

The Society of Actuaries in Ireland

News Release

Pensions Fund Inefficiency Costs Millions Each Year

Pension fund inefficiency costs schemes millions of pounds a year, it was stated today at a Society of Actuaries in Ireland seminar on the security of pension funds.

Speaking at the seminar entitled, 'Keeping Your Pension Safe', Tom Geraghty of Mercers said trustees must become more demanding and questioning of all their professional advisers whether they be investment managers, consultants or administrators.

"It's too simplistic to rely solely on professional trustees as a safeguard. Other trustees must be trained in their duties in order that overall standards are raised," Mr. Geraghty said.

PRSAs Would Add Another Layer of Complexity and Confusion To Pensions

A second speaker at the conference, pensions lawyer Philip Smith said that rather than simplifying the pensions puzzle, the recently introduced PRSAs proposals would in their current form add another layer of complexity and confusion to pensions.

"The proposed Personal Retirement Saving Accounts (PRSAs) do not cover all the angles. The most worrying gap is that, unlike pension schemes, no-one is responsible to the members in the long-term. Employers, having set up a standard PRSA are not responsible for monitoring the investment performance. And there are no trustees!"

"There is a significant risk that PRSAs will be seen as a substitute for a good pension scheme rather than as a complement to one for those who already have pension schemes in force. And, above all, there must be every safeguard to ensure that there is not a UK-style pensions mis-selling scandal here.

"Hopefully PRSAs will ensure that more people make more provision for their retirement but there is a real risk of failure because of the confusion of choice which will exist," he said.

Mr. Smith also called for the appointment of a Pensions Ombudsman which he said had been warmly received in the UK. "An Ombudsman would provide members of schemes with an alternative channel of complaint and would be a welcome part of the impending pensions legislation."

30 May 2001

NOTE: The views expressed at the conference reflect those of individual speakers and others and not necessarily those of the Society of Actuaries.

Further Information

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The Society of Actuaries in Ireland

The Society of Actuaries in Ireland is the professional body for actuaries practising in Ireland, many of whom work in the pensions and life assurance industries. The Society aims to develop the role and understanding of the actuarial profession and to enhance its reputation, in particular for serving the public interest.