Company Pensions from Zurich

ZURICH®

Personalised GuidePath

Bringing clarity to pension investment choices

Helping you make better decisions about employee pension funds.

Understanding investment choices is not easy.

That's why the majority of pension scheme employees choose to invest through the default option, putting their financial futures into the hands of other people.

People like you.

As an employer or trustee you have the responsibility of selecting the default investment strategy for your employees' pension scheme.

This may seem like a complex task but with the right support you can be confident about your decision.

Introducing Personalised GuidePath.

Personalised GuidePath is an innovative new investment strategy that provides the essential peace-of-mind trustees require, while making it clearer and easier for employees to get involved in their Company Pension without having to be experts themselves.

No other option in the market makes it as easy for individual employees to personalise their investment strategy to suit their very specific needs and preferences.

Personalised Guidepath Key Benefits:

Managing Risk

Risk appetite and retirement benefit preferences can vary significantly between employees. Personalised GuidePath means trustees no longer need to settle for a 'one size fits all' solution.

You can be reassured that in a few simple steps each employee will have an investment strategy to suit them personally.

Personal and Flexible

Not only does Personalised GuidePath allow employees to customise the mix of retirement benefits they target, they can also personalise their growth stage, choosing between high, medium or low risk/return settings so as to match their own risk preferences.

And to facilitate early or late retirement, they can also choose to target a retirement age other than the Company Pension normal retirement age (NRA).

Online Portal

Zurich breaks new ground in the Irish pensions market by introducing the first dedicated online portal where employees can learn about their investment strategy and personalise it in a few easy steps.

Engaging Design

Personalised GuidePath is clear and easy to understand. The online journey and paper based prompts give employees every opportunity to engage and become more involved in their pension.

Prisma Funds

Personalised GuidePath is built on Zurich's successful Prisma Multi-Asset Funds.

Customising the investment journey for employees.

Choosing a ‘one size fits all’ default investment strategy can leave some employees with a fund that is inappropriate for their personal circumstances.

It can also discourage employees from actively engaging with their pension.

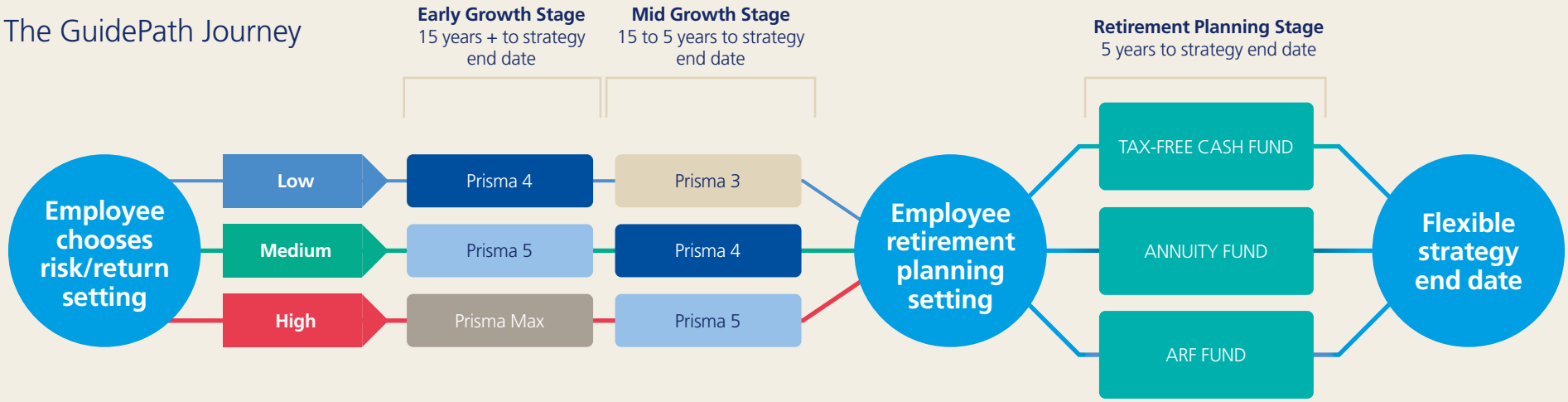
Personalised GuidePath is different because it encourages employees to engage with their strategy in a few easy steps.

