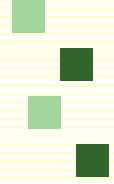




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ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND



PENSIONS

“WHAT NOT TO DO”

Ivan Laws – May 2007



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CONTENTS

- Introduction
- The Great DB / DC Debate
- Communication
- Administration
- Systems
- Politics and Change
- Conclusion



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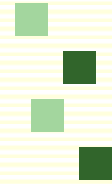
DO NOT WRITE OFF DB

- **Dead and Buried?** or **Definitively Better?**
- DB - Reward, loyalty, paternalism, security
- DC - Risk, limitation, indifference, insecurity
- UK's 200 biggest DB pension schemes have a 61% chance of having a combined surplus in 3 years!
- Regional problems are the frailty of over-provision combined with rapidly improving life expectancy and,
- A pension fund's primary purpose is to provide security at the end of a member's working life



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DO NOT IGNORE DC

- **Dire Consequences?** or **Diligent Care?**
- DC has its place in supplementary provision
- Good education for members into retirement and investment
- Care in implementation and choices, lifestyle
- Sensible examples of DC exist worldwide, Australia for example
- Be warned – Office of National Statistics say contributions fallen sharply with Money Purchase
- Best approach is to use DB and DC to gain leverage from both



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DO NOT ASSUME YOUR CUSTOMERS UNDERSTAND WHAT YOU ARE DOING

- In fact, assume they don't!
- Use One Voice to cover general pensions issues
- Communication, communication, communication
- Two way process, at our Fund we are about to publish;
- [Customers' Charter](#)
- [Formal complaint and dispute resolution procedure](#)



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**DO NOT ACCEPT SECOND BEST FROM
YOUR ADMINISTRATION DEPARTMENT**

- Pensions is a service business
- “How Would You Like to Be Treated?”
- Watch out or face Third Party Administration
- Use Service Level Agreements and publish results
- Allow customers to nominate staff for reward
- Encourage competition between administration teams
- Provide the required tools



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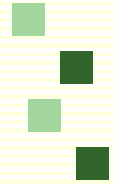
DO NOT ASSUME THAT A GOOD SYSTEM WILL SOLVE ALL OF YOUR ADMIN PROBLEMS

- A comprehensive system will cost at least \$4 million
- Do not over specify or you will build a strait-jacket
- Rubbish in / rubbish out
- Clean your data – you will save the system cost again
- Look at practicalities especially with imaging / workflow
- Remember and allow for the 80/20 rule
- Use the internet to your advantage



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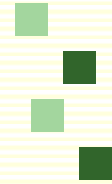
DO NOT POLITICISE AND / OR OVER-LEGISLATE

- [Pensions Simplification in the UK](#)
- Governmental involvement for public revenues
- Keep pensions off political agenda
- Establish a Regulator
- Consult with the industry
- “The Pensions Mis-selling Disgrace”
- Use international standards to gain the trust of stakeholders



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CONCLUSIONS

- Pensions in the region are a challenge
- Advantages of “coming late to the party”
- Technology now very advanced
- Administration standards can be very high
- Growing economies mean that there is time to get it right
- We can try but we can never legislate for;
 - Robert Maxwell or,
 - ENRON