Aon Global Retirement Insights Quarterly
October to December 2020

Aon Global Insights Quarterly is a quarterly publication highlighting the main requirements, proposals and opportunities affecting sponsors of retirement plans. We highlight the latest developments affecting the design, financing and operations of employer-sponsored plans, as well as changes to State pension provision. We also include information on key trends, earlier topics that remain live, and highlight some upcoming opportunities for knowledge sharing.

In this edition, we include a little more insight on the following current Hot Topics and Country Trends:

- **Global:** The impact of COVID-19 is felt around the world. We introduced this Hot Topic in our Q1 2020 update, and we continue to update this with the latest information.
- **Guernsey and Gibraltar:** Auto Enrolment Legislation introduced
- **The Netherlands:** New Pension Agreement details
- **Spain:** Change in contribution limits for Pension Plans
- **Mauritius:** New Social Generalised Contribution System

Throughout the document we highlight the need for action with three colours in common with our popular global risk dashboard.

- Requirements, developments that need your immediate attention, are highlighted in red.
- Proposals, developments that are not finalized yet but important enough to bring to your attention, are identified in amber.
- Opportunities, developments that present an opportunity to improve the cost-effectiveness of your plans, are identified in green.

If you have questions please contact your Aon consultant 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

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Contents

Hot topics in October to December 2020: Additional insight into some topics creating discussion recently.

Main developments in October to December 2020 :

We highlight the latest developments affecting the design, financing and operations of employer-sponsored plans, as well as changes to State pension provision.

- Global overview of the latest developments affecting employers
- Highlights of the new developments categorised as affecting:
  - Design of retirement plans
  - Financing of retirement plans
  - Operations of retirement plans
  - State pension provisions

Ongoing key areas of focus for employers:

- Global overview of key trends affecting employers
- An overview, by region, of earlier priority topics that remain live and upcoming opportunities for knowledge sharing. For this purpose regions are defined as:
  - North America
  - UK and Ireland
  - Continental Europe
  - Asia Pacific
  - The rest of the world

Throughout the document underlined text is a link for more details on the topic, or to generate an email to request more information.

While we do our utmost best to bring you the most up to date information some of the items published in this publication could be outdated by the time this is published.

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COVID-19 Resources

Global

Aon's global resource page on COVID 19 can be found here. We also post various updates on COVID 19 on our Retirement and Investment Solutions page. Both pages get updated regularly with updates on various topics related to COVID 19, including retirement and Investment. Aon also developed a toolkit to help clients with their decision making process in these difficult times. A paper on Decision making in complex times can be found here.

North America

You can find specific information on the impact on retirement plans here, on investment management for DB plans here (Webcast recording), Rebalancing in COVID-19 times here, PBGC resources page here (with more info on new guidance here), Total Rewards Strategy Considerations here and a IRS notice on mortality table here and guidance on minimum required contributions here. In Canada Aon recent publication on the Median Solvency Ratio (here) provides more background on the impact of COVID 19 on the solvency ratios. More information on the implications in Canada can be found here and here. Our featured RADAR publication has updated information on COVID 19 measures in Canada. The government published the Fall Economic Statement that further outlies the plans for support.

South America

In Argentina and Brazil COVID measures have been extended to the end of the year. In Bolivia tax incentives have been established. In Chile a law was passed that allows employees to withdraw up to 10% of their pension savings.

The Aon Argentina COVID-19 Support site can be found here.
The Aon Brazil COVID-19 Support site can be found here.

Asia Pacific

Several countries are providing support by allowing for temporary measures, such as: early withdrawals, deferring or waiving contributions to state pension or employee provident funds. In Australia emergency measures have been announced allowing early access to superannuation, reducing drawdown and deeming rates. Furthermore, the Superannuation reform has been postponed. In India, the Provident Fund contribution may be subsidised for businesses registered with the EPFO, which hire new employees. In Thailand Companies who have a voluntary Provident Fund and have impact due to COVID-19, are allowed to stop or postpone contributions as long as they obtain member consent from May 2020 – Dec 2020. In Indonesia temporary changes to the employment social security program were made.

Europe

A webcast was held on the investment impacts of COVID 19, and a statement was published by the EIOPA on mitigating the impact of COVID-19 on occupational pensions. In France the pension reform was postponed to 2021. In Germany there were sessions on managing costs and possible actions companies could take in order to mitigate costs. A copy of this sessions can be downloaded here (It's called **Aon Expertentalks**). In Italy several tax relief measures have come into effect and in the Czech Republic certain tax measures have been extended. In Switzerland Recent changes have been made to pension plan regulations in view of COVID-19, More info can be found here (French) and here (German). In Sweden social contributions and taxes are temporarily reduced

You can find specific support per country below:

The Aon Belgium COVID-19 Support site can be found here.
The Aon Switzerland COVID-19 Support site can be found here.
The Aon Spain COVID-19 Support site can be found here.
The Aon Netherlands COVID-19 Support site can be found here.
The Aon Ireland COVID-19 Support site can be found here.
The Aon UK COVID-19 Support site can be found here.

As mentioned above please visit our resource pages if you want more information. You can contact your Aon Consultant directly to discuss your questions and concerns tailored to your situation. You can also contact Bart Steegs, Suzan Umans or Colin Haines with any of your questions.

Please note that due to the evolving nature of this topic, while we do our utmost best to bring you the most up to date information some of the items published here could be outdated by the time this is published.

Hot Topic: Guernsey and Gibraltar - Auto Enrolment Legislation introduced

What has happened?	In both Guernsey and Gibraltar steps are being taken to make sure people are saving more for their retirement. The Guernsey Secondary Pension proposals were approved in February 2020, and once legislation is passed, will create a requirement to automatically enrol employees into occupational pensions from January 2022. Contributions will begin at 1% of earnings from both the employer and the employee and rise to 3.5% from the employer and 6.5% from the employee over a seven year period. In Gibraltar, legislation was passed in 2019 (but is not yet in force) which introduces a requirement for companies to automatically enroll employees into a pension plan with a contribution worth 2% of earnings from both the employer and employee. The intention was that large employers (as defined by the Companies Act 2014, which is based on headcount, balance sheet and turnover) will be required to comply with the provisions of the Act by July 2021, medium employers by July 2022 and small employers by July 2025 and micro employers by 2027.
Why does this matter to employers?	The introduction and approval of legislation has progressed slowly and will no doubt have been affected by the recent outbreak of Covid-19 however employers should be aware of the legislation and monitor its progress to ensure compliance.
What are employers thinking?	Many employers offer pension contributions which are more generous than the requirements of the law and are monitoring the implementation of regulations to ensure they will comply. Employers that do not offer access to a retirement plan are considering introducing a plan in advance of the regulations in anticipation that it will become a qualifying arrangement once the regulations are finalized.
What actions should be taken now?	Employers can monitor the legislation and wait for further guidance and the introduction of a default pension arrangement. It may also be possible to establish a plan in advance of the legislation or begin investigating how existing arrangements compare with the proposed designs.
Who can provide more information or support?	For more information or support please contact Robin Scott in Aon's International Retirement & Investment Team.

