



APPENDICES

APPENDIX A (CHAPTER 1)

International Pension Systems

This appendix provides examples of how pensions systems are organised in different countries. Generally speaking, these examples are intended to illustrate the different types of system which can apply: defined benefit earnings-related payments through the state system, mandatory private pensions, and a basic state pension with no incentives for private provision. The case of the Netherlands is also included - a system which combines a statutory scheme and a voluntary occupational system which has achieved almost 100% coverage through the use of industry-wide schemes.

Germany

The main element of the German pension system is a state-run earnings-related pension funded by social insurance contributions and federal state subsidies. The contribution rate is 19.5% and approximately 80% of the employed population are covered. Voluntary company pension schemes cover about 50% of men (and fewer women) and, along with individual supplementary pension schemes, are tax-incentivised up to a specified cap. In 2003, benefits from the state system contributed 66% of total income of people over 65, old age pensions insurance contributed 21% (7% from occupational schemes) with various forms of third pillar provision contributing 7%.

In order to limit the future cost of state pensions, reforms to the German system have sought to raise retirement ages, reduce replacement rates provided by the state system and bridge the resultant gap by encouraging more supplementary/private provision.

Sweden

The Swedish state pension system has been reformed extensively in recent years and now comprises three elements - a notional defined

contribution scheme based on contributions of 16% of earnings, an individual defined contribution account with 2.5% of earnings contributed, and a guaranteed minimum pension for those whose earnings-related pension is relatively low or who have no such pension.

The first part of the system is a pay as you go scheme but "notional" contributions are made to an individual account and this is annuitised at retirement based on total "contributions", using a flexible indexation system based on wage growth and cohort-specific life expectancy calculations. The objective is to keep pension costs in balance and sustainable at current contribution levels. However, it is accepted that this may not always be possible and, as an added safeguard, Sweden has created a reserve fund and also has a "brake" that can be activated when necessary to temporarily suspend indexation.

Benefits accruing under the funded part of the system are based on investment performance of the individual accounts. The income test for the guaranteed pension is based only on the level of the earnings-related pension being received, but it is subject to a residency test (40 years for a maximum payment).

Occupational pensions are also available in Sweden and cover around 90% of workers. The schemes are regulated by collective agreements between employees and employers with the four largest schemes accounting for 80% of workers. These schemes provide a supplementary income of about 10% of final salary.

Australia

The Australian state pension (Age Pension) is a non-contributory, flat rate pension payable to people whose income and assets are below a certain level. Men aged 65 and women aged 62 (to be increased to 65) can qualify provided they have lived in Australia for at least 10 years. The pension is price-indexed but there is a commitment to maintain benefit for a single pensioner at 25% of average earnings.

Since 1992, Australia has a mandatory supplementary pensions system which operates through the private sector. Employers are required to contribute 9% of salary (up from 3% on implementation) with incentives for employees to contribute a further 2-3%. It is planned to gradually raise employer contributions to 12%.

The main achievement of the Australian system is the coverage rate it has achieved with 92% of employees covered (50% of self-employed). Concerns about the system centre round the impact it has had on defined benefit provision (almost all DB schemes closed to new members), the adequacy of the contributions being made to schemes and the extent of “lost” accounts in the system. In relation to the latter, many members fail to roll together or consolidate accounts on changing jobs with the result that there are an estimated 5.4 million “lost” accounts containing AD 8.2 billion in assets.¹⁵⁶

New Zealand

New Zealand has a flat rate, universal pension (New Zealand Superannuation) alongside tax neutral occupational and private pensions. The pension is paid to people from age 65 who meet the residency requirements (10 years resident in New Zealand from age 20 with 5 years since age 50). Rates vary depending on status (married or single). Currently, the rate for a single person living alone is \$263.90 (€140.21) per week. When wages increase, New Zealand Superannuation is adjusted so that it stays between 65% to 72.5% of average ordinary time earnings after tax (gross earnings less overtime)¹⁵⁷. While the system is also one of the least generous public pensions systems in the OECD, the level of the pension provided is generally above the 60% median income threshold which means that New Zealand pensioners have a low poverty risk.

Occupational pensions are available but membership is small and declining. There are no tax incentives and no limits on what a person can save for pension. New Zealand introduced a “soft mandatory” scheme called KiwiSaver in July 2007 to encourage retirement saving.

Membership is voluntary and open to all New Zealand residents aged up to 65. From 1 July 2007, those aged 18 years or over starting a new job will be automatically enrolled in KiwiSaver. Other people can choose to opt in. Contributions can range from 4% to 8% of salary.

There is a range of membership benefits to encourage people to start saving, including a \$1,000 tax-free kick-start and subsidised scheme fees. Regular savings over a period of 5 years can also help to qualify a person for a house deposit subsidy.

Netherlands¹⁵⁸

The AOW is the Netherlands’ statutory old age pension scheme. It provides all residents of the Netherlands at the age of 65 with a flat-rate pension benefit that, in principle, guarantees 70% of the net minimum wage. There is no means test for the eligibility of benefits; other forms of income have no effect on the AOW benefit.

All residents of the Netherlands between the ages of 15 and 65 are insured for the AOW. No distinction is made between men and women, between civil servants, employees, self-employed or people working in the home. During the period of insurance, entitlement is accrued in 2% steps for every insured year. This leads to a 100% entitlement to the relevant pension benefit on reaching the age of 65, provided there are no gaps in the period of insurance. A gap occurs when a person resides outside the Netherlands. People who are not entitled to the full AOW benefit and who have, together with other sources of income, a total income below the subsistence level (i.e. less than 70% of the legal minimum wage) are entitled to receive social assistance.

Although there is no obligation for employers to make pension commitments to their employees, the vast majority of those employed in the Netherlands (over 90%) participate in an occupational pension scheme. Occupational pensions are subject to negotiation between the social partners and have to be financed by capital funding. A pension scheme is part of the employment conditions laid down in an agreement (which may be a collective agreement).

156 Presentation by Senator Nick Sherry on Australian Pensions Reform to the Minister for Social and Family Affairs.

157 www.sorted.org.nz

158 Ministry of Social Affairs and Employment, Netherlands http://internationalezaken.szw.nl/index.cfm?fuseaction=dsp_rubriek&rubriek_id=13017

Characteristically, final salary schemes and average pay schemes promise a yearly replacement rate of 1.75% to 2% of the final salary or average career salary (including first pillar benefits). If the collective labour agreement lasts for 35 to 40 years, the total pension benefit will be around 70% of the final salary, including first pillar benefits. Occupational pension schemes are considered supplementary to the AOW state pension. The AOW benefit is therefore a factor included in most calculations of second pillar pension schemes in order to arrive at the 70% aim referred to above. This is known as the AOW *franchise*.

As of January 1st 2002, some 93% of all active members were participating in a defined benefit scheme, of which 1/3 were in a career average pay scheme and 2/3 in a final salary scheme. Usually, the way contributions are divided among social partners varies from one pension scheme to another. According to Statistics Netherlands (CBS), the average employer contribution amounts to approximately 78% of all contributions.

