

Welcome to the National Federation's Pension & Life Assurance Newsletter – (June 2020 - Edition 1)

Pension Scheme Overview & Review of Pension Trustees' Activity in 2019

Dear CEO / Pension Administrator / Pension Member,

Welcome to the first edition of the National Federation's Pension & Life Assurance Newsletter, which we hope you will find informative. The main purpose of this Newsletter is to give you a general overview of the Scheme and update you on the range of work and activities the Trustees engaged in during 2019.

Overview of Pension Scheme:

The Pension & Life Assurance Scheme was established in January 1996, under Trust, which means that its investments are completely separate from the National Federation and all participating employers of the Scheme, and monies held can only be used to provide benefits for the individual members of the Pension Scheme.

- Approved by the Revenue Commissioners (SF 7346)
- Regulated by the Pensions Authority (PB 67866)

As you are aware, the National Federation's Pension & Life Assurance Scheme is a Defined Contribution (DC) Scheme. The benefits that a member can take at retirement will depend on the amount of pension contributions paid by them and their Employer, and the market investment that is earned during their membership of the Pension Scheme, less any charges deducted from the member's fund.



The Scheme provides valuable benefits for members as follows:

- At retirement members of the Pension Scheme will be entitled to some or all of the following benefits:
 - ✚ A tax-free lump sum;
 - ✚ A pension for the member and their dependants;
 - ✚ An Approved Retirement Fund (ARF) / Approved Minimum Retirement Fund (AMRF);
 - ✚ Taxable cash.
- The Scheme also provides for the payment of a benefit on the death of a member who dies while in service before their Normal Retirement Date i.e. 65 years. The benefit comprises of the following:

- (a) A lump sum of three times the member's Salary at the date of death; and
- (b) The value of the member's pension fund at date of death.



The current Trustees of the Pension Scheme are:

- + Mr. John McHugo (Chairman);
- + Ms. Pauline Brennan;
- + Mr. Francis Coughlan;
- + Ms. Deirdre Herlihy;
- + Mr. John O'Dea;
- + Mr. James Skehan.

Review of Trustee Activity in 2019

+ Pension Website:

The Trustees set up a dedicated pension page on the National Federation's website www.fedvol.ie. The website page contains links to a range of information booklets outlining the main benefits and features of the Scheme, as well as copies of important documents such as the Trustee Annual Report & Audited Accounts which are produced every year.



+ Investment Review:

The Trustees engaged the services of independent investment consultants - Trident Consultants to:

- Evaluate the current investment default strategy i.e. Passive IRIS, versus alternatives available in the market place;
- Review of the benchmarks used for measuring performance;
- Review of the current range of funds and their suitability for the scheme membership.

The review concluded that:

- Passive IRIS is fit for purpose as the Scheme's default investment strategy, subject to periodic review and engagement with members close to retirement to ensure they have selected the correct landing point i.e. landing point is the investment fund a member will be in at age 65 years and matches the way a member wishes to draw down their pension at retirement (outlined in more detail below);
- The benchmarks currently being used are appropriate;
- The list of investment funds available to members needs to be reviewed to identify overlaps and gaps.

In this regard, the Trustees agreed to Trident Consulting's recommendation to drop the following 3 investment funds:

