Willis Towers Watson

International Pension Plan Survey

Report 2017

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Survey background

This report summarises the results of the 2017 International Pension Plan Survey (the survey), an annual survey conducted by Willis Towers Watson analysing International Pension Plan (IPP) and International Savings Plan (ISP) specific design elements and membership criteria. The survey this year covers 870 IPPs and ISPs sponsored by 818 companies (compared with 847 from 794 companies in 2016). We find that 43 plans were set up in 2017, which shows an increasing trend from previous years, indicating that there is expanded market demand for IPPs and ISPs.

The 2017 survey questionnaire included an interesting new question about reporting to an Investment Governance Committee. The level of governance and oversight provided to the IPP or ISP seems to be relatively low, where about 15% of the IPPs and ISPs indicate reporting being made to an Investment Committee. This will be monitored in future surveys to determine if it is indeed a low prevalence or perhaps there is a point when assets or membership size triggers a considered need to provide regular oversight through the use of an Investment or Management Committee.

We also surveyed IPP and ISP Providers about their technology capabilities. Apart from that, the 2017 survey has remained largely unchanged compared with prior years, for continuity and comparability purposes. As with previous editions of the survey, the sample comprises large and midsize multinational employers across a wide range of industry sectors, which employ expatriate and local workforces participating in IPPs/ISPs, ranging from less than 10 members to nearly 10,000 members.

Our survey covers basic information around IPP/ISP membership criteria (plan size and location), plan design (such as defined contribution [DC], defined benefit [DB] or hybrid), funding, vesting criteria, vehicle used, employer and employee contribution rates, investment funds and retirement distribution options.

Overall results

The 2017 survey covers a wide array of industry sectors as in previous editions. The largest concentration sponsoring IPPs/ISPs continues to be from the Banking and Finance sector, followed by Oil and Gas, Industrials, Consumer Goods and Retail, Food and Drink, Engineering and Power, and Transport and Travel sectors. The main objective of IPPs/ISPs is in most cases the provision of retirement benefits (IPP), though shorter-term savings vehicles (ISP) are becoming more common.

For the majority of IPPs/ISPs, the strategic intent is the provision of savings or retirement benefits for expatriates who are not covered by any home country plans and/or not participating in a local host country retirement plan. Out of the total number of IPPs and ISPs in our survey, around 25% were set up in the last four years, with 43 plans set up in 2017 alone.

The IPPs/ISPs in our survey have a total membership that ranges from fewer than 10 members up to nearly 10,000 members spread across the globe. The total assets under management for these is estimated to be around $12.6 billion. As in previous years, the majority of IPPs and ISPs in the survey were set up for a 'global' workforce.

DC plans remain the most prevalent design basis, with DB plans still in operation but typically closed to new members and falling in numbers.

Three in four IPPs and ISPs offer immediate vesting, despite the fact that incorporating vesting criteria into the IPP/ISP design can encourage employee retention. Where vesting rules do exist, a flat (or cliff) vesting schedule continues to be more popular than phased vesting.

Trust-based vehicles continue to be the most popular way to segregate and protect member assets; however, contract-based plans represent an increased share of the total compared with last year. This may be due to the historic cost of trust provision as well as a general aversion to trusts in certain regions.

Contribution amounts and structures continue to vary in this market. The main findings are the following:

- Pensionable salary is most commonly defined as 'base salary only' (73% of responses), followed by 'base plus bonus' and 'all remuneration'.
- The highest concentration of IPPs/ISPs report having a flat contribution scale as opposed to service or age-related scales.
- The majority of contributory IPPs/ISPs have no employer-matching contributions. In cases where employer matching is a feature, employee to employer 1:1 matching is more prevalent than 1:2 matching.
- The most popular minimum contribution rate for employers is less than 5% of pensionable salary (after removing the 'nil' category, meaning no contributions at all), followed by the 5% to 9% bracket. The maximum employer contributions are most commonly between 5% and 9%, with 10% to 14% being the next most popular range.
- In the majority of IPPs and ISPs, employees are not required to contribute, either because employee contributions are voluntary, or because this has not been incorporated into the design (that is, the IPP/ISP is funded by employer contributions only).
- Minimum employee contributions are most commonly reported as 0% of pensionable salary. The next most frequently reported amount is less than 5%. For maximum employee contributions, the most commonly reported amount was between 5% and 9%. A small number also reported no maximum limit.

The number of IPPs/ISPs that offer access to external fund managers (as opposed to internal funds only, which are typically limited to the Provider's proprietary investments) increased from last year's survey and continues to be the most popular offering.

