



Aon Global Retirement Bulletin

August 2020

Aon Global Retirement Bulletin is a very short monthly publication referencing a few changes since the latest Global Retirement Insights Quarterly. On page 3 you will find an overview of upcoming Global and Regional events that might be of interest to you.

On page 2 we have included the Hot Topic on COVID-19. We included this in our GR IQ Q1, and have included relevant updates compared to previous quarter. Below are the highlighted changes and proposals that have arisen this month.

- Design
- Financing
- Operations
- State

- In the [UK](#) HMRC has published [Pension schemes newsletter 122](#), that among other things provides the latest update on [GMP equalization](#).
- In [Ireland](#) it has been reported that the Bank of Ireland will charge a negative interest rate of 0.65% on “specialized accounts” including those held by pension schemes.
- In [Mauritius](#), the Revenue Authority has updated the [basic wage thresholds](#) for calculating the employer contributions to the NPF and NSF as from 1 July 2020.
- In the [UK](#) The Finance Act 2020 received Royal Assent on July 22. Changes include the change to the tapered annual allowance (as announced in Budget 2020) and COVID 19 related measures.
- In [Hong Kong](#), the MPF Ordinance 2020 was passed. From 1 October 2020, MPF Trustees will pay a statutory ARF of 0.03% of the NAV of an MPF scheme to finance the establishment of the eMPF Centralised Platform (Trustees are not allowed to pass on the fee to the scheme or scheme members).
- In [Germany](#), a law was approved introducing an income-tested basic pension supplementing the social insurance old-age pension starting January 1, 2021.
- In [Mexico](#) the President has submitted proposals to reform the pension system. Highlights include changes to contribution structure, eligibility for minimum pension changes and an overall increase of the replacement ratio.
- In [Morocco](#), the government announced plans to start working on the social security reform and is expected to gradually implement several benefit from January 2021.

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.

Visit our [website](#) to find previous issues of our update as well as our #GlobalBenefitsBulletin Highlights, Aon’s monthly high-level report on benefits

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Consulting | Retirement and Investment

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Hot Topic: Global – COVID-19¹

<p>What has happened?</p>	<p>COVID-19 has affected the lives of everyone around the globe. The outbreak started in December of 2019, was declared a Public Health Emergency late January by the World Health Organization (WHO) and recognized as a Pandemic on March 11, 2020. The outbreak also had and has a severe impact on our global economy. Financial markets have dropped significantly and are seeing high volatility, governments are implementing many emergency legislations to support their countries and normal life has been put on hold. These are challenging times. Aon is here to help you through this. We have the expertise in place to support you and have published lots of content.</p>
<p>Global Resources and insights</p>	<ul style="list-style-type: none"> ▪ 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. 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), a Q&A from the IRS on COVID here, and a study on retirement readiness during times of instability here (based on our Real Deal study). More info on measures for 401(k) plans can be found here. In Canada, Aon’s 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, here and here. ▪ UK – You can find specific information for the UK here. Among the topics are Investments & Markets, Real-time pensions funding data and DC Pension Schemes. Further information can be found here, here, here, here, here and here. ▪ 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. Ireland recently held a webcast on COVID-19 and the impact on pension plans, the supporting slides can be found here. In France the pension reform was postponed to an undetermined date. Spain has seen changes being made to their Social Security system. ▪ Africa – The Ghana Revenue Authority announced tax incentives. In South Africa there has been a temporary change to draw down procedures. In Egypt, as from 14 August 2020, certain employees and pensioners may see a reduction in their net salaries (0.5-1.0%) for 12 months to support the national economy during pandemics and natural disasters. ▪ APAC region – 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. Aon published articles on COVID-19 impacts on HR policies in Malaysia and Thailand, as well as an Employee Pulse survey in Malaysia. In Australia emergency measures have been announced allowing early access to superannuation, reducing drawdown and deeming rates. Furthermore, the Super reform has been postponed. India is allowing withdrawals from the NPS and relaxing measures for the EPF. ▪ Middle East – The governments of Kazakhstan, Kuwait and Lebanon have announced temporary measures.
<p>Who can provide more information or support?</p>	<p>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.</p>

¹Please 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.

Key areas of current focus for employers

- Requirements
- Proposals
- Opportunities

Global:

- Covid 19 (2-20)
- Cyber risk management
- Plan consolidation

United Kingdom & Ireland:

- UK: DB commercial cons. guidance (2-20)
- UK: Funding reforms (1-20)
- UK: Redefinition (lower) of RPI inflation
- UK: Wide ranging Pensions Bill
- UK: GMP equalisation corrections
- UK: Budget 2020
- UK: Levy 2020/2021 finalized
- Ireland: Pension Reforms

United States:

- DC optimization
- De-risking DB plans
- PEP introduction (2-20)
- Settlement with insurers
- U.S.: SECURE act comes into effect

Canada:

- Pension funding reform in many Provinces
- Commuted values adjustments delayed (Q4 2020)
- Multi-Jurisdictional Pension Plan Agreement moves forward

