

DEWS Accrued Benefit Transfer - Key Considerations

DIFC Employee Workplace Savings (DEWS) and defined benefits

This document is intended to speak to DIFC employers and employees to address a current topic that presents itself under DIFC employment law. Many people who have worked for private companies in the DIFC have built up an end-of-service benefit, based on how long they have worked for a company and their final basic salary. The amount of end-of-service benefit they may get is governed by a calculation within the DIFC employment law up to the end of January 2020, this is known as a 'defined benefit'.

Employers may look to offer the ability for employees to exchange their defined benefit entitlement for an agreed cash-equivalent amount. This amount could be transferred into DEWS. A cash-equivalent, defined benefit transfer would mean the employee giving up the right to a certain, pre-determined amount, for one that would be subject to future investment returns.

Points to consider

To help employees consider the implications of a defined benefit transfer into DEWS, we highlight below some important points. This will hopefully lead to a more informed conversation between employers and employees. We don't want to encourage, nor to discourage, such transfers, but rather to set out in a balanced way the pros and cons of an employee retaining their existing end-of-service benefit entitlement, compared with taking a cash-equivalent transfer to the DEWS plan.



One savings pot – having only one savings pot means that employees will receive only one set of annual valuations, with one on-line log-in, making it easier for them to keep track of their savings. With DEWS, employees can keep that pot for life.



Simple – DEWS has several investment funds to choose from, which are classified based on your risk appetite. If employees haven't made a choice about their investments, the transferred amount will automatically be placed into the default fund, known as the 'low-moderate risk' investment fund. Thereafter, employees can change their investment choice online, free of charge. All the investment funds are proactively reviewed by the Master Trustee, as advised by Mercer, on behalf of the employees.



Governance – DEWS is run by an independent Master Trustee, Equiom, that has responsibility for looking after all aspects of the plan. The Master Trustee will ensure it is run in the best interests of its members, and in accordance with the plan rules and DFSA regulations, as well as making sure that the investment options are appropriate and the administration is first class.



Innovation – DEWS doesn't stand still. The Master Trustee, Equiom, will ensure that it continues to deliver what its members need and want from their workplace savings plan.



Peace of mind – in the past, there have been examples of employers becoming insolvent. In these circumstances, there may be a chance that employees might not get all of the end-of-service benefit they expect. Holding the transfer amount in the DEWS Master Trust would protect employees against this unfortunate event. They could also nominate a beneficiary/ies and the Trustee will take this into consideration upon death.



Certainty – Because an employee's end-of-service benefit entitlement, is based on a known, pre-determined calculation, it offers employees certainty around the level of benefit and when it can be taken.



Investment risk - if an employee takes a cash-equivalent transfer and invests the money themselves, the value of their fund will fluctuate. If future investment returns are less than basic salary increases over the same period, the emerging benefit may be less than the amount that would have been received had a transfer not taken place.



Inflation – If an employee doesn't opt to take a cash-equivalent transfer, they may benefit from better inflation protection and greater certainty, as their benefit is linked to their final basic salary at termination. Equally, investment returns over time may exceed the rate of inflation.

We want to help you in the early stages of considering a defined benefit transfer to DEWS by highlighting some of the key aspects. We are not encouraging or discouraging such transfers, but rather to set out in a balanced way the pros and cons of retaining a defined benefit entitlement, as compared with taking a transfer.

Please remember that a defined benefit transfer to DEWS can't be reversed. You will not be able to change your mind a few months or years later even if you wish you hadn't made the transfer. Neither the Master Trustee of DEWS nor Zurich Workplace solutions are authorised to give you any advice about transferring funds from another scheme to DEWS.

What other help is available?

- You can find answers to frequently asked questions here: zws.zurich.ae/faq
- If this doesn't resolve your issue you can contact us by email at dews.support@zurich.com



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