PUBLIC FUNDS AND THE TYPICAL CHALLENGES OF A NEW PRODUCT

Pension Funds

An ABRAPP, SINDAPP and ICSS publication • Volume 2 • Issue 2 • December 2016

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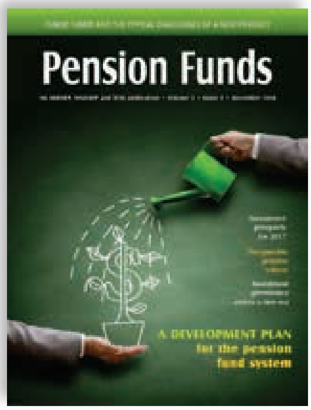

Volume 2, Issue 2
December 2016

PENSION FUNDS MAGAZINE
An ABRAPP / ICSS / SINDAPP publication

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From the industry's perspective, the second half of 2016 was marked by significant progress in two fronts.

In July, Abrapp released its "Development Plan for the Private Pension System", a bold initiative comprising concrete actions in different fields - from regulation to media relations - designed to make the system grow in terms of coverage and assets under management, thus helping the country increase its low internal savings rates.

In September, the industry's first self-regulation code - focused on investment governance - was also released during the 37th Brazilian Congress of Pension Funds held in the city of Florianopolis. The document, a result of almost two years' work by Abrapp's Joint Commission of Self-regulation, will be a reference to all pension funds willing to re-evaluate their investment practices regardless of whether or not they choose to adhere to the code.

According to pension specialists, growth will certainly be achieved through new pension funds for public servants at federal and state levels. However, these DC plans face typical challenges of a new product entering the market, among them workers' resistance, as many view the recent changes in public employees' retirement system as a loss of rights instead of an achievement.

In this issue we also discuss investment prospects for 2017, a year that will likely be difficult given the gloomy outlook on Brazil's economic scenario and political instability.

The coming months are also surrounded by great expectation due to the parametric pension reform under debate in the parliament and the potential introduction of a statutory retirement age of 65 in a country where most people retire in their mid 50s.

Amid all these developments, the only thing we know for sure is that big changes lie ahead of us.

Happy New Year!

Flavia Silva
Editor-in-chief

A Development Plan for the pension fund industry

Led by Abrapp, the execution of the Development Plan, which entails over 50 measures and their due monitoring, has already begun

Undergoing a period of stagnation, the Brazilian pension fund industry is compelled to reinvent itself, otherwise it will keep on losing market share to open-ended retirement funds or personal pension plans. Against this backdrop, the Brazilian Association of Pension Funds (Abrapp) gathered its own staff as well as external consultants who worked together towards the elaboration of a development plan for the industry after carrying out proper scenario analyses and diagnosis. The results of such effort were first made available to the public in July 2016.

"We have been warning about pension funds' loss of market share to banks and insurance companies for quite some time now. Studies have confirmed what we already knew: the pension fund system is involuting or growing modestly by most indicators", says Devanir Silva, Abrapp's superintendent.

In the past five years, the number of pension funds has fallen from 369 to 308, whereas the number of pension plans has grown timidly, from 1,078 to 1,105. The increase in the number of active plan members, from 2.1 million to 2.5 million, is merely a replacement of those who became eligible for retirement, and the rise in the number of plan sponsors, from 2,884 to 3,175 (+10.1%), in turn, may be attributed to the introduction of industry-wide pension funds and Funpresp[1]. Finally, assets under management have gone from BRL 558 billion[2] to BRL 718 bi (+28.7%); however, considering the inflation of the period (40.6%), total AuM have shrunk 8.5% in real terms. To top it all off, many of the largest plans have reached maturity, having therefore entered the decapitalization stage.

Industry's total assets have gone from BRL 558 billion to BRL 718 bi; however, considering the inflation of the period (40.6%), AuM have declined 8.5%

In 2016, the economic crisis has highlighted the need for structural changes to ensure that the system will resume growth. "The idea is for Abrapp to take up the leading role in implementing the Plan, which comprises more than 50 concrete measures organized in five large categories: pension system design; pension fund regulation; communication, education and savings culture; product innovation and associative engagement", explains Silva. Broadly speaking, the proposals will affect the way pension funds operate now and in the future.

Pension system design

Under the guideline "Strategic Orientation of the Private Pension System", it becomes imperative to raise awareness about the lack of sustainability of the country's present pension model. In order to achieve this objective, studies will be carried out to show the need for changes followed by communication strategies aimed at presenting such results to society in a

1. Pension funds for civil servants of the Executive and Judicial branches
2. 1 BRL = 0.30 USD (as of Dec 15th)

clear and comprehensive way, with due coordination between all stakeholders.

The plan also envisages actions that will lead to the construction of a new private pension model and the way it is presented to the public, starting from its own nomenclature - "closed pension funds". The proposal is to evaluate the scope of closed and open retirement funds and how they interact with the public pension regime, taking into consideration the value of benefits provided by the State and the long-term feasibility of Social Security. In sum, the idea is to broaden the concept of closed pension funds with a focus on social responsibility and financial stability at old age.

The supervisory body must have budgetary and governance autonomy, as well as clear responsibilities to differentiate its scope from that of other regulatory agencies

Looking ahead, the Plan foresees the establishment of a policy forum composed of pension fund, bank and insurance leadership, researchers, market agents and government officials to discuss, alongside society, the future of retirement provision.

The private pension system also needs a regulatory and supervisory body with budgetary and corporate governance autonomy, as well as clear and distinct responsibilities to help differentiate its scope from that of other regulatory agencies. This new agency shall employ highly effective instruments, methodologies (Risk Based Supervision, Coso, etc.) and strategies that will lead to the sustainable development of the market.

At last, the debate surrounding the design of the pension system calls for a closer look at pension funds' structure and operations so that new products may be offered and funds allocated in business development while preserving their not-for-profit nature and potential synergy with open-ended funds.

Pension fund regulation

As far as regulatory issues are concerned, the Development Plan sets forth different proposals, which shall be duly supported by technical studies to be presented and discussed with government officials and other relevant stakeholders. First and foremost, pension funds need fiscal incentives, as follows:

- 0% final rate for individuals under the Income Tax regressive regime (in which plan members are subject to decreasing rates throughout the accumulation period);
- A more flexible timeframe for choosing the regressive taxation regime;
- Deduction of private pension contributions for members who use the Income Tax simplified declaration form;
- Fiscal incentives for companies whose Income Tax is based on

assumed or arbitrated profit;

- Pension fund exemption from PIS/ Cofins[3].

Equally important is the adoption of automatic enrolment in all pension plans, an issue that should be prioritized both by the regulatory body (CNPC) and the Parliament.

The Development Plan also contemplates technical studies and communication strategies aiming at the introduction of new pension plan designs, such as schemes dedicated to legal entities, occupational programs without sponsor contributions and industry-wide pension plans with mandatory affiliation based on collective agreements, something that will demand awareness raising efforts targeting labor unions.

The list goes on, including the formulation of a proposal to enable the transfer of FGTS[4] funds (total or partially) to pension funds; adoption of regulatory measures to address the different needs of Defined Contribution, Defined Benefit and Variable Contribution plans; review of relevant regulations, laws and decrees, as well as the introduction of a pension fund governance certification and the promotion of the industry's self-regulation code.

Changes in regulation are also needed to address specific issues pertaining to the supervisor's structure, including the creation of a Business Development Office and safeguards to ensure that the revenue collected through the supervisory levy (Tafic) is exclusively used to fund the agency's operational costs.

> Technical studies will be carried out to support the introduction of new pension plan designs, including industry-wide schemes with mandatory affiliation

Product Innovation

Product innovation will be promoted on four major fronts: (1) R&D of preliminary concepts, such as industry-wide funds for companies under the simplified taxation regime ("Simples Nacional"); (2) simplification of pension funds' operational procedures and instruments; (3) industry-wide funds for large and medium-sized companies; and (4) insurance mechanisms for pension liabilities.

In order to create an innovation-friendly environment, Abrapp will be responsible for the coordination of "The Innovation Lab for Products and Services - LIPP". The issue shall be incorporated into training courses, events, internal Human Resources workshops and technical commissions' deliberations.

3. Social Integration Programme / Social Security Financing levies

4. FGTS is a deposit of 8% of a worker's salary made by the employer and collected by the federal government. The funds may be withdrawn under certain circumstances such as the purchase of the family home, illness and termination of employment.

Research will be conducted in partnership with other market institutions so as to make an in-depth analysis of the private pension market, its products and players, present and future target audiences. Product innovation also requires a marketing plan for new designs along with implementation strategies and an integrated communication approach.

Communication, education and savings culture

Under the umbrella of communication, education and savings culture, the first initiative envisages the participation of Abrapp personnel in regular meetings - where the association's main objectives and positions will be presented - and training courses. An Internal Communication Plan - contemplating the use of tools such as intranet and social media - is to be developed and implemented as well as a Professional Qualification Plan segmented by titles and functions.

The Institutional Communication Plan, in turn, will focus on raising awareness about the present social security model's lack of sustainability and the role of private pension plans as part of the solution for the country's pension dilemma.

Measures will also be taken - as part of the Institutional and Marketing Communication Strategy - to strengthen the relationship between Abrapp and its affiliate members, labor unions, professional associations and opinion leaders. Among these measures is the mapping and selection of 100 companies with annual revenues over BRL 100 million that still do not provide pension plans to employees. These companies will receive the visit of a designated consultant in charge of presenting the private pension segment.

"Nowadays there is much uncertainty and most companies operate on a very tight budget. But this debate, which might even have an impact on the current talks about pension reform, cannot be postponed. We need to be bold in order to move beyond parametric changes and think about a Social Security model that is suitable for Brazil in the next decades", argues Devanir Silva.

> The Plan foresees the establishment of the "Center of Higher Studies on Private Pensions", which will serve as a permanent research and teaching forum

Another goal is to increase the circulation of the Pension Funds Magazine and establish partnerships with communication vehicles so as to raise awareness about the private pension system. The relationship with the media also entails content generation and supply of institutional sources for interviews, not to mention the expanded use of social media to reach younger audiences.

As far as education and savings culture are concerned, the Development

Plan foresees the establishment of the "Center of Higher Studies on Private Pensions" within UniAbrapp[5], which will serve as a permanent research and teaching forum, granting awards to young researchers with the aim to encourage further studies on the field as well as the exchange of knowledge with similar institutions in other countries.

In addition, UniAbrapp would be devoted to the improvement of its teaching methodologies and distance education programs, with special attention given to the qualification of pension fund executives, including courses with subject areas associated with market development.

"The time is now. If we don't change the course of the private pension system, it will not grow. On the contrary, given its level of maturity, it tends to shrink"

Associative engagement

The last category of the Development Plan involves three working areas: internal engagement, relationship with affiliate members and associative representation. The first prescribes the development of integration activities for Abrapp's technical commission members. The second area foresees visits to affiliated members in order to strengthen associative ties as well as the organization of events so as to keep those harder-to-reach pension funds informed about the Association's proposals and actions. Finally, as far as associative representation is concerned, the idea is to discuss, in the light of the Member Satisfaction Survey, the most effective way for pension funds to be represented, if individually or regionally.

Necessary funding

Needless to say, all these initiatives require funding in order to effectively become a set of development policies. The goal is to create a "special fund" sponsored by pension funds and other market players such as the investors' association (Anbima) and the Brazilian Stock Exchange (BM&FBovespa), international organizations, and large and/or global financial institutions with interest in the system.

In Devanir Silva's view, there is room for debate despite the country's economic and political turmoil. "The time is now. If we don't change the course of the private pension system, it will not grow. On the contrary, given its level of maturity, it tends to shrink", he predicts, adding: "We are not inventing anything. Proposals similar to ours have been extensively implemented abroad. It is paramount that we make the system grow".

The implementation of the Plan has already begun and a consultant has been appointed to develop a monitoring system. ■

5. Corporate University of Private Pensions (Universidade Corporativa da Previdência Complementar - UniAbrapp)

Typical challenges faced by a new product

With BRL 750 million in AuM and 49,000 members, pension funds for public servants face important challenges, including the need for greater harmonization of state and federal laws

The growth of civil servants' pension funds has gathered momentum. Foreseen by Law n. 12.618 of 2012 in federal level - which provided for the establishment of Funpresp pension fund - and state legislations, these DC funds are subject to challenges typically faced by new products as well as those imposed by the country's overall economic

One of the main difficulties at this point is dealing with public servants' resistance. Many view the changes in the retirement system as a loss of rights instead of an achievement

situation. Budgetary constraints in state level have resulted in fewer recruitment processes for public service[1], (or "concursos públicos" as they are known in Brazil) but the reduced number of new employees has not hindered the development of such funds.

