

ICI VIEWPOINTS

DECEMBER 20, 2013

The Status of Global Retirement Savings: Taking Stock, Moving Forward

By Dan Waters

Around the world, as systems for building retirement resources come under increasing pressure, countries of every size and economic situation are facing long-term savings challenges. To meet these challenges, it is critical that pension industry experts, policymakers, and fund industry representatives learn from one another and share solutions that put the needs of savers first.

This is why ICI Global hosted the *Global Retirement Savings Conference: The Role of Investment Funds* on 26–27 June 2013 in Hong Kong.

We organized the conference to:

- Foster an international dialogue about the long-term savings issues facing jurisdictions worldwide
- Examine the rise and evolution of defined contribution (DC) systems in response to those issues
- Explore how investment funds are uniquely positioned to serve investors in such systems

More than 100 people representing 13 countries attended the event, including fund industry representatives, world-renowned industry experts, representatives of media outlets, and key government officials and regulators. The ideas and insights that emerged from these different panels and discussions are documented in a newly-issued report summarizing the discussion, titled [*Insights from the Global Retirement Savings Conference*](#).

Despite the fact that current DC systems vary from country to country—which is to be expected, given that each country has its own unique history, institutions, characteristics, and needs—during the conference it became obvious that many countries are looking toward DC systems to help address their retirement challenges.

Over the course of the two-day event, which featured three keynote speakers and four panels of international experts, five key questions emerged that countries around the world are asking when considering retirement challenges:

1. When thinking about retirement and the length of time in retirement, how are countries and individuals grappling with the adequacy of benefits and sustainability of systems?
2. Should the retirement system redistribute resources? What is the proper balance between policies that encourage or even require individuals to set aside resources for their own use in retirement, and policies that redistribute resources to individuals in greatest need (either from current workers to current retirees or from higher-earning workers to lower-earning workers)?
3. What role do investment funds—such as registered funds in the United States, UCITS funds in Europe, or other similar funds throughout the world—play in DC systems today? What role could they play in the future?
4. Should the components of a national retirement system be completely mandatory, completely voluntary, or a mix of both?
5. To the extent that a retirement system allows individual choice, what policies should be pursued to increase financial literacy?

There were no single, global answers to these questions, because governments, financial services, companies, and individuals are taking a variety of approaches to long-term savings challenges. This adaptability and diversity of responses is extremely important—and the flexibility offered by DC plans makes it easier to create a tailored, culturally-specific response.

ICI Global is committed to advancing the dialogue about how to improve retirement security worldwide. *Insights from the Global Retirement Savings Conference* offers perspectives on how different countries are responding to the saving challenge, assesses trends across countries, and discusses proposals for change going forward. Addressing global retirement savings issues is a daunting challenge, but my hope is that the information shared at this groundbreaking conference will help stakeholders take the next steps toward meeting that challenge.

Dan Waters is the managing director of ICI Global.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.