

# ICELANDIC PENSION FUNDS

## THE EFFECTS OF DEMOGRAPHIC CHANGES IN ICELAND



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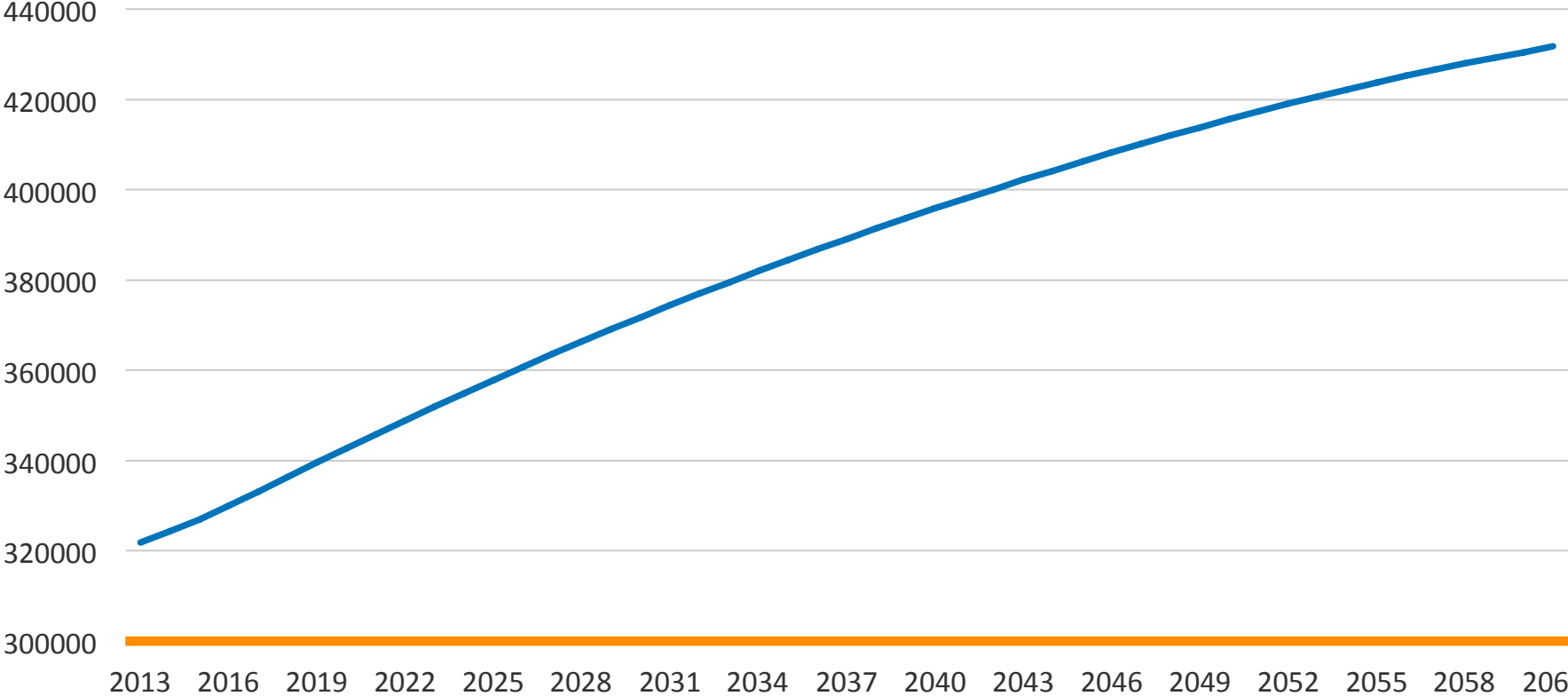


