

HEALTH WEALTH CAREER

# THE MERCER MASTER TRUST

MAXIMISING VALUE  
ACROSS GOVERNANCE,  
ADMINISTRATION  
& INVESTMENTS



MAKE TOMORROW, TODAY



The job of being a defined contribution (DC) scheme trustee is becoming more complex and time-consuming. The Irish Pensions Authority recently published comprehensive codes of governance<sup>1</sup> that DC trustees need to follow. This is in addition to its previously published investment guidelines<sup>2</sup> and regulatory checklist<sup>3</sup> for on-the-spot fines.

Most employers continue to choose the benefits of the trust-based approach to DC provision but many would prefer not to have to manage the burden of trusteeship themselves. The Mercer Master Trust now makes it possible to access the highest quality services whilst delegating fiduciary oversight duties to independent dedicated professionals.

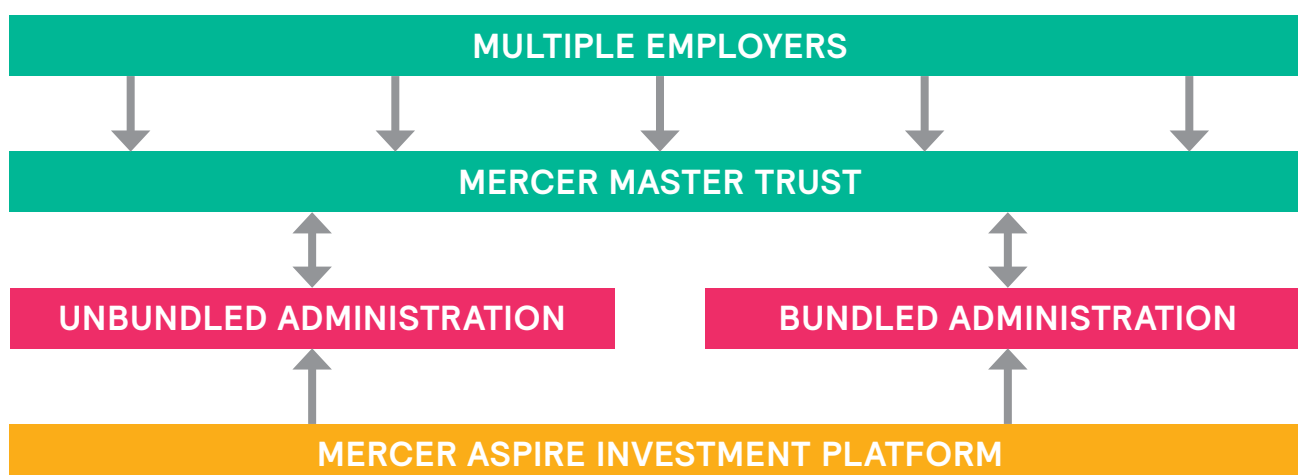
## MASTER TRUSTS & THE MOVE TOWARDS “COLLECTIVE DC” GOVERNANCE

A master trust provides a way for the pension plans of multiple employers to be gathered within a single trust. Each employer’s plan is then ring-fenced within this master trust. As a result, the complexities and costs normally associated with the operation and governance of a pension plan are significantly reduced for each employer.

Although the idea of “collective DC” is relatively new to Ireland, it has become a dominant form of provision in many of the more mature DC markets such as Australia. The UK government recently chose the master trust approach when setting up

its National Employment Savings Trust (NEST) to support auto-enrolment in workplace pensions. Recognising that good governance adds real value, the Mercer Master Trust now brings those international best practices to Ireland.

Around the world, many governments and pensions regulators are actively promoting the master trust approach as a means of boosting governance standards. The approach reduces the inefficiencies associated with having large numbers of stand alone schemes.



1 [http://www.pensionsauthority.ie/en/News\\_Press/News\\_Press\\_Archive/Codes\\_of\\_governance\\_for\\_defined\\_contribution\\_schemes.pdf](http://www.pensionsauthority.ie/en/News_Press/News_Press_Archive/Codes_of_governance_for_defined_contribution_schemes.pdf)

2 [http://www.pensionsauthority.ie/en/Publications/Information\\_Booklets/Investment\\_Guidelines\\_-\\_For\\_trustees\\_of\\_defined\\_contribution\\_pension\\_schemes\\_.pdf](http://www.pensionsauthority.ie/en/Publications/Information_Booklets/Investment_Guidelines_-_For_trustees_of_defined_contribution_pension_schemes_.pdf)

3 [http://www.pensionsauthority.ie/en/News\\_Press/Trustee\\_and\\_employer\\_on-the-spot\\_fines\\_checklists.pdf](http://www.pensionsauthority.ie/en/News_Press/Trustee_and_employer_on-the-spot_fines_checklists.pdf)

