

RetireSmart Case Study

Paul Duignan

Pension Services Manager ESB



Today's Agenda

- 1 Overview of scheme pre review**
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- 2 Trustee's concerns**
.....
- 3 How the RetireSmart works**
.....
- 4 SaveSmart**
.....
- 5 InvestSmart**
.....
- 6 LiveSmart**
.....
- 7 Communications**
.....

Facts and figures pre review

Defined
contribution
pension scheme

 **€170**
million



2,000+
members

You pay **5%**

The Company pays **8%**


Est. 1991

37 average
age

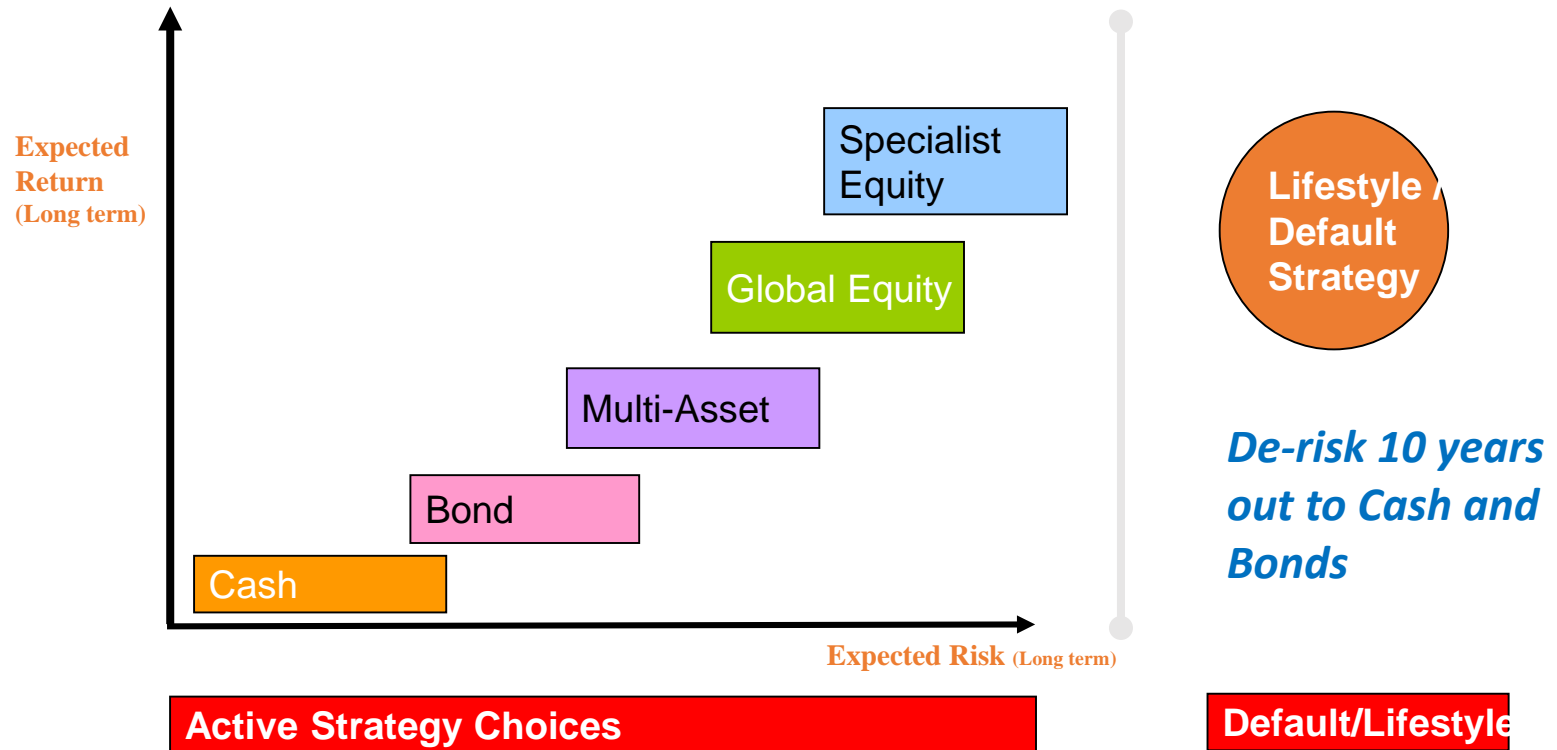
↑ **SAE** ↑
↑ **SRE** ↑


Six Trustees


**Numerous
awards**

 **65** normal
retirement
age

Strategies Offered to Members in the Scheme before review



** Please refer to the Scheme's investment booklet for more information. Investments may rise or fall. No investment is 100% secure. Investments can and will rise and fall. Past performance is not an indicator of the future performance.*