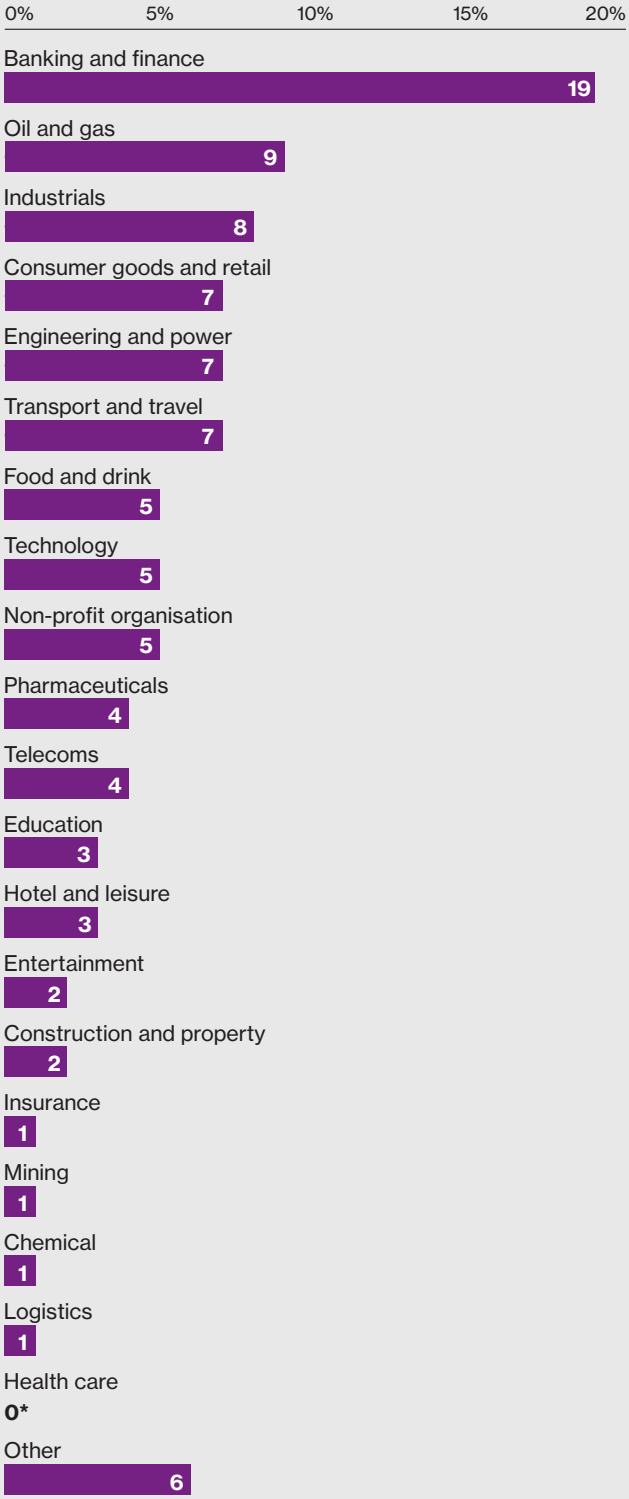
Lifestyle strategies or funds continue to feature in the investment offering, where over a third of those surveyed now offer at least one Lifestyle option, and roughly one-fifth of the IPPs and ISPs offer more than one Lifestyle option to provide for different membership demographics, risk profiles or currencies.

Around half of IPPs/ISPs in our survey offer up to 10 investment funds for members to choose from. The remainder offer in excess of 10 investment options, with a significant number offering over 40 different investment funds. IPPs/ISPs offer funds across multiple asset classes and currencies to meet the needs of a geographically diverse workforce.

Lump sum payments continue to be the most popular form of distribution.

IPPs/ISPs are being set up by global companies for multiple purposes, and we expect this trend to continue, leading to more diverse memberships in the future. Improvements in technology will also help drive the development of Providers' administration platforms, allowing them to handle more diverse and complex arrangements and improve member experience.

Figure 1. **Industry overview**



*Please note that 0% is due to rounding.

Survey participants

The 2017 Willis Towers Watson International Pension Plan Survey includes 818 multinational employers that sponsor one or more International Pension Plan or International Savings Plan. Survey participants represent a cross section of industry sectors, with Banking and Finance in the lead, followed by Oil and Gas, Industrials, Consumer Goods and Retail, Engineering and Power, and Transport and Travel. Forty-seven of the organisations fell outside our broad industry sectors and so were classified as 'Other'. A full breakdown by industry is shown in *Figures 1 and 2.*

Plan size

Plan size is defined by the total number of active and inactive members. IPPs/ISPs serve any number of members: 43 have only one active member while three have 5,000 or more. Most common size includes between 20 and 199 members (286 IPPs/ISPs), as shown in *Figure 3.* In addition, 253 IPPs/ISPs have between one and 19 members, and 167 IPPs/ISPs have 200 or more. The total assets under management for the IPPs and ISPs covered in our survey is estimated to be approximately US$12.6 billion *(Figure 4).*