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Hot Topic: The Netherlands – New Pension Agreement details

What has happened?	After almost two years, on June 12, 2020 the Dutch Cabinet and the social partners announced they reached an agreement on the key details of the new Pension Agreement (that was agreed in principle 2019). The current system that predominantly exists of DB plans will cease to exist, and DC plans will become the norm. The accrued DB Benefits for non-pensioners will be converted to DC capital. The aim of the new system is to have a more transparent approach to pensions and offer a better retirement solution for employees in the long run. On December 16th a concept law was released for consultation that ended on February 12th. The law will now be discussed by the Parliament later in 2021. The key points of this law: ▪ The increase of the legal retirement age (AOW) will be less steep. (click here for more information in Dutch) ▪ The funding through a collective average premium will be abolished. (click here for more information in Dutch) ▪ A possibility to take a one time lump sum payment (of 10% maximum). (click here for more information in Dutch) ▪ The spousal pensions will become more transparent and uniform. (click here for more information in Dutch) ▪ There will be a temporary window for early retirement. (click here for more information in Dutch)
Why does this matter to employers?	As mentioned traditional average pay plans and funding through a collective average premium will be abolished. Defined contribution schemes with an increasing scale with age are also no longer possible for new employees. All new pension plans will be based on defined contributions in which an age-independent flat-rate premium will be paid for each individual employee. The maximum level of this flat-rate premium is expected to be set at 33%. This change will have a significant impact on existing pension plans. The effect differs substantially between pension plans placed with a pension fund and those placed with an insurance company. Older workers will be need to be compensated for the loss of future potential pension benefits.
What are employers thinking?	This change will have a significant impact on current pension plans. Employers need to prepare themselves for this change and ensure they are up to date with all the developments. As two type of new DC plans are proposed, with different risk-sharing characteristics, they need to make a choice which suits their situation best. Companies will need to consider the financial impact of providing compensation to older workers.
What actions should be taken now?	▪ Consider the impact of these changes on your employees. ▪ Make a feasibility study comparing cost and employee impact of the different scenarios ▪ Keep works councils informed of developments and to involve them in a change process at an early stage (especially on compensation measures for affected employees).
Who can provide more information or support?	Aon Netherland's website about the pension agreement with more information can be found here. We further had a Pension congress on this topic, a replay can be found here. The latest news can be found here. All links are in Dutch. For more information or support please contact Heleen Vaandrager or your international and/or Dutch Aon consultant.

Hot Topic: Spain – Change in contribution limits for Pension Plans

What has happened?	The Spanish Government recently announced and confirmed (December 30, 2020) new legislation that sets out the following: ▪ The annual maximum contribution payable by employees for qualified pension plans has been reduced to €2,000 per year (previously there was no employee limit however combined employer and employee contributions could not exceed €8,000). ▪ Employers can pay additional contributions on top of this, with a limit of €8,000 (although an interpretation of the legislation may allow employer contributions of up to €10,000 – we await clarification). ▪ The total contribution that may be paid from both employees and the employer is €10,000, which is higher than in previous years where combined contributions could not exceed €8,000. Additionally, the total amount of contributions must not exceed 30% of the total net income derived from employment and any other economic activity during the year. These changes have come into effect on January 1st, 2021. The formal legislation (in Spanish) can be found here.
Why does this matter to employers?	This reduction in contribution limits to supplementary pension plans has an impact for employees, directly affecting: ▪ Members' contributions to qualified pension plans and similar funding vehicles mandated by the plan rules ▪ Voluntary contributions made by members to occupational pensions and similar vehicles ▪ Voluntary contributions made by members to individual pension plans Many organisations have an objective to promote the use of supplementary pension plans to incentivise saving for employees' retirement, and to promote adequate retirement planning, and this reduction in contribution limits has an immediate impact on employees' ability to save to this end. As a result of the increase in the limit that applies to employer contributions, employers may pay a greater amount into the plan than previous years. If plan rules do not currently define a contribution cap, then it could lead to employers paying significantly more into the plan than previous years.
What are employers thinking?	As this legislation was introduced with no prior notice employers are still analysing its impact. Aon can support you understanding what the implications for your business will be.
What actions should be taken now?	▪ Asses the impact on future contributions – both employee and employer – and consider the need for additional vehicles for employees to pay contributions over and above the new limits. ▪ Review plan rules and how they interact with the change – e.g. do they explicitly refer to the old limit? Consider 'future-proofing' plan rules. ▪ Monitor future legislative changes, particularly any clarifications that are published by the Spanish Government in relation to this change.
Who can provide more information or support?	For more information or support please contact Jose Luis Martin Trujillo or your international and/or Spanish Aon consultants.

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Hot Topic: Mauritius – New Social Generalised Contribution System

What has happened?	The Minister of Finance, Economic Planning and Development announced earlier that the new contributions from the National Pension Fund (NPF) would be abolished with effect from 1 September 2020. Under the new Contribution Sociale Generalisée (CSG) system (introduced by section 42(f) of the Finance (Miscellaneous Provisions) Act 2020, employees and employers in the private sector and the self-employed are obliged to contribute to the CSG effective as of September 1, 2020. The Ministry of Finance has published Government Notice No. 214 of 2020, which introduces regulations under the National Pensions Act (Section 30B) to set tax rates for the CSG. The Regulations entered into force on September 1, 2020. Highlights include: ▪ The rate for private-sector employees with monthly basic wage/salary not exceeding 50,000 rupees each is 1.5%. The employer rate is 3% of the basic wage/salary. ▪ For those earning more than 50,000 rupees, the rate is 3% and the employer rate is 6%. These contributions have started to be collected by the Mauritius Revenue Authority (MRA) and, as previously announced by the Minister of Finance, are earmarked in the Consolidated Fund.
Why does this matter to employers?	In November 2020, Business Mauritius, an association of private sector employers, lodged a case in the Supreme Court of Mauritius in relation to the following: ▪ To challenge the constitutionality of the introduction of the CSG in the absence of any consultation prior to its introduction; ▪ To challenge the powers solely given to the Minister of Finance to make Regulations in respect of the CSG as he sees fit; ▪ To apply for a Stay of Execution in order to suspend the coming into force of the CSG. In December 2020, The Supreme Court of Mauritius made its judgement on item 3 and refused the Stay of Execution, but it ordered the Government to keep track of the CSG contribution in a separate account in the Consolidated Fund. (At the time of writing, the judgement on items 1 and 2 was still pending.)
What are employers thinking?	▪ Will the CSG system stay (in its current form), depending on the outcomes of the outstanding cases in the Supreme Court? ▪ How is our low earning employee population affected by the change from NPF to the new CSG system? ▪ Depending on the final Supreme Court decision, should we be making changes to our private retirement provisions to offset the adjusted contribution rates for the high and low earning employees?
What actions should be taken now?	▪ Ensure to submit all CSG returns and payments in line with the set deadlines by the MRA, as there are penalties with interest payment for late submission. ▪ Employers should prepare for the increased cost impact of the increased contribution rate without cap for higher earners. ▪ Employers may need to consider a review of their pension arrangements to better target retirement savings for low and high income earners.
Who can provide more information or support?	You can reach out to your local Aon contact or contact Noor Hotee, Retirement Consultant in Mauritius.

Main developments in October to December 2020

- Requirements
- Proposals
- Opportunities

United Kingdom & Ireland:
- UK: More details TPR Superfund Guidance
- UK: Pension Schemes Bill passed
- UK: Auto-enrollment retirement savings plan proposal (Guernsey and Gibraltar)
- UK: 2021/22 PPF levy consultation
- Ireland: 2021 state pension age remains unchanged, changes discussed
- Ireland: Budget 2021 updates

United States:
- Compliance updates
- DB Pension Funding Relief Update
- 2020 and 2021 Plan Amendments Summary
- Compliance updates

Canada:
- Fall Economic Statement 2020 released
- Pension Commuted value updates
- Target Benefits Plans updates

Latin America:
- Migration from DB to DC
- Evolving investment strategies
- Communication and financial wellbeing
- 1st & 2nd pillar reform in many countries including Mexico

Global:
- COVID 19 and its impact on the world

Elsewhere across Europe:
- Denmark: Increase in retirement age and implications on premiums
- Estonia: changes to the contribution to the 2nd pillar
- Finland: Changes to Orphan's pension
- Finland: Pension contributions for 2021
- Germany: Maximum salaries for pensions 2021
- Italy: Changes to early retirement programs
- Norway: personal pension account
- Poland: PPK – final stages of implementation
- Spain: Changes to pension contribution limits
- Switzerland: New Mortality tables adopted

Middle East and North Africa:
- Morocco: Draft 2021 Finance Law
- Oman: Social contribution changes

Sub-Saharan Africa:
- Nigeria: Transfer of pension funds
- South Africa: amendments tax law withdrawal provident funds

Rest of Asia:
- Hong Kong: MPF China A exposure restriction eliminated
- Kazakhstan: pension withdrawals
- Malaysia: EPF withdrawals, contribution changes, and return to original contribution payment date
- Philippines: tax incentives
- Thailand: Relief measures voluntary provident fund
- Japan: amendment to employment laws
- South Korea: Pension reform proposal
- Indonesia: changes social security
- Vietnam: increase in retirement

