

JOYCE BRENNAN

# Guiding Irish pensions through change

From the rise of master trusts to the rollout of auto-enrolment, newly appointed CEO of the Irish Association of Pension Funds (IAPF), *Joyce Brennan*, shares her vision for simplifying the system, supporting trustees, and securing better retirement outcomes for all

**Please tell us about your professional background to date and how you got into pensions/investment.**

■ I began my career as a student actuary. In the early part of my career, I worked mainly on actuarial valuations for defined benefit (DB) pension schemes. Working at a small consulting firm gave me an understanding of the broad range of services to pension schemes. I held various roles for Mercer and KPMG, ranging from helping trustees fulfill their obligations to helping companies manage their pension plans and wider remuneration strategies.

About 10 years ago I became a professional trustee, acting as chair to boards of trustees of a range of pension plans. For the past five years, I have been managing director of the trustee companies of New Ireland Assurance Company, focusing on developing the governance model for their master trust. I have also acted as non-executive director for a range of insurance companies over the past 10 years.



**What appealed to you about the CEO role at the IAPF?**

■ We have nine main master trust providers in Ireland currently, which account for approximately one-quarter of the market. In three years' time, master trusts may represent more than half of the market, because this is where most new entrants join and transfers of DC schemes continue. Providing services to master trusts is a priority for me. We will provide them with information, training, a networking forum and an opportunity to lobby for policy change. Each master trust will also have to decide how their offering will evolve when post-retirement savings become an option, and we will support them through this journey.

Most of our DB schemes are very mature, with strong governance and another priority for me is to support them as they seek opportunities to further de-risk, articulate their end game strategies, and get through the first round of the supervisory review process.

**What do you believe are the biggest strengths of the Irish pensions sector?**

■ The state pension provides a strong foundation to the Irish pensions system, with universal eligibility to a flat rate pension. In addition, approximately two out of three workers have a supplementary pension through their employer, though this percentage varies significantly by age. Pension savings receive tax relief, and a tax-free lump sum is available on retirement. Coverage will be substantially enhanced next year when the state implements the new auto-enrolment system, which introduces compulsory employee and employer contributions, topped up by a contribution from the state.

The Irish pensions system is mature, with strong standards of governance, regulation and funding requirements, ensuring a good level of protection for members. Occupational pension

schemes are established under trust, and there is a strong tradition and legacy of trustees providing excellent oversight and challenge to ensure members' interests are at the forefront in managing pension schemes. Trustees in Ireland are supported by a strong system of expert service providers, including consultants, insurance companies, investment managers, lawyers, professional trustees, auditors and risk managers.

**And what are the biggest challenges you believe need tackling?**

■ The IAPF continues to lobby for simplification in the pensions system. There continues to be a range of rules in key areas such as maximum contributions, maximum benefits, and transferring between pension plans, depending on the type of plan. This can act as a deterrent in engaging people in pension savings. The auto-enrolment system will operate very differently to pension plans, which may cause more confusion, however more awareness of pensions and more conversations around retirement planning can only be a good thing. Trustees and providers are very focused on clear and engaging member communications, trying to simplify key messages and improve take-up rates.

There is also wide proliferation of benefits, with most workers having pension savings across multiple schemes and multiple providers each time they change their job. This can result in the provider's contact information becoming out of date. We would like to see a pension tracing system introduced in Ireland.

**How is the sector likely to transform in the coming years?**

■ Master trusts are likely to increase substantially in size. The governance burden on pension schemes continues to increase and the supervisory review process, which the regulator commenced last year, is very time consuming. The introduction of post-retirement savings options is likely to further grow master trusts, as members are likely to appreciate the opportunity to remain within a trust structure through their retirement.

The introduction of the auto-enrolment system is a substantial milestone for the pension market, and many employees who have not joined their employer's pension scheme are likely to reexamine this option.

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