

Master Trusts

Market Developments & Insights

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Agenda

- What is a Master Trust?
- The Irish Master Trust market
- What does the future hold?



**What is a
Master
Trust?**

What is a Master Trust?

“Not that different”



A master trust is a defined contribution retirement benefits savings vehicle

“Trust based”



Like a regular occ. pension scheme, it is established under a trust

“Multi-employer”



Accommodates multiple individual employer plans in one scheme

How do they operate?



Independent Trustees

Governed by a single board of independent trustees



Fully outsourced

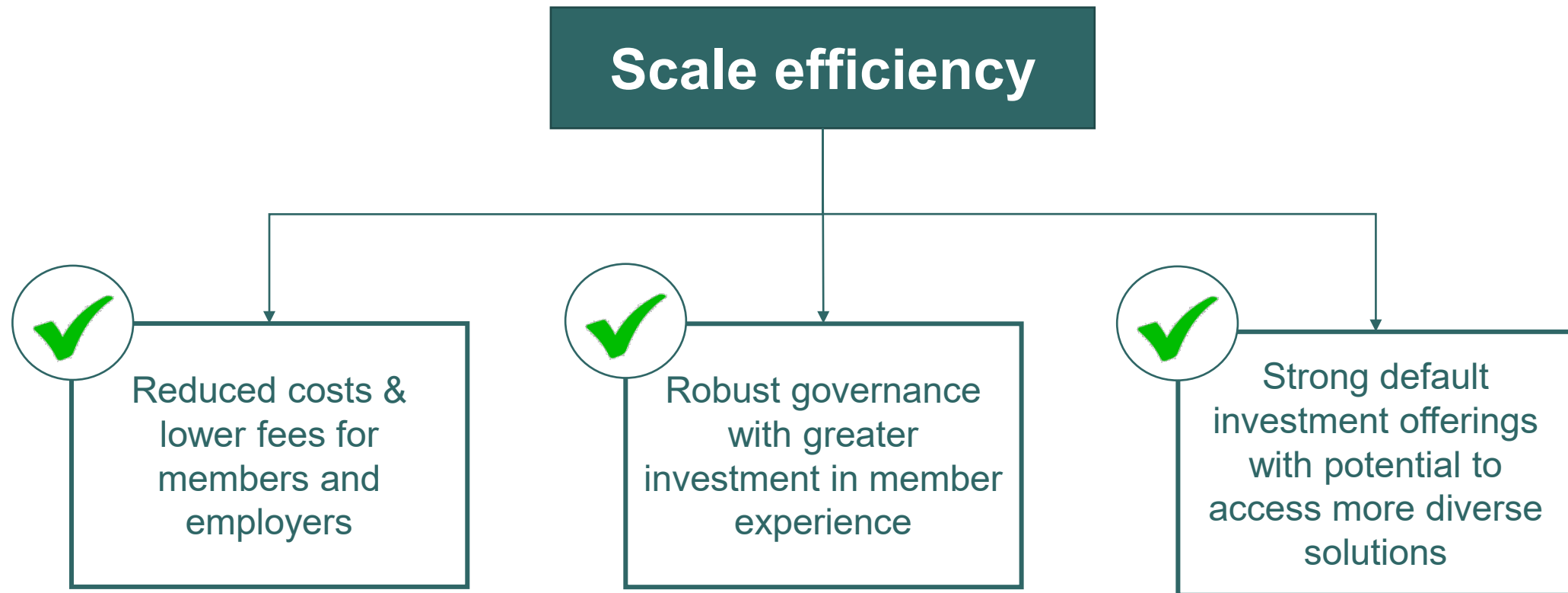
Master trusts are a bundled, fully outsourced solution – everything is done centrally on behalf of the employers who participate



Investment choice

A range of investment funds is made available, with 1 single default solution that is usually de-risks towards retirement

What are the benefits?





**The Irish
Master Trust
market**

What does the Master Trust market look like in Ireland?

“In its infancy”



13 Master Trusts have been established, the majority within the last 3 years

“Rapid change”



The introduction of IORPS II and the potential rollout of auto-enrollment

“Variable quality”



