

IV. Overall Assessment

This Methodology is intended to underpin an assessment that will identify the nature and extent of specific strengths and weaknesses of the private pensions systems in a jurisdiction in order to help identify reform priorities through policy dialogue so as to ultimately improve the performance of private pensions in delivering deferred remuneration and to provide security to plan members. The emphasis is on how the private pensions regulatory framework actually functions as a whole or as a system: the whole can be greater than the sum of the parts which is important to take into account when considering policy priorities.

This section of the paper deals with how all the Core Principles, Implementing Guidelines and associated assessments should be drawn together in a final assessment, including a discussion of policy priorities and specific measures that might be considered for the future. The final assessment would cover not just the assessed strengths and weaknesses of individual principles but also indicate how they serve to determine the operation and efficiency of the overall system of private pensions. In discussing policy priorities, the final assessment also needs to consider the presence of interrelationships whereby some policy measures might be ineffective until accompanied by other initiatives, either by companies or by the authorities.

The private pension governance landscape

In order to formulate a holistic final assessment, the reviewer will need to review all aspects of the pension system and consult with relevant authorities, as appropriate. The reviewer should pay particular attention to stakeholders' views on the following questions:

- Do stakeholders view that the private pension system adequately and efficiently provides deferred salary in retirement to current employees?

- Do stakeholders believe that the private pension system together with any additional state-provided pension benefits provide an adequate income level for pensioners?
- Do employers believe that employer-sponsored occupational pension plans are a powerful and efficient tool for recruiting and retaining employees?

Further, the reviewer needs to identify the nature and extent of any problems or issues within the private pensions system by considering the structure of private pensions, regulation, supervision, governance and control systems, and how these have become established and evolved in recent years. The reviewer should consider the forces underlying the current situation, the current forces for change, including international developments and their implications. To maintain transparency of the review process, the legal, regulatory and enforcement structures would be considered and the lessons drawn from any recent “scandals” discussed. In short, this element of the review process would identify how the major issues are arising and why the situation, covered in more detail as part of the assessment of some principles, has arisen.

Summarizing what has been learnt from the assessment of individual principles

In reporting the results of the overall final assessment, the reviewer needs to provide a summary of assessments for each Core Principle and the associated Implementing Guidelines together with the main reasons behind them. In some cases, it will be useful to specify which Implementing Guideline is the primary reason of a particular assessment result. Such a comprehensive process serves to make clear that the jurisdiction has been reviewed against the Core Principles as a whole, and minimises any chance of overlooking important elements. Not all Implementing Guidelines need to be covered in the same detail depending on a judgement about their importance.

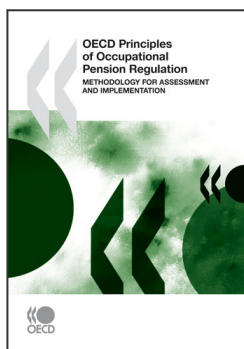
The essential interrelationships between Core Principles and Implementing Guidelines should also be considered. The review should consider those areas where the jurisdiction is judged to have broadly or fully implemented a Core Principle, and indeed might have gone beyond the requirements of the Core Principles and is now developing “good practices”. Areas of strength as well as weaknesses should be taken into account. Detailed assessments for each Core Principle and the corresponding Implementing Guidelines with brief notes may or may not form part of the final report depending in part on whether confidential information has been

used in forming an assessment. However, detailed assessments are an essential input for the reviewer in forming a judgement about priorities.

Forming a judgement about policy implications and priorities

This final, and arguably, most significant part of the process involves moving from the assessment stage as detailed in this Methodology to formulating future policy options and priorities. For the reviewer, a judgement that a principle is only partly or even not implemented carries by itself little information about the relative importance of any deficiencies. The key message to take from the assessment is a better understanding of what measures will be required going forward.

Developing future policy options and priorities requires a careful review of the results of this assessment and its identification of current strengths and weakness. The reviewer may refer to the experiences and lessons learned from other jurisdictions. Decisions about policy developments going forward must be fully considered in the context of the current state of the jurisdiction's system of private pensions, the recommendations of the Core Principles and a holistic understanding of the jurisdiction's goals and priorities for the future.



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