Revolutionising EoSB

The DIFC Employee Workplace Savings (DEWS) scheme is the first fully technology-enabled tool to enable savings among employees and attract and retain talent within organisations, according to *Reena Vivek*, senior executive officer, Zurich Workplace Solutions.

Celebrated as one of the biggest developments for employees in the Dubai International Financial Centre (DIFC), the DEWS scheme has been a topic of much discussion, with employers and employees trying to understand all the nuances of the newly passed regulation and the scheme. Reena Vivek, senior executive officer of Zurich Workplace Solutions, the plan administrator of the scheme for 2300 companies and at least 25000 employees within the DIFC takes her role quite seriously. In a conversation with Sandhya Divakaran, the SEO was quite excited about the copious amount of work that has been put in for the last six months to get this platform up and running, with at least 64 companies signing up in the first three hours of the scheme being officially announced.

"There is a lot of material that we have been making available to employees with screenshots of how the process is going to work. We've had teams visiting offices of employers and talking to the human resources (HR) and administrative teams on how to process it. As per our last count we've gotten to about 483 companies. For the rest there have been webinars, town hall forums, all well attended and we've been updating our website which has all the tools and guides that are required for comprehension," she said about the outreach programmes of ZWS.

Commenting on employee receptiveness towards voluntary contributions, she said there was a lot of interest during the outreach programmes conducted. "People do want to watch for a few months and see how it is going to work before they get into investing. Some of the people now understand the old regime and they are trying to get their heads around what has changed. So it's been a bit of an educational activity. I would expect that by the second half of this year we would see more proactive conversations around voluntary contributions. People are aware about the facility and asking relevant questions, but I expect activity around this would only pick up by the second or third quarter."

For those still uninitiated towards DEWS, the scheme is the first fully technology enabled end-of-service benefits (EOSB) programme devised by the DIFC for the many organisations within. It replaces the gratuity schemes that were in existence in the financial hub and still is present in the rest of the UAE. ZWS is the plan administrator while Equiom has been selected as the master trustee and Mercer has been chosen as the investment advisor, while Smart Pension Limited, a UK-based enrollment provider has created an entirely online process and interface. ZWS has integrated with the DIFC register of companies database to facilitate easy inclusion within the scheme.

As primary administrators, ZWS has to ensure a smooth registration and contribution process. Employers have until 31 March 2020 to enroll into the scheme and till 21 April 2020 to pay contributions towards the months of February and March.

"As one enrolls, we fetch that data and then you can electronically submit information to enroll an organisation. It then triggers an email to the authorised signatory of the company to sign the deed of participation, which is the official contract between themselves and the trust. That is also an electronic signature. Once that

is completed the enrollment is effectively done," explains Vivek. "The entire scheme is going to be run online so in March when we start accepting contributions, employers can then just upload the contribution file which has employee information and indicate against each employee [name] the mandatory contribution amount and their voluntary contribution amount. That triggers the creation of the member accounts and the sending of a welcome email to every member into the scheme. With that email they get the login credentials to login to their portal and then manage that account."

The contributions by the employer vary according to the number of years of service. During the launch, the scheme will have six funds – one Shari'ah based and five Dublin-based conventional ones, all with varying risk profiles and exposure to various markets. Two more Shari'ah funds are in the pipeline, totalling eight schemes for investment. "We have been getting more demand for funds. We started with a small range to avoid confusion and to see the nature of demand. In about 12 months, there will be demand for more funds to come in and different kinds at that, potentially local mandates or sustainable green funds. Mercer is going to be working with Equiom to see what types of funds need to be added to the platform. As an employer one can choose to over contribute because it is a really good tool to attract and retain talent within the organisation. This is a good exit barrier for the employees," Vivek adds.

Replicating precedents from European, Asian and UK markets, the scheme has been customised for the local market. However, a purely online platform raises concerns on cyber risk. Vivek says all of Zurich's entities and products are protected well against such risks. The oversight by regulatory bodies is a stringent process by itself. "We are dual regulated, so is the Trustee. Frankly, given the fact that this is long-term savings of the employee intended for a particular purpose, the stringent regulatory regime is an indication of how serious the regulators are and how the money is protected. On top of this there is a supervisory board on the DEWS scheme which then looks after the non-regulated aspects of the scheme such as value for money, pricing, fund performance, and this board has an employer and employee representative to voice market feedback. That board has the authority to hire and fire the trustee if the performance is not in line with what is expected. This way the regulatory and commercial sides are examined," she adds.

DEWS is an excellent savings vehicle for employees to invest from salary deductions, Vivek observes. "The law permits employee contributions through salary deductions. The maximum one can contribute is the total salary. The employer will need to make this facility available to the employee and we are aware that many employers are working hard to put this in place. Employees can arrange for a fixed amount to be deducted on a monthly basis from their salary or even do lumpsum investment during bonus or commission pay out times. That will also benefit from the same investment growth as your mandatory contributions. As a displined savings option it is ideal. It's also a very low cost savings option. If you were to look at a regular savings plan product outside in the retail market, it's likely to be a lot more expensive than this one," she adds.

Employers will need to understand the plan before they implement it, by looking at eligibility, exemptions and comprehending the online framework. The DIFC has put in place of USD2000 per breach of payment, as well as loss of company licence in case of multiple breaches. ℗

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