News
A Message from Jill Neilson,
Managing Director, Global
Consulting and Strategy.

We’re Excited About 2016!
We serve clients through our Global Network,
made up of local brokers in 90 countries
who are experts in employee benefits.
That’s not just global – that is boots on
the ground providing local expertise.

Building a network from scratch takes
a significant amount of effort that is
meaningless without fostering and
maintaining those hard-won relationships.
A key to maintaining a strong network is
communication and we do it in many ways
with one of the most important being
face-to-face. This includes our Annual
Conference coming up at the end of
June in Dublin.

2016 Buck Consultants Annual Global
Network Member Conference:
June 30-July 1, 2016 in Dublin, Ireland
There is a lot of momentum as we look
towards our upcoming Annual Global
Network Member Conference in Dublin,
Ireland. Last years’ event in Belgium was
the most successful conference to date with
25 countries represented. In fact, we have
now expanded to two days to provide plenty
of time for networking and collaboration
for business opportunities. Our agenda is
packed with sessions covering our Global
Benefits Solutions and cross border business
developments and opportunities led by Joe
LaSorte. So far, nearly 40 of our member
countries will be attending.

Introducing a new feature:
Global Network Member Profile
Earlier this year, we began efforts on a
new monthly feature communication that
will introduce one of our Global Network
Members. The profiled member shares key
values and how they support our clients –
locally, regionally and globally.

Our very first issue in April showcased SCIATH
Insurance Brokers, our Global Network
Member in Brazil. SCIATH highlights some
of the challenges facing multinational
employers and what benefits employees
value most in their market. Read the full
profile here.

In this issue:
News 1
Regulatory Updates 2
Canada 2
Chile 2
China 2
Czech Republic 3
France 3
Georgia 3
Germany 3
Hong Kong 4
Israel 4
Latvia 4
Norway 4
Poland 5
South Africa 5
Suriname 5
Switzerland 5
Ukraine 5
United Kingdom 5
Uzbekistan 6
Benchmark Month End
Discount Rates 6
Chilean Ceding Companies

internationally, and a new alternative for offer more solutions for clients locally and and risk management firm, will be able to service privately owned insurance brokerage company Lilienfeld, a leading and full Superintendence (SVS). With this new certification from the local Insurance 29 April 2016 they have received official Re-Insurance Brokerage Operation. As of Chile) announces the incorporation of its Lilienfeld Corredores de Seguros (Santiago, Chile) becomes majority stockholder. MAI CEE Insurance Brokers issues an announcement on 4 May 2016 that MAI CEE Group has a new shareholding structure and that MAI CEE, the leading independent insurance broker in Central and Eastern Europe, has been acquired by the RMS Group of Companies and by the management of MAI CEE with RMS Group becoming majority stockholder.

Lilienfeld Corredores de Seguros (Santiago, Chile) announces the incorporation of its Re-Insurance Brokerage Operation. As of 29 April 2016 they have received official certification from the local Insurance Superintendence (SVS). With this new company Lilienfeld, a leading and full service privately owned insurance brokerage and risk management firm, will be able to offer more solutions for clients locally and internationally, and a new alternative for Chilean Ceding Companies.

From our HR Insights blog

A reader asks, How can I use Big Data to create business value?

The challenge for HR and benefit managers is to uncover existing data that could yield insightful decisions and drive business strategy. We respond to our South African reader with our ideas on creating value from data.

Insights: White paper

Engage Employees in Changing Behavior

Like the saying goes, “You can lead a horse to water, but you can’t make it drink.” You can give employees information about healthy lifestyles but you can’t make them change their behaviors. You must move beyond communication, education and empowerment to a state of effective engagement.

Our quest for a deeper understanding of engagement takes us to three disciplines — psychology, decision theory and social marketing—and ultimately to the best practices that foster health care engagement.

Recent Country Regulatory Updates

For more detailed information, contact hrservices@xerox.com.

Canada

Projected Legislation - Social Security - Benefits

The policy platform of the Liberal Party, led by Justin Trudeau, elected on the 19 October 2015, includes enhancements to Old Age Security (OAS) and the Guaranteed Income Supplement (GIS), Employment Insurance (EI), child benefit and home care.

Chile

Projected Legislation - Social Security and Pensions

A report by the Presidential Pensions Commission (Comisión Asesora Presidencial sobre el Sistema de Pensiones) on the old age pension scheme established by Decree Law No 3.500 of 1980 was delivered to the president in September 2015. There was a subsequent discussion with representatives of the pension and insurance sector in October 2015. The next step is the preparation of a draft law by the ministerial council (consejo de ministros). Although the finer details are still to be discussed; the main points which will be included are broadening the eligibility criteria for the solidarity pension (pillar I); increasing pillar I benefits by 20%; and tightening the pillar II pension fund system. Other measures include increasing the retirement age, applying it equally to both genders and increasing the contribution rate gradually from 10% to 14%.

