

DAY 1 IAPF BENEFITS WEEK

Welcome - We will be starting at 11am

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WELCOME



Jerry Moriarty
CEO
IAPF

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**STATE STREET GLOBAL
ADVISORS**

SPEAKERS



Susan St John
Director Retirement Policy and Research Centre
University of Auckland Business School

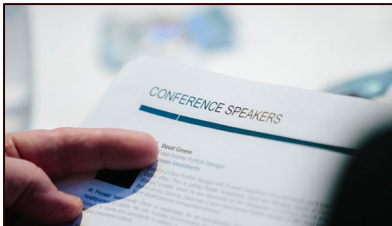


Alistair Byrne
Head of Pensions and Retirement Strategy, EMEA
State Street Global Advisors

PLATFORM FEATURES

Q&A

Ask questions / make comment
via the Q&A feature on the
platform



Resource Area

?!?!?

Technical Issues – info@iapf.ie
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A gender lens:
Pensions Policies
New Zealand, Ireland and Australia
19th October 2020

Women and Retirement in a post COVID-19 world

M. Claire Dale and Susan St John

RPRC University Auckland

<http://www.rprc.auckland.ac.nz>

Why New Zealand, Ireland and Australia ?

All have a basic pension as the foundation

None have earnings-related social insurance

All have private savings schemes: Auto enrolment or compulsion

How have women fared in the COVID crisis?

Pandemics historically have worsened inequality and affected women more than men

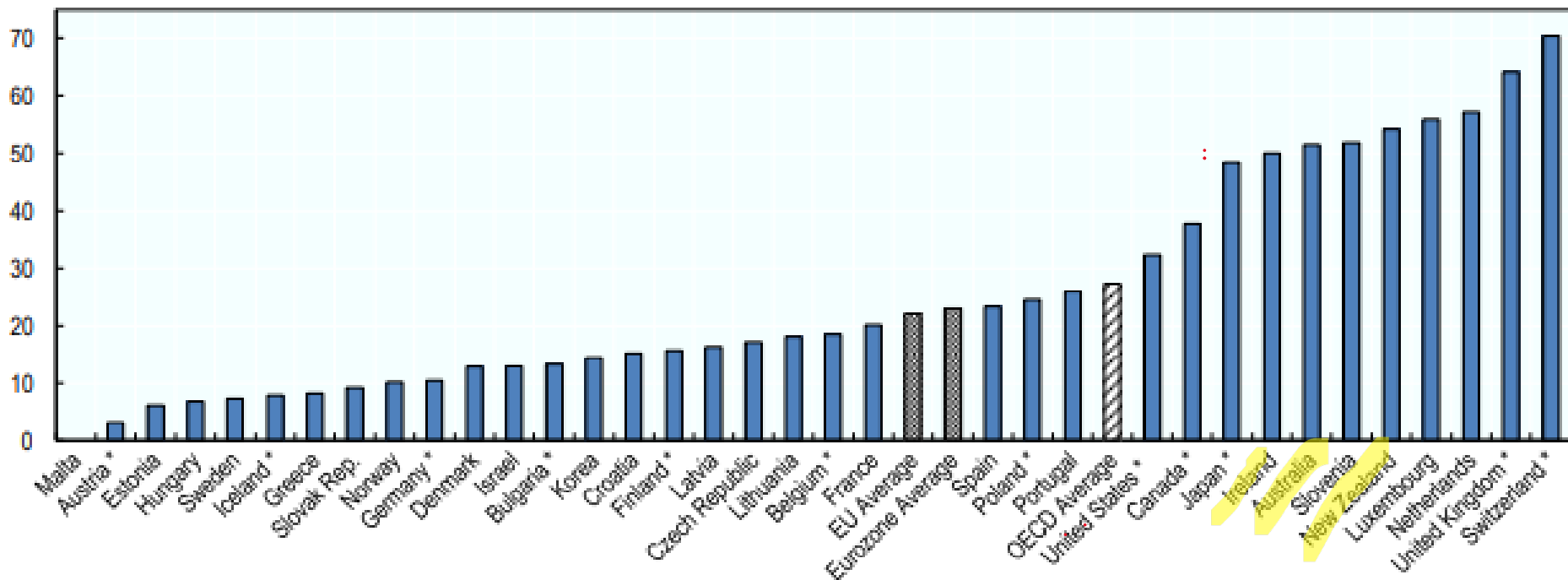
Women **were already more likely on average than men to**

