Aon Global Retirement Insights Quarterly
April to June 2021

Contents

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

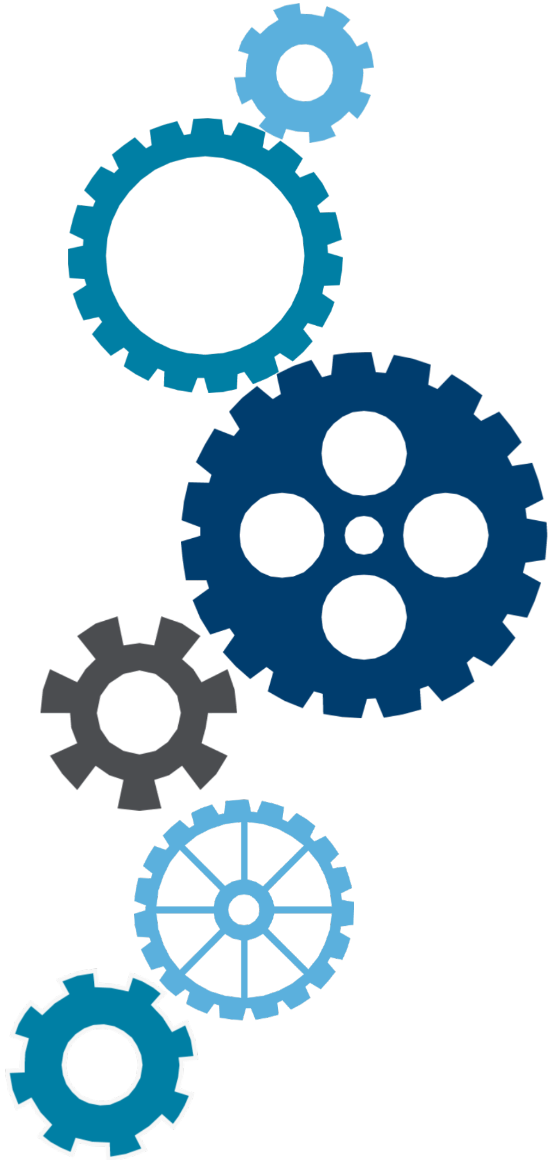
We included the Hot topics that matter to you and help you understand what is going on in your business and what you should be focussing on. Please reach out to your Aon Consultant or the contacts below the article if you want to learn more. We have also collected all the Hot Topics of the recent periods (2020 and 2021 year to date) as one pager with convenient links to their publications. You can find these on the last pages of this document.

The updates in this document pertain to the key items you need to be aware of regarding Retirement. For more depth on these and other items please have a look at our #GlobalBenefitsBulletin that we produce every month.

Lastly, you will find more information on upcoming (legislative) deadlines, our 2021 Webinar series and Thought Leadership in the back pages of this document.

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our utmost best to bring you the most up to date information some of the items published in this publication could be outdated by the time this is published.



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Hot Topics Summary – Q2 2021

An overview of the 2020 Hot Topics can be found here.

An overview of the 2021 Hot Topics (Year to Date) can be found here.

- **Design**
- **Financing**
- **Operations**
- **State**

Hot Topic: Australia "Your Future, Your Super" (1/2)

What has happened?	The "Your Future, Your Super" reform package received Royal Assent on 22 June, 2021. The introduced legislation regarding superannuation reform addresses key recommendations resulting from the Productivity Commission's comprehensive assessment of the system. Measures in the Your Future, Your Super package include: ▪ Employees under new workplace determinations or enterprise agreements would have an opportunity to choose the superannuation fund for their compulsory employer contributions, if they were previously covered by workplace determinations or enterprise agreements made before 1 January 2021. ▪ Superannuation accounts will follow employees to prevent the creation of multiple accounts as they change jobs. From 1 November 2021, this would require employers to make contributions into new employees' existing 'stapled' superannuation funds (if they have one and/or unless they choose an alternate fund). ▪ From July 1, 2021, workers will be able to compare super funds on the new interactive online YourSuper tool. The tool will list MySuper funds, ranked by fees and investment returns/The Australian Prudential Regulation Authority (APRA) ranks the funds and the website is maintained by the Australian Taxation Office (ATO). The APRA assessed annual performance will be available from September 2021. ▪ The Government would require superannuation products meet an annual objective performance test (conducted by the APRA). Those that fail would be required to inform members. Products with two consecutive failures would not be allowed to take new members. Members are expected to be notified by 1 October if their fund fails this test. ▪ The Government would increase trustee accountability by strengthening their obligations "to ensure trustees only act in the best financial interests of members". The evidential burden of proof for the best financial interests duty is reversed so that the onus is on the trustee of a registrable superannuation entity. It allows regulations to be made to prohibit certain payments made by trustees of registrable superannuation entities and prescribe additional requirements on trustees and directors of trustee companies of registrable superannuation entities. ▪ It allows contraventions of record-keeping obligations specified in regulations to be subject to a strict liability offence. ▪ Removes an exemption from disclosing information about certain investments under the portfolio holdings disclosure rules.
Why does this matter to employers?	Employers who currently satisfy choice of fund rules by making contributions to a fund specified under a workplace determination or an enterprise agreement made before January 1, 2021, or the default Employer sponsored fund, will need to change employment offer letters/employment contracts/on-boarding paperwork for new employees regarding superannuation and pay contributions to the employee's stapled fund where available – this will involve a new process of checking with the ATO what the employee's stapled fund is to meet the new requirements. At the date of this publication, the relevant Regulations have not been finalised. ▪ Be aware in the event where your super fund products fail the annual performance tests, and if a product has failed twice, to confirm the employee still wants contributions paid into that fund. ▪ Educating employees on new product comparison tool (soon to be launched) for them to make informed decisions. ▪ Ultimately and eventually consider whether it is viable to continue to run a Company sponsored sub-fund and how to promote its benefits to new staff.

