

Mercer CFA Institute Global Pensions Index

5 June 2023

Graham Pearce, Senior Partner
Munich

What we will cover today

Mercer CFA Institute Global Pension Index

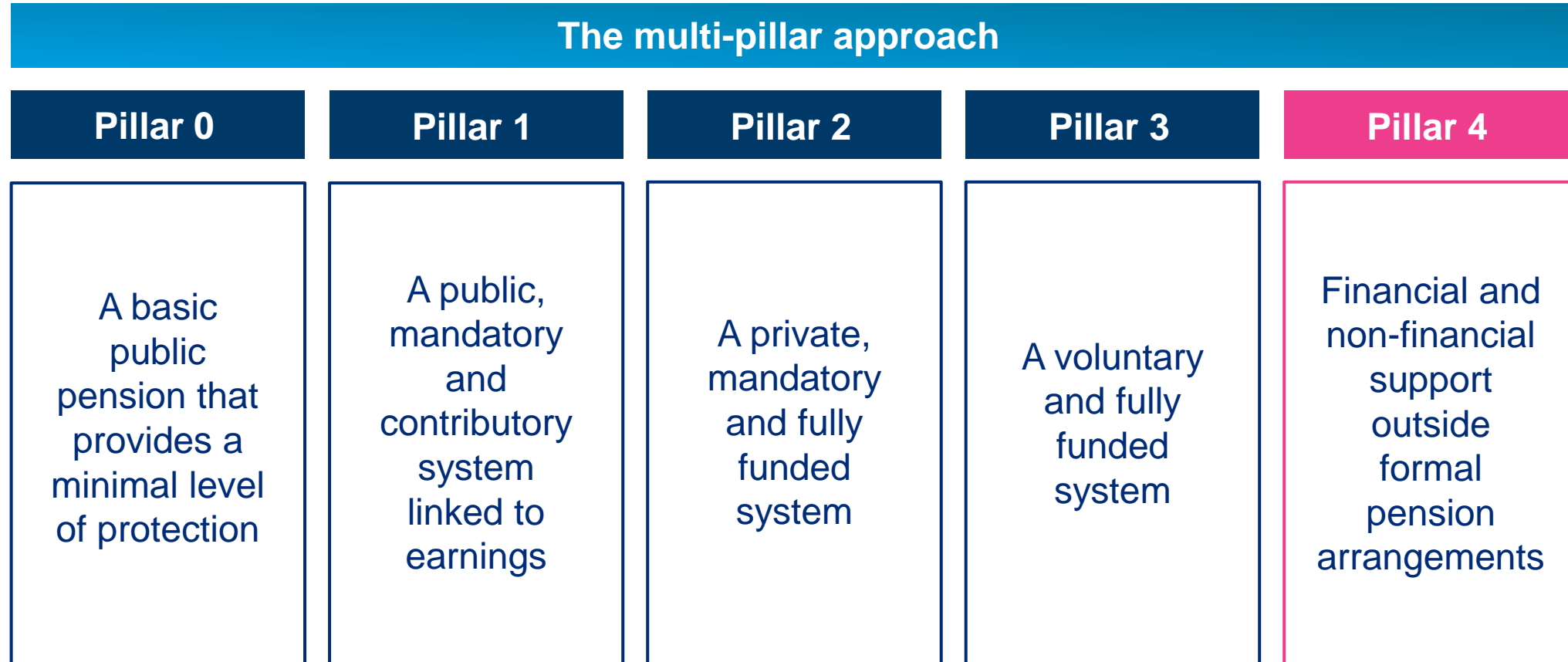
In 2022, we considered 44 retirement income systems

So, what are the features of the best pension systems?

How does Israel compare to other countries?

The starting framework World Bank Model

World Bank Model



The fundamental questions

ADEQUACY



What benefits are likely to be paid?