# DEMOGRAPHIC CHANGES



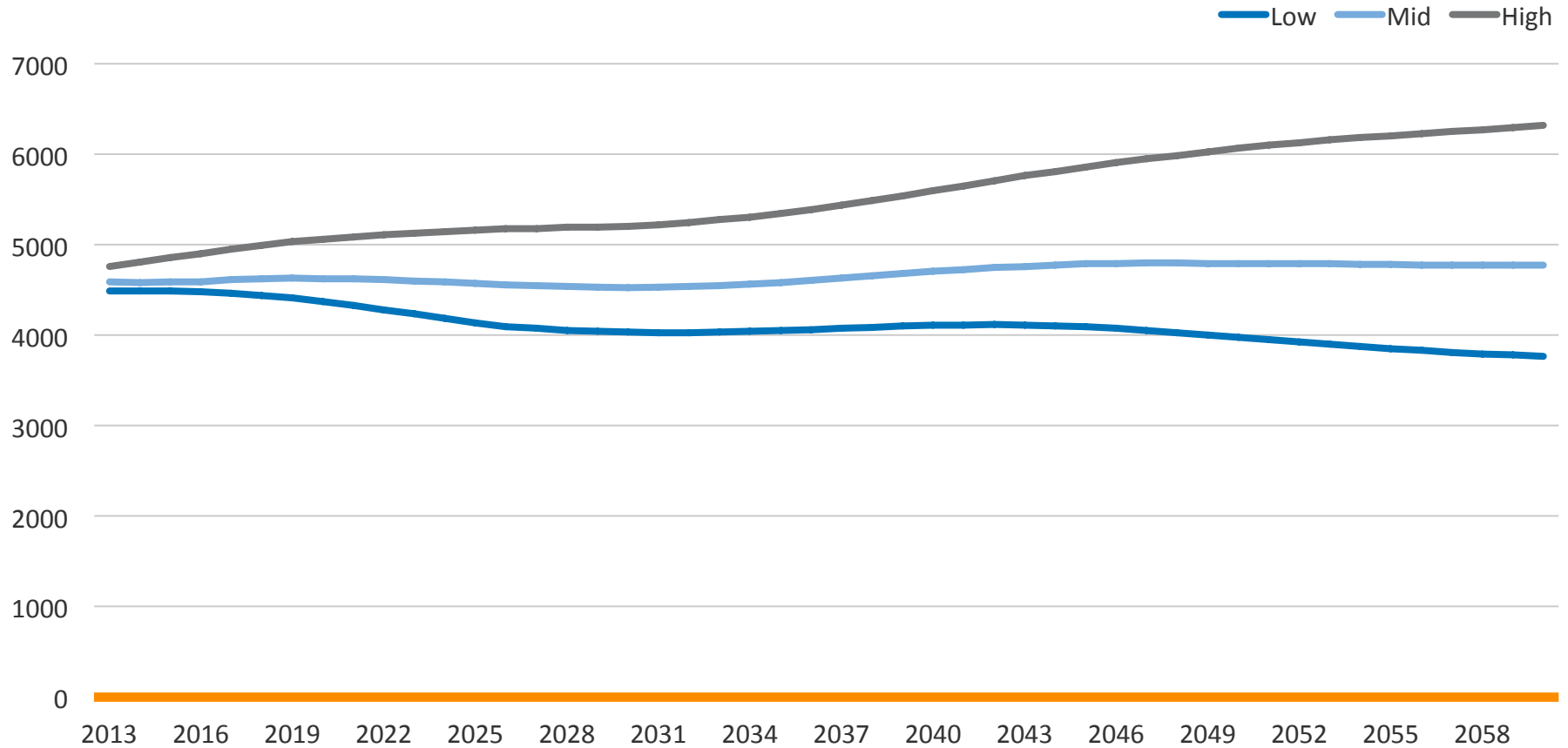
# THE ICELANDIC POPULATION

ICELANDERS WILL BE