Green Paper Consultation Responses

Portability of pensions; protecting DB entitlements

Submission 2

I have been hearing the National Pension Awareness Campaign on the radio recently and I think it is very misleading due to the issue I'm currently having. I think it needs to be addressed or brought to the public attention by the pension board. As in "one can't transfer funds between a private pensions to/from a group pension schemes." In the current labour market people have the possibility or may be forced to move employer, most won't be aware of the restrictions they face in moving their pensions. I brought this up with the union here in (name of employer) and they where not aware of it. Had I known about this when I took out my private pension I don't know if I would of taken one out. We are forced to go with the group scheme here as I suppose is common with the larger employers. I think this is a major disadvantage to pensions which the pension board are obligated to bring to the public attention.

Submission 22

Public Sector pensions need to change from DB to DC in order to have a sustainable pension arrangement. This needs to be applicable for all new public sector appointments. For existing public sector pension liabilities government needs to consider available funds for public sectors funds and project cash inflow and outflow for the same over next 50 years. They need to provide budgetary allocation for any gaps during each year's budget to make sure that these gaps are addressed.

Private Sector Pension:

This pension should be a mix of Universal Pension and Discretionary Pension.

Universal Pension:

Universal Pension is a minimum mandatory pension for anyone over the retirement age. This pension funding should be part of current PRSI arrangement as well as mandatory employer and employee contribution which should be introduced in the future.

This pension should allow anyone above retirement age to provide for their day to day living expenses.

Discretionary Pension:

This is an additional facility given to self employed and employees to save for their pension. This pension should have following features:

Tax Benefits

This pension contribution should get 50% tax rebate irrespective of level of tax rate applicable. It should be allowed to grow tax free during accumulation period and should be taxed only when received by employee during their retirement year. Govt should consider following EEE model (exempt, exempt, exempt) for this pension arrangement in place of current EET model (exempt, exempt, taxed).

Lock in Period

This pension fund is having a lock in period of 10 years initially. After 10 years a subscriber should be allowed to use this fund for specific purposes e.g. repaying mortgage which are an additional avenue for them to plan for their retirement.

Investments/Choice/Admistration

This fund should be completely portable from one pension fund service provider to another.

It should be managed like a central account by govt agency with subscriber having choice to select his investment funds and switch between investments funds at specific intervals say once or twice every year.

This pension fund should not be any way tied to employer and should remain in force irrespective of change in employment.

Immigrants:

Any non Irish citizen working in Ireland should be allowed to withdraw his pension fund at end of his stay in Ireland. If the same person comes back to work in Ireland then he will need to re transfer his pension funds back into Ireland to ensure his pension liabilities are met by the state.

In case withdrawal is not permitted immediately on his departure, he should be allowed to withdraw at end of specified period e.g. 2 years from his departure from the state.

Pension Age:

Employee should be allowed to retire at current pension age of 65.

However he or she can continue to work in different places after that age without losing his pension benefits.

Annuities:

Annuities should be allowed, however employee or beneficiary should have complete control over his funds post retirement. It is best to assume that a person knows best options available to him to get good returns on his investment.

Regulation:

- Current pension regulation is inadequate and it favours pension service providers as compared to person funding his own pension.

- Fund management charges are still higher compared to many other investment funds

- There are limited fund choices available

- Pension fund providers do not find it lucrative enough to educate about pension and get business due to various reasons.

- All pension funds should be regulated using same regulations. We have some model regulators like SEBI in India which regulates Mutual Fund and IRDA which regulates Insurance schemes including pension schemes. They have a defined cap on annual expenses, entry and exit loads and these charges needs to be defined upfront. There is a scope to increase transparency in this area to a large extent.

Submission 25

1. **Preserving Value of DB Pensions for early leavers**
   I think it is critical that the value of pensions for early leavers from DB Plans is fully and adequately protected, particularly in the current market place, where people are likely to change jobs a number of times during their career.

