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THE FINANCIAL SUPERVISORY AUTHORITY, ICELAND

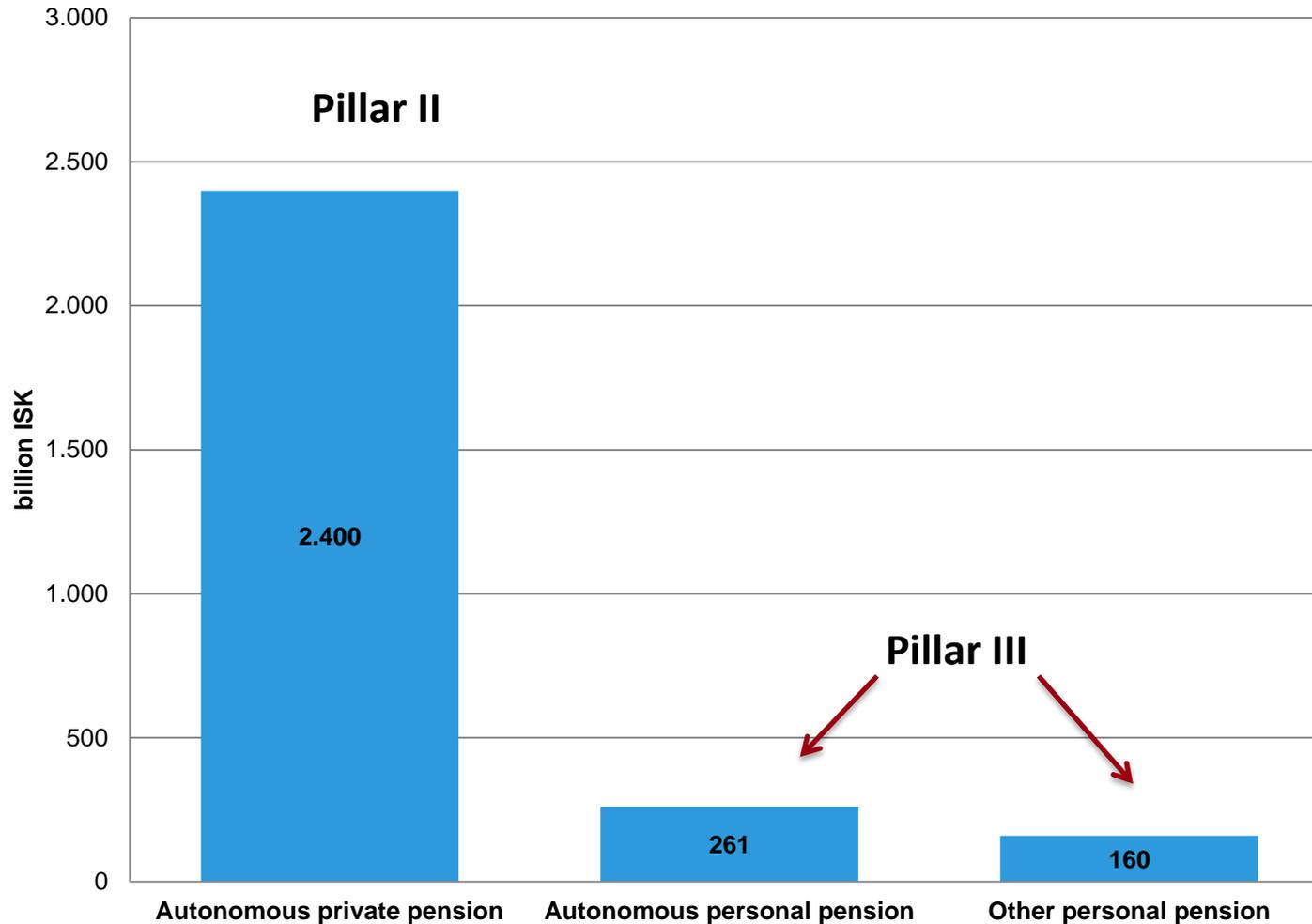
Supervisory Challenges in the Icelandic Pension Market