Social Security - Civil Partnerships

Law No 20.830 of 22 October 2015, the Civil Partnership Law, awarded civil partners the same status and benefit levels as spouses. All relevant insurance legislation, documentation, and sales, underwriting and claims processes have been amended to reflect this.

China

Projected Legislation - Social Security

China’s 13th Five-Year Plan, which had not been finalized in early November 2015, was expected to include to following additional targets:

- extend the social insurance system to cover all legal residents and reduce the level of social insurance contributions
- progressively raise the retirement age and make progress with commercial elderly care insurance and occupational pension plans.

Regulation - Pensions

On 17 August 2015 the State Council issued a Circular on Administrative Measures for the Investment of Basic Endowment Insurance Funds. This allows for pension funds accumulated by local governments on behalf of employees,
workers in government organisations and public institutions and urban and rural residents to be invested under trust by commercial investment managers under the supervision of the Ministry of Human Resources and Social Security (MHRSS) and the Ministry of Finance. The investment structure requires a public trustee, a custodian bank and an investment manager. Investment managers may include annuity companies and insurance asset management companies. Entrusted funds may only be invested in China and may be invested in government, local government or corporate bonds, bank deposits, asset-backed securities, equities, equity funds, futures and infrastructure projects. Management fees are capped at 0.5% of assets under management per annum.

Pension insurance companies will only be allowed to participate in professional annuities as investment managers (they will not be allowed to participate as trustees or administrators because the names of public employees are to be kept secret). Even this restricted role will still present an enormous new business opportunity when contributions start flowing in 2016.

Czech Republic

Legislation - Pensions

In December 2015 the Chamber of Deputies signed into law various amendments to pillar III pension legislation, intended to encourage higher participation in pillar III and the transfer of funds from the now closed pillar II system. Among the changes are:

- an increase in tax relief on contributions for employees from CZK 12,000 to CZK 24,000
- an increase of CZK 20,000 in corporation tax relief to CZK 50,000 for pillar III pension contributions both due to take effect in 2017, and
- lowering the pension eligibility age and enhanced tax exemption on benefits
- permitting employees below age 18 to join, and parents to set up pension funds for their offspring
- doubling agents’ commissions from 3.5% to 7%, and increasing the ceiling on pensions providers’ administration charges.

France

Court Decision - Taxation - Pensions

In November 2015 the Constitutional Council ruled that a provision under the Social Security Finance Act 2015 (Loi du 22 décembre 2014 de financement de la sécurité sociale pour 2015 - LFSS 2015) taxing employers at the rate of 45% for supplementary pension schemes benefits exceeding eight times the social security limit was unconstitutional. It is expected that it will be replaced by a progressive tax.

Taxation - Health Insurance

From 1 January 2016, the insurance premium tax applicable to health insurance was replaced by a universal medical cover fund contribution. The contribution varies according to the type of policy, as listed in the table below.

<table>
<thead>
<tr>
<th>Insurance Class</th>
<th>% (Unless Otherwise Stated)</th>
<th>To be paid by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Insurance (“contrates solidaire et responsables” and not supplementary to the National Health Scheme)</td>
<td>7</td>
<td>Insured</td>
</tr>
<tr>
<td>Health Insurance (“contrates solidaire et responsables” and supplementary to the National Health Scheme)</td>
<td>13.27</td>
<td>Insured</td>
</tr>
<tr>
<td>Health Insurance (not “contrates solidaire et responsables” and supplementary to the National Health Scheme)</td>
<td>20.27*</td>
<td>Insured</td>
</tr>
<tr>
<td>Health Insurance (group insurances and collective operations subscribed by companies or professional associations for their employees)</td>
<td>6.27</td>
<td>Insured</td>
</tr>
</tbody>
</table>

*Note: A rate of 14% applies to policies for those who are not covered by the French social security system.

Georgia

Projected Legislation - Pensions

In September 2015, an old proposal for a contribution of 2% to be collected from qualifying individuals and placed in individual funds which could then be matched by an equivalent contribution from the state, and perhaps employers, was raised once again.

Social Security - Old Age Pension

The minimum monthly state pension was increased from GEL 150 (USD 65) to GEL 160 (USD 69) with effect from 1 September 2015.

