



Better Governance = Better Outcomes

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Allied Pension Trustees







Higher levels of governance will not necessarily guarantee more favourable outcomes, but should promote an environment for better decision making and understanding of risk

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Embracing Governance Should Produce Better Outcomes







• Pensions Authority – 11 DC Governance Codes

• IORP II

& Pension Reform Consultation 2016









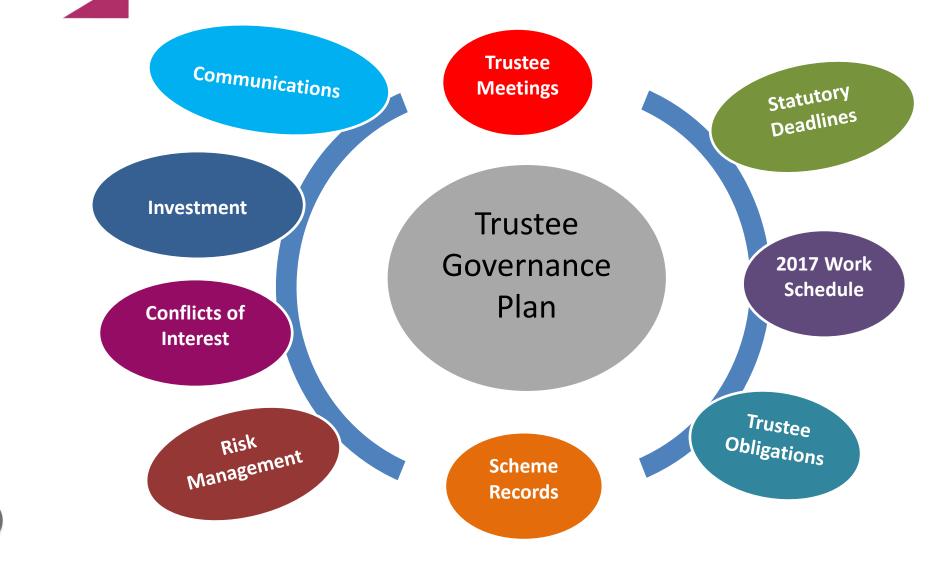
Pension Authority expects Trustees to establish a Governance "Plan of Action"

"Help (Trustees) to develop and apply consistent policies, processes and controls in the management of their scheme"



Governance Plan Of Action





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 Invest in accordance with the powers vested in them under the trust deed

 Subject to a duty of care (prudent person) to members and to sponsoring employer

• Requirement to obtain expert input



DC Code 5 – Investing Scheme Assets

- Actions
 - SLA with Investment Managers
 - Develop & Adopt appropriate investment strategy
 - Produce SIPP
 - Provide SRP annually
 - Review performance against objectives
 - Provide a Default Investment Strategy that reflects the profile and needs of the scheme membership
 - Meet, monitor and review.....



Appropriate Default Investment Strategy

• Reflects profile and needs of the scheme membership

Probably the area that is causing trustees most concern





Default Investment Strategy – Where are we now

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Question 3:

