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Pension Funds

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ATENA TECNOLOGIA LTDA.
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Vitor Azevedo
+ 55 71 3413.8550
luzimar@atenaonline.com.br
vitor@atenaonline.com.br

BB GESTÃO DE RECURSOS DTVM S.A
Rodrigo Barroso Ayub
+ 55 21 3808.7502
Paulo José Knopp de Aquino
+ 55 21 3808.7548
bbdtvm@bb.com.br

BICHARA BARATA & COSTA ADVOGADOS
Fábio Berbel
+ 55 11 4097.6300 ramal 208
fabio.berbel@bicharalaw.com.br

BLACKROCK BRASIL GESTORA DE INVESTIMENTOS LTDA
Dyana Oliveira
+ 55 11 3028.4131
dyana.oliveira@blackrock.com

BNY MELLON
Isabella Palhares
+ 55 21 3219.2083
isabella.palhares@bnymellon.com.br

BOZANO INVESTIMENTOS
José Altino Bezerra Junior
+ 55 81 3325.0826 | 81 9602.4105
altino.bezerra@bozanoinvest.com

BRAM – BRADESCO ASSET MANAGEMENT
Fabio Masetti
+ 55 11 2178.6600
bram@bram.bradesco.com.br

CETIP
Victor Vianna
+ 55 11 3111.1948
victorsilva@cetip.com.br

CM CORP SOLUÇÕES EM INFORMÁTICA LTDA
André Meireles
+ 55 21 3575.9111
ameireles@cmcorp.com.br

FAR – FATOR ADMINISTRAÇÃO DE RECURSOS LTDA.
Marco Antonio Bologna
+ 55 11 3049.9131
farsecretaria@fator.com.br

FTSE
Fernando Lifsic
+ 55 21 99983.5788
fernando.lifsic@ftse.com

GAMA CONSULTORES ASSOCIADOS LTDA
Antônio Fernando Gazzoni
+ 55 61 3327.6200
gama@gama-ca.com.br

GAP ASSET MANAGEMENT
Roberto Pitta
+ 55 21 2142.1947
institucionais@gapasset.com.br

HANCOCK ASSET MANAGEMENT BRASIL
Cleidson Rangel
+ 1 617 747.1609
crangel@hnrg.com

INFOBASE INTERATIVA
Andre Lima Cardoso
+ 55 21 2224.4525
andre@infobase.com.br

IRB-BRASIL RESSEGUROS S.A.
Raquel Marques | Luiz Cesar Rossato
+55 21 2272.2571 | 21 2272.2403
raquel.marques@irbbrasilre.com
luiz.rossato@irbbrasilre.com

JUNQUEIRA DE CARVALHO E MURGEL ADVOGADOS E CONSULTORES
Fábio Junqueira de Carvalho
+ 55 31 2128.3585
jcmb@jcmb.adv.br

LUZ SOLUÇÕES FINANCEIRAS
Cecília Harumi
+ 55 11 3799.4700
cecilia@luz-ef.com

MERCER HUMAN RESOURCE CONSULTING
Eduardo Correia
+ 55 11 3048.1830
eduardo.correia@mercer.com

MSCI
Ester Godinho
+ 55 11 3706.1340
ester.godinho@msci.com

NORDEA DO BRASIL REPRESENTAÇÕES LTDA
André Simon
+ 55 11 3066.2585
andre.simon@nordea.com

OURO PRETO GESTÃO DE RECURSOS LTDA.
Leandro Turaça
João Baptista Peixoto Neto
+ 55 11 3588.1025 | 11 3063.9040
gestor@ouropretoinvestimentos.com.br
joaopeixoto@peixotoneto.com.br

PORTO SEGURO
Vinicius Lima
+ 55 11 3366.3291
vinicius.lima@portoseguro.com.br

PPS PORTFOLIO PERFORMANCE LTDA.
Ana Paula França
+ 55 11 3168.9139
anapaula@pps-net.com.br

RAEFFRAY, BRUGIONI & ALCÂNTARA AGOSTINHO ADVOGADOS
Ana Paula Oriola de Raeffray
+ 55 11 3062.6808
anapaula@raeffraybrugioni.com.br

SANTANDER SECURITIES SERVICES
Marcelo Vieira Francisco
+ 55 11 3012.5778
mfrancisco@santander.com.br

SCHRODER INVESTMENT MANAGEMENT BRASIL LTDA
Guilherme Nascimento
+ 55 11 3054.5186
guilherme.nascimento@schroders.com

SEREL CONSULTORIA E INFORMÁTICA LTDA.
Marli Oliveira
+ 55 13 3202.5858
administrativo@serel.com.br

SIQUEIRA NETO
Luiza Noronha Siqueira
+ 55 11 3253.5535 | 11 99917.1195
luiza@siqueiraneto.com.br

STEPSTONE GROUP
Filipe Cerqueira Caldas
+ 55 11 5105.1510
fcaldas@stepstoneglobal.com

TOWERS WATSON
Evandro Luis de Oliveira
+ 55 11 4505.6424
evandro.oliveira@towerswatson.com

VINCI PARTNERS
Marcelo Rabbat
+ 55 11 3572.3700
mrabbat@vincipartners.com

ZAMARI E MARCONDES
Sérgio Luiz Akaoui Marcondes
+ 55 13 2101.7500
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www.abrapp.org.br

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THE NEWSROOM

Editor-in-Chief
Flávia Pereira da Silva
Professional Register nº 0035080/RJ

Cover and Visual Programming
Virgínia Carraca

Journalists
Débora Diniz
Martha Elisabeth Corazza

Translators
Flávia Pereira da Silva
Paula Félix

Letters to the editor
flaviampsilva@gmail.com

CUSTOMER CARE

Abrapp Hotline
55 (11) 3043.8726
55(11) 3043.8758

abrappatende@abrapp.org.br

ADVERTISING

Phone number
55 (11) 3031.2317 / 7313

Address
Av. Nações Unidas, 12.551 – 20º andar
World Trade Center - Brooklin Novo
CEP 04578-903 – São Paulo, Capital

www.portaldosfundosdepensao.org.br

Brazil's economy is going through its worst recession in more than three decades. As a consequence, the country has lost its investment grade, which will likely lead to the decrease of foreign capital inflow, hurting investment funds and, consequently, pension funds' returns.

In a country where the level of financial literacy is already low, political and economic instability have a compounding negative effect on long-term financial planning, as highlighted by a recent market research commissioned by Abrapp, which also shows workers, companies and trade unions' limited knowledge on private pension products and mechanisms.

The decline in domestic savings rates, accentuated in recent years, similarly points to the need for more in-depth discussions on how to promote the development of the pension fund industry, the country's main source of long-term financing.

Meeting Brazil's strong demand for infrastructure is not an easy task either. In a context of risk aversion and short-termism, pension funds will only play a bigger role in infrastructure projects as long as financial instruments and regulation are improved, issues that are currently under discussion at Abrapp's investment commission.

Fortunately, it is not all bad news. At the end of 2015, the regulator issued a new set of long-waited solvency rules based on plan duration, thus providing a more balanced approach to deficits and surpluses as well as incentives to foster longer term asset allocations.

Progress has also been made in plan design with the creation of industry-wide funds. Due to the high costs associated with plan set up and operation, these funds should be of particular interest for small and medium enterprises. Established by professional associations or corporations of a given sector of activity, they will be made available to all pertaining legal entities and their employees.

Self-sponsored pension plans (known as *fundos instituídos*) - also managed by unions and professional associations but offered directly to individuals - have been given a push after the regulator's approval of partial withdrawals. Before that, members who needed access to their retirement funds were forced to withdraw the totality of funds; as a consequence, they ended up leaving the pension plan, a trend likely to be reversed from now on.

Flávia Silva
Editor-in-chief

Incentives compatible with long-term management

Changes in solvency requirements put the final touch on a trilogy of measures initiated in 2014 with the improvement of asset and liability valuation rules

The new set of solvency rules applicable to Brazilian pension funds (CNPC Resolution n. 22) reviews concepts and sets out criteria for addressing different situations depending on the duration of each pension scheme. Exhaustively discussed by all relevant stakeholders for more than two years, the regulation provides a balanced approach to the treatment of deficits and surpluses, argue specialists. By taking into account pension plan duration, the norm also paves the way for more flexible, long-term asset allocation strategies.

"The new rules bring incentives that are more compatible with the long-term profile of pension funds", claims Fábio Coelho, director of Actuarial, Accounting and Economic Affairs at the supervisory agency Previc. It was about time. The country's economic instability on top of inadequate solvency requirements resulted in a sharp increase in Brazilian pension funds' aggregate deficit from BRL 8.64 million in 2011 to BRL 31.52 million in 2014. Concomitantly, the aggregate surplus went from BRL 42.05 million to BRL 25.63 million in the same period[1].

According to Coelho, this confluence of factors led to the misalignment between regulatory incentives and the long-term profile of pension funds, prompting a short-term approach to asset allocation. "With the right incentives in place, pension fund managers will turn their eyes back to long-term investments as soon as economic conditions start to improve."

> "With the right incentives, pension fund managers will turn their eyes back to long-term investments as soon as economic conditions start to improve"

Duration as differentiating factor

Deficits and surpluses will be treated more coherently, in line with the duration and other scheme specificities. Another relevant change is that recovery plans will now foresee only stable or decreasing contributions from sponsors, members and beneficiaries. "Increasing contributions levels is no longer allowed", highlights Coelho

The rules for surplus distribution have been significantly improved. The previous norm required that the actuarial target rate be effectively reduced and mortality tables changed even if these were suitable to the pension plan, directly affecting Variable Contribution and Defined Benefit schemes.

The new norm, in turn, allows pension plans to discount, from the amount of surplus to be distributed, the value corresponding to a 1% reduction in the actuarial target rate. It also allows changes in the mortality table without the need to modify the scheme's actuarial assumptions.

Outside the box

The coordinator of Abrapp's Ad Hoc Comission on Asset and Liability Valuation and Solvency, Silvio Rangel,

1. 1 BRL = 0.40 USD app.

points out that as younger and older members have different time horizons, it would not be reasonable to have the same investment strategy for both groups. In his view, the "time factor" has to be at the core of pension plan design and the new rules have fulfilled this demand. "We had to think outside the box to come up with the norm's final draft", he adds.

In countries with more advanced private pension systems, pension funds tend to handle shortfalls rather naturally as long as they are recoverable and kept within reasonable limits. "Brazilian pension funds, on the contrary, are not used to dealing with actuarial deficits due, in great part, to the fact that the economic conditions have always provided them with good returns. For this reason, the number of underfunded plans has always been small", says actuary Fernando Gazzoni, director-general of Gama/Mercer.

Now it is time for pension funds to learn and incorporate the new rules, argues Rangel. Their operationalization is quite simple, he says; however, it will require a comprehensive, integrated approach to assets, liabilities and solvency, leading to an overall management model focused on the long-term.

The "time factor" has to be at the core of pension plan design, and the new rules have fulfilled this demand

What's new?

As far as deficits are concerned, the regulation brought two significant changes. Previously, pension plan managers had to take action after three consecutive years of underfunding (or after the first year if the deficit exceeded 10%). From now on, the deficit tolerance level and timeframe for setting up a recovery plan will depend on the duration of plan's liabilities. The formula is as follows: accumulated deficit limit = 1% x (duration - 4) x mathematical reserves.

Whenever the plan's level of underfunding exceeds the accumulated deficit limit as set forth in the norm, a recovery plan must be drawn up to eliminate the share of the deficit that is beyond such limit. However, the pension fund may address a larger portion of the shortfall if it so wishes following risk management best practices.

The new regulation also gives less mature plans, i.e., those with longer streams of future benefit payments - as measured by the duration of liabilities - more time to deal with shortfalls before imposing additional contributions. According to Frederico Vieira, actuarial supervisor at Gama/ Mercer, the rule "does not require immediate action to eliminate the underfunding; instead, it allows pension schemes to live with the deficit without harming their long-term solvency".

As the pension plan matures, the duration of liabilities is reduced, explains Vieira, also lowering the limits for deficit tolerance. Therefore, the shorter the timeframe for deficit correction, the sooner members, beneficiaries and sponsors may be required to make additional contributions to the scheme.

According to an analytical study carried out by Gama/Mercer, the new rule "is more prudent than the old one" regarding very mature plans. Schemes with durations of four years or less must be solvent at all times, which means that any deficits must be immediately addressed. "The previous norm allowed such plans to sustain deficits indefinitely unless triggers were activated", argues João Marcelo Carvalho, director of Operations and Retirement at Gama/Mercer.

He also points out that the deadline for setting up a recovery plan has been changed from 1 to 1.5 x duration, thus extending recovery periods. As a result, lower additional contributions will be made necessary to eliminate the same amount of deficit without affecting plan solvency.

From now on, deficits and surpluses will be addressed with basis on the duration of the pension scheme

Finally, when it comes to overfunding, the norm establishes a connection between the amount of surplus to be distributed and the duration of plan liabilities. Therefore, the more mature the plan is, the lower the volume of contingent assets will be. The limit imposed on contingent assets is [10% + (1% x duration)] x mathematical reserves.

The maximum limit of 25% of contingent assets (or contingence reserve), as set forth in Complementary Law n. 109, will remain in force for all pension schemes with a duration of 15 years or less.

