

SPC **30** anos

Secretaria de Previdência Complementar

1978 - 2008

**National Secretariat for Pension Funds**

# **ACTIVITIES REPORT**

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**2008**



**PREVIDÊNCIA SOCIAL**



Ministry of Social Security – MPS  
National Secretariat for Pension Funds – SPC

**National Secretariat for Pension Funds**  
**ACTIVITIES**  
**REPORT**  

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**2008**

Brasília–DF  
March/2009

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**English Version**

Bruna Romão Borges

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## I – Presentation

In 2050 the Brazilian population will be 260 million and the average life expectancy 81 years of age, according to IBGE data. These numbers also reveal that Brazilians over 65 years of age will represent 18% of the population, as well as youths between 0 and 14 years of age. These and other changes on the profile of Brazilian society mobilize the Federal Government so as to invest, increasingly, on public policies aimed at Social Security. After all, the contingency represented by citizens over 60 years of age may be 13.7 million of elderly people in 2050.

By orientation from president Luiz Inácio Lula da Silva, our Social Security lives a new era. Since January, we are implementing the automatic rights acknowledgement, by means of the concession of benefits in up to 30 minutes for the workers from the urban areas. The specially insured (family agriculturist, handicraft fisherman, extractivist, quilombolas and indigenous populations) shall have access to such system as of July/09. We are also expanding the INSS offices. In 86 years of history, Social Security has built 1.110 offices. This year still, we will bid the construction of 720 additional offices, in cities with over 20 thousand residents, in all regions of Brazil.

Monthly, Social Security executes benefit payments for over 26 million Brazilians, of which 17.9 million in urban areas and 7.8 million in rural areas. However, one of our priority targets is to extend the previdenciary coverage, enabling protection of individual small entrepreneurs (*Lei do Simples Nacional* – National Simple Law), to the civil construction and home (maid) workers. In face of such expansion picture of our public pension fund, of the increase of the elderly population, of the differentiated profile of such worker that reaches retirement status and of the budgetary limitations which involve the General Social Security System - RGPS, it is indispensable the strengthening of the pension funds. Our government has been working to regulate and extend the pension fund benefits to more Brazilians. Inside the present report from the National Secretariat for Private Pension (SPC), which I have the satisfaction of presenting, it is possible to have an Idea of how much the Federal Government has been doing for the growth of such important segment, not only aiming at national social growth, but also at the country's economic development.

The supervision put into effect by the SPC, in 2008, revealed that the governmental body in charge of the inspection and follow-up of the pension funds has carried out its mission. Proof of that was the approval of Regulation CGPC nº 26, in September, disposing over the proceedings to be adopted by the entities at the destination of surplus and deficit of benefit plans. The wise decision

adopted by the Pension Funds Management Board preserved the previdenciary savings from the participants and aided and avoided that the pension funds were affected by the financial crisis originated from the American real estate sector. We can add that, likewise, the improvement of the quality of pension funds management, as exemplified by what occurred with the entities governed by the Own Social Security System - RPPS, contributed so that closed private pension entities (EFPC) were preserved in view of a scenario of adversities.

For 2009 we have an important Project for the sector. This is the creation of the National Superintendence for Pension Funds (Previc) – a governmental agency, linked to the Ministry of Social Security, with its own career and budget. The Bill follows proceeding at the National Congress and has full support from the Government. In face of the grandiosity of numbers which today involve the pension funds, with assets superior to R\$ 400 billion, the creation of Previc becomes even more necessary due to the great responsibilities of inspection and regulation which today involve a system tending towards growth. The complementary pension not only complement the worker's retirement, but is also a source of long-term savings buildup, essential for the promotion of productive activity in the country.

**José Pimentel**  
Minister of Social Security



## II – Message from the Board

There were several challenges faced by the National Secretariat for Pension Funds (SPC) in 2008, especially if we consider the execution of legal representation of supervising and regulating pension funds activities in Brazil. Actually, the results obtained only attested the progress of the Pension Fund segment since 2003.

So, the pension fund entities have an expressive role at the expansion of social coverage, when guaranteeing a complementation of the retirement for over 700 thousand participants, besides being source of long term savings, stable, national and essential for investments in the economy.

Last year, at the regulating field, there were published nothing less than an executive order, three regulations from the Pension Funds Management Board (CGPC), two resolutions from the Brazilian National Monetary Council (CMN), a Ministerial recommendation regarding financial education, nine SPC regulations, two conjunct regulations with the Federal Regulatory Agency for Health Plans and Insurance (ANS) and the Securities and Exchange Commission (CVM) and a bill.

All this effort resulted in an improvement of fundamental items for the consolidation of the pension funds system, allowing it to face the international financial crisis. Observant to modifications, the SPC adapted its regulating to the development of Brazilian pension funds, which represent 17% of the GDP – Gross Domestic Product – and, nowadays, the eighth pension fund system in the world.

2008 was an important period for Brazil, which attained, in may, the investment grade, represented by the solidity of a responsible and consistent economic policy, introducing the country at such level of low credit risk at the international context. Besides, we demonstrated to the world that we are much more prepared to face moments of turbulence at the world market. Despite the growing international volatility, Brazil recorded elevated GDP growth, around 5% in the last four years, stimulated above all, by the inclusion of millions of new consumers integrated to society, a result from the well succeeded Lula Government policy of distribution of wealth.

As of September, the crisis originated by the United States mortgage sector intensified and its effects started showing over the economies of countries. In Brazil, the stock market index debased in 42%, and also hit the investments policy of the national pension funds which up to that moment were accumulating excellent results, product of good management and regulation. Notwithstanding, the government acted quickly and with pragmatism, at the macroeconomic field, so as to deal with the impacts of such turbulence and enable cross with balance such worrisome period, always facing the long term opportunities and perspectives.

Within a scenario of stability of rules, the normalizing in the scope of pension funds followed the best democratic practices of participation and social control by the members, retiree, sponsors, institutors and closed private pension entities. That was the case, for example, of the decision taken by the CGPC, in September, regarding the guidelines to be observed by the EFPC at the destination of the surplus and equating of deficits at benefit plans of previdenciary character. These rules coincided with the outbreak of the turbulence which shocked the world financial market, demonstrating that the Council was right and appropriate, when setting prudential and conservative rules for the destination of surpluses and equating of deficits at the pension fund scope, aiming at the protection of previdenciary savings from participants and retiree.

Another important issue faced by the SPC was focus of intense discussion in the system, during almost a year. This was the construction of a new account plan, conferring greater visibility and transparency to the pension fund operations, besides greater convergence with international account rules.

As member of an inter-ministerial group, Committee for Regulation and Inspection of Financial, Capital, Insurance, Pension and Capitalization Markets (Coremec), in charge of elaborating a national strategy for financial education, the SPC stimulated, along the pension fund entities, the adoption of actions destined for the development of policies aimed at previdenciary education of participants and retiree. Such SPC public policy is aligned with the government's social actions which objective to prepare the country to face the undergoing demographic transition and which reaches the social securities settings.

The National Secretariat for Pension Funds inaugurated, still in 2008, its page of IT systems within the MPS website destined at conferring more safety, integrity and agility at the exchange datas between the Secretariat and the pension fund entities which access it. In order to operate the new website, the SPC, along with Dataprev/MPS, trained around 700 technicians from the 370 existing EFPC.

And, objecting even more the institutional strengthening of all such advantageous activity during 2008, result of a government policy of incentive to pension funds, the Ministry of Social Security directed to the National Congress Bill nº 3.962, of 29 of August of 2008, creating the National Superintendence for Pension Funds (Previc). This shall be government superintendence with administrative and financial autonomy so as to inspect the closed private pension entities, with its own skilled staff, selected via competitive examination. The project is already at the commissions from the House of Representatives and, if passed by both Houses of the Parliament, shall bring stability to the system and greater capacity of State performance, so as to transcend the political conceptions in a democratic system.

*Board of Directors from the National Secretariat for Pension Funds*

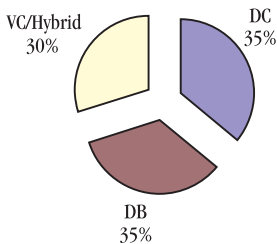
### III – Pension Fund System Profile

Brazil has, nowadays, the eighth pension fund system in the world, in absolute terms, which demonstrates it has consolidated itself along the 30 years of its controlling existence.

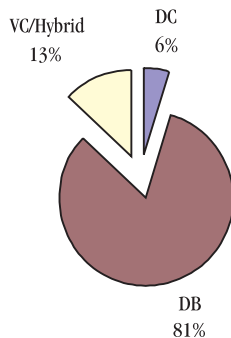
Nowadays the system has 372 closed private pension entities, 1.037 previdenciary plans, 2.491 sponsors, and 2.42 million members and retiree, managing R\$ 442 billion in total assets, distributed in three modalities of benefit plans, shown on graphics 1, 2 and 3.

To give an idea, the associative pension fund from doctors, engineers, artists, lawyers and professors, inaugurated in 2001, with Complementary Law nº 109 and implemented as of 2003, already has 26 entities and 44 plans, uniting 344 class entities, syndicates and unions, with almost over 100 thousand members and accumulated reserve of R\$ 320 million.

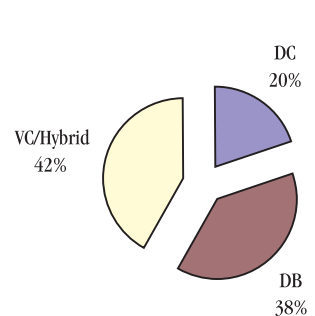
**Graphic 1 – Number of Benefit Plans**



**Graphic 2 – Investments (\$)**



**Graphic 3 – Number of Participants/Aided**

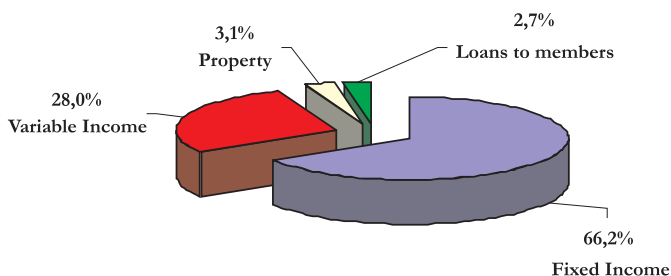


Source: SPC/MPS

The previdenciary benefits from retirement and pensions offered by closed private pension entities are organized in three different kinds of benefit plans (defined benefit, defined contribution and variable/mixed contribution). In 2008, comparatively to the number of benefit plans, there was a balance between these three modalities, according to data registered at SPC/MPS. In respect to the number of members and retiree we have already noted predominance for the mixed plans. However, as related to older plans, the benefit plans structured in the defined benefit modality detain the higher volume (80%) of assets.

The investments from the pension funds are distributed, according to article 9th from LC 109, of 2001, and CMN Regulation nº 3.456, of 2007, in four macro-segments of application. Graphic 4 shows concentration (66%) of applied resources at the fixed income segment, be it in government bonds or private bonds.

**Graphic 4 – Pension fund investments, distributed in allocation segments, on 31/Dec/2008.**



Source: SPC/MPS

The pension funds invest the assets from the benefit plans by means of own portfolio, managed portfolio (outsourced management) and investment funds, as shown on table 1.

**Table 1 – Closed private pension entities investments, distributed among assets classified by portfolio and funds, on Dec 31, 2008.**

1. Assets (R\$ billions)	R\$ 416,44	100,00%
1.1 Own Portfolio	R\$ 177,56	42,64%
1.2 Investment Funds	R\$ 238,88	57,36%
1.2.1 Exclusives (690 FIE)	189,24	79,22%
1.2.2 Non-exclusives (469 FIñE)	49,64	20,78%
1.3 Open Condominal Funds (FIñE)	R\$ 49,64	100,00%
1.3.1 Government Bonds	24,15	48,65%
1.3.2 Shares at Stock Exchanges	14,21	28,63%
1.3.3 Private Bonds	6,09	12,27%
1.3.4 Compromised Operations	4,24	8,54%
1.3.5 FIP	0,64	1,29%
1.3.6 Others	0,31	0,62%

Source/Elaboration: SPC

From the total of investment funds (inclusive, FIDC, FII, FIP, FIDE/FIEX and FIP/FIEE) registered at CVM – Securities Exchange Commission, the pension funds industry has 14% of the total number, which corresponds to approximately 20% of the total resources invested at this system. From the almost 1.200 investment funds that receive resources from the closed private pension entities, 80% are performed via exclusive funds.

For the fixed income segment, the closed private pension entities invest the assets from the benefit plans in government and private bonds (see table 2). The majority of resources from the benefit plans (53%) are invested in federal government bonds, accomplishing approximately 16% of the total internal federal security public debt.

**Table 2 – Closed private pension entities investments, distributed among the assets from the fixed income application segment, on Dec 31, 2008.**

Specification	Amounts (R\$)	%
<b>TOTAL – Government Bonds</b>	<b>224.652.391.645,31</b>	<b>81,49%</b>
NTN-B	112.258.800.105,16	49,97%
NTN-C	49.850.365.706,09	22,19%
LFT	31.608.591.504,49	14,07%
LTN	18.736.009.463,22	8,34%
NTN-F	8.109.951.338,40	3,61%
National Treasury Securitized Credits	696.422.414,10	0,31%
Others (CFT, NTN-A e I, BTN, LFT-A e B, TDA)	3.392.251.113,84	1,51%
<b>TOTAL – Private Bonds</b>	<b>51.028.540.549,20</b>	<b>18,51%</b>
CDB/CDBS/RDB	30.030.296.113,21	58,85%
Debentures	15.073.830.878,23	29,54%
CCB /CCCB	3.913.889.060,12	7,67%
CRI	898.102.313,67	1,76%
Others (NP, LH, CCI, CDCA, LCI)	1.112.422.183,97	2,18%
<b>Fixed Income:</b>	<b>275.680.932.194,51</b>	<b>66,20%</b>
<b>Assets - EFPC:</b>	<b>416.436.453.466,03</b>	<b>–</b>

Source/Elaboration: SPC

Still for the fixed income segment, the pension funds may classify and price the financial assets in two ways: by the “Bond curve” (securities maintained until maturity) or by market (bonds for negotiation), due to the credit risk and maximum maturity term of such bonds and securities. In 2008, as demonstrated on table 3, the majority of the bonds (2/3) were classified for market negotiation.