"Pension funds for public servants have evolved considerably. In the end of 2015, total assets under management amounted to BRL 750 million[2] and the number of active members was approximately 49,000", says Elaine Castro, CEO of Funpresp-Jud, the pension fund dedicated to civil servants of the federal Judiciary branch.

These pension funds were established due to the precarious situation of the previous DB-based retirement systems for public employees, which tended to become financially unviable over the years.[3] "One of our main difficulties at this point is dealing with public servants' resistance. Many of them view the changes as a loss of rights instead of an achievement. However, as time goes by, they tend to realize that this is an important step forward", argues Castro, who is also the coordinator of Abrapp's Committee of Pension funds for Public Servants.

The development of pension funds devoted to the public sector is of vital importance for the sustainability of the private pensions segment as a whole. "Even though pension funds pay, in aggregate, an average of BRL 30 billion in benefits annually, which is a clear indication of their relevance and financial soundness, the truth is that the capitalization model based on employer contributions has stagnated", says Luís Ricardo Marcondes Martins, Abrapp director and CEO of OAB-Prev SP, the state of Sao Paulo Bar Association retirement fund.

"Public servants' pension funds will be the largest ones in the future", highlights Martins. He also points out that Funpresp-Jud plays the additional role of disseminating the private pension culture among members of the Judiciary branch, thus facilitating legal discussions on the subject.

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1. The Constitution of 1988 provided that civil servants be solely appointed by winning an competitive examination

2. 1 BRL = 0.30 USD (as of Dec 15th)

3. As of 2013, the retirement benefits of new federal civil servants were capped at the Social Security ceiling applicable to private sector workers (BRL 5,189.66). If they wish to receive a higher pension, they must now contribute to a DC plan.

New paradigm

Established in 2013, SP-Prevcom is the pension fund for public servants of the Executive, Legislative and Judicial branches of Sao Paulo, the first Brazilian state to have its own retirement fund. As of June 2016, the entity had BRL 500 million in AuM and 19,000 members, a little over the 18,000 members registered at the end of 2015 and way below the projected number of 25,000. "This was mainly due to frustrated expectations regarding the recruitment of new public servants by state universities since the economic crisis has put a halt to volunteer dismissal programs", explains the CEO of SP-Prevcom, Carlos Henrique Flory.

On top of that, São Paulo's Executive branch has ceased to promote competitive examinations for the public service. However, despite all the factors that directly affect the number of potential new members, pension funds for civil servants remain the core driver of industry development, says Flory. "The Brazilian population is getting old and we need to draw people's attention to this matter. After all, we do not want to become Greece in the near future. Some states like Rio de Janeiro and Rio Grande do Sul, for instance, have not been able to make payroll."

Hopefully, the successful cases involving pension funds for public servants so far will inspire other states and municipalities to follow path. For those who do not have sufficient scale, the alternative is having a plan managed by Funpresp-Exe pension fund. However, in order to make this possible, a few legal adjustments will be necessary, says Castro.

Risk sharing

In the agenda of Abrapp's Technical Commission of Pension funds for Public Servants some issues have attracted greater attention, such as the need for clearer parameters when it comes to risk sharing arrangements between pension funds and insurance companies, whether the risks being covered are those of disability, death or longevity.

The pending publication of a Normative Instruction signed jointly by the pension fund supervisor Previc and the National Superintendence of Private Insurance (Susep) is of utmost importance for civil servants' pension funds, argues Castro. "The norm issued by the pension regulator CNPC mandates that insurance contracts be foreseen in the plan by-laws. However, it is still unclear as to how this could

> "The Brazilian population is getting old and we need to draw people's attention to this matter. After all, we do not want to become Greece in the near future"

Public servants' pension funds must also deal with discrepancies between state and federal legislations that affect the entities' relationship with the supervisor

be put into practice and how much risk the pension fund is expected to take." Risk-sharing arrangements are paramount to the development of the industry, but they may become unviable if poorly designed or implemented", adds Castro.

Automatic enrollment

Auto-enrollment has already been adopted by pension funds for civil servants at federal level - Funpresp-Jud and Funpresp-Exe - with very good results. Established in 2013, Funpresp-Jud has 5,200 members and BRL 64 million in AuM to date, but the expectation is to reach 17,000 members and BRL 310 million in assets under management by 2018. "The implementation of automatic enrollment in November 2015 has enabled us to keep membership and retention rates at 90%", explains Castro. Before that, the membership rate was of approximately 70%.

After the mechanism was adopted in public sector funds, many hoped it could be extended to all private pension plans. However, a political party challenged the decision on constitutional grounds, arguing that auto-enrollment would supposedly hurt pension plan members' freedom of choice. For this reason, the issue has been put on hold until a court decision is reached. Abrapp is participating in the case as *amicus curiae* and the dispute should be settled soon, highlights Luís Ricardo Martins.

Difficulties

Those in charge of public servants' pension funds must also deal with discrepancies between state and federal legislations, since these may affect the entities' relationship with the supervisor. "It is a delicate situation that tends to be minimized as states representatives are being invited to take part in a committee established by Abrapp to discuss and avoid certain problems, some of which have already been overcome by pioneering funds", claims Castro.

A clear example of diverging state and federal legislations concerns legal requirements for holding bidding procedures for pension fund service provision,which may vary from one state to another and the federal law as well. In some cases, the bidding process is only mandatory when core activities are not involved, leaving the final decision for fund managers as dictated by the pension regulator. This has implications for the activities of Previc and the Federal Audit Court, the public authority in charge of the supervision of pension funds for public servants. ■

Investment governance enters a new era

The release of the industry's first self-regulation code confirms its strong commitment to improving investment processes

The development of a self-regulatory framework for Brazilian pension funds has officially begun in September with the release of "The Self-Regulation Code for Investment Governance" during a ceremony held at the 37th Brazilian Congress of Pension Funds.

The code is inclusive, voluntary and evolutionary, replicating the self-regulatory process of Anbima, regarded as a successful experience

The code is the result of almost two years' work by Abrapp's Joint Commission of Self-regulation. The motivation behind the choice of "investment governance" as subject matter of the first of a series of codes that will likely be produced in the future is clear, explains commission coordinator José Luiz Taborda Rauen.

"We needed to show how mature the industry is and how stakeholders have worked in close cooperation to improve pension funds' management and corporate governance. The code is our answer to mistaken information often conveyed by the media that pension funds carry huge deficits."

The new code is inclusive, voluntary and evolutionary, replicating the self-regulatory process of Anbima (The Brazilian Financial and Capital Markets Association), regarded as successful by the Brazilian market. "Anbima's self-regulation code started with 13 to 14 pages and now has over 40 pages. The code has evolved and this is inherent to the self-regulatory process given that risks and necessities also change", says Luiz Calado, from consulting firm Andato Metodologia, who helped elaborate the code for the pension industry.

Quality label

If they so wish, pension funds adhering to the Code may be subject to a process audit conducted by the Self-regulation Board. Upon approval, entities will be entitled to a quality label valid for three years.

The second stage of the self-regulatory process involves pension funds' direct supervision whereas the third stage foresees the establishment of a specialized board to issue technical opinions on matters pertaining to the industry.

Adhering to the Code is free of charge. The only costs incurred are those associated with the voluntary auditing procedure to obtain the quality label.

The self-regulatory process is expected to gradually set parameters for the supervisory body Previc, highlights Abrapp director Guilherme Velloso Leão, responsible for the Association's National Technical Commission on Investments. By improving the relationship between those involved in the management of pension funds, conflicts of interest, frauds and lack of transparency should also be mitigated.

Board and legitimacy

The purpose of awarding pension funds with a quality label is to give legitimacy to management processes through a board composed of seven entities: three associations representing pension funds (Abrapp, Sindapp and ICSS) and four external organizations.

The participation of external organizations goes hand in hand with the intention to have a self-regulatory process able to promote seamless interaction between pension funds and other important market segments. The objective is to disseminate as much information as possible on the management of pension entities, thus reducing uncertainties and increasing stakeholders' confidence in the system.

Lean model

The self-regulation code has only nine articles. Article n. 3, deemed the backbone of the document, outlines the obligations of adhering pension funds in key areas such as corporate governance, segregation of duties, manager selection and risk management. "Another important feature of the code is its inclusiveness, meaning that it can be adjusted to pension funds of all types and sizes", says Rauen.

The set of obligations was subject to public consultations, the scrutiny of supervisory agency Previc, as well as assessments carried out by Abrapp's National Technical Commissions on Investments and Corporate Governance, explains Guilherme Leão.

After the code's release, adhering pension entities will begin to adapt to its provisions, a process that will likely give visibility to the obligations foreseen in the document and the way they are dealt with internally, adds Leão.

He believes that this is an important development given that there is not much detailed knowledge of pension funds' internal management processes today. "It is going to be a period of learning and improvements particularly to small and medium pension funds."

One of the most important requirements of the code is setting

Another important feature of the code is its inclusiveness, meaning that it can be adjusted to pension funds of all types and sizes

One of the most important advantages of self-regulation is having the regulatory framework streamlined by pension specialists who are fully aware of the industry's needs

the segregation of duties at policy level, meaning that pension funds must define who are the people responsible for approving investment decisions.

Additionally, the governance structure must clearly stipulate the attributions of each collegiate body as far as investments are concerned and reinforce the segregation of duties and monitoring of asset managers and custodians.

Previ, the largest Brazilian pension fund, took part in the discussions surrounding the self-regulatory process through a working group responsible for drafting the code. "More stringent requirements will lead to greater confidence in pension funds' internal decision-making processes", wrote the fund in a statement.

According to Previ, one of the most important advantages of self-regulation is having the regulatory framework streamlined by pension specialists who are fully aware of the industry's issues and needs.

Setting standards

In Luiz Calado's view, all requirements set by the code are equally important, although he emphasizes that duty segregation policies are a key factor in assessing differences among pension funds' "modus operandi".

To Lauro Araújo, from consultancy firm TAG Investimentos, the release of the code is in itself positive because all pension funds, whether they choose to adhere or not, may use it as reference to re-evaluate their practices.

However, Araújo points out that it would be good if the document provided more details on some of the requirements in order to help those funds that outsource most of their management functions. In this regard, he says that the selection of assets managers and custodians, for instance, could carry specific rules for outsourced management.

Moving forward, the code will likely be updated, says Calado. "For now, the provisions are enough to ensure higher safety standards, but other steps will follow." He notes that constant improvements are inherent to self-regulation, so much so that Anbima's original code evolved into nine or ten different codes throughout time. ■

A look into the future

Specialists at the Brazilian Congress of Pension Funds discussed major impediments to industry's development, among them fund heterogeneity and product design

The last plenary session of the 37th Brazilian Congress of Pension Funds - held in September in the city of Florianopolis - gathered some of the industry's top specialists to discuss the challenges preventing the private pension system from fulfilling its intrinsic role in the development of the country. Panel members gave a number of suggestions ranging from the most simple to the most complex; however, they

Each new pension plan licensed by Previc is inspired by schemes designed in a different historical context, contributing to their present lack of attractiveness

agreed upon one issue: the pension system, as it is today, does not meet the needs of society. Pension funds must reinvent themselves not only to promote growth, but also to survive.

Former superintendent of supervisory agency Previc, José Roberto Ferreira pointed out that most plans were designed when the labor market had distinct characteristics, among them low job mobility. He also highlighted the fact that most pension plans now in operation - a total of 1,104 - are, in practice, very different from one another.

Two thirds of private pension arrangements are Defined Benefit (DB) and Variable Contribution (VC) plans, which means that they carry actuarial risks. In Ferreira's opinion, just as important as understanding how these plans operate, however, is the need to know what future generations expect of them. "This is our most important challenge. The key concept here is innovation." Each new plan licensed by Previc is inspired by schemes designed in a different context, contributing to their present lack of attractiveness.