Information

- Aon's International Retirement hosted a webinar on local market developments in Australia on 21 April 2021. Click here to watch it back.
- The Treasury Laws Amendment (Your Future, Your Super) Bill 2021, can be followed here.

Please continue reading on the page…

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Hot Topic: Australia "Your Future, Your Super" (2/2)

What are employers thinking?	There is still much uncertainty about how these measures would work in practice and are likely to make no changes to current practices and employee communication until they are legislated. The Regulations that support these measures are yet to be released and will provide details on matters including: ▪ Annual performance test measurement methodology; and ▪ Products that will be subject to this annual performance test.
What actions should be taken now?	Several provisions of the Act went into force on June 22, 2021, while others have future commencement dates. At the date of this publication, the relevant Regulations have not been finalised (Aon expects that regulations and guidance may be released in the fourth quarter of this year). Employers should monitor further legislation of the reform package and familiarise themselves with the potential changes and how these could impact their current HR operations.

Information

- Aon's International Retirement hosted a webinar on local market developments in Australia on 21 April 2021. Click here to watch it back.
- The Treasury Laws Amendment (Your Future, Your Super) Bill 2021, can be followed here.

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Hot Topic: The Netherlands – New Pension Agreement updated 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 draft law was released for consultation that ended on February 12th. The law will now be discussed by the Parliament later in 2021. Introduction of the law is postponed to 1/1/2023, implementation has to be finished by 1/1/2027 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 new pension contract is introduced next to the existing DC contract ▪ A possibility to take a one time lump sum payment is introduced (of 10% maximum). (click here for more information in Dutch) ▪ The spouse 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?	Traditional average pay plans and funding through a collective average premium will be abolished. Defined contribution schemes that are generally age-related are no longer possible for new employees. All new pension plans will be based on defined contributions with an age-independent flat-rate premium. The maximum level of this flat-rate premium is expected to be set at 33%, but will depend on market interest rates. 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 (or PPI). Older workers will need to be compensated for the loss of future potential pension benefits when changing towards an age-independent premium.
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 stay up to date with all the developments and be proactive. Two type of new DC plans are proposed with different risk-sharing characteristics, employers need to make a choice which fits their situation best. Companies will need to consider the financial impact of providing compensation to older workers. Employers also need to understand that the default for past service benefits at pension funds will be transferring them into the new system. This will not be possible for insured plans or closed pension funds.
What actions should be taken now?	▪ Consider the impact of these changes on your employees and your company. ▪ Make a feasibility study comparing cost and employee impact of the different scenarios ▪ Analyze the accounting impact (IFRS/USGAAP) of the different options ▪ 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).

Information

- 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.

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Hot Topic: India – New Covid-19 Death-in-Service Benefits

What has happened?	Since March 2021, India has witnessed a severe second wave of the Covid-19 pandemic leading to a significant loss of lives. The cumulative loss of lives on account of Covid-19 exceeded 350,000 as of June 2021. Historically, organizations in India provided supplementary group insurance plans to employees in the form of term life insurance benefits. As these benefits are insured, they are classified as short-term benefits and do not require actuarial valuations for financial liability disclosures. However, over the last few months several organizations have announced generous supplementary benefits to families of the deceased employees on a self-funded basis, in addition to the term life insurance benefits. Some examples of the supplementary benefits announced to date are: ▪ Last earned Salary ▪ Education support ▪ Opening up medical insurance plans up to family members of the deceased employee ▪ Lump sum amounts ▪ Set up of an Employee Welfare Trust to provide above benefits.
Why does this matter to employers?	The Indian and International Accounting Standards prescribe actuarial valuations to provision for Balance Sheet liabilities for Defined Benefit (DB) and Long-Term Benefit plans on an accrual basis. The Death-in-Service (DIS) benefits are long term in nature as these are not "settled wholly before twelve months…in which the employees render the related service" (Para 8 of Ind-AS 19). Based on the design of the benefit plans, a decision would need to be taken on the need and timing of the actuarial assessment for Balance Sheet provisioning.
What are employers thinking?	▪ How are our recently introduced Death-in-Service benefits classified? And will actuarial valuations be required? ▪ What are the implications of self-funded benefits? Are there other options available?
What actions should be taken now?	▪ Organizations that have implemented or are planning to implement any of the above described Death-in-Service Benefits would be required to disclose these as short-term or long-term benefits in their financial reporting in line with the Accounting Standards Guidance. ▪ Where certain benefits have been classified as long-term in nature, organizations need to discuss and agree the approach for actuarially valuing these benefits with their Auditors and Appointed Actuaries. ▪ Taking pro-active action on some of the above disclosures would ensure organizations do not face unexpected surprises in the form of sudden liability provisioning or non-compliance with Accounting Standards at the end of the financial year. ▪ While taking decisions on the design of the Death-in-Service Benefits, a detailed due diligence is recommended to assess the pros and cons of self-funding versus insuring these benefit promises.

Information

Aon has recently published a detailed article on this topic, please click here to learn more.

For support or any questions, please don't hesitate to reach out to your Aon Consultant, or the below consultants.

