

2015



Welcome to the Construction Workers Pension Scheme newsletter for employers. This newsletter will look at some of the Scheme highlights over the last year and also some proposed changes to the pension landscape for the future.

As the construction industry has started to generate activity again, it is at last, possible to talk of growth in the construction sector and we can also look forward to growth in membership of CWPS.

We were very pleased that over the last year employers and members still see the benefits of continued membership, however, now that the sector is growing again, every effort must be made to extend the same protection and benefits offered by the Sick Pay Scheme, Death in Service and, of course, saving for a future pension to both those returning to work in construction or those new to construction.

The CWPS Trustee are delighted to announce that with effect from 1st May 2015, the Death in Service benefit for members currently paying into CWPS has increased from €63,500 to €100,000. This increase in benefit is at no extra cost to members or employers.

The value of the overall fund, made up of all the individual member's pots, has grown from €946 million at the end of 2009 to €1347 million at the end of 2014; an increase of €400 million or 42% in 5 years of turmoil nationally and internationally, as well as contraction in the active members of the scheme since 2009.

The Scheme has received the award for 'Best Pension Scheme in Ireland' at the IPE Awards 2014, which were held in Vienna. When presenting the Award the judges' commented that CWPS was: "A well-structured scheme with rigorous governance structure; there would appear to be a good understanding of the underlying liabilities and assets to appropriately manage risk." I am sure that you, as members, will join with the Trustee in extending our congratulations to the management and staff who work so hard to achieve this level of recognition for the Scheme.

If you have any questions or queries in relation to the Scheme, can be dealt with by calling our dedicated Team on 01 497 7663; or by visiting our website www.cwps.ie.

Andy O'Gorman
Chairman



INCREASED PROTECTION FOR YOUR EMPLOYEES

The CWPS Trustee are delighted that with effect from 1 May 2015, the Death-in-Service benefit for members currently paying into CWPS has increased from €63,500 to €100,000 at no extra cost. There is also an additional benefit of €3,175 for each eligible child. In the event of death before retirement, this benefit would be paid to a member's next of kin along with the total value of their CWPS Pension Account.

This benefit is subject to CWPS rules, please see our website, www.cwps.ie for more information.



CWPS AWARD WIN

CWPS wins Best Pension Fund in Ireland Award

At the recent IPE Awards in Vienna, the Construction Workers' Pension Scheme (CWPS) won Best Pension Fund in Ireland.

The IPE Awards is an annual event that sets the industry benchmark for excellence in the management of Europe's pension funds. The event recognises and rewards the hard work and creative thinking of both the pension funds and their executives.



CWPS Chairman accepting award

Commenting on their win, Mr Andy O'Gorman, Chairman of CWPS said "I am delighted that the Pension Fund has won such a prestigious award and I congratulate everyone involved in the running of the Scheme including the CPAS administration team, all the Scheme advisors and the Trustee Board".

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CWPS ANNUAL MEMBER BENEFIT STATEMENTS

We are currently issuing our CWPS Annual Benefit Statements to all active members of the Scheme. This annual mail-out to active members is a requirement under current pension legislation.

CWPS benefit statements record the number of pension contributions paid to the Scheme on behalf of each member for 2014. The statements will also give active members an estimate of their expected benefit at normal retirement age 65 and details of how they can enhance this benefit by paying additional voluntary contributions to CWPS. Each member will also receive a copy of the annual CWPS News, which provides the members with a great deal of additional information about the Scheme and any relevant legislative changes that may affect them.

When your employees receive their annual benefit statement you may receive some queries from them. Our administration team will be happy to help you with any queries either you or your employees have regarding these statements. You can call us at 01 497 7663 for assistance.

We have an Online members service on our website where members of the Scheme, both active and deferred, can register to keep up to date with the pension contributions paid in on their behalf as well as the current value of their pension fund, as well as keeping their personal details up to date. Registration is simple and easy - if any of your employees are interested please ask them to visit www.cwps.ie



ONLINE PAYMENT FACILITY FOR EMPLOYERS

CWPS offers a secure online facility to our registered employers to submit and pay monthly pension schedules and also register new employees in CWPS. We use sophisticated security to safeguard information entered by you and data is stored and processed in strict compliance with Irish data protection laws.

