ATTACHMENT 6 – BENEFIT ARRANGEMENTS IN OTHER JURISDICTIONS, OECD

Summary of OECD Survey

Superannuation Benefit Arrangements in Other Jurisdictions

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SUPERANNUATION BENEFIT ARRANGEMENTS IN OTHER JURISDICTIONS

The OECD recently published *Complementary and Private Pensions Throughout the World 2008* containing responses by 58 countries, OECD and non-OECD, to a survey regarding their arrangements for mandatory and voluntary pensions.

This is a summary of the responses in that OECD publication on how superannuation benefits are taken in each of those 58 jurisdictions. For the purposes of this summary benefits have been grouped into 6 main categories:

1. Full lump-sum
2. Partial lump-sum
3. Deferred annuities
4. Annuities (immediate)
5. Pensions (rules based)
6. Programmed payments or account based pensions

There is some overlap in the characteristics of these categories, in particular between annuities, pensions and programmed payments or account based pensions and it is important to set out the principal distinctions.

Lump-sums, whether of part or all of a retirement benefit, leave future income arrangements entirely in the hands of the retiree. They have no inherent characteristics which address the rate at which they are drawn down or inflation, investment and longevity risks. All future risks are borne by the retiree except where the government provides a safety net pension.

An annuity may be for a fixed term or lifetime and is a contract between a life office and a retiree with the life office guaranteeing the performance of the contract in terms of investment and longevity risk. Life offices pool longevity risk and in so doing reduce the cost to policy holders of covering it. Annuities control the rate of draw down, investment risk and, if they are indexed, inflation risk. Annuity guarantees are backed by shareholders' or taxpayers' funds depending on whether the life office is a private or state owned institution. The risks that the policy covers are borne by the life office and its shareholders.

A deferred annuity is one which is purchased at one point in time but does not begin to put payments into the hands of a retiree until a fixed later date. It excludes the possibility of early exhaustion, controls the rate of draw down, deals with investment and longevity risk and if it is indexed can be used to control inflation risk.

Pensions are entitlements determined by plan rules or legislation, with investments and administration usually managed by trustees. There may be pooling of risks including longevity but trustees typically have discretions which are not available to life offices. Pensions provide control over the rate of drawdown. Some pension funds may provide entitlements for a limited period or which can be exhausted. Apart from contributions and earnings on the assets of the pension fund, the other capital available to pay entitlements is typically limited, except government operated pension schemes where recourse to the taxpayer may be significant or, in the case of PAYG (pay as you go) schemes it may be total.

Programmed payments or account based pensions may be managed either privately or by a state institution. There is no pooling of risks as benefits are drawn from an individual account which may be exhausted. It is critical to note that while payments from accounts may be calibrated to target exhaustion at life expectancy or even later, account based retirement income streams cannot reduce the cost to the individual of providing for longevity risk because there is no pooling. Draw downs may be constrained by external rules or the account holders' discretion but exhaustion of benefits is a possibility due to market risk. Investment, inflation and longevity risk are all borne by the account holder.

Full Lump Sums

A number of countries responding to the OECD survey said they permitted retirement benefits to be taken as lump sums without restriction, including; Australia, Brazil, Hong Kong, Liechtenstein, Malaysia, Moldova, New Zealand, the Slovak Republic, Spain, Thailand and the United States. Denmark and Luxembourg allow full lump sums but they are heavily taxed

Other countries indicated that taking full lump sums was associated with particular types of benefits, such as; Bangladesh and Canada for defined contribution plans, and Zimbabwe for provident funds.

Many countries including; Austria, Bulgaria, Japan, Hungary Kenya, Macedonia, Romania, Switzerland and Tunisia, deal with small account balances and short contribution periods by allowing the resulting benefits to be taken as a lump sum. Ireland allows full lump sums but only up to 1.5 times salary.

Partial Lump Sums

A number of jurisdictions; Argentina, Botswana, Canada, Denmark, Indonesia, Ireland, Israel, Italy, Kenya, Portugal, Spain, Switzerland, UK, and USA reported arrangements allowing partial lump sums, typically restricted to a percentage of benefits. Ireland allows commutation up to 1.5 times salary. In Australia the proportion of benefits taken as a lump sum is entirely at the retiree's discretion.

