Pension Notes

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The proposed AFP members’ stock bidding in the Chilean pension system is not conducive to the improvement of pensions

Federación Internacional de Administradoras de Fondos de Pensiones

Executive Summary

There is consensus that the main purpose of reforms to the contributory pension system should be to improve of the pensions that members receive. The proposals for Pension Fund Manager (AFP) members' stock bidding in Chile, assigning them to the fund managers that charge the lowest fees, do not contribute to this purpose. Reductions in fees increase the net income of contributors, but not pension amounts or savings in individual accounts. One could imagine scenarios in which lower fees would enable raising pension contributions above those proposed in the reform, or that members decide to save the increase in net income in their pension accounts, which is extremely unlikely due to people's myopia and preference for present consumption. Even in the event of these unlikely scenarios, and if the estimated reduction in fees in the most elaborate bidding proposals (0.623% of salary, on average) is implemented, the increase in the pension amounts of average members throughout their working lives would be approximately 6% and tend to 0% among members closer to retirement.

Another significant shortcoming of members' stock bidding awarded to the fund managers that offer the lowest fees is that they provide no benefits to the 60% of members incorporated into these processes, since they do not contribute (or do so less frequently throughout their working lives) and, therefore, do not pay fees, or are already assigned to fund managers with similar or lower fees than those that would be achieved under the members' stock bidding system.

Furthermore, for a significant percentage of members that do contribute, the most relevant variable for selecting a fund manager and improving pensions is returns on investments, and not fees. For example, if one considers a 62-year-old worker with an accumulated individual account balance of CLP 30 million and a gross monthly income of CLP 1.2 million, a lower real annual return of 0.16% in the years prior to retirement, in the fund manager he is assigned to in the bidding process, would be detrimental. In fact, the differences in annual real returns on AFP investments in pension funds far exceed this percentage in the period analyzed.

An additional shortcoming of the proposed members' stock bidding is that not all contributing members will be able to access the lower fees offered by the winning AFPs during the transition period. Many of them will have to wait until they are included in a future process, generating differences in fees between members who contribute on equal income in the same, or other, fund manager. This gives rise to inequality in the treatment of the different members of the system, preventing some members from accessing the lower fees of the winning fund managers, and violating important principles of the existing contributory pension system.

From all the above, it is concluded that the competitive pressure imposed by members' stock bidding on fees does not benefit many members, may end up harming them if the fund manager to which they are assigned obtains lower returns than the original fund manager, and would generate differences in fees between contributors. Moreover, as members' stock bidding is assigned by price, the competitive efforts of the fund managers would be mainly aimed at reducing the costs and fees they can charge to win these processes, because their survival would be at risk should they fail. These incentives attenuate competition in the return on investments and services.

Members' stock bidding based on lower fees can also end up harming competition and increasing the concentration of members and funds in the industry if government agencies are allowed to participate and there is no competitive neutrality with private fund managers. Such market and fund concentration in government agencies can, in turn, give rise to a variety of negative effects on the capital market.

Moreover, the proposed bidding will entail the creation of multiple fees, which will make the comparison between fund managers more confusing, weakening competition in the industry and making the retention and payment of contributions and fees by employers more complex.

Furthermore, asset transfers between fund manager resulting from members' stock bidding will diminish the return on investments of pension savings and the efficiency of the investment portfolios of the pension funds, since they will reduce the investment of fund managers in less liquid and difficult-to-transfer assets, which allow for better diversification, grant an illiquidity premium that increases the returns of the funds, and provide a long-term horizon consistent with the purpose of investing pension savings. Investment in traditional and more liquid assets will also be negatively affected by the cost of rearranging portfolios and increased fees, due to the lower investment volumes of the fund managers that must transfer assets.

A significant percentage of members are most probably unaware that they are part of the members' stock bidding process or are not informed of its consequences and the possible impact that their assignment to another fund manager may have on their pension savings and pensions. Even if they are properly informed, inertia will prevent many of them from changing, which in case of damages, could lead to litigation against the State.