The former superintendent believes that if pension plans were more homogeneous, the average citizen would have a better grasp of how they work. Ferreira pointed out that, on the whole, Brazilians have a fair amount of knowledge on other retirement products but the high level of complexity of private schemes tend to keep potential new members away. Fiscal incentives could also make plans more attractive, although he reckons that the country's present political landscape does not favor any changes in this regard.

Improving supervision

As far as the supervision model is concerned, the goal is to seek simplification while preserving the features of the risk-based approach already in place, with greater emphasis on predictability moving forward. Ferreira also noted that the supervisory agency has been doing everything under its reach to enable pension funds to share risks with the insurance sector.

According to Previc officials, new plan designs - such as the recently approved "industry-wide" pension fund model - are needed. The applicable regulation allows for innovation, so no changes would be required for the moment.

Changes to plan rules and licensing process, which can now be done through an electronic platform, are among the steps taken to simplify operational processes and boost innovation and scheme standardization. Greater homogeneity will also be achieved as soon as plan by-laws start to be structured in modules provided by the supervisor, a feature that will likely give the average citizen a better understanding of the private system. The new self-regulation code on investment governance is another important development according to Previc.

Strength and weaknesses

"Our products are complex and heterogeneous. There are over a thousand different plans in operation, making it harder to supervise, regulate and understand them. This may be the system's greatest vulnerability", argues the CEO of Fibra pension fund, Silvio Rangel.

The industry shows its strength in numbers. There are 3.9 million plan members, out of which 750,000 are recipients of pension benefits. Private funds are the country's most important source of long-term retirement income after Social Security, covering a total of 9 million people indirectly. In 2015, the industry paid, in aggregate, approximately BRL 35.5 billion in benefits at an average value of BRL 4,000[1].

Assets under management amount to BRL 700 million (12% of Brazilian GDP). "Pension funds have achieved higher long-term returns than any other retirement product… more than enough to meet actuarial targets", says Rangel.

But the figures also reveal weaknesses, notes the CEO, such as the fact that mature plans represent 68% of AuM. Most of these plans have a remaining average "life span" of 12 years, meaning that the industry will soon enter the decapitalization stage. If no action is taken, total assets to GDP ratio, that once reached 18% and is presently at 12%, should decline even further.

Generation Z

Turning to the future, Rangel talked about the next generation of pension fund clients, the so-called "generation Z". Members of this cohort are digital natives with critical, dynamic, flexible profiles who tend to switch jobs quite frequently. "Society has changed so new pension products must accommodate these changes."

Products must become more standardized, flexible, adaptable and portable. New plan designs would be tailored to meet people's specific needs, with retirement programs composed of "building blocks" provided either by pension funds, insurance companies and/or the financial market. Although he believes the regulation in place is adequate to address the needs of pension

1. 1BRL = 0.30 USD as of Dec 15th

"There are over a thousand different plans in operation, making it harder to supervise, regulate and understand them. This may be the system's greatest vulnerability"

Regarding pension reform, one option would be to split the public regime into a PAYG pillar administered by the State and a capitalization-based pillar managed by pension funds

plans already in operation, Rangel favors an overhaul in the regulatory framework for this new pension environment.

The CEO of Fibra pension fund also stresses the need for greater segregation between pension plans and pension entities as far as legal, financial and accounting issues - among others - are concerned. "Pension funds would become management companies of collective retirement plans. Further segregation would allow for increased competitiveness and efficiency."

Necessary reforms

To Adacir Reis, expert attorney and former head of supervisory agency SPC, which preceded Previc, the industry needs to change. "It is a matter of survival", he claims.

In his point of view, if the product got old, paradigms need to be shifted through micro and macro reforms. Macro reform would involve the pension system as a whole. "There is no way out. Increased longevity and birth rate reduction have led us down a totally new path."

One option is splitting the public regime into two pillars: a PAYG pillar administered by the State and a capitalization-based pillar managed by private pension funds, "which are better equipped to explore and diversify risks". Together, both pillars would pay a maximum monthly benefit equal to the present Social Security ceiling.

In terms of micro reforms, one of the issues requiring attention is the tax treatment of pension funds. Reis advocates in favor of a 0% rate for pension savings invested for at least 15 years, an incentive for SMEs that have elected the Presumed Profits Method to compute Income Tax as well as for individuals who file income tax using the "simplified form". Bringing the insurance and pension industries together is considered another important item of the industry's agenda.

The shift in the supervisory agency's command - formerly subordinated to the Social Security ministry and now under the scope of the Finance ministry - is seen as an opportunity by Reis, considering that all policymakers with the power to turn pension funds into a driving force of the country's development are now part of the same forum.

Financing longevity

Chairman of Mongeral Aegon board of directors, Nilton Molina emphasized that longer life spans are a reality in the country. "We are discussing how to finance longer lives and in this regard I want to say that funding longevity is not up to the government, but an individual responsibility."

Molina pointed out that people must give up short-term consumption in favor

Abrapp's "Development Plan for the Private Pension System" foresees sizeable investments in communication, marketing and media relations

of long-term savings because the State will likely provide lower pension benefits to all, guaranteeing just a basic stream of retirement income payments in the future. "It is unacceptable that a society whose life expectancy has gone from 60 to 90 years old be financially dependent on the State."

As a solution, he proposes radical changes in the legislation, highlighting that companies can no longer afford to contribute to a pension fund. "We must create conditions for people to build their own pension pots; the longer these funds remain invested, the greater fiscal incentives will be."

Development Plan

Last speaker of the plenary session, Abrapp's president José Ribeiro Pena Neto, presented the association's "Development Plan for the Private Pension System", which foresees sizeable investments in communication, marketing and media relations. "We need to learn to be the sellers of our industry", he said.

The goal is to increase the number of pension fund active members from 2.6% to 5% of the economically active population. A proportion of potential members are employees of sponsoring companies: there are, nowadays, 500,000 workers who still have not joined their employers' pension plans. "Some people are giving up the help of their employer to accumulate pension savings and we need to know what are the reasons behind this", argues Pena Neto.

Workers covered by RPPS - the public PAYG system for public servants - could also enroll into a pension fund. However, specific measures would have to be taken by federal and state governments. "Pension funds for public servants in states and municipalities can potentially attract 15 million people or 16% of the economically active population to the private pension system, a contingent of people we expect to bring to the industry until 2036."

The so-called "planos instituidos" - which are pension schemes provided by professional associations, cooperatives and labor unions that only receive workers' contributions - also offer considerable growth prospects, potentially attracting more than 6 million new members. Public servants who still do not participate in a pension fund amount to over a million.

Once covered, these groups could raise total assets under management to BRL 2.1 trillion, a 5% increase in participation per year, reaching 21% of GDP in 2036. Total assets to GDP ratio would almost double in the period, a ratio that still looks modest if compared to countries with developed private pension systems such as the Netherlands and Switzerland. ■

The possible pension reform

Parametric measures proposed by the government will not remove Social Security deficit; just make it grow at a moderate rate until 2025

Pension reform is of utmost importance to curb national debt and help the country overcome recession. So far, government proposals indicate that the reform will likely be parametric, which is certainly a disappointment for those who thought comprehensive measures leading to a new pension model would be implemented. Unions and the business community will discuss draft legislation before it is sent to the parliament, so there is still a long way before important issues - such as the minimum retirement age - are finally settled.

Presidential chief of staff Eliseu Padilha has declared that if the National Congress does not pass the Constitutional Amendment Bill containing new pension rules, the country's retirement system could be "over" in just eight years, when the federal budget will have to be fully used to cover the costs of Social Security, payroll, health and education systems.

Padilha admitted to news agency Reuters that even if all proposed measures are approved, Brazil's pension system is still far from being sustainable and self-sufficient. "The deficit will remain. That is why I have been consistently stating that we are not proposing the necessary changes to guarantee the system's sustainability, but a reform that Brazilian workers can endure, the one that is possible at the moment."

According to Padilha, the reform will not remove the pension deficit - expected to reach BRL 150 billion this year - just make it grow moderately until 2025, when it will continue to rise at an accelerated rate.

The main reason is the increase in average life expectancy, presently close to 80 years as opposed to 56 years when the system was introduced. In 2015, senior citizens were 11.7% of the population; in 2060 they will be 33.7%.

Nonetheless, Brazilians retire at 54 on average, one of the lowest ages in the world. So one of the reform's main objectives is to make people work longer.

It is also true that despite retiring early, Brazilians tend to stay in the labor market. The age at which the average citizen normally stops working is among the highest in the world: 70 (2011) in comparison to 62 in European countries. Over half of elderly people who work in the country are retired. According to specialists, Brazilians retire in order to have an additional source of income, not to live off the pension benefit.

In the public PAYG system, the floor benefit is equivalent to the minimum wage. Most retirees (18.7 million people) are entitled to this monthly amount. Less than 1% receives the benefit ceiling. Other 9,300 people are entitled to pensions that are higher than the benefit cap. These are special cases involving litigation and indemnities.

"Until 2025 Brazil will have to find other ways to finance Social Security. Otherwise, due to the present costing method based on contributions and taxpayer money to cover deficits, the system will no longer be sustainable", says Padilha.

When the system was introduced, life expectancy was 56 as opposed to 80 yrs. today. In 2060, senior citizens will make up 33.7% of the population against 11.7% in 2015

New model

President of Abrapp José Ribeiro Pena Neto agrees that a parametric reform is necessary, although he believes it is not enough to guarantee the system's long-term sustainability.

"We need a new pension model for new workers. In this new model I envisage incentives leading to the expansion of private pensions not with the intention to replace, but to complement the public regime. So far we have not seen in this reform any good prospects for the private pension system."

In Ribeiro's view, the PAYG system should have a lower benefit cap, which would be complemented by a capitalization regime with mandatory participation.

Later stage

According to economist Paulo Tafner, a structural reform should be implemented, but at a later stage. Now it is time to adjust the system's parameters so as to guarantee its sustainability.

He regards the present pension model as a "major drain on resources" compromising the fiscal capacity of federal government, estates and municipalities, which will likely become mere distributors of taxpayer money in the form of salaries and pensions. "In a not so distant future the whole country will end up supporting a small group of retirees and public servants, something that does not make any sense. There are big challenges in terms of economic development and productivity, which is extremely low in the country. If we do pay closer attention to these issues, the country will fall into a poverty trap."

The economist, who had access to parts of the draft legislation, views the introduction of statutory retirement age as a positive development, although he anticipates that it should be met with strong resistance from some members of parliament.

Another relevant - and controversial - change underlined by Tafner is the elimination of different pensionable ages for men and women.

"There are many work and compensation issues that need to be dealt with, but it is not up to the pension system to solve them"

Male and female

Asked whether gender inequalities - such as women's "double shift" and lower pay - would justify the difference between male and female retirement ages, the economist was categorical: "Fertility rates have declined considerably, the labor market has changed. There are still many issues relating to work and compensation that need to be dealt with. However, they fall outside the scope of Social Security. I am not saying that problems do not exist. All I am saying is that it is not up to the pension system to solve them."

As far as remuneration is concerned, Tafner attributes gender differences to segmentation and women entering the labor market at a later stage, which could also justify the larger number of men holding prominent positions. "It is only natural that there are more men occupying top executive positions since they have been in the labor market longer. We have a popular saying that goes: if you are the last one to enter the bus, don't expect to sit by the window."

Employability

Just as gender issues fall outside the scope of the pension regime, so does employability of the elderly.

"Many people have already been laid off under current pension rules. The workforce must seek qualification. First we must have the right incentives in place so as to reach economic stability and avert an employment generation crisis. But for this to happen the country needs to be financially sound", says Tafner.

Incentives are also needed to encourage the hiring of younger and older workers. "How can we achieve this? Through a comprehensive labor reform", argues the specialist.

He emphasizes that the country is on the verge of fiscal collapse and if nothing is done the economy will stop growing. "The economy cannot grow only 1.5% a year, otherwise we won't be able to handle demographic pressures. The labor force will be insufficient to create wealth, so we either make the economy and productivity grow or soon we will have no wealth. When it happens, society collapses."

Investments needed

Under proposed draft legislation, pension funds will retain its present role, although they could gain greater relevance in an upcoming structural reform, which could result in a new three-pillar social security system.

The first would be the social assistance pillar; the second pillar a PAYG contributory system with low benefit ceilings, whereas the third pillar would likely be based on the capitalization model.

