

Pensions in Ireland an overview

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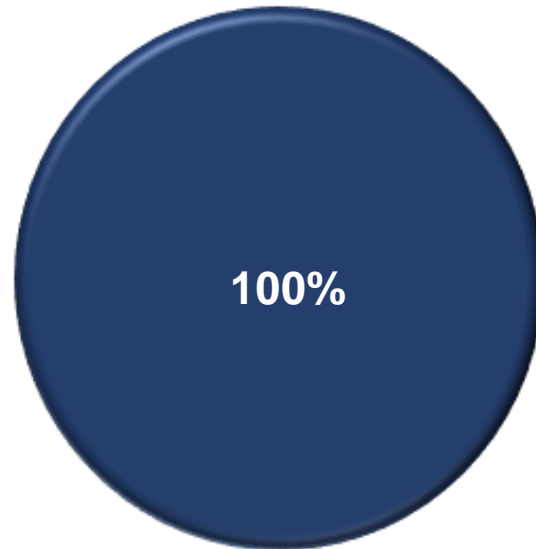
Pensions system in Ireland

- **Pillar 1: State pension**
 - Contributory pension of maximum of €238.30 per week = 35% of average earnings (Non-statutory political commitment to maintain at this level)
 - Means-tested non-contributory pension of €227 per week
 - Aim is essentially one of poverty prevention
- **Pillar 2: Occupational pension schemes**
 - Employer sponsored DB and DC schemes
 - Operate on a funded basis (private sector) and pay-as you go basis (public service)
- **Pillar 3: Personal pensions**
 - Personal pension vehicles
 - Includes Personal Retirement Savings Accounts (PRSAs) and Retirement Annuity Contracts (RACs)
- Total of pillars 2 and 3 pension fund assets = 45% of GDP - but account for just 25% of retirement income
- 75% rely on the State pension



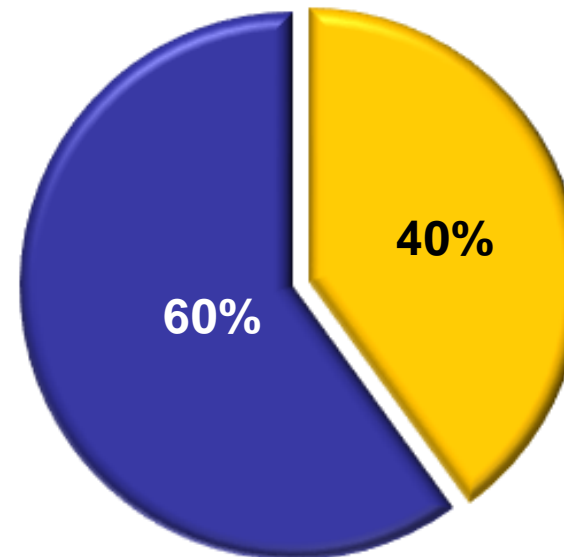
Pensions Coverage in the Irish Workforce

Public Sector



■ 100% coverage

Private Sector



■ 40% have some form of private pension coverage

■ 60% do not have a private pension



Supplementary pension provision in Ireland

(as at 31 December 2016)

- **Defined benefit**

677 schemes with 111,535 members are subject to the Funding Standard
101 schemes with 360,073 Public Service members

- **Defined contribution**

67,703 schemes with 299,782 members

- **Personal Retirement Savings Accounts (PRSAs)**

250,719 PRSAs with asset value of €5.6 billion
13 PRSA Providers and 135 Products

- **Other Personal Pension Plans**

200,000+ contracts



Pension coverage trends

Occupational scheme membership						
	Defined Contribution		Defined Benefit (private sector)		Defined Benefit (public sector)	
	No of Schemes	Active Members	No of Schemes	Active Members	No of Schemes	Active Members
2012	60,192	232,939	993	197,177	105	335,551
2013	61,123	241,317	890	167,211	107	338,037
2014	61,309	263,261	778	139,877	108	328,435
2015	67,125	281,629	715	125,955	99	339,889
2016	67,703	299,782	677	111,535	101	360,073



Pensioner support ratio

- Currently there are around 5 people of working age for every pensioner
- This is a healthy ratio as those of working age pay taxes that allow the payment of benefits for those in old age
- On current projections this ratio will fall to 2 people of working age for every pensioner
- As the population ages, age-related expenditure will rise, in particular in relation to public spending on pensions, health and long-term care.



