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Retirement Benefits

Item 10 – Chapter 9

Thursday 18<sup>th</sup> April 2024



# Pensions Landscape Overview

## ➤ **CSO Pensions Coverage Survey 2021**

- 73% of those in employment (aged 20-69) had an occupational pension

## ➤ **Pensions Authority 2021**

- 86,222 active occupational pensions with 971,961 members
- 69% identified as DC scheme - 28% identified as DB scheme  
- 3% identified as Hybrid scheme

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# Pensions Landscape Overview

## ➤ **DB Schemes Review of 2022 Statistics**

- 512 schemes were subject to funding standard provisions of the Act
- 186 schemes frozen
- 6 schemes wound up

## ➤ **Master Trusts**

- Set up under EU directive (IORPS II)
- Professional Trustees
- Each master trust could have different companies

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# Master Trusts

- 17 Registered with the Pension Authority with six registered in 2022 or 2023
  - 276,812 active members
  - 124,235 Deferred members
  - 20,822 participating employers
  - Assets - €17bn
- Pension Authority ensures that newly established MTs meet basic compliance standards
- Pension authority ensure all MTs administrative standards are for for purpose including their engagement with members

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# Retirement

- **WRC Code of Practice** - guidelines for employers and employees on how to manage retirement age
  - ❖ Addresses engagement between employers and employees - it is reasonable for an employer to discuss retirement intentions with employee
  - ❖ Retirement age must be objectively justified with the purpose of achieving a legitimate aim and the means of achieving that aim are appropriate and necessary.



# Retirement

## ➤ Retirement Process

- ❖ Notification of intention to retire him/her on the contractual retirement date
- ❖ Requests to work longer - in writing no less than 3 months before retirement date
- ❖ Decision communicated as early as possible
- ❖ Fixed term contract decisions must specify timeframe
- ❖ Refusals should be set out and communicated to employee at a meeting
- ❖ Must be an appeals mechanism
- ❖ Right to have union/work colleague at meetings

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# Legitimate Aim of Employer

- Intergenerational fairness (allowing younger workers to progress);
- Motivation and dynamism through the increased prospect of promotion;
- Health and Safety (generally in more safety critical occupations);
- Creation of a balanced age structure in the workforce;
- Personal and professional dignity (avoiding capability issues with older employees); or
- Succession planning

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# Auto Enrolment

- Automatic Enrolment Retirement Savings System Bill 2024
- Target date 2025
- Establishment of National Enrolment Retirement Savings Authority
- Enrolment and contributions:
  - Employees aged between 23-60 and not contributing to a pension plan and earning €20k or more auto enrolled
  - For every €3 contributed by employee employer must match with €3. State will contribute €1
  - Contribution rates will gradually increase over a 10-year period

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# Auto Enrolment

- Authority will appoint entity or entities to provide investment management services (Low Medium High risk)
- Payment of benefits
- Electronic communications will be the default means of communication
- GDPR
- Reviews and appeals
- Compliance and Enforcement

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# Investment Update

- The ECB is forecasting inflation to be 2.3% in 2024, down from a previous estimate of 2.7%, and 2.0% in 2025. It is expected that they will begin reducing rates from June this year
- Global growth has been resilient over the last 12 months led by US, where increases in consumer spending, domestic demand and government spending has led to strong growth.
- Economic data in the Eurozone was mixed, with some areas showing signs of improvement, overall data remained lacklustre, but growth has remained in positive territory.

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# Investment Update

- Global equity markets were up over 10% in Q1, bringing the 12 month return to 30%.
- The drivers of the return included:
  - Expectations of the continued weakening in Inflation, allowing for interest rate decreases in the second half of the year
  - The resilience of the global economy, allaying earlier fears of a recession
  - The expectations of enhanced corporate profitability as AI gains traction.

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# Status of Current Agreements



- Progress across all areas
- Experience and information invaluable across all schemes
- Underpinned by legal and professional advice
- Increases welcomed by members and pensioners
- Unless the Union receives an increase in pensionable pay then pensioners cannot get an increase
- Secured by Union – delayed by Minister
- Second guess the Labour Court by New ERA
- Campaign of mis information

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