



IAPF SERVICES SECTOR PENSION SURVEY

Attitudes of Employees in the Services Industry towards Pensions and Possible
Government Changes to Pension Contribution Incentives





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UCD Michael Smurfit School of Business
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UCD MARKETING DEVELOPMENT PROGRAMME

Attitudes of Employees in the Services Industry towards Pensions and Possible Government Changes to Pension Contribution Incentives

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Cover Photograph: Grafton St florist, Lorraine McGrath with (from left) Derek Wogan (Commercial Manager, Smurfit Marketing Development Programme at UCD) and Maurice Whyms (IAPF Benefits Committee).

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EXECUTIVE SUMMARY

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The UCD Marketing Development Programme was approached by Nora Finn and David Fox of the Irish Association of Pension Funds to undertake research into the attitudes of employees in the services industry towards pensions. The research also analysed the impact that possible government changes in incentives to pensions may have on these employees, with a view to using the research to lobby the government.

Methodology:

The research commenced on 23 March 2007. One hundred and seventy telephone questionnaires were carried out nationally among three sectors of the services industry. The sample was divided into 70 butchers, 50 hairdressers and 50 florists as these industries were thought to have low pension uptake.

Research Findings:

The following is a summary of the key findings from the research conducted:

Pension and Savings Information

- There is a moderate level of pension uptake amongst respondents within the three chosen services sectors, with 52 percent contributing towards some form of pension scheme. This is surprising considering the industry sectors were deemed to have low pension uptake. A possible reason for this may be the specific criteria used to select participants for the research (see Methodology 1.4).

- Most respondents who contribute to a pension are in the 41 to 49 age category.
- The most common reason why non-pension holders do not have a pension is that they have not got around to setting one up. It could be inferred that the majority of these respondents do not reject the concept of having a pension, rather it is not a high priority for them at their current life stage.
- The greatest number of respondents (35 percent), plan to use their personal pension as their main source of income in retirement. Sale of property also features highly, accounting for 25 percent.
- Overall, 52 percent of respondents contribute to an SSIA. Of those who have an SSIA, 61 percent also contribute towards a pension.



Attitudes toward Potential Changes in Pension Incentives

- Fifty-eight percent of respondents have little or no knowledge of current tax incentives for pensions. However, there is an indication that knowledge of tax incentives increases with age, i.e. between the 31 to 39 and 40 to 49 age groups. Also there is an indication that females have a lower level of knowledge of current tax incentives compared to males.
- In relation to the incentive regarding increased tax relief on pension contributions, the majority of respondents (63 percent) agree that they would be likely to either set up a pension if they did not already have one or increase their contribution to an existing pension.
- The overwhelming majority of respondents (89 percent) have a very positive response to the proposed pension scheme whereby the Government would provide £1 for every 1 contribution to a pension. The positive reaction towards this scheme may be attributed to the simplicity of its design and the recent success of the SSIA.
- Two-thirds of respondents (67 percent), have a positive attitude towards the proposed incentive of a once off tax-free cash sum. Those who would be unlikely to set up or increase their contributions as a result of this incentive, may prefer to keep their savings until they reach 60 years of age.
- There was an even split between those who approve and those who disapprove of a compulsory pension contribution of five percent.
- The final proposed pension incentive involves employers deducting five percent of an employee's salary to pay into a pension, but the employee would have the choice to opt out if they so wished. Fortyfour percent of respondents would be likely to opt out and a large proportion (17 percent), did not know what they would do.



SECTION ONE: INTRODUCTION

1.

1.1 Introduction:

Established in 1973, the Irish Association of Pension Funds (IAPF) is the leading Irish body providing representation and other services for those involved in operating, investing and advising on all aspects of pensions and other retirement provision. Their members provide retirement security to over 260,000 employees, pay pensions to nearly 90,000 retired people and are responsible for some €90 billion (end 2006 figure) in retirement savings.

Currently the Irish Association of Pension Funds is seeking to further understand pension uptake amongst workers across various industries in Ireland. In particular the Irish Association of Pension Funds would like to assess knowledge of pensions, pension uptake and savings habits amongst service industry employees. This research was carried out with a view to determining the effectiveness of changes in pension incentives on employees' uptake of personal pension funds.

1.2 Project Objectives:

The primary objective of the project is outlined as follows:

To establish attitudes of employees in the services sector towards pensions and the impact that possible government changes in incentives to pensions may have on them.

1.3 Methodology:

In order to effectively address the specific nature of the objectives, the methodology adopted was of a quantitative nature.

A total of 170 telephone interviews were carried out over three weeks between 23 March and 13 April 2007. Seventy questionnaires were carried out with butchers, 50 with florists and 50 with hairdressers.

1.4 Selection Criteria:

Specific research criteria were decided upon by the IAPF. Respondents were required to be over 30 years of age and earn over €30,000 per annum.

SECTION TWO: SAMPLE DETAILS

2.1 Introduction:

This section analyses the sample breakdown in terms of gender, industry sector, age and work status.

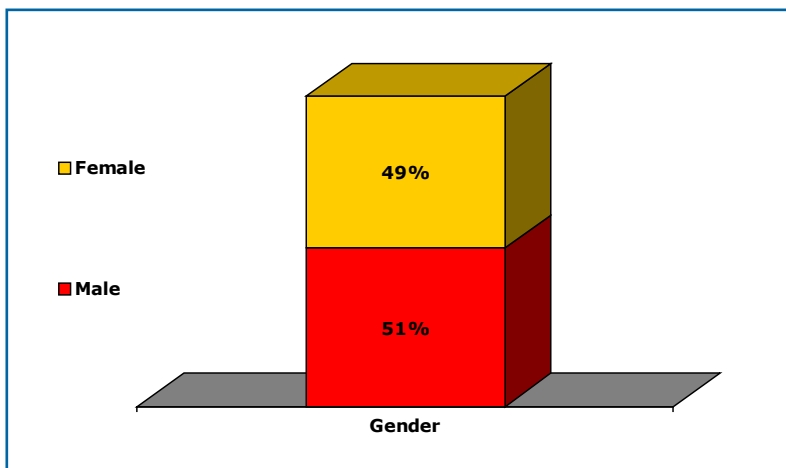


FIGURE 1:
Gender Breakdown
of Sample

Base: 170 (All respondents)

The sample of respondents was split almost evenly between males and females.

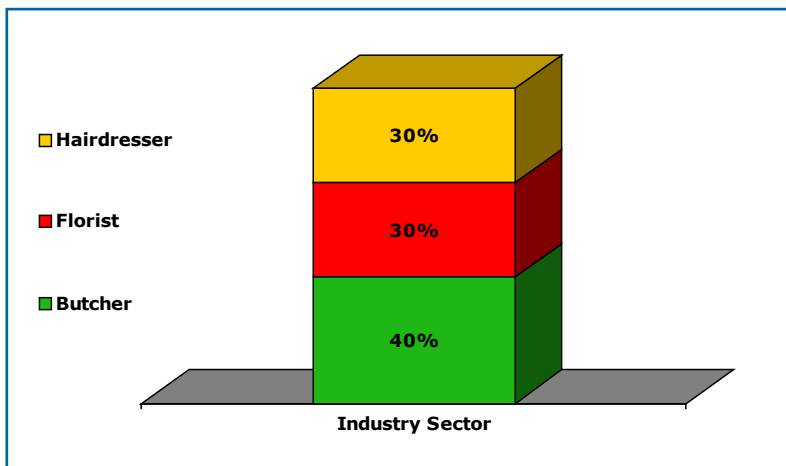


FIGURE 2:
Industry Breakdown
of Sample

Base: 170 (Hairdresser 50,
Florist 50, Butcher 70)

The sample was divided across the services industry targeting three specific subgroups, comprising of hairdressers, florists and butchers.

2.