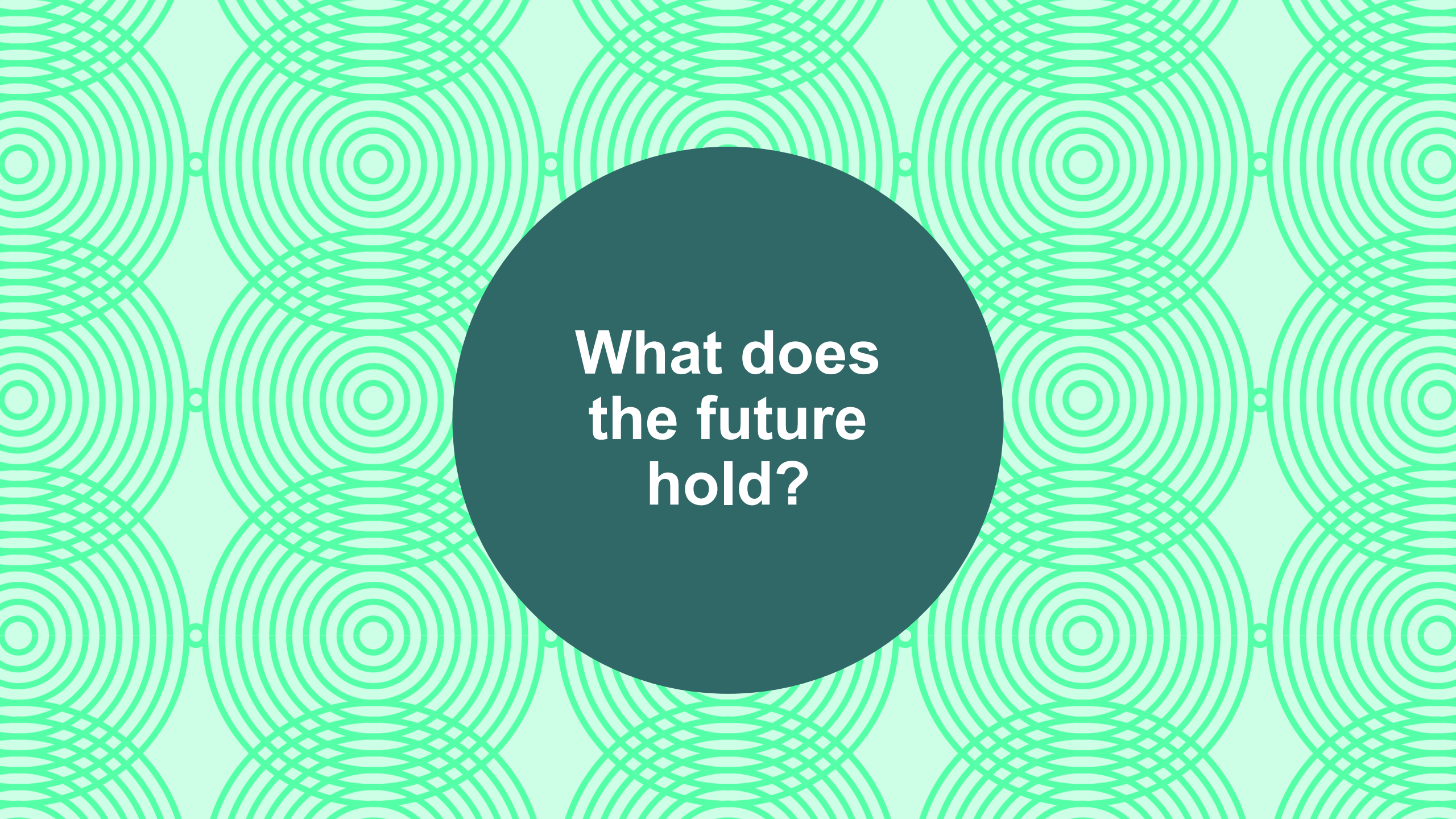
Not all Master Trusts are built equal, some rebadged, some rebuilt

What will be the impact of IORPS II?

Schemes will have 2 options....








	Option 1 Single Employer Trust	Option 2 Master Trust
Audited Accounts	€5-10K annual fee for all scheme	Typically covered by Master Trust
Internal Audit	€5-7K annual fee for audit plan	
Risk Management	€5-7K annual fee for Risk report	
Financial Reporting	€5-7K annual fee for set of accounts	
Trusteeship	€3-5K annual fee	
Future Compliance Costs	Additional costs for future compliance / reg change?	

Vs



**What does
the future
hold?**

Master Trusts in international markets

	Australia 	United Kingdom 
 When were MTs introduced?	1983	2010
 Number of MTs	69	37
 Total MT assets	\$3T+	£79B+
 Number of members	14M+	20M+
 When was AE introduced?	1992	2012