Deferred Annuities

Deferred annuities were reported as a feature of a number of mandatory schemes in the Americas, including; Chile, Colombia, El Salvador and Mexico. In Chile, El Salvador and Mexico they are required when a retiree opts for a programmed or "temporary" withdrawal instead of an annuity.

Annuities

Several jurisdictions; Croatia, Slovenia, Poland and Uruguay, reported requiring retirement benefits to be taken as an annuity; with no alternatives.

Other jurisdictions reported them as being part of a wider suite of options; Argentina, Australia, Belgium, Bermuda, Bolivia, Botswana, Canada, Chile, Colombia, Costa Rica, Denmark, Dominican Republic, El Salvador, Estonia, Germany, Hungary, Indonesia, Ireland, Italy, Kazakhstan, Macedonia, Malaysia, Mexico, Moldova, Norway, Peru, Slovenia, South Africa, Sweden, UK, and Uruguay. They are presumably a feature in other countries where they can be purchased with a lump sum and are subject to effective tax treatment.

Pensions

Only a few countries reported retirement income systems focused almost entirely on pension funds; Austria, Bulgaria, Finland, France, Iceland, Netherlands, Romania, Switzerland, and Tunisia.

Many countries reported pension funds having a place in their retirement income systems in conjunction with a wider suite of options, including; Australia, Bangladesh, Belgium, Bermuda, Botswana, Brazil, Canada, Colombia, Denmark, Germany, Ireland, Israel, Japan, Kazakhstan, Kenya, Liechtenstein, New Zealand, Norway, Portugal, Slovak Republic, South Africa, Spain, Sweden, Switzerland, UK, USA, Zambia and Zimbabwe.

Programmed Payments and Allocated Pensions

No countries who responded to the survey reported programmed withdrawals or account based pensions as the exclusive means of delivering retirement incomes.

The countries where they are one of a suite of options are; Argentina, Australia, Bolivia, Bulgaria, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Estonia, Macedonia, Mexico, Peru, Romania, and South Africa.

Some Significant Themes

Pension schemes have a strong institutional position in many countries, particularly those where they may be state run or where superannuation arrangements have had a strong occupational link. However in many jurisdictions, like Australia, there has been a profound shift from defined benefit to defined contribution arrangements and with that a broadening of benefit arrangements. This has been associated with a significant transfer of risk from pension providers to retirees.

Annuities remain a significant, indeed in some jurisdictions the principal, means of delivering retirement incomes with their capacity to be used to manage the rate of withdrawal as well as investment, inflation and longevity risks. A number of countries report making purchase of an annuity compulsory either on retirement, by a specified later age, the UK requires this by age 75, or in combination with other retirement benefits such as lump sums or income streams with different risk characteristics. Some countries reported stipulating the indexation arrangements for annuities, in some cases requiring that they replicate the adjustments of state run pension schemes. Some countries reported stipulations about actuarial issues, in particular whether the use of separate mortality tables for males and females is permitted or "unisex" tables required.

Deferred annuities are a feature of a small number of mandatory arrangements in the Americas. In these jurisdictions they are compulsory to deal with longevity risk if a retiree does not elect to buy an immediate life annuity on retirement and instead opts for programmed withdrawals from an individual account. Deferred annuities are a cost effective means of using pooling to deal with longevity risk while allowing a substantial proportion of benefits to remain subject to market risk.

Programmed withdrawals or account based pensions have been particularly attractive to retirees since the early 1990's because they provided exposure to a rising market. The global financial crisis is currently providing a demonstration of the effects of market risk and the limitations of these arrangements as the sole means of delivering retirement incomes.

Countries report a variety of rules for programmed withdrawals and account based pensions, including; periodic payments to exhaustion over a relatively short period of years and minimum and maximum ranges based on an actuarial assessment of what the account balance would support as an annuity. Australia's pension rules impose only a minimum schedule of withdrawals increasing with age with no maximum rate, which means that early exhaustion and longevity risk are unattended by policy.

