



ASSOCIATION ACTUARIELLE INTERNATIONALE
INTERNATIONAL ACTUARIAL ASSOCIATION

13th Global Conference of Actuaries 2011

Emerging Risks... Daring Solutions



Institute of Actuaries of India

Session C.2.2

Retirement Benefits in Asia Pacific

Kulin Patel

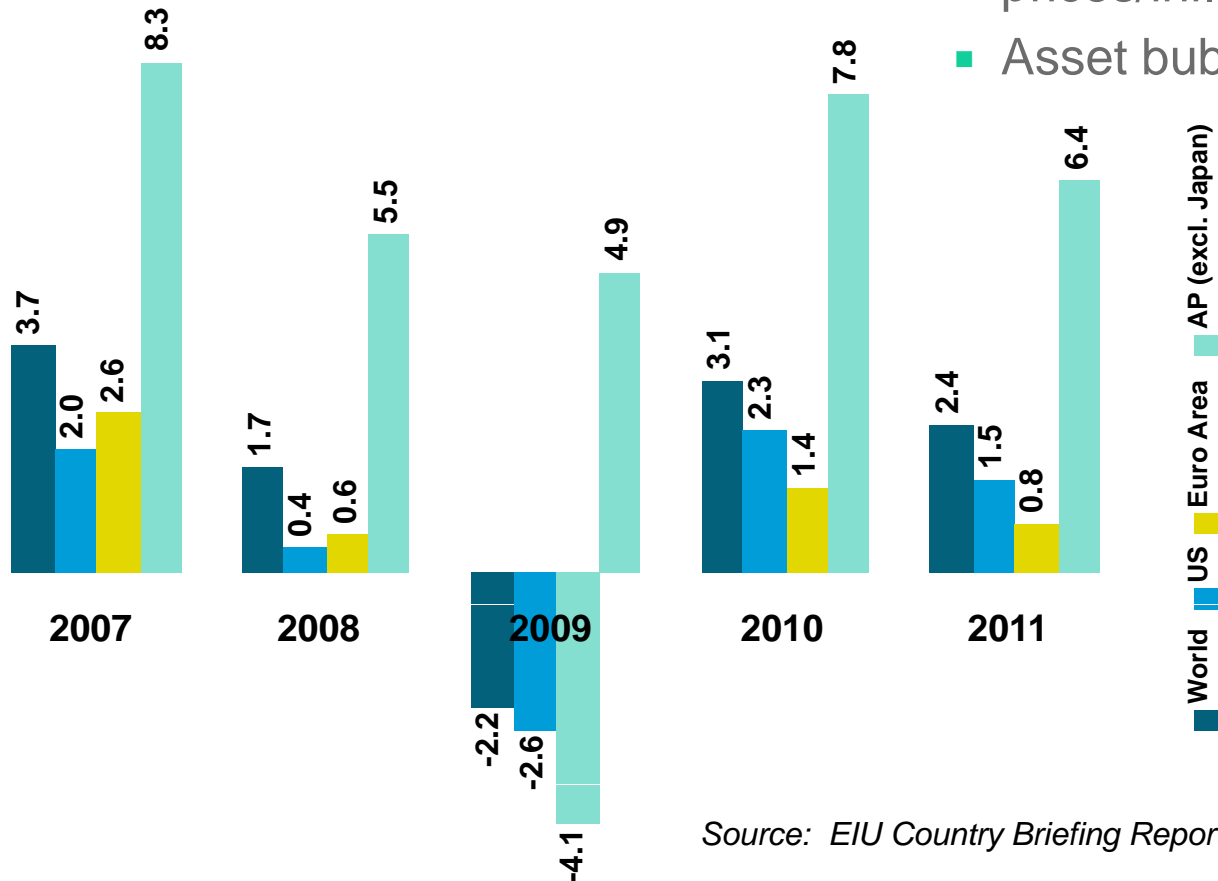
Head of Benefits Practice – Towers Watson
India



February 20 – 22, 2011

Growth story in Asia

- Asia still driving global growth in 2011:

