



REFERENCE LIST

April 2013

Financial Literacy: Implications for Retirement Security and the Financial Marketplace

April 2013- Pension Research Council. The Wharton School of the University of Pennsylvania

As financial markets grow ever more complex and integrated, households must make increasingly sophisticated and all-too-often irreversible economic decisions. This is particularly evident in retirement decision-making. Traditional defined benefit pension schemes are being replaced with defined contribution pensions; employer and government judgment regarding how much to save and where to invest has been replaced by employees having to make these choices on their own (sometimes assisted by advisers); and retirees have become responsible for managing their own pension assets.

This volume explores how financial literacy can enhance peoples' ability to make informed economic choices. It proposes that financial literacy determines how well people make and execute saving, investing, borrowing, and planning decisions. It examines causality using controlled settings to disentangle whether financial literacy causes saving or vice versa, and demonstrates that financial education programs do indeed enhance financial decision-making and asset accumulation.

<http://www.pensionresearchcouncil.org/publications/0-19-969681-9.php>

How to retire on just \$25,000 in the bank

March 2013- Marketplace, American Public Media

In a recent survey, more than half of U.S. workers saving for retirement have less than \$25,000 in the bank for the golden years. That's not a lot of money -- how do retirees survive on that? People could lean on family. They can work more. But the biggest chunk of the retirement pie will be Social Security.

PRC Executive Director Olivia S. Mitchell speaks with Marketplace about retiring with little savings. "Working a few extra years could well make the difference between having enough and running out," she says.

<http://www.marketplace.org/topics/your-money/how-retire-just-25000-bank>

Boeing's latest move confirms nationwide trend to end pensions

March 2013- NPR News: News for Seattle and the Northwest

Boeing is joining the ranks of companies that are phasing out employee pension plans in favor of defined contribution plans. New hires at the aerospace company will likely be offered a 401(k) retirement plan instead of the pension plan that is in place now. Boeing's pension liability currently stands at \$75 billion, only a third of which is funded. According to PRC Executive Director Olivia S. Mitchell, "today we have the highest level of corporate underfunding that we've seen in history. Quite frankly, the last 5-6 years have been terrible. The stock market took a big hit in 2008 and corporate pensions lost maybe a third of their asset value." Eventually, Boeing's engineering union dropped the demand for pensions, and an agreement was reached.

<http://kplu.org/post/boeing-s-latest-move-confirms-nationwide-trend-end-pensions>

Personnel pensions on cutting block

March 2013- ESPN New York

Major League Baseball owners are considering changes to pensions for non-athlete employees, including a possible option to eliminate the pension plan for new hires. Talks are still ongoing, and a vote is scheduled to take place in early May. If MLB owners do decide to cut pensions for new hires, they will contribute to a growing shift away from defined benefit plans among private employers, according to PRC Executive Director, Olivia S. Mitchell, who noted, "private-sector employers have been pulling out of defined-benefit pensions for 30 years. It's been a steady trend, punctuated by big drops. Part of the reason is that defined-benefit plans ended up being a lot more expensive and imparting a lot more volatility to the company's bottom line than anyone had anticipated."

http://espn.go.com/new-york/mlb/story/_/id/9070691/mlb-owners-want-abolish-pensions-personnel-sources-say

Finnish pension fund: Investment cost effectiveness analysis reports 2011

October 2012- CEM Benchmarking Inc.

On behalf of the Finnish Center for Pensions (FCP), CEM Benchmarking Inc. (CEM) has prepared a cost analysis of the investment operations of the Finnish pension system. The analysis focuses on assessing investment costs for the Finnish pension system for the 2011 fiscal year. To prepare the report, CEM collected standardized pension investment cost, asset mix, implementation style, and performance data from the eight participating Finnish pension funds listed below and an international universe of 291 pension funds with aggregate assets of €3.3 trillion. CEM aggregated the holdings and costs from the eight Finnish funds to create 'Finnish Pension Fund' (FPF) which serves as a proxy for the entire Finnish pension system. FPF's costs were then compared and benchmarked relative to two international peer groups.

http://www.etk.fi/fi/gateway/PTARGS_0_2712_3107_1598_4609_43/http%3b/content.etk.fi%3b7087/publishedcontent/publish/etkfi/fi/sis%C3%A4lt%C3%B6sivut/el%C3%A4kej%C3%A4rjestelm%C3%A4t/kansainv%C3%A4linen_vertailu/suomi_vertailussa/cem_executive_summary_large_global_peers_global_peers.pdf

The pension system in Finland: Adequacy, sustainability and system design

October 2012- CEM Benchmarking Inc.