APPENDIX B (CHAPTER 5)

The Social Welfare Pension System in Ireland: Development and Cost

History of the Social Welfare Pensions System

- B.1** The first Old Age Pension was introduced in 1908. The pension was means-tested and is now known as State Pension (Non-Contributory). The system of widows' and orphans' pensions was first introduced in 1935.
- B.2** Before 1953, coverage for social-insurance-type benefits was provided through three different types of contributions:
- National Health Insurance - provided cover for Sickness Benefit, Maternity Benefit and Disablement Benefit;
 - Widow's and Orphan's Insurance - provided cover for Contributory Widow's and Orphan's Pensions;
 - Unemployment Insurance - provided cover for Unemployment Benefit.
- B.3** These schemes were administered by a range of Government Departments and bodies. The Department of Social Welfare was established in 1947 to bring all the various Social Welfare schemes together and a unified system of social insurance came into effect in 1953.
- B.4** The Old Age Contributory Pension (now known as State Pension (Contributory)¹⁵⁹) was introduced in 1961 and at that time was payable at age 70. This was the first significant addition to the range of contingencies covered since the

various social insurance codes were brought together into a new unified system of social insurance in 1953.

- B.5** To qualify for this pension, claimants needed 156 paid contributions, had to be under 60 years of age at entry into insurance, and had to satisfy a yearly average test. There have been changes to each of these conditions over the intervening years but the basic principles on which qualification is based (entry into social insurance, a basic paid requirement and an average contributions test) remain the same.
- B.6** The Retirement Pension, now known as State Pension (Transition)¹⁶⁰, was introduced in 1970 for people who retired at age 65 and was designed to bridge the gap between retirement and qualification for the Old Age Contributory Pension, which at the time was 70 years of age. Accordingly, a key qualifying condition is that a person must be retired¹⁶¹. Changes in Social Welfare pension age, which saw it fall from aged 70 to aged 66, mean that this retirement condition now only applies for one year.
- B.7** Contributions paid before 1953 had very limited scope in terms of the specific circumstances they covered and this was reflected in the rate at which contributions were set. With the introduction of the Old Age Contributory Pension in 1961, the rate of social insurance contribution was increased to include an element towards the funding of the new pension scheme. Contributions paid before 1961 did not include such an element. However, it was decided to count all contributions paid under

229

¹⁵⁹ The main legislative provisions relating to the State Pension (Contributory) are contained in Chapter 15, (Sections 108 to 113) of Part II of the Social Welfare (Consolidation) Act 2005, as amended, and Chapter 7 (Articles 59 to 67) of Part II of the Social Welfare (Consolidated Claims, Payments & Control) Regulations 2007 (S.I. 142 of 2007) as amended.

¹⁶⁰ The main legislative provisions relating to the State Pension (Transition) are contained in Chapter 16 (Sections 114 to 117) of Part II of the Social Welfare (Consolidation) Act 2005, as amended, and Chapter 8 (Articles 68 to 75) of Part II of the Social Welfare (Consolidated Claims, Payments & Control) Regulations 2007 (S.I. 142 of 2007) as amended.

¹⁶¹ Retirement is defined as being in employment that is insurable at class J PRSI (i.e. earning less than €38.09 per week) or self-employed with earnings of less than €3,174.35 per annum.

the unified scheme (1953) towards qualification for the new pension. If only contributions containing a pension element (i.e., those paid since 1961) were allowed, then ten years would have had to pass from the date of introduction of Old Age Contributory Pension before anyone would have qualified.

B.8 The unified system of social insurance introduced in 1953 has been significantly improved over time. Improvements have been made in the scope of application of the system, the contingencies covered and the range of pensions and benefits paid:

- 1961: Introduction of Old Age Contributory Pension. Prior to this date, the social insurance system did not provide any cover for old age, although the means-tested, Old Age Non-Contributory Pension had been in existence since 1908;
- 1970: Introduction of Retirement Pension;
- 1970: Introduction of Invalidity Pension for people who are permanently incapable of work because of illness or incapacity;
- 1973: Introduction of Deserted Wife's Benefit (now closed to new applicants);
- 1991: Pro-rata pensions for people with 'mixed insurance' records were introduced;
- 1994: Introduction of Widower's Contributory Pension;
- 1994: Introduction of the Homemaker's Scheme to protect the pension entitlements of those who take time out of the paid workforce to care for children or incapacitated adults;
- 2000: Introduction of Carer's Benefit. Carer's Allowance, a means-tested payment, was introduced in 1990 and was the first payment made directly to carers.

Types of Pension Schemes Available and Qualifying Conditions

B.9 There are two main strands of age-related pensions under the Social Welfare system - these are contributory pensions, which are based on social insurance and non-contributory pensions which are means-tested. As part of

a general review of the Social Welfare system initiated by Minister for Social and Family Affairs in 2006, and following consultations with various interest groups and representative organisations, it was decided to rename schemes to eliminate the concept of old age from the Social Welfare system.

B.10 Accordingly, pension schemes were re-named as follows:

- Retirement Pension became State Pension (Transition);
- Old Age Contributory Pension became State Pension (Contributory);
- Old Age (Non-Contributory) Pension became State Pension (Non-Contributory). In addition, non-contributory pensions for those over 66 have been standardised into the new State Pension (Non-Contributory). This change involved abolishing Blind Pension, Widow(er)'s Non-Contributory Pension, One Parent Family Payment, Deserted Wife's Allowance and Prisoner's Wife's Allowance for those aged 66 or over. These schemes remain in operation for those under 66.

B.11 The schemes mentioned above, namely State Pension (Transition), State Pension (Contributory) and State Pension (Non-Contributory), account for the majority of Social Welfare pension recipients aged 65/66. However, there is a significant number of older people receiving the Widow(er)'s Contributory Pension. This pension is not age-related and a widow or widower can qualify on either his/her own or a spouse's social insurance record.

Qualifying Conditions

State Pension (Contributory) and State Pension (Transition)

B.12 The qualifying conditions for the two main contributory schemes are broadly similar though a key requirement for the State Pension (Transition) is a retirement condition which derives from the reason for the introduction of the payment in the first place, i.e. to bridge the gap between retirement at 65 and the standard Social Welfare pension age.

B.13 To qualify for State Pension (Contributory)/State Pension (Transition), a person must:

- enter social insurance before reaching age 56 for State Pension (Contributory) and age 55 for State Pension (Transition);
- pay at least 260 social insurance contributions at the appropriate rate. From 6 April 2012, a minimum of 520 paid contributions will be required. This increase in the contribution requirement from 2012 was provided for in legislation in 1997;
- achieve a yearly average of at least 10 contributions paid/credited from 1953 or from the date of entry into social insurance, if later. A minimum yearly average of 24 is required for State Pension (Transition);
- a person's social insurance record can also be averaged from 1979, but only to qualify for a full rate pension, which in both cases, requires an average of 48 contributions.

Rate of payment

- The rate of payment is comprised of a personal rate plus increases for a qualified adult¹⁶² and child(ren)¹⁶³. People aged 80 or over receive an additional increase. Increases are also paid if a person lives alone and/or on certain specified islands. A means-tested Fuel Allowance may also be payable. The personal rate at which any contributory pension is paid is governed by the yearly average contributions and various percentages of the standard maximum rate are paid according to the general level of contribution. The present structure is as follows:

162 A spouse or partner who is wholly or mainly maintained by the pensioner. This is defined as not having an income in his/her own right above a specified limit, currently €100 per week. A lower rate of increase is paid where the qualified adult has an income of between €100 and €280 per week and there is a higher payment for qualified adults over age 66.

163 who are under 18 and normally live with the pensioner; between 18 and 22 and in full-time education. If there is no increase for a qualified adult then half-rate is payable. If the pensioner is getting an Irish pension in addition to an EU or Bi-lateral pension only one qualified child increase is paid and this is usually paid by the country where the pensioner resides.