**Table 3 – Classification of bonds and securities belonging to closed private pension entities, in investment funds and own portfolio from the fixed income application segment, according to criteria or registration and evaluation, on Dec 31, 2008.**

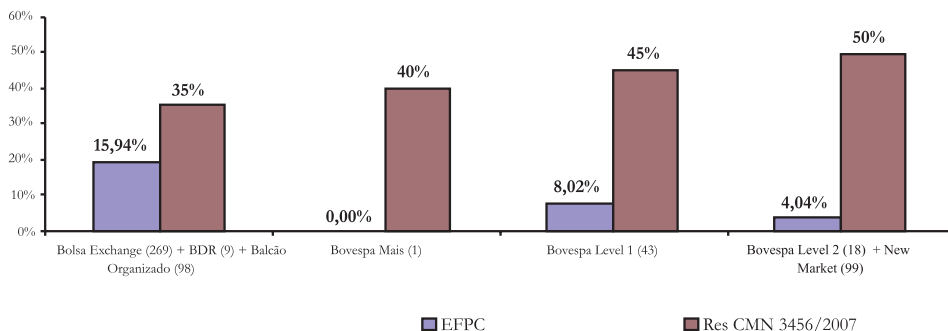
Specification	Government Bonds - R\$	%	Private Bonds - R\$	%	TOTAL - R\$	%
TMV	92.579.250.597,03	41,21%	6.271.407.633,50	12,29%	98.850.658.230,53	35,85%
TN	132.073.141.048,28	58,79%	44.757.132.915,71	87,71%	176.830.273.963,98	64,15%
<b>TOTAL</b>	<b>224.652.391.645,31</b>	<b>100,00%</b>	<b>51.028.540.549,20</b>	<b>100,00%</b>	<b>275.680.932.194,51</b>	<b>100,00%</b>

Source/Elaboration: SPC

(1) Securities maintained; TN, Bonds for Negotiation

As institutional investors, the pension funds also invest on national enterprises via the stock market negotiating at the Stock Exchange and over-the-counter market organized by the BM&F/Bovespa. In 2008, the invested volume reached R\$ 117 billions, distributed among the four segments listed at the Stock Exchange, with prevalence still, as demonstrated at graphic 5, for the traditional segment.

**Graphic 5 – Portfolio in market from the EFPC benefit plans in 2008.**

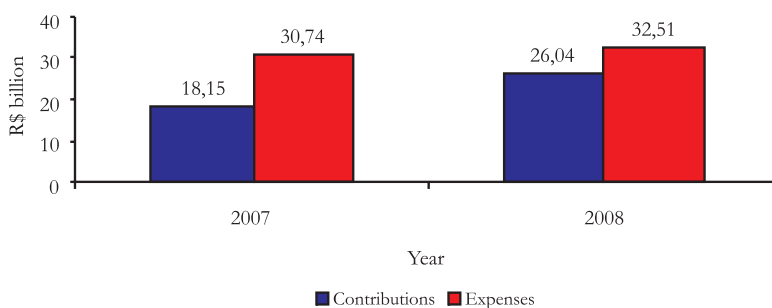


Source: SPC

The pension funds system operated by the pension funds is at an advanced stage of maturity, especially due to the long history (more than thirty years) of capitalization of defined benefit plans. There are already more than 700 thousand benefits paid monthly by the pension fund entities, which represent the social side of the private pension funds, guaranteeing the payment of previdenciary benefits (retirement and pensions), supplemental to the general Social Security system, operated by the INSS.

Graphic 6 demonstrates the evolution of the previdenciary result for the 2007 and 2008 terms, attesting a 43% increase in volume of resources collected by the pension funds segment, and of 5% in total referring to the payment of benefits.

**Graphic 6 – Evolution of previdenciary contributions and expenses from the pension funds, in 2007-2008.**



*Source: SPC/MPS*

The average rate of contribution incidental over the contribution salary (member remuneration) for a benefit plan managed by the EFPC varies due to the type (BD, CD or CV) and standing (maintenance and extinction) of the benefit plan. According to table 4, for the defined benefit plan the general average is 7.1%; for the defined contribution plan the average is 4.7%; and for the variable or mixed contribution, the average rate is 5.0%.

**Table 4 – Average contribution rate, according to type and standing of EFPC benefit plan.**

Type of Plan	Plan Standing	Average Contribution Rate (%)
Defined Benefit (DB)	Maintenance	5,8
	Termination	9,2
	<b>Global</b>	<b>7,1</b>
Defined Contribution (DC)	Maintenance	4,6
	Termination	5,2
	<b>Global</b>	<b>4,7</b>
Variable Contribution (VC)	Maintenance	5,0
	Termination	7,2
	<b>Global</b>	<b>5,0</b>

Source: DRAA2007/SPC

Concerning profitability of pension funds, as they are long term institutional investors, we have to consider, at least, periods greater than thirty six months. Table 5 shows the evolution of the pension funds system between 2003 and 2008. The performance was considerably superior to the minimum actuarial rate stipulated for the majority of benefit plans, which determine an inflation index (INPC/IBGE) added of 6.00% per year. In other words, although an almost null performance in 2008 – different from the pension funds system in OCDE countries, which had, up to October 2008, losses of 20% –, the Brazilian pension funds attained excellent results, over the last six years.

**Table 5 – Profitability of pension funds, in the period of 1 Jan 2003 to 31 Dec 2008.**

Specification	2003	2004	2005	2006	2007	2008	Accrued Variation (2003-08)
Nominal Profitability	27,05%	20,05%	17,85%	23,60%	21,31%	-1,27%	166,09%
TMTMA: INPC + 6% peryear (65% CNPB)	17,01%	12,50%	11,35%	8,98%	11,47%	12,86%	100,96%
<b>Real Profitability</b>	<b>8,58%</b>	<b>6,71%</b>	<b>5,84%</b>	<b>13,42%</b>	<b>8,83%</b>	<b>-14,29%</b>	<b>29,74%</b>
Ibovespa	97,33%	17,81%	27,71%	32,93%	43,65%	-41,22%	233,24%
DI/SELIC (EM 31DEC)	16,50%	17,75%	18,00%	13,25%	11,18%	13,66%	131,65%

Source: SPC/MPS; IBGE; IPEA data; Bovespa; FGV.

Elaboration: SPC.

(1) Minimum Actuarial Rate.



This situation really brought another reality to the pension funds, so accustomed to discussing the deficits and debt issues. However, since September 2008, with the approval of CGPC Regulation, which determines for the solvency, a debate over destination, constitution and utilization of the accrued surplus - R\$ 38 billion until 31/Dec/2008 – took place, product of the good management and regulation carried on by the benefit plans from closed private pension entities.

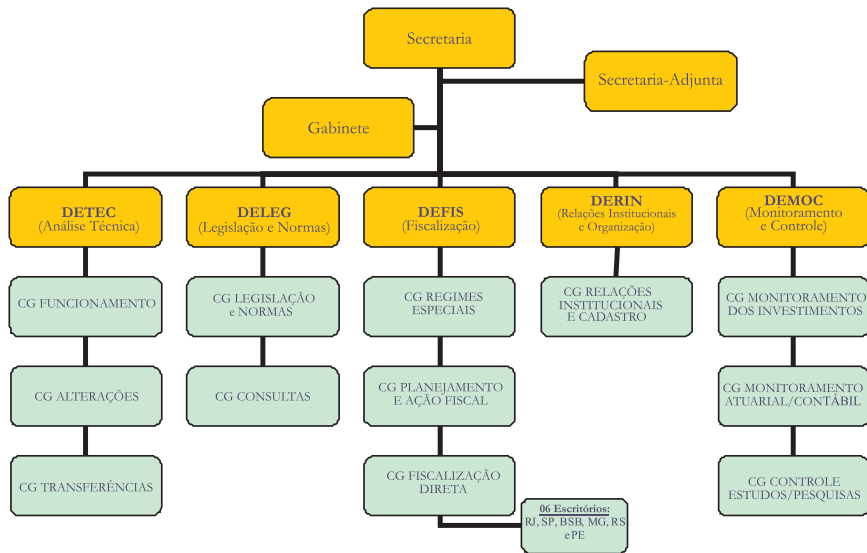
## **IV – SPC Organization and Operation**

The SPC is a specific body from the structure of the Ministry of Social Security, which has as main attributions:

- I supervise, coordinate and control the activities related to the pension funds system operated by the closed private pension entities;
- II propose the basic guidelines for the pension funds system operated by the closed private pension entities;
- III assure to the members and retiree from benefit plans operated by the closed private pension entities, full access to information related to the management of their according benefit plans; and
- IV authorize the constitution, operation, merger, scission, incorporation, grouping, transfer of control from the closed private pension entities, as well as examine and approve the statute from the referred entities and adhesion contracts celebrated by sponsors and by institutors, as well as authorize the sponsorship withdrawal, sponsorship transfers, of groups of participants, of plans and of reserves from the EFPC.

According to Executive Order nº 6.417, of 31 of March of 2008, the National Secretariat for Pension Funds - SPC has an office and five departments, according to Figure 1.

**Figure 1 – Administrative Organization Chart from the Department of Pension Funds, in 2008.**



The SPC office, besides institutional representation, also handles the multiannual planning, budget, international relations and judgments of administrative proceedings.

At SPC front, there are the activities of supervision and authorization, performed by Defis and Detec, respectively. At the intermediate area of analysis and monitoring, there are the activities of control, follow-up and accounting, financial and juridical verification, performed by Deleg. Lastly, at the filing and Information Technology (IT) part which receives, stores and organizes the information issued by the EFPC, is Derin.

## IV.1 People Management

### 1. Staff

SPC has a much reduced staff, in face of the several legal attributions and responsibilities of supervision of the pension funds system, as seen on Table 6, as follows. The SPC, as it does not have a self structure or a specific career, has staff composed of the conjunction of eight different careers from public service, besides external collaborators and outsourced professionals totaling, in 2008, 210 professionals. **In December 2008, civil servant occupied 80% of the commissioned positions at SPC** – percentage higher than stipulated by Executive Order nº 5.497, of 2005 –, demonstrating increase in professionalization and technical capacity from the State.

*Table 6 – Staff in the period 2005 to 2008 (on Dec 31), distributed by SPC Department.*

Description	Year				SPC Departaments					
	2005	2006	2007	2008	GAB	DERIN	DETEC	DEMOC	DELEG	DEFIS
1. Active Servants from own SPC/MPS Staff	39	32	32	37	3	17	8	4	0	5
2. Requested staff in exercise at Unit, with onus (Banco do Brasil)	3	2	2	2	1	0	1	0	0	0
3. Requested staff in exercise at Unit, no onus (RFB/ME, Bacen, Dataprev, INSS, AGU and MPOG)	78	119	124	122	5	5	4	6	3	99
4. Occupiers of positions of trust, no ties (DAS – Higher Direction and Assistance)	21	14	12	11	4	3	2	0	2	0
5. Outsourced Staff + Trainees + Teenage Labor (CESAM)	34	32	37	38	4	22	4	1	2	5
Total	175	199	207	210	17	47	19	11	7	109

Source: SPC/MPS

Notice that, on 2008 term, comparatively with previous terms, there were no significant alterations at SPC staff. In relation to the revenue agents who has supervision activities at SPC, a great deficiency is noted, considering, above all, the great volume of service and demands at the head office in Brasília/DF.

The SFCI/CGU – Office of the Comptroller General Audit Report performed in Dec/2008, pointed out:

*“... we concluded that the SPC/MPS staff is still insufficient so the SPC perform with higher diligence its institutional attributions. The approval of the Bill which creates the PREVIC, in proceduring at the National Congress, becomes then of fundamental importance for the adequate apparatus from the SPC/MPS.*

*It is important to highlight a few aspects from the Management Report in which the Secretariat points out, as reason for the non execution of actions or execution below expected, the **deficiency of its Staff.***

*We highlight that the Secretariat difficulties related to the deficiency of its Staff and which must be object of follow-up by the SFC/CGU, with intention of verifying the impact upon the development of the activities.”*

## 2. Training

As a supervisory body, capacitation is a relevant factor at the constant refinement of employee, in face of the complexity of the Pension Funds theme, which covers from accounting, actuarial and juridical aspects to financial operations at the options and other derivatives markets, besides questions relevant to governing and internal controls of the closed private pension entities.

On that context, the Secretariat for Pension Funds elaborated a capacitation plan considering the purposes determined at Executive Order nº 5.707, of 23 of February of 2006, which instituted the policy and guidelines for the development of staff from the direct, autonomous and foundational federal public administration. Also considered were the guidelines from Administrative Rule MPS nº 638, of 9 of July of 2004, the capacitation demands from the Boards from the SPC and the Strategic Planning from the MPS and SPC.

The capacitation activities impact at the improvement of technical analysis, development of professionals acting at supervision, generation of own knowledge inside the institution and at the personal development of the employee.

In order to overcome the budgetary curtailment, the SPC sought other ways to capacitate its staff, optimizing its budgetary resources by means of partnerships with several actors from the Pension Funds system and from the financial market, with the objective of making feasible the participation of SPC staff, with no cost, in courses, training and other capacitation events, where the Secretariat was responsible only for expenses of transportation and stay.

Besides, in 2008, SPC implemented a capacitation method where staff from the Secretariat itself was used, acting as multipliers, teaching courses and training to other staff, seeking the dissemination of knowledge and the improvement of the work force.

The utilization of creativity by the Secretariat, at the promotion of capacitation activities for its staff, enabled the full attainment of the capacitation target determined at the Multiannual Plan.

The Capacitation Plan elaborated by the SPC guides itself by the following conceptual structuring:

- General Capacitation – destined to all SPC staff, with the objective of leveling and homogenizing staff’s knowledge;
- Capacitation by technical area – enclosing officials allocated at departments so as to level common necessary knowledge for the performance of their attributions;
- Capacitation by thematic sector – involves the actuarial, accounting, legal, administrative, economical-financial, supervision areas. Such kind of capacitation allows a official from an area to acquire notions from other areas;
- Capacitation by technical area in specialization level – such kind of capacitation aims at specializing the officials at specific tasks. Generally these are individualized courses with very deep content.

In 2008, the National secretariat for Pension Funds performed 191 capacitation actions, which included training destined for homogenization of knowledge (55%), by technical area (31%) and thematic (12%), as to specialization in specific áreas (2%). The capacitation actions involve the participation of all SPC staff in training (inclusive in service), lectures, seminars, meetings, courses, workshops, conferences, congresses, and workshops, debate series, international technical travels and presentations in general.

We can highlight the following training and capacitation actions:

1. Participation of three SPC servants at the “*Master en Direccion y Gestion de Planes y Fondos de Pensiones?*” course, performed along with the OISS – Iberian-American Organization for Social Security -, with videoconferences and in class sessions for two weeks in Madrid, Spain. The course enabled the officials to get in contact with experiences in pension funds from other countries, besides divulging the Brazilian model for the other participants from Iberian-American countries;
2. Actuarial Audit courses for pension funds for 24 audit inspectors, with hour load of 128 class hours, ministered in three stages;
3. MBA in Pension Funds for seven SPC servants, with hour load of 360 class hours;

4. Training in financial products for 24 auditor-inspectors with hour load of 24 class hours, ministered by Cetip;
5. Training on BO - *Business Object* tool for 30 servants, with hour load of 20 class hours.

## 2.1 Debate Series

In 2008, the National Secretariat for Pension Funds instituted the **Debate Series** program. It is an initiative which aims at discussing and disseminating themes related to the Pension Fund system, considered fundamental for Professional development. The lectures presented in 2008 (see figure 1) showing the concern and effort from the segment with the evolution of Brazilian supplementary pension fund, besides the concern with the course of the world pension fund. At the same time, they sought after solutions and innovation for the sector.

**Figure 1 – List of themes presented at the SPC Debate Series in 2008.**

Month	Subject	Institution
September	Certification of Corporate Directors	Financial Market Association
	Risk Based Supervision	World Bank
October	Effects of Longevity on Pension Fund Plans	Insurance
	Risks for the EFPC and ALM in perspective at the investment process	Pension Funds Consulting
November	The Regulating Environment in Europe with Emphasis at Dutch Pension Funds	EFPC
	A National View at the Social Security Own System (RPPS) , Financial Education and Bill 1.992/2007	SPS e SPC
December	Services for the Capital Markets: Custody and Portfolio Control	Financial Market Association

Source: SPC

Still at the internal scope, the SPC produces bimonthly the **News Clipping – SPC International**, based on national and international (newspapers, magazines, internet and sites from international agencies), research regarding the situation of pension funds around the world, so as to propitiate, for the internal audience from the Secretariat, access to data and information which will enable them to better comprehend the organization and operation of the regulation and supervision of pension funds.