Figure 2. **Plans by industry**

	Number of plans	Percentage of plans
Banking and Finance	179	21%
Oil and Gas	76	9%
Industrials	65	7%
Consumer Goods and Retail	60	7%
Food and Drink	57	7%
Engineering and Power	56	6%
Transport and Travel	54	6%
Technology	45	5%
Non-profit Organisation	40	5%
Pharmaceuticals	37	4%
Telecoms	31	4%
Education	25	3%
Hotel and Leisure	24	3%
Entertainment	20	2%
Construction and Property	19	2%
Insurance	11	1%
Mining	10	1%
Chemical	4	1%
Logistics	4	1%
Health Care	3	0%*
Other	50	5%
Total	**870**	**100%**

*Please note that 0% is due to rounding.

Figure 3. **Plan size by membership**

	Number of plans	Percentage of plans
0	2	0%
1 to 9	184	26%
10 to 19	69	10%
20 to 49	116	16%
50 to 199	170	24%
200 to 499	72	10%
500 to 999	47	7%
1,000 and above	48	7%
Total	**708**	**100%**
Not disclosed	*162*	

Figure 4. **Assets under management**

	Number of plans
< US$1 million	209
US$1 million to US$5 million	112
US$5 million to US$10 million	51
US$10 million to US$25 million	47
US$25 million to US$50 million	44
US$50 million to US$100 million	27
US$100 million to US$250 million	23
US$250 million to US$500 million	6
More than US$500 million	2
Total	**521**
Not disclosed	*349*

Objective of IPP/ISP

The overall objective of the majority of plans is to provide income at retirement (IPP). However, plans are increasingly being set up for saving purposes, with 307 plans reporting a primary objective of savings (ISPs) *(Figure 5).*

Figure 5. **Objective of plan**

	Number of plans	Percentage of plans
Retirement objective	**426**	**58%**
Savings objective	**307**	**42%**
Total	**733**	**100%**
Not disclosed	***137***	

The strategic intent of many IPPs/ISPs is to provide a 'top-up' or replacement benefit for international or expatriate employees who are no longer eligible for their home country plans or face a shortfall or no benefit from host country plans. An emerging trend is establishing new IPPs and ISPs, or extending the eligibility of existing ones, to enable local workforces to join the IPP/ISP. This occurs most often where the local savings or retirement plan market is underdeveloped, offers no or minimal tax advantages or requires investment in local instruments, such as bonds (that are often at high risk of default), or where investment offerings are restricted and/or few local Providers offer quality administration and communication services.

As shown in *Figure 6*, the following membership categories were identified for our survey:

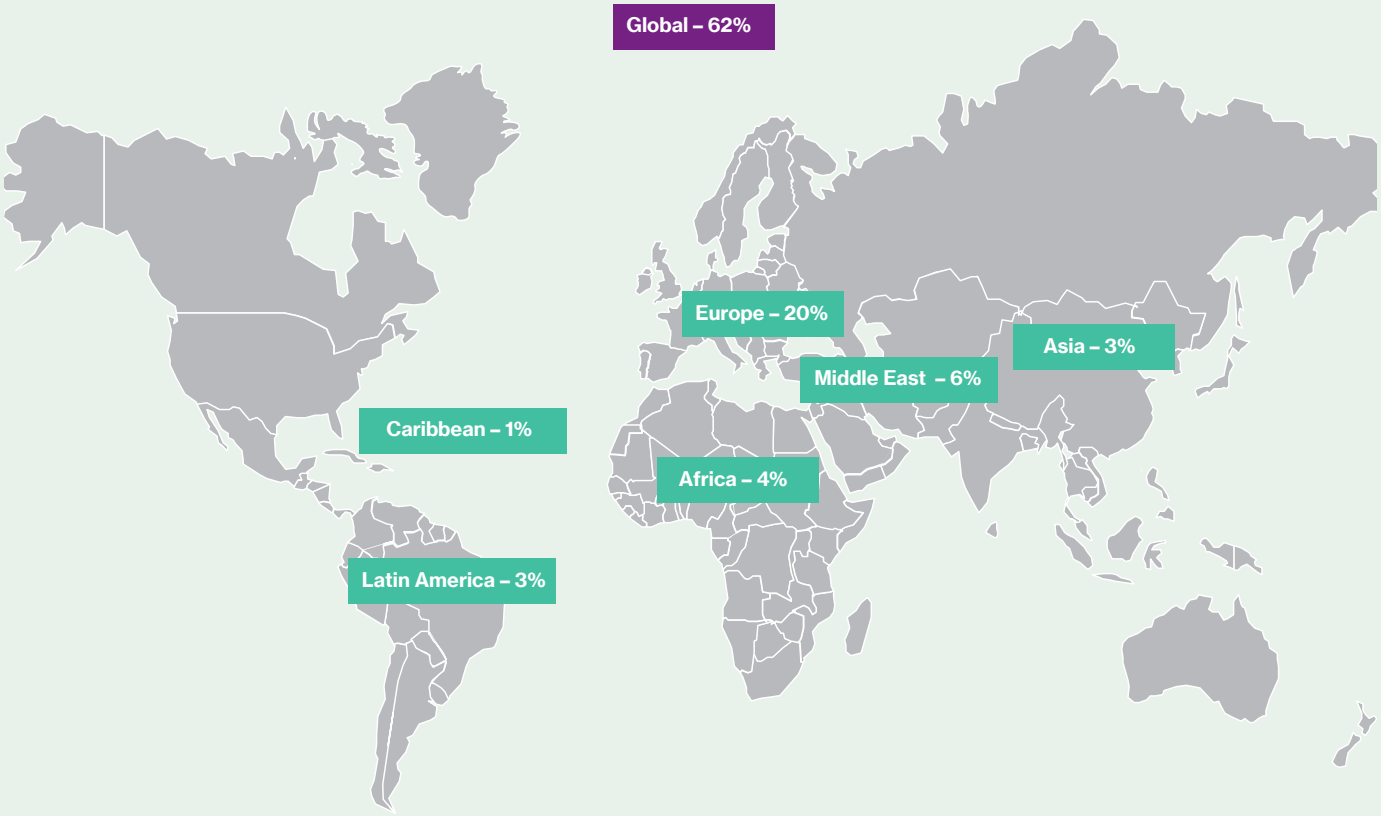
- **Expatriates (59%):** While the definition of expatriate varies by organisation, this group typically contains IPP/ISP members who could no longer remain in their home country plans and/or could not or should not (perhaps because of lengthy vesting periods) participate in a host country arrangement. The category includes a range of expatriates, including typical 'out and back' as well as career 'nomads'.

