



Society of Actuaries in Ireland

Press Release
26th November 2018

Society of Actuaries supports broad thrust of Government Proposals on Automatic Enrolment Retirement Savings System

“The Society of Actuaries in Ireland supports the broad thrust of the proposals set out in the Government’s Public Consultation on automatic enrolment retirement savings and considers that it represents a very strong starting point from which to design and implement a system that encourages workers to make adequate financial provision for their retirement.”

This was stated today by Maurice Whymys, President of the Society, on the publication of the Society’s response to the consultation process. “There are a number of aspects of the proposals that will need further consideration as the design of the automatic enrolment system is developed. We welcome the opportunity to submit our views and look forward to contributing further to the discussions.”

The Society of Actuaries response highlights that the investment options need more analysis and debate and questions whether the default investment strategy, which is likely to be where the vast majority of savings are invested, should be a low risk fund as proposed by the Government, as this is unlikely to provide an adequate income at retirement.

“In our view, the default fund should

- Be a diversified fund with exposure to a range of asset classes to reduce risk
- Have significant exposure to assets that are expected to deliver a real long-term return
- Have regard to environmental, social and governance issues.

We consider that one appropriate structure would be a lifestyle structure which de-risks as a member approaches retirement.”

The Society of Actuaries does not think that it is necessary or desirable that automatic enrolment is restricted to those aged between 23 and 60, as is proposed. “We suggest that everyone in employment earning over the minimum threshold should be automatically enrolled. This means people get used to saving into the scheme immediately and don’t see a reduction in their pay after their 23rd birthday. Regarding the proposed upper limit, even saving for a relatively short period is worth doing when your contribution is matched by the employer and there is also a Government contribution.”

The Society also comments on the proposed approach of the Government making a contribution to the saver's account rather than granting tax relief on personal contributions. "Whilst this may be more easily understood, care must be taken that introducing automatic enrolment does not undermine the coverage or adequacy of retirement saving of those who already do so under the existing pension framework. We are strongly of the view that granting tax relief on personal contributions at the individual's marginal tax rate is appropriate for the existing pensions system as it incentivises those who wish to save for an adequate pension in retirement to do so, particularly those on middle incomes who are subject to higher rate tax."

The full text of the Society's response is available [here](#).

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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 on 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 members of the profession hold statutory or regulated roles relating to the financial management 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.