CLOSE TO 450 THOUSAND IN 2060



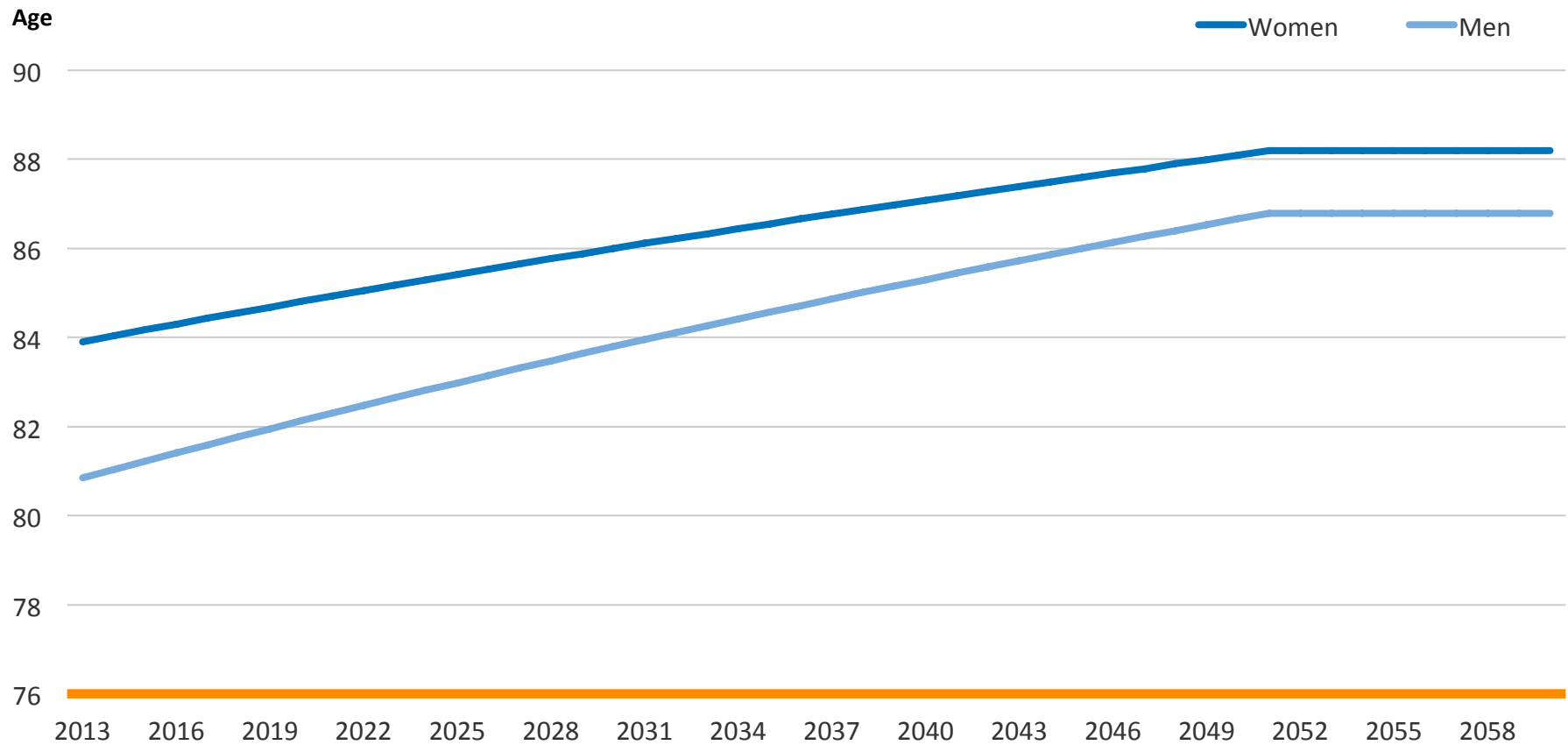
# ESTIMATED BIRTHS

BIRTHRATE WILL STAY