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representing pension savers

Engaged? The Gender Question



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IAPF DC committee



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Agenda

- Introduction
- Why explore women's pension needs?
- A different research approach
- Key findings
- Trustee obligations
- Challenges to pension funding
- Engaged? The gender question
- Closing



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Why explore women's pension needs?

- Generally, women are underprepared for retirement.
 - C. 500,000 working women have no pension product.
 - Recognised as a real issue
- To help and engage our customers
 - New Ireland wanted to understand and gain deep insights into the needs, challenges and perceptions working women have with retirement planning.



Our initial research indicates women broadly desire similar things to men in retirement, *however women have different challenges when planning for retirement*



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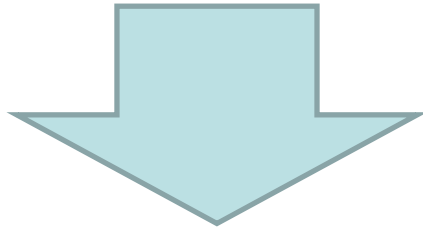
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A different research approach

Direct customer immersion



- A collaborative insight team
- A varied range of data and methods
- Hidden Needs Analysis





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A different research approach

Different perspectives

- Customers and non customers
- Individuals and couples
- Independent Advisors
- New Ireland Advisors
- Regional spread across a range of age categories



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Key findings

- Engagement overall is low
- Those well on their way in relation to the planning and pension saving were influenced by specific personal or professional circumstances
- Women are challenged with a number of competing saving priorities and distinct life events
- Our combined research sources highlighted a number of personas. The 4 we will share with you today are specific to those who are not advanced in terms of planning and pension provision
- Findings validate the need for a multidimensional approach to building financial protection and independence



Four main personas



This person just wants to go travelling, go to gigs, do everything.

They don't want to worry so much about a tomorrow that is far off.



Four main personas



They're getting on the property ladder, moving up it or using property as the core of their retirement plans.

Getting a mortgage, paying a mortgage, investing in property is priority #1.

It's hard to see anything else.



Four main personas



This person doesn't want to hear about pensions.

'They're for old people' or

'I've been burnt or someone I know has been burnt.'

It's not for me.



Four main personas



The busy working Mums.

It's child care, education – *'just too many things competing for my attention that a pension is of no interest to me'*.

I need a bit of help here.



Not taking action / finding ways to put it off

- Across all the age groups many were found not to want to discuss pensions, it was **an uncomfortable subject**.
- Not having sufficient knowledge causes **stress**.
- A lot of individuals are **in denial** with people finding **many excuses** to put off the uncomfortable pension discussion





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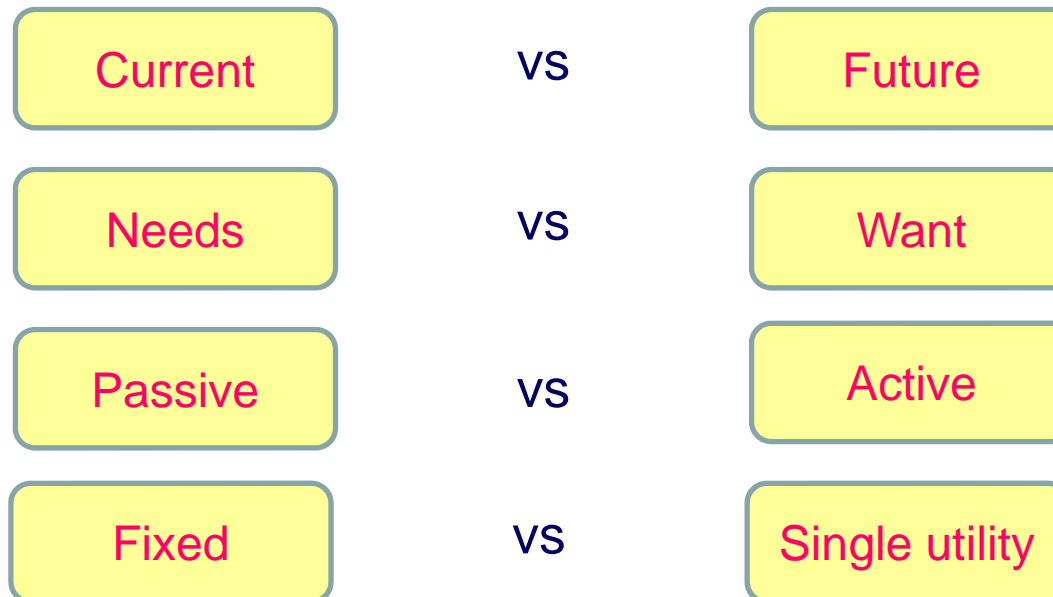
Key findings: Themes and insights