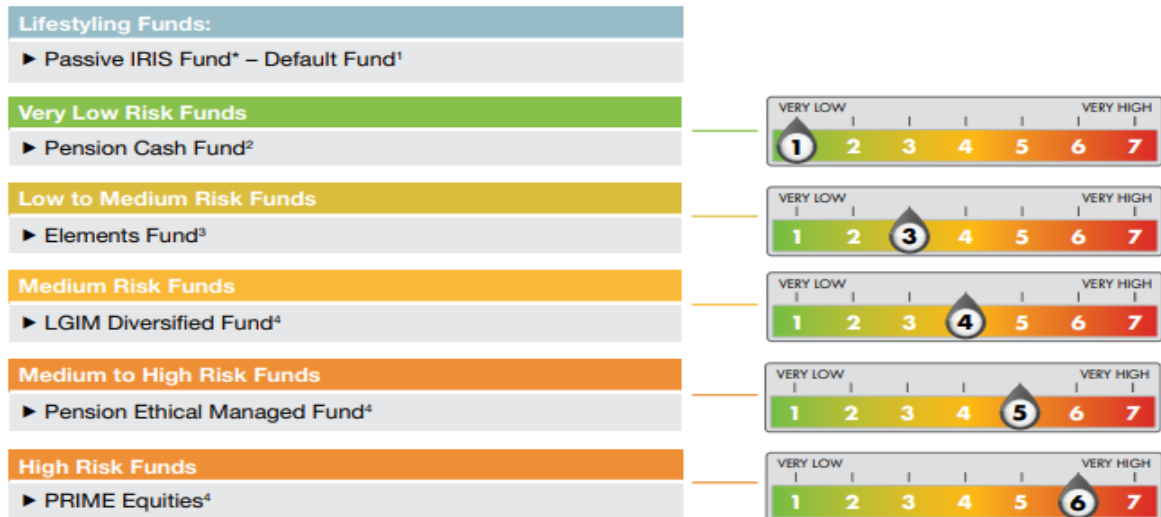
- Indexed Eurozone Long Bond Fund;
- BNY Mellon Global Real Return Fund;
- Pension Managed.

Inclusion of the following 2 additional investment funds:

- PRIME Equities;
- LGIM Diversified Euro Fund.

Members who are invested in one of the above three funds that are being dropped will be written to and offered the opportunity to switch their pension to one of the other funds available – or if they do not want to make a decision their pension will be switched to the default strategy i.e. Passive IRIS.

Therefore, the new investment choice available to all members will comprise of the following funds:



¹ A Fund related charge of 0.525% per annum applies to this fund.

² A fund related charge of 0.15% per annum applies to this fund.

³ A fund related charge of 0.725% per annum applies to this fund.

⁴ A fund related charge of 0.625% per annum applies to this fund.

✚ **New Landing Points:**

New Ireland introduced two new “landing points” as part of the Passive IRIS investment fund. Details of the new landing points were communicated to all members over 60 years (396 letters) on 5th August, 2019.

A member can now choose from three landing points as follows:

1. **Default Passive IRIS Fund** – If a member is invested in the Default Passive IRIS fund at age 65 years, this default path will end up with 25% of a member’s pension fund invested in Cash and 75% invested in PRIME 3, suitable if a member intends to take a tax-free lump sum (25% of the accumulated fund) and invest the remainder in an Approved Retirement Fund (ARF).
2. **Lump Sum Landing Point** – If a member is in this Landing Point at age 65 years their pension fund is fully invested in cash to suit members who are looking to take their full fund as a lump sum at retirement.
3. **Annuity Landing Point** – Members who wish to purchase a pension / annuity at retirement are best suited in this landing point as their pension fund will be invested in long dated bonds at age 65 years.



These enhancements to Passive IRIS mean that there are now more fund choices available to better suit the benefits a member intends to take at retirement. Members are encouraged to engage with their New Ireland Pension Consultant as a combination of the above 3 “landing points” are likely to be needed by members depending on the size of their pension fund, personal circumstances and lifestyle. The above landing point changes only take effect 5 years before a member is due to retire i.e. age 60 years, hence this cohort of members were initially written to in August 2019. Members are also encouraged to seek independent financial advice in respect of their retirement options.

✚ Group Life Review:

A key benefit of the National Federation’s Pension & Life Assurance Scheme is the provision of a lump sum death benefit of three times salary in the event of a member’s death in service. The cost of this benefit is met from the employers’ pension contribution to the Scheme and was last reviewed in 2014. During 2019, the Trustees engaged with Cornmarket to carry out a review of the Life Assurance Scheme and their results were presented to the Trustees on 9th September, 2019, where the Trustees agreed to:



- Maintain the Group Life Scheme with the current underwriter i.e. Zurich Life;
- Proceed with cover for a four-year rate guarantee period at a rate of 0.43% of salary, which represents a reduction over the current rate of 0.47%.