### 3. Strategic Planning

The closed pension funds system grew and diversified itself, bringing new challenges and new demands to the Secretariat, requiring the formulation of more efficient and effective public policies, provided in reasonable time and with capacity to contribute in effective manner, for the system sustainability.

At such context, the Secretariat for Pension Funds performed a **Strategic Planning Workshop**, on 24 and 25 of March of 2008, to define the strategies of action referring to the term. The event gathered staff from the Secretariat, and the works were performed in a participating and consensual manner.

From such meeting resulted the Line of Guidance to be followed by the SPC made up of **five main strategic axes**:

- (i) Organization and operation of the supervisory department;
- (ii) Risk based supervision;
- (iii) Financial education;
- (iv) Solvency rules; and
- (v) Licensing of benefit plans.

The implementation of actions traced at the work plan contributed to the obtainment of gains by all actors directly involved on the closed pension funds system: closed private pension entities, benefit plan members and retiree. There were also provided actions for reaching those yet to become part of the system, in face of closed pension funds fomenting policies.

The adoption of proceedings and conducts aimed at the upgrading of the organization and improvement of the strategic management will be a significant factor in order for the Secretariat for Pension Funds to be acknowledged not only as an excellence agency within the Federal Executive Power, but also as a supervision structure of so high a standard than that of the Brazilian Pension Funds has been conquering at the international scenario.

It is important to emphasize that, at the determination of the SPC performance line, in its Strategic Planning for 2008, the Secretariat sought to identify and cover the necessities presented by several segments from the closed pension funds system concerning the fundamental questions, aiming at providing democratic and effective solutions.

From the actions designed at the 2008 Work Plan it was possible to execute 90%, reaching a level of effectiveness superior to the existing resources at the SPC, considering that 2008 was marked, besides the budgetary contingency, by the confrontation of complex themes, but of extreme importance to the closed pension funds system, such as the regulation of surplus, Bill nº 3.962/2008 (PREVIC) and the creation of a thematic commission destined for the discussing the new accounting planning for closed private pension entities.

## V – PREVIC

The Bill recreating the National Superintendence for Pension Funds (PREVIC) was remitted by the Executive Power, on the 29 of August of 2008, to the House of Representatives, where it begun proceduring as **Bill nº 3.962/2008**.

According to the Bill, **PREVIC** shall be constituted in the form of autarchy of special nature, provided of administrative and financial autonomy, own patrimony and linked to the Ministry of Social Security (MPS). It shall have headquarters and venue in the Federal District, acting in the entire national territory, being responsible for the supervision of the pension fund system operated by the closed private pension entities. The SPC/MPS shall maintain its activities as MPS executive body with the duty of formulating the pension funds policy.

Declaratory Statute nº 109, of 29 of May of 2001, when bringing the latest rules for the operation of pension funds in Brazil, expressly anticipates, at its articles 5 and 74, the issuance of a statutory law which would bring the official regulating and supervision apparatus from the closed private pension entities.

The pension funds, due to their long term profile, must be contained in a predictable environment, stability of rules and behavior, with elevated degree of specialization. And the State, in order to account for its legal inspection power, must have an institutional structure which has stable and specialized structures, aiming at avoiding the administrative and institutional discontinuity.

In order to perform its attributions, PREVIC shall have an organizational structure made up of own career composed of a Collegiate Board, constituted of Director-Superintendent and four Directors, Federal Attorney's Office, Magistrate Office, Ombudsman Office and Chamber of Mediation and Arbitration. One of the news introduced into the Project is the inclusion of a Chamber of Recourses for Pension Funds, judgment jurisdiction to be installed at the Superintendence. The regulating board is now named National Board of Complementary Pension (date CGPC) being responsible for the definition of policies and guidelines applicable to the pension funds system.



The SFCI/CGU - Office of the Comptroller General Audit Report performed in Dec/2007, pointed out:

*“(...) as can be verified by the present Office of the Comptroller General (CGU), the Secretariat for Pension Funds has grave deficiency in resources, especially human. The non existence of the regulating agency determined by law results in serious difficulties in performance of SPC institutional attributions.*

*Even if the Secretariat has evolved if related to management, there is a moment where the gains with upgrading become marginal, as it is not possible to attain a higher degree without disposing of adequate structure.*

*The delay on conduction of autarchy creation project – and its resulting hesitation – may cause the discouragement of professionals today allocated in the Secretariat. The majority of the servants in exercise at SPC originate from other agencies: Brazilian Federal Revenue, Ministry of Planning, Central Bank, INSS and offices in commission not bound.*

*As there is no specific career structure or position planning, the professional promotion of today's servants is only possible by means of appointment in commissioned position (which would also only be possible with the vacancy of a position). Thus, constitutes element of preoccupation of the present Secretariat the possibility of eventual return of its present components to the agencies of origin.*

*Due to the complexity of the pension funds issue, the clear difficulty in searching for professionals in order to strengthen the staff and the non existence of autonomous regulating agency determined by law, the secretariat became dependent on the people integrating it, risking deflation, loss of accumulated knowledge and discontinuity.”*

## VI – SPC 30 years

The National Secretariat for Pension Funds (SPC) of the Ministry of Social Security (MPS), created by Executive Order nº 81.240, of 20 of January of 1978, celebrated in 2008 its 30 year anniversary.



So as to celebrate such important date to the pension funds system, the SPC organized:

- issuance of a magazine telling the history of the Secretariat for Pension Funds, with pictures and statements from some of the people who made the history of the SPC;
- a Conference on Pension Funds, co-organized by the SPC and (OCDE) Organization for Economic Co-Operation and Development – from 10 to 12 of May of 2008, in São Paulo-SP; and
- a thesis competition on Pension Funds.

## VI.1 Commemorative Magazine – SPC 30 years



The commemorative magazine for the 30 Years of the National Secretariat for Pension Funds (SPC), from the Ministry of Social Security, rescues the memory of this institution that, in the last three decades, has been exercising the mission of being the supervisory body for the closed private pension entities in Brazil.

Even if the beginning years were marked by difficulties, the operation of the SPC was fundamental for the consolidation of the pension fund system in the Country. The regulating marks were adapted to the evolution of the economy and to the growth of the national pension funds.

The magazine published testimonies from ex-Secretaries and other personnel which contributed to the construction of SPC institutional history. The collected testimonies remind the several obstacles faced, such as the lack of technicians, of infrastructure and inspection methodology. Besides that, a hyperinflation scenario, with periods of high interest rates and several economic plans, permeated SPC history for a long period.

At this commemorative magazine part of the SPC history was recorded, evidencing that all the work developed over the last 30 years was directed to the substantiation of a modern system, overall, compatible to the size of the closed private pension entities.

Undoubtedly, the SPC contribution was fundamental for the credibility of the system and, as consequence, for the trust of the members and retiree.

Nowadays, one can say that the Secretariat is ready to become an autonomous body, promoter of solid and long term policies, within the perspective of permanent development pointing to a future for the pension fund system.

## VI.2 International Conference

In order to mark the passing of its thirtieth anniversary, the Secretariat for Pension Funds promoted an International Conference on Pension Funds, along with the Organization for Economic Co-Operation and Development (OCDE), in May 2008, in São Paulo. There was the participation of very important national and international specialists.



The OCDE is a multilateral international agency, created in 1960. Nowadays it has more than thirty member countries that share a compromise with the defense of democratic regimes and market economies. Moreover, it maintains relationships with more than 70 non member countries. Among its objectives are: fomenting good state and business governing, social development and economic growth, by means of institutional and political cooperation, and promoting good international practices.

The Federative Republic of Brazil has been, since 1992, narrowing its relationship with the OCDE, by means of participation in several activities along that international organization. In the scope of pension funds, Brazil was admitted as observer member for the Working Party on Private Pension maintained along the Insurance and Private Pension Committee from that Organization.

With such exchange, the Secretariat for Pension Funds started having access to the OCDE database – which possesses hundreds of technical studies – and to participate in discussions and resolutions for the adoption of guidelines and recommendations from the OCDE, aimed at the member countries, at the pension funds area. On the other hand, Brazil started influencing actively at the perception that the further organization members have over the Brazilian pension funds – one of the tem most significant in the world – reinforcing the country's role of important player at such area.

The purpose of the Conference was to promote exchange of regulation and supervision experiences at pension funds between Brazil, Latina America and the OCDE, besides discussing the reality and perspectives of pension funds for Brazil. Present were Brazilian, Peruvian, Mexican, Argentinean, Chilean, American representatives and OCDE members.

The Conference was a valuable meeting, as it enriched and clarified the present debate regarding the most important policies related to reform at the Latin-American private pension fund systems. Likewise, it aimed at encouraging the exchange of experiences deriving from the adoption of efficient programs and policies by the participating countries.

The issues discussed at the event included: Brazilian Previdenciary System; Regulation of Private Pension Fund Systems at the International Context; Supervision Based on Risks at BD and CD Previdenciary Plans; Comparative Analysis of Capitalized Previdenciary Systems; Role of Supervisory Agency; Governing of Pension Funds; Challenges Imposed by the Choices and Costs of Investments; and Longevity Risk and the Benefit Payment Phase.

At the meeting, as part of the celebration of SPC 30 Years, there was a ceremony of delivery of memorial tablets to SPC ex-Secretaries and to its oldest staff, followed by the inauguration of a photo gallery and the release of a historical magazine, edited by the MPS. A Thesis Competition – Prize SPC 30 Years was performed, about the “Closed Pension Funds System – Challenges and Perspectives” theme.

### VI.3 Prize SPC 30 years

Brazil has been recording, over the last years, a growing understanding of its population in regards to the importance of the Pension Funds System at the Country's economic and social lives.

Idealized by the Department of Pension Funds, when it completed 30 years, the Monograph Competition – Prize SPC 30 Years was instituted with the purpose of stimulating research and the elaboration of technical works in the pension fund field, acknowledging the quality and applicability at the Public Administration, in the Field of regulation and supervision of pension funds. Moreover, there was the intention of contributing to the improvement of the pension funds and other agents in charge of the management of benefit plans of previdenciary character and its assets. Individual and group works participated, from candidates of diverse academic upbringings. The first three classified received prizes in cash, certificates and will have their works published.

The main theme proposed by the SPC was “The Closed Pension Funds System: Challenges and Perspectives”, being subdivided in three sub-themes, varying from comparative studies between the Brazilian System and that from other countries, to Supervision Based on Risks, Associative Pension Funds, Investments and Juridical System of Pension Funds, Interest Rate and Actuarial and Financial Impacts over the Benefit Plans operated by the Closed private pension entities.

There were 32 enrolled works at the Monograph Competition. The awards ceremony took place on 10 of December, at the Brazilian Academy of Letters (ABL), in Rio de Janeiro.

The first prize, in amount of R\$ 20 thousand, was granted to the monograph “Supervision Based on Risks Applied to the Pension Funds in Brazil: an adaptation of the Dutch model for defined benefit plans”, from Emerson Erik Schmitz (representative), Fernando Santos do Nascimento and Luiz Gonzaga Pinto Junior, all from Previ/BB. In second place, Marília Miranda Forte Gomes, Master in Demography by UFMG, wrote about “Entrances at Retirement due to Disability in the Brazilian Previdenciary System: estimates and comparison with the main tables utilized by the previdenciary market”. Her prize was R\$ 10 thousand. Finally, in third place, the Judging Commission classified the monograph “From the Preclusion of the Audit Courts in Inspecting the Closed private pension entities Sponsored by State Entities”. Five thousand Reais was the amount of such prize destined to Arlindo Vieira Machado Júnior, lawyer.



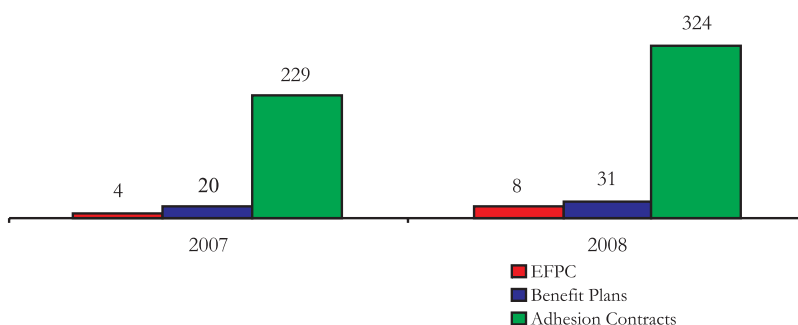
The Judging Commission granted honorable mention to two other concurring works, which will also be published. They are: “The Risk Matrix as an Accessory Instrument for the Implementation of Supervision Based on Risks in Pension Funds”, from Mariângela Mendes Lomba Pinho, at Cosipa Foundation for Social Security (Femco). The other honorable mention was granted to lawyer Maria Raquel Duarte, who wrote about “The Brazilian Closed Pension Fund System: Theoretical Substantiation of the Juridical System from the EFPC – Relevant Aspects for the Growth of the System and the Application of the Transparency Principle at the Financial and Previdenciary Education”.

Due to the relevance of the theme and by the obtained result at this first competition, the Secretariat for Pension Funds intends on continuing with such competition in 2009, consolidating the Monograph Competition as a mark of excellence at the research on closed pension funds in the Country.

## VII – Licensing e Authorization

One of the main SPC legal attributions is the previous authorization of all the instruments constitutive of the previdenciary benefit plans and of EFPC. In 2008, the pension funds segment presented excellent performance with 324 new adhesion conventions, eight new pension funds and 31 benefit plans (see Graphic 7).

**Graphic 7 – Authorizations of new Pension Funds, Benefit Plans and Adhesion Contracts (sponsor/institutor) at SPC, in 2007 and 2008.**



Source: SPC

Detec authorized, in 2008, 939 processes which deal with the demands provided at article 33, incises I to IV from Declaratory Statute nº 109, of 29 of May of 2001. Following are presented statistical figures of 2008, comparatively to 2007.

**Table 7 – Authorizations (plans, EFPC, Adhesion Contracts, Sponsorship Withdrawals, Merger, Transfer) from the SPC to the Pension Funds System, operated by the pension funds, in 2007 and 2008.**

Description	2007	2008	Variation%
<b>I – EFPC</b>	<b>44</b>	<b>59</b>	34,09%
Creation of new EFPC	4	8	+ 100,00%
Statute changes	40	51	27,50%
<b>II – Benefit Plans</b>	<b>866</b>	<b>424</b>	-51,04%
Creation of new plans	20	31	+ 55,00%
Statute changes	795	353	-55,60%
Plan's termination	5	15	200,00%
Plan's merges	2	4	100,00%
Transfer of management	44	21	-52,27%
<b>III – Sponsor or Institutor</b>	<b>342</b>	<b>456</b>	33,33%
Adhesion Contracts (new)	229	324	+ 41,48%
Minuend Term to adhesion contract	31	71	129,03%
Sponsorship withdrawal	82	61	-25,61%
<b>TOTAL</b>	<b>1.252</b>	<b>939</b>	<b>-25,00%</b>

Source: SPC.

