

# Pension Newsletter

June 2020

With the effects of the coronavirus outbreak continuing to be felt around the world, we hope that all of our members remain safe and well. These are unsettling times and, as health concerns recede, it is understandable that you might be worried about how your pension has been affected. What follows is a little help with some of the big questions that you might be grappling with and where to get more support if you need it.

## Business as usual

As Trustee, we have worked closely with our professional advisors to ensure that MasterTrust operations were not interrupted because of COVID-19 restrictions. We continue to actively monitor developments and we have taken all necessary steps to be able to respond flexibly to this fast-changing situation.

## Market ups and downs

As many of you will have seen from news reports in the media, there were falls in stock markets during the first quarter of 2020 as the economic impact of COVID-19 was felt around the world. While there was some recovery following the initial falls, stock markets remain lower at the time of writing than they were at the end of 2019. It is expected that stock markets will remain volatile over the coming months, and they are not expected to stabilise until there is more certainty as to what the future holds from an economic perspective.

**KEY MESSAGE** – markets will go up and down, sometimes significantly. It's ok to be a little unnerved but...

## Stay calm

While we are in uncertain times from an investment perspective, previous experience tells us that staying invested over time has delivered strong returns for pension savers despite many temptations to take a more short-term view in light of market events.

At times such as these, it can be tempting to switch some or all of your retirement savings to lower risk funds or even cash. However, it is worth remembering that even professional investors find it difficult, if not impossible, to consistently time when markets will rise or fall. More often, people are driven by sentiment and may exit

funds when they have already fallen only to buy them back later at a higher price when stock markets have recovered. Getting invested and staying invested has been shown to be the most effective strategy over the long term.

**KEY MESSAGE** – it's time *in* the market, not timing the markets that matters!

## What does it mean for me?

The impact of recent market events on the value of your retirement account will depend on where your contributions are invested.

*If you've chosen to manage your own investments, 'Self-Select', the effect will vary depending on your investment choices. Members with higher allocations to equities will be the most affected.*

*If you're invested in the default Lifestyle Strategy, the impact will depend on your term to retirement:*

- Younger members will be invested predominantly in equities, because these are expected to give the best investment return in the long run. They are subject to large fluctuations in value, but as you're invested for the long term you can afford to ride these out.
- For those closer to retirement, your retirement savings are automatically moved into a more diversified range of funds preparing for you to take cash, take income drawdown (via an Approved Retirement Fund) or buy a pension (annuity). This will have provided some protection to your savings from recent market events.

## How do I make changes?

If you want to make any changes to your investment choices, you can do this by visiting the MasterTrust website at [www.aonmt.ie](http://www.aonmt.ie) and clicking on “My Pension” and then “Switch Funds”.

As a general point on switching investment funds, there can be a perception that they occur instantly (like buying or selling an individual share or stock), however, that is NOT the case. At minimum, it will take 3 working days from submitting your switch instruction to the investment manager dealing. This timeline will be even longer if there are any bulk transactions in progress, for example, processing of monthly contributions. The [Guide to Investment Switching](#) attached explains the process in more detail.

**KEY MESSAGE** – switching investment funds takes longer than you think

## How do I find out more?

If you have any questions about your pension, look on the MasterTrust website first and you may well find the answer. If you cannot find the answer you are looking for, please contact the MasterTrust Team in Aon by emailing [myfutureme@aon.ie](mailto:myfutureme@aon.ie).

If you haven't done so already, we strongly encourage you to visit the MasterTrust website at [www.aonmt.ie](http://www.aonmt.ie). To register click on the “New User? Register an account” button on the bottom right of the login page. Make sure you have the following items to hand:

- Your membership number
- Your PPS Number
- An email address

You will be asked to answer 3 security questions and you can then set your own user name and password. A step by step [Registration Guide](#) is attached to help you through the process.

**KEY MESSAGE** – the best way to keep track of how your retirement account is doing is to login to [www.aonmt.ie](http://www.aonmt.ie)

## Independent Financial Advice

The Trustee, your Employer and the MasterTrust Team are not allowed to give you financial advice. You should consider obtaining financial advice if you are unsure if your investment choices remain suitable for you, or if you are considering changing your investments.

You can find information about financial advisors by going to [www.centralbank.ie](http://www.centralbank.ie) or you can get in touch with an Aon financial adviser by emailing [financial.planning@aon.ie](mailto:financial.planning@aon.ie). Please remember that a financial adviser will charge you for providing advice, but they will discuss the cost of this with you before you use their services.

## Recap

It is normal to be worried when you see the value of your retirement account declining, but some important points to keep in mind are:

- Pensions are long term investments and, depending on how close you are to retirement age, you will generally have enough time to recover from short term market falls.
- Timing markets is extremely difficult to do. Selling out of markets when they are at a low point can risk crystallising any losses and cause you to lose out on any gains when markets do recover.
- It is good practice to keep your investments under regular review, in particular if you are choosing your own funds (‘self-select’) or if you are close to retirement. However, it is generally advisable that any changes to your investment strategy are made because your long-term goals have changed, rather than as a reaction to short term market events.

We hope that you and your family keep safe and healthy as the situation continues to unfold.

### *The Trustee of The Aon Ireland MasterTrust*

#### Errors and omissions excepted

Nothing in this document should be treated as an authoritative statement of the law on any particular aspect or in any specific case. It should not be taken as financial advice and action should not be taken as a result of this document alone. Individuals are recommended to seek independent financial advice in respect of their own personal circumstances.

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