. Mr. Agustin Vidal-Aragon de Olives, BBVA, Spain, provided a theoretical analysis of major risks encountered in the disbursement phase from market operators’ perspective and presented possible policy solutions to address these risks in the Latin American context. Discussing first major systemic risks related to capital accumulation process and risk factors that affect accrual of adequate capital to pay pension (level of contribution rates; density of contributions, commissions; returns on investment), the expert then analysed in details the industry risks that affect the process of capital disbursement, such as longevity, credit, market and insolvency risks and analysed mechanisms for effective assumption and management of the risks involved. The expert argued that while designing the reforms in regard to pay-out stage, a whole chain of retirement production (both accrual and pay out cycles) should be targeted and the role of various institutions which compose these cycles: AFPs, insurance companies and annuities companies should be carefully analysed. In this regard, the expert advocated that reform measures should be primarily oriented 1) to develop effective techniques for measurement and assessment of solvency of AFPs and insurance companies and introduction of corrective measures aimed to rectify the distortions
related to solvency in advance; 2) to permanently reassess balance between the resources destined for pension savings, the revenues promised and expenses driven from the system focusing on revision of contribution periods and payments committed to beneficiaries or the disabled; and definition of adequate regulatory and risks frameworks for optimizing the returns on savings; 3) to adjust accounting criteria for the valuation of revenues and expenses in pension system and 4) enforcement of supervisory regimes aimed at guaranteeing the solvency requirements, placing greater reliance on risk management capacity of the firms (risk-based supervisory approach) and encouraging commercial and competitive freedom in the pension market.

15. The session was followed by the presentation of Marco Morales who examined in depth the development and performance of the Chilean annuities market using the preliminary results of the study jointly conducted by the Chilean researchers and the World Bank experts. The expert stated that by international standards the Chilean pension market registers a relatively high degree of annuitisation of retirement savings with almost 60 per cent of retirees choosing to buy annuities products at retirement. It was argued that the rapid growth of life insurance industry specialised in annuities was largely a result of series of regulatory policies designed to create incentives for annuitisation: constrained payout choices, preservation of public solidarity programmes (assistance pensions and minimum pension guarantees) that provide limited longevity insurance, and setting a competitive advantage to insurance companies selling the annuities. Recent regulatory initiatives: i.e. adjustment of the rates of broker commissions by introducing of a cap on rates and innovative electronic quotation system of insurance companies selling the annuities are expected to lead to a greater transparency and foster the competition in the market. Another factors that favoured the development of the market were high performance patterns of insurance companies offering high-rate money’s worth ratio (MWR) for price-indexed annuities, explained by access to a diversified supply of indexed instruments and very competitive environment. The expert concluded its presentation by stating that although high MWRs were attained in the past decades, it was questionable whether the same performance could be sustained at current level for a long period leaving a room for further analysis and research on the issue.

16. Two discussants of the panel were Mr. Alejandro Ferreiro and Mr. Esko Kivisaari. Mr. Ferreiro provided his comments from a regulatory perspective arguing that much policy attention in Chile should be devoted to implementation of coherent and timely regulation of disbursement phase in particularly directed to improve mortality tables; to develop long-term indexed financial instruments and to address credit risk, whereas Mr. Esko Kivisaari commented on the challenges of annuitization from an actuarial standpoint, focusing on the risks related to negative selections and moral hazard.