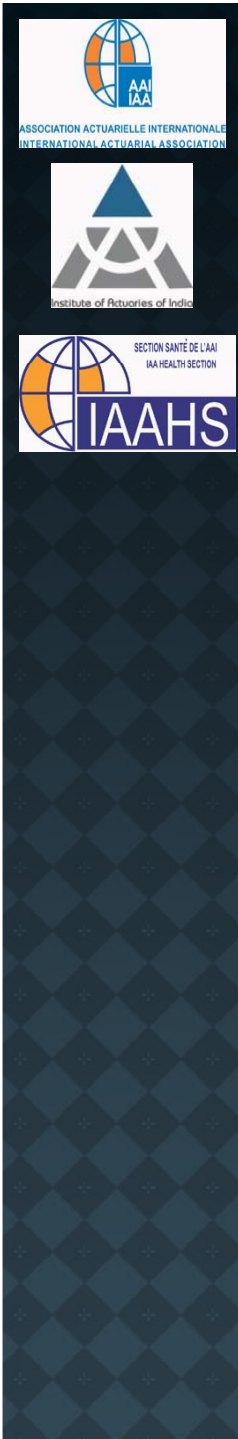


- Concerns

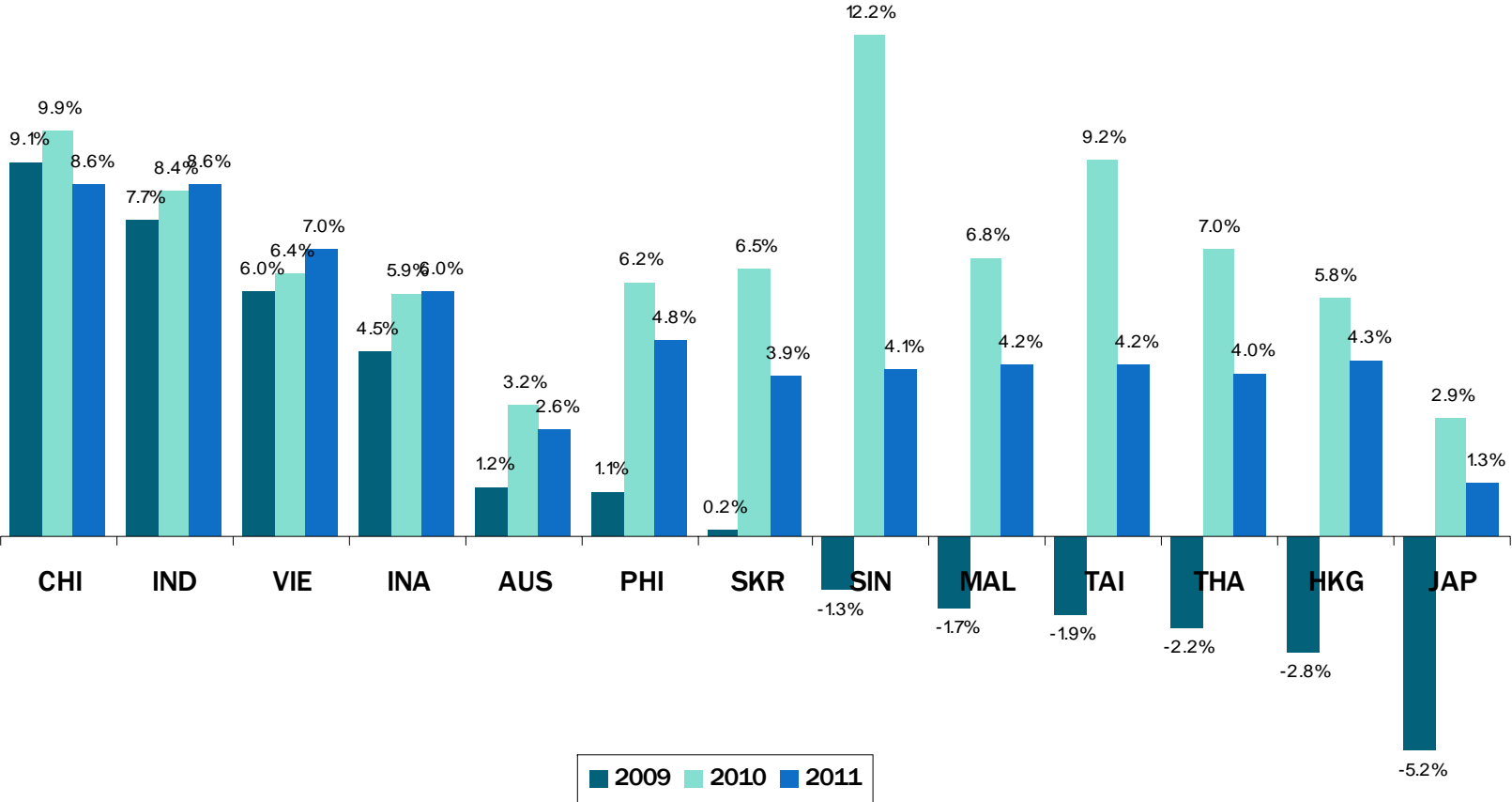
- Rising currencies
- Commodity prices/inflation
- Asset bubbles

