


# Your Guide to DC Master Trust Pensions

Helping people build  
better futures



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## Now that IORP II is here, it's time to consider your options...

With the introduction of IORP II, pensions are set to change significantly. For most company plans, there are two main options to consider. You can adapt your standalone plan to comply with IORP II, which involves numerous reviews, policies, procedures and other deliverables. Or you can move your plan to a master trust arrangement.

Of course, moving your plan is a huge undertaking but we're here to help. This handy guide talks you through some of the key elements of master trusts so you can find the best way forward.

# What is a DC master trust?

Sometimes referred to as a multi-employer pension scheme, a **defined contribution (DC) master trust** is basically a single 'master' defined contribution pension scheme, which allows several non-associated employers to participate under one large trust arrangement.

Companies who participate in a master trust experience the economies of scale and other benefits that go with being part of a larger entity.

With IORP II regulations now in force, master trusts are particularly under the spotlight. This is because another benefit of master trusts is that their nature and size mean the new regulations can be met centrally, and the associated costs can be absorbed more easily than they might be in a standalone plan. Basically, a master trust provides the professional governance required for IORP II compliance in the current climate and the ability to evolve over time to meet new industry challenges in the future.

## How do I know if a master trust is right for my plan?

To understand if a master trust is the right solution for your group or company plan, it's important to compare standalone DC plans and DC master trusts from a few different vantage points:

- > Benefit design & identity
- > Member engagement
- > Governance
- > Cost



# Benefit Design & Identity



At Irish Life, we understand that developing and offering best in class employee benefits packages is a crucial aspect of attracting and maintaining talent for many firms in a competitive market.

In a standalone plan, employers have the capacity to shape the pension benefit offering considerably. The plan will generally be branded with the company name and the company can design and offer tailored contribution structures etc. for their members.

In some cases, employers offer even more bespoke features to their members by selecting and rebranding some of the investment funds.

On the flipside of that however, the EMPOWER Master Trust funds have been carefully curated to cater for a wide and diverse audience and endure over time as part of a forward-thinking contemporary solution. They will also be reviewed regularly to ensure they remain best in class.



## What does joining a Master Trust mean?

Many companies are probably wondering if joining a master trust means forgoing any unique features they currently offer and committing to a more homogenous pension benefit offering for their members. One key thing to understand about master trusts is that there are still points of difference between the participating companies. Although multiple employers are essentially subscribing to the same plan, certain aspects are administered separately. So, a company joining a master trust plan today can still retain many of their current plan specifics, like contribution rate structures etc.

Master trusts are far from a one size fits all model, but to operate effectively, there are some limitations as to how bespoke the offering can be made for each participating company. The capacity to tailor certain components of the offering is somewhat restricted in comparison to a standalone plan. For example, re-branding master trust fund names will not be an option, as it may be in traditional plans.



### GOOD TO KNOW

**In the Irish Life EMPOWER Master Trust, shaping the pension offering in line with a company's ethos and identity will be a question of thinking differently and working closely with us to deliver something of real value to the members.**





# Member Engagement

A solid communications plan is one of the key pillars of the IORP II regulations, so both standalone plans and master trusts will have a regulatory requirement to provide strong supports in this area.

In many standalone DC plans, employers and providers work closely to design and deliver a combination of broad and tailored communications campaigns to their members, supported by an ongoing programme of engagement and education activity.

In a master trust, with a larger audience and a myriad of different companies all participating in the same plan, member engagement is more important than ever. Employers opting for a master trust want to know their employees are being looked after and feel confident that the master trust and its trustees will deliver exceptional communications, resources and supports to help members engage with their pension savings.

## Discover member engagement options

A key thing to note about master trusts is that although there will be a broad programme of communications delivering to all members on an ongoing basis, there will also be scope for designing tailored campaigns for individual companies and their members.

And since participating companies will no longer be contending with governance tasks (which will now be overseen and managed by the master trust and its trustees) many employers may direct more resources (if they wish) to member engagement activities, away from compliance obligations.

At Irish Life, member education and engagement has been a key focus for many years. We are committed not just to meeting the new regulatory requirements but to delivering an exceptional member experience to all our plan members. No matter which option you choose, our member engagement team will strive to educate and empower your members to make informed decisions at every step of their retirement journey.



