

CWPS News



2017

Your Pension – Your Future



Chairman's Welcome

Welcome to the tenth edition of the Construction Workers' Pension Scheme (the Scheme) annual newsletter for members.

The prospect of growth in the construction industry and in the Scheme which I had hoped for and mentioned in the 2016 newsletter has, at last, started to take hold. 2016 showed to be a year of increased numbers working in the industry as well as strong growth in our scheme membership which has increased membership in the region of 3,000 in the year, which is over 15% approximately since the low point of more than three years ago.

Last year, I welcomed the legislation which was passed in 2015 that gives a framework for Sectoral Employment Orders, which could lead to a replacement for the REA. I can report some progress on this as a submission was lodged with the Labour Court for General Contracting and a submission for Mechanical and Electrical Contracting is to be lodged in the near future. The application for General Contracting is currently out for comment by the Labour Court and we await the outcome in respect of pension, sick pay, and death in service.

The Scheme continues to grow and its fund value has increased by about 5% in 2016. Despite the challenge of the current low interest environment, the returns in 2016 for all members' sub funds were well into positive territory.

I would also like to take the opportunity to bring to our members attention that more than 7,500 of your construction colleagues are now pensioners of the Scheme and are benefiting from their past contributions to the Scheme. Their monthly payroll is an integral part of the service CWPS provides, through both the saving and retirement phases of the Scheme.

The Trustee also made some further enhancements to the Scheme in 2016 in relation to the death in service benefits.

As always, the aim of CWPS is to maximize the growth and returns for all our members irrespective of the current unsettled outlook. This is done by providing a secure saving environment for the individual member pots to enable the Scheme to pay cash lump sums, as well as a regular monthly payment for life at retirement. All this is dependent on the continuous payment of contributions to the Scheme.

I encourage all members to read this newsletter as it contains articles on how your pension is invested as well as how you personally can increase your retirement savings by considering saving Additional Voluntary Contributions.

I look forward to your continued involvement and to the ongoing success of your Scheme in the years ahead.

Andy O'Gorman

Chairman

View your CWPS Account Online



Did you know that you can view your Pension Account using the CWPS website?

Once you are logged on with your unique password you will have access to see current details of your Pension Account and how your account is performing. Why don't you contact our team to get you started and then you can:

- View your current up to date fund value
- See how your fund is invested
- View your pension contributions paid to CWPS
- View any Additional Voluntary Contributions paid to CWPS
- Calculate your future fund values using the pension calculator
- Update your personal details
- Download CWPS Booklets and Forms

All you will need to do is register online at www.cwps.ie and click on the **Member Online Services icon** and CWPS will then issue you with your own password to use the service.

Alternatively you can contact our team if you need more information.

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How can I increase my pension?



As a member of the Construction Workers Pension Scheme (CWPS) you are already building up valuable benefits for your retirement. However you can, if you wish, save a little more into your pension account through Additional Voluntary Contributions (AVCs). This will help you achieve the lifestyle you want in your retirement. 100% of all AVCs saved to

CWPS are added to the pension contributions that you and your employer pay each week to your Pension Account and the total fund is invested on your behalf. AVCs saved with CWPS are **commission free** and you get **tax relief** on AVC paid to CWPS so you will be saving for our retirements as well as reducing your income tax.

Why should I save Additional Voluntary Contributions?

There are plenty of reasons why you might want to save AVCs to CWPS. To help you decide you should ask yourself some questions:



- Will the estimated pension at 65 shown on my CWPS Benefit Statement be enough for my future income in retirement?
- Will my CWPS pension and the State pension be my only source of income?
- What expenses will I need to cover from my retirement income?
- Will this income be enough for the expected lifestyle I want in retirement?

How can Additional Voluntary Contributions improve my benefits?

If you save AVCs to your Pension Account, your account will increase and in turn provide extra benefits for you in retirement.



For example you can:

- Maximise the amount of tax-free cash lump sum you can take at retirement.
- Increase your own pension in retirement.
- Choose to invest your AVC fund in an Approved Retirement Fund (ARF) after retirement subject to Revenue requirements.
- Receive valuable tax relief on AVC amounts you pay, for example, every €100 you invest, it will currently only cost you €60, assuming you pay tax at 40%.