In relation to the adequacies from regulations of the benefit plans to the Regulation CGPC nº 19, of 25 of September of 2006, the SPC received 775 proceedings overall, from which 694 are approved, with 81 pending adequacy.

As for the demands related to the withdrawal of sponsorship, 101 are proceduring at the SPC, in 2008, being that 61 are approved, with 40, among demands and new proceedings, are pending analysis.

In the 2008 term eight new entities were approved by the Secretariat, from which three are institutor entities and five sponsor entities. They are:

### Sponsor (union and associations):

- ANABBPREV – Fundo de Pensão Multipatrocinado
- SBPREV – Sociedade Beneficente dos Servidores Públicos do DF Previdência Complementar
- SOCEPMI Previdência Complementar

### Sponsor:

- ALEPEPREV – Fundo de Previdência Complementar da Assembléia Legislativa do Estado de Pernambuco
- CASANPREV – Fundação Casan de Previdência Complementar
- DATUSPREV – Sociedade de Previdência Complementar CIASC
- EMBRAER PREV – Sociedade de Previdência Complementar
- PrevidExxonMobil – Sociedade de Previdência Complementar

31 new benefit plans were approved, from which 10 are Instituted and 21 Sponsored. They are:

- AGROS – Plano de Instituidor AGROS-CD-01
- ANABBPREV – Plano de Benefícios
- ARUS – Plano Aracruz Família de Aposentadoria Complementar
- ELETROCEEE – Plano SINPRORS PREVIDÊNCIA
- PETROS – Plano de Previdência do Cooperado
- PETROS – Plano de Previdência UNIMED-BH
- PETROS – Plano ANAPARPREV
- PETROS – Plano Previttel
- SBPREV – Plano SBPREV I
- SOCEPMI – Plano SOCEPMI

### Sponsor:

- ALEPEPREV – Plano de Benefícios Previdenciários da Assembléia Legislativa do Estado de Pernambuco
- CASANPREV – Plano Casanprev
- ECOS – Plano de Contribuição Definida

- FACEAL – Plano de Contribuição Definida nº 001
- FUNASA – Plano de Benefícios PCD FUNASA
- FUNASA – Plano Saldado FUNASA – PSF
- HSBC – Plano de Benefícios BentelerPrev
- HSBC – Plano de Benefícios E & Y Previdência Privada
- INDUSPREVI – Plano de Aposentadoria Sistema FIERGS
- INERGUS – Plano de Contribuição Definida PCD
- INERGUS – Plano Saldado INERGUS – PSI
- MULTIPENSIONS – Plano de Aposentadoria II da Grace
- MULTIPREV – Plano de Aposentadoria American Express
- PETROS – Plano de Previdência da Companhia Petroquímica de Pernambuco – PTAPrev
- PETROS – Plano PrevFIEPA
- PREVDATA – Plano de Previdência na Modalidade Contribuição Variável da PrevdData – PREVDATA II
- PREVHAB – Plano de Benefícios Fugro
- PREVIMINAS – Plano COHABPREV
- PREVINORTE – Plano de Benefícios 04-B
- PREVI-SIEMENS – Plano de Aposentadoria de Contribuição Definida – Plano CD
- VISÃO-PREV – Plano de Benefícios VISÃO – TERRA

In the 2008 term special attention was given, by SPC, to the adaptation of plans connected to entities linked to the Regime Jurídico Único – RJU, from which two are in process of conclusion: Agros and Fipeccq – adaptation from plans to Resolutions CGPC nº 06/2003 and 19/2006.

The Secretariat in charge of the authorizations to the EFPC is Detec, which utilizes for control of demands from pension funds, information management and elaboration of statistical reports for the following informational systems: Protocol Computerized Systems from Social Security – Sipps, Control.Doc-Version 2.0 and Entities and Plans Reference File – Cad-SPC.



Cad System was recently implemented incorporating several systems which, previously, worked in separate at a common platform, among the incorporated systems are the CNPB – National Register of Benefit Plans, which presently is inserted at Cad and has its data updated by Detec at the entities, benefit plans and sponsors/institutors reference file.

It is important to highlight, still in 2008, the work that Detec has been rendering in regards to the compliance to Instruction SPC nº 12, of 11 of May of 2006, which determined periods (in business days) to be observed, when of the analysis of proceedings related to: constitution of EFPC, Implementation of Benefit Plan, Adhesion Convention, Regulation Alteration, Statute Alteration, Adhesion Convention Alteration, Transfer of Management of Benefit Plans and Societary Reorganization.

Following, at Table 8, the average period for attendance from SPC for the authorization proceedings from the EFPC, reaching in the 2008 term, for each type of proceeding mentioned previously:

**Table 8 – Average period for attendance to the authorization proceedings (plans, EFPC, Adhesion Contracts, Sponsorship Withdrawal, Merger, Transfer) from SPC to the Pension Funds system, in 2007 and 2008.**

Description	Maximum Period (IN SPC 12, de 2004)	2007	2008	Variation (%)
<b>I - EFPC</b>				
Creation of new EFPC	35	31,25	27,56	-11,81%
Statute changes	35	30,47	27,38	-10,14%
<b>II – Benefit Plans</b>				
Creation of new plans	25	23,10	20,02	-13,33%
Statute changes	35	32,06	27,85	-13,13%
Plan's termination/merges	35	31,70	22,40	-29,34%
Transfer of management	25	21,97	15,61	-28,95%
<b>III - Sponsor or Institutor</b>				
Adhesion Contracts	20	19,60	17,80	-9,18%
Adhesion Contracts changes	20	18,80	18,35	-2,39%
<b>Average Period</b>	–	<b>26,12</b>	<b>22,12</b>	<b>-15,31%</b>

Source: SPC.

The average attendance period in 2008 was 22 (twenty two) business days, performing a reduction of 15% in relation to 2007.

## VIII – Supervision

Supervision is one of the main activities developed by the Secretariat for Pension Funds – SPC.

Since 2007, the fiscal actions were decentralized at the six regional inspection offices, linked to the General Coordination of Supervision on-site (see Figure 1).

**Table 9 – Roll of SPC Regional Inspection Offices, distributed by States of the Federation, number of fiscal auditors, average period of inspections (in days), EFPC and benefit plans, in 2008.**

Description	Regional Supervisory Bureaus						Total
	DF (5)	BHZ (8)	Recife (9)	SP	RJ	POA (3)	
States	AC, AP, DF, RR e TO	AM, BA, ES, GO, MG, MS, MT e PA	AL, CE, MA, PB, PI, PE, RN, RO e SE	SP	RJ	PR, SC e RS	–
Revenue Agents	4	14	6	16	28	16	84
EFPC (1)	24	40	26	136	54	54	334
Plans	131	91	40	459	204	110	1.035
Average period of supervisions (in days)							
2007	270	114	104	84	140	121	139
2008	240	94	67	83	103	65	108

Source: SPC.

(1) Excludes the EFPC in special schemes of supervision and authorization.

In 2008, as shown on Table 9, the supervision counted with 84 auditors at the activity of on-site supervision, according to the present supervision program, 153 benefit plans.

The SPC supervisions have beginning, middle and end, and thus are executed with follow-up actions by the Board of Supervision and its General Coordinations, so as to orient them at the application of the methodology of risk based supervision. In 2008, there was an expressive advance in the average period (calculated in days) for the performance of fiscal action, with decrease of 22% in regards to the average period spent at the inspections in 2007.

Being the SPC a very specialized area, the revenue agents from the Brazilian Federal Revenue from the Ministry of Finances assigned to the National Secretariat for Pension Funds from the Ministry of Social Security – some since 1994 – are selected according to their skills and competencies for fiscal actions along the pension funds (see item nº 27, of

the Exposition of Grounds nº 28, of 15 of March of 1999, for Declaratory Statute nº 109, of 2001), aiming at accuracy and solvency of the benefit plans.

**Table 10 – Degree area from the SPC Revenue Agents, in 2008.**

Area	Quantity	%
Engineering	33	32%
Economy	16	16%
Accounting Sciences	14	14%
Administration	13	13%
Law	12	12%
Actuarial/Demographic	06	6%
Arts	07	7%
Informatics	02	2%
<b>TOTAL</b>	<b>103</b>	<b>100%</b>

*Source: DEFIS/SPC.*

Besides the specific graduation areas, as presented on Table 10, the agent also go through trainings and courses of moderate duration on the related themes and situated at the Pension Funds, especially in the investment and actuarial areas. The staff of SPC auditors has, nowadays, three doctors and 12 masters degrees.

The SPC annual supervision program (PAF), which utilizes concepts from methodology of risk based supervision (SBR), consisting on the planning of the fiscal action which relates the benefit plans and the pension funds selected by the supervision on the spot on that exercise, according objective criteria previously defined. These criteria are based on cadastral data (Cand, Cnpb); accounting (balance sheets); actuarial (Draaweb); investments (Sicadi) and custody central data (Cetip, Selic, BM&FBovespa), besides denouncements and representations.

Objectifying optimization of the available resources due to the necessity of inspection, at the elaboration of PAF, the SPC defines risk factors – among deficits/surpluses, debts, contingencies, financial applications and actuarial premises – that may compromise the achievement of objectives, observing the support, the complexity and modality of benefit plan operated by the EFPC. Qualitative risk information, such as management, governing and qualification of managers, are also incorporated by the supervision program.

The supervision is divided in supervisions actions in loco and follow-up actions. There are three types of supervision on-site: (i) global supervision from all area/segments (investments, actuarial, administration and governing) from the benefit plan and/or EFPC; (ii) modular supervision which relates to one or more areas; and (iii) specific supervision of an exact activity or operation from the benefit plan or the EFPC.

Besides the three general coordinations and the regional offices, the DEFIS counts with the Orientation and Consultation Committee (COC), consulting and orientation body, composed of Board Director, the General Coordinator of CGFD and the Heads from the six supervision bureaus. During 2008, 34 consultations from several themes related to the benefit plans and closed entities benefit plans supervision were presented to the COC.

In relation to the PAF 2008, 174 benefit plans were selected to be inspected, being disposed as follows: 153 originally anticipated at PAF 2008 itself, five added by suggestion of the Heads of Supervision Bureaus and 16 reminiscent from PAF 2007.

According to that shown at Table 11, we can verify that, until the end of the 2008 term, 158 supervision actions were initiated, number representing 90.8% of that programmed. The programmed and concluded supervisory actions on that year totaled 140, representing a percent of 80.5% of that programmed.

**Table 11 – Supervisory actions developed by the SPC regional supervisory bureaus in 2008.**

Supervisory Bureaus	Supervisory Actions				
	Programmed 2008 (A)	Initiated in 2008 (B)	% (B)/(A)	Concluded in 2008 (C)	% (C)/(A)
Brasília – DF	14	9	64,3%	2	14,3%
Belo Horizonte – MG	26	20	76,9%	20	76,9%
Recife – PE	10	9	90,0%	9	90,0%
Rio de Janeiro – RJ	68	68	100,0%	61	89,7%
Porto Alegre – RS	31	30	96,8%	26	83,9%
São Paulo – SP	25	22	88,0%	22	88,0%
<b>Total</b>	<b>174</b>	<b>158</b>	<b>90,8%</b>	<b>140</b>	<b>80,5%</b>

*Source: SPC*

From the execution of the PAF, and with defined scope, list of the verification supervision within the benefit plan operated by the EFPC.

Table 12 shows the types of events verified during the supervision actions. As occurrence it is understood the conclusions performed by the supervision for each one of the points verified by the audited plans.

**Table 12 – Occurrences in reports issued by the SPC regional bureaus for 2008.**

SPC Supervision Unit	EFPC	Benefit Plan	Nature Person and Legal Entity (cited)		Writ of Infraction	Recomendation	Determinacion	Dec. 4.942/2003 Appl. § 2º of art. 22	Being Analyzed	Regular Standing	Total	% related to total
			PF	PJ								
DEFIS	-	-	59	4	19	-	-	-	-	-	19	1,20%
ESDF	**2	2	38	0	9	2	33	0	5	45	94	6,00%
ESMG	**16	20	14	0	5	55	108	28	14	62	272	17,40%
ESPE	7	9	2	0	1	48	76	11	5	18	159	10,20%
ESRJ	*26	61	47	0	13	84	245	42	13	176	573	36,70%
ESRS	20	26	0	0	0	51	168	4	26	30	279	17,90%
ESSP	19	22	0	0	0	18	53	0	8	86	165	10,60%
<b>Total</b>	<b>90</b>	<b>140</b>	<b>160</b>	<b>4</b>	<b>47</b>	<b>258</b>	<b>683</b>	<b>85</b>	<b>71</b>	<b>417</b>	<b>1.561</b>	<b>100%</b>
<b>% related to total</b>					<b>3,00%</b>	<b>16,50%</b>	<b>43,80%</b>	<b>5,40%</b>	<b>4,50%</b>	<b>26,70%</b>	<b>100%</b>	<b>-</b>

Source: SPC.

Notes:

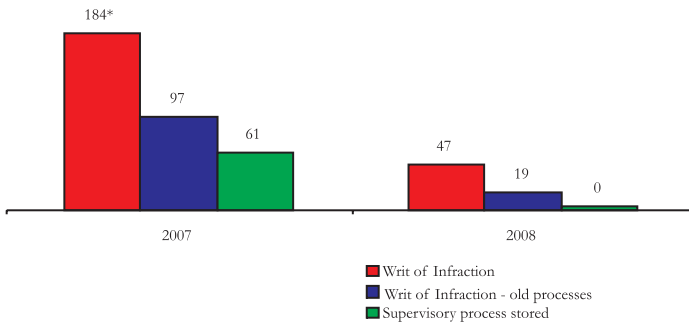
(\*) Follow-up of inspection actions previously terminated

(\*\*) Added of the EFPC related to the Follow-up

(PF – manager/ natural person and PJ – EFPC/ legal entity)

Based on the presented numbers, we can verify 1,561 events determined at the inspected benefit plans. From this number, the great majority of “Resolutions” (43.8%) and of situations considered “Regular” (26.7%). The issued writs of infraction, a total of 47, represented only 3% from the total of the supervised occurrences. The application of exceptional proceedings can also be highlighted, comprised in article 22 from Executive Order 4.942, of 2003.

**Graphic 8 – Writs of Infractions and supervisory proceedings (stored) at SPC, in 2007 and 2008.**



Source: SPC.

(\*) Includes 29 writs of infraction related to 2004-2006

A part of the writs of infraction issued in 2007 (29) and 2008 (19) refer to 917 old proceedings of supervision which remained stored at SPC, since 2002.

The writs of infraction issued in 2008 had the following motives:

- Non observance of the limit for administrative expenses (9);
- Non observance of previdenciary defrayal (9);
- Application of assets in disagreement with legislation [“Day Trade”; negotiations with bonds (public and private), derivatives, futures market)] (22);
- Concession and maintenance of benefits in disagreement to regulation (2);
- Non equation of deficit (1);
- Irregularities at the migration of benefit plans (2);
- Absence of measures at the transfer of previdenciary resources for the attendance program (1);
- Default of sponsor obligations (1).

The receiving and verification system of denunciations from the pension fund members is maintained by Defis and in 2008 grew 38%, according to Table 13. This is also a very sensitive item to the annual supervision program, since the denunciations that may represent a relevant risk to the EFPC activities, are included.