RELATIVELY UNCHANGED



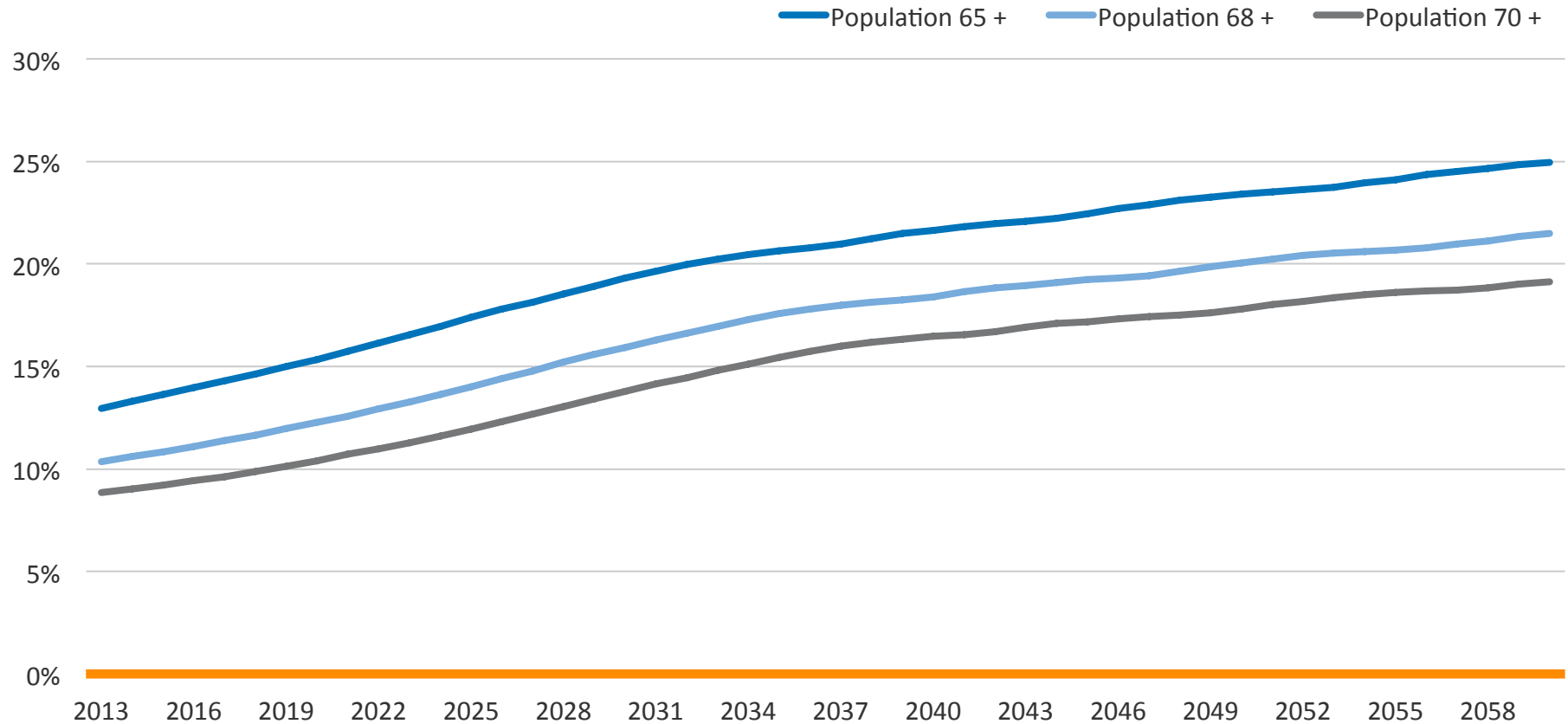
# LONGEVITY IS ON ITS WAY UP

NEWBORN ICELANDERS