

Trustee and Employer Checklist: the increase in the State pension age

Introduction

The purpose of this checklist is to help employers and trustees of occupational pension schemes take account of potential issues surrounding the increase in the State pension age implemented by the Social Welfare and Pensions Act, 2011.

From 1 January 2014, the State pension age is 66 (for those born between 1 January 1949 and 31 December 1954) and the State Pension (Transition) ceased to exist.

The State pension age will increase in future years to:

- 67 in 2021 (for those born between 1 January 1955 and 31 December 1960), and
- 68 in 2028 (for those born on or after 1 January 1961).

Before 1 January 2014, employment retirement age and normal retirement age (NRA) for pension scheme purposes were generally aligned with the age the State Pension (Transition) became payable, i.e. 65. Since that date, employees who were previously expecting to receive the State pension at 65 may have a shortfall in income until the State pension becomes payable to them.

It is important that trustees and employers consider this issue and seek professional advice where necessary.

Affected employees should consider how they may need to fund this gap and what options are open to them, such as:

- Continuing to work until the State pension becomes payable, either in their current employment, subject to their employer's agreement, or through other employment opportunities that might be available to them on retirement from their existing employment.
- Retiring at their normal retirement age, receiving their occupational pension benefits only, knowing that they may have to wait one year (initially) until receiving the State pension.
- Investigating their entitlement to social assistance, such as a jobseekers payment, in the interim.



An tÚdarás Pinsean
The Pensions Authority

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The changes in the State retirement age came into effect from 1 January 2014. Trustees and employers may wish to consider whether to take action and the following checklist aims to help bring potential issues to their attention.

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Most defined benefit schemes integrate benefits with the State pension, whereby the rules may provide that a multiple of the single rate contributory State pension payable at age 65 is offset from salary to arrive at the pensionable salary. From 2014, in such cases, the off-set would be zero (as no State pension is now payable at 65) and a larger scheme pension could become payable than that which might have been funded for.

In this regard, section 59(H) of the Pensions Act gives trustees the power to amend the scheme rules in certain circumstances and you may wish to consult with professional advisors.



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