



Willis Towers Watson  
Supporting pension change





A large number of Irish companies have already made changes to their pension schemes to reduce the cost and risk. Many others are currently reviewing the affordability of their current pension scheme and considering alternatives.

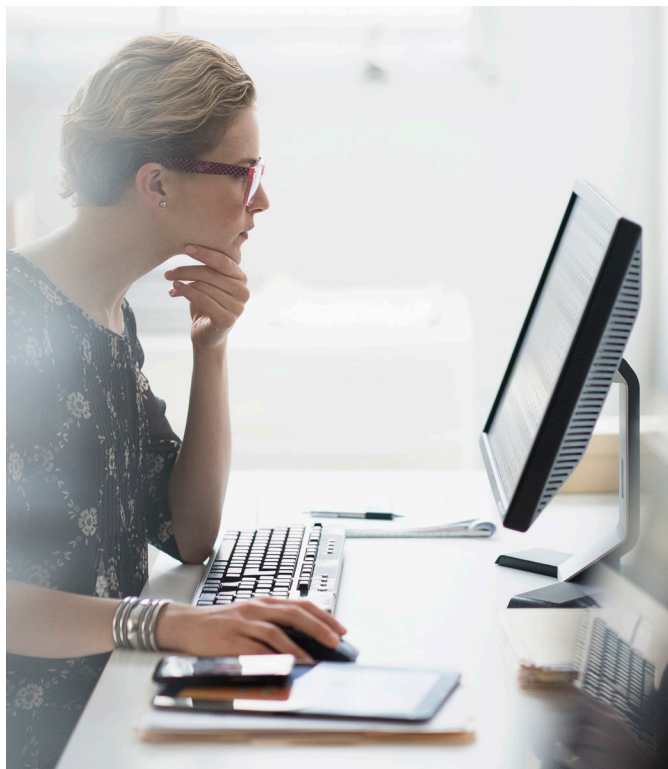
### Changing environment of defined benefit (DB) pension schemes:

It is widely recognised that the traditional DB pension scheme is under pressure. Employers offering these pension schemes face significant and uncertain financial risks due to a number of factors, including:

- Very low interest rates
- The introduction of risk reserves
- Recent and ongoing volatility in the financial markets affecting investment performance
- The simple fact that people are living longer, so the cost of providing pension benefits has increased

Typically, changes to pension scheme design are required to reduce the costs to employers and to mitigate at least some of the associated risks, all of which are borne by the employer.

This has created a burning platform for those Irish companies offering DB pension schemes to look to a more sustainable future service pension offering.



### How can Willis Towers Watson help?

We are the market leader in supporting clients through pension change projects and have been involved in many high-profile change projects over the last five years, across all industries.

These projects are carried out by our specialist corporate consulting team, which consists of experienced technical pensions consultants, and specialist communications and change management consultants.

This team is highly commercial, understands the market dynamics driving pension change and has extensive experience:

- Delivering the required background technical analysis
- Helping clients develop the business case and key messaging to members and unions
- Developing detailed and tailored communication and implementation strategies
- Developing and producing member communications
- Working with dedicated project managers to develop and maintain project plans and risk registers
- Assisting with the development of negotiation and concession strategies: Due to our experience with these projects, we have a large bank of possible concessions that can be granted during negotiations and can advise which concessions are typically valued most
- Supporting clients through union negotiations and navigating through Ireland's complex Industrial Relations conciliation framework: We have extensive experience dealing with all unions and are happy to take a hands-on role in union negotiations, if required





## Determining the right pension scheme solution

The key to successful pension change is rigorous analysis and detailed preparation.

This involves:

- Carrying out financial and business analysis to determine the most appropriate sustainable pension scheme in line with HR and business objectives
- Preparing the business case for change to ensure meaningful stakeholder management and member engagement
- Understanding the change within the context of the wider competitive and economic environment
- Taking legal advice to ensure the proposed changes are appropriate
- Developing a detailed communications plan so the information and consultation period is relevant and engaging to all stakeholders

### Key considerations prior to determining your pension change solution

Business	Financial	Legal	Communications
What is the business case?	Is focus on cash or accounting cost?	Consider past communication and agreements	How do we explain the business case?
How radical can the design changes be?	What are the cost implications?	What do employee contracts say?	What are the HR/IR issues?
What are competitors doing?	Detailed cost and member impact analysis	What does the Trust Deed and Rules say?	How do we build engagement with the new offering?