India:
- New measures to stimulate the economy
- Guidance on Permanent Retirement Account Number
- Change to contribution payment date EPF
- Change in rules for transferring legacy funds

Australia:
- Flexibility of superannuation
- Retirement Income Review final report
- Financial sector reform
- Superannuation contribution increase update
- Employees right to choose super fund

Key design-related updates from the quarter

- Requirements
- Proposals
- Opportunities

	Country	Measures	Changes
Design	Australia	Compulsory superannuation contribution update	The government has announced it will make its decision whether to delay the increase in the compulsory superannuation contribution (from 9.5% to 12% by 2025) until May 2021. The government indicated its concern that the increase would negatively impact the growth in take-home wages.
	Canada	Pension Commuted Value update	The updated Pension Commuted Value rules have come into effect December 1st, 2020. On December 4, 2020, the Office of the Superintendent of Financial Institutions (OSFI) published frequently asked questions with respect to the revised Standards of Practice of the Canadian Institute of Actuaries to determining commuted values. Details can be found here.
	Canada	Target Benefit Plans updates	There were some updates in Canada around the (new) Target Benefit plans. In Quebec On December 11, 2020, Bill 68, An Act mainly to allow the establishment of target benefit pension plans was adopted. Among other matters, the bill: ▪ Permit the establishment of target benefit pension plans (TBPPs) and conversion of certain multi-employer pension plans into target benefit pension plans ▪ Allow defined benefit or target benefit pension plans to provide that the degree of solvency for the purposes of the payment of member Details can be found here. In Ontario on December 8, 2020, Bill 229 received royal assent. Among other matters, the bill covers following aspects: ▪ It reintroduces certain unproclaimed target benefit plan provisions of the Pension Benefits Act that would otherwise have been automatically repealed later this year pursuant to the Legislation Act, 2006. ▪ It amends the not-yet-in-force provisions of the Penson benefits Act related to: o The criteria for a benefit to be a target benefit o The treatment of surplus from a pension plan providing target benefits o The requirements relating to proposals to convert certain benefits provided by a multi-employer plan to target benefits by amending the pension plan These provisions will not come into force until proclamation. Details can be found here.
	Denmark	Increased retirement age	Public retirement age is evaluated every fifth year and has just been evaluated in 2020. If life expectancy continues to increase – then retirement age will increase by one year further in 2025. Employees born after January 1, 1967 have an of retirement age at 69 years. For employees born earlier than 67/68 applies depending on date of birth. The increase in retirement age will potentially affect the premiums paid to insurers for retirement products. Employers should be
	Finland	Changes to the orphan's pension	A proposal that would allow a child to be entitled to a orphans' pension until they reach age 20 (18 under the current rules) is currently being evaluated. This proposal would further grant a cohabitant a survivor's pension if they have lived with the deceased for at least five years and had a joint minor child. The amendments are expected to come into force in 2022 and will apply to people born in 1975 or later.
	Italy	Early Retirement programs	Two early retirement programs in Italy have been reviewed and adjusted. This has lead to the following adjustments: ▪ The so called "Art. 4 Fornero Law – Isopensione" has extended it's validity period on a temporary basis. It has extended the period from 4 years before retirement to 7 years until 2023. ▪ The so called "Contratto di Espansione" program can now be introduced for companies that have at least 250 employees (this was 1000). These changes makes these program interesting for a broader range of companies.

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Key design-related updates from the quarter - Continued

- Requirements
- Proposals
- Opportunities

	Country	Measures	Changes
Design	Norway	**Changes to DC occupational pension plans – personal pension account**	The government has finalized changes to the defined contribution (DC) occupational pension plans. It aims to move the DC occupational pension plans to a personal pension account (egen pensjonskonto) model that gives employees greater control over their retirement savings. Highlights include: ▪ The introduction of the automatic account consolidation. ▪ Employees will be allowed to choose their own pension providers. ▪ The vesting periods for employer contributions will be eliminated. Employees will retain employer contributions to their DC pension accounts regardless of how long they work for their employers. Measures contained in Regulations amending regulations to the Defined Contribution Pensions Act and Regulations on transitional rules will enter into force on January 1, 2021 (with exception). More information can be found here.
	Poland	**PPK – Statutory DC Pension Legislation**	In Poland, the implementation of Employee Capital Plans (PPK) has come into its last phase. All companies with less then 20 employees (as of December 31, 2019) as well as businesses established in 2020 or early 2021 need to establish a PPK Management Contract (framework contract) before April 23, 2021. First contributions need to be provided to selected Pension Provider from Payroll for May 2021 at the latest. There are financial fines for companies which are going to fail to meet the statutory deadlines.
	South Korea	**Pension system reform proposals**	A bill has been proposed, Ahn HY, 2020.08, to amend the Workers' Retirement Benefit Guarantee Act. Highlights include: ▪ A mandatory retirement pension system would be introduced. Workplaces that have established an existing retirement pension system would be obliged to switch to the mandatory retirement pension system. ▪ Employers would no longer be permitted to provide severance pay plans. They would be required to provide a qualified DB or DC plan for employees. ▪ All DB plans with more than 300 members would be required to establish a pension investment committee and an investment policy statement. Also, Han JA, 2020.09, Partial amendment of the Workers' Retirement Benefit Guarantee Act, has been published. It introduces a retirement pension system operated as a fund (Trust Pension). The minimum required would be 1,000 members. Both bills are under committee review.
	Sweden	**Swedish Financial Supervisory Authority's proposal**	In the Swedish insurance market is a proposal from the Swedish Financial Supervisory Authority to ban so-called kick backs from funds. Several Swedish unions have proposed that private pension savings shall be tax-subsidized to stimulate individual/private pension savings. The Swedish Financial Supervisory Authority has decided to pay extra attention to insurance distribution and that the rules are complied with in accordance with current directives.
	United Kingdom	**TPR Superfund Guidance**	We shared a Hot topic on the "TPR Superfund guidance" back in Q2 2020. New details have since merged including more information on the "Gateway test", roles of the Sponsor and Trustee, Member communication, Capital backed investment and PPF assessment. This remains an interesting topic for employers to consider, and we urge you to reach out to your local Aon contact (or to our contact mentioned). More information on these details can be found here.

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Key design-related updates from the quarter - Continued

- Requirements
- Proposals
- Opportunities

	Country	Measures	Changes
Design	United Kingdom	Pension Schemes Bill	The Pension Schemes Bill has become an Act and has received Royal Assent on February 11, 2021. It covers following aspects ▪ Provisions to support pensions dashboards ▪ Changes to the Pensions Regulator's powers and sanctions; ▪ A requirement for trustees of defined benefit schemes to produce a statement on their long-term funding and investment strategy; ▪ Powers to impose requirements for trustees relating to climate change governance, including a requirement for information to be published relating to the effect of climate change on the scheme (see page 1); ▪ Provisions allowing for restrictions on statutory transfer rights, to help prevent pension scams; ▪ A framework for collective money purchase schemes. Details can be found here.
	United States	2020 and 2021 Plan Amendments Summary	The Retirement Legal Consulting & Compliance practice has prepared a summary of plan amendments for 2020 and 2021 which highlights the following key considerations: ▪ Required amendments for defined benefit (DB) and defined contribution (DC) plans ▪ Discretionary amendments for DB and DC plans, resulting from recent announcements and/or tax law changes ▪ Discretionary amendments to consider when terminating DB plans ▪ Other discretionary amendments and considerations due to recent litigation. Details can be found here.

