



**สำนักงานประกันสังคม**  
Social Security Office

# Management of the Social Security Fund of Thailand

*by The Social Security Office*



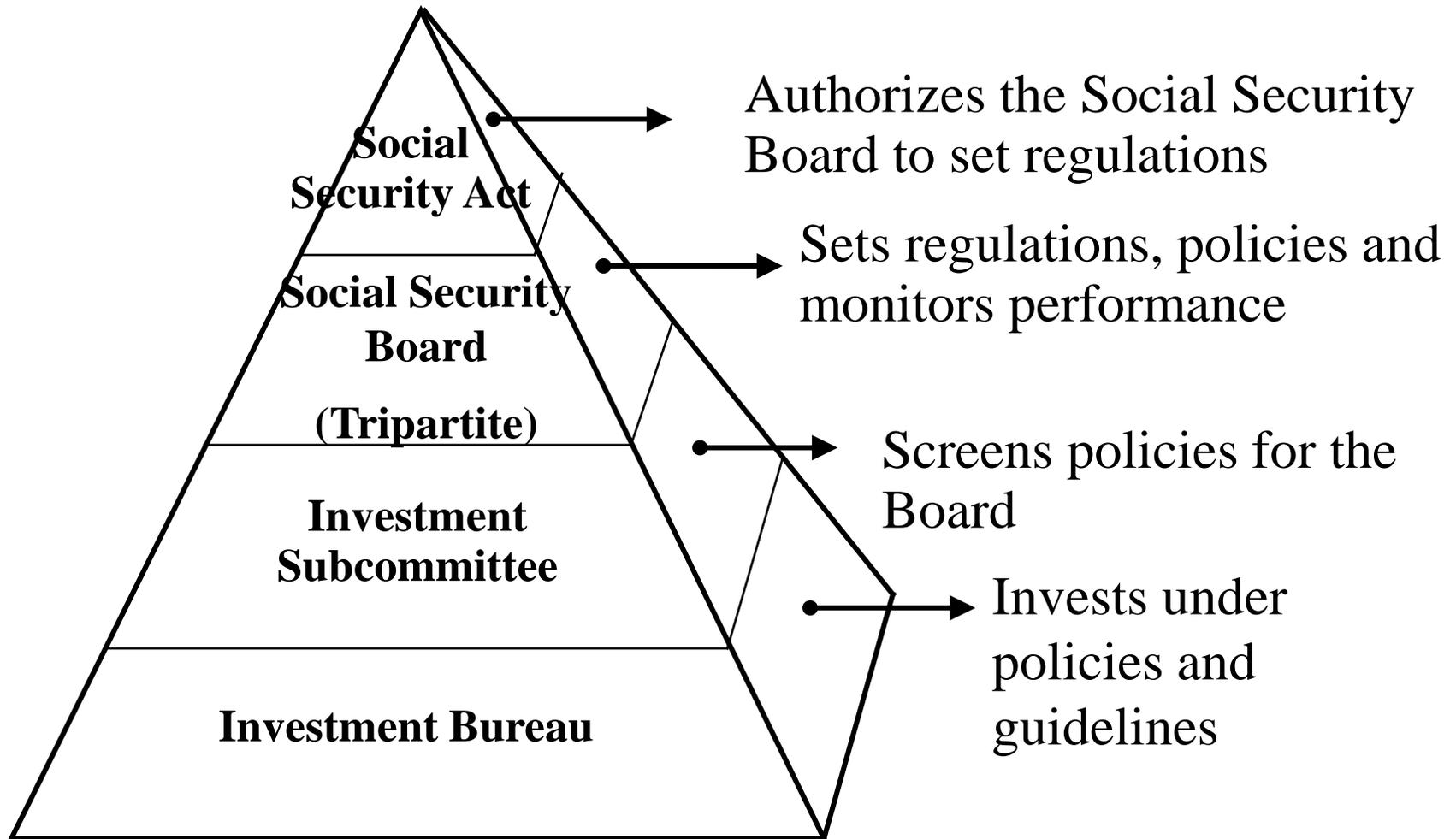
# Background Information

Establishment	Year 1991 under the Ministry of Labour of Thailand
Coverage	9.7 million private employees (total labor force is 39 million people)
Contribution Rate	<ul style="list-style-type: none"> <li>• 5% from employees (3% for pension)</li> <li>• 5% from employers (3% for pension)</li> <li>• 2.75% from the government</li> </ul>
Benefits	7 benefits, including sickness, invalidity, maternity, death, child allowance, old-age pension, unemployment
Type of Pension	Defined Benefit (Pillar I)
Asset Size	US\$27.7 billion, of which US\$ 23.7 billion is pension
Fund Management	<p>95% internal (50 staffs, expense = 0.003% of NAV)</p> <ul style="list-style-type: none"> <li>• 15 government officers</li> <li>• 35 public employees</li> </ul> <p>5% external</p>

# Topics

1. Investment Decision Making Process
2. Investment Regulations and Plans
3. Structure of Investment Bureau
4. Monitoring & Compliance
5. Social Security Fund Portfolio & Return

# Investment Decision Making Structure



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# Investment Regulations

- Invest in **secured assets**
  - Treasury bills, government bonds
  - Bonds guaranteed by government
  - Bank deposits
  - Corporate Bonds rated BBB or above
- Invest in **risky assets**
  - Other debt instruments
  - Unit Trusts
  - Common Stock

No less than  
60%

No more than  
40 %

# Investment Plans

- Five Year Strategic Investment Plan (2009-2013)
- Yearly Investment Plan
- Weekly Investment Plan