**Table 13 – Denunciations received and investigated by the SPC, in 2007 and 2008.**

Year	Store	Received	Investigated
2007	40	55	21
2008	74	114	29
1 <sup>o</sup> /jan/2009	159	–	–

*Source: SPC.*

## VIII.1 Special Schemes

The SPC via the supervisory area, still monitors and follows the EFPC and the benefit plans in special schemes (liquidation, intervention and special administration). In 2008, the special schemes assets was of R\$ 1.3 billion. Currently, there are 11 closed entities in extrajudicial liquidation, one under intervention, nine plans with special administration, being eight plans under extrajudicial liquidation and one with sponsorship withdrawal.

In 2008, the SPC liquidated extrajudicially benefit plan I, sponsored by the Aeroclube do Rio Grande do Sul, from Instituto Aerus de Seguridade Social. That was terminated, with the conclusion of works, the Investigation Commission of the Instituto Ferreira Guimarães and suspended, at the termination level, the Investigation Commission of the Instituto Aerus de Seguridade Social.

Continuing with the supervision of special administrators, interveners and liquidators nominated by the SPC, nine follow-ups on the spot, were performed by the Coordination during 2008. This follow-up had the purpose of determining

goals and strategies to be adopted by the special administrators, aiming at terminating the according special system.

The information regarding the performed works at the special schemes are rendered by the special administration, intervener or liquidator by means of the Monthly Information Report. During 2008, 166 reports were received.

As a means of seeking synergy at the special systems works were performed, on the 4 of December of 2008, a first meeting, were all liquidators, interveners and special administrators which perform functions before the closed private pension entities, under special system. Such meeting suited the liquidators and interveners would have a general view of the SPC and would exchange information and experiences amongst each other.

## **IX – Judgments**

### **IX. 1 SPC**

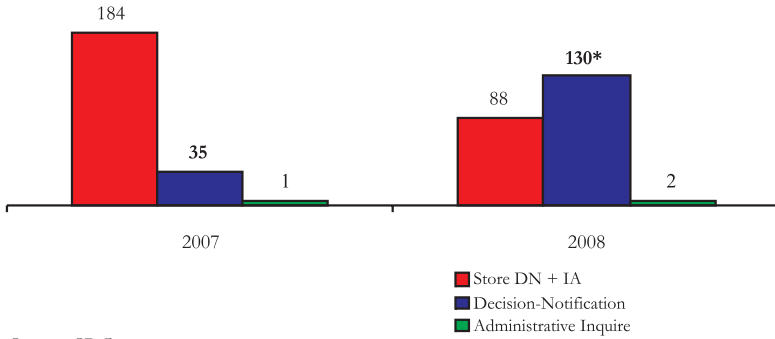
Along the SPC office also follow proceedings, for instruction and judgment, administrative proceedings (writs of infraction, administrative inquiries, expeditions or intermediary resolutions, notices, technical analysis, procedural information and certificate issuances and non nominated remedies).

So as to provide greater speed to the instruction of administrative proceedings three more servants (one administrative and two technical) were designated so as to assist the SPC Board at the filing of judgments.

In 2008, 490 expeditions were issued at proceedings which followed procedures at the advisory of instruction and judgment that represented an increase of 260% in relation to 2007.

The writs of infraction are judged in the scope of the Secretariat for Pension Funds (SPC), by means of the Decision-Notification (see Graphic 9). In 2008 130 Decisions-Notifications were issued, in comparison to 2007 when 35 Decisions-Notifications were issued, revealing an increase of 371% in the judgment of Writs of Infraction in 2008. The average monthly judgment skipped to approximately three proceedings in 2007 to more than ten in 2008.

**Graphic 9 – Decisions-Notifications and Administrative Investigations (flow and store) at SPC, in 2007 and 2008.**



Source: SPC.

(\* ) 9 DN stopped extrajudicial liquidation.

In 2008 two administrative investigations were judged. Another four interposed remedies were still judged against actions practiced by the directors from the SPC, being that two actions were against actions from the Department of Technical Analysis – Detec and another two against actions from the Supervisory Department – Defis.

Totaling, that year 136 administrative proceedings were judged, here included the Writs of Infraction, Administrative Investigations and other Innominate Remedies against 36 judgments in 2007.



**Table 14 – Judgments of Writs of Infraction by managers, EFPC and by theme, in 2008.**

Managers and EFPC	Judgment	Penalties	n <sup>os</sup>	%	Destinação superávit	Investments	Plan Operations	Rendering of Information	Regulation Non Conformity	Accounting/Admin. Expenses	Previdenciary Defrayal	Art. 110 Exec. Order 4.942/2003
PE/Manager	Proceeding	Warning	6	2,50%	2,5%	79,6%	3,6%	2,0%	6,7%	3,6%	0,9%	1,1%
		Fine	222	93,30%								
		Disability	10	4,20%								
		<b>sub-total</b>	<b>238</b>	<b>72%</b>								
	Groundless	–	52	16%								
	Null	–	39	12%								
	<b>sub-total</b>		<b>329</b>	<b>100%</b>								
PJ/EFPC	Proceeding	Fine	18	56%								
		Groundless	–	12	38%							
	Null	–	2	6%								
	<b>sub-total</b>		<b>32</b>	<b>100%</b>								

Source: SPC

Another possible record so as to analyze the judgment of proceedings in 2008 is by manager, by closed private pension entities and by theme (see Table 14).

Comparing between natural person and legal entity, already under the majority of writs in the duration of disciplinary system derived from Executive Order nº 4.942, of 2003, 91% were for the pension fund managers (directors, deliberative counselors and inspectors, committee members). By subject, 80% of the judgments referred to the application of financial resources in disagreement with the guidelines of investments determined by CMN Resolutions. In terms of judgments, 70% were granted, 18% dismissed e 12% null.

## IX.2 CGPC

The Pension Funds Management Board is a collegiate body from the Ministry of Social Security, with responsibilities of regulating and normalizing the closed pension funds system. At the same time, it judges the remedies related to the administrative or notice penalties applied by the Secretary for Pension Funds.

The production and performance of the activities from the CGPC reflect the high standard of the collegiate presided by the Minister of Social Security and integrated by representatives from the members, retiree, closed private pension entities, sponsors, institutors and government, demonstrating, thus, a wide range of participation and social control.

In 2008, the CGPC performed ten ordinary meetings and an extraordinary session. At the regulating agenda (in more detail at Normalizing section), the Council deliberated and approved a recommendation (financial education) and three resolutions (accounting norms, destination of surplus and equating of deficit, and previous electronic analysis).

The Board approved, in February 2008, the creation of the Thematic Commission, in order to execute the review of the Pension Fund Entities Accounting Plan (see Monitoring section).

At its appeal function, at the beginning of 2008, the CGPC analyzed 45 proceedings in store, pending judgment. During the year, the SPC issued 144 new remedies. From a total of 189 remedies, the Council appreciated 61, being 17 stay of proceeding and 44 judged, being maintained the penalty (19 remedies, 43%) or dismissal and annulment (12 remedies, 27%) in judgments from the Secretariat. Deriving from six remedies (14%), the CGPC annulled the SPC penalties.

At the end of 2008, there were still 145 remedies in store at the CGPC, from which 69 have already been distributed to the counselors. Another 59 are still waiting to be distributed and 17 are in stay of proceeding.

## X – Legislation e Norms

The regulation of the complementary laws which govern the pension funds, operated by the pension funds, is accomplished:

- by **Executive Order from the President of the Republic**, as for the applicable disciplinary system applied to the natural persons or legal entities committing the infraction to the sector rules;
- by **resolutions from the National Monetary Council**, as for the guidelines for investment of assets accumulated by the pension funds;

- by **resolutions/recommendations from the Pension Funds Management Board**, as for all the other aspects of operation of pension funds; and
- by **instructions and administrative rules from the Secretariat for Pension Funds**, as for the procedural aspects of benefit plans managed by the closed private pension entities.

The SPC, at the normative scope, also prepares drafts of norms which shall be edited by other authorities and collegiate agencies. Furthermore, it operates as Executive Department for the Pension Funds Management Board – CGPC, preparing meetings, issuing summons, elaborating minutes and publishing decisions.

Since 2003, from the pension funds legislation point of view, the SPC has sought to enable a figure of normative stability, so as to offer an environment of foreseeability for sponsors, institutors, members and entities, so as to contribute for the growth of the pension funds.

In 2008, as for the regulated matters from projects conceived in the SPC scope, we have:

- **Bill 3.962, of 29 of August of 2008, which creates the National Superintendence of Pension Funds (PREVIC)**, provides for its staff and includes the Pension Funds Chamber of Resources at the basic structure of the Ministry of Social Security.
- Executive Order nº 6.417, of 31 of March of 2008, which approves the Regimental Structure and the Demonstration Figure from the Positions in Commission and Gratified Positions from the Secretariat for Pension Funds from the Ministry of Social Security (articles 11 to 16).
- Regulation CMN nº 3.558, of 27 of March of 2008, which alters the text from § 1st of article 3rd of Regulation nº 3.456, of 1 of July of 2007.
- Regulation CMN nº 3.652, of 17 of December of 2008, which extends in twenty four months the classification plans from the closed private pension entities.
- Recommendation nº 1, of 28 of April of 2008, which provides for the previdenciary education action in the pension funds system scope;
- Regulation CGPC nº 25, of 30 of June of 2008, which alters norms from the closed private pension entities Accounting Plan;
- Regulation CGPC nº 26, of 29 of September of 2008, which provides for the conditions and procedures to be observed by the closed private pension entities at the finding of results, at destination and utilization of surplus and deficit equation from the previdenciary character benefit plans which they manage;

- Regulation CGPC n<sup>o</sup> 27, of 29 of September of 2008, which alters Regulation CGPC n<sup>o</sup> 8, of 19 of February of 2004, so as to allow the preliminary electronic analysis of statute, regulations of proceduring from benefit plans, adhesion conventions and its according alterations;
- Regulation SPC n<sup>o</sup> 21, of 7 of April of 2008, which alters Regulation n<sup>o</sup> 14, of 18 of January of 2007, as for the correction of investment funds records maintained along the SPC by the previdenciary entities, as well as for the calculation of the so called Non Planned Dissension – DNP;
- Regulation SPC n<sup>o</sup> 22, of 7 of April of 2008, which regulates the manner and periodicity of issuance to the SPC of information from the applications portfolio from investment funds and investment funds at investment funds classified as previdenciary;
- Regulation SPC n<sup>o</sup> 23, of 5 of July of 2008, which brings procedural norms for Access to the information systems managed by the SPC;
- Regulation SPC n<sup>o</sup> 24, of 5 of June of 2008, which provides for the norms for issuance of population and benefits statistic data;
- Regulation SPC n<sup>o</sup> 25, of 21 of July of 2008, which establishes period for issuance of the monthly accounting balance sheets from the benefit plans, of balance sheets from common operations and administrative operations and consolidated balance;
- Regulation SPC n<sup>o</sup> 26, of 1 of September of 2008, which establishes orientations and procedures to be followed by the closed private pension entities, for purposes of prevention and repression of crimes of money laundering and for the follow-up of operations with politically exposed people;
- Regulation SPC n<sup>o</sup> 27, of 5 of December of 2008, which disciplines the directing of inquiries to Deleg regarding matters related to the application of statutes from the closed private pension entities, of regulations from benefit plans, managed by them and adhesion conventions already approved by the Secretariat;
- Regulation SPC n<sup>o</sup> 28, of 30 of December of 2008, which establishes orientations and procedures for the execution of Regulation CGPC n<sup>o</sup> 26, of 29 of September of 2008; and
- **Combined Regulation SPC/ANS n<sup>o</sup> 1**, of 18 of December of 2008, which establishes criteria for the execution of legal attributions from the SPC and the National Agency for Supplementary Health (ANS), in relation to the supervision and inspection of the private health plans, operated by the closed private pension entities, and authorized to maintain their health assisting activity, under terms of article 76 of Declaratory Statute n<sup>o</sup> 109/01.
- **Combined Determination CVM-SPC n<sup>o</sup> 12**, of 07 of May of 2008, which establishes conditions for the payment in full and rescue of investment funds

quotas with bonds and securities of property of the closed private pension entities, revoking the Combined Determinations CVM/SPC nº 01/1996, nº 02/1998, nº 03/1998, nº 04/1998, nº 05/1998, nº 06/1998, nº 07/1998, nº 08/1999 and nº 10/2005.

- Administrative Rule nº 202, of 7 of July of 2008, which institutes the **Thesis Competition – SPC 30 Years**, with the purpose of stimulating the research and elaboration of technical works in the pension funds area.
- Administrative Rule nº 173, of 2 of June of 2008, which approves the Internal Bylaws from the Secretariat for Pension Funds from the Ministry of Social Security – MPS, in form of Annex V.
- Administrative Rule nº 60, of 28 of February of 2008, which constitutes the Account Plan Thematic Commission, of advisory character, with scope of, in the period of 210 days from the date of its institution, present review proposal of general norms regulating the accounting procedures from the closed private pension entities.
- Resolution Coremec nº 5, of 26 of June of 2008, which establishes guidelines and objectives for the National Strategy on Financial Education

## **X.1 Orientations, Consultations and Judicial Proceedings**

The Legislative Department (Deleg) is responsible for the exercise of competencies of legislation and norms, justified in analysis of technical juridical order, in the scope of the closed pension fund.

Deleg manifestations occur by means of orders (simpler analysis, many times of mere procedural character), technical notes (deep analysis of substantiated cases), opinions (in response to generic questionings, consultations in theory, with no link to a specific substantiated case) and information (in response to the requisitions and notices from the Union's Solicitor-General, Federal Public Ministry and Judiciary Branch). The information extends, inclusive, to those court injunctions issued against acts from the Secretary of Pension Funds and directors from the other SPC Departments.

With initial store of 256 administrative expedients pending analysis, Deleg ended the year with 176 pending expedients, implicating a reduction of 80 proceedings in store. Furthermore, 291 analyses were issued.

The analysis of verifications on matters related to the application of statutes from closed private pension entities, of regulations from benefit plans managed by them and adhesion conventions duly approved by the SPC, is today subject to procedure determined by Regulation SPC nº 27, of 5 of December of 2008.

In view of the improvement of follow-up of judicial proceedings, the following procedures and systems were implemented at the SPC:

- (i) computerized system for process and documentation control (ControlDoc), in replacement of the manual controls until then performed, contributing to improve the reliability of Deleg internal controls;
- (ii) improvement of relation of Deleg priority proceedings, indicating proceedings which must be analyzed with urgency, due to the following criteria: (a) legal period for requisition attendance, (b) period of attendance determined by hierarchical superior or by the Judiciary Branch, by the Union's Solicitor-General, Federal Public Ministry and by the Union's Solicitor-General, (c) ongoing prescription period (generally, sanctioned proceedings from the Supervisory Department), (d) risk of extinction of interested party's rights, (e) relevance or urgency of the matter, by analysis of repercussion in other similar proceedings following procedures at the SPC;
- (iii) modifications in form of discontinuance of proceedings at Deleg scope, adopting the system of files numbered in sequence per year, with registration of number and year of the file archive at the computerized control systems from the Department, which came to facilitate the location of filed proceedings and according unfiled; and
- (iv) finding of judicial actions related to which Deleg provided information to the Union's Solicitor- General in 2008 and in previous years; finding of court injunctions petitioned against authorities from the SPC in 2008, with objective of verifying the success rate obtained by the Union's Solicitor-General along the Judiciary Branch, as of contributions from the Department of Legislation. **A success rate superior to 90% was verified for the 2008 period.**

## X.2 Acquis

A work group was created at the Secretariat for Pension Funds (SPC), upon request from the Ministry of External Relations (MRE), with purpose of examining the guidelines and principles recommended by the OCDE (**Acquis**). From then on the following guidelines were determined: 1) Financing and insurance of benefits (funding rules); 2) Management of assets from pension funds; 3) Pension fund governance; 4) Licensing and registration of pension funds; and 5) Protection of rights of members and retiree.