According to specialists, in more mature plans - duration of 15 years or more - a larger share of surplus can now be distributed to members, beneficiaries and sponsors, thus preventing large sums from being kept for too long in the scheme and subsequently distributed to a limited number of people. Schemes with surpluses below 25% of mathematical reserves and duration of 15 years or less may reduce the volume of contingent assets (contingency reserve), and establish the so-called "special reserve", which is the share of surplus to be effectively distributed. ■

Starting point for increased coverage

New industry-wide funds are expected to attract SMEs to the private pension system, extending its reach to different economic sectors

Industry-wide funds - or "fundos setoriais instituídos" - are becoming a reality in Brazil. The first steps that will lead to the design of such funds have already been taken, including a public consultation launched by the supervisory agency (Previc) that aimed to discuss the details of a new Normative Instruction that will clarify and complement existing regulations. The move should finally get these funds

The industry faces two important challenges: preserving the achievements of today and reinventing itself, since the labor market is no longer compatible with old-fashioned DB plans

off the ground in the country, helping attract more workers to the private pension system. The new funds will be established by professional associations or corporations of a given sector of activity and made available to all pertaining legal entities and their employees. A similar type of fund - known as "fundos instituídos" - already operates in Brazil, but they are established by unions or professional associations and offered directly to individuals, such as lawyers, doctors and so on.

By providing a simpler alternative in terms of pension plan design, the new industry-wide funds - which are better suited to the Brazilian labor market as it is today - should grant SMEs (affiliated to associations or federations) easier access to the private pension system. According to the pension supervisor, there are presently 504 "fundos instituídos" managing 64 pension plans covering 195,000 people. Specialists expect figures to go up rather quickly if the licensing and operation of pension plans become more agile.

Modernity

"The pension fund industry faces two important challenges: preserving the achievements of today and reinventing itself, given that the labor market is no longer compatible with old-fashioned DB plans", says Luís Ricardo Marcondes Martins, Abrapp's executive director and CEO of OABPrev-SP, the pension fund dedicated to the members of the Brazilian Bar Association of the state of Sao Paulo.

The establishment of the new industry-wide funds is already provided by Complementary Law n.109, so there is no need for new legal provisions or changes in the applicable legislation. According to Martins, in such context, the regulation of risk sharing arrangements with insurance companies is of utmost importance, as well as the concept of "selling" pension plans. "It is all part of a new innovation strategy that aims to increase the industry's capacity so that it can reach different economic sectors."

To José Roberto Ferreira, Previc's superintendent, the new fund design is the core of a broader work carried out by regulatory and supervisory agencies, along with pension entities, whose goal is to simplify and modernize pension plans managed by pension funds. Even though the design itself is now necessarily new, given that the so-called "fundos instituídos" already exist in the country, it paves the way for small and medium enterprises (SMEs) to start offering retirement benefits to their employees. "We are adopting a retail approach to pension plans that go beyond the scope of large and medium-sized companies." Ferreira points out that it is not about lessening the role of plan sponsors, but finding a new route to developing the private pension system since the number of sponsors entering the industry has been quite low.

SMEs

The new fund design targets a very specific market segment. "Large companies such as automakers will not join this type of arrangement because they have sufficient scale to establish their own pension fund or purchase group personal pension plans from banks and insurance companies", argues Nilton Molina, chair of Mongeral Aegon's executive board. For small and micro businesses, on the other hand, having their own pension plan does not pay off, even if it is managed by one of the "fundos instituídos" already in operation in the country. Therefore, the new model is likely to satisfy the needs of employers with annual incomes starting from USD 12.5 million, says Molina.

However, the initiative will not meet its objectives in full unless tax incentives are in place for small and medium enterprises, the funds' target audience, explains Molina. "Most of these enterprises elect the Presumed Profits Method to compute Income Tax, which means that their pension expenses are not tax deductible." In the absence of such incentives, he believes that industry-wide funds will be "hard to sell".

Tax concerns also affect the employees of small and medium companies, who are likely to have more modest paychecks in comparison to those of larger organizations. Not rarely, these workers file Income Tax using the "simplified form". "In such cases, there are no tax incentives to join the plan because the contributions are not deductible, resulting in double taxation", adds Molina.

In José Roberto Ferreira's view, the tax treatment of pension funds is indeed relevant and the issue is being discussed by policymakers. However, he does not consider it to be a serious impediment to the growth of the industry, to which industry-wide funds can certainly contribute. "One thing is not necessarily linked to the other. We are committed to addressing both agendas. They are equally important to the industry and its development."

Besides working towards achieving the same tax treatment of all pension vehicles, Ferreira argues that changing the prescribed timeframe for plan members to choose between the progressive or regressive taxation regime could also make pension funds

Industry-wide funds will not meet their objectives in full unless tax incentives are in place for small and medium enterprises

Detailed regulations will be essential to cut the red tape when it comes to establishing and implementing the new retirement programs

more attractive. "At present, members have to choose as soon as they join the plan, which is not reasonable. We must move forward in this regard."

The subject if of particular interest to pension funds covering independent professionals (fundos instituídos) such is the case of Previsc, which has launched Brazil's first industry-wide fund - IndustriaPrev - that manages a pension plan dedicated to Santa Catarina state industrial sector workers.

Large scope

The scope of industry-wide pension funds should be as large as possible, explains José Roberto Ferreira. He adds that the new plans will be linked first and foremost to the associations, federations or corporate entities that establish them, not to specific segments or sectors. "The purpose is not to be restricted to economic sectors - industry, trade and services - but to offer new possibilities so as to cover a larger number of legal entities affiliated to a given association."

According to the superintendent of Previsc, Regídia Alvina Frantz, one needs to be cautious not to encourage the establishment of too many pension plans, which would result in higher costs. "We have given much attention to cost optimization because the pension plan needs to be competitive and attractive", she says.

Detailed regulations will be essential to cut the red tape when it comes to establishing and implementing the new retirement programs. Once they are clearly characterized as industry-wide plans, the licensing process conducted by the supervisory agency tends to be more agile. Frantz points out that "reducing bureaucracy in the industry as a whole is important since there are many legal requirements that bring unnecessary costs to pension funds".

In Frantz's opinion, the public consultation launched by the supervisor was an important step to disseminate the new plan design and garner attention from companies and associations. She adds that while promoting IndustriaPrev, the public enthusiasm was evident; however, there is a long way between wishing and actually setting up a pension plan.

One of the advantages of industry-wide funds is the possibility for members to change jobs without having to move from one plan to another as long as they remain in the same sector or under the umbrella of the same association/federation. The design of such plans is also much simpler. ■

Pension funds as source of domestic savings

Pension fund assets might be drastically reduced by 2020 or 2030, leaving little room for less liquid investments, with detrimental effects on long-term savings

With assets relative to GDP totaling 13% and long-term investment horizons, Brazilian pension funds are the main source of domestic savings, capable of promoting long-run economic growth. The decline of internal savings rate, which has accentuated in recent years, highlights the need for in-depth discussions on how to promote the development of the pension fund industry. Published last February, the quarterly report on Investment Financing in Brazil produced by the Center of Capital Market Studies (CEMEC) of IBMEC Business School shows that until the third quarter of

2015, the country's investment rate had fallen from 21.8% to 18.8% of GDP. In the same period, the internal savings rate dropped even further, from 19.2% to 14.8% of GDP, the lowest level since 2011. According to CEMEC macroeconomic analysis, the results indicate a downward trend in investment rates as well as the increase of external savings as a means to finance current expenditures.

In developed economies, pension funds play a decisive role in financing infrastructure and other assets classes that support economic activity and development, notes Evandro Oliveira, senior retirement consultant at Willis Towers Watson. "Brazil is going in the opposite direction; we are losing reserves and resources to retirement products offered by banks and insurance companies that have a short-term investment profile." This could be attributed to rather timid measures to promote the development of private pensions in the country. However, the consultant claims that despite the difficulties, Brazil is well-positioned in terms of pension fund reserves when compared to neighboring countries such as Chile and Argentina.

Mobility, innovation and corporate governance

To José Roberto Ferreira, superintendent of supervisory agency Previc, pension funds have played an important part in promoting internal savings in recent years; however, their role has diminished as they experienced a reduction in the number of new members and plans, a trend that has had a negative impact on the volume of assets under management.

Brazil is well-positioned in terms of pension fund reserves when compared to neighboring countries such as Chile and Argentina

Strengthening the industry is challenging but feasible, says Ferreira. In his opinion, stakeholders must reflect upon the industry's course of action and the design of pension arrangements presently available to the public. "The plans we have now are very important since they will provide retirement income for 7 million people. However, they are no longer compatible with a changing labor market."

Previc is currently working on the design of industry-wide plans, which are more flexible and accessible to workers and smaller companies. Another very important aspect to consider, argues Ferreira, is pension fund corporate governance.

According to Thomas Tosta de Sá, president of the Brazilian Institute of Capital Markets (IBMEC), the strict regulation in force for sponsoring companies as opposed to the norms applicable to banks and insurance companies is to blame for impairing growth. "A clear distinction between pension savings and financial transactions is still needed." He favors the introduction of a new pillar based on the capitalization regime within the social security PAYG system covering 20%

of insured workers. In Tosta de Sá's view, if enrollment in pension plans is not made mandatory, saving rates will never go up. "Behavioral Economics is there to prove it", he notes.

Financial education is key when it comes to making appropriate retirement choices. Moreover, he stresses the need for systematic supervision of pension fund management and strong penalties for misconduct. "Under any circumstances may board members and top executives be poorly trained nor management positions assigned with basis on political interests whether the company is public or private."

Capital markets

As far as investments are concerned, José Roberto Ferreira highlights the necessity for improved capital market vehicles so as to foster long-term asset allocation. "Capital markets have to adapt so as to better meet the needs of pension funds." The superintendent points out that any potential amendments to CMN Resolution n. 3792 - which sets forth quantitative limits for pension fund investments - will be minimal; therefore, entities will have to make the most of the asset menu already available to them.

Private equity funds or FIPs, for instance, may be attractive to pension funds. However, argues Ferreira, projects need to follow more refined methodologies and valuation models. Cash flows are volatile; for this reason, short-term valuations under the J-curve timeframe are inadequate. The answer, he says, is to develop a secondary market - maybe through the use of derivatives - in order to create liquidity and improve price formation.

"In adverse scenarios, the level of private pension savings tends to go down. All investment vehicles more widely used in the Brazilian capital market, such as FDICs, FIPs and shares of newly listed companies have been hit", says Tosta de Sá. On top of the decline in the number of listed companies, he highlights that 60% of such companies do not even issue debt in the capital market, limiting the options available to long-term investors.

Long-term view

The pension fund system is Brazil's major source of long-term savings, says Maurício Wanderley, Investment Director at Valia pension fund and coordinator of Abrapp's Technical Investment Commission. "Pension funds are the largest owners of government bonds in the country and their real asset portfolios also incorporate this long-term view."

"In the future, interest rates will likely go down again and the search for alpha will continue with pension funds more eager to diversify their asset allocation", he says. When the time comes, fixed income portfolios will probably be reduced, allowing greater exposure to private credit, infrastructure, private equity, listed shares and other real assets.

All the investment vehicles more widely used in the Brazilian capital market have been hit by the economic crisis

In the past three years, pension funds' overall exposure to government bonds, which provide a better cover for short-term obligations, has not exceeded the 50% limit (of total assets) foreseen by the regulation. "In 2015, government bond allocations totaled 49% of pension funds' portfolios. It may seem exaggerated, but according to CMN Resolution n. 3792, pension entities may invest up to 100% of guaranteeing resources in the segment. In the past, the aggregate exposure to government bonds went as far as 70%", argues Wanderley.

He also points out that nowadays pension fund managers are much better qualified than 15 years ago. "The high exposure to government bonds seemed the obvious choice back then. Asset allocation strategies have improved throughout the years and even though there is still room for diversification, we have come a long way."

New market segment

Pension funds must adapt to a changing corporate environment and labor market, says José Roberto Afonso, researcher at the Brazilian Institute of Economics (IBRE) who coordinated a study commissioned by Abrapp on private pensions and internal savings in Brazil. Boosting new saving levels will require the development of new growth strategies and regulation, including self-regulation.

"The Brazilian labor market is undergoing profound structural changes. Many skilled workers - who earn more than the public social security benefit ceiling - have been laid off, managing to remain in the market as self-employed professionals or entrepreneurs." According to Afonso, this trend is likely to continue after the economic crisis is over.

> Many skilled workers have been laid off, managing to remain in the labor market as self-employed professionals or entrepreneurs

"There used to be few large companies with hundreds of thousands of employees. In the future, there will be thousands of small enterprises with only one employee, the owner, who will need pension coverage." Thinking about this target audience is paramount to increasing domestic savings and safeguarding the economy as a whole. "The pension fund industry promotes stable, long-term savings. It has been shown that in turbulent times like these personal savings can be quickly spent, which means they are not a very efficient safety net", says Afonso.

New reality

In order to bring more members and sponsors into the system, one must redesign and standardize retirement products, highlights Silvio Rangel, superintendent of Fibra pension fund. The new solvency rules have been an important step forward, but they are more focused on the management of pension arrangements already in place, being insufficient to generate more long-term savings.