By contrast, the mandatory schemes in the Americas require the amount available to be withdrawn to be recalculated each year on the basis of expected investment performance and an actuarial assessment of the life expectancy of the retiree at that age. It should be noted that this recalculation targets life expectancy and cannot deal with longevity risk, hence the accompanying requirement for a deferred annuity.

Allowing partial lump sums allows retirees to deal with some capital requirements or to provide a pool of savings for emergencies.

Allowing full lump sums is the laissez-faire solution to delivering retirement incomes.

BENEFIT RULES FOR COMPLEMENTARY AND PRIVATE PENSIONS

Africa Voluntary

Country	Full lump-Sum	Partial Lump-Sum	Deferred Annuity	Annuity	Pension	Programmed Payment or Account Based Pension
Botswana		✓		✓	✓	
Kenya	✓	✓			✓	
South Africa		✓		✓	✓	✓
Tunisia	✓				✓	
Zambia		✓			✓	
Zimbabwe	✓	✓			✓	

Americas Voluntary

Country	Full lump-Sum	Partial Lump-Sum	Deferred Annuity	Annuity	Pension	Programmed Payment or Account Based Pension
Brazil	✓				✓	
Canada	✓	✓		✓	✓	
USA	✓	✓			✓	

Americas Mandatory

Country	Full Lump-Sum	Partial Lump-Sum	Deferred Annuity	Annuity	Pension	Programmed Payment or Account Based Pension
Argentina		✓		✓		✓
Bermuda				✓	✓	
Bolivia				✓		✓
Chile			✓	✓		✓
Colombia			✓	✓	✓	✓
Costa Rica				✓		✓
Dominican Republic				✓		✓
El Salvador			✓	✓		✓
Mexico				✓		✓
Peru			✓	✓		✓
Uruguay				✓		

Europe Voluntary

Country	Full Lump-Sum	Partial Lump-Sum	Deferred Annuity	Annuity	Pension	Programmed Payment or Account Based Pension
Austria	✓				✓	
Belgium	✓			✓	✓	
Denmark	✓	✓		✓	✓	
Germany				✓	✓	
Ireland	✓	✓		✓	✓	
Italy		✓		✓		
Luxembourg	✓					
Moldova	✓			✓		✓
Netherlands					✓	
Portugal		✓			✓	
Slovak Republic	✓				✓	
Slovenia				✓		
Spain	✓	✓			✓	
Sweden				✓	✓	
UK		✓		✓	✓	✓

Europe Mandatory

Country	Full Lump-Sum	Partial Lump-Sum	Deferred Annuity	Annuity	Pension	Programmed Payment or Account Based Pension
Bulgaria	✓				✓	✓
Croatia				✓		
Estonia				✓		✓
Finland					✓	
France					✓	
Hungary	✓			✓		
Iceland					✓	
Liechtenstein	✓				✓	
Macedonia	✓			✓		✓
Norway				✓	✓	
Poland				✓		
Romania	✓				✓	✓
Switzerland	✓	✓			✓	

Asia and Pacific Voluntary

Country	Full Lump-Sum	Partial Lump-Sum	Deferred Annuity	Annuity	Pension	Programmed Payment or Account Based Pension
Bangladesh	✓				✓	
Hong Kong	✓					
Indonesia		✓		✓		
Israel		✓			✓	
Japan	✓				✓	
Malaysia	✓			✓		
NZ	✓				✓	
Thailand	✓					

Asia and Pacific Mandatory

Country	Full Lump-Sum	Partial Lump-Sum	Deferred Annuity	Annuity	Pension	Programmed Payment or Account Based Pension
Australia	✓	✓		✓	✓	✓
Hong Kong	✓					
Kazakhstan				✓	✓	

BENEFIT RULES FOR COMPLEMENTARY AND PRIVATE PENSIONS

The OECD recently published *Complementary and Private Pensions throughout the World 2008* containing mandatory and voluntary pension arrangements in 58 countries which responded to its survey.

This is a summary of the rules for payment of superannuation benefits in each jurisdiction in respect of lump sums, income streams and annuities.

