



Roadmap Pension Reform Proposals 2018-2023

Sinead McEvoy
Technical Solutions Manager

Six Strands of Action

‘Aim of modernising the pension system and continuing to target incentives at those most in need’

Reform of the State Pension - including the ‘Total Contributions Approach’

Building Retirement Readiness - A New Automatic Enrolment Savings System

Improving Governance and Regulation - including the EU Pensions Directive ‘IORP II’

Measures to Support the Operation of Defined Benefit Schemes

Public Service Pensions Reform

Supporting Fuller Working Lives

Reform of the State Pension – including the ‘Total Contributions Approach’

2 strands in our state pension system – contributory state pension and non contributory state pension

A Total Contributions Approach (TCA) for the State Pension (Contributory) will be introduced from 2020, including a new 'HomeCaring Credit'.

The value of State pension payments will be maintained at 34/35% of average earnings. Future increases will be explicitly linked to changes in prices and/or wages.

Maintain State pension (Contributory) to 34% of average earnings.

No further increase in State pension age before 2035 beyond what has been legislated for.

Ensure changes to pension payments are balanced - appropriate approach to funding social insurance system.

A New Automatic Enrolment Retirement Savings System

2022 – introduction of a State sponsored retirement savings system in which workers will be automatically enrolled. Draft proposal Q2 2018.

All employees in the private sector over e.g. 23 years of age and earning €20,000 will be automatically enrolled.

Workers on lower salaries, self-employed workers and workers with existing private pension provision will be able to opt-in to the system.

Contributions will be made by both workers and employers and the state will top up contributions.

Workers who are automatically enrolled can opt out after e.g. 9 months. EE contribution can be refunded.

A New Automatic Enrolment Retirement Savings System

Exact ratio still to be determined but example was outlined

e.g workers contribute 6%, employer matches it by 6 %, state contribute 2%.

State contributions will replace existing tax reliefs.

Benefits will become payable at age state pension becomes payable.

Workers with pre-existing private arrangements can continue.

Improving Governance and Regulation - including the EU Pensions Directive 'IORP II'

Improvements in pension scheme governance standards and regulatory capacity.

Ireland will transpose the IORP II Directive into Irish law with effect from 2019.

All new and existing schemes will be required to gain 'authorised status' from the Pensions Authority in order to carry out activities and to obtain tax relief. Q2 2018.

Pension scheme trustees will be required to meet new fitness & probity standards, as well as professional standards, including ongoing CPD. Q1 2019.

Harmonise rules to prevent anomalies between different types of pension arrangements, e.g. when benefits can be accessed. Target date Q4 2018.

Improving Governance and Regulation - including the EU Pensions Directive 'IORP II

Review cost of pension tax relief. Target date Q3 2018.

Review the ARF option including the regulation of advice, and possibly develop group ARF structures including in scheme ARF drawdown. Also a review of the ARF specified minimum income requirements. . Target date. Q4 2018.

The number of individual pension arrangements will be rationalised. This could mean the end of new PRBs and possibly new one member schemes. Target date Q2 2020.

Development of multi employer pension schemes – unclear if new one man schemes will be allowed to continue. Target date Q2 2020.

Measures to Support Defined Benefit Scheme Sustainability

Enhanced supports for “Defined Benefit” pension schemes to provide improved levels of protection for scheme members and beneficiaries.

Advance the Social Welfare, Pensions and Civil Registration Bill 2017 to give effect to new controls in relation to funding of DB schemes. Q2 2018.

Identify and investigate other potential regulatory measures to improve effective oversight and transparency in the financial status of DB schemes.

Further consultations to take place with sectoral representatives to identify any appropriate and sustainable funding standard reform options.

Public Service Pensions Reform

Reforms to public service pensions to ensure the sustainability whilst safeguarding the delivery of promised retirement benefits.

Legislation to be introduced to increase the compulsory retirement age to age 70.

The Pension Related Deduction for public servants will be converted in to a permanent Additional Superannuation Contributions from January 2019.

Support fuller working lives

Greater individual flexibility in retirement decisions and support for fuller working lives in both public and private sector employment.

Deferral of the state pension (contributory).

Pension Drawdown ages - review the legislation governing the various ages at which pensions can be drawn down and any apparent anomalies.

Clarify mandatory retirement age provisions.

Questions?

Contact us

Adviser Edge

Technical Solutions team

From highlighting technical nuances to guidance that can help identify client-specific solutions, our team is here to help you:

- ▶ Have the comfort of working with our team of specialists
- ▶ Get access to key industry consultants and research
- ▶ Discuss processes that build value into your business over the long term

Sinead McEvoy
Technical Solutions
Manager



☎ 01 639 7386 or 087 105 6888
✉ sinead_mcevoy@standardlife.ie

Janice Nevin
Technical Consultant



☎ 01 639 7620
✉ janice_nevin@standardlife.ie

Thank You