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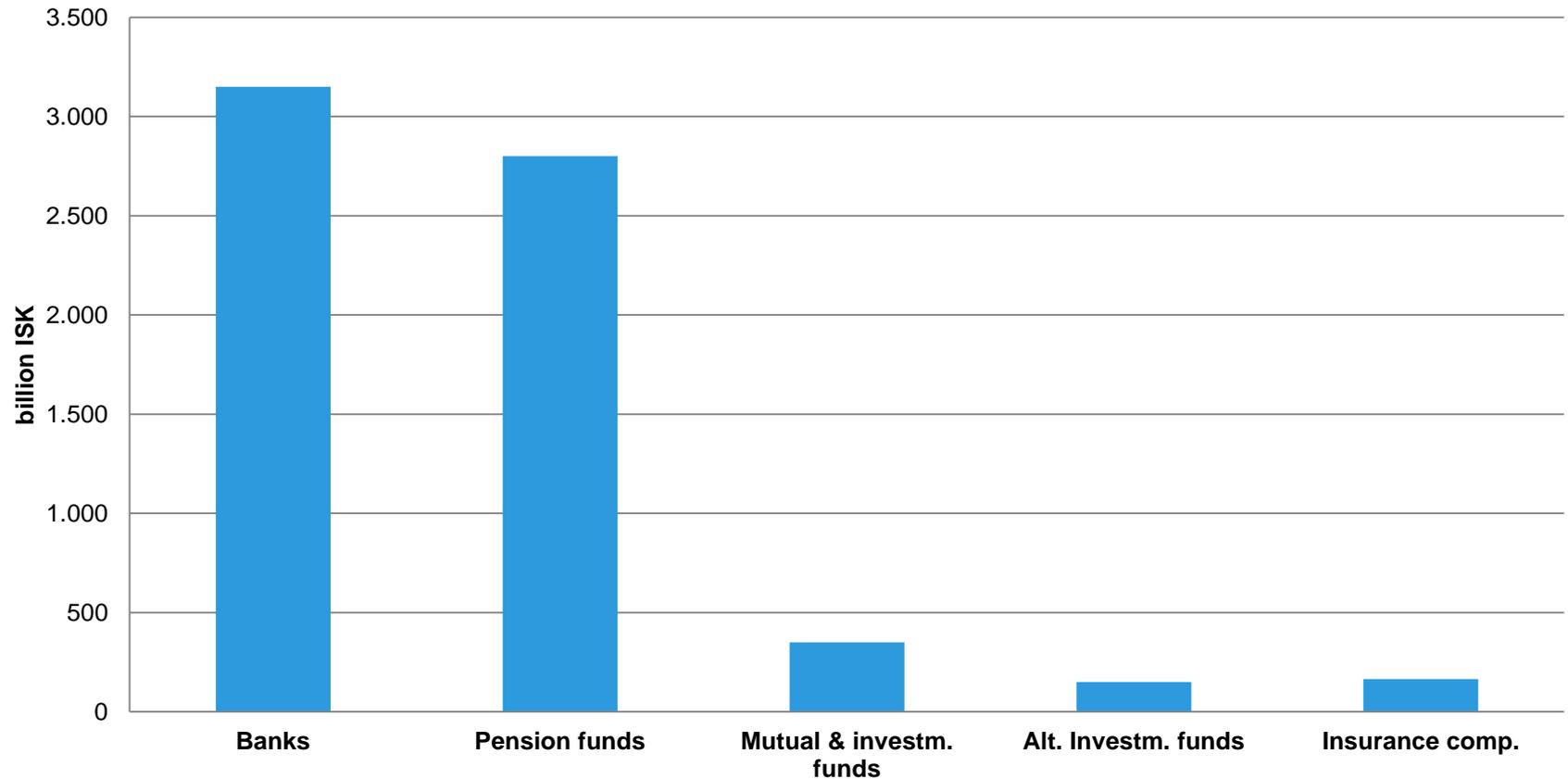
Pension funds assets as % of GDP

Pillar II - autonomous private pension	126%
Pillar III - autonomous personal pension	14%
Pillar III - other personal pension	8%
Total	148%

