



# Pensions and the New Aging

TILDA 2015 – Evidence for Policymakers

STRATEGY • CONSULTING • INSIGHT



# Perspective

## **Chairwoman of the Pensions Authority – Regulating Pensions.**

Vision – Pensions are secure, well-managed and understandable.

Mission – support public confidence through regulation – Inform and Support Trustees and the public about pensions – Advise the Minister and Department of Social Protection on pensions.

## **Chair of the Dublin City Age Friendly Alliance**

Vision – Dublin City is a great city in which to grow old, where everyone is valued and respected.

Mission – Including older people in decisions, providing opportunities and supports, providing a framework to coordinate services to meet the needs of older people.

Informed by the above experiences – these are my personal views as a user of research in strategy development and implementation.



# Strategic Challenges for Pensions

- Demographics
- Great recession
- Investment decisions
- Confidence in pensions
- Understanding of pensions
- Expectations and promises
- The gift of longevity
- Original concept of pensions – 3 years
- Supplementary pensions
- Based on civil service model of work
- Retirement today

# Strategic Challenges and Opportunities for Dublin City Age Friendly Alliance



- Implementing through others
- Understanding the profile and segments through social, economic, environmental lens
- Resource constraints
- Retirees today – Active, Articulate, Resourced, Influential
- Influencing across a wide range of delivery channels
- Social expectations
- WHO programme; EU Policy context
- Person centred – strong and continuing consultation

# Strategic Questions - Pensions



How impactful is regulation?

Are we doing the right regulation?

How informed are members of pensions schemes?

Are trustees trained and able?

Is the supplementary pensions model fit for the next 40 years?

What is the impact of a sustained low interest rate and low investment return environment?

Is the tax incentive for pensions savings effective?

What are the pensions expectations of the Irish population? Will this be delivered by the current model? What alternatives are there and how viable are they?

To what degree do older people rely on their occupational pension in retirement?

How to measure impact in Regulation?

# Strategic Questions – DCC AFA



What policy and action is currently supporting an age friendly city?

To what degree is this about doing the current things differently or doing new things?

How will we monitor progress and identify levers and barriers in implementation?

How to capture the intangible elements of a successful alliance?

How do we compare with good practice elsewhere?

# Sources and Gaps



- In house information
- TILDA and other large studies
- Specifying our own bespoke research
- Lots of data. Insight less easy to source

# Coverage



- Pension coverage for people in employment aged 20 to 69

Q1 2005	Q4 2005	Q1 2007	Q1 2008	Q4 2009
52%	55%	52%	54%	51%

- Q4 2009 breakdown of coverage
  - Public administration and defence 93%
  - Private sector only 41.3%\*
  - Employees 54%
  - Self-employed workers 36%

Source: CSO Quarterly National Household Survey, Quarter 4 2009

\*OECD Reviews of Pensions Systems: Ireland, 2014



# Active schemes and membership\*

	Defined contribution		Funded defined benefit		Public sector DB	
	<i>Schemes</i>	<i>Membership</i>	<i>Schemes</i>	<i>Membership</i>	<i>Schemes</i>	<i>Membership</i>
<b>2013</b>	61,123	241,317	890	178,619	108	328,435
<b>2012</b>	60,192	232,939	933	189,644	107	338,037
<b>2011</b>	65,770	239,150	993	197,177	105	335,551
<b>2010</b>	75,183	259,732	1,013	222,072	95	328,157
<b>2009</b>	82,939	266,909	1,212	254,325	95	332,163

Source: Pensions Authority Annual Reports

\* Does not include frozen schemes where contributions are no longer being made, AVC schemes or death benefit only schemes

# Assets



	<b>Assets</b>	<b>DB</b>	<b>DC</b>
<b>2012</b>	€73bn	€48.5bn	€24.5bn
<b>2011</b>	€63bn	€41.5bn	€21.5bn

Source: Pension Authority Annual Scheme Information

- Assets in PRSAs Q4 2014 €4.7bn
- Assets in RACs estimated at €10bn

# Scheme size\*



Status/size	Number of schemes
Frozen (contributions currently not being made)	82,