



Speech by Máire Hocht TD
Minister of State with responsibility for Older People
at the
Association of Pension Lawyers in Ireland
Annual Dinner
Shelbourne Hotel

20 September 2007, 8:pm

Check against delivery

Chairman, Mr Philip Smith, Council Members, members of the Association of Pension Lawyers and invited guests:



Introduction

I am delighted to be here tonight to address your annual dinner and I would like to thank your Chairman Philip Smith for the invitation on behalf of the Association.

As Minister of State with responsibility for Older People, pension provision is naturally of great interest to me – particularly in relation to our support and commitment to the needs of pensioners. Pension policy I think it is fair to say, has now taken centre stage as one of the major issues facing the country in the years ahead.

I would like to acknowledge the tremendous work that your Association does in the area of pensions. Pensions is, as we all know, a highly technical area and the input your Association makes to the development of policy and legislation in this area, through the consultation processes undertaken by the Pensions Board and through your nominees to the Board, is highly valued. In this regard I would like to thank your current nominee, Mary Wade, for her excellent contribution to the work of the Pensions Board.

I know this is a social occasion and I do not intend to keep you very long. However, I thought I might say a few words on recent developments in pension legislation, and plans in this regard for the coming year.

The Pensions Act continues to evolve as issues arise and are resolved through legislative change. The involvement of practitioners and representative organisations such as the APLI in developing solutions to the various issues which arise from time to time is extremely helpful in this regard.

To date in 2007, a number of legislative changes have been introduced in the pensions area via the Social Welfare and Pensions Acts 2007 and associated regulations.



Trust Based RACS

Trust based Retirement Annuity Contracts (RACs) have been brought within the remit of the Pensions Act - with effect from April 2007.

Increases in Fines

Amendments were also made in the 2007 Social Welfare and Pensions Act in relation to fines under the Pensions Act with the level of fines for both summary and indictable offences under the Act increased significantly.

On-the-spot Fines

A high standard of compliance with the Pensions Act is required to protect the interests of the almost 900,000 people who are members of occupational pension schemes or have Personal Retirement Savings Accounts.

In this regard it is vital that the Pensions Board uses its powers to the fullest extent possible to ensure that trustees, scheme administrators and employers fully comply with the provisions of the Pensions Act.

A key priority for the Board has been to progress an "on-the spot-fines" system which can be used as an alternative to prosecution for certain offences under the Pensions Act. I know Mary Hutch is here from the Pensions Board, their new Head of Investigations and Compliance and Mary of course you now have this new tool to assist you in your normal process of investigations. The necessary provisions in relation to this new regime came into effect on Monday, 17 September.



Trusteeship Report

The Pensions Board published its Report on Trusteeship in February 2007. The Report involves a detailed review of the trust model of pension scheme governance and examines the role of trustees in occupational pension schemes.

The challenges facing pension scheme trustees have increased and become more complex in recent years, with legislative changes, funding difficulties, new requirements under the EU Pensions Directive, and changes in accounting standards affecting the trustee role and pension scheme governance.

Focus I believe is now turning towards the implementation of the recommendations contained in the Report. Officials from the Department of Social and Family Affairs are working in consultation with the Pensions Board, on drafting a framework for the implementation of the recommendations and any legislative changes considered necessary will be presented to Government in the context of the Social Welfare and Pensions Bill, 2008.

EU Directive on the Portability of Supplementary Pensions

As I have already said, EU Directives continue to play a major role in the development of pension schemes.

A proposal for a Directive on the portability of supplementary pensions was published by the EU Commission in late 2005 and negotiations between member states are on-going. Officials from the Department are actively involved in these negotiations and I understand that the latest draft of the proposal holds no significant implications for Ireland's pension system as the Pensions Act is already compliant with most aspects of the proposed Directive.



Green Paper

This is a very busy and challenging time in the pensions policy area. We have had a number of very important reports from the Pensions Board over the last two years and pensions featured very strongly in the negotiations for *Towards 2016*.

Arising from these reports, and the social partnership agreement, the Government has committed to publishing a Green Paper on pensions policy.

The purpose of the Green Paper is not to recommend any particular course of action but rather to set out clearly the current situation and the implications, from an economic and social perspective, of various courses of action which have been suggested. The publication of the Green Paper is the start of a process which will culminate in the development of a framework for long-term policy in relation to all aspects of our pension system.

When the Green Paper is published next month we will undertake a very wide-ranging consultation process. Minister Cullen and the Government has an open mind on how the pensions system should develop in the future and looks forward to hearing the views of all interested parties on how we should proceed.

I understand that there are very diverse, and strongly held views on how we should design our pensions system. There is no doubt that Minister Cullen faces a challenging task over the next 12 months or so to recommend to Government an approach which will command broad acceptance, provide the sort of incomes we want in retirement and which we can afford and sustain in the long-term.

However, it is a challenge that Minister Cullen and the Government is determined to meet as we owe it to the current and future generations of older people that we have in place a pensions system that will deliver a secure and fulfilling retirement for all.



Department of Social and Family Affairs

Ladies and gentlemen, thank you for your attention and I hope you have a very enjoyable evening.

SPEECH ENDS