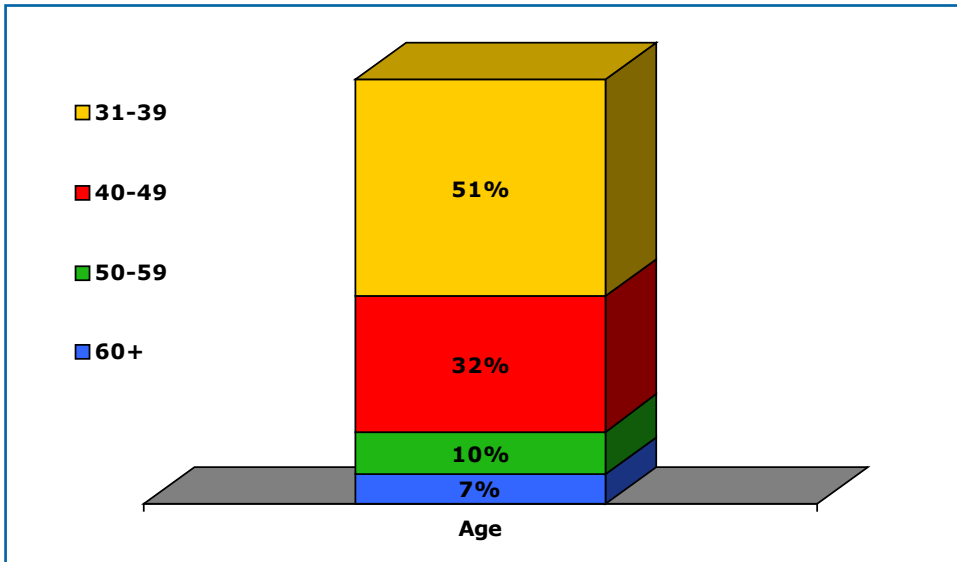


FIGURE 3:
Age Breakdown
of Sample

Base: 170 (All respondents)

Over half of the sample was aged between 31 and 39. This was followed by just under one-third of respondents aged between 40 and 49. Less than one in every ten respondents were in the oldest age category.

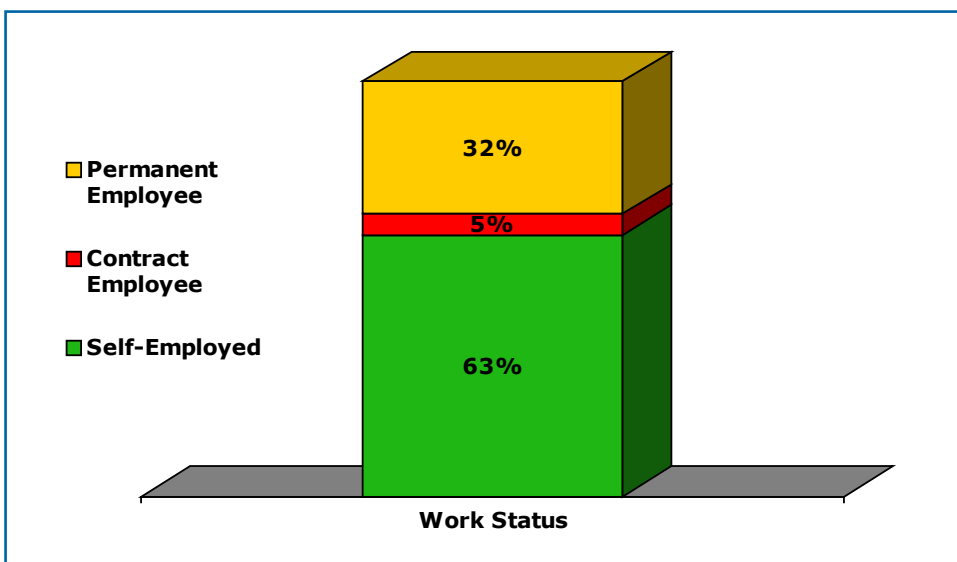


FIGURE 4:
Work Status
of Sample

Base: 170 (All respondents)

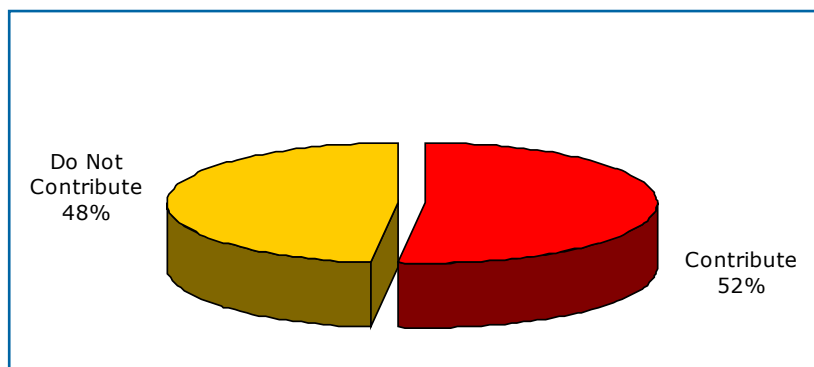
Almost one-third of the sample was permanently employed whilst slightly less than two-thirds were self-employed. This is not surprising considering the age and salary specifications required for the research.

SECTION THREE: SAVINGS/PENSION INFORMATION

3.1 Introduction:

This section analyses pension uptake amongst employees in the services sector. The contribution to pensions is examined by gender, age and work status.

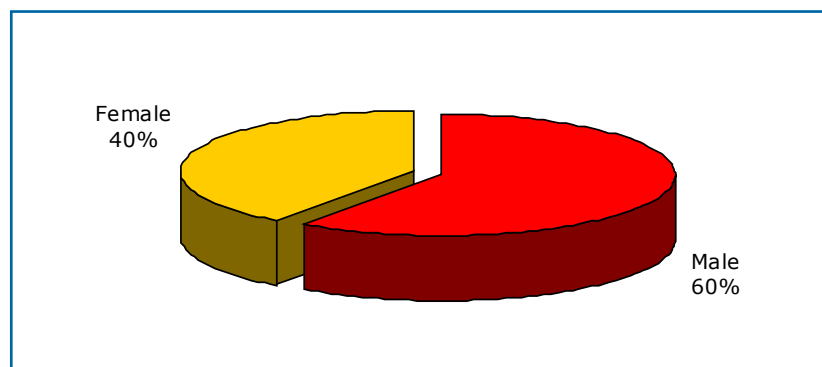
FIGURE 5: Contribution to a Pension



Base: 170 (All Respondents)

There was almost an even split between those who contributed to a pension and those who did not, with one in every two respondents contributing to a pension.

FIGURE 6: Contribution to a Pension by Gender



Base: 88 (Respondents who have a pension)

Three out of five respondents who contributed to a pension were male. This finding demonstrates the higher uptake of pensions amongst males, especially considering the sample had an almost even gender breakdown.



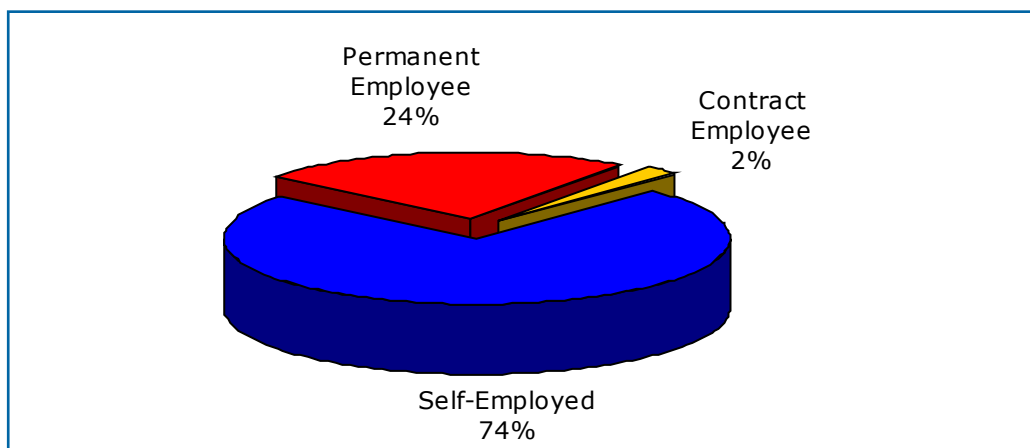
TABLE 1: Contribution to a Pension by Age

Contribute to a Pension	31-39 (%)	40-49 (%)	50-59 (No.)	60+ (No.)
Contribute to a Pension	44	55	9	10
Does not Contribute to a Pension	56	45	8	1
Total	100	100	17	11

Base: 170 (All respondents) 86 (Age 31-39) 56 (Age 40-49) 17 (Age 50-59) 11 (Age 60+)

Pension uptake was greatest amongst the 40 to 49 age category. There was a higher level of 31 to 39 year olds who do not have a pension, therefore it could be inferred that younger respondents are less likely to take up a pension. Furthermore the results given in the 50 to 59 and 60 plus age categories are in terms of number of respondents due to the low level of respondents within these age groups.