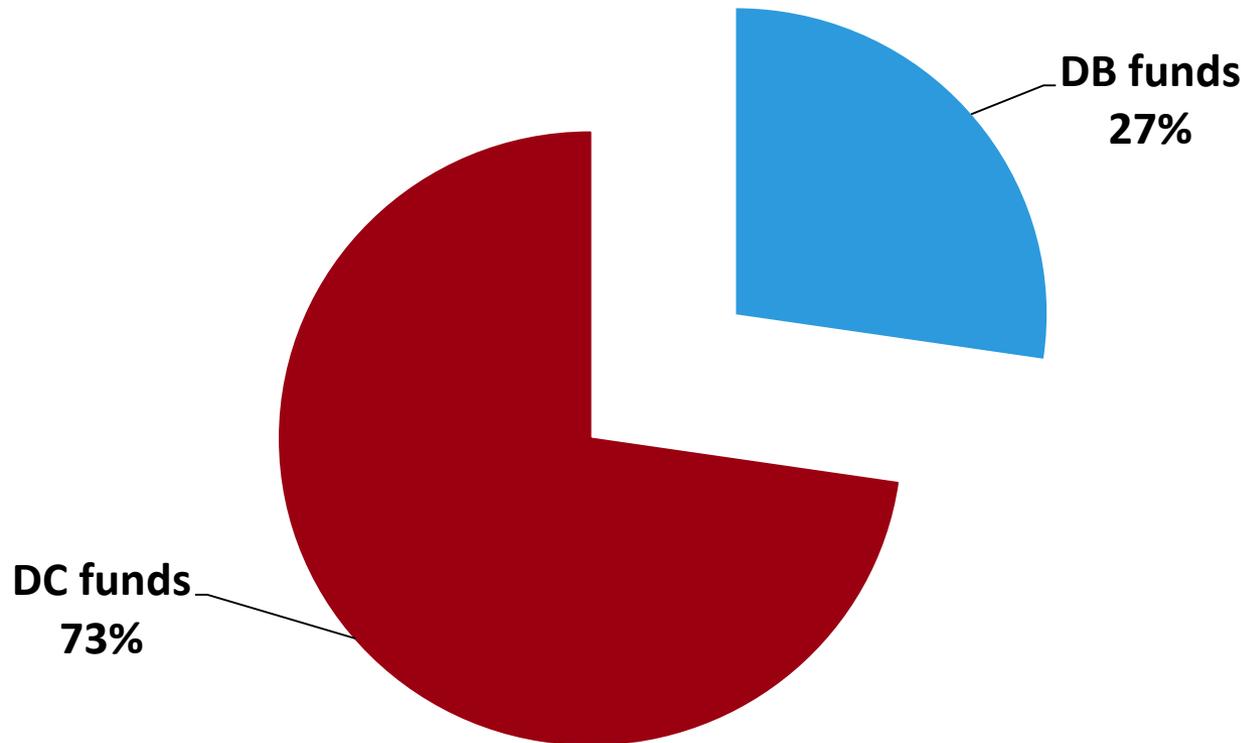
Pension funds assets year 2013



Supervised entities assets year 2013