- live longer, live alone or be widowed
- draw the short straw regarding assets in a divorce.
- arrive at retirement without secure housing, and
- require residential end-of-life care for longer
- have less savings

Gender pay gap

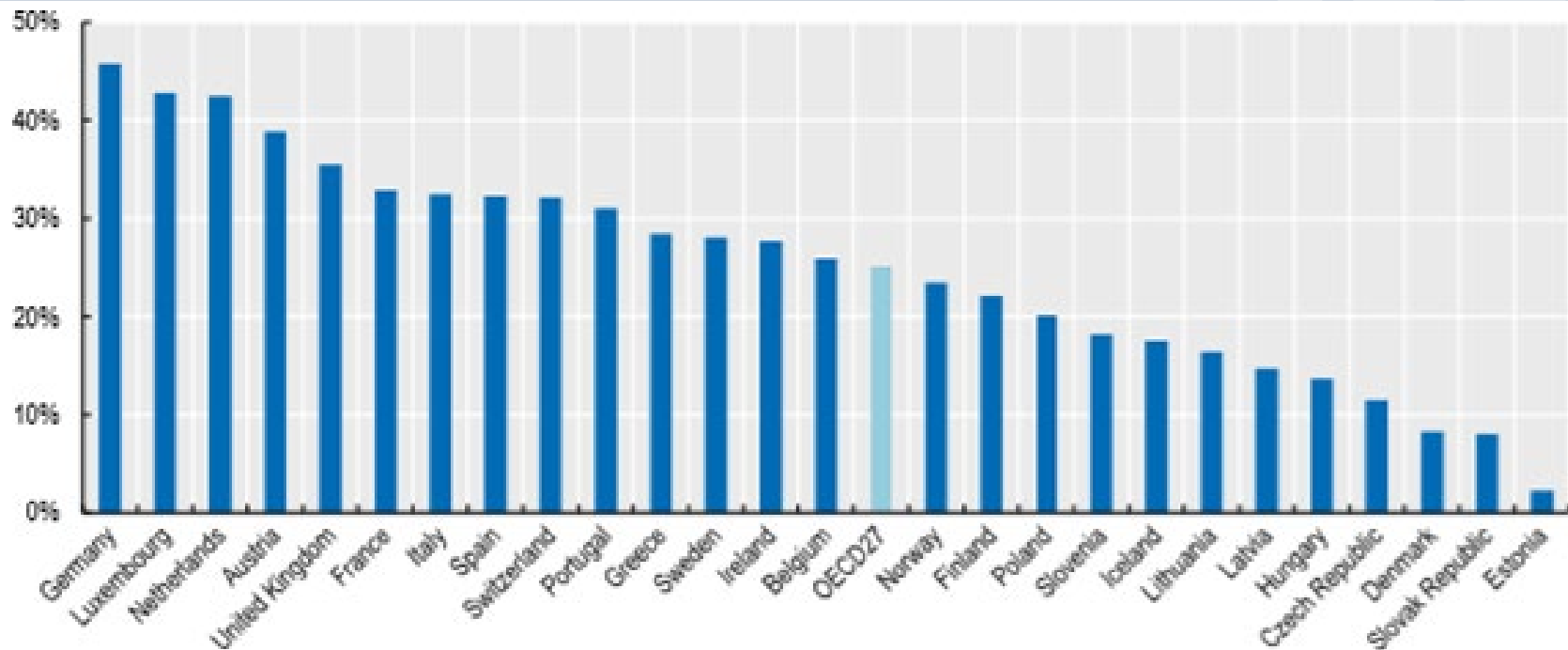
- **“The issue is not as simple as saying men are paid more for doing the same work, although discrimination does still occur.**
- **Variation in the definition compromises comparisons of the size of the gender pay gap between countries.**
- **The true gender gap that affects retirement preparation is primarily the combination of lower pay rates, for fewer hours, for fewer years of the working age lifespan.”**

The high cost of childcare 40hrs pw, as % of average earnings, 2015 (OECD Family Database, 2017)



