



## Society of Actuaries in Ireland

**Press Release  
28 September 2012**

### **‘Potentially Dangerous’ to Place Responsibility for Pensions onto Individuals**

#### **Most Employees Don’t Know Size of Expected Pension**

It appears that the majority of working people who are in pension plans do not know the amount that their pension will pay on retirement.

This raises questions about governments shifting responsibility for pension provision to individuals who do not appear to be well-informed enough to make good decisions, Prof Alan Barrett will tell a conference on retirement planning in Dublin today (Thursday Sept 27<sup>th</sup>).

Presenting new research results to the conference, organised by the Society of Actuaries in Ireland, Prof Barrett will reveal that 56% of people aged 50 to 64 who are working and enrolled in a pension plan do not know the amount that their pension will pay when they retire, even when expressed as a percentage of their salary.

“It might be thought that this lack of knowledge arises because people in defined contribution schemes face greater uncertainty. However, even for people in defined benefit schemes, 50 percent did not know the amount of their future pension,” Prof Barrett will tell the conference.

“The implications are important. People aged 50 and over who are in pension schemes should be the best informed on pension matters. The lack of knowledge that we have uncovered may be the ‘tip of the ice-berg’. If that is the case, is it a good idea to increasingly place the responsibility for pension coverage onto private individuals? As the OECD is currently conducting a review of the pensions system, it is a useful time to be asking this question and to be providing evidence that the answer may be ‘no’ and this policy is potentially dangerous for people trying to avoid dramatically reduced living standards in retirement.”

“Apart from the overall percentage who replied that they “did not know”, the patterns across groups are interesting. For example, women are more likely to respond ‘don’t know’ compared to men (63 percent of women versus 51 percent of men). Private sector employees are more likely to fall into the ‘don’t know’ category compared to public sector employees (62% private versus 52% public). More educated people and those in higher occupations tend to be better informed.”

The research results are from the TILDA (the Irish Longitudinal Study on Ageing), regarded as one of the most ambitious longitudinal studies in Ireland. Over 8,000 people aged 50 and over were interviewed in 2010 and will be interviewed every two years until 2018, at least

about their economic, social and health circumstances with a view to developing a clearer picture of the process of ageing in Ireland.

The Society of Actuaries conference on retirement will be addressed by the Minister for Social Protection, Joan Burton, and other topics will include the individual savings process, an overview of the policymakers response to the shift in population age and the need for career transition to sustain longer working lives.

## **ENDS**

Issued (28/09/12) on behalf of the Society of Actuaries in Ireland by:

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### ***Society of Actuaries in Ireland***

*The Society of Actuaries in Ireland is the professional body for actuaries practising in Ireland. Actuaries provide advice and relevant solutions for financial, business and societal issues involving uncertain future events. Most of the Society's members work in the financial services industry, and the profession has a statutory role relating to the supervision of pension schemes and insurance companies.*

*The Society seeks to make an impartial contribution to public debate on social policy and public interest matters where an actuarial perspective can add value.*



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