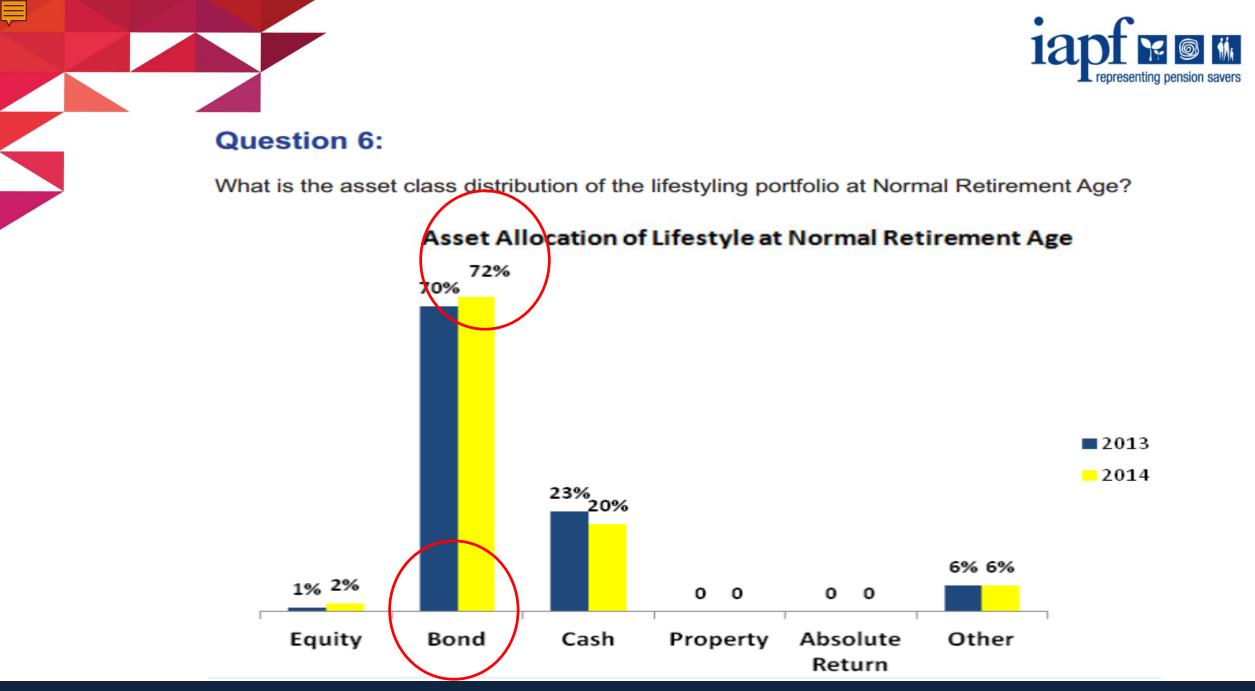
What percentage of active members are in the default fund?

20132014Active members in the Default Fund69%70%

Question 4:

What percentages of members are in Lifestyle arrangements?





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Default Investment Strategy – What is the solution?

Majority of lifestyle strategies target Annuity option – ARF option available since 2011

Does Annuity strategy reflect the profile and needs of the scheme membership?

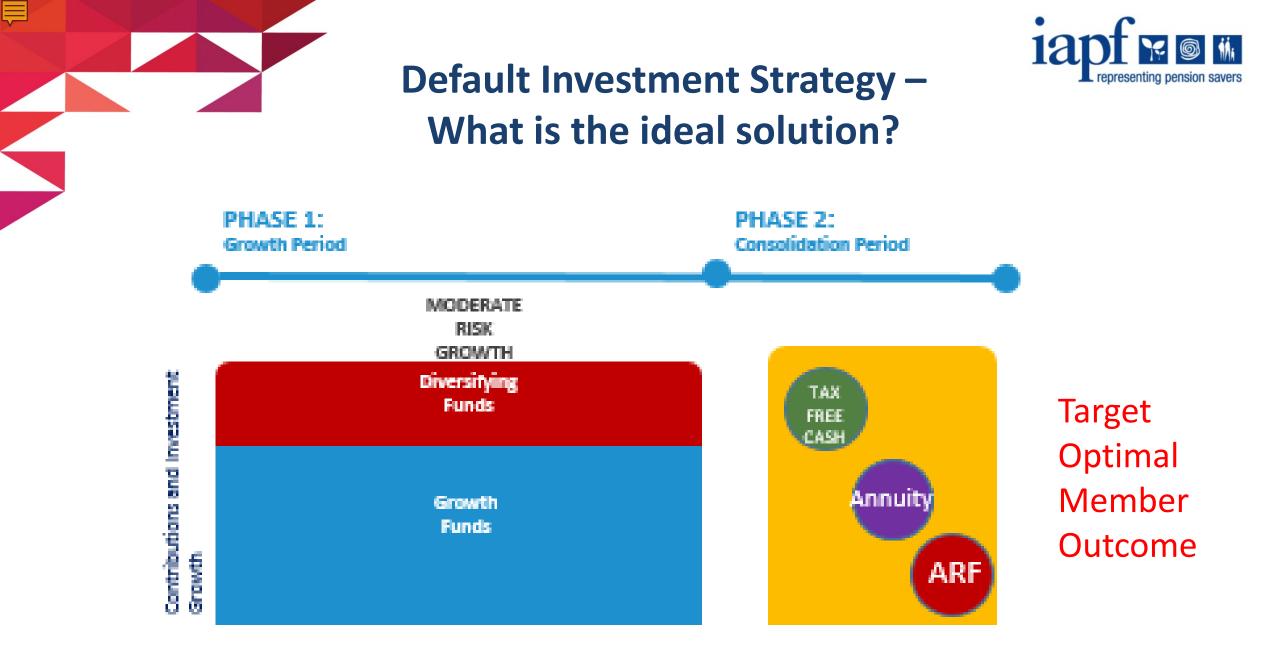


Does "reflecting the profile and needs of the scheme membership" mean the majority or the individual?



