

International Pension Plan Survey 2023

February 2023

Welcome to the 15th edition of the annual WTW International Pension Plan (IPP) Survey

International Pension Plans (IPPs) or International Savings Plans (ISPs) are vehicles often used by multinational employers to provide retirement and/or savings facilities for employees unable to be retained in (home) country arrangements or for whom a more traditional (host) local solution is not appropriate or available.

- In the last 15 years, the IPP survey has evolved extensively, with a significantly increasing volume of plans surveyed from 60 plans in 2008 to 1,023 plans in 2023. As can be seen in the table below, there has been a clear shift from defined benefit (DB) to defined contribution (DC) plans to date, with average employee contribution rates remaining fairly consistent and employer contribution rates increasing slightly in the more recent years.
- Eligibility is no longer largely limited to expatriate populations, but extends to executive groups, locals in countries facing economic challenges, populations in countries where local plans do not exist or are of poor value or perhaps are not offered to foreigners. It has also become a “catch-all” solution for various other scenarios, as described in the Case Study at the end of this report.
- This report summarises the results of the 2023 IPP Survey, conducted by WTW in Q3 and Q4 in 2022, analyzing plan design elements and membership criteria. Despite the change in the report format this year, the survey questions are largely consistent with prior years for continuity and comparability purposes. As in prior years, the membership criteria (plan size and location), plan design (DC, DB or hybrid), funding, vesting criteria, vehicle, contribution rates, investment funds and distribution options have been analysed.
- This survey includes an overview of key trends and developments observed in the past year, including environmental, social and governance (ESG) investment considerations, the sovereign debt crisis, the Ukraine war, diversity, equity and inclusion (DEI) considerations and rampant inflation.

	2008	2015	2023
Number of plans	60	721	1,023
% DC (vs DB)	63%	91% (2% hybrid)	94% (1% hybrid)
Employer average contribution rates (DC)	6-10%	5-9%	10-14%
Employee average contribution rates (DC)	Typically non contributory When applicable, 6-10%	Typically non contributory When applicable, 5-9%	Typically non contributory When applicable, 5-9%

Source: International Pension Plan Survey 2023

About the survey

The latest 2023 survey covers 955 multinational companies sponsoring 1023 IPPs or ISPs.



1023

are the number of IPPs and ISPs covered in this year's survey which are sponsored by 955 companies



23%

of the IPPs and ISPs surveyed were established in the last five years



\$19.3 billion

is the estimated total AUM for the IPPs and ISPs surveyed



Banking and Finance

has the largest concentration sponsoring IPPs/ISPs



1 ~ 6000

is the membership range participating in IPPs/ISPs surveyed across the globe

Source: International Pension Plan Survey 2023

Executive Summary

Executive Summary



Increasing prevalence

A significant shift in interest to **set up new IPPs/ISPs** from intergovernmental and non-governmental organisations.



Plan Vehicle

Trust-based vehicles continue to be the most popular way to segregate and protect member assets. **Contract-based plans** are also common due to historic cost of trust provision or general aversion to trusts in some regions.



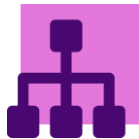
Vesting period

3 in 4 IPPs/ISPs offer immediate vesting. Where vesting rules do exist, the available options are typically between a phased or a flat vesting schedule.



Employees' savings protection

1 in 8 plans are offered to local employees in countries operating in challenging political and economic circumstances. Providers also allow early, partial, and/or hardship withdrawals in response to economic conditions.



Contribution design features

Defined contribution (DC) plans remain the most prevalent design basis, with defined benefit (DB) plans still in operation but closed to new members.



ESG considerations

ESG considerations is an emerging focus for these plans with 163 plans indicating that they reviewed the fund range in the past 12 months for ESG considerations (which includes DEI audits).



Fund management

The number of plans that offer access to external fund managers continue to increase and is the most popular offering.



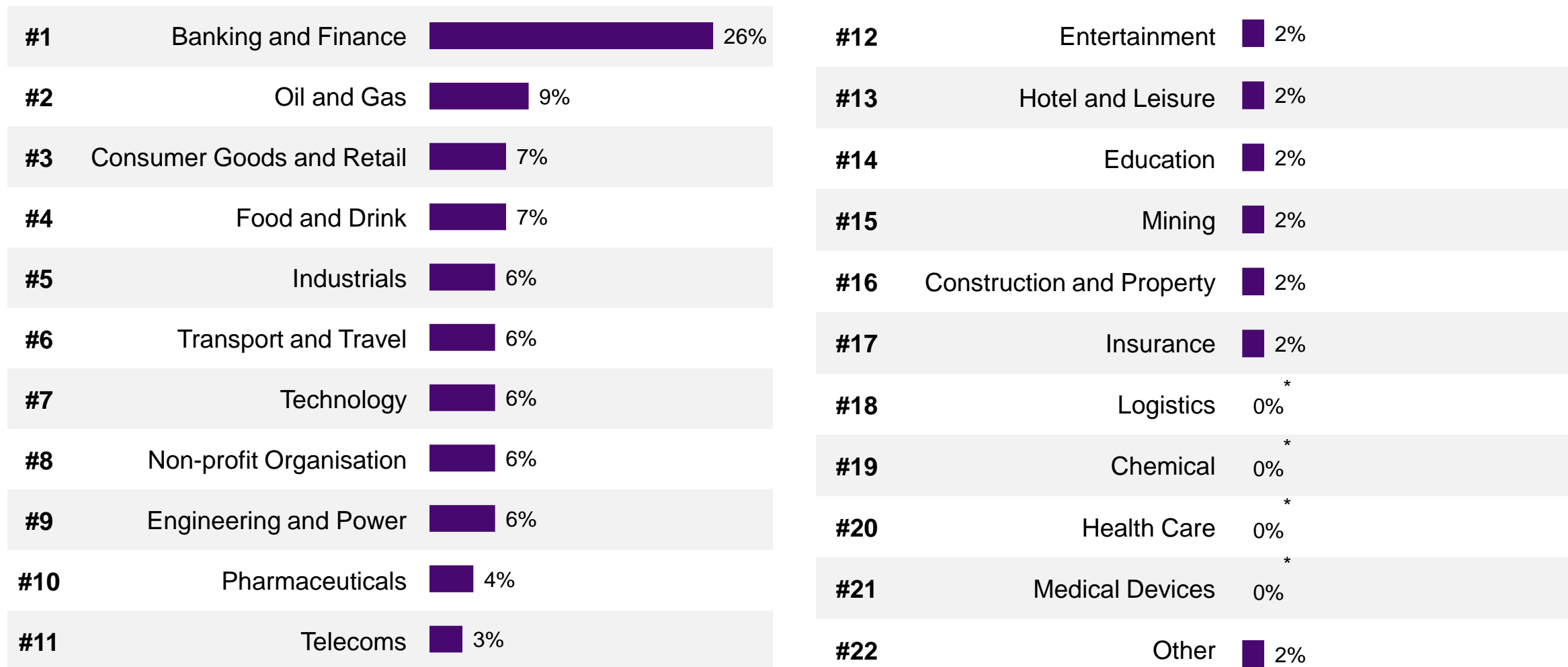
Lifestyle strategies

1 in 3 plans offer more than one **lifestyle option** to provide for different membership demographics, risk profiles or currencies.

Source: International Pension Plan Survey 2023

Survey Participants

Banking and finance is the top industry followed by Oil and Gas



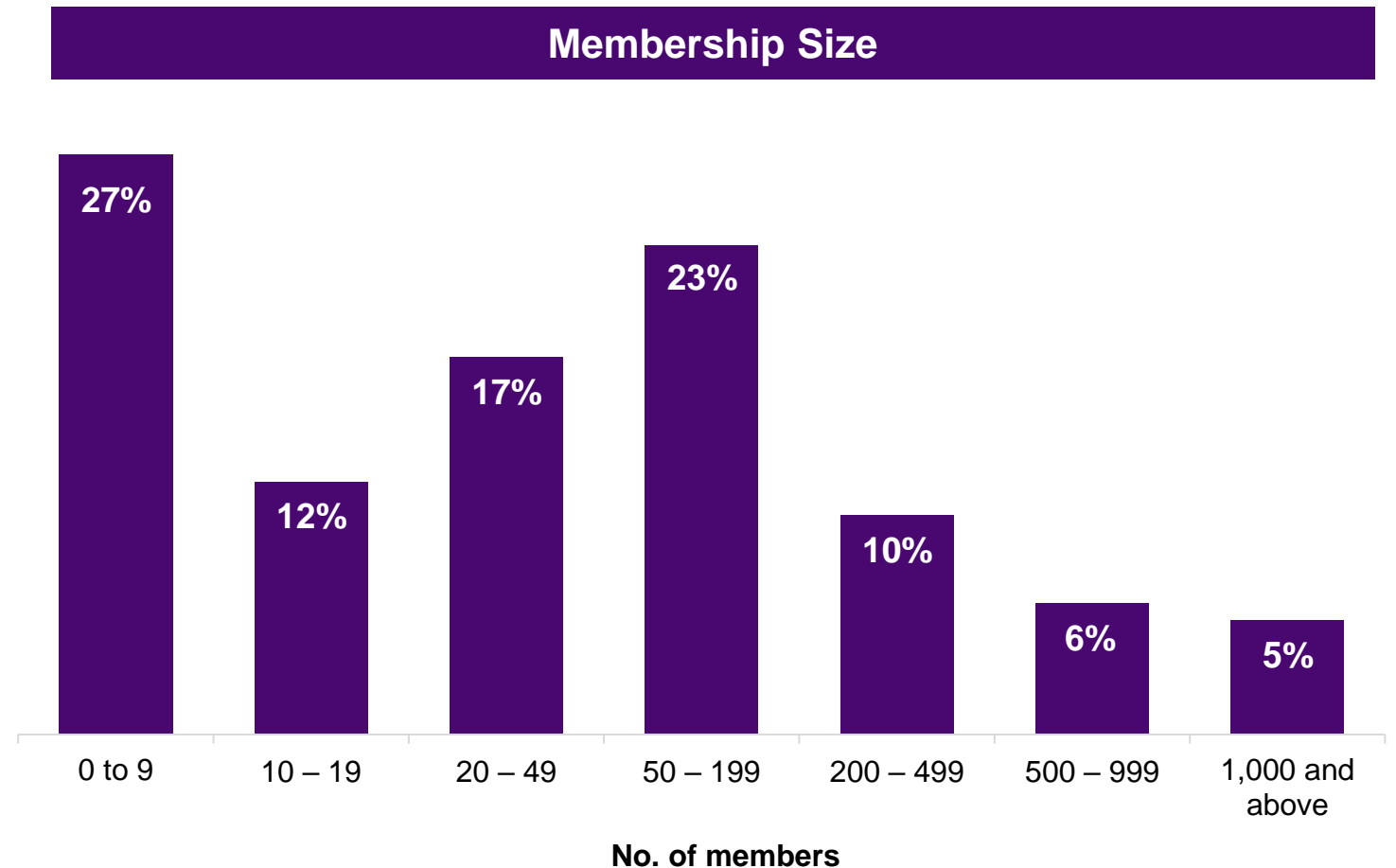
* Please note this is 0% due to rounding
Source: International Pension Plan Survey 2023

