

Aon switches from trust-based pension plan to GPP

AON has switched from a trust-based defined contribution (DC) pension arrangement to a contract-based group personal pension (GPP) scheme in order to offer employees more flexibility and choice in their investment options and to help the firm make cost savings.



The new GPP scheme was introduced on 1 August and affects 5,000 staff at the company.

Michael Rose, director of total rewards, UK and EMEA at Aon, said: “The GPP offers far more flexibility around investment, and it gives the company a saving because effectively we are not paying the costs associated with running the scheme ourselves, it gets absorbed by the provider.”

Employees will, for the first time, be able to go online to view their pension fund and change their investment choices.

“Employees can go online and switch investments. This is something that they couldn’t do under the previous scheme. Effectively, it is giving them more direct control,” said Rose.

To ensure all staff were aware of the switch, Aon conducted a number of

pensions presentations at its various UK locations and set up a helpline that employees could call with any questions.

The contribution rates into the GPP will remain at the same level as they were under the previous DC scheme, and are in structured, age-related bands.

Where the employee contributes 2%, the employer adds 6% for employees aged in their 20s, and this rises to 12% for staff aged 50 years and above.

The GPP is being provided by Scottish Widows.

Nick Golding