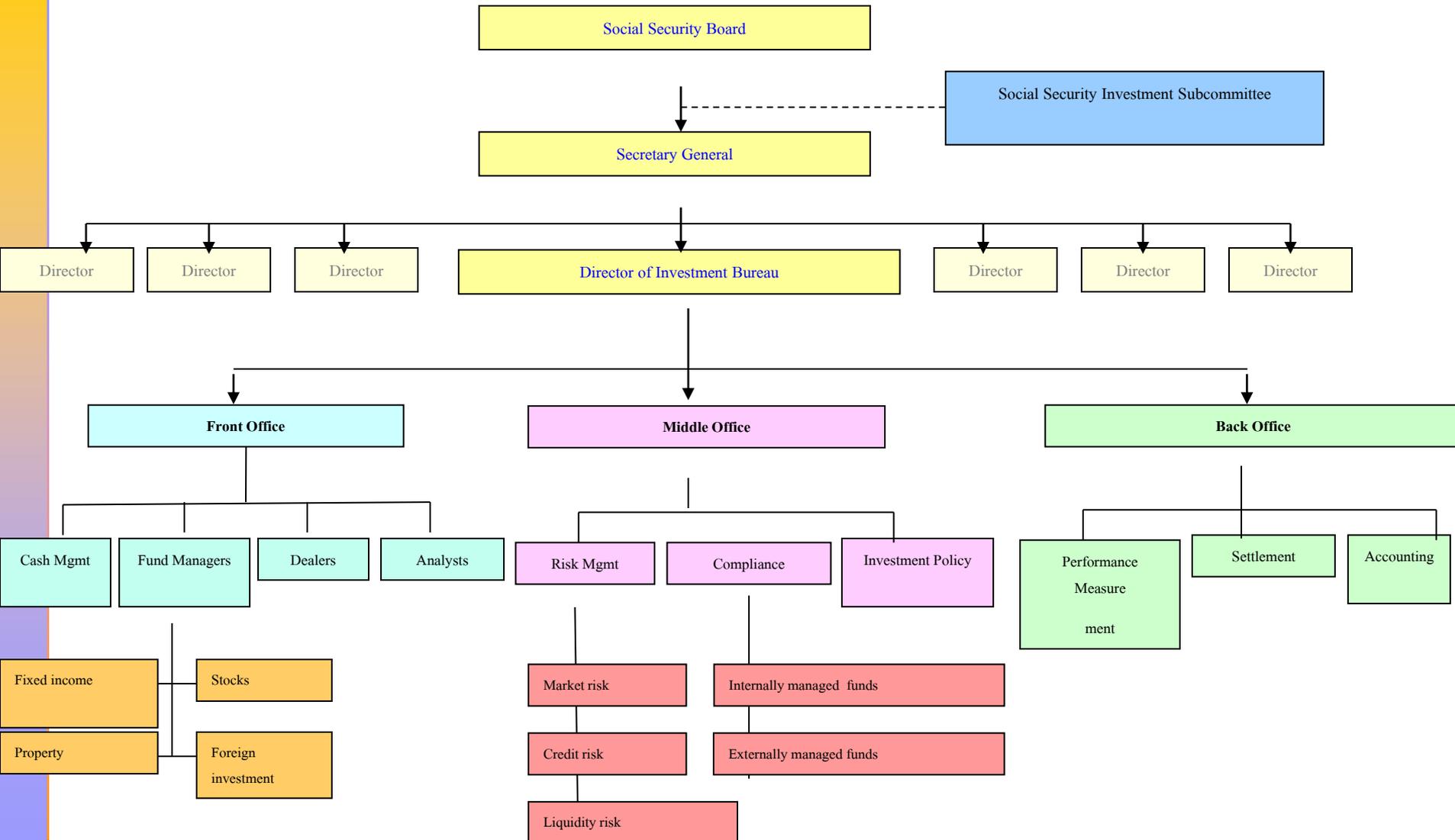
## Plans includes

- Review of plan vs actual prior investment
- Economic and market outlook
- Strategic asset allocation plan
- Expected risk and return of the Fund
- Organization structure, human resources, and information technology planning (5-year plan only)

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# Organization Chart



# Topics

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# Monitoring & Compliance

## 1. Operational Level

### - Transaction Level

- Monitored by Middle Office of the Investment Bureau to ensure that all investments are complied with
  - Company limits/trade limits,
  - Investment plan,
  - Investment regulations,
  - Laws
- Reports to the Director of the Investment Bureau

# Monitoring & Compliance

## - Organization Level

- Monitored by Internal Audit Department
- Reports the investment status, returns, volume to the Secretary General on a monthly basis

# Monitoring & Compliance

## 2. Policy Level

### - Social Security Board Level

- Review investment status and returns on a quarterly basis

### - Ministry Level

- Internal Auditor of the Labour Ministry reports results to the Labour Minister

### - Government

- Office of Auditor General of Thailand audits financial statements and investment activities