Given the zero or low benefit that members' stock bidding would have on a significant percentage of members, and the detrimental effects that these processes can have on pensions, the return on investments and service quality, it is legitimate to question whether it is worthwhile introducing such structural changes in the functioning of the AFP system. These processes would be very different from the current bidding processes for new members entering the labor market because new members do not have balances in their individual accounts and clearly benefit from the payment of lower fees during the first two years of enrolment, in which they are obligated to remain in the winning fund manager. These bidding processes have made it possible to greatly reduce the fees that all members can access to as little as 0.49% of the salary charged by the winning fund manager in the last bidding. This percentage is equivalent to a fee of 0.2% per year on the balance, based on the entire work cycle of an average member.

There is consensus regarding the importance of further enhancing competition between fund managers. However, this should materialize in measures designed to encourage members to select the fund managers with the best returns, fees and service, in accordance with their characteristics and preferences; expand and strengthen the dissemination, communication and orientation of said attributes and the characteristics of the system; allow incoming or already operating fund managers to achieve minimum efficiency without excessive commercial expenditure, providing access to essential infrastructure on equal terms; reduce and redesign reserves; enable the sharing of infrastructure controlling potential conflicts of interest; improve investment regulations and simplify the regulatory burden in general, emphasizing aspects that are critical for the improvement of pensions and the security of the benefits obtained by members.

I. Introduction

The purpose of this pension note is to describe the essential aspects of the proposals to introduce members' stock bidding in the AFP industry in Chile, a matter that is currently under analysis and discussion at the technical level, and in the executive and legislative branches.

It also analyzes whether members would really benefit from this policy, and its impact on the pension amounts they could obtain. This is important because the pension reform's main purpose should be to improve pensions.

Some possible risks and negative effects of this policy on the contributory pension system are also identified and analyzed, while acknowledging the pressure that said policy would exert on the reduction of management fees.

II. Characteristics of the proposed members' stock bidding in Chile

In the discussion of the bill to reform the pension system, bidding for the management of pension fund investments and the individual accounts of the members has been proposed, awarding them to the agencies that charge the lowest fees. The design and scope of this bidding has varied during the discussion of the reform process. The Senate Labor and Social Security Committee, the Ministry of Labor and Social Security, and the Ministry of Finance agreed to establish a Technical Fee to discuss the bill's proposals and find alternatives that lead to consensus. The Fee issued a report in July 2024 that recommended not separating the account and investment managers' duties, including the bidding of members' stock among the topics to be discussed. The document describes the bidding process as a mechanism that consists of randomly selecting 10% of members and awarding the management of pension savings to the bidder with the lowest fee, which must be maintained for 10 years. Members included in the bidding process may withdraw from the process or switch AFPs at any time, respecting freedom of choice and allowing retraction. 10% of members are included in the bidding process each year, so bidding for all members of the system is completed in 10 years.

The report suggested forming another fee to define the specific design of the parameters, beyond the percentage to be tendered and the default, and proposed majority agreements on the following bidding characteristics:

- Definition of a mandatory mechanism that seeks the desired competitivity, and sets a default bidding percentage, so that all members are subject to bidding within 10 years.

- Stipulation of a limited number of members and managed assets, for a fund manager to be able to participate in the bidding process.

- Establish a deadline for the implementation of the bidding process, sufficiently ample for drawing up the terms and conditions and inviting the interested parties, agreeing that a period of two years would be appropriate.

One of the issues on which the commissioners did not agree, was government participation in the bidding process. On the one hand, they considered that government participation could give rise to unfair competition if the public agency offers fees lower than market fees, thanks to the use of public resources to finance its operations. This concern is exacerbated in members' stock bidding awarded by price, due to pressure for the state manager to be awarded the tenders. They also pointed out that in the current design of social security in Chile, the government participates by default and not as a competing party. The opinions in favor of government participation suggested that the public AFP could accommodate people who voluntarily wish to switch to this type of fund manager, that its market share would be limited, and that it would be allowed to manage accounts of new fund managers that wish to subcontract it, strengthening competition in investment management.