Most common membership size includes between 0 to 9 members followed by 50 to 199 members



IPPs and ISPs serve any number of members:

- 35 have only one active member
- 3 have 5,000 or more total members

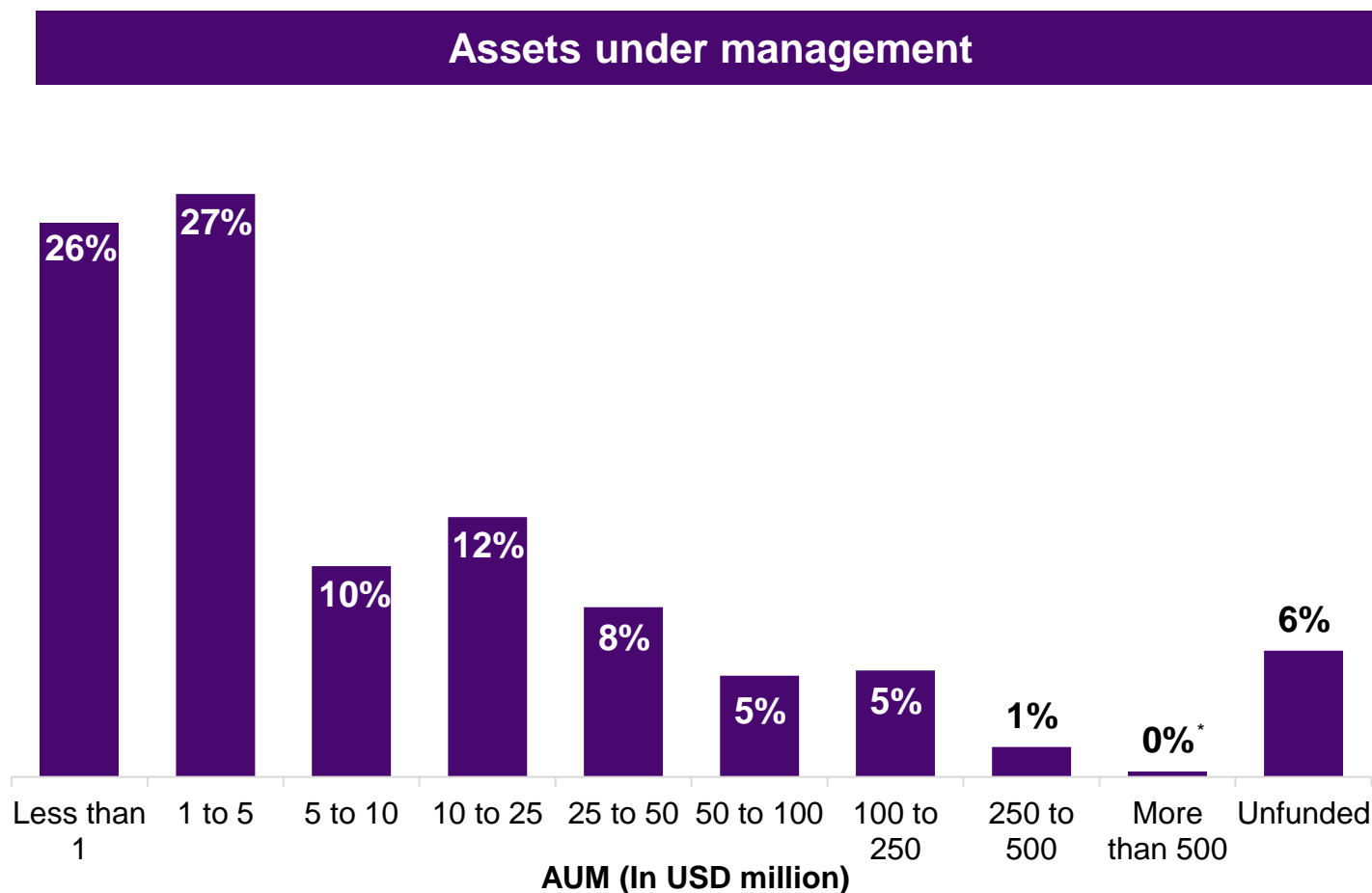


Total number of plans: 909
Not disclosed: 114
Source: International Pension Plan Survey 2023

Over half of the plans reported assets under management of less than US\$ 5 million



The total assets under management for IPPs and ISPs covered in our survey is estimated to be approximately **\$19.3 billion**, an increase of 5% from last year



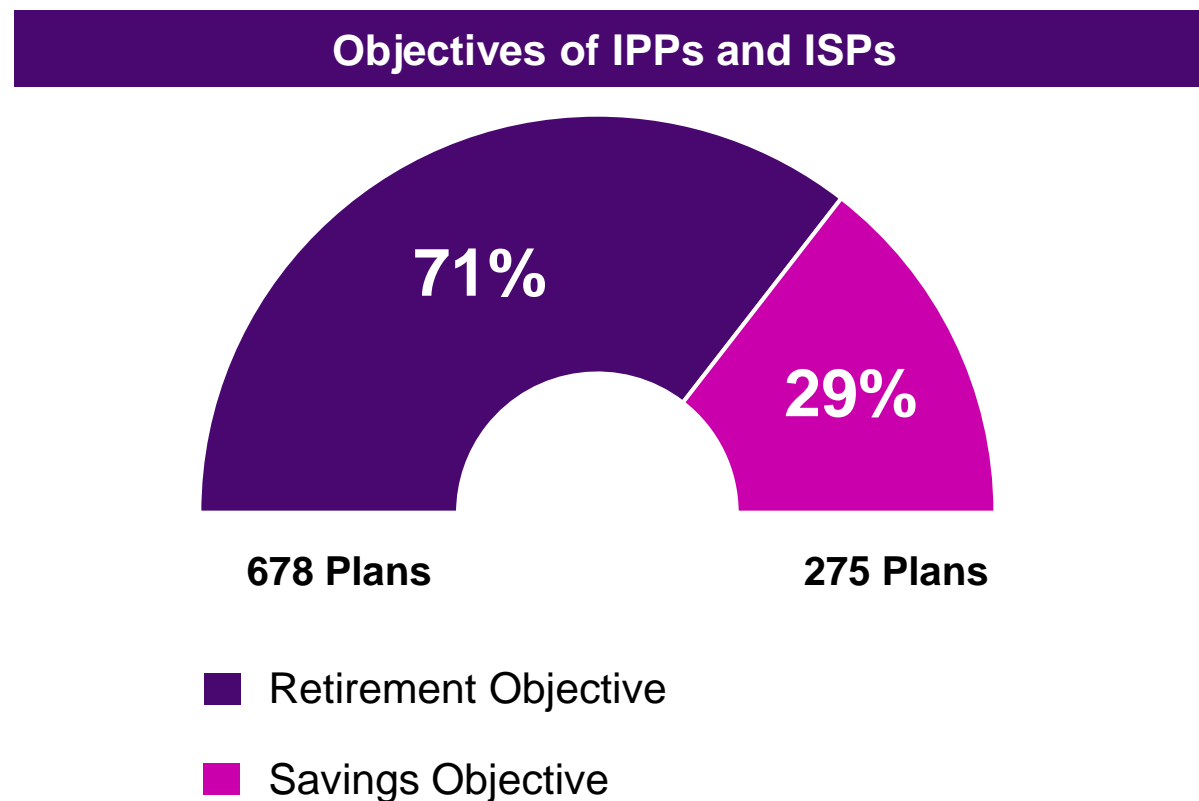
* Please note this is 0% due to rounding
Total number of plans: 778; Not disclosed: 245
Source: International Pension Plan Survey 2023

Benefits at retirement is the objective of most plans, though 1 in 3 also report a savings objective



The strategic intent of many IPPs and ISPs is to provide a 'top-up' or replacement benefit for international or expatriate employees who are no longer eligible for their home country plans or who face a shortfall or no benefit from host country plans

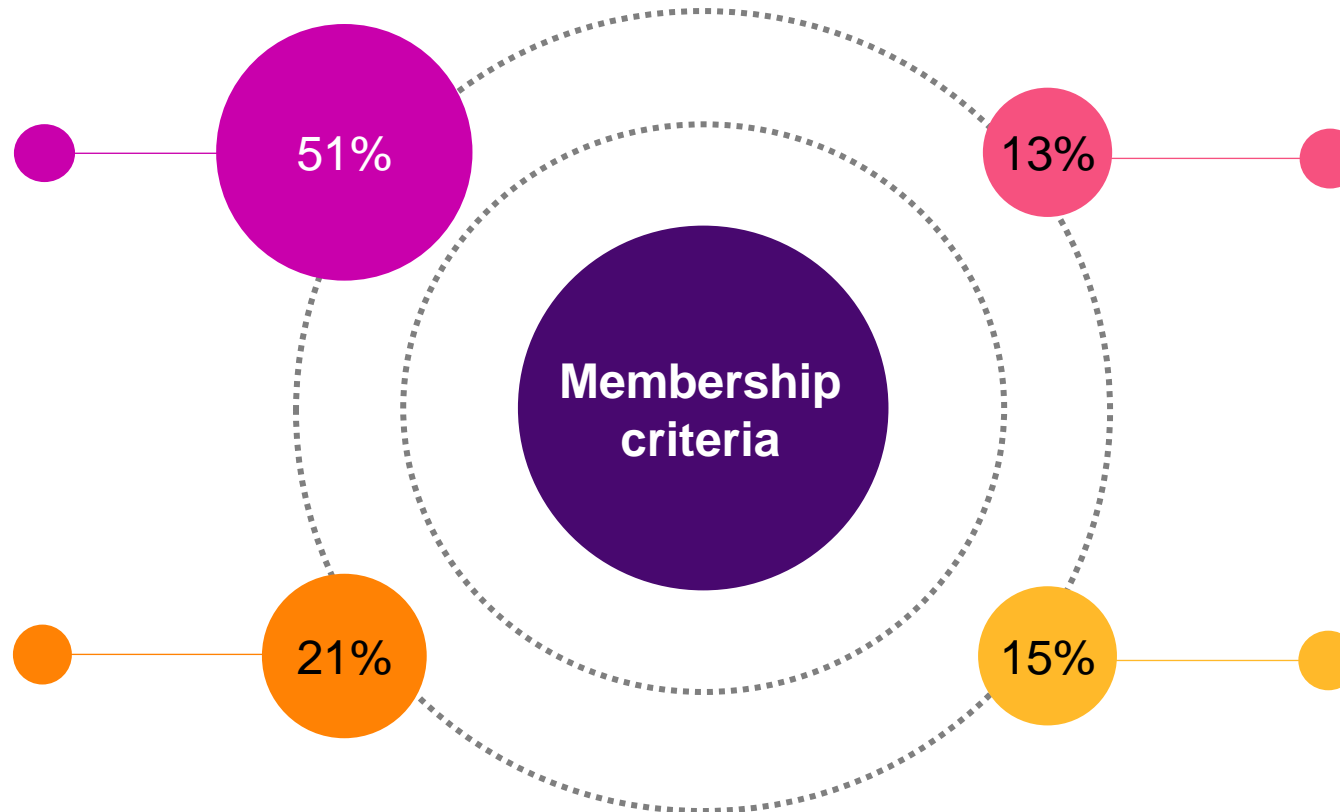
Total number of plans: 953 | Not disclosed: 70
Source: International Pension Plan Survey 2023



