



LIFE AFTER IORP II DC CONSOLIDATION IN PRACTICE

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Where does IORP II leave existing DC schemes?



- 1) Continue the existing scheme
- 2) Restructure the existing scheme
- 3) Set up new scheme
- 4) Migrate to a Master Trust



Trustee Board

Regulatory Management



Investments



Administration



Governance



Engagement



On boarding



Employer 1



Employer 2



Employer 3



Employer 4



Employer 5



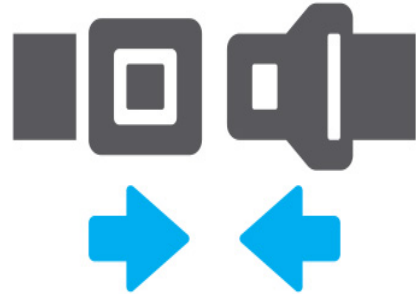
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The benefits of a Master Trust



Removes the governance time/cost burden



Reduces risk



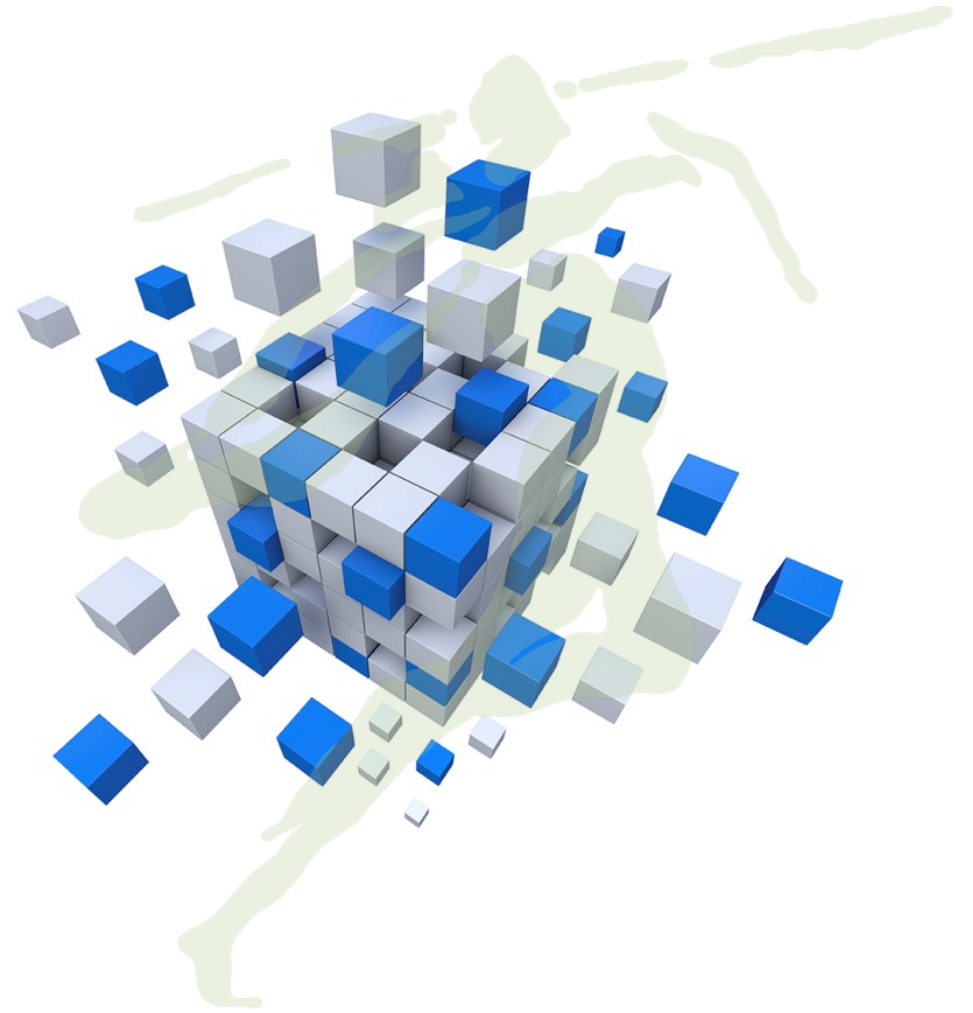
Enables quick adoption of best practice



Allows for economies of scale



Pension Scheme Consolidation



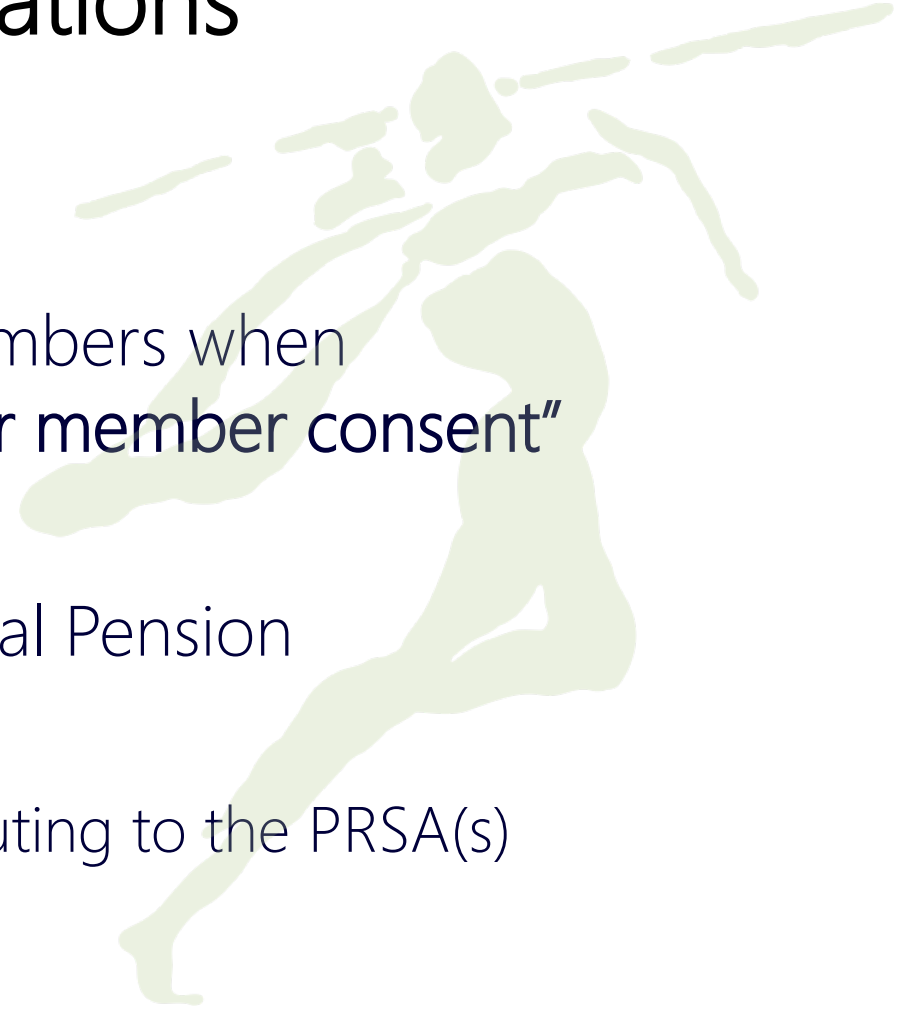
Pension Scheme Consolidation

Occupational
Pension Schemes
(Duties of Trustees
in connection with
Bulk Transfer)
Regulations 2009

