

# Global Practices Around Transparency & Member Communication

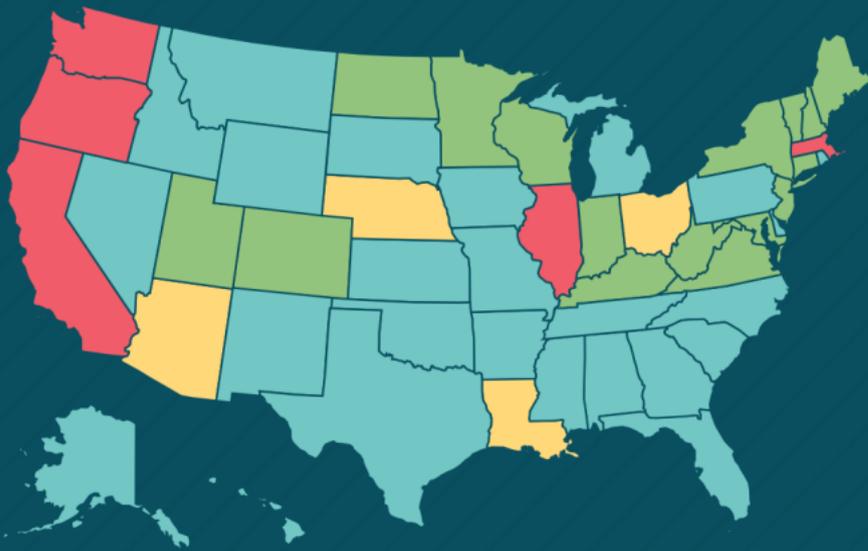
# INDEXING INTEGRITY

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Hon. Kathleen Kennedy Townsend  
Founder, Center for Retirement Initiatives at Georgetown University  
Managing Director, Rock Creek

# STATE RETIREMENT INITIATIVES



25  
STATES

have considered or  
enacted private sector  
retirement initiatives.

# KEY QUESTIONS & POLICY DECISIONS



What  
type of  
account  
should we  
offer?



Should  
participation  
be  
mandatory  
?



Should  
enrollment  
be  
automatic  
?



What  
consumer  
protections  
should we  
provide?

# FEDERAL PARTICIPANT PROTECTIONS



**FIDUCIARIES**  
& their duties



benefits  
**DISPUTES**  
& litigation



**DISCLOSURE**  
& reporting



prohibited  
**TRANSACTIONS**

# Employee Retirement Income Security Act

# BEST PRACTICES CHECKLIST



Board of  
**TRUSTEES**



**SPOUSAL**  
protection



**AUTOMATIC**  
enrollment



**CLEAR DISCLOSURE**  
to employees & retirees



**DISPUTE**  
resolution



Standards for  
**PRIVATE VENDORS**

AARP Public Policy Institute

# MERCER MELBOURNE GLOBAL PENSION INDEX

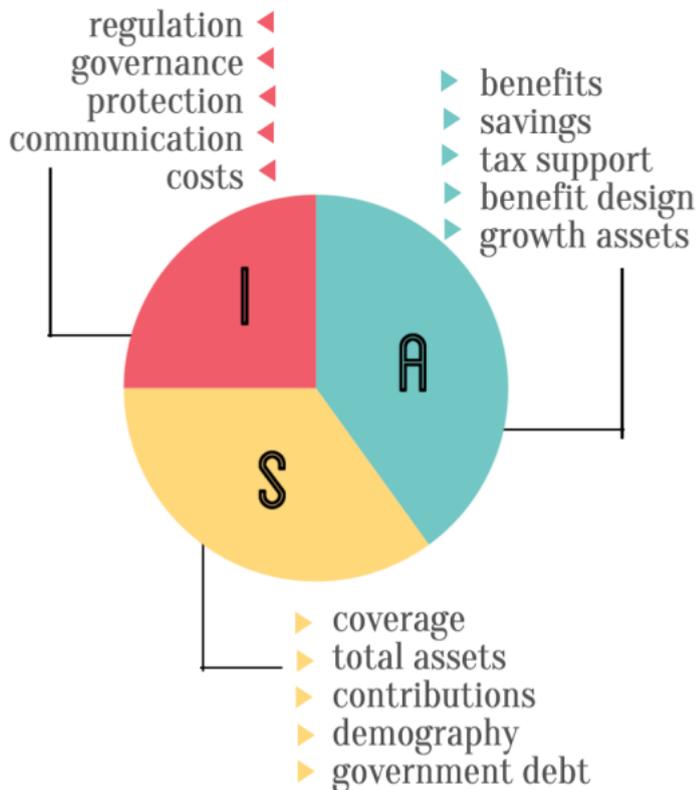
25  
countries

3  
subindices

ADEQUACY

SUSTAINABILITY

INTEGRITY





Ensuring transparency and the trust of individuals is becoming increasingly important. If you lose community trust in a pension system, you risk losing the effectiveness of the system.



**DAVID KNOX**

Mercer (Australia)



# PROTECTION & COMMUNICATION FOR MEMBERS



## PROTECTION & COMMUNICATION FOR MEMBERS



An annual personal statement is required.

**23** out of 25 countries

This personal statement includes a benefit projection or estimate.

**9** out of 25 countries

## PROTECTION & COMMUNICATION FOR MEMBERS

The annual report must show asset allocation.

12 out of 25 countries

The annual report must show major investments.

4 out of 25 countries



## PROTECTION & COMMUNICATION FOR MEMBERS



Reimbursement (or compensation) is available under certain circumstances.

7 out of 25 countries

## PROTECTION & COMMUNICATION FOR MEMBERS



Members have access to an independent review or complaints process.

16 out of 25 countries

## COSTS



"Unfortunately, there is very little transparency about the overall costs of running most pension systems or the total direct and indirect fees that they charge to participants and sponsors."

CONCLUSION:  
PROTECTING CONSUMERS IN STATE  
RETIREMENT PROGRAMS



# PROTECTING CONSUMERS IN STATE RETIREMENT PROGRAMS



federal  
law



interest  
groups



policy  
research



global best  
practices

## A Wide Variety of Sources

# PROTECTING CONSUMERS IN STATE RETIREMENT PROGRAMS



## ANNUAL REPORT

including asset allocation and  
major investments



## PERSONAL STATEMENT

including benefit projection



## INDEPENDENT REVIEW

or complaints process, and reimbursement  
under certain circumstances

# Key Protections to Inform & Educate

# CENTER FOR RETIREMENT INITIATIVES

Three bipartisan advisory  
councils

State legislative working  
group

Clearinghouse for state  
legislative activity

Policy papers and state  
briefs

Conferences, meetings,  
policy briefings