If majority then requirement to take into account the demographics of the scheme membership & analyse how members are likely to draw benefits.

Default to suit majority – but what of the minority!







"Trustee responsibility to satisfy themselves that the communication is relevant and understandable"

(Pensions Authority)

DC Code 10 – Member Communication

Information is

- Accurate
- Clear
- Simply Expressed
- Helps members make informed decisions about:-
 - Investments
 - Benefit options
 - Contribution levels



User friendly Disclosure information & meeting legal requirement "not mutually exclusive"

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(Pensions Authority)



Member Booklets - Old Version

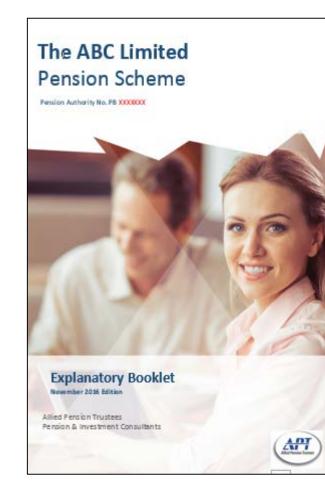
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ABC LIMITED PENSION SCHEME INCOME PROTECTION BENEFIT SCHEME	 DEATH SENSENTS Long sum barefit If you de in senses before your normal pension date a lung sum banefit will be gravele to your degenderste equal to four times your activers aslang at the date of data, audjed, to any restrictions imposed by the insurance company who underwrite the benefit. Peyment of the lung sum barefit Teyment of the lung sum barefit that benefits are gold to the segregation of the large sum barefit that any restrictions into active the benefits are previous. Peyment of the lung sum barefit Teyment of the lung sum barefit to benefits are gold to the segregation of your values are known. Accordingly, you are indiced to complete an expression of wahes form interruption of the service and the expression of wahes form is generally only a guide to the hustees and is not binding on the traditions. They may use the account line is wall during burch as a global of the action will reactive the value of your anterwent fund and the level of interest rates of the account. They may use this account line is will of the service and the reactive the value of your accuse and dependents will need the time. The total persion payable to your appuse and to be level of interest rates at that ime. Dependent's persion to depth in service. Dependent's persion to depth in service.
EXPLANATORY BOOKLET	psysterio the spouse to whom you are manted at the date of death or other adult dependent whom you have advased was partly maintained or regularly financially assisted by you prior to your death. It is important that you advase the trustees of adult dependents to ensure that the benefit is insured and thus available in the
	event of your death. Rease complete the form in appendix G in this regard. Children's l'ensatore If you are a manifed member and are sumived by a dependent, child, a children's persion equal to 10% of the amount of the dependent persion, will become pergable to each dependent, child, subject to a motivam of two children. The persion will cases when the child cases to quality as a dependent (bild. If you are not manned and have dependent depicted to advise the trustees to ensure the insurance is put in place. Rease complete the form in appendix G in this regard.
2016	Separations and divorce If you are legally separated or divorced, the courts may have decided on the proportion of your death benefits payable to the various parties. Subject to the provisions of any court orders, the functees will, whenever appropriate, follow the wahes of a deceased member. Any genation adjustment orders issued by the courts will take precedence over your will and your expression of wahes form.