Germany

Legislation - Health care

The E-Health Law (E-Health-Gesetz) came into force on 22 December 2015. The aim of the law is to encourage electronic applications for an e-health card. All members of the statutory health insurance (SHI) system have an e-card, but at present there is no real benefit. The aim is to include emergency information data from 2018 onwards, and possibly details of medications, as well as individual medical records.

The Law on Hospice and Palliative Care (Hospiz-und Palliativgesetz - HPG) came into force on 8 December 2015. The aim is to make palliative care an explicit component of standard care in the SHI system. The financial basis for inpatient hospices is to be improved.

Legislation - Long-Term Care

The Second Act to Strengthen Long-term Care (Zweites Pflegestaerkungsgesetz - PSG II) came into force on 1 January 2016. The aim of the legislation is to implement new procedures for assessing individuals in need of care and from 1 January 2017 to move to an assessment system based on the degree to which care is required. Under the act there is a new definition of the need for long-term care. The assessment will measure the degree of independence in six areas relevant for care, including cognitive and communicative abilities. The act thereby considers the needs of people with cognitive or psychiatric conditions, which was not previously possible.

Global View — Spring 2016 • 3
In order to implement the default investment strategy (DIS) proposed by the Mandatory Provident Fund Schemes Authority (MPFA), the government introduced the Mandatory Provident Fund Schemes (Amendment) Bill 2015 to the Legislative Council on 25 November 2015. The main points of the bill are summarized in the June 2015 Life & Benefits Regulatory Alerts under Projected Legislation - Pensions. The Mandatory Provident Fund Schemes (Amendment) Bill 2015 provides that new employees joining the mandatory provident fund (MPF) system after the legislation has come into force who do not express an investment choice will be automatically invested in the DIS. Existing employees who were invested in their MPF provider’s default investment arrangement because they had failed to make an investment choice will be transferred to their provider’s DIS.

All such members will be contacted by their scheme trustees within six months of the legislation coming into force in order to seek their consent for the transfer. They will have 42 days in which to reply. If members do not reply within the deadline, their accrued MPF assets will be transferred to the DIS after 14 days, as would any future contributions.

• On 22 December 2015 the Commission on Poverty launched a public consultation on the future of retirement protection in Hong Kong.

### Israel - January 2016

#### Legislation - Pensions

In August 2015, the Control of Financial Services ( Provident Funds) (12th Amendment) Law was issued. This mandates that employers cannot make contributions into a provident fund conditional on investment in a certain class of fund or choice from a particular list. The provision permitting withdrawal of balances up to ILS 8,000 (USD 2,266) from non-annuity provident funds is also set out in the legislation.

#### Projected Legislation - Health Insurance

Certain legislative proposals for private medical insurance (PMI) were contained in the draft Economic Plan for Years 2015-2016 (Legislative Amendments) 5775-2015, which was published in August 2015. These include a provision limiting payment for medical expenses in policies where the insured is able to select the surgeon or specialist; payment by health maintenance organisations (HMOs) and insurance companies for surgery; payment to doctors or medical professionals; and a limitation on advice and treatment given by doctors.

### Latvia

#### Social Security - Contributions

The minimum monthly salary, which is also the minimum social security contribution base, was increased from 1 January 2016 from EUR 360 (EUR 4,320 per annum) to EUR 370 (EUR 4,440 per annum).

#### Projected Legislation - Long Term Disability

In late 2015, legislation for reform of private sector disability cover was being discussed and was expected in 2016. It was proposed that up to 9% of salary could be covered by insurance companies to supplement the National Insurance Scheme (NIS) disability pension, which provides a benefit of up to 66% of salary up to 6 grunnbelop (the base amount used by the government in the calculation of contributions and benefits, equal to NOK 90,068 from 1 May 2015).

### Norway

#### Projected Regulation - Long-Term Care

On 4 August 2015 the commissioner published a revised draft of the Control of Financial Services (Insurance) (Long-term care Insurance for HMO members) Regulations 2015. Amongst other provisions, the regulations provide that an insurer may only issue a group long-term care policy for health maintenance organization (HMO) members under prescribed conditions.

### Projected Regulation - Pensions

In May 2015, a draft circular was published by the commissioner regarding a limitation on the amount of money that can be deposited by the self-employed in an individual provident fund.

In July 2015, the commissioner published a number of draft circulars on the marketing of policies that include guaranteed annuity options.
Projected Legislation - Pensions
As reported in the September 2014 Life & Benefits Regulatory Alerts under Projected Legislation - Pensions, a commission set up to review the finance sector, Banklovkommisjon, has been looking at whether a new, modified defined benefit pension product should be introduced. The subject was still under consideration in 2015, but the insurance industry and others have stated the view that any new defined benefit contract is superfluous in current circumstances and is essentially a waste of time and effort.

