



Response to the Green Paper on Pensions Consultation Process

Dr Orlaigh Quinn

Department of Social and Family Affairs



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



Consultation Process

- Green Paper published October 2007
- Over 380 submissions
- 62 from organisations
- Six regional seminars
- National conference
- Report on consultation process



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



Overall Response

- Strong views held by individuals and organisations
- Willingness to engage

“I am 87 years old and hope you will be able to read my writing...If you require any further information from me or if there is any way I can be helpful, I am very willing to do so, even to travel to Dublin, I am quite capable of doing so T.G.”
- Concerns about coverage, adequacy, equity and sustainability



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



Overview of Submissions

No consensus but ...

- Something needs to be done (and soon)
- The State should do more
- Wide range of views on ‘pension model’
- Many individual submissions focus on State pension entitlements
- Other issues include:
 - Tax reliefs; ARFs; Retirement Age; Charges; Regulation;
 - Simplicity; Education



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



Pension Model

- Views vary widely
- Mandatory system (administered publicly or privately)

“Workers already have to contribute to PRSI, which IS a mandatory pension.”

- Auto-enrolment (soft-mandatory) with access to funds
- Higher State pension (higher PRSI)
- Current system works well



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



Tax Incentives

- Greater benefits going to higher earners
“I am subsidising tax relief for the high earners ... There is no incentive for low earners such as myself to purchase pensions”

- Matching contribution would give greater clarity
- Lower tax reliefs for higher earners
- Provide higher rate incentives for all
- Tax credits



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



ARFs

- Unfair that DC retirees have to purchase annuities

“This is a discrimination which is galling to many people and is inequitable.”

- Extend ARF option to all pensions
- Extending would jeopardise future incomes
- State annuity fund would provide better value than market annuities



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



Retirement Age

- Increasing retirement age an effective way of reducing costs
- People want the option of working longer (but on a voluntary basis)
- Employers should be encouraged to retain older workers

“In these times, older employees are well capable of discharging their duties, in some cases with a lot more vigour and success than their younger counterparts.”



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



State Pension – Key Issues

- Marriage Bar / Homemakers
“I believe that raising children is a contribution to the good of the nation and should be recognised by giving pension credit for those years”.
- Average contributions test
- Means testing
- Indexation
- Self-employed; farmers



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



Other Key Issues

- Personal and occupational pensions
 - Protecting DB entitlements
 - Simplicity
 - Education (e.g. financial planning in school curriculum)
 - Public sector pensions
 - Guarantees and security
 - Charges



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



Next Steps

- Report on consultation process
- Consideration of all issues by Government
- Any decisions need to balance:
 - Adequacy
 - Affordability
 - Fairness / solidarity
 - Flexibility
- Pensions framework by end-year



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



Final thought...

“The main thing with pensions is to keep it simple and make it fair, treat all people as equals and make things easy to understand and people will respond.”



IAPF Annual Conference : 2nd October 2008

www.iapf.ie



IAPF Annual Conference 2008



IAPF Annual Conference : 2nd October 2008

www.iapf.ie