



Introducing LifeSight

Towards a brighter pension solution

The pensions landscape is constantly shifting. For many employers, providing pension plans is becoming complex and costly. Moreover, current low return environment will no longer secure employees' retirement future. Both employers and employees are not alone in facing this challenge.

LifeSight is a solution designed to help employers and employees with these challenges.

This presentation illustrates how we worked together with a company to find the best solution for them to face the current challenges. Although standard solutions are available, we implemented a tailor-made approach to meet specific objectives, taking into account a long pensions history.

We ensured a seamless transition through clearly defined steps. Happy reading!

The company had several defined benefit and defined contribution pension plans, inherited from past M&A activities. These plans were successfully managed in a stand-alone pension fund worth EUR 90m in assets, with 300 active affiliates and 600 deferred members.

Current HR challenges

▶ **Reduced availability of local HR Resources**

As the company was moving towards a lean organisation with more focus on core activities, local HR capacity was reduced.

▶ **Increased governance and administrative burden**

The need for better governance and more transparency in pension fund management has increased and will continue to evolve within the coming years (IORP II). The need for specialism and expertise becomes key.

▶ **Current pension plans should continue to offer sufficient savings**

The company understood that pension plans are only attractive for employees if they are providing good pension savings with optimised long-term investment returns. No way to change this for the future!

▶ **Individualised employee communication is key**

Pensions and related benefits are important within the total rewards offering but are only appreciated and valued if communicated transparently and efficiently to employees. Individualised communication is key!



We explored solutions to optimise cost, manage operations efficiently, keep control, mitigate risk and communicate transparently.

Current and future expectations

▶ Keeping current advantages of chosen pension vehicle

Maintain optimised long term investment returns to lower cost or increase benefit.



Maintain pension plans for current employees as promised in the past.

Keep options open for more flexibility in the future for cafeteria plans with spendable budget for retirement, death and disability benefits.



▶ Optimise and control internal and external costs

▶ Reduce management and governance burden of managing the pension fund

▶ Maintain sufficient risk control as pension fund management grows more complex

▶ Keep decision power and flexibility related to financing the plans and investing the according assets

Best solution for this company:
set up the pension plans in a

LifeSight Separate Account

Tailor-made
solution

Competitive
alternative

Seamless
transition



1. Pension plans remain attractive for employees

- ▶ Pension savings with optimised long-term investment returns.
- ▶ Access to the online LifeSight communications platform to check the evolution of the pension savings.
- ▶ Possibility to introduce cafeteria plans in the near future, including individual investment choices.
- ▶ Help Desk support in Dutch, French and English.
- ▶ Grandfathered plans could be taken over without any change.

2. Better cost control, lower governance and management burden

- ▶ Employer focus on core activities instead of managing a stand-alone pension fund.
- ▶ Much of the governance and administrative burden is taken care of by LifeSight.
- ▶ Better cost control

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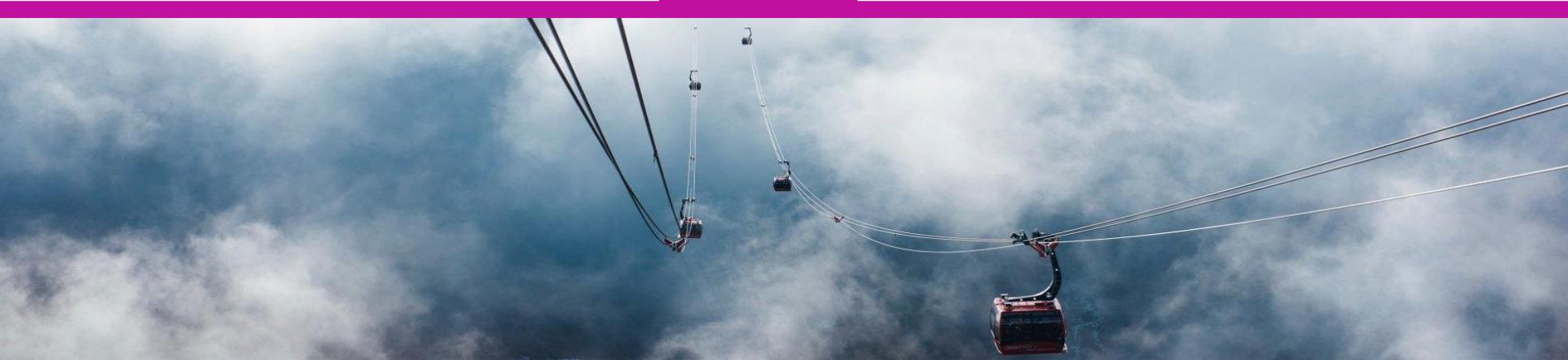


3. Maintain risk control

- ▶ Selection of the best service providers; choice of investment manager; reinsurance company, ...
- ▶ Experienced pension fund managers and pensions administrators.
- ▶ Continuity of providers ensured.
- ▶ LifeSight managers coordinate compliance requirements.
- ▶ Independent directors in Board of Directors meeting.