Source: EIU Country Briefing Report, October 2010

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Asia Pacific Comparative GDP Rates 2009 – 2011



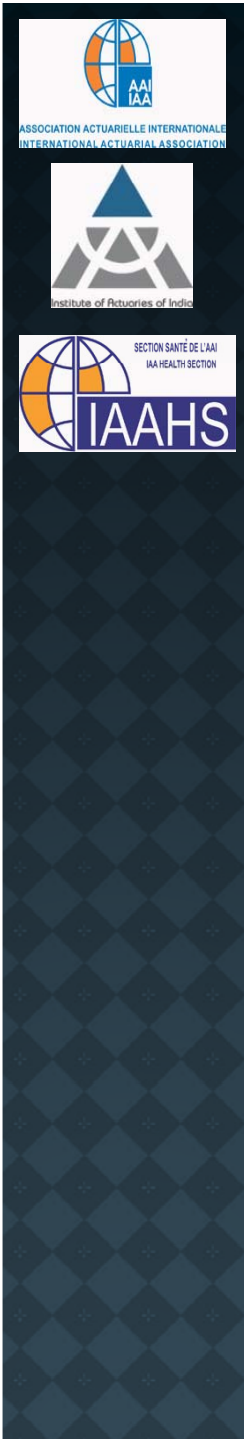
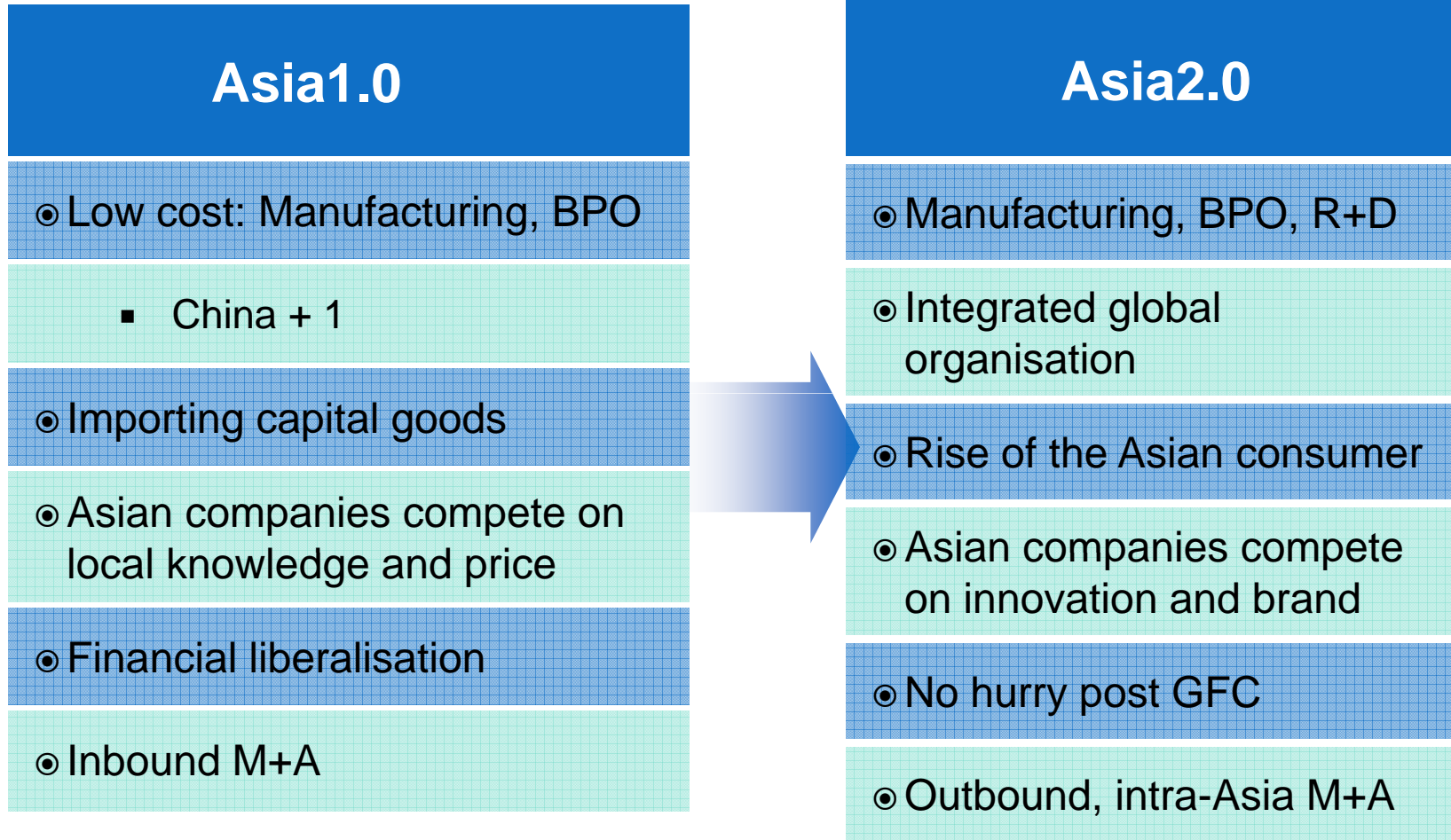
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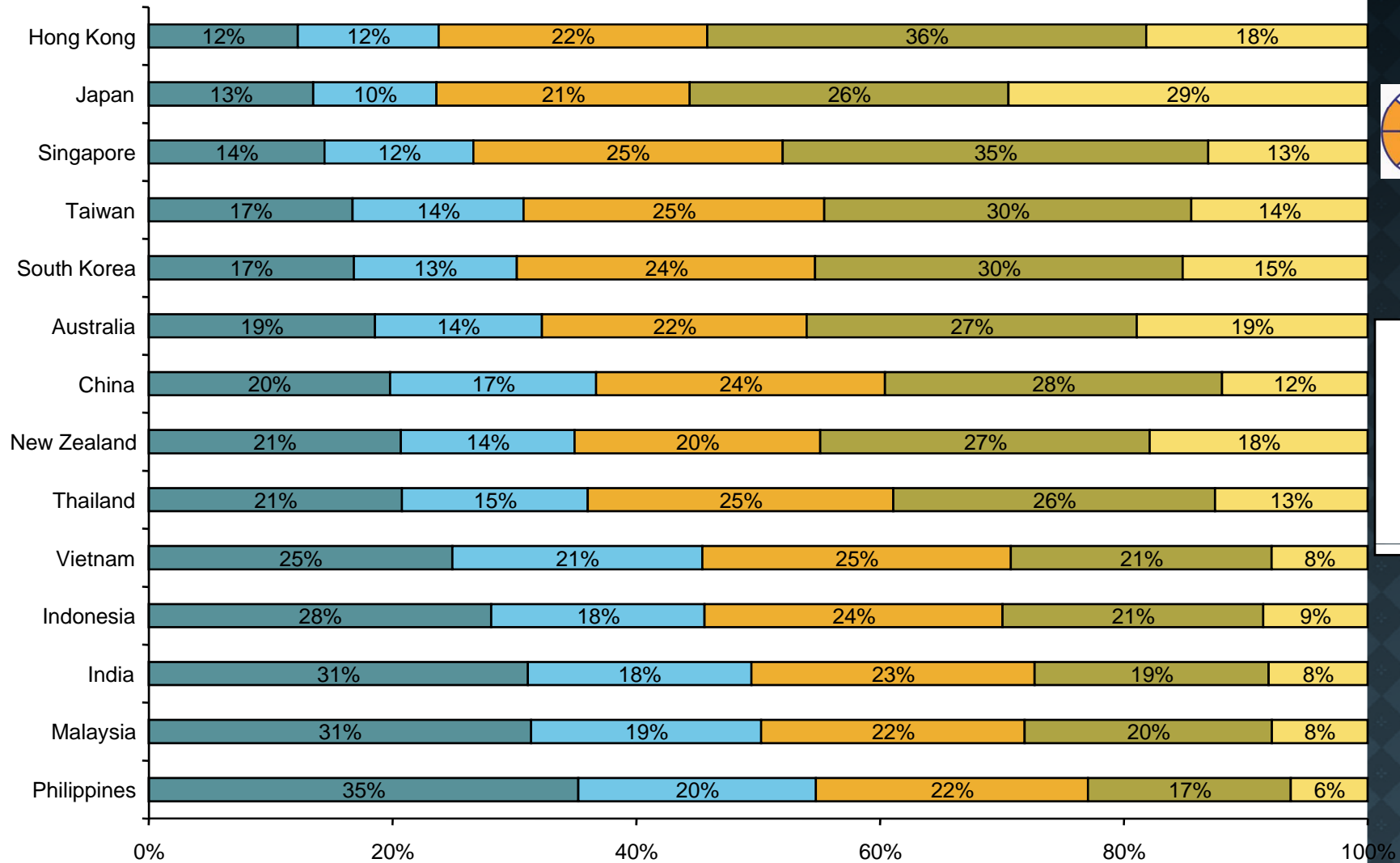