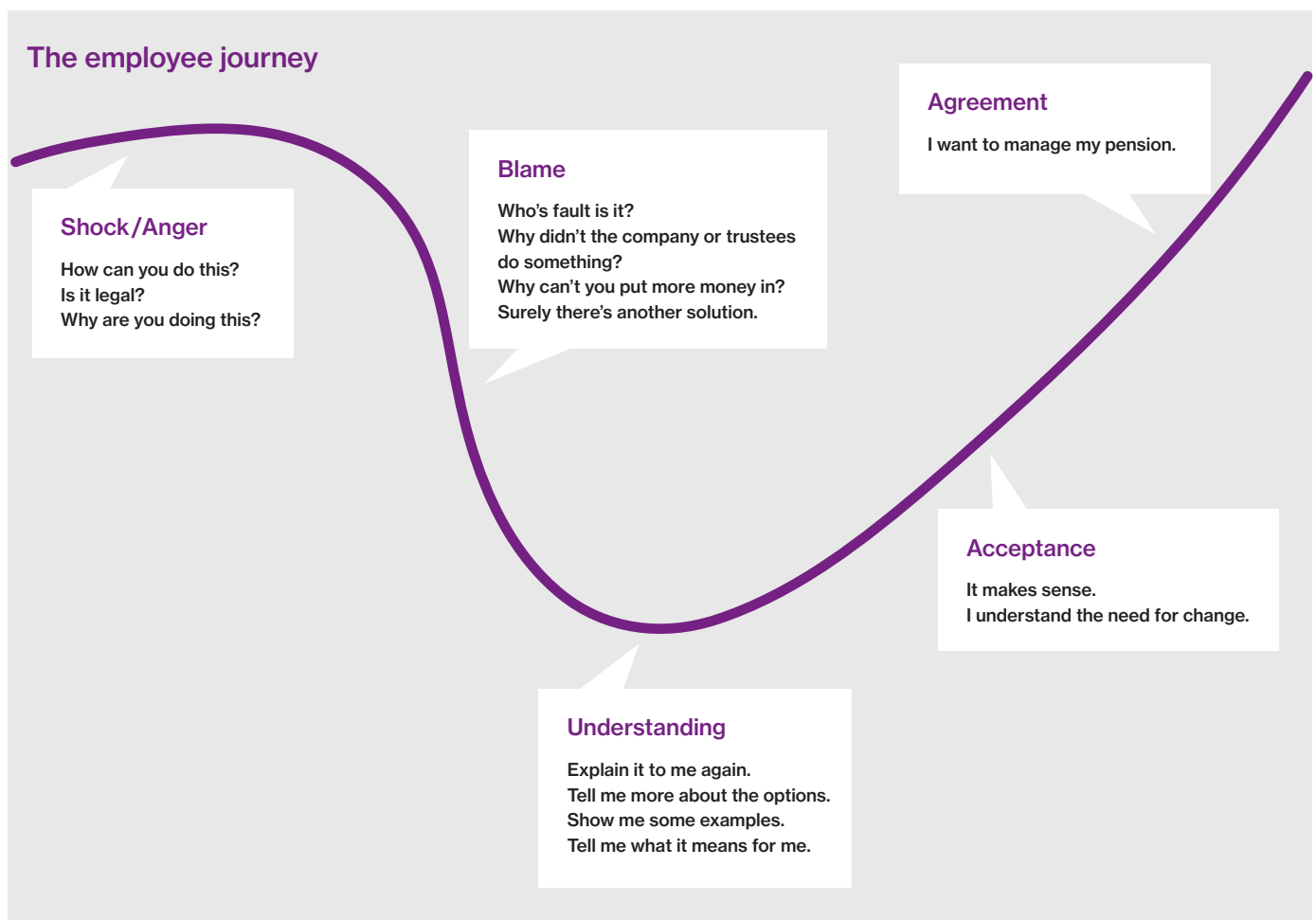
## Communicating the change

The most successful pension change projects focus not only on implementing the preferred pension scheme but also on delivering a solution that employees are engaged with and understand. If employees don't understand the change and what it actually means for them, it's unlikely they will get on board.

Our experience has shown that companies who invest time upfront in planning their pension change communication strategy are more successful in meeting their objectives while also maintaining employee engagement and business continuity during and after the change.

It is vital that companies properly consider the personal impact of this change to their employees and the emotional journey they will go through.