The bidding proposals are still being discussed and worked out in detail by the Pension and Technical Commission. For example, the Minister of Labor and Social Security said that it is considering building a computer platform on which people can decide to withdraw from the bidding process beforehand, or later, and that assets that are difficult to transfer, such as alternative assets, may be excluded from the mandatory transfer of assets. On the other hand, the Commission is considering the participation of 12.5% of the portfolio of former members in the bidding process every two years, and that the fund manager that is awarded the tender must maintain the fee for a period of 16 years. The right of members to decide to remain in their original AFP, and not be transferred to the one that won the bidding process, would also be protected. Furthermore, the majority of the Technical Fee believe that the government should not participate in members' stock bidding.

Other proposals have also emerged. Salvador Valdés' proposal is the one that has been most disseminated and set out in detail in different reports. In his latest study (Valdés, July 2024), he proposes that members' stock bidding with the following main characteristics should be conducted in the AFP system:

- Complement individual marketing with members' stock bidding.
- Conduct rotating members' stock bidding of groups of members (omitting pensioners) with similar average attributes and long service lapses, over a 10-year period. All members would participate in stock bidding on a rotating and overlapping basis.
- Gradually introduce the bidding process over a period of 10 years, to reduce all kinds of risks and avoid accusations of regulatory expropriation.
- Temporarily stagger the bidding processes for at least two years.
- The commitment to service of the winning fund manager must be at least six years (it is 10 years in the proposal analyzed by Valdés in the report).

- Define at least two groups of members subject to bidding on the same date.
- Groups must be randomly formed.
- New members are integrated into the winning fund managers.
- The bidding processes are repeated every ten years.
- Members may retract their allotment in the bidding process.
- Concessions are made to existing AFPs, allowing the fees charged to members assigned through the bidding process to be differentiated from those charged to individually enrolled members, with measures that cap the difference if it exceeds a certain threshold.
- Establish a limit on the proportion of funds that each group of commonly controlled fund managers can raise through bidding (40% is recommended).
- Establish a standard automatic annual adjustment of fee rates for covering changes in income and costs for winning fund managers.

According to Valdés, his members’ stock bidding proposal should generate greater price competition, making it easier for existing fund managers to bid, because they will be allowed to differentiate fees between members assigned through bidding and the rest. Greater competition would reduce the fund managers' returns on assets, resembling alternative activities. According to the author, the average fee rate would decrease from 1.174% to 0.551% of salary when fully operational: 45% due to cost reduction and 55% due to a reduction in the returns of the AFPs. Another effect identified in the study is the greater freedom of members because they can accept the assignment through bidding or switch to another AFP, and the new member is released from the obligation to remain in the winning AFP for two years, as is currently the case with bidding processes for new members.

III. Members' stock bidding is not a sound mechanism for increasing competition and improving pension amounts

Although the members' stock bidding proposed in Chile would generate greater price competition and force a reduction in the fees charged by the pension fund managers, they would not benefit most members and may generate a series of negative effects on competition in the pension system and returns on investments, detracting from the main purposeof any reform, which is the improvement of pension amounts and security. The main constraints and issues that would be generated by members' stock bidding are discussed below.

1. Lower fees do not contribute to improving pensions

The members' stock bidding proposals in Chile, assigning members to the fund managers that charge the lowest fees, do not contribute to improving pensions. Lower fees deducted from income increase the net or disposable income of contributing members, but do not increase their accumulated individual account savings, or their pension amounts.

One could imagine scenarios in which lower fees would enable raising pension contributions above those proposed in the reform, or that members decide to save the increase in net income in their pension accounts, which is extremely unlikely due to people's myopia and preference for present consumption, and the existence of other priorities of people for using their funds. Even in the event of these unlikely scenarios, and if the reduction in fees estimated in the most elaborate bidding proposals (0.623% of salary, on average) is implemented, the increase in the pension amounts of average members throughout their working lives would be approximately 6% and tending to 0% among members closer to retirement.