SUSTAINABILITY



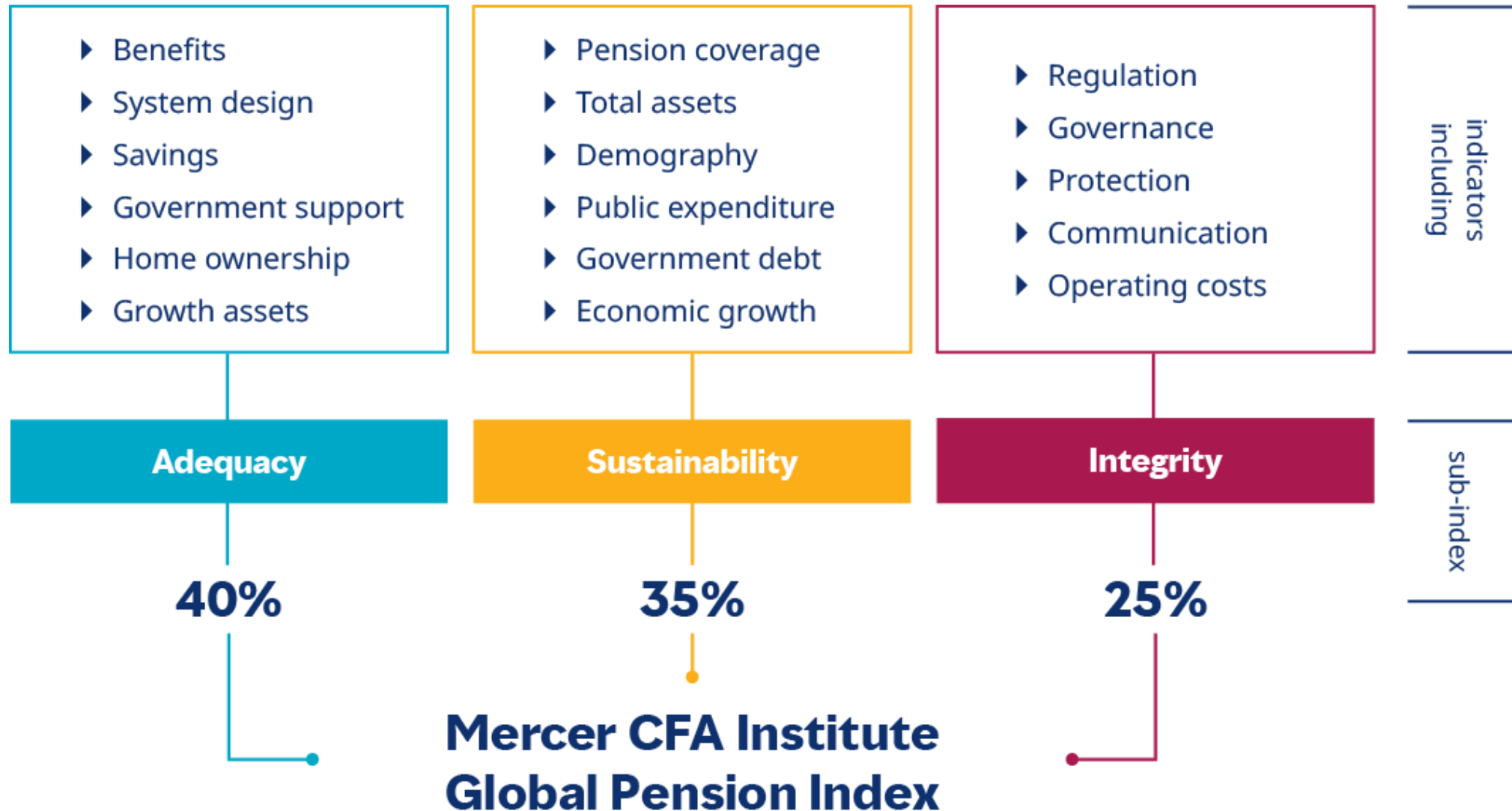
Can existing systems keep delivering?

INTEGRITY



Are the systems encouraging confidence?