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Hot Topic: Japan – Reduced Interest on General Account

What has happened?	Last year, Dai-Ichi Life Insurance (Dai-Ichi) announced that it will reduce the expected return (guaranteed return) on its general account product from 1.25% to 0.25%, effective as of October 2021. ▪ Interest rate of the general account product provided by Dai-ichi, including existing products, will be reduced to 0.25% from October 1, 2021. ▪ The previous reduction dates back to 2002, so this will be the first interest reduction in about 20 years ▪ Underwriting of new general accounts, which is currently suspended, will resume after interest reduction ▪ Commission rate after the interest reduction will be 0.15% ▪ Offering of “Floor Set Plans” (estimated yield of 1.25%) as alternative products will start
Why does this matter to employers?	From the perspective of the Defined Benefit (DB) Corporate Pensions, these products with a yield of 1.25% and virtually no risk were indispensable for constructing a portfolio of pension assets to secure stable returns while limiting risk. If the asset structure is not changed, the lower interest rate of the general account products will lower the expected return of the entire portfolio, therefore lowering the interest rate set for the DB plan. A reduction in this rate will lead to an increase in the DB contributions payable to the pension assets. In addition, it will lead to a decrease in the expected rate of return used for the accounting valuation of the plan, which may increase retirement benefit costs the company needs to book.
What are employers thinking?	▪ What are the alternatives? And would the new “Floor Set Plans” be a suitable alternative? ▪ Will this become a trend among other insurers?
What actions should be taken now?	▪ Employers offering DB pension plans, that introduced general account products of Dai-ichi Life in their asset portfolio need to consider the following measures by October 2021. ▪ Aon’s view is that it is time to optimize the pension assets portfolios, given that bond interest rates themselves are declining. The process of obtaining approval for changes to DB corporate pensions from parent company is often complicated and time-consuming. Aon can support by reviewing the pension asset portfolio, by way of implementing a pension asset and liability management calculation, reviewing the investment principles and providing pension committee management support.

Information

Aon Japan published a detailed article on the change, click here to read it.

Please reach out to your local Japanese Aon consultant or either of the consultants mentioned below for any questions or support.

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Hot Topic: Ireland - IORP II transposition

What has happened?	The Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) – "IORP II" – was transposed into Irish law on 22 April 2021. As the Directive was transposed by means of secondary legislation, the Regulations could only give effect to the provisions of the Directive and no more. As a result, the Regulations provided less clarity than hoped for and the publication of Codes of Practice by the Pensions Authority (the "Regulator") will be key to understanding how the Regulator expects pension schemes to meet the new obligations. New information and key dates that did emerge from the Regulations, and the Regulator's subsequent briefing note, include: ▪ Broadly, existing "own-trust" arrangements ("schemes") will be required to be compliant with the Regulations by 1 January 2023. The Regulator will publish draft Codes of Practice for public consultation during the week commencing 19 July 2021. ▪ Schemes will be required to have a Remuneration Policy in place and a minimum of two trustees (two directors for corporates) no later than 31 December 2021. The anticipated requirements to have an Actuarial Key Function Holder (DB schemes) and a separate Depositary will not apply. ▪ Trustees of schemes will also be required to have prepared the first Annual Compliance Return, the format of which is yet to be known, which will certify compliance with the new IORP II governance provisions by 31 January 2022. The Regulator has stated that it will be reasonable in its assessment of this new requirement as final Codes of Practice will not be available until the week commencing 15 November 2022. ▪ The supervisory and enforcement powers of the Regulator have been significantly expanded, although the Regulations did not contain any new sanctions for regulatory breaches. ▪ Master trusts (multi-employer vehicles) will be expected to be compliant by 1 July 2022. The Regulator will publish guidance for the public and employers on minimum standards for master trusts during the week commencing 13 December 2021.
Why does this matter to employers?	The IORP II Directive is the most significant pensions legislation published in Ireland since the Pensions Act, 1990. It will fundamentally change how Irish pension schemes are governed, significantly increasing the costs and time required to operate an occupational pension scheme. Trustees boards will be seeking financial and other support from sponsoring employers to implement the new provisions and maintain compliance on an ongoing basis. However, IORP II will also present opportunities for employers. For employers with multiple pension arrangements there may be an opportunity for scheme mergers to improve efficiency and reduce the governance burden. It is the aim of IORP II that higher risk and governance standards will lead to improved retirement outcomes for members, supporting employers' wider people strategy objectives.
What are employers thinking?	▪ What are the details of the new IORP II provisions and how do the pension schemes we sponsor measure up? ▪ What actions do we need to undertake to achieve compliance with the new IORP II provisions and how much will it cost? ▪ Are there viable alternatives to IORP II compliance available?
What actions should be taken now?	Employers should be moving now to familiarise themselves with the details of IORP II and what the impact on their pension arrangements will be. Conducting a gap analysis with your advisors and the trustees of your pension schemes is an essential first step. From there, employers will be able to assess if maintaining their existing pension arrangements is feasible or if alternatives such as DC master trusts or DB/DC scheme consolidation need to be explored.

Information

We held 2 webinars back in March on the IORP II transposition, you can watch these back by clicking here. Feel free to also reach out to your local Aon consultant or the Aon consultants mentioned in this article to obtain more information.