By using some simple online tools employees can quickly see how they can tailor GuidePath to suit their individual needs and preferences.

83% of people would welcome the ability to personalise between Low, Medium and High Risk/Return.*

***Source:** Online Survey of 517 pension holders researched by B&A on behalf of Zurich Life, 2016

The GuidePath Journey



For example, with the default option set at medium risk/return, during the early-growth stage the employee’s fund will be 100% invested in Prisma 5.

In the mid-growth stage, from 15 to 5 years to the strategy end date, the employee’s investments will gradually switch into Prisma 4. With 5 years to go they are 100% invested in Prisma 4.

The retirement planning stage then commences, it runs from 5 years to go, right up to the employee’s specified strategy end date. Here the employee’s investments are gradually switched into the mix of retirement planning funds that match their personalised benefit mix.

Change the risk/return setting and we adjust the investment mix.

Personalised GuidePath uses Zurich's successful risk targeted Prisma Multi-Asset Funds.

The choice of high, medium or low risk/return setting will determine which combination of Prisma Funds are used in the early-growth stage and the mid-growth stage.

(There is more information on the Prisma Funds later.)

The online journey for employees starts with the growth stage

1 Employees start in the default growth stage, which is the medium risk/return setting.

2 Employees take an online risk questionnaire to identify their **personal risk preference**.

3 Employees then match their GuidePath risk/return setting to their risk preference online. This will determine which Prisma Funds are invested in during the growth stage.

4 The employees confirm their change online, and we update their policy. A simple and straightforward process.

ZURICH'S VIEW

The scheme default growth stage is a medium risk/return setting.

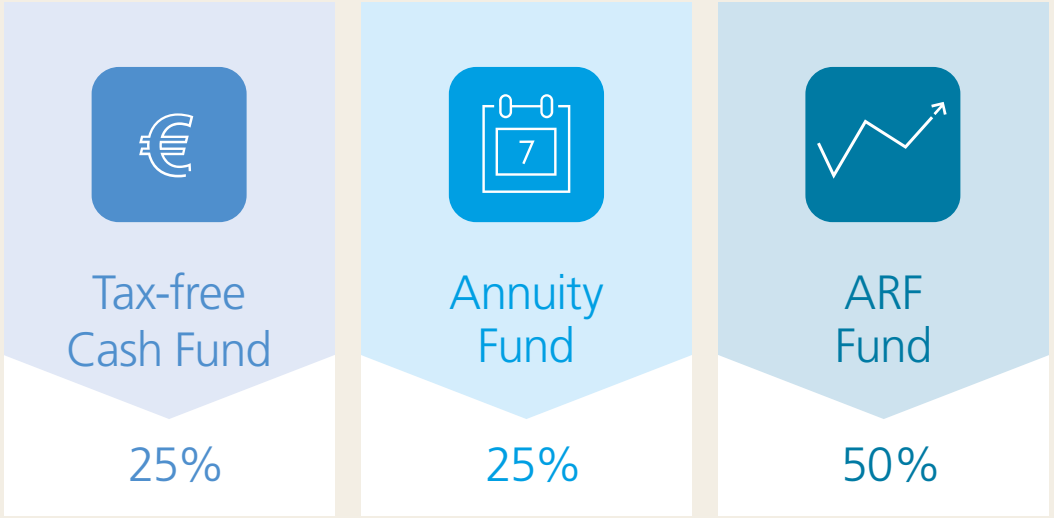
Flexibility right up to retirement.

It's likely that each of your employees will want to use their final pension fund at retirement in different ways.

With Personalised GuidePath they can tailor their investment strategy to suit their personal plans.

The last five years to the employee's personal strategy end date is the Retirement Planning Stage. They can easily set a benefit mix unique to their requirements at any time.

