

Changes To Pension Provision In Ireland Since 2008

2nd European Conference

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CONSTRUCTION FEDERATION EXECUTIVE PENSION SCHEME



Changes to Pension Provision in Ireland Since 2008

Decline of Defined Benefit Membership Construction Industry Pension Schemes

- Membership Numbers**
- Employer Numbers**

March 2010: Irish Government Launch

- *National Pensions Framework Document for Pension Provision in Ireland***

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Overview – Construction Federation Executive Pension Scheme

- **Umbrella Pension Scheme exclusively for employers involved in the Construction Industry in Ireland**
- **Over 340 employers adhere to the Scheme**
- **Assets in excess of €430m**
- **Member Choice of Investment Options**
- **Total Membership:**
 - 1,700 actives
 - 2,500 deferred members
 - 825 pensioners

CONSTRUCTION FEDERATION EXECUTIVE PENSION SCHEME



Overview – Construction Workers Pension Scheme

- **Umbrella Pension Scheme which meets the requirements of the Registered Employers Agreement, covering Manual Employees in Construction Industry in Ireland**
- **Over 9700 employers adhere to the scheme**
- **Assets in excess of €1bn**
- **Life Styling Investment – No Member Choice**
- **Total Membership:**
 - 35,000 actives
 - 270,000 deferred members
 - 7600 pensioners

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Decline of Defined Benefit Membership Recent Surveys

Huge transition away from Defined Benefit, mostly towards Defined Contribution

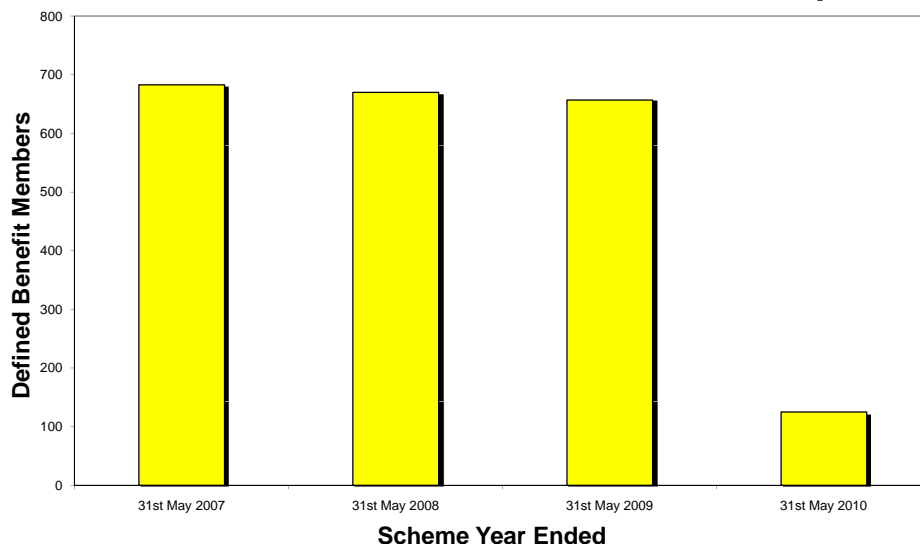
- In 2002: 67% of companies surveyed had DB *only* schemes
- By 2007: only 37% of companies surveyed had DB *only* schemes
- By 2009: 35% of companies surveyed had closed their DB Scheme to new members, with a further 18% in the process

Of the DB schemes closed to new entrants, 60% set up a new DC Scheme

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Construction Federation Executive Pension Scheme 2007 – 2010 Decline in DB Membership



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Construction Industry Experience Since 2008

- *The drop in Investment Markets in 2008, has led to a slow but steady recovery in 2009/2010*

