Aon Global Retirement Bulletin
July 2018

Aon Global Retirement Bulletin is a very short monthly publication referencing a few changes since the latest Global Retirement Insights Quarterly.

- Design
- Financing
- Operations
- State

July has seen lots of talks happening on the subject of retirement around the world. Below are the highlighted adjustments and proposals:

- In Poland, an updated proposal on the Employee Capital plans (PPK) has (among other things) pushed back the first implementation deadline by 6 months (to July 1, 2019). As an employer, it remains prudent to consider your options.

- In Germany, new mortality tables were published on July 20, 2018 – a moderate increase in pension liabilities is expected.
- In Hungary, new tax legislation effecting tax treatment of pension contributions could have a significant impact on participation in voluntary pension funds.

- In Bangladesh, the 2018-19 Budget includes a provision that would cut a company's annual tax deduction for employee perquisites from TKD 550,000 to 475,000.
- In the United Kingdom, the Department for Work and Pensions (DWP) has published a consultation on the powers of the Pensions Regulator, which is the first of the consultations suggested in the Government's White Paper on protecting DB schemes.
- In the United Kingdom, the DWP also published a consultation on clarifying and strengthening trustees' investment duties.

- In Brazil, the President signed a social tax agreement that will exempt posted workers from paying social security taxes in their host countries for up to five years.
- In Kazakhstan, the basic state pension has increased from July 1, 2018. A new equation will add 2% for each year over 10 years of employment, raising the benefit to 94% (previously 54% for all) of the subsistence minimum for those who have worked 30 years.
- In the Netherlands, the bill on merging sectorial pension schemes is withdrawn.
- In Switzerland, the Federal Council has opened a consultation on improving the sustainability of the old age pension (AVS).

If you have questions please contact your Aon consultant, click on the country name or email global.retirement.mailbox@aon.com
Please also use this mailbox to let us know how we could improve the ways in which we update you on new retirement topics of importance to you.

Prepared by Aon
Consulting | Retirement and Investment

Empower Results®

Reminder: Key areas of current focus for employers

- Requirements
- Proposals
- Opportunities

United Kingdom:
- White Paper on DB member protection
- Liability settlement and asset hedging
- Supporting retirement decisions
- Various possible implications of Brexit

Ireland:
- Highlighting members' transfer option
- Exploring funding alternatives
- Roadmap for Pension Reform

Netherlands:
- Increased governance expectations
- Responding to insurer consolidation
- Exploring use of a cross-border plan

Switzerland:
- Lump sums instead of annuities
- Pure DC (1e) for high-earners
- Transfer to multi-employer funds

Germany:
- Potential new pure DC plans
- DB de-risking and external financing
- Plan harmonization and governance
- Accounting for DC guarantees

Rest of Europe:
- 1st & 2nd pillar reform in many countries
- Austria: new mortality tables
- Belgium: accelerated pension vesting
- Denmark: longer residency requirement for state pension
- France: 2019 new pensions vehicle
- Lithuania: Pension reforms passed
- Norway: solvency investment constraints
- Poland: mandatory plan proposals
- Spain: social security challenges & options
- Turkey: auto-enrolment implementation

Canada:
- Re-design to reflect State changes
- Funding reform in many Provinces
- Settlement with insurers
- More formal governance

EU/EEA:
- IORP2 governance
- Sustainable investment
- Employer action code
- Implementation of Mobility Directive

United States:
- Opportunities from tax reforms
- Defined contribution optimization
- Managing and settling DB liabilities
- Improving plan governance

Italy:
- Impact of New Government
- Early retirement options
- State retirement age incease to 67 from 2019
- New Government's proposed changes

South Korea:
- Increased minimum DB funding

Japan:
- New risk-sharing plan
- DC quality requirements

Mexico:
- Migration from DB to DC
- Life-cycle investment funds
- Communication and financial wellbeing
- New voluntary second-pillar structure

Hong Kong:
- Various Hong Kong MPF changes

China:
- Growth of supplemental plans
- Financial wellbeing where low Province benefits
- Tax benefits of commercial pension insurance

India:
- Gratuity limit enhancement
- Increased equity choice

Rest of Asia Pacific:
- Various changes to Provident Funds

Brazil:
- Migration from DB to DC
- Pension issues in pending national election
- Settle DB risks with an insurer
- Loss of flexibility on Social contributions

Australia:
- Risk-pooling exploration
- Member-outcomes focus
- Wide-ranging new Budget
- New retirement income system being developed

Global:
- New IAS19 special events calculation rules
- Aon recently held a Webinar on Financial Wellbeing, more info here and here

Empower Results®