✚ Trustees Meetings:

The Trustees met 5 times during 2019 and also participated in two conference calls. Regular meetings with New Ireland and Cornmarket were facilitated, including an annual meeting with the Scheme’s Investment Managers to review the Scheme’s investment performance.

✚ Trustee Annual Report & Financial Statements:

As required by Pension Legislation the Trustees prepared a Trustees Annual Report (TAR) and Financial Statements for year ended 31/12/18 and circulated same to each participating employer and recognised Trade Union in line with the 30th September, 2019, deadline for completion.

A copy of the TAR and Financial Statements is available on the National Federation’s website www.fedvol.ie Members can also request a copy of the Report from their employer.

The Financial Statements for year ended 31/12/18, was the first year to reflect New Ireland’s management fees and provide transparency in respect of this matter. The Trustees secured a reduction in New Ireland’s management charges effective from 1/4/19 by 0.025% pa.



As at 31st December, 2018, the total membership of the Scheme stood at 3,693 active and 1,187 deferred members.



Contributions of €16 million were invested during the year and the value of the fund as at 31st December, 2018, totalled approx. €194 million, most of which is invested in the Default Strategy for the Scheme i.e. Passive IRIS fund. A one-off allocation of €747,926.04 was forwarded to New Ireland for distribution to member’s individual pension fund, which reflected a surplus in the Trustees bank account.

Deeds Executed:

The following Deeds were prepared and executed during 2019:

- Deed to reflect new Pension Scheme Name i.e. National Federation of Voluntary Service Providers' Pension & Life Assurance Scheme;
- Deed of removal for resignations of Mr. Tony Darmody; Mr. Brian O'Donnell and Mr. Bernard O'Regan and appointment of Ms. Pauline Brennan.

Trustees Training:

The Trustees underwent Pension Trustees Training on 14th February, 2019, in line with requirements that Trustees must undergo Training within 6 months of their appointment and every 2 years thereafter.



Member and Employer Engagement:

The Trustees see regular engagement with both members and participating employers as an important function of their role. In this regard, the following workshops / meetings took place:

➤ Retirement & Life Planning Seminar:

The trustees hosted three separate Retirement & Life Planning Seminars during 2019 in Portlaoise, Charleville and Claremorris. These seminars are aimed at members who will be retiring in the coming years and have proved extremely popular with those who have attended to date. There is no charge for attending and members can bring their partners if they wish.

Further seminars will be held during 2020, after Covid 19 restrictions are lifted in relation to group gatherings. Further details regarding dates, venues etc will be communicated to employers once confirmed. Any member wishing to attend a Retirement & Life Planning Seminar should express their interest to their employer.



➤ New Ireland / Cornmarket Engagement:

Both New Ireland and Cornmarket arrange group presentations and one to one meetings throughout the year for members of the Scheme. The purpose of these presentations is to outline the valuable benefits that the Pension Scheme provides and to deal with member queries.

The Trustees encourage members to avail of these presentations / meetings to ensure they are informed re:

- The structure and benefits of the Pension Scheme;
- The progression of their pension fund and whether they are on track to meet their retirement goals;
- The option to increase the level of their pension contributions and how this can be achieved;
- The costs and charges applied to their pension fund – particularly the difference in the management charges that apply to the different investment fund choices;
- The awareness of the benefit options available to them at retirement.



➤ CEO / Administrators Workshop:

The Trustees also host an annual workshop for employers. The workshop for 2019 was held in the Midland Park Hotel, Portlaoise on the 5th December. Presentations were delivered by the Trustees,

General Investment Trust, New Ireland and Cornmarket. The purpose of these Workshops is to ensure employers are kept up to date on their requirements as a participating employer to the Scheme.