Figure 6. **Membership criteria**

	Number of plans	Percentage of plans
Expatriates	**408**	**59%**
All local employees	**90**	**13%**
For executives only	**59**	**9%**
Closed plans	**21**	**3%**
Other	**113**	**16%**
Total	**691**	**100%**
Not disclosed	***179***	

- **All local employees (13%):** IPPs/ISPs are commonly used for all local employees based in countries or regions with inadequately developed savings or retirement plan markets, but with a demand for efficient short- or long-term savings vehicles or retirement benefits. For example, IPPs/ISPs might be offered to local employees to support the employer's recruitment and retention efforts. The Middle East and Europe are common sites for this category of membership.
- **Executives (9%):** The percentage of IPPs and ISPs offered to executives only has remained the same as in last year's survey. These are typically top management enrolled in IPPs/ISPs either as nomads, meaning they have moved around throughout their career and thus need a top-up for post-retirement savings, or as current executives offered IPP/ISP membership as an incentive to take on a new role in another country.
- **Other (16%):** This catch-all category encompasses other employer-defined criteria, such as all members of a legacy DB arrangement or non-US employees who are transferred to another country and are not enrolled in another pension plan (and not typically categorised as expatriates).

Figure 7. **Location of membership**



Geographical coverage

The majority of IPPs and ISPs (62%) were described as global, meaning that members could be based anywhere in the world and be of any nationality. Twenty percent of the surveyed IPPs and ISPs covered Europe and 6% covered the Middle East. *Figure 7* shows a location breakdown.

Figure 8 shows the number of IPPs and ISPs that cover countries that might be viewed as in economic crisis or facing economic challenges. IPPs/ISPs can provide a valuable vehicle that can safeguard employees' savings in a vehicle that protects these savings from any local economic or political turbulence.

Figure 8. **IPPs and ISPs offered to local employees in countries suffering economic or political challenges**

	Number of plans
Egypt	7
Iraq	3
Russia	3
Syria	1
Turkey	6
Ukraine	5
Argentina	12
Venezuela	6
Angola	1
Total*	**23**

*May cover more than one country; hence, the total number in these countries is not the sum of IPPs and ISPs in the table.

Plan design features

DC, DB or hybrid design

Most new IPPs/ISPs are set up as DC arrangements. In our survey, only three DB plans have been set up since 2012, and none in the last two years. DB plans have been more prevalent historically and still exist, but on a much smaller scale since our first IPP survey in 2008. Hybrid plans are even less common than either DB or DC plans *(Figure 9).*

In countries with a statutory End of Service Benefit (ESB), termination indemnity or gratuity payment due to the employee, such as in parts of Europe and the Middle East, the benefit is sometimes incorporated or funded through the IPP/ISP. For example, IPPs/ISPs can offer additional underlying DB benefits, such as applying extra-days accrual to a mandatory period-based formula. This type of offering would be considered a hybrid design.

