



## Society of Actuaries in Ireland

### **Press Release**

**19<sup>th</sup> September 2013**

### **Incoming Society of Actuaries in Ireland's President calls for reform of pensions structures**

Consideration should be given to separating past and future pension liabilities in underfunded defined benefit schemes. This was stated today (Thursday Sept 19) by the incoming President of the Society of Actuaries in Ireland, Dermot Corry, in his inaugural address.

“The Taoiseach rightly commented in the Dáil at the start of the summer that it is immoral to ask members to contribute to a pension scheme where they have little or no expectation of receiving benefits. In my view this is the situation in many schemes at present. Employees are paying into underfunded schemes. At the extreme, their contributions are effectively helping to secure pensions for those already in retirement. However there is little prospect of the scheme ever returning to 100% solvency and so these members are unlikely to see substantial benefits – particularly if they are at the younger end of the age spectrum since their elders will make off with the assets before they retire.”

In his address to the members of the Society of Actuaries in Ireland, Mr Corry proposed that, “a completely new contract is required for future accruals for current members. In my view this would involve a number of measures, including benefits for future accrual moving closer to a guarantee than a promise, much higher contributions and the minimum funding standard becoming more market consistent.”

“A structure such as that proposed would inevitably lead to many schemes closing to new accruals. However, at least it would lead to an honest dialogue and mitigate the risk of employees paying contributions and not receiving future benefits. If Defined Benefit arrangements were closed to future accrual, future contributions could be diverted to Defined Contribution where they would get something in return.”

*The views expressed by Mr Corry are his own and not necessarily those of the Society of Actuaries in Ireland or any other organisation including his employer.*

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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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