Engines of growth are changing for MNCs in Asia



An Ageing Workforce – Different demographics to address

Age Structure 2009



Source: Asian Demographics

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IAA HEALTH SECTION

IAAHS

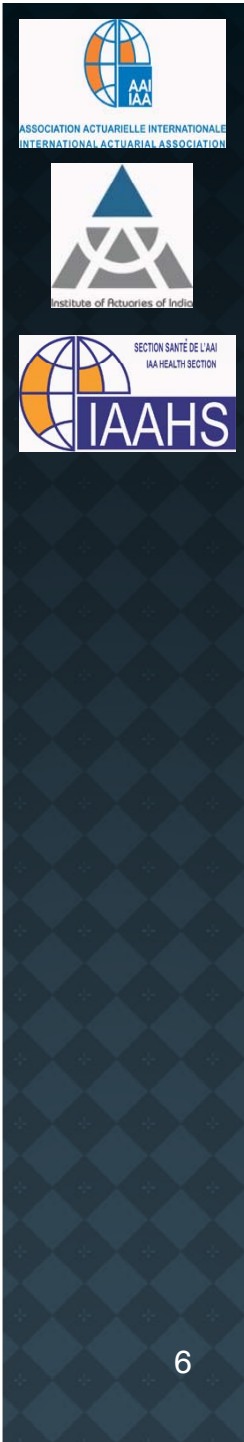
- 0-14
- 15-24
- 25-39
- 40-59
- 60+

Changing demographics – Singaporean example

Singapore's workforce has changed significantly over the past 15 years

	1992	2007
Aged 45 years +	22%	39%
Aged < 35 years	51%	33%
Women	38%	43%
Foreign workers	19%	30%

Source: International Labour Organisation



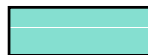
Retirement in Asia Pacific

Country	Statutory	Mandatory	Private
China	National Pension System (DB + DC)		EAP (DC)
Hong Kong		MPF (DC)	Voluntary MPF (DC) or ORSO (DB or DC)
India	EPF (DC) + EPS (DB)	Gratuity (DB)	Superannuation (DC)
Indonesia	Jamsostek (DC)	Labor Law (DB)	FIPF (DC) or EPF (DB or DC)
Japan	National Pension Scheme and Employee Pension Insurance (DB)		EPF (DB), QPP (DB) and RAP (DB) / Corporate Pension Plans (DB or DC)
Malaysia	EPF (DC)		Voluntary EPF (DC) or Offset Plan (DB)

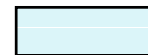
Prevalence



Low



Medium



High



Retirement in Asia Pacific

Country	Statutory	Mandatory	Private
Philippines	SSS – Old Age Pension (DB)	Long Service Payment - LSP (DB)	LSP Enhanced (DB) PERA to be implemented (DC)
Singapore	CPF (DC)		SRS (DC)
South Korea	National Pension Plan (DB)	Severance Pay Plan – SPP (DB) / ERSA (DB or DC)	Enhanced SPP (DB) or ERSA (DC or DB)
Taiwan	Labor Insurance	Labor Standard Law - LSL (DB) → Labor Protection Act – LPA (DC)	Enhanced LSL or LPA
Thailand	SSS – Old Age Benefit (DB)	Severance Pay (DB)	RPF (DC)
Vietnam	Social Security (DB)	Termination Indemnity (DB)	