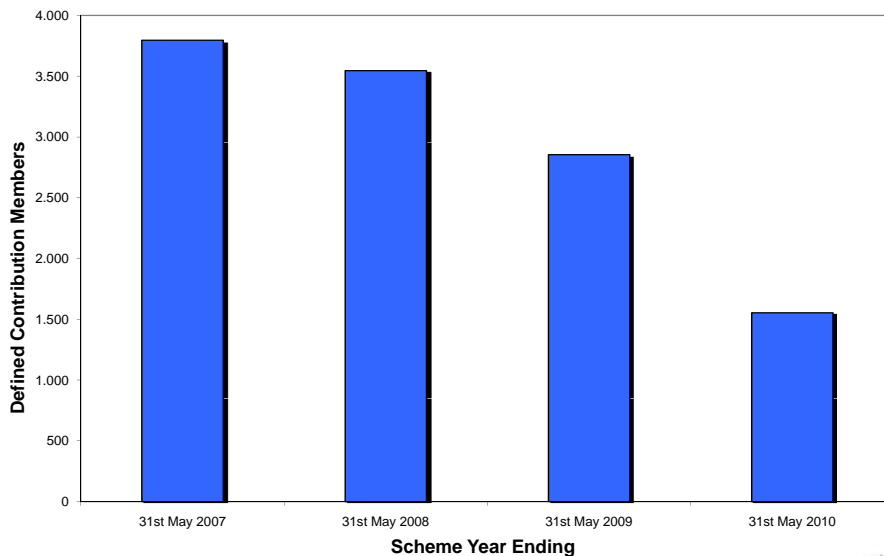
but...

- *Landslide movement of Workers out of Construction, and Members out of pension schemes continues....*

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Construction Federation Executive Pension Scheme 2007 – 2010 Decline in DC Membership

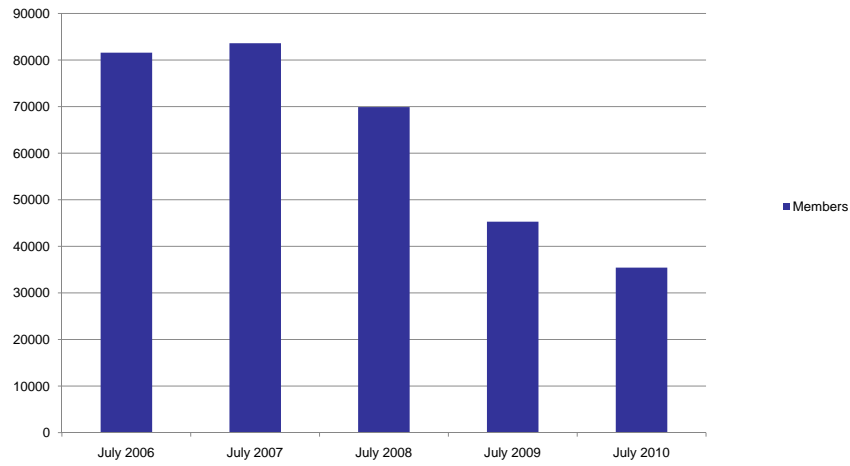


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Construction Workers Pension Scheme