   The new UK Pensions Bill does not appear to provide adequate protection. To date, pension entitlements of members who have left defined benefit schemes had to be increased in line with the retail price index, capped at 5%. But the government has reduced this cap to 2.5% for benefits built up from a future date. *For example if someone left their company (DB Scheme) in their mid-40s, and actual inflation between then and retirement was 4%, then by the time they retire at 65, it has been estimated that their benefits will have reduced by 25% in today's money terms.*

   This cannot be allowed happen in Ireland and I am sure it will be strongly resisted in the UK. Corporate interests should not be put before individuals' retirement entitlements and limiting the inflation rate in this way would discriminate against people moving job, something the pension system is not supposed to do.

2. **Protecting DB Pension Entitlements of employees 'down-sizing'**
   In the current environment, I believe all vested interests – including companies, individuals and policy groups support efforts to accommodate a flexibility labour force to meet demand. If an individual wishes to transition to a lower paying job (e.g. an easier, lower paying and/or less demanding job) within an organisation rather than either leaving or working at their current job, until normal retirement age, normal DB final salary provisions won't reflect their previous work effort e.g. An employee works from aged 25 to 55 at a certain job and earns €55,000 at the end of that period. They then move to a lower paying job for their final 10 years until

retirement, earning €35,000. Standard final salary DB will be based on €35,000 despite the fact they have worked at a much higher earning job for ¾ of their career.

3. **Equitable treatment of all State engaged people**
   In general, the state sector has a very attractive pension offering. However, there are a number of social/educational roles which are dependent on short-term funding commitments which fall outside the net. This has a two-fold impact: (i) lack of a permanent job often and (ii) no pension build up based on these short-term rolling contracts. This is exactly contrary to Government policy and yet state-employed people are falling outside the loop in this way.

Submission 26

I would like to raise an issue with the current regulations affecting private pensions.
I took out a private pension shortly after starting work. This was around 1995. As my employer didn't have any pension plan at that point I made my own arrangements directly with a large pensions provider. Subsequently my employer started a pension scheme and I made my private pension "paid up". I ceased making payments to it. Some years later I checked up on the performance of the fund only to find that the pension company was taking as much in charges as the fund was making in investment returns. It was loosing considerable ground with respect to inflation despite good investment performance.

I was very dissatisfied with this situation and attempted to move my funds to another provider. The company would not allow it and there were no regulations to force them to release it. The first years of my pension savings have been wasted.

New pensions appear to have better portability but I would request that the same portability be extended to all pensions no matter when they were started. This measure will help to ensure an efficient market for private pension buyers.

Submission 46

Pensions Green Paper Submission

1. In the short time I've been contributing to a pension (less than 10 years), I've managed to end up with a Personal Pension, two company pensions and a Buy out bond. The complexity of current arrangements are absurd and do not deal with the realities of modern private sector life which may see you change employer frequently. Adding to this complexity are revenue taxation rules which again seem to make what should be a simple operation needlessly complex.

2. What I would like to see is a single personal pension “container” which can be carried from employer to employer. Currently, I can contribute AVCs and get tax relief from only one pension which means I am forced to use my employer’s pension arrangements (to get the employer contribution). As a young person I wish to take on higher risk investments than my employers pension allows.

3. Fees are significant for all pension types at present. I would wish to have the ability to buy a diversified ETF (Exchange Traded Fund) index fund portfolio for my pension, but again I am constrained by my employer's scheme. This would allow me to reduce the fees that are being paid to advisors from the current 1.5% to little under .5% of my portfolio.

4. In an effort to attract those who do not have pensions, it should not be necessary to downgrade the benefits applying to those of us who have been financially responsible to date.

5. It should be possible to move all pension contributions into an ARF at retirement age. Forcing people to buy annuities in the current low interest rate environment makes pensions an unattractive prospect. If ARF benefits were limited from where they are at present I would no longer contribute to a pension as it would not make economic sense.