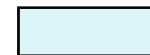
Prevalence



Low



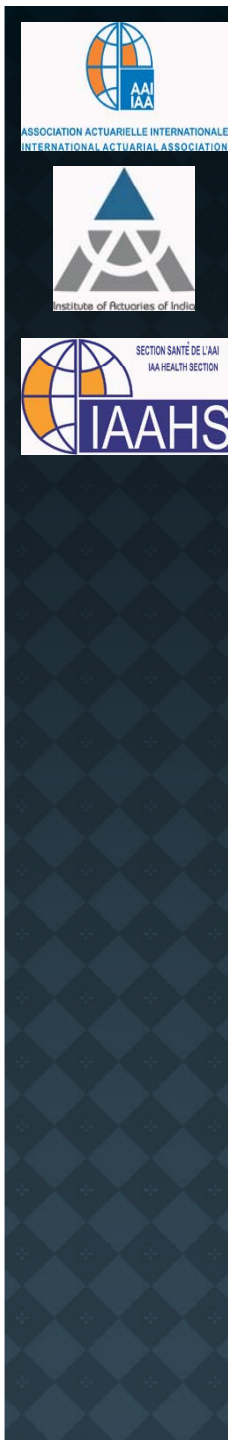
Medium



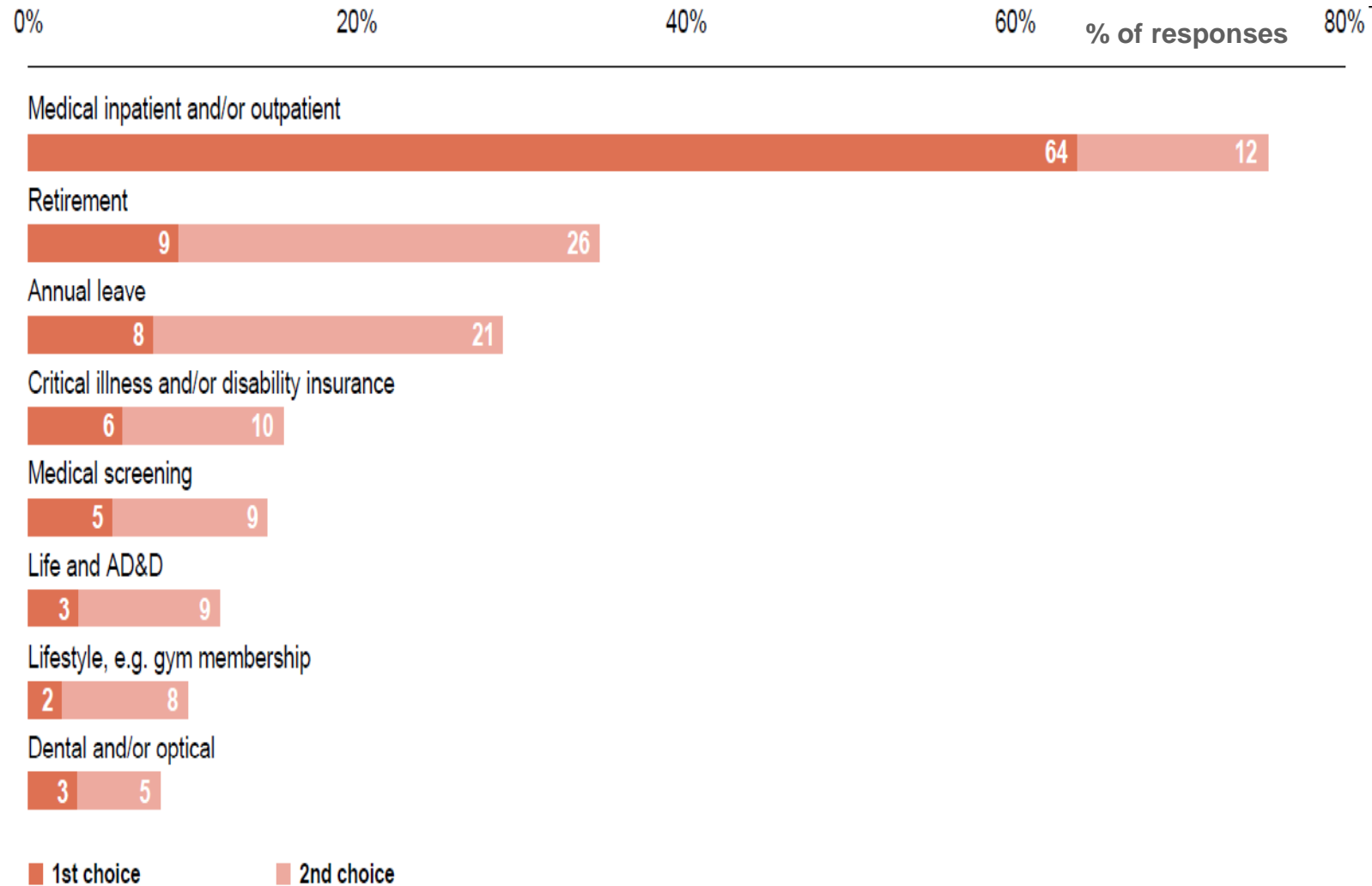
High

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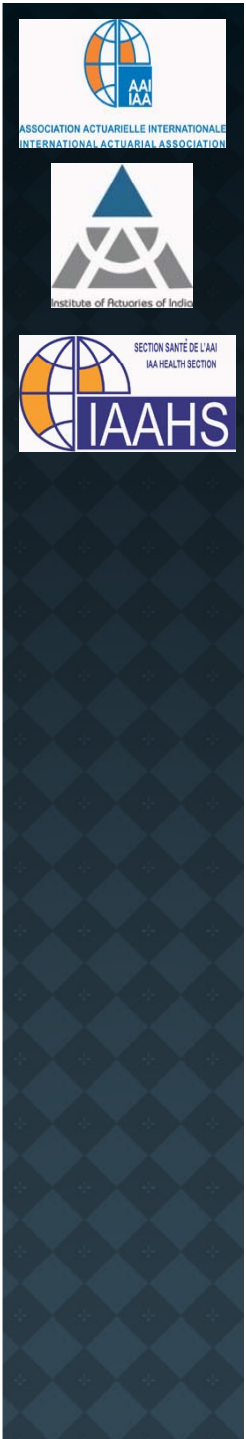
Benefits preferred by employees in Asia-Pacific



Source: Towers Watson HR Perspectives on Benefit Trends 2010

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Benefits challenges in Asia-Pacific

% of responses

0% 10% 20% 30% 40% 50% 60% 70%

Improving employees' perceived value of benefits



Controlling benefits costs



Review and update benefits plan design and strategies



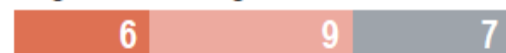
Improving employee communication



Streamline benefits administration (including costs)