Session 5: Risk Management in a Defined Contribution World

17. Professor Eduardo Walker gave a presentation on optimal investment strategies for defined contribution pension fund systems, designed to hedge financial risk and to maximize expected retirement income in a long perspective. After reviewing major findings on portfolio problem in the financial academic literature, the expert advocated that an approach to optimum asset allocation should take in account reinvestment risks as well as market risk during accumulation phase and suggested that greater consideration should be given in composition of investment portfolio to long-term local inflation-indexed securities and in particular local indexed bonds. It was argued that these instruments provided the best hedge against adverse changes in retirement annuity costs, induced by the drops in the long-term real interest rates. In this respect, Professor Walker recognised as crucially important in the reform process of pension systems based on defined contribution individual accounts the policy efforts to develop long-term indexed local bond market. The expert also prompted the need for creation of market mechanisms that provide future retirees with incentives to invest at least a portion of their savings in these instruments.
18. Mr. Jos Heuvelman provided the insights on alternatives for risk sharing and risk allocation strategies developed in collective defined contribution (DC) model, drawing on the Netherlands experience. The expert explored first how various pension schemes: i.e. traditional final salary defined benefit (DB) and pure DC plans affect the distribution of risk between individuals and plans sponsors in accumulate and disbursement phases and underlined the major costs incurred in management of these schemes. The expert analysed then the recent developments in pension fund industry in Netherlands, embarked upon transition from traditional DB model to collective DC arrangements. The drivers for this emerging trend mainly have been the new accounting rules that force companies to recognise all pension expenses in their annual accounting, market value of liabilities and as a result volatile funding rates, as well as decreased interest rates. The expert presented the key features of the collective DC schemes which have properties of both DC and DB plans: fixed contribution of employer(s) for a number of years; possibility of reduction of accrued pension rights; insurance and investment risks allocated to pension funds; guaranteed pension for participants. When assessing sustainability of collective schemes, the expert devoted much attention on design of appropriate risk management procedures which could include: implementation of liability driven investment strategies for pension funds; constitution of capital buffers to withstand adverse developments of financial markets and introduction of mechanisms for risk premium adjustments.

19. In conclusion, the comments on two presentations were provided by Mr. Tamas Fülöp who discussed key challenges and explored policy solutions related to the management of systemic risks in mandatory DC pension plans in Hungary and Mr. Bob Baldwin conveyed the view of trade unions on the issue of financial risks management.

Session 6: Risk Based Supervision in pension systems

20. Mr. Richard Hinz, World Bank (WB), presented working progress and preliminary results of the project on risk based supervision (RBS) conducted by the WB in partnership with the IOPS. The project was designed to provide case studies of development of risk based supervision (RBS) methods across a range of countries and through that process to elaborate principles and standards for the use risk based methods for supervision and establish guidance for the supervisory authorities that move in this direction. Having identified key factors that foster the development of RBS related to financial market developments and to organisation and structure of supervision, the expert analysed two key elements behind the impetus of risk-based methods: development of regulatory framework and adoption of risk-based supervisory practices. It was pointed out that risk-based regulatory framework strengthened internal risk-management capacity by imposing enhanced Board responsibility over RM process, establishing supervisory guidelines for sound risk management, adopting of risk-based capital rules and reserves requirements, enhancing role of third parties (auditors and actuaries) in monitoring process; and enforcing strict reporting and disclosure requirements on performance and risk profiles of institution. Adaptation of risk based supervision regime is characterised by development of risk scoring system based on risk-based capital rules (for DB) and quantitative measures of risk management capacity, conduct of supervisory intervention according to risk scores, adoption of sophisticated supervisory techniques, i.e. “stress test” or “value at risk” to efficient evaluate risks that pension funds are taking. The expert analysed implications of adoption of risked based supervisory methods to DB and DC pension environments and conducted a preliminary assessment of the effectiveness/challenges related to implementation of the RBS approach depending on type of pension schemes.

