

Table 5.2	Main features of the Multi-fund schemes of selected countries (December 2022)										
	Chile	Colombia	Mexico	Peru	Uruguay	Estonia	Latvia	Lithuania			
Implementation of the individually funded system	1981	1994	1997	1993	1996	2002	2001	2004			
Implementation of the Multifunds (*) system	2002	2011 (**)	2005 (****)	2005	2014 (*****)	2002	2003	2004			
No. of investment options	5	3 (***)	10	4	2	Fund number is discreet, from the most conservative to the most aggressive (between 2 and 6, depending on the administrator).	3	7			
Maximum limit of equities in the most aggressive Fund (%)	80	70	60	80	50	75	75	100			
Maximum limit of equities in the most conservative Fund (%)	5	20	15	10	0	0	0	0			
Restrictions in the choice of funds	<p>Retirees with programmed retirement pensions (men from 65 and women from 60 years of age): only allowed to choose between the three lowest relative risk funds (C, D, and E) with their mandatory contribution balances.</p> <p>Unretired male members &gt; 55 and women &gt; 50: only allowed to choose between any of the four least risky funds (B, C, D and E) with their mandatory contribution balances.</p>	<p>Members can freely choose only one of the 3 types of funds in the accumulation stage, unless the rule of convergence (1) towards the more conservative fund is applicable to them, in which case they can belong to maximum of two of these types of funds.</p> <p>Decree 959 (2) from 2018 established the implementation of a default convergence rule, in the case of members do not choose a fund, to the riskiest fund for new contributors, and a default convergence of balances to the moderate fund, according to the age range of members. Subsequently, as members reach the established age, they converge to the conservative fund.</p> <p>Male members &gt;=62 and female members &gt;=57: must have 100% of the individual account balance in the most conservative fund.</p>	<p>The resources of each worker will be assigned to a Siefore associated with their date of birth, and will remain in it throughout their working life. Each Siefore contemplates an investment regime that is adapted to the age of the worker and becomes more conservative according to the retirement horizon of each generation.</p>	<p>Members aged 65 or over are subject to mandatory transfer to the capital protection fund (Fund 0) with an option to switch to Funds 1 and 2. Members &gt; 60 years must be compulsorily transferred to the capital preservation fund (Type 1 fund, up to 10% in equity), unless they express in writing their wish to belong to the Mixed Fund or Fund 2 (up to 45% in equity). Members as of the indicated age can not invest in the Fund 3 or Capital Appreciation Fund (up to 80% in equity).</p>	<p>Members over 54 (is to say, members over 55 years and older) cannot be in the Accumulation Fund; from that age their savings are transferred gradually to the Retirement Fund during the 5 years prior the minimum legal age required to set the common causal for retirement (1/5 of the fund at age 55; 1/4 at 56; 1/3 at 57; 1/2 at 58; and entirely at 59).</p>	None	None	<p>The resources of each worker is assigned to a fund associated with their date of birth, and will remain in this throughout their working life. Each fund contemplates an investment regime that is adapted to the age of the worker and becomes more conservative according to the retirement horizon of each generation.</p>			
Default assignment criteria	Age of the member		Date of birth		Age of the member		Age of the member		Most conservative fund (only invests in Fixed Income)		
	Age Bracket	Default Fund	Date of birth	Default Fund	Age Bracket	Default Fund	Age Bracket	Default Fund		Most conservative fund (only invests in Fixed Income)	
	Men and women <=35 in the riskiest fund	B: Risky (up to 60% in equity)	Male members >=57 and female members >=52: the rule of convergence (1) is applicable according to age, gradually transferring 20% of the balance accumulated in the individual account every year to the most conservative fund, unless the member states his intention of assigning a higher percentage to such fund	Affiliates born on or after January 1, 1995.	SB: Riskier (up to 60% in equity)	Men and women <=60	Intermediate (up to 45% in equity)	Members up to 55			Accumulation Fund (intermediate; up to 50% in equities)
	Men from 36 to 55 and women from 36 to 50	C: Intermediate (up to 40% in equity)	Male members >=47 and female members >=42: the rule of convergence (2) is applicable according to age, gradually transferring 20% of the balance accumulated in the individual account every year to the most conservative fund, unless the member states his intention of assigning a higher percentage to such fund	Affiliates who were born between 01/01/1990 and 12/31/1994.	SB 90-94 (up to 38,9% in equity)	Men and women > 60	Most conservative (up to 10% in equity)	Members of 55 and over			Retirement Fund (Conservative; only invests in fixed income).
	Men >= 56 years Women >= 51	D: Conservative (up to 20% in equity)	Male members >=47 and female members >=42: the rule of convergence (2) is applicable according to age, gradually transferring 20% of the balance accumulated in the individual account every year to the most conservative fund, unless the member states his intention of assigning a higher percentage to such fund	Affiliates born between 01/01/1985 and 12/31/1989.	SB 85-89 (up to 56,96% in equity)						
			Male members >=47 and female members >=42: the rule of convergence (2) is applicable according to age, gradually transferring 20% of the balance accumulated in the individual account every year to the most conservative fund, unless the member states his intention of assigning a higher percentage to such fund	Affiliates who were born between 01/01/1980 and 12/31/1984.	SB 80-84 (up to 54,32% in equity)						
				Affiliates who were born between 01/01/1975 and 12/31/1979.	SB 75-79 (up to 51,16% in equity)						
				Affiliates who were born between 01/01/1970 and 12/31/1974.	SB 70-74 (up to 45,93% in equity)						
			Affiliates who were born between 01/01/1965 and 12/31/1969.	SB 65-69 (up to 38,51% in equity)							
			Affiliates who were born between 01/01/1960 and 12/31/1964.	SB 60-64 (up to 25,1% in equity)							
			Affiliates who were born between 01/01/1955 and 12/31/1959.	SB 55-59 (up to 15% in equity)							
			Affiliates born on or before 12/31/1954	SBP Most Conservative (15% in equity)							
Contract of future transfers between funds	Yes; There is an option, as of August 2010, according to Circular No. 1.697, whereby members sign a contract of future transfers between multifunds, according to their age. Two types of contracts: (i) basic contract, which operates on the same criteria as default assignment; (ii) extended contract, which includes the riskiest and most conservative funds.	None	None	None	None	None	None	None			
Minimum return guarantee	A 36 months average of all funds of the same type minus 50% of the return is required, or a 36 months average of every fund minus 4pp (funds A and B) and 2 pp (funds C, D and E).	Associated to two factors: (i) Reference Component; and (ii) Weighted average of the effective cumulative annual returns for each type of multifund. Each factor has a different weighting, depending on the type of multifund involved.	It is associated with performance benchmarks.	It is associated to reference return indicators, or benchmarks.	The law establishes a minimum return guarantee, which all of the AFAPs must achieve every month. It also provides for the existence of a Return Fluctuation Fund and a Special Reserve Fund, to compensate members if the AFAP achieves returns below the average of the system. Each AFAP must establish its Special Reserve with its own capital. Fund managers that still fail to achieve the minimum return must withdraw from the market. In this case, the individual accounts of workers will be fully transferred to another fund manager without suffering any loss.	None	None	None			
Transfer between funds (maximum No. of transfers per year)	Unlimited	2 (once every 6 months)	Is not possible to make transfers between SIEFORES	4 (once every 3 months)	Transfers between funds are not allowed, except when the member turns 55 (gradual and mandatory transfer to the retirement fund).	1	2	Is not possible to make transfers between funds, because this are life-cycle funds.			
Maximum number of funds members can choose to invest their mandatory contributions	2	1, unless the convergence rule (1) is applicable, in which case they may be enrolled in a maximum of two types of funds.	1	1	1	1	1	1			