# Monitoring & Compliance

## 3. Stakeholders Level

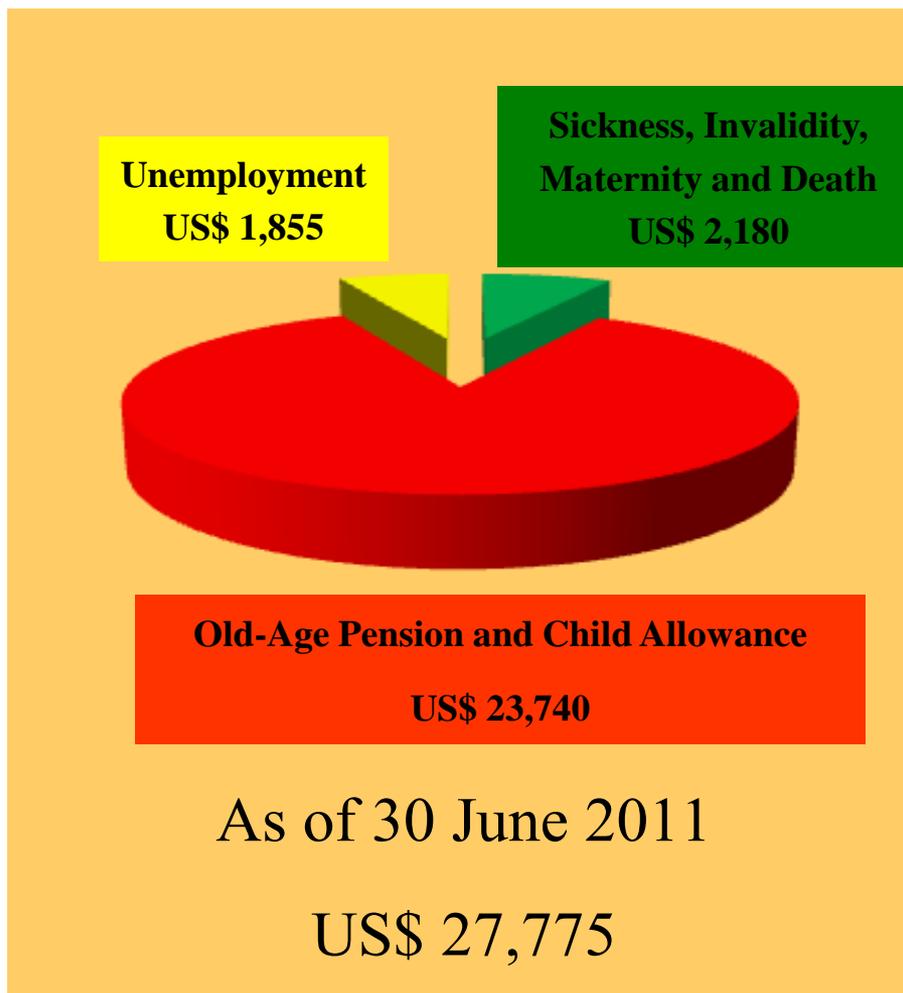
### - Employees and employers

- The Social Security Office holds regular meetings with stakeholders to provide updated information
- Social Security Office website