The vast majority (94%) of IPPs/ISPs are funded, with only 6% unfunded, according to our survey. Almost all (97%) of DC IPPs/ISPs are funded, and 62% of DB IPPs/ISPs are funded, while only 29% of hybrid IPPs/ISPs are currently funded.

Figure 9. **DC, DB or hybrid design**

	Number of plans	Percentage of plans
DC	816	94%
DB	41	5%
Hybrid	10	1%
Total	**867**	**100%**
Not disclosed	*3*	

Waiting periods and vesting criteria

Three out of four IPPs/ISPs offer immediate access for eligible employees. Waiting periods, when they exist, are typically one year or less.

Incorporating vesting criteria into the IPP/ISP design can encourage employee retention. However, only around 28% of IPPs incorporate vesting provisions into the initial design. Most commonly, where there is a vesting period, employer contributions vest completely within three to five years of initial participation.

Figures 10 through 12 show vesting periods for the IPPs/ISPs in our survey.

Vesting rules may be based on a flat or cliff scale, meaning that the member receives employer contributions after a specified number of years of participation. Phased (or tiered) vesting scales are also common, whereby the member gradually becomes entitled to employer contributions over a number of years.

- **Flat (or cliff) vesting schedule (125 IPPs and ISPs):** A flat vesting schedule means that employer contributions become 100% vested after a fixed number of years. Members are not entitled to any employer contributions unless they reach the requisite number of service years *(Figure 11).*
- **Phased vesting schedule (96 IPPs and ISPs):** In a phased vesting schedule, employer contributions vest gradually over a set period. Members become entitled to a specified percentage of employer contributions after each year of service, up to the maximum service required. The proportion is usually linked to the maximum length of time up to 100% vesting, such as 20% a year over five years on a straight-line basis. However, as shown in *Figure 12,* other designs are possible.

Plan vehicle

Pension assets held within IPPs/ISPs are most commonly retained in trust vehicles in offshore locations. However, according to the 2017 survey data, roughly 46% of all IPPs/ISPs are contract-based. IPPs/ISPs may be used as funding vehicles for mandatory termination indemnities, gratuities or ESBs, especially in the Middle East. The sponsoring employer often needs to maintain control over the underlying assets, which is achieved through a contract-based solution.

Figure 10. **Vesting period**

	Number of plans	Percentage of plans
Immediate	574	72%
Phased	96	12%
Flat/Cliff	125	16%
Total	**795**	**100%**
Not disclosed	75	

Figure 11. **Flat vesting schedule**

	Number of plans	Percentage of plans
Less than one year	10	9%
One year	15	13%
Two years	22	19%
Three years	19	17%
Four years	2	2%
Five years	27	23%
Other	20	17%
Total	**115**	**100%**
Not disclosed	*10*	

Figure 12. **Phased vesting schedule**

	Number of plans	Percentage of plans
One year	1	1%
Two years	4	5%
Three years	17	22%
Four years	11	14%
Five years	28	36%
Six years	4	5%
Other	12	17%
Total	**77**	**100%**
Not disclosed	*19*	

Figure 13. **Plan vehicle**

	Number of plans	Percentage of plans
Trust	435	54%
Contract	371	46%
Total	**806**	**100%**
Not disclosed	*64*	

Pensionable salary definition

As for pensionable salary definitions, base salary only continues to be the most common definition used *(Figure 14)*. However, a number of IPPs and ISPs also include bonuses when calculating contributions (78 IPPs and ISPs) or even all remuneration, which may also include commissions and benefits-in-kind (52 IPPs and ISPs). 'Other' definitions include those where contributions vary by individual contract.

Contribution amounts (DC plans only)

DB plans are employer funded where the benefits received are typically service-related. For contributions, we focus on pure DC plans. Contribution schedules vary widely amongst the IPPs and ISPs. Contribution designs fall largely into three groups: flat amounts (280 IPPs), service-related (254 IPPs) or age-related (33 IPPs), although age-related is becoming less popular with employers due to discrimination concerns. We also break these three groups down further according to whether the IPP/ISP has an employer-matching element *(Figure 15)*.

Newer DC designs are generally moving away from service- and age-related scales and report either a flat rate for all employees or different flat rates for different groups of employees (for example, one rate for local employees and another for executives). In this year's survey, 45% of IPPs set up since 2012 reported a flat rate, and about 57% of these do not offer employer matching.