Trustees concerns

- 1 Current Default not suitable**
- 2 Members using website low**
- 3 Future proof the scheme**
- 4 Increase Member engagement**
- 5 Can administrator implement outcome of investment review?**
- 6 How to communicate any changes.**

Why RetireSmart?



Strategy review began in 2014

Best practice

Clear and simple

Review lifestyle option

Feedback from member focus groups and surveys in 2015

Website access

Member presentations

“Help me do it”

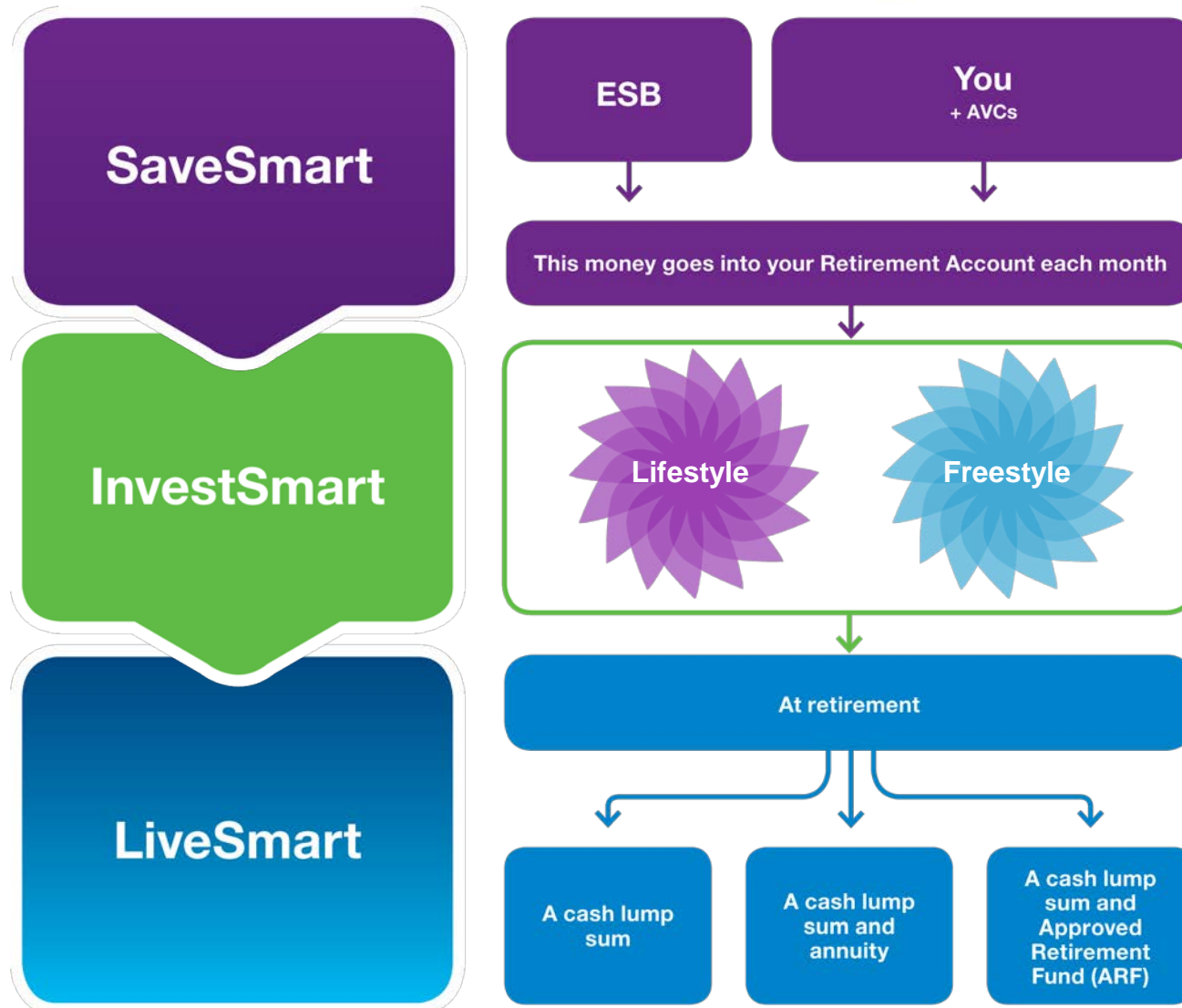
Changes in response to feedback

Risk based strategies

Lifestyling

Website changes