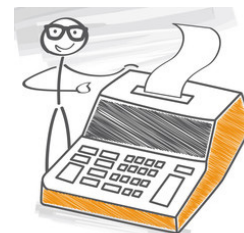


Your AVC contributions are invested along with your standard contributions in the Lifestyle investment strategy. In 2017 the Trustee will introduce investment choices for your AVC fund – more information will be sent to you on AVC investment choices in the coming months.

Tax advantages of saving AVCs

Paying AVCs through your salary

AVCs are a tax-efficient way of saving for your retirement as relief from Income Tax is allowed on AVCs paid to your fund. This means that, if you save your AVCs through your employer as a deduction from your salary, the reduction in take home pay is much less than the amount of the AVC you are saving.



For example, the saving of a regular AVC of €100 would reduce your take home pay in the 2017 tax year as per the schedule below.

AVC CONTRIBUTED	RATE OF INCOME TAX	REDUCTION IN TAKE HOME PAY
€100.00	20%	€80.00
€100.00	40%	€60.00

Paying AVCs directly to CWPS

If you prefer not to have deductions made through your payroll, you can save amounts directly to CWPS by personal cheque or standing order. The same amount of Income Tax relief will apply, however you must claim your tax relief directly from Revenue at the end of each tax year.

Is there a maximum level of tax relief available on AVCs?

The maximum amount that you can save towards your pension through regular contributions and additional contributions each year and still receive tax relief depends on your age.

Maximum % of total pay that you can pay each year to a pension account

AGE	Maximum Percentage of Total Pay*
UNDER AGE 30	15% of Total Pay
AGE 30 TO 39	20% of Total Pay
AGE 40 TO 49	25% of Total Pay
AGE 50 TO 54	30% of Total Pay
AGE 55 TO 59	35% of Total Pay
AGE 60 AND OVER	40% of Total Pay

* Subject to Revenue maximum of €115,000.

How can I pay Additional Voluntary Contributions?

Paying through your payroll.

You can save AVCs through your employer directly from your salary. If you pay this way, you will get income tax relief through your salary. You should contact CWPS for an application form and we will let your employer know that you want to have deductions made from your salary.

Paying by Standing Order.

If you prefer, you can set up a standing order directly from your bank account. To pay this way, you should contact CWPS for an application form.

You can also pay by cheque directly to CWPS, you should contact CWPS for an application form and you can make your first cheque payment. You can send in cheque payments as often as you like after that.

How is my Pension Account invested?

Trustee Investment Strategy

Members build up a Pension Account in their own name in Construction Workers' Pension Scheme (CWPS), however, the underlying assets of these accounts are held in a common fund. The Trustee is responsible for looking after the fund and making sure that it is invested prudently for the members. The Trustee has adopted a single investment strategy called "Lifestyling" which phases members' Pension Accounts across a range of age related investment funds. This means that when members are many years from retirement, their Pension Account will be invested in growth focused funds, and then as members approach retirement, their Pension Account is gradually invested in protection focused funds and the aim of this is to protect the value of the members fund as the member approaches retirement.

