



Migrant Pensions: Leveraging the **SIMPLE** Success of Brazil's Innovations to Solve a Global Issue

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Agenda: Migrant Pensions – A Possible Solution?

1. The Challenge for Migrants and Size of Problem
2. Brazil's RendA+ and Educa+ Innovations (and How Digitalization = Financial Inclusion)
3. A Possible Solution
4. Why It is a Win/Win/Win

A Simple, Low-Cost, Modification to an Existing Security, and Leveraging the Blockchain, Could Quickly Address Many Challenges Migrants Face in Achieving Retirement Security

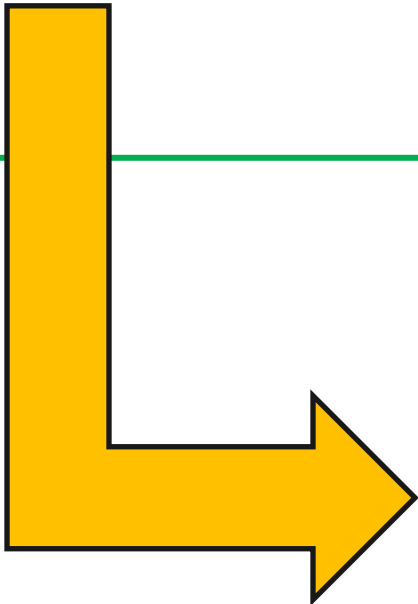


Migrant/Stateless Retirement Security:

Size of the Problem (> 100 Mn)

The Top Origin Countries for Migrants include a diverse group from Asia, Mexico and Russia.

- **India:** 17.9 million
- **Mexico:** 11.2 million
- **Russia:** 10.8 million
- **China:** 10.5 million
- **Syria:** 8.5 million



Country	Percentage of Population (%)
UAE	94%
Qatar	81%
Kuwait	71%
Bahrain	63%
Oman	52%
Singapore	43%
Saudi Arabia	37%
Jordan	32%
Lebanon	30%
Australia	30%

Country	Number of Migrants
United States:	51 million
Germany:	15.8 million
Saudi Arabia:	13.5 million
Russia:	11.6 million
United Kingdom:	9.4 million
Spain:	6.8 million



Who Takes Care of Them? Vilified By Politicians
Critical To Solve as this is a Growing Crisis (and Leading to Political Upheaval)



Migrant/Stateless Retirement Security:

Nature of Work and Absence of “Home” Country

- ❖ Informal Work – Cash-based and Hence No Access to Formal Systems
- ❖ Low Financial Literacy
- ❖ Come from Countries with Weak Currencies/Economies
- ❖ Often Unbanked Because Scared of Retribution/Deportation
- ❖ Stateless (e.g., Palestinians in Jordan) For No Fault of Their Own
- ❖ May Have Been Employed in Many Countries and Retire in Another



Yet the Goal is: Be Able to Maintain Pre-Retirement Lifestyle until Death

Need an “Out-of-the-Box” Solution



Going to Have to Be Transnational = Need An Enlightened Agency (UN, ILO, MDBs)

Critical To Solve as this is a Growing Crisis (and Leading to Political Upheaval)



Sidebar on “Wealth” As Objective

Finance Theory Starts With Wrong Objective

Assumes that “Investors Want to Maximize Utility of Wealth” - We Need Income

“If a man is proud of his wealth, he should not be praised until it is known how he employs it.”

Socrates



“When it is obvious that the goals cannot be reached, don't adjust the goals, adjust the action steps.”

Confucius



We Care About Retirement Income = Relative Wealth (Not Absolute Wealth)

Book: “Investment Theory and Practice: It’s All ‘REAL-ACTIVE’”

<https://repository.library.georgetown.edu/handle/10822/1088947>



Sidebar: DC Pension Plans Have Multiple Challenges

Could Lead to Widespread Retirement Problems

- ☒ **Risk** transferred to Individuals (one lifetime)
- ☒ **Complex Decisions** transferred to individuals
 - ☒ How much to save?
 - ☒ How to Invest: What to buy? How much? Rebalancing?
 - ☒ How best to decumulate? What annuity to buy?
- ☒ **Financial Illiteracy** confounds decision-making
- ☒ **High Cost** from involvement of multiple parties
- ☒ **Declining Real Payments** with Nominal Annuities
- ☒ **Informal Employment**