Figure 15 summarises the main features of the contribution schedules in this year's survey. Forty-six IPPs/ISPs are closed to new members (with no future contributions being accepted for the existing membership). The 'other' category

Figure 14. **Pensionable salary definition**

	Number of plans	Percentage of plans
Base salary only	403	73%
Base + bonus	65	12%
Base + bonus + allowances	13	2%
All remuneration	52	9%
Other	20	4%
Total	**553**	**100%**
Not applicable (plan closed)	5	
Not disclosed	*312*	

Figure 15. **Contribution design**

	Number of plans	Percentage of plans
Service-related, 1:1 matching*	30	4%
Service-related, 1:2 matching	4	1%
Service-related, no matching	220	32%
Age-related, 1:1 Matching	11	2%
Age-related, 1:2 Matching	4	1%
Age-related, no matching	18	3%
Flat, 1:1 matching	85	12%
Flat, 1:2 matching	10	1%
Flat, no matching	178	26%
Flat, other matching	7	1%
Employer-funded	3	0%**
Closed	46	7%
Other	73	10%
Total	**689*** **	**100%**
Not disclosed	*127*	

*Matching ratios shown above are employee to employer.
**Please note this is 0% due to rounding.
***DC Plans only.

Figure 16. **Employer minimum contribution**

	Number of plans	Percentage of plans
Nil	108	28%
<5%	113	29%
5% to 9%	98	25%
10% to 14%	30	8%
15% to 19%	7	2%
20% or more	6	2%
Other	27	6%
Total	**389***	**100%**
Non-contributory	37	
Closed	44	
Not disclosed	*346*	

*DC Plans only.

Figure 17. **Employer maximum contribution**

	Number of plans	Percentage of plans
Nil	0	0%
<5%	27	7%
5% to 9%	129	36%
10% to 14%	81	22%
15% to 19%	55	15%
20% or more	30	8%
No maximum	11	3%
Other	29	9%
Total	**362***	**100%**
Non-contributory	37	
Closed	44	
Not disclosed	*373*	

*DC Plans only.

includes IPPs/ISPs, which have discretionary contributions either annually or at different times (such as a top-up for an executive with another local pension plan). In addition, 'other' structures reported this year include employer contributions that are matched but capped either at a percentage or a monetary amount. A combination of different structures is also noted, such as age-related contributions plus a matching element that also increases with age.

Employer contributions

The most commonly reported minimum amount of employer contributions is less than 5% of pensionable salary, followed by 5% to 9% (after removing the 'nil' category, meaning no contributions at all). As for the maximum employer contribution amount, between 5% and 9% was the most popular, followed by 10% to 14% of pensionable salary.

Employee contributions

In the majority of IPPs and ISPs, employee contributions are voluntary (that is, contributions are not compulsory and not based on a set range or scale) or non-contributory, meaning employee contributions are not incorporated into the design or are not allowed. Four hundred and forty IPPs and ISPs report allowing employees to contribute additional voluntary contributions.

Minimum employee contributions are most commonly 0% (335 IPPs and ISPs, including non-contributory plans). The next most frequently reported amount is less than 5%, which is in line with last year's findings. The most commonly reported maximum employee contribution amount is 5% to 9% of pensionable salary, which was also the largest category last year (excluding non-contributory plans), followed by 20% or more, as seen in *Figure 20.*

Figure 18. **Employer average contribution**

	Number of plans	Percentage of plans
Nil	0	0%
<5%	11	12%
5% to 9%	38	41%
10% to 14%	14	15%
15% to 19%	12	13%
20% or more	5	5%
Other	13	14%
Total	**93***	**100%**
Non-contributory	37	
Closed	44	
Not disclosed	*642*	

*DC Plans only.

Figure 19. **Employee minimum contribution**

	Number of plans	Percentage of plans
Nil	186	56%
<5%	92	28%
5% to 9%	44	13%
10% or more	5	2%
Other	3	1%
Total	**330***	**100%**
Non-contributory	149	
Closed	45	
Not disclosed	*292*	

*DC Plans only.

Figure 20. **Employee maximum contribution**

	Number of plans	Percentage of plans
<5%	12	4%
5% to 9%	77	28%
10% to 14%	33	12%
15% to 19%	25	9%
20% or more	49	18%
No maximum	42	15%
Other	40	14%
Total	**278***	**100%**
Non-contributory	149	
Closed	45	
Not disclosed	*344*	

*DC Plans only.

Figure 21. **Employee average contribution**

	Number of plans	Percentage of plans
Nil	1	2%
<5%	10	21%
5% to 9%	13	28%
10% to 14%	9	19%
15% to 19%	2	4%
20% or more	9	19%
Other	3	7%
Total	47*	100%
Non-contributory	149	
Closed	45	
Not disclosed	*575*	

*DC Plans only.