Average Contributions and Rate of Payment of State Pension (Contributory) and State Pension (Transition)

Average annual contributions	% of full rate paid
48+	100
20-47*	98
15-19	75
10-14	50

* The minimum requirement for State Pension (Transition) is an average of 24.

Improvements to the Qualifying Conditions

B.15 The current qualifying conditions represent a significant improvement on the original conditions in that it is now easier to qualify for a pension. The requirements for minimum pensions have been eased, with the average contributions needed reduced from 20 to 10 in 1997, and a number of special pensions have also been introduced which, as far as possible, and having regard to the contributory principle underlying entitlement, provide recognition for different types of social insurance contribution that people have made and deal with a number of perceived anomalies in the system.

Mixed Insurance Pro-Rata State Pension (Contributory)

B.16 This pension was introduced in 1991 for people with 'mixed insurance' records i.e. a combination of full and modified¹⁶⁴ rate contributions and so benefits those who have worked in both the private and public sectors. They may qualify for a pension based on the number of full-rate contributions as a proportion of their total contributions, i.e. full and modified rate.

B.17 The qualifying conditions are similar to those for a standard State Pension (Contributory) but people who reach pension age on or after 6 April 2012 can make up the 520 contribution requirement by way of 520 full-

164 Modified rate contributions refer to PRSI paid at classes B, C and D (PRSI was introduced in April 1979), contributions paid prior to April 1979 in respect of permanent and pensionable Civil and Public servants and modified rate voluntary contributions. PRSI contributions at classes J and K and pre 1979 employment contributions which provide cover for Occupational Injuries Benefit only are not reckonable for pension purposes.

rate contributions or with a combination of full and modified rate contributions, of which a minimum of 260 full-rate contributions is required. Both full and modified rate contributions are taken into account when calculating the yearly average number of contributions but the actual rate paid depends on the balance between modified contributions in a person's overall record in accordance with the following formula.

B.18 The rate of pension is calculated as follows:

Step 1: The notional pension is calculated.

Notional pension is the pension that would be paid if all social insurance contributions, both full and modified rate, were treated as full-rate contributions. The full and modified rate contributions are therefore added together and the total is then divided by the number of years to get the yearly average.

Step 2: The following formula is then used: $(A \times B)/C$

A = the notional rate of pension i.e. the rate (personal plus increase for a qualified adult, if applicable) which would be payable if all contributions, both full and modified rate, were treated as full rate contributions.

B = the number of full rate contribution.

C = the total number of contributions (full and modified rate)

EU or Bilateral Agreement (BA) pro-rata State Pension (Contributory)

B.19 This pension is based on a combination of full-rate Irish social insurance contributions and reckonable social insurance in EU countries or a country with which Ireland has a Bilateral Social Security Agreement¹⁶⁵.

B.20 The EU pension scheme is governed by Council Regulation (EEC) No 1408/71 and No 574/72, as amended. Bilateral Agreement pensions

are governed by formal agreements with the relevant countries which are contained in statutory instruments. The qualifying conditions and the manner in which the payment is calculated are broadly similar to those applying to the mixed rate pension but there is some flexibility with regard to where contributions can be made. A person can enter social insurance in Ireland or in any of the other countries governed by the EU or Bi-Lateral Agreements and the requirement to have 260 contributions paid can be satisfied in any EU or Bilateral country.

B.21 The pension is a pro-rata payment based on the proportion of Irish social insurance contributions to the total number of contributions paid and/or credited over a person's working career i.e. the total number of contributions made in Ireland and other relevant countries. The calculation is similar to that outlined in paragraph B.18.

Special Partial State Pension (Contributory)

B.22 This special partial pension was introduced in October 1988 for people who did not qualify for contributory pension due to gaps in their insurance record arising from the operation of the income limit¹⁶⁶ on social insurance contributions which applied in some cases until 1974. The qualifying conditions are similar to those for a standard contributory pension but a minimum yearly average of only 5 contributions is required. In order to qualify, a person must have re-entered full-rate insurable employment on 1 April 1974. Payment is at 25% of the full rate.

Special Self-employed Pension

B.23 This pension was introduced in 1999 for self-employed people who were over age 56 on 6 April 1988 when compulsory social insurance for the self-employed was introduced and who could not therefore satisfy the condition of having entered social insurance at least 10 years before pension age. To qualify, a person must have been age 56 or over on 6 April 1988 (when compulsory social insurance for the self-employed was introduced),

¹⁶⁵ Australia, Canada, New Zealand, USA, Quebec, Austria, Switzerland (largely superseded by EU regulations), UK (in respect of the Isle of Man & Channel Islands)

¹⁶⁶ Prior to 1 April 1974 non-manual employees were not liable for social insurance contributions if their earnings were over a prescribed limit. This limit was abolished on 1 April 1974 but many people had gaps in their insurance record due to its operation.

started paying social insurance contributions as a self-employed person on or after 6 April 1988 and have at least 260 full-rate social insurance contributions paid on a compulsory basis since first starting to pay social insurance contributions as a self-employed person. The personal rate, and increases for a qualified adult and qualified child(ren), are paid at 50% of the standard maximum rate. Increases for living alone, age 80 and fuel allowance are payable at the standard rate.

Pre-1953 Pension

B.24 A special contributory pension was introduced in 2000 for any person who became insurably employed prior to 1953 and who did not qualify for a pension or qualified for one (contributory or non-contributory) at a lower rate. To qualify for this pension, a person must have become an employed contributor under the National Health Insurance Acts prior to 1953¹⁶⁷ and have paid at least 260 full-rate (or 5 years') contributions¹⁶⁸. The 260 can all have been paid before 1953 or as a combination of pre and post-1953 contributions. The pension is paid at the same rate as the special self-employed pension.

The Homemaker's Scheme

B.25 The Homemaker's Scheme was introduced in 1994 with the intention of protecting the pension rights of people who take time out of the paid workforce to care for children or sick/older people. People who give up employment for a period of time to care often find it difficult to qualify for a pension in their own right or only qualify for a reduced rate pension because of the gaps in their social insurance record. Under the scheme, time periods spent performing such care work are disregarded when calculating the average number of social insurance contributions a person has accumulated for pension purposes.

Conditions of the Homemaker's Scheme

B.26 The Homemaker's Scheme makes it easier for homemakers to qualify for the State Pension

(Contributory) on reaching age 66. One of the qualifying conditions for the State Pension (Contributory) is that a person has a minimum yearly average number of social insurance contributions (paid or credited) from the time they enter social insurance until they reach pension age. For those registered as homemakers, the gap in their social insurance record is ignored when working out the yearly average of PRSI contributions for the State Pension (Contributory). This arrangement applies to breaks from employment taken after April 1994.

B.27 To benefit from the Homemaker's scheme, a person must have worked and paid PRSI previously (or will do so in the future) at PRSI class A, E, H or S. The scheme will not of itself qualify a person for a pension. The standard qualifying conditions, which require a person to enter insurance 10 years before pension age, pay a minimum of 260 contributions at the appropriate rate and achieve a yearly average of at least 10 contributions from the time they enter insurance until they reach pension age must also be satisfied.

B.28 To be eligible for the Homemaker's Scheme, a person must:

- Permanently live in the State;
- Be aged under 66;
- Have started insurable employment or self-employment (on or after age 16 and before age 56);
- Not work full-time (earnings must be less than €38 gross per week);
- Live with the person being looked after or if not living with the caree satisfy certain conditions;
- The person being cared for must not already be receiving full-time care and attention within their own home from anyone else.