➔ **But Goal Unchanged: Seek Guaranteed Real Retirement Income;**
Not Guaranteed Return on Investment!! TEKA MUST ADDRESS THIS ISSUE

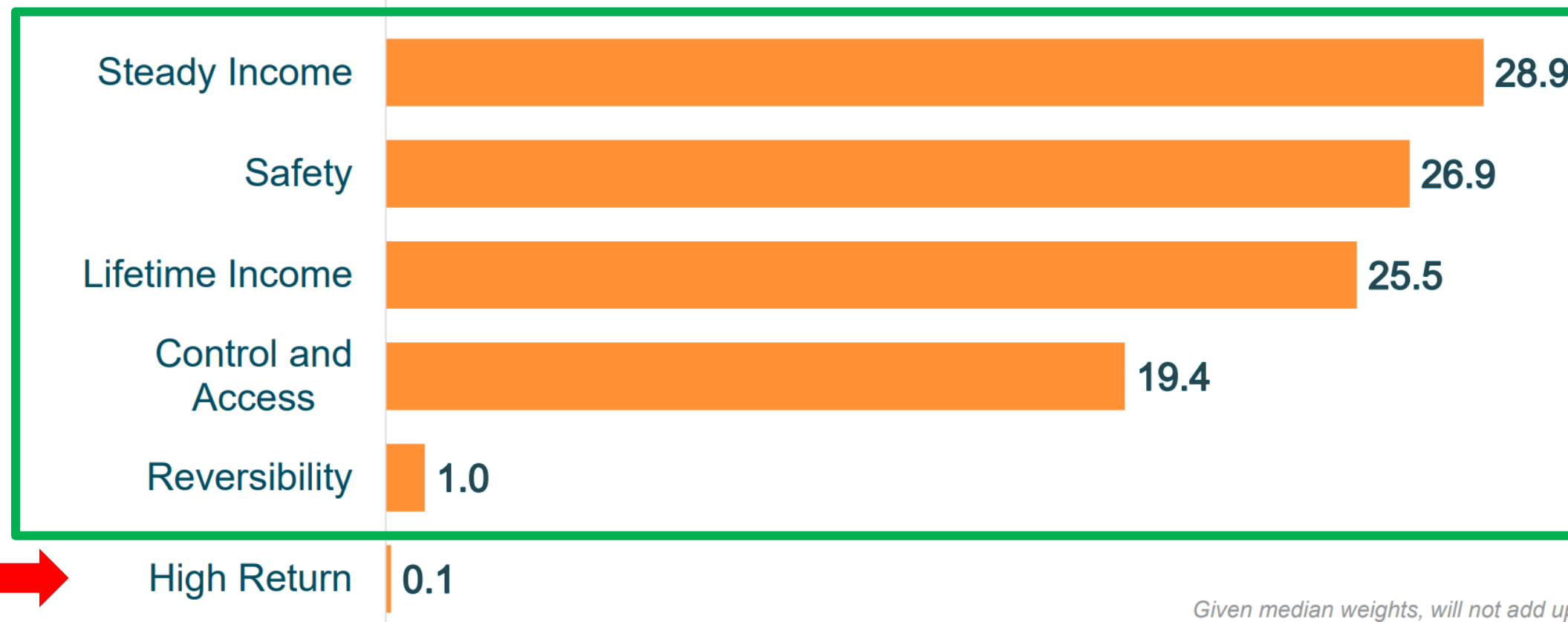
DC Pension Plans: What Do Individuals Want?

Clear Preference for Steady, Lifetime Income; Safety and Control

Not Guaranteed Return in APY



MEDIAN PREFERENCE WEIGHTS



Given median weights, will not add up to 100%.



Case Study: Brazil – (Award-Winning) RENDA+

On January 2023, the Tesouro Direto Program launched RendA+, a new bond to complement investors' Retirement from Social Security

As of Nov 2024, the new bond has already reached

more than R\$ 2.8 billion in outstanding (appx.)