4. Employer keeps decision power for what really matters

- ▶ Decisions related to company-specific pension aspects are taken by the company representatives.
- ▶ Funding and investment aspects are driven by company representatives.
- ▶ Pensions Committee consisting of delegates of the company, including employee representatives, stays connected to the company and LifeSight.



We developed a 6-step transition plan.

Transition Plan

- Step 1 Decide on proposed solution related to funding vehicle and approach**

Set up a project plan, define responsibilities and milestones. Set up a risk register for monitoring during transition phase and a communications plan to all stakeholders.
- Step 2 Set up plan documents and communications**

Draft pension plan rules, participation act, housekeeping rules of the pensions committee, statement of investments principles and funding policy.
- Step 3 Liaise with providers**

Investment manager, re-insurance company.
- Step 4 Approval and information procedures**
 - Advice works council.
 - Approval of current pension fund and LifeSight.
 - Inform employees and access to online tool.
- Step 5 Set up pension administration and investment process**

Create necessary procedures and prepare administration and investment processes.
- Step 6 Coordinate transfer of assets to LifeSight and liquidation of current stand-alone Pension Fund**

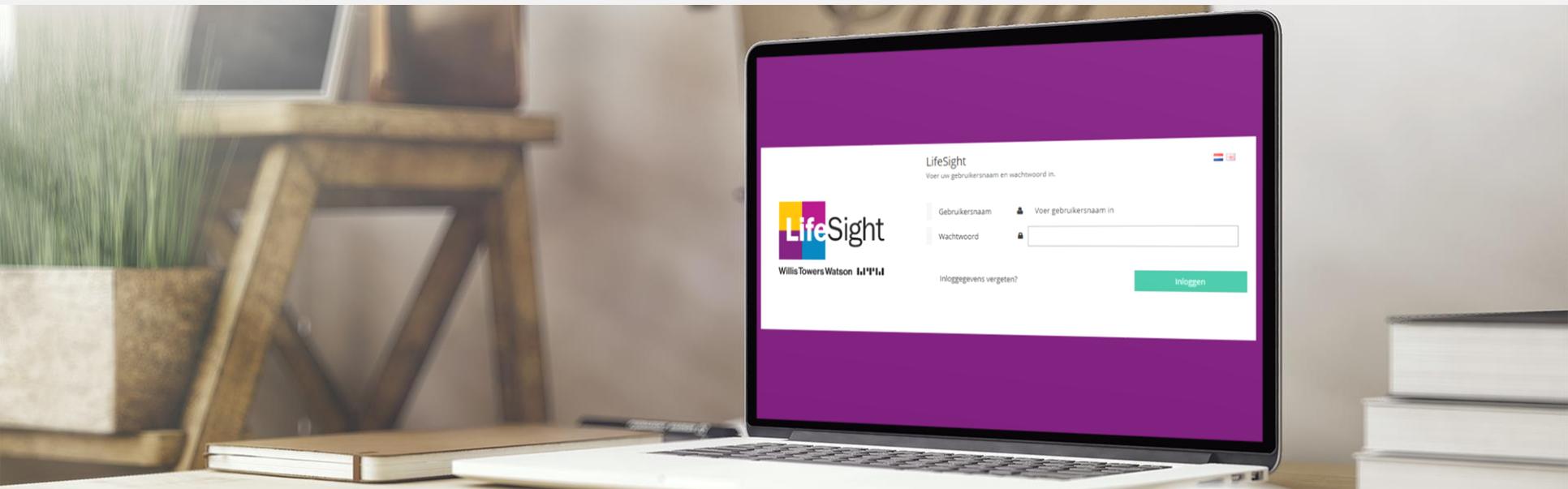
Key results

- ▶ The LifeSight separate account is suitable for any plan type and enables **maximum customisation, investment and funding flexibility**.
- ▶ External management **cost is optimised and controlled**. Optimised net return on assets (with controlled investment fees) support **optimised long-term investment returns**.
- ▶ **Reduced management and governance burden** of managing the pension fund allows to control risk and to focus on core activities by local resources.
- ▶ **The pension plan is more attractive to employees** and offers additional expert Help Desk support and an online communications tool.



LifeSight offers an alternative to other traditional pension vehicles

- ▶ An alternative solution to manage DC plans is the LifeSight **DC Main Fund**. It welcomes **DC plans only** but of all kinds: contributions related to age or service, flat or step-rate formula, paid by the employer or employee.
- ▶ Optimised net return on assets (with controlled and competitive investment fees) support **long-term investment returns**. No choice of investment provider and asset products but choice in asset allocation by employer and/or employee. Life Cycle approach is possible.
- ▶ External management **cost is optimised and controlled**. **Reduced management and governance burden** of managing a pension fund. Focus of local resources on core activities can be kept.
- ▶ **The pension plan is attractive to employees** because of optimised long-term investment return and as such higher retirement benefits. Transparent communication is offered via the online LifeSight communication tool. Also additional expert Help Desk support is available.





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Get in touch!

- ▶ Feel free to get in touch with the LifeSight team members or your usual contact person at Willis Towers Watson.