"Boosting private pension saving levels requires incentive measures as well as education, innovation and product redesign", adds Evandro Oliveira, it is important to have more flexibility in the enrollment process and transfers between pension plans

consultant at Willis Towers Watson. In his view, it is important to attract new plan sponsors to the system, but tax incentives have limited reach since they only benefit companies that follow the "real profit model" of taxation (determined over the company's net profit ascertained).

Conversely, the companies that file income tax using the "simplified form", a segment that is growing fast and will likely employ a larger number of people in the future, still have little incentive to offer workers any type of pension plan.

It is up to the government to decide whether it makes sense to forego tax revenues in favor of higher private pension saving rates, argues Oliveira. "International experience dictates that it does make sense. Stronger economies have relied on this model because the exchange is beneficial to the economy as a whole."

Food for thought

Paulo Vales, who took part in the research commissioned by Abrapp on private pensions and internal savings in Brazil, explains that the work now enters into the second stage. "We will start discussing viable alternatives for the system and the country. One of them concerns regulation because the Brazilian pension fund industry is overregulated."

According to the expert, pension funds must discuss how to attract a contingent of three million potential plan members with monthly income over seven minimum wages[1] who do not contribute to the public nor the private pension systems. "How can we get these people to start saving? Ideally, we should bring the concepts of social protection, pension funds and long-term savings together."

Red tape and flexibility

Reducing bureaucracy in order to facilitate pension fund access to potential members, albeit relevant, is not a decisive factor in boosting growth according to Evandro Oliveira. "More importantly, we need to shift the focus from large companies and higher income workers."

In José Roberto Afonso's view, there is still a lot to be done in this regard. "Pension fund regulation should consider entities' specificities; it is also important to allow for more flexibility when it comes to transfers between plans, competition, and other measures to change the dynamics of the enrollment process."

"The lack of long-term savings poses a serious problem for the Brazilian economy. Policymakers must bear in mind that the issue is intrinsically related to pension matters", claims Paulo Vales. If the pension fund industry is unable to expand coverage, pension fund assets might be drastically reduced by 2020 or 2030, leaving little room for investments in less liquid assets, such as corporate bonds, private equity, real estate, etc., with detrimental effects on long-term savings. ■

1. The Brazilian minimum wage is BRL 880.00; 1BRL = 0.40 USD app.

In search of good investment opportunities

Abrapp investment commission discusses opportunities and challenges for pension fund investments in infrastructure

Meeting the country's strong demand for infrastructure while making these investments more attractive to pension funds involves the reassessment of a series of factors and expectations. In a context of risk aversion, portfolio concentration on high-yield government bonds and lack of long-term perspective, it seems rather utopic to even think about the subject. Yet, infrastructure investments are back on the industry's agenda.

Abrapp's Technical Commission on Investments has put the issue on the table with the purpose to draw up a study proposal to identify the pros and cons of infrastructure assets. "We intend to discuss how pension funds can play a bigger role in the country's infrastructure projects, assessing all the possibilities as well as the main impediments", explains Guilherme Velloso Leão, head of the investment commission.

The first conclusion is that the composition of pension funds' portfolios discourages longer-term asset allocations. "Evidence shows that pension funds are increasingly turning into short and medium term investors due to plan design, members' profile and other specificities", says Leão.

Financial instruments

There is widespread perception that the risk appetite will only increase when interest rates resume the downward movement, closer to international levels, sparking pension funds' interest in real asset once again. Moreover, one needs to bear in mind that the Brazilian private pension system is highly mature, and shorter plan durations are incompatible with longer, less liquid investments.

"The legal framework is another point of concern. Infrastructure projects still pose substantial risks from execution to operational phases", argues Leão, leaving investors exposed to economic, political and regulatory risks, among others.

Improvements in financial instruments used to invest in the segment - being private equity funds (known as FIPs) the most popular in Brazil - are also deemed necessary in order to mitigate risks. "We need to come up with a financial product that is compatible with pension plans, but it is not clear to us what this product would look like yet", says Leão.

Strategic role

Effective pension fund participation in infrastructure will primarily depend on a strong project pipeline that provides liquidity premiums relative to Brazilian treasury bonds (NTN-Bs) as a way to offset the absence of a secondary market for infrastructure assets. "Other important factors include corporate governance and real guarantees for regulatory risks associated with the sectors being invested", highlights Rodrigo Eustáquio Barata, Internal Controls and Investments director at Forluz pension fund.

Risk appetite will only increase when interest rates resume the downward movement, sparking pension funds' interest in real asset once again

In Brazil, private equity funds - or Fundos de Investimento em Participações (FIPs) - have been traditionally used to invest in the infrastructure segment

In the discussions carried out by Abrapp's investment commission, members expressed concern about some of the industry's features. The regulation, including plan design and solvency requirements, has substantially reduced pension funds' ability to make long-term investments. Portability and transfers between DC plans' investment profiles have also gotten in the way of investments in more illiquid assets.

In order to ensure pension funds' investments in infrastructure, there needs to be a premium in relation to treasury bonds as well as liquidity guarantees in case of disinvestment, says Guilherme Leão.

Reputational risk is another major concern. The need for adequate investment products becomes even more pronounced as the risks associated with infrastructure projects may end up affecting pension fund managers. "One may think that the manager failed to carry out a thorough assessment of a given project but the truth is that risk is inherent to infrastructure investing", explains Leão.

Plan profile

In Brazil, private equity funds - or Fundos de Investimento em Participações (FIPs) - have been traditionally used to invest in the infrastructure segment. These funds offer, by nature, very little liquidity, with investment stages averaging three to four years, says Ricardo Ventrilho, head of Investments at Mercer in Latin America. "The demand for this kind of product was low in 2015, a trend that is expected to continue this year. However, there may be changes in investor behavior if the economic outlook improves", he says.

According to Ventrilho, an infrastructure investment program based on privatizations would be a valid alternative as long as good projects are made available. In any case, it is important to consider the profile of each pension plan. After all, even if the economy improves, making these investments once again attractive to investors, some pension funds simply cannot afford to have a portion of their portfolio dedicated to such illiquid assets, argues the consultant. He also points out that along with the inability to hold illiquid assets comes the necessity to carefully assess the risk/return trade off before committing to a given project.

Project manager selection is also key, highlights Rodrigo Barata. "Abrapp's investment commission intends to discuss all the issues pertaining to infrastructure so as to come up with a in-depth study to be

"All FRG's investments are performing as expected and in compliance with funds' rules in spite of a few setbacks and delays caused by regulatory issues or the economic crisis"

shared with government officials. "Pension funds still have many doubts that need to be cleared", he adds.

At Forluz pension fund, 8% to 9% of total assets are invested in infrastructure through private equity funds (FIPs). "The largest share of the portfolio (85%) is dedicated to the *Barra Grande* hydroelectric plant (BAESA) via an investment fund that has other pension entities as shareholders. Forluz also invests in the oil & gas and forestry sectors, the latter being one of the most attractive in terms of returns.

Regulatory issues

FIPs are also the favorite vehicle for infrastructure investing at Fibra pension fund. There are, in total, 11 FIPs dedicated to the segment, says Financial manager Marcos Aurélio Litz. For now, however, the entity does not intend to increase the allocation in private equity funds, which presently stands at 2.57% of total assets. 4.5% of the fund's portfolio is currently "open" to new investments, out of which 20% will likely be dedicated to infrastructure assets.

Project selection criteria include, first and foremost, regulatory aspects, since there is a lot of uncertainty surrounding the segment. "Projects need to be solid, pose adequate risk levels and offer interesting returns", says Litz.

Attractive after all

Robust regulation proves necessary to prevent changes along the way, argues Eduardo Garcia, Investment director at Fundação Real Grandeza (FRG) pension fund. "One of our FIPs, dedicated to ports, had its investment schedule postponed because some of the terms had to be reevaluated, which took quite a long time."

Despite the shortcomings, infrastructure assets are interesting in the long run, says Garcia. Return levels are specified in concession agreements and most projects are well regulated, matching pension funds' investment profiles. "All FRG's investments are performing as expected and in compliance with funds' rules in spite of a few setbacks and delays caused by regulatory issues or the economic crisis."

FRG's long-term investments have been made through FIPs focused on oil & gas, ports and energy whereas short-term allocations have prioritized listed companies that operate in these segments. ■

Partial withdrawals,
a new cycle for self-sponsored pension funds

Members of the so-called "fundos instituídos" may now withdraw up to 20% of retirement savings once every two years after they have contributed to the plan for at least 36 months

In Brazil, there are 494 professional associations, cooperatives and labor unions providing pension plans - known as planos instituídos - to affiliated workers. In November 2015, this important segment of the private pension system - due to its substantial grow potential in a universe of 16,000 unions and 6,500 cooperatives - has been given a major push with the approval, by regulatory body CNPC, of partial withdrawals. The measure is expected to increase participation levels, reversing a trend that could jeopardize growth since plan members were

Data provided by supervisory agency Previc reveals that BRL 89 million or 2.6% of aggregated funds were withdrawn from self-sponsored plans in 2014 alone

previously forced to take the whole of their pension pots in case of a financial emergency.

Data provided by supervisory agency Previc reveals that BRL 89 million[1] or 2.6% of aggregated funds were withdrawn from "planos instituídos" in 2014 alone. "Members had to withdraw the totality of retirement funds whenever they faced any financial difficulties, which is counterproductive because once the worker exits the plan he rarely returns", says Luis Ricardo Marcondes Martins, Abrapp's executive director and president of OABPrev-SP, pension fund dedicated to affiliates of São Paulo state Bar Association.

According to Denise Maidanchen, Administrative and Financial director of Quanta pension fund, this was an old call from the industry, which had been debating the issue for over two years. "No matter how much we commit ourselves to financially educating plan members, people do have financial needs that need to be met."

Quanta pension fund is Brazil's largest self-sponsored pension fund with a total of 46,000 members and BRL 1.5 billion in AuM. It has recorded substantial growth rates both in 2014 (42%) and 2015 (48%). Last year, the number of plan members increased 27%.

In the past eleven years, since the fund's inception, 50% of members that for some reason needed to access their retirement funds did not wish to withdraw all the money, just a part of it. "There was this emblematic case of a member who needed BRL 30,000 for medical treatment, but he had to withdraw all the money from his retirement account, a total of BRL 800,000, which was inevitably taxed. This member was so disappointed that he will never enroll in a private pension plan again", recalls Maidanchen.

Thanks to the new norm, members of "planos instituídos" - which only receive contributions from workers, not from the unions nor the professional associations that have set them up - will now be able to withdraw, once in every two years, up to 20% of retirement funds as long as they have regularly contributed to the plan for at least 36 months (there is no limit for additional contribution withdrawals). It is worth mentioning that funds transferred from other pension schemes fall within the 20% ceiling.

1. 1 BRL = 0.40 USD

Adaptation

At OABPrev-SP the news was met with relief. With assets under management totaling BRL 420 million and an average of 450 new memberships per month, monthly withdrawals amounted to BRL 1 million. "These members would leave the plan and it would take a lot of effort to bring them back", says Martins.

Pension funds will have 180 days to make the necessary amendments to plans' by-laws and inform members about the new option available to them. Communication in key at this point, argue specialists, so as to preserve the achievements of today and keep the pace in coverage increase. With more than 60 "planos instituídos" in operation and nearly BRL 4 billion in assets under management, the segment had a 25% increase in membership last year.

Right dose of flexibility

The requirements established by the regulatory body CNPC are adequate according to pension experts. They allow for more flexibility while the 2-year interval between withdrawals ensure a more harmonious management of funds. "We were able to identify the reasons why members needed access their retirement funds and we found out that financial problems were more common in the first two years of pension contributions. Therefore, imposing a "waiting period" of three years before funds can be first withdrawn was very appropriate", highlights Maidanchen.

The waiting period will help plan members get used to saving. It will also allow some time for the funds to be invested and capitalized, enabling a better understanding of the pension scheme's dynamics before one decides to make any withdrawals.

At Quanta pension fund, withdrawals are preceded by rigorous procedures whereby members have to fill in detailed forms and whenever the account balance is greater than or equal to BRL 100,000, the member receives orientation under the fund's after-sales strategy.

Quanta has been able to reverse 30% of withdrawal decisions, replacing them by loans or contribution holidays. "It is important to talk to the member so that he may reflect upon tax issues, among other aspects, since the tax rate tends to be higher than the costs incurred by the loan", explains Maidanchen.

Now that partial withdrawals have been allowed, Quanta expects to reverse up to 50% of members' decisions to leave the pension plan. ■

With more than 60 "planos instituídos" in operation and nearly BRL 4 billion in assets under management, the segment had a 25% increase in membership last year

Brazil's loss of investment grade, now what?

Tough economic conditions bring challenges and opportunities for pension funds. Experts advise calm and long-term focus

The end of 2015 was marked by bad news for the country's already troubled economic landscape. In a chain reaction, two of the world's most important rating agencies - Standard & Poor's and Fitch - downgraded Brazil's sovereign rating to speculative grade. Later on, in February 2016, it was

The speculative grade rating leads to the outflow of capital from investment funds, resulting in poorer returns for Brazilian pension funds

time for Moody's to do the same. The downgrade directly affects pension funds, putting a break on Brazilian institutional investments overseas.