104,000+ investors , INCLUDING 20,000+ NEW INVESTORS = FINANCIAL INCLUSION

All done on a **SIMPLE APP = DIGITALIZATION (ALLOWS TO BE GLOBAL/MOBILE)**

Can purchase in slices of as little at A\$1 at a time = **DEMOCRATIZE**

For Education Bond – each recipient of cash flows has a QR Code



Congrats to [#Brazil Tesouro Nacional](#) and [B3](#), selected as runner-up for [Pensions & Investments #WorldPensionSummit](#) in the "Pension fund design and reform" award category. This innovation is going to be adopted/adapted around the world

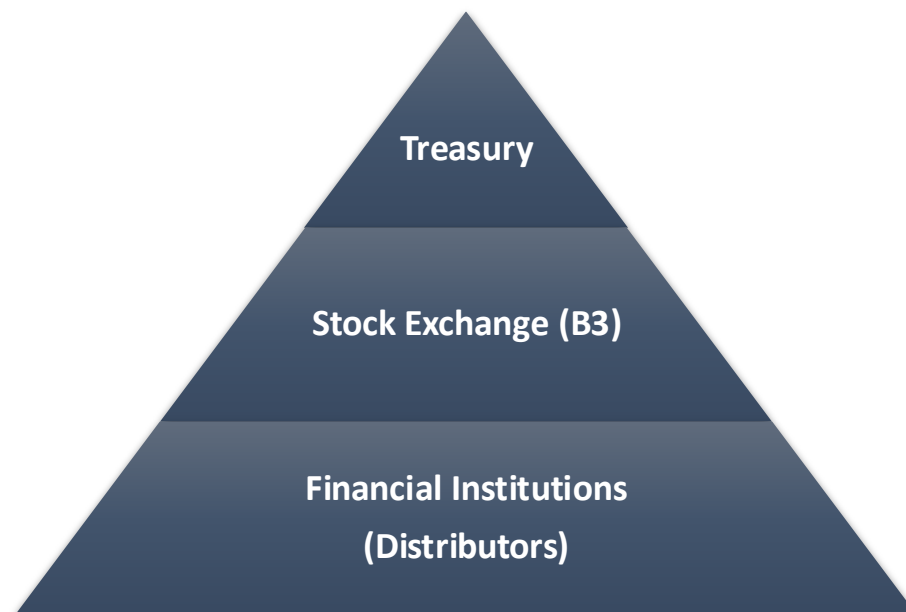
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We are thrilled to announce the winners from last night's inaugural Institutional Investor Recognition Awards! Their hard work, dedication, and innovation have truly set new standards in the industry.

Congratulations to:
[Giorgio Fano](#) – Innovator of the Year Winner

“Tesouro Direto” Program – Low Cost and High Transparency

- The program was launched in 2002 in a partnership with the stock exchange (B3) to democratize access to domestic government-issued bonds (**no funding purpose**).
 - To attract small customers:
 - Minimum ticket is only about US\$ 1.00;
 - Transparent, with competitive fees (average cost of 20 bps per year, accrued daily)
- The structure chosen at that time was an outsourcing structure