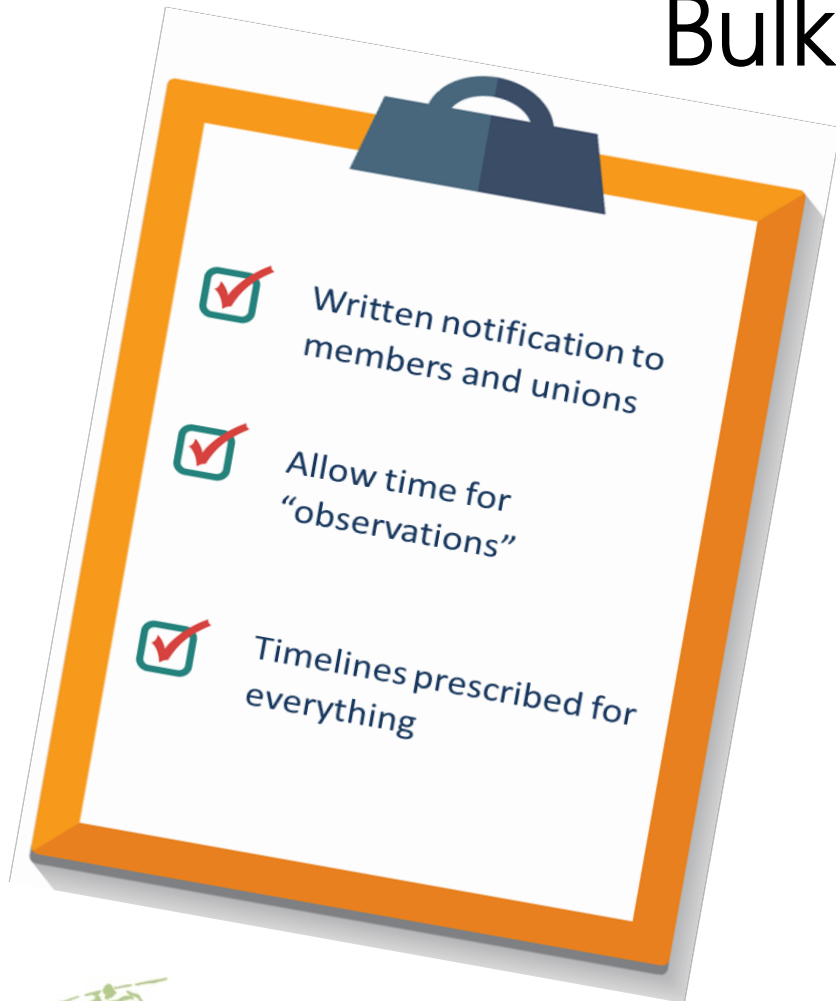
Disclosure of
Information by
Occupational
Pension Schemes –
scheme in wind up

Bulk Transfer Regulations

- Effective since 1 August 2009
- Trustees must provide information to members when carrying out a Bulk Transfer **“without prior member consent”**
- Regulations apply:
 - Occupational Pension to Occupational Pension
 - Occupational Pension to PRSA
 - Only where the employer is contributing to the PRSA(s)



Bulk Transfer Regulations



- Notification
 - By post to the address which was furnished to the transferring trustees
 - Treated as complying with notification
- Not less than 2 months before proposed transfer
- Allow for written observations not later than 1 month after the date on the notification
- Transferring trustees or employer must “consider any observations”
 - For a period of not less than 1 month from latest date provided for in the notification
 - State in writing they have considered the observations before the Bulk Transfer is effected



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Bulk Transfer Regulations



- Receiving trustees to provide information to transferring trustees
Financial and time cost of preparing “Bulk Transfer pack”
- Potential losses or adverse effects.....
Likely that transfers to Master Trusts will match the existing scheme structure so should have no “loss” of benefits
DC to DC difficult to quantify what constitutes adverse effects
Not defined in the legislation
Future investment losses?