B.29 The caree must either be a child under the age of 12 (initially the scheme only applied to children aged under 6) or an incapacitated child or adult in need of full-time care and attention. The caree must need:

- Continuous supervision for reasons of health and personal safety;
- Continuous supervision and frequent help during the day to meet their normal personal needs.

167 For men, social insurance contributions paid prior to 5 January 1953 are regarded as paid prior to 1953. The equivalent date for women is 6 July 1953.

168 Every 2 contributions paid prior to 1953 are counted as 3, and any odd contribution is counted as 2. This provision dates from the introduction of Old Age Contributory Pension in 1961.

State Pension (Non-Contributory)¹⁶⁹

B.30 This scheme was introduced in September 2006 and incorporates all non-contributory pension schemes for people age 66 or over. It is a means-tested scheme for people who do not qualify for a State Pension (Contributory) and completely replaced the Old Age Non-Contributory Pension scheme. It also replaced Widow(er)'s Non-Contributory Pension, Deserted Wife's Allowance, Lone Parent's Allowance, Prisoner's Wife's Allowance, Blind Pension and One-Parent Family Payment for people over 66.

Qualifying Conditions for State Pension (Non-Contributory)

B.31 The qualifying conditions require a person to be aged 66 years or over and habitually resident in the State and satisfy a means test. The means assessment takes into account cash income which the pensioner and spouse/partner may have (e.g. earnings from employment, self-employment, an occupational pension, a pension from a foreign social security institution), the value of capital (e.g. savings, investments, cash in hand) and any property excluding the main residence. In common with other Social Welfare assistance schemes, if married or cohabiting, the means is taken as half the joint means of the pensioner and spouse/partner.

Most recent improvements in the means test

B.32 The basic income disregarded has increased from €7.60 per week to €30 per week in Budgets 2006 and 2007. In addition, up to €20,000 in capital is also disregarded. Overall, a single person with no other means could have up to €40,000 in capital and qualify for a pension at maximum rate, and €80,000 in the case of a pensioner couple. A specific earnings disregard of €200 per week has also been introduced in the two Budgets referred to so that additional income from employment can be earned without losing pension entitlements.

Rate of Payment

B.33 The rate of payment is determined by the means assessed and can range from €200 per week to as low as €2.50. Qualified adult allowances are not paid where the spouse or partner is over 66 as, generally speaking, both members of a couple will qualify for a personal payment.

Coverage of Social Welfare Pension Schemes

B.34 The table on the following page sets out the coverage of Social Welfare pension schemes for those who are 66 years of age and over.

B.35 Population and migration estimates from the CSO put the number of people in the country who are 65 years of age and over at 470,600 in 2006. There are approximately 30,000 people aged 65 in the country so about 440,000 people resident in the State are aged 66 and over.

B.36 As can be seen from the table on the following page, at the end of December 2005, there were approximately 438,000 people aged over 66 in receipt of a Social Welfare payment, either in their own right or as a qualified adult on their spouse's or partner's payment. This includes some 45,000 people receiving Social Welfare payments abroad. This means that approximately 393,000 people, or 89% of older people resident in this country, aged 66 years and over are receiving support through the Social Welfare system. That leaves approximately 47,000 people outside the system. These are mainly former self-employed people and public servants and their spouses or partners.

¹⁶⁹ The main legislative provisions relating to State Pension (Non-Contributory) are contained in The Social Welfare (Consolidation) Act 2005 as amended by sections 16, 17, 18, 19 and 24 of the Social Welfare Law Reform and Pensions Act 2006; Tables 1 and 2 of Schedule 3 of the Social Welfare (Consolidation) Act 2005 as amended; Chapter 6 of Part III of the Social Welfare (Consolidated Claims, Payments & Control) Regulations 2007 (S.I. 142 of 1994) (as amended).

Recipients of Social Welfare Schemes aged 66 and over in 2005

Scheme	No. Male Recipients	No. Female Recipients	Total No. Recipients	No. Male Qualified Adult Allowances	No. Female Qualified Adult Allowances	Total No. Qualified Adult Allowances
Old Age Contributory Pension	79,632	44,979	124,611	1,850	16,646	18,496
Retirement Pension	63,544	23,503	87,047	1,555	13,990	15,545
Old Age Non-Contributory Pension	35,520	48,934	84,454	110	1,000	1,110
Widow(er)'s Contributory Pension	5,270	70,010	75,280	N/A	N/A	N/A
Widow(er)'s Non-Contributory Pension	123	12,132	12,255	N/A	N/A	N/A
Deserted Wives Benefit	N/A	1,038	1,038	N/A	N/A	N/A
Deserted Wives Allowance	N/A	599	599	N/A	N/A	N/A
Invalidity Pension	5,537	5,458	10,995	49	442	491
Carer's Allowance	505	2,444	2,949	N/A	N/A	N/A
Blind Person's Pension	219	310	529	1	4	5
Disablement Pension	1,990	291	2,281	N/A	N/A	N/A
Death Benefit	5	327	332	N/A	N/A	N/A
Supplementary Welfare Allowance	169	96	265			
Total	192,514	210,121	402,635	3,565	32,082	35,647

Source: DSFA Statistical Information on Social Welfare Services 2005

Notes:

1. Scheme names as they applied at 31 Dec 2005
2. N/A not applicable
3. The breakdown by gender regarding QAA is estimated. It has been assumed that 90% of QAAs over 66 are female.
4. Disablement Pension may be combined with another payment so it is possible that there is a small amount of double counting in the table.

Percentage of Recipients by type of pension , 1996-2005

Year	State Pension (Contributory) %	State Pension (Transition) %	State Pension (Non-Contributory) %
1996	28.4	29.1	42.5
1997	29.1	29.8	41.1
1998	29.5	31.0	39.5
1999	30.7	31.8	37.5
2000	33.8	30.1	36.0
2001	35.9	30.4	33.7
2002	38.1	30.1	31.8
2003	39.7	30.1	30.2
2004	40.5	30.4	29.1
2005	41.5	30.3	28.1

236

Trends in Coverage

B.37 Apart from the fact that, overall, more people are qualifying for Social Welfare pensions, as illustrated in the following table, the main trend to note is the change in the balance of payments between contributory and non-contributory pensions. In 1996, 57% of payments being made under the schemes in question were contributory-based and this had risen to 72% by the end of 2005. This trend will continue in the years ahead as improved social insurance coverage, the Homemaker's Scheme and increased workforce participation have more of an impact on pension claims. Ultimately, the means-tested schemes will have a relatively minor role in the overall pension system though recent improvements in the means test may, in the short to medium term, lead to an increase in non-contributory payments.

Cost of Main Social Welfare Pensions System

B.38 Total Social Welfare expenditure in 2005 was €12,168 million, an increase of 7.8% over 2004. Expenditure was equivalent to 9% of GNP. State pension related payments accounted for about 24 % of the overall total, representing an increase of 8% on 2004. This does not represent the total figure of payments made to older people in 2005 as there is a significant number of older people who receive payments such as Widow(er)s and Invalidity Pensions¹⁷⁰.