Employees can set their personal preference:



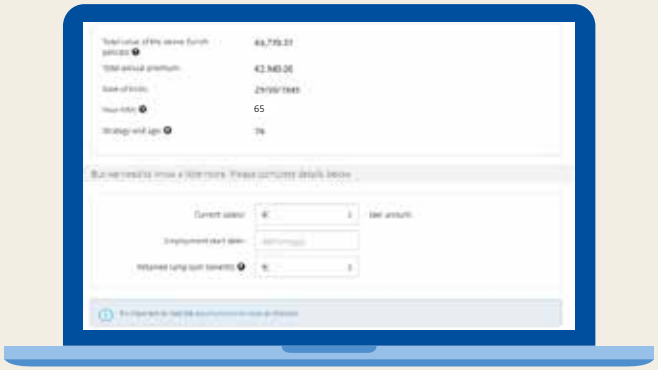
Their investments will gradually switch from the mid-growth stage fund into the retirement planning stage funds in line with their chosen retirement planning mix at their strategy end date.

And they have the flexibility to choose different mixes with any AVC plans they might have.

They can personalise their retirement planning mix online using our easy-to-use tools.

Simple & clear online tools.

We have a new set of online tools to help employees easily decide how to manage their final retirement planning mix between Tax-free Cash, Annuity and ARF.



Tax-free Cash calculator

This will estimate the maximum amount of Tax-free Cash an employee will be able to take, allowing for the various Revenue rules and any retained lump sum benefits the employee has.

The calculator will be pre-populated as far as possible from the data we have on our system. The complexities of the different 'salary & service' and '25%' route are incorporated in the calculations, while keeping it very simple for the employee to follow.

Annuity & ARF tool

Employees can use this tool to explore which option may be more suited to them. We don't assume they should target a specific income with an annuity, as in practice many employees prefer to take out an ARF after they take their retirement lump sum.

ZURICH'S VIEW

The default retirement planning stage for your main Company Pension scheme is to target 25% Tax-free Cash and 75% annuity over the last 5 years before the strategy end date.

The default retirement planning stage for any AVC funds is to target 25% Tax-free Cash and 75% annuity over the last 5 years before the strategy end date.

Easily adjusts to early or late retirement plans.

While your Company Pension will have a set normal retirement age (NRA), employees may look to retire early or late.

Traditional investment strategies are restrictive as the de-risking process ends at the NRA only, resulting in employees being either over exposed to higher risk assets as they approach early retirement, or alternatively, invested in relatively lower risk assets too early for their late retirement.

With Personalised GuidePath the employee has the option to choose a target end date other than the Company Pension NRA, in order to accommodate early or late retirement. This can be done online and can be based on an age or a specific date.

The employee can change this at any stage and the strategy will simply switch to the correct position, according to the new target end date.

Strategy monitoring gives you and your employees peace of mind.

We regularly monitor all employee strategies to check for inconsistencies across various product types.

For example, if one of your employees has a Personal Retirement Bond from a previous employment that is also invested in Personalised GuidePath we will check that the risk/return setting is consistent across all their strategies.

A full breakdown of your employee's Personalised GuidePath strategy settings is also available from Zurich whenever you need it. This can help you with the governance of your scheme, and also in understanding the requirements of your typical employee.

Zurich will regularly review Personalised GuidePath to ensure:

- The functionality and the proposition is fit for purpose in the current market.
- The funds are appropriate and are meeting their objective in both the growth stage and the retirement planning stage.
- Any changes to regulations or Revenue rules will be reflected in the strategy.

Smarter functionality.

Here you can see how the funds in which the employee is invested change as they approach their strategy end date.

Default Personalised GuidePath

Years to end date	Growth Stage		Retirement Planning Stage		
	Prisma 5 Growth Fund 1	**Prisma 4** Growth Fund 2	**Cash Fund** Tax-free Cash Fund	**Long Bond Fund** Annuity Fund	**Prisma 3** ARF Fund
15+	**100%**	0%	0%	0%	0%
14	**90%**	10%	0%	0%	0%
13	**80%**	20%	0%	0%	0%
12	70%	30%	0%	0%	0%
11	60%	40%	0%	0%	0%
10	50%	50%	0%	0%	0%
9	40%	60%	0%	0%	0%
8	30%	70%	0%	0%	0%
7	20%	**80%**	0%	0%	0%
6	10%	**90%**	0%	0%	0%
5	0%	**100%**	0%	0%	0%
4	0%	**80%**	5%	15%	0%
3	0%	60%	10%	30%	0%
2	0%	40%	15%	45%	0%
1	0%	20%	20%	**60%**	0%
At retirement / strategy end date	0%	0%	**25%**	**75%**	0%

(Note: Switching occurs monthly, not annually as illustrated).