Africa Voluntary

Botswana

- Plans not integrated with social security.
- Full commutation to lump sum if pension is less than BPW 5000 per year and one third commutation above that.
- Pensions provided by fund or as an annuity provided by a life company.

Kenya

- Monthly pension for life
- Plans not integrated with social security
- Noncontributory plans may commute 25% to lump sum
- Contributory plans may commute one third to lump sum
- Voluntary contributions may be commuted in full

South Africa

- Defined pension or contribution plans may commute one-third to a lump sum.
- Pensions paid by fund or through annuities purchased from a life company.
- If defined contribution portion not commuted must be taken as annuity.
- Provident plans may be full lump sum and used to purchase an annuity or put into other investment vehicles.
- Pensions usually increased by inflation, depending on fund rules.

Tunisia

- The National Social Security Fund provides an age pension proportional to pension points accumulated over a working life calculated on the basis of hypothetical contributions of 18% of salary. The Fund determines the value of the points and pays a pension proportional to a reference salary. If the retiree has less than 100 points the benefit may be taken as a lump sum.

Zambia

- Not integrated with social security.
- Benefits paid as pension for life.
- Greater of ZMK 5 million or 50% of pension rights may be taken as lump sum.

Zimbabwe

- Pension plans are usually defined benefit with the rules specifying the benefit structure. The formula must generally be the same for all members.
- A pension of less than ZWD 5,000 month, and up to one-third of the pension entitlement exceeding ZWD 5,000 a month, may be commuted to a lump sum.
- Provident plans paid as lump sum.
- No upper limit on benefit increases.

Americas Voluntary

Brazil

- Defined benefit plans usually integrated with social security.
- Defined contribution rules are not explicitly integrated but contribution rates take account of social security.
- Benefits may be paid as a lump sum or pension.
- Benefits must be adjusted annually in line with price index.

Canada

- Many plans are integrated with the mandatory Canada and Quebec Pension Plans.
- Contributions are two tiered, lower for pensions below the limit for mandatory contributions.
- Defined contribution plans provide the option of pensions or lump sums, with the requirement to purchase an annuity at a certain age.
- Defined benefit plans pay as a pension with the option to receive a percentage as a lump sum in some provinces.
- Benefit adjustments are regulated in the plan or at the discretion of the plan sponsor.

United States

- Defined benefit plans have a wide variety of benefit formulas, with benefits earnings related or flat.
- Plans must permit benefits to be paid as pensions, but some offer lump sum options. Most benefits are paid as pensions.
- Defined contribution plans are paid either as lump sums or pensions. The plan sponsor determines whether or not a pension is provided.
- Plan sponsors increase pensions on a discretionary basis.

Americas Mandatory

Argentina

- All employees and self-employed persons are required to be members of the SIJP (Integrated Retirement and Pension System) comprising a PAYG scheme and a funded scheme.
- Early benefits available if account balance is sufficient to pay a life annuity or programmed withdrawal of 50% of the base salary or AARS 460 per month, whichever is higher.
- Members can decide on three methods of receiving benefits: a life pension annuity from a life company; programmed withdrawals from individual accounts held by the administrators of pensions which are recalculated annually according to actuarial methods; and partial withdrawals until the account is exhausted where the balance is not sufficient to reach a monthly benefit of ARS 115.
- If the balance in an individual account exceeds the amount needed to pay an annuity or programmed withdrawal of the higher of 70% of the base salary or ARS 690 per month, a lump sum may be withdrawn up to ARS 115,000.
- The executive of government determines benefit increases for the basic universal pension on an ad hoc basis.
- Life pension annuities are adjusted according to the terms of the contract.
- Programmed withdrawals are adjusted monthly according to investment returns and each year are recalculated according to the new beneficiaries’ life expectancy.

Bermuda

- Accumulated benefits must be paid for life in an annuity or pension plan.