FIGURE 7: Contribution to a Pension by Work Status



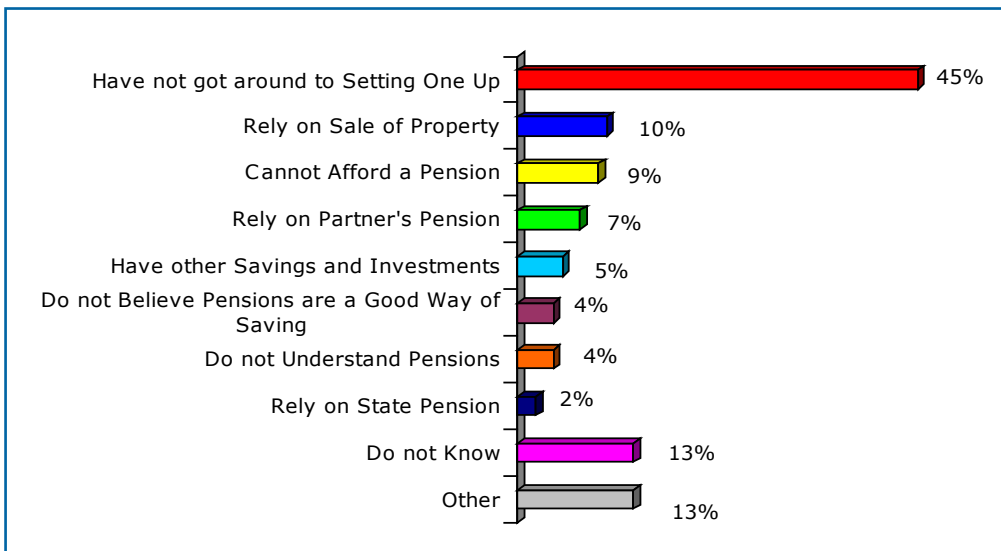
Base: 88 (Respondents who have a pension)

The clear majority of respondents who contributed to a pension were self-employed. This is not surprising considering that these respondents may have more disposable income to contribute. One in four respondents were permanent employees and only two percent were contract employees.



3.

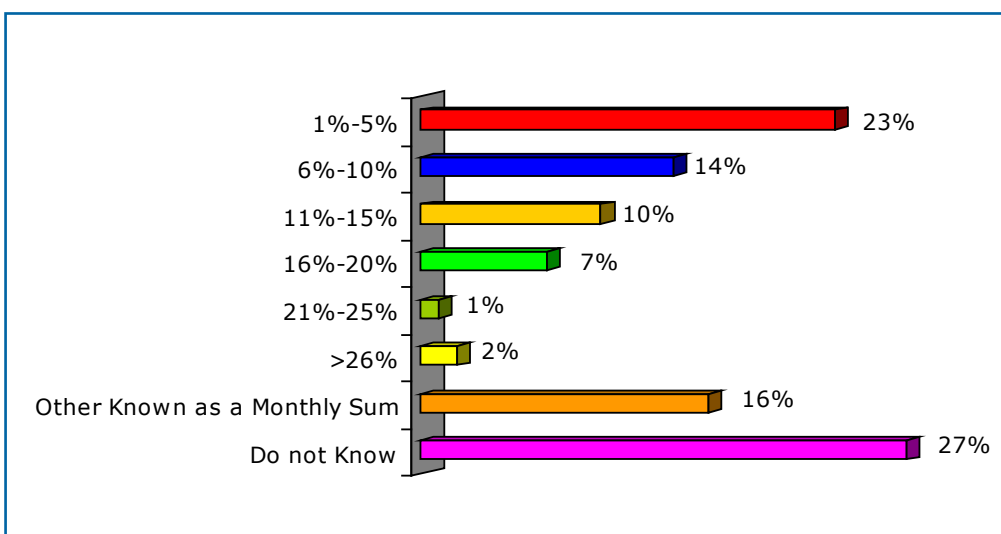
FIGURE 8: Reasons for not Contributing to a Pension



Base:82 (Respondents who do not have a pension) Multiple Response Allowed

The main reason cited for not contributing to a pension was that respondents had not got around to setting one up. Following this, relying on the sale of property and the fact that some respondents cannot afford a pension were other popular reasons mentioned. Twenty-six percent of respondents either did not know why they did not contribute to a pension or mentioned other personal reasons.

FIGURE 9: Pension Contribution as a Percentage of Annual Salary



Base: 88 (Respondents who have a pension)



3.

TABLE 2: Other known as a Monthly Sum

Total	Number of Respondents
€0-€100	2
€101-€200	3
€201-€300	6
€301-€400	2
>€401	1

Base: 14 (Respondents who knew their pension contributions as a monthly sum)

Over one-third of respondents contributed between one and ten percent of their annual income towards a pension. Only one in ten respondents contributed between 11 and 15 percent. Furthermore, one in four respondents did not know how much they contributed annually.

TABLE 3: Employer Contributions to Pensions

Employer Contributions	Permanent Employee	Contract Employee
Contribute	11	0
Does not Contribute	10	2
Do not Know	0	0

Base: 23 (Permanent and contract employees who have a pension)

There is an almost even split between the permanent employees whose employers either contribute or do not contribute towards their pension. However it should be noted that there was a significantly low base of permanent and contract employees as the majority of respondents were self-employed.

TABLE 4: Employer Contributions to Pensions

Employer Contributions	Permanent Employee	Contract Employee
0%-5%	5	0
6%-10%	5	0
<11%	1	0
Do not Know	10	2

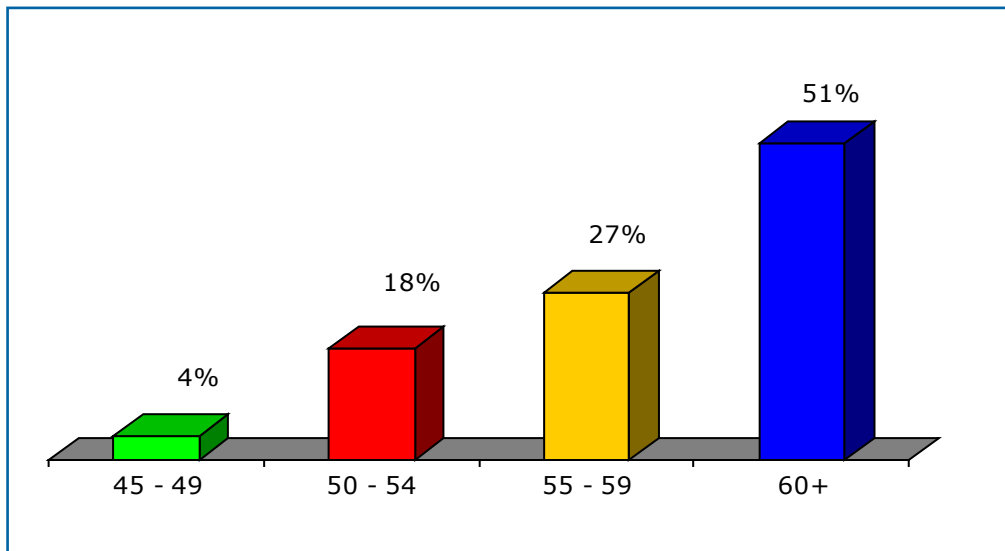
Base: 23 (Permanent and contract employees who have a pension)

Overall almost half of those who received pension contributions from their employer did not know how much they actually received. This indicates a lack of interest amongst these respondents to be fully informed about their pension contributions. Similar to the previous table, there was a significantly low base of employees.



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FIGURE 10: Age Respondents would Like to Retire



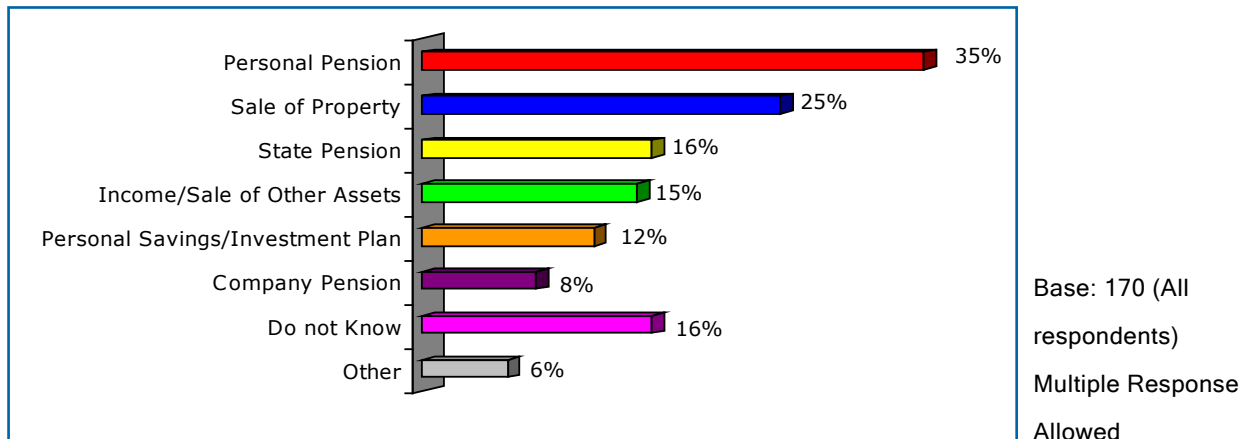
Base: 170 (All respondents)

One in two respondents stated that they would like to retire when they are aged 60 or over. Forty-nine percent of respondents would like to retire between the ages of 45 and 59. Considering only 52 percent of respondents are currently contributing to a pension, it could be assumed that a large number of respondents are not realistically planning their finances for retirement.