## CHOOSING THE MOST COST-EFFECTIVE ADMINISTRATION MODEL

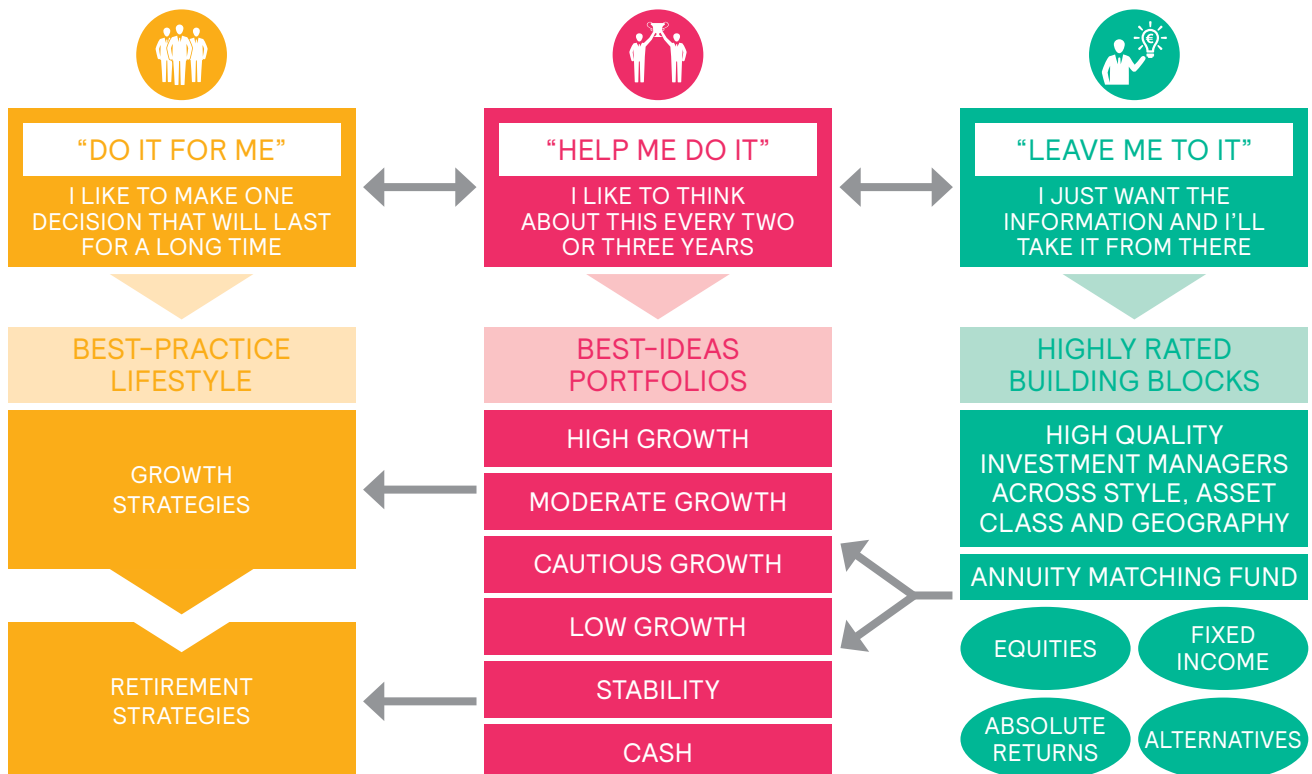
The Mercer Master Trust is built on the understanding that one size does not fit all. Participating employers can select the administration model that best suits their needs. They can choose between a traditional ‘unbundled’ fee-for-service approach that allows a degree of customisation into their processes and communications.

Alternatively, they can choose a more standardised ‘bundled’ model that cost-shares with members by bundling running costs into the asset management charge.

In this way, both the largest and smallest participants can avail of the robust and continuous professional oversight that the master trust approach provides. They can maximise cost-effectiveness while minimising risk, and they can reduce complexity while retaining control. Whichever administration model is chosen, all participants can expect regular monitoring and review with quarterly reporting on performance and annual reporting against regulatory standards.

## THE MERCER ASPIRE INVESTMENT PLATFORM

All master trust members have access to Mercer Aspire, our unique DC investment platform. The platform comprises a range of highly rated, white-labelled building-block funds together with risk-rated portfolios and dynamically managed strategies. It is under-pinned by our international research and ratings expertise, and it provides for an engaging communications approach that recognises the contrasting needs of different groups of members.



## FIND OUT MORE

With 60 employers already on board, representing 20,000 members with more than €700m in assets<sup>4</sup>, we can give you all the support you might need to manage a successful transition.

If you’re interested in learning more about the steps involved in moving to the Mercer Master Trust, please contact your Mercer consultant or [marketing.ireland@mercer.com](mailto:marketing.ireland@mercer.com).

<sup>4</sup> As at June 2018

The Irish Association of Pension Funds has approved the Mercer Master Trust as qualifying for the Pensions Quality Standard (PQS) on the basis of its governance and communications standards. This means individual plans within the Master Trust will need only to demonstrate that they meet the contribution standard to be awarded the PQS themselves.



[www.mercer.ie](http://www.mercer.ie)

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