

Bord na Mona Staff Pensioners Association

Green Paper submission

The General Employees Superannuation Scheme pensioners of Bord na Mona have not received an increase in their pension for the past 5 (five) years because there has been a deficit in the schemes funds over that period. However other semi state bodies have paid pension increases despite most of them having deficits in their schemes.

We realise that the Bord na Mona General Employees Superannuation Scheme is a statutory scheme and that, in accordance with the statutory provisions (and regulations), the primary responsibility for the scheme (including rectifying the deficit and pension increases) rests with Bord na Mona and the Trustees of the scheme. We are, however seeking:

Some amendment to the minimum funding standard of valuation, which is unrealistic and even irrational in it's assumptions:

1. That Bord na Mona is closing down on the day after the valuation and hence, no further contributions from the members or Bord na Mona. Is this realistic in the case of a mature scheme such as Bord na Mona's staff scheme, which has been in existence since 1957 (and Bord na Mona since 1946).
2. That all the funds are invested in Irish Government bonds. Is this realistic in view of the fact that very little of the scheme's funds are invested in such bonds. It means in effect that the valuation ignores the actual return on investments (e.g. the 22.1% in the year ended March 2006). Indeed if the average return on investments over the past 10 years were to be taken into account in the valuation, we believe that there would be no deficit in the scheme. Furthermore, we understand that an actuarial valuation as at 31st March 2006 shows the deficit reduced to €10 million and a further estimate in June 2007 shows a further reduction to €7.7 million. These reductions, however, are due to increases in interest rates and hence, increased yields on Irish Government bonds.
3. That "expensive" annuities will have to be purchased from insurance companies to provide for pensions. Again this is not the case.