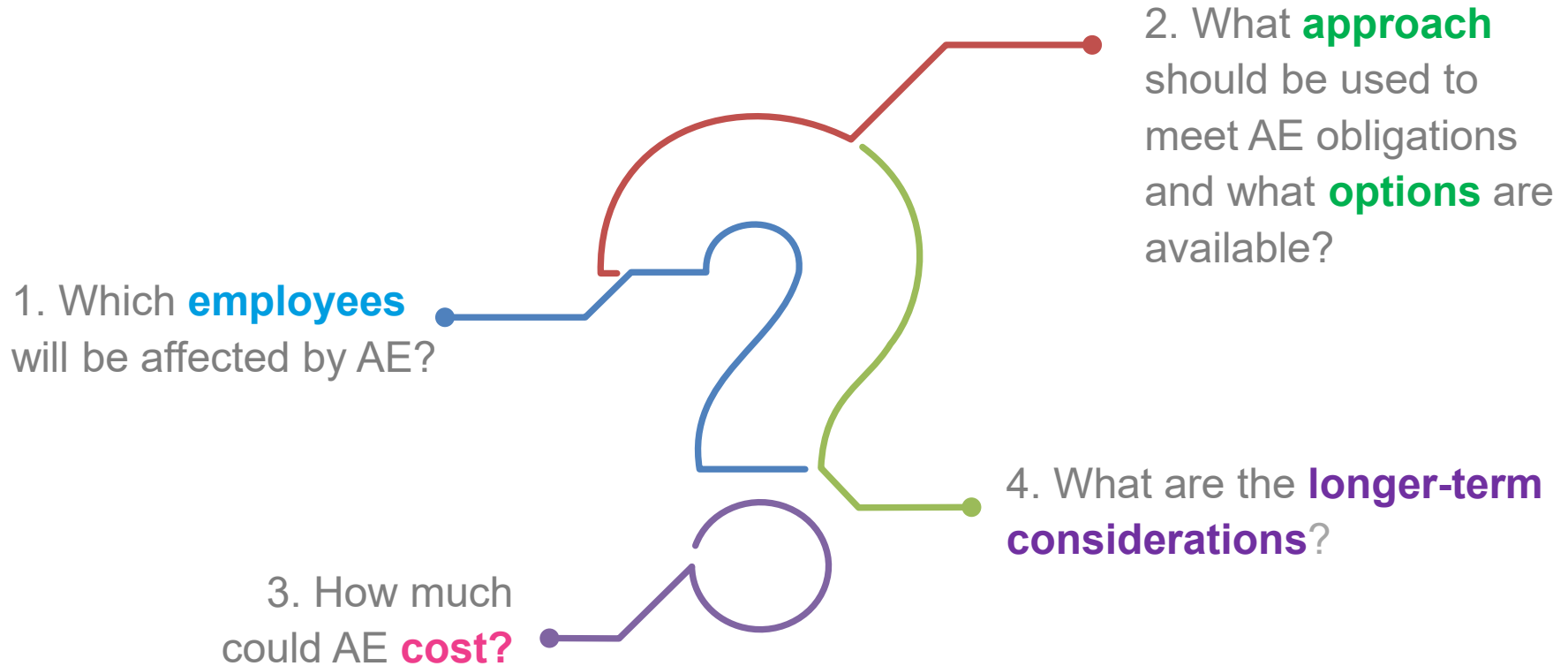


Preparing for Auto Enrolment

Caitriona MacGuinness, Mercer



The key initial questions for employers



AE will affect all employers in some way

Employers will not be able to opt out of Auto Enrolment.
To meet their new AE obligations, employers must choose one of the following options:

1

Use a **“qualifying”**
occupational pension
plan



2

Use the **central AE**
system operated by the
State



3

Use both
systems in
tandem



Issues for employers to consider



Some issues need to be considered soon, others will be more long term actions.