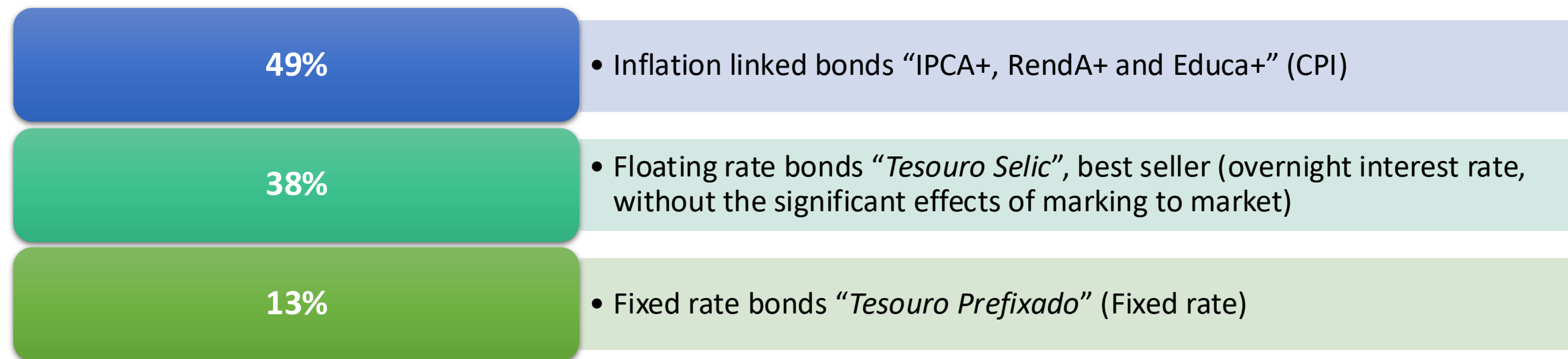
2.7 million customers

Outstanding of BRL 150 bn
(1.4% of GDP)
(2.1% of the FPD)

“Tesouro Direto” Program

- The Treasury has adopted a more retail-oriented strategy

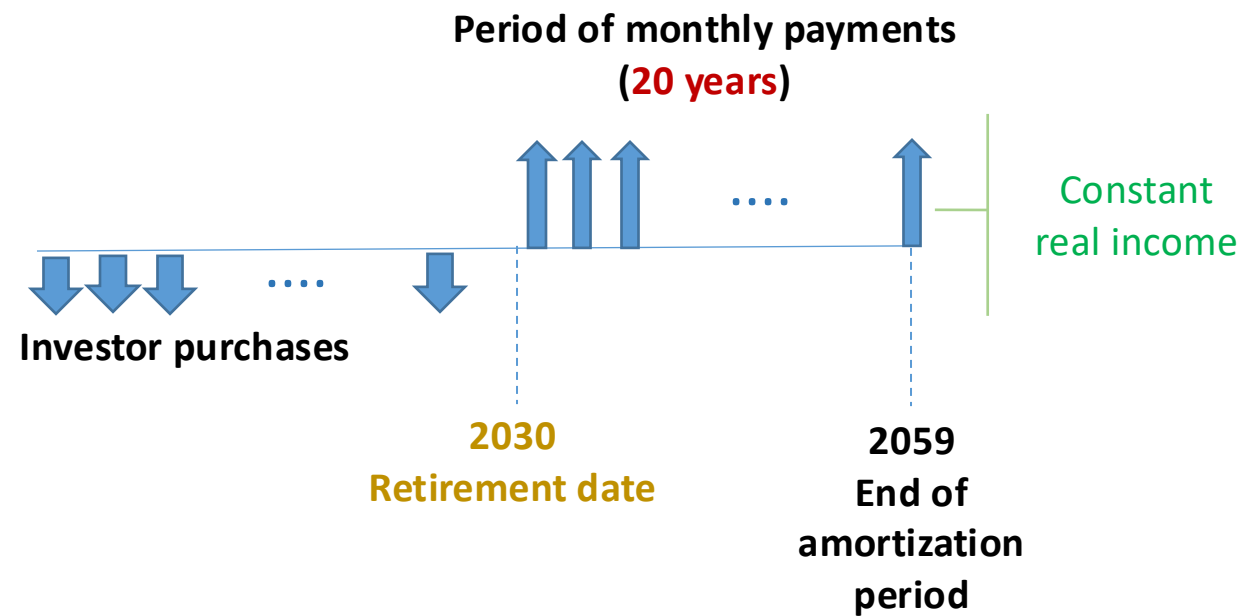
Bonds designed for retail demands such as retirement and children's education (inflation linked bonds)