Tafner points out that the private pension system plays a crucial role in concentrating and investing long-term savings, with important effects on interest rates. The structural reform must give people the right incentives and opportunities to save for retirement, thus creating a large pool of assets that will work as a major source of investment resources. ■

What lies ahead

- Minimum contribution period will change from 15 to 25 years. The government also intends to introduce some type of contribution for rural workers, given that only a few contribute today.
- New rules will apply to retirees, who may be required to contribute to the system, especially those who worked as public servants. Presently, only pensioners who are entitled to benefits above the Social Security ceiling (+ BRL 5,189.82) must contribute.
- The government wishes to introduce a statutory retirement age of 65 for men and women associated with a minimum contribution period of 25 years. New rules would apply to male workers aged 50 years or less and female workers younger than 45 years old.
- After the reform, retirement benefits would equal 75% of career average earnings plus 1 percentage point for each additional year of contribution in excess of the minimum required (25 years), meaning that workers will have to contribute for 50 years in order to be entitled to full benefits.
- Accumulating survivor pensions and retirement benefits will be prohibited.
- Minimum benefit provision will remain indexed to the minimum wage, but means-tested pensions most likely will not.

Investments: changes and risks in 2017

Lower interest rates will lead to more diversification and require greater caution in cash flow analysis of DB plans

The level of risk-taking in investment strategies is presently one of the hottest topics in the agenda of Brazilian pension funds. The question specialists and pension managers have been asking themselves is: moving forward, how can we diversify under uncertain economic and political conditions, yet with the perspective of lower interest rates in the future?

At the end of the first semester, pension funds' average returns were 8.44%. According to Abrapp projections, by the end of the fiscal year (December 31st, 2016), average returns may reach 16.14% against a Parameter Interest Rate (TJP) of 15.19%[1].

Such positive returns may indicate improvements in the economic sphere, with year-end benchmark Selic Interest Rate at 13.75%. For now, most portfolios are still heavily concentrated in the fixed income segment (72% in aggregate), especially in Treasury bonds (known as NTN-Bs), whereas variable income allocations amount to 17.7% of pension funds' total assets.

What should pension managers do in case Treasury bonds' lower return prospects are confirmed? For closed, mature pension plans, the level of risk will likely change from "below neutral" to "neutral", says Édner Castilho, member of Abrapp's National Technical Commission on Investments (NTCI).

In this case, mature Defined Benefit plans, which are a major part of the Brazilian private pension landscape, will require even stricter cash flow analysis before investment risk is increased, argues Silvio Rangel, member of NTCI and CEO of Fibra pension fund.

If interest rates do fall and everything goes well in the economy, the pension fund industry might re-enter a cycle that very much resembles that of the last decade, when risky assets gained momentum thanks to lower interest rates, points out Investment director at Valia pension fund and NTCI coordinator, Maurício Wanderley.

According to Wanderley, in the stock market high equity prices are merely a reflection of investors' present good mood as opposed to companies' good results; however, there is a sense of belief that better times are ahead.

Contradictory information

Does the new government's economic team have what it takes to recover the country's investment grade status? The lack of a precise answer to this question is one of the main difficulties faced by market analysts when assessing the variable income segment and the pros of buying long-dated Treasury bonds at 4.5% annual percentage yields as well as short-dated bonds at 6.5% p.a. After all, annual yields have been as high as 8% in the past.

"Is this a good alternative for pension funds? The information available has been way too contradictory. We still

1. The TJP corresponds to the average of three-year daily Interest Rate Term Structure of Treasury bonds linked to the Broad Consumer Price Index in their closest spot in relation to the duration of the plan's liabilities.

The gradual decrease of Treasury bonds' real returns will likely make the level of risk in mature pension plans go from "below neutral" to "neutral"

Once an important diversification tool, private credit poses rather complex problems now. Corporate bankruptcy fillings have increased over 170% in the past five years

don't know if the economy has reached a turning point", says Central Bank's former director of Monetary Policy Rodrigo Telles da Rocha Azevedo during one of the plenary sessions held at the latest Abrapp-sponsored "Brazilian Congress of Pension Funds", in September.

According to Azevedo, one must consider internal as well as external factors when making investment decisions. "If the pace of global growth remains slow with no perspective of inflation rate increases, it seems unlikely that the US interest rate curve will change."

Some analysts believe Brazil can rapidly attract foreign capital given the low or negative nominal interest rates worldwide. The capital inflow would benefit the domestic market by boasting investments in real assets. "But to make it happen, the Brazilian government needs to reverse the upward trend of debt-to-GDP ratio", highlights the former Central Bank director. However, at least in theory, even strict quantitative easing measures could only stabilize public debt to GDP ratio by 2020/2022, warns Azevedo.

Credit supply and few options

The potential recovery of the domestic private credit market is also a relevant issue when it comes to portfolio diversification. Once an important diversification tool, private credit poses rather complex problems now, representing just a small part of pension funds' asset base.

"Corporate bankruptcy fillings by all company sizes have reached a record high, an increase of over 170% in the past five years", says Carlos José da Costa André, CEO of asset management company BB DTVM.

"The stock market has shrunk in terms of market capitalization and number of listed companies while variable-income funds are in their lowest level over the last five years, which is worrisome", he adds.

André also points out that the amount of assets held by Brazilian institutional investors is still very low: 12.2% of GDP compared to 80% in the US. As far as private credit is concerned, while corporate bonds alone amount to 40% of GDP in the US, in Brazil, 48% of the Gross Domestic Product is invested in the short-term market.

With pension assets highly concentrated in the fixed income segment (mainly Treasury bonds), it is hard to expect broader portfolio diversification in the short run. Pension funds invest as little as 3% of total assets in structured products and less than 18% in variable income, not to mention that they are still in the early stages of foreign investing. "Managers still view investments overseas as an additional source of returns when these should be viewed as a risk management tool", argues André.

"The domestic ratio of pension assets to GDP is indeed very low", observed World Bank senior specialist José Antônio Gragnani during the latest Brazilian Congress of Pension Funds. The OECD weighted average asset-to-GDP ratio is 86% while simple average stands at 16%. "The low interest rate environment outside the country and the falling prospect of Brazilian interest rates should work as stimuli for pension managers to look for alternatives", says Gragnani.

According to the specialist, all these factors may eventually compromise the solvency of DB plans and have a negative impact on the annuities provided by Defined Contribution pension plans. "Brazil needs to develop alternatives because the country's capital market is still very limited and companies face increased leverage." Real Estate assets prices, in turn, are in a downward curve and stocks are more volatile worldwide.

Actuarial rate and risk

Investment strategies for 2017 will be heavily dependent on actuarial targets, underline pension fund managers. With the TJP (Parameter Interest Rate) moving average presently above market levels, pension funds will have the opportunity to raise their individual actuarial rates. "Even if the regulation allows for such increase, it does not mean it has to be done", remarks Silvio Rangel, CEO of Fibra pension fund. "Before designing new investment policies, pension funds must consider their actuarial interest rates and risk mandates in light of the closer association between the actuarial target and the level of risk one is willing to take."

In such environment, risk mandates will have to be defined in a more sensible manner. In other words, risk must be very well dimensioned so as to generate value-added returns. "Investment returns will become more relevant than the longevity of plan members", Rangel points out. In a 35-year-old plan, for instance, 0.05% excess returns would be enough to cover the costs of additional 1.5 years in pension benefit provision, explains the CEO, meaning that longer life expectancies will be covered by the level of returns on plans' assets.

Édner Castilho agrees that an occasional rise in actuarial rates needs to be thoroughly discussed by pension managers. "The leap in the TJP mirrors interest rate levels of 2012/2013 but within two to three years it may go down again, so if we decide to increase actuarial rates now we could be adding volatility to the funding of pension plans."

> Attractive options may appear in infrastructure, potentially increasing the level of competitiveness of the economy and generating investment opportunities in the capital market

Key investment challenges will come after 2018, when pension funds will have to assess the impact of lower interest rates on their financial statements

"One must take cautious advantage of the norms' flexibility. If the discount rate is higher than Treasury bonds' returns, pension managers will be under a lot of pressure to meet actuarial targets", adds Castilho.

Caution and infrastructure

"Attractive options may become available within the infrastructure segment, which is important so as to increase the level of competitiveness of the economy and generate investment opportunities in the capital market", argues Carlos José da Costa André, from BB DTVM. However, high interest rates may hinder Brazilian Development Bank's intentions to help finance some of the projects.

Infrastructure has great potential, says WB specialist José Gragnani, but risk-adjusted returns are still poor from institutional investors' perspective. Moreover, projects' levels of detail and predictability are low, the governance structure of the parties involved needs to be strengthened, deadlines for public bids extended and delays in construction stages averted. "The most relevant non-manageable risk is the political risk. For foreign investors, the lack of standardization when it comes to guarantees is also a serious problem."

Expertise and transparency

Positive signals from the Brazilian economy may result in growth in the next couple of years, a trend that has already been priced by the markets, explains Guilherme Velloso Leão, Abrapp director responsible for the National Technical Commission on Investments. "The fiscal landscape indicates that risk levels will remain high, mirroring the public deficit situation. What is at stake here is the country's solvency level." According to Leão, due to all these factors, interest rates are expected to remain high in the near future.

Key investment challenges will come after 2018, when pension funds will have to assess the impacts of lower interest rates on their financial statements. For those who choose to keep their positions in Treasury bonds, one of these challenges is reinvestment risk.

On the liability side, pension managers will need to keep a closer look at the growing pace of pension obligations due to increased longevity, among other instability factors. "Pension funds will have to diversify their portfolios. In order to do so, they will seek risky alternatives like the rest of the world. Regulators, in turn, will need to be even more vigilant since asset management practices will likely become even more complex", says Leão. ■

From "country of the future" to graying nation

Demographic reversal calls for immediate actions to improve health care quality, infrastructure and corporate managers' attitude towards older workers

Celebrated by some and feared by others, the increase in life expectancy has triggered discussions among pension, health and education professionals in search of solutions to help the country adapt to this new reality. Once labeled as "the country of the future", Brazil has become a graying nation, but it has fallen behind in

A recent survey conducted by Ipea indicates that the unemployment rate among people over 60 in Brazil has increased 132% between October 2014 and July 2016

building needed infrastructure and corporate culture to handle a much larger share of senior citizens and its increasing participation in the labor force.

Some of the challenges are directly associated with the pension system. There is a consensus that people will have to work longer in order to be entitled to full retirement benefits; after all, the social security regime was designed when average life expectancy was 20 years shorter than it is now.

The question is how to ensure equal employment opportunities for older workers in a country where employability starts to decline at age 45? The answer lies in shifting paradigms involving age discrimination, cultural values and an unfavorable economic scenario that has particularly penalized this segment of the population.

If the prospects for younger workers look grim, they are even worse for the elderly. A recent survey conducted by the Institute for Applied Economic Research (Ipea) indicates that the unemployment rate among people aged 60 or older has increased 132% between October 2014 and July 2016. That is why the introduction of higher statutory retirement ages cannot be disassociated from incentive measures designed to keep older workers in the labor market. Specialists argue that the government should take advantage of the ongoing debate on pension reform to discuss a comprehensive labor reform as well.

The average retirement age in Brazil is 55. It has become increasingly common to see people of this age group at the peak of their careers - especially those dedicated to activities involving creative processes; the problem is that most of these professionals are either self-employed or in the informal sector.

According to the Brazilian Institute of Geography and Statistics (IBGE), 46% of the working elderly are self-employed and 8.8% are employers, whereas only 15.7% are “formally employed”. The institute also found out that in the quarter ended in July 2016 the number of workers aged 60 or older had reached 6.48 million out of a total of 90.7 million workers in Brazil.

In the formal sector, many workers - manual laborers in particular - have difficulty finding good job opportunities, except in companies with employment programs targeting older adults. However, in most cases, the primary objective of such companies is to maintain a positive public image as opposed to generating income and creating wealth.

Health and ageing

PhD in Accounting Sciences and professor at the Accounting and Actuarial Sciences Department of the University of Brasilia (UnB), Diana Vaz de Lima refers to a study carried out last year by the United Nations to raise a different issue: the fact that increased longevity is not always accompanied by healthy ageing. This, argues Lima, is a challenge that should be addressed before the minimum retirement age of 65 is introduced in the country.