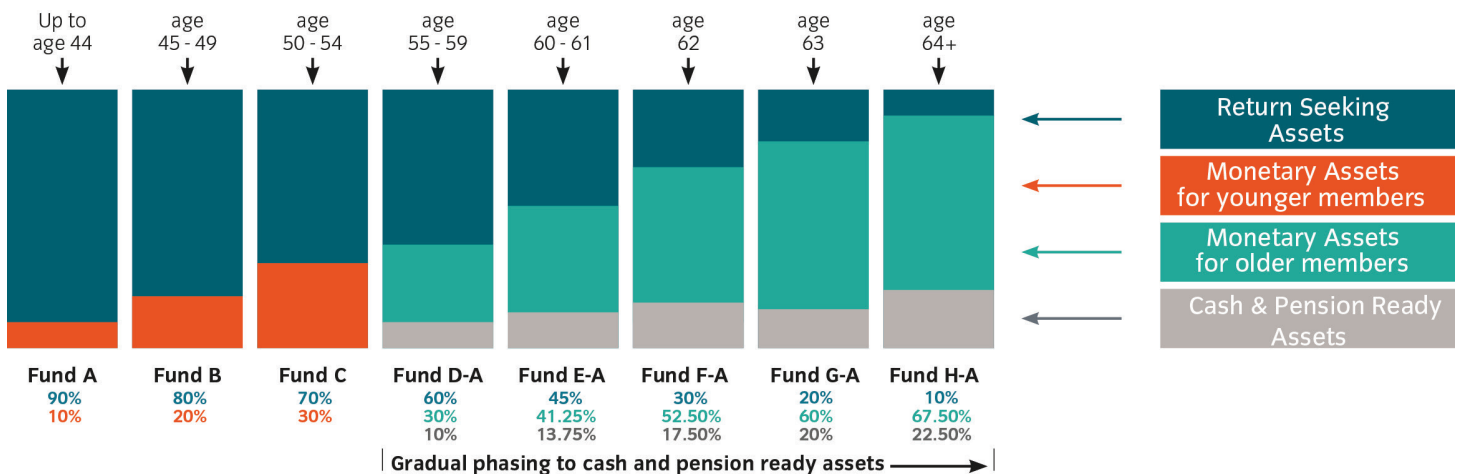
How does Lifestyling work?

Pension contributions are allocated by the Trustee to eight separate main investment funds depending on the member's age. At various stages during a member's life their pension fund is invested in investments that are appropriate to the length of time a member has to their retirement. From age 20 and up to age 44, when a member is a long way from retirement, their Pension Account will be invested mainly in shares and property, this is because, over long periods, these types of investments have historically provided good returns ahead of inflation. After age 45 and as a member gets closer to age 65, their Pension Account will gradually be moved into bonds and cash as these assets deliver a fixed rate of interest.

The returns achieved by these funds more closely match the cost of providing a pension so it is appropriate to invest in these assets close to retirement.



The following chart shows how funds are invested in CWPS during the lifetime of members who are expected to have a final fund value of over €26,667 saved. For members who are expected to have a lesser fund value there is an alternative strategy from age 55. You can get more details on the CWPS Investment funds on our website www.cwps.ie

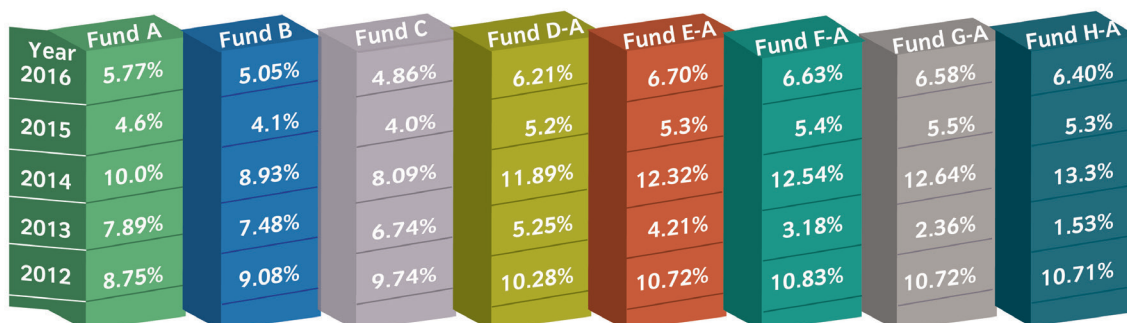


Trustee Review of Investment Funds

The Trustee carries out regular reviews to make sure that CWPS continues to meet the needs of members and monitor how the money building up in the Scheme is invested. The day-to-day decisions are delegated to Investment Advisors and the investment of the overall fund is carried out by specialist investment managers. The Trustee has taken great care in selecting the investment managers and you should remember that the Trustee is not responsible for the actual investment performance of any manager. The Trustee and their Investment Advisors monitor the investment performance of investment managers regularly as part of their duty to act in the best interests of members. You should remember that investments can fall as well as rise, and that providing for your retirement is a long-term commitment. The aim is that a poor fund performance in any one year will not prevent a positive outcome over the course of your working life.

