

Defined Contribution (DC) Pensions Update

For trustees and DC pension sponsors, it is clear change remains a constant.

Welcome to our first DC Pensions update. It is useful to reflect on recent headline events in terms of DC retirement provision and to consider the impact these factors will have on DC plan members, trustees and employers.

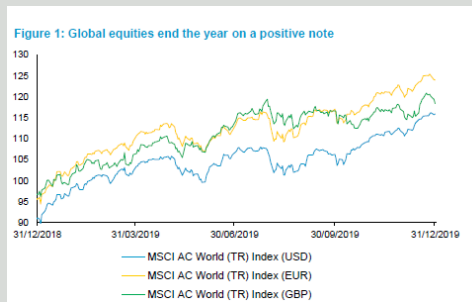
We will continue to see further change through 2020 so it is important to understand what those changes will mean for the DC retirement landscape in Ireland. This is particularly true when it comes to ongoing governance and the level of increased oversight that will be required.

Recent headlines...

Investments - Equity Funds increase +20% in 2019

This is great news for DC plan members who will have seen their fund values continue to grow.

Trustees however cannot lose sight of the need for ongoing investment review and the need to offer suitable de-risking options and an appropriate default fund.



ECB Reporting



ECB reporting is now part of administration landscape.

First annual reports due 19th May 2020.

Quarterly reports completed in December 2019.

65 - Normal Pension Age?

The State Pension is currently payable at age 66. This topic has received much comment in the media in recent weeks. It is likely that there will be increased pressure on employers to review retirement age policy, with consequent implications for occupational pension plans.

Retirement Options

All indications point to ARF (drawdown) as the probable target outcome when it comes to how members will take their retirement benefits.

Is your DC plan default aligned with that typical retirement profile?



Significant change is on the way to the Regulatory landscape.

Mid 2020 IORPS II

- New Key Function Holders (KFH) required within trustee boards (Internal Auditor & Risk Manager)
- Strengthened processes and requirements for scheme governance
- Documented remuneration policies
- Economic, Social and Governance (ESG) considerations in investment decisions and member communications

Late 2020 Master Trust Framework

- Trustee Entity - Independent Director
- Continuity Plan
- Capitalisation Requirements
- Conflicts Policy
- Charges

January 2021 State Pension Age

- Scheduled to move to age 67 in January 2021
- Possible walk back from next government

2022 Auto-Enrolment

- Draft legislation proposed by late 2020
- Enrolments aim to begin in 2022
- Employers need to consider budgeting for additional costs

The Pension Authority has set a challenging headline target in terms of pensions reform and simplification...

160,000 to 150 schemes

The Pensions Authority's target reduction in pension schemes.



Employer and trustee governance 'checklist' for 2020



After almost 10 years of positive investment growth, is your pension scheme prepared for the next cycle?



Do you know how best to support employees with appropriate independent financial advice and engagement as they approach retirement?



What support and action is required to help you understand and manage the additional ongoing governance requirements for pension provision?



Have you assessed the potential impact where 'normal' retirement age potentially becomes a much more fluid date for your employees?



Risk costs are on the increase and particularly Income Protection. Have you considered how to manage these increases while protecting employee benefits?



How prepared are you for IORPS II and Auto Enrolment Compliance?

LifeSight - A brighter solution for everyone

Our LifeSight solution offers high quality DC pension administration, enhanced member engagement, member-friendly investment choices and value for all stakeholders.



DC trustees and pension sponsors have seen significant change in recent years and in 2020 we will see more of the same.

It is timely to consider the design and future direction of your DC pension plan and how it will evolve to meet these new regulatory requirements.

If you would like to discuss these issues further please contact your Willis Towers Watson consultant, or alternatively reach us at ireland@willistowerswatson.com / +353 (0)1 661 6211.

Maria Quinlan
Head of DC Clients & Sales

Willis Towers Watson (Ireland) Limited, trading as Willis Towers Watson is regulated by the Central Bank of Ireland. Registered in Ireland Number 402562. Willis Towers Watson (Ireland) Limited is a subsidiary of Willis Towers Watson plc.
Copyright© 2020 Willis Towers Watson. All rights reserved.

Willis Towers Watson