6. I agree with the assessment that many people are unwilling to contribute to a pension for fear of needing access to the money and being unable to do so before they retire.

Submission 47

Extracts from Oireachtas pensions debates 2002 - 2007

This submission is very large. It may be downloaded below in pdf format.

Download Extracts from Oireachtas pensions debates 2002-2007

Submission 71

I wish to make following submission related to non nationals working in Ireland.

Please consider following points.

1. Most non-nationals working in Ireland are in their prime youth. This means they are likely to earn most during this time period.

2. Clarity on transfer of pension fund from Ireland to their home country is likely to be a deterrent for them to start saving for their pension.

3. This will result in both personal loss to them for their retirement and also in case they do stay back they will be a burden on state exchequer as demand for more state pension will come from them.

4. I request the following be put in place to encourage pension saving for non-nationals:

- Clear rules and guidelines regarding transfer of pension fund from Ireland to all other countries in the world

- choice to transfer pension fund from employer/ PRSA to global pension funds operating in multiple countries like Fidelity
- Arrangements with governments of various countries for transferring pensions to and from Ireland to support globally mobile professionals.

Submission 75

I would like to make the following comments on the development of Pension legislation from the perspective of a former administrator of a DB pension scheme in a manufacturing industry.

1. In a previous occupation, I was always struck by the impacts of the last raft of legislation which were enacted in Ireland which included:

- A dramatic increase in administration (and administration costs in compliance) which was seized upon by the administration industry to ramp up fees associated with same. This industry has little or no competition since the merger of IPT and Mercers;
- Little or no meaningful additional protection from the above for the members as it does not address the ability of employers to "walk away" from DB schemes and by partially policing the area has, to a large extent, caused the stampede from DB to DC schemes. The schemes of arrangement to bridge any deficits showing up on valuations are of no value if not enforceable.

2. I was a trustee to a UK DB scheme and was struck by the several significant differences of basic protection of the members & deferred members there that did not exist in Ireland such as in a winding up or transfer of ownership. Why do these not exist here?

Recommendations:

- If a year's service has been "clocked" up in a Company this should never be at risk from a change in the employer's loyalty to the scheme. At present, schemes can be wound up and what assets are present are allocated first to the parasites who administer the wind up, Actuaries, Administrators, etc, and then to the active pensioners and what's left goes to the actives and deferreds with the Company walking away from any responsibility to fund the deficit. This is particularly attractive in schemes of arrangement and takeovers where the new owner does not have a value for the goodwill of the old employees. As I understand, under UK legislation, this is not possible in that there is a requirement to underwrite the deficit from the proceeds. If it was possible to legislate thus there, why not so here? Holding companies should be prevented from selling off subsidiaries with pension deficits without a binding commitment to funding such deficits and purchasing companies prevented from winding up schemes. It is not possible under Company Law to treat any group of other creditors such in a winding up or generally.
- A cost benefit from a member's perspective should be undertaken before any new regulations which have cost implications are enacted. This point refers to my earlier observation that in the past much of what was brought in added greatly to the administration of a scheme but did not protect the members. It also struck me that

many of the persons involved in the Pension Board had a vested interest in drumming up work for their firms.

- Can anything be done to reduce administration costs by proscribing what is allowable by way of charges or by promoting real competition in the industry.
- There is scope within large plcs to hive off assets within schemes that are fully funded into top hat sub-schemes for the top executives in situations where the surpluses could be more equitably used to augment the benefits of the members for whose benefit the contributions were made. This should be prevented.

These are a few general points but very significant for those to whom they apply.

Submission 161

I have at least 4 pensions since I started work. The first is with [company 1]. This is fully paid up because my employer wanted me to join the company pension.

Company stopped pension [company 2].

Company started new pension [company 3].

Company moved pension to [company 4].

It would be convenient if I could bunch all the pensions together. At present none of them are worth a whole lot individually. For every Euro invested last year, 60 cent was lost. Therefore, at age 53, I am considering investing in a high interest account only.