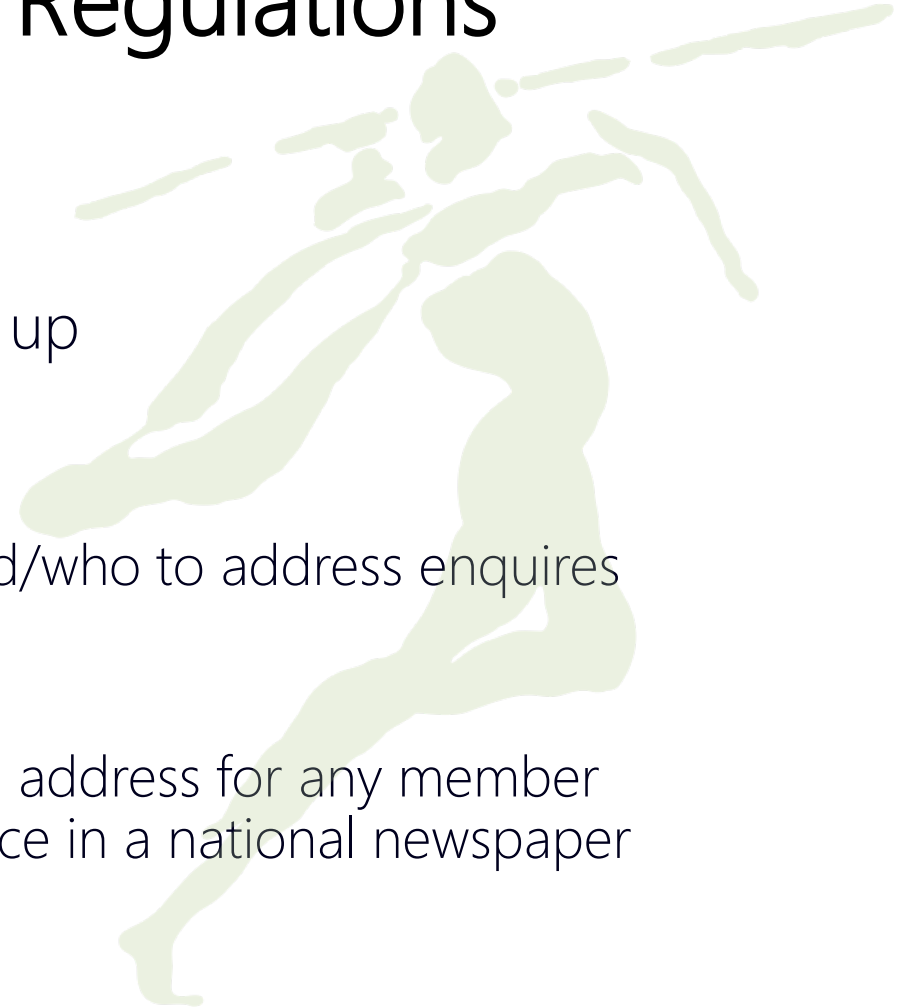


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Disclosure of Information Regulations

- Document decision to wind up
 - Effective date and timeframes in the process
- Letter to Pensions Authority to advise of wind up
- Member communications
 - Options (if any)
 - Confirmation where benefits will be transferred/who to address enquires to
 - Allow time (30 days) for responses
 - If trustees do not know or cannot ascertain an address for any member (or other beneficiary) they must publish a notice in a national newspaper