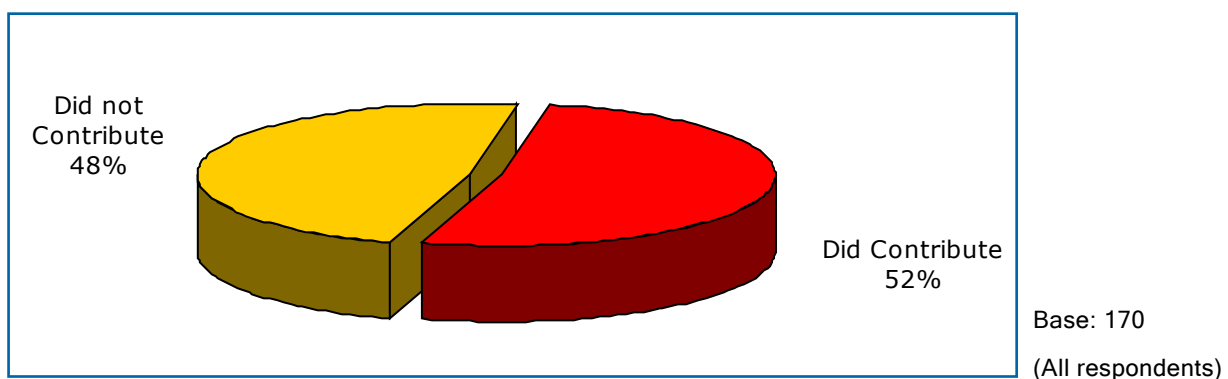
3.

FIGURE 11: Sources of Income in Retirement



The most popular source of income in retirement, cited by over one-third of respondents, was a personal pension. This is quite a surprising result considering that 52 percent stated that they currently contribute to a pension. The next most popular source of income, as cited by one in four respondents, was the sale of property. This could possibly be attributed to the majority of respondents being self-employed and perhaps planning to sell their premises once they retire. It is also important to note that there were a large number of respondents who did not know what source of income they would have in their retirement. This could be attributed to the majority of respondents being in the 30 to 39 age category and therefore may not yet be thinking about their retirement.

FIGURE 12: Contribution to an SSIA

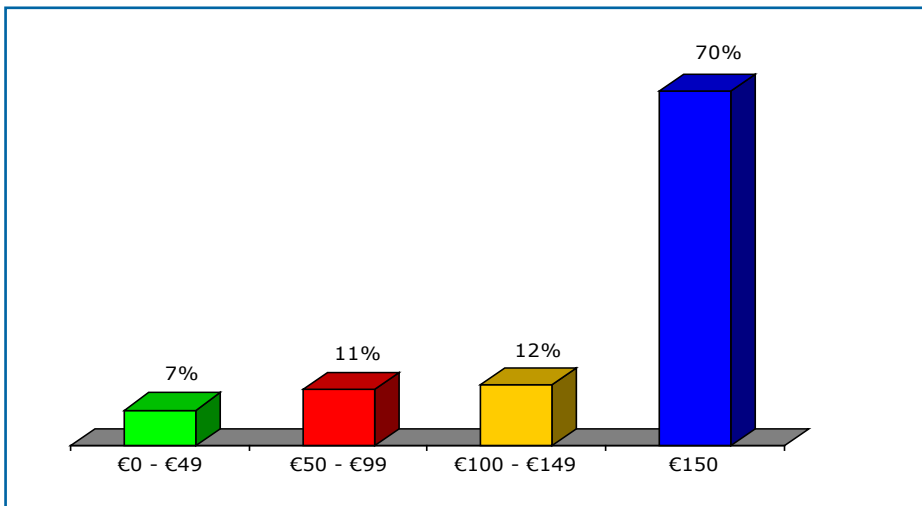


There was almost an even split in the number of respondents who had an SSIA, with just over one in two contributing to an SSIA. This demonstrates the popularity of such a savings scheme and the strong tendency of respondents to regularly contribute to savings when an attractive incentive is provided.



3.

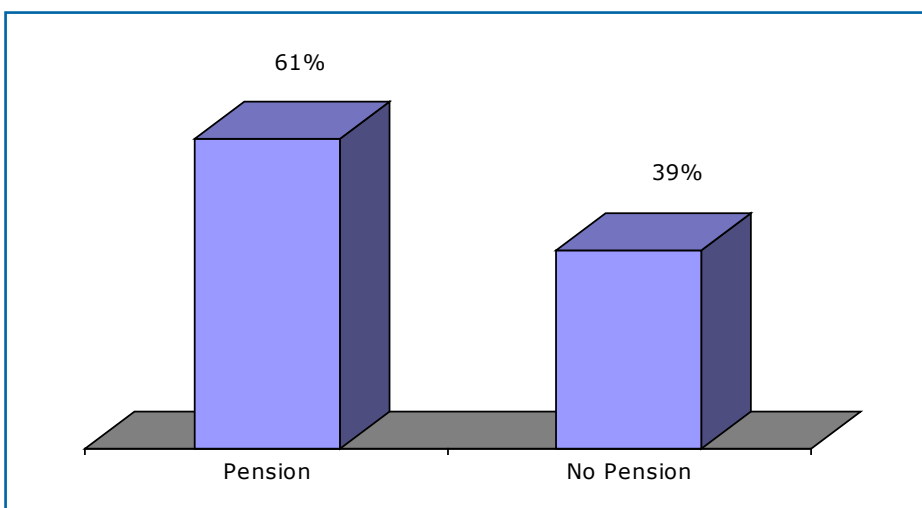
FIGURE 13: Contribution per Month to an SSIA



Base
88 (All respondents who
contributed to an SSIA)

The overwhelming majority of those who had an SSIA, contributed more than €149 per month. There was minimal difference between the number of respondents contributing €50 to €99 and €100 to €149 per month. Overall this illustrates that most respondents who contributed to an SSIA were prepared to save a significant amount of money on a regular basis.

FIGURE 14: Those who Contribute to an SSIA by Pension Uptake



Base:
89 (Respondents
who contributed
towards an SSIA)

As illustrated in Figure 14, of those who contributed to an SSIA, six out of ten respondents also contributed towards a pension. The remaining respondents did not contribute towards a pension but did display a tendency to save by contributing to an SSIA savings scheme.