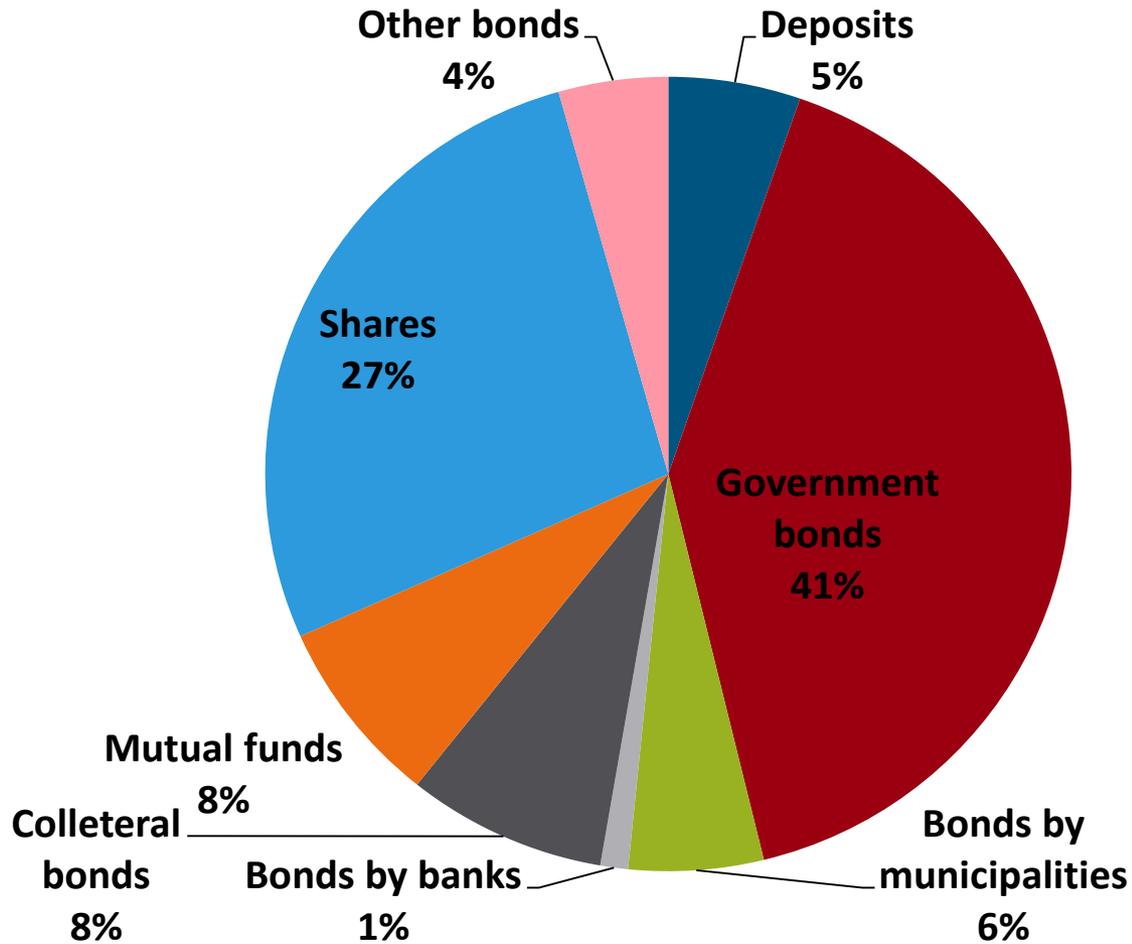
Pillar II pension fund assets close to 130% of GDP



