



Institute of Actuaries of India
Statutory Body Under the Act of Parliament

Micro pensions for Sustainable Financial Security

5th Asia Finance Forum | 23–25 September 2025, Manila, Philippines

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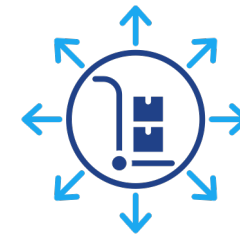
Preeti Chandrashekhar
President, Institute of Actuaries of India

Two key dimensions of any benefit plan



Design

Benefit level, Eligibility, Contribution, Target benefit, lumpsum/annuity, Funding mechanism, Investment strategy



Delivery

Distribution, Communication, Transparency, Technology

Considerations in design of pension plans

Key features representing efficacy of any pension system/plan*

Adequacy



Sustainability



Integrity

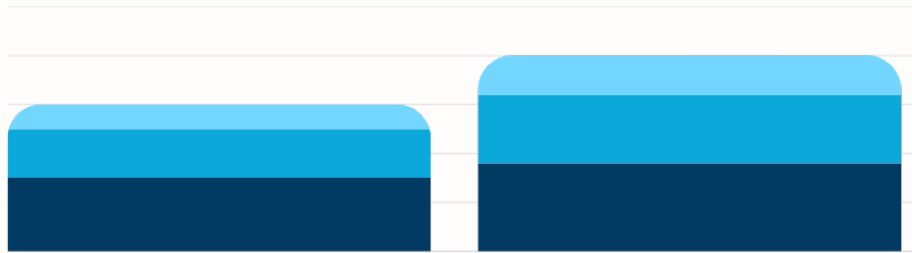


Affordability



*Mercer CFA Institute Global Pension Index

Understanding the informal sector^{ooooo}



Characteristics

- no formal contract
- lower skills/education
- limited access to public and financial services



Gig and platform workers

- maybe out of choice especially gig workers
- short-term
- flexible jobs often mediated by digital platforms



SUAVE approach

Simple

Understandable

Accessible

Valuable

Efficient

Some actuarial principles in the context of micro pensions



Core Challenge

Balancing social demand for trust and transparency, immunising the pension plan against political risks, increase credibility among participants and public in general

Pension Scheme Design

Assumptions used to model the cashflows
– attrition, mortality, investment returns

Ongoing Solvency of the pension scheme*

An actuarial balance sheet approach helps ensure the sustainability and integrity of the scheme, enables stronger financial management, and highlights mismatches between political cycles and pension planning horizons or a combination of both

*"The Actuarial Balance Sheet for pay-as-you-go Finance: Solvency Indicators for Spain and Sweden:
https://www.ifo.de/DocDL/cesifo1_wp2182.pdf

Some experience sharing from India

2015

2019

Atal Pension Yojana (APY):

Target Audience: All bank account holders, with a focus on the unorganized sector.

Eligibility: Citizens between 18 and 40 years of age with a savings bank or post office account.

Benefits: A guaranteed minimum pension of Rs. 1,000 to Rs. 5,000 per month starting at age 60.

Key Feature: After the subscriber's death, the pension is available to their spouse, and the accumulated pension corpus is available to the spouse to continue or returned to the nominee



Pradhan Mantri Shram Yogi Maandhan (PM-SYM):

Target Audience: Unorganized sector workers, such as street vendors, construction workers, and domestic workers.

Eligibility: Individuals aged 18-40 with a monthly income of Rs 15,000 or less.

Benefits: Provides old-age protection and a monthly pension upon reaching the age of 60.

To Conclude



Longevity Gap



One of the most important components to help reduce the longevity gap in any country

Design and Delivery



- Principles of affordability, adequacy, sustainability and integrity should be the cornerstones
- Centralised Vs. decentralised
- SUAVE approach helps





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Thankyou

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