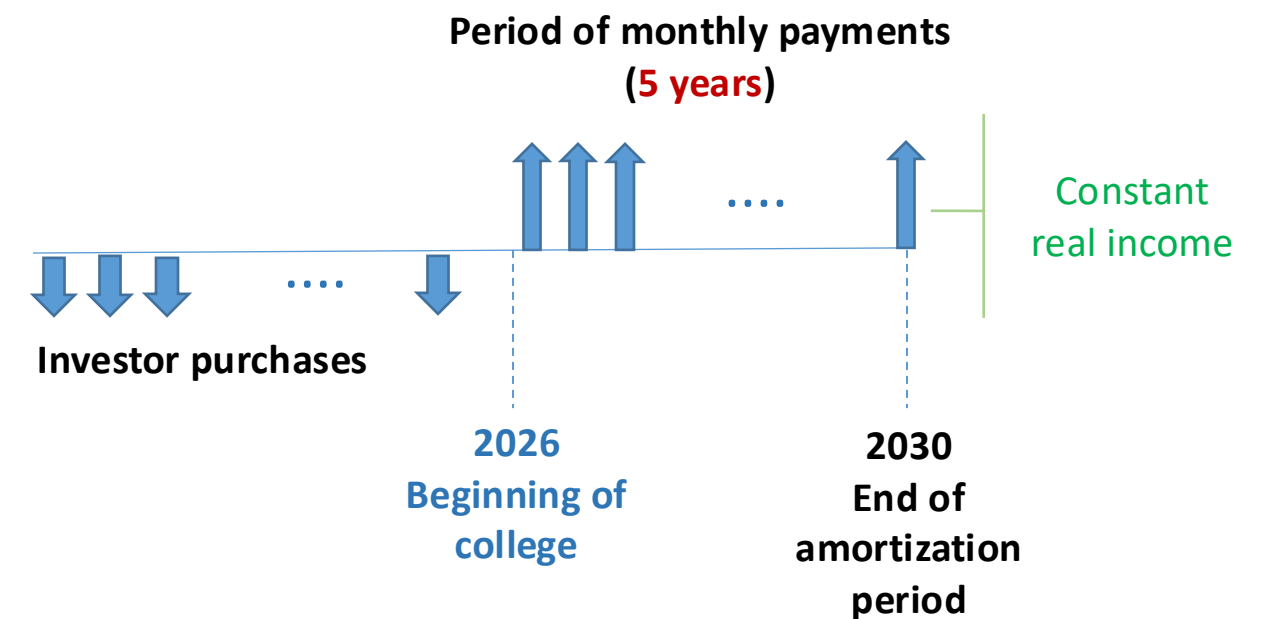
- All early redemptions are carried out at market prices (marked to market)
- All bond prices are updated at least three times a day for investments and redemptions
- Investors value features such as daily liquidity, security and low-price volatility

“Tesouro Direto” Program – New “Tesouro RendA+” and “Tesouro Educa+”

Example: Cash flow of a “Tesouro RendA+ 2030”



Example: Cash flow of a “Tesouro Educa+ 2026”



Main characteristics of the new bond:

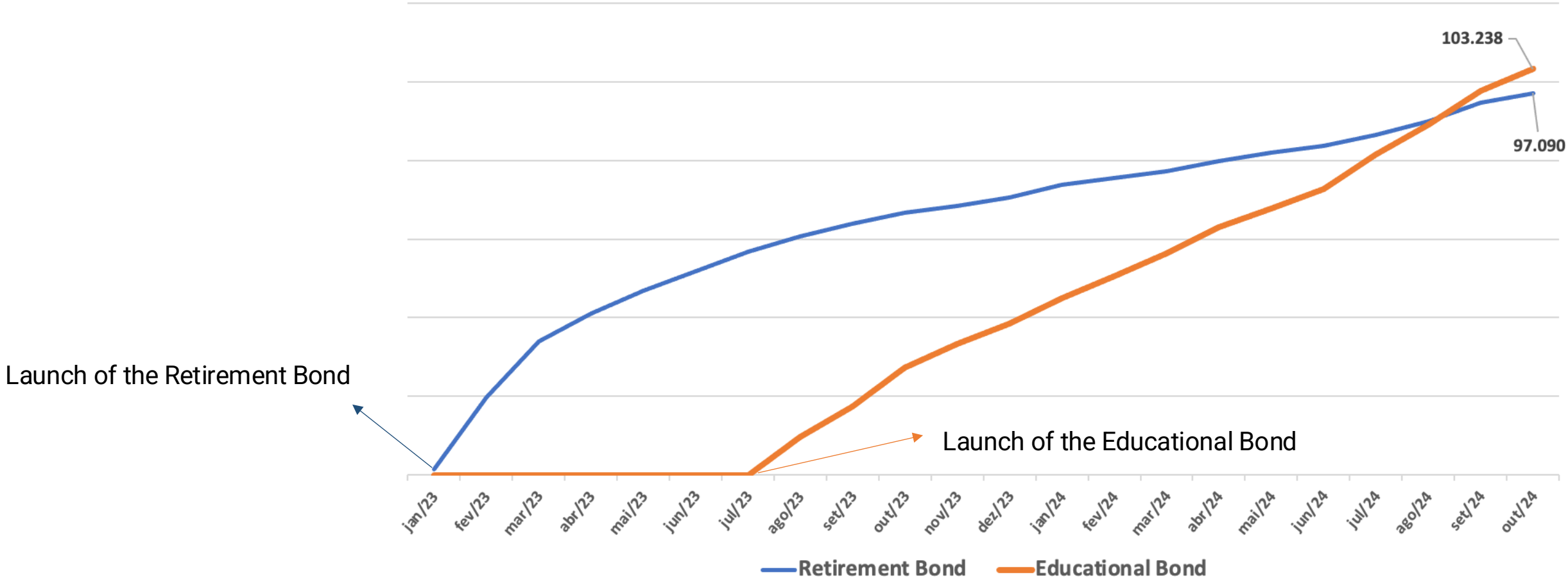
- **Inflation linked bond**
- Pricing: Discounted at a real interest rate
- Sold and cashed at market prices
- Investor chooses the conversion date, i. e. 1st amortization date
- There is not payment of interest before the conversion date
- 240 monthly amortizations (20 years)
- Amortization = Nominal Value/240
- Number of bonds: 8, maturing every 5 years