Increase in pension amounts with a lower fee of 0.623% on taxable income paid into individual pension savings accounts

Gender	Age at which fee reduction occurs				
	25	35	45	55	60
Female	6.3%	3.9%	2.0%	0.5%	-
Male	6.3%	4.1%	2.3%	1.0%	0.4%

Assumptions: Start of working life at age 25; annual real return on investments of 4.0%; life annuity real annual sale rate of 3.3%; initial taxable income of CLP 750,000 per month (USD 818); annual real growth of taxable income of 1.5% to age 50 for women, and 55 for men; contribution density of 65% for men and 51% for women (percentage registered for new pensioners in July 2024 according to information from the Pension Commission); and retirement at the official retirement age.

Source: FIAP estimates.

On the other hand, the higher pension amounts generated by the reduction in fees, based on information to July 2024, in terms of age, taxable income and balance in their individually funded accounts on that date, would be only 2.8% for women and 2.9% for men.

2. *A high percentage of members do not profit from members' stock bidding*

Only members who contribute to their individual pension accounts would benefit from the reduced fees expected from members' stock bidding. Said fees are a percentage of salary and/or taxable income and are deducted from them when members contribute to the AFP system. This applies to both dependent and self-employed workers.

Members who do not contribute (or do so less frequently throughout their working lives), either because they are not required to do so, have no salary or taxable income, work informally or do not participate in the labor market, would not benefit from the members' stock bidding awarded by price (or would benefit much less because of their low contribution frequency throughout their working lives). According to Pension Commission statistics, in the last twelve months ending in July 2024, 42% of members, on average, did not contribute. These individuals are mostly lower-income workers, young people, and women.

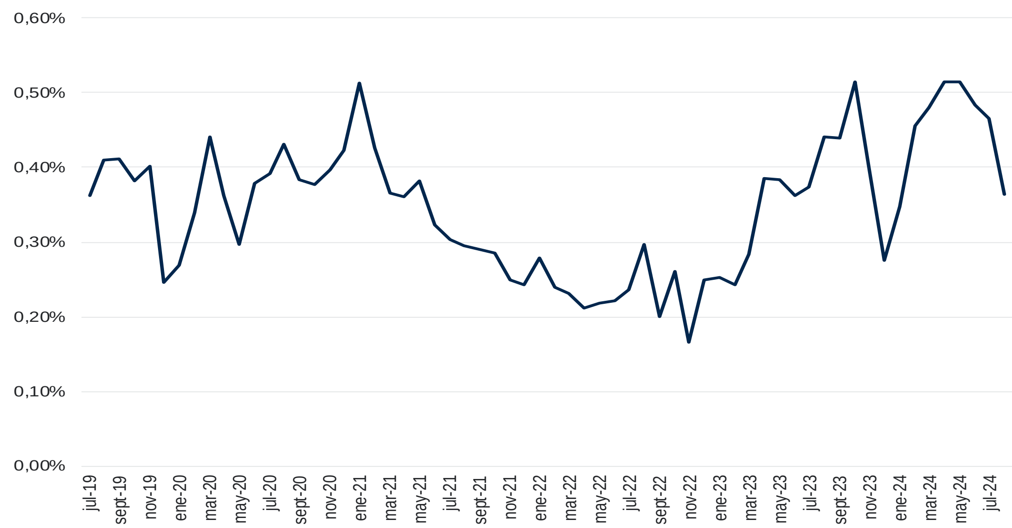
Moreover, 24% of contributors in this period were assigned to AFP Modelo, which charges a slightly higher fee than expected when members' stock bidding is fully operational [1] (0.58% vs. 0.55% of income), and another 6% contributed to AFP Uno, which charges a lower fee (0.49% vs. 0.55%). Hence, if these figures were maintained over time, approximately 60% (42% + 0.3 * 58%) of members would have zero or very little benefit derived from the lower fees resulting from members' stock bidding.

