



**An Roinn Coimirce Sóisialaí  
Department of Social Protection**

**[www.welfare.ie](http://www.welfare.ie)**

---

**OECD commences Review of Pension Policy in Ireland**

---

At the request of the Minister for Social Protection, the Government has approved the engagement of the Organisation for Economic Co-operation and Development (OECD) to conduct an independent review of long term pensions policy in Ireland.

The Minister is pleased to announce that the OECD has commenced this study with a first visit to Dublin taking place this week, beginning 16 April 2012.

The study will be a short and focussed review of Ireland's pension policy and is expected to be completed before the end of this year. It will encompass the totality of pension provision in Ireland – State, private, occupational and public sector. It will take account of Programme for Government commitments in the pensions area and will be informed by developments at EU level in relation to both pensions and longer working. The issues of sustainability; adequacy; modernity; and equity will be central to this review. The issue of early access to pension savings will also be considered.

The Minister said that “although the current pensions policy framework and recent reforms were developed to take account of the current economic crisis we need to consider whether further pension reform is needed to reflect our continuing economic circumstances.”

Pension schemes in Ireland have experienced considerable challenges and change in recent years. There has been a particular focus on the sustainability of the system, because of the demographic issues Ireland faces and the associated increases in pension (and other age related) costs, and due to investment losses and the deterioration in the public finances since the recession.

Other key drivers of reform include protecting the value of the State pension, encouraging increased private pension coverage, and working to ensure the continued viability of pension schemes.

The Government has already introduced a number of pension reforms such as the increase in State pension age; and new legislation for public sector pensions. Others reforms are planned in relation to the Funding Standard and reform of the State pension. All of these are designed to enhance the sustainability of the system overall and ensure that people's income in retirement is protected. The Minister said that “pensions policy represents a very significant national challenge which must be prioritised now to ensure sustainable pension provision for future generations.”

During this visit, the OECD will meet the Minister for Social Protection as well as officials from a number of Departments and Agencies and a number of pension experts. Later in the year there will be consultation with the social partners, organisations representing older people and pension industry.

**ENDS**

## Terms of Reference for the OECD Review of Pension Policy in Ireland

The Minister for Social Protection requests the OECD to conduct a short and focused review on the viability and long-term impact of the proposed changes in pensions policy in Ireland, taking into account the impact of the economic downturn. The Review should encompass the totality of pension provision in Ireland – State, private, occupational and public sector.

The review will take account of Programme for Government commitments in the pensions area and will be informed by developments at EU level in relation to both pensions (such as the recently published Commission White Paper *An Agenda for Adequate, Safe and Sustainable Pensions* and the initiatives set out therein) as well as in relation to increasing the labour market participation of older workers (for example in the context of the Europe 2020 strategy).

Particular aspects for examination include:

- The long-term impact of the planned changes in pensions on achieving the required objectives in the area of :
  - the **sustainability** of the pension system in the light of demographic and investment challenges;
  - the **adequacy** and coverage levels, in order to ensure adequate income in retirement with a particular focus on lower and middle-income groups;
  - the **modernity** of pension systems to ensure flexibility in the labour market and supporting mechanisms for longer working;
  - **equity** within the pension system,
- The role and contributions being made by employers, employees, the self-employed and the State;
- The structure, role and interaction of occupational and private pension provision, including the introduction of an auto enrolment system;
- The taxpayer subsidies for pension savings including the distribution among workers of different income levels, different ages and different sectors;
- An assessment of opportunities to encourage and facilitate Irish pension schemes to increase the extent to which they invest their funds in Ireland;
- Any means by which public understanding and confidence in the pension system could be maximised.

The review should also take account of the views of relevant stakeholders by way of a targeted consultation process.

**ENDS**