Bolivia

- There is no government guarantee of a minimum pension.
- Retirement benefits may be paid when either of the following pensions are met: the individual account balance is sufficient to finance a pension at least equal to 70% of the base salary regardless of age; or at age 65 regardless of the balance, in which case the pension is calculated on the amount in the account at retirement.
- Retirees can receive benefits either as an annuity from a life company or as programmed withdrawals paid by the pension fund administrator. Programmed withdrawals are recalculated annually according to the expected profitability rate and the longevity of the people who chose this method.

Chile

- Retirees chose between four benefit types: an immediate annuity from a life company; temporary income with a deferred life annuity in which case only part of the accumulated capital is transferred to a life company with the deferred annuity payments being required to be between 50% and 100% of the first payment of temporary income; programmed withdrawals from individual pension accounts recalculated each year with the aim of providing income until death of retirees and their survivors, with an option to convert to an annuity; and a combination of an immediate annuity and programmed withdrawals.

Colombia

- Retirement benefits may be paid in three forms: an immediate annuity from a life company; programmed withdrawals calculated by dividing the account balance by the capital required to pay a unitary annuity to the retiree and their survivors, with the requirement that the account balance must be sufficient to finance an annuity equal to the minimum monthly national salary; and programmed withdrawal with a deferred annuity.
- Benefits from annuities and programmed withdrawals are adjusted annually according to the previous year CPI.
- Pensions based on minimum monthly national salary are adjusted according to increases in the minimum monthly national salary.

Costa Rica

- Retirees may choose either to purchase a lifetime annuity or to receive programmed withdrawals from their individual account. The annuities are purchased from a public insurance monopoly. Retirees who chose programmed withdrawals may purchase an annuity at any time.
- The adjustment of annuities is at the discretion of the National Insurance Office.

Dominican Republic

- Retirement benefits may be paid as an annuity from a life office if the retiree's account is sufficient to finance the minimum monthly balance.
- Programmed withdrawals are available based on actuarial methods and account balance.
- Retirees who have contributed for 300 months but whose account balance is not sufficient to finance the minimum monthly benefit may receive a supplement from the social security fund to raise the benefit up to the minimum level.

El Salvador

- Retirees are eligible for benefits from the mandatory scheme when their account balance will finance a pension not lower than 60% of their salary in the previous 10 years or 160% of the minimum old age pension.

- The government provides the minimum pension to those who have contributed for 25 years but do not have sufficient balance to support it.
- Retirees may chose between; an immediate annuity from a life company; programmed withdrawals with a deferred annuity paying between 50% and 100% of the first programmed withdrawal; and a programmed withdrawal, the amount of which is recalculated annually.

Mexico

- Benefits can be taken early when the accumulated balance is sufficient to buy an annuity paying 30% more than the minimum guaranteed pension.
- Under programmed withdrawal the pension is calculated on the basis of expected returns and the retiree's life expectancy.
- The State guaranteed minimum pension equals the minimum salary in 1997 indexed by CPI and is paid as withdrawals from the account until it is exhausted and the government assumes responsibility for paying the minimum pension for life.
- Life annuities must be indexed to the CPI.
- Gradual withdrawals are not indexed because they are recalculated each year.

Peru

- There are three benefit options; programmed withdrawals; individual or joint survivor life annuities purchased from a life office; and temporary withdrawals with a deferred annuity with the deferred annuity being between 50% and 100% of the first temporary withdrawal.
- Programmed and temporary withdrawals are not adjusted. Annuities are adjusted every 3 months according to CPI.

Uruguay

- Retirees must use their accumulated capital to purchase a life annuity.
- Life offices may use different mortality tables for men and women.
- Annuities must be adjusted in line with the average wage index in the same manner and periodicity as the publicly managed social security scheme.

Europe Voluntary

Austria

- A lump sum benefit may be paid if the vested benefit amount is less than 9,900 EUR, otherwise a pension is provided for life.

Belgium

- Defined benefit plans are usually integrated with the social security scheme.
- Pension funds and life companies pay benefits as pensions or lump sums.
- Lump sums are more common, but a retiree has a right to request an annuity.
- Benefit adjustments may be provided but indexation is not required.