In addition, non-contributory pensions for those over 66 have been standardised into the new State Pension (Non-Contributory). This change involved abolishing Blind Pension, Widow(er)'s Non-Contributory Pension, One Parent Family Payment, Deserted Wife's Allowance and Prisoner's Wife's Allowance for those aged 66 or over. The migration of Invalidity Pensions along with the standardisation of non-contributory payments will lead to an increase in total expenditure on older people expressed as a percentage of overall expenditure on Social Welfare with a consequent increase in the percentage of GNP. The only remaining schemes where significant numbers of older people receive payment are Widow(er)s Contributory Pensions and Carer's Allowance.

B.39 Non-cash payments are also made to older people via household benefits, free travel scheme and the Medical Card and these play an important role in increasing the overall level of supports which the State provides for older people. Payment of household benefits is made to those aged 70 and over on a universal basis and many people aged between 66 and 70 also receive payments. Free travel is available to all aged 66 or over. Payment of household benefits, free travel and fuel allowance amounted to approximately €383¹⁷¹ million in 2005 .

¹⁷⁰ From 2006 Invalidity Pensioners are automatically transferred to State Pension (Contributory) at age 66.

¹⁷¹ Includes costs for those under 66 years of age.

Expenditure by State Pension Type, 1996 to 2005¹⁷³

Year	State Pension (Contributory)	State Pension (Transition)	State Pension (Non-Contributory)	Total
	€000	€000	€000	€000
1996	406,637	388,130	393,992	1,118,760
1997	412,643	426,854	402,247	1,241,744
1998	460,995	463,489	424,586	1,348,620
1999	498,084	511,543	439,359	1,448,985
2000	577,365	594,239	456,230	1,627,834
2001	716,474	697,349	490,718	1,904,541
2002	868,529	803,413	537,308	2,209,250
2003	946,902	898,981	565,006	2,410,889
2004	1,050,348	983,706	599,988	2,634,042
2005	1,152,894	1,059,992	631,299	2,844,185

237

Developments in 2007

B.40 Apart from increases in payment rates, that main development in 2007 is in relation to the payment of qualified adult increases. Since 2002 couples have been able, on a voluntary basis, to opt to have the qualified adult portion of the pension paid directly to the spouse or partner. The Social Welfare and Pensions Act 2007 provides that the qualified adult portion of the pension is to be paid directly to the spouse or partner or to such other person as the spouse or partner decides. This measure took effect from 24th September 2007 for new pension claims made on or after that date.

APPENDIX C (CHAPTER 7)

Footnotes to table 7.2 - Estimate of the cost of tax and PRSI reliefs for private pension provision 2006

- a Employee contributions to occupational pension schemes are deductible for income tax purposes at the employees' marginal income tax rates. The 2006 cost estimate for this relief is based on figures of €1.426 billion for employee contributions to pension schemes in 2006 - per P35 returns for that year and an assumed average marginal tax rate of 38%. An average marginal tax rate of 38% is used on the basis that contributors to pension schemes are tax liable at higher marginal rates.
- b Employer contributions on behalf of employees to occupational pension schemes are deductible in computing profits for tax purposes. Employer contributions of €1.338 billion to pension schemes in 2006 - per P35 returns relieved for tax liable companies paying tax at 12.5% and 10%.
- c Employer contributions to occupational pension schemes on behalf of employees are specifically exempt from being charged as remuneration of the employees concerned in the form of benefits-in-kind (BIK). The estimated cost of the BIK exemption represents employer contributions of €1.338 billion at an average marginal tax rate of 38%.
- d The investment income and gains on pension fund assets are exempt from income tax and capital gains tax. The estimated average value of pension fund assets under management in Ireland in 2006 is estimated at €80 billion. The estimated long-run rate of return for the purpose of the tax cost is assumed to be 7.5% at an assumed tax rate of 20%.
- e 2006 cost estimate based on actual figures for 2005 received from Revenue.
- f Individual contributions to PRSAs in 2006 amounted to over €300m - per reports to the Pensions Board- while contributions by employers to PRSAs in the same year amounted to about €30m. Cost of tax relief = $€300m \times 38\% + €30m \times 12.5\% = €118 \text{ m}$, rounded up to €120m.
- g This figure is derived from an amalgam of sources. An estimated figure of €300m is used to represent the value of lump sum payments made from public sector schemes. The tax foregone on this amount at 30% is €90m (a lower marginal tax rate of 30% is used compared to 38% used for the other costings on the basis that an individual's tax liability on retirement benefits would be lower than on the same individual's pre-retirement income). Revenue's methodology is used for estimating the value of lump sums paid from private sector schemes (total estimated private sector contributions €2.240 billion X 47% - being the estimated % paid out in pension benefits X 13% - being the % of benefits paid out as lump sums X 30% average marginal tax rate) which gives an estimated figure of tax foregone amounting to about €40m. Total tax foregone figure is thus about €130m.
- h Figures from the Department of Social and Family Affairs representing the estimated cost of employer and employee PRSI and Health Levy relief on pensions contributions.
- j According to the Revenue Commissioners, income tax statistics do not distinguish between the amounts of tax that arise from pension income and from other sources of income. Revenue can, however, separately identify taxpayers in receipt of Social Welfare pensions and other sources of income. The total estimated income tax from this source for 2005 based on the combined income of taxpayers from Social Welfare pensions¹⁷³ and other
- 173 In the case of Social Welfare pensions, if there is no other income in addition to the SW pension income the existing exemption limits or tax credits can be expected to ensure that there is no tax to be paid on the Social Welfare income itself.

sources is estimated at €300m. (This estimate has been increased to €320m for 2006) The income from “other sources” of these taxpayers would not be confined to other pension income and cannot be separately identified so that the estimate would be over-stated on that account. On the other hand, the private pension income of taxpayers with no Social Welfare pension or an entitlement thereto is not separately identifiable and the tax on this income, if included, would also impact on the estimate. The €320m figure is therefore a tentative one.

APPENDIX D (CHAPTER 7)

Retirement Annuity Contracts - by range of Gross Income (2003)

Range of gross income		Totals				
From €	To €	Number of cases	Amount of deduction €	Reduction in tax €	Gross tax* €	Reduction in tax as % of Gross Tax %
-	9,000	1,311	2,258,341	141,112	1,220,083	11.6
9,000	10,000	396	520,767	56,739	145,733	38.9
10,000	12,000	960	1,390,966	182,028	325,681	55.9
12,000	15,000	2,117	3,294,103	476,424	1,123,382	42.4
15,000	17,000	1,839	2,916,457	440,441	1,433,123	30.7
17,000	20,000	3,562	5,982,637	1,057,797	3,925,339	26.9
20,000	25,000	7,437	13,264,657	2,509,060	11,424,694	22.0
25,000	27,000	3,456	6,636,168	1,288,242	6,761,114	19.1
27,000	30,000	5,185	10,416,281	2,236,258	12,281,820	18.2
30,000	35,000	8,760	19,577,391	5,322,680	28,319,511	18.8
35,000	40,000	8,310	21,125,491	6,176,678	35,540,978	17.4
40,000	50,000	14,146	42,851,406	13,602,269	83,706,273	16.2
50,000	60,000	11,495	43,082,859	13,969,983	95,014,387	14.7
60,000	75,000	11,870	57,063,627	21,767,071	139,128,001	15.6
75,000	100,000	9,855	69,066,748	28,384,806	179,694,549	15.8
100,000	150,000	7,164	90,203,134	37,714,062	221,977,076	17.0
150,000	200,000	2,978	61,979,607	25,965,403	151,200,057	17.2
200,000	250,000	1,699	46,772,306	19,609,506	116,963,786	16.8
Over	250,000	3,885	183,042,333	76,815,851	558,543,348	13.8
Totals		106,425	681,445,279	257,716, 410	1, 648, 728, 935	15.6