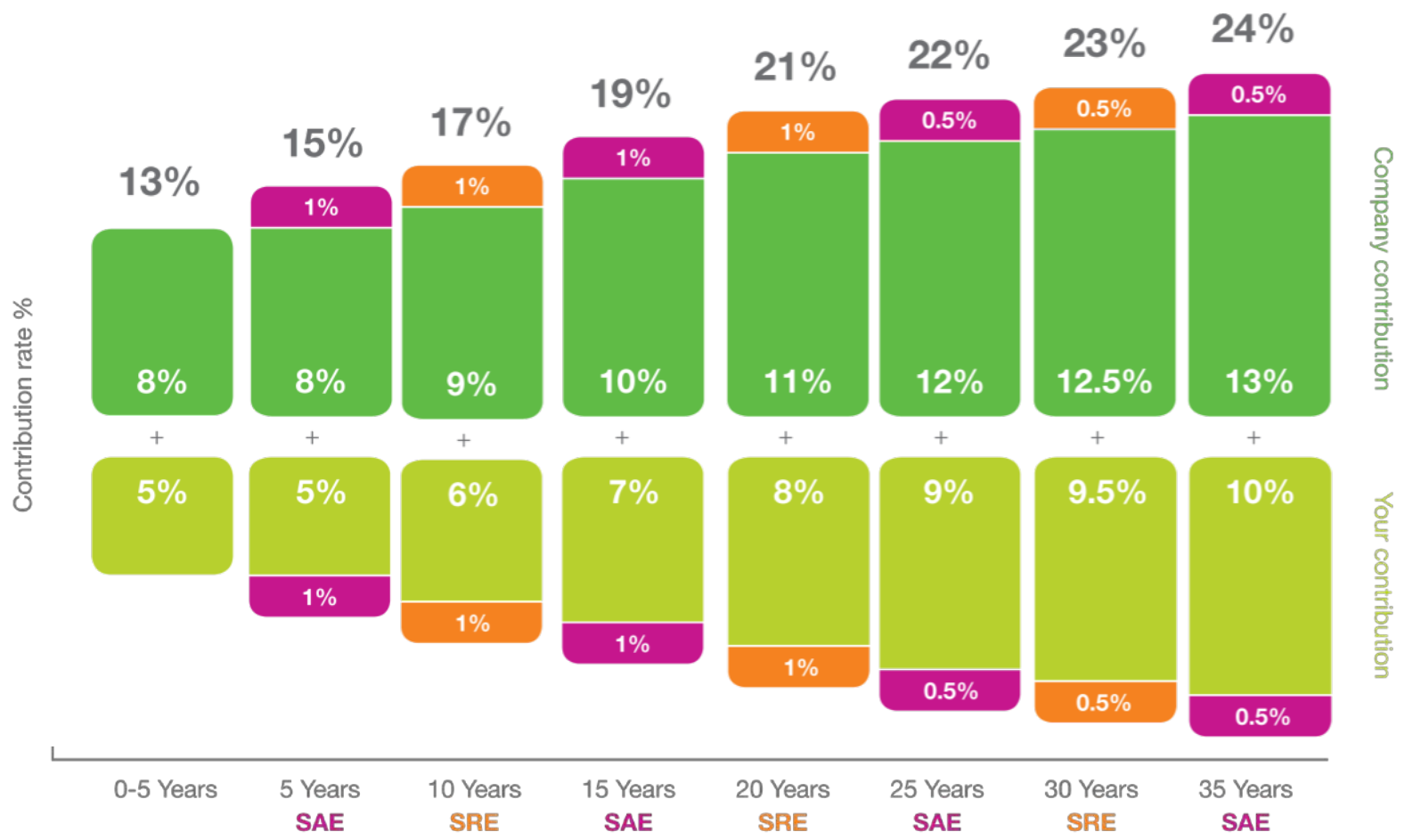
How RetireSmart works





Save**Smart**

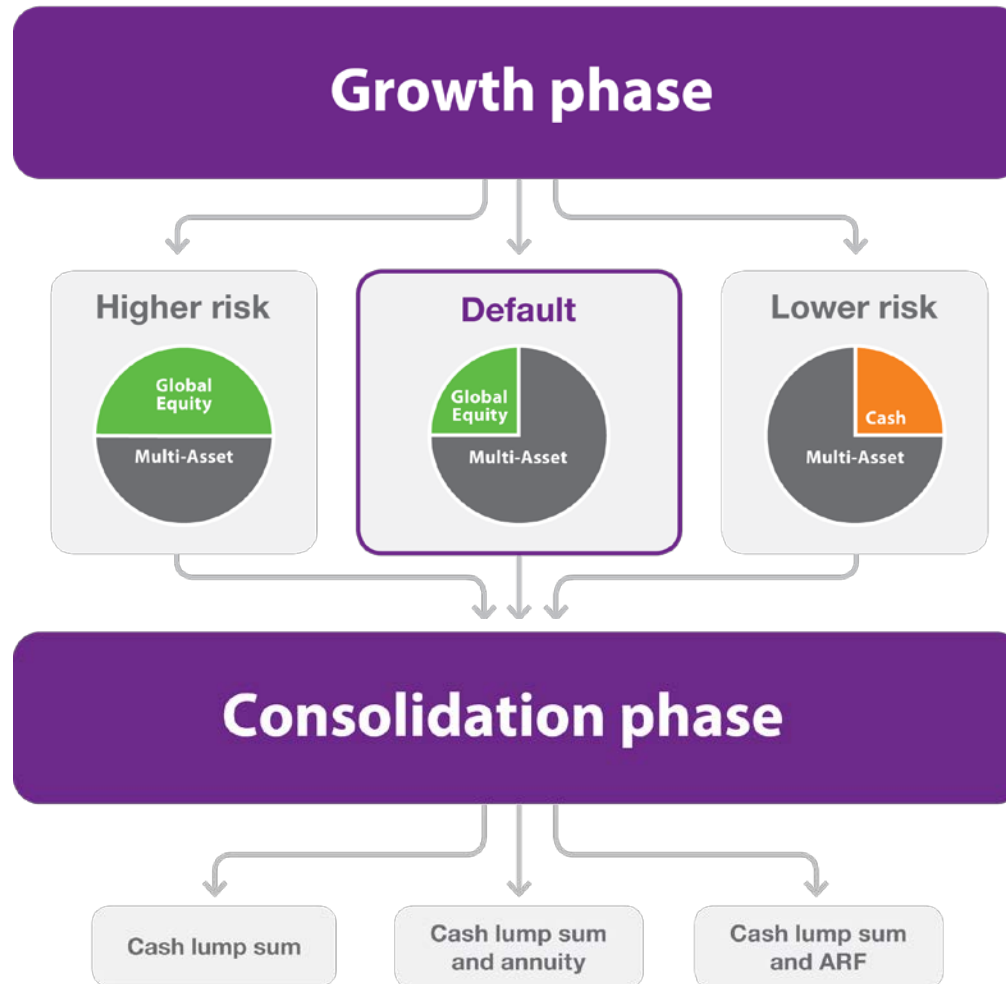
The Contribution Structure





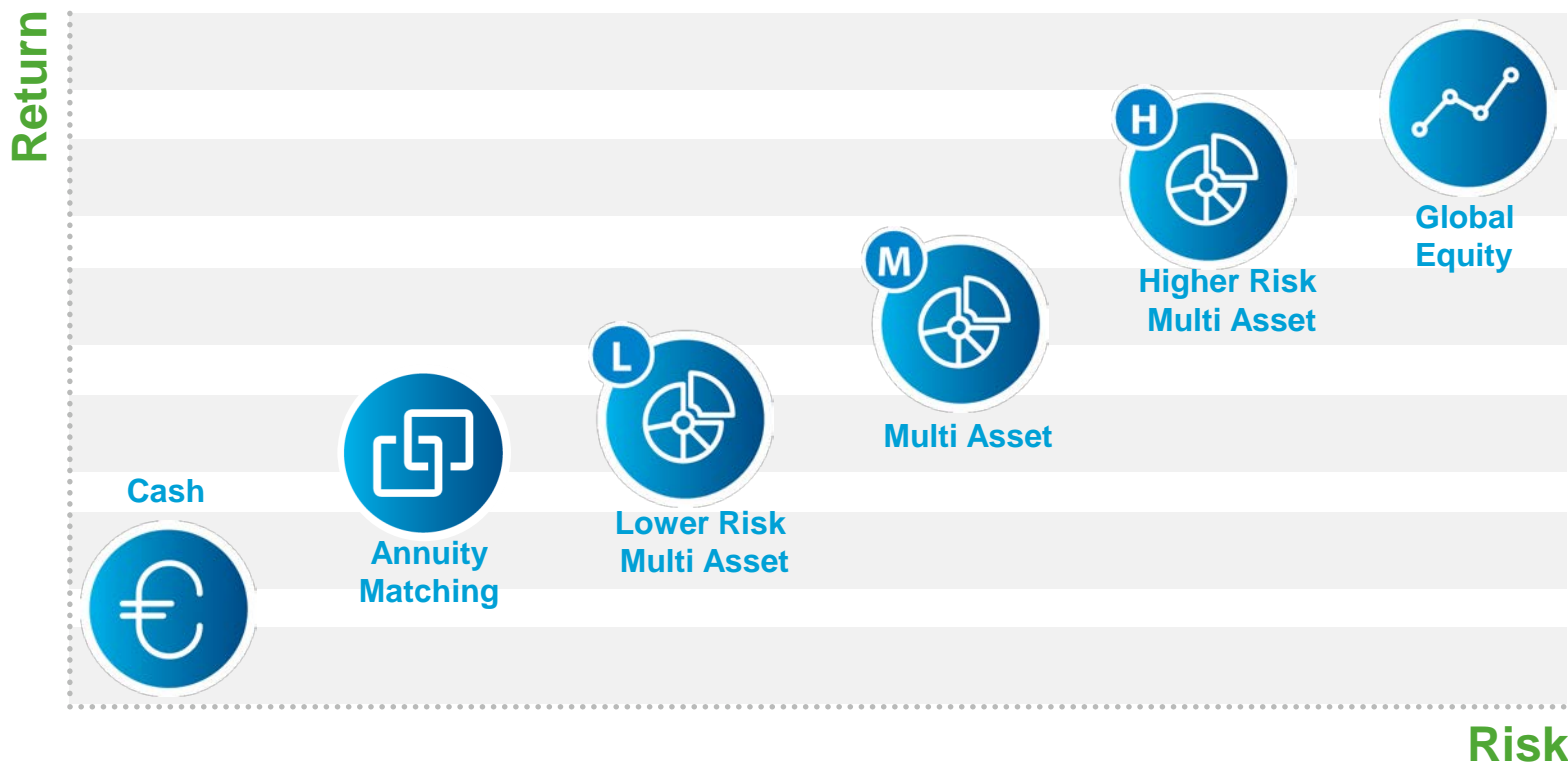
Invest**Smart**

Lifestyle – Have your Investments Managed for You





Freestyle – Manage your own Investments



Long-term general levels of risk and return

* Please refer to the scheme's investment guide for more information. Investments may rise or fall. No investment is 100% secure. Investments can and will rise and fall. Past performance is not an indicator of the future performance.