The majority of plans are set up for expatriates who are not covered by any home country plans

Expatriates
These are employees who can no longer remain in their home country plans and/or could not or should not participate in a host country arrangement

For executives only
These are typically top management enrolled in IPPs and ISPs either as nomads, or offered IPP and ISP membership as an incentive to take on a new role in another country



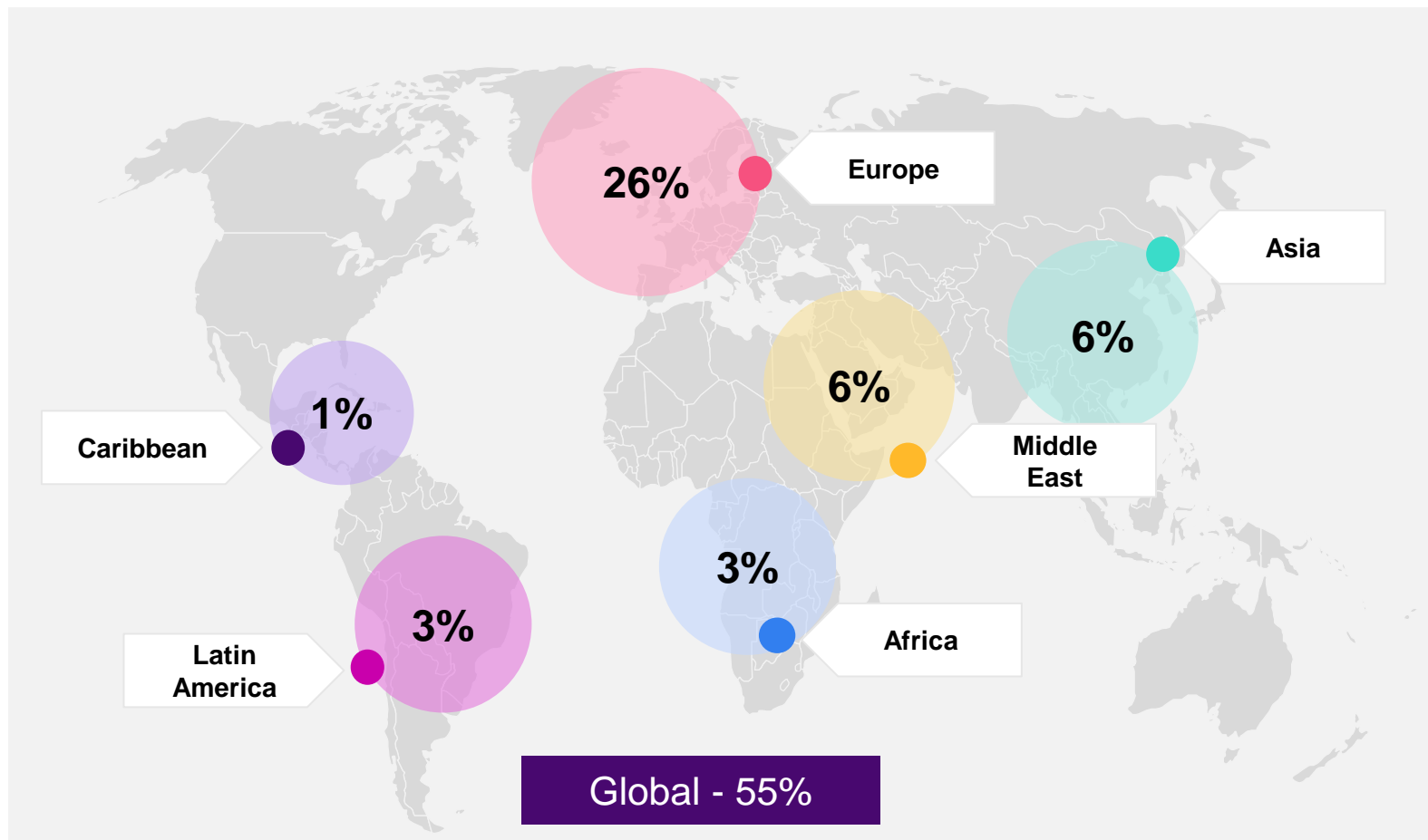
All local employees
IPPs and ISPs are commonly used for local employees based in countries with inadequately developed savings or retirement plan markets but with a demand for efficient short-or long-term savings vehicles or retirement benefits

Other *
This catch-all category encompasses other employer-defined criteria

*Other includes other employer defined criteria such as all members of a legacy DB arrangement or non-US employees who are transferred to another country and are not enrolled in another pension plan
Source: International Pension Plan Survey 2023

More than half of the plans are described as global

Twenty-six percent of the surveyed IPPs and ISPs covered Europe



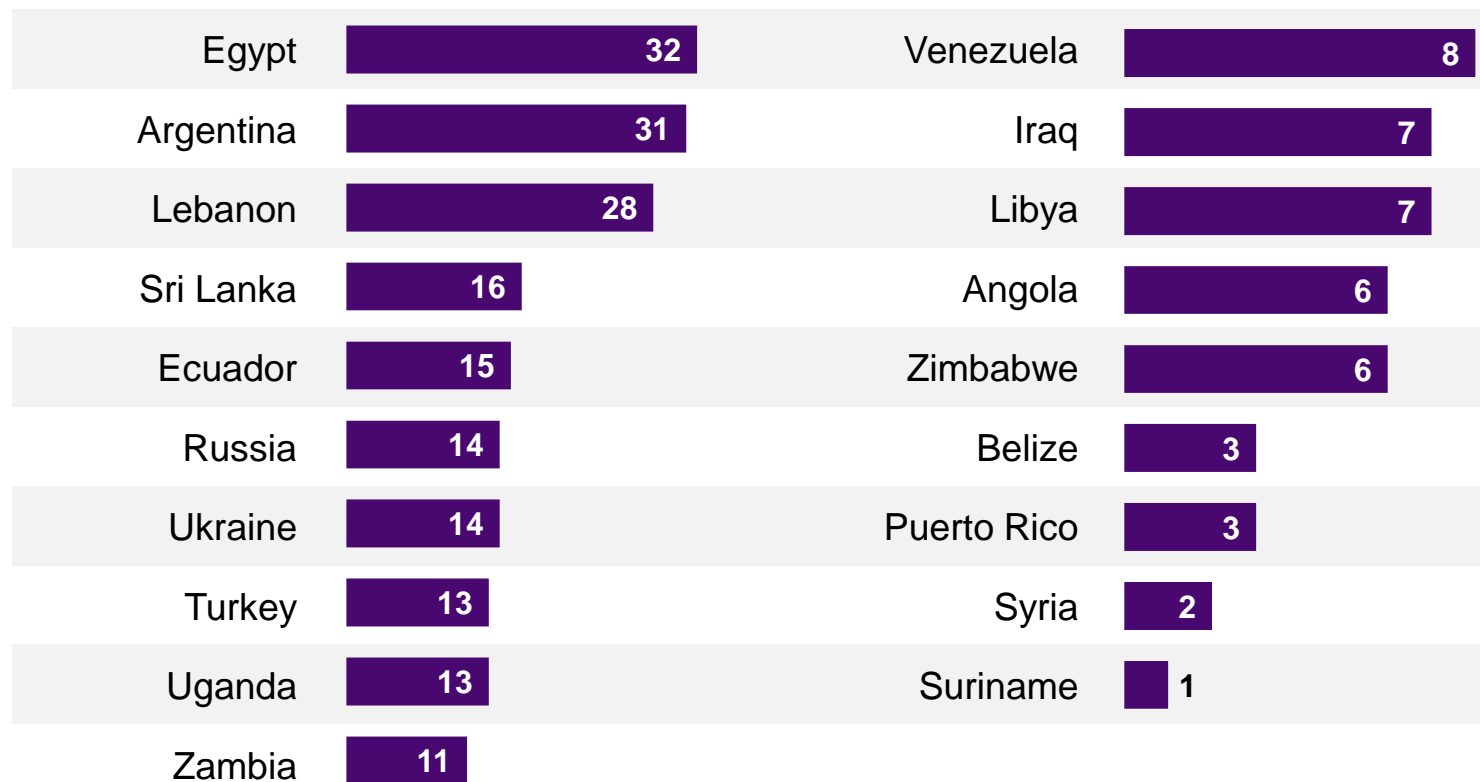
IPP and ISP are more often offered where the local savings or retirement plan market is:

- Underdeveloped
- Offering no or minimal tax advantages
- Requiring investment in local instruments such as bonds (that are often at high risk of default)
- Offering restricted investment options
- Having few local providers offering quality administration and communication services

Source: International Pension Plan Survey 2023

1 in 8 plans are offered to local employees in countries operating in challenging political and economic circumstances

Plans offered in countries with challenging circumstances



IPPs and ISPs providing security for savings:

- At least 15 countries have defaulted on their government debt instruments in the last 2 years and at least a dozen are at risk of default in the near future
- IPPs and ISPs can safeguard employees' savings and protect them from any local economic and political turbulence, including countries experiencing high levels of inflation

Source: International Pension Plan Survey 2023

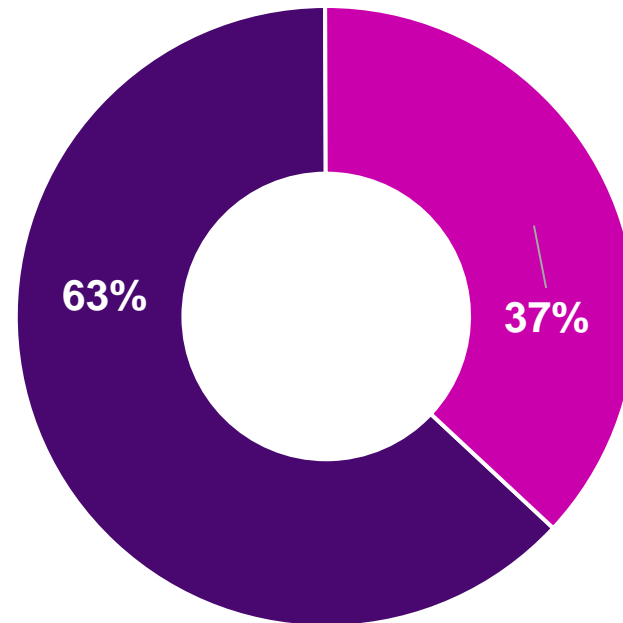
Operational structure

Trust based vehicles are the most popular structure to establish plans

Plan vehicle

Pension assets held within plans are most commonly retained in trust vehicles in offshore locations