- The Social Security Office provide investment press releases on a quarterly basis

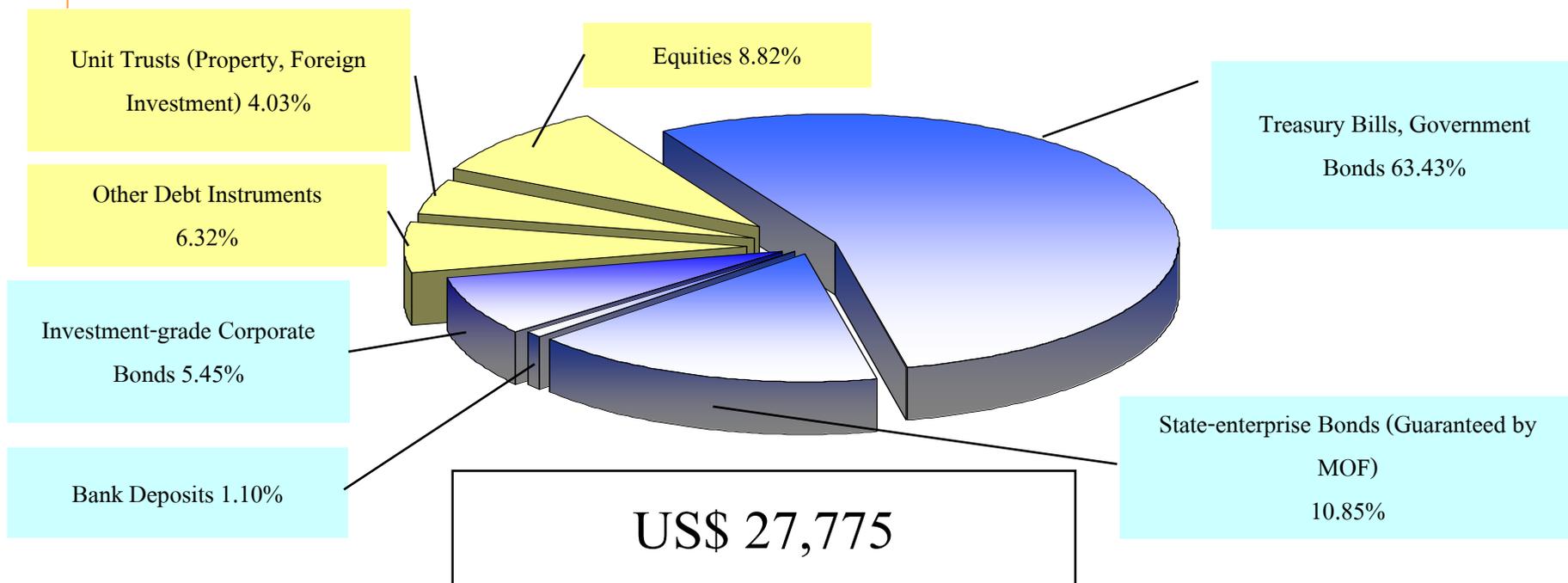
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# Status of the Social Security Fund as of 30 June 2011