SECTION FOUR: ATTITUDES TOWARDS POTENTIAL CHANGES IN PENSION INCENTIVES

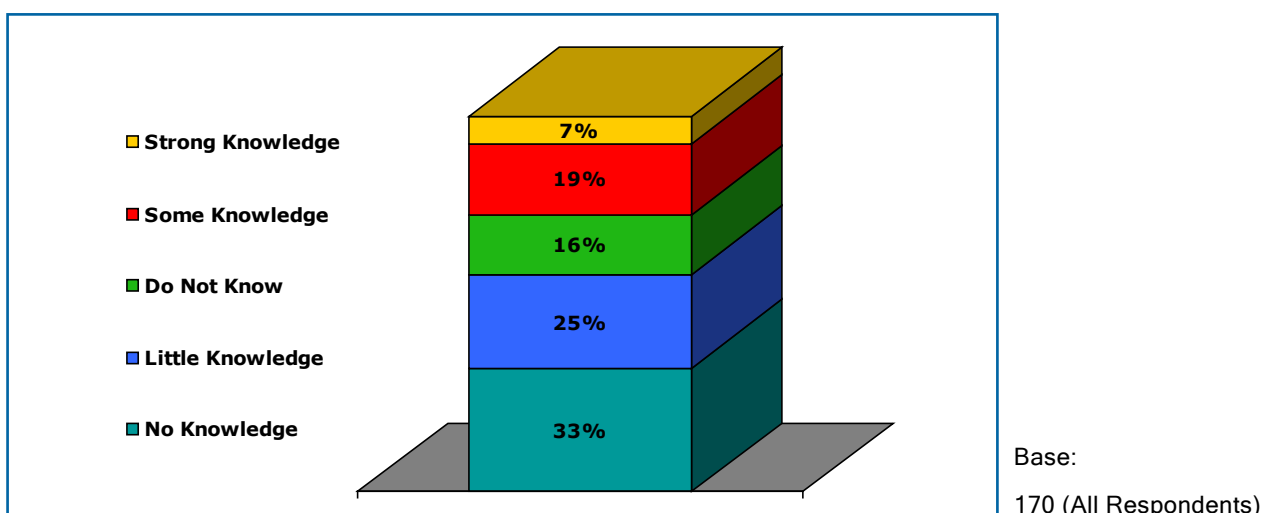
4.1 Introduction:

This section details the knowledge that respondents have in relation to current tax incentives and their attitudes towards possible government changes to incentives for pension contributions.

4.2 Knowledge of Current Tax Incentives for Pensions:

Respondents were asked how they would describe their level of knowledge regarding current tax incentives for pensions.

FIGURE 15: Respondents' Knowledge of Current Tax Incentives for Pensions



Approximately one in four respondents had either some knowledge or a strong knowledge of tax incentives for pensions, while almost three out of five respondents had little to no knowledge. This chart illustrates an overall lack of awareness of tax incentives for pension contributions amongst respondents.

TABLE 5: Knowledge of Tax Incentives by Age

Level of Knowledge	31-39 (%)	40-49 (%)	50-59 (No.)	60+ (No.)
Strong Knowledge	6	9	0	2
Some Knowledge	14	27	5	1
Do not Know	15	14	1	4
Little Knowledge	27	25	5	1
No Knowledge	38	25	6	3
Total	100	100	17	11

Base: 170 (All respondents) 86 (Age 31-39) 56 (Age 40-49) 17 (Age 50-59) 11 (Age 60+)

The majority of respondents in the 31 to 39 age category had no knowledge of tax incentives for pensions. Twenty-seven percent of these respondents had little knowledge while only six percent had strong knowledge. This illustrates the need to generate awareness of tax incentives for pensions amongst this specific age category. In comparison to the 31-39 age group, the 40-49 age group had a larger number of respondents who had some knowledge of tax incentives and a lower number who had little or no knowledge. This could be attributed to respondents gaining more information about pensions as they work for longer and grow older.

The bases for the 50 to 59 and 60 plus age categories are analysed in terms of number of respondents due to the low number of respondents in these age categories.

TABLE 6: Knowledge of Tax Incentives by Gender

Level of Knowledge	Male (%)	Female (%)
Strong Knowledge	9	5
Some Knowledge	27	12
Do not Know	15	15
Little Knowledge	17	33
No Knowledge	31	34
Total	100	100

Base: 170 (All respondents) 86 (Males) 84 (Females)

Overall, the majority of both males and females had little or no knowledge of tax incentives. However a higher number of males than females had some level of knowledge.

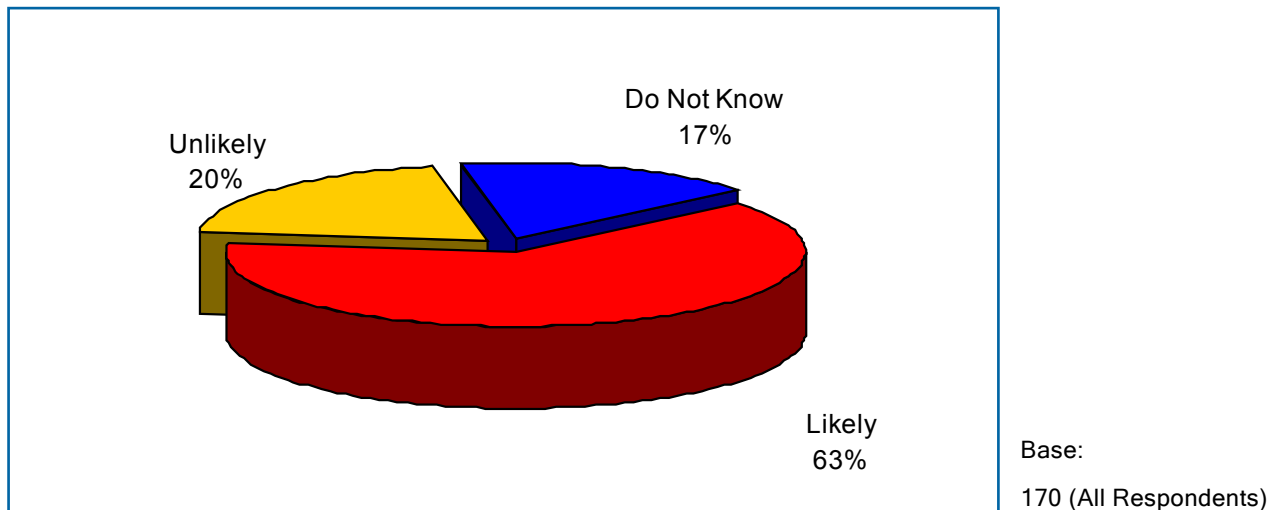


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4.3 Attitudes towards Potential Changes to Tax Relief on Pensions:

Respondents were asked if the tax relief on pension contributions was increased, so that everybody received tax relief on pension contributions at the higher rate of 41 percent, would they be likely to set up a pension or contribute more towards their pension.

FIGURE 16: Overall Likelihood of Respondents to Set Up or Contribute more towards their Pension



Approximately two out of three respondents stated that they would be likely to either set up a pension or contribute more towards their pension as a result of increased tax relief on pensions. Almost one in five respondents were unsure, which may be attributed to their lack of knowledge on the topic and inability to make an informed decision.

TABLE 7: Likelihood of Respondents to Set Up or Contribute more towards their Pension by Age and Gender

Pension Contribution	31-39 (%)	40-49 (%)	50-59 (No.)	60+ (No.)	Male (%)	Female (%)
Likely to Set Up or Contribute more towards a Pension	71	59	9	4	59	67
Unlikely to Set Up or Contribute more towards a Pension	12	25	4	6	23	17
Do not Know	17	16	4	1	19	16
Total	100	100	17	11	100	100

Base: 170 (All respondents) 86 (Age 31-39) 56 (Age 40-49) 17 (Age 50-59) 11 (Age 60+)



4.

Females and respondents between the ages of 31 to 39 were the most likely to either set up or contribute more towards their pension as a result of increased tax relief on pension contributions.

The increased likelihood of respondents from this age group availing of the incentive could be attributed to the possibility that they are currently paying the lower rate of tax. Thus they would stand to gain significantly more than respondents who are currently paying the higher rate of tax.