3. *Return on investments, and not fees, are the most important variable for improving pensions*

Furthermore, for a significant percentage of members that do contribute, the most relevant variable for selecting a fund manager and improving pensions is returns on investments, and not fees. For example, if one considers a 62-year-old worker with an accumulated individual account balance of CLP 30 million (USD 32,720) and a gross monthly income of CLP 1.2 million (USD 1,309), a lower real annual return of 0.18% in the years prior to retirement in the fund manager he is assigned to in the bidding process, would be detrimental. The evidence shows that the differences in annual real return on AFP investments in pension funds far exceed this percentage in the period analysed (see differences in Fund D in the following graph).

[1] Valdés Prieto, Salvador (July 2024). "Bidding for current AFP members." Competence Center, Adolfo Ibáñez University.

Average annual difference in real returns in Pension Fund D compared to the fund manager with the highest returns - three-year period



Source: FIAP calculations based on information from the Pensions Commission.

The 2.8% - 2.9% increase in pension amounts resulting from lower fees for an average contributor mentioned in point 1 would be lost with a reduction in the average annual returns of only 0.17%.

4. ***The assignment of members to the winning fund managers could be detrimental to savings and pensions, leading to litigation with the government***

A significant percentage of members are most probably unaware that they are part of the members' stock bidding process or are not informed of its consequences and the possible impact that their assignment to another fund manager may have on their pension savings and pensions. In these circumstances, and even if they receive comparative information on the performance of the different fund managers, inertia will prevent many of them from switching fund managers, which in case of damages could lead to litigation against the government.

5. ***Members' stock bidding violates an important principle of the contributory pension system***

An additional shortcoming of the proposed members' stock bidding is that during the transition period in which the percentage of members included in these processes is gradually increasing, until all of them are covered, the members awaiting subsequent bidding processes cannot access the lower fees offered by the AFPs that won the first bidding. They must wait until they are included in a future process, generating differences in fees between members who contribute on equal income in the same, or other, fund manager. When all members have been covered and the gradual bidding process begins anew, this problem will recur. This gives rise to inequality in the treatment of the different members of the system, preventing some members from accessing the lower fees, and violating important principles of the existing contributory pension system.

6. *Without members' stock bidding, members can access fees that are among the lowest in the world*

In July 2024, the AFPs charged fees ranging from 0.49% to 1.45% of salary or taxable income. At that time, 31% of contributors were enrolled in the two fund managers with the lowest fees. If these fees are transformed into an equivalent percentage of the balance, considering a workers' entire life cycle, they are equivalent to 0.21% - 0.29% per year[2]. Although it is difficult to compare the fees charged by pension fund managers in defined contribution plans internationally, due to differences in maturity of each system, the services provided, the indirect charges and the structure of the fees, there is no doubt that these percentages are among the lowest in the world. By way of comparison, the UK NEST program, which is commonly referred to as an international example of a low-cost pension scheme, has a fee of 1.8% of each new contribution to an individual account, plus an annual fee of 0.3% on the account balance. Furthermore, given this fee structure, in this program both contributing and non-contributing members pay fees for the management of their accounts. In the Chilean pension system, on the other hand, only contributing members pay.

Any current member of the AFP system who wishes to do so can pay low fees for the management of their accounts, by transferring or remaining enrolled in the fund managers with the lowest fees. Given the evidence of insufficient sensitivity of members to differences in fees, it is evident that there is a challenge to adequately inform and increase such sensitivity regarding fees, as well as investment management and services of the different AFPs, making them the principal reason for choosing a fund manager. The efforts of authorities and fund managers should be focused on addressing this challenge.

On the other hand, workers entering the labor market and enrolling in the system for the first time, who clearly favor a lower fee rather than higher returns because they have no balance in their individual accounts, are assigned to the AFP with the lowest fee, thanks to the bidding for new members held every two years.