Trust



Contract

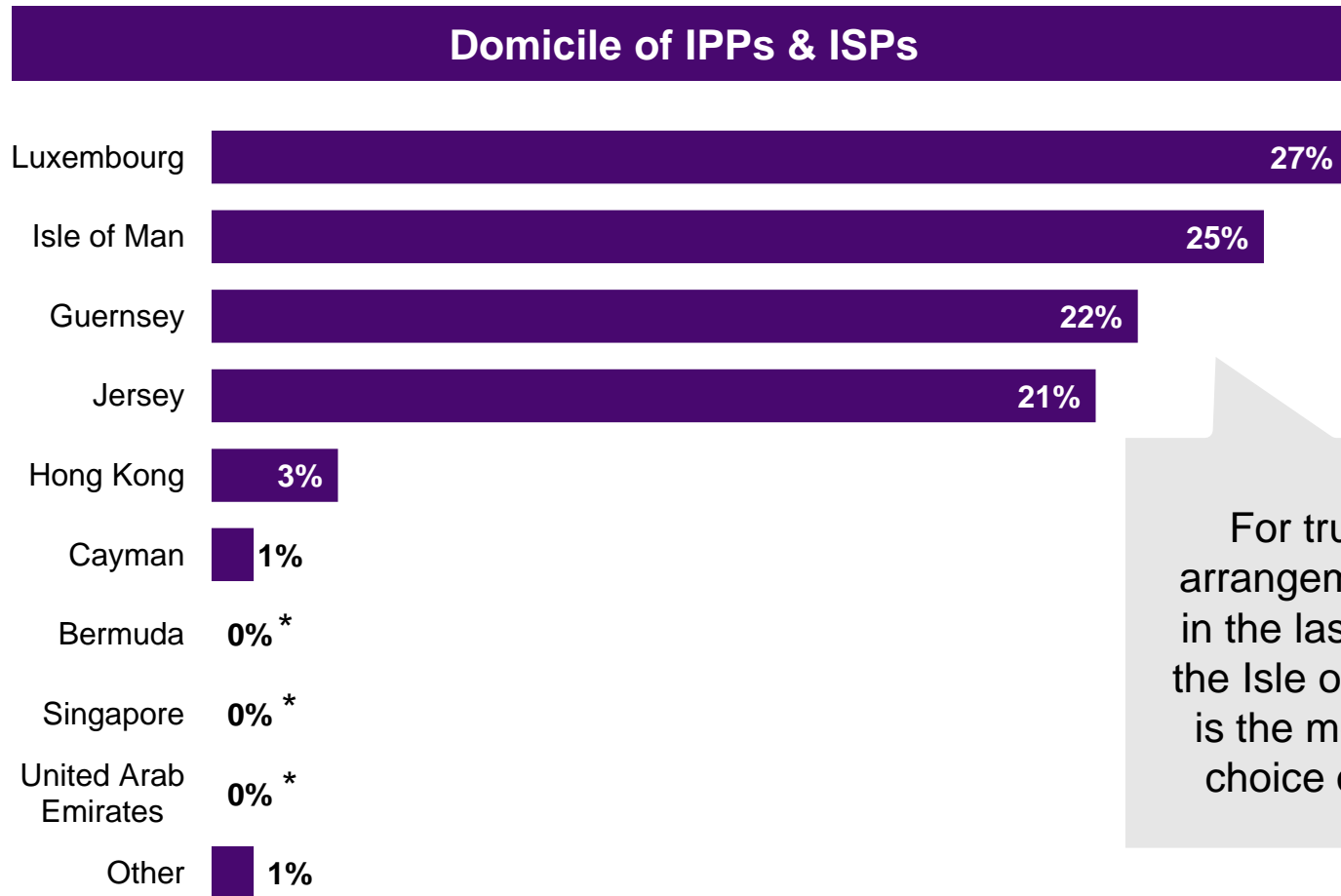
- Contract-based plans are also common, which may be due to the historic cost of trust provision as well as a general aversion to trusts in certain regions
- Contract based arrangements are also common where the sponsoring employer often needs to maintain control over the underlying assets for e.g., using IPPs and ISPs as funding vehicles for mandatory termination indemnities, gratuities or end of service benefits (ESBs)

Total number of plans: 961

Not disclosed: 62

Source: International Pension Plan Survey 2023, End-of-Service Benefits in the Middle East 2022

Luxembourg and Isle of Man are the most common domiciles with 1 in 2 plans based there



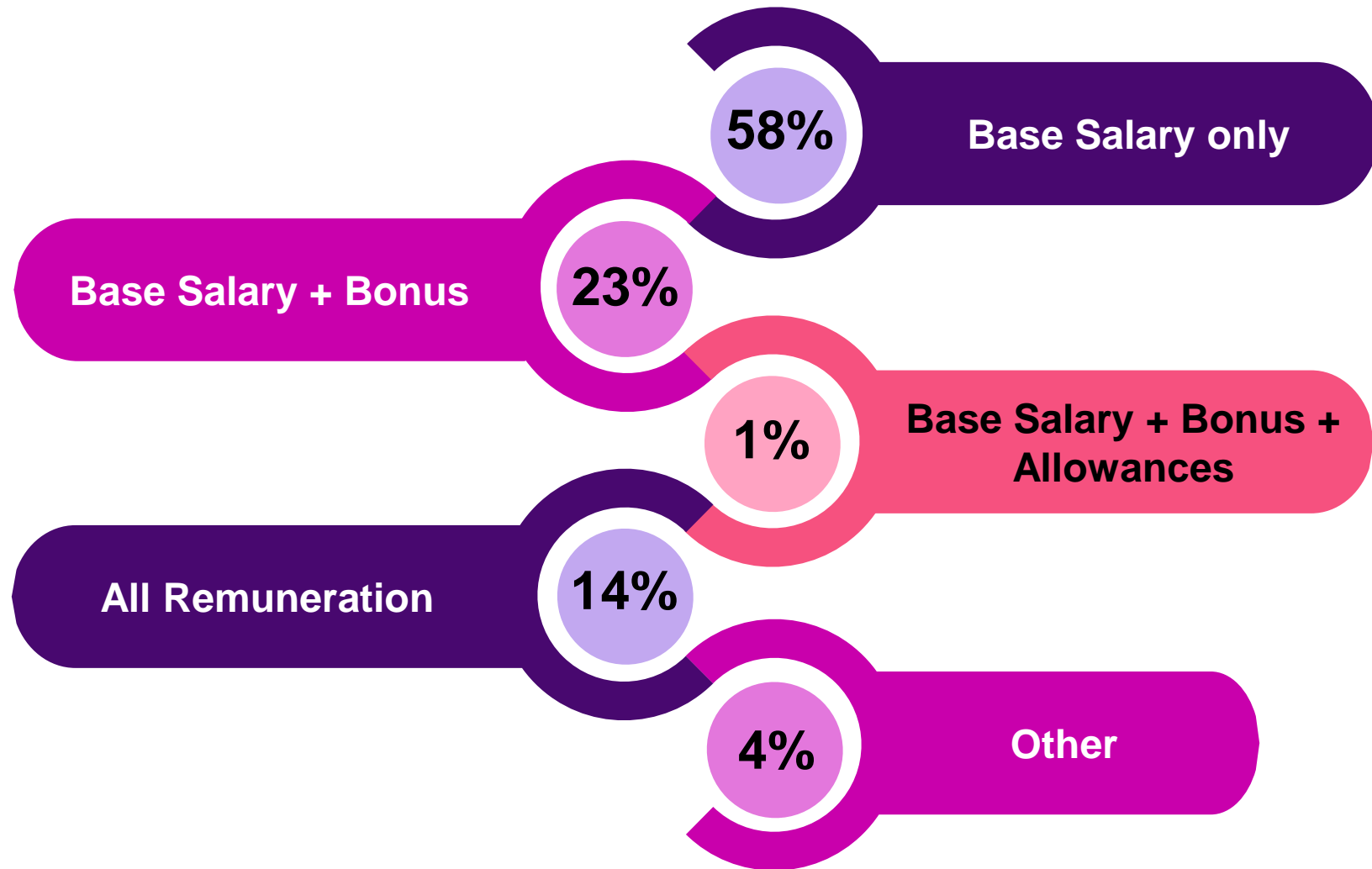
Most providers offering contract-based arrangements are domiciled in Luxembourg and therefore those plans will by default be contracted in this location

For trust-based arrangements set up in the last five years, the Isle of Man (65%) is the most popular choice of domicile

* Please note this is 0% due to rounding
Total number of plans: 924; Not disclosed: 99
Source: International Pension Plan Survey 2023

Plan design features

Pensionable salary is most commonly defined as ‘base salary only’



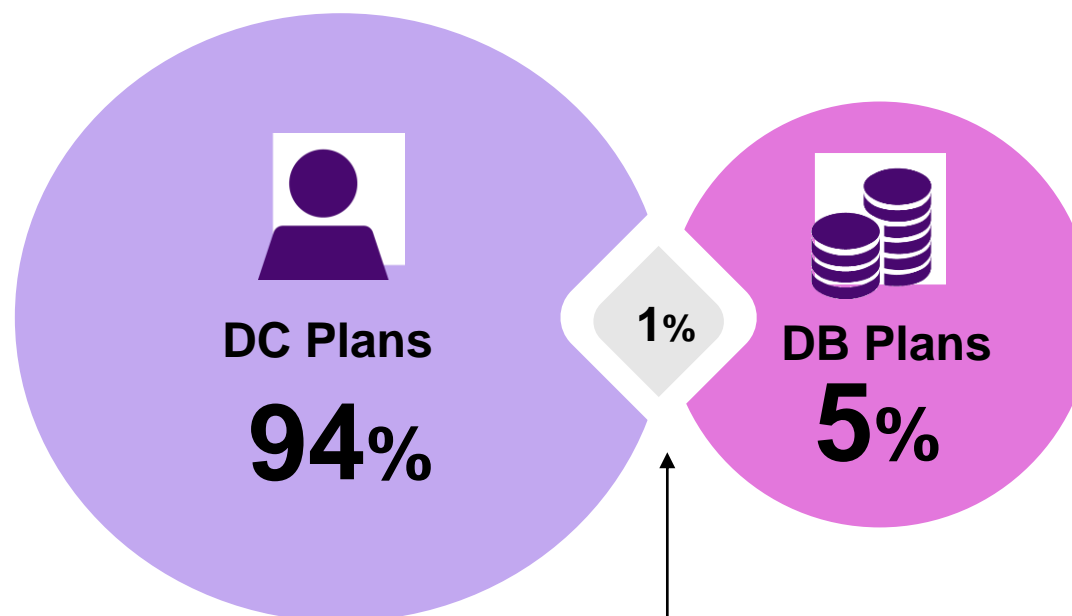
A number of IPPs and ISPs include all remuneration (93 IPPs and ISPs), which may include commissions and benefits-in-kind

Not applicable (Plan closed): 9
Total number of plans: 684; Not disclosed: 330
Source: International Pension Plan Survey 2023

DC plans are the most common with DB plans typically closed to new members and falling in numbers

Funded status

The vast majority (95%) of IPPs and ISPs are funded; with only 5% unfunded, according to our survey. 72% of DB IPPs and ISPs are funded



In our survey, only five DB plans have been set up since 2012, and none in the past five years. DB plans were prevalent historically but now exist on a smaller scale