"What would have happened if the country hadn't lost its investment grade? Brazilian assets would eventually become very cheap in the eyes of foreign investors, leading to a capital influx that, albeit not very significant, would exert an upward pressure on asset value. The downgrade certainly removes or at least postpones this possibility", says Everaldo França, consultant at the firm PPS - Portfólio e Performance.

In the economist's view, one could argue that the downgrade had already been priced into markets. However, there was hope for recovery in face of foreign capital input, which is no longer the case.

According to Augusto Reis, CEO of Faelba pension fund, the drop in investor confidence has immediate effects. "The first effect is the reduction of foreign investors' appetite for Brazilian assets, causing market contraction, which is bad for companies, investors and the market itself."

He points out that the loss of the investment grade also leads to the outflow of capital from investment funds, resulting in poorer returns for pension funds since assets tend to lose their value due to this outward movement of financial resources.

Two large groups

In order to have a better understanding of the impact of the new rating, one needs to know the rationale behind it. Credit rating agencies organize ratings in two large groups: a low risk group - known as investment grade - and a higher risk group called speculative grade. The first group comprises the so-called "reliable payers". Because confidence levels are lower in the second group, investors normally demand a higher risk premium from debt issuers.

Many pension funds require an investment grade from two different rating agencies before buying debt securities. Therefore, Brazil's downgrade may result in capital flight and appreciation of the US dollar against the real (local currency), not to mention that it will likely make borrowing more expensive.

Nonetheless, Brazil still garners a lot of attention from large pension and sovereign funds worldwide.

Everaldo França says that when he speaks to foreign audiences he is frequently asked what would be the best time to buy Brazilian assets. Remarks that the country is "too big to be set aside by investors" are also common. "Investors are still waiting for the most appropriate moment to enter the market. They fear an asset price reversal right after they make the investment and there are doubts about the exchange rate despite the strong depreciation of the local currency thus far."

Interest rates

Alongside the downgrade, the country experiences a strong reversion of the downward movement of the benchmark interest rate (Selic), presently at 14.25%, which makes public bonds and Selic-linked securities particularly attractive to asset owners. "When interest rates are this high, very few investors turn their eyes to alternatives or other riskier assets. The outlook for the stock exchange is still grim, with no light at the end of the tunnel. In order to successfully invest in shares at the moment, one needs to take a rather bold approach via highly qualified asset managers, which is hard", says França.

The economist expects the government to make adjustments in the country's economic policy, since it is imperative to curb government spending. Without any action, the debt-to-GDP ratio will continue to rise, and Brazil will face "a perfect storm": a flight from treasury bonds, something that would leave institutional investors "very worried".

For this reason, claims Augusto Reis, portfolio diversification should be sought at all times. "But one needs to be cautious by keeping track of interest rates movements", he adds. In the end of 2015, the Central Bank's Monetary Policy Committee had hinted that there would still be some leeway for further increases in interest rates. Therefore, pension funds should stay alert. "If interest rates do go up, Selic-linked bonds will become even more attractive."

Inflation

Pension funds must also deal with a familiar old foe: inflation, something that Everaldo França likes to call "an indirect default instrument". Formally, Brazil has never defaulted on its domestic debt, but inflation has always eroded investors' nominal gains. "If domestic debt - supposing it reaches extreme levels - was trimmed

Brazil still garners a lot of attention from large pension and sovereign funds worldwide. According to investors, the country is "too big to be set aside"

The bright side of the economic crisis is that pension managers are being forced out of their comfort zone, leading to new investment opportunities

via inflation, I believe pension funds would be spared because their investments are tax-exempt."

Those who pay tax on investment income do so on inflation as well, a practice the economist classifies as "forfeiture". Income tax is levied on nominal returns. Therefore, there is a limit after which real returns are null or even negative even if bonds' interest rates are high, he explains.

"It is undeniable that the population as a whole (except pension funds) may be subject to a 'disguised default' by means of increased inflation." According to França, the country's current account deficit has to be dealt with; otherwise no one can predict how far debt levels would go. "I see very serious problems ahead. That is why I keep telling my clients to look to overseas markets as protection. Too bad the regulation sets forth a very low limit for pension funds' foreign investments."

The bright side of the economic crisis is that pension managers are being forced out of their comfort zone, leading to new investment opportunities. "A crisis is also a learning opportunity. We are going through a very delicate period of economic deterioration, fiscal deficit, high inflation and interest rates, among other factors. We must keep calm", says Augusto Reis, CEO of Faelba pension fund.

He argues that as long-term investors, pension funds should not make any hasty moves in such a troubled context. Instead, attention should be given to the opportunities brought by the present situation. For pension funds, high interest rates are a good opportunity to maximize returns. Conversely, such rates may hurt economic growth.

"It is undesirable to have an inflation rate above 10%. Besides eroding people's purchase power, it demands very high returns from pension funds", adds Reis. After all, one must bear in mind that funding targets are determined with basis on inflation and real returns. Therefore, if inflation is high, it will be harder to meet the target.

When navigating in the fog, illustrates the CEO, a good sailor goes slowly, steering cautiously so as to keep the boat under control. "Pension fund managers and investment teams need to be extra careful because the conditions are not favorable. We have been through hard times before and this is just another difficult period. Prudence and caution have never harmed anyone." ■

Private pension matters under debate

A survey commissioned by Abrapp reveals that the alarming lack of private pension knowledge amongst employers, unions and workers has undermined the growth of the industry

Raising awareness of the operation and importance of pension funds is paramount for the growth of the industry. Such need has been highlighted by a survey commissioned by Abrapp and conducted by TNS Global covering 303 companies and 122 labor unions around the country. The study suggests that the adverse economic scenario has hampered new investments and negatively impacted long term financial planning. The lack of knowledge about the

Despite concerns about the sustainability of the public system, only 18% of companies and 14% of labor unions surveyed currently offer some kind of private pension plan

products and mechanisms available in the private pension segment also brings significant challenges. The survey included businesses belonging to the industry, commerce and service sectors with annual revenues ranging from USD 25 million to USD 62.5 million (64% of the sample) and USD 62.5 million to USD 125 million (36%) .

The good news is that there is strong demand for a more in-depth debate on pension issues. "The respondents are very much aware that the public pay-as-you-go system will not be able to meet the financial needs of Brazilian workers at retirement, so they are interested in learning more about private pensions", says Rupak Patitunda, Research Manager at TNS Global. Along with the belief that "short-termism is a cultural characteristic of the Brazilian people", the study also showed that companies and unions look forward to discussing pension issues further. "Given the importance and urgency of the matter, maybe the time is ripe for taking advantage of another striking feature of Brazilian population, which is their ability to handle difficult situations."

Off the radar

The research indicates that private pension plans are definitely not a priority for businesses and labor unions. Only 18% of the surveyed companies and 14% of unions currently offer some kind of private benefit plan; 6% of the companies and 3% of unions consider it to be among their present demands and 13% of companies and 18% of unions claim that the issue will be discussed in the future (3-year timeframe).

In total, 63% of the surveyed companies and 65% of labor unions do not fall into either of the three abovementioned categories, which means that a high percentage of respondents do not offer private pension plans to their employees/members nor have the intention to discuss the possibility in the near future. "Private pension plans come in last as far as fringe benefits are concerned. It is practically off the radar of most organizations", highlights Rupak Patitunda.

Besides the economic and financial crisis, one must take into consideration that Brazilian workers tend to have a shortsighted view when it comes to labor benefits, thus favoring bonus payments, child and health care, life insurance and food and transportation vouchers instead of private pension plans.

From the organizations' standpoint, there are quite a few reasons that justify the low level of interest in private pension plans: implementation and management costs, governance issues, limited knowledge of pension products, absence of tax incentives and little consideration on the part of employees and union members.

Limited knowledge

Developing the pension fund industry becomes even more challenging as companies and workers alike seem to be more familiar with personal (open) plans - sold by banks/insurance companies and available to anyone. According to Rupak Patitunda, “the survey shows that respondents are more acquainted with ‘open’ plans, so they tend to be more supportive of such products since people favor what they already know”. There is a widespread perception that workplace (closed) pension plans are more bureaucratic, riskier, harder to implement and, therefore, costly.

However, pension funds seem to be better known amid labor unions. In such context, there is much concern about impending risks and benefit plans are still associated with corruption due to past experiences. Survey respondents also cite the need for stricter audits and internal controls as a negative factor, whereas, as far as personal (open) plans are concerned, “the ultimate responsibility lies with banks/insurance companies”.

The study showed that 84% of benefit plans offered by companies are managed by banks and insurance companies and only 16% by pension funds. But when it comes to labor unions, the figures are more balanced: out of the 17 unions that offer pension plans, 9 do so via banks and insurers and 8 through pension funds.

“Companies and labor unions see private pension plans as a perk for highly paid and skilled workers, which is not necessarily a correct standpoint, but this is how these plans are perceived in Brazil”, says Rupak. Nevertheless, there are growing opportunities for the Brazilian pension fund industry given the strong perception that the public system may not be able to provide an adequate safety net for future retirees.

At first, employers view private pension plans as a tool for attracting and retaining talents, but they are also aware of the need to offer such plans in face of the rather grim outlook for the country’s social security system if reforms are not implemented. On the other hand, Rupak points out, despite the need and desire to establish pension plans, companies claim to be under a lot of financial pressure due to labor costs, thus being unable to make new investments. Because of the economic crisis, organizations have taken a defensive position and cutting costs has become one of their top

In Brazil, there is a widespread perception that workplace pension plans are bureaucratic, riskier, harder to implement and, therefore, more costly priorities. However, evidence suggests that as soon as the willingness to invest returns, there will be new growth opportunities for the private pension segment.

The research also shows a lack of interest in the subject among workers. In this respect, companies and labor unions underscore the urgency in achieving higher levels of financial education. "Raising awareness of the need for pension savings as a way to guard oneself against futures mishaps is directly associated with other issue that was repeatedly mentioned by the surveyed organizations: Brazilians' propensity to short-termism", says Patitunda.

According to the interviewees, Brazilians do not plan ahead because they have not been "trained" to do so. In the long run, this cultural trait will bring negative financial consequences both on individual and social levels. "It is clear that the problem tends to aggravate with population ageing, exerting a strong pressure on the social security system." Nowadays, people believe that having a job is good enough. Fringe benefits such as food and transportation vouchers and child and health care are viewed as priorities.

Attitude

The researchers asked companies and labor unions to agree or disagree with a series of statements in order to assess their attitude towards the provision of private pension plans. 9% of companies and 15% of labor unions consider benefit plans managed by pension funds more advantageous than those operated by banks and insurance companies.

Among companies, the three statements with the highest level of agreement were:

- "The government should put more effort into boosting open, personal pension plans" (61%)
- "Corruption is the social security system's main problem" (57%)
- "The government should put more effort into boosting pension plans operated by pension funds" (51%)

The same set of statements was presented to labor union representatives, but the order in which they appear was different. The item most agreed upon was "Employees and workers are increasingly worried about retirement issues" (74%), followed by "Corruption is the social security system's main problem" (66%) and "The corruption problem also affects the private pension industry" (63%).

Motivating factors

When asked to identify the factors that could lead to the provision of private pension plans operated by pension funds, companies and labor unions were very straightforward. 18% of the companies declared that nothing could motivate them to do so, while 13% claimed they did not know the answer to the question. Among labor unions, 25% said nothing would motivate them and 8% did not know how to respond.

Regarding companies that consider the possibility of establishing a private pension plan, 10% claim they would do so because of tax incentives; 6% mentioned workers' interest and

“The economic turmoil of the 1980s and 1990s has compromised Brazilians’ long term view. This ‘bomb’ tends to go off affecting the social protection system as a whole”

the improvement of the economic landscape and 5% cited low monthly costs, recruitment policies and greater knowledge of the industry (tools, *modus operandi* and more in-depth studies) as main factors.

As far as labor unions are concerned, the top three motivating factors were: greater knowledge of the industry (tools, *modus operandi* and more in-depth studies) - 13%; reliable, risk-free pension entity (9%); and low monthly costs (7%).

Appetite for knowledge

Raising awareness of the private pension system - and pension funds, in particular - among sponsors and employees will pay off in the medium and long terms according to Rupak Patitunda. “If workers do not value the benefit plan, it becomes meaningless for the employer.”

Human Resources teams argue that such negative perspective may be partly attributed to the lack of employee motivation and past negative experiences that involved, for instance, the discontinuation of pension benefits. Against this backdrop, education is a key requirement for fighting short-termism and the limited knowledge on pension plans. “The economic turmoil of the 1980s and 1990s has compromised Brazilians’ financial education levels and their long term view. This ‘bomb’ tends to go off affecting the social protection system as a whole.”

Product simplification is a very important aspect especially among labor unions, whereas automatic enrollment, as shown by the survey, still faces resistance from employers. “Companies are likely to view the mechanism as an additional burden.”

In practice, says the research manager, employers tend to think that pensions are not their problem. They will only do something about it if there are good tax incentives in place. “In such context, one has to bear in mind that education alone will not suffice. It is important to look for short term solutions like tax incentives and the design of new products to boost the industry when the appetite for investments returns.”

