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Trends in Occupational Pensions from a German and Irish Perspective

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Thum

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Trends in Occupational Pension Services from a German and Irish Perspective

Pension Market in Germany and Ireland

In many countries, occupational pensions are an important component of retirement provision. This is also true for Germany and Ireland, where the coverage provided by state pension schemes will not be sufficient to ensure an adequate standard of living, at least in the long term.

As the importance of occupational pension provision grows, so too do the demands on services provided. We interviewed two experts to discuss the challenges and trends of occupational pension services in Germany and Ireland: Amanda Dempsey is head of administration services in Ireland and Michael Paulweber is responsible for the Western European outsourcing business.

Interviewer: *Congratulations on winning an award at the Irish Pensions Awards 2024. The award has attracted a great deal of attention, and not only in Ireland. How was this award received by the Irish WTW team?*

Amanda Dempsey:

LifeSight Ireland won the 2024 Pension Administrator of the Year Award, a testament to our consumer-facing technology platform, independent approach to governance, commitment to client and member engagement and outstanding administration capabilities. The team were delighted with the win, it was a great achievement and boost to morale, recognising their hard work and dedication in the delivery of administration services to our many clients and members.

Michael Paulweber:

I can second Amanda's comments. We were particularly pleased to receive the feedback: The judges praised LifeSight for "going above and beyond the normal requirements of a pensions administrator" and delivering exceptional standards to its members.

This excellent result helps us to further expand our strong market position in Ireland.

Interviewer: *How are occupational pension schemes developing in Ireland and Germany?*

Amanda Dempsey:

Ireland has experienced substantial changes to the pensions landscape in recent years with the transposition of IORP II into legislation in 2021, the exponential shift from single trust arrangements to Mastertrust in the DC market and more recently with the impending implementation of Auto Enrolment later this year.

“My Future Fund”, the auto enrolment system scheduled to launch in Ireland on 30 September, is aimed at supporting private sector workers who have no company or private pension provision, when they reach their retirement years.

Employees meeting the eligibility criteria; aged between 23 and 60 years old, earn more than €20,000 per annum and not currently paying into a pension scheme will be enrolled automatically.

We are seeing employers consider amending the eligibility conditions of their DC company pension schemes to include all employees going forward, to minimize the need to run their existing company pension scheme and the state scheme concurrently.

With the changes we’ve seen over the last few years and those coming later this year, my guess is, in the long term, DC schemes will prevail. As WTW offers excellent solutions for both DB and DC, we are very positive about the future, especially considering the increasing importance of company pension schemes when it comes to retirement provision.

Michael Paulweber:

I fully agree with Amanda. In 2024, we had a very successful year. We were able to win and onboard a series of new administration business in Ireland. And I firmly believe our market momentum will continue.

In Germany, there are certainly similarities to Ireland. However, the markets differ significantly in their development and degree of maturity. Germany is characterized by demographic change, which will not only increase the importance of occupational pension schemes in the medium term. Now that the baby boomers are going to retire within the next years, workload and transactions for almost all administrators is reaching all time peaks. At the same time, the industry needs to effectively manage the shortage of occupational pension experts, which is particularly challenging for many inhouse admin teams.

In terms of pension plan types, the market in Germany is dominated by defined benefit plans. The defined contribution market has so far been very slow to take off, and direction of travel after elections in February 2025 is unclear. It is still too early to say how quickly a transformation from DB to DC will succeed. We at WTW have developed excellent and fit-for-purpose solutions that combine the best of both worlds, so that companies do not have to deal with different solutions and providers, should they decide to embark on one of the new DC solutions.

Interviewer: *What do you think are the main challenges and top trends for the occupational pension schemes?*

Michael Paulweber:

As I have already mentioned, one of the biggest challenges is managing demographic change and the associated challenges for the administration. This affects not only Germany, but many Western European countries. This is exacerbated by the greater uncertainty regarding economic and political developments in the individual regions. Many companies are faced with the question of how they want to position themselves in the future. Buy-out solutions are receiving more and more attention in Germany.

One immediate consequence of this is that many companies are also reviewing their occupational pension organization in terms of sourcing, i.e. in-house or outsourcing, technology as national administration systems vs. use of global platforms, a shortage of pension experts and increasing demands on the member experience.

It is precisely in view of these challenges that we see the trend towards outsourcing, even though the German market is less mature than other markets. In my opinion, it is only a matter of time before we see a similar level of outsourcing here as in more mature markets.

Amanda Dempsey:

As our award 2024 Pension Administrator of the Year Award showed, excellent member service remains a top priority for scheme trustees and sponsors. We offer a level of service that our members have come to expect and are accustomed to. The award is a further incentive to continue to meet this challenge in the future.

Interviewer: *Are there lessons to be learnt from the individual markets?*

Michael Paulweber:

The markets are very different in size and regulation, and they have varying degrees of maturity. As such, a direct comparison is not possible.

Due to the size of the market, scalability of services in Ireland is mainly possible through consistent standardization. With Lifesight, we have found the right solution to achieve this standardization. Our market success proves us right.

In Germany, standardization is much more difficult to achieve due to the heterogeneous nature of the company pension landscape and the associated services. Here, scaling is achieved less through products and more within the value chain by standardizing and automating processes for many customers. WTW, as the leading administrator in Germany, is very well positioned to achieve this.

The use of services is also not limited to individual geographic markets. We must think bigger and use technologies, processes and services at a global scale, taking into account local markets and regulations. As a global business, we are serving 25 millions participants in health and pensions. For example, we are working globally on AI solutions that we are rolling out in various business units and regions. Ultimately, it's about providing the best possible service for our clients and their employees. With our size worldwide, we can and will leverage this potential.

Interviewer: Thank you very much for the interview.

The interview was conducted by Claudio Thum, WTW.

About the WTW experts



Amanda Dempsey, Senior Director, WTW

Areas of responsibility at WTW

- Head of administration business in Ireland
- COO of WHCB MIFID entity
- LifeSight Executive Committee

Professional qualifications and experience

- Associate of the Irish Institute of Pension Management (AIIPM), Qualified Financial Adviser (QFA), Retirement Planning Adviser (RPA) and LIA Pensions Diploma
- Over 25 years' experience in DB and DC, public and private sector pension administration, benefit consultancy and change and integration management
- Various roles within WTW across administration, consultancy, operations and management

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Dr. Michael Paulweber, Managing Director, WTW

Areas of responsibility at WTW

- Head of Outsourcing Europe (excl. GB)

Professional qualifications and experience

- Over 20 years of experience in occupational pensions in various positions
- Various roles within WTW across administration, consultancy and management

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Further information

You can find more publications in our series of publications "The future of occupational pension services in [German](#) and [English](#).

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