## We're here to help...

Our focus is to facilitate real, meaningful engagement by supporting our members with content that is easy to understand, easy to engage with and easy to take action upon. As the world of work and pensions evolves, our on-going research informs our approach and will continue to do so in the future.





Achieving compliance with the new IORP II regulations will require significant resources. Some pension plans will implement the new requirements to achieve compliance and remain as standalone plans going forward. Others may look at alternatives, such as joining a master trust.

A company opting to remain as a traditional standalone DC plan will have a lot of work ahead in terms of preparing their plan for IORP II compliance, which encompasses a substantial number of reviews, policies, procedures, and other deliverables. Plan sponsors and trustees will need to do a thorough review of their current structures and systems to identify gaps and then look to amend these gaps in what is a relatively short timeline for all the work involved.

A company joining a master trust is essentially passing the governance responsibilities for their plan to be managed and overseen by the master trust and its trustees. So, in that sense joining a master trust will negate the need for standalone plans to prepare for IORP II compliance and avoid the costs and resources associated with that. All master trusts will also be monitored closely by the Pensions Authority and will be run by professional trustees, so employers looking at master trusts can be confident that governance requirements will be strictly adhered to.

### KEY INSIGHT

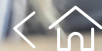
In a recent client survey\*, 71% said they would welcome further guidance in relation to IORP II and want expert information on what it really means. Our dedicated team of experts are always on hand to answer any IORP II or master trust questions, you can email them @ [askusaboutiorpii@irishlife.ie](mailto:askusaboutiorpii@irishlife.ie)

\*Research was conducted By Red C in Oct/Nov 2021 via online survey amongst Irish Life clients.



### GOOD TO KNOW

At Irish Life, our EMPOWER Master Trust and its trustees are fully committed to delivering on our governance responsibilities. A key feature of the EMPOWER Master Trust is that, unlike many other master trusts, the EMPOWER Master Trust trustees are wholly independent, with no ownership links to Irish Life. So, participating companies in the EMPOWER Master Trust are assured that all governance requirements will be efficiently, objectively, and effectively managed.





## Costs & expenses

The costs of IORP II compliance are significant for all plans operating in Ireland, both in terms of financial outlay and the time and resources required for the preparation.

Many existing plans will be able to make the necessary changes to their plan, absorbing the costs of compliance and continuing as standalone entities. However, these costs are so substantial for some standalone plans they simply may not be feasible or realistic within the plan's current structure. So, joining a larger entity and sharing the burden will reduce the impact significantly.



The size and nature of a master trust means that participating employers benefit from economies of scale, so scheme expenses are shared across a larger group of members. When you look at the costs of IORP II compliance, the economies of scale are particularly meaningful.



### GOOD TO KNOW

A key thing to note is that compliance is not something each plan simply needs to achieve once – an ongoing programme of work will be required to maintain compliance too.



## In a nutshell – how do you decide the best route for your plan?

Whether you are remaining as a standalone plan, looking to join a master trust, or still reviewing your options, one thing is certain: in this time of transformational change, we need to look at things differently.

The pension landscape has changed dramatically, so all DC pension plans will need to adapt to some degree. Each option or route available simply involves a different element of change.

### IORP II Compliance

Those looking to remain as standalone plans will need to take on a substantial programme of work to prepare for and maintain IORP II compliance.

### Master Trust

For those looking to join a master trust a rebalancing of sorts is needed, so a few key things will change from the employer's perspective.

Certain responsibilities (such as governance) are effectively outsourced to be managed and overseen by the master trust and its trustees. Employers retain full control over other elements (such as company specific contribution rates) and then also have the option to get even more involved in other areas (such as member engagement).

No matter which route you choose for your plan, our team of experts have resources in place to support and guide you on this journey.