What
Do I Do
Now



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Scheme Transfer Options

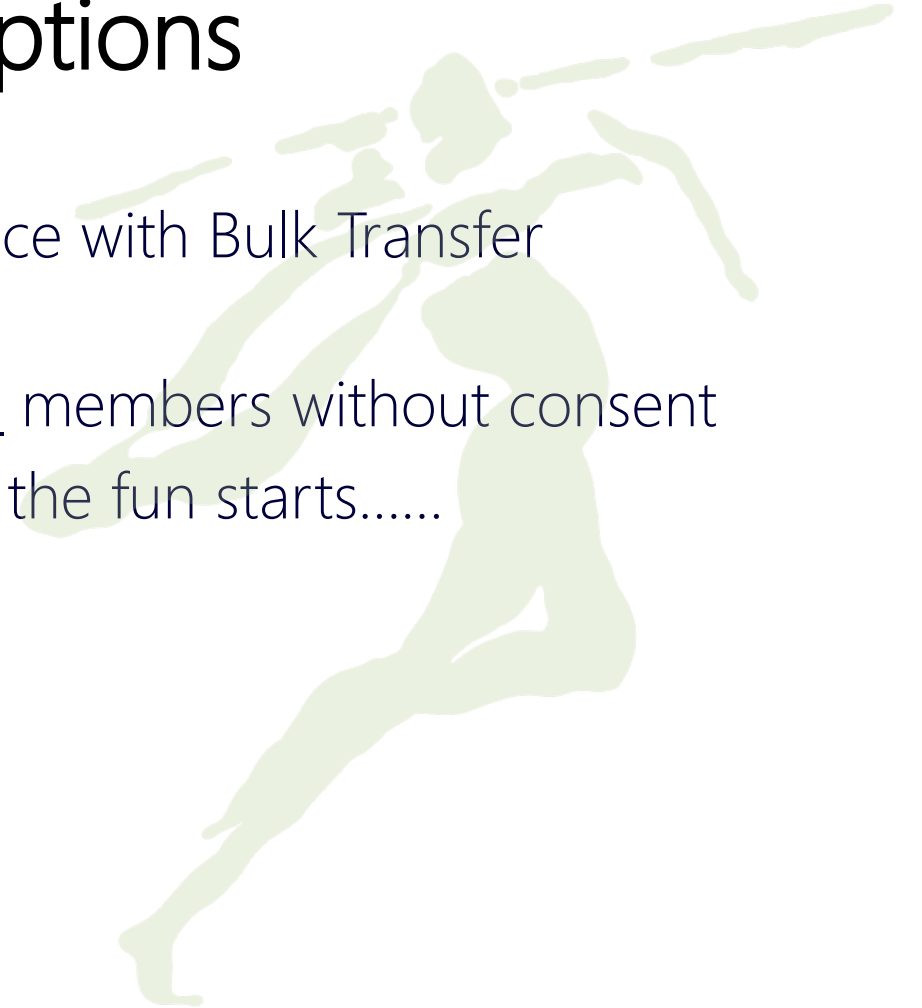


- ✓ Avoid Bulk Transfer Regulations
- ✓ Transfer the active members of the existing scheme with their consent
- ✓ Preserved members:
 - Remain in the existing scheme or
 - Wind up existing scheme and transfer to Bulk Buy Out Bond facility