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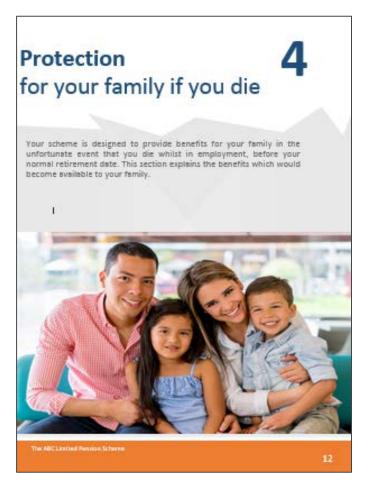
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Member Booklets - New Version

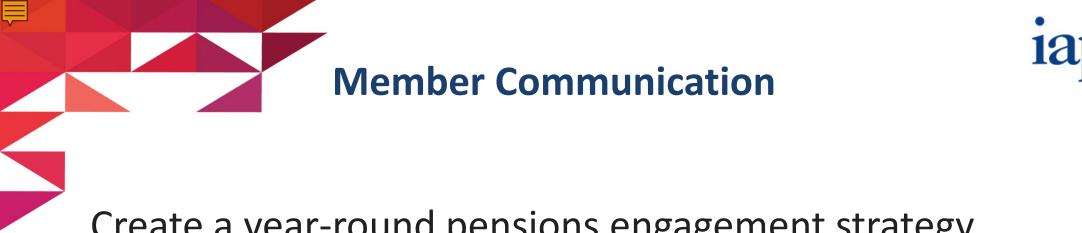






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Create a year-round pensions engagement strategy

- Can help maintain and increase interest over the longer term

Ongoing Pension Awareness Campaign







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representing pension savers



Ongoing Pension Awareness Campaign



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Consider the role of technology in promoting member engagement



Member Communication

- Use multiple channels of communication
- Target specific member cohorts
- Use personal events and messages to highlight relevant pension issues

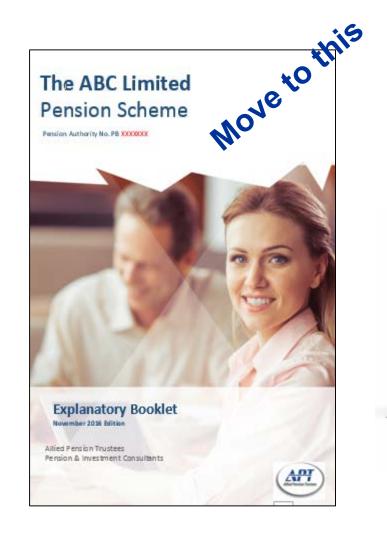




















Communications – dealt with by PA Disclosure Regs

Risk Management –

- risk management function
- an internal audit function including the oversight of outsourced functions
- an actuarial function (where appropriate)
- effective internal controls and contingency plans.
- a risk evaluation report
- a remuneration policy



Fit & Proper Test – "Professional qualifications, knowledge and experience"



A requirement for DC plans to appoint a depository

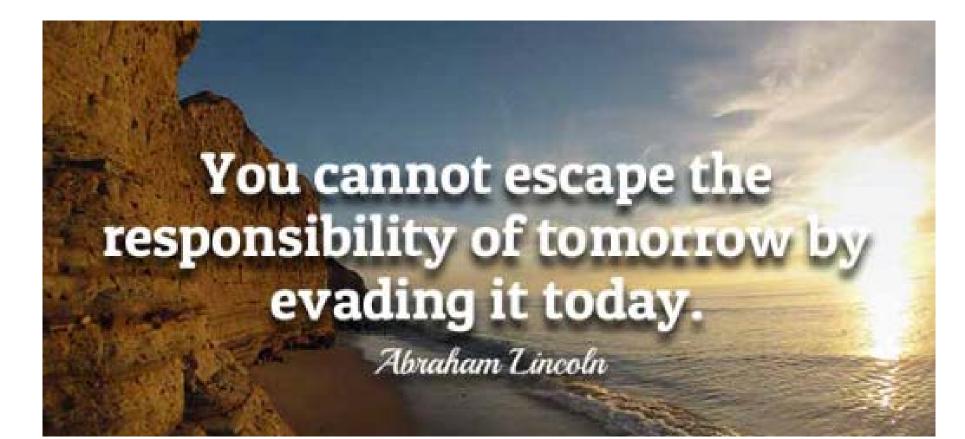




- Implement a Governance Plan of Action
- Ensure Default Strategy is "Fit For Purpose"
- Review communications strategy
 - Plain language
 - Simple messages
 - Multiple channels









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