Figure 22. **Nature of funds offered**

	Number of plans	Percentage of plans
Internal	175	26%
External	487	72%
Internal and external	10	2%
Total	672	100%
Not applicable (including unfunded)	17	
Not disclosed	*181*	

Figure 23. **Lifestyle strategies or funds offered**

	Number of plans	Percentage of plans
0	529	65%
1	114	14%
2	14	2%
3	133	16%
4	9	1%
5 or more	11	2%
Total	810	100%
Not disclosed	*60*	

Investment options

The investment funds in IPPs and ISPs vary from basic to very sophisticated, depending on the underlying membership as well as the Provider's capabilities. More recently established IPPs/ISPs offer a large range of investment funds, often from 'guided' or 'open' architecture investment platforms or gateways through specialist Providers. The IPP/ISP sponsor (or Trustee) may limit or expand the number of funds offered based on the sophistication of members and their needs. The funds available are often 'best of breed', being drawn from the wide universe of investment funds and investment managers available in the offshore market. Asset classes include global equity, regional equity, global bonds, emerging markets, diversified, commercial property, socially responsible (ethical), commodities, Shariah compliant and cash. Many of these funds are offered in a range of currencies reflective of and convenient for the membership, the most common being EUR, USD, CHF, JPY and GBP.

The fund range in the offshore market includes both actively and passively managed funds, with a number of IPPs and ISPs offering both active and passive alternatives in core asset classes, such as global equity and global bonds.

The majority of IPPs/ISPs in our survey offer access to external fund managers on the investment platform (as opposed to internal funds only, which are typically limited to the Provider's proprietary investments) with a small number of IPPs/ISPs offering access to both internal and external fund managers *(Figure 22).*

Lifestyle strategies (usually composed of three or four funds) or Lifestyle Funds continue to feature in investment offerings. Roughly 35% of IPP and ISP offer Lifestyle options, with nearly 21% offering more than one Lifestyle option to different memberships with different demographics, risk profiles and currencies (*Figure 23)*. There are also US-style Target Date Funds (TDFs) being offered on some Provider platforms. Although not strategies, these are funds that aim to achieve similar de-risking objectives, as Lifestyles.

Around 55% of IPPs and ISPs in our survey allow members to choose from up to 10 investment funds, and the rest offer more than 10 investment fund options *(Figure 24)*. The number of IPPs and ISPs that offer in excess of 40 different funds has increased to 86 from 82 last year.

The 2017 survey questionnaire included a new question about reporting to an Investment Governance Committee, the results of which are summarised in *Figure 25*.

Unlike in the US and UK, where DC is more highly developed and Investment or Management Committees are often used to maintain regular and on-going oversight, ensuring the DC plan is compliant, is appreciated by the membership, offers suitable investment funds, is well administered, maintains cost control (both to the employer and the member through low-cost fund charges), and delivers regular communications to inform members to support them in their decision making, it is a surprise to see the same level of governance and oversight not being provided to the IPP or ISP, where circa 15% of the IPPs and ISPs indicate reporting being made to an Investment or Management Committee. It must be said that given the average size of the IPPs and ISPs are circa 50 members or less (52% in the survey have fewer than 50 members), this may be a reason for the inconsistency, and perhaps sponsors are viewing the IPP and ISP as being immaterial for DC oversight. In future surveys, this will be monitored in greater detail to determine if it is indeed a low prevalence or perhaps there is a point when assets or membership size triggers a considered need to provide regular oversight through the use of an Investment or Management Committee.

Distribution options

The final area of focus relates to distribution options, either at retirement or upon leaving employment (if IPP/ISP rules allow for distribution before a specified retirement age). A lump sum cash distribution is the most prevalent distribution option by far, as was the case last year. However, an increasingly common option, especially in IPPs/ISPs set up since 2006, is allowing members to choose between a lump sum and an annuity (often an internal annuity or drawdown, rather than an externally purchased offshore annuity). A very small minority of these IPPs/ISPs provide an annuity only.

Figure 24. **Number of funds**

	Number of plans	Percentage of plans
1 to 5	256	34%
6 to 10	164	21%
11 to 15	66	9%
16 to 20	66	9%
21 to 40	126	16%
More than 40	86	11%
Total	**764**	**100%**
Not disclosed	*106*	

Figure 25. **Investment Governance Committee**

	Number of plans	Percentage of plans
Yes	109	15%
No or not sure	605	85%
Total	**714**	**100%**
Not disclosed	*156*	

Figure 26. **Distribution options**

	Number of plans	Percentage of plans
Lump sum only	474	59%
Lump sum and annuity	253	32%
Annuity only	17	2%
Lump sum and drawdown	53	6%
Other	6	1%
Total	**803**	**100%**
Not disclosed	*67*	

Providers' technology capabilities

This year we collected information on the technology capabilities of IPP and ISP Providers, including their plans for future developments. Responses were received from seven Providers, the results of which are summarised below:

The results show that some level of employer reporting is generally provided as standard (for example, summary plan statistics), though the range of available reports does vary among Providers. The tools available to members vary, with most offering some form of attitude to risk assessment and online projection tools (though it is worth noting that the survey responses do not reflect the full Provider market, and we are aware that not all Providers in the market offer online projection tools). Just over half of the respondents currently offer face-to-face financial education workshops or seminars. The results suggest that some Providers are focussing on enhancing the member experience by introducing further decision-making tools (for example, attitude to risk questionnaires) and simplifying online access through mobile apps in an effort to bring their platforms more in line with those available in developed DC markets such as the UK or US.