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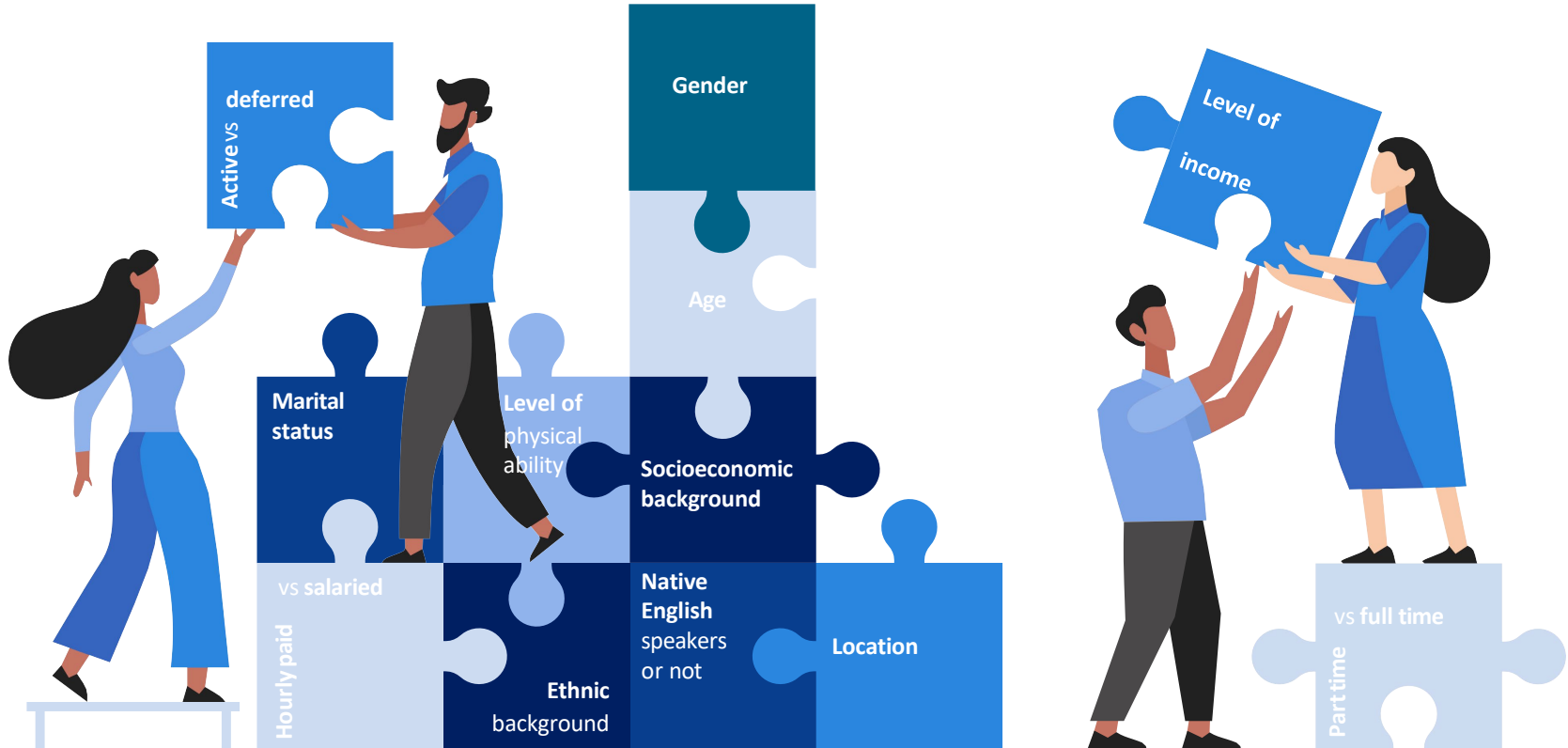
Directors: Brian Caulfield, John Mercer, Mary O'Malley, Patrick Healy and Cara Ryan.