The background features a solid blue field on the left, transitioning into a series of overlapping, semi-transparent geometric shapes on the right. These shapes include a light blue triangle, a pale green trapezoid, and a bright yellow triangle, all arranged in a dynamic, layered composition.

LiveSmart

Using your Retirement Account



A cash lump sum

Once you have taken your cash lump sum, you can use your Retirement Account, subject to revenue rules, to:



Buy an annuity

or



Invest in an Approved Retirement Fund (ARF)

Communications

Website

- Before Revamp – 19% of Active members logged in.
- Revamp website in conjunction with Administrator.
 - Simple login.
 - Competition.
 - Within three weeks - Over 40% members logged in.
- www.retiresmart.ie





Retire Smart
The ESB Defined Contribution Pension Scheme

Update my investment choice

My details (please complete using BLOCK CAPITALS)

Name: _____

Date of birth: _____ Staff number: _____

Phone number: _____ Email address: _____

Mobile number: _____ Work location: _____

My regular contributions

Please complete this section of the form to confirm how you want to treat your existing Retirement Account and future regular contributions. If you make Additional Voluntary Contributions (AVCs) you will need to complete the AVC section instead.

Before you make your decision, we suggest that you read the Retirement Investment Guide. This gives information on the different options available to you, as well as the fees and awards associated with each. You can choose to invest your Retirement Account in either Lifestyle or Freestyle.

I want to invest my Retirement Account in a **Lifestyle** strategy

Investment strategy	My existing Retirement Account	Future contributions
<input type="checkbox"/> Lower Risk Lifestyle Strategy	100%	100%
<input type="checkbox"/> Default Lifestyle Strategy	100%	100%
<input type="checkbox"/> Higher Risk Lifestyle Strategy	100%	100%

*Minimum investment age is 18. If you are not over 18 the order about when to invest your Retirement Account, your contributions and investment in the Default Lifestyle Strategy.

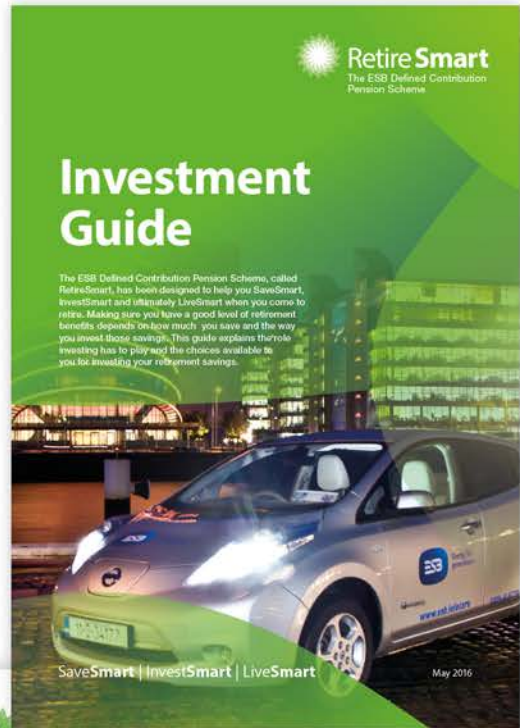
I want to invest my Retirement Account in one or more of the **Freestyle** strategies

Please complete the table below to confirm how you would like to invest your existing Retirement Account and future contributions. Please use whole percentages only and make sure both columns add up to 100%.

Investment strategy	My existing Retirement Account	Future contributions
Global Equity Strategy	%	%
Higher Risk Multi-Asset Strategy	%	%
Multi-Asset Strategy	%	%
Lower Risk Multi-Asset Strategy	%	%
Annuity Matching Strategy	%	%
Cash Strategy	%	%
Total	100%	100%

If you have accumulated savings in the Irish Life Secured Performance Fund, these will remain in this fund. If you have any queries about your investment options, please contact the scheme administrator, or visit www.retiresmart.com/ask.

Please sign and date this form at the bottom of the page **revised** before sending it to the scheme administrator.



1 Recognise the role of investing

The first step is to understand the role investing has to play in saving for your retirement and why it's so important. The diagram below sets out your 'retirement journey'.