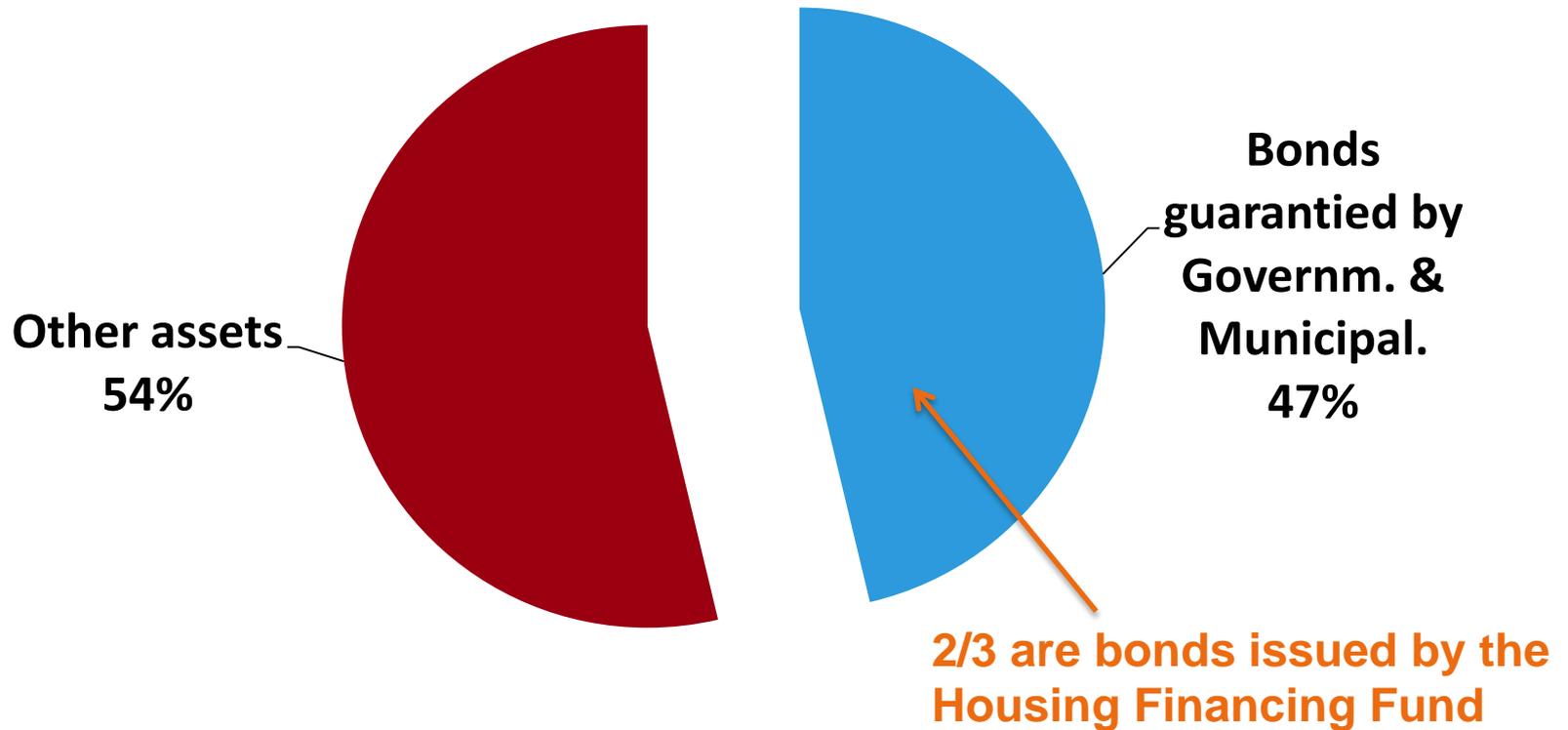
Pension funds in a closed economy



Pillar II pension funds asset allocation

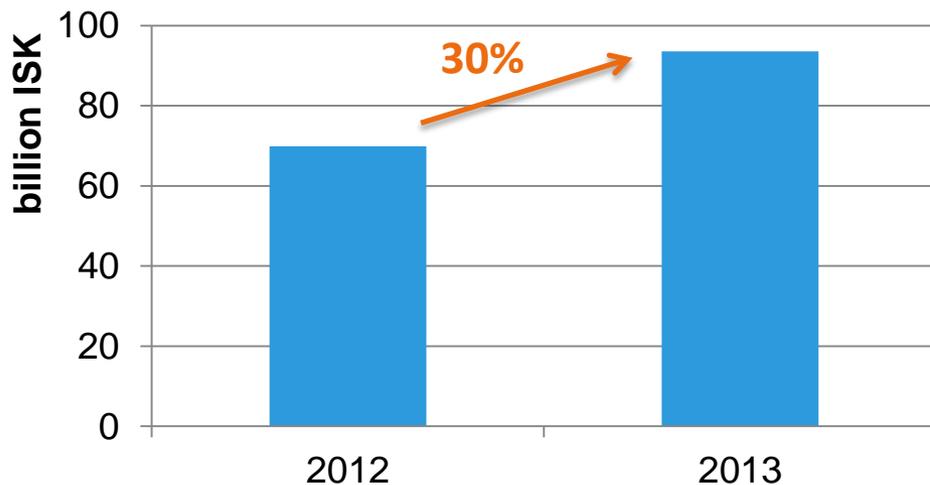


High exposure on bonds guaranteed by the government

