



## **Society of Actuaries in Ireland**

**Press Release: Monday 14<sup>th</sup> November**

### **Pensions Council Calls for Tax and Legislation Changes to Promote Gender Equality in Private Pensions Coverage**

#### **Financial Literacy Needs to be Improved**

The low level of private pension coverage has been acknowledged by the Government as both an individual risk and a macro-economic risk. The situation, however, is much worse for women than the general population.

This was one of the key messages delivered today (Nov 14) by Ms Roma Burke, Chair of the Pensions Council, in her presentation of the recently published Pension Council report on the 'Gender Pensions Gap' at the Annual Convention of the Society of Actuaries in Ireland.

"ESRI research funded by the Council shows that only 28 percent of women receive private/occupational pension income compared to 55 percent of men and, when in receipt of a pension, the income difference between men and women is 35 percent."

Ms Burke outlined a series of practical steps that have been put forward by the Pensions Council that can be taken "within the system" to help address this gap. "While there are strong legislative protections in place and generous tax reliefs available, they have not worked to promote and support women towards retirement. The tax system is not gender proof. However, changing the way in which salary is calculated for pension contribution tax-relief purposes, extending the period to claim tax relief, standardising the maximum personal contribution allowed and moving to a joint assessment for pension contributions would all help make the tax system much more equitable, and hence support women."

Highlighting features of pensions legislation that would help to reduce the gap, Ms Burke pointed out that, under the current regime, a person who works for less than two years only has a right to get back the value of their own contributions (less tax), even though their employer may have already paid into their pension pot on their behalf. The rest of the money goes back to the employer. A key Pensions Council recommendation is to reduce or remove this "vesting" period, which is regarded as no longer appropriate, particularly for defined contribution savers.

“Financial literacy also needs to be improved. National campaigns, particularly if they are temporary, do not lead to lasting improvements. The only reference to pensions for Leaving Certificate students is a single word in the Home Economics syllabus and the Pensions Council has recommended an online financial education module for transition year students. Young people will be better off if they know more about saving and investing and less about borrowing as they become young adults.”

Discussing the new Auto Enrolment (AE) system, Ms Burke noted that many ideas in the Council’s report have been overtaken following the publication of the AE Design Principles and she advocated that it is important to get AE up and running as quickly as possible so that people can actually start saving.

The Pensions Council has published its report on the ‘Gender Pensions Gap’, originally submitted to the Minister for Social Protection in March 2022, on its website. This report considers what steps could be taken to address the gender pensions gap arising from supplementary pensions. In particular, it focusses on practical ideas within the supplementary pension system itself to tackle the gender pensions gap.

**Ends**

**For media enquiries, please contact: Roma Burke, Chair of the Pensions Council, on 086 882 6235**

*Issued on behalf of the Society of Actuaries in Ireland by Setanta Communications*

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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.*