Key financing-related updates from the quarter

- Requirements
- Proposals
- Opportunities

	Country	Measures	Changes
Financing	Australia	Flexibility of superannuation for older individuals	Measures to improve the flexibility of superannuation for older individuals are now in force. Members can make “voluntary concessional” and “non-concessional” super contributions without meeting the work test if they are younger than age 67 and receive spouse contributions if they are age 75 or younger. The measures apply to contributions made on or after July 1, 2020.
	Australia	More Flexible Superannuation Bill 2020	The Treasury Laws Amendment (More Flexible Superannuation) Bill 2020 amends the Income Tax Assessment Act 1997 and would allow members to bring forward up to three years of "non-concessional" superannuation contributions if they are between ages 65 and 66 (rather than 65). It is now before the Senate.
	Austria	Traditional life insurance	Similar as in Germany, we can observe also in Austria a trend that life insurance companies are losing interest in traditional life insurance with a savings component, ie, endowment insurance or annuity insurance. Term life insurance (pure death insurance) is still of interest to them. This has to do with the historically promised high guaranteed interest rates of the past that they still have to keep today and the poor yield they can achieve nowadays.
	Estonia	Changes to the contribution to the 2nd pillar	The Minister of Finance has announced that individuals wishing to suspend the 2% contribution from their salaries to the 2nd pillar must submit an application in October. The temporary suspension will cover nine months from December 2020. The government has suspended its 4% contribution into the second pillar until August 31, 2021 (beginning July 1, 2020) but plans to reimburse this amount in 2023-2024. Second-pillar pension funds will become voluntary, participants will be allowed to manage their own investments, and a lump-sum payment option will be available for participants at retirement. It is expected to enter into force on January 1, 2021.
	Finland	Pension contribution formula for 2021	The 2021 pension contributions have been announced. The most important rates: ▪ The employer private-sector earnings-related pension contributions will be 24.4 % ▪ The employee contribution rate for those under age 53 and over 62 will be 7.15 % ▪ For employees between the ages of 53 through 62, the rate will increase to 8.65 %.
	Hong Kong	Mandatory Provident Fund’s (MPF) restriction on China A-shares exposure eliminated	The government has announced the elimination of the Mandatory Provident Fund’s (MPF) restriction of allocating only 10% of their assets to A-shares (i.e., “stocks of Chinese companies listed in Shanghai and Shenzhen”). It has added “Shanghai and Shenzhen bourses” to the list of approved stock exchanges for the MPF scheme.
	India	New measures to stimulate the economy	The Minister for Finance and Corporate Affairs has announced measures to stimulate the economy which includes launching a scheme (Aatmanirbhar Bharat Rozgar Yojana) to incentivize job creation during the pandemic recovery. Some of the measures related to Employees' Provident Fund Organisation (EPFO): Highlights include: ▪ The government will subsidize provident fund contributions for business registered with the EPFO who hire employees from October 12, 2020, to June 30, 2021, with monthly wages less than INR 15,000. ▪ The scheme covers new employees hired by these businesses and EPFO member employees who were terminated from March 1, 2020, to September 30, 2020. ▪ Businesses that register with the EPFO from October 1, 2020 may also apply for the subsidy for new employees. ▪ To qualify for the subsidy, EPFO-registered businesses must hire at least two new employees (if the business had 50 employees or less in September 2020) or at least five new employees (if the business had more than 50 employees in September 2020). ▪ The government will subsidize the contributions for two years paying both employee's (12%) and employer's (12%) contributions for businesses with 1,000 employees or less; or only employee's contributions (12%) for businesses with more than 1,000 employees.

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Key financing-related updates from the quarter - Continued

- Requirements
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	Country	Measures	Changes
Financing	Kazakhstan	Taxation on early withdrawals	It has been reported that early withdrawals for the pension savings would be subject to 10% income tax. However, individuals would be able to reduce the amount taxed by applying for deductions ("in the amount of one minimum wage"). Also, there would be an additional deduction of 882 MCI (monthly calculation index) for those who are socially vulnerable. It is expected that the partial withdrawal of pension savings scheme will become available in 2021.
	Kazakhstan	Pension withdrawals	Parliament has passed a law that will allow individuals to withdraw funds from their pension savings with an aim to stimulate economic recovery. From January 1, 2021, individuals will be able to withdraw only an amount that exceeds a minimum savings level set for their age group. The withdrawn amounts may be used to pay medical bills, make investments, and buy property. The labour ministry will be reviewing the age-specific limits annually.
	Kazakhstan	Proposal to transfer assets to private companies to manage	The Majilis has adopted (in the first reading) amendments to legislation which provides for a mechanism transferring part of pension assets to the management of private companies. Individuals would be able to transfer part of the assets (amount exceeding the minimum sufficiency threshold) to private companies to manage with an aim to earn additional income on their pension assets. These assets are currently managed by the Unified Accumulative Pension Fund and the Pension Assets Management Council. If passed, the legislation is expected to take effect some time in 2021.
	Malaysia	Employees' Provident Fund (EPF) withdrawals	The EPF has introduced a new policy (i-Sinar) that allows fund members aged 55 or younger who have lost their jobs or experienced a significant income reduction because of the COVID-19 pandemic to withdraw a portion of their Account 1 balances (i.e., account that funds retirement). Members with Account 1 balances of 100,000 ringgits or less can withdraw up to 10,000 ringgits, and those with balances above 100,000 ringgits can withdraw up to 10 % of their account balances. Payments will be made over a six-month period starting in mid-January 2021 for Category 1 members and in February/March for Category 2 members. The measure is in addition to the policy (i-Lestari) introduced earlier that allows members aged 55 or younger to withdraw (for any reason) 50 ringgits to 500 ringgits per month from their Account 2 balances (i.e., account that may be accessed before retirement for education, designated critical illnesses, a home purchase, and other approved expenses) from April 2020 through March 2021.
	Malaysia	Employees' Provident Fund (EPF) Account 2 Withdrawal for Insurance and Takaful Purposes	The EPF is also looking at allowing members to withdraw from their Account 2 to purchase insurance and takaful products covering life/family and critical illness from approved insurance and takaful operators. The products, which will be offered through i-Akaun, will be customised for EPF members at affordable premiums and comes with additional features.
	New Zealand	Proposal to amend income tax law	Parliament is considering Bill No. 2-1 which would amend the income tax law. It includes measures introducing a 39% tax rate on annual income above NZD 180,000 from the tax year 2021-2022; amending the rules for pay as you earn, fringe benefit tax, and retirement and employer superannuation contributions from April 1, 2021; and increasing the minimum annual family tax credit threshold to NZD 29,432 from NZD 27,768 for tax year 2020-2021.
	Philippines	Tax incentives	The President has signed amendments to the Bayanihan to Recover as One Act. The measures in Bayanihan to Heal as One Act II (Bayanihan 2) extend tax incentives from June 5, 2020, to December 19, 2020. Also measures provide for the exemption of retirement benefits received by employees of private firms from income tax. However, if they are rehired in the same firm within a succeeding 12-month period, the said benefits received will be subject to income tax.

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Key financing-related updates from the quarter - Continued

- Requirements
- Proposals
- Opportunities

	Country	Measures	Changes
Financing	South Africa	Amendment proposals for tax law	Proposals for new tax rules on the withdrawal of provident funds are under consideration. The following measures outlined in the 2020 Draft Taxation Law Amendment Bill (TLAB) would apply to the payment of lump-sum benefits when a member ceases to be a South African tax resident. ▪ The withdrawal of retirement benefits would only be allowed where a person can prove they have been a non-resident (for tax purposes) for an "unbroken period" of at least three years. ▪ These members will only be able take one-third of the total value of their retirement fund savings by way of a lump sum with the balance being taken as an annuity. If the total retirement interest does not exceed ZAR 247 500, the full amount may be taken in cash. It is expected to go into force on March 1, 2021.
	Switzerland	New Mortality tables adopted	The new 2020 tables were released by Aon and Libera on 15 December 2020. The new tables show that the life expectancy of retirees continued to grow, but at a slower pace than in the past. In comparison with the previous 2015 tables, a strong reduction of the disability probabilities was observed (ca. 25% for men and 15% for women). Furthermore, a decrease in the probabilities of having a spouse/partner at death was noticed, leading to lower reserving requirements. These tables should be considered for the next accounting valuation as auditors will consider them as best estimate. We expect the impact of the new tables to lead to a decrease in DBO of between 1% and 3%. Regarding local funding, the impact will be investigated during 2021 and the new tables may be implemented subject to Pension board decision. Click here for more information.
	United Kingdom	2021/22 PPF levy consultation	The PPF has published a consultation on its 2021/22 levy, including a draft determination and drafts of appendices to the levy rules (where these are proposed to change). The risk-based levy cap will be halved to 0.25% of a scheme's smoothed liabilities; and schemes with smoothed liabilities of less than £20 million will see a 50% reduction to their (uncapped) risk-based levy, with a tapered reduction for schemes with liabilities between £20 million and £50 million. The risk-based levy scaling factor and scheme-based levy multiplier will not change from the current figures. The PPF expects to collect levies totaling £520m for 2021/22, £100m lower than the £620m it estimated for the 2020/21 levy year. The consultation ended on November 24, 2020. Details can be found here.
	United States	DB Pension Funding Relief Update	On January 21st, House Ways and Means Committee Chairman Richard Neal (D–MA) introduced the Emergency Pension Plan Relief Act of 2021, which includes DB pension funding relief for both single employer and multiemployer plans. The Neal bill is essentially a standalone version of the funding relief included in the HEROES Act passed by the House of Representatives during 2020. The same day, House Education and Labor Committee Chairman Robert Scott (D–VA) introduced another bill with the same name and identical single employer provisions, but different multiemployer provisions. The single employer provisions in both bills would extend the amortization period for funding shortfalls from seven years to 15 years, with a fresh start in 2020. In addition, the interest rate corridor around the 25-year average segment rates would narrow to 5% for 2020–2025, and then increase by 5% per year until reaching 30% in 2030 and beyond. A floor of 5% would also apply to each of the 25-year average segment rates (before application of the corridor).

