



Report of the Interdepartmental Pensions Reform & Taxation Group (IDPRTG)

Agenda

- Backdrop to pension reform
- What is being recommended in the report?
- What can we expect to see next?
- Panel discussion



Backdrop to Pension Reform

Existing Supplementary Pension Landscape

Second Pillar – Occupational Pensions

- Approximately 140,000 schemes
- Almost 50% are frozen schemes
- 66,000 “active” single member trusts
 - 8,000 Small Self Administered Pensions (SSAP)
- 8,500 group schemes less than 100 members
- 600 group schemes with more than 100 members



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Existing Supplementary Pension Landscape

Third Pillar – contract based pensions

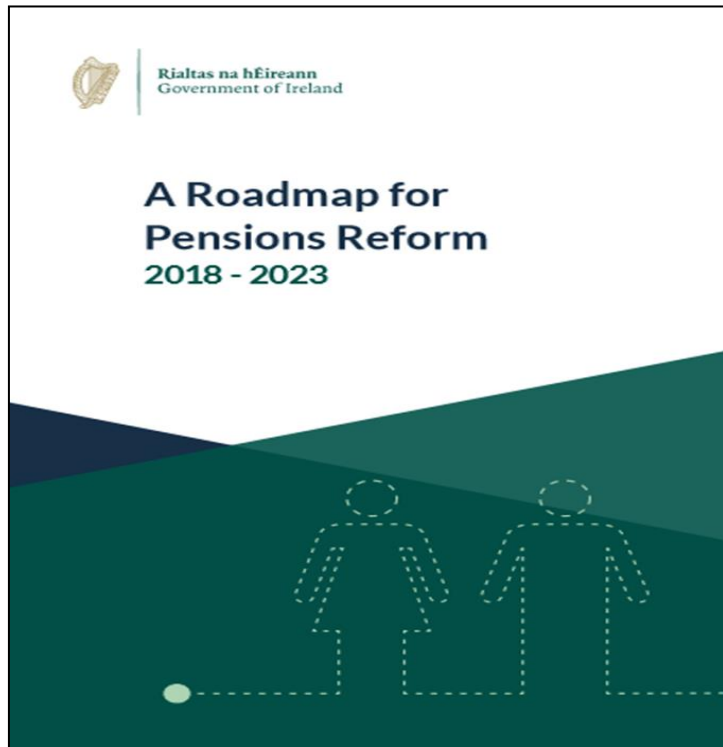
Product	Numbers	Assets (approx.)
Personal Retirement Savings Accounts	298,500+	€7.5 billion
Retirement Annuity Contracts	120,000-140,000 ¹	€3.4 billion
Personal Retirement Bonds	150,000 ²	€7 billion

¹ 12,000 new each year

² Based on informal survey of providers

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IDPRTG consultation



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- **IDPRTG established**

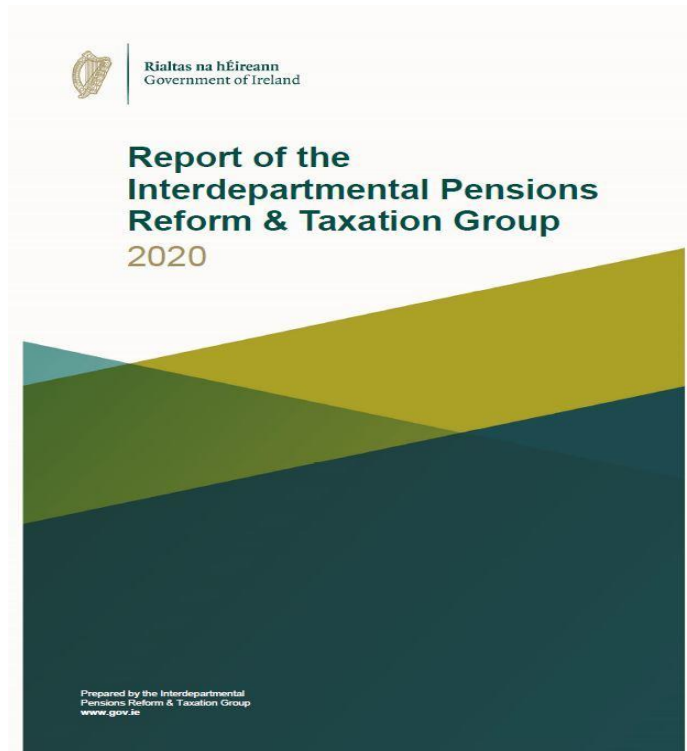
“Identify measures aimed at simplifying & harmonising the supplementary pension system”

- **Consultation 28 June to 19 October 2018**

- Section A: Simplification & Reform
- Section B: Costs to the Exchequer
- Section C: Approved Retirement Funds (ARF)

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IDPRTG consultation



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- 49 submissions to the consultation
- Report published 13 November 2020
- “Sea change” recommendations included, but
 - No immediate changes to the system
 - Further industry engagement likely
 - No requirement to make any trustee recommendations

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What is being recommended in the report?

What could change?