FIGURE 17: Likelihood of Respondents to Set Up a Pension

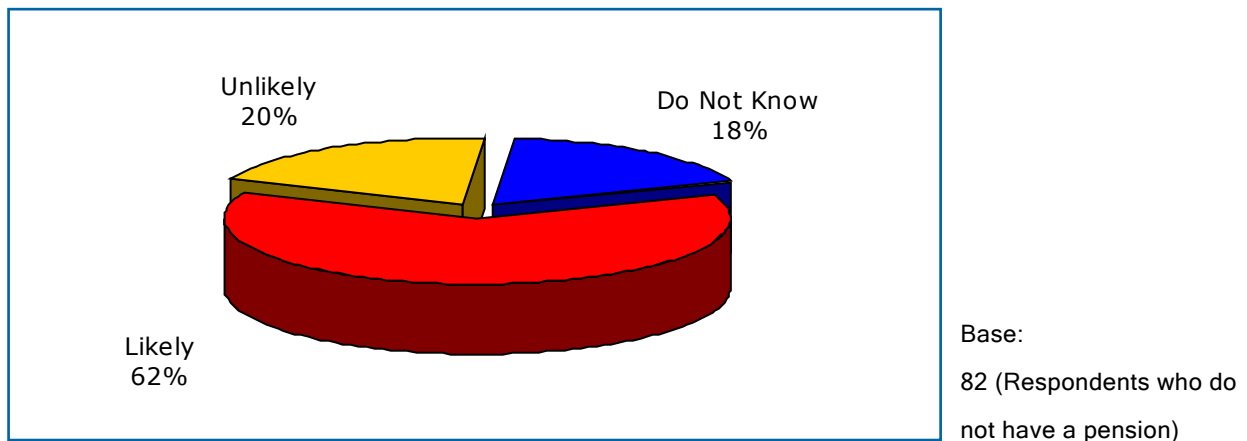
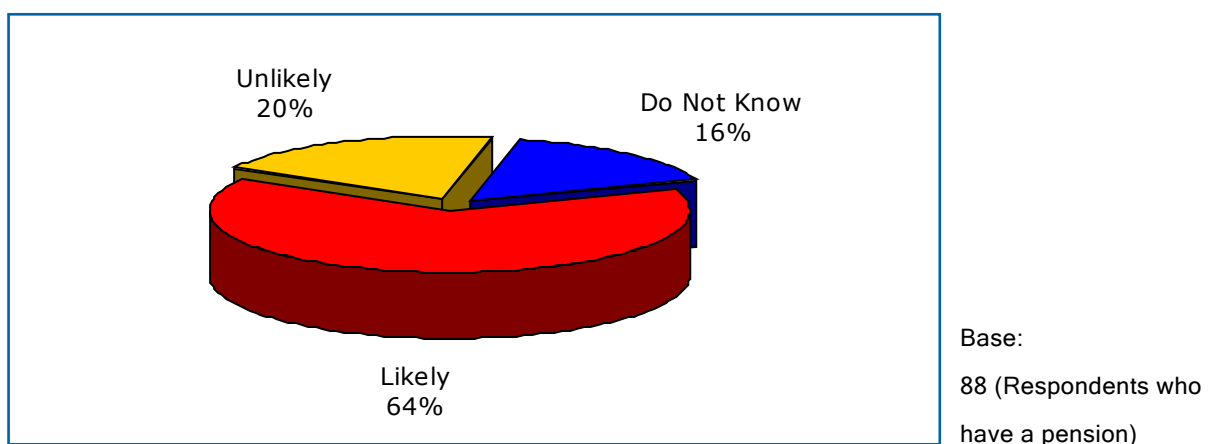


Figure 17 represents the respondents who currently have not set up a pension. Sixty-two percent of these respondents would be likely to set up a pension as a result of the proposed changes to tax relief on pensions.

FIGURE 18: Likelihood of Respondents to Contribute more towards their Pension





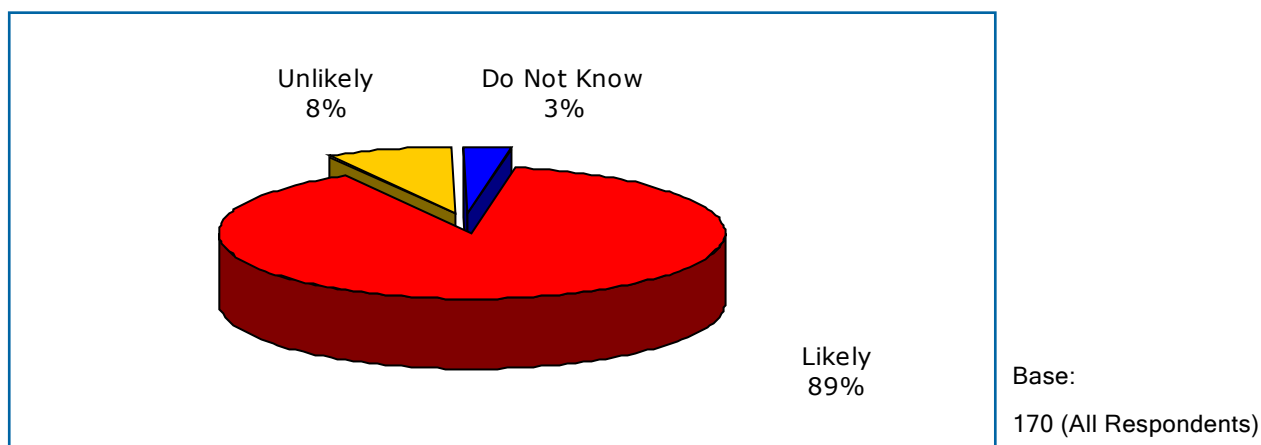
4.

Figure 18 represents the respondents who currently contribute to a pension. Sixty-four percent of these respondents would be likely to contribute more towards a pension as a result of the proposed changes to tax relief on pensions.

4.4 Attitudes towards a Potential New Government Incentive Scheme:

Respondents were asked if they would be likely to set up or contribute more towards their pension if they already had one as a result of a new government pension incentive, whereby for each €1 they contributed towards their pension, the government would contribute €1.

FIGURE 19: Overall Likelihood of Respondents to Set Up a Pension or Contribute more towards their Pension



Approximately nine out of ten respondents stated that they would be likely to either set up a pension or contribute more towards their pension as a result of the proposed new government incentive scheme. Respondents' instant understanding of this incentive may be partially responsible for its high uptake.



4.

TABLE 8: Likelihood of Respondents to Set Up a Pension or Contribute more towards their Pension by Age and Gender

Pension Contribution	31-39 (%)	40-49 (%)	50-59 (No.)	60+ (No.)	Male (%)	Female (%)
Likely to Set Up or Contribute more towards a Pension	94	84	15	9	86	91
Unlikely to Set Up or Contribute more towards a Pension	3	11	2	2	10	5
Do not Know	3	5	0	0	4	4
Total	100	100	17	11	100	100

Base: 170 (All respondents) 86 (Age 31-39) 56 (Age 40-49) 17 (Age 50-59) 11 (Age 60+)

Female respondents and respondents between the ages of 31 and 39 were most likely to either set up or contribute more towards their pension as a result of a new government incentive scheme.

FIGURE 20: Likelihood of Respondents to Set Up a Pension

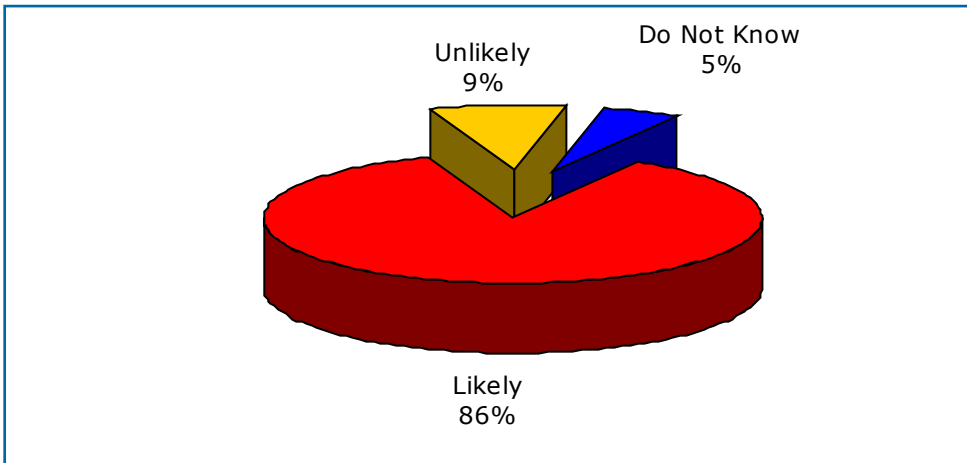


Figure 20 illustrates that four out of five respondents who currently do not have a pension would be likely to set one up as a result of the introduction of the new government incentive scheme.



4.