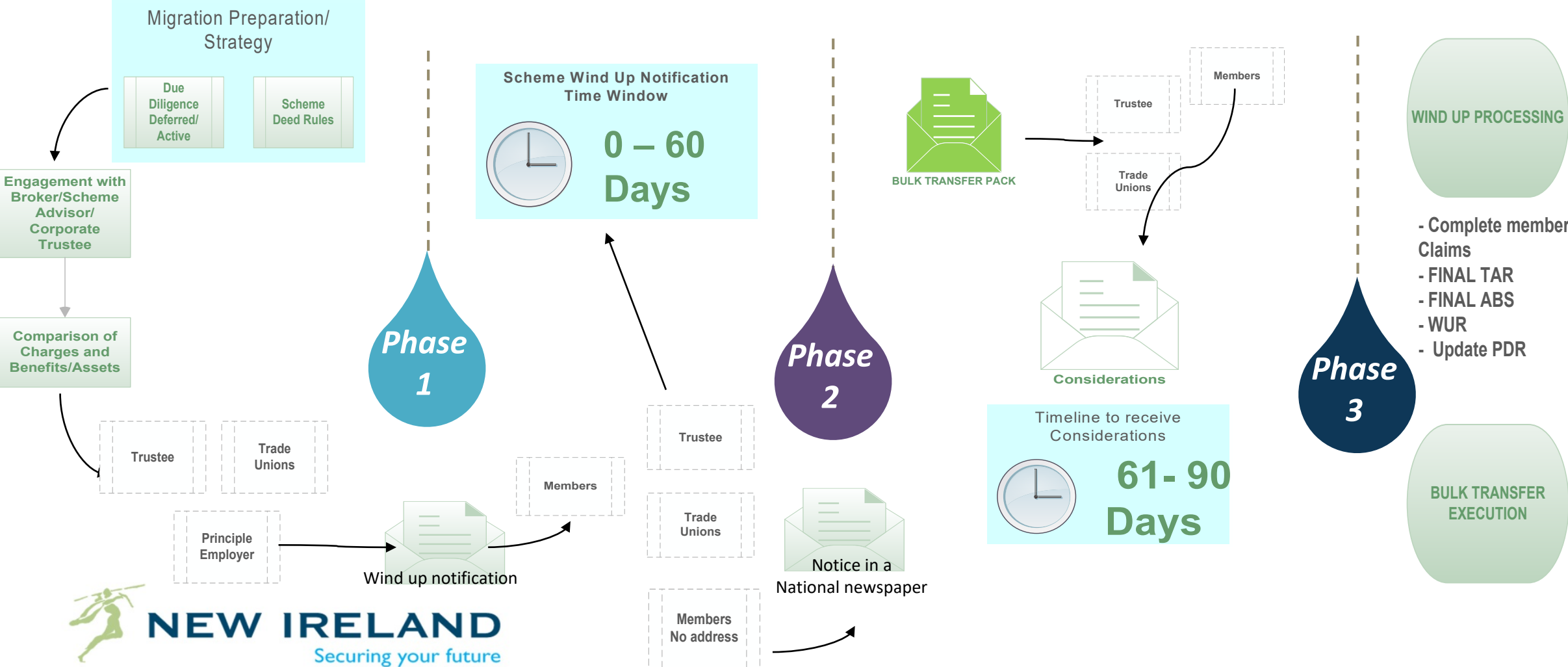
Scheme Transfer Options



- ✓ Full compliance with Bulk Transfer Regulations
 - Move all members without consent
- ✓ This is where the fun starts.....

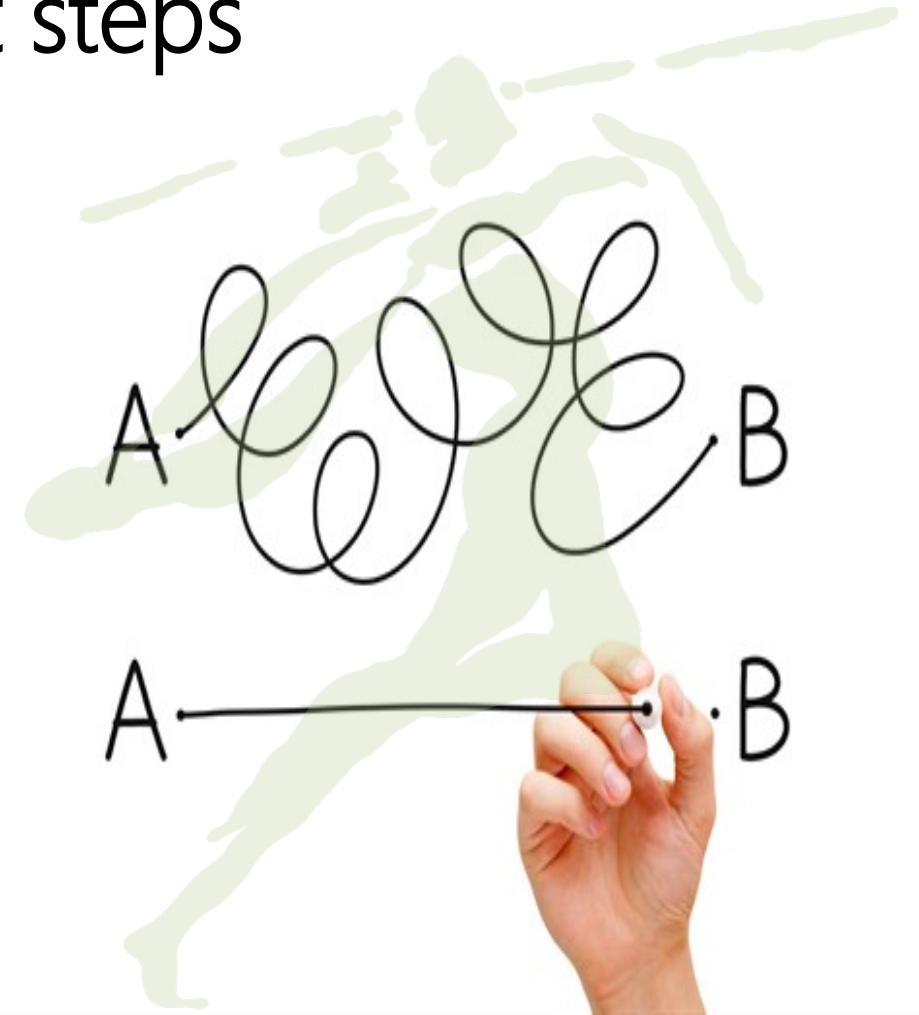


Pension Consolidation made easy.....



Summary and next steps

- Master Trusts are likely to be preferred choice for many trustees/employers
- They will be regulated (heavily!)
- Preserved members should not be excluded
- Trustees cannot be left with legacy issues
- The transfer process should be simpler
Lift and shift
- Requires change to Bulk Transfer Regulations



Thank you

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