# Asset Allocation as of 30 June 2011



## Note:

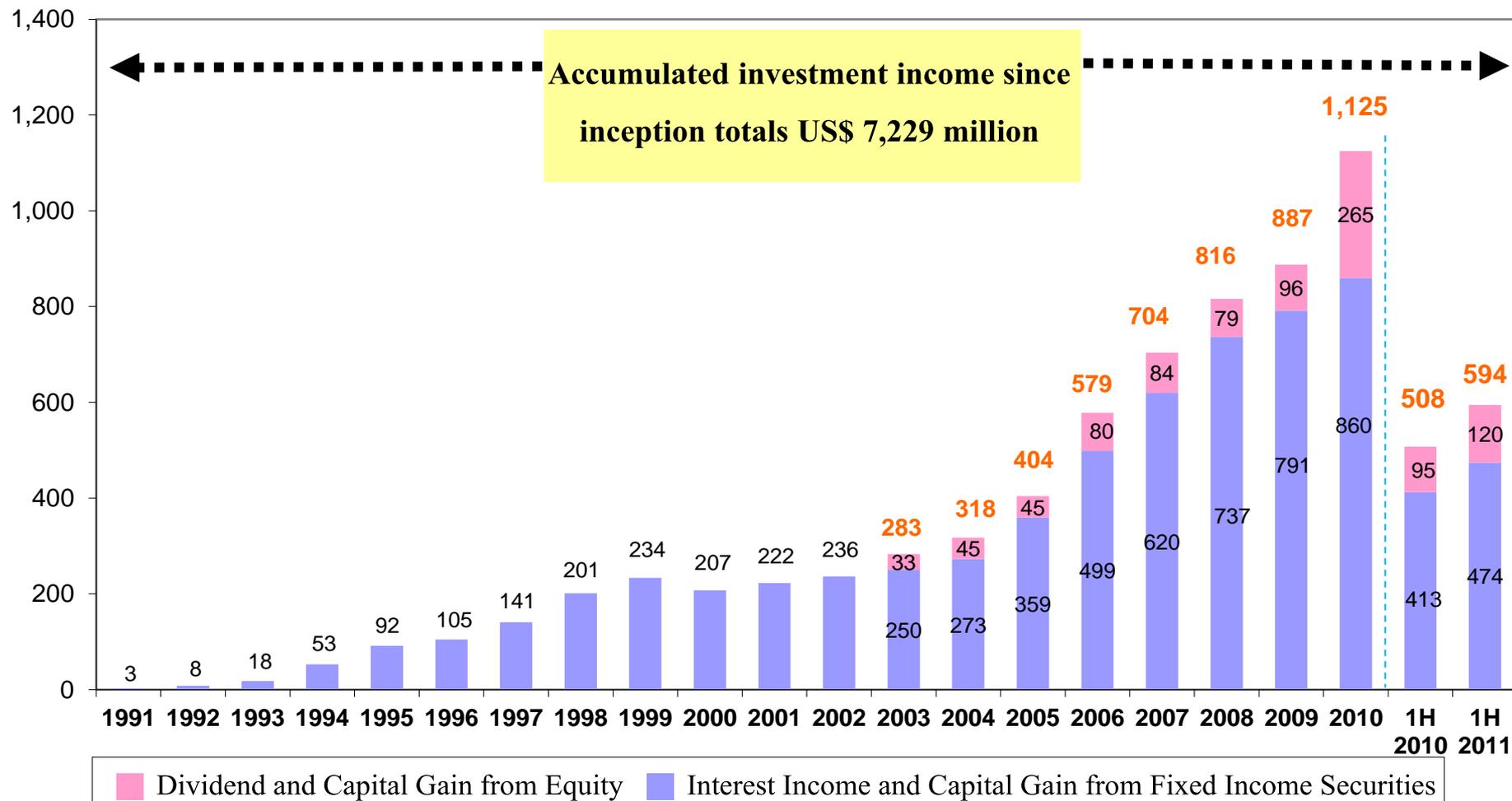
Asset values were measured according to the Accounting Standard No.105 whereby held-to-maturity bonds are recorded at cost.