- Young women focus on travel and entertainment
- Mortgage payers put off pension planning claiming that when the house is paid that is enough for their pension
- For mothers, family and children's education come first
- Older women in difficult financial circumstances know it is a problem but become resigned to it / prefer not to even try and address it



Perceptions of financial products

The four categories below represent two thirds of perceived financial product attributes (connected to saving and spending):





Perceptions of financial products

- The overarching theme is about meeting **‘pressing’ needs today** as opposed to passive needs which may or may not happen.
- The fixed and single utility of current products seems to intensify the avoidance of a future oriented and ‘nice to have’ products.

“ I looked at my ABS for the first time this year because I turned 40”

“It’s so far away it’s not on my radar”

“ I don’t think about it and just hope it will all work out”



Challenges specific to women

- The history of male ‘breadwinners’ means women’s pensions are not considered separately – even though males often die earlier.
- Contradiction that married women feel secure but less so as they realise that their partner’s pension might not provide enough for them.
- Females not always aware / well informed by their partners. Couples do not tend to take a holistic view of their pension planning.
- Women would like advice at different stages i.e. maternity leave, change to part-time working, career breaks etc. that will impact their earning potential and future pension.
- Whilst people have strong views in relation to the type of lifestyle that they aspire to have when they stop working they have not considered the cost or how they will afford it.

“I think the reality of my retirement won’t match up to my ideal”



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Key findings: Deeper insights

Advisors who engage, advise and sell financial products related to security and retirement to working women believe the following factors would make a difference:

- Increased awareness and education
 - a greater focus on the benefit of pensions
 - the importance of financial independence/ not relying on someone else.
- Providing the opportunity to engage with a female advisor network
- Simpler products, customer experience and language that ensure that contributions are meaningful