Figure 27. **Technology capabilities**

	Tools currently available	Tools currently under development
Attitude to risk assessment tool	86%	17%
Financial education workshops	57%	0%
Online projection/ budgeting tool	100%	0%
Online chat	14%	0%
Mobile app	29%	33%
Employer reporting	100%	0%

Case study

Willis Towers Watson conducted an employee survey for a large multinational client that operates across the Middle East and provides its employees in the region with the option to join the company-sponsored IPP. The survey asked employees about their finances, priorities and attitudes toward their employer's involvement with helping them to save. We surveyed a total of 130 respondents who work and reside across a number of countries in the Middle East.

Financial priorities

Employees surveyed who work and reside in the Middle East for this large oil and gas multinational indicated that saving for retirement was either a top priority or the second top priority. This varies across age groups, but it is consistently in the top three priorities in all age groups. *Figure 28* shows the top three priorities for the employees surveyed here.

Figure 28. **Employees' financial priorities**

	Age groups (in years)		
	30 to 39	40 to 49	50+
Rank 1	Saving for retirement	Children expenses	Saving for retirement
Rank 2	Children expenses	Saving for retirement	Children expenses
Rank 3	Housing	Housing	Housing

Employer role

Employees are comfortable with employers encouraging them to manage their finances and supporting them to save for retirement. They are also open to receiving messages from their employers that target them to help nudge them toward saving more. *Figure 29* summarises employees' attitudes toward their employer's involvement.

Figure 29. **Employees' attitudes toward the role of their employer**

65% prefer their employers to play an active role in encouraging them to manage their finances more effectively, whereas 18% do not prefer employers to encourage employees to manage their household expenses.

51% are comfortable that their employer sends targeted messages to employees who might be suffering financial issues, whereas 25% are not comfortable with employers sending messages to employees who might not be saving enough.

60% believe their employers should actively encourage employees to save for their retirement, whereas 25% believe that they should only provide a basic retirement or savings plan, and let employees do the rest.

Note: Percentages indicate a preference for the statement on a seven-point semantic differential scale.

Confidence in retirement and saving for retirement

About two-thirds of the surveyed employees are confident about having enough resources to see them through 15 years of retirement; however, this decreases to about half when employees consider the resources lasting them for 25 years, as shown in *Figure 30;* hence, saving for retirement can be a good way to ensure that employees have sufficient resources to support them in their retirement years.

Overall, the majority of employees surveyed state that their employer's supported IPP will be the primary source of income for them in retirement, as indicated by 56% of respondents. This is followed by other savings and investments, 18%, and the property they own, 9%. In fact, of those that are enrolled in their employer's supported IPP, 71% state that it is the primary means by which they save for retirement.

Figure 30. **Confidence in having enough resources to live comfortably in retirement**

15 years into retirement	**67%**
25 years into retirement	**52%**

Note: Percentage indicates "somewhat confident" and "very confident"

Retirement plans as a retention tool

Those enrolled in their employer's supported IPP are more likely to stay with their employer, as shown in *Figure 31,* indicating that perhaps IPPs can be a useful retention tool for employers that do offer such IPPs.

Figure 31. **How likely are you to stay with your current employer?**

	Enrolled in employer IPP	Not enrolled in employer IPP
I would like to stay up to two years	**48%**	**13%**
I would like to stay up to 10 years	**57%**	**44%**

Note: Percentage indicates "agree" or "strongly agree".

Obstacles to employee saving

A minority of employees surveyed, about 12%, did not seem to be enrolled in the employer's supported IPP. The main reasons given for that was that the IPP did not fit their personal needs, that they cannot afford to contribute, or that they were effectively enrolled in a better 'plan' offered to their spouse.

In summary, the results of this survey indicate that saving for retirement is a key priority for employees in the Middle East, and employers have a key role to play in this. If set up and managed appropriately, IPPs and ISPs can be highly valued by employees and therefore act as a powerful attraction and retention tool for employers.

Further information

For further information, please contact your Willis Towers Watson consultant or

Michael Brough
+44 20 7170 2155
michael.brough@willistowerswatson.com

Ashika Tailor
+44 20 7170 3258
ashika.tailor@willistowerswatson.com

About Willis Towers Watson

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Willis Towers Watson
71 High Holborn
London
WC1V 6TP

willistowerswatson.com/social-media

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