In the final section of the survey respondents were allowed to express themselves freely, with the majority identifying the need for further debate and information on the subject. One of the suggestions given was: “The issue of private pensions should be more widely discussed and explained by the media. As a result, we would have clearer information and a better understanding of the industry’s *modus operandi* so that we may reflect upon the provision of pension benefits in the future”. ■

ABRAPP

Statistical Data

HIGHLIGHTS - MARCH 2016

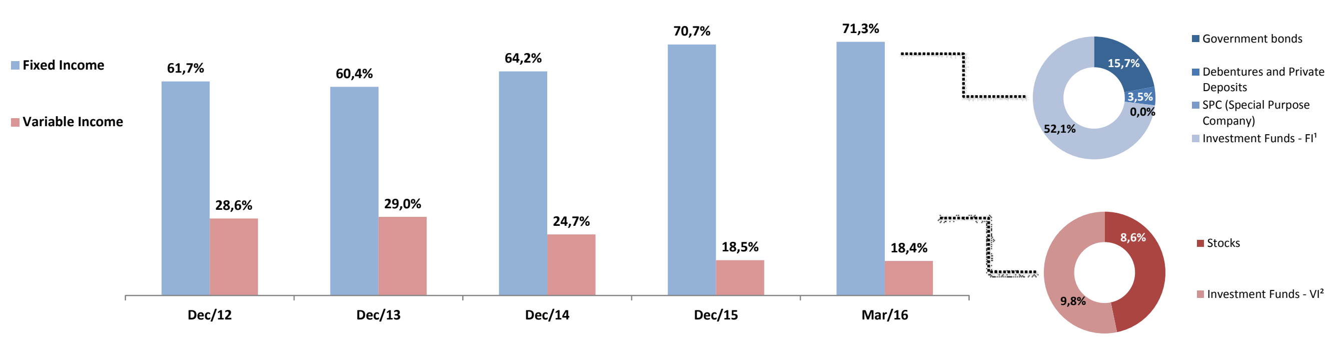
In March, pension fund aggregate portfolio return was 3,07%, above the 0,98% Parameter Interest Rate (TJP) of the month. Quarterly results (January through March 2016) have recovered, reaching 5,24%. In the same period, accumulated TJP was 4,58%. Pension funds' total assets to GDP ratio is presently at 12,6%, a 0,4% increase in relation to December 2015. The variable income segment generated the best results in the month (7,68%), whereas the fixed income segment, the largest share of pension funds' portfolios returned 2,17%.

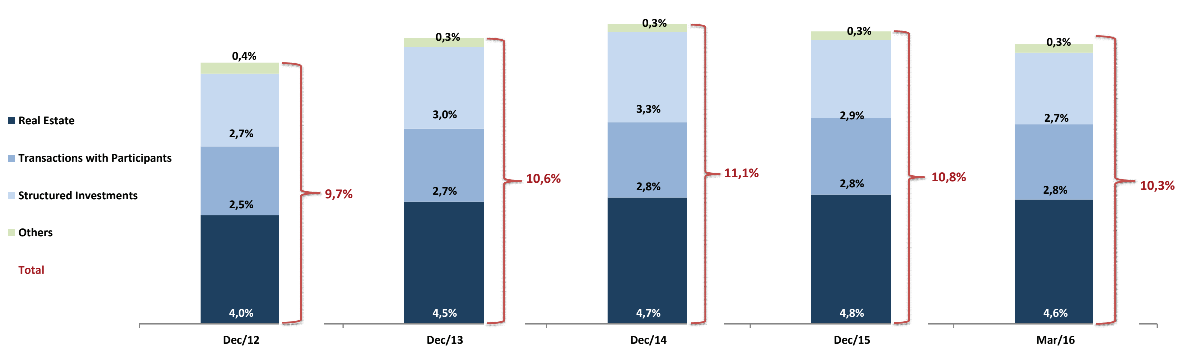
I. AGGREGATED PORTFOLIO BY TYPE OF INVESTMENT (in BRL million)

Asset classes	Dec/09	%	Dec/10	%	Dec/11	%	Dec/12	%	Dec/13	%	Dec/14	%	Dec/15	%	Mar/16	%
Fixed Income	**291.627**	**59,3%**	**321.954**	**59,8%**	**349.957**	**61,0%**	**396.046**	**61,7%**	**386.773**	**60,4%**	**431.140**	**64,2%**	**483.907**	**70,7%**	**506.894**	**71,3%**
Government bonds	86.749	17,6%	91.922	17,1%	90.442	15,8%	98.639	15,4%	67.446	10,5%	83.351	12,4%	105.949	15,5%	111.760	15,7%
Debentures and Private Deposits	14.862	3,0%	24.211	4,5%	27.508	4,8%	32.619	5,1%	26.672	4,2%	27.099	4,0%	24.473	3,6%	24.792	3,5%
SPC (Special Purpose Company)			119	0,0%	193	0,0%	213	0,0%	186	0,0%	160	0,0%	142	0,0%	144	0,0%
Investment Funds - FI[1]	190.016	38,6%	205.703	38,2%	231.814	40,4%	264.575	41,2%	292.469	45,7%	320.530	47,7%	353.344	51,6%	370.199	52,1%
Variable Income	**163.753**	**33,3%**	**174.902**	**32,5%**	**172.420**	**30,1%**	**183.621**	**28,6%**	**185.755**	**29,0%**	**166.267**	**24,7%**	**126.869**	**18,5%**	**130.514**	**18,4%**
Stocks	82.800	16,8%	88.251	16,4%	80.407	14,0%	89.404	13,9%	84.213	13,2%	77.026	11,5%	58.445	8,5%	60.984	8,6%
Investment Funds - VI[2]	80.952	16,4%	86.651	16,1%	92.013	16,0%	94.217	14,7%	101.542	15,9%	89.241	13,3%	68.425	10,0%	69.530	9,8%
Structured Investments	**NA**		**10.634**	**2,0%**	**13.347**	**2,3%**	**17.282**	**2,7%**	**19.355**	**3,0%**	**22.467**	**3,3%**	**19.706**	**2,9%**	**18.858**	**2,7%**
Emerging Companies			241	0,0%	360	0,1%	359	0,1%	346	0,1%	304	0,0%	258	0,0%	255	0,0%
Private Equity			9.466	1,8%	11.875	2,1%	15.016	2,3%	16.819	2,6%	19.546	2,9%	17.422	2,5%	16.705	2,3%
Real State Fund[3]			927	0,2%	1.112	0,2%	1.908	0,3%	2.191	0,3%	2.617	0,4%	2.026	0,3%	1.897	0,3%
Real Estate	**14.652**	**3,0%**	**16.197**	**3,0%**	**20.685**	**3,6%**	**25.811**	**4,0%**	**28.988**	**4,5%**	**31.450**	**4,7%**	**32.798**	**4,8%**	**32.732**	**4,6%**
Transactions with Participants	**11.909**	**2,4%**	**13.412**	**2,5%**	**14.909**	**2,6%**	**16.352**	**2,5%**	**17.291**	**2,7%**	**18.705**	**2,8%**	**19.423**	**2,8%**	**19.783**	**2,8%**
Loans to participants	9.872	2,0%	11.468	2,1%	12.995	2,3%	14.593	2,3%	15.685	2,4%	17.217	2,6%	17.950	2,6%	18.300	2,6%
Mortgage Loans	2.037	0,4%	1.944	0,4%	1.914	0,3%	1.760	0,3%	1.606	0,3%	1.488	0,2%	1.473	0,2%	1.483	0,2%
Others[4]	**10.192**	**2,1%**	**1.317**	**0,2%**	**2.411**	**0,4%**	**2.613**	**0,4%**	**2.165**	**0,3%**	**1.901**	**0,3%**	**2.213**	**0,3%**	**2.214**	**0,3%**
Total	**492.134**	**100,0%**	**538.417**	**100,0%**	**573.729**	**100,0%**	**641.725**	**100,0%**	**640.328**	**100,0%**	**672.054**	**100,0%**	**684.916**	**100,0%**	**710.995**	**100,0%**

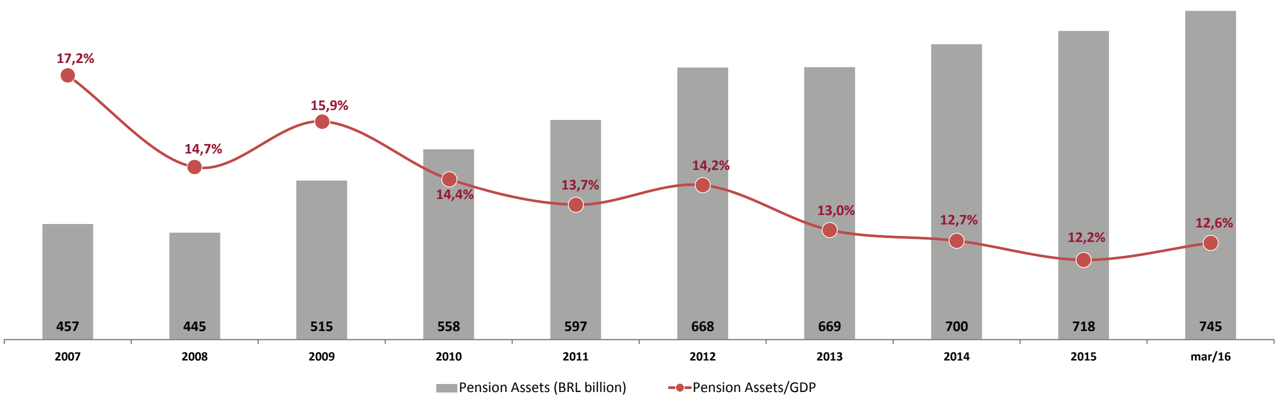
Notes: [1] Includes Short Term, Denominated, Fixed Income, Multimarket, Exchange Rate and Receivables Investment Funds ; [2] Includes Stocks and Market Indexes; [3] Until 2009 refer to Real Estate segment; [4] Includes External Debt, Stocks - Foreign Listed Companies, Other Receivables, Derivatives, Others.

II. PENSION FUND ASSET EVOLUTION BY TYPE OF INVESTMENT





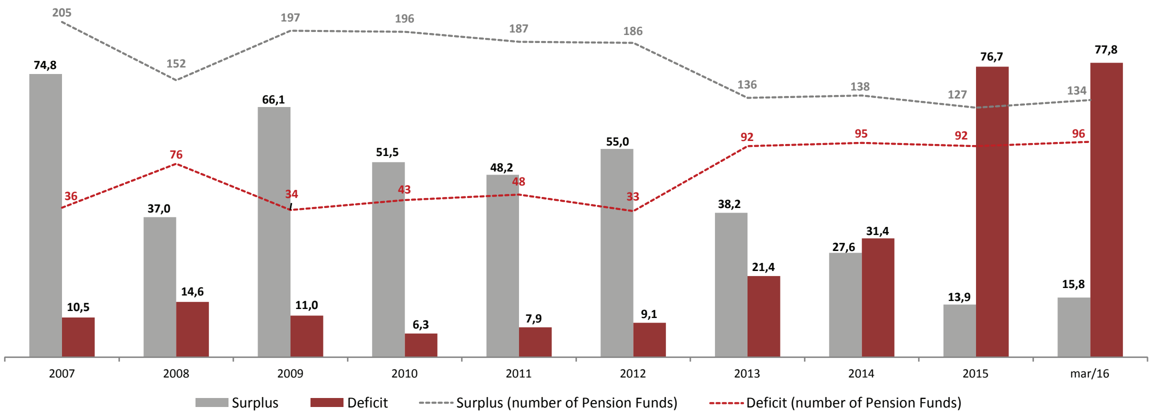
III. PENSION FUND ASSET* EVOLUTION *VERSUS* GDP



Source: IBGE/ABRAPP
Includes available assets, receivables and permanent assets
GDP refers to the first, second, third and fourth quarters of 2015
* Estimated value

IV. EVOLUTION OF PRIVATE PENSION DEFICITS AND SURPLUSES

(in BRL billion)



V. REGIONAL COMPARATIVE DATA

Regional*	Number of Pension Funds**	%	Investments (BRL millions)	%	Active Members	%	Dependents	%	Beneficiaries	%
Center-North	38	12,4%	115.723	16,3%	465.758	18,3%	883.247	22,6%	118.705	16,1%
East	17	5,5%	29.728	4,2%	93.432	3,7%	131.473	3,4%	47.481	6,5%
Norheast	25	8,1%	19.869	2,8%	33.257	1,3%	91.903	2,4%	34.353	4,7%
Southeast	57	18,6%	329.059	46,3%	538.630	21,2%	1.332.738	34,1%	304.984	41,5%
Southwest	118	38,4%	167.927	23,6%	1.133.953	44,6%	1.081.976	27,7%	171.261	23,3%
South	52	16,9%	48.689	6,8%	277.025	10,9%	386.712	9,9%	58.785	8,0%
Total	**307**	**100,0%**	**710.995**	**100,0%**	**2.542.055**	**100,0%**	**3.908.049**	**100,0%**	**735.569**	**100,0%**

* Regional Composition: Center-North - states RO, AM, RR, AP, GO, DF, AC, MA, MT, MS, PA, PI and TO. East - MG. Northeast - AL, BA, CE, PB, PE, RN e SE. Southeast - RJ e ES. Southwest - SP. South - PR, SC e RS.
** Source: PREVIC Quarterly Statistics - dec/15