We can help companies manage their employees through that emotional journey by developing a communications strategy that is right for the company and its employees. We will work with the company to ensure that all stakeholders are engaged at the right times, with the right messages and through the right channels.



## Sample high-level communications plan

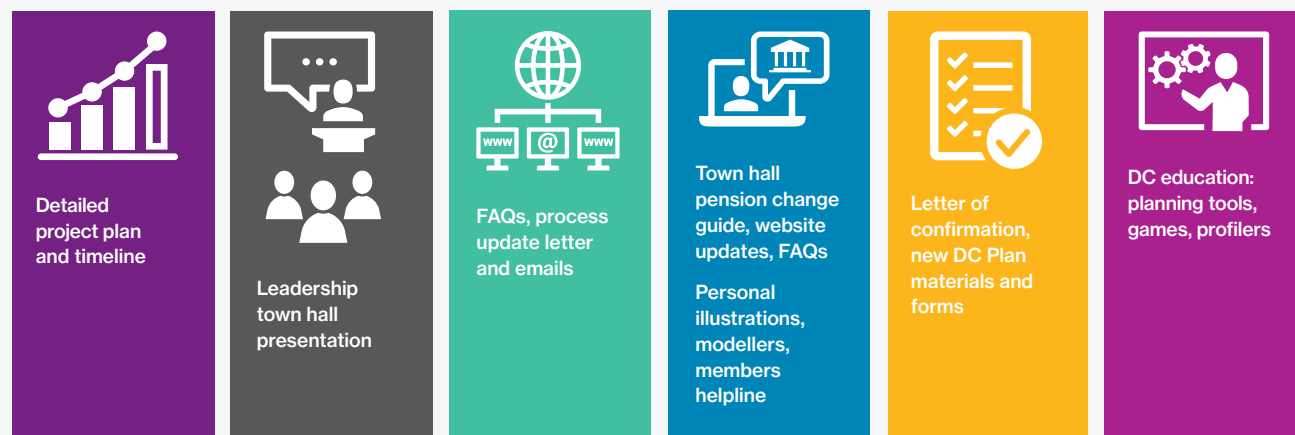
### Phase



### Activity

- |  |   |  |   |  |  |
|--|---|--|---|--|--|
| <ul style="list-style-type: none"> <li>▪ Company determines target end goal for pension changes</li> <li>▪ Concession strategy developed</li> <li>▪ Member business case for change developed</li> <li>▪ Key messaging and communication strategy agreed upon</li> </ul> | <ul style="list-style-type: none"> <li>▪ Announce the pension review</li> <li>▪ Details of business base provided</li> <li>▪ High-level change details provided</li> <li>▪ Staff representative group set up</li> </ul> | <ul style="list-style-type: none"> <li>▪ Discussions with union and employee representative groups</li> <li>▪ Concessions granted if required</li> <li>▪ Potential for WRC to be involved</li> <li>▪ Changes agreed to</li> <li>▪ Trustee engagement on the changes</li> </ul> | <ul style="list-style-type: none"> <li>▪ Full communication to members on the proposed changes in detail</li> <li>▪ Explanation of what this will mean for their benefits</li> <li>▪ Union employees vote on change package</li> <li>▪ Once members have understood the changes, they will want to know what it means to them personally</li> </ul> | <ul style="list-style-type: none"> <li>▪ Trustees adopt proposed changes</li> <li>▪ Changes implemented</li> </ul> | <ul style="list-style-type: none"> <li>▪ Educate members on their responsibilities in relation to the new DC Plan</li> <li>▪ Provide necessary support in the enrolment process</li> </ul> |
|--|---|--|---|--|--|

### Typical channels and materials



### Client testimonial

“Willis Towers Watson’s pension, reward and communication specialists partnered with us to deliver a very successful compensation and benefit harmonisation project. Their technical analysis, communications planning and implementation support is market leading. We received very positive feedback from our employees on the clarity of all communications, and we successfully achieved all project milestones.”

– HR Director of a US multinational pharmaceutical company

## Sample member communications



## Partnering with Willis Towers Watson

Willis Towers Watson's specialist corporate consulting team includes highly experienced actuaries, reward consultants and employee communication and change specialists. These cross-disciplinary teams can assist companies in delivering successful pension scheme design projects, supporting clients at all stages of the process.

## For more information

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## About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 40,000 employees serving more than 140 countries. We design and deliver solutions that manage risk, optimise benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at [willistowerswatson.com](http://willistowerswatson.com).

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