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Hot Topic: UK Pension Schemes Act 2021

What has happened?	After the initial publication of The Pension Schemes Bill back in late 2019, the Bill has received Royal Assent in February 2021. The Pension Schemes Act of 2021 covers the following main provisions: ▪ Changes to the Pension Regulator's powers and sanctions, including new criminal sanctions (A new blog with clarifications can be found here) ▪ A requirement for trustees of DB schemes to produce a statement on their long-term funding and investment strategy ▪ Climate change governance and reporting for trustees ▪ Provisions allowing for restrictions on statutory transfers to help prevent pension scams ▪ Provisions to support pensions dashboards ▪ A framework for collective DC schemes All these provisions will need additional regulations to add further details and bring them into effect. The consultation on the first three items has concluded, and the remaining items are expected to have completed their consultation periods by the end of this year. It is further expected that the first three items will come into force during the second half of this year and the remaining provisions to be in force over the next few years (with a latest due date of 2023).
Why does this matter to employers?	The new provisions cover a wide range of topics and can have wide-ranging impacts including future funding requirements, investment strategy and corporate transactions. Many companies are concerned that the new provisions are too broad and could affect routine corporate activity and trustee decisions. However, ministers and the Regulator have confirmed that the intent is not to change commercial norms and is rather to address the more serious conduct already within the scope of the Regulator's contribution notice powers. There also some new opportunities to be considered. As an example some companies may wish to understand how collective DC pensions can be incorporated into their pensions and reward strategy.
What are employers thinking?	▪ What are the main details of the new provisions, and how will the affect my business? ▪ What actions do I need to undertake to be compliant with the new provisions? ▪ How would a collective DC plan fit in my reward strategy?
What actions should be taken now?	While the main provisions will still need to be put into effect with additional regulation, the first few provisions will arrive in second half of this year with the remaining provisions following after that. Given the wide-ranging implications employers need to familiarize themselves and determine what the impact is on their Pension Scheme.

Information

You can find more information on The Pension Schemes Act 2021 click here (Press Release), here (Aon's technical note) and here (UK Parliament Statement). Feel free to also reach out to your local (Aon) consultant or Aon consultants below to obtain more information.

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Hot Topic: Thailand – National Pension Fund plan approved

What has happened?	On 30 March 2021, the Cabinet has approved a plan to establish the National Pension Fund. It is a new mandatory retirement savings scheme that aims to support an aging population requiring all formal employees who are not members of voluntary provident funds (PVD) to save money. The scheme is designed to complement existing voluntary pension arrangements. Its highlights include: ▪ Upon approval of the NPF, both employees and employers would have to contribute to the pension fund at a progressive rate, starting from 3% of their salary during the first through third year of implementation, rising to 5% for years 4-6,and 7% of their salary in the seventh year onwards. Employees can opt to commit more to the fund. ▪ It is applicable to those ages 15-60. Contributions will be capped at salaries of B60,000 per month. However, if the employee earns less than B10,000 per month, only the employer would have to contribute. ▪ There will be a lifecycle default fund and it is anticipated that there will be a choice of investment funds for members. ▪ Contributions are tax-exempt and the assets will be managed by private assets management companies. The companies will be required to obtain licenses from the Securities and Exchange Commission of Thailand.
Why does this matter to employers?	Employers that currently don't offer similar or better retirement benefits to their employees through PVD, will need to contribute to the NPF upon approval. These employers will see a sudden cost increase.
What are employers thinking?	▪ How likely is it that the NPF will be approved? ▪ When will it be implemented? ▪ Who will be responsible in managing the funds?
What actions should be taken now?	Review current offering: In case a PVD is provided for already, it could be beneficial to conduct a cost analysis to better understand the consequences of the changes. ▪ If contributions are below the minimum required contribution rate, start budgeting for the differences in contribution rates. ▪ If contribution are above the minimum required contribution rate, keep monitoring the changes in the minimum rates and ensure the existing contribution rate is always above the minimum requirement. ▪ Educate employees on financial literacy in order to ensure that they understand the importance of financial security after retirement.

Information

Aon Thailand recently published a detailed article on the National Pension Fund in both English and Thai. Click here to read it.

For support or any questions, please don't hesitate to reach out to your Aon Consultant, or the below consultants from Aon Thailand.

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Key areas of current focus | Asia | Oceania

- Requirements
- Proposals
- Opportunities

India:

- Improving attractiveness of NPS (relaxation in lump sum withdrawal rules; increase maximum age of entry & extension exit age)
- Labour Code Reforms include Actuarial Impact of new definition of "Wages" on Defined Benefit plans & Reduced vesting period for Gratuity scheme benefits for Fixed Term employees – click here to read more. More info can be found in our Q1 2021 bulletin
- Death-in-service self-funded benefits may trigger actuarial reporting. More info can be found in our Hot Topic published in this edition.

Elsewhere across Asia:

- **Thailand**: National Pension Fund plan approved – More info can be found in our Hot Topic published in this edition.
- **Cambodia:** Compulsory pension scheme and voluntary pension scheme
- **Philippines**: New mandatory provident fund in force since 1 January 2021
- **Singapore**: increases in retirement age and social security contribution rates – A Hot Topic was published in our Q1 2020 bulletin and a recent update can be found here.
- **Vietnam**: Gradual increases in retirement age from 2021 to 2028 for men and 2035 for women ; Support measures for employers and employees applicable from July 1, 2021 to June 30, 2022.