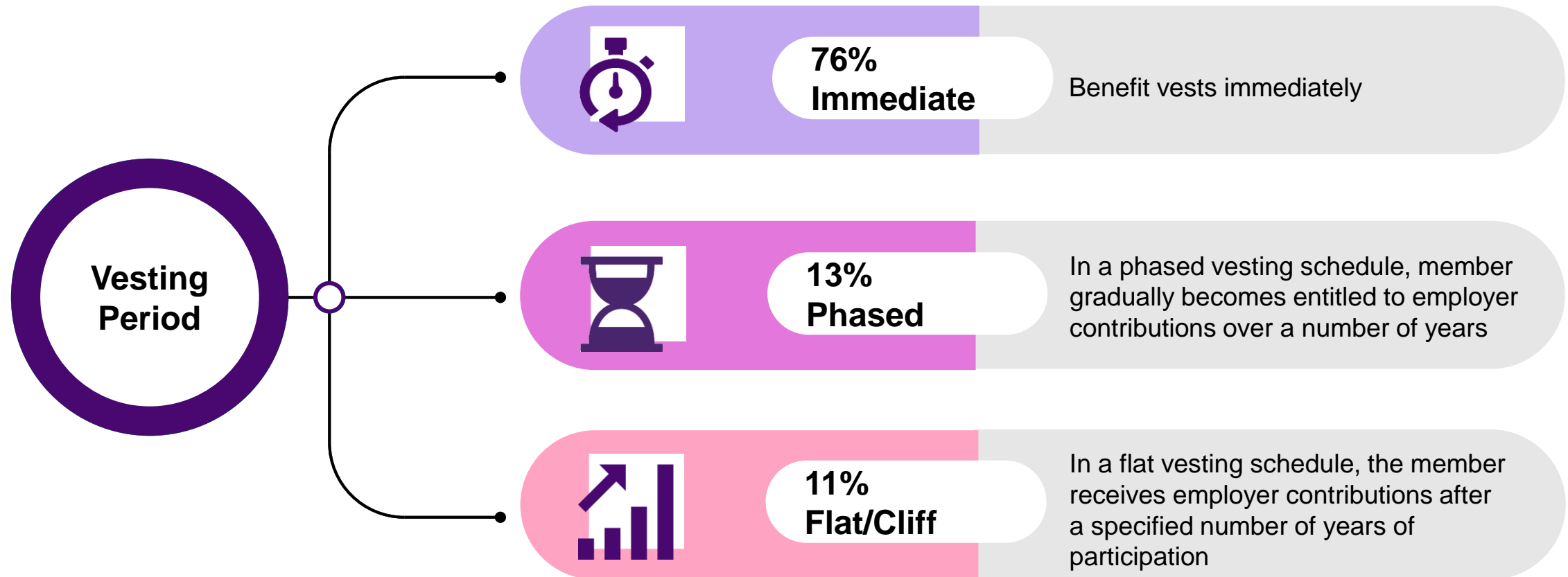


The intersection represents the **hybrid plans** which are a combination of traditional DB and DC plans with an individual retirement savings account to which both, employer and employee contribute

Total number of plans: 1012
Not disclosed: 11
Source: International Pension Plan Survey 2023

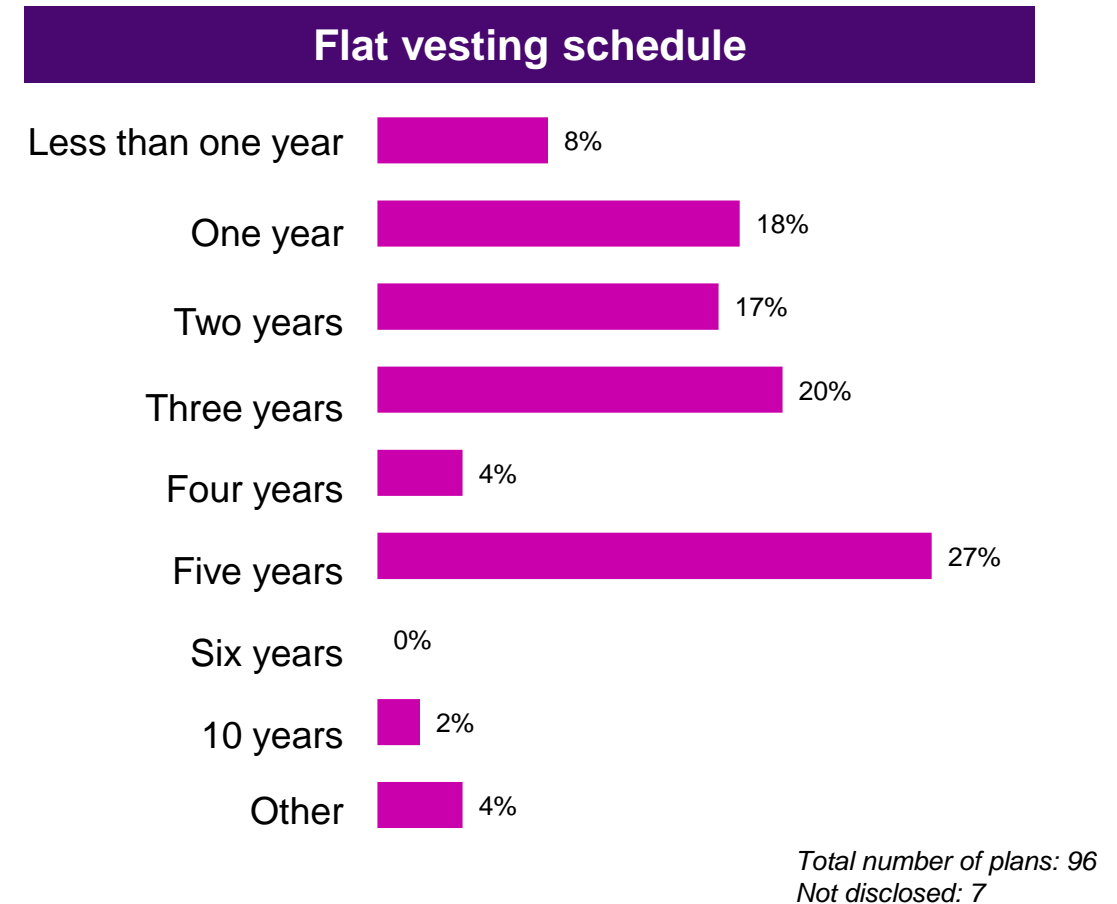
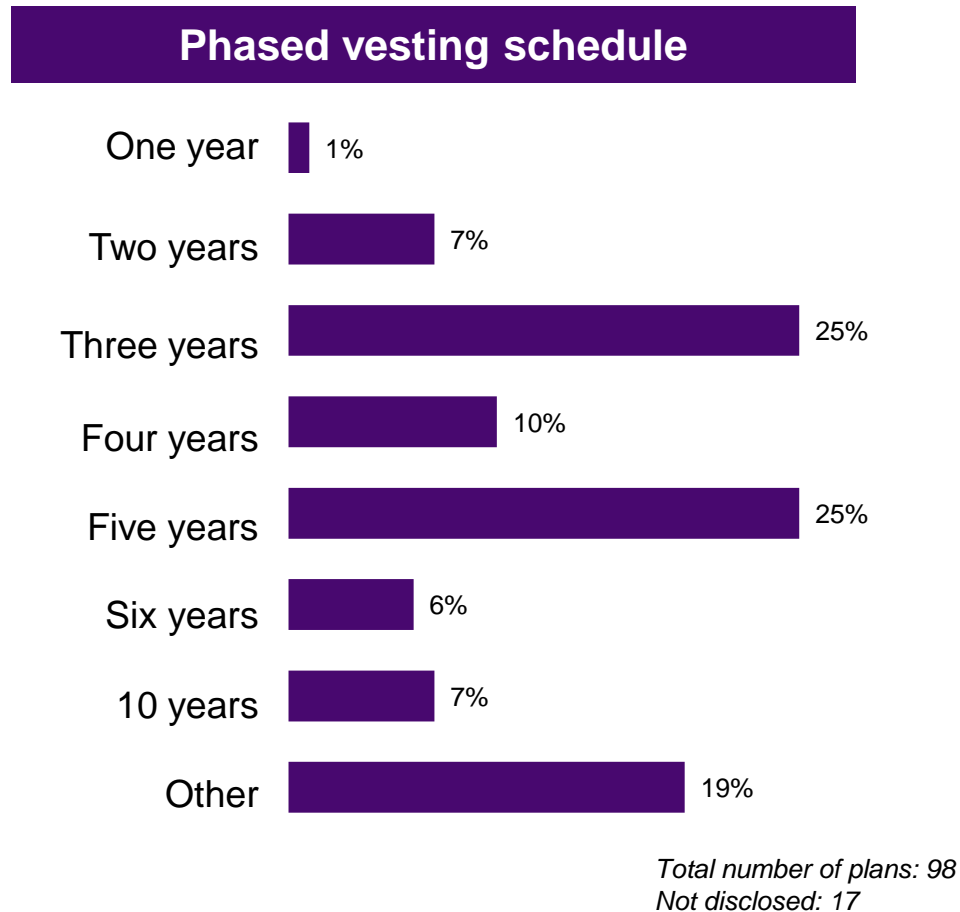
3 in 4 Plans offer immediate access

When there are any waiting periods, they are typically one year or less



Total number of plans: 909
Not disclosed: 114
Source: International Pension Plan Survey 2023

Employer contributions generally vest completely within three to five years of initial participation for organisations with vesting periods