Key operations-related updates from the quarter

- Requirements
- Proposals
- Opportunities

	Country	Measures	Changes
Operations	Australia	Financial sector reform	Parliament has adopted legislation to enact several recommendations from the Hayne Royal Commission. Measures in the Financial Sector Reform (Hayne Royal Commission Response) Bill 2020 include: ▪ Strengthening unsolicited selling provisions (prohibition on hawking), including those for superannuation and insurance products; ▪ Prohibiting trustees of registrable superannuation entities from having a duty to act in the interests of another person, other than those arising from their duties as trustee of a superannuation fund; and ▪ Introducing a “deferred sales model” for add-on insurance products with the goal of assisting consumers in making informed purchasing decisions and preventing inappropriate sales of add-on insurance.
	Australia	Employees right to choose the super fund	Under amendments to the Treasury Laws, new workplace determinations and enterprise agreements made on or after January 1, 2021, must provide employees the right to choose the super fund to which their employer makes compulsory super contributions. The government website contains the process employers should follow regarding the standard choice form workers will need to complete.
	India	Change to contribution payment date	The Employees Provident Fund (EPF) has announced the termination of its extension to employers to make contribution payments on the 30th of each month. Employers must remit their mandatory EPF contribution on the 15th of every month from January 2021.
	India	Change in rules for transferring legacy funds	On October 5, 2020, the Pension Fund Regulatory and Development Authority (PFRDA) issued a circular announcing a change to their rules on transferring legacy funds of subscribers. Pension fund subscribers can switch their accounts to a pension fund manager (PFM) of their choice. Upon subscribers exercising their choice of investment schemes and pension funds, the amount under their “PRAN account” (Permanent Retirement Account Number) will now be transferred to the "opted pension funds" immediately. For those who have already exercised this option, their legacy fund must be immediately transferred to the funds they chose. This arrangement will be examined by PFRDA on an annual basis. The measure went into effect on October 5, 2020.
	India	Guidance on Permanent Retirement Account Number (PRAN)	The unique features of the National Pension System include its portability and flexibility. The Pension Fund Regulatory and Development Authority (PFRDA) issued a circular which outlines how National Pension System (NPS) subscribers may keep their assigned Permanent Retirement Account Number (PRAN) in the case of premature exit.

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Key State-related updates from the quarter

- Requirements
- Proposals
- Opportunities

	Country	Measures	Changes
State	**Australia**	**Retirement Income Review final report**	The Treasury has released the final report of the Retirement Income Review on the efficiency of the retirement income system. The final report contains observations about the system including: ▪ The three pillars of the existing retirement income system (i.e., the Age Pension, compulsory superannuation and voluntary savings) provide "effective" support to retirees and are sustainable in the long term. ▪ The system should be improved so that individuals have a better understanding when making decisions regarding their assets in retirement. ▪ A clear objective should be developed to guide future policy and provide a framework for assessing its performance.
State	**Bulgaria**	**State Social Security increase**	In Bulgaria, the State Social Security for 2021: Increase in the minimum monthly salary to BGN 650 from BGN 610; and, the minimum monthly social security income for self-insured persons would rise to BGN 650 from BGN 610. The maximum monthly social security income would remain unchanged at BGN 3,000 along with the social security contribution rates.
State	**Canada**	**Canada Pension Plan (CPP) 2021 Rates**	On November 3, 2020, the Canada Revenue Agency announced that the maximum pensionable earnings (YMPE) under the Canada Pension Plan (CPP) for 2021 will be $61,600 (up from $58,700 in 2020). The basic exemption amount for 2021 remains at $3,500. The employee and employer contribution rates for 2021 will be 5.45% (up from 5.25% in 2020), and the self-employed contribution rate will be 10.9% (up from 10.5% in 2020). The increase in contribution rate is due to the continued implementation of the CPP enhancement. The maximum employer and employee contribution to the plan for 2021 will be $3,166.45 each (up from $2,898.00 in 2020) and the maximum self-employed contribution will be $6,332.90 (up from $5,796.00 in 2020).
State	**Germany**	**Pension base 2021**	The German government has announced the new maximum pensions for 2021. From January 1, 2021 the maximum income base for pension and unemployment insurance will be EUR 85,200 for the year in the old Federal States (West) and EUR 80,400 for the year in the new Federal States (East).
State	**Ireland**	**Draft Budget 2021**	The Draft 2021 budget has been published. Details include: ▪ The weekly employee income threshold for the rate employers pay for social insurance (PRSI) would increase from €394 to €398 from January 1, 2021. ▪ The ceiling of the second Universal Social Charge band would increase from €20,484 to €20,687 from January 1, 2021.
State	**Japan**	**Amendment to employment laws**	Under an amendment to the Elderly Persons Employment Stabilization Law-Securing employment opportunities until the age of 70 employers are encouraged to retain employees until reaching age 70. There are multiple options a company can chose from, should they decide to provide employment till age 70. The provisions of the new law will not be mandatory. The measures will go into force on April 1, 2021.
State	**Japan**	**Proposal to revise DC contribution limit for funded DB participants**	A proposal was submitted to revise DC contribution cap for funded DB participants (currently JPY 27,500 / month) to JPY 55,000 minus contribution to funded DB, and is currently being actively discussed at the MHLW. At this stage, we are not sure whether this change will be accepted and if so, with what application date.

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Key State-related updates from the quarter - Continued