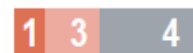
Alignment with global benefits strategy



Re-branding as employer of choice



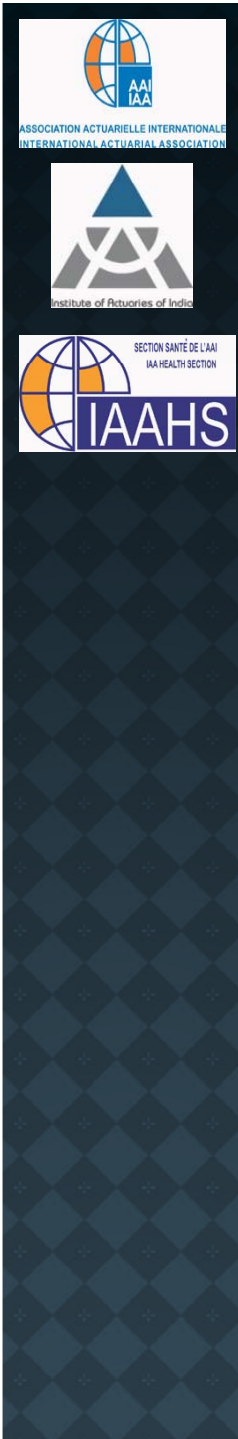
Benefit harmonisation following M&A



■ 1st choice ■ 2nd choice ■ 3rd choice

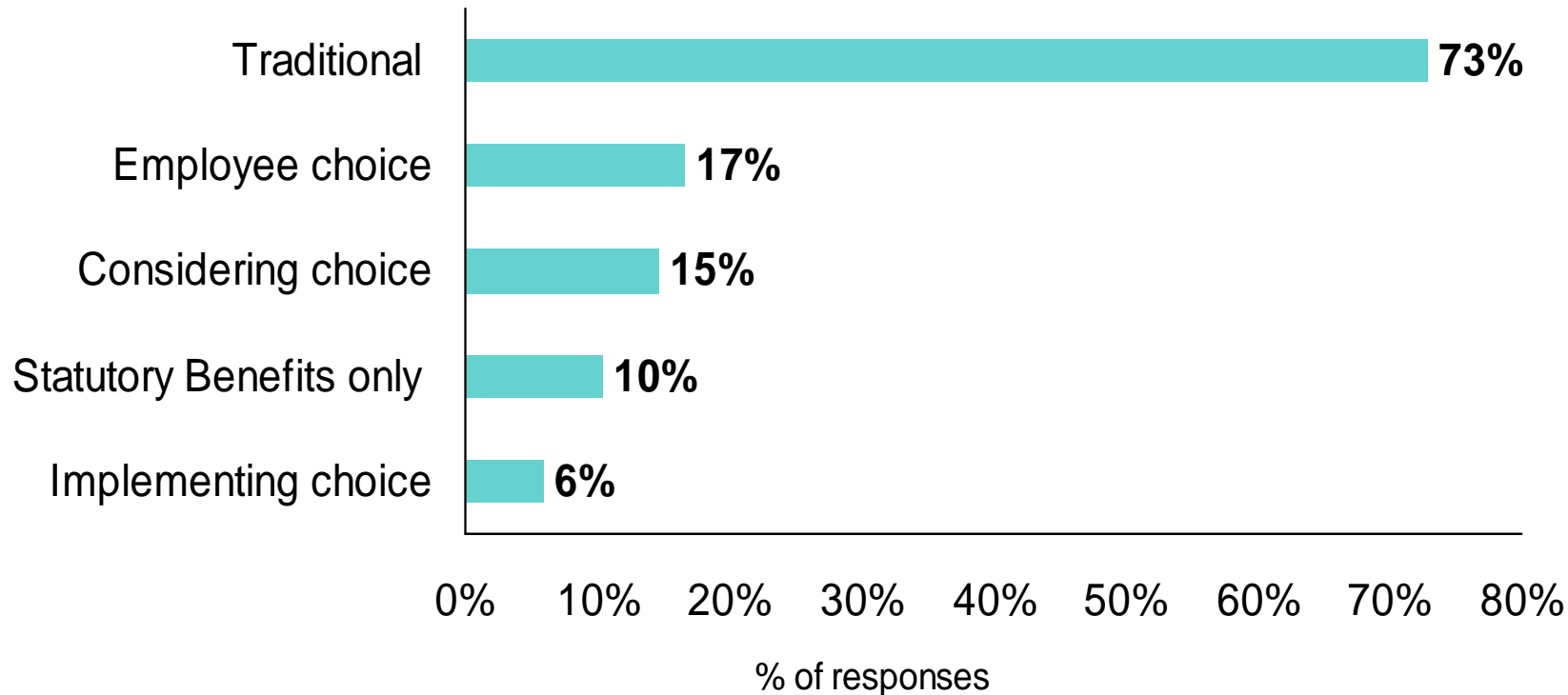
Source: Towers Watson HR Perspectives on Benefit Trends 2010
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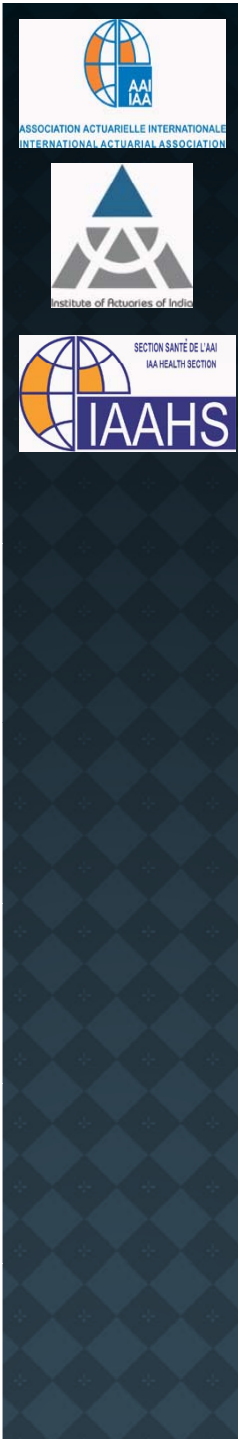


Growing trend towards employee choice

More than one third of companies have or are considering implementing choice