Trend #1 – Significant Asset Growth

**Defined
Benefit**

4%

**Defined
Contribution**

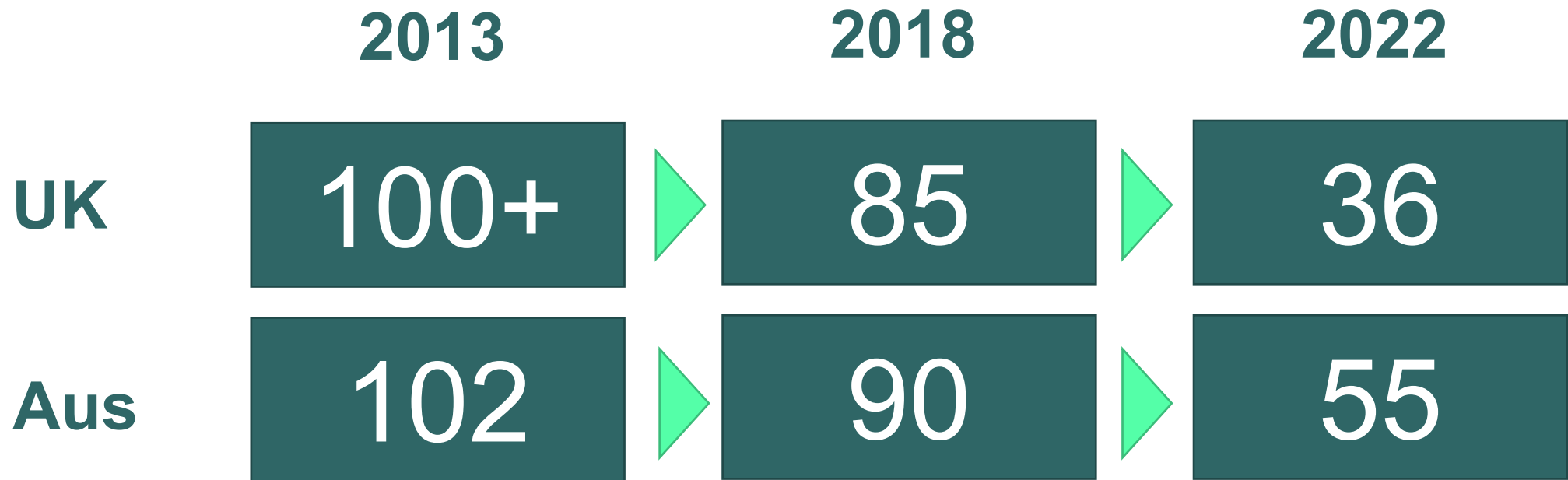
9%

**Master
Trusts**

20%

Master Trusts have continued to experience significant growth

Trend #2 – Consolidation of Master Trusts



Compliance costs and the 'bar' for governance keeps getting higher, driving consolidation in the market

Trend #3 – Master Trusts are for all “shapes and sizes”

Case
Study

AustralianSuper 

Dispelling the myth Master Trusts are for small and medium sized schemes

Trend #4 - Scale allows for greater Investment diversification

Two Examples







Scale through Master Trusts allowed for great investment diversification, and also allowed managers to access exciting investment opportunities at appropriate cost levels, namely:

- Private Equity
- Infrastructure
- Property
- ESG aware strategies

- 49.00% Climate aware global developed equities - GBP Hedged
- 5.03% Sterling corporate bonds
- 1.20% Low risk sterling liquidity
- 4.76% Global high yield bonds
- 4.83% Emerging market debt
- 6.63% Hybrid property (UK direct & REITs)
- 2.27% Commodities
- 1.27% Global listed property
- 6.35% Climate aware global emerging market equities
- 5.91% Global investment grade bonds
- 4.51% Private credit
- 0.38% Short duration investment grade bonds
- 3.02% Infrastructure equity
- 3.22% Infrastructure equity - renewables
- 1.61% Private equity
- 0.01% Derivatives

ASSET CLASS	RANGE	ALLOCATION
Australian shares	10-45%	21%
International shares	10-45%	31.5%
Private equity	0-15%	5.5%
Unlisted infrastructure	0-30%	14%
Listed infrastructure	0-10%	0.75%
Unlisted property	0-30%	5.5%
Listed property	0-10%	1.25%
Credit	0-20%	7%
Fixed interest	0-25%	9%
Cash	0-20%	4.5%
Other assets	0-5%	0%

What do successful international Master Trusts look like?

 Member experience	A superior member experience, providing meaningful member engagement, self service options and engaging communications
 Operational efficiency	Efficiencies for employers - straightforward plan set up, efficiencies in day to day plan administration, automated processes and self service capability for members
 World class investment solutions	A choice of management style and fund managers across a range of risk appetites coupled with a strong default investment offering, with ESG options available
 Excellence in governance	Strong, sustainable independent governance at a lower cost

Key Takeaways...

1. All schemes will need to **make a choice** in next 9 months (SET vs MT)
2. **Consider Master Trust** regardless of your size of scheme
3. Consider the quality of the Master Trust and is it **built for the future**
4. The market is going to **grow rapidly**, providers need to leverage this scale to **deliver better solutions** and outcomes for members
5. **Member experience** is top priority (digital engagement and experience)
6. The need for **trusted advice is critical**, particularly at key life events



Thank You

Thank you

