



Hanafin launches Pensions Ombudsman Annual Report

Over one million people are part of a pension scheme and many thousands more are drawing a pension. **“It is hugely important that there is a facility available for complaints to be dealt with in a fair and transparent manner through the Pensions Ombudsman”** said Mary Hanafin T.D., the Minister for Social and Family Affairs. The Minister was speaking at the launch of the Office of the Pensions Ombudsman’s Annual Report and Digest of Cases for 2007 today (*27th November 2008*).

Minister Hanafin said that given the size of the pensions industry, the level of complaint was relatively small, however many of our schemes are relatively immature and problems can only come into focus when people are set to collect their benefits.

“These are difficult times for pension schemes, in Ireland and throughout the world” said Minister Hanafin. **“Our defined contribution system is relatively immature so there should be ample time for many people covered by such schemes to recover their losses. However, there are some people retiring now or who are close to retirement, whose funds have suffered badly in the past year. Enabling people to defer purchase of an annuity for a period of time is an option that might assist some and this option is currently being examined within the Department of Finance.”**

Minister Hanafin said **“if there was one lesson in relation to defined contribution schemes we should take from the current difficulties, it is that we must take a more conservative approach to pension investment, particularly for older workers in the last ten years before they retire.”** The Minister asked pension fund managers and financial advisors to reconsider their investment strategies. This, the Minister said would leave people with the comfort of knowing that they are sheltered to a great extent from the volatility of the markets.

The Minister echoed the call by the Pensions Ombudsman for pension providers to spend more time and effort on improving and simplifying their documentation and promoting a better understanding of schemes amongst their membership, **“as many complaints made to the**



Department of Social and Family Affairs

Ombudsmen are as a direct result of misunderstandings and a lack of clarity in documentation.”

The Pension Ombudsman also plays a role in providing advice to the Minister in relation to pension’s policy and legislation. **“His position places him in a unique position to assess the possible effects of changes in pensions policy and legislation and to identify what works and what does not. His experience in dealing with complaints is invaluable in this regard”** said the Minister.

An area of concern highlighted in the report is the issue of problems with construction industry pension schemes. Minister Hanafin said **“that while there are particular difficulties in the industry at present, there is no excuse for the employers withholding deductions made from employees for pensions schemes. This not alone affects pensions, but also impacts on the payments of benefits to widows and children on the death of a worker, an occurrence which is a high risk in the industry. Withholding of contributions cannot be tolerated.”**

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