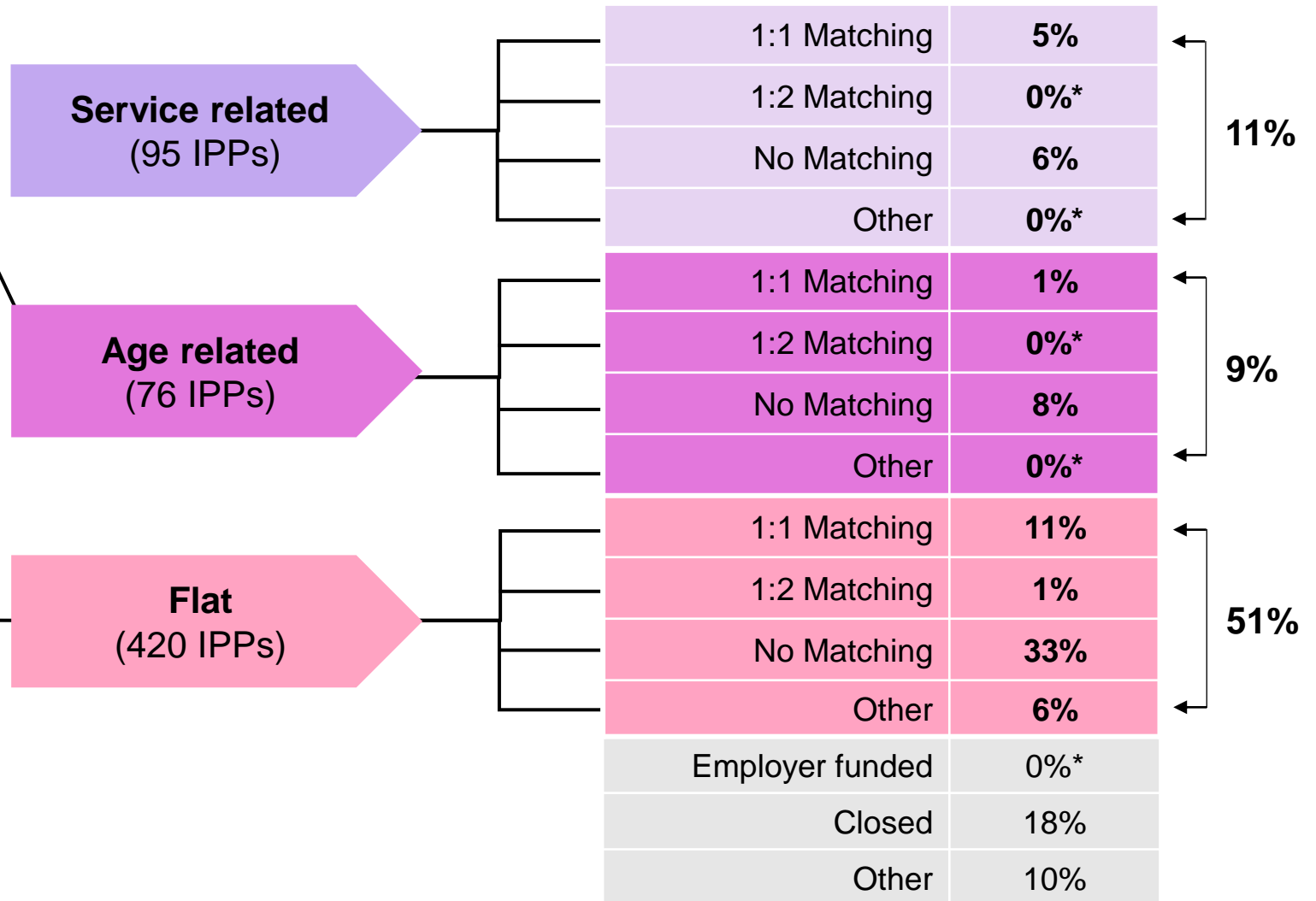
Source: International Pension Plan Survey 2023

Defined Contribution (DC) Plans

Contribution design (DC plans only)

Age-related is becoming less popular with employers due to discrimination concerns

Newer DC plans are generally moving away from service and age-related scales and report either a flat rate for all employees or different flat rates for different groups of employees. In this year's survey, 68% of IPPs set up in the past five years reported a flat rate, and about 52% of these do not offer employer matching. Where matching is offered, 1:1 is the most common



Total number of plans: 825; Not disclosed: 125

* Please note this is 0% due to rounding. Matching ratios shown above are Employee to Employer

Source: International Pension Plan Survey 2023

Contribution design (DC plans only)

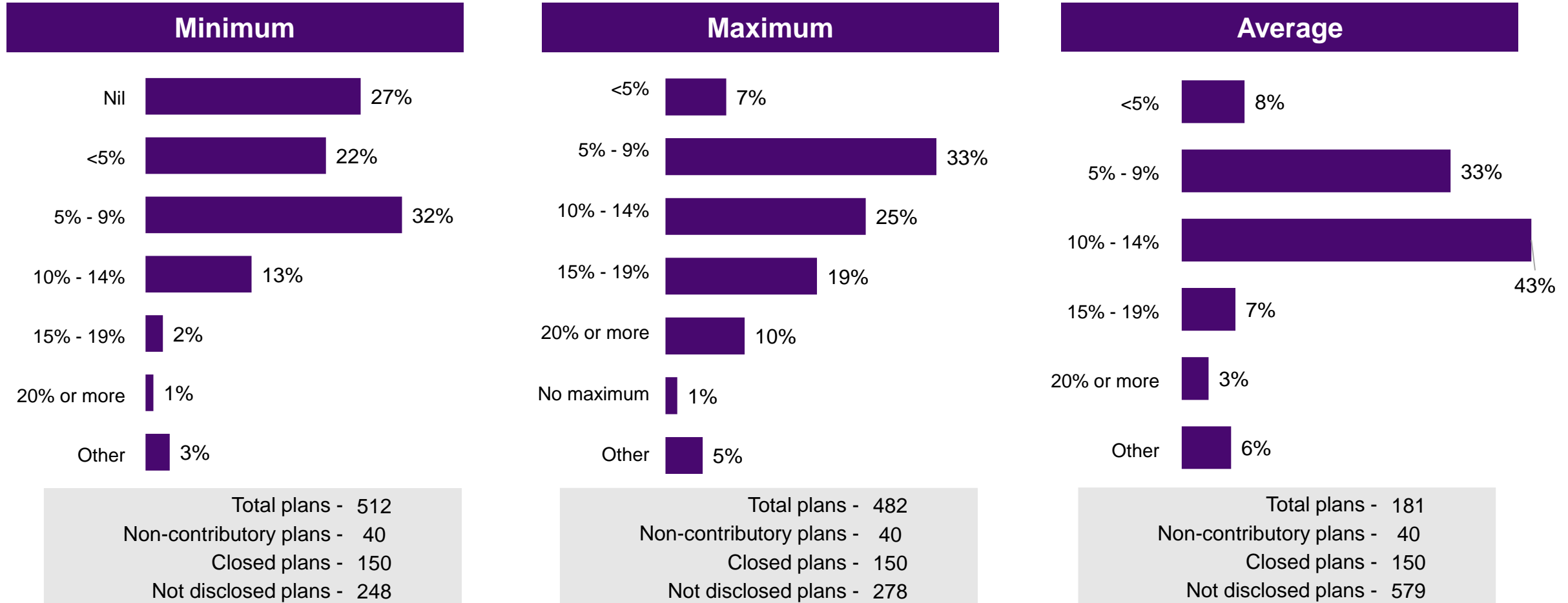
Service related (95 IPPs)	1:1 Matching	5%
	1:2 Matching	0%*
	No Matching	6%
	Other	0%*
Age related (76 IPPs)	1:1 Matching	1%
	1:2 Matching	0%*
	No Matching	8%
	Other	0%*
Flat (420 IPPs)	1:1 Matching	11%
	1:2 Matching	1%
	No Matching	33%
	Other	6%
	Employer funded	0%*
	Closed	18%
	Other	10%

There are 150 IPPs and ISPs that are closed to new members, the majority of which are historic plans that were set up for UK executives.

The 'Other' category includes IPPs and ISPs which have discretionary contributions either annually or at different times (such as a top-up for an executive with another local pension plan).

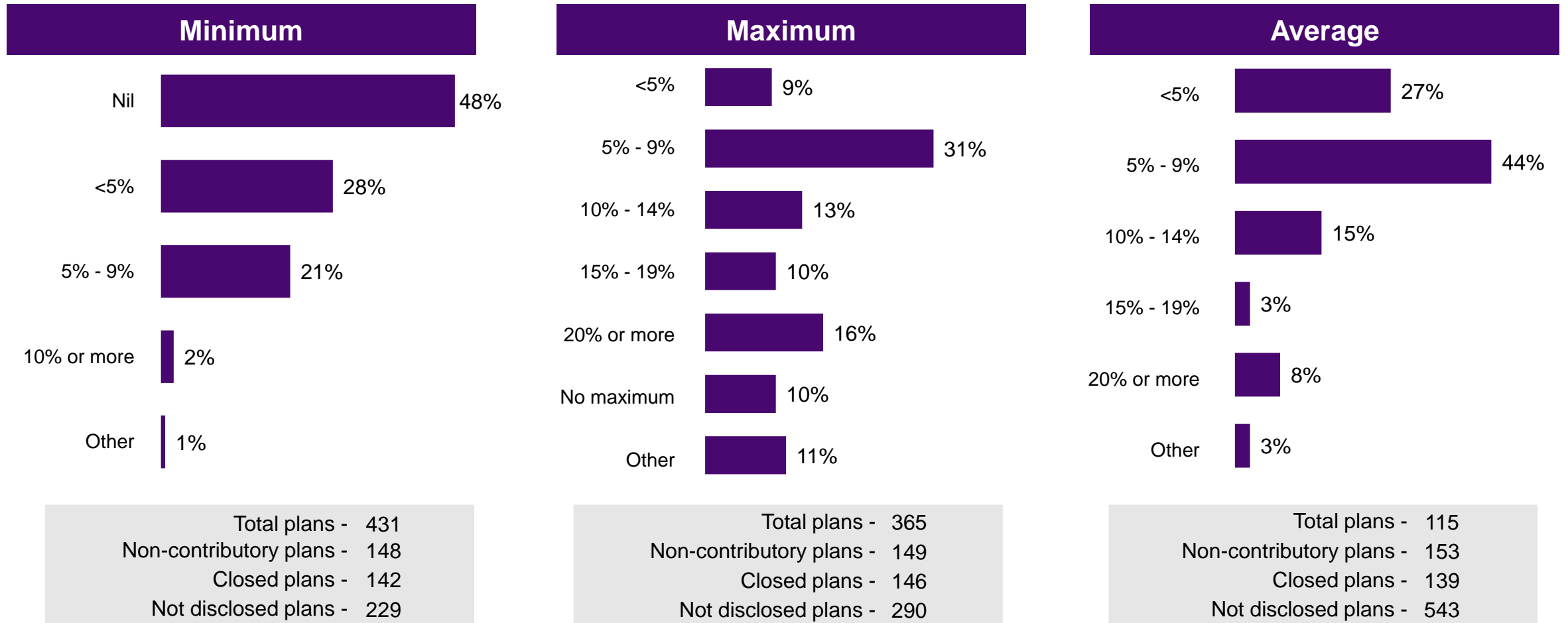
Total number of plans: 825; Not disclosed: 125
 * Please note this is 0% due to rounding. Matching ratios shown above are Employee to Employer
 Source: International Pension Plan Survey 2023

Employer contributions (DC plans) are typically between 10% - 14%



Source: International Pension Plan Survey 2023

Employee contributions (DC Plans) are largely voluntary, otherwise typically between 5% - 9%



Source: International Pension Plan Survey 2023

Investment Options

The majority of IPPs/ISPs offer access to external fund managers

Fund management



Asset classes include **global/regional equity, global bonds, emerging markets, diversified, commercial property, ESG, commodities, Shariah and cash**

IPPs and ISPs offer a large range of investment funds, often from 'guided' or 'open' architecture investment platforms or gateways through specialist providers

The funds available are often 'best of breed', being drawn from the wide universe of investment funds and investment managers available in the offshore market

Not applicable (including funded): 21
Total number of plans: 882; Not disclosed: 120
Source: International Pension Plan Survey 2023

Fund management

Management Style

The fund range in the offshore market includes both actively and passively managed funds, with several IPPs and ISPs offering both active and passive alternatives in core asset classes, such as global equity and global bonds.

Environmental, Social & Governance (ESG)

Sustainable funds, which use ESG criteria to evaluate investments, have gained popularity. This year, 163 plans indicated they reviewed the fund range in the past 12 months for ESG considerations. Additionally, 6 out of 10 providers reported increased interest in a broader fund range which not only focuses on carbon reduction but also other ESG criteria, including clean water, healthcare, and Shariah.