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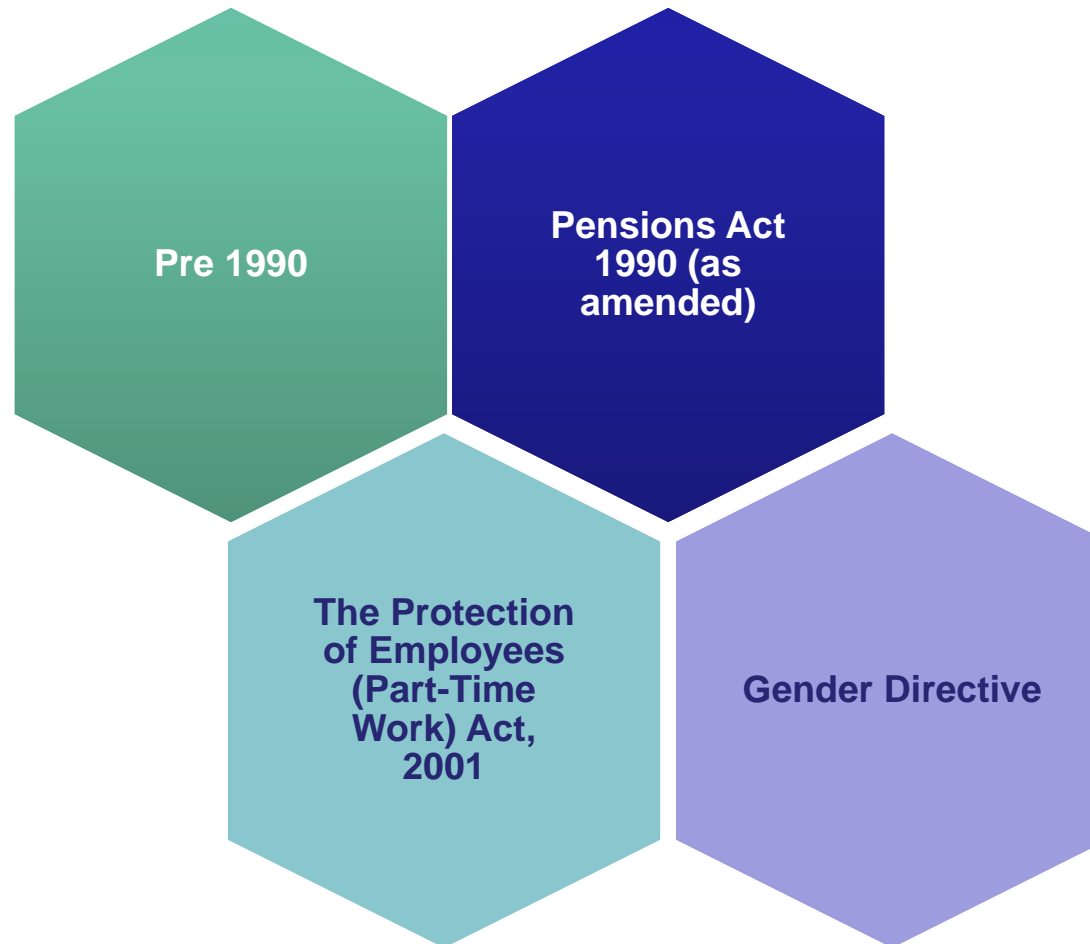
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Trustee Obligations





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Pre 1990

- Marriage Bar
- Redundancy
- Widow / Widower's pension



Equal Treatment

- Pension Schemes prohibited from discrimination
- 2 main headings
 - Personal status
 - Employment status
- 2 main issues
 - Access to scheme
 - Benefits and contributions





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Pensions Act, 1990 (as amended)

Equal Treatment

Cannot discriminate on grounds of:

- (a) Gender
- (b) Marital status
- (c) Family status
- (d) Sexual orientation
- (e) Religious beliefs
- (f) Age
- (g) Disability
- (h) Race
- (i) Membership of the Traveller Community



Equal Treatment – a member cannot be treated less favourably than another member in a comparable situation in relation to:

Scheme Membership

Annuity rates

Normal Retirement Age

Benefits payable on leaving

Member and employer contribution levels

Dependants' benefits

Discretionary benefits provided

Early and late retirement benefits



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The Protection of Employees (Part Time Work) Act 2001

Part time employees:

- Must get comparable pension benefits with equivalent full-time employees
- Should be able to join Pension Scheme and get pro rata benefits

Exceptions:

- Works less than 20% of the hours of comparable full-time employee



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Gender Directive

Judgement by the ECJ

- Came into force on 21 December 2012
- No longer permissible to operate gender specific rates
- Led to a fundamental change in the way we calculate annuity rates
- Equalisation of male and female annuity rates
- Female rates improved slightly, male rates fell slightly