SaveSmart

You join the scheme and a Retirement Account is set up in your name.

ESB

Pays in contributions

You

Pay in your contributions (and Additional Voluntary Contributions (AVCs))

This money goes into your Retirement Account each month.

As you continue to make contributions to your Retirement Account, these will be invested in the **InvestSmart** strategies.

At retirement (based on current legislation), you may choose to use your Retirement Account and:

A cash lump sum

A cash lump sum and Annuity

A cash lump sum and Retirement Fund (RIF)

Thinking through the role investing has to play, the next step is to consider your attitude to risk.

2 Consider your circumstances

Before making any investment decisions, you must first think about your aims for retirement. This will involve answering questions about your financial situation, stage of life and future plans. Consider your own answers to the questions below:

Q What age do you plan to retire and how far away is that?

A There may be a difference between the age you now begin to plan your State Pension and the age you want to retire from. Also, how much you wish to live through your Retirement Account has to go through your contributions and potential investment returns. How far away that is will influence your attitude to risk.

Q Do you have any other financial plans in place to fund your retirement?

A It is helpful to plan with a view to saving for retirement, or do you have other pension benefits you have already built up or other assets such as a house that may help to fund your retirement?

Q What kind of commitments do you have?

A You may still have children when you retire, such as mortgage and loan payments, and care costs. You may also have dependants you will need to provide for.

Q What kind of lifestyle would you like to lead when you stop working?

A It is helpful to plan with a view to saving for retirement, or do you have other pension benefits you have already built up or other assets such as a house that may help to fund your retirement?

Q What's your risk appetite?

A Your attitude to risk may influence the way you invest the savings in your Retirement Account.

What are your investment goals?

Once you have thought about your situation, this should help you to think about what you want to try and achieve with your investments.

If you have money plans from what you need your Retirement Account to give, or strongly recommend to be using as possible.

If you are approaching retirement, considering or considering the value of your Retirement Account to help to have a higher priority.

If you are close to retirement you may wish to protect your Retirement Account against any short term falls.

Once you have a firm understanding of your retirement aims, the next step is to determine your attitude to risk.

Helping you to SaveSmart

RetireSmart is an important part of your reward package. This booklet explains how the ESB Defined Contribution Pension Scheme works so you can make the most of being a member and planning for your retirement.



SaveSmart | InvestSmart | LiveSmart

June 2016

Why it is important

This booklet has been prepared to help you plan for your retirement, but before you get stuck into reading it, take a moment to think about your retirement goals and how you plan to achieve them.



What age do you plan to retire and how far away is that?



Do you have any other pension plans to plan for your retirement?



What level of contributions do you want?



What kind of benefits would you like to have when you retire?

Thinking through these key questions now should help you imagine what your life will be like when you stop working. To achieve this we all need to save most of our working life, for our planned retirement plans.

When do I need to start saving?

If you are saving to retire, you should be saving for your retirement. This is why you will be automatically enrolled in the RetireSmart when you join the Company. To make sure you are saving, the advice is to take for you an assurance benefit our retirement goals. We will help you decide how far in advance of your retirement you should start saving. You can also start saving from the day you join the Company.

The Company's contributions are dependent on your retirement savings. However, if you stop and the advice you take on advice based on what you are contributing and how you want your savings from the time you join the Company.

Adjustment (SAE)

The RetireSmart Salary is compared with the Pensionable Salary that you receive from your employer. This is done on a regular basis, and will be for the Company Retirement Income (CRI). If the Pensionable Salary is less than the CRI, you will be eligible for an additional contribution under the Scheme (SAE).



What is calculated?

Basic Salary for your 1 year SAE scheme week 40,000	€38,000
ESB Income, at 10 years service, your Pensionable Salary increased to 40,000	€54,000
Income of 40,000	42.1%
Annual increase by 10%, which raises the benchmark of 40,000 to 44,000	22%

Additional contributions under the first SAE in the one after a year's service will be based on the difference of actual salary growth in that period.

Based on a 10% increase in your salary, the resulting gain for the pensionable salary in the salary year you begin a career break will be increased for eligibility for the SAE and SRE.