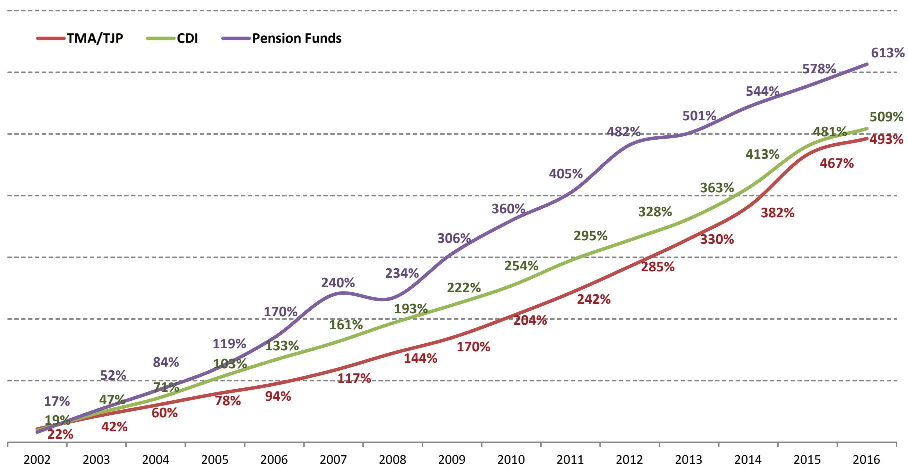
VI. COMPARATIVE DATA BY TYPE OF SPONSOR

Sponsorship	Number of Pension Funds*	%	Investments (BRL millions)	%	Active Members	%	Dependents	%	Beneficiaries	%
Industry/Professional Funds**	20	6,5%	4.777	0,7%	190.774	7,5%	296.517	7,6%	1.221	0,2%
Private	201	65,5%	274.281	38,6%	1.554.856	61,2%	1.893.354	48,4%	315.424	42,9%
Public	86	28,0%	431.937	60,8%	796.425	31,3%	1.718.178	44,0%	418.924	57,0%
Total	**307**	**100,0%**	**710.995**	**100,0%**	**2.542.055**	**100,0%**	**3.908.049**	**100,0%**	**735.569**	**100,0%**

* Source: PREVIC Quarterly Statistics- dec/15
** Investment and population data also refer to other industry/professional pension plans managed by multi-sponsored funds

VII. RETURNS

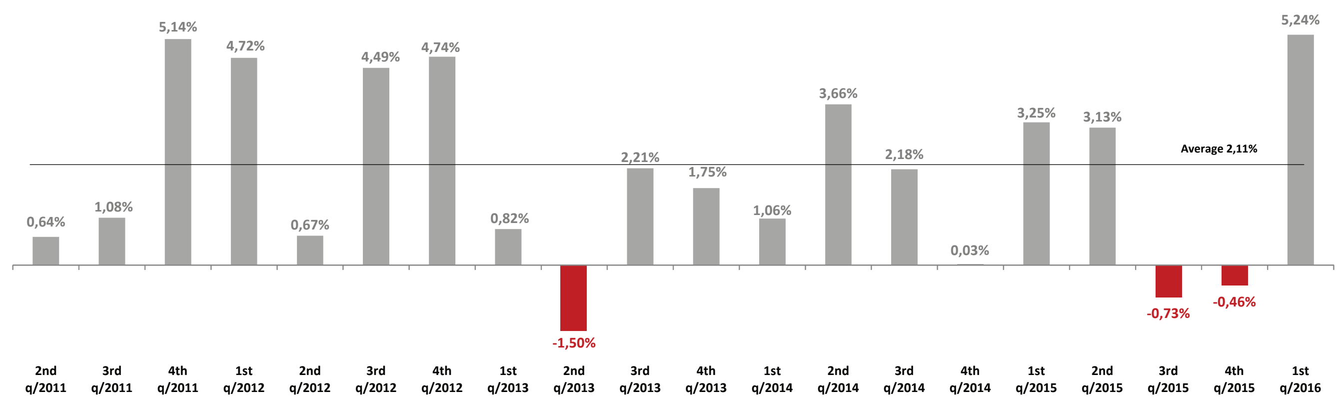
Period	TMA/TJP(1)	CDI(2)	Ibovespa(3)	Pension Funds*
2002	21,62%	19,09%	-17,00%	16,60%
2003	17,01%	23,26%	97,34%	30,01%
2004	12,50%	16,16%	17,82%	21,07%
2005	11,35%	19,00%	27,73%	19,05%
2006	8,98%	15,03%	32,93%	23,45%
2007	11,47%	11,87%	43,65%	25,88%
2008	12,87%	12,38%	-41,22%	-1,62%
2009	10,36%	9,88%	82,66%	21,50%
2010	12,85%	9,77%	1,04%	13,26%
2011	12,44%	11,58%	-18,11%	9,80%
2012	12,57%	8,40%	7,40%	15,37%
2013	11,63%	8,06%	-15,50%	3,28%
2014	12,07%	10,82%	-2,91%	7,07%
2015	17,55%	13,26%	-13,31%	5,22%
mar/16	0,98%	2,08%	16,97%	3,07%
2016	4,58%	4,85%	15,47%	5,24%
Accumulated	**492,65%**	**508,73%**	**268,82%**	**613,13%**
Accumulated per year	**13,30%**	**13,51%**	**9,59%**	**14,78%**



(1) TMA -> Maximum Actuarial Rate (until dec/14) according to CNPC Resolution n.9 from 11/29/2012.
TJP -> Parameter Interest Rate (CPI + upper limit of 5.65 % pa considering a duration of 10 years - according to IN No. 19/2014 and Decree No. 197 from 04.14.2015 PREVIC until dec/15)
(CPI + upper limit of 6.59 % pa considering a duration of 10 years - according to Decree No. 186 from 28.04.2016 PREVIC)
(2) CDI -> Interbank Deposit Rate
(3) Ibovespa -> Stock Index
*Estimated

Source: ABRAPP / BACEN / IPEADATA

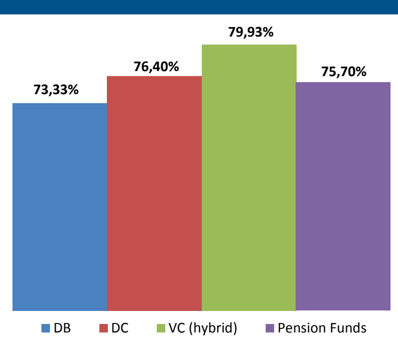
VIII. PENSION FUND QUARTERLY RESULTS - AGGREGATE



IX. AGGREGATE PORTFOLIO ALLOCATION BY PLAN TYPE

Segment	Defined Benefit			Defined Contribution			Variable Contriibution		
	BRL millions	% Modality	% Segment	BRL millions	% Modality	% Segment	BRL millions	% Modality	% Segment
Fixed Income	299.599	63,6%	60,5%	69.742	91,9%	14,1%	125.772	82,9%	25,4%
Variable Income	113.066	24,0%	86,9%	4.091	5,4%	3,1%	12.964	8,5%	10,0%
Structured Investments	14.457	3,1%	76,9%	562	0,7%	3,0%	3.792	2,5%	20,2%
Real Estate	28.976	6,2%	88,8%	417	0,5%	1,3%	3.233	2,1%	9,9%
Transactions with Participants	13.579	2,9%	68,6%	820	1,1%	4,1%	5.384	3,5%	27,2%
Others	1.462	0,3%	63,4%	272	0,4%	11,8%	572	0,4%	24,8%
Total	**471.138**	**100,0%**	**67,4%**	**75.904**	**100,0%**	**10,9%**	**151.718**	**100,0%**	**21,7%**

X. ESTIMATED RETURN BY PLAN TYPE

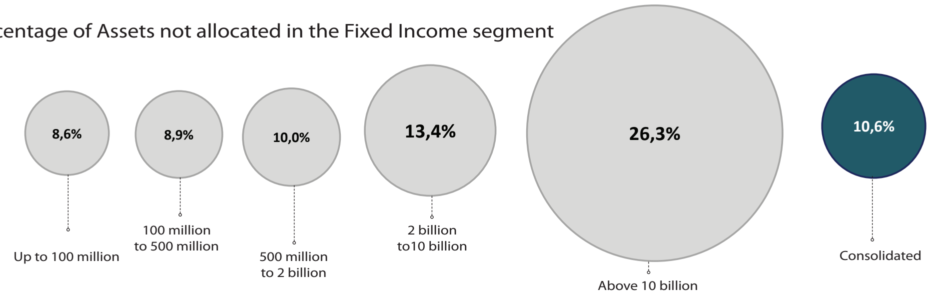


Period	Defined Benefit	Defined Contribution	Variable Contriibution	Pension Funds
2010	13,79%	9,76%	11,67%	13,26%
2011	10,04%	8,62%	9,96%	9,80%
2012	15,38%	14,90%	15,56%	15,37%
2013	3,96%	0,66%	1,52%	3,28%
2014	6,15%	10,22%	8,78%	7,07%
2015	3,15%	10,69%	9,32%	5,22%
mar/16	3,46%	2,26%	2,41%	3,07%
2016	5,40%	4,84%	5,03%	5,24%
Accumulated	**73,33%**	**76,40%**	**79,93%**	**75,70%**

XI. AVERAGE ALLOCATION (ARITHMETIC)BY TOTAL ASSETS UNDER MANAGEMENT

TOTAL ASSETS (in BRL)	Number of Pension Funds	Fixed Income	Variable Income	Structured Investments	Real Estate	Transactions with Participants	Others
Up to 100 million	36	91,4%	3,1%	0,2%	2,0%	0,4%	2,9%
100 million to 500 million	89	91,1%	4,8%	0,5%	1,8%	1,0%	0,8%
500 million to 2 billion	76	90,0%	4,3%	1,2%	2,1%	1,6%	0,8%
2 billion to 10 billion	45	86,6%	6,3%	2,5%	2,8%	1,4%	0,5%
Above 10 billion	9	73,7%	14,4%	3,0%	5,6%	3,1%	0,2%
Consolidated	255	89,4%	5,0%	1,1%	2,2%	1,2%	1,0%

Percentage of Assets not allocated in the Fixed Income segment



XII. TOP 15 LARGEST PENSION PLANS*

DEFINED BENEFIT

	Plan	Pension Fund	Investments (BRL thousand)	Active Members	Beneficiaries
1	PB1	PREVI	152.111.598	23.981	92.122
2	PLANO PETROS DO SIST. PETROBRÁS	PETROS	49.600.806	23.329	54.613
3	REG/REPLAN	FUNCEF	45.284.942	28.823	34.887
4	PLANO BD	REAL GRANDEZA	12.147.036	1.709	8.297
5	PLANO BD	VALIA	11.179.356	12	17.012
6	PBS-A	SISTEL	10.186.183	0	23.730
7	PBB	FAPES	9.121.142	3.103	2.088
8	PSAP/ELETROPAULO	FUNCESP	7.960.762	4.548	12.469
9	PLANO DE APOS. COMPLEMENTAR	ITAUBANCO	6.983.842	4.126	4.262
10	PBB	CENTRUS	5.924.188	0	1.450
11	PLANO A - PLANO SALD. BENEF.	FORLUZ	5.731.536	615	11.045
12	PLANOS I E II	FUND. COPEL	5.200.163	46	4.581
13	PSAP/CESP B1	FUNCESP	4.803.241	910	5.451
14	PLANO FUNBEP I	FUNBEP	4.103.277	1.177	5.284
15	PB1	PREV. USIMINAS	4.071.035	8	9.428

DEFINED CONTRIBUTION

	Plan	Pension Fund	Investments (BRL thousand)	Active Members	Beneficiaries
1	PLANO ITAUBANCO CD	ITAUBANCO	9.002.491	17.870	3.367
2	IBM - CD	FUNDAÇÃO IBM	3.358.022	12.486	851
3	VISÃO TELEFÔNICA	VISÃO PREV	3.119.245	6.055	4.259
4	PLANO CD GERDAU	GERDAU	2.786.205	19.698	1.498
5	PLANO DE APOS.SANTANDERPREVI	SANTANDERPREVI	2.734.744	41.550	826
6	CEEEPREV	ELETROCEEE	2.459.058	3.793	2.711
7	PLANO	ODEPREV	2.452.762	18.499	151
8	PAI-CD	FUNDAÇÃO ITAÚSA	2.120.115	9.138	387
9	1-B	PREVINORTE	2.066.523	3.110	611
10	EMBRAER PREV	EMBRAER PREV	1.954.749	17.074	430
11	PLANO DE APOSENTADORIA	UNILEVERPREV	1.840.451	14.068	614
12	PRECAVER	QUANTA - PREVIDÊNCIA	1.500.967	39.557	48
13	CD ELETROBRÁS	ELETROS	1.430.217	1.302	408
14	VOTORANTIM PREV	FUNSEJEM	1.350.386	29.365	777
15	PLANO SUPLEMENTAR CITIBANK	CITIPREVI	1.072.030	4.211	346