Latin America:

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

Brazil:

- Settle DB risks with an insurer
- Social security reform passed
- DC plan operations & governance

Netherlands:

- Agreement reached on pension reforms (2-20)
- Deficit contributions or benefit reductions

Germany:

- Increasing pre-funding of DB plans
- DC without guarantees
- CMI-linked mortality tables
- Implementation of the IORP II Directive
- PSV Insurance (2-20)

Switzerland:

- Reducing annuity conversion rates
- Pure DC for high-earners
- Ongoing pension reforms (2-20)

Middle East:

- Pension and savings reform: young population, reducing oil
- UAE/DIFC Mandatory DC 2nd pillar proposal
- Funding End of Service Gratuities
- Abu Dhabi: increase in pensionable salary (2-20)

Africa:

- Encouragement of saving for retirement
- Mauritius: Portable Retirement Gratuity Fund
- Zimbabwe: Currency valuation ruling (1-20)

India:

- Financial Wellbeing
- Improving attractiveness of NPS
- Investment risk governance
- EPF contributions on all earnings
- Employer sponsored retirement plan tax implications (1-20)

Australia:

- Focus on member outcomes & governance
- Super Reform
- Strengthening Superannuation

Common across Europe:

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

Elsewhere across Europe:

- Eastern Europe: 1st & 2nd pillar reform
- France: Fully revised pension plan structure
- Italy: Encouragement of savings for sufficient pension
- Poland: mandatory plan (PPK) implementation

Hong Kong:

- New tax deductions
- New administration requirements
- MPF offset removal
- New tax reporting requirements
- ORSO amendments

Japan:

- CDC type plans
- Employee Pension Insurance program expanded
- DC governance & quality

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)

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

Aon International Retirement Events & Thought Leadership Update

Global Events, Surveys and Thought Leadership

Resilience Survey – Many thanks to those who participate in this survey. The insights of this survey can be found [here](#). Click [here](#) to contact us.

Global Survey Accounting assumptions FY 2019 - Aon's annual survey includes an overview of the average assumptions used by companies for disclosures produced under ASC 715, IAS 19 and FRS 102. For more info contact [Kirsten Miler](#) or [Chance Sorenson](#).

2019 Global Pension Risk Survey - Thank you to those who participated in the Global Pension Risk Survey 2019. Local teams have now produced outputs for the USA, Canada, UK, Germany, Ireland, Netherlands, Switzerland – plus multinational findings – which can be found via the [global page](#). Please feel free to contact your regular Aon consultant to discuss findings.

Risk Settlement Market review – We review themes over the last year and discuss the driving forces (besides COVID-19) we see shaping pensions risk settlement activity in 2020 and beyond. Click [here](#) for the UK report and [here](#) for the US report.

UK Funding analysis– Aon UK sets out the approaches to and results of UK pension schemes' funding valuations completed up to July 2020. It shows the positions of schemes at effective dates to July 2019, and considers the assumptions adopted for assessing schemes' liabilities, and formulating recovery plans where schemes were found to be under-funded. Click [here](#) to read key findings and request access to the full report.

Country/Regional Events & Surveys

Various – There have been a number of webinars recently on various retirement related topics. Click the links to download the international retirement webinars on [France](#), [Netherlands](#) (most recent one [here](#) in Dutch), [Poland](#) and [Singapore](#).

Canada – Our R&I division in Canada hosted a webinar on the impact of COVID-19 on employee retirement readiness and Capital Accumulation Plans in Canada. A recording can be found [here](#), a copy of the slides can be found [here](#).

France, Italy and Spain – Aon is hosting 2 webinars (October 13 and 14) on retirement related topics in France, Italy and Spain. Click [here](#) to register.

Japan - Aon is hosting 2 webinars (September 22 and 23) on retirement related topics in Japan. Click [here](#) to register.

Netherlands– Ask local Dutch colleagues to join Aon's upcoming September 2020 seminar (September 22) on the pension reforms, for which you can register [here](#) (in Dutch)

UK – Aon will be sponsoring the Defined Benefit section of this year's PLSA (virtual) Conference. Confirmed speakers include Torsten Bell, Tony Burden, Martin Lewis, Laura Kuenssberg and David Olusoga. More information is available [here](#).

US – On June 24 Byron Beebe, Rick Jones, Barb Hogg, and Ed Bardowski have provided an update on the concept of the PEP and what Aon has been doing since the passing of SECURE earlier this year. They have touched briefly on the evolution of OCIO and delegated solutions to show clients the range of how Aon can help evaluate critical functions during this time. Click [here](#) for the replay.

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). Click [here](#) to access more thought leadership in Aon's new global digital Retirement Insights hub. Also visit the [Global Retirement Management](#) section of [aon.com](#) for access to broader information about global retirement topics or the [Aon Retirement and Investment Blog](#) which sees updates twice a week with latest information and insights, with strong focus on investment market changes. 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](#).