Highly Secured Assets 81%

Risky Assets 19%

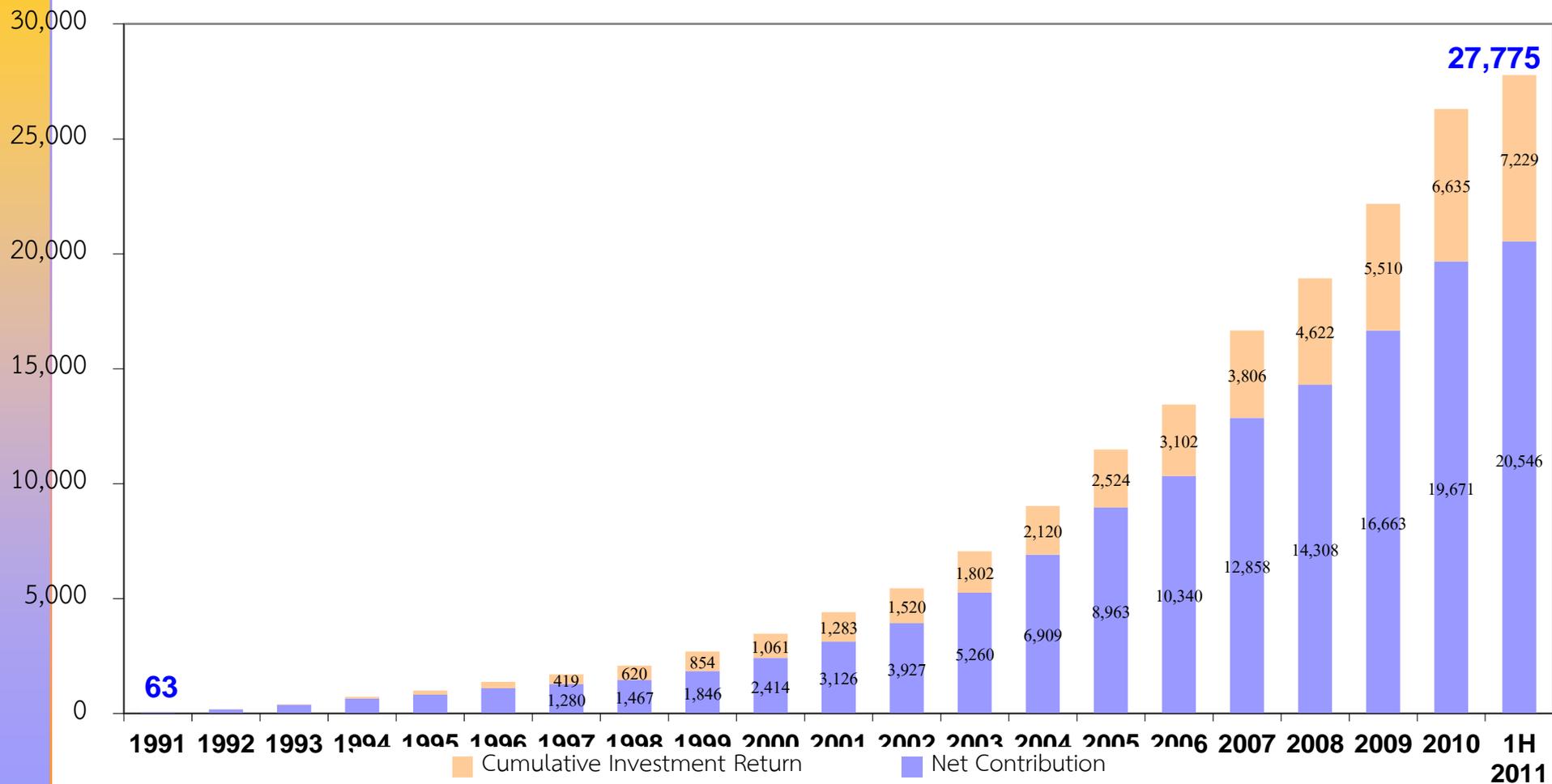
# Investment Income of the Social Security Fund