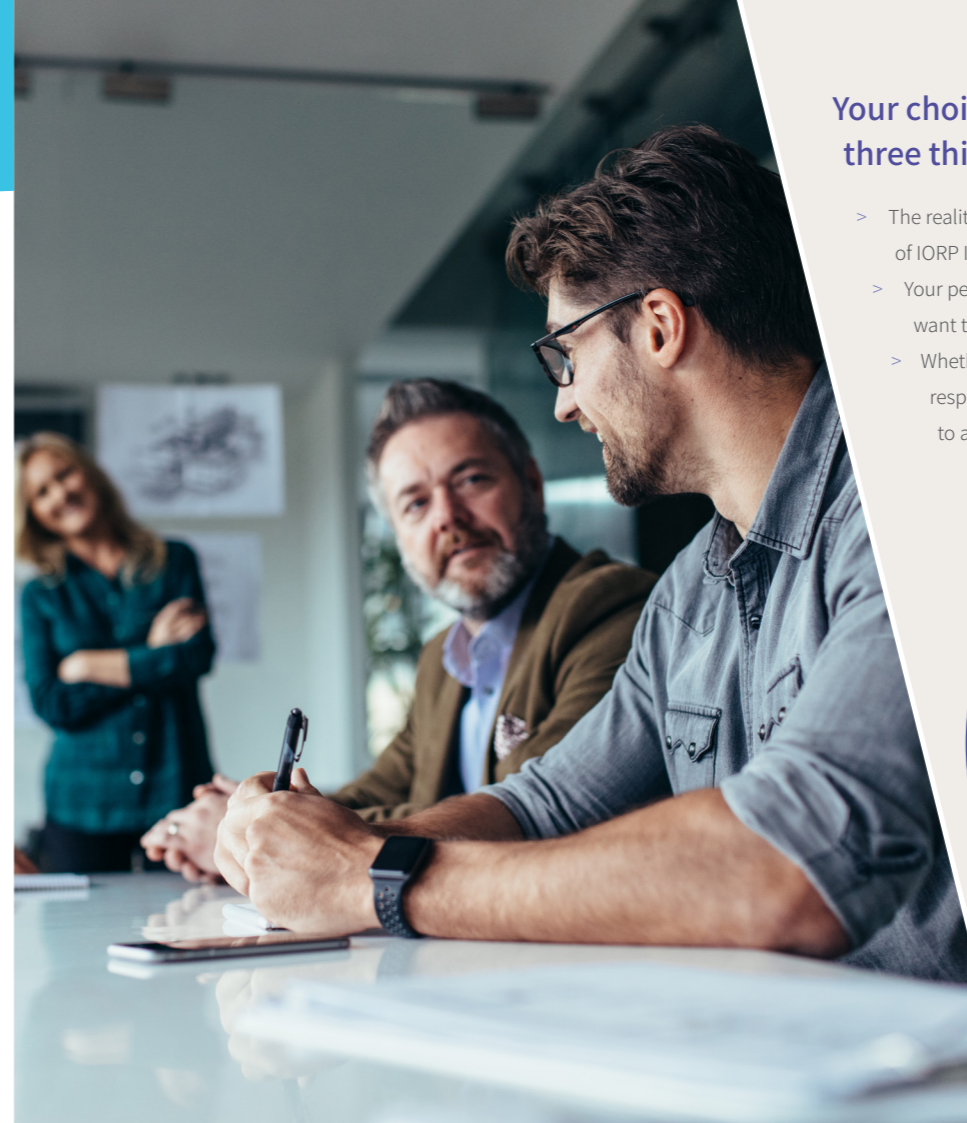
## Your choice here comes down to a mix of three things:

- > The realities of your plan's bottom line and whether taking on the costs of IORP II compliance is a viable option.
- > Your personal preference in terms of the level of customisation you want to offer to your members in their pension benefit package.
- > Whether your plan is in a position to take on the new regulatory responsibilities within its existing structure or prefer to outsource to a master trust.



### GOOD TO KNOW

Change will be a feature, no matter which option you choose, so it's just a question of what's optimal for your plan, and what kind of change you feel is most appropriate. As the largest provider of (DC) pensions in Ireland, Irish Life has options in place that will work for everyone.





## What do master trusts look like in action?

Master trusts are still relatively new in Ireland, so to get an insight into what master trusts in action on a large scale look like, it's good to look abroad to the UK, New Zealand, and Australia, where master trusts are already well established.

### KEY INSIGHT

The UK Pensions Regulator's (TPR) **2020 DC Trust report** showed more than 16 million people have saved £38.5 billion into master trusts – with nine out of 10 people saving into the largest master trusts.