Calculating the Global Pension Index

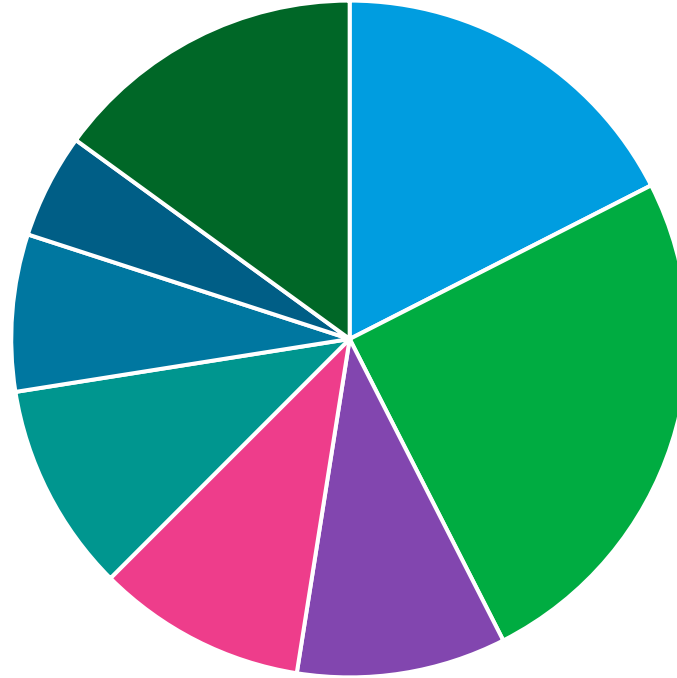


Some comments on the Index

- We use objective data from international agencies and each country
- It is comparative or relative; not absolute
- Subjective elements (e.g. community confidence) are important but very difficult to measure
- Some desirable data is not available for every system
- More than 50 indicators used; inevitably, weightings are subjective
- The index represents the overall “system”, not
 - what an individual may receive
 - the best pension fund available