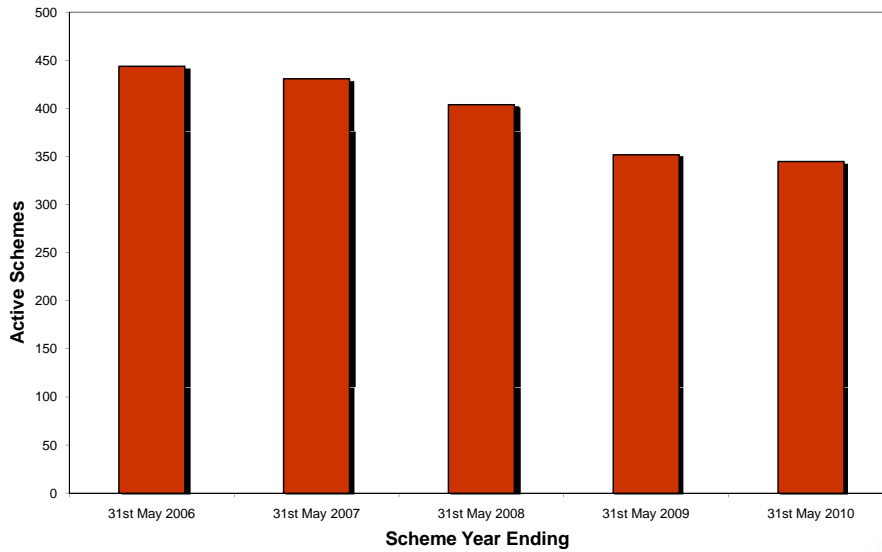
2006-2010 Decline in DC Membership



CONSTRUCTION FEDERATION EXECUTIVE PENSION SCHEME



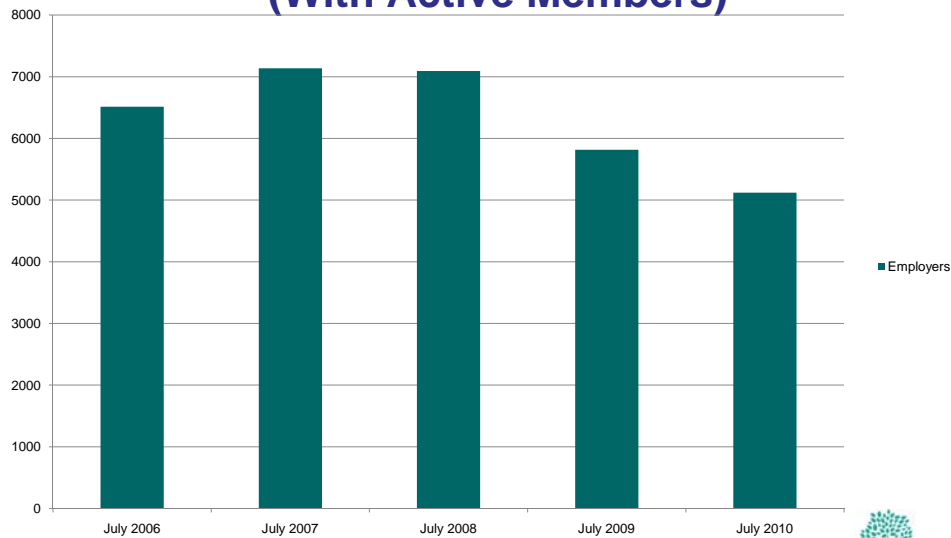
Construction Federation Executive Pension Scheme 2006 – 2010 Decline in Active Schemes



CONSTRUCTION FEDERATION EXECUTIVE PENSION SCHEME



Construction Workers Pension Scheme 2006-2010 Decline in Employers (With Active Members)



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National Pensions Framework Document

*Government Launch
March 2010*

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Pension Coverage in Ireland

Target for pension coverage is 70% of working population age 30 or over

- **Coverage achieved 59% of working population (non public sector) before downturn**
- **Government proposed alternatives if pension coverage not achieved**

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Government Introduced Proposals to Reform Pension System

Addresses all 3 tiers of pension provision

- **State Social Welfare**
- **Private Sector**
- **Public Sector**

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State Social Welfare Pension

- Mandatory Social Welfare (State Benefit) to continue to target 35% of national average earnings
- Retirement Age for State Pension increases from age 65 to:
 - **66 in 2014**
 - **67 in 2021**
 - **68 in 2028**
- Arrangements made to postpone retirement date (to increase pension)
- Provision to fill in missing service gaps

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Private Sector Pension

- New “***soft mandatory***” Auto Enrolment Scheme for all employees over age 22 (unless included in employer’s scheme)
- Member contributions matched by Employer and State within a band of earnings
- State contribution will be equal to 33% tax relief
- “Opt Out” available but will be re-enrolled automatically every two years
- Once off bonus payment for people who remain in the scheme for 5 years

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Public Sector Pension

“A single new pension scheme will be introduced for all new public sector workers with effect from 2010”

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Questions



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