

Pensions Scholarship Trust

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Press Release

Page 1 / 2

Pensions Scholarship Trust grants €5,000 to optimal pension system design in EM economies

The Pensions Scholarship Trust has made a full grant of €5,000 to Seda Peksevim in support of her work on designing optimal mandatory and auto-enrolment pensions systems in emerging market economies.

Peksevim, a researcher at the Center for Applied Research in Finance (CARF), is currently undertaking a PhD programme under the supervision of Vedat Akgiray, professor of finance at Boğaziçi University. According to Akgiray, Peksevim has become “one of the most promising researchers on the subject matter in the country”.

Peksevim’s work on the ‘Optimal Design of Mandatory and Auto-Enrolment Pension Systems in Emerging Market Economies’ aims to focus on five key parameters:

- target population; - financial incentives; - default fund options; - fee structure; - payout phase.

Peksevim said: “the design of mandatory and auto-enrolment systems is critical in EM countries, due to the large proportion of minimum-wage workers, informal employment and highly volatile financial markets.”

The other objectives of her research can be summarized as follows:

- Analyzing the effect of micro (labor income risk and longevity risk) and macro risks (macroeconomic and financial shocks) on mandatory and auto-enrolment pension systems.
- Comparing the simulated performance of default investment strategies in EM countries by measuring both the distributions of retirement account balances and replacement rates.
- Identifying pension prototypes for EMEs considering different parameters and risk factors.

“This research project may provide important suggestions for policy makers and pension fund managers on designing sustainable pension systems in EM countries. Further, it may contribute to the understanding of the optimal design of EM pension systems, which generally investigated for developed countries in the academic literature” she said.

The Pensions Scholarship Trust was set up in 2019 with the purpose of furthering education and research across Europe into the area of pension and retirement income provision. It is the successor to the former IPE Pensions Scholarship Fund.

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