FIGURE 21: Likelihood of Respondents to Contribute more towards their Pension

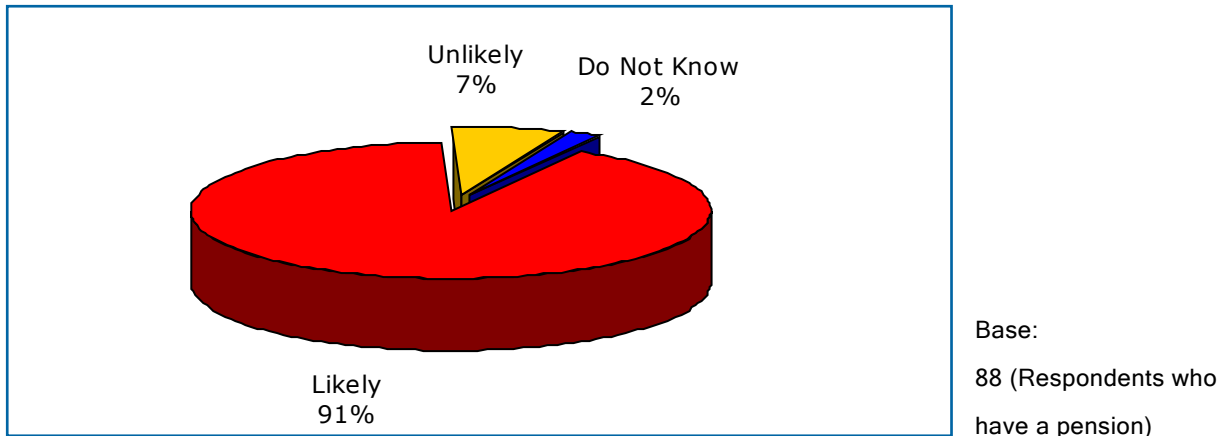
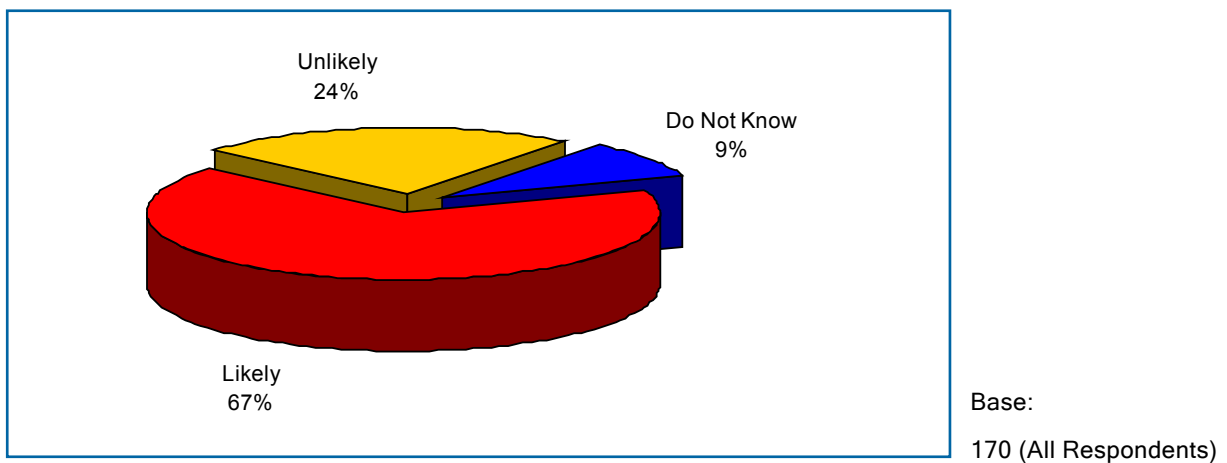


Figure 21 illustrates that nine out of ten respondents who contribute to a pension would be likely to contribute more towards their pension as a result of the introduction of a new government incentive scheme.

4.5 Attitudes towards the Introduction of a Once Off Tax Free Cash Sum:

Respondents were asked would they be likely to set up a pension or contribute more towards their pension, if they were allowed to draw down a quarter of their pension fund early at age 45 as a tax-free cash sum.

FIGURE 22: Overall Likelihood of Respondents to Set Up a Pension or Contribute more towards their Pension





4.

Approximately two out of three respondents stated they would be likely to either set up a pension or contribute more towards their pension as a result of the introduction of a once off tax free cash sum. A possible reason for the relatively high proportion of respondents with a negative reaction to this particular incentive could be their preference to keep their savings until they retire.

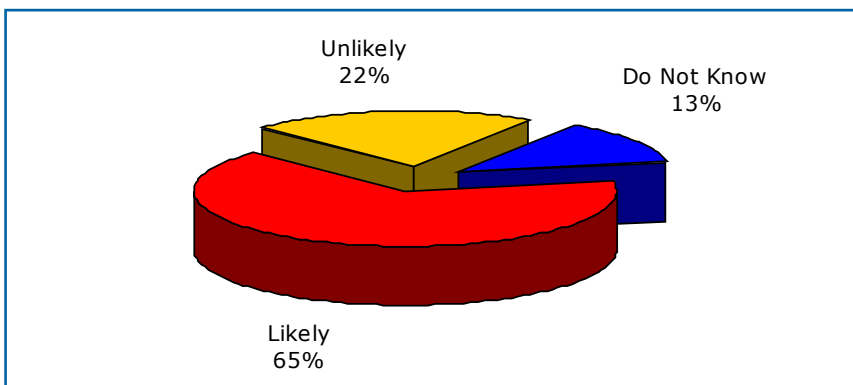
TABLE 9: Likelihood of Respondents to Set Up a Pension or Contribute more towards their Pension

Pension Contribution	31-39 (%)	40-49 (%)	50-59 (No.)	60+ (No.)	Male (%)	Female (%)
Likely to Set Up or Contribute more towards a pension	73	66	10	4	63	71
Unlikely to Set Up or Contribute more towards a pension	21	21	5	6	29	19
Do not Know	6	13	2	1	8	10
Total	100	100	17	11	100	100

Base: 170 (All respondents) 86 (Age 31-39) 56 (Age 40-49) 17 (Age 50-59) 11 (Age 60+)

Female respondents and respondents between the ages of 31 to 39 were the most likely to either set up or contribute more towards their pension as a result of the introduction of a once off tax free cash sum.

FIGURE 23: Likelihood of Respondents to Set Up a Pension



Base: 82
(Respondents who do not have a pension)

Figure 23 demonstrates that almost two out of three respondents who do not contribute to a pension would be likely to set up a pension as a result of the introduction of a once off tax free cash sum.



4.

FIGURE 24: Likelihood of Respondents to Contribute more towards their Pension

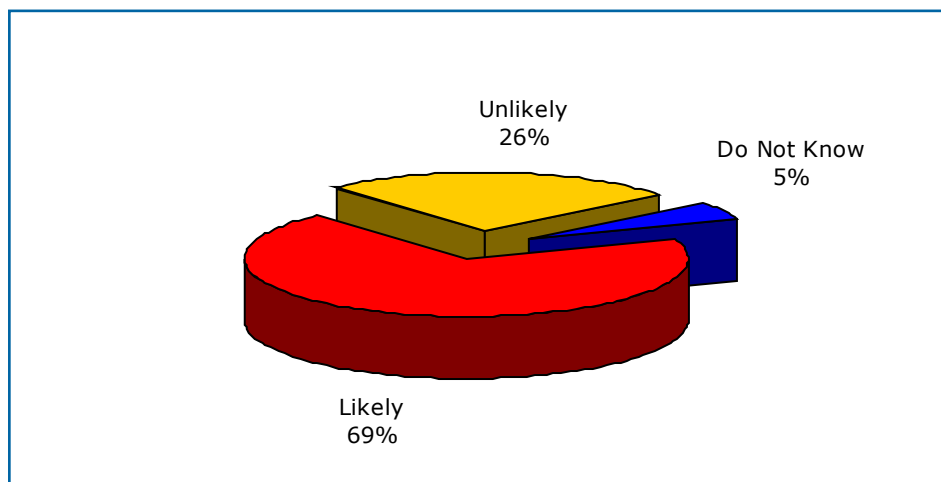
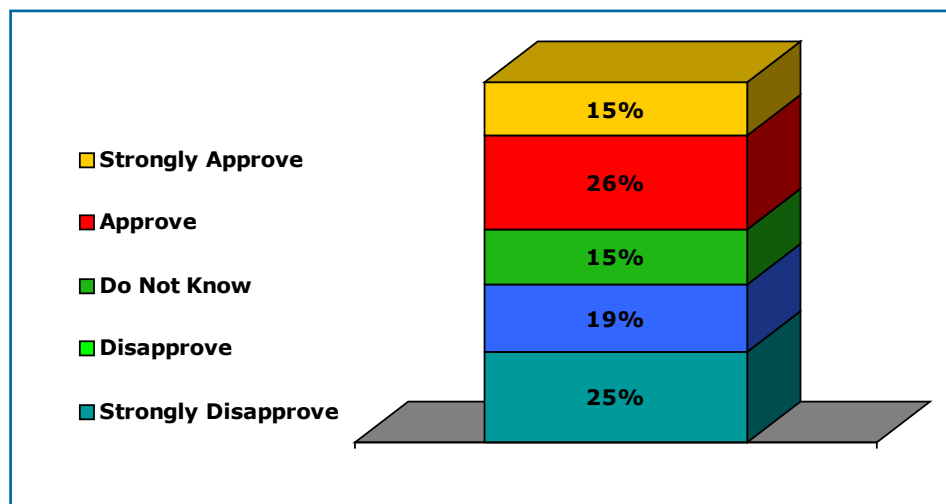


Figure 24 shows more than two out of three respondents who contribute to a pension would be likely to increase their contribution towards their pension as a result of the introduction of a once off tax free cash sum.

