Improving Public Awareness on Private Pensions.

- Poland’s 10 years of continuous experience

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Overview

I Why we need a public awareness campaign on new pensions

II Campaign’s development in Poland

III Technical aspects

IV Conclusions, lessons learned

Reasons for Public Education on Pension Reform

- The switch from PAYG to funded DC plans inflicts greater individual responsibility and risk exposure
- Active, informed members are a precondition for an efficient market

Factors Which Education on Pensions Has to Take into Consideration

- Learning curve principle
- Little money at stake
- Confusion due to multiple info sources
- Do not overestimate the amount of time the public is ready to devote to the issue

Benefits of Financial Education

- Benefits to individuals include greater accuracy in making financial decisions and greater chance of retiring with a comfortable income.

- Benefits to governments may include;
  - lower cost of supervising pension programs
  - reduction in costs of investigating and prosecuting fraud
  - increases in private retirement savings
  - less volatility, more competition on financial market

What Shaped the Public Awareness Campaign in Poland

- Socially important features of the new pension system introduced in 1999
- Timetable of the reform
- Stakeholders and their interests at stake

Topics of the Public Awareness Campaign

Press releases from the Office for Pension Reform, ‘97-99

	1997							1998							1999						
Legislative process	X	X						X		X	X							X			
Opinion poll results		X	X			X				X		X	X								
Retirement age			X																		
Retirement privileges					X					X	X			X	X						
Reforms overseas			X			X	X														
New system											X	X	X	X			X	X			X
Information campaign													X	X						X	X
Other			X		X		X	X													

Information Focus

- System’s architecture
- Members rights and the role of state
- Supplementary pensions
- Investment performance
- Costs and competition in the industry

Who and How Influenced the Public

- Government bodies
- Public/civil organizations, trade unions
- Pension funds and their agents
- Independent analysts
- Journalists

Problems Encountered in the Public Awareness Campaign

- Funding
- Timing
- Access to media
- Competition from the private sector
- Absorbtion capacity of the public

How the Information was Delivered

- Publications and advertising
- Electronic carriers
- Public appearances and discussions

Publications and Advertising

- Newspaper inserts
- Monthly/Quarterly/Annual reports
- Special booklets
- Papers & articles in newspapers

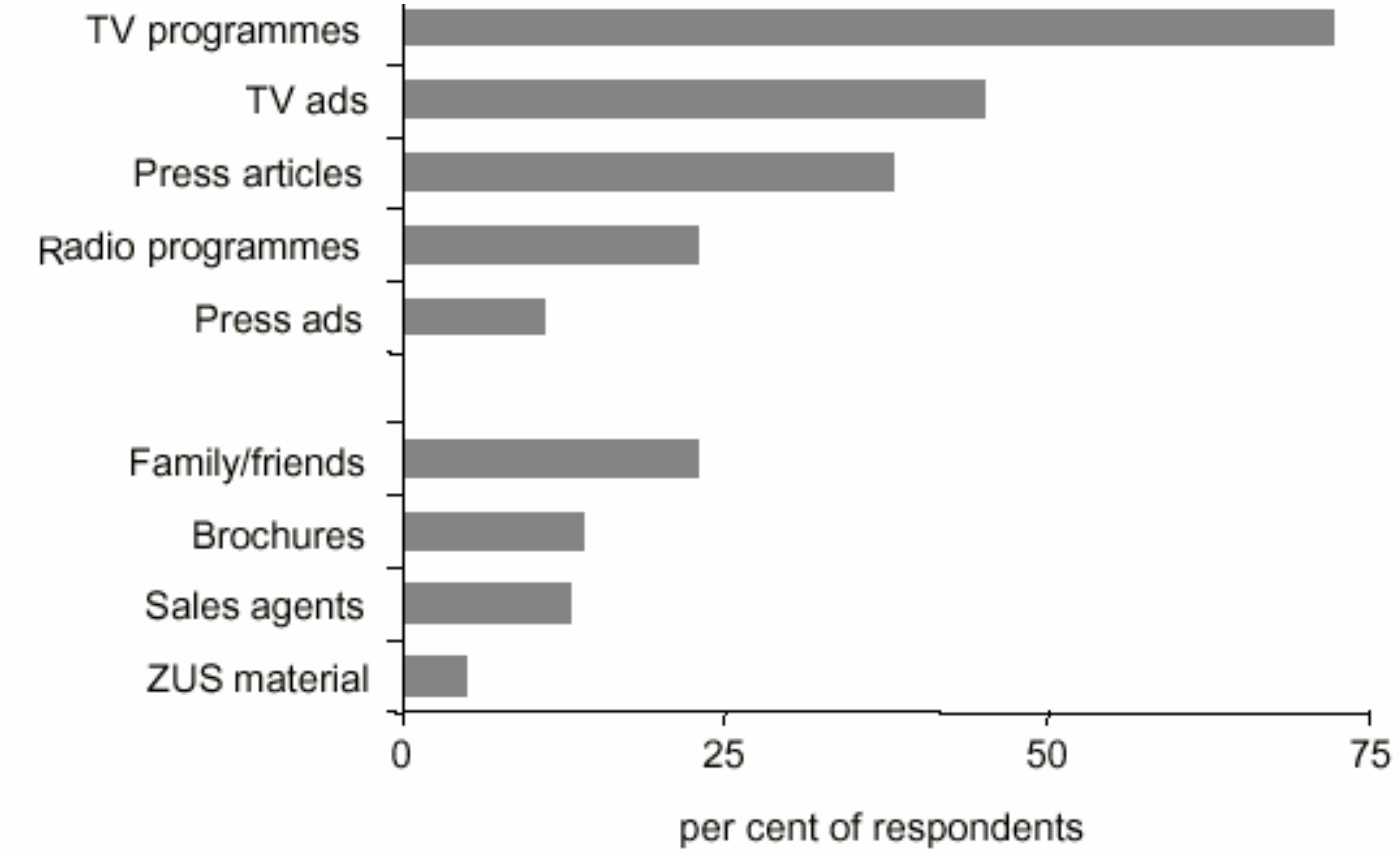
Electronic Media

- TV and Radio
- Internet, web page
- Info-line

Public Appearance

- Fairs, conferences and interviews
- Direct contacts (occupational pensions)
- Open door days

Main Sources of Information



Lessons Learned – Our Successes

- High subscription rate
- Media interested in the project
- Support from private sector
- High activity of sales agents
- Low costs of management
- High investment yields

Lessons Learned – Our Failures

- private stakeholders dominating media in crucial year 1999.
- high withdrawal rate
- lack of institutionalized members' representation
- deteriorating sentiment

Recommendations

- Make public awareness campaign a continuous process
- Draw a clear line between public and commercial messages
- Institutionalize members’ access to information

Disclosure – a Powerful Tool to Enhance Public Awareness

- Relevance
- Timing
- Comprehensiveness
- Reliability
- Comparability (industry standards)
- Consistency
- Easy access

LAW ON ORGANISATION AND OPERATION OF PENSION FUNDS

CHAPTER 20.Reporting duties of pension funds

Article 189. The open fund shall at least once a year publish its offering circular in that national daily paper

Article 190. 1. The open fund shall make its offering circular available to any person

Article 191. The fund shall serve upon each member, at regular intervals of no more than 12 months, a written report

CHAPTER 21 Supervision of pension funds

Article 200. 1. The Supervision Office shall…. 4) further public awareness of the funds' objectives and terms of operation, in particular of the rights appertaining to the fund members,

5) further public awareness of the objectives and terms of operation of the employee pension plans, in particular of the rights appertaining to the pension plan members,

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Thank you for your attention!

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