The 2015 study reveals that Brazilians may be living longer but not healthy enough to postpone retirement until 65. According to the UN, Brazilian male life expectancy at birth is 71 years old. At age 60, life expectancy increases to nearly 80.

“It may seem reasonable to make people work until they are 65 but this study shows that healthy life expectancy in Brazil is only 63 years old. Therefore, if workers have to wait until they turn 65 to retire, they will likely spend the last two years of their working lives relying on some type of paid sick leave”, warns Lima.

In order to prevent this from happening, policymakers need to improve the quality of healthcare and think of other measures to keep workers from becoming ill so that they can remain active in the labor market. This issue is of particular relevance within the scope of the public retirement system due to high levels of informality, says Lima, although it affects the private pension system as well.

“We need to be careful so as not to turn the remedy into poison. If laid off before meeting all pension payment requirements, even those who participate in a private pension fund may end up unprotected.”

The UnB professor highlights that some professions tend to be more affected than others. “It will be hard for a postman to work past 65. He will likely depend on paid sick leave and this may increase private pension plans’ actuarial risks.”

Another cause for concern is employer attitude toward those who have worked longer and therefore receive higher salaries. Most companies consider as more advantageous to replace better-paid employees by younger, cheaper, workers.

Intellectual capital

Partner at firm Consulting CG and MBA professor at Getulio Vargas Foundation (FGV), Cristina Goldschmidt asserts that the rejection of older workers is not just a cultural issue, but also a matter of profitability.

With healthy life expectancy at only 63, Brazilians may end up relying on some type of paid sick leave if required to work until 65

"New managers have to be taught that they may pay younger workers less, but by doing so they will lose intellectual capital and it is bad for business"

"New managers have to be taught that they may pay younger workers less, but by doing so they will lose intellectual capital and it is bad for business. Depending on the company's area of activity, older workers' experience is precisely what will differentiate it from its competitors."

In Goldschmidt's view, a solution is helping managers connect with their older selves. "We need to start using this approach, that is, we must establish a dialogue between *cronos* and leadership."

She argues that Brazilian society is not prepared to deal with longer lives from a sustainable economic standpoint, so alternatives must be sought. If older people are working longer, it means that they will soon be the type of workers available for employment. "Companies will have to adapt. In a not-too-distant future, we will be a society of senior citizens."

Life planning

When demographic reversal takes place, the country will have to seek to implement sustainability strategies in economic, social and human fronts. "Saving for retirement is not enough. We must think about the socioeconomic reality in which individuals are inserted. Present mobility conditions are no longer suitable for today's society, let alone in 20 to 25 years from now, when the population's functional capacity will be much lower", says Cristina Goldschmidt.

From the public health perspective, special attention needs to be given to medical care and people's eating habits so as to prevent employers, pension funds and insurance companies from having to deal with a disproportionate number of claims. It all implies in designing now a life plan for the future knowing that everyone, from policymakers to the private sector, are well behind schedule.

The body loses functionality as it ages, argues Goldschmidt. "This requires businesses and society to have economic sustainability. Companies need to re-evaluate their policies and procedures and managers must bear in mind that considering a 54-year-old individual 'too old for the job' is so outdated."

Also, when teaching management, business schools must differentiate the type of management based on short-term financial results from a sustainable approach, a strategy that has gained ground recently. The first step is inculcating long-term vision. "Sustainability and short-termism are like oil and water", notes the specialist. ■

ABRAPP

Statistical Data

HIGHLIGHTS - SEPTEMBER/2016

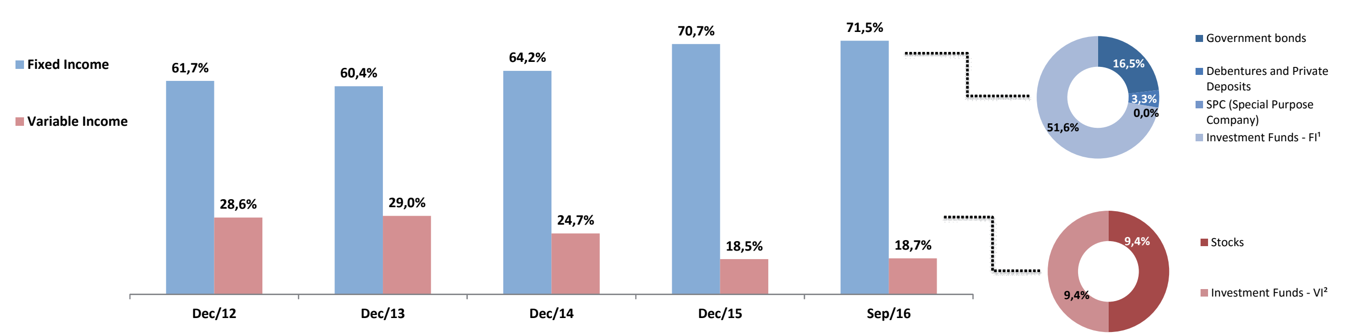
Pension Funds' assets reached R$ 787 billion, which represents 13.1% of the Brazilian GDP. In September, pension fund aggregate portfolio return was 0.81%, above the 0.61% Parameter Interest Rate (TJP) of the month. Year to date, pension funds' returns reached 13.11%, well above TJP with 11.38%. DC plans had the highest return year to date, with 13.24%, followed by DB plans, with 13.17% and VC(hybrid), with 12.93%.

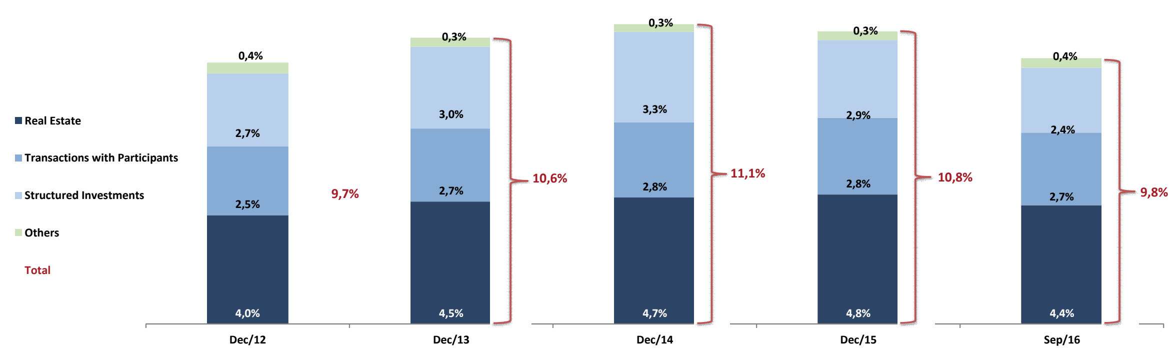
I. AGGREGATED PORTFOLIO BY TYPE OF INVESTMENT (in BRL million)

Asset classes	Dec/09	%	Dec/10	%	Dec/11	%	Dec/12	%	Dec/13	%	Dec/14	%	Dec/15	%	Sep/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%**	**536.123**	**71,5%**
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%	123.864	16,5%
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%	24.750	3,3%
SPC (Special Purpose Company)			119	0,0%	193	0,0%	213	0,0%	186	0,0%	160	0,0%	142	0,0%	143	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%	387.366	51,6%
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%**	**140.420**	**18,7%**
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%	70.215	9,4%
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%	70.205	9,4%
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%**	**18.030**	**2,4%**
Emerging Companies			241	0,0%	360	0,1%	359	0,1%	346	0,1%	304	0,0%	258	0,0%	260	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%	15.828	2,1%
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%	1.942	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%**	**32.948**	**4,4%**
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%**	**20.152**	**2,7%**
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%	18.697	2,5%
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%	1.455	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%**	**2.655**	**0,4%**
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%**	**750.327**	**100,0%**

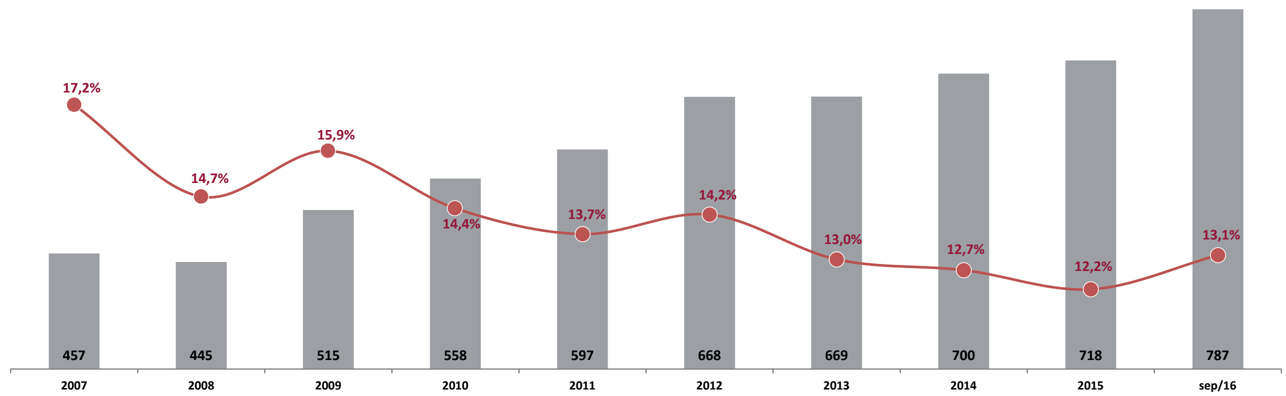
Notes: [1] Includes Short Term, Denominated, Fixed Income, Multimarket, Exchange Rate and Receivables Investment Funds ; [2] Includes Stocks and Market Indexes; [3] Until 2009 refer to Real Estate segment; [4] Includes External Debt, Stocks - Foreign Listed Companies, Other Receivables, Derivatives,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

II. PENSION FUND ASSET EVOLUTION BY TYPE OF INVESTMENT





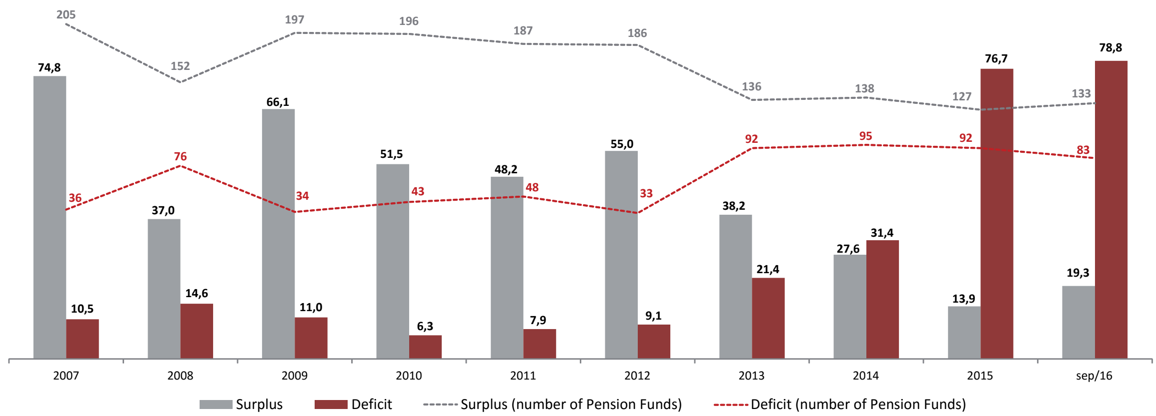
III. PENSION FUND ASSET* EVOLUTION *VERSUS* GDP



Source: IBGE/ABRAPP
Includes available assets, receivables and permanent assets
GDP refers to the third and fourth quarters of 2015 and first and second quarters of 2016
* 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	34	12,9%	122.120	16,3%	465.758	18,3%	883.247	22,6%	118.705	16,1%
East	16	6,1%	31.039	4,1%	93.432	3,7%	131.473	3,4%	47.481	6,5%
Norheast	22	8,3%	21.054	2,8%	33.257	1,3%	91.903	2,4%	34.353	4,7%
Southeast	46	17,4%	345.727	46,1%	538.630	21,2%	1.332.738	34,1%	304.984	41,5%
Southwest	103	39,0%	179.041	23,9%	1.133.953	44,6%	1.081.976	27,7%	171.261	23,3%
South	43	16,3%	51.346	6,8%	277.025	10,9%	386.712	9,9%	58.785	8,0%
Total	**264**	**100,0%**	**750.327**	**100,0%**	**2.542.055**	**100,0%**	**3.908.049**	**100,0%**	**735.569**	**100,0%**