Service Related Element (SRE)

RetireSmart members will be eligible for additional matched contributions after 10, 20 and 30 years' service. These contributions are designed to encourage and reward you for your length of service and give you a good opportunity to start up your Retirement Account.



The normal rules for service calculations apply and you can opt to defer your SAE and SRE contributions. This gives you the option not to take advantage of these additional matched contributions and defer your decision to your next five yearly review. If you choose to defer your additional matched contributions until your next review, these contributions will not be retrospective.



IN THE CONTRIBUTION STRUCTURE | THE CONTRIBUTION STRUCTURE | 4

How does the scheme work?

The diagram below sets out your retirement journey as a member of RetireSmart.



This booklet will help you to understand how the scheme works in detail.

Mr A Sample
Address Line 1
Address Line 1
Address Line 1
Postcode

XX May 2016

[NAME]: Important information about your ESB Defined Contribution Pension Scheme. Please read this letter and the enclosed information carefully.

As Trustees of the ESB Defined Contribution Pension Scheme, our goal is to help all our members to achieve better financial outcomes at retirement. We'd like to tell you about some important investment changes being introduced to help you achieve this aim.

Before we explain these changes, you may have noticed that we have taken the opportunity to refresh the look and feel of our communications, including a new name for the scheme: RetireSmart. We'd like to make it clear that RetireSmart is NOT a new scheme, it's simply a new name that we believe, with this investment change being introduced, better reflects our approach and what we want our members to achieve.

Why RetireSmart?

We recognise that for most of our members, saving and investing for retirement can seem a complicated and daunting task. For that reason, we want to do everything we can to help you. There are two main ways we can do this:

- By ensuring the scheme is fit for purpose, to help you to save and invest for your future.
- By recommending with you in a way that helps to give you the guidance and support you need at different stages of your retirement journey.

We want you to be able to SaveSmart, InvestSmart and LiveSmart.

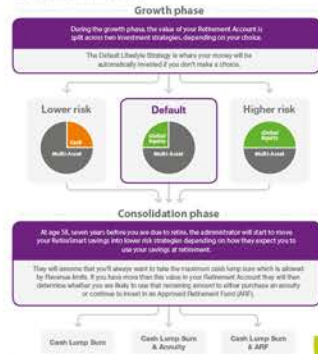
This booklet provides the changes being made.

The Lifestyle changes

As well as offering three Lifestyle strategies with different levels of risk during the growth phase, we are introducing a new phase of the plan to help you achieve your retirement goals. This is where things get really interesting.

The current Lifestyle strategy consolidation. The new Lifestyle strategies will be a phase with the same risk for every member (medium) as it is together with the consolidation phase. The new Lifestyle strategies will be a phase with the same risk for every member (medium) as it is together with the consolidation phase. The new Lifestyle strategies will be a phase with the same risk for every member (medium) as it is together with the consolidation phase.

The diagram below shows how it will work:



The Lifestyle strategies assume you will retire at age 65. Please contact the administrator if that is not the case for you.

See yourself for what these changes mean to you and what you need to do next.

Member engagement



Trustees concerns

- ✓ **Current Default not suitable**
- ✓ **Members using website low**
- ✓ **Future proof the scheme**
- ✓ **Increase Member engagement**
- ✓ **Can administrator implement outcome of investment review?**
- ✓ **How to communicate any changes.**



RetireSmart

The ESB Defined Contribution
Pension Scheme

Continuous innovation

SaveSmart | **InvestSmart** | **LiveSmart**

Disclaimer

- *The Trustees can provide you with information about the Scheme, but the law does not allow the Trustees to give you advice about what might be best for your personal situation. If you want advice, you should contact an authorised independent financial adviser. Before you take advice from anyone, you should check that they are qualified and authorised to advise you. You should also ask how much they will charge you for their advice.*
- *This material is for information only and does not constitute an offer or recommendation to buy or sell any investment and has not been prepared based on the financial needs or objectives of any particular person.*
- *Investments may fall as well as rise.*
- *Past performance, forecast and simulated performance may not be a reliable guide to future performance.*
- *Please contact the Scheme Administrator for any queries you may have.*