* "Gross tax" means the tax that would be due before relief is allowed for retirement annuity deductions

APPENDIX E (CHAPTER 9)

PRESS RELEASE No 08/07

25 January 2007

Judgment of the Court of Justice in Case C-278/05

Carol Marilyn Robins and Others v Secretary of State for Work and Pensions

THE MEMBER STATES ARE NOT REQUIRED TO FINANCE RIGHTS TO OLD-AGE BENEFITS UNDER SUPPLEMENTARY PENSION SCHEMES THEMSELVES IN THE EVENT OF THE EMPLOYER'S INSOLVENCY

Nevertheless, a level of protection of those rights such as that afforded by the United Kingdom system is inadequate

In accordance with a directive on the protection of workers in the event of the employer's insolvency,¹ the Member States are to ensure that the necessary measures are taken to protect the interests of employees and former employees in the event of the employer's insolvency in respect of rights conferring on them immediate or prospective entitlement to old-age benefits under supplementary occupational pension schemes. Ms Robins and 835 other claimants are former employees of the company ASW Limited, which went into liquidation in April 2003. They were members of final-salary pension schemes funded by ASW.

The schemes were terminated in July 2002 and are in the process of being wound up. According to actuarial valuations, there will be insufficient assets to cover all the benefits of all members, and the benefits of non-pensioners will therefore be reduced.

Under the legislation in force in the United Kingdom, the claimants will not receive all the benefits to which they were entitled. Two of the claimants will receive only 20% and 49% respectively of those benefits. Taking the view that the United Kingdom legislation did not provide them with the level of protection called for by the directive, the claimants brought an action against the Government of the United Kingdom for compensation for the loss suffered. Hearing the case, the High Court has referred three questions to the Court for a preliminary ruling: (i) are the Member States required to fund themselves the rights to old-age benefits and if so to fund them in full? (ii) is the United Kingdom legislation compatible with the directive? and (iii) what is the liability of the Member State in the case of incorrect transposition of the directive?

¹ Council Directive 80/987/EEC of 20 October 1980 on the approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer [OJ 1980 L 283, p. 23].

The funding of rights to benefits by the Member States themselves

The Court finds that **the directive does not oblige the Member States themselves to fund the rights to old-age benefits**. Inasmuch as it states in a general manner that the Member States 'shall ensure that the necessary measures are taken', the directive leaves the Member States some latitude as to the means to be adopted to ensure protection. A Member State may therefore impose, for example, an obligation on employers to insure or provide for the setting up of a guarantee institution in respect of which it will lay down the detailed rules for funding, rather than provide for funding by the public authorities.

Furthermore, the Court considers that **the directive cannot be interpreted as demanding a full guarantee of the rights in question**. In so far as it does no more than prescribe in general terms the adoption of the measures necessary to 'protect the interests' of the persons concerned, the directive gives the Member States, in relation to the level of protection, **considerable latitude which excludes an obligation to guarantee in full**.

Compatibility of the United Kingdom legislation with the directive

The Court notes that in 2004, according to figures communicated by the United Kingdom, about 65 000 members of pension schemes suffered the loss of more than 20% of expected benefits and some 35 000 of those suffered losses exceeding 50% of those benefits.

Even if no provision of the directive contains elements which make it possible to establish with any precision the minimum level of protection required, a system that may, in certain cases, lead to a guarantee of benefits limited to 20 or 49% of the expected entitlement, that is to say, of less than half of that entitlement, cannot be considered to fall within the definition of the word 'protect' used in the directive. A system of protection such as **the United Kingdom system is therefore incompatible with Community law**.

Liability of the Member State in the case of incorrect transposition

The Court considers that, given the general nature of the wording of the directive and the considerable discretion left to the Member States, the liability of a Member State by reason of incorrect transposition of

that directive is conditional on a finding of manifest and serious disregard by that State for the limits set on its discretion.

In order to determine whether that condition is satisfied, the national court must take account of all the factors which characterise the situation put before it. In the present case, those factors include the lack of clarity and precision of the directive with regard to the level of protection required, and a Commission report of 1995 concerning the transposition of the directive by the Member States, in which the Commission had concluded that 'the abovementioned rules [adopted by the United Kingdom] appear to meet the requirements [of the Directive]', which may have reinforced the United Kingdom's position with regard to the transposition of the directive into domestic law.

APPENDIX F (CHAPTER 11)

Terms of reference of annuity study

The analysis was to provide quantitative and qualitative information on:

- how annuity prices are set;
- the factors determining annuity prices in Ireland (e.g. investments, risk preference, profit, regulation, mortality assumptions, market competition and other drivers);
- the size and scope of the annuity market in Ireland, including market competitors, products and pricing;
- the availability of annuity products to match consumer needs;
- how efficient is the annuity market and what are the key influences in this regard: is there a market failure?; are there barriers to entry by firms from outside or within Ireland?; are there monopolies or quasi-monopolies in the market or particular segments?; are the distribution channels for annuity products operating efficiently?
- the capacity of the annuity market, e.g. to absorb the buyout of a large portfolio of pensions, the likely competitive impact of buyouts, and the potential impact on prices (higher or lower?);
- a comparison of the annuity market in Ireland and in the U.K and in other relevant markets;
- the likely future of the annuity market in Ireland.

The methodology proposed for this project was to be addressed in proposals submitted, including a detailed outline of the work programme, having regard to the specifications contained in the request for proposals.

APPENDIX G (CHAPTER 11)

Extract from the Review of the Funding Standard by the Pensions Board - Report to the Minister for Social and Family Affairs, December 2004

State Annuity Fund

7.36 Because the Funding Standard for pensioner scheme members is based on the cost of commercially available annuities, the level of the Funding Standard for many schemes has increased as annuity costs have increased. This has led to consideration of alternative approaches to providing pensioner security. There was considerable interest in and discussion of the possibility of a State Annuity Fund, and the possible advantages and disadvantages, on an initial examination only, are set out below.

7.37 A State Annuity Fund would be intended to provide pensioner insurance at less cost than it is available from commercial insurers. In summary, such a fund would work as follows:

- (a) The fund would take responsibility for the payment of pensioners, including pension increases where appropriate. In exchange, the fund would receive a lump sum from the assets of the scheme;
- (b) The fund would base its costs on assumed long-term rates of return and on mortality rates closer to those typically used in ongoing valuation calculations than to those underlying annuity rates. There would be allowance for administration costs but not for profit, solvency or risk margins; and
- (c) Where a scheme was wound up with a shortfall, this fund would not make good any of the shortfall. The normal wind-up priority rules would apply, and the fund would provide pensions only in respect of the funds paid to it.

7.38 Arguments in favour of a State Annuity Fund include:

- (a) The benefits of such a fund would be that it would not incur the margins that commercial insurers include on their charges. The savings could potentially arise from a number of sources:
 - (i) Although the fund charges would include appropriate allowance for administration costs, there would be no margins for profit or solvency or other contingencies.
 - (ii) The mortality rates assumed by the fund might be less cautious than a commercial insurer, as the fund would only be seeking to break-even.
- (b) Although such a fund would only be available to schemes that are wound up, the existence of the fund would allow the Funding Standard for pensioners to be lowered. The standard would be based not on the commercial insurance cost, but on the charge made by the fund in the event of a wind-up; and
- (c) It is noted that the State bears a considerable longevity risk in respect of Social Welfare and public service pensions, so that the real additional quantum of risk represented by an annuity fund as described would not be significant.