21. Mr. Axel Oster gave a presentation on risk-based supervisory approach adopted by integrated supervisory authority (BaFin) in Germany. The expert started his presentation with an overview of the German pension system focusing on occupational retirement provisions. The German pension system consists of (i) mandatory statutory insurance financed on pay as you basis; (ii) fully funded and privately managed occupational pensions and (iii) individual funded pensions, which are both mainly voluntary arrangements with some mandatory features for occupational schemes. Describing the structure of
occupational retirement plans, the expert outlined five major vehicles financing occupational pension obligations (book reserves, support funds, direct insurance, pension institutions and pension funds) and discussed investment and funded rules governing these schemes, the guarantees provided and supervisory regimes applied to these different pension programmes. The expert outlined the substantial revision occurred over the past years in supervisory methods in the direction of a risk-based approach in the finance, insurance and pension fields prompted by equity crises including increasing volatility on the capital markets; historically low yield environment; upcoming new solvency rules (Solvency II) and the creation of integrated supervisory authority. The expert discussed in details new supervisory provisions laying down qualitative requirements and innovative risk management techniques and models recently implemented by BaFin to monitor institutions’ risk exposure and risk management capacity.

22. The session was concluded by a presentation made by Mr. Edward Odundo, Kenya, who discussed the experience of the Kenyan Retirement Benefits Authority in moving towards risk-based supervisory approach. The emphasis was given to the recent initiatives undertaken in the area relative to development of risk scoring methodology and risk measurement systems (stress tests or value at risk); building the capacity for efficient processing of data submitted by financial service providers; delivery of training programmes for enabling staff members to carry out designated duties with respect to risk based supervision, etc. In this respect, it was underlined that the exchange of experience with the countries with more sophisticated RBS techniques could greatly benefit Kenyan authorities to develop equitable and efficient risk management models.

Session 7: The Challenge of Investment Choice and Costs

23. In most jurisdictions, policymakers seeking to design efficient and smoothly-functioning pension systems for their aging workforces are placing increasing attention on regulatory requirements governing investment choices of individuals and fees disclosure. While offering wider investment choices to participants permits them to tailor portfolios following their risk preferences, but it also puts a greater burden of responsibility for which employees might be not properly prepared. In this regard, the views of speakers converged that the provision of clear and effective information on the investment options and various costs involved in the management of retirement schemes is essential to permit scheme members to deal with the greater risk and responsibility in making their own long-term financial decisions. Mr. David Madero elaborated on regulatory practices with respect to pension fund choices and disclosure of fees and charges in the Mexico’s mandatory retirement savings system. It was argued that recent regulatory measures to reduce costs inherent in pension management were concentrated primarily on promotion of efficient competition in the pension market by the means of 1) improving disclosure of information (implementation of innovative communication programmes; effective use of e-services and low-cost information channels for delivery individual account information) and 2) deregulation measures aiming to easy consumer switching process and to reduce barriers on entry of service providers to pension market. With respect to reform of disclosure regime, the expert underlined that a particular focus was laid on provision of comparable information on the performance indicators of pension fund managers. The export also elaborated on the recent policies to modernize investment framework having one of objectives to provide differentiated investment alternatives to workers as a mean to further diversify investment portfolio and better suit preferences and needs of affiliates.

24. Mr. Ambrogio Rinaldi described the different regimes of the Italian private pension system crafted by reforms policies taking place during the 1990s and focused on the issue of choice in the Italian context. As a result of the reforms, three type of pension schemes, all operating on DC basis, were introduced in Italy: closed pension funds (CPF) regulated by collective agreements; open pension funds (OPF) managed by financial intermediaries that can be joined by workers individually or in groups and individual pension plans (PIPs), directed only to the self-employed, and set up and managed by insurance companies. Discussing the choice options within different pension schemes, the expert underlined quite
limited choice for employees with respect to level of contributions and choice of fund/products in the closed pension funds as compared to wide opportunities offered for affiliates in open pension funds and PIPs. It was argued that the CPFs, while offering a single multi-asset fund to all members keep fees low compared with other options, whereas open funds and PIPs that both offer significant investment flexibility (OPFs offer 3-5 portfolio options with different risk profiles and PIps provide typically even wider choice) charge relatively high fees. The expert devoted much attention discussing key provisions of ongoing corporate reform programme, having as main objectives to stimulate a higher pension fund membership and reinforce private pension savings through the re-direction of future accruals of the termination indemnity (TFR) to finance retirement schemes on a no-objection basis. The expert pointed out that pivotal elements in the implementation of reform are the provision of information and financial education campaign to assist employees to make an informed choice for the transfer of TFR; increased transparency obligations and disclosure of comparable information on costs; tax incentives and efficient supervision.