7. *The incentives deriving from members' stock bidding focus competitive efforts on cost reduction, weakening competition for returns on investment*

From the above analysis, one can conclude that the competitive pressure imposed by members' stock bidding on fees does not benefit many members, may end up harming them if the fund manager to which they are assigned obtains lower returns than the original fund manager, and would generate differences in fees between contributors with equal salaries or taxable income.

Furthermore, as stock bidding is allocated by price, the competitive effort of fund managers would be mainly aimed at reducing the costs and fees they can charge members, to win these bidding

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[2] This document considers workers who begin their working lives at age 25 and retire at age 60 and 65 (women and men, respectively); contribution rate of 10%; initial salary of 25 UF (USD 1,029); annual real income growth of 1.5% until age 50 for women and 55 for men; contribution density of 51% for women and 55% for men; and real return on investment of 4% per year. The percentage of annual fee on the balance that yields the same final balance as that obtained with the fee on salary or taxable income, was calculated, if members save the amount of the latter fee in their individual accounts instead of paying it to an AFP.

processes. If they fail to do so and are unsuccessful in their bidding, they risk their survival in the system. With these incentives, all else being equal, competition for returns on investments and quality of service is weakened, and fund managers are pressured to restrict their expenditure and investments to what is strictly necessary to comply with pension regulations and the bidding terms and conditions.

8. The existence of multiple fees will also hinder competition

On the other hand, the proposed bidding will entail the existence of multiple fees. In effect, the fees that the fund managers charge voluntarily enrolled contributors, and the fees offered by the winning fund managers of the different bidding processes, will simultaneously coexist (for example, there may be up to 10 different fees if five bidding processes are carried out that are awarded to the two fund managers with the lowest fees). These multiple fees will make the comparison between fund managers more confusing, undermining competition in the industry and complicating the retention and payment of contributions and fees by employers.

9. Asset transfers between fund managers, resulting from stock bidding, will have negative effects on the return on investments

In each bidding process, the competing fund managers must transfer a percentage of their assets under management to the winner of the bidding process. These transfers will have negative effects on the return on investments of pension funds, especially in certain instruments that have great potential to increase the returns and diversification of pension resources and decrease the level of risk of portfolios, due to the lower correlation of their returns with that of traditional assets.

First, these transfers are expected to reduce investment in alternative assets, especially those that involve longer-term commitments, and with fund managers that have performed better internationally. This will reduce the efficiency of the pension funds' investment portfolio, because alternative assets allow for better diversification, grant an illiquidity premium that increases the returns of the funds, and provide a long-term horizon consistent with the purpose of investing pension savings.

Problems with transfers will occur because some alternative assets cannot be transferred, and others will entail a high cost, affecting the long-term returns of pension funds. Many international agencies do not offer alternative asset investments in Chile, so fund managers must actively seek them out and work with them to establish long-term relationships, making it extremely difficult if asset transfers have to be made between fund managers as a result of members’ stock bidding. The pension fund managers also differ in their investment policies and strategies in these types of assets, so transfers to the receiving fund managers will alter the composition of their portfolios and hinder the construction of their optimal investment structure, due to the illiquid nature of alternative investments. The receiving fund managers will also incur additional costs because they will have to assess and review each one of the different alternative asset contracts, and build long-term relationships with the managers of the assets received, with which they have not previously made investments. On the other hand, the future negotiating power of the fund managers that convey the assets may be impaired, resulting in less favorable investment conditions for the pension funds.

The importance of alternative assets for pension savings is evidenced by the following figures. As of December 2023, investment and investment commitments in this type of pension fund assets ranged from approximately 6% in Fund E to almost 14% in Fund A[3]. On the other hand, the annual real return on pension funds' investments in alternative assets at the end of 2023, measured as a function of the IRR, fluctuated between 10.4% for Fund E and 11.6% for Fund A.