- Requirements
- Proposals
- Opportunities

	Country	Measures	Changes
State	Latvia	2021 Budget and accompanying amendments to the tax laws	The social security contribution rate for employees (for full coverage) will decrease to 10.5% (11% in 2020). The social security contribution rate for employers (for full coverage) will decrease to 23.59% (24.09% in 2020). Taxpayers with annual gross taxable income above EUR 21,600 (EUR 14,400 in 2020) will no longer be eligible for the income-dependent basic personal allowance. The top progressive individual income tax rate will be set at 31% (currently at 31.4%). The minimum wage will be EUR 500 per month.
	Malaysia	Employees Provident Fund (EPF) Contribution changes	The EPF has announced the reduction of the employee's share of the statutory contribution rate from 11% to 9% for 2021. This new statutory contribution rate for employees applies only to members below 60 years old who are "liable for contribution". The statutory contribution rate for employees age 60 and above remains the same. The new rates will be in effect from January 1, 2021 until the end of 2021 (i.e., affecting wages for the months of January 2021 (February 2021's contribution) up to December 2021 (January 2022's contribution)). Members have the option to maintain the contribution rate of 11%. They will need to complete a form (online beginning in December) to submit to their employers.
	Malaysia	Return to original contribution payment date	The date for employers to remit contribution for 2021 is now the 15th of every month, starting January 2021 as per the original contribution payment date determined by the EPF. Previously, the EPF provided an extension for contribution payment from the 15th to the 30th of every month from April until December 2020.
	Mexico	Pension reforms update	The Chamber of Deputies and Senators have approved measures for the AFORES generation that would gradually reduce the minimum number of contribution weeks to become eligible for the retirement benefit; gradually increase the contributions of employers (from 5.15% to 13.87%) to ensure that workers have a guaranteed minimum pension; and place a cap on the fees charged by the Retirement Fund Managers (Afore). There will further be an increase to the minimum guaranteed pension in the coming years.
	Moldova	Changes to the social security contributions for 2021	From January 1, 2021, the mandatory social security contribution rate will be 29% paid by the employer (currently, employers pay 23% and employees 6%); and persons having entered into individual social security contracts, sole proprietors, attorneys, and private notaries will contribute MDL 11, 331 per year.
	Morocco	Draft 2021 Finance Law	The Ministry of Finance has unveiled the draft Finance Law for 2021. Highlights include: ▪ New social solidarity contribution requirements are introduced for the year 2021, including a 2.5% contribution for companies (with annual net profits of MAD 5 million up to 40 million) and a 3.5% rate for those with annual net profits above MAD 40 million; and a 1.5% contribution for individuals with annual income exceeding MAD 120,000. There is also a provision that the social solidarity contributions are not tax deductible. ▪ A single professional contribution is introduced for individuals previously subject to flat-rate profit schemes, which includes a fixed 10% rate plus an annual contribution of between MAD 1,200 and MAD 14,400. The draft law has been submitted to Parliament.
	Nigeria	Transfer of pension funds	The National Pensions Commission (PenCom) has announced that Retirement Savings Account holders under the Contributory Pension Scheme may now transfer accounts from one Pension Fund Administrators (PFAs) to another once per year from November 16, 2020. The measure aims to improve competition among PFAs which would lead to enhance the returns on pension contributions.

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Key State-related updates from the quarter - Continued

- Requirements
- Proposals
- Opportunities

	Country	Measures	Changes
State	Oman	Social contribution changes	Decree No. 82/2020 Promulgating the Employment Security System was published in the Official Gazette on August 19, 2020. It introduces a new employment security system for nationals who lose jobs. Most of the measures contained in the Decree come into force on November 1, 2020. Highlights: ▪ To fund the system, employers and employees (each) will make contributions of 1% of the workers' monthly salary from January 1, 2021. Employers are required to deduct the insured's contribution. ▪ Payment for private companies will be due on the 15th of each month from January 1, 2021. ▪ The Public Authority for Social Insurance will administer the Fund.
	Romania	Pension increase	Parliament has approved the budget adjustment bill for 2020 with changes to the proposed 14% pension hike. The revised bill includes a pension increase of 40% which was approved by Parliament last year. However, the government submitted the budget adjustment bill proposing only a 14% rise in the pension amount for 2020 due to the current economic conditions.
	Serbia	Pension increase	The Finance Minister has announced that the 2021 budget provides for a rise in the pension amount and wages. From January 1, 2021, the pension amount will increase by 5.9% and the minimum wage would rise by 6.6%.
	Thailand	Unemployment scheme	The Cabinet has approved a proposal to pay "relief compensation" to subscribers of the Social Security Fund (SSF) who are unemployed. Measures in the proposal provides for insured workers receiving 50% of their daily wages (based on a maximum monthly salary of 15, 000 baht) up to 90 days. The scheme went into effect on December 19, 2020. The Cabinet also approved a reduction from 5% to 3% in the contribution rate to the SSF by employers and employees for three months (January 2021 to March 2021).
	United States	Compliance update	Aon published its quarterly publication on compliance updates. You can find a copy for Q1 here. It contains numerous topics including updates on the new IRS Guidance on missing participants, updates on the SECURE Act Safe Harbor changes, and updates on the court cases regarding actuarial equivalence and proxy voting under ERISA. It further provides more information on the Pooled Employer's plan (we did a Hot Topic on this in our Q2 update) and some of the advantages a PEP will offer. Furthermore, Aon prepared the 2021 Compliance Calendar helping Plan Sponsors to identify significant compensation and benefit due dates for retirement plans (as well as health and welfare plans). A copy can be found here.
	United States	Indexed Figures for Retirement Plans and Other Employee Benefit Plans	IRS 2021 Official Indexed Figures for Retirement Plans and Other Employee Benefit Plans. The Internal Revenue Service (IRS) issued Information Release 2020-244 on October 26, 2020, providing the 2021 official indexed figures for retirement plans and other employee benefit plans. The IRS issued technical guidance detailing these items in Notice 2020-79. The Aon bulletin, which provides the official limits of most interest to large and medium employers, as well as the official 2021 key employee pay thresholds for top-heavy plans, can be found here.
	Vietnam	Increase in retirement age	The retirement age will gradually increase starting in 2021. Under Decree No. 135/2020/ND-CP, from January 1, 2021, the retirement age for men will be 60 years and three months (from age 60) and 55 years and four months (from age 50) for women. After 2021, the retirement age will increase by three months per year for men and four months for women. The male retirement age will gradually increase from 60 to 62 by 2028, and 55 to 60 by 2035 for females.

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Key areas of current focus for employers

- Requirements
- Proposals
- Opportunities

Global:
- COVID-19 (3-20)

Netherlands:
- Agreement reached on pension reforms (4-20)

United Kingdom & Ireland:
- Guernsey and Gibraltar: Auto Enrolment (4-20)
- UK: Redefinition (lower) of RPI inflation
- UK: Wide ranging Pensions Bill
- UK: GMP equalisation corrections
- UK: Budget 2020
- UK: Levy 2020/2021 finalized
- Ireland: 2021 state pension age remain unchanged

Germany:
- Increasing pre-funding of DB plans
- DC without guarantees
- CMI-linked mortality tables
- Implementation of the IORP II Directive Portuguese new Pension Law
- PSV Insuarance (2-20)

Common across Europe:
- Multi-employer plans to ease governance & operations
- Responsible investment (ESG)
- Earlier vesting: From EU Directive
- IORP II governance & risk managament
- Lower & later State pension causing ER challenges
- New mortality tables

Elsewhere across Europe:
- Eastern Europe: 1st & 2nd pillar reform
- France: Fully revised pension plan structure
- Portugal: New Pension Law introduced (3-20)
- Spain: Changes to pension contribution limits (4-20)

United States:
- DC optimization
- De-risking DB plans
- PEP introduction (2-20)
- PBGC filing flexibility and postponed excise tax

Middle East:
- Pension and savings reform: young population, reducing oil
- Funding End of Service Gratuities
- Abu Dhabi: increase in pensionable salary (2-20)

Hong Kong:
- New administration requirements
- MPF offset removal
- New tax reporting requirements
- ORSO amendments

Japan:
- CDC type plans
- Country Trends (3-20)
- Employee Pension Insurance program expanded
- DC governance & quality

India:
- Financial Wellbeing
- Improving attractiveness of NPS
- Investment risk governance
- EPF contributions on all earnings
- Employer sponsored retirement plan tax implications (1-20)
- Updates on Social Security Code (3-20)

Canada:
- Target Benefit Plans developments
- Commuted values adjustments updates
- Multi-Jurisdictional Pension Plan Agreement moves forward

Africa:
- Encouragement of saving for retirement
- Mauritius: New Social Generalised Contribution System (4-20)
- Zimbabwe: Currency valuation ruling (1-20)

Elsewhere Asia Pacific:
- Changes to mandatory funds
- Development of occupational and private schemes
- Financial Wellbeing
- Increases in retirement age
- Super-ageing population
- Promoting retirement deferral
- Social Security coverage expatriates
- Singapore: changes to CPF (1-20)

Latin America:
- Migration from DB to DC
- Evolving investment strategies
- Communication and financial wellbeing
- 1st & 2nd pillar reform

Australia:
- Focus on member outcomes & governance
- Super Reform
- Strengthening and changing Superannuation (3-20)

(X-YY) indicates that a Hot Topic or Country Trends page was published in the Quarter X 20YY edition

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Hot Topics for employers: General trends relating to retirement savings