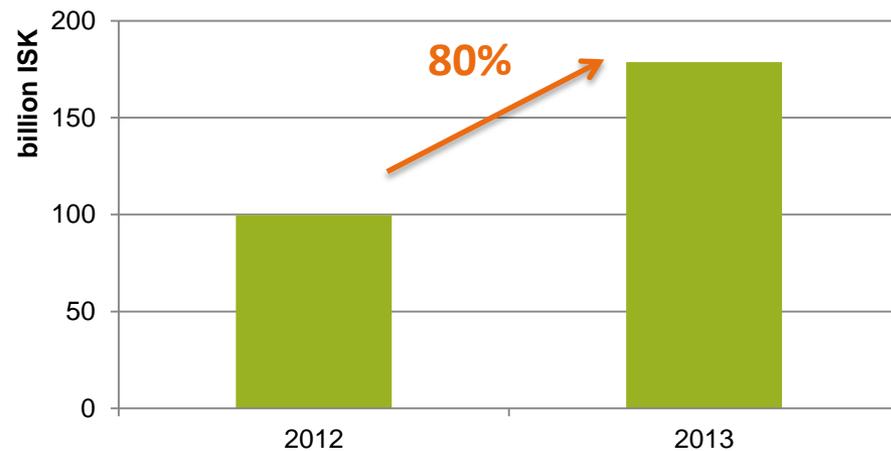


Major trends in 2013

Unlisted domestic shares



Listed domestic shares



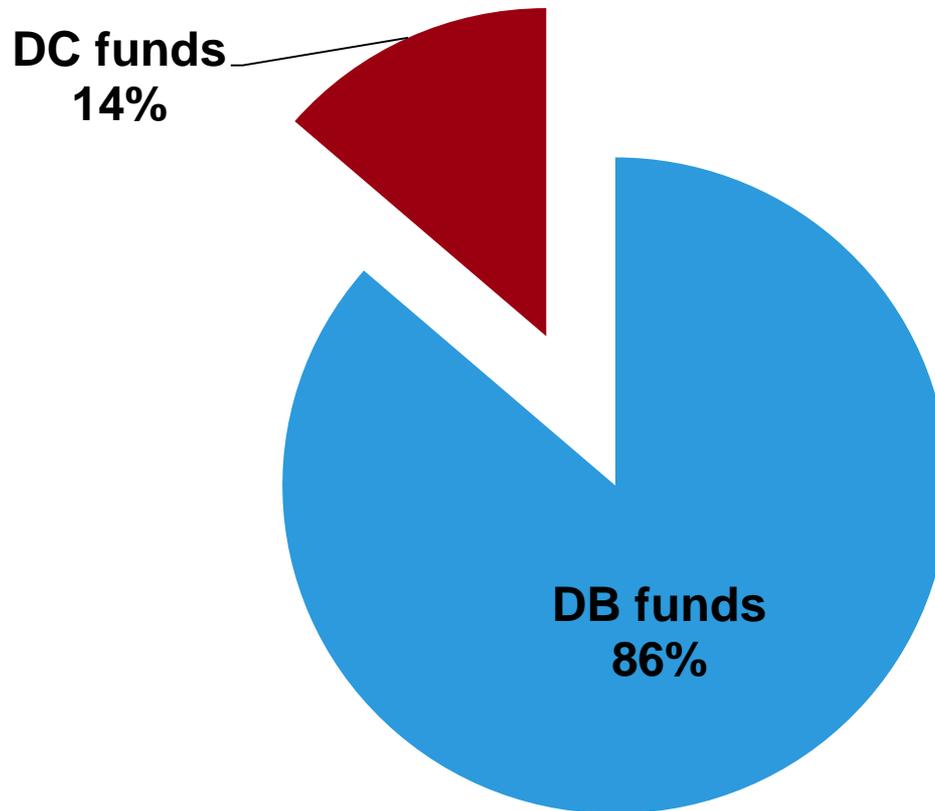
Elephant in the room



Deficit



Accrued actuarial deficit (close to 32% of GDP)



