



B&CE Benefit Schemes

**The Industry-Wide Pension Scheme
for the UK Construction Industry**

Brian Griffiths CEO





LEGAL FRAMEWORK



- Basic state pension
 - Funded by National Insurance contributions
 - €130 per week

- State second pension
 - Funded by National Insurance contributions
 - Earnings related

- Supplementary Schemes
 - Employers must provide access to a stakeholder pension unless they offer an occupational scheme
 - Do not have to contribute



INDUSTRY FRAMEWORK



- Construction Industry Working Rule Agreement

- Not mandatory
- Sets our terms and conditions including minimum hourly rates and pension contributions
- Negotiated every 3 years by unions and employers

- Pension Contributions

- Employers should pay a minimum of €7 per week into an operative's B&CE Stakeholder Pension
- If the operative makes a contribution, the employer should match up to €14 per week



B&CE PENSION SCHEME



□ Status

- Defined contribution

□ Investment of Funds

- Each operative has his own contract and “pot” of funds
- Funds are sent to an external Fund Manager (Legal and General) for investment
- Two options
 - Consensus Fund – balanced fund of equities, bonds and cash
 - Cash Fund – bank deposits
- Consensus Fund is the default
- Lifestyling from age of 60 – transfer 20% to cash fund each year

□ Charges

- Maximum charge of 1% per annum of Fund value.
- B&CE charge 0.8%

□ Retirement

- Value of the “pot” is converted to a tax free lump sum (25%) and annual pension (75% - taxed)



BUSINESS VOLUMES



- 200,000 Active Pension Accounts
- 250,000 Currently Dormant Accounts
- 6,000 Employers making Contributions
- €630M Fund Value





CHALLENGES



- ❑ Difficult for operatives to understand
- ❑ Employers do not have to contribute
- ❑ Operatives do not have to contribute
- ❑ But, this will change from 2012