Secondly, asset transfers will affect OTC derivative contracts, which are entered into with local or foreign banks with the aim of mitigating interest and exchange rate risks. These contracts require lengthy negotiations and due diligence processes, in which each agency approves the other as a counterpart, as well as the terms and conditions of transactions, including their possible annulment. They are specific contracts between the parties and are therefore not easily transferable. The fund managers that are unsuccessful in the bidding process must make the annulments and the early termination of the contracts, which will entail complex, unfavorable and costly negotiations for them. Moreover, these annulments will generate uncertainty regarding the flows of the instruments for the affected counterparts, resulting in weaker trading capacity for the fund managers in the future, and limiting access to longer-term contracts.

Furthermore, investment in traditional and more liquid assets of the fund managers that must transfer assets will also be negatively affected, since they will have to pay higher fees due to lower investment volumes.

Finally, asset transfers between managers will entail the cost of rearranging the investment portfolio to return to an optimal investment structure. The portfolio may also have to be rearranged if the maximum investment limits are exceeded.

According to the Valdés report mentioned above, “the evidence for U.S. institutional investors is that a professional management of these transfers and rearrangements decreased the cost by 1-2% of the portfolio in the early 2000s.” The author also notes that digitization over the next 20 years probably reduced these costs.

10. *Lack of competitive neutrality between private and public agencies can lead to high concentration in the industry*

In a bidding system in which members’ stock is allocated by price, and in which government and private agencies participate, there is a risk that public agencies will achieve high market participation and concentration if there is no competitive neutrality. This may occur due to subsidies and/or special conditions granted to these agencies that allow them to compete in bidding processes and individual enrolment with lower fees, but which would be unattainable without their access to such subsidies.

[3] Report on fees and performance of investments made with Pension Fund resources in alternative assets. Chilean Pension Fee. October 2024

In fact, as mentioned in Chapter I above, the Technical Fee created to oversee and expedite the reform, believes that government participation could result in unfair competition if the public entity agency offers fees lower than those of the market, by using government resources to finance its operations, and that this concern is exacerbated in members' stock bidding awarded by price, due to pressure for the state fund manager to be awarded the bidding.

Imposing limits on a fund manager's participation only mitigates the problem but does not solve it. Political machination may also lead to this limit being relaxed over time, due to considerations unrelated to a better functioning of the pension system.

11. Members' stock bidding will have a negative effect on the capital market

The portfolio adjustments of the fund managers resulting from fund transfers will affect the capital market, increasing its volatility.

The capital market may also be highly impacted if the industry and investment in public fund managers are highly concentrated, due to a lack of competitive neutrality (point 9 above), and the investment policies and strategies of these agencies are not fully consistent with their fundamental sole purpose of improving pensions, due to short-term political pressures.

IV. Conclusions

Given the zero or low benefit that stock bidding would have on a significant percentage of members, and the detrimental effects that these processes can have on pensions, the return on investments and service quality, it is legitimate to question whether it is worthwhile introducing such structural changes in the functioning of the contributory pension system.

These processes would be very different from the current bidding processes for new members entering the labor market because new members do not have balances in their individual accounts and clearly benefit from the payment of lower fees during the first two years of enrolment, in which they are obligated to remain in the winning fund manager. These bidding processes have made it possible to greatly reduce the fees that all members can access to as little as 0.49% of the salary charged by the winning fund manager in the last bidding. This percentage is equivalent to a fee of 0.2% per year on the balance, based on the entire work cycle of an average member.

There is consensus regarding the importance of further enhancing competition between pension fund managers. However, this should materialize in measures designed to encourage members to select the fund managers with the best returns, fees and service, in accordance with their characteristics and preferences; expand and strengthen the dissemination, communication and orientation of said attributes and the characteristics of the system; allow incoming or already operating fund managers to achieve minimum efficiency without excessive commercial expenditure, providing access to essential infrastructure on equal terms; reduce and redesign reserves; enable the sharing of infrastructure controlling potential conflicts of interest; improve investment regulations and simplify the regulatory burden in general, emphasizing aspects that are critical for the improvement of pensions and the security of the benefits obtained by members.

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