D&I for Trustees

Mairéad O'Mahony, Aon



Diversity and Inclusion



3 Questions

Adequacy

- Do you know how well prepared your diverse populations are for retirement?

Inclusion

- Do your benefits and communication strategies cater for all categories of your membership?

Governance

- How diverse, and inclusive, is your Trustee Board?

Adequacy

How well prepared is your population for retirement?

Ireland gender pensions gap **35%**¹

UK ethnic minorities pensions gap **54%**²

Impact of auto enrolment?



Source:
1 Economic Social Research Institute 2019

2 LGIM/HumanKind 2023

Inclusion

How do your benefits and communications cater for your diverse membership?

Communications

- Deferred Members
- Non native English speakers
- Cognitively diverse
- Levels of physical or mental disability

Benefits

- Contribution eligibility
- Spouse definition
- Investment offering
- At Retirement support

Governance

EIOPA Review on IORP II – What's coming

Schemes may have to:

- Ensure remuneration policies and practices are gender-neutral
- Maintain (and regularly report on) a policy that promotes diversity and inclusion in the Trustee Board
- Decide on (and publicly disclose) a target for the representation of the underrepresented gender in the Trustee Board and
- Prepare (and publicly disclose) a policy on how to increase the number of the underrepresented gender in the Trustee Board in order to meet that target
- Regularly report on the implementation of those policies and progress to target

Experience overseas



Norm 33 Requirement: At least one woman and one young person



■ Fully compliant
■ Young person only
■ Woman only
■ Neither



No formal D&I requirements yet

- Pension trustee boards remain overwhelmingly male, over the age of 45, and with third level education
- 75% of respondents sit on boards where over 60% of members are male
- 50% of respondents sit on boards where half the board are 46-60 years old.

Diversity leads to better results

The data suggests diversity correlates with better financial performance.

Likelihood of financial performance above national industry median, by diversity quartile, %

Ethnic diversity



Gender diversity



Gender and ethnic diversity combined



Source: McKinsey Diversity Database

**McKinsey
& Company**

3 Questions – and some next steps

Adequacy

- Do you know how well prepared your diverse populations are for retirement?
 - Find out - do some analytics. Think carefully about the questions you want to pose and the categories you have in your membership. Look at what auto enrolment will mean for your demographics
 - Remember it's not just about the gender gap
 - Talk to the Employer about your findings. Refine your communication strategy.

Inclusion

- Do your benefits and communication strategies cater for all categories of your membership?
 - Look at deferred members in particular (IORP II demands this in any case)
 - Consider how best to leverage technology to reach underserved groups
 - Talk to the Employer about inclusive benefits, and consider how your membership will continue to evolve into the future

Governance

- How diverse, and inclusive, is your Trustee Board?
 - Learn about what might be coming down the track in IORP III (or before)
 - Reflect on your Trustee Board structure relative to best practice
 - Bear in mind the benefits of diversity in future decisions around your Board and in how your meetings are run

What Schemes need to be thinking about – protecting members' data

Tom Gilligan
Align Advisory Limited



Can I explain this to Joe?



What is expected of Trustees?

Effective system of governance (CoP para 1)

Data strategy & GDPR (CoP para 13)

Outsourcing – GDPR & BCP (CoP para 21)

“How good are your defences against cyber-attack?” –
[Brendan Kennedy](#) – February 22

What legislation?



What is DORA?

Digital Operational Resilience Act

- Approval and oversight of an Operational Resilience Framework (ORF)
- EIOPA / Pensions Authority to publish technical guidance, first guidance by 16 January 2024
- Trustees must implement DORA by 17 January 2025

What is an effective system of governance?

Cyber risk assessment cycle



© [UK Pensions Regulator](#)

Conclusion

Ready to talk to Joe?

What did
you do
then,
Trustee?



Thank You

Tom Gilligan,
Align Advisory Limited