When formulating a positive diagnosis for Brazil, the SPC work group observed, however, that an item still depends on regulation. It is the mechanism known as "whistle blow" for those rendering services (independent audits, actuarial and custodians), who must inform directly to the supervisory body facts that may come to impact significantly at the financial standings from the previdenciary entities.

As for self-regulation, it needs only be implemented. The following items are still in preliminary phase, already constant at Brazilian legislation: supervision structures, as the SPC is not an superintendence yet; insurance mechanisms, for not being regulated the reinsurance or the solvency fund (article 11 of Declaratory Statute nº 109/2001); and the financial education, under analysis at the SPC.

From this normative work, it was attested that the Brazilian legislation for pension funds is compatible to the recommendations from the Organization for Economic Co-Operation and Development (OCDE).

## **XI – Registration and Information Technology**

Another supervision activity developed by the SPC regards the structuring, maintenance and improvement of pension fund registration, of previdenciary benefit plans and health assisting and that of information from managers (Deliberative Counselors and Inspectors, Executive Board of Directors). The information technology area at SPC also handles the entire equipment and informational networks infrastructure maintained by Dataprev.

As for the action involving equipments and infrastructure, we can highlight the replacement of 80% of the microcomputers and 99% of notebooks. Basically, those obsolete or out of warranty were removed from operation. Furthermore, the SPC bought in 16 printers, distributed among the inspection bureaus and the Secretariat.

The installation and start of operation of the **videoconference system** can be registered, establishing SPC communication with its bureaus (SP, RJ, MG, RS, PE) and with the Ministry of Social Security network, including INSS and Dataprev. This technology, besides allowing a narrowing of relation between SPC and its Offices, has collaborated for the follow-up of Dataprev's projects of systems under development and for the performance of audiences with some closed private pension entities. The solution contributes for the decrease in expenditure with hotels and air tickets, besides avoiding loss of time with dislocations.

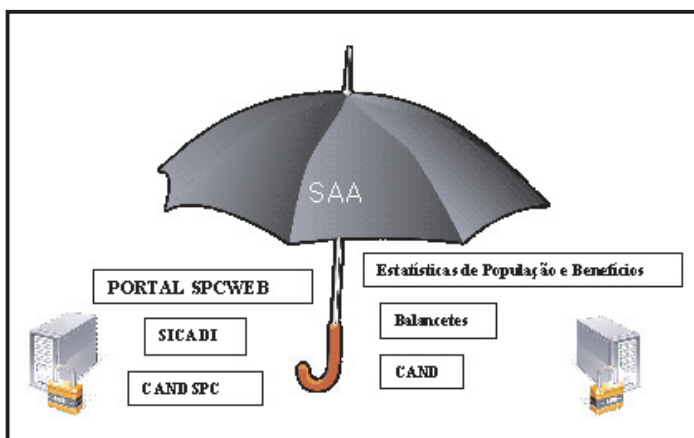
### **XI.1 SPC Gateway**

As for the actions involving computerized systems for SPC, the highlight is, within the Pension Funds Modernization Program (PMPC), for the implementation of the new page of SPC systems on the Internet (see figure 2). It admitted the several systems under development, delivered in 2008, and incorporated other functions which were already under production, resulting in gain of quality and security, from the moment they started enjoying the Access Authorization System (SAA).

The SPC systems site started officially operating on 23 of June of last year, supported by Regulation SPC nº 23, of 6 of May of 2008. Such computerized solution is aligned with the best practices in Information Technology (IT) adopted by the Ministry of Social Security, and constituted a great leap in quality for services offered by the SPC to its internal users and to the closed private pension entities, especially on security and transparency matters.

Nowadays, the following systems are part of the structure: Cad-SPC, Sicadi (Investments and Accounting), Cand and Population and Benefits Statistics. Besides these tools, the site also utilizes SAA and Scap for controlling user access, according to the previously established profiles.

**Figure 2 – SPC Computerized Systems Page**



Cand and CandSPC systems substituted the old natural persons and legal entities, sponsors, benefit plans (CNPB) and closed private pension entities registration. They brought the following advantages to SPC: incorporation of new information; caption of data via the Internet; transparency to the user of EFPC of which information was available on them at the inspection agency; integration with the database from the National Registration of Social Information – Cnis; perennality at the maintenance service by Dataprev; inclusion of functionality of previous analysis of statutes, regulations and adhesion conventions.

The system of accounting data caption was already in existence and is now part of the SPC Systems page with the following advantages as related to what already exists: substitution of old information sending routine via e-mail; celerity at confirmation of sending and reception of data by the SPC and by EFPC; transparency of the historical basis stored at the supervisory body; real time integration with the registration system from plans and entities.



Sicadi Investimentos is a system which was internalized by Dataprev in 2008, guaranteeing perennality at the rendering of maintenance service by the company.

The main gains for Sicadi, after its inclusion at the site were: integration with SPC registration database and, consequently, with Cnis; started counting with an access control system, SAA, which allows the individualization of user per profile and benefit plan, if the case may be.

The last system to be included to the SPC page was the population and benefits statistical data caption. With that, SPC eliminated definitively the forwarding of data by e-mail, guaranteeing to EFPC users a quick and secure sending. It is important to mention that this system started captioning data by benefit plans and not only by entity as previously. Likewise, it started to gather age and gender statistical data from members and retiree, allowing for a better view of the pension funds system and consequent comparison with systems from other countries.

The SPC page closed 2008 with 2 thousand 54 registered users, being 182 MPS users and 1 thousand 972 external users.

Besides the systems implemented at the site, other projects were conducted by Derin, namely: Scai – Writ of Infraction Control System, with scope of performing the follow-up of writs of infraction from its issuance until final determination pronounced by CGPC; Infger – Generation of Consultations and Reports. This project is being conducted by Dataprev, and in 2008, the modules Registration and Accounting were delivered; Custodiantes – Caption of data from custody centrals. The project aims at automating the data caption, storage, handling of data received from external sources; Ged – Electronic Management of Documents and Documental Management. Resulted at the elaboration of a temporality table and a classification code for SPC documents; Sippis – CNPB indexes for files and documents and registration warnings.

## **XI.2 Trainings**

It is also important to mention the effort from Derin in fomenting training activities deriving from the implementation of new systems and technical solutions.

The first training activity was performed so as to implement the new SPC Systems page. Given the complexity of the matter and the solution's innovative character, it was demanded that all closed private pension entities (EFPC) sent at least six representatives for training. These people were responsible for the multiplication of knowledge acquired during training, performed simultaneously in the cities of Brasília and São Paulo, in the period of 30 of May to 13 of June of 2008. During these three weeks, 555 representatives of EFPC and SPC servants were trained.

Besides these activities from EFPC, there was training for Dataprev multipliers and monitors, training of EFPC-Pilot and presentations aiming at resolving doubts and presenting clarifications for groups in Fortaleza, Porto Alegre, São Paulo, Rio de Janeiro, Belo Horizonte and Recife.

With objective of disseminating the utilization of the Business Objects (BO) tool for data extraction, consultations and reports from the databases from this Secretariat, training was performed for the SPC internal audience. The activities took place in the cities of Brasília, Rio de Janeiro, São Paulo, Belo Horizonte, Porto Alegre and Recife. Then, possibilities of obtainment of information from registration and accounting information were presented.

Another training activity was directed to a very restricted target-audience and aimed at the utilization of videoconference. At that time, the responsible for the operations of equipment and by the scheduling of meetings at each inspection bureau and at SPC were trained.

### **XI.3 Protocol and Files**

The Department of Institutional Affairs (Derin) has also as competency to guide the services of protocol and file from SPC. Among such services we can highlight: provide information to external and internal users regarding the situation of proceedings and documents; attend and assist external users when arriving at SPC in order to consult historical folders or proceedings regarding the entities; maintain and oversee the organization of the EFPC file and members; control the inflow and outflow of folders, procedures and documents from file and provide support to Sipps users, at handling of system problems.

In relation to the Protocol and File Service – SPA, in 2008, the following activities were developed:

- Received documents: 5,697;
- Returned documents due to lack of Standard Directing (Regulation SPC nº 13, of 2006): 117;
- Registration Warning: 4,000;
- Procedures received: 624;
- Registered folders: 256;
- Directing to MPS General File: 242 boxes, performing a total of 2,362 documents; and
- Digitalized Administrative Rules: 863.

### **XI.3.1 Documentary Management**

The SPC, by means of a work group coordinated by the Department of Institutional Affairs (Derin), is developing applications for the implementation of a tool for Electronic Document Management – GED, with purpose of mapping the work procedures and organizing the document flow at the Secretariat for Pension Funds, aiming at providing celerity to its activities of authorization and supervision from the EFPC.

## **XII – Monitoring and Control**

Product of the union of old Department of Economic Issues – Decon, responsible for follow-up of investments from the EFPC, and Actuarial Issues – Depat, responsible for the actuarial and accounting issues, as well as the General Coordination for Supervision off-site, linked to the Supervisory Department, was created, in 2008, the Department of Monitoring and Control – Democ. Its attribution is to follow and examine the constitution of technical reserves, provisions and funds, annual, actuarial and investment reports, and the operations and applications from assets from the benefit plans operated by the pension funds.

### **XII.1 Computerized Systems**

So as to perform these monitoring activities, the SPC relies on Sicadi – Investment and Accounting Data Captioning System and Draaweb for the reception of actuarial information and opinions from the benefit plans.

Here, the management of the Investment and Accounting Data Captioning System - Sicadi stands out. The system, built initially in four modules, receives in electronic form all required information for the supervision of investments from benefit plans managed by the closed private pension entities. The system receives approximately 3 thousand 500 files a month, be it related to financial standings of portfolio, be it with information from the investment funds, where the EFPC apply the assets from the benefit plans they manage.

Sicadi received on the first semester of 2008 the accounting module. Since May 2008, the sending of balance sheets from the EFPC to the SPC is performed in electronic form with use of files in **xml** format. In order to allow migration in the form of data transmission, an application was developed by Dataprev for the conversion of files from **txt** to **xml** format. On average, the accounting module receives 338 monthly files with accounting information from the previdenciary plans.

In face of the need to, after the assembly of the database, be able to extract consistent information for the follow-up and control, the SPC utilizes a tool called BO – Business Object. This tool generates and develops transactional databases called “universes”. The assembly of “universes” has been performed in conjunct form by the SPC, CGI/SE-MPS and Dataprev. The following “universes” are available for SPC utilization: Registration, Accounting, Actuarial, Sicadi/Investment Schedule and SI Anbid.

From these “universes” follow-up management reports are generated regarding the actuarial standing and the evolution of investments from the EFPC, such as:

- a) EFPC applications classified in portfolios and investment funds;
- b) investment schedule from last month, by EFPC and by benefit plan;
- c) main financial applications at the selected period;
- d) EFPC with greater participation by application segment;
- e) schedule classified by investment type;
- f) main issuer of assets from EFPC portfolios;
- g) investments by term;
- h) profitability table;
- i) document issuance registration data adequacy control;
- j) actuarial and accounting indicators with information regarding solvency of the plans; and
- k) administrative expenses by benefit plans.

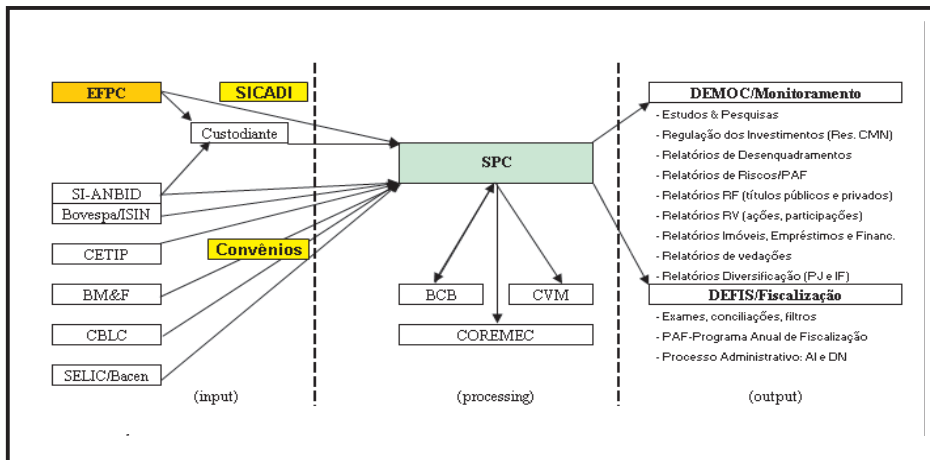
### **XII.1.1 SMC/Continuous Monitoring System.**

Since 2003, the SPC initiated the structuring of indirect Supervision and, from then on, the implementation of a continuous monitoring system (see figure 3) for investments performed by the EFPC was built and initiated, based on data provided by the liquidation and custody centrals in operation in Brazil, which are: Selic – Special System for Liquidation and Custody, managed by the Brazilian Central Bank, for Government Securities; Cetip S.A. Organized Desk for Assets and Derivatives for Private Securities and Securitized Bonds of the National Treasury; BM&FBovespa S.A. – Securities, Commodities and Futures Exchange for the Operations with Derivatives; and CBLC – Brazilian Company for Liquidation and Custody for Stocks, Variable Income Asset Options and Corporate Bonds.

Thus, the set of databases, information flows, consultations and reports is named continuous monitoring system. The continuous monitoring system has as purpose:

- follow the patrimonial and financial standing from the benefit plans managed by the EFPC;
- verify the adhesion of actions performed by the EFPC to norms in force;
- verify if the EFPC has an efficient risk management; and
- indicate opportunely the actions which seek to minimize eventual patrimonial losses from benefit plans.

**Figure 3 – Continuous Monitoring System (SMC)**



Source/Elaboratino: DEMOC-SPC.

This monitoring and control work from the SPC is inserted at the activity of indirect inspection, which has as activities: (i) organization and maintenance of databases with registration information, positions and operations with financial instruments performed by the closed private pension entities; (ii) Elaboration of studies and analysis which subsidize the direct inspection work (PAF) and that of supervision performed by the remaining SPC departments; (iii) production of reports with operations presenting evidence of irregularities; (iv) development of indicators and models allowing the follow-up of liquidity and risks from investment portfolios from entities, especially those portfolios of sure and variable income; (v) verification and consolidation of data issued by the EFPC to the SPC; and (vi) production of managerial reports.

The improvement of the SMC, which is being built at the “Custodiantes” Project has as objective to automate the reception and storage in database of files originated at the custody centrals – Selic, Cetip, BM&FBovespa/CBLC. The first module – Selic – is

already in production. There are two types of files originated from Selic: daily asset exchange and position of last business day of each semester. In 2008, for Selic, 3.015 of position were received. The next stage of the Project consists on the reception and automatic storage of files originated from Cetip and BMF, as well as migration from legacy base.