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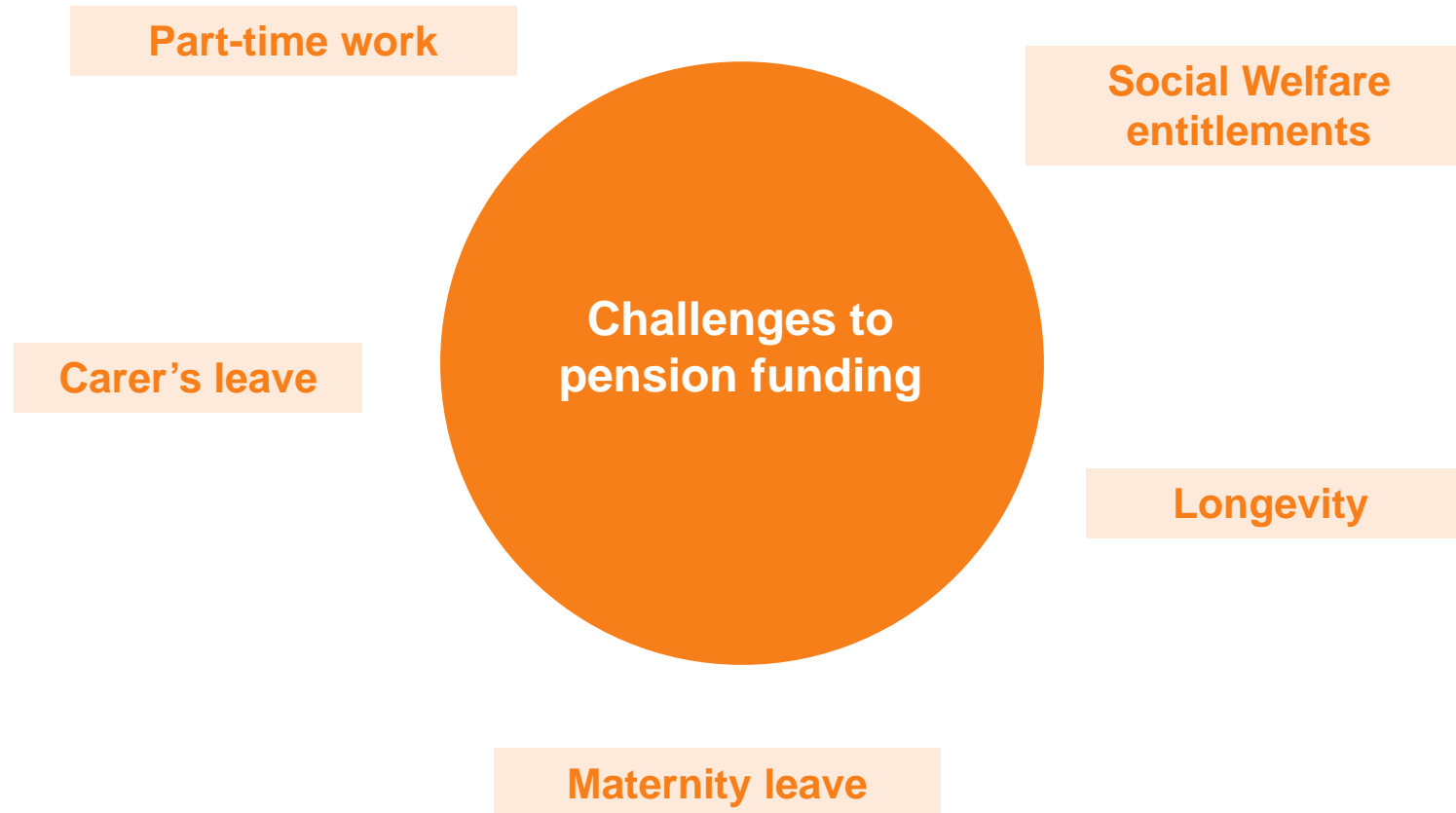
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Challenges to pension funding





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Challenges to pension funding

Maternity Leave

Part VII of Pensions Act (Equal Pension Treatment in Occupational Benefit Schemes)

Section 81A. Maternity provisions

In this section “period of qualifying maternity absence” means any period:

- a) Throughout which a woman is absent from work due to pregnancy or child-birth, and
- b) In respect of which her employer....pays her any remuneration





Maternity Leave

What does this mean?