This report evaluates the design of the pension system in Finland. Since the system is not in crisis, the report is not primarily a series of recommendations, but suggestions of topics which the social partners and government could usefully discuss, in each case framed within the relevant analysis. The parallel report considers the institutional structure and governance of the pension system.

http://www.etk.fi/fi/gateway/PTARGS_0_2712_459_440_3034_43/http%3B/content.etk.fi%3B7087/publishedcontent/publish/etkfi/fi/julkaisut/tutkimusjulkaisut/erillisjulkaisut/the_pension_system_in_finland_adequacy_sustainability_and_system_design_7.pdf

The pension system in Finland: Institutional structure and governance

October 2012- CEM Benchmarking Inc.

This Report is organized around four broad questions:

1. What is the institutional structure of Finland's employment-based pension system, how does it compare with other countries' systems, and how well do Finland's pension institutions contribute to the financial security of its citizens?
2. Using global benchmarks provided by CEM Benchmarking Inc., do Finland's pension institutions produce 'value for money' in their investment and benefit administration functions?
3. Using deductive reasoning and empirical investigations, what do 'ideal' pension institutions look like from their governance and organization design perspectives, and how do actual Finnish pension institutions measure up to those 'ideals'?
4. What ties do Finnish pension institutions have to Finland's corporate and financial sectors, and what can be said about these ties?

http://www.etk.fi/fi/gateway/PTARGS_0_2712_459_440_3034_43/http%3B/content.etk.fi%3B7087/publishedcontent/publish/etkfi/fi/julkaisut/tutkimusjulkaisut/erillisjulkaisut/the_pension_system_in_finland_institutional_structure_and_governance_7.pdf

Women "Reactive," Not Planning Finances

April 2013- Center for Retirement Research at Boston College

Women who have taken action to improve their personal finances are motivated by dramatic changes in their lives. By then, it may be too late.

"Major life changes like a premature death of a spouse or divorce are often the wake-up call to people to reassess their lives," said Utah State researcher Jean Lown, who also teaches a workshop, Financial Planning for Women.

This tendency isn't necessarily a good thing for women. Rather than being "reactive," she said, women need to learn to plan ahead and prepare for the future.

<http://squaredawayblog.bc.edu/squared-away/women-reactive-not-planning-finances/>

Social Security Programs Throughout the World

March 2013- US Social Security Administration

This report provides a cross-national comparison of the social security systems in 49 countries and territories in Asia and the Pacific. It summarizes the five main social insurance programs in those countries: old-age, disability, and survivors; sickness and maternity; work injury; unemployment; and family allowances.

Together, the report provides important information for researchers and policy-makers who are reviewing different ways of approaching social security challenges and adapting the systems to the evolving needs of individuals, households, and families.

<http://www.ssa.gov/policy/docs/proqdesc/ssptw/2012-2013/asia/ssptw12asia.pdf>

Australia's Retirement System: Strengths, Weaknesses, and Reforms

April 2013- Center for Retirement Research at Boston College

The *brief's* key findings are:

- Australia's retirement system has two key components: a means-tested government benefit and a mandatory savings account financed by employers.
- The government benefit provides a basic income, and about three quarters of retirees qualify.
- The savings accounts require employer contributions of 9 percent of pay for each worker, rising to 12 percent by 2020, and workers choose how to invest.
- By making savings mandatory, Australia has solved the pension coverage problem, and the system will provide substantial benefits once it fully matures.
- Key concerns remain, such as incentives to spend down savings to get a higher government benefit and low levels of annuitization.

http://crr.bc.edu/wp-content/uploads/2013/04/IB_13-51.pdf

Social security coverage extension in the BRICS

March 2013- International Social Security Association

A comparative study on the extension of coverage in Brazil, the Russian Federation, India, China and South Africa: The five countries making up the BRICS have become symptomatic of a shift in world influence and economic growth. All five have enjoyed significant and sustained economic growth over the last two decades.

The country chapters in the report highlight the different approaches of the BRICS to the challenges each country faces in respect of extending social security coverage. They show how responses take into account the local realities and environment in each country.

<http://www.issa.int/Resources/ISSA-Publications/Social-security-coverage-extension-in-the-BRICS>

OECD Pensions Outlook 2012

June 2012- OECD

Recent pension reforms will lead to lower public pensions for future generations of retirees, around 20-25% on average. This first edition of the Pensions Outlook argues that countries should focus on two main policies to address the growing pension's gap: later retirement and extending the coverage of private pensions.

At a time of heightened global economic uncertainty, such reforms can also play a crucial role in governments' responses to the crisis, contributing to fiscal consolidation at the same time as boosting growth.

<http://www.oecd.org/daf/fin/private-pensions/oecd-pensions-outlook-2012.htm>