* Regional Composition: Center-North - RO, AM, RR, AP, GO, DF, AC, MA, MT, MS, PA, PI and TO. Leste - MG. Northeast - AL, BA, CE, PB, PE, RN and SE. Southeast - RJ and ES. Southwest - SP. South - PR, SC and RS.
** Pension Funds of the sample / Note: Number of active Pension Funds by region according to Quarterly Statistics (June/16) - PREVIC: Center-North = 38, East = 17, Northeast = 26, Southeast = 56, Southwest =117, South = 52 -> (Total = 306)

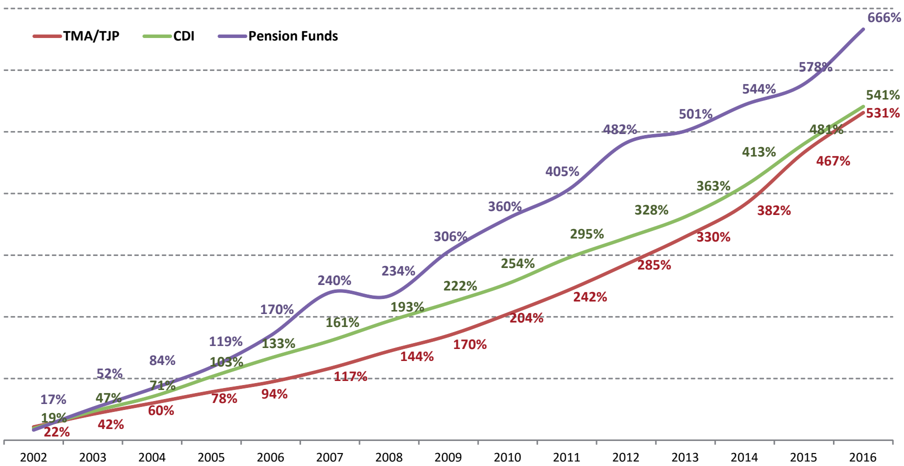
VI. COMPARATIVE DATA BY TYPE OF SPONSOR

Sponsorship	Number of Pension Funds*	%	Investments (BRL millions)	%	Active Members	%	Dependents	%	Beneficiaries	%
Industry/Professional Funds**	19	7,2%	5.313	0,7%	190.774	7,5%	296.517	7,6%	1.221	0,2%
Private	164	62,1%	290.035	38,7%	1.554.856	61,2%	1.893.354	48,4%	315.424	42,9%
Public	81	30,7%	454.979	60,6%	796.425	31,3%	1.718.178	44,0%	418.924	57,0%
Total	**264**	**100,0%**	**750.327**	**100,0%**	**2.542.055**	**100,0%**	**3.908.049**	**100,0%**	**735.569**	**100,0%**

* Pension Funds of the sample / Obs .: Number of active Pension Funds by type of Sponsorship according to Quarterly Statistics (June/16) - PREVIC: Institution = 20, Private = 198 and Public = 88 -> (Total = 306)
** Investment and population data also refer to other industry/professional pension plans managed by multi-sponsored funds

VII. RETURNS

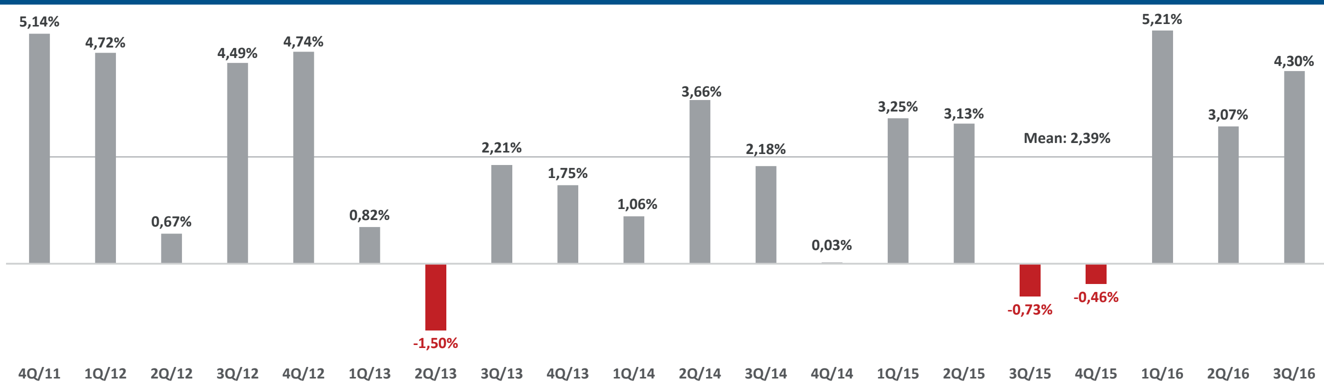
Period	TMA/TJP[1]	CDI[2]	Ibovespa[3]	Pension Funds*
2002	21,62%	19,09%	-17,00%	16,60%
2003	17,01%	23,26%	97,34%	30,01%
2004	12,50%	16,16%	17,82%	21,07%
2005	11,35%	19,00%	27,73%	19,05%
2006	8,98%	15,03%	32,93%	23,45%
2007	11,47%	11,87%	43,65%	25,88%
2008	12,87%	12,38%	-41,22%	-1,62%
2009	10,36%	9,88%	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%
sep/16	0,61%	1,11%	0,80%	0,81%
2016	11,38%	10,42%	34,64%	13,11%
12 months	16,08%	14,14%	29,53%	12,59%
Accumulated	**531,19%**	**541,24%**	**330,07%**	**666,47%**
Accumulated per year	**13,30%**	**13,43%**	**10,40%**	**14,81%**



(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

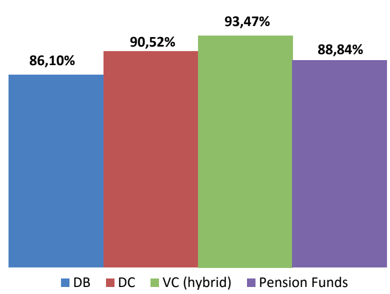
VIII. PENSION FUND QUARTERLY RESULTS - AGGREGATE



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	310.921	63,4%	59,5%	74.906	91,8%	14,3%	136.339	83,1%	26,1%
Variable Income	120.735	24,6%	86,3%	4.623	5,7%	3,3%	14.536	8,9%	10,4%
Structured Investments	13.964	2,8%	77,7%	579	0,7%	3,2%	3.436	2,1%	19,1%
Real Estate	29.130	5,9%	88,8%	416	0,5%	1,3%	3.243	2,0%	9,9%
Transactions with Participants	13.577	2,8%	67,4%	864	1,1%	4,3%	5.700	3,5%	28,3%
Others	1.722	0,4%	62,2%	206	0,3%	7,4%	841	0,5%	30,4%
Total	**490.048**	**100,0%**	**66,6%**	**81.595**	**100,0%**	**11,1%**	**164.094**	**100,0%**	**22,3%**

X. ESTIMATED RETURN BY PLAN TYPE

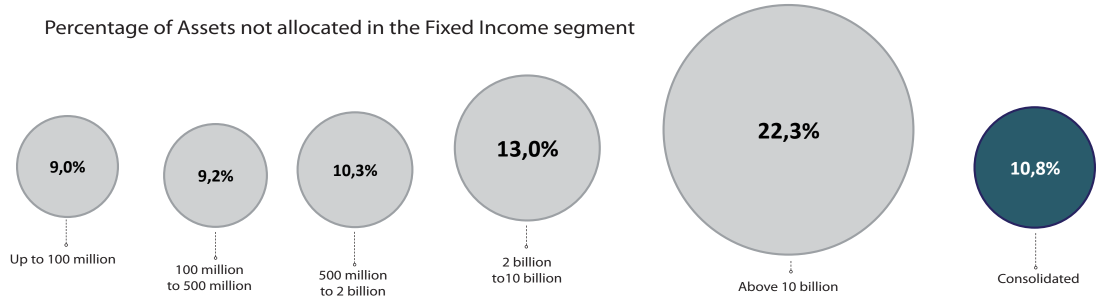


Period	Defined Benefit	Defined Contribution	Variable Contriibution	Pension Funds
2010	13,79%	9,76%	11,67%	13,26%
2011	10,04%	8,62%	9,96%	9,80%
2012	15,38%	14,90%	15,56%	15,37%
2013	3,96%	0,66%	1,52%	3,28%
2014	6,15%	10,22%	8,78%	7,07%
2015	3,15%	10,69%	9,32%	5,22%
sep/16	0,76%	1,10%	0,81%	0,81%
2016	13,17%	13,24%	12,93%	13,11%
Accumulated	**86,10%**	**90,52%**	**93,47%**	**88,84%**

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	38	91,0%	3,4%	0,2%	2,2%	0,4%	2,8%
100 million to 500 million	85	90,8%	5,2%	0,4%	1,8%	1,0%	0,9%
500 million to 2 billion	80	89,7%	4,5%	1,2%	2,3%	1,6%	0,7%
2 billion to 10 billion	50	87,0%	6,7%	2,0%	2,3%	1,5%	0,5%
Above 10 billion	11	77,7%	12,4%	2,7%	4,4%	2,7%	0,2%
Consolidated	264	89,2%	5,3%	1,0%	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	158.054.037	23.981	92.122
2	PLANO PETROS DO SIST. PETROBRÁS	PETROS	52.085.159	23.329	54.613
3	REG/REPLAN	FUNCEF	46.660.493	28.823	34.887
4	PLANO BD	REAL GRANDEZA	13.049.278	1.709	8.297
5	PLANO BD	VALIA	11.433.231	12	17.012
6	PBS-A	SISTEL	10.673.295	0	23.730
7	PBB	FAPES	9.727.845	3.103	2.088
8	PSAP/ELETROPAULO	FUNCESP	8.515.304	4.548	12.469
9	PLANO DE APOS. COMPLEMENTAR	ITAUBANCO	7.316.061	4.126	4.262
10	PBB	CENTRUS	6.161.503	0	1.450
11	PLANO	BANESPREV	6.033.543	4	12.751
12	PLANO A - PLANO SALD. BENEF.	FORLUZ	5.872.344	615	11.045
13	PLANO BANESPREV II	BANESPREV	5.378.033	1.738	9.304
14	PLANOS I E II	FUND. COPEL	5.372.131	46	4.581
15	PSAP/CESP B1	FUNCESP	5.211.281	910	5.451

DEFINED CONTRIBUTION

	Plan	Pension Fund	Investments (BRL thousand)	Active Members	Beneficiaries
1	PLANO ITAUBANCO CD	ITAUBANCO	9.560.075	17.870	3.367
2	IBM - CD	FUNDAÇÃO IBM	3.565.104	12.486	851
3	VISÃO TELEFÔNICA	VISÃO PREV	3.294.332	6.055	4.259
4	PLANO DE APOS. SANTANDERPREVI	SANTANDERPREVI	2.980.634	41.550	826
5	PLANO CD GERDAU	GERDAU	2.890.626	19.698	1.498
6	PLANO	ODEBRECHT	2.618.904	18.499	151
7	CEEEPREV	ELETROCEEE	2.603.899	3.793	2.711
8	PAI-CD	FUNDAÇÃO ITAÚSA	2.249.389	9.138	387
9	1-B	PREVINORTE	2.232.767	3.110	611
10	EMBRAER PREV	EMBRAER PREV	2.150.301	17.074	430
11	PLANO DE APOSENTADORIA	UNILEVERPREV	2.007.737	14.068	614
12	PRECAVER	QUANTA - PREVIDÊNCIA	1.751.460	39.557	48
13	CD ELETROBRÁS	ELETROS	1.577.200	1.302	408
14	VOTORANTIM PREV	FUNSEJEM	1.463.468	29.365	777
15	PLANO SUPLEMENTAR CITIBANK	CITIPREVI	1.166.725	4.211	346