Main characteristics of the new bond:

- **Inflation linked bond**
- Pricing: Discounted at a real interest rate
- Sold and cashed at market prices
- Investor chooses the conversion date, i. e. 1st amortization date
- There is not payment of interest before the conversion date
- 60 monthly amortizations (5 years)
- Amortization = Nominal Value/60
- Number of bonds: 16, maturing every year

New Customers and Average Ticket

Number of Customers with Investments



Average ticket (Retirement Bond) = BRL 29.3 (USD 4.8 K)

Outstanding = BRL 2.8 billion (USD 0.5 billion)

Average ticket (Educational Bond) = BRL 7.3 (USD 1.2 K)

Outstanding = BRL 0.8 billion (USD 0.13 billion)

THE APP: TWO SIMPLE QUESTIONS

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With RendA+ you are one step away from retiring with quality!

The new Treasury Direct title is your ally when it comes to planning your supplementary retirement.

An investment option with profitability above inflation that increases your monthly income in the future and you can enjoy much more.

Simulate your retirement with our calculator!

I have **1** years

Your age

I want to retire with **2** years **?**

Age you plan to retire

The extra income I want is R\$ **3** a month **?**

Planned complementary income

I have BRL **4** to invest now **?**

Amount to invest promptly

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[Saiba mais](#)

Your Headline:

INCOME TREASURE+ EXTRA RETIREMENT	Profitability IPCA + 5.49% pa	Conversion 2065	Maturity 2084	1 Title BRL 279.20
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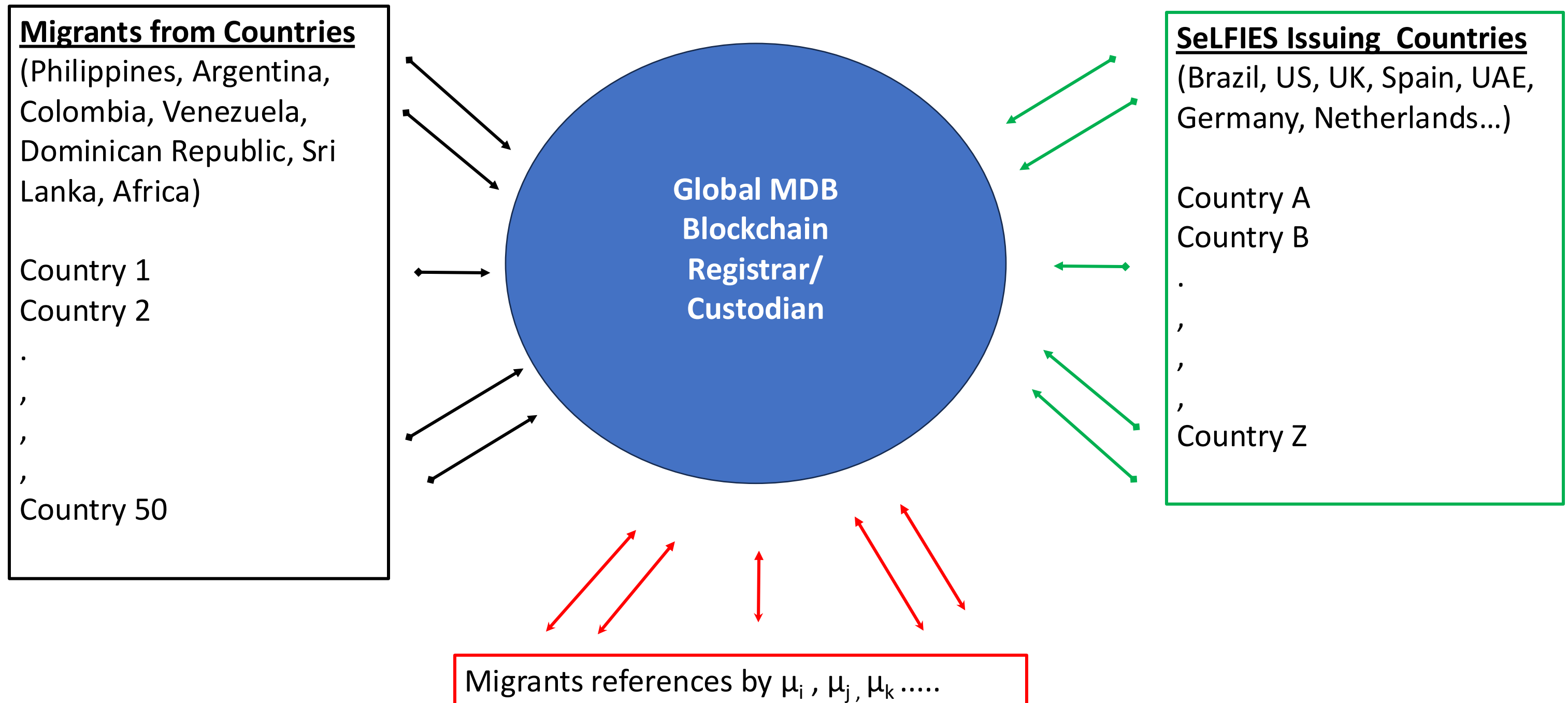
- You need to have in your retirement **145.42 title(s)** from RendA+ Treasury to receive **BRL 2,500.00** of extra income monthly for **20 years** directly from the National Treasury from **01/15/2065**.
- With the value of **BRL 100.00** you already go ahead with **0.36 title(s)**.
- So you need to buy **0.3 0.3 BRL 83.76 title(s) per month** until your retirement. Today **title(s)** costs approx..

[Choose another title](#)

