Green Paper on Pensions Response from National Federation of Pensioners' Associations.
Seamus O'Donohoe, Hon. Secretary

Overall we maintain that all existing conditions and benefits already paid for and held by existing pensioners (state or occupational), should not be altered.

Chapters 1 to 4. We query the accuracy of the demographic projections. Already it seems that many immigrants are leaving the country, now that construction jobs are reduced. Has this factor been taken into account?

Chapters 5/6 Reform C. We fully support the proposal that the homemaker scheme should be backdated to those who left employment before 1994.

Reform E. Why are only spouses of farmers and self employed covered here?. All spouses should be covered in their own right.

Reform F. Introducing means-testing for contributory social welfare pensions is not on. They have been fully paid for by the people involved.
The current averaging of stamps should be abolished and a minimum number over the total working life should qualify a person for a state pension. This state pension should be adequate to meet the needs of pensioners, we suggest a rate of 50 per cent of the gross average industrial earnings. Ireland is the second lowest country in Europe in the percentage of GDP put into state pensions. This should be addressed, even at the expense of higher taxation.

Chapter 7/8 The tax incentive for higher-paid people is greater at present. Giving the top rate tax relief to ALL will encourage more people to take out a supplementary pension. Alternatively all employers/employees should be mandated to pay into a portable supplementary pension scheme, with tax incentives the same for all.

Chapter 9: We are unhappy with the suggested approaches that will lead to the growth of Defined Contribution schemes. This would lead to a negative change of risk. Where such schemes are applied the full spectrum of risk should be explained to all prospective members of the scheme in advance. In a previous submission to the Pension Board the NFPA recommended the setting up of a Pension Protection Fund along the U K lines. We still strongly support this - in tandem with the other recommendations we make here. We do not recommend any integration as in question five and we ask that any guarantees of pension benefits should be enforced by the consumer protection laws and the Pensions Ombudsman should have strong powers in this area.

Chapter 10: Funding Standard. Such a benchmark is very good in principle, but members of the scheme should be kept very high on the payment scale in the event of financial problems and entitlements in the event of a wind-up should not be reduced in value. Every scheme should “Do what it says on the Tin“.

Chapter 11: Annuities are very volatile, and their return to pensioners depends very much in the interest rates in operation at the date of retirement. Nevertheless they are safer in the long run than ARFs.

Chapter 12: Regulation. The Pensions Board and the Pensions Ombudsman should be given full powers to regulate all schemes. There should be an Annual General Meeting of every pension fund, at which the trustees should be present to answer all questions from both contributors and beneficiaries of the scheme. We understand that the accounting standard FRS 17 is being revisited by the Accounting Bodies and we welcome that move. It has a disproportionate effect on the valuation of pension schemes and affects the ability of companies to borrow money for legitimate business purposes.

Chapter 14: We consider that the accepted retirement age should remain at 65-66 years, but employees should be allowed to stay on at work if they are capable and wish to do so. Such extra years should be allowed to qualify for state pension purposes, as the pension would be in abeyance until the individual finally ceases working full-time. To cater for older people in physically challenging jobs the minimum retirement age could and should be less than 65 years.