Australia:

- "Your Future, Your Super" Reform Package ; Stapled Superannuation – More info can be found in our Hot Topic published in this edition.
- Legislated increase SG from 9.5% to 10% on 1 July 2021 and gradually increasing to 12% by 1 July 2025
- Regulations to protect members ; Financial sector reform
- Draft Budget Bill 2021-22 includes retirement income measures
- New fee disclosure guidance effective July 2021
- Changes to Superannuation - A Hot Topic was published in our Q3 2020 bulletin.
- Click here to read more on the current retirement topics in Australia

Japan:

- Expansion of mandatory pension for part timers
- Amendments to the DC Pension Act to come into effect in May 2022 – to read more click here.
- Reduced Interest on General Account – More info can be found in our Hot Topic published in this edition.
- Social Security reform ; Retirement deferral encouragement

Hong Kong:

- Establishment of electronic Mandatory Provident Fund (eMPF) platform
- Trustees to submit first annual reports under AEOI by mid 2021

South Korea:

- NPS investment changes to occur over 2020-2024
- Pension Reform proposals & Plans to abolish Severance Pay Plans and provide a qualified DB or DC plan instead. More info can be found in our Q1 2021 bulletin.
- Funding targets from 80% to 90% in 2019, and to 100% in 2021.

China:

- One-year pilot of voluntary third-pillar individual account pension program starting June 2021
- State pension reform
- plans to establish a unified national pension system before 2025

Common topics across Asia and Oceania

- Retirement Deferral
- Pension Reforms
- COVID 19 response Click here
- Social Security Expatriates
- Governance
- Financial Wellbeing Click here
- DB De-risking
- Retirement Adequacy Concerns
- Retirement Age Increases
- Responsible Investments (ESG)

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- Design
- Financing
- Operations
- State

Further information

Contact us at apac.retirement@aon.com or discover more and stay updated at www.aon.com/apac/insights/retirement-investment

Key areas of current focus | Europe

- Requirements
- Proposals
- Opportunities

- **Netherlands**: The implementation of the Future of Pensions Act (Wet toekomst pensioenen) will be delayed. It is expected to come into force on January 1, 2023 (at the latest). More info can be found in our Hot Topic published in this edition.

- **IFRS:** Service attribution for Service Defined benefits with a service cap and vesting at retirement has been clarified after the IFRS received a question on this last year. While important to note that this is NOT a new IFRIC interpretation BUT simply a clarification that IAS 19 is already clear as it stands, market practice in some countries has been to accrued the benefit (like under US GAAP) from joining until retirement age – without considering the cap on service. this agenda decision is gaining a lot of attention from the actuarial and audit community and may require changes to the valuation method used to determine the IAS 19 Liability for affected plans come the next financial year-end.

- **France**: DB pension reforms have been entered in effect as per December 23, 2020. More info can be found in our Q1 2021 bulletin.
- **Finland**: The Ministry of Finance has announced the 2022–2025 budget measures including measures that would increase the earnings-related pension contributions of private-sector employers.

United Kingdom & Ireland:

- **UK:** Consultation on increasing the normal minimum pension age has ended, the conclusions can be found here.
- **UK:** The Pension Regulator has published its 2021 Annual Funding Statement, which sets out its expectations for actuarial valuations in current conditions. More info can be found here and here.
- **UK:** Consultation on the Single Code of Practice has ended, and it is expected the Code comes in force towards the end of 2021.
- **UK:** Finance Act 2021 receives Royal Ascent. The act includes provisions for pension. The bill can be found here.
- **UK:** GMP equalisation corrections, Pension Administration Standards Association (PASA) publishes Guaranteed Minimum Pension (GMP) equalisation tax guidance
- **UK:** Pension Schemes Act 2021 passed, More info can be found in our Hot Topic published in this edition. It is important to familiarize yourself and understand the implications on your plan and further steps that will follow.
- **UK:** Levy 2020/2021 finalized
- **Ireland**: The government has introduced the Benefit Payment scheme for those between age 65 and 66. It is a new benefit for residents who are no longer engaged in regular employment
- **Ireland:** 2021 state pension age remain unchanged, discussions on reforms continue in the summer
- **Ireland:** Budget 2021 updates implemented
- **Ireland:** IORPII has been implemented. As an employer you should be aware of what this means for you. More info can be found in our Hot Topic published in this edition.

- **Switzerland**: Pension reform applicable to supplementary benefits went into effect on January 1, 2021. A Hot Topic was published in our Q2 2020 bulletin.
- **Spain**: The Spanish Government confirmed new legislation on contribution limits for Pension Plans. A Hot Topic was published in our Q4 2020 bulletin.
- **Poland**: The Cabinet has adopted a draft law that would eliminate the second pillar of privately managed individual accounts. More details are expected in September.

Common topics across Europe

- Mortality tables update in numerous countries
- Fiduciary Management Solutions
- COVID 19 response Click here
- 1st and 2nd Pillar reforms
- Brexit Implications Click here
- Financial Wellbeing Click here
- Multi-employer plans development
- Responsible Investments (ESG)
- Pan European Pension Fund
- IORP 2 Governance and design Click here

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- Design
- Financing
- Operations
- State

Further information

Discover more and stay updated at https://www.aon.com/unitedkingdom/retirement-investment-international/default.jsp

Key areas of current focus | Americas

- Requirements
- Proposals
- Opportunities

United States:

- Aon's 2021 Compliance Calendar has now become available. You can find it here.
- Pooled Employer's plans (PEP) were introduced on January 1, 2021, offering employers new ways to think about retirement and provide new opportunities. You can find a whitepaper here and a replay of a recent webinar here.
- The American Rescue Plan Act ("ARPA") was signed by the President on March 11, 2021. For an overview, see our Q1 2021 bulletin. The PBGC has now issued interim final rules (found here) regarding Special Financial Assistance ("SFA") available to troubled multiemployer pension plans under the Act".
- Buyouts of pension benefits, via voluntary lump sums or annuity purchases from insurers, remain very prevalent in the U.S. You can find our latest paper on lump sum windows here and the annuity settlement market here.