Submission 184

Access to Funds:

Please provide access to funds in pension fund after a specified period, say 5 years from contribution date without any tax payments. This will encourage people to save for the future and will be an SSIA-type of successful scheme.

Property Pension:

Allow PAYE employees to start Property pension and allow tax benefits on self-occupied house for capital repayment on the same. This will encourage everyone to save more money on their mortgage interest and save for future.

Migrants:

Please allow any migrants returning to their home country to take their pension fund free of tax and lock in to their home country. This will make sure that migrants can save for their retirement without fear of access to their funds and also in case they become Irish citizens they are not a burden on state in their old age.

Submission 189

I recently left work due to ill-health and, as I was too young (under 50), I was not entitled to a pension, having 23 years service. I now have a deferred pension in a defined benefit scheme.

I have been unable to gain employment since my departure. As my wife is working, I am not entitled to any benefits. My query is, as I have contributed to my pension scheme over 23 years, why is there not a facility to continue contributing using my wife's (partner's) income to do so thus increasing my benefits when I reach 60 or 65? I am also not receiving an annual account of my pension status as it is a deferred pension. I think this needs to be addressed in legislation. I believe there should be a mechanism to contribute whereby one has left the employment and wishes to do so to enable one to meet the needs of one when elderly.

Alternatively, in the event I gain employment that I can continue to subscribe to that scheme until retirement as other existing schemes would be of a lesser value. I think it would be beneficial that one can continue to subscribe to a pension scheme if one ceases employment early and that one should be allowed to pay into the best possible scheme available if one has a choice of a variety of schemes.

I would ask that this be considered in discussions on the Green Paper on Pensions.

Submission 239

This submission highlights four issues concerning private and occupational pensions.

1. The need for private/occupational pension provision

This arises from the demographics as set out in the Green Paper. That deals mainly with the population as whole. It is also worth translating the broad demographics into implications at individual and family level.

Working life begins later as years in full-time education increase. Despite higher life expectancy, there has not been any general extension at the other end. Thus the ratio of post-work lifespan to working lifespan is increasing. Say 24 years post-age 65, compared to a working or life of about for a pension contributing life of about 45 years i.e. **pensions need to provide for a duration over half their working life**. I see this as the major challenge.

Post-work income can arise from the State, from family or from personal provisions. Changes in family life mean **the average 30-year old may have his/her own family to support, parents approaching retirement age and grandparents still living**. So it is unreasonable to expect the working family to offer much personal support to its elders.

This throws responsibility back to the State which again translates to workers supporting a higher number of dependants. Although the older dependants will have votes, as set out in the Green Paper, ability and willingness to provide has to be limited. Individuals' confidence in a generous State pension should likewise be limited.

Therefore, personal/occupational provisions are important.

2. The need for flexibility

Given the rate at which jobs appear and disappear and how people move to better themselves, inside Ireland and beyond, (beyond adding another layer of complexity), the traditional concept (for the lucky) of a pension paid after a lifetime job is no longer realistic. It is therefore desirable that people moving from job to job retain cumulative entitlements and do not lose when they transfer jobs as many do at present.

Flexibility should also extend to actual retirement age and timing of drawdown of benefits, so that people can enhance their income if they defer taking benefits and do not fall into traps such as continuing to pay contributions while benefits are capped after a fixed age or a fixed number of years of service.

3. The inadequate participation to date

I believe that the low participation rates in private/occupational pensions are influenced by two system weaknesses:

1. The need has not been adequately communicated in ways people understand, such as the points I have set out above longevity and the unlikelihood of family support.
2. Product weaknesses

Mostly, when you go to buy a product, it is clear what you get and it comes with some form of guarantee. Pensions, whether DB or DC, are exceptions. They rely to varying extents on investment performance, annuity rates on retirement day and survival of the supplier over a long-term - say 70+ years plus for someone joining at 20. That is all a bit daunting.