VARIABLE CONTRIBUTION

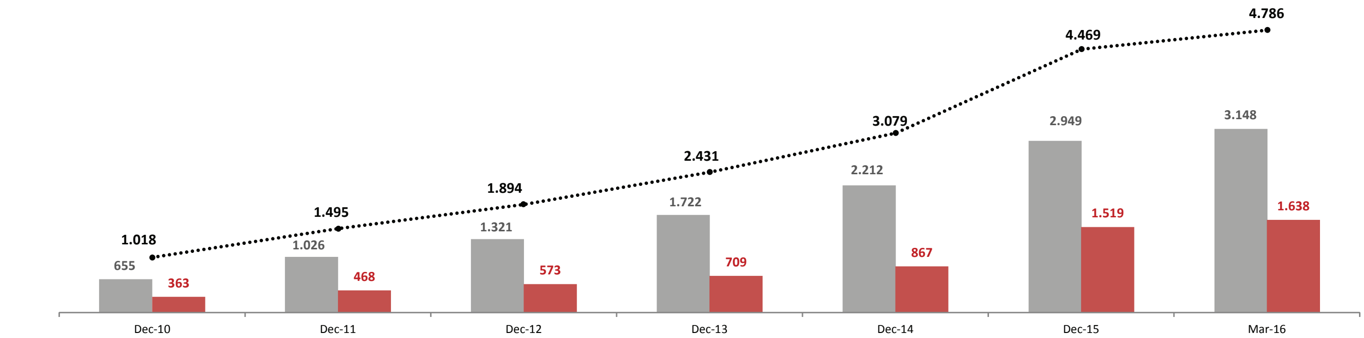
	Plan	Pension Fund	Investments (BRL thousand)	Active Members	Beneficiaries
1	PLANO PETROS 2	PETROS	12.277.756	48.383	3.290
2	NOVO PLANO	FUNCEF	9.643.563	89.127	3.900
3	B	FORLUZ	8.012.817	8.338	4.612
4	PB2	PREVI	7.448.162	74.342	796
5	PLANO VALE MAIS	VALIA	6.388.565	65.190	4.427
6	TELEMARPREV	FATLÂNTICO	4.410.468	12.068	7.260
7	PPCPFL	FUNCESP	4.291.509	3.235	6.359
8	PCV I	TELOS	3.948.581	6.690	3.313
9	PLANO DE APOSENTADORIA	PREVI-GM	3.517.690	23.275	3.029
10	PLANO III	FUND. COPEL	3.127.399	10.032	3.378
11	PS-II	SERPROS	3.032.708	8.056	461
12	PACV	INFRAPREV	2.927.453	11.432	2.742
13	TCSPREV	FATLÂNTICO	2.389.857	1.314	1.757
14	MISTO	CELOS	2.335.841	3.730	2.520
15	PLANO MISTO	CBS PREV.	2.311.268	14.605	1.766

INDUSTRY/PROFESSIONAL FUNDS

	Plan	Pension Fund	Investments (BRL thousand)	Active Members	Beneficiaries
1	PRECAVER	QUANTA - PREVIDÊNCIA	1.500.967	39.557	48
2	UNIMED-BH	UNI+PREV MULTIP.	551.271	5.120	9
3	ANAPARPREV	PETROS	465.108	2.971	392
4	OABPREV-SP	OABPREV-SP	443.973	35.224	94
5	SICOOB MULTI INSTITUÍDO	SICOOB PREVI	282.557	38.403	12
6	PBPA	OABPREV-PR	201.479	12.032	51
7	RJPREV	OABPREV-RJ	139.832	4.926	136
8	PLANO ACRICEL DE APOSENT.	HSBC INSTITUIDOR	132.452	61	148
9	PBPA	OABPREV-MG	119.362	7.775	28
10	PBPA	OABPREV-SC	111.353	6.621	53
11	PLANO II	MÚTUOPREV	75.473	nd	nd
12	ADV-PREV	OABPREV-GO	65.189	4.913	23
13	COOPERADO	UNI+PREV MULTIP.	60.879	1.167	1
14	PBPA	OABPREV-RS	56.228	5.134	30
15	TECNOPREV	BB PREVIDÊNCIA	54.782	3.614	3

* Investments as of Mar/16 and Population as of Dec/14.

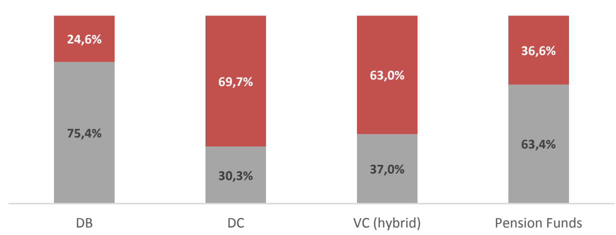
XIII. INDUSTRY/PROFESSIONAL PENSION FUNDS ASSET EVOLUTION*



Includes available assets, receivables and permanent assets
* In BRL millions

XIV. LIABILITIES

Percentage values of Mathematical Reserves



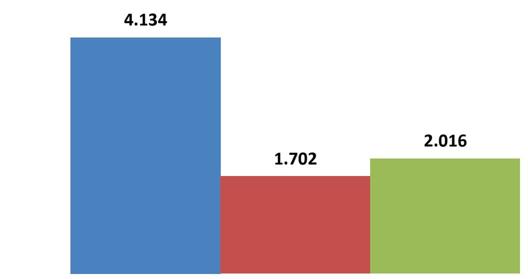
Percentage of Pension Funds and Pension Plans
% of Mathematical Reserves committed to Present Benefit Obligations

Type	Number of Plan	Up to 25%	25% to 50%	50% to 75%	75% to 100%
DB	263	5,3%	14,8%	23,2%	56,7%
DC	352	76,4%	14,8%	5,7%	3,1%
VC (hybrid)	301	46,2%	31,6%	16,6%	5,6%
Pension Funds	250	25,2%	33,6%	26,8%	14,4%

XV. BENEFIT STATEMENT

Type of Benefit	Total amount[1] (in BRL thousand)	Average Monthly Benefit Values[2] (in BRL)
Programmed Retirement	26.536.611	4.134
Disability pensions	1.192.263	1.702
Pensions	3.954.310	2.016

Note: The amount of benefits paid , while also considering the Continuous Cash aid , annuities and other benefits of Continuous Cash was in BRL 33.5 billion.

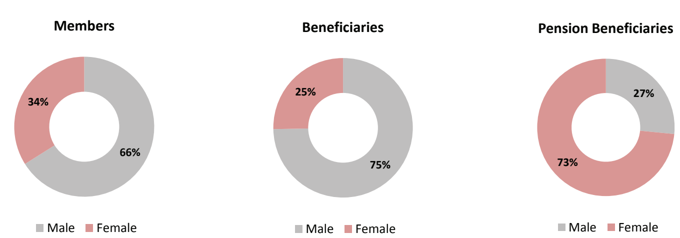


[1] Accumulated as of Dec 2014.
[2] Accumulated average until Dec 2014 (in BRL).

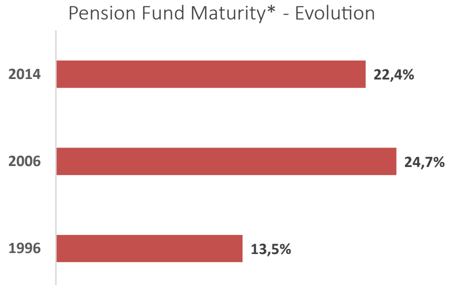
XVI. POPULATION STATISTICS*

AGE	Members		Beneficiaries		Pension Beneficiaries	
	Male	Female	Male	Female	Male	Female
Up to 24	5,9%	3,7%	0,1%	0,1%	3,2%	3,3%
25 to 34	20,4%	11,8%	0,1%	0,1%	1,1%	1,8%
35 to 54	31,9%	14,4%	10,0%	3,8%	5,0%	13,0%
55 to 64	5,8%	2,6%	30,2%	13,7%	5,0%	18,0%
65 to 74	1,3%	0,9%	23,5%	5,5%	5,5%	19,2%
75 to 84	0,5%	0,4%	8,9%	1,6%	4,7%	13,1%
Over 85	0,2%	0,1%	1,8%	0,4%	2,0%	5,1%
Total	66,1%	33,9%	74,7%	25,3%	26,5%	73,5%

*Data from 2014 / Sample of 246 pension funds and more than 3,2 million people

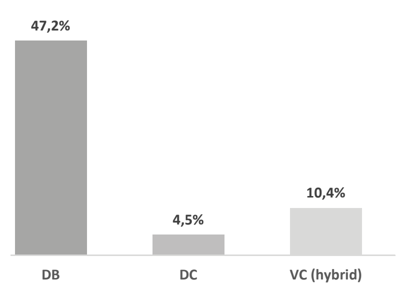


Pension Fund Maturity* - Evolution



*Number of benefit (retirees and pension beneficiaries) divided by the sum of active and retired members

Maturity Level by Plan Type



Percentage of Pension Funds and Plans according to Maturity

Type	Number of Pension Funds/ Plan	Up to 25%	25% to 50%	50% to 75%	75% to 100%
DB	288	23%	11%	19%	46%
DC	360	91%	7%	1%	1%
VC (hybrid)	313	84%	10%	3%	3%
Pension Funds	266	62%	20%	11%	7%