- If employer pays any remuneration to an employee during statutory maternity leave then employer must maintain pension contributions at same level as before maternity leave started
- If no salary payment to employee during statutory maternity leave then employer not obliged to continue to contribute
- Employer is under no obligation to pay any pension contributions during any maternity leave after the statutory period (26 weeks)
- Employer's discretion

Provisions of Pensions Act just apply to Occupational Pension Schemes



Maternity Leave



- Reduced salary
- No pay versus employer's intention to maintain pension contributions





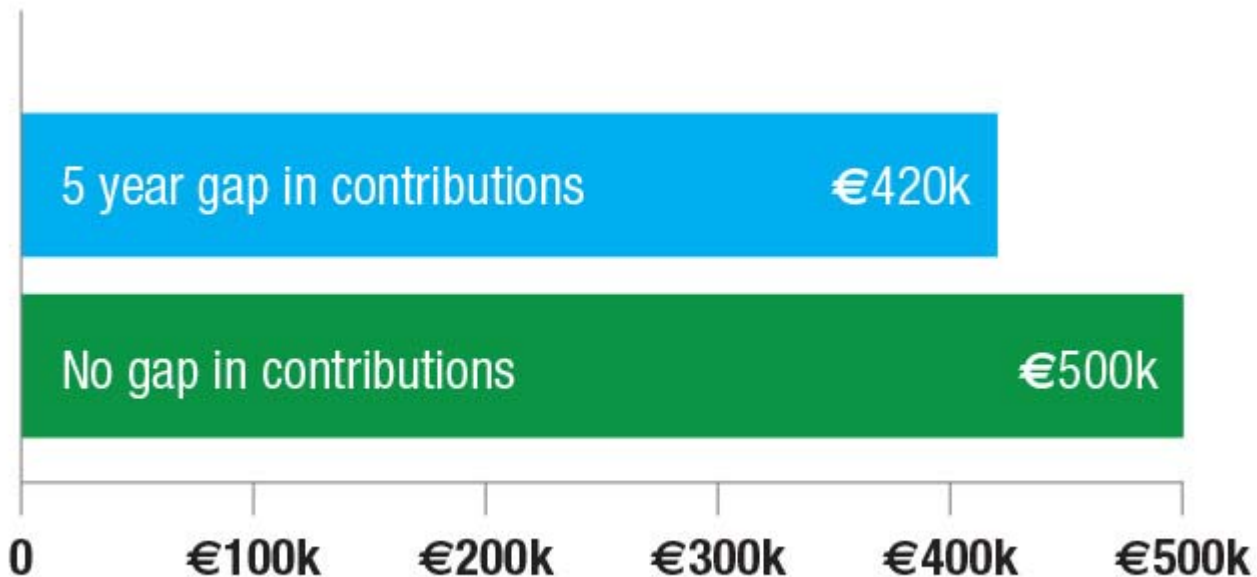
Maternity Leave





Challenges to pension funding

An indication of the pensions gap:



Assumptions

Female, aged 30 years. Salary €50,000. 5% employer and 5% employee contribution

Normal Retirement Age 65. Standard PRSA pricing. 5% growth rate, 2.5% indexation of contributions



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Member engagement and communications

- One size fits all approach in terms of member communications?
 - We've seen age cohorts targeted
 - Should communications be tailored on gender grounds – definitely specific messages for the female population (as we've seen already)



Member engagement and communications

Considerations for Trustees

- ✓ Target female population with specific communications
- ✓ Awareness campaign of key life events that impact on pension funding
- ✓ Scheme literature, member presentations – female influence
- ✓ Move pension away from being a “nice to have” product – must pay now to provide for the future as too costly to buy in the future