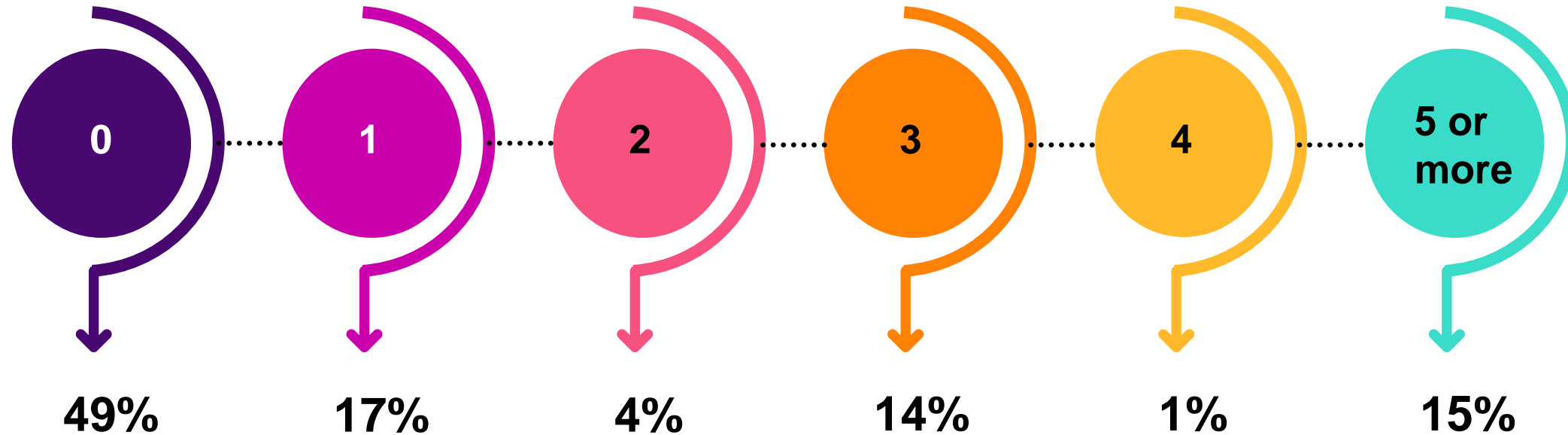
Rising Inflation

Many fiduciaries of IPPs and ISPs are also focusing on ensuring their investment funds offer sufficient protection against inflation and there is a growing interest in broader equity funds, commodities, properties and certain bonds that provide inflation protection.

Source: International Pension Plan Survey 2023

Half of the IPPs/ISPs offer one or more lifestyle strategy(ies)

Number of Lifestyle strategies



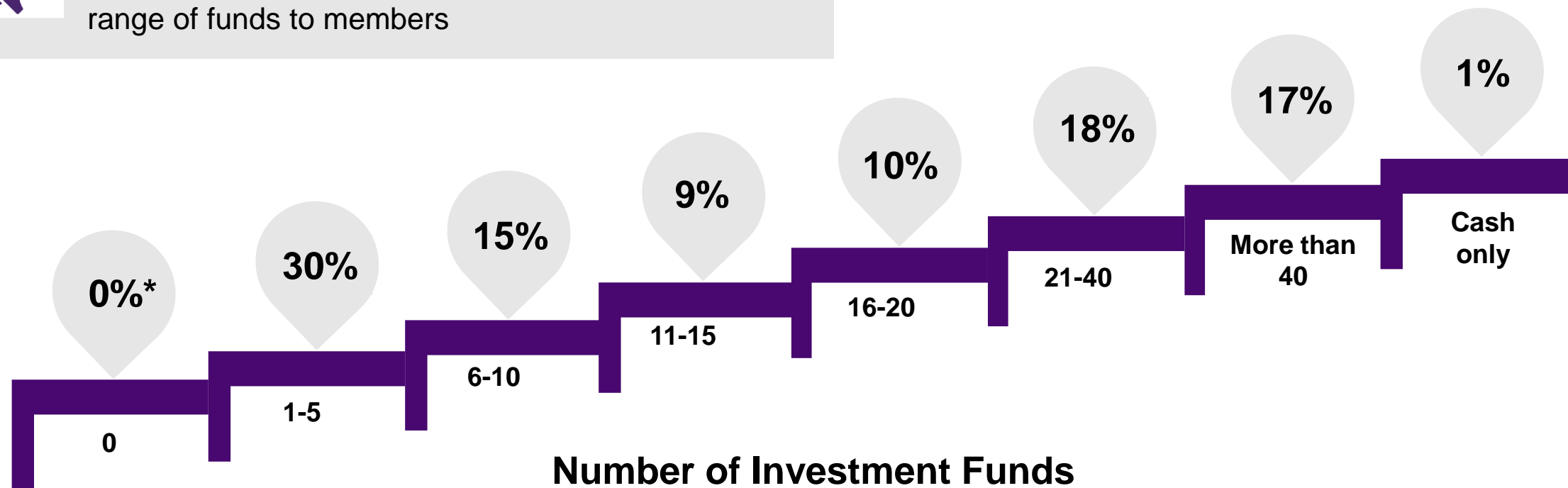
34% of the IPPs and ISPs offer more than one lifestyle option to different memberships with different demographics, risk profiles and currencies. There are also US-style target-date funds being offered on some provider platforms that aim to achieve similar de-risking objectives as lifestyle strategies

Source: International Pension Plan Survey 2023

Almost half of IPPs/ISPs in our survey offer up to 10 investment funds for members to choose from



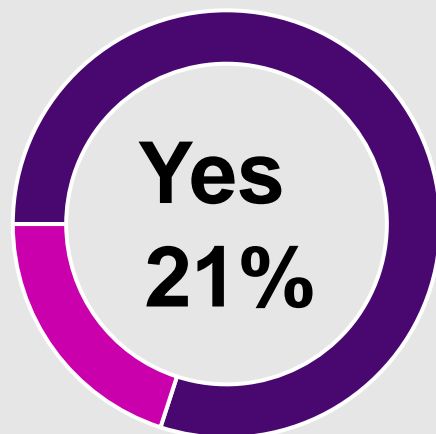
3 in 5 plans set up in the past five years offer up to 10 funds, which suggests the trend is to offer a narrower range of funds to members



* Please note this is 0% due to rounding
Total number of plans: 933; Not disclosed: 90
Source: International Pension Plan Survey 2023

1 in 5 IPPs and ISPs indicate having an Investment Governance Committee

Do you report to an
Investment Governance
Committee?



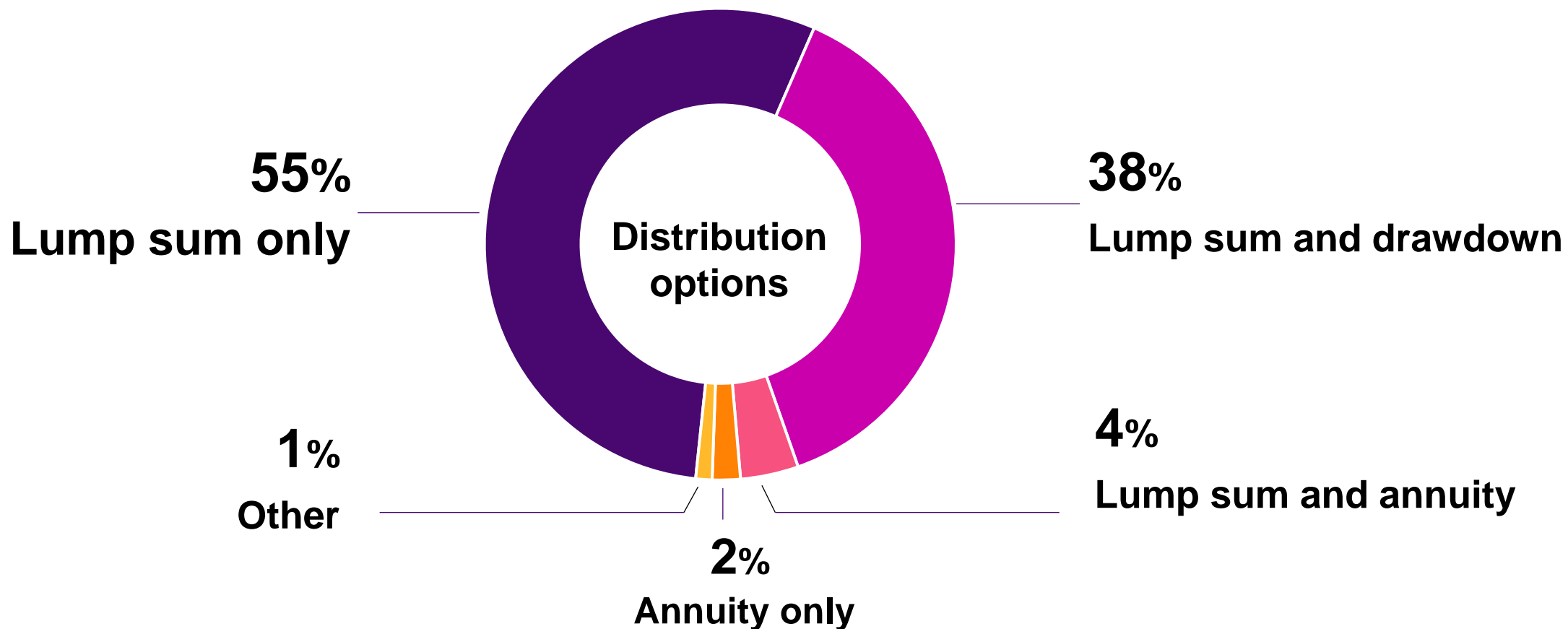
- Unlike in the US and UK, where DC is highly developed and Investment/ Governance/ Management Committees are very commonly used to maintain regular and on-going oversight, the same level of governance and oversight does not seem to be provided to the IPP or ISP market currently and its overall presence is relatively low
- Given the average size of IPPs and ISPs being circa 50 members or less (more than 50% in the survey have fewer than 50 members), sponsors may view the plan as being immaterial for DC oversight, and this may be a reason for the inconsistency
- High investment market volatility in last few years has had a significant impact on values of accumulated funds, which has highlighted the need to have appropriate governance structures in place. ESG, inflation protection and other key current themes may result in more governance and oversight introduced around IPPs and ISPs

