



Are Alternative Savings the New Future?

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The future role of savings...



• Is retirement savings just DC pensions?

- Would other savings vehicles e.g. ISA, be valued more by certain groups of employees?
- We found that 54% of employees said they would like access to alternative savings plans*
- We found 89% of employees would like access to tools to help them change their benefits*
- What is the potential role for a workplace savings solution?
- Could it be a means to meet high earners' needs?

***Mercer Employee Rewards, Benefits & Savings survey November 2010 (79 major employers & 1,000 employees surveyed)**

Drivers of the trend to alternative savings



*DB schemes
closing to
future accrual*

*Auto-enrolment
legislation / tax
changes*

*Employers
more
'facilitative'
than
'paternalistic'*

*Move from
Trust to
Contract*

*Multi-
generational
workforce*



Drivers for alternative workplace savings in an Irish context

- Tax changes:
 - reduction in lifetime pension limit: from €250,000 p.a. to €115,000 p.a. in 2010
...to €60,000 in 2011?
- Pension levy
- Employee attitudes:
 - Only 40% of Irish employees say they are satisfied with their benefits programme overall*
 - Retirement savings plan are placed ninth out of 13 elements in the employee value proposition*

*Mercer's proprietary What's Working™ survey, which examines employee views on work, was conducted between Q4 2010 and Q2 2011 among nearly 30,000 workers in 17 markets, including more than 1,000 workers in Ireland.

Changing demographics



Baby boomers

- Born 1945 to 1960
- Highly driven
- Financial stability
- Grabbed the wealth



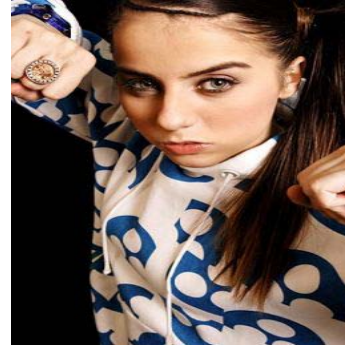
Generation X

- Born 1960 to 1980
- Entrepreneurial
- In demand
- Computer savvy
- Making money



Generation Y

- Born 1980 to 1995
- Brash, Ambitious
- High performance & high maintenance
- Where's the wealth?



Generation Z



- Born after 1995
- Connected and political
- Molly-coddled
- Smart but in-debt



All 4 generations will be in the workforce soon!

What does an alternative savings platform consist of?



Member Access	Products			Member view
	Short term	Medium term	Long term	
	Example: Cash account	Example: ISA Unit trusts	Example: DC pension - Trust - Contract At Retirement Services	

Smart Phone App





Practical help with decisions

- Why should I join?
- How much do I need to pay?
- What do people like me normally do?
- Which product should I use?
- Which investment should I choose?



Helping employees make decisions

How much?

Direct debit contributions

Add other money

Plan for tomorrow (What's this?)

Update the forecast with your choices

What are other people doing?

Rebecca - a case study



Rebecca is 35, burdened with a high mortgage and is supporting a young family.

With the help of My Money, she made some small but significant changes that helped her gain control of her finances.

[Click here to find out how >](#)

If you'd like to go ahead and make a change, the **Want to make a change?** section below explains what to do next.



You can see the impact of different investment styles on your forecast here.

It's important to ensure that your investments are appropriate for your attitude to investment risk as well as how long you're saving for. The Risk Profiler can help you find out your attitude to investment risk.

Investment style

My Current Investment Instructions



Helping employees make decisions

Which fund?

- Start with a different question
- Most members do not have well formed preferences for investment products or strategies
- We need to ask them how they prefer to make investment decisions:
 - Do it for me
 - Help me do it
 - Do it myself



Member Choice

Offering a Different Choice

How do you like to make investment decisions?

Do it for me

Help me do it

Do it myself

Green Zone

- Professionally Managed Default

Blue Zone

- Risk-graded Funds
- Rebalancing Feature

Orange Zone

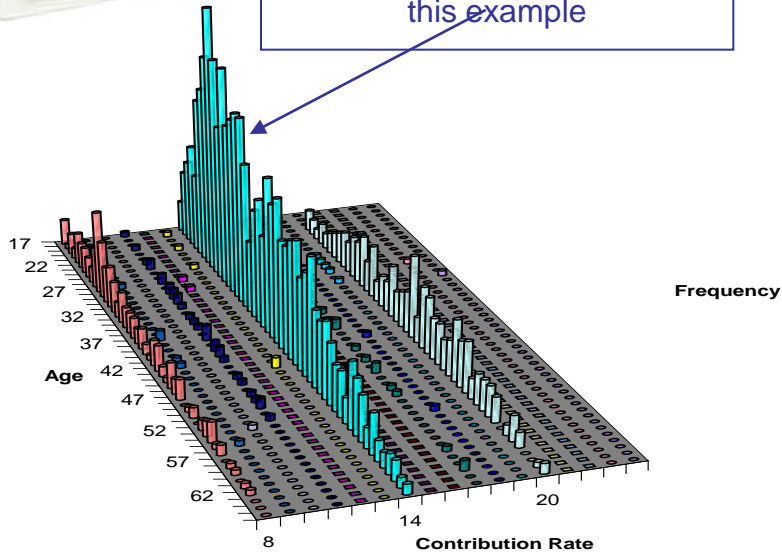
- Wide Array of Funds
- Optimization and research tools

Works across entire product range

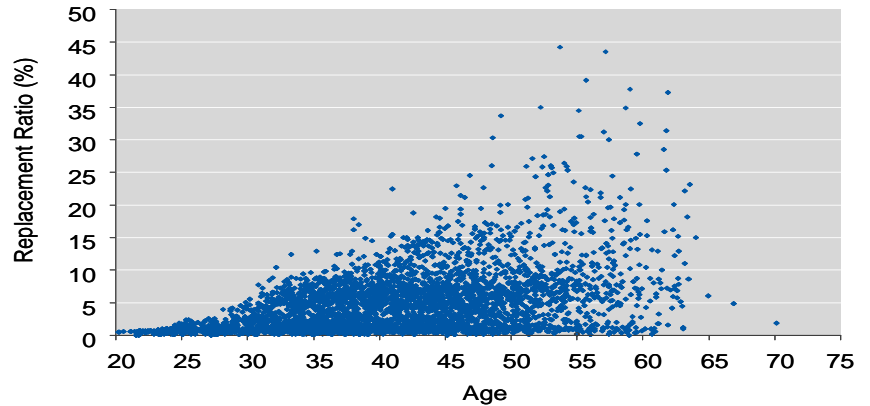


Understand your DC member

Profiling tells us majority of members contribute 14% in this example



Replacement ratio assuming single life level annuity at 65



A complete analysis of the membership helps to define objectives

Why offer alternative savings?

Member advantages

- Holistic picture
- Education and modelling tools
- Short, medium and long term saving vehicles
- Investment choices can be same / similar across products
- Ability to roll share save schemes into pension or ISA

Employer advantages

- Benefits that are attractive to all generations
- Members are more likely to value the benefit spend
- Positions the employer as an innovator in benefit design
- Don't need to switch on the extra savings options at outset – can start with pension

Important information



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THANK YOU
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