XVII. PENSION FUND RANKING

	PENSION FUNDS	INVESTMENTS (in BRL thousand)	RANKING according to the number of members and beneficiaries	ACTIVE MEMBERS*	DEPENDENTS*	BENEFICIARIES*
1	PREVI	160.625.811	1	100.485	248.993	92.918
2	PETROS	66.387.974	2	96.747	338.766	64.744
3	FUNCEF	56.531.444	3	100.381	183.043	39.445
4	FUNCESP	24.725.486	13	15.534	52.641	30.964
5	FUND. ITAÚ UNIBANCO	23.183.409	10	39.397	2.698	13.587
6	VALIA	19.998.067	4	80.200	312.251	21.882
7	SISTEL	16.109.120	29	1.962	44.875	24.264
8	FORLUZ	13.777.099	35	8.702	32.780	13.191
9	REAL GRANDEZA	12.975.922	59	4.249	20.061	8.396
10	FUNDAÇÃO ATLÂNTICO	9.792.310	26	13.905	50.757	14.812
11	FAPES	9.297.003	112	3.103	6.848	2.088
12	FUNDAÇÃO COPEL	8.403.577	43	10.078	6.859	7.959
13	PREVIDÊNCIA USIMINAS	7.755.795	18	20.489	58.470	20.177
14	TELOS	6.878.694	54	6.695	24.739	6.737
15	CENTRUS	6.728.051	172	411	1.536	1.639
16	HSBC FUNDO DE PENSÃO	6.305.439	5	70.683	2	7.136
17	ELETROCEEE	5.403.659	48	6.851	14.410	8.803
18	ECONOMUS	5.325.588	39	12.126	19.561	6.892
19	VISÃO PREV	5.320.906	41	13.160	14.881	5.633
20	CERES	5.220.695	40	12.638	33.905	6.229
21	SERPROS	5.063.123	49	10.914	25.868	3.782
22	CBS PREVIDÊNCIA	4.766.364	22	20.013	36.894	14.310
23	BB PREVIDÊNCIA	4.461.076	6	70.801	64.631	1.933
24	FUNBEP	4.109.808	96	1.192	7.520	5.285
25	FUNDAÇÃO IBM	4.077.924	53	12.509	15.362	974
26	MULTIPREV	3.964.325	16	40.447	61.022	1.369
27	CAPEF	3.851.133	63	6.742	20.278	4.730
28	FUNDAÇÃO BANRISUL	3.800.407	38	12.521	na	6.561
29	ELETROS	3.799.360	104	3.292	7.357	2.257
30	GERDAU PREVIDÊNCIA	3.592.632	32	20.494	26.639	2.267
31	PREVI-GM	3.521.294	28	23.248	8.228	3.027
32	FIBRA	3.119.602	150	1.429	3.901	1.586
33	BRASLIGHT	3.097.358	72	4.374	12.783	5.702
34	INFRAPREV	3.088.764	51	11.536	16.826	2.912
35	BRF PREVIDÊNCIA	3.084.509	20	30.623	13.791	5.678
36	PREVINORTE	3.006.954	89	5.611	7.158	1.528
37	PSS	2.810.571	93	2.641	4.388	3.977
38	SANTANDERPREVI	2.739.194	15	41.550	893	826
39	CELOS	2.671.389	76	4.187	8.474	4.769
40	FUNDAÇÃO LIBERTAS	2.645.393	34	18.792	2.915	3.386
41	ELOS	2.627.471	128	1.501	5.372	3.003
42	UNILEVERPREV	2.553.043	47	14.365	1.207	1.335
43	FUNSSEST	2.544.409	79	6.098	0	2.456
44	VWPP	2.510.330	12	46.503	58.998	1.963
45	CITIPREVI	2.508.910	64	10.426	0	916
46	ODEBRECHT PREVIDÊNCIA	2.458.162	42	18.499	na	151
47	FUNDAÇÃO ITAÚSA	2.357.103	71	9.244	14.787	918
48	GEAPPREVIDÊNCIA	2.322.491	8	60.103	145.553	na
49	MULTIPENSIONS	2.218.269	9	56.521	85.100	1.341
50	NUCLEOS	2.210.257	125	3.634	6.172	1.130
51	FUSESC	2.134.299	85	2.501	9.696	5.125
52	FUNDAÇÃO REFER	2.089.201	23	4.550	42.540	28.544
53	ITAÚ FUNDO MULTI	2.067.983	na	na	na	na
54	SABESPREV	2.054.196	36	13.876	39.321	7.134
55	FUNEPP	1.994.875	27	27.387	19.194	5
56	PREVIRB	1.982.509	169	491	1.845	1.597
57	ICATUFMP	1.970.499	14	43.268	37.124	1.825
58	REGIUS	1.964.161	127	3.715	7.271	954
59	EMBRAER PREV	1.957.581	44	17.074	9.607	430
60	METRUS	1.848.079	60	9.674	19.358	2.572
61	BANDEPREV	1.687.271	170	290	1.922	1.796
62	PRECE	1.678.029	61	4.455	12.391	7.630
63	INSTITUTO AMBEV	1.671.185	91	4.984	942	1.850
64	MÚLTIPLA	1.643.941	31	23.123	18.221	666
65	FAELBA	1.612.301	114	2.871	10.070	2.200
66	PREVDOW	1.551.249	130	3.749	5.621	558
67	QUANTA - PREVIDÊNCIA	1.548.418	17	40.862	69.172	57
68	JOHNSON & JOHNSON	1.522.824	86	6.602	6.899	848
69	PREVIBAYER	1.504.691	94	5.003	17.488	1.609
70	ENERPREV	1.475.830	na	na	na	na
71	FUNSEJEM	1.426.963	24	29.616	9.456	894
72	PREVI-SIEMENS	1.422.912	68	9.572	15.093	1.293
73	FUNDAÇÃO PROMON	1.401.366	158	2.011	5.500	681
74	BANESES	1.309.767	135	2.141	5.966	1.993
75	FASC	1.290.509	81	7.560	1.090	681
76	SANPREV	1.257.890	132	3.746	5.525	518
77	FACEB	1.245.139	161	1.041	3.683	1.371
78	PRHOSPER	1.232.601	124	3.244	2.467	1.560
79	FUNDAÇÃO CORSAN	1.223.999	78	5.463	10.917	3.270
80	FUSAN	1.217.005	74	7.303	14.206	2.427
81	PREVI-ERICSSON	1.150.178	118	4.169	4.495	837
82	FAELCE	1.125.525	145	1.207	4.100	2.340
83	FIPECQ	1.124.892	162	2.031	4.859	348
84	HP PREV	1.120.119	120	4.737	11.546	240
85	PREVIG	1.109.491	157	2.124	2.119	620
86	FORD	1.097.558	55	12.625	20	698
87	BASF	1.065.822	141	3.283	10.647	461
88	ACEPREV	1.054.922	138	2.538	5.218	1.314
89	SÃO BERNARDO	1.027.766	50	13.061	8.293	1.430
90	SÃO RAFAEL	984.801	163	1.665	2.929	684
91	GEBSA-PREV	981.218	84	7.554	11.345	227
92	BRASILETROS	980.378	140	1.192	3.350	2.597
93	PREVDATA	970.738	126	3.191	7.492	1.502
94	PREVISC	968.158	57	11.997	16.841	1.134
95	PREVUNIÃO	942.474	102	4.901	8.356	759
96	PREVI NOVARTIS	939.940	142	3.219	86	500
97	BASES	927.976	167	814	1.827	1.390
98	ECOS	868.336	219	117	975	738
99	CARGILLPREV	852.276	77	8.717	13.086	169
100	PREVIBOSCH	846.757	66	10.134	0	910
101	ISBRE	836.729	217	494	1.131	388
102	FUNDAMBRAS	836.570	52	13.184	223	714
103	DESBAN	835.348	214	374	1.099	547
104	ABRILPREV	820.304	88	6.828	8.458	388
105	SYNGENTA PREVI	807.525	154	2.642	4.623	232
106	WEG	779.609	33	21.920	14.440	371
107	CELPOS	761.866	116	1.665	4.585	3.391
108	AGROS	756.296	99	5.106	7.642	780
109	DUPREV	724.473	149	2.784	431	255
110	PREVSAN	717.245	133	2.575	10.608	1.633
111	IAJA	712.085	97	5.268	9.383	970
112	PLANEJAR	705.482	131	3.929	5.895	370
113	MBPREV	700.517	58	11.886	2.299	781
114	FUNDIÁGUA	693.753	108	3.881	8.898	1.450
115	CYAMPREV	677.745	30	23.864	31.654	107
116	UNI+PREV MULTIPAT.	657.599	na	na	na	na
117	FASCEMAR	643.829	179	1.192	4.350	754
118	PREVHAB	643.665	204	456	601	617
119	SERGUS	642.348	191	1.019	1.620	373
120	COMPESAPREV	641.589	119	2.733	5.358	2.254
121	ELETRA	632.879	152	1.702	3.800	1.251
122	COMSHELL	627.873	164	1.806	3.009	461
123	FUND. SÃO FRANCISCO	588.000	176	1.089	1.901	881
124	SEBRAE PREVIDÊNCIA	586.396	87	7.150	6.640	127
125	ULTRAPREV	584.283	75	9.458	2.763	170
126	PREVICAT	559.849	na	na	na	na
127	FACEAL	540.385	183	998	0	698
128	PREVEME	538.889	148	2.865	3.584	512
129	PREVIPLAN	522.598	156	2.322	5.464	448
130	REDEPREV	506.768	90	6.032	14.730	1.094
131	CAPAF	495.030	129	2.310	3.762	2.074
132	FABASA	488.979	110	4.729	15.735	550
133	PREVICOKE	485.103	207	851	39	167
134	VIKINGPREV	472.213	109	5.114	78	196
135	MAIS VIDA PREVIDÊNCIA	466.182	188	1.386	2.078	76
136	OABPREV-SP	457.900	21	35.224	57.965	94
137	SP-PREVCOM	448.555	46	15.954	6.877	0
138	MENDESPREV	435.313	215	526	1.224	392

XVII. PENSION FUND RANKING

	PENSION FUNDS	INVESTMENTS (in BRL thousand)	RANKING according to the number of members and beneficiaries	ACTIVE MEMBERS*	DEPENDENTS*	BENEFICIARIES*
139	PREVIM-MICHELIN	434.364	121	4.875	56	91
140	HSBC INSTITUIDOR	432.436	147	3.170	13	258
141	INDUSPREVI	432.406	136	3.500	4.272	534
142	DERMINAS	419.351	67	6.853	0	4.015
143	FGV-PREVI	416.967	165	2.138	2.343	126
144	PORTOPREV	412.563	103	5.466	721	106
145	GASIUS	411.225	201	65	841	1.084
146	GOODYEAR	411.147	105	5.116	7.673	431
147	SUPREV	401.693	101	4.487	4.185	1.216
148	BUNGEPREV	397.847	65	10.847	15.757	277
149	FAPERS	393.990	160	1.702	3.692	741
150	PREVMON	391.974	153	2.847	4.982	59
151	SEGURIDADE	387.325	173	1.710	511	336
152	CAPESESP	377.288	11	49.274	28.599	684
153	FAPA	368.566	201	847	2.382	302
154	ABBPREV	367.374	139	3.700	5.553	127
155	FUNDAÇÃO ENERSUL	356.570	213	552	1.098	374
156	UNISYS PREVI	354.385	209	948	2	44
157	CARREFOURPREV	348.743	7	66.515	45.499	142
158	ALPAPREV	344.598	25	28.749	35.502	205
159	PREVINDUS	335.450	73	8.930	5.950	1.105
160	SICOOB PREVI	333.175	19	37.770	28.356	12
161	CABEC	328.937	200	150	1.669	1.059
162	PREVCUMMINS	325.378	177	1.807	2.567	146
163	PREVISCÂNIA	315.428	na	na	na	na
164	FUNTERRA	310.554	233	152	846	157
165	MSD PREV	308.059	206	945	1.416	76
166	PFIZER PREV	307.813	174	1.892	474	147
167	CIFRÃO	306.947	184	845	1.845	810
168	CASFAM	302.629	111	4.300	1.364	915
169	P&G PREV	300.909	100	5.677	8.433	162
170	PORTUS	299.484	70	1.777	14.641	8.940
171	FACEPI	288.184	178	972	2.237	976
172	RANDONPREV	287.366	69	10.621	16.364	163
173	PREV PEPSICO	286.541	45	16.887	15.615	105
174	MARCOPREV	282.265	80	8.230	18.308	102
175	FIOPREV	281.091	134	3.888	5.060	284
176	VOITH PREV	279.857	168	2.047	3.058	118
177	PREVIP	276.945	151	2.832	5.456	145
178	FASERN	275.196	198	783	148	453
179	FAECES	274.625	180	1.078	2.271	849
180	DANAPREV	262.478	98	6.039	9.058	112
181	RBS PREV	260.027	107	5.372	3.100	122
182	FUNPRESP-EXE	254.582	82	7.926	0	3
183	POUPREV	248.190	197	1.211	1.681	36
184	EATONPREV	246.366	123	4.763	6.517	170
185	LILLY PREV	242.254	208	823	1.230	192
186	PREVIDEXXONMOBIL	235.386	186	1.461	2.230	80
187	SOMUPP	230.441	239	0	0	145
188	KPMG PREV	230.306	117	4.981	7.448	52
189	CASANPREV	220.257	182	1.603	4.430	220
190	SUPRE	214.136	218	481	1.434	386
191	FUCAP	212.692	181	1.578	1.634	255
192	CAPOF	211.532	225	157	613	414
193	RAIZPREV	205.444	37	19.283	12.865	5
194	PREVICEL	204.667	212	809	1.098	121
195	OABPREV-PR	202.752	62	12.032	19.700	51
196	AVONPREV	195.267	95	6.413	635	133
197	CARBOPREV	190.076	205	837	1.256	187
198	TEXPREV	187.651	220	623	881	150
199	PREVEME II	183.383	137	3.874	6.791	37
200	MERCAPREV	181.237	189	1.387	2.071	73
201	MAUÁ PREV	176.895	155	2.702	4.052	109
202	PREVIHONDA	166.860	56	13.109	19.664	63
203	ROCHEPREV	164.104	193	1.237	1.600	58
204	BOTICÁRIO PREV	148.599	106	5.475	7.632	26
205	FAÇOPAC	147.580	175	1.902	2.237	121
206	ALPHA	142.012	199	1.032	2.190	192
207	OABPREV-RJ	140.412	115	4.926	8.306	136
208	CAGEPREV	137.124	194	1.248	1.670	42
209	FAPECE	123.875	229	290	na	155
210	FUNDAÇÃO GAROTO	123.355	143	3.484	8.540	201
211	OABPREV-MG	119.446	83	7.775	14.574	28
212	PREVBEP	119.220	235	52	148	136
213	MERCERPREV	115.209	223	716	1.072	11
214	OABPREV-SC	113.158	92	6.621	10.349	53
215	FUMPRESC	112.995	210	631	1.634	345
216	VISTEON	109.009	na	na	na	na
217	FUNASA	108.880	196	528	1.432	741
218	RECKITTPREV	100.858	222	688	1.032	56
219	CAFBEP	100.152	192	973	868	354
220	PREVYASUDA	85.817	227	413	266	87
221	INSTITUTO GEIPREV	82.348	231	82	289	311
222	INERGUS	80.134	203	542	2.295	570
223	MÚTUOPREV	77.514	na	na	na	na
224	CARFEPE	69.400	185	1.595	3.110	38
225	OABPREV-GO	67.738	122	4.913	10.207	23
226	PREVCHEVRON	61.791	237	141	213	43
227	DATUSPREV	58.346	na	na	na	na
228	ALBAPREV	57.686	234	159	335	30
229	OABPREV-RS	57.537	113	5.134	7.704	30
230	FUNPRESP-JUD	56.347	190	1.405	1.405	na
231	MONGERAL	51.618	166	2.219	3.585	12
232	MM PREV	50.591	159	2.420	26	30
233	PREVUNISUL	50.196	195	1.186	1.763	103
234	FUNCASAL	45.455	187	874	1.787	611
235	SILIUS	37.720	232	25	295	326
236	FUTURA II	34.638	226	551	321	1
237	PREVES	29.758	220	773	na	na
238	ALEPEPREV	28.459	236	175	208	10
239	SBOTPREV	27.491	na	na	na	na
240	UNIPREVI	26.346	241	5	34	23
241	OABPREV-NORDESTE	25.740	228	348	588	148
242	CNBPREV	19.864	216	913	1.572	2
243	ANABBPREV	14.207	211	932	1.814	4
244	CAVA	9.293	171	1.483	2.309	590
245	FUCAE	8.488	na	na	na	na
246	FUNDAÇÃO FECOMÉRCIO	5.921	230	444	827	0
247	MAPPIN	3.836	146	3.463	2.895	35
248	SUL PREVIDÊNCIA	3.196	238	149	224	0
249	STEIO	1.563	na	na	na	na
250	ORIUS	1.425	240	na	25	47
251	ACIPREV	617	224	575	965	0
252	PREVCOM-MG	613	na	na	na	na
253	CIASPREV	400	144	3.657	0	0
254	FFMB	121	na	na	na	na
255	EDS PREV	76	242	6	na	na

TOTAL ESTIMATED

Investments (in BRL thousand)	710.994.800	Active members*	2.542.055	Dependents*	3.908.049	Beneficiaries*	735.569

*Dec/14

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