Canada:

- The Budget 2021 was released by the government and has received Royal Ascent on June 29. Among matters it provides a Revised Framework for Negotiated Contribution Pension Plans and fixing Contribution Errors in DC plans. More info can be found here.
- Commuted values adjustments updates, effective as per December 1, 2020. A retroactive change was made to the RRB CANSIM Series, more info can be found here, here and here.
- The Multi-Jurisdictional Pension Plan Agreement (MJPPA) has been signed by Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario, Quebec, Saskatchewan and Federal Canada and is effective as per July 1, 2020.
- Funding regulations and legislation continues to involve with updates announced in Manitoba and Saskatchewan.
- Revised Directives were published by the Superintendent (in February 2021) pursuant to the Pension Benefits Standards Act, 1985. Among the changes it recognizes the revised Commuted Value standard and removes requirement to use a Projected Solvency Ratio.
- CAPSA (Canadian Association of Pension Supervisory Authorities) published their guidelines on funding policies for DB benefit plans or target benefits. More info can be found here and here.

- **Mexico**: Pension reforms have been entered in effect as per January 1, 2021 and will see multi year reforms. More info can be found in our Q1 2021 bulletin.
- Several countries (Brazil, Argentina and Chile as examples) have seen changes in Social Security Limits and Contribution percentages as per the start of 2021.
- **Chile**: The President approved a law that allows participants of the mandatory individual account scheme to make a second early withdrawal of up to 10% of their account balances, with a third withdrawal expected to come in place shortly as well.
- **Argentina**: The Retirement Mobility Index, Law 27609, has come into force on March 1, 2021. The new mobility formula announced by the National Social Security Administration (ANSES) replaces the retirement mobility formula in effect from 2018 through 2019. Under this law a 12.2% increase in retirements and allowances for the second quarter has been announced.

De-risking of Pension Plans
Click here

Multi-Jurisdictional Pension Plan Agreement (Canada)

COVID 19 response
Click here

1st and 2nd Pillar reforms

ASU 2018-14 US GAAP update

Fiduciary Management Solutions

Migration from DB to DC

Employee Wellbeing
Click here

Pooled Employer's Plans
Click here

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Further information

Discover more and stay updated at insights-north-america.aon.com/

Key areas of current focus | Africa | Middle East

- Requirements
- Proposals
- Opportunities

Israel:

- Reporting obligations for employers (with less than 10 employees), third party trust accounts no longer to be used by February 2022/23. More info here.
- Click here to find an overview of the regulatory retirement updates that will gradually come info effect on February 2022.

Elsewhere across Africa:

- **East African Community:** Plans to harmonise members' pension regulations for greater portability
- **Egypt:** Draft law pension scheme governance
- **Morocco:** Pension system professionals to be established
- **Tanzania:** State pension formula reprieve until 2023
- **Zimbabwe:** Currency valuation ruling - A Hot Topic was published in our Q1 2020 bulletin.

Mauritius:

- Awaiting CSG Court Ruling
- New Social Generalised Contribution System - A Hot Topic was published in our Q4 2020 bulletin.
- PRGF receives transfers for retirement gratuity on change of employment
- Publication of the FSC's Guidelines on conversion and shift from DB to DC schemes.
- The Budget Speech 2021/22 has a large focus on pensions – Read more about it in Aon's News Alert

South Africa:

- Provident Fund annuitization requirement and changes to annuity rules by March 1, 2021
- Retirement funds and emigration from South Africa

Elsewhere across the Middle East

- **Abu Dhabi:** Pension Law Amendments - A Hot Topic was published in our Q2 2020 bulletin.
- **Bahrain:** Proposals to change the terms of the public pension system
- **Pakistan:** Minimum pension to rise by 2023
- **Pakistan:** discussions around pension reform
- **Qatar**: Labour reforms
- **Saudi Arabia:** Changes in wages for *Nitaqat* purposes
- **UAE:** Proposals to amend Employment Law to refine the Qualifying Scheme regime introduced in February 2020

Common topics across the Middle East

- Reform of public pensions
- Labour law reforms
- COVID 19 response — Click here
- Growing awareness of savings gap for expatriates
- Funding End of Service Gratuities

Common topics across Africa

- Social Security / pension Reforms
- Investment policy changes
- Growth in retirement market since 2000's
- Encouragement of saving for retirement

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International Retirement - Deadlines

This page provides you an overview of some of the important deadlines that are coming up in the next years.

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.

Ireland
Retirement age remains 66, planned increase to 67 and 68 postponed for now. The retirement age will be discussed during 2021

Netherlands
Expected date of new pension bill to come into law January 1, 2023 with an expected 4 year transition period

Canada
CPP/QPP enhancements are ongoing, which will lead to a higher income replacement rate over the coming years. It is good to be aware that this will lead to higher contributions for employers.

Portugal
Updates completed on Pension Fund Contract expected per August 2021

Ireland
IORP II implementation is ongoing, with key deadlines in 2021 and 2022

Israel
Several retirement changes start coming into effect

United Kingdom
Consultation on new Funding Code continues in second half of 2021, with an introduction date expected after that

Vietnam
Retirement age to gradually start increasing from 2021

Guernsey & Gibraltar
Auto Enrollment Legislation start coming in effect from July 2021 (Gibraltar) and January 2022 (Guernsey).