Adequacy

Weighting given to different elements



■ Minimum pension

■ Preservation

■ Growth Assets

■ Net replacement rate

■ Benefit format

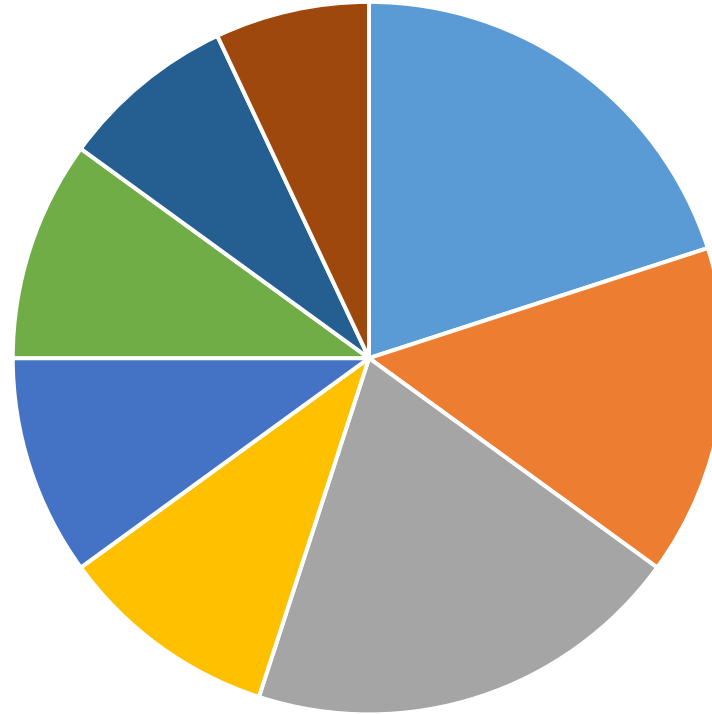
■ Other

■ Household saving and debt

■ Benefit design

Sustainability

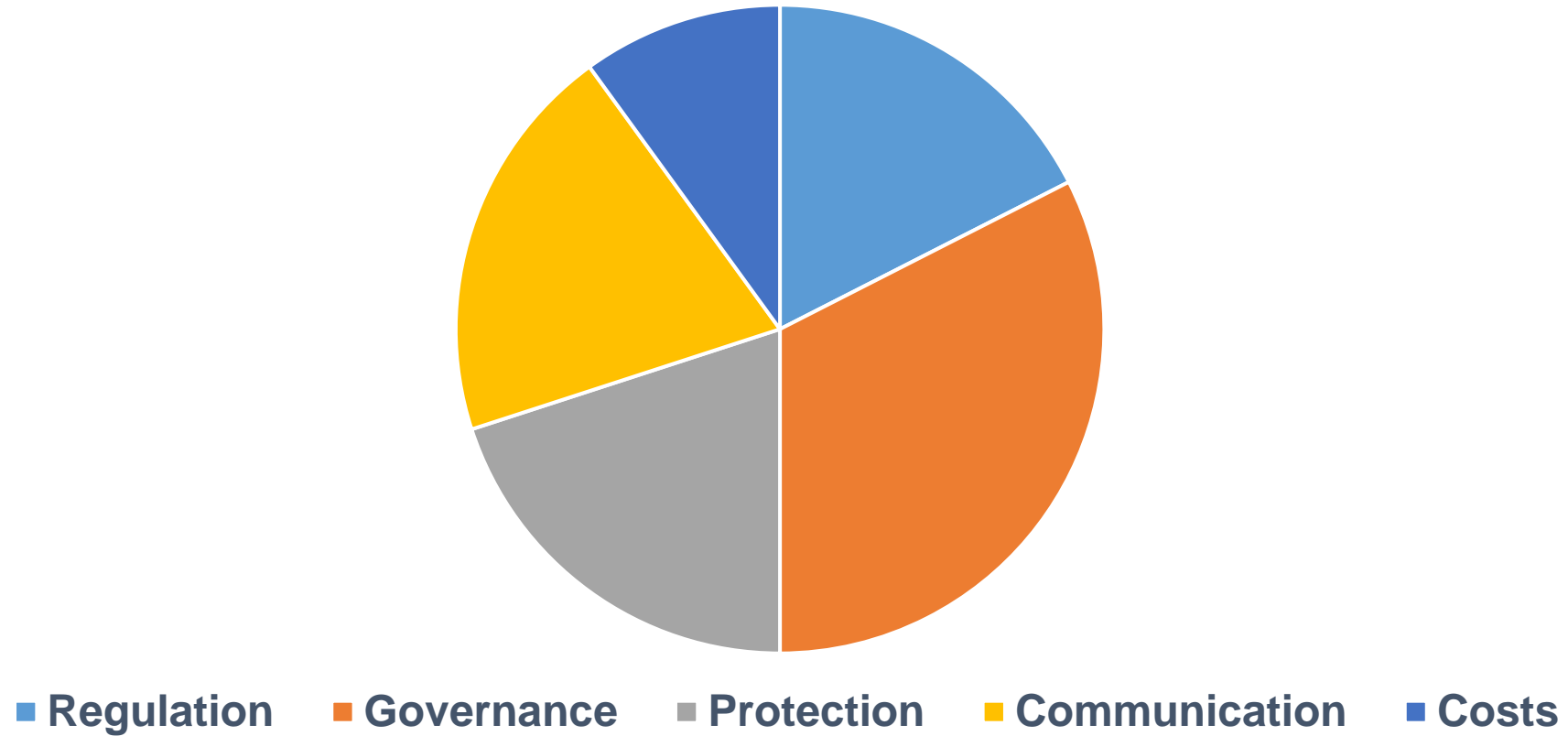
Weighting given to different elements



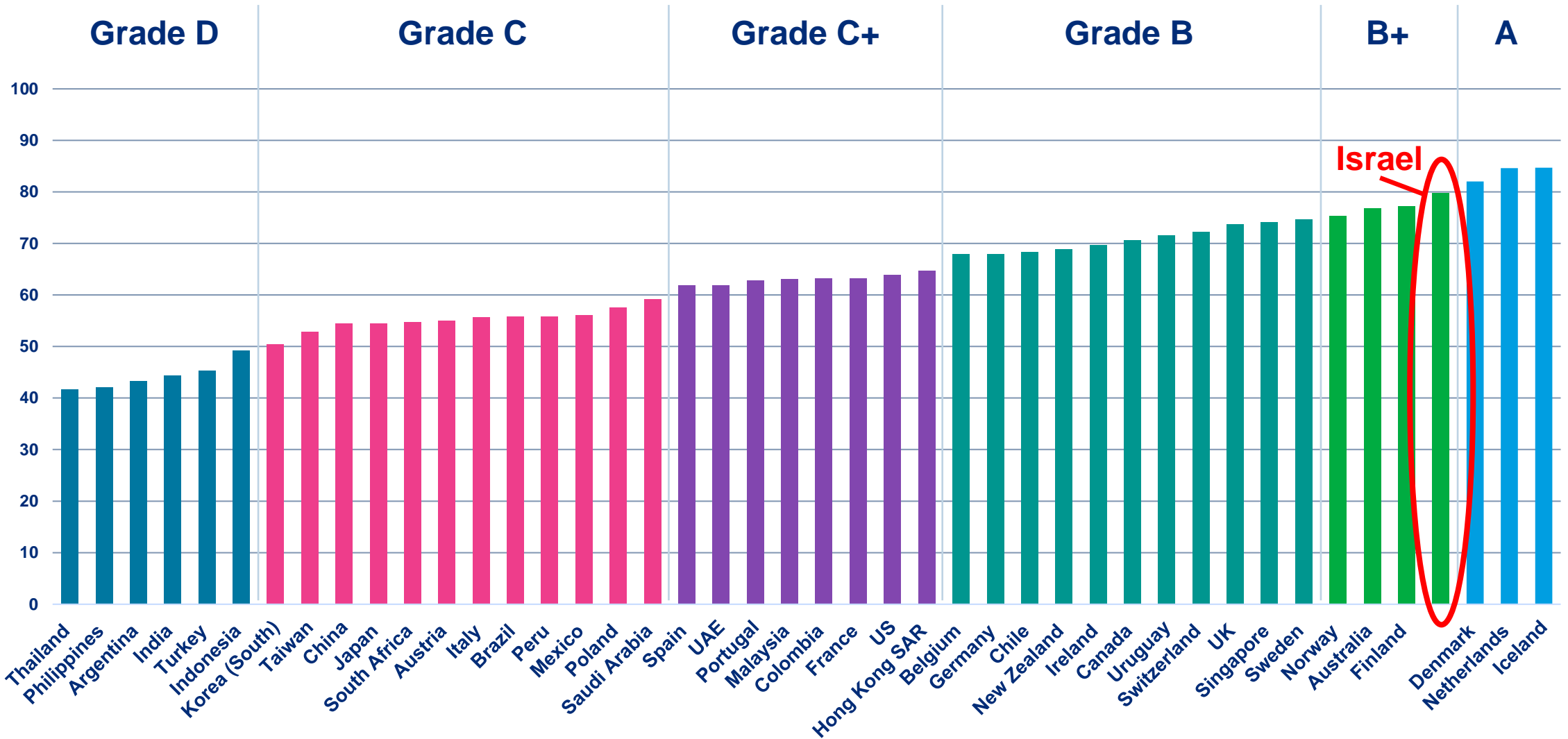
- Coverage
- Contributions
- Economic growth
- Pension assets
- Labour force
- Other
- Demography
- Government finances