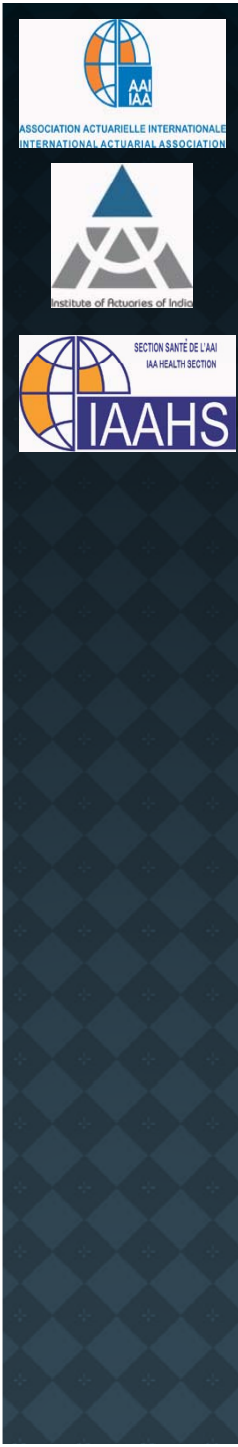


Source: Asia Pacific Employee Benefit Trends 2009 (Towers Watson)



General retirement benefit trends in Asia Pacific

Defined Benefit	Defined Contribution
Outdated tax schemes	Tax as policy enabler
Lump Sum	Annuity
Independent	Bundled
Legislation light	Increased legislation
Trustee Investment Decision	Member Investment Choice
Single Source	Multiple Source
Key provider	Privatization



Thank you



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