VARIABLE CONTRIBUTION

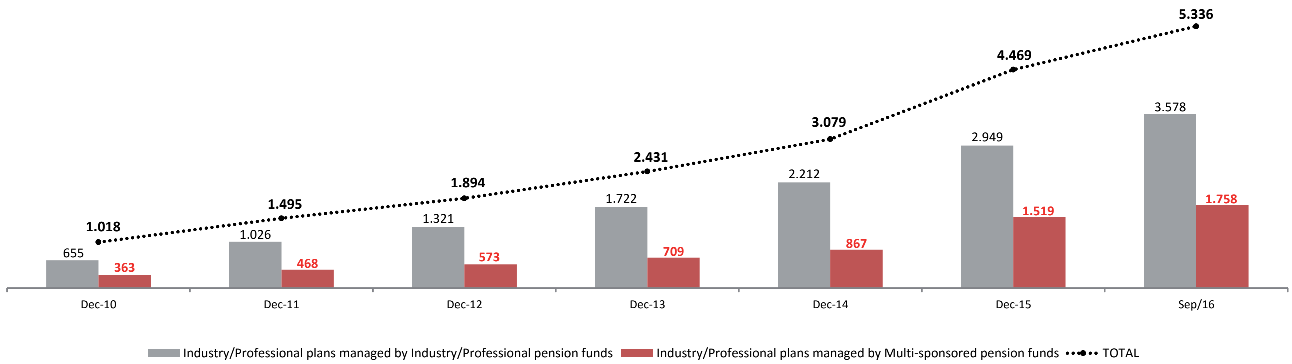
	Plan	Pension Fund	Investments (BRL thousand)	Active Members	Beneficiaries
1	PLANO PETROS 2	PETROS	13.935.610	48.383	3.290
2	NOVO PLANO	FUNCEF	10.701.863	89.127	3.900
3	PB2	PREVI	8.685.251	74.342	796
4	B	FORLUZ	8.516.985	8.338	4.612
5	PLANO VALE MAIS	VALIA	6.875.590	65.190	4.427
6	TELEMARPREV	FATLÂNTICO	4.600.417	12.068	7.260
7	PPCPFL	FUNCESP	4.570.451	3.235	6.359
8	PCV I	TELOS	4.170.674	6.690	3.313
9	POSTALPREV	POSTALIS	4.165.720	116.447	3.129
10	PLANO DE APOSENTADORIA	PREVI-GM	3.752.593	23.275	3.029
11	PLANO III	FUND. COPEL	3.426.606	10.032	3.378
12	PS-II	SERPROS	3.191.585	8.056	461
13	PACV	INFRAPREV	2.825.601	11.432	2.742
14	TCSPREV	FATLÂNTICO	2.489.652	1.314	1.757
15	PLANO MISTO	CBS PREV.	2.466.772	14.605	1.766

INDUSTRY/PROFESSIONAL FUNDS

	Plan	Pension Fund	Investments (BRL thousand)	Active Members	Beneficiaries
1	PRECAVER	QUANTA - PREVIDÊNCIA	1.751.460	39.557	48
2	UNIMED-BH	UNI+PREV MULTIP.	589.018	5.120	9
3	OABPREV-SP	OABPREV-SP	497.085	35.224	94
4	ANAPARPREV	PETROS	480.186	2.971	392
5	SICOOB MULTI INSTITUÍDO	SICOOB PREVI	345.237	38.403	12
6	PBPA	OABPREV-PR	226.487	12.032	51
7	RJPREV	OABPREV-RJ	148.454	4.926	136
8	PLANO ACRICEL DE APOSENT.	MULTIBRA INSTITUIDOR	136.845	61	148
9	PLANJUS	JUSPREV	133.153	2.354	3
10	PBPA	OABPREV-MG	128.812	7.775	28
11	PBPA	OABPREV-SC	122.038	6.621	53
12	PLANO II	MÚTUOPREV	81.679	na	na
13	ADV-PREV	OABPREV-GO	72.913	4.913	23
14	COOPERADO	UNI+PREV MULTIP.	67.212	1.167	1
15	PBPA	OABPREV-RS	63.367	5.134	30

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

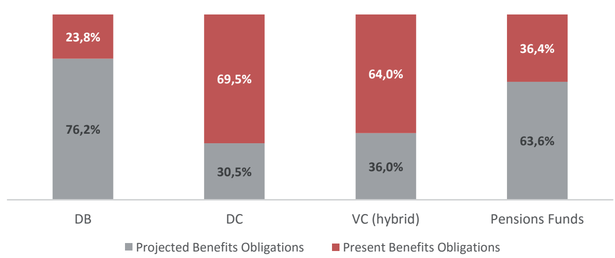
XIII. INDUSTRY/PROFESSIONAL PENSION FUNDS ASSET EVOLUTION*



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

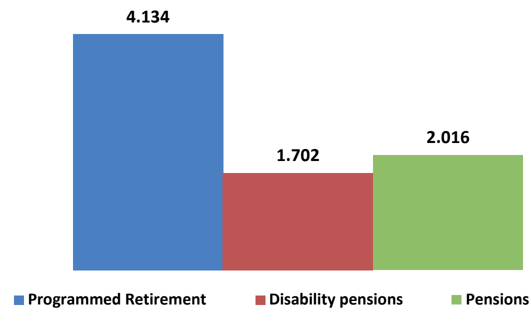
Type	Number of Plan	Up to 25%	25% to 50%	50% to 75%	75% to 100%
DB	272	5,1%	14,7%	21,7%	58,5%
DC	352	75,3%	16,2%	4,8%	3,7%
VC (hybrid)	305	45,9%	31,8%	15,7%	6,6%
Pension Funds	259*	26,3%	32,0%	27,4%	14,3%

* Only Pension Funds with available data were considered (sep/16)

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.

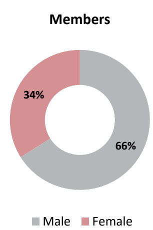


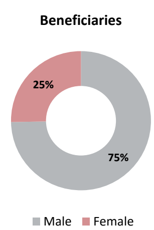
[1] Accumulated as of Dec 2014.
[2] Accumulated average until Dec 2014 (in BRL).

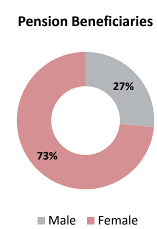
XVI. POPULATION STATISTICS*

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%

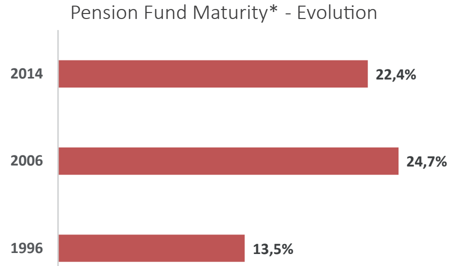
*Data from 2014 / Sample of 246 pension funds and more than 3,2 million people





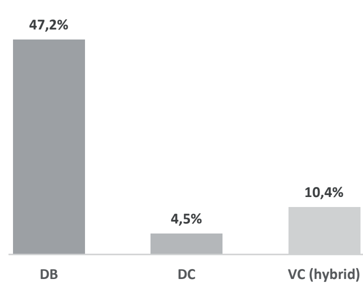


Pension Fund Maturity* - Evolution



*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	167.892.456	1	100.485	248.993	92.918
2	PETROS	70.726.871	2	96.747	338.766	64.744
3	FUNCEF	59.143.033	4	100.381	183.043	39.445
4	FUNCESP	26.446.622	14	15.534	52.641	30.964
5	FUND. ITAÚ UNIBANCO	24.447.239	11	39.397	2.698	13.587
6	VALIA	20.870.895	5	80.200	312.251	21.882
7	SISTEL	16.844.511	31	1.962	44.875	24.264
8	FORLUZ	14.426.442	37	8.702	32.780	13.191
9	REAL GRANDEZA	14.040.792	62	4.249	20.061	8.396
10	BANESPREV	13.925.769	29	2.751	22.022	23.762
11	FUNDAÇÃO ATLÂNTICO	10.186.286	27	13.905	50.757	14.812
12	FAPES	9.920.214	115	3.103	6.848	2.088
13	POSTALIS	8.974.978	3	117.057	270.902	26.139
14	FUNDAÇÃO COPEL	8.873.289	45	10.078	6.859	7.959
15	PREVIDÊNCIA USIMINAS	8.282.555	19	20.489	58.470	20.177
16	TELOS	7.225.704	57	6.695	24.739	6.737
17	CENTRUS	6.997.612	176	411	1.536	1.639
18	MULTIBRA FDO PENSÃO	6.617.770	6	70.683	2	7.136
19	FACHESF	6.015.223	52	4.973	14.919	9.541
20	ELETROCEEE	5.744.932	50	6.851	14.410	8.803
21	VISÃO PREV	5.634.656	43	13.160	14.881	5.633
22	CERES	5.629.984	42	12.638	33.905	6.229
23	ECONOMUS	5.580.215	41	12.126	19.561	6.892
24	SERPROS	5.309.861	51	10.914	25.868	3.782
25	CBS PREVIDÊNCIA	4.985.566	23	20.013	36.894	14.310
26	BB PREVIDÊNCIA	4.875.341	7	70.801	64.631	1.933
27	MULTIPREV	4.371.435	17	40.447	61.022	1.369
28	FUNBEP	4.260.357	99	1.192	7.520	5.285
29	FUNDAÇÃO IBM	4.259.253	56	12.509	15.362	974
30	FUNDAÇÃO BANRISUL	4.106.491	40	12.521	na	6.561
31	ELETROS	4.069.049	107	3.292	7.357	2.257
32	CAPEF	4.014.853	66	6.742	20.278	4.730
33	PREVI-GM	3.754.569	30	23.248	8.228	3.027
34	GERDAU PREVIDÊNCIA	3.692.471	34	20.494	26.639	2.267
35	FIBRA	3.265.314	152	1.429	3.901	1.586
36	PREVINORTE	3.231.297	92	5.611	7.158	1.528
37	BRF PREVIDÊNCIA	3.210.506	21	30.623	13.791	5.678
38	BRASLIGHT	3.165.926	75	4.374	12.783	5.702
39	INFRAPREV	2.986.322	54	11.536	16.826	2.912
40	SANTANDERPREVI	2.985.588	16	41.550	893	826
41	PSS	2.958.290	96	2.641	4.388	3.977
42	FUNDAÇÃO LIBERTAS	2.780.698	36	18.792	2.915	3.386
43	ELOS	2.759.952	131	1.501	5.372	3.003
44	UNILEVERPREV	2.743.830	49	14.365	1.207	1.335
45	CITIPREVI	2.690.813	67	10.426	-	916
46	FUNSSEST	2.651.410	83	6.098	-	2.456
47	ODEBRECHT PREVIDÊNCIA	2.628.238	44	18.499	na	151
48	VWPP	2.625.039	13	46.503	58.998	1.963
49	CELOS	2.601.307	79	4.187	8.474	4.769
50	GEAPPREVIDÊNCIA	2.538.104	9	60.103	145.553	na
51	FUNDAÇÃO ITAÚSA	2.495.242	74	9.244	14.787	918
52	MULTIPENSIONS	2.474.017	10	56.521	85.100	1.341
53	NUCLEOS	2.449.088	128	3.634	6.172	1.130
54	SABESPREV	2.246.382	38	13.876	39.321	7.134
55	ITAÚ FUNDO MULTI	2.242.812	na	na	na	na
56	FUSESC	2.203.698	88	2.501	9.696	5.125
57	EMBRAER PREV	2.153.178	46	17.074	9.607	430
58	FUNEPP	2.141.223	28	27.387	19.194	5
59	REGIUS	2.081.505	130	3.715	7.271	954
60	PREVIRB	2.066.512	173	491	1.845	1.597
61	ICATUFMP	2.045.255	15	43.268	37.124	1.825
62	METRUS	1.974.524	63	9.674	19.358	2.572
63	FUNDAÇÃO REFER	1.949.009	24	4.550	42.540	28.544
64	QUANTA - PREVIDÊNCIA	1.807.485	18	40.862	69.172	57
65	MÚLTIPLA	1.763.921	33	23.123	18.221	666
66	BANDEPREV	1.745.411	174	290	1.922	1.796
67	PRECE	1.716.858	64	4.455	12.391	7.630
68	INSTITUTO AMBEV	1.693.341	94	4.984	942	1.850
69	FAELBA	1.683.761	117	2.871	10.070	2.200
70	PREVDOW	1.668.163	133	3.749	5.621	558
71	PREVIBAYER	1.606.516	97	5.003	17.488	1.609
72	JOHNSON & JOHNSON	1.585.496	89	6.602	6.899	848
73	ENERPREV	1.560.866	na	na	na	na
74	FUNSEJEM	1.540.234	25	29.616	9.456	894
75	PREVI-SIEMENS	1.539.973	71	9.572	15.093	1.293
76	FUNDAÇÃO PROMON	1.458.054	161	2.011	5.500	681
77	BANESES	1.399.014	137	2.141	5.966	1.993
78	FASC	1.387.898	84	7.560	1.090	681
79	SANPREV	1.334.344	135	3.746	5.525	518
80	FUNDAÇÃO CORSAN	1.316.792	82	5.463	10.917	3.270
81	FUSAN	1.296.985	77	7.303	14.206	2.427
82	PRHOSPER	1.292.516	127	3.244	2.467	1.560
83	FACEB	1.266.932	164	1.041	3.683	1.371
84	HP PREV	1.230.407	123	4.737	11.546	240
85	PREVI-ERICSSON	1.213.452	121	4.169	4.495	837
86	FIPECQ	1.198.755	165	2.031	4.859	348
87	PREVIG	1.185.342	160	2.124	2.119	620
88	FAELCE	1.174.407	147	1.207	4.100	2.340
89	FORD	1.158.648	58	12.625	20	698
90	BASF	1.119.204	143	3.283	10.647	461
91	CIBRIUS	1.117.265	154	1.637	4.310	1.322
92	ACEPREV	1.104.698	140	2.538	5.218	1.314
93	GEBSA-PREV	1.095.659	87	7.554	11.345	227
94	SÃO BERNARDO	1.085.383	53	13.061	8.293	1.430
95	PREVDATA	1.058.459	129	3.191	7.492	1.502
96	PREVISC	1.041.484	60	11.997	16.841	1.134
97	SÃO RAFAEL	1.019.339	167	1.665	2.929	684
98	PREVUNIÃO	1.011.074	105	4.901	8.356	759
99	BRASILETROS	1.007.077	142	1.192	3.350	2.597
100	PREVI NOVARTIS	999.690	144	3.219	86	500
101	BASES	949.695	171	814	1.827	1.390
102	CARGILLPREV	915.064	81	8.717	13.086	169
103	ISBRE	911.435	221	494	1.131	388
104	DESBAN	907.357	218	374	1.099	547
105	ECOS	902.576	223	117	975	738
106	SYNGENTA PREVI	895.435	157	2.642	4.623	232
107	PREVIBOSCH	886.968	69	10.134	-	910
108	FUNDAMBRAS	877.739	55	13.184	223	714
109	ABRILPREV	864.524	91	6.828	8.458	388
110	WEG	845.642	35	21.920	14.440	371
111	AGROS	805.082	102	5.106	7.642	780
112	CELPOS	801.084	119	1.665	4.585	3.391
113	IAJA	800.916	100	5.268	9.383	970
114	PLANEJAR	766.769	134	3.929	5.895	370
115	MBPREV	753.915	61	11.886	2.299	781
116	CYAMPREV	718.034	32	23.864	31.654	107
117	FUNDIÁGUA	711.051	111	3.881	8.898	1.450
118	DUPREV	710.139	151	2.784	431	255
119	UNI+PREV MULTIPAT.	709.315	na	na	na	na
120	COMSHELL	689.910	168	1.806	3.009	461
121	COMPESAPREV	683.640	122	2.733	5.358	2.254
122	SERGUS	679.239	195	1.019	1.620	373
123	ELETRA	678.327	155	1.702	3.800	1.251
124	FASCEMAR	670.017	183	1.192	4.350	754
125	PREVHAB	652.579	208	456	601	617
126	ULTRAPREV	639.887	78	9.458	2.763	170
127	SEBRAE PREVIDÊNCIA	637.533	90	7.150	6.640	127
128	FUND. SÃO FRANCISCO	625.963	180	1.089	1.901	881
129	PREVICAT	594.434	na	na	na	na
130	FACEAL	569.319	187	998	-	698
131	PREVEME	561.345	150	2.865	3.584	512
132	PREVIPLAN	559.248	159	2.322	5.464	448
133	SP-PREVCOM	551.751	48	15.954	6.877	-
134	CAPAF	545.134	132	2.310	3.762	2.074
135	FABASA	531.577	113	4.729	15.735	550
136	PREVICOKE	525.901	211	851	39	167
137	ENERGISAPREV	520.271	93	6.032	14.730	1.094
138	OABPREV-SP	516.092	22	35.224	57.965	94