An important function of the monitoring and control activities is that of subsidizing the direct inspection actions. In 2008, 48 supervision kits were set up, composed of files with information regarding the benefit plans which were supervised during the period, in accordance to the Annual Inspection Plan (PAF).

The *kits* are composed of the following files:

- a) movement and position data from federal government securities registered at Selic and definitive operations data with government securities parameterized with prices indicated by Andima;
- b) data from derivative operations registered by the BM&F (Tables issued: Assets, Guarantees, Releases, Businesses, Open Position, Swap Prize, Swap and Term);
- c) data from movement and position of government securities and privates registered at Cetip.

## **XII.2 Accounts Plan**

Another important activity developed in the scope of monitoring and control was the coordination of the Accounts Plan Thematic Commission, created in the CGPC scope, at proposal from the Secretariat for Pension Funds, by Administrative Rule MPS/CGPC nº 60, of 28 of February of 2008, which purpose was the elaboration of proposal of review of general norms regulating the accounting procedures from closed private pension entities.

The works from the Thematic Commission were oriented to the resolution of main issues identified at the present accounting norm applied to the EFPC, and proposed the following adjustments:

- a) creation of countersigns and definition of accounting procedures so as to enable the registration of applications deriving from the appearance of new modalities of investments, in face of the need of detailing of operations, as well as the obtainment of increased transparency;
- b) definition of accounting structure in order to register the administrative expenditures, aiming at standardization, comparability and transparency of the administrative management;
- c) adequacy of standard accounting planification of the EFPC with accounts plan from the National Agency for Supplementary Health (ANS), considering the existence of 29 entities which operate health assistance plans;

- d) evaluation of accounting treatment for the registration of doubts from the sponsor to the EFPC;
- e) elimination of the accounting structure segregated by programs, as well as inter-program transfers, and the institution of follow-up by management;
- f) permission for the elaboration of bookkeeping in electronic digital format, in accordance to rules from the Federal Council for Accounting; and
- g) creation of new statements with the purpose of improving the released accounting information, besides adapting the accounting from the segment to better national and international practices (IAS nº 26/1994).

Therein, the proposed guidelines for works of review of the new accounts plan determined that it was structured for the [pension funds business, health assistance (art. 76 of LC 109, 2001) and administration of benefit plans]; that it would observe the accounting principles and the convergence to international norms and practices; that it would be aimed at the benefit plan and would provide information to the internal and external public, that is, would offer greater transparency, visibility and comparability.

Thirteen entities representative of the pension funds and accounting segments were invited to take part of the Commission, and also public agencies. The following institutions accepted the invitation to take part of the referred TC: Abrapp, Anapar, Anepe, ANS, Apep, CFC, IBA, Ibracon and Sindapp.

Through 2008, the Thematic Commission performed seven meetings. In order to conclude works the Commission constituted a sub commission, composed of members indicated by the participating institutions, with the objective of aiding at the elaboration of the general norms, accounts list and accounting statements.

The result was presented to the CGPC and, at meeting performed on 24 of November of 2008, solicited the execution of a public hearing in December. The matter was again taken to the CGPC on 15 of December, considering the Resolution, but its approval was adjourned to January 2009, when, finally, the Council passed Regulation nº 28, of 26 of January of 2009.

The anticipated date for enforcement of the new rule is 1 of November of 2010, period considered adequate to the necessity of adaptation of the EFPC's systems and service companies. The SPC, with help from Dataprev, shall have the same period to effect the adjustments and testes on its data caption systems.

### **XII.3 – Technical Analysis**

In 2008, 73 technical analyses were elaborated. Amongst the elaborated analysis, it is important to highlight those that dealt with the following issues: day trade operations; leverage; real estate financing; benefit plans registration analysis; classification plans; private operations with stock in market; and rendering of information (Bacen, STN/MF, TCU; National Congress; OCDE).

The technical analysis is also mentioned, still under construction, performed under the profile of investments from an entity, project pilot to be developed along with the Supervisory Department. The objective of the project is to perform, previous to direct inspection activities, an analysis of the investments from the benefit plans managed by the EFPC included at the Annual Inspection Plan (PAF).

## **XII.4 Agreements**

In 2008, the SPC celebrated three new agreements of information exchange with entities and associations from the market and government agencies:

- (i) Term of Technical Collaboration with the **National Association of Market Institution Institutions – Andima**, which has as objective the exchange of consolidated financial information and the offer, by Andima, of vacancies in educational activities for the SPC staff;
- (ii) Joint-Regulation with **ANS – Supplementary Health National Agency** from the Ministry of Health, which has as objective the joint supervision of the health assisting plans operated by the pension funds, under terms of art. 76 of Declaratory Statute nº 109, of 2001;
- (iii) Term of Technical Collaboration with the **Anfip Foundation for Social Security Studies**, with objective of organizing the Thesis Competition – SPC 30 years, aiming at stimulating research and the elaboration of technical works in the pension funds area.

Besides these new terms of information exchange, the SPC also handled the execution and operation of signed agreements since 2003, and which are important sources and databases for monitoring and control of pension funds operations, which are:

1. **Cetip S.A Assets and Derivatives Organized Desk;**
2. **BM&FBovespa/CBLC – Code ISIN;**
3. **SI-Anbid – Investment Banks National Association;**
4. **Brazilian Central Bank;** and
5. **Securities Commission:** five meetings of the agreement were performed, which had the purpose of exchanging information in regards to the regulation and supervision of entities, besides CVM and SPC intersection and actuation areas. Also in 2008 meetings from the GT/Inspection Work Group were initiated, with purpose of discussing, with more depth, the issues related to the supervision of the stock market and actuation of the institutional investors.



## **XII.5 Interlocution with the Financial Market and Private Pension Funds**

The SPC participates in institutional meetings which have as subject issues of EFPC interest, more specifically at issues of its competency. In 2008, the SPC, via Democ participated, as guest:

- (i) of two meetings of the **National Technical Commission of Investment from Abrapp**, with main subject CMN Regulation nº 3.456/2007;
- (ii) meeting with the **Previdenciary Products Sub Commission from the Investment Banks National Association – Anbid**, over the possibility of review of CMN Regulation nº 3.456/2007;
- (iii) meeting with Deliberative Body and Regulation Committee from the **Brazilian Association of Private Equity & Venture Capital – Abvcap**.
- (iv) Meeting with the **Brazilian Institute for Corporate Governing – IBGC**, with the objective of understanding the certification project of enterprises administration counselors, under development at the institute.

## **XII.6 Work Groups**

In 2008, with the objective of refining the monitoring and control activities, two work groups (GT) were set up at SPC, so as to handle actuarial and registration aspects from the benefit plans managed by the EFPC:

- Actuarial GT: technical debates regarding the destination of the term result – art. 20 and 21 of LC 109; review and restructuring of Regulation CPC 06/88 which provides for the sponsorship withdrawal.
- Registration GT: improvements at the EFPC registration database, plans and managers.

## **XIII – Fomenting**

A state action in order to strengthen and disseminate the pension funds culture in Brazil is performed by means of actions of development and fomenting of new benefit plans and pension funds.

Complementary Law nº 109, of 2001, itself at incise II of article 3rd, provides for the satisfaction of the supervision activities with the previdenciary and social development and economic-financial policies from the Country.

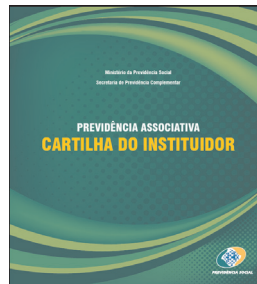
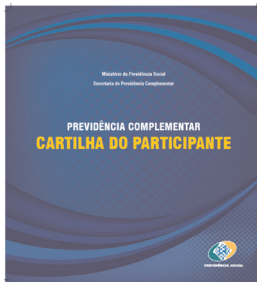
Since 2003, SPC's fomenting actions to stimulate the pension funds system have been countless. These are the 2008 actions:

- (i) celerity at the **authorization of new adherence conventions, implementation of new EFPC and new benefit plans** (see Licensing/Authorization section);
- (ii) educational programs on pension funds at **Rádio Previdência** (Previdenciary Radio) from the Ministry of Social Security;



[http://www.previdencia.gov.br/radio\\_previdenciaComplementar.php](http://www.previdencia.gov.br/radio_previdenciaComplementar.php)

- (iii) Elaboration of new **textbooks** “Pension Funds: Members” and “Associative Pension Fund: Institutor” (see following figures);



- (iv) **institutional video**, on the evolution of pension funds in Brazil;



VIDEOS

VIDEO01



Previdência Complementar

(see <http://www.tvcoletiva.com.br/complementar.html>);

- (v) SPC/MPS commemorative event on the **Five Years of the Associative Pension Fund**, performed on 17 of July of 2008, in Brasília-DF. The act was attended by representatives of various institutor entities and authorities from the Ministry of Social Security. The associative pension fund stands out as it introduces the possibility of institution of closed class plans, associations and unions, from the figure of the institutor, contributing to the expansion of the closed systems of pension funds. Nowadays, the associative pension fund has already been assimilated by several important segments from the Brazilian society.



## XIV – Financial Education

The financial education is today constant subject at national and international forums. The development and integration of the financial markets, the availability of more complex financial products, the technological progresses and new electronic delivery channels increase the scope of services offered and the means by which they are available, making difficult the determination by part of the population. Govern authorities, multilateral agencies, private enterprise segments, non governmental organizations and educators discuss how to increase the level of understanding of financial products and services.

This way, the Financial, Capitals, Insurance, Pension Funds and Capitalization Markets Regulation and Inspection Committee – Coremec, made up by the Brazilian Central Bank, Securities Commission – CVM, Secretariat for Pension Funds – SPC and Superintendence of Private Insurance – Susep, created in May 2007, a Work Group (GT) with the purpose of proposing a “National Strategy for Financial Education – Enef”, with indication of actions in order to elevate the level of financial education in the Country.

The GT counted with support from private entities for the execution of its activities. The partnership allowed the GT to request a research for measuring the degree of financial education from the Brazilian population and the creation of the [www.vidaedinheiro.gov.br](http://www.vidaedinheiro.gov.br) website for registration of financial education actions existent in Brazil.



In 2008, so as to subsidize the definition of actions from Enef, the GT members participated in two Financial Education International Congresses. By invitation of the Organization for Economic Co-Operation and Development – OCDE, Brazil participates in the International Network for Financial Education – INFE, presently composed of 60 countries, which objective is to promote the exchange of experiences and initiatives for financial education.

The studies performed by the GT indicate that the financial education must have adults and children as target audiences. Adults – target of several actions to be implemented shall be segmented according to each one of the financial education subjects. The children will be educated in schools. In order to develop financial education in schools, the GT, in partnership with the Ministry of Education – MEC, educational institutions, entities representative of the educational systems and financial institutions, constituted the Pedagogical Support Group – GAP, which developed a report with the pedagogical aspects to be followed by the educational institutions.

In September 2008, with the objective of providing exposition to the financial education project in schools, an international seminar was held: “Brazil: The financial education in schools”, which had the participation of professors, educators and secretaries of education. During the seminar, experiences of projects of financial education in schools from New Zealand and the United Kingdom were narrated.

Still in the GT scope, the SPC held studies on the possible ways of governing from Enef and proposed the creation of a foundation, of private law, with the participation of governmental agencies and private institutions, responsible for the execution and coordination of ENEF. The final work from the GT will be presented to Coremec until the 29 of May of 2009.

The previdenciary education is an integral part of the financial education. The researches and national and world census indicate a constant increase at the longevity rate from the population. The research of synthesis of social indicators of 2007, published by the IBGE, indicate that the Brazilian life expectancy, when born, increased 3.4 years in one decade, reaching 72.7 years in average. Such higher longevity requires from individuals planning for the future and analysis of the best date for retirement, as this may impact considerably the level of future benefits.

It is elemental, thus, that people be aware that the decisions taken in life impact the level of future income and individual and family well-being.

From SPC proposal, the Pension Fund Management Board – CGPC edited, on April 2008, Recommendation nº 01. Such Recommendation orients the Secretariat to elaborate a plan, of multiannual character, containing financial education actions to be developed individually or in partnership with other governmental agencies. The same norm suggests, still, that the closed private pension entities promote actions and programs of previdenciary education for its members and retiree. The actions must capacitate the individuals for determination at the financial and previdenciary areas.

The SPC also elaborated a draft of the Administrative Rule which created the Previdenciary Education Program from the SPC – Educom. Administrative Rule nº 418, of 18 of December of 2008, from the Ministry of Social Security, establishes an education program with the objective of informing and making aware the Brazilian population in regards to the importance of Social Security, offering conditions for people to reflect on the individual responsibility for the financial and previdenciary planning.

Among the possible actions to be developed by the SPC the confection and distribution of textbooks can be mentioned, also the development of distant education courses, the development of tools (simulators and calculators) and the execution of courses and lectures.

## **XV – Participation in national collegiate agencies and international forums**

### **XV.1 National Participation**

Besides its regimental attributions, the SPC also develops institutional participation actions in several national collegiate agencies (11), which deal with subject directly or correlated to the development of pension funds, knowingly:

- CGPC – Pension Funds Management Board from the Ministry of Social Security;
- CNPS – National Board for Social Security from the Ministry of Social Security;
- CONAPREV – National Board of Managers from Private Systems of Social Security from the Ministry of Social Security;
- CSS – Chamber of Supplementary Health from the Ministry of Health;
- CNSP – National Council of Private Insurances from the Ministry of Finance;
- GTMK – Stock Market and Long Term Savings Work Group (Inter-Ministerial Administrative Rule from the Ministries of Finance, Planning and Social Security n<sup>o</sup> 210, of 2003);
- COREMEC – Financial Market, Capitals, Insurance and Pension Fund Regulations and Inspection Committee from the Ministry of Finance: Work Group for the development and proposal of a “National Strategy for Financial Education”; and Work Group on bank secrecy so as to present suggestions of amendments to PLS n<sup>o</sup> 229, of 2006, altering LC n<sup>o</sup> 105, of 2001;
- COAF – Council for Financial Activities Control from the Ministry of Finance;
- Tributary Reform Work Group from the Ministry of Finance;
- ENCCLA – National Strategy for Combating Corruption and Money Laundering from the Ministry of Justice; and
- (market) ANDIMA – Financial Market Institutions National Association: Work Group for Secondary Market of Government Securities; and Benchmarks Commission.

## **XV.2 International Participation**

### **1. Work Party on Private Pensions / OCDE**

The Secretariat for Pension Funds participates, since 2003, as observing member of the Work Party on Private Pensions (WPPP), at the Insurance and Private Pension Committee from the Organization for Economic Co-Operation and Development (OCDE), headquartered in Paris. The Committee gathers representatives of over thirty countries and international organizations such as the IMF, World Bank and the International Social Security Association.

Being an observing member of the mentioned Group, the Secretariat for Pension Funds received an invite from the Ministry of External Relations to take part on the Inter-Ministerial Group on Brazil's Participation at the Organization for Economic Co-Operation and Development (GT-OCDE), which describes the future directions for effective participation from the Brazilian Government at the OCDE. In May 2008, Itamaraty sent an invitation to the Department for the analysis concerning the thematic groups where this Secretariat would have interest in participating. In that occasion, Group I was identified which follows themes related to Invisible Current Operations, Movement of Capital, Financial Markets, International Investment, Multinational Enterprises, Supervisory Issues and Insurance.