Denmark

- Benefits may be paid as annuities, lump sums or both within specified limits.
- Pure lump sums are rare due to tax rules.
- Annuities are paid by the pension fund or a life company.
- Unisex mortality tables must be used.
- Benefit adjustments are uncommon.
- Some defined benefit plans adjust in line with inflation.

Germany

- No legal rules on integration with the social security plan except that increases in social security pensions must not decrease benefits under an occupational plan.
- Benefits determined by plan rules.
- Benefits financed by salary deductions must increase by 1% per year.
- Plans implemented through insurance or pension institutions use surpluses on assets to increase pensions.
- Obligations to consider benefit adjustments can be met by CPI or relevant wage linked indexation.
- Employers who are unable to increase benefits at these rates for economic reasons are exempt from the obligation.

Ireland

- Under defined contribution plans rights can be taken as a lump sum but commutation is limited to 1.5 times final salary.
- Under defined benefit plans the trustees decide whether to secure benefits by buying an annuity from a life company.
- The conditions of the annuity are set by the trustees.
- Most defined benefit plans are integrated with social security either by salary or benefit offset.
- Defined contribution plans are not integrated except to the extent that the contributions take account of social security payments.

Italy

- Retirees may receive up to 50% of their capital as a lump sum.
- Favourable tax treatment is only granted if the lump sum does not exceed 33%.
- The remaining capital must be used to purchase an annuity from a life company.

Luxembourg

- The entire benefit may be commuted to a lump sum.
- Integration with the social security system is usually achieved by using different benefit targets above and below the social security ceiling.
- Defined contribution plans usually take into account social security benefits in setting contributions.

Republic of Moldova

- Retirees may choose: a lump sum; an account based pension with the Social Insurance Fund; or a life annuity purchased from a life office registered in Moldova

Netherlands

- Benefits must be paid as pensions for life.
- Adjustments are at the discretion of the pension fund board.

Portugal

- Benefits are usually taken as pensions but up to one-third may be taken as a lump sum.
- Adjustments area t discretion of plan sponsors and are usually in line with wages.

Slovak Republic

- Qualify for supplementary benefit after 10 years contributions in one of the following forms; temporary pension; lump sum; special pension for performing artists; or cessation benefit for less than 10 years contributions.

- Benefits are not indexed.

Slovenia

- Benefits must be paid as a life annuity from a life office.

Spain

- Benefits may be paid as pensions, lump sums without restriction, or a combination of both.

Sweden

- Benefits are integrated with the social security system by applying replacement rates.
- Pensions are generally payable for life but with some plans for shorter periods.
- Some annuities are indexed at the discretion of the provider but by no more than CPI, in other cases depending on investment returns of the insurer.

United Kingdom

- Protected rights financed benefits must be used to buy an annuity priced on unisex mortality tables.
- Only a portion of pension benefits provided by defined benefit plans can be taken as a lump sum, the balance must be paid as a pension annuity.
- Under defined contribution plans an annuity must be purchased at the latest at age 75.
- If an annuity is not purchased immediately on retirement, the level of income from the pension fund (excluding protected rights) which may be drawn down in the interim is a maximum of 100% and a minimum of 35% of what an annuity might have been. The draw down can be varied within these limits each year.
- Plans may have rules integrating them with the Basic State Pension by adjusting either contributions or benefits.
- Up to 25% of benefits taken from a personal pension plan (excluding protected rights) may be taken as a tax free lump sum, with the balance being used to purchase an annuity.
- The Inland Revenue determines maximum and minimum draw down from a pension plan.
- The maximum amount from unprotected rights is the income which could have been obtained by buying a non-increasing annuity on a single life of the age of the pensioner from a competitive seller.
- The Government Actuary's Department produces tables enabling this limit to be calculated on the basis of published yields on UK government stock.

Europe Mandatory

Bulgaria

- Benefits are paid as a pension for life on the basis of accumulated capital in an individual account using mortality tables and a technical interest rate approved by the Financial Supervision Commission.
- Benefits are paid by the pension fund and an annuity cannot be bought from another institution.
- If the pension is les than 20% of the income-tested social pension it may be taken as a lump sum or withdrawn gradually.
- Indexation is determined by operating rules of pension funds.
- Benefit adjustments are made with excess investment returns which are the difference between achieved returns and the technical interest rate.