XVII. PENSION FUND RANKING

	PENSION FUNDS	INVESTMENTS (in BRL thousand)	RANKING according to the number of members and beneficiaries	ACTIVE MEMBERS*	DEPENDENTS*	BENEFICIARIES*
139	VIKINGPREV	513.762	112	5.114	78	196
140	MAIS VIDA PREVIDÊNCIA	503.280	192	1.386	2.078	76
141	PREVIM-MICHELIN	465.879	124	4.875	56	91
142	MULTIBRA INSTITUIDOR	459.742	149	3.170	13	258
143	PORTOPREV	455.749	106	5.466	721	106
144	FGV-PREVI	454.542	169	2.138	2.343	126
145	INDUSPREVI	450.700	138	3.500	4.272	534
146	MENDESPREV	438.179	219	526	1.224	392
147	GASIUS	438.118	205	65	841	1.084
148	DERMINAS	436.752	70	6.853	-	4.015
149	GOODYEAR	433.489	108	5.116	7.673	431
150	SUPREV	429.672	104	4.487	4.185	1.216
151	PREVMON	426.889	156	2.847	4.982	59
152	FAPERS	417.036	163	1.702	3.692	741
153	SEGURIDADE	414.977	177	1.710	511	336
154	BUNGEPREV	407.034	68	10.847	15.757	277
155	SICOOB PREVI	404.209	20	37.770	28.356	12
156	FUTURA	403.602	232	160	201	366
157	ABBPREV	393.366	141	3.700	5.553	127
158	CAPESESP	391.875	12	49.274	28.599	684
159	FAPA	387.350	205	847	2.382	302
160	CARREFOURPREV	373.905	8	66.515	45.499	142
161	ALPAPREV	368.857	26	28.749	35.502	205
162	UNISYS PREVI	366.503	213	948	2	44
163	FUNDAÇÃO ENERSUL	360.164	217	552	1.098	374
164	CABEC	359.314	204	150	1.669	1.059
165	FUNTERRA	350.484	239	152	846	157
166	PREVINDUS	350.050	76	8.930	5.950	1.105
167	FUNPRESP-EXE	344.055	85	7.926	-	3
168	CIFRÃO	339.179	188	845	1.845	810
169	PFIZER PREV	336.732	178	1.892	474	147
170	PREVCUMMINS	335.646	181	1.807	2.567	146
171	PREVISCÂNIA	334.303	na	na	na	na
172	MSD PREV	334.274	210	945	1.416	76
173	FACEPI	328.291	182	972	2.237	976
174	CASFAM	325.861	114	4.300	1.364	915
175	PREV PEPSICO	313.162	47	16.887	15.615	105
176	RANDONPREV	310.832	72	10.621	16.364	163
177	P&G PREV	305.338	103	5.677	8.433	162
178	DANAPREV	304.313	101	6.039	9.058	112
179	FIOPREV	301.484	136	3.888	5.060	284
180	VOITH PREV	300.361	172	2.047	3.058	118
181	PREVIP	297.934	153	2.832	5.456	145
182	FASERN	295.059	202	783	148	453
183	PORTUS	291.857	73	1.777	14.641	8.940
184	FAECES	290.784	184	1.078	2.271	849
185	POUPREV	281.916	201	1.211	1.681	36
186	SOMUPP	264.127	245	-	-	145
187	PREVIDEXXONMOBIL	263.785	190	1.461	2.230	80
188	LILLY PREV	262.504	212	823	1.230	192
189	EATONPREV	260.031	126	4.763	6.517	170
190	RBS PREV	259.673	110	5.372	3.100	122
191	KPMG PREV	255.799	120	4.981	7.448	52
192	CASANPREV	239.946	186	1.603	4.430	220
193	RAIZPREV	234.538	39	19.283	12.865	5
194	OABPREV-PR	227.966	65	12.032	19.700	51
195	SUPRE	225.555	222	481	1.434	386
196	FUCAP	223.941	185	1.578	1.634	255
197	CAPOF	218.918	230	157	613	414
198	PREVICEL	217.576	216	809	1.098	121
199	AVONPREV	206.301	98	6.413	635	133
200	TEXPREV	202.197	224	623	881	150
201	PREVEME II	200.465	139	3.874	6.791	37
202	CARBOPREV	199.624	209	837	1.256	187
203	MERCAPREV	195.210	193	1.387	2.071	73
204	PREVIHONDA	191.508	59	13.109	19.664	63
205	MERCERPREV	190.591	228	716	1.072	11
206	MAUÁ PREV	189.423	158	2.702	4.052	109
207	ROCHEPREV	179.792	197	1.237	1.600	58
208	BOTICÁRIO PREV	161.858	109	5.475	7.632	26
209	FAÇOPAC	157.870	179	1.902	2.237	121
210	ALPHA	152.289	203	1.032	2.190	192
211	CAGEPREV	149.830	198	1.248	1.670	42
212	OABPREV-RJ	148.740	118	4.926	8.306	136
213	FAPECE	137.655	235	290	na	155
214	JUSPREV	133.337	166	2.354	3.480	3
215	OABPREV-MG	128.904	86	7.775	14.574	28
216	FUNDAÇÃO GAROTO	128.396	145	3.484	8.540	201
217	PREVBEP	126.451	241	52	148	136
218	SIAS	124.067	80	8.028	7.938	891
219	OABPREV-SC	123.903	95	6.621	10.349	53
220	FUMPRESC	117.018	214	631	1.634	345
221	VISTEON	115.825	na	na	na	na
222	FUNASA	113.688	200	528	1.432	741
223	CAFBEP	107.659	196	973	868	354
224	RECKITTPREV	107.650	227	688	1.032	56
225	PREVYASUDA	92.705	233	413	266	87
226	MÚTUOPREV	83.944	na	na	na	na
227	INSTITUTO GEIPREV	80.955	237	82	289	311
228	INERGUS	79.735	207	542	2.295	570
229	FUNPRESP-JUD	75.759	194	1.405	1.405	na
230	OABPREV-GO	73.495	125	4.913	10.207	23
231	CARFEPE	73.285	189	1.595	3.110	38
232	PREVCHEVRON	65.975	243	141	213	43
233	DATUSPREV	65.074	na	na	na	na
234	OABPREV-RS	64.965	116	5.134	7.704	30
235	MONGERAL	63.570	170	2.219	3.585	12
236	ALBAPREV	61.973	240	159	335	30
237	MM PREV	54.160	162	2.420	26	30
238	PREVUNISUL	53.417	199	1.186	1.763	103
239	FUNCASAL	48.999	191	874	1.787	611
240	FUTURA II	41.558	231	551	321	1
241	SILIUS	40.460	238	25	295	326
242	PREVES	33.466	224	773	na	na
243	ALEPEPREV	31.567	242	175	208	10
244	SBOTPREV	31.086	na	na	na	na
245	UNIPREVI	27.641	247	5	34	23
246	RJPREV	26.635	226	757	-	-
247	OABPREV-NORDESTE	25.854	234	348	588	148
248	CNBPREV	22.008	220	913	1.572	2
249	ANABBPREV	15.241	215	932	1.814	4
250	FUCAE	7.782	na	na	na	na
251	CAVA	7.413	175	1.483	2.309	590
252	FUNDAÇÃO FECOMÉRCIO	6.724	236	444	827	-
253	SUL PREVIDÊNCIA	4.317	244	149	224	-
254	MAPPIN	3.754	148	3.463	2.895	35
255	STEIO	1.653	na	na	na	na
256	ORIUS	1.260	246	na	25	47
257	PREVCOM-MG	1.058	na	na	na	na
258	ACIPREV	698	229	575	965	-
259	CIASPREV	241	146	3.657	-	-
260	FFMB	115	na	na	na	na
261	EDS PREV	82	248	6	na	na

TOTAL ESTIMATED

Investments (in BRL thousand)	750.327.057	Active members*	2.542.055	Dependents*	3.908.049	Beneficiaries*	735.569

*December/14

The Statistical Data is published by ABRAPP - the Brazilian Association of Pension Funds
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