<table>
<tr><th></th><th></th><th>Defined Benefit</th><th>Defined Contribution</th><th>Expats & Mobile employees</th><th>Financial Wellbeing</th></tr>
<tr><td rowspan="3">Design</td><td>Revisit plan designs</td><td></td><td>State changes, auto-enrolment, matching</td><td>Holistic view</td><td>Need for broader planning
Working when retired</td></tr>
<tr><td>More employee responsibility</td><td>Closing/freezing plans</td><td>Removing guarantees</td><td></td><td>Education & understanding</td></tr>
<tr><td>Employee choice</td><td>Options for personal needs</td><td>Investment defaults
Automatic changes</td><td>Improved investment options</td><td>Comparison to other commitment & saving</td></tr>
<tr><td rowspan="4">Financing</td><td>Funding</td><td>More pre-funding
Cross-border options</td><td></td><td>Which jurisdiction and how?</td><td></td></tr>
<tr><td>Liability management</td><td>Member options
Transfer to insurers</td><td colspan="3"></td></tr>
<tr><td>Asset performance</td><td colspan="2">Broader investment categories
Responsible Investment (ESG)</td><td>Tax efficiency</td><td>Comparison to personal debt</td></tr>
<tr><td>Cost of investment</td><td colspan="3">Investment cost transparency
Multi-employer funds</td><td></td></tr>
<tr><td rowspan="4">Operations</td><td>Complex compliance</td><td colspan="2">EEA IORP2 risk management
Cyber risk testing & protection</td><td>Multiple jurisdictions</td><td></td></tr>
<tr><td>Less local expertise</td><td colspan="4">Decision-making protocols
Outsourced delegation of policy execution</td></tr>
<tr><td>Employee experience</td><td></td><td colspan="3">Employee portals
Global consistency (esp. for mobile employees)</td></tr>
<tr><td>Providers</td><td colspan="4">Admin performance & compliance
Global contracting power</td></tr>
</table>

Ongoing developments: North America

- Requirements
- Proposals
- Opportunities

	Canada	United States
State	▪ Multi-Jurisdictional Pension Plan Agreement moves forward	▪ Changes to 401 (K) plans ▪ Compliance updates and calendar 2021 updated ▪ COVID-19 Relief Bill—Extension of Tax-Free Status for Employer Contributions to Student Loan Debt through 2025
Design	▪ Revised commuted value standards come into effect December 1, 2020 ▪ **Quebec**: Bill 68 allows the establishment of target benefit pension plans was adopted. ▪ **Ontario:** Bill 229, reintroducing/amending certain provisions for target benefit pension plans, received royal assent ▪ **Federal**: Fall Economic Statement 2020 was released.	▪ Optional form and early retirement factor review in lieu of lawsuits. ▪ Bill to amend the tax code for retirement plans. ▪ Temporary options for in-pay retirees/beneficiaries to elect lump sums in lieu of future annuity payments ▪ PBGC published final regulations with regard to assumptions used to pay lump sums ▪ IRS provided guidance on SECURE Act and Miners Act ▪ PEP plans introduced and most recent development can be found here.
Financing	▪ Annuity discharge provisions clarified ▪ Liability settlement noting improved financial positions and new annuity rules. ▪ General trend of funding regulation to reduce/remove emphasis on solvency. ▪ **Ontario:** Enhancement to Pension Benefits Guarantee Fund (PBGF). ▪ **Ontario**: Clarification of new DB plan funding framework.	▪ ASU 2018-14, which updates the ASC 715 disclosure requirements for defined benefit plans. ▪ New mortality table published and adopted
Operations	▪ Retirement security measures introduced ▪ **Québec:** Update in actuarial valuations for supplemental pension plans ▪ **Federal**: Consultation on unclaimed pension balances.	▪ IRS Notice 2020-85, which provides updated mortality improvement rates and static mortality tables. ▪ SEC adopts final regulations on investment advice.
Knowledge Sharing	▪ Aon Survey: Global DC and financial Wellbeing – Canada Findings summary ▪ The Real Deal (Canada): More information on Aon's Real Deal study. ▪ 2019 Global Pension Risk Survey: A recording of the English webinar (along other information) can be found here. ▪ Radar: weekly update of legislative and regulatory developments affecting pensions, benefits and employment in Canada.	▪ More information on Lump Sum Windows , Annuity Settlements and PEP plans. ▪ Aon's investment team recently published white papers on the investments outlook for 2021, the real estate market during the pandemic, and investment considerations for public pension plans ▪ Recent legal developments can be found here (Q4 2020) and here (Q1 2021). ▪ Aon Thought Leadership US: Documents are frequently added

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Ongoing developments: UK & Ireland

- Requirements
- Proposals
- Opportunities

	United Kingdom	Ireland
State	▪ General levy reviews ▪ Pension Scheme Bill has become an Act	▪ New government is working on updating the pension age hike, previous hike abandonded ▪ Budget 2021 released
Design	▪ Collective Defined Contribution (CDC) plans to be brought into regulatory regime. ▪ TPR Superfund Guidance ▪ (PPF) Insolvency Risk Consultation closed on November 24, 2020 ▪ Auto-enrollment retirement savings plan proposal	▪ An update on auto-enrolment is published. The expected launch date is still 2022 ▪ Guidance on pension contributions in a change-in-control
Financing	▪ Pensions Regulator increases focus on long-term funding and scheme maturity. ▪ Ongoing discussion on the definition of RPI ▪ Record levels of risk settlements. ▪ TPR issues DB commercial consolidator guidance ▪ Levy determination 2020/2021 final, consultation started on 2021/2022 ▪ TPR publishes interim response to its first DB funding code consultation	▪ Central Bank reporting requirements.
Operations	▪ GMP equalization ruling is final ▪ SIPs must cover Environmental, Social and Governance approach. ▪ Increased focus on governance. ▪ Pensions dashboard proposals. ▪ Tendering of fiduciary management services and investment advice objectives	▪ More coherent and transparent environment planned for governance. ▪ Implementation of IORP II in local law. ▪ Regulator's aim to consolidate DC plans to reduce from 70,000 to 100 plans. ▪ New IAPF benchmark "merit Plus" designation possible for defined contribution schemes. ▪ Trustees are planning for EU beneficial owner requirements.
Knowledge Sharing	▪ UK retirement conferences and seminars are added frequently ▪ Monthly retirement market podcast to stay up to date in the Retirement landscape ▪ Aon Insight zone is frequently updated with new insightful reading materials ▪ Aon's Guide to Member Options ▪ Aon's Risk Settlement page provides updates on the settlement market. ▪ Pension Clicks – Latest copy of the Monthly newsletter on Retirement related topics. Prior letters here.	

Ongoing developments: Continental Europe

- Requirements
- Proposals
- Opportunities

	Central & Eastern Europe	Continental Western Europe
State	**Region:** Many countries discussing and implementing changes in state pension both how it is design as well as how it is financed. Latest countries that are discussing and implementing are Azerbaijan, Greece, Poland, Romania, Serbia and Slovakia. More details can be found earlier in this publication.	**Norway**: Individual pension account system for DC pension plans approved **Portugal:** A new Pension Law is introduced **Sweden**: Contribution waiver for younger workers proposed
Design	**Poland:** Employer-sponsored (PPK) plan have come into law, action to be undertaken **Poland:** Cabinet approves OFE dissolution bill **Russia**: Proposal on regulatory framework for DC plans **Ukraine**: Delays in reforms until 2021 - constitutional challenge on retirement age **Romania:** Pillar 4 pension reform.	**Belgium:** Non-discrimination between blue- & white- collar workers **Belgium:** Reviewing interest guarantees in view of much lower interest rates **France:** Wide-spread regulatory reform (webinar) **Germany**: DC plans without guarantees **Greece**: DB to DC transition **Netherlands:** Pension Agreement advances, see our Webinar for more information **Portugal**: Exploring provision of annuity by pension funds as alternative to insurer **Switzerland:** Pension Legislation Change, see our Hot Topic earlier **Spain:** Change in contribution limits for Pension Plans
Financing	**Romania:** Second-pillar contribution rise planned.	**Germany:** Change in Insolvency Protection Fees **Switzerland**: Proposals on short-term financing of DC plans.
	EU/EEA: Employers in various countries exploring cross-border plans.	
Operations		**Italy:** Companies can now introduce DB bridging plans **Switzerland**: Review of rules on auditing pension funds.
	EU/EEA: EIOPA consultations on customisation of the Pensions Benefit Statement **EU**: IORP2 update: 17 countries have already transposed, action is to be taken against the countries that have not yet complied	