Personalised GuidePath uses our new upgraded investment strategy technology.

Our technology offers you and your employees significantly more flexibility and personalisation than traditional investment strategies.

The Personalised GuidePath is based on a table of fund splits held for each employee's plan. For example, the table above is set according to the default risk/return setting, retirement planning split and strategy end date.

At any point in time this table determines the funds in which the plans are invested. Automatic monthly switching moves the employee's money gradually along their Personalised GuidePath.

Key Benefits

- Personalised GuidePath can be turned on or off at any stage.
- Any of the three flexible elements (growth stage, retirement planning stage, and strategy end date) can be changed at any time and the strategy recalculates the fund split table and simply switches the employee's units to the updated position.
- All investments in the plan, i.e. existing funds, any regular or single contributions, all move along the same fund split table.
- The strategy re-balances every month so the splits move along the fund split table irrespective of relative fund performance.
- Our plan administration system will interact with the employee's online dashboard, so that automatic online customisation is available. Zurich are first in the market to offer this feature.

A market leading range of funds.

The funds used in the growth stage of the Personalised GuidePath are our Prisma Funds.

In the retirement planning stage we use the Long Bond Fund (Annuity), Cash Fund (Cash) and Prisma 3 (ARF).

No one wants to take unnecessary risks with their investment but there is an important trade-off between risk and return. The Prisma Multi-asset Funds are designed and managed to defined risk targets that match the European Securities and Markets Authority (ESMA) volatility scale.

Risk Targeted
Five Prisma investment funds designed to achieve ESMA risk profiles 2 through to 6 and each of the funds will aim to achieve the desired level of risk over time.

Fully Diversified
Each multi-asset fund is diversified and can include equities, bonds, property, cash and alternatives. Alternatives may include, but are not limited to; oil, gold, inflation linked government bonds, soft commodities, industrial metals and corporate bonds.

Actively Managed
Active asset management by Zurich Investments is at the heart of each of the Prisma Funds. Our approach to active management means that our investment managers can respond quickly to market movements.

Built on Expertise
Zurich Investments consist of experienced and highly qualified investment specialists, with a proven track record of making the right asset allocation decisions at the right times.

The Long Bond Fund is designed to provide Company Pension scheme trustees with a reasonable match for mature or deferred pension liabilities. Where pension liabilities require purchase of annuities, it is desirable that the pension assets are invested in matching instruments. Since the cost of purchasing annuities rises when interest rates fall, and vice versa, the appropriate matching asset is one which rises in value when interest rates fall. Long-dated bond prices are highly sensitive to interest rate movements and provide the best match for annuity based liabilities. The Long Bond Fund invests mainly in longer-dated bonds with over ten years to maturity primarily issued by Eurozone governments.

The Cash Fund invests in deposits with leading institutions, money market instruments and short-dated fixed income securities issued by governments of the euro currency block. No non-euro exposure is permitted in this fund. In terms of currency the fund is managed from the point of view of a Eurozone investor.

For more information on any of the Zurich funds, just visit zurichlife.ie

Personalised GuidePath changes how employees engage with their pension.

We know that a high percentage of employees choose a default investment strategy due to a lack of understanding. At Zurich we see this as a missed opportunity to engage with employees early in their retirement journey.

Zurich's Personalised GuidePath helps engage employees in the following ways:

- It's simple to understand and to customise.
- Our unique online portal enables employees to understand the investment strategy and personalise it in a few easy steps.
- Our user-friendly online tools help employees to create the best solution for their needs.
- Regular communication to prompt and remind employees at critical points. For example, as they approach the retirement planning stage we'll encourage employees to go online to customise their chosen split and their strategy end date.

So if you'd like to take the next step, get in touch today.

Speak to your Company Pension Advisor

Call us directly on 1850 202 102

Email us at customerservices@zurich.com

Visit our website at zurichlife.ie

Personalised GuidePath costs an additional Annual Management Charge of 0.10%, however we are waiving this charge for schemes that move to Zurich before 30 September 2017.

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The information contained herein is based on Zurich Life's understanding of current Revenue practice as at July 2017 and may change in the future.

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