7.39 Arguments against a State Annuity Fund include:

- (a) In the absence of any detailed examination of the subject, it remains to be proven that pensioner insurance would be provided at less cost by the State Annuity Fund than by commercial insurers. Annuity prices reflect low interest rates and greater longevity and the State cannot hope to avoid the impact of such developments. In addition, if the State were to establish such a Fund, the Fund would have to take responsibility for the payment of pensioners out into the future and, inevitably, it would have to incur real

extra costs in acquiring pensions-related expertise hitherto confined to the private sector;

(b) Being operated under the auspices of the State, it would be unrealistic to assume that the Fund would not be subject to intense pressure to pay pension increases (even where they were not guaranteed under the original scheme) and to make good shortfalls in pension funds of companies involuntarily wound up. It would be exceedingly difficult for such pressure to be resisted;

(c) It should not be assumed that the Fund could be confined to members of defined benefit schemes connected with involuntarily-wound up companies, especially if the members involved were found to be in a more favourable position than members of other DB schemes, let alone, of course, members of DC schemes and PRSA holders. Demands for parity of protection from the State against the vagaries of the pension marketplace (involving some form of State guarantee, perhaps) would be inevitable and, on grounds of equity, could well be difficult to resist, at potentially very substantial cost to the Exchequer. In addition, State involvement in the annuities business, through the Fund, could well be mirrored by a corresponding disengagement on the private sector's part over time, on the basis of the latter's perception that the State would play an ever-increasing part in the area. This would have substantive consequences for both the State and the pensions industry generally;

(d) The contention that the real additional quantum of risk represented by an Annuity Fund would not be significant requires to be proven. Already, the cost to the State of a partial pre-funding of Social Welfare and public service pensions is extremely significant at 1% of GNP per annum, i.e. about 10% of Social Welfare expenditure at present. The cost to the State of an Annuity Fund, even on the scale envisaged by its proponents, let alone any extensions on the lines suggested in paragraph 7.38, could only be a tangible addition to the burden already borne by the Exchequer; and

(e) There is concern that the expedient of establishing a State Annuity Fund is being proposed in the comparatively narrow context of devising a viable Funding Standard for defined benefit schemes. Insufficient regard is being paid to the possible consequences for the wider pensions area, for example, or the Exchequer, which through very sizeable tax foregone on an annual basis (estimated to be of the order of at least €2.5 billion at present), already provides a very significant degree of support for the sector. All the implications of the initiative would need to be explored fully before a proposal for action were submitted for approval to relevant Departments, the Government and the Oireachtas.

245

7.40 The Board recommends that the implications of the establishment of a State Annuity Fund should be considered thoroughly taking account, inter alia, of the advantages and disadvantages set out above. Such an examination would enable the Board to consider the proposition further in the medium term.

APPENDIX H (CHAPTER 12)

Pensions Board Publications

The following publications are available from

The Pensions Board,
Verschoyle House,
28/30 Lower Mount Street,
Dublin 2.
Telephone: (01) 613 1900
Fax: (01) 631 8602
Email: info@pensionsboard.ie
Web: www.pensionsboard.ie

Free Publications

- The Pensions Board – an introduction to the Board and its functions*
- Women & Pensions
- What are my pension options?
- What happens to my pension if I leave?
- Pensions Checklist**
- PRSAs – Employers' Obligations
- PRSAs – A Consumer Guide
- What do you know about your pension scheme?*
- A guide to your scheme's annual report
- So you're a pension scheme trustee?*
- What happens when your pension scheme is wound up or a merger/acquisition takes place?
- A brief guide to the Pension Provisions of the Family Law Acts
- Integration – A Brief Guide*
- Annuities – A Brief Guide*
- Selecting Member Trustees
- Equal Pension Treatment

**Also available in Irish.*

***Also available online in Arabic, Chinese, French, Irish, Polish, Russian and Spanish*

Subscription Services

Legislation Service**

Subscribers to this service receive a non-statutory consolidated text of the Pensions Acts, and the Regulations. During 2006 the Board conducted a review of the production of the Legislation Service in order to identify the most efficient and expedient method of delivery of this service to its customers. The outcome of this review is that the Legislation Service is now provided by an external service provider, in an online format.

Guidance Notes**

The Board makes available by subscription detailed guidance notes on the various parts of the Pensions Acts and Regulations, especially in those areas which override the trust deed and rules of the scheme. Subscribers to the service receive updates to take account of any legislative changes. A review of the method of delivery of this service was also conducted by the Board in 2006, which included a consultation process with its customers. The outcome of this review will see the provision of guidance being delivered in a range of formats to include guidelines, frequently asked questions, booklets and made available free of charge and on the Board's website www.pensionsboard.ie. This new procedure will be introduced during 2007.

Trustee Handbook**

The Pensions Board launched a second edition of the Trustee Handbook and Codes of Practice in 2004. It contains comprehensive guidance for trustees on all aspects of their responsibilities for compliance with the Pensions Acts, as amended, and on good practice in relation to scheme administration.

*** Available by subscription only.*

Guidance from Other Sources

There is a comprehensive Revenue Commissioners pensions manual which is available on diskette from the Financial Services (Pensions) Business (FSPB) formerly known as the Retirement Benefits District. This manual consolidates the Revenue practice notes on the tax treatment of occupational pension schemes and PRSAs.

Furthermore, "A Guide to Personal Retirement Savings Accounts" prepared in consultation with the Board has been published by the Revenue Commissioners and is available on their website (www.revenue.ie). This guide outlines the tax treatment of PRSAs.

Professional guidance is provided by the Society of Actuaries in Ireland to its members on the application of the funding standard and a number of other aspects of pensions legislation and regulation. The Pensions Acts provide for a statutory underpinning of the Society of Actuaries professional guidance notes in certain areas relevant to the Pensions Acts. Professional Guidance Regulations (S.I. 603 of 2005) were introduced in 2005 to ensure that the Minister's consent is required to alter particular guidance issued by the Society of Actuaries in Ireland.

The professional accountancy bodies also provide supplementary guidance to their members on the content and audit of pension scheme annual accounts, in accordance with the disclosure of information requirements.