Pension benefits

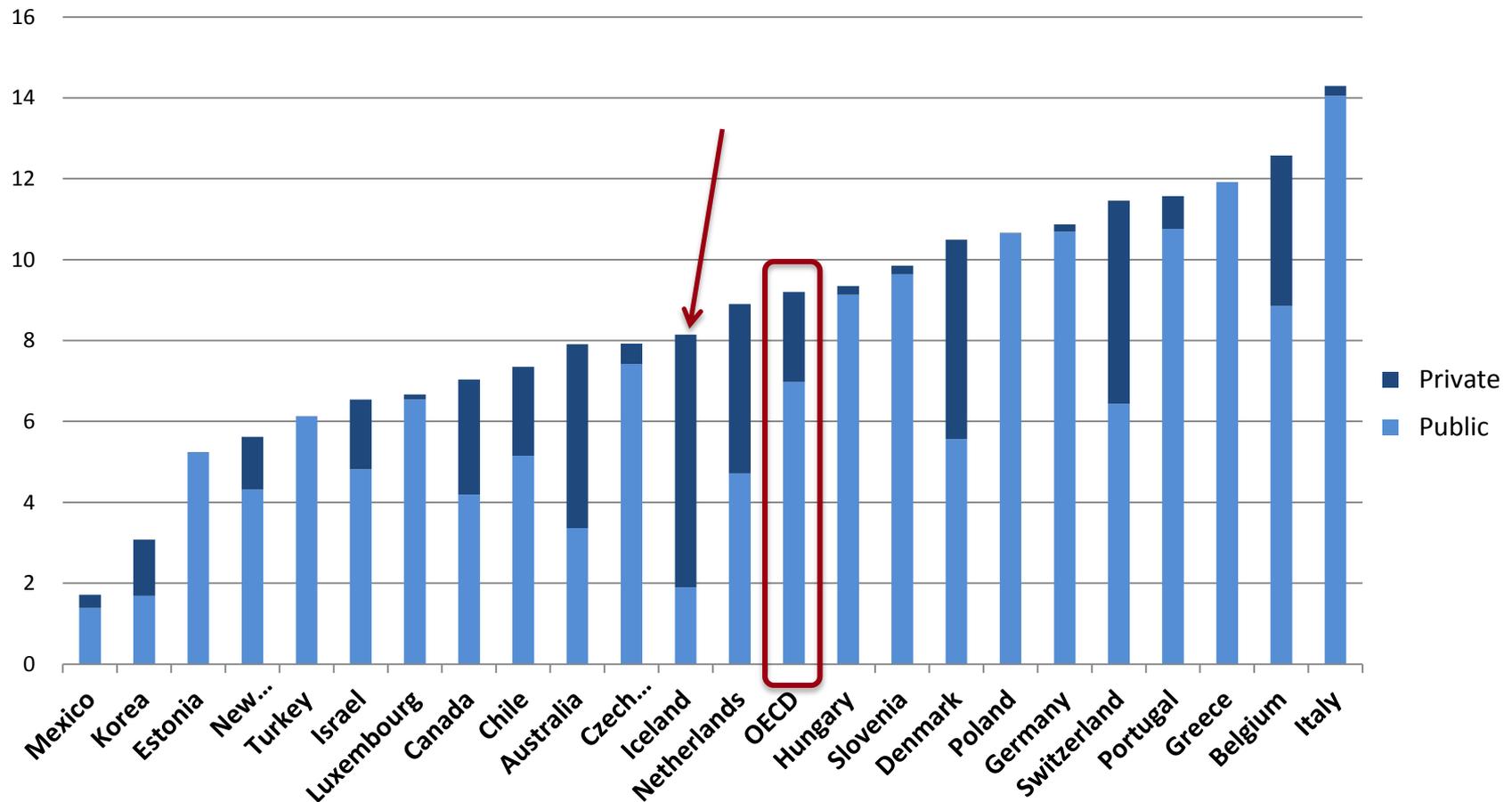
- Autonomus pension funds (Pillar II) are the main providers of pension benefits, offering:
 - Old age pension
 - Disability pension
 - Pension to surviving spouse
 - Pension to surviving children

Pension payments 2012

billion ISK

PAYG state pension - Pillar I	58
Pension funds - Pillar II	74
Pension funds - Pillar III	10
Depositor - Pillar III	12
Total pension excl. PAYG	96

Public and private expenditure (%/GDP) on pensions in selected OECD countries, 2011



Future challenges

- The size of the pension system
- Capital control/closed economy
- Sovereign risk
- Increased systemic risk
- Retirement saving adequacy
- Sustainability

Elephants in the room