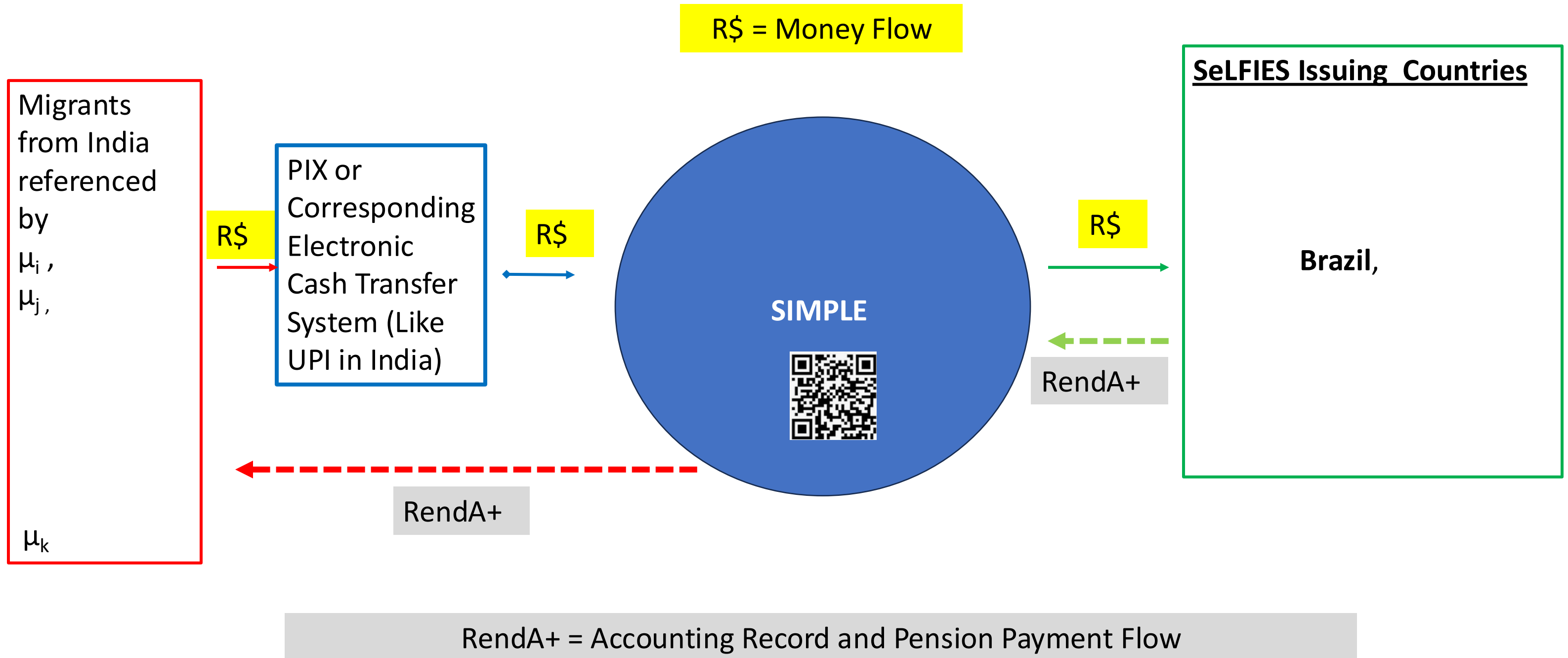
[Invest](#)

Source: National Treasury. Available at: <https://www.tesourodireto.com.br/rendamais/>, in 20/06/23.

Migrant Solution: SIMPLE (Secure retirement Income for Migrants for Pensions in a Ledger Electronic)



Migrant Solution: Maintain a Global Registry on the Blockchain



Migrant Solution – Leverage Brazil

❖ Preserves Anonymity of Migrant (Retribution Fear)

✓ SIMPLE is the holder of record for issuing country

❖ Eliminates Cash Transactions

✓ Saves Migrants from Having to Carry Cash/Records

❖ Payable in Currency of Choice at Prevailing Spot Rate

✓ Easily run by The World Bank Treasury etc.

❖ Liquid, Low-Cost, Inheritable, Low-Risk, Small Sizes

✓ Brazil lowered minimum investment to \$1/time

❖ Portable

✓ Not Tied to Employment, Country of Work, Country of Origin

➔ **Just Needs a Transnational with Creativity and Willingness to Do This**

SeLFIES a good look for Australian retirement

By Robert C. Merton and Arun S. Muralidhar | 06/06/2018

in     



SIMPLE – Great for Governments

- ✓ **Reduces Risk of Retirement Poverty/Bailouts**
- ✓ Cash Flows from Bond = Green/Infrastructure Needs
- ✓ Governments Like Spain Have a Ministry of Migration
- ✓ Can Be Gifted – Alternative Form of “Matching”
- ✓ Fairness
- ✓ Leverages Multinationals to Have Real Social Protection Impact



➔ **Multiple Benefits for Governments Too**

SIMPLE: A Win/Win/Win (If Someone Acts)

✓ Individuals

Migrants treated with dignity as they get financial security in retirement

✓ Governments

Take care of workers that work in their countries who could become a burden

✓ MDBs (World Bank, IMF, UN, ILO)

Deliver a real solution to the folks they are supposed to serve

Who Takes Care of Them? Vilified By Politicians

Is There a Leader at a World Bank, UN, ILO, IADB etc Who Cares About Them?