ACRONYMS

AMRF	Approved Minimum Retirement Fund	OECD	Organisation for Economic Cooperation & Development
ARF	Approved Retirement Fund	OMC	Open Method of Co-ordination (E.U.)
AFC	Actuarial Funding Certificate	OPS	Occupational Pension Scheme
AVCs	Additional Voluntary Contributions	PAYG	Pay As You Go
BIK	Benefits-in-kind	PPSN	Personal Public Service Number
CPI	Consumer Price Index	PSR	Pensioner Support Ratio
CSO	Central Statistics Office	PBGC	Pension Benefit Guarantee Corporation (U.S.A.)
CSW	Commission on Social Welfare	PRSA	Personal Retirement Savings Account
DB	Defined Benefit	PRSI	Pay Related Social Insurance
DC	Defined Contribution	PSV	Pensions-Sicherungs-Verein (Germany)
DSFA	Department of Social & Family Affairs	QAA	Qualified Adult Allowance
ECJ	European Court of Justice	QNHS	Quarterly National Household Survey
EET	<u>Ex</u> empt Contribution, <u>Ex</u> empt Fund Growth and <u>T</u> axable Benefits (a system of pension taxation)	RAC	Retirement Annuity Contract
ETT	<u>Ex</u> empt Contribution, <u>T</u> axed Fund Growth and <u>T</u> axable Benefits (another system of pension taxation)	RIY	Reduction in Yield
EPC	Economic Policy Committee	SAF	State Annuity Fund
EU SILC	European Union Survey on Income and Living Conditions	SAI	Society of Actuaries in Ireland
ESRI	Economic and Social Research Institute	SPC	State Pension (Contributory) – formerly Old Age Contributory Pension
FRS17	Financial Report Standard 17 (an accounting standard)	SPNC	State Pension (Non-Contributory) – formerly Old Age Non-Contributory Pension
FS	Funding Standard	SPT	State Pension (Transition) – formerly Retirement Pension
FSA	Financial Services Authority (UK)	SSAS	Small Self-administered pension Schemes
GAIE	Gross Average Industrial Earnings	SSIA	Special Savings Incentive Accounts
GDP	Gross Domestic Product	TPFR	Total Period Fertility Rate
GNP	Gross National Product	UN	United Nations
HSE	Health Service Executive		
IAPF	Irish Association of Pension Funds		
IIF	Irish Insurance Federation		
IORPS	Institutions for Occupational Retirement Provision (an EU Pensions Directive)		
IMF	International Monetary Fund		
NPPI	National Pensions Policy Initiative		
NPR	National Pensions Review		
NPRF	National Pensions Reserve Fund		
OACP	Old Age Contributory Pension (now called State Pension (Contributory))		

BIBLIOGRAPHY

- Barrett, A. and Bergin, A. (2005) *Assessing Age-Related Pressures on the Public Finances 2005 – 2050. Budget Perspectives 2006*
- Central Statistics Office (2007) *Quarterly National Household Survey Quarter 4, 2006*
- Central Statistics Office (2006) *Population and Migration Estimates 2006*
- Central Statistics Office (2006) *Quarterly National Household Survey Quarter 4, 2005 – Module on Pension Provision*
- Central Statistics Office (2006) *Vital Statistics Quarter 3, 2005*
- Central Statistics Office (2005) *Marriages 2002*
- Central Statistics Office *EU Survey on Income and Living Conditions (EU-SILC) 2003, 2004, 2005*
- Central Statistics Office (2004) *Population and Labour Force Projections for 2006 – 2036*
- Central Statistics Office *Census 2002, 2006*
- Central Statistics Office (2002) *Quarterly National Household Survey Quarter 1, 2002 – Module on Pensions*
- Commission on Public Service Pensions (2000) *Final Report*
- Commission on Social Welfare (1986) *Report of the Commission on Social Welfare*
- Commission on the Status of Women (1993) *Second Commission on the Status of Women – Report to Government*
- Department for Work and Pensions (2006) *Personal Accounts, A New Way to Save. Department for Work and Pensions, UK*
- Department for Work and Pensions (2002) *Modernising Annuities – Consultative Document. Department for Work and Pensions, UK*
- Department of Social and Family Affairs (2006) *Statistical Information on Social Welfare Services 2005*
- Department of Social and Family Affairs (2000) *Review of the Qualifying Conditions for the Old Age (Contributory) and Retirement Pensions*
- Department of Social and Family Affairs (1998) *Review of Carer's Allowance*
- Department of Social, Community and Family Affairs (2002) *Actuarial Review of the Financial Condition of the Social Insurance Fund as at 31 December 2000*
- Department of Social, Community and Family Affairs (1994) *Review of Credited Contributions*
- Department of Social Welfare (1996) *Social Insurance in Ireland*
- Department of Social Welfare (1992) *Report of the Review Group on the Treatment of Households in the Social Welfare Code*
- Department of the Taoiseach (2006) *Towards 2016: Ten-Year Framework Social Partnership Agreement 2006 – 2015*
- Department of the Taoiseach (1998) *Partnership 2000*
- Economic Policy Committee & European Commission (2006) *The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004 – 2050)*
- Economic Policy Committee & European Commission (2005) *The 2005 EPC Budgetary Projections Exercise: Agreed Underlying Assumptions and Projection Methodologies*
- Equality Authority (2002) *Implementing Equality for Older People*

- European Commission (2007) *Economic Assessment of the Stability Programme of Ireland (Update of December 2006)*
- European Commission (2006) *Adequate and Sustainable Pensions: Synthesis Report 2006*
- European Commission (2006) *The long-term sustainability of public finances in the European Union*. European Economy No. 4, 2006
- European Council (2007) *Council Opinion on the Updated Stability Programme of Ireland, 2006 – 2009*
- Fahey & Russell (2001) 'Older People's Preferences for Employment and Retirement in Ireland' – Paper presented to Conference on Employment and Retirement among the over 55s ('Patterns, Preferences and Issues', National Council on Ageing and Older People, September 2001)
- FSA (2006) *Survey of Persistency of Life and Pensions Policies*
- Goodbody Economic Consultants (2007) *The Economic Implications of Demographic Change*
- Government of Ireland (1996) *Report of the Expert Working Group on the Integration of the Tax and Social Welfare Systems*
- Hall, S., Pettigrew, N. & Harvey, P. (2006) *Public Attitudes to Personal Accounts: Report of a Qualitative Study*. For the Department for Work and Pensions, UK
- Healy, J. (2004) *Fuel poverty and policy: Ireland in the EU context*. Combat Poverty Agency
- Hughes, G. and Whelan, B. (1996) *Occupational and Personal Pension Coverage 1995*, Economic and Social Research Institute
- Irish Association of Pension Funds (2002) *Benefits Survey*
- IMF (2005) *Who Saves in Ireland?*
- Life Strategies (2006) 'The Pensions Gap – Two Years On', Irish Insurance Federation Conference, November 2006
- Mercer Human Resource Consulting (2007) *Actuarial Review of the Social Insurance Fund 2005*
- Middlesex University & Centre for Research (2007) *Managing Age: A Guide to Good Employment Practice* CIPD UK & Trades Union Congress (TUC)
- National Pensions Board (1993) *Developing the National Pensions System: Final Report of the National Pensions Board*
- National Pensions Board (1987) *First Report of the National Pensions Board*. Dublin
- NESF (2003) *ESRI Survey of Employer Perceptions on Older Workers*
- OECD, 'Pension Market in Focus', Issue 3, October 2006
- OECD (2006) *Ageing and Employment Policies: Ireland*
- OECD (2005) *Pensions at a Glance: Public Policies Across OECD Countries*
- Review Body on Higher Remuneration in the Public Sector (2005) *Interim Report*
- The Pensions Board *Guide to Hybrid Pension Schemes*
- The Pensions Board (2006) *Report of The Pensions Board to the Minister for Social and Family Affairs on Trusteeship*
- The Pensions Board (2006) *Special Savings for Retirement: Report on Mandatory Pension System*
- The Pensions Board (2005) *National Pensions Review Report*
- The Pensions Board (2004) *Review of the Funding Standard*
- The Pensions Board (1998) *Securing Retirement Income – National Pensions Policy Initiative*
- UK Pensions Commission (2005) *Second Report of the UK Pensions Commission*
- UK Pensions Commission (2004) *First Report of the UK Pensions Commission*

Zaidi, A., Marin, B. & Fuchs, M. (2006) *Pension Policy in the EU25 and its possible impact on Elderly Poverty*. European Centre for Social Welfare Policy and Research

