

# Engaging with Members Governance

Eunice Dreelan  
Irish Life Investment Managers



# Engaging with Members Governance

Are we serious about it?

# Member Engagement – Are we serious about it?

## Trustees

Is it a service provider selection criteria

Do you attend member presentations

Have you sought/availed of 1-to-1 pensions/financial planning advice

Do you know what your projected entitlements are

Are you maximising your and your employers contribution rate

Are you an advocate of the member engagement programme

## Employers

How much of the performance review of the HR/Finance Directors is linked to a successful member engagement programme

## Service Providers

Is appointment contingent on member engagement services

*or* successful member engagement outcomes – *the external assessment*

Is staff performance review dependent on successful member engagement – *the internal assessment*

# Member Engagement Governance – with a big ‘G’

Members right to information includes:-

Explanatory Booklet

Investment information & Statement of Investment Policy Principles (SIPP) (100+)

Investment choice and Default option

Annual Benefit Statement

Statement of Reasonable Projection

Retirement/Withdrawal options

Annual Report and Audited Accounts (+100)



**IS THIS REALLY MEMBER ENGAGEMENT?  
IS THIS A CALL TO ACTION?**



# Member Engagement

- Why is it needed?
- Who is going to do it?
- How is it going to be delivered?
- How will it be measured?

# Member Engagement – Why is it needed?

- Salary replacement will be required and needs to be funded
- Individual understanding of what target level of replacement income is needed/desired
- Individual understanding of projected outcomes if the status quo is maintained
- Individual understanding of the costs of securing the needed/desired replacement income
- Individual understanding of the actions required

**A CALL TO ACTION – PARTICIPATE & CONTRIBUTE**

# Member Engagement – Who is responsible?

## Employer

- Commit to it
- Auto enrolment and periodic re-enrolment
- Auto increases – EE & ER contribution rates - use behavioural economics
- Allow time for engagement to occur
- Provide access to professional individual independent advice
- Make it a performance management review criteria

## Trustees

- Explicit Service Provider appointment criteria
- Have a strategy and agree an engagement programme
- Engage with the employer as well as the employees
- Measure results
- Be a personal advocate

## Service Providers

- Have a clear member engagement strategy
- Commit resources to it
- Measure it
- Make it a competitive advantage

## Government

- Promote the importance of retirement planning

# Member Engagement – How will it be delivered?

All the usual stuff	benefit statements, benefit projections, staff presentations, 1-to-1 reviews, default options, investment choice, economic updates, performance updates, regulatory updates
Enforcement	Auto enrolment – sorts out participation, opt-out will be low and re-auto enroll periodically
Enhancement	Auto increases – helps with adequacy, pre-commitment opt-out is low
Prompts	Matching ER contribution not being maximised Tax relief being left behind Tax free lump sum not being maximised

} Free Stuff!!



# Member Engagement – How will it be delivered?

<b>Nudges</b>	Peer group comparison – engagement levels, contribution levels, accumulated asset sizes, investment decision – use as appropriate we love to know about the ‘Jones’ and keeping up with them!!
<b>Personalised</b>	Retirement benefit drawdown choices will reflect personal circumstances Personalised Target Date Funds need to reflect these circumstances A DC Scheme is a Group of Individuals and not just a Group Scheme
<b>Investment Choice</b>	Not about the providers’ brand White labelled funds with intuitive names with clear objectives Default Strategies that manage the journey – growth, volatility and drawdown Recognise the different member types – ‘Be My Guide’ and ‘I’ll Decide’

# Member Engagement – How will it be delivered?

## IT Infrastructure

Robust

Ongoing investment

Recognise the individualised nature of DC

Reflect other assets or income streams individuals have

Reflect these other sources of income in the individuals' engagement program

Ability to deliver mass customisation – communication & investment strategy

## Advice

Robo advice

Personal financial planning advice

Allow an holistic picture to emerge

## Organisation Culture

The member engagement program must reflect the culture of the organisation

Personalise to the corporate as well as the individual

# Member Engagement – How will it be measured?

- Participation rate progression
- Contribution rates progression
- Improvement in the projected benefit versus the targeted benefit
- Engagement with advice both on-line and face-to-face
- Surveys

# Member Engagement – Failure Implications?

- Participation will be inadequate
- Contribution levels will be inadequate
- Salary replacement levels will be inadequate
- Poverty in old age

Therefore

- As key stakeholders we must manage the member engagement conundrum

If we cannot and do not then

- Government intervention will be inevitable

**Thank You**