4.6 Attitude towards Compulsory Pension Contributions:

Respondents were asked to rate their approval if the government made it compulsory to contribute to a pension at a rate of five percent of their earnings, with tax relief.

FIGURE 25: Respondents' Approval of a Compulsory Pension Contribution





4.

One in four respondents strongly disapproved of the introduction of a compulsory pension contribution, while approximately two out of five respondents either approved or strongly approved.

4.7 Likelihood to Opt Out of Compulsory Pension Contribution:

Respondents were asked if the government made it compulsory for employers to deduct five percent from employees' salary to pay into a pension, but provided the employee with the choice to opt out if they so wished, would they be likely to opt out.

FIGURE 26: Likelihood of Respondents to Opt Out of a Compulsory Pension Contribution

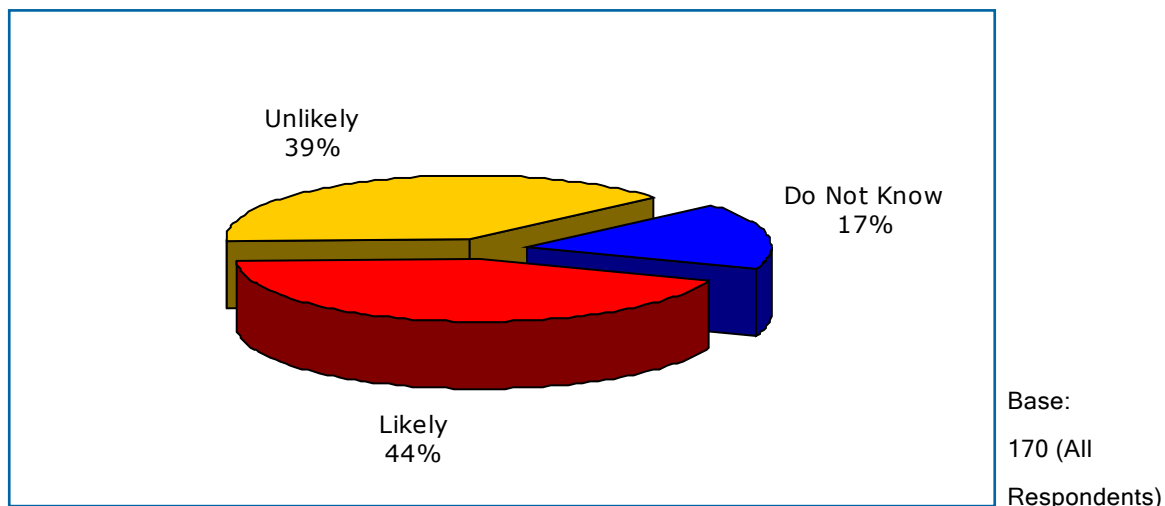


Figure 26 illustrates a minor variance between respondents who would be either likely or unlikely to opt out of a compulsory pension contribution. A slight majority of two in five respondents would be likely to opt out and a very large number of respondents did not know what they would do, which implies that this incentive scheme could be ambiguous.



SECTION FIVE: CONCLUSIONS AND RECOMMENDATIONS

This section examines the overall conclusions and recommendations emanating from the research carried out by the UCD Marketing Development Programme on behalf of the IAPF.

Conclusions:

SAVINGS AND PENSION INFORMATION

- There is a moderate level of pension uptake amongst the employees of the three sectors chosen within the services industry, with over 50 percent contributing towards some form of pension scheme. This is surprising considering the industries were deemed to have low pension uptake.
- Despite the near fifty-fifty gender split in respondents, a higher proportion of males contribute towards a pension when compared to females.
- Self-employed respondents and those in the 41 to 49 age category have the highest level of pension uptake. A possible reason for this may be the specific age and salary requirements used to select participants for the research.
- The most common reason for non-pension holders not having a pension was that they had not got around to setting one up. It could be inferred that the majority of these respondents do not reject the concept of having a pension, rather it is not a high priority for them at their current life stage.
- The majority of respondents (35 percent) plan to use their personal pension as their main source of income in retirement. Sale of property also features highly, accounting for 25 percent. This could be attributed to the high number of self-employed respondents who may sell their premises when they retire.
- Overall, half of the respondents contribute to an SSIA. Of those who have an SSIA, six out of ten also contribute towards a pension. The remaining four, although they do not have a pension, have demonstrated a strong tendency to regularly contribute to savings. Therefore if the Government introduced a suitable pension incentive, there is a likelihood that they would avail of it.



5.

Attitudes toward Potential Changes in Pension Incentives

- Overall, the majority of respondents, almost six out of ten, have little to no knowledge of current tax incentives available. There is, however, an indication that knowledge of tax incentives increases with age, i.e. between the 31 to 39 and 40 to 49 age groups. Also there is an indication that females have a lower level of knowledge of current tax incentives and pension uptake compared to males. This implies that respondents, in particular young females, need to be educated about pensions in order to be encouraged to either set up a pension or contribute more to a pension.
- In relation to the incentive regarding increased tax relief on pension contributions, the majority of respondents (63 percent) agreed that they would be likely to either set up a pension if they did not already have one or increase their contribution to an existing pension. The high proportion of respondents (17 percent) who stated that they did not know, indicates that again respondents need to be better educated about the potential benefits of this incentive.
- The overwhelming majority of respondents, nine in every ten, have a very positive response to the proposed pension scheme whereby the Government would provide €1 for every €1 contribution to a pension. The positive reaction towards this scheme may be attributed to the simplicity of its design and the recent success of the SSIA.
- Almost two-thirds have a positive attitude towards the proposed incentive of a once off tax-free cash sum. One possible reason why one in four respondents have a negative response to this incentive, may be because they would rather keep their savings until they reach 60 years or older, instead of taking out a lump sum early.
- There was an even split between those who approve and those who disapprove of a compulsory pension contribution of five percent. Although there was an even split between these positive and negative responses, there is a higher proportion of respondents who strongly disapprove than those who strongly approve. This would therefore indicate that this type of incentive could come up against some strong opposition from the public.
- The final proposed pension incentive involves employers deducting five percent of an employee's salary to pay into a pension but the employee would have the choice of opting out if they so wished. Two in five respondents would be likely to opt out, while a very large number of respondents did not know what they would do.



5.

Recommendations

- It is recommended that the current Irish Pensions Board public awareness campaign should continue. The research has shown that those who do not currently have a pension do not reject pensions, rather they have not prioritised setting up a pension. Therefore, the focus on current promotions should aim to make pension uptake a primary concern amongst service sector workers.
- It was found that both females and the younger age category of 31 to 39 have a lower level of knowledge of current tax incentives. It could also be inferred that these categories also have a lower level of general knowledge of pensions. Therefore it is advised that future pension promotions should aim to specifically focus on these categories in order to increase pension uptake amongst younger respondents and females in particular.
- The proposed pension contribution incentive, whereby the Government gives €1 for every €1 contributed to a pension fund, received an overwhelming positive reaction and should therefore be introduced. This proposed incentive had a positive response across employees in the three industries as well as across all age categories.
- It is advised that future marketing activities, aimed at promoting the potential changes in pension contribution incentives, be simplistic and easily comprehended. Many respondents answered, do not know, to whether they would either set up a pension or contribute more to a pension in relation to the proposed changes. This may be as a result of their lack of understanding of the proposed pension incentives. It is also interesting to note that the proposed incentive, which received the best reaction from respondents, could be due to the simplistic nature of the incentive.



5.

IAPF Recommendations

- IAPF recommends that steps be taken to simplify the existing incentives based system. The potential of the existing system to increase coverage is not being fully realised because people do not understand it.
- To this end a credit based system (such as €1 credit for €1 saved) should be introduced as the strong evidence from our survey is that it would be more clearly understood and appealing to people.
- The public awareness campaigns operated by the Pensions Board should continue.
- Given the feedback that mandatory pensions may be unpopular, the mandatory approach should only be considered when all steps have been taken to fully realise the potential of a voluntary system with clear and simple incentives.
- There are strong examples of sector specific solutions to low pensions coverage, for example the construction industry's arrangements, and it may be preferable to target our responses on a sectoral basis rather than across the board.



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