BENEFITS OF USING 'OPS'

- Saves you time and money
- You have 24/7 access to your account
- You are in control of your account
- You can update pension contributions directly to CWPS
- You can add / remove your employees instantly
- Emails are sent every month when your monthly pension schedules are available to update / submit
- You can view / print all your online payment receipts and allocation listings
- You can keep your employees personal details up to date

For more information  www.cwps.ie  CWPS Team on 01 407 1488

RECENT AND UPCOMING CHANGES TO PENSION LEGISLATION

Pension levy

In the December 2013 Budget, the Minister for Finance announced that he was increasing the already existing Government pension levy of 0.6% by a further 0.15%. This increase brought the overall Government pensions levy for 2014 from 0.6% to 0.75% and this new 0.75% levy was applied to all pension funds in 2014.

For 2015, the original Government pension levy of 0.6% will be reduced to 0.15%, this means that a Government pension levy of 0.15% will be applied to all pension funds in 2015. The good news is that the Government has no plans to continue with the pension levy after 2015.

The impact of the levy on the value of member funds for the year 2011 was nil as the Trustee paid this levy on their behalf. For 2012 and 2013 the levy of 6% was deducted and in 2014 a levy of 0.75% was deducted.

UNIVERSAL RETIREMENT SAVINGS SCHEME FOR PRIVATE-SECTOR WORKERS

What will compulsory pensions mean for employers and members of the construction industry?



Kevin Walsh
Head of Operations CPAS

The Pensions Time Bomb

The best place to start is to explain one of the biggest economic challenges of the future that is facing this country and that is the pensions "time bomb". The fact is today there are 5.7 people working for every pensioner in the country, but, because of our ageing population, in 2040 there will only be 2 people working for every pensioner. The impact of this is that taxation (income for the state) will reduce as there will be fewer workers, while costs for the state (old age pensions) will increase as there will be more pensioners.

To try and counter this, the Government currently allow generous tax breaks to workers to fund their own pensions for the future. The thinking is that if people can look after their retirement themselves, this will reduce the burden on the State. Unfortunately, even with these tax breaks, half of private-sector workers are not in pension schemes. These people will be completely reliant on the State Pension, which is currently a maximum of only €230 per week. This amount can really only reduce as the impact of the pensions time bomb kicks in.

This is a really significant issue facing the Government, and many other governments around the world. To deal with it in Ireland, the Government recently announced that an expert group would begin work on a plan to introduce proposals for a **universal retirement savings scheme** for private-sector workers.

Pension Scheme Costs will be Key

With these compulsory pensions are likely to come lots of low contribution amounts, and in turn relatively small pension funds. The costs of running these schemes will need to be very low, or else the funds will be eroded by charges. This in turn will completely undermine the rationale for introducing compulsory pensions.

Administration and management charges reduce each individual's pension savings and their income in retirement. Of course, management of pension schemes cannot come without charges, however there are vehicles that can provide more efficient solutions than others.

CWPS are really well placed if compulsory pensions are introduced, because of the structure of our scheme. CWPS is managed on a "Master Trusts" basis for employers in the Construction Sector. Under a Master Trust, the product provider manages a pension scheme for a number of employers under a single trust arrangement. Master Trusts achieve the scale in pension provision and governance capability, which in turn keep costs low. So instead of having a separate pension scheme for each employer, with each governed by a Trustee Board, CWPS offers pension provision to a number of employers who are all governed by a single Trustee Board, thus achieving economies of scale. Think of it like an umbrella scheme, with responsibility for lots of smaller schemes. Master Trusts can provide high quality investment management, administration, governance and communications. Full legal, actuarial, and investment services are also provided to the Trustee Board which in turn leads to each participating employer in the scheme gaining from economies of scale.

And now with over 20,000 active members in a Master Trust managed by CWPS, members of the construction industry already benefit hugely from the economies of scale mentioned above! So maybe compulsory pensions will not pose the same challenge to construction firms, as they potentially will do for the rest of the economy.



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CPAS Insights

The Construction Workers Pension Scheme is administered by CIF Pension Administration Services (CPAS). CPAS are the Pensions and Financial Services arm of the Construction Industry Federation, and manage employee benefits for members of the construction sector. However CPAS wants to do more for our clients; they want to provide you with useful information to help you understand and manage your pension benefits.

To do this, they have launched a client newsletter called CPAS Insights that they send by email every two months. In it they provide 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