CAN EXPECT TO LIVE LONGER



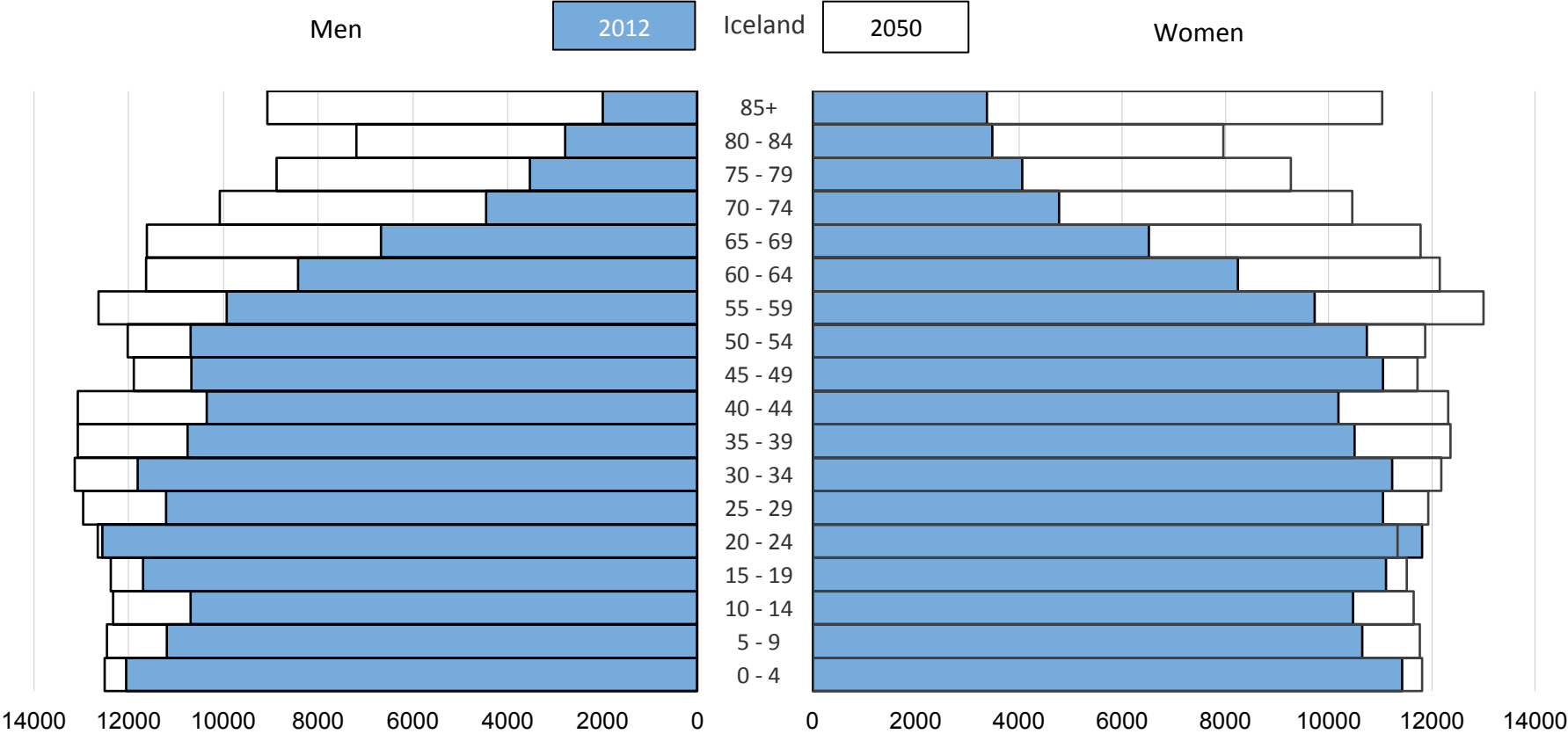
# MEANING THAT THE NATION WILL GET OLDER