Source: FIAP.

(\*) Dominican Republic: Article 100 of Law 87-01 states that the AFPs can offer Multifunds; however, the multi-fund system has not been implemented to date, so it does not appear in this box. Article 100 of Law 87-01 States textually: "Management of several investment portfolios. The Pension Fund Managers (AFP) can operate several investment portfolios comprising different financial instruments with different degrees of risk and real return, notwithstanding the provisions of Article 103. The AFPs will submit a detailed report to the Superintendency of Pensions, with the regularity they determine, on the composition and the investment amounts of each portfolio. Members will receive information on the multifunds, especially with regard to returns and risk, and are entitled to decide once a year in which of the portfolios managed by the AFP they wish to place their entire individual account."

(\*) El Salvador: At the end of September 2017, a comprehensive reform of the pension system in this country was approved. Among other things, this reform establishes that 4 Multifunds will be created: "Growth Fund" that will be able to invest between 30% and 45% of the total assets in equity; the "Moderate Fund" that may invest between 20% and 30% in equity; the "Conservative Fund" that will invest a maximum of 20% in equity; and the "Special Retirement Fund" (SRF) that will invest exclusively in fixed income instruments. To date, the operating regulations of the Multifunds have not been issued, so only the former pension funds division is implemented in two: the Conservative Fund and the Special Retirement Fund (SRF).

(\*\*) Colombia: as of September 15, 2010, the existing pension fund became the Moderate Fund. As of January 1, 2011, the members of the mandatory pension funds who have still not retired, may choose one of the three types of funds of the accumulation stage. Applications for switching to the chosen fund type received between January 1, 2011, and February 28, 2011, will be implemented by March 22, 2011, at the latest.

(\*\*\*\*) Colombia: only considers the number of investment options in the accumulation stage. In the decumulation stage, the AFPs must offer a Special Programmed Retirement Fund for retired members and the beneficiaries of survival pensions.

(\*\*\*\*\*) Mexico: As of December 13, 2019, the investment model of the Afores changed from 5 Basic Siefores to 10 Generational Siefores.

(\*\*\*\*\*) Uruguay: Law 19.162 of November, 2013, states that the Pension Savings Fund (FAP) managed by the AFAPs, comprising members' contributions and their returns, will now be composed of two subfunds: an Accumulation Subfund and other fund denominated Retirement Subfund. This became effective as of August 1, 2014.

(1) Colombia: The convergence rule begins, in men, at age 57, and in women at 52; only five years later they have 100% of the balance of the individual account in the Conservative Fund.

(2) Colombia: Default convergence of contributions and balances, according to what is established in Decree 959 from 2018 <http://es.presidencia.gov.co/normativa/normativa/DECRETO%20959%20DEL%2005%20DE%20UNO%20DE%202018.pdf>

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