If people were promised reliably that their contribution of €100/week now [at age 25], increasing annually would give a lifetime indexed income from age 65 of [say] €160/week in real terms, or double that assuming a modest rate of inflation, it might mean more to them. [The arithmetic is indicative only].

Some pension arrangements, such as PRSA, have been very narrowly defined to exclude benefits which have come to be taken for granted in most occupational schemes (illness, spouse/partner survival pensions). This needs to be reviewed.

4. Elements of a solution

1. Communication of the need and that products that meet people's exist and are affordable (including tax reliefs or/ direct support from the State).
2. Suitable investments: products which can be relied on to produce what they promise and which do not attract excessive charges

3. Availability of suitable reliable products may need more participation by the State, partly or wholly, directly or indirectly - for instance, thorough issue of index-linked bonds by the NTMA, permitting individuals and/or providers to participate in investments managed by the NPRF, a pension protection scheme which covers the risks of scheme shortfalls, some provision to share in the "risk" of increased longevity.

Submission 272

Introduction

Formulating an ideal pensions system is commonly viewed as next to impossible by the various bodies, interest groups and representative organisations because of the fundamental differences in opinions between them as to what constitutes such a system. As a result our pensions legislative environment and by extension the resulting pension systems are inordinately complicated and complex as different elements of different arguments have attempted to be accommodated – but with one eye firmly on ensuring that the existing regime is not in any way impacted by each change as it is being made. Added to this is the fundamentally changed macro regulatory environment that exists globally and impacts directly (and in a costly manner) on employers coupled with the sea change in access to information which means that members and potential members want and demand significantly better outcomes from any pension arrangement.

We have an opportunity to look at what makes an ideal pension system today and what will the Irish people need from their pension system in the future. I hope that the policy makers have enough confidence to adopt the best approach rather than commit the sins of history by once again tinkering at the edges of the system.

What would be the ideal system?

As mentioned, there are differing views on this but I would suggest the following would be accepted by most parties:

1. Equal and open access for all
2. A guaranteed level of income for all
3. Full transferability between jobs and employment status
4. Some encouragement for those that wish to provide higher benefits
5. A spreading of the costs and risks between employer/employee/government
6. A Simple System for everyone

In order to achieve this I would suggest the following be implemented

Revised and simplified State Backed Contributory Pension scheme

A significant reform of the Social welfare pensions system separating Contributory Pensions completely from the rest of the Social Insurance system. A mandatory Contributory Pension contribution to be made by employers and employees (and the self employed) to this state system (this would replace the existing contributory pension). Contributions will be set (as present) on a % of gross income basis. This new state contributory pension system will operate on a funded DB basis. There would be no ability to “cash out” or transfer out benefits from it. It will provide every contributing member with a defined benefit pension plan from age 70 (with no early retirement option). The benefit will be fixed equivalent to 2/3rd of the GAIE (or some similar measure). Benefits to accrue on a simple 30ths basis – i.e. if you have contributed for 30 years then you get 30/30 X 2/3rd of GAIE when you reach age 70. Consideration should be given to providing some simple way of providing a relevant benefit on death. This could be phased in over a period of time in the interest of fairness.

Why this is important in the ideal model

The above system provides a **universal guaranteed minimum pension in retirement for all** based on a very simple calculation. The benefit is at a level that most benefits the lower paid and the contribution basis means that the higher paid contribute more to the scheme than those lower paid. The system is **fully portable between jobs and employment status** as it is provided by the state. It is effectively a **State guaranteed** mandatory Defined Benefit scheme – historically the Unions have always pushed for a DB environment whilst the Employers have resisted this due to the burden it places on them. **This approach provides every Employee with a defined benefit scheme without placing an excessive burden on Employers.** Also as it is **using the existing PRSI infrastructure** and broad model, it can be implemented without an excessive burden on the state.