Total number of plans: 749

Not disclosed: 274

Source: International Pension Plan Survey 2023

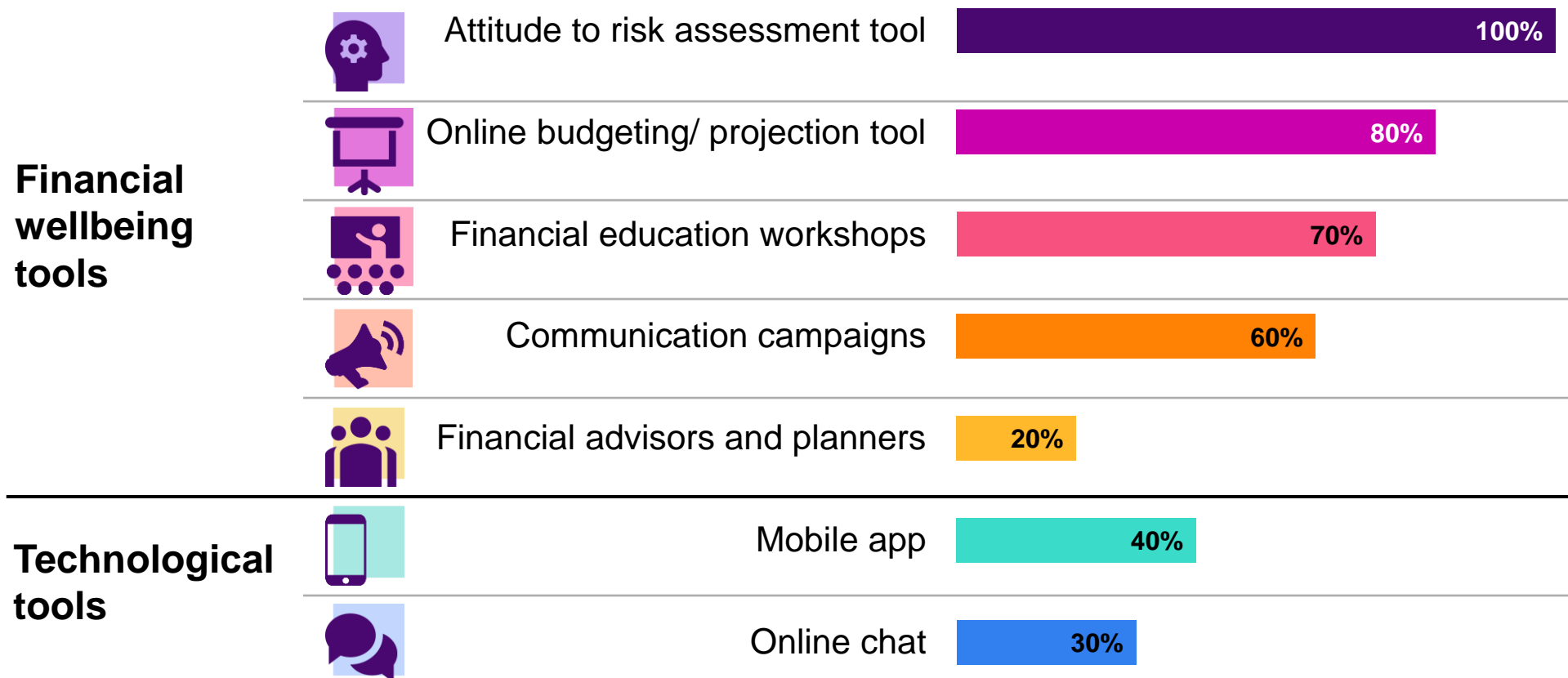
Lump sum cash distribution is the most prevalent distribution option, though drawdown options are becoming more common



Total number of plans: 981
Not disclosed: 42
Source: International Pension Plan Survey 2023

Provider capabilities

Providers are showing continued interest in developing financial well-being tools



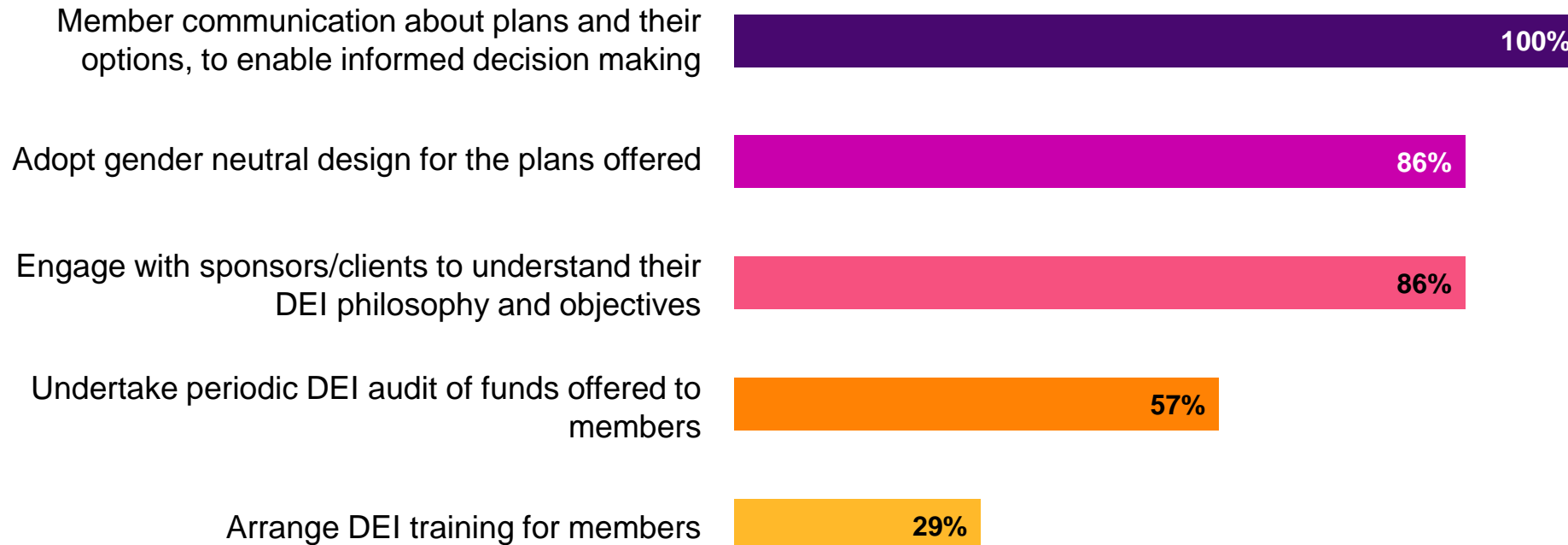

7 out of 9 providers have an in-house team for delivering financial wellbeing offerings to plan members

*Note these are percentage of providers responding to the question
Source: International Pension Plan Survey 2023

Most providers have adopted a gender-neutral design for the plans offered



Actions that promote Diversity, Equity and Inclusion (DEI)



*Note these are percentage of providers responding to the question
Source: International Pension Plan Survey 2023

Almost all providers educate members on the impact of exiting from their plans at the wrong time



Actions in response to high inflation

Educate members on the impact of exiting from plan at wrong time

90%

Allow early / hardship withdrawals

80%

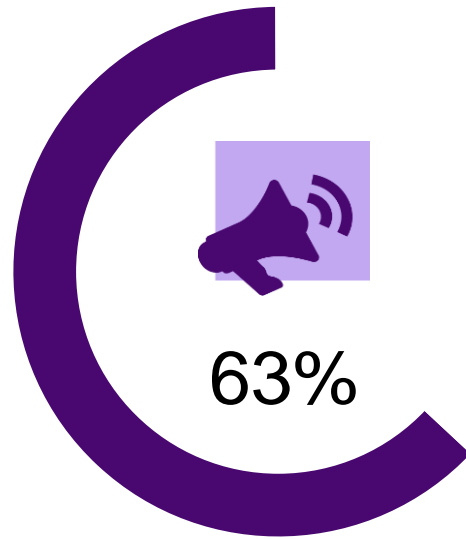
Rebalance portfolio to increase investment in equity or other real assets

38%

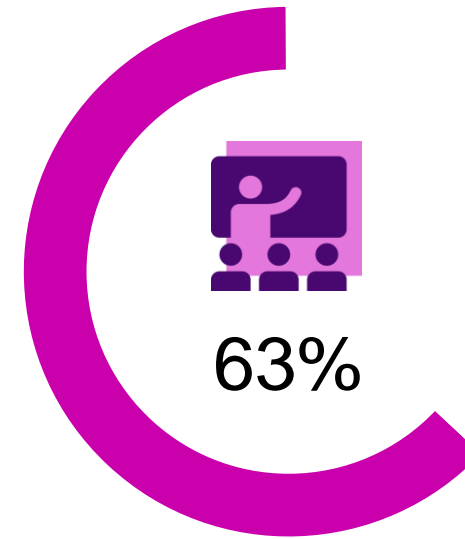
*Note these are percentage of providers responding to the question
Source: International Pension Plan Survey 2023

5 out of 8 providers have educated members on the impact of exiting from plan at wrong time

 **Actions as a result of the Ukraine war with respect to investments in Russia, Belarus or Ukraine**



Member communication on investment portfolio impact (due to sanctions)



Educate members on the impact of exiting from plan at wrong time

Note these are percentage of providers responding to the question
Source: International Pension Plan Survey 2023

Case Study

Case Study

In the last few years, the world has been impacted by a global pandemic, hyper inflation and political unrest in various parts of the world. These events have shone a light on humanity, resulting in an increased awareness of diversity, equity and inclusion. In addition, the pandemic has validated that workforce globalisation is a possibility which leads to the question of how employers may provide benefits for an increasingly remote workforce.

Addresses ESG (including DE&I) concerns

- Minimum plan standards
- Investment ranges and choices
- Default considerations
- Need for DE&I audits

Paternalism

- Equity in contributions to employees regardless of home country
- IPP can be used as a tool to balance out plusses and minuses in social security systems around the world

Solution for mobile and international workforce

Global nomads, international assignees, TCNs, secondees, foreigners on local contracts with varying:

- Nationalities
- Currencies
- Languages
- Investment plans

Source: International Pension Plan Survey 2023



Countries with no or poor value plans

- Funding vehicle for End of Service benefits with added bonus of potential to earn investment return (Middle East)
- Low prevalence for supplementary DC retirement plans (Central Eastern Europe, Africa, Asia, LATAM)
- No supplementary systems (Central Eastern Europe, Africa, Asia, LATAM)

Efficient, secure & cost effective

- Eliminates the need for multiple plans in different countries for employers with a mobile workforce

Protection against economic challenges

Countries that have defaulted on government debt (*Argentina, Ecuador, Lebanon, Sri Lanka, Suriname, Zambia*)

- Countries at risk of default (*Belarus, Egypt, Tunisia, Ukraine*)
- Hyper inflation (*Argentina, Ethiopia, Turkey, Venezuela, Zimbabwe*)
- Navigating sanctions challenges

Case Study – Developing Trends

Various industries

Background:

Leading multi-national companies employ thousands of employees across the world. To support their attraction and retention plans and increase efficiencies, a solution is developing to provide employees globally with a cost-effective long-term savings and pension plan, into which contributions can be paid on a monthly basis by either the employees voluntarily or the company on a discretionary basis or both.

Approach:

- Local pension plans are retained in countries where quality of pension plans is sufficient
- In countries where local pension plans do not exist or are below the standards of the company, employees can enrol on a voluntary basis into an IPP/ISP
- Depending on the requirements and objectives of the sponsor company, there may be a single IPP/ISP or indeed duplicate IPP/ISP to allow for different categories of members, with varying contribution levels. Categories of members may include, but is not limited to:
 - Expatriate populations
 - Foreigners on local contracts based in Asia Pacific and/or the Middle East
 - Executives
 - Locals in certain countries (defaulted or at risk)
 - Country specific
 - Top up vehicle

Expected Results:

- Employees can be given access to a low cost, adaptable, secure plan in a hard currency
- Employers can even highlight that they offer access to pension facilities to all staff globally
- All employees have access to fair, diverse benefits with options to invest in funds that include ESG options

Source: International Pension Plan Survey 2023



About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organizational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at [wtwco.com](https://www.wtwco.com).



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