### **2. IOPS – Private Pension Fund Supervisors International Organization**

Since 2007, the SPC participates as a member, of IOPS. Headquartered in Paris, this organization gathers representatives of pension fund Supervisory Bodies of more than seventy countries.

For 2009, IOPS, along with WPPP/OECD, plans to organize in Brazil the *2009 Global Forum on Private Pension*, from 14 to 16 of October of 2009.

### **3. AISS – International Social Security Association**

As of January 2008, the SPC started occupying one of the vice-chairs of the Investments Technical Commission for the International Social Security Association (AISS), with headquarters in Geneva. The Association congregates approximately 350 private and social securities state agencies, of more than 160 countries. SPC term will have the duration of three years.

### **4. OISS – Iberian American Social Security Organization**

The SPC took, as of 2005, the presidency of the Plans and Pension Funds Commission from the OISS, entity with more than fifty years of existence, to which the Ministry of Social Security is associated.

SPC/MPS international insertion at the four mentioned organizations occurred from 2003. It was a natural action, in face of Brazil possessing, in absolute terms, the eight private pension fund in the world, a model volunteer and complementary to a basic system of Social Security.

The international organizations from which the Secretariat participates as a member or observing-member publish works related to private pension fund at world level, requiring statistical data for their execution. The SPC has responded to all solicitations (questionnaires) issued by the organizations, as the Secretariat considers important its effective collaboration and participation at the international agencies from which it takes part, once it may have access to the international figure of such surveys and, that being the case, adapting to the reality of the Country's pension fund system.

At these international technical meetings (see figure 2) the great contemporaneous issues from the financial market and especially from pension funds. The experience has been extremely profitable due to the huge international interest generated by the unique characteristics from the Brazilian previdenciary system. As a result, intense exchange of international experiences and practices occurs which contribute actively for the improvement of our system.

The cooperation from the SPC with the OCDE makes viable the access to technical articles produced by the referred organization over issues of interest to the Secretariat (licensing, inspection, investment rules, actuarial premises, solvency and liquidity of the Previdenciary plans of pension funds), which are made available to the SPC technicians. Such practice contributes substantially to the absorption of new tendencies and current practices at other markets.

The Secretariat for Pension Funds is interested in improving the supervision mechanisms of pension funds, by means of international exchange information and experiences so as to guarantee better regulation and good governing from the closed private pension entities, and improving the knowledge on foreign systems.



**Picture 2 – International Participation of the Secretariat for Pension Funds in 2008.**

Nº	Dates	Venue	Evento/Reuniões Técnicas
1	29 and 30 of January	Geneva – Switzerland	“International Social Security Association (ISSA)” Technical Commission Forum
2	12 and 14 of March	Asunción – Paraguay	XIV Iberian American Social Security Congress
3	06 and 08 of May	Washington – USA	OCDE International Conference on Financial Education – American Treasury
4	23 and 24 of June	Paris – France	OCDE 19th Session from the Work Group on Private Pension Funds
5	13 and 24 of October	Madrid – Spain	Masters in Pension Funds Management – OISS
6	29 of October to 01 of November	Mombasa – Kenya	IOPS – OCDE Global Forum on Private Pension Funds
7	20 to 23 of October	Bali – Indonesia	International Conference on Financial Education OCDE – Bank of Indonesia
8	01 and 02 of December	Paris – France	20th Session from the Work Group on Private Pension Funds
9	11 to 12 of December	Quito – Ecuador	Iberian American Meeting – “Pension Fund Investments and Economical and Social Development in Iberian America”

*Source: SPC.*

In 2008, advanced at the SPC, via ABC Brazilian Cooperation Agency from the Ministry of External Relations, the future celebration of the Reference Term with the World Bank and the First Initiative, for the performance of work aiming the supervision models from the pension funds and accelerate the process of implementation of the SBR/Risk Based Supervision.

Finally, the SPC participated in Brazil of three international events dealing with pension funds, knowingly:

- MPS/OCDE International Conference (organization), in May 2008, in São Paulo-SP;
- Iberian American Conference on Social Security/SPS-MPS, in November 2008, in the city of Salvador-BA; e
- International Seminar, “Brazil: Financial Education in Schools”, in October 2008, in Brasília- DF.

## Annexes

### 1. Planning

The Secretariat for Pension Funds (SPC/MPS) has under its responsibility program 0086 – PPA Complementary Pension Funds – Federal Government Multi-Annual Planning, with objective of guaranteeing the security, solvency and liquidity from the benefit plans administered and operated by the closed private pension entities (EFPC), aiming at assuring to members the benefits hired at the according plans.

The actions executed by the Unit within program 0086 – Pension Funds, in 2008, are the following:

**Figure 3: Budgetary actions under responsibility of SPC/MPS – 2008 term.**

Action	Description
2592	Pension Fund Entities Supervision
90C4	Authorization and Analysis of Statutes, Plan Regulations and Adhesion Contracts from Closed private pension entities
2286	Training of Servants in the Pension Funds area
2A43	Studies and Researches at the Pension Fund System
2290	Pension Funds Management Board Operation
2272	Program Management and Administration
10S7	Modernization of Processes of Supervision and Authorization of Closed Private Pension Entities

*Source: Sigplan*

The following figure, extracted from the Sigplan System, presents the product of each one of these actions, as well as the physical and financial goals planned, and the percentages of execution until the month of December 2008.

**Figure 4 – Percentage of Execution of SPC Actions  
in 2008 (Amounts in R\$)**

Action (7)	Description	2008 Term					
		Planned		Executed		% Execution	
		Physical	Financial	Physical	Financial	Physical	Financial
2592 – Supervision EFPC	Benefit Plan supervised	164	3.215.141	140	394.982,	85,37	12,29
90C4 – Authorization and Analysis of Statutes, Regulations of Plans & Adhesion Contracts from EFPC	Authorization granted	998	Ação não orçamentária	938	Ação não orçamentária	93,99	–
2286 – Capacitation of Servants at the Complementary Pension Fund area	Capacitated Servant	138	299.400	191	72.000	138,41	24,10
2A43 – Studies and Researches in scope of Complementary Pension Fund	Study performed	2	100.000	0	0	0	0
2290 – Operation of Complementary Pension Fund Management Board	Study performed	12	212.720	11	63.980	91,67	30,94
2272 – Management and Administration from Program	–	–	2.396.220	–	475.770	–	24,43
10S7 – Modernization of the Supervision Processes and Authorization Benefit Plans and EFPC	System implemented	2	1.000.000	0	27.241	0	2,72

Source: Sigplan

## 2. Budget

From the budgetary point of view, the Secretariat for Pension Funds had approved its 2008 Annual Budget in amount of R\$ 6 million (see Table 15).

However, as contingency, the financial forecast was of only R\$ 1.1 million, having the execution of 91%, for the pension fund program.

**Table 15 – 2008 Budget from the Secretariat for Pension Funds**

Unit: National Secretariat for Pension Funds – SPC 330011

Discrimination	Approved LOA	2008		
		Limit Exertion	Contingency	Paid
	6.916.005,00	1.150.000,00	R\$ -5.766.005,00	R\$ 1.048.474,00
<b>1. International Organizations Management</b>	<b>24.700,00</b>	<b>10.000,00</b>	<b>-14.700,00</b>	<b>14.500,00</b>
Contribution IOPS	14.500,00			14.500,00
Contribution OCDE	10.200,00	10.000,00		0,00
<b>2. Management and Administration of Program</b>	<b>2.064.044,00</b>	<b>540.100,00</b>	<b>-1.523.944,00</b>	<b>475.770,00</b>
Daily Rates				151.417,00
Tickets				256.341,00
Other services third parties PF				612,00
Other services third parties PJ				800,00
Indemnities				66.600,00
<b>3. Capacitation of Staff in the Pension Funds Sytem</b>	<b>299.400,00</b>	<b>75.000,00</b>	<b>-224.400,00</b>	<b>72.000,00</b>
Daily Rates				10.908,00
Tickets				17.549,00
Other services third parties PJ				42.763,00
Expenditures from Previous Terms				780,00
<b>4. Operation of the Pension Funds Management Councils</b>	<b>212.720,00</b>	<b>66.900,00</b>	<b>-145.820,00</b>	<b>63.978,00</b>
Daily Rates				682,00
Tickets				17.163,00
Other services third parties PF				1.804,00
Other services third parties PJ				43.562,00
Indemnities				767,00
<b>5. Supervision of Pension Fund Entities</b>	<b>3.215.141,00</b>	<b>401.000,00</b>	<b>-2.814.141,00</b>	<b>394.984,00</b>
Daily Rates				127.408,00
Tickets				193.837,00
Transportation Indemnities				45.902,00
Equipments and Permanent Material				27.837,00
<b>6. Studies and Research in the Pension Funds Scope</b>	<b>100.000,00</b>	<b>0,00</b>	<b>-100.000,00</b>	<b>0,00</b>
<b>7. Modernization of Processes of Supervision and Authorization of Benefit Plans and EFPC</b>	<b>1.000.000,00</b>	<b>57.000,00</b>	<b>-943.000,00</b>	<b>27.242,00</b>
Daily Rates				4.372,00
Transportation Indemnities				8.951,00
Equipments and Permanent Material				13.919,00

Source: SPC/MPS.

### 3. Administration

The SPC has a Coordination of Administration (Corg), which is a sector structurally linked to the Department of Institutional Affairs and Organization (Derin). Summarizing, its purpose is to provide administrative support to the Office, Departments, Supervisory Bureaus and to the Pension Funds Management Board (CGPC), providing them logistic support and providing the necessary subsidies for the development of their activities. It also functions as the link between the several sectors of the MPS on the issues related to their attributions, notably with the Minister's Office, Executive Department, Human Resources, General Services, Budget and Finances.

The Social Security Ministry of State by means of Administrative Rule n° 346, of 13 of September of 2007, delegated competency to the holders of units from the MPS or to its legal substitutes, so as to authorize and order travel expenses, daily rates and tickets from their casual servants and collaborators in object of service.

The administrative attributions are intermediated by the Siafi (Financial Administration Integrated System) and Siasg (General Services Integrated System) systems, at the issuance of documents such as: Entry Bill, Bank Orders, DARF, DAR (ISS) and Pawn Bills. It is up to Corg the management of the capacitation action in the area of pension funds (PPA/Sigplan), of service rendering contract management at the organization of events and of co-management of the air ticket provision contract (Eurexpress).

The group of routine actions performed at Corg/SPC scope comprehends a wide range of activities destined to administratively support the SPC, among which we highlight and quantify the principal:

## 3.1 – Main Activities

### 3.1.1 – Financial Sector

*Figure 5 – Relation and quantity of activities from the SPC administrative-financial sector in 2008.*

Item	Activities	Quantitative/Year
01	Analysis, conference and payment of national invoices.	69
02	Analysis, conference and payment of international invoices.	09
03	Issuance of RE for issuance to the Bank	138
04	Process on recovery of airplane tickets	09
05	Processes on recovery of bus tickets	02
06	Processes on recovery of tickets induced by no programmed Alterations	11
07	Payment of National Daily Rates – SCDP and Siafi	2.532
08	Payment of International Daily Rates – Siafi	81
09	Payment of National Tickets – SCDP and Siasg	640
10	Payment of International Tickets – Siasg	11
11	Issuance of Exertion Notes	24
12	Issuance of Bank Orders	771
13	Entry of tickets performed for Siasg control	1.135
14	Consultations to Sicafi	12
15	Tax Retainer	205
16	Duties Retainer	890
17	Update List of Responsible	12
18	Register of Management Conformity	102
19	Publication of daily rates and tickets at the Service Report	12

Source: SPC/MPS

### 3.1.2 – Information Area

**Figure 6 – Relation and quantity of activities from the SPC administrative sector in the area of communication in 2008.**

Item	Activities	Quantitative/Year
01	Formalization of Processes	324
02	Numbering and Issuance of Notice	4.324
03	Numbering and Handling of Memorandums	1.311
04	Elaboration, control and transmission of Faxes	373
05	Reception and distribution of Faxes	226
06	Elaboration, Numbering and Transmission of Administrative Rules and other normative acts signed by the Secretary/SPC to the National Press, via the Article Electronic Issuance – EEM	2.830
07	Issue Processes for the MPS sectors via SIPPS	847
08	Reception of invoices and handling for test at sector in charge	86
09	Control invoices referring to telephone utilization	12

Source: SPC/MPS

### 3.1.3 – Staff Area

**Figure 7 – Relation and quantity of activities from the SPC administrative sector in the area of staff in 2008.**

Item	Activities	Quantitative/Year
01	Exchange along the Coordination-General of Human Resources/MPS	8 Meetings
02	Procedures, at internal scope, as to the allotment and removal of servants	09
03	Procedures, at internal scope, as to the allotment and removal of servants	18
04	Elaboration, follow-up and control of vacation Schedule of SPC Servants with the CGRH/MPS	52
05	Activity of document reproduction	505.400

Source: SPC/MPS

### 3.1.4 – Budget

**Figure 8 – Relation and quantity of activities from the SPC administrative sector in the area of budget in 2008.**

Item	Activities	Quantitative/Year
01	Elaborate Budgetary Proposal from the Department Office	01
02	Consolidate documentation from departments and CGPC for elaboration of annual Budgetary Proposal from SPC	01
03	Elaborate statements figure of expenditures and other statements of budgetary and financial execution from the Secretariat	06
04	Provision, follow and control the resources forwarded to DAF/CGLSG and CGRH with objective of attending the budgetary and financial necessities from the SPC	36
05	Budgetary and financial movement (SCO)	66

Source: SPC/MPS

### 3.1.5– Material

**Figure 9 – Relation and quantity of activities from the SPC administrative sector in the area of material in 2008.**

Item	Activities	Quantitative/Year
01	Execute the finding of necessities, consolidate solicitations and control the distribution of consumption and permanent material in scope of SPC and Inspection Bureaus	Consumption: 45 Permanent: 06
02	Follow the physical inventory referring to the patrimonial estate from the Department, as well as the execution of repair and conservation services of goods property of the Ministry, located at the SPC	Inventory – 2 Repairs – 7
03	Follow alterations in layout, presentation of services and execution of constructions	Alterations – 11

Source: SPC/MPS



#### 4. SPC Attendance and Internal Meetings

**Table 15 – Internal and external meetings performed by the SPC Board of Directors and Offices, in 2008.**

Meetings	Jan	Fev	Mar	Abr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez	Total
1. Internal (SPC/MPS Office and Departments)	10	17	40	77	82	76	84	103	94	100	80	54	817
2.1 External (Market Associations Public Agencies) – Executive Order n° 4.334, 12/Aug/2002	1	8	6	10	21	11	15	32	19	40	33	25	221
2.2 Pension Funds (Executive Order n° 4.334, 12/aug/2002)	19	10	17	36	25	33	51	50	33	52	35	24	385
<b>Sub-Total (2)</b>	<b>20</b>	<b>18</b>	<b>23</b>	<b>46</b>	<b>46</b>	<b>44</b>	<b>66</b>	<b>82</b>	<b>52</b>	<b>92</b>	<b>68</b>	<b>49</b>	<b>606</b>
<b>Total (1) + (2)</b>	<b>30</b>	<b>35</b>	<b>63</b>	<b>123</b>	<b>128</b>	<b>120</b>	<b>150</b>	<b>185</b>	<b>146</b>	<b>192</b>	<b>148</b>	<b>103</b>	<b>1.423</b>

Source: SPC/MPS



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