South Korea
DB governance requirements to come into effect Around Q2 2022

Singapore
Retirement age to gradually start increasing from July 2022

United Kingdom
The RPI is expected to be aligned with CPIH from 2030. The changes will impact all schemes that have assets or liabilities linked to RPI inflation

Q1'21 → Q2'21 → Q3'21 → Q4'21 → Q1'22 → Q2'22 → Q3'22 → Q4'22 → Q1'23 → Q2'23 → Q3'23 → Q4'23

United States
Pooled Employer's Plans (PEP) are now an option, speak to your (international) Aon consultant for more information

Australia
Increase SG to 10% and gradually increasing to 12% by 1 July 2025

India
Labour Code reforms expected to be finalized latest by the end of 2021

Japan
Majority of amendments to the DC Pension Act to come into effect in May 2022.

Mexico
Transition period for the new pension reforms will end per January 1, 2023

United Kingdom
The Pension Schemes Act 2021 received royal assent in February, and over the coming months and years the main provision will be introduced through new legislation. For more details see our earlier Hot Topic on this.

United States
An overview of the key 2021 legislative deadlines for retirement plans can be found here

Canada
Several funding reforms (including Federal, Manitoba and Saskatchewan) are ongoing and expected to finalize in the coming year(s).

Further information
Please contact us at international.retirement@aon.com if you would like to receive additional information or you have any other international retirement query.

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International Webinar Series

Join Aon's International Retirement & Investment team to hear insights on local market developments around the world. Each webinar will help those responsible for governing, managing and overseeing retirement plans to understand new local retirement topics and key changes in local legislation. Each one-hour webinar is designed for both Finance and HR employer contacts and will be chaired by leaders from Aon's International Retirement team and will feature local Aon retirement experts. Below you can find the schedule for this Series.

February	India
March	Ireland
April	New Zealand/ Australia
May	Canada
June	European Hot Topics Round-up
July	The Netherlands
August	South Korea
September	Brazil
October	Nordics
November	Mexico & Latin America
December	Global 2021 Round-up

Further information

You can watch back previous Webinars and register for upcoming ones on our Webinar website here.

Contact us at international.retirement@aon.com or visit us at aon.com.

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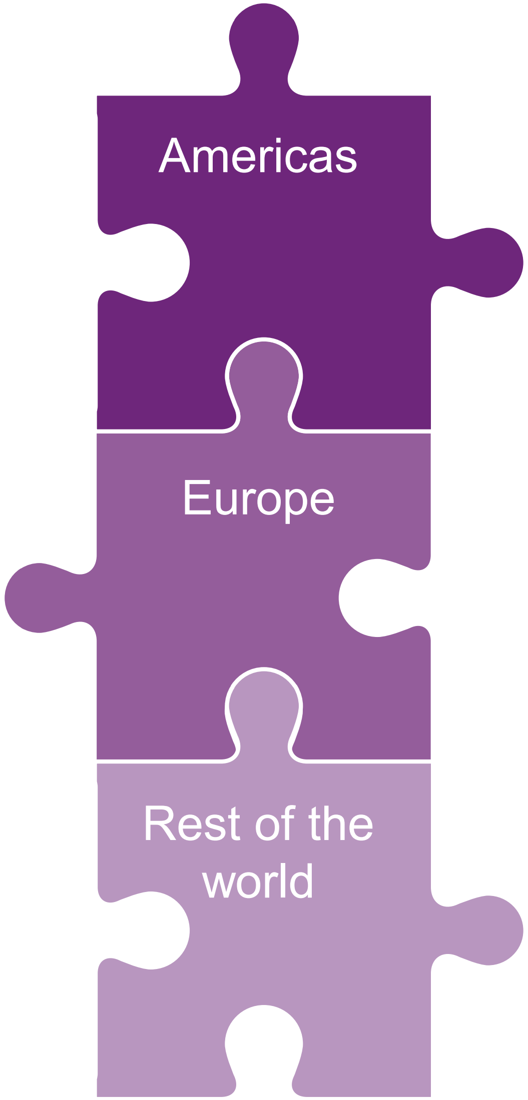
Aon International Retirement Thought Leadership Update



Thought leadership US & Canada

Research and Publications by our US and Canadian Thought Leaders. Bookmark (US, Canada) to stay up to date.

Pension Clicks

Our monthly Retirement news letter for the UK.

Employee Benefits Accounting

Our Q2 update on how the market moved an what impact that had on Discount Rates and funding levels.

Quarterly Update

Aon's quarterly update on Retirement, Legal, Consulting and Compliance topics in the US. Recent update can be found here (Q2) and here (Q3).

Accounting assumptions

A survey on pension assumptions used per FYE 2020 in Switzerland.

International Retirement Newsletter

To stay up to date on the Retirement and Investments news. Click here for the latest edition.

RADAR Canada

Our weekly update of legislative and regulatory developments affecting pensions, benefits and employment in Canada.

Retirement and Investments

Research and Publications by our UK and European Thought Leaders. Bookmark to stay up to date.

APAC Retirement & Investment Insights

Research and Publications by our APAC Thought Leaders. Bookmark to stay up to date.

Further information

Please contact us at **international.retirement@aon.com** if you would like to receive additional information or you have any other international retirement query.