Social Security Fund's Investment Income from 1991 - Present (US\$ Million)



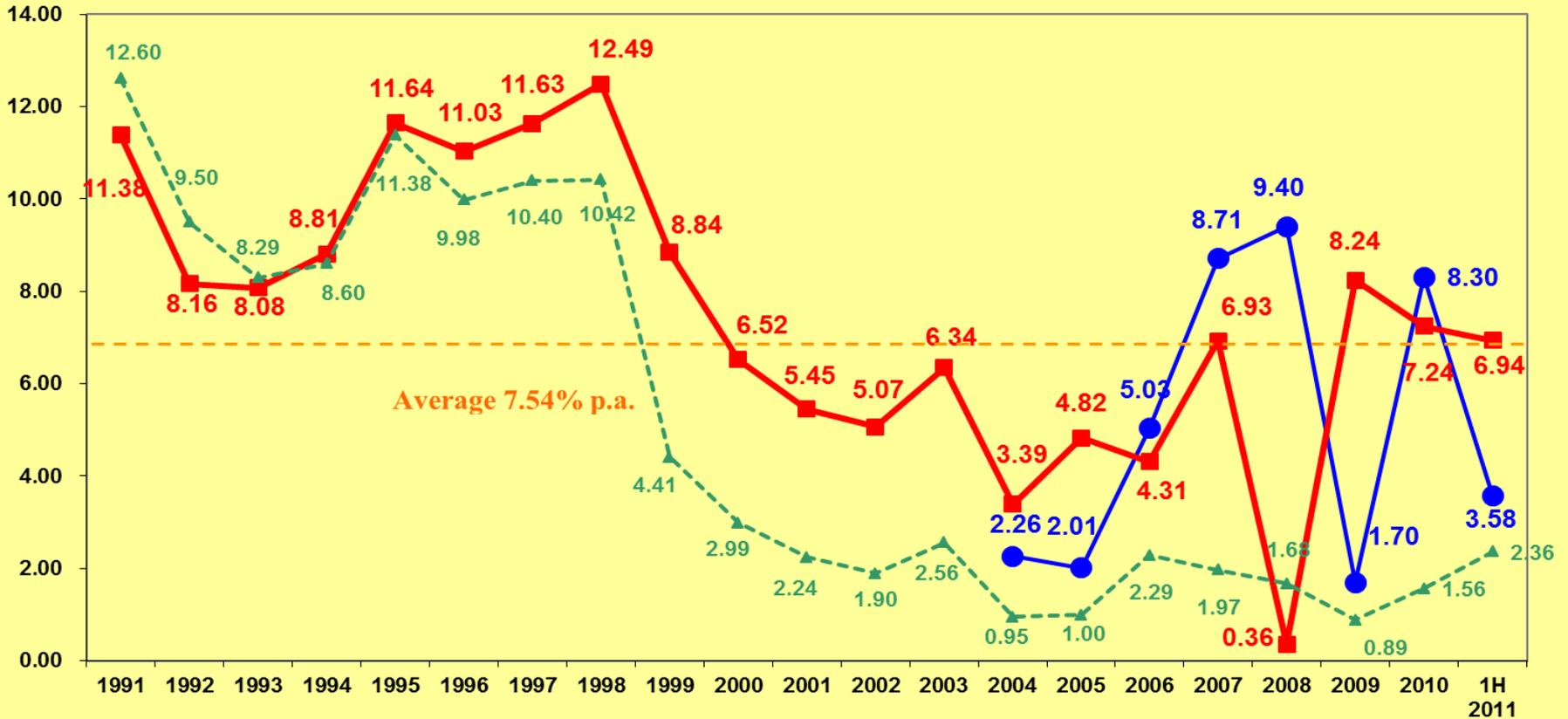
# Cumulative Contribution and Investment Return

Cumulative Contribution and Investment Return (US\$ Million)



# Investment Return of the Social Security Fund

Investment Return of the Social Security Fund



- Return measured according to Acc. Standard No. 106 whereby all securities held are marked to market
- Return measured according to Acc. Standard No. 105 whereby bonds held to maturity are recorded at cost
- ▲- Average Deposit Rates of 5 Largest Banks (Source: Bank of Thailand)