Finally it meets the need for **simplicity** – everyone should know how many years or partial years’ contributions they have made and therefore will know exactly what benefit that they will get at age 70. I haven’t formulated the exact contributions to be made by each party but I would expect a splitting of the cost across employers/employees and the state.

I would suggest it move from the current PAYG system to a **funded scheme** basis with the funds managed for the State by NTMA. Legislation can be introduced if there is a need to exempt this scheme from some of the rules that apply to private sector DB schemes.

I would suggest that this be implemented for all workers – private and public sector. This would mean that the quite high cost of this new measure would be somewhat ameliorated by the removal of the public sector pension for the impacted employees. A spin off of this approach would be to significantly simplify the current benchmarking process.

Single Simplified DC arrangement for all private pensions

I propose that **all existing DC arrangements** (personal, executive, AVC, Retirement Bond) should be **converted into PRSAs** and all new arrangements be set up from outset as PRSAs. There should be a **reduction** in the maximum **charges** allowed under a **Standard PRSA** to make them more attractive and cost effective for members.

There is no reason to suggest that any existing DC arrangement could not and should not be converted to a PRSA. Protections can be put in place to ensure that the conversion is done on a zero charge basis (legislation already exists covering transfers into and out of PRSAs which has the same effect). It should also be a feature of this change that the pension arrangement post conversion should have an ongoing charging structure no higher than that which obtained immediately pre-conversion. This can be verified by the PRSA actuary. This coupled with the zero charge in or out on transfer will mean that there is no risk of mis-selling.

This could be implemented on reasonably short notice – perhaps 12 months to allow providers to adjust their PRSA charging structures. I would suggest that a further 12/18 month period could be allowed to enable existing DC pension providers amend their systems to comply with any additional requirements that would arise on the conversion of this business to PRSA. That said, as this only applies to DC pensions there shouldn't be many particularly onerous issues – in addition the majority of the providers in the market are already PRSA providers and therefore will already have the necessary systems and processes in place.

Some changes might be considered to the PRSA regime – most importantly the facility to access partial benefits – this would allow people move to reduced hours without suffering too significant a loss in earnings by using a combination of reduced salary and part of the pension fund.

Why this is important in the ideal model

In an environment where the above mentioned State operated DB scheme was in place there would (arguably) be only a limited demand for private DB or other similar schemes. As above system provides the lower paid (i.e. those earning up to the GAIE) would have a guaranteed income of 2/3rd of that GAIE they would have little need for further pension income in retirement.

The higher paid, on the other hand would generally require additional income in Retirement. The amount needed increasing for people as their income increases further away from the GAIE. These people should be encouraged to look after that need for themselves – through private pension plans. I would suggest that every study in this area has clearly indicated that a simplified and flexible private pension model will succeed where the current raft of complicated models has hitherto failed.

This simplified model approach again builds on the existing infrastructure – there is already a PRSA model in place in terms of product/provider/regulations/regulator - no reinvention required. By removing the raft of other pension types and multitude of products within these types you are left with a very simple and transparent system which can be easily understood by all.

Although a recent report by the Pensions Board found that the Trust Model was appropriate for pensions I would respectfully suggest that this is only true for DB arrangements (where it is important to separate the Employers own assets from the Employers DB pension scheme assets). In a DC environment, the assets are held in individual member accounts. The contract model in a DC environment provides **ownership**, **security** and **control** to the person that actually needs it – the plan holder

This model meets the requirement from members and Unions for **simplicity**. It meets the industry requirement for there to be a substantial element of **private provision** rather than a move to 100% state provision. It is **voluntary** which should mean there is no reason for existing plans not to be maintained.

Revise the Tax Relief system

I would suggest that a simplified credit system (similar to the SSIA) be implemented whereby a contribution made by a member generates a direct additional contribution from the state. I would suggest that this be **standardised so as to remove the additional tax benefit currently being bestowed on higher rate tax payer**. This approach should go some way to assisting the general public to appreciate more readily the contribution that the State is making to their plans. The level of State additional contribution will depend on the overall costs of the above changes but should be set so as to be sufficient to generate a positive overall after tax position on retirement for members.