Integrity

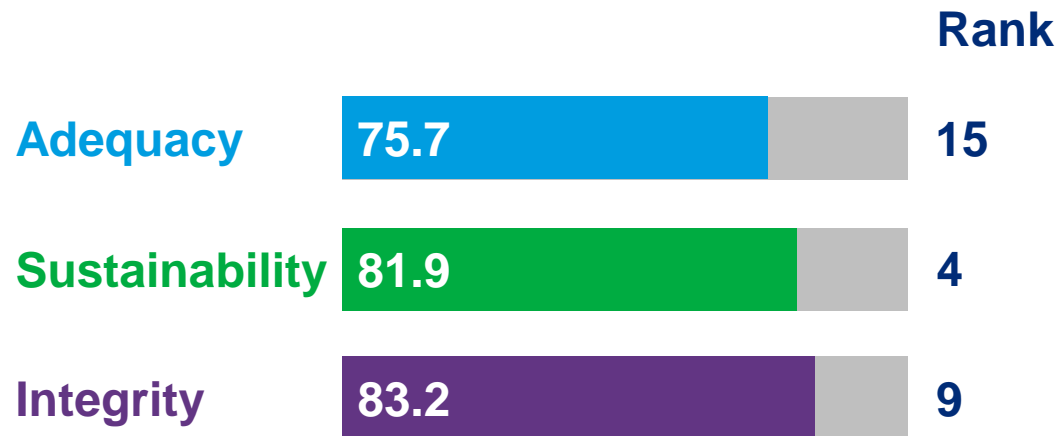
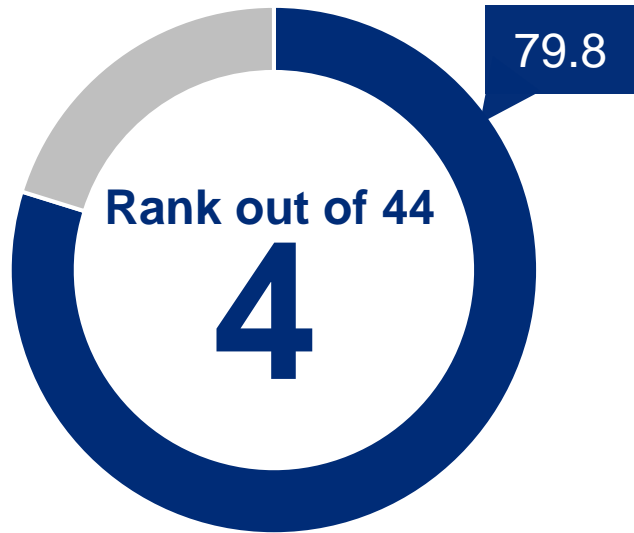
Weighting given to different elements



Overall results for 2022



Israel



- Possible measures to improve the index value**
- Increase the value of assets held in funded pension arrangements
 - Reducing Government debt as a % of GDP
 - Improving protection for private pension plan members in case of mismanagement or fraud
 - Introducing a carer's pension credit for those caring for young children