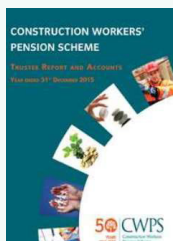
How CWPS funds have performed over the last 5 years

All CWPS sub-funds have performed well over the last few years. Below is a table which shows the net returns for each of the above funds for Scheme Years 2012 through to 2016.



Trustee Annual Report

The Trustee Annual Report & Accounts for year ending 31/12/2015 was made available to members in August 2016. Copies are available to download at www.cwps.ie/booklets or by request to the CWPS Team at 01 497 7663.



Some highlights from the Trustee Annual Report

Members

individual member accounts	281,838
active members	18,532
pensioners and dependents being paid by the scheme	7,796
members claimed retirement benefit (including transfers out) in 2015	1,855

Employers

participating employers	7,033
employers joined the Scheme	81

Scheme Assets	Total net asset value of the Scheme	1,395 million
	Increase in scheme's investments assets	25.7 million
	Collected in contributions in 2015	41.3 million
	Pension payments made	25 million
	Lump Sum Death Benefit payments	2.5 million

Trust Deed & Rules

The Trust Deed & Rules are the legal documents by which the Scheme is governed. They contain details of the Trustees' powers, sets out the provisions for operating the Scheme as a trust and give full details of all the Scheme's benefits. During 2016 changes were made to the Trust Deed and Rules.

Copies of the Deed are available on request or can be downloaded from our website www.cwps.ie



CPAS Insights

CPAS Insights is a client newsletter sent by email every two months providing tips and tricks to manage your money better, updates on pension developments and legislation that might impact you and articles on a wide range of other personal finance topics.

If you would like to receive a copy, please sign up at www.cpas.ie/signup or www.cwps.ie

Sick Pay Benefit from CWPS

Did you know that as an active member of CWPS you are covered for Sick Pay Benefit while you are absent from work due to illness or injury. This benefit is payable after a **3 day** waiting period as opposed to the current 6 day waiting period from the Department of Social Protection.

The Construction Workers Sick Pay Scheme is quite unique as it is self-funded and the trust is managed by an Independent Trustee company. This means that there are **no underwriting** conditions for members who are claiming benefit from the Sick Pay Scheme. This is important as workers in the construction industry may have difficulty getting cover with another provider, as they are considered a high risk category.

Benefits Paid

Sick Pay benefit of €190.55 a week is payable to active members up to age 66 subject to qualifying criteria

- Sick Pay benefit is paid for a maximum of 50 days in a year
- Payments are made to you through your bank account
- Sick Pay benefit is payable in addition to illness benefit that may be due from Department of Social Protection
- Sick Pay benefit is included in your CWPS membership and is provided at a very low cost to members of 63c per week
- Sick Pay benefits paid to you can be viewed through your personal CWPS Online Service Account.



How to claim Sick Pay benefit

If you think you are entitled to claim Sick Pay benefit, all you have to do is:

- Complete an application form for Sick Pay Benefit (SP1) and send it to CWPS along with
- A letter from your doctor or a copy of Department of Social Protection medical certificate

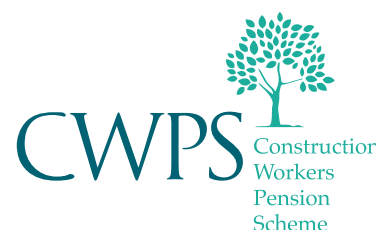
You can also contact us for further information:

Phone: 01 497 7663

Email: sickpay@cwps.ie

Write to: CWPS – Sick Pay Benefit, Canal House, Canal Road, Dublin 6

Website: You can download an application form for Sick Pay Benefit (SP1) from our website www.cwps.ie



visit us at www.cwps.ie

Construction Workers Pension Scheme

Canal House, Canal Road, Dublin 6
03/17/Public