As contributions will now come from after tax monies, and given that all benefits will be subject to at least some level of taxation in retirement, and in the context of the existing maximum allowable retirement fund, there would be no requirement for the current maximum contribution. In terms of the post retirement regime I would suggest that the imputed distribution regime from ARFs should only commence at age 70.

From the employer side I would suggest that employer contributions remain fully deductible against company profits. As corporate tax is just 12.5% this is not a major cost and it can be positioned as a compensation for employers having to pay a mandatory contribution to the new State Contributory pension mentioned above. The benefit of this approach being that companies remain incentivised to pay into members pension plans.

What this would mean when implemented

If the above "ideal" was implemented everyone would benefit as follows:

1. Up to 2/3rd GAIE payable from age 70 following completion of 30 years employment
2. This would be paid by the state through the existing SW system and would have been provided on a pre-funded DB basis with contributions from Employers, and Employees collected through the existing tax system
3. It will have been ring-fenced completely from the Social Insurance fund and the Non-contributory pension arrangements
4. Additional pension benefits would come from a very simple PRSA account providing a tax free lump sum of 25% of fund and either a taxable ARF or a taxable annuity. The PRSA could be accessed on a full or partial basis from age 60
5. The maximum PRSA fund would be the current €5M Standard Fund Threshold (as indexed)
6. The PRSA would be completely voluntary but any contributions from members would attract an additional contribution from the State
7. Any Employer contributions to PRSAs would be offsetable against corporate tax

This model meets the oft-stated requirements of Unions, Employers & industry bodies. It also arguably meets a number of the wider societal needs in that the higher paid help subsidise the lower paid and the benefits are structured so as to dis-proportionately benefit lower paid members of society.

The biggest benefit though is that it provides a system which meets the criteria regularly put forward as crucial to the success of a pensions regime :

1. It's simple
2. It's universal
3. It's transparent
4. It's regulated
5. It has guarantees - State backed
6. It's fully portable
7. It's very flexible
8. It can be implemented onto the existing infrastructure
9. It protects existing arrangements without having to retain existing inefficiencies
10. It spreads the costs between all the relevant stakeholders
11. It delivers a reasonable income in retirement for all

Submission 278

I have been working in the area of pensions for the last 26 years and I would like to make a submission to the consultation process on the Green Paper on Pensions. I am making this submission as an individual, and taking my experience over the last 26 years into account.

One of the big issues facing workers today is job mobility, and I believe that the relative inflexibility of our current pensions is a strong barrier to workers making adequate pension provision for themselves.

The pension changes following the NPPI went some way towards allowing greater flexibility, but I believe that for example Personal Retirement Savings Accounts are not at all as flexible as they would need to be in order to encourage more people to make adequate provision.

Specifically I would like to make the following recommendations:

1. Allow PRSA/Personal Pensions operate as free-standing AVC's in all circumstances. This would considerably streamline the pension system.
2. Completely break the link between maximum occupational pension scheme benefits and PRSA/Personal pension/AVC's.
3. Do not limit the size of the fund generated by PRSA/Personal Pensions/AVC's, simply limit the tax relief granted on contributions in line with the current reliefs.
4. Allow a partial withdrawal of funds from the PRSA/Personal Pension/AVC at certain points in life (effectively as an advance on the current tax-free lump sum at retirement).

5. Allow the development of a Personal Retirement Bond that would accept transfers from any and several occupational pension schemes.

I understand that the above suggestions would effectively increase the current lifetime cap on an individual's pension fund. However I believe that this effective increase in the cap would benefit a relatively small number of people, whereas I believe that the above suggestions would considerably reduce the administration, bureaucracy, and complications associated with individual pension provision and would considerably enhance the attractiveness of pensions for workers