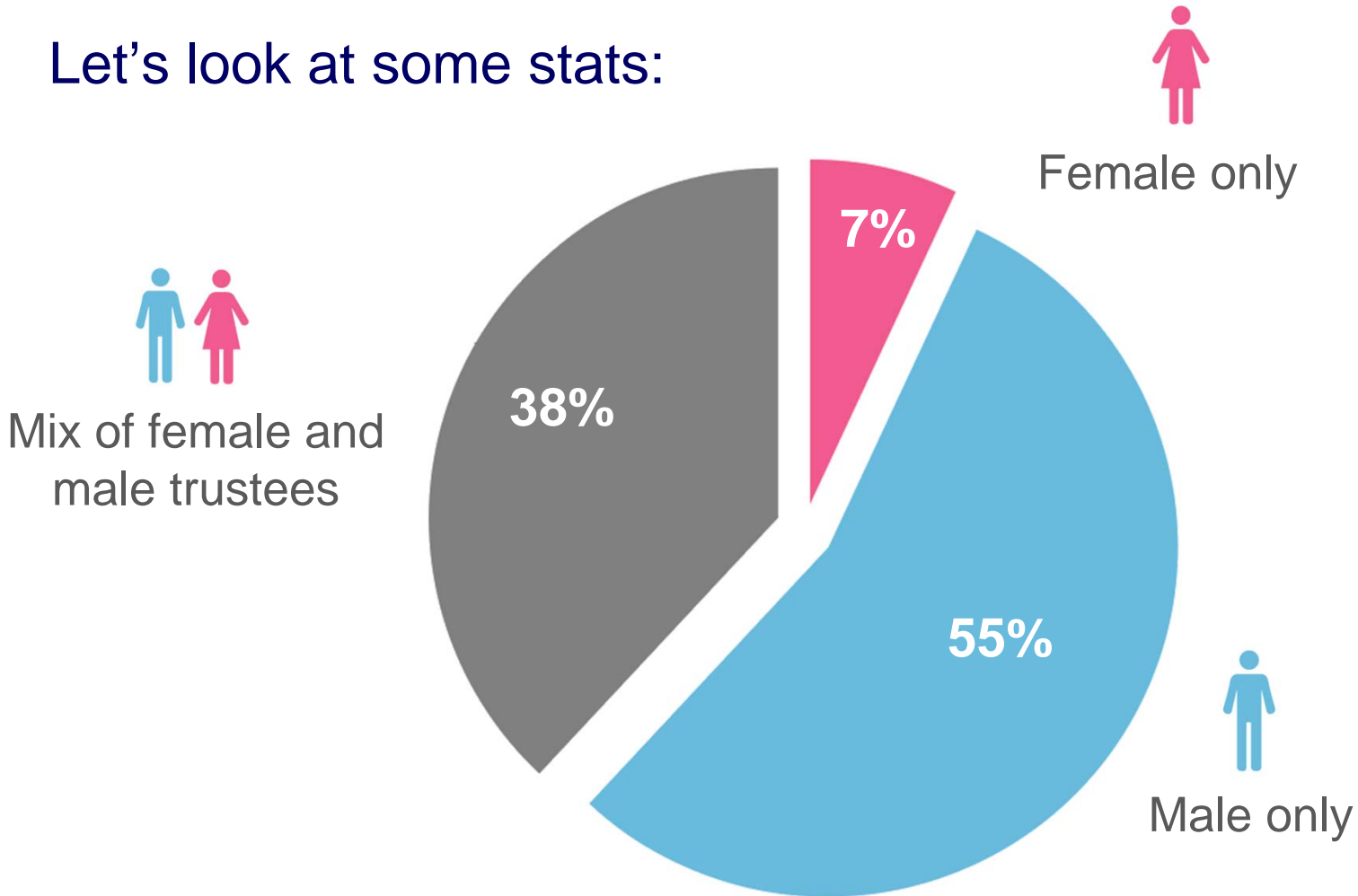


“I wish someone had told me about the impact of maternity leave & part-time work”



Make up of Trustee board

Let's look at some stats:





Considerations for Trustees

- Address any gender imbalance
- ✓ Diversity on Board reflecting all members of the scheme
- ✓ Risk tolerance, investment decisions
- ✓ Represent specific female interests
- ✓ Are female members likely to engage with the pension scheme more if female trustees?





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In closing

Taking into account everything we've shared with you today:

- ✓ Insights from research
- ✓ Trustee obligations
- ✓ Pensions gap specific to the female membership of a scheme
(awareness of causes and potential size of gap)
- ✓ Engagement

Food for thought in terms of how you operate the scheme and engage with members



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