Poland
Projected Legislation - Retirement Age
In September 2015 the president proposed a reduction in the normal retirement age to the previous levels of 65 years for males and 60 for females. The bill does not allow for early retirement and union critics immediately commenced lobbying to allow retirement at any age after 40 years of paying social security contributions.

South Africa
Legislation - Pensions
The Taxation Laws Amendment Act 2014 deferred the implementation of the new basis of taxation of pension contributions and various other aspects of the pension reform such as the harmonization of pension, provident and retirement annuity fund annuitisation and the minimum amount required for compulsory annuitisation. In December 2015 the National Treasury announced that the measures would be implemented on 1 March 2016, although the minimum amount for compulsory annuitisation would be increased from the legislated ZAR 150,000 to ZAR 247,500.

Suriname
Social Security - Benefits
From 1 March 2015 the child benefit (algemene kinderbijslag - AKB) was increased from SRD 30 (USD 9.09) to SRD 50 (USD 15.15).

Switzerland
Projected Legislation - Disability Insurance
On 25 February 2015 the Federal Council agreed the guidelines for the next step of the reform of invalidity insurance. The aim is earlier, more efficient and coordinated support for children, young persons and the psychologically ill. The Federal Council has asked the Department of Home Affairs to produce a consultation draft.

Projected Legislation - Health care
Further regulations are anticipated to fully clarify the scope and implications of the National Basic Health Insurance Act.

Projected Legislation - Pensions
In May 2015 proposed pension reforms were being discussed by a parliamentary sub-committee. A key proposal, with wide support, is reduction of the conversion rate for pillar II occupational pensions at retirement to 6.0%. Insurers and the insurance association are however opposed to proposals to increase the minimum surplus distribution quota from 90% to 92%, as it would reduce flexibility and increase capital requirements.

Ukraine
Legislation - Social Security - Contributions
Under Law No 3688, which amended the Tax Code and came into force on 1 January 2016, the employee contribution of 3.6% towards the unified social tax was abolished. The employer contribution was reduced to 22% (from a range of 36.76% to 49.70%).

Minimum Wage
Law No 928-VIII dated 25 December 2015 On the Government Budget of Ukraine for 2016 established new levels for the minimum subsistence level of an able-bodied person (also the minimum wage or salary) as follows: UAH 1,378 (USD 60) from 1 January 2016, UAH 1,450 (USD 63) from 1 May 2016, and UAH 1,550 (USD 67) from 1 December 2016. (In 2015, the minimum wage was UAH 1,218).

United Kingdom
Projected Legislation - Pensions
According to press reports, a decision on the future structure of pension tax relief will be announced in the 2016 budget. Also, the establishment of a secondary market for pension annuities is to be delayed to 2017.

Projected Legislation - Social Security
The Spending Review and Autumn Statement 2015 announced an increase in the full basic state pension under the existing state pension scheme to GBP 119.30 per week for a single person with effect from 6 April 2016. It also announced that local councils are to be empowered to add 2% to local council tax rates to pay for social care in their areas.

Social Security - Benefits
Qualifying claimants under the new full single tier state pension will receive GBP 155.65 per week from 6 April 2016.

Global View — Spring 2016 • 5
Uzbekistan
Social Security - Benefits

On 26 August 2015 President Karimov signed a decree to increase minimum wage, retirement and other social security payments. From 1 September 2015 the minimum wage was increased to UZS 130,240 (increased from UZS 118,400), the minimum old age pension and benefits for those disabled since childhood is set at UZS 254,730 (increased from UZS 231,575) whilst benefits for the elderly and the disabled without the necessary pensionable service is set at UZS 156,310 (increased from UZS 142,100).

Benchmark Month End Discount Rates

The Buck Consultants Corporate Bond Yield Curves, including benchmark discount rates, is produced monthly.

The Yield Curves and benchmark discount rates are developed from data on corporate bonds with a high-quality rating by either Moody’s or Standard & Poor’s. Yield Curves are developed for bonds denominated in several currencies. The Nelson-Siegel-Bliss (NSB) curve-fitting methodology is then used to construct a curve of spot rates as a function of duration.

These curves and indices help determine the appropriate discount rate used to value the defined benefit pension liabilities for accounting purposes under US GAAP and IFRS.

As pension liabilities are inversely proportional to the discount rate and recent discount rate movements have been more volatile than in the past, companies with defined benefit pension obligations should track the movement in benchmark rates to avoid year-end financial surprises.

Rates have decreased since the end of 2015 for all countries, specifically a 65 basis point decrease for the Eurozone and a 50 basis point decrease for the US. We will continue to monitor the rates throughout the upcoming months.