

IAPF DC Seminar

26th Sept 2012



Managing Deferred Members

- Tales From The Front Line

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Schemes & Membership #'s

Scheme Size	Defined Contribution		Defined Benefit				All Schemes	
	No of Schemes	Active Members	Subject to the Funding Standard No of Schemes	Active Members	Not Subject to the Funding Standard No of Schemes	Active Members	No of Schemes	Active Members
Frozen	n/a	n/a	115	1,323	0	0	115	1,323
In wind-up	n/a	n/a	20	4,639	0	0	20	4,639
Non Group	49,032	49,032	3	3	0	0	49,035	49,035
1 to 50	16,132	70,656	545	7,913	39	716	16,716	79,285
51 to 99	313	21,500	93	6,858	11	828	417	29,186
100 to 500	250	48,513	149	35,081	28	6,271	427	89,865
501 to 1000	24	16,538	39	26,527	4	3,518	67	46,583
1001+	19	32,911	29	114,833	23	324,218	71	471,962
Totals (as at April 2012)	65,770	239,150	993	197,177	105	335,551	66,868	771,878
2010 Totals	75,183	259,732	1,013	222,072	95	328,157	76,291	809,961
Change since 2010	-9,413	-20,582	-20	-24,895	10	7,394	-9,423	-38,083

Source: Pensions Board Annual Report 2012

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MANAGING DEFERRED MEMBERS



Presented by:

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Managing Deferred Members

Mobile workforces = workplace benefit, pensions headache!

UK Statistics

“1 in 6 have no idea where their pension is saved”

- DWP

- Half of DC arrangements – pots less than £10,000
- Currently - £3bn in dormant workplace pensions
- By 2050 – 50 million dormant workplace pensions with over 12 million under £2,000

Managing Deferred Members - Options

Leaving service options: within 2 months

Options : preserved vs non-preserved

- Refund of contributions
- Transfer to:
 - another scheme
 - buy out bond
 - PRSA (subject to restrictions)
 - overseas arrangement or ARF/AMRF if appropriate
- Leave in scheme



Managing Deferred Members - Transfers

Preserved Benefits:

- Exercise option within 2 years or longer if rules permit
- Notify trustees in writing
- Provide information required by trustees
- No transfer if preserved benefit in payment

Must transfer preserved benefit on members request within 3 months of notification — no statutory obligation to transfer a members non-preserved benefit

Managing Deferred Members - Transfers

Alternatively, transfer without consent:

- if €10,000 or less on date of transfer
- or
- Pensions Board grants application to transfer

Subject to conditions

Non-preserved benefit

- manage in accordance with scheme rules
- perhaps – refund of contributions, transfer or leave in scheme

Overseas transfers – Revenue requirements

Managing Deferred Members - Transfers

Pensions Board updated Guidance Notes – Appendix

Trustees must demonstrate:

“that the proposed transfer is in the best interest of the member including by reference to the charges and fees and investment options associated with the proposed transfer arrangement and with the alternative arrangements considered”

If granted – Board will advise trustees, among other things, that the determination does not relieve them from their duties as trustees under the scheme rules or generally



Section 59 Pensions Act 1990:

- provide for proper investment of scheme resources
- make arrangement for payment of benefits
- ensure that proper membership and financial records are kept
- if a scheme is wound up, apply the resources of a scheme in discharging liabilities without undue delay

Trustee duty to act in best interest of members and in accordance with scheme rules

Data Protection considerations

Trustee indemnity/exoneration

Managing Deferred Members - Overseas Solutions

UK

DWP Proposing "Pot follows member" solution

Not perfect:

- possible erosion of small pension pots
- risk of transfers to schemes with higher charges and weaker governance

Pension Tracing Service

Australia

Promote consolidation of Super pension funds

Super Seeker – free secure tracing system via Australian Tax Office

Managing Deferred Members

National Pensions Framework

Advocated the following:

- A tracing service be put in place to facilitate the tracing of pension rights by former employees and scheme trustees
- Consideration be given to the establishment of a State managed fund into which untraceable accounts would be deposited



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Managing Deferred Members

DO consider the following:

- Devise plan/policy to manage deferred members
- Encourage member engagement/education/communication updates/inform of possible transfer without consent
- Suitable investment for deferred members
- Diarise to consider transfers without consent
- Feasibility of scheme amendment
- Include on trustee meeting agenda

DON'T – ignore a growing issue or transfer without member consent without considering if in members best interest – cost/fees/investment etc

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Managing Deferred Members

Time for an informed national discussion ?



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