- No more Retirement Annuity Contracts (Personal Pensions)
 - Prospective basis
- No more Personal Retirement Bonds (Buy Out Bonds)
 - Prospective basis
- Single member trusts....uncertain?
 - IORPII
 - APTI Judicial review
- A redesigned Personal Retirement Savings Account (PRSA)

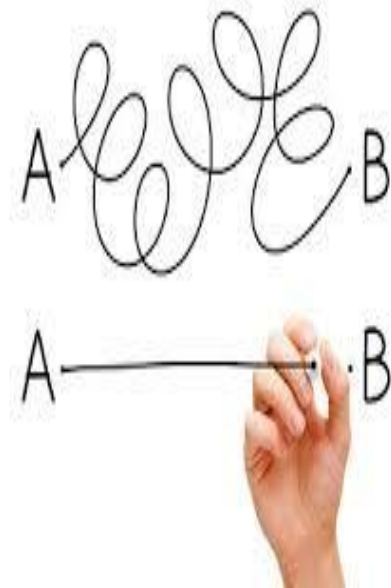


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What could change?

Redesigned PRSA product

- Whole of life
 - Pre and post retirement
- Simplified transfer process from Occupational Pensions
 - 15 year rule & Certificate of Benefits Comparison requirements
 - Ring fenced within the PRSA
- Direct transfer from Personal Retirement Bonds



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Redesigned PRSA product

Will it replace single member trusts?

- No BIK on employer contributions
- New Revenue maximum funding rules for PRSA
 - Annual exempt contribution limit?
 - Complete levelling of the playing field?
- Amended drawdown options....?



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What could change?

Drawdown options

- Retirement age range between 55 and 75 (regardless of the product)
- Salary and service lump sum and “ARF” option with residual funds for Occupational Pensions
- Removal of the Approved Minimum Retirement Fund rules
 - Specified income & set aside amount in a Vested PRSA
- No more individual ARF products
 - Drawdown from redesigned PRSA
- In scheme drawdown and/or Group ARFs....Master Trusts?

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What could change?

What else...

- Direct transfers from Retirement Annuity Contracts to Occupational Pensions
- Ill health definitions (rules?) to be aligned across products
- Occupational Pension Scheme death in service rules
 - “ARF” option instead of annuity for dependants with excess above maximum lump sum
- Pension life cover to continue
 - Part of the redesigned PRSA and/or continuation of S785 policies
- Taxation of ARF assets to children on death of the ARF holder

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What stays the same?

Tax benefits

- No change proposed to current Exempt Exempt Taxable (EET) system
 - AE work ongoing
- Current rules on Revenue maximum funding for Occupational Pensions
- Current rules in relation to retirement lump sums
 - Further consideration
 - Alignment of options regardless of product

TAX RELIEF

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What can we expect to see next?

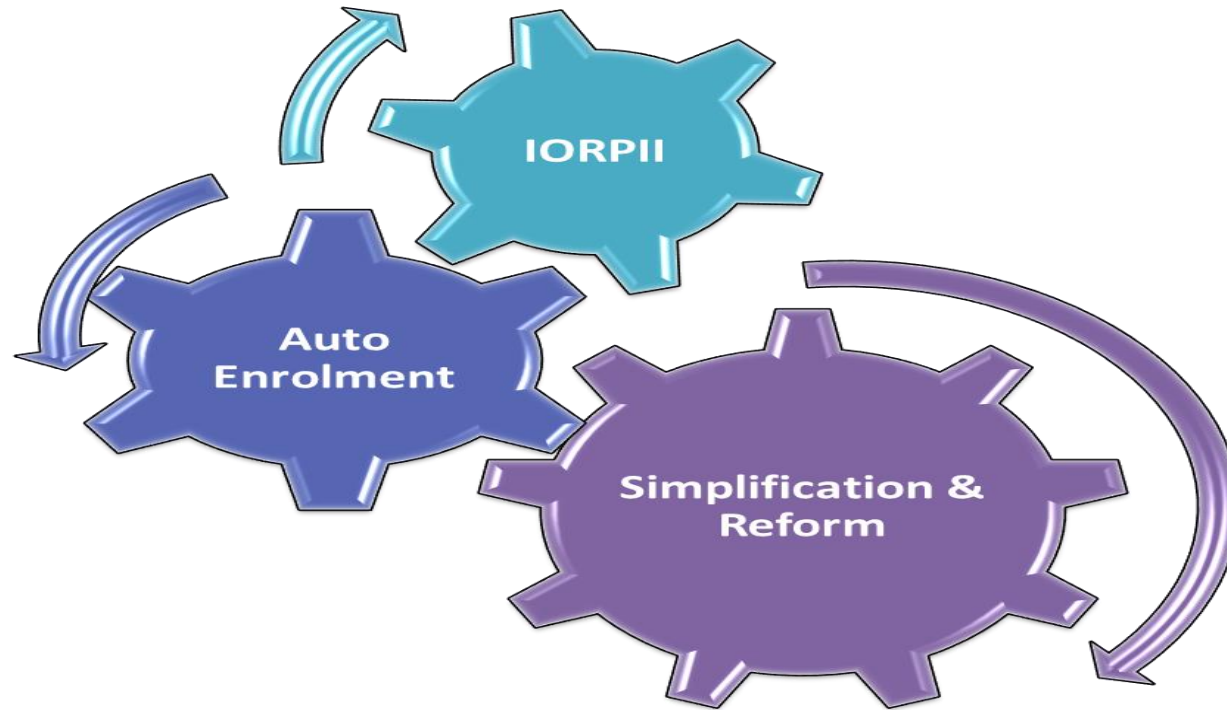
Planning & Implementation

- Draft and agree an implementation plan
 - Timelines, legislative changes, how and when...
- “Quick wins”
- Further consideration of complex changes
 - Final design and approval of the new PRSA
 - Taxation



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Planning & Implementation



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Panel Discussion

iapf 
representing pension savers