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Ongoing developments: Asia Pacific

- Requirements
- Proposals
- Opportunities

	South East Asia & Pacific	Rest of Asia
State	▪ **Japan:** Social Security reforms; plans to expand mandatory pension & retirement age ; retirement deferral encouragement ▪ **Malaysia:** Retirement income enhancement review ▪ **Singapore & Taiwan**: Retirement deferral plan ▪ **South Korea:** Pension Reform options ; NPS investment changes to occur over 2020-2024	▪ **Nepal:** Social Security coverage for Nepalese overseas proposed ▪ **Sri Lanka:** Social Security planned for migrant workers ▪ **Tajikistan:** proposal to increase state pension by September 2020 ▪ **Uzbekistan:** Pension reform plans outlined. ▪ **Vietnam:** Retirement age to increase gradually to 60 (F) and 62 (M) as from 2021
Design	▪ **Australia:** Super Reform ; Legislated increase SG from 9.5% to 10% on 1 July 2021 and gradually increasing to 12% by 2024 ▪ **Hong Kong:** MPF reform proposal ▪ **Japan:** Employee Pension Insurance Program expansion ▪ **New Zealand**: Proposals for subsidies to encourage low income savings.	▪ **China:** Third pillar individual account plan guidelines and pilot. ▪ **India:** IRDAI Investment guidelines change proposal ▪ **Kazakhstan:** UNPF employer contribution scheduled for 2023 & proposal asset transfer to private companies ▪ **Kyrgyzstan**: legislation framework third pillar DC schemes ▪ **Thailand**: Introduction of mandatory second-pillar fund.
Financing	▪ **Australia:** Several Superannuation reforms and regulations to protect members ; New fee disclosure guidance to come into effect by July 2021; Financial sector reform ▪ **Hong Kong:** New annuity plan for residents over 65 ; Plan to remove MPF offset for severance and long-service payments	▪ **Malaysia**: Budget proposals to change tax relief and employer contributions. ▪ **South Korea**: Funding targets from 80% to 90% in 2019, and to 100% in 2021.
Operations	▪ **Australia:** Superannuation prudential framework review, Super governance review, Super self review, Retirement Income review to improve governance, Disclosure of fee amendments ▪ **Hong Kong:** proposed tax regime for annuity premiums / contributions to the (MPF) / Trustees to submit first annual reports under AEOI by mid 2021	
Knowledge sharing	▪ Aon Japan have published an article on the amendments to the DC Pension Act, read and/or download here. A recent webinar was also held on retirement trends, click here to watch the recording.	▪ Aon India held a webinar recently on the new Labour Codes here. ▪ Aon Taiwan recently held a webinar on Old Plan Retirement Benefit De-Risking, click here to watch a recording of the webinar.

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Ongoing developments: Middle East, Africa & Latin America

- Requirements
- Proposals
- Opportunities

	Middle East & Africa	Latin America
State	**Ghana:** Diverting social security pension into mortgage financing **Iran:** Social security reform expected due to increase in dependency ratio. **Kenya:** Housing levy suspended **Mauritius:** Awaiting formal announcement on PRGF ; CSG court cases **Rwanda:** proposals made to reverse previous increase in retirement age. **Pakistan:** Minimum pension to rise by 2023 **Swaziland:** ENPF conversion proposal **Tanzania:** State pension formula reprieve until 2023 **Togo:** Minimum Pension proposed **Zimbabwe:** Pension revaluation plan & pension reform plan ; proposal for deadline remittance pension contribution	**Bermuda:** Planned amendments to the National Pension Scheme **Brazil:** Social security reform passed **Chile**: Pension reform proposals. **Colombia**: Social security reforms. **Costa Rica**: Social security reforms. **Ecuador**: Review of social security benefits. **Mexico**: Change in basis state pension **Nicaragua**: Social security reforms. **Peru**: Pension reform talks.
Design	**East African Community:** Plans to harmonise members' pension regulations for greater portability **Ghana:** Plan to expand pensionable salary **Morocco:** Pension system professionals to be established **South Africa:** Provident Fund annuitization requirement by March 1, 2021 **Uganda:** NSSF to be compulsory for private sector	**Chile:** Proposed private pension reforms, including employer contributions. **Costa Rica:** Update on Compulsory Supplementary Pension Scheme **Dominican Republic:** Debate over voluntary second pillar. **Mexico:** Plans being developed for voluntary employer-provided pension schemes.
Financing	**Kenya**: Draft guidelines to enable retirement funds to be diverted for medical cover. **Morocco:** Measure on tax deduction pension insurance contract ; Draft 2021 Finance Law **Mauritius**: Plans for transfer for retirement gratuity on change of employment. **South Africa:** Amendment proposal tax law provident fund **Saudi Arabia:** Severance pay upgrade proposed	**Mexico:** Increased interest in life-cycle investment funds. **Peru:** Efforts to simplify pension products and pension product choices.
Operations	**Egypt:** Draft law pension scheme governance	**Mexico:** Increased focus on employee communication and financial wellbeing. **Peru:** AFP longevity incentive discounts on management fees.

Aon International Retirement Events & Thought Leadership Update

Global Events, Surveys and Thought Leadership

Global Thought leadership (EMEA) - On this page you will be able to find a wealth of information on topics that are important for our clients in the EMEA region regarding DB plans, DC solutions, fiduciary Management, Mergers and Acquisitions, IORP II and many more.

International Discount Rates Newsletter- A reminder that we have launched a new Newsletter, where we cover how discount rates, inflation rates and investments are evolving, including details and consequences of Covid-19. Click for the latest December newsletter!

Cyprus: Defined Contribution Provident Fund Survey 2020 – click here to download the full report covering DC strategy, scheme design, contribution levels, investment approaches, member engagement and Aon expert insights.

APAC: Making Financial Wellbeing a Reality - Click here to learn how Aon helps organizations understand what financial worries your employees seek support for, and here to access more insights from our APAC team.

UK 2020 Risk Settlement Market Review - COVID-19 and lockdown threw 2020 into turmoil. In the face of this adversity, the risk settlement market was able to adapt and function efficiently to the extent that transactions in 2020 could break the £50bn mark. Click here to learn how to navigate through the bulk annuity, longevity swap and consolidation options.

US Pooled Employer Plans update – The first Pooled Employer Plans went live on January 1, 2021, including Aon's Pooled Employer Plan solution, reducing the effort required by companies that choose to provide benefits to their employees. Click here to learn more about the advantages of PEPs.

Country/Regional Events & Surveys

Various – There have been a number of webinars recently on various retirement related topics. Click the links to download the webinars on Netherlands (most recent one here in Dutch), Singapore, Canada (French or English), Switzerland, Philippines, China & Hong Kong, Japan , France, Italy and Spain, and our latest one covering Belgium. The next Webinar will focus on India on February 24, you can register here. Further webinars you can look forward to in 2021 include South Korea, Australia & New Zealand, Ireland, Germany, Nordic countries, Canada, Brazil and Mexico with Latin America updates. Every month we will update this page with details on how to sign up.

Aon 2021 Virtual Pension Conference - The Aon 2021 Virtual Pension Conference will kick off on Monday 22 March through Friday 27 March 2021 and will run each morning from 9:30am – 1:30pm. This conference will help you reflect on your own pension scheme strategy and will include lots of real-life examples. Click here to view the full agenda and to register.

UK: Member options – With all the recent changes in the market, including regulatory developments and changes as a result of COVID-19, this digital conference explores why now may be the right time to review your strategy on member options.

For more information on any of the above, please contact your Aon international retirement consultant, your Aon global account executive, other regular Aon contacts, or Colin Haines (Partner, International Retirement). Also visit the Global Retirement Management section of aon.com for access to broader information about global retirement topics. Follow this link to request a copy of our monthly bulletin on broader benefits matters. Lastly, you can find Aon's retirement-themed podcasts here.

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