SENIOR WILL DOUBLE AS A PERCENTAGE OF POPULATION



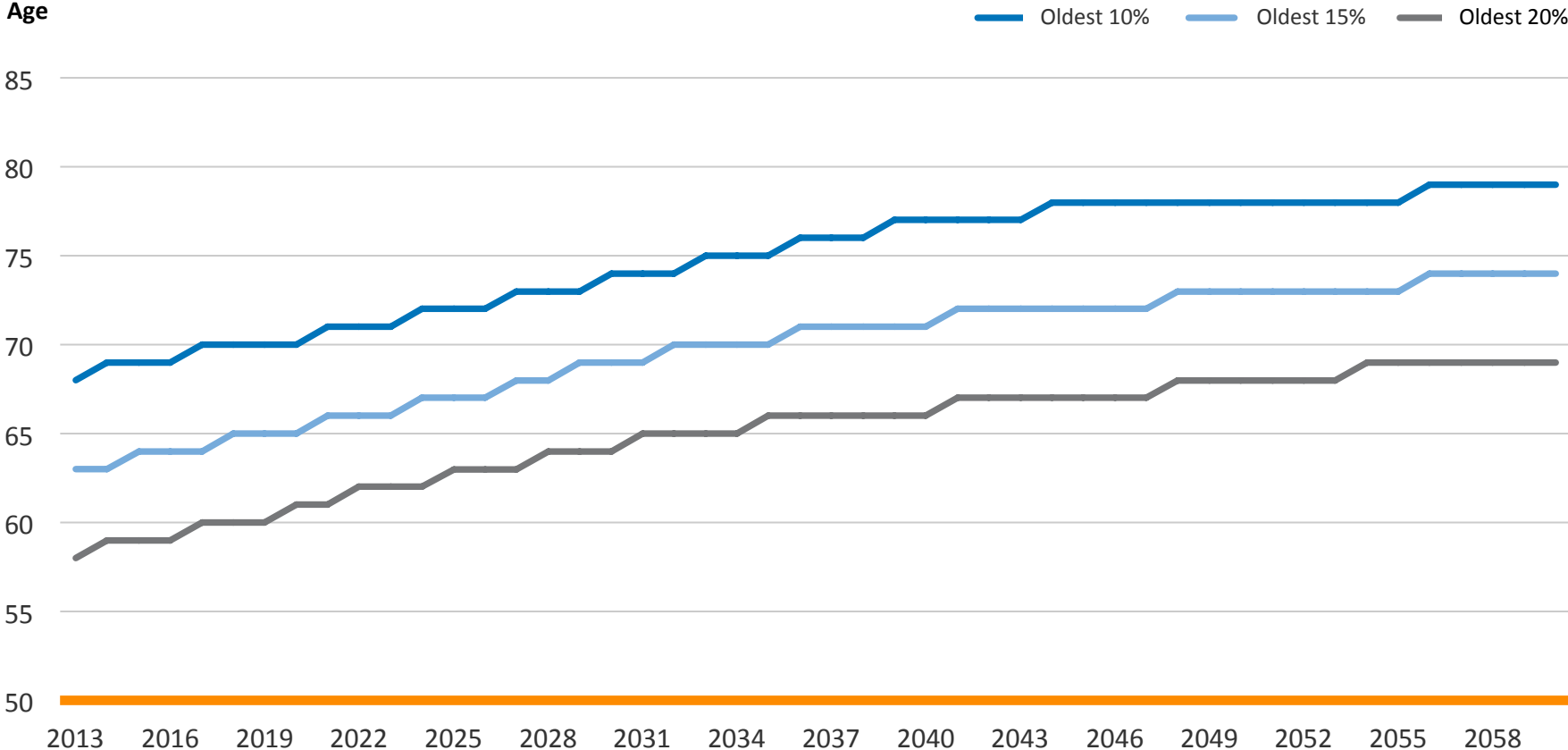
# THE DEMOGRAPHICS

## SIGNIFICANT CHANGES



# THE CHANGES ARE SIGNIFICANT

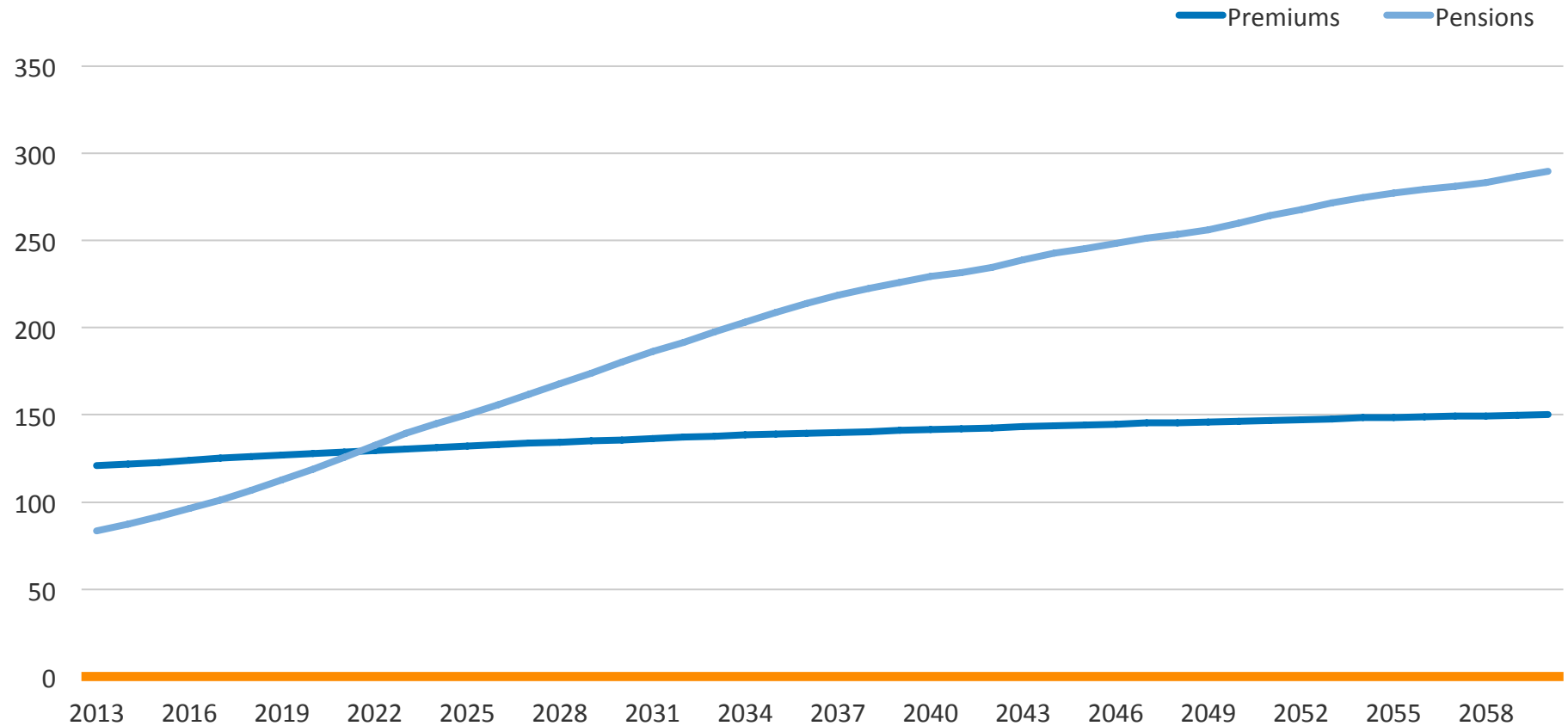
TO KEEP THE SAME PERCENTAGE ON PENSION, THE RETIREMENT AGE HAS TO INCREASE





# PREMIUMS AND PENSION PAYMENTS

## DEVELOPMENT OF IN/OUTFLOW OF THE ICELANDIC PENSION SYSTEM



In real terms, 2013 price level.

# THE EFFECTS OF DEMOGRAPHIC CHANGES

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## THE ICELANDIC SOCIETY WILL CHANGE

- Demographic changes will affect all parts of the Icelandic society
  - The Pension Funds
  - The welfare system
  - The financial system
  - Day to day life
- The effects on Icelandic Pension Funds
  - More outflow in pension payments
  - Funding level will decline
- How can the Icelandic Pension Funds handle the inevitable changes?
  - Consistently have extremely strong return on investments, above requirements
  - Increase the premiums paid to the funds, without increasing benefits
  - Increase the retirement age
  - Reduce the benefits

