

Many members, few staff.

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Profile

BundesPensionskasse
Federal Pension Fund

plan members: 203,000

- active members: 201,000
(140,000 civil servants; 50,000 contract staff; 11,000 other employees)
- deferred members: 2,000
- retired members: 8

plan sponsors: 60

- Republic of Austria, all 9 federal provinces, various federal agencies and outsourced entities

pension plans: about 20

all defined contribution and fully funded

pension plan assets: 240 mio €

mark to market valuation

Development

1999: Founding of Bundespensionskasse

Single-employer pension fund company according to Austrian Pension Fund Act (i.e. under IORP-directive)

All Shares are held by Republic of Austria

Purpose: additional, funded second pillar pension provision

2000:

pension plan for 35,000 federal employees under a new contract type

employer contribution 0.75% of salaries,
voluntary employee contributions up to 1000 Euro per year

2002-2006: federal government outsourcing

creates many new near-government entities as new plan sponsors

2009: main pension plan is enlarged

from 35,000 to 190,000 members, including teachers who are employed by provinces

2010: new logo, new corporate design, communication campaign

3

Investment Performance

Investment performance relative to average of Austrian pension funds



4

Organisation

Paritarian Supervisory Board

Two Executive Board Members

in charge since end of 2008:

- **Marcus Klug** (investments, finance)
- **Johannes Ziegelbecker** (liabilities, administration, member communication, risk management)

Two full-time employees, one half-time

→ very lean organisation

5

Outsourcing

How is it done?

one main outsourcing partner on liability-side

- plan administration, member service desk, financial accounting of the whole fund, many reports to authorities, etc.

one main outsourcing partner on asset-side

- investment administration and reporting, extensive risk reporting, deputy asset management, etc.

other outsourcing e.g.

- actuary (one to two individual persons)
- specific legal, plan and communication design matters (specialised lawyers, consultants and individuals, often on project basis)
- etc.

all of them were/are selected by Bundespensionskasse under strict compliance with public procurement law

6

Outsourcing

Some advantages

- + **quick access** to existing qualified resources, infrastructure and know-how
- + **focus on** everyone's **core competences**, by us and by our outsourcing partners
- + compared to inhouse delivery: **better service quality** (through careful selection of our specialised outsourcing partners) **at lower cost** (due to economies of scale at our outsourcing partners)
- + rather well **calculable operating costs**
- + **reasonable flexibility** to react to upcoming changes

7

Outsourcing

Some disadvantages and risks

- **considerable risk** in case of bad choice of a (main) partner or in case of substantial changes in the sphere of a (main) partner
 - **management of interfaces** can get complex
 - **risk of reduced flexibility** in respect of service levels to members and employers
 - tasks can **only** be outsourced **if** you find outsourcing partners who deliver **good quality at reasonable cost**
- choice and management of outsourcing partners needs experienced, high-level skills

8

Outsourcing

Some further thoughts

- we have **many members with very low employer contributions** per member; this limits our revenues and requires low cost of service delivery
- we have successfully followed a **low-cost outsourcing-strategy** since our foundation in 1999
- the outsourcing-strategy has **full support** of relevant social partners and supervisory board
- as outsourcer we have to **manage (main) partner relations**, service levels and interfaces permanently
- we have to look out for **potential simplification of processes** permanently
- we need few, but very experienced and **well networked executive board members and/or staff**
- **outsourcing agreements** are necessary, but they are not sufficient: we need to know our partners well and to **trust** each other in order to be sustainably successful

9

Communication

Project 2010: main targets

- a **large communication project** was started in 2010 after member increase in 2009
- **main targets**
 - actual and future fulfillment of all **communication obligations** (including official recommendations) of pension fund and employer
 - **raise awareness of the pension plan** with its members
 - **good satisfaction-level** with pension fund within employer and employee representatives and plan members
 - **expectation management** in order to promote **realistic long-term expectations** of return and risk (we have defined contribution plans where risks are borne by the members)

10

Communication

Project 2010: main results

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- new logo, new claim, new corporate design
- new website, new pension calculator (on website)
- new communication style in all member-communication
use of "general language", including detailed wording rules for general expressions replacing "legal speak"
- intense pre-information and -coordination with employer and union representatives
- every plan member has got a newly designed **annual information letter together with a document wallet for collection** of future fund-communication, already containing a pleasantly designed basic information endowment

11

Communication

Example: document wallet

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Information folders:



12