Croatia

- Accumulated capital must be used to buy a life annuity from a life office.
- The life office must use unisex mortality tables.
- Annuities must be indexed to prices.

Estonia

- Retirees must use the redemption of their pension fund to purchase a life annuity from a life office.
- If the annuity would be less than 25% of the national pension rate they can take the money as gradual withdrawals.
- If the annuity would be more than three times the national pension rate the excess can be taken as gradual withdrawals.

Finland

- Benefits are paid as pensions for life.
- Lump sums are prohibited.
- Benefits are adjusted with a weighting of 80% for CPI and 20% for wages growth.

France

- Pay as you go pension scheme so no accumulated capital to pay lump sums.

Hungary

- Retirees who have contributed for less than 15 years may take their benefit as a lump sum, otherwise it must be used to purchase an annuity either from the pension fund or a life company.
- The annuity may be: individual life; joint life for a fixed period with a set beginning; joint life for a fixed period with a set end; or a joint survivorship annuity.
- Annuities must be indexed in the same way as publicly managed social security scheme.

Iceland

- No individual accounts exist and investment risk is borne collectively by fund members. If there is a mismatch between defined benefits and fund earnings the benefit is adjusted.
- Benefits must be at least indexed by CPI.

Liechtenstein

- Accumulated capital is generally paid as a pension for life.
- If the pension fund only pays lump sums they must be 100% of accumulated value.
- If the pension fund offers a choice of a pension or lump sum the lump sum must be 90% of accumulated value.

Macedonia

- Retirees who have more than 15 years contributions can choose between an annuity and programmed withdrawals.
- If the retiree has been contributing for a shorter period a life annuity paying at least 40% of the minimum pension must be purchased.
- Lower amounts may be taken as a lump sum.

Norway

- Occupational schemes are integrated with the social security scheme based on proportionality.
- Defined contribution scheme benefits must be taken as an annuity or as a pension from the fund.
- Lump-sums are prohibited.

Poland

- Members must buy a life annuity at retirement.

Romania

- Retirees receive a life pension based on accumulated capital and in accordance with actuarial assumptions.
- Members who do not have sufficient capital can receive a lump sum or periodic payments for up to 5 years.

Switzerland

- Benefits are generally paid as pensions but lump sums are possible if a pension would be lower than 10% of the minimum retirement pension under the basic retirement scheme
- The retiree may claim 25% of their retirement assets as a capital amount.
- Benefits must be adjusted in according to the pension institution's possibilities.

Asia and Pacific Voluntary

Bangladesh

- Defined contribution funds pay a lump sum.
- Defined benefit funds pay a pension.

Hong Kong

- Usually pay a lump sum.

Indonesia

- Accumulated capital must be used to buy an annuity.
- A survivor annuity must be purchased for a spouse.
- Plan rules may provide for a 20% lump sum.
- Plan rules may provide for indexation to prices.

Israel

- Benefits are paid as a pension but if the pension is less than the minimum in the plan rules it may be taken as a lump sum.

Japan

- Retirees with up to 20 years membership must generally be paid as a lump sum.
- Retirees with longer periods of contribution receive a choice of pension or lump sum.
- Benefits are indexed to prices.

Malaysia

- Benefit must be paid as a lump sum or annuity.

- Adjustments are set in plan rules or at discretion of trustees.

<u>New Zealand</u>

- Some defined benefit schemes provide lump sums.

<u>Thailand</u>

- Lump sums with no requirement for an annuity.

Asia and Pacific Mandatory

<u>Australia</u>

- Benefits can be paid as annuities, pensions or lump sums.

<u>Hong Kong</u>

- Benefits are paid as a lump sum with no requirement to buy an annuity.

<u>Kazakhstan</u>

- State guarantees a minimum pension for all retirees whose benefit is lower than the minimum pension.
- Retirees may choose a pension based on legally defined conversion charts or purchasing an annuity.
- Adjustments are in line with changes in the minimum pension.