

Speech by Ms Mary Coughlan TD Minister for Social and Family Affairs on receiving the 11th Annual Report of The Pensions Board

Tuesday, 16th July 2002

I am delighted to be here today to accept the Eleventh Annual Report of The Pensions Board, particularly as this is the first time I have had the opportunity to do so and to meet you all.

I was well aware of the professional and high quality work of the Board for a long time and this Report certainly confirms that.

Work in Progress

The passing of the Pensions Act, in April, as well as being a very significant development in the history of Irish pensions, represents the culmination of many years of hard work on the part of the Pensions Board and my officials.

Since the passing of the Act, considerable work is being undertaken on drafting the various regulations necessary to bring the various sections of the Act into force, the first of which came into effect in June.

The next main milestone for the Board, under the Act, is opening for PRSA business. I understand that we are all working towards late September with a view to PRSA products being available from very early next year. I would like to wish the Board well in relation to its PRSA preparatory work which I know is considerable.

I am aware that this involves consultation with the representative bodies on the Board and in particular, with the Society of Actuaries who have a key statutory role to play under the PRSA framework.

I would like to take this opportunity to thank these representative bodies for the ongoing input into the process, which I consider benefits all of us in the long term.

PRSAs are seen as providing the framework for increasing pensions coverage and I read several recent articles with interest - obviously there are differing views on the potential of PRSAs. I think that it is up to all interested parties to make PRSAs work and, in addition, Government has a statutory obligation to review the coverage position within 3 years. I expect data on current coverage rates to be available from the CSO around September which will give a benchmark against which we will measure progress.

PENSION COVERAGE

I see that at end 2001, there were 98,000 pension schemes registered with the Board, covering over 670,000 people, an increase of 13 per cent and 6 per cent respectively over the 2000 position. While there is a concern that the ratio of defined benefit (DB) to defined contribution (DC) schemes continues to reduce, the total membership of defined benefit schemes still accounts for a large proportion of the total number of scheme members. Obviously this is also an issue that we need to monitor.

REGULATION

Of course, the primary work of the Board is regulation. A vital element in encouraging people to make pension provision is the element of confidence they then can have in the pension fund.

I know that you are conscious of the need to extend coverage without undermining existing, provision and particularly aware of the need to ensure a balance between protection and equitable treatment on the one hand and over-regulation on the other. In this context the question of "simplification" is being raised in a number of fora and I would be interested in your views on this.

INFORMATION

A person's right to know and make an informed judgement is fundamental. It is particularly important that people know the real value of the pension they can reasonably expect to have in retirement which, of course, depends crucially on the level of contributions made by the employer and the employee. A small pot of money can only, by definition, buy a small pension. So in addition to increasing coverage, we need to ensure that the quality issue is also addressed properly. Again, I know that the Board is working on this area with a view to people receiving more useful information about the value of their pension on a regular basis.

The Government accepts the Board's recommendation that a national pensions awareness campaign is a necessary prerequisite to improving pensions coverage and discussions are currently taking place between the Board and my Department to advance a strategy in this area.

THE FUTURE

Turning now to the future, the overall objective of our pension policy, is that all citizens will have an adequate income on retirement. The main components of this are the Social Welfare pension and an occupational or personal pension. I view the position of older people in our society as key and we must all ensure that there is an adequate and sustainable social and economic infrastructure in place to support them. Issues remain to be addressed and I will, within the next month or so, provide the Board with my views on the pensions agenda for the short to medium term which can be considered in setting the Board's policy agenda going forward.

Focal Scoir

Ba mhaith liom buochas a ghabh il ar mo shon fhin agus thar cheann oifigigh na Roinne le Cathaoirleach An Bhord Pinsean, Grainne Clohessy, baill agus foireann dcheallach an Bhoird agus le Anne Maher,

Priomhoifigeach Feidhmeannach. Chomh maith le sin ba mhaith liom filte fial a chur roimh an bheirt bhaill nua, Michael O'Halloran agus Carmel Foley agus ta fhios agam go ndenfaidh said sar obair chun aidhmeanna an Bhoird a chur chun cinn.

Mar fhocal scoir ba mhaith liom comhghairdeas a dhenamh libh ar an Tuarasc il Bhliantil. Gu m gach rath oraibh agus beidh m ag s il le bheith ag obair libh sa todhcha.

I would like to conclude by expressing my appreciation and that of my officials to the Chairperson of the Pensions Board, Gr inne Clohessy, to the Board members themselves and to the hard working staff of the Board and its Chief Executive, Anne Maher. I would also like to welcome the two new members to the Board Michael O'Halloran and Carmel Foley, and wish them well in their new positions.

Finally, I would like to congratulate you on your Annual Report. I wish you continued success and I look forward to working with you in the coming years.

ENDS