### KEY INSIGHT

However in a recent client **survey\***, only 40% of respondents had looked into alternatives such as master trusts and only 26% rated themselves as knowledgeable about master trust offerings.

In the UK master trusts are now the dominant form of pension provision for new and emerging plans. So much so that NEST, the state backed auto enrolment provider is a master trust arrangement. In many countries, master trusts have become the flagship for pension providers, meaning that any innovations or advancements are activated first in master trust plans before being made available to 'stand-alone' schemes.

This is evidence of the impacts of master trust and the ability of such an arrangement to evolve and adjust over time, ensuring a stable market for workplace pensions.

The interest in master trust pensions continues to grow and indications suggest many employers are considering moving their pension plans to a master trust arrangement.

\*Research was conducted by Red C in Oct/Nov 2021 via online survey amongst Irish Life clients.





## Why choose the Irish Life EMPOWER Master Trust?

As the largest DC pension provider in Ireland, Irish Life has unrivalled experience and industry knowledge, allowing us to create a market leading master trust solution.

### Trust the Pension Masters

7 key features make up the dynamic, modern EMPOWER solution:

1. **A wholly independent board of trustees** – unlike many other master trusts, the EMPOWER solution has wholly independent trustees with no ownership links to Irish Life. This assures employers that their scheme governance is being taken care of by independent experts, while also delivering the increased protection for members that IORP II's additional governance requirements are designed to achieve. The EMPOWER solution will continuously develop and evolve over time, ensuring it meets any industry regulatory requirements that arise in the future.
2. **Meaningful member engagement** – In a master trust arrangement, meaningful member engagement is essential. EMPOWER Master Trust provides members with telephone and email support, virtual support sessions, award winning member engagement tools, and carefully curated video content that resonates and engages the audience. Knowing their people are being looked after offers employers' peace of

mind, while members benefit from a myriad of opportunities to engage with their pension throughout their retirement journey.

3. **Personalised investment strategy** – designed to adapt to an individual member's circumstances, the EMPOWER PLS builds a personalised investment strategy for each member approaching retirement. Offering best in class benefits helps employers attract and retain the best talent, while members' outcomes benefit from the individualised nature of the default strategy. EMPOWER PLS is regularly reviewed, ensuring it evolves as the pension environment changes.
4. **Responsible investing** – Irish Life Investment Managers (ILIM) has led the way for responsible investing in Ireland and will continue to do so. So, employers (and members) participating in the EMPOWER Master Trust can be confident that their savings can be being invested responsibly, without needing to make active decisions or pay a premium in this respect.
5. **Top of the range technology** – In 2019 Irish Life committed to investing €100 million over five years to ensure that the EMPOWER solution is backed by a robust data and digital infrastructure.

6. **Exceptional administration** – With over 35 years of experience in pension administration, Irish Life knows how important our people are and our team always go the extra mile for employers, trustees, and members.
7. **Group Life Insurance** – employers have the option to add life insurance (insured by Irish Life) within the trust, for efficiency and simplicity on the employer side, whilst enhancing the overall member experience. Having one provider and dedicated point of contact streamlines the process, removing additional administration needs and the complexities involved with having different providers. Members can also access the Digital Doctor programme.

Get more information on the [Irish Life EMPOWER Master Trust](#) and see if it might be a good fit for your pension plan.

### If I decide to move to a master trust, what happens next?

If joining the EMPOWER Master Trust looks like the best fit for your plan, our team will guide and support you to make the adjustment as seamless as possible.

If you prefer to remain as a standalone plan, our team is more than happy to help you navigate the path to IORP II compliance. We have curated some [handy checklists](#) to focus your preparations and we are standing by to support you in any way we can.



## Contact us

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Write to	Irish Life, Irish Life Centre, Lower Abbey Street, Dublin 1.

Irish Life Assurance plc is the product provider for the Empower Master Trust as sponsored by Irish Life Financial Services Ltd., with Irish Pensions Trust Ltd., appointed as Trustees.

Irish Life Investment Managers is the Investment Manager for the Master Trust and is regulated by the Central Bank of Ireland.

Financial advice in relation to this product is provided by Irish Life Financial Services Limited and is regulated by the Central Bank of Ireland.

Further details on the operation of the Empower Master Trust is made available to participating employers.

Irish Life Assurance plc is regulated by the Central Bank.