The gender pensions Gap is large

(OECD 2019, Figure 1.6)



New Zealand retirement system

Features are good for women

- **New Zealand Superannuation**
PAYGO, universal flat rate pension
- **KiwiSaver** *National Auto-Enrolment*
lumpsum savings



KiwiSaver

- **Speedy implementation**
 - **Announced May 2005. Implemented July 2007**
- **2020 Coverage 3 million or over 75% workforce**
 - **But 1.2 million non-contributors**
- **Currently 3% employee and 3% employer (default)**
 - **Higher rates possible**
- **Central clearing house- no lost pots**

Design issues for women

- **Incentives and subsidies.**

**Government contribution 50% on first \$1040
\$521(€292)**

- **Role of the Kickstart**

- **\$1000 (+ fees subsidy \$40) removed 2015**

- **Age for auto-enrolment.**

- **over 18 under 65**

- **Income threshold for auto-enrolment.**

- **none**

Other issues for women

- **Recognition of unpaid work**
 - unresolved
- **Withdrawal for first home**
- **Access for hardship**
- **Savings suspensions**
 - Made worse by COVID

- **Decumulation**

- **Get it right at the beginning**

- **Financial Education**

- **Very important for women to get the right cues**

Q&A

*Susan St John -Director Retirement Policy and Research Centre,
University of Auckland Business School*



THANK YOU

*Susan St John -Director Retirement Policy and Research Centre,
University of Auckland Business School*



The Rise and Rise of Master Trusts?

Alistair Byrne, CFA

Head of Pensions and Retirement Strategy
State Street Global Advisors

October 2020

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Our Questions

- ① What role will master trusts play in consolidation of Irish pension schemes?
- ② Can master trusts deliver better governance and investment outcomes?
- ③ What can we learn from the UK experience?

Source: State Street Global Advisors, as of 30 September 2020.

Too Many Pension Schemes

8665

**Group DC schemes in
Ireland (31/12/19)**

“There are far too many pension schemes which are delivering poor outcomes for members. The Authority would like to see a smaller number of larger schemes to provide for future saving.”

UK Giants

Nest – 9m members; £10bn AUM; £400m/month

People's Pension – 5m members; £10bn AUM

What are Master Trusts Used For?

2012 = Automatic Enrolment

2020 = Blue Chip Outsourcing

Pros and Cons

For?

- Economies of scale
- Better governance?
- Reduced burden on sponsors

Against?

- One size fits all?
- Loss of control

Master Trust Investment Trends

- Wider diversification – factors, high yield, EMD...
- ESG and responsible investing, esp. climate
- Private markets?
- Target date funds

Target Date Fund Benefits

MEMBERS

Simple — one fund for life

Age appropriate investment mix

Will adapt to changes in the retirement landscape

MASTER TRUST

Robust, evolving default investment strategy

Easy to administer

Easy to communicate

Governance Case Study

- UK employer with c.£180m scheme
- Use SSGA Timewise Target Retirement funds as default
- Want to further reduce costs and governance burden
- Keen to maintain investment strategy
- **Solution:** Transfer to commercial master trust, and maintain – with agreement of trustee – existing default

Fit and Proper?

- Need to create a trustworthy market
- Initial proliferation in the UK – c. 100 master trusts
- Authorisation and minimum standards
- Business and continuity plans
- Capital adequacy
- Fit and proper management



To and Through Retirement?

To Conclude

**Consolidation
to drive value
for money**

**Companies
want to
outsource
pensions**

**Potential for
master trusts
to drive better
outcomes**

- Scale
- Governance
- Investment
design

**Aim for a
competitive,
well regulated
market**

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Q&A

*Alistair Byrne, Head of Pensions and Retirement Strategy, EMEA,
State Street Global Advisors*



THANK YOU

Alistair Byrne, Head of Pensions and Retirement Strategy, EMEA – State Street Global Advisors



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JOIN US FOR DAY 2 IAPF BENEFITS CONFERENCE WEEK TOMORROW 11AM

IORP II – UK Implementation

Mark Dowsey, Senior Consultant, Willis Towers Watson

The coming evolutionary jump in Irish pensions

Shane O'Farrell, Head of Product Development, Irish Life