Rise in retirement age

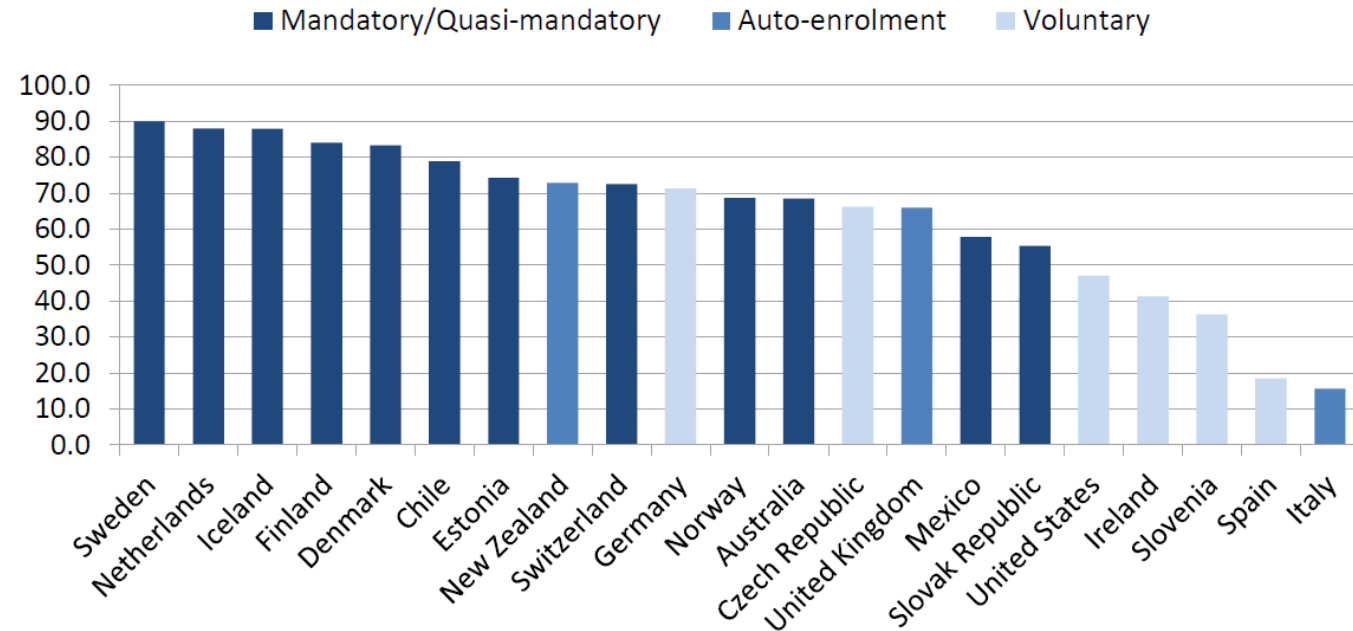
- In 2011 the Government decided to raise the age at which the State pension becomes payable to:
 - 66 by 2014
 - 67 by 2021
 - 68 by 2028
- This may cause a gap in income for those who have to retire at 65



International approaches to low pension coverage

Figure 1. Coverage of private pension systems

As a percentage of the working-age population



Note: Coverage rates are provided with respect to the total working-age population (i.e. individual aged 15 to 64 years old) for all countries except Germany, Ireland, Sweden and the United Kingdom for which coverage rates are provided with respect to total employment.

Source: OECD (2015a) and The Pensions Regulator (2016) for the United Kingdom.

The future of pensions

- IORP II Directive – deadline date of 13 January 2019
- Pensions Reform
- Possible introduction of a Universal Retirement Savings Scheme (auto-enrolment)



Questions & Answers

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