25. The session was concluded by the presentation of Mr. Daniel Barr who addressed the issue of costs in the Swedish individual account system. The Swedish system, administrated by the governmental agency the Premium Pension Agency (PPM), offers investors a broad choice. Individuals are able to choose between one and five funds from over 727 funds available in the system. There is also a publicly managed default fund for participants who do not wish to make active investment decision which currently accounts for a third of the funds under management. Elaborating on costs inherent in Swedish private accounts system, which are composed of fixed administrative fee charged by the PPM and the asset management fee, the expert pointed out a relatively low, in an international perspective, level of charges in the Swedish pension regime. It was explained that the low administrative charge is consistent with the clearing house model which keeps costs down by drawing on economies on scale in administration. Larger portion of the charges paid by pension savers was attributed to fund investment management function. In this respect, reducing asset management costs was identified as one of central concerns of the PPM. Several options have been evoked that were considered by regulators in their endeavour to low asset management costs: further revision of PPM model for requiring a rebate on the fund fees from fund management companies and a reduction of investment alternatives (choices) offered to pension savers.

26. Observations on the three presentations were made by Mr. Waldo Tapia who also presented the results of the OECD survey of investment choices by pension fund members.

Closing remarks:

27. The conference was jointly closed by Mr. Alejandro Charme, the Deputy Superintendent of Pension Fund Administrators of Chile; Mr. Ambrogio Rinaldi, the Chairman of the OECD Working Party on Private Pensions; Mr. John Ashcroft, the President of the IOPS, Mr. Guillermo Larraín, former Vice Chairman of the IOPS and Mr. Eimon Ueda, Head of Outreach Unit for Financial Sector Reform. Mr. Alejandro Charme congratulated the participants on the successful completion of the conference. It was reiterated that the conference has organized in the right time for the SAFP’s perspective and was of great significance given the initiation of the reform programme by the Chilean government. Mr. Ambrogio Rinaldi, expressed thanks and appreciation to the hosts for the efficiency in organisation of the conference and hospitality demonstrated. Special thanks were also addressed to the Government of Japan for providing a key financial support for the conference. Mr. Rinaldi highlighted that the meeting allowed active and open discussion on the key issues related to the development of the individual account retirement systems with a particular pertinent focus laid on the experience of Chile and other Latin American countries which were also examined in the broad international context and these deliberations were of high relevance to the agenda of the Working Party on Private Pensions. On behalf of IOPS members, Mr. John Ashcroft also thanked the Chilean authorities and sponsors. It was stated that the conference provided an excellent opportunity for the experts to exchange experiences on pension supervisory matters and allowed to learn on global expertise on how different countries tackle common issues. Mr. Ashcroft expressed the hope that
the conference has imparted tools and knowledge that would benefit to all participants and that it would be followed by the organisation of the similar events that will allow sharing widely best IOPS/OECD regulatory and supervisory experiences with the international community. Mr. Eimon Ueda provided final concluding remarks. It was stated that resounding success of the present conference together with the success of the past events organized in the region, should pave the way for strengthening co-operation between the OECD and Latin American countries in the private pension area and reasserted the importance of out-reach activities of the OECD Insurance and Private Pensions Committee. Mr. Eimon Ueda wrapped up the conference by acknowledging the organization of the forthcoming OECD international conference on financial education to be held in New Delhi, India in the end of September 2006 and the joint OECD/IOPS Global Forum on Private Pensions to be held in Turkey beginning of November 2006 and invited experts to attend these forthcoming events.