

# Green Paper– IAPF Response



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# IAPF THEMES

- Adequacy
- Simplification
- Equity/Fairness
- Flexibility
- Sustainability



- Social Welfare Pension
  - Adequate and sufficient for its purpose
  - Strong discipline needed on costs
  - Future increases costed on a long-term basis



- Supplementary Pensions
  - Life Strategies Research
  - Incentives are deferred taxation and favour middle income earners
  - Make ARF option available to all DC members



- Approaches to Development
  - Identify barriers and ways of overcoming these
  - Increase attractiveness of the voluntary system



# IAPF RESPONSES

- DB and DC Issues
  - Increase understanding of DC
  - Security of benefits
    - More discretionary benefits
    - State Annuity Fund



# IAPF RESPONSES

- The Funding Standard
  - Value liabilities on economic cost basis
  - Annual review of funding proposals for information only
  - Legislate for multi-employer schemes
  - Scheme specific for certain schemes
  - If no other changes, move pension increases to end of priority order



# IAPF RESPONSES

- Annuities
  - Annuities are expensive and trustees largely do not purchase. Still forced to value liabilities on that basis
  - ARF option should be available to all DC members
  - Further limited State involvement in wind-ups



- Role of Regulation
  - Important but must be balanced and proportionate
  - Focus on regulatory objectives and not policy objectives
  - Pensions schemes are non-profit, voluntary and of social benefit



# IAPF RESPONSES

- Public Sector Pensions
  - Transparency and discipline on costs
  - €75bn accrued liabilities, €2.6bn current annual cost, €1.6bn current pensions
  - NPRF contribution €1.45bn



# IAPF RESPONSES

- Work Flexibility in Older Age
  - Encourage and facilitate
  - Remove barriers (tax/social welfare)
  - Won't work for everyone



# SINCE THEN.....

- The world has changed
  - DC members can defer annuity purchase
  - Pension increases moved to end of priority order
  - PIPS in place
  - Possible to reduce accrued benefits
  - McCarthy Report, Commission on Taxation, NPRF