Hot Topics Summary – 2021 Topics to date

USA Q1
US American Rescue Plan Act that includes funding relief rules
Click here to view this Hot Topic in our Q1 update

Mexico Q1
Pension System Reforms
Click here to view this Hot Topic in our Q1 update

Ireland Q2
IORP II transposition
Click here to view this Hot Topic in this update

France Q1
Supplemental DB Pension Reforms
Click here to view this Hot Topic in our Q1 update

UK Q2
Pension Schemes Act 2021
Click here to view this Hot Topic in this update

The Netherlands Q2
New Pension Agreement updated details
Click here to view this Hot Topic in this update

India Q2
New Covid-19 Death-in-Service Benefits
Click here to view this Hot Topic in this update

India Q1
India Labour Code Reforms
Click here to view this Hot Topic in our Q1 update

South Korea Q1
Pension System Reforms
Click here to view this Hot Topic in our Q1 update

Japan Q2
Reduced Interest on General Account
Click here to view this Hot Topic in this update

Thailand Q2
National Pension Fund plan approved
Click here to view this Hot Topic in this update

Australia Q2
"Your Future, Your Super"
Click here to view this Hot Topic in this update

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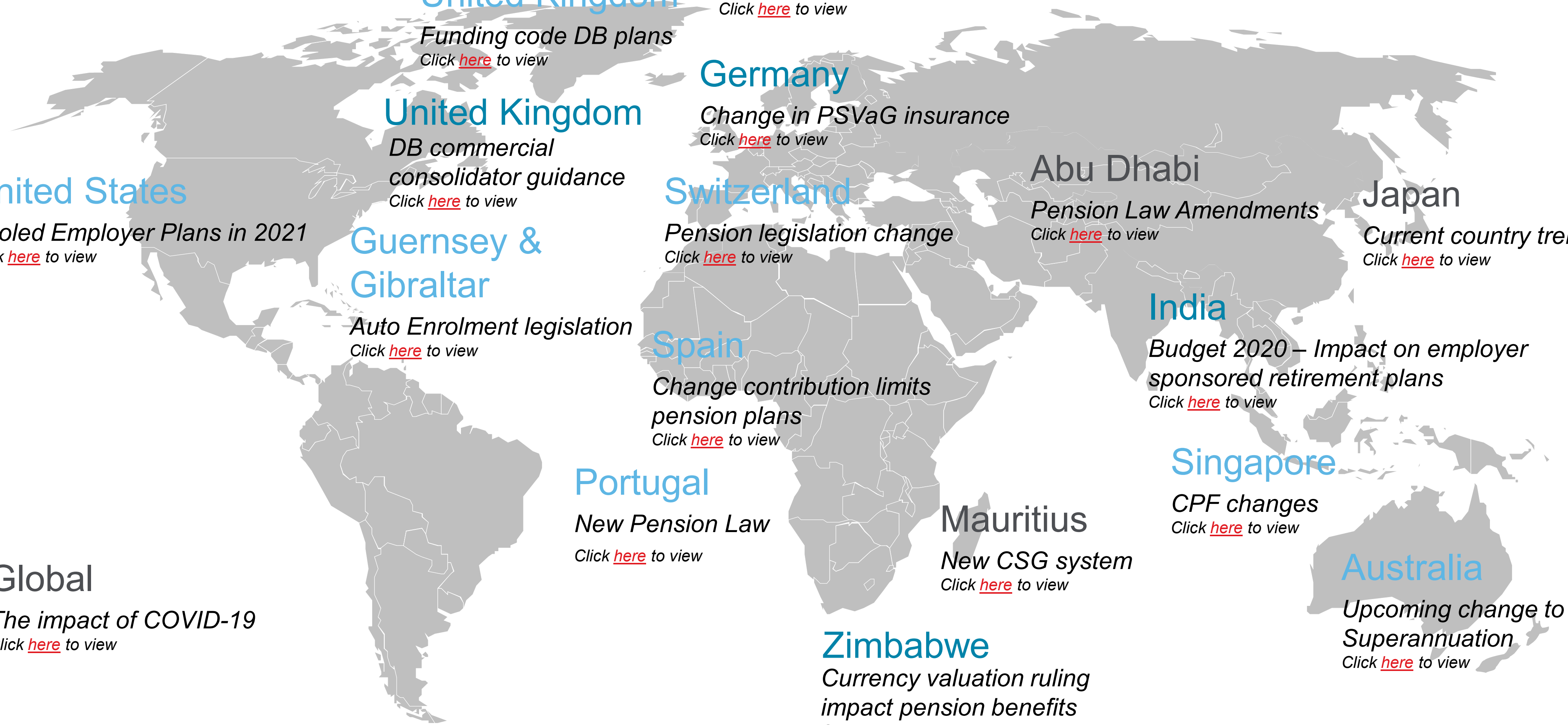
Please note that the Hot topics contain up to date information up to the time of their original publication. It is possible that some of the information contained in the Hot Topics might be outdated. Please contact your Local or International Aon consultant to obtain the latest news on any given topic.

Hot Topics Summary – Recent Relevant topics (2020)



Sweden
Raise in premiums for ITP2 DB Pensions
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United Kingdom
Funding code DB plans
Click here to view

Germany
Change in PSVaG insurance
Click here to view

United Kingdom
DB commercial consolidator guidance
Click here to view

United States
Pooled Employer Plans in 2021
Click here to view

Switzerland
Pension legislation change
Click here to view

Abu Dhabi
Pension Law Amendments
Click here to view

Japan
Current country trends
Click here to view

Guernsey & Gibraltar
Auto Enrolment legislation
Click here to view

India
Budget 2020 – Impact on employer sponsored retirement plans
Click here to view

Spain
Change contribution limits pension plans
Click here to view

Portugal
New Pension Law
Click here to view

Singapore
CPF changes
Click here to view

Mauritius
New CSG system
Click here to view

Australia
Upcoming change to Superannuation
Click here to view

Global
The impact of COVID-19
Click here to view

Zimbabwe
Currency valuation ruling impact pension benefits
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