Annual Benefit Statements:

In respect of the issue of Annual Benefit Statements for year ended 31/12/19, New Ireland have agreed to issue members Annual Benefit Statement in 2020 directly to their home address. In view of this, it is important that members advise their employer of any change in their home address and in turn employers are required to update New Ireland Assurance.



In addition to a member's Annual Benefit Statement, a member can access their pension fund details through New Ireland's Pension Scheme Online (PSOL) service.

Each member is able to:

- Access details on their pension fund at any time;
- View and reconcile online pension contributions paid by them and their employer;
- Check payments over any time period;
- View current fund value;
- View fund information / performance;
- Access Pension calculator.



PSOL is a secure site (www.newireland.ie/psol) and to register a member will need the following information:

- PSOL ID number (available at the end of the member's Annual Benefit Statement);
- Member ID (available at the end of the member's Annual Benefit Statement);
- date of birth; and
- email address.

Death in Service Benefit:

Unfortunately, 7 members of our Pension Scheme died during 2019 and one of the key responsibilities of the Trustees is to decide to whom the death benefit is paid. This is a requirement under pension legislation and the Trustees make every effort to ensure that the benefit is paid to the most appropriate beneficiary. In all of the 2019 cases, the Trustees job was greatly assisted by members having an Expression of Wishes form completed. Although not legally binding on the Trustees, the Expression of Wishes form gives the Trustees a useful guide as to the members wishes and are taken into consideration by the Trustees when agreeing to whom benefits should be paid. The Trustees would urge members to complete an Expression of Wishes form, available on www.fedvol.ie, and to keep it updated if a member's personal circumstances change.

Administration & Compliance:

The National Federation Secretariat via the Pension Scheme Manager continued to provide administrative support to the Pension Scheme Trustees in 2019 and acted as point of contact for all key stakeholders to ensure the smooth and efficient running of the Pension Scheme i.e. Pension Trustees; Participating Employers; New Ireland; Cornmarket; Auditor etc.

All employers co-operated with their monthly return of pension contributions to both New Ireland and Cornmarket by their required timelines (10th of the following month). All death claims, applications for

retirement on grounds of ill health; pension adjustment orders, transfers applications and purchase of annuity forms etc. were all duly processed in a timely fashion.

In this regard, the Trustees would like to thank all employers for their co-operation in assisting the Trustees in discharging their duties and ensuring the Scheme is run efficiently and in compliance with Scheme Rules.

Covid 19:

In conclusion, at time of this Newsletter being circulated, the Trustees are conscious of members’ concerns regarding their pension fund and impact of Covid 19 on same. In this regard, I would like to advise that the Trustees continue to seek ongoing updates from New Ireland and our Investment Managers on fund performance. We have uploaded on the National Federation’s website www.fedvol.ie the following updates which may be of interest to you:



- + New Ireland information flyer on our default Passive IRIS Fund, which addresses some concerns members / employers may have in respect of the impact of Covid 19 on this fund;
- + Investment Managers, State Street Global Advisors (SSGAs), market commentary for the period of 12 Months to 30th April, 2020. The information is very centred on the period Mid-Feb to end of April i.e. Covid time.
- + New Ireland Covid 19 – May 2020 Update.

If you have further queries on your personal fund please don’t hesitate to contact your New Ireland Pension Consultant assigned to your organisation as follows:



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- Malta Services Drogheda
- St. Christopher’s Service
- Kerry Parents & Friends Assoc
- Prosper Meath
- St. Joseph’s Foundation



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- Ability West
- Blue Teapot Theatre Co.
- National Federation Secretariat
- Peacehaven Trust
- St. Hilda’s Service
- Western Care Association
- Ard Aoibhinn
- Cumas New Ross
- North West Parents & Friends
- St. Catherine’s Association
- Sunbeam House Service



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- Moorehaven
- SOS Kilkenny
- Waterford Intellectual Disability Assoc
- Muiriosa Foundation
- St. Cronan’s Service
