

WORKSHOP ON GOVERNANCE AND INVESTMENT OF PUBLIC PENSION SCHEMES

Turin-Amsterdam, 16-27 April 2007



International
Training
Centre



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BACKGROUND

Social security funds and other public sector pension funds, including occupational pension funds for civil servants and employees of state-owned companies, are playing an increasingly important role in terms of asset accumulation and benefit provision around the world. In many countries, public pension funds are among the largest in terms of assets and number of participants. Public pension funds have also been less affected by the trend from defined benefit to defined contribution that has transformed private pension funds in many countries.

Given the increasing weight of funding in retirement income systems, excellence in public pension fund governance and investment management is more than ever a basic prerequisite to protect income security in old-age. This objective calls for an upgrading of the skills and knowledge of those responsible for the overseeing of public pension funds, particularly those representing plan beneficiaries.

TARGET AUDIENCE

This course primarily targets:

- Tripartite members of the governing bodies (trustees, fiduciaries, directors) and other staff involved in administration (investment committee members, internal auditors, legal and compliance advisors) of social security funds, civil servants' pension schemes and pension funds sponsored by state-owned companies;
- Staff of finance, treasury and human resource departments of governments, or state-owned sponsoring companies, and international organizations involved in pension plan administration and pension fund management;
- Pension fund regulators and supervisors.

OBJECTIVES

The course will provide advanced knowledge and management tools needed for the effective oversight and administration of public funded or partially funded pension plans. The course will help to modernise these plans and their associated pension funds in an environment of changing economic and social circumstances and new regulatory and accounting initiatives. It will set public pension funds' strategic course following good international practices based on prudent management of funds and the protection of the interests of beneficiaries.



METHODOLOGY

The course is run over a two week period and relies on the guidelines on governance and investments of pension funds issued by the Organisation for Economic Cooperation and Development (OECD) and by the International Social Security Association (ISSA) and on best practices on public pension fund management. An action-oriented, highly participative approach will be employed throughout the course, with particular attention paid to sharing international experience with a view to adaptation and practical application.

STUDY TOUR

A study tour to Amsterdam to visit the pension fund for employers and employees in service of the Dutch government and to meet investment officers of European Social Security Funds will be organized during the second week of the workshop.

STRUCTURE AND CONTENTS

1. Financing mechanisms and pension plan design: financing systems for long and short term benefits, sources of financing, defined benefits vs. defined contribution schemes; integration of complementary plans with social security systems; financing vehicles (pension funds, insurance arrangement, book reserves); plan definition (time horizon, risk, return) and insurance mechanisms and external guarantees; vesting, portability and cross-border provisions.

2. Plan administration and governance: structure and governance, including election procedures, remuneration and decision making process of governing bodies; internal investment and audit committee; in-house vs. outside vs. indexed funds investment management; custody/depository; actuaries and auditors; managing plan objectives and operational expenses; internal reporting (information retrieval systems); regulatory compliance and accounting (due diligence); information disclosure to plan members and employee financial education.

3. Fund management and investment: asset classes (cash equivalents, longer-term fixed income, equity, alternative asset classes, real estate), plan asset allocation, portfolio rebalancing and risk management; setting and reviewing benchmarks and

valuation and performance assessment; corporate governance and socially responsible investment; investment managers and advisors, including selection of candidates (availability, criteria, evaluation); negotiation of mandates and agreements for private investments and fee structures; selection and monitoring of custodians.

4. Setting and monitoring funding ratios in DB plans: valuation of assets and liabilities and funding ratios; monitoring tools (asset-liability modelling, actuarial studies, etc); risks inherent to pension funds (contributions and obligations matching, underfunding, interest rates); and regulatory practices and decision-making in DB plans.

REQUIREMENTS

Participants are expected to communicate well in English and to have basic knowledge on pension's schemes and some working experience in the field of social security or public pension funds management.

COST OF PARTICIPATION

The cost of participation, **excluding international air travel**, is US\$ 5,410 (course fees US\$ 3,490, participant subsistence US\$ 1,920) payable in advance by the participant or his/her sponsoring organization. This covers: tuition fees; the use of training facilities and support services; training materials and books; accommodation and full board at the Centre's campus and during the study tour; a standard daily allowance for incidental expenses and routine medical care and insurance.

APPLICATIONS

The application form to participate in the workshop can be downloaded from the website www.itcilo.org and should be addressed to:

Manager, Social Protection Programme

International Training Centre of the ILO
Viale Maestri del Lavoro 10
10127 Turin, Italy
(Fax +39 011 693 6524, Tel. +39 011 693 6524)
E-mail: socpro@itcilo.org

They should be supported by a curriculum vitae and nomination letter from the sponsoring/funding institution.

The deadline for applications is 16 March 2007

For more information,
check the course website www.itcilo.org/socpro/pensions or contact:
Mr. Vinicius Carvalho Pinheiro (course coordinator) or **Ms. Irene Nori** (course assistant)
Phone: +39 011 6936524, Fax: +39 011 6936548
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