

IOPS SUPERVISORY TRAINING WORKSHOP

Transition from DB schemes to DC schemes

26 February 2020, FSC Regional Centre of Excellence, Ebene, Mauritius

Wednesday, 26 February 2020

9:00– 9:30

Registration

9:30 – 9:40

Opening remarks:

- **Mr Harvesh Seegolam**, *Chief Executive, Financial Services Commission, Mauritius*
- **Mr Brendan Kennedy**, *Pensions Regulator, The Pensions Authority, Ireland, Chair of the IOPS Technical Committee*
- **Ms Leah Fichter**, *Chair of the Workshop, Chair of the Canadian Association of Pension Supervisory Authorities (CAPSA) and Director, Financial and Consumer Affairs Authority, Government of Saskatchewan, Canada*

9:40 – 10:30

SESSION 1

Winding up the plans and setting up new system: IOPS Members experiences (introductory session)

SPEAKERS:

- **Ms Leah Fichter**, Chair of the Workshop, Chair of the Canadian Association of Pension Supervisory Authorities (CAPSA) and Director, Financial and Consumer Affairs Authority, Government of Saskatchewan, Canada
- **Mr John Mutisya**, Actuary, Supervision Department, Retirement Benefits Authority, Kenya
- **Mr Olano Makhubela**, Divisional Executive: Retirement Funds Supervision, Financial Sector Conduct Authority (FSCA), South Africa

The speakers will talk about trends, key challenges and solutions, lessons learned and best practices in transitioning from DB to DC plans. In particular, the speakers will cover different scenarios of transition – conversions, shifts, freezing of DB plans and the experiences setting up new DC system (occupational or individual based).

Q&A panel

10:30 – 11:00

COFFEE BREAK

11:00 – 12.30

SESSION 2

Legal and contractual implications of transitioning from DB to DC

SPEAKERS:

- **Ms Leah Fichter**, Chair of the Workshop, Chair of the Canadian Association of Pension Supervisory Authorities (CAPSA) and Director, Financial and Consumer Affairs Authority, Government of Saskatchewan, Canada
- **Mr John Mutisya**, Actuary, Supervision department, Retirement Benefits Authority, Kenya
- **Mr Olano Makhubela**, Divisional Executive: Retirement Funds Supervision, Financial Sector Conduct Authority (FSCA), South Africa

The speakers will address legal and contractual implications of transitioning from DB to DC for the members and employers, e.g. issues of members' consent; communication to members about the changes prior, during and post transitioning period; contractual obligations of employers, valuation and preservation of acquired rights, etc.

Q&A panel

12:30 – 14:00

LUNCH

14:00 – 15.30

SESSION 3

Technical and actuarial requirements of transitioning from DB to DC

SPEAKER:

- **Mr Charles Cowling**, Actuary, International Actuarial Association (IAA)

The session will address technical and actuarial requirements to support the transitioning from DB to DC plans: e.g. minimum prescribed requirements for transition; basis of actuarial calculations (discontinuance basis/ solvency basis, etc.) and actuarial assumptions e.g. keep accrued DB with link to final salary; recovery plans (contingency plans) for underfunded DB wishing to transit to DC and corresponding timeframes to restore different funding levels.

Q&A panel

15:30 – 16:00

COFFEE BREAK

16:00 – 16:30

SESSION 4

Policies to maintain and reform DB plans

SPEAKERS:

- **Ms Leah Fichter**, Chair of the Workshop, Chair of the Canadian Association of Pension Supervisory Authorities (CAPSA) and Director, Financial and Consumer Affairs Authority, Government of Saskatchewan, Canada

- **Ms Jessica Mosher**, Policy Analyst, Insurance, Private Pensions and Financial Markets Division, OECD

The session will address efforts to reform and maintaining the DB pension system; regulatory reform directed to encourage greater risk sharing between employees and employers (hybrid solutions).

16:30 – 16:45

Conclusions from the workshop

18:30

Cocktail Reception hosted by FSC Mauritius at La Balise Marina, Black River (transportation to the venue will be provided)

Definitions:

- “Conversion” means the process of converting a defined benefit scheme to a defined contribution scheme by commuting the members’ benefits that have accrued up to the date of conversion and crediting the commuted value to the members’ accounts under the subsequent defined contribution scheme;

- “Shift” means the process of shifting the members of a defined benefit scheme to a defined contribution scheme, for future service accrual, on the date on which the accrued pension benefits of members under the defined benefit scheme are preserved with link to future salary or salary drawn by the member on the shift date, as may be applicable/

- The term ‘freeze’ that appears in the document is understood as follows:
 - If the constitutive documents of the scheme are amended to freeze the salary level at which the accrued benefits are determined as of the date of conversion, notice of this amendment to freeze the salary level must be included as part of the notice of amendment given to all affected scheme members.

 - If the constitutive documents of the scheme are amended to freeze the salary level at which the accrued benefits are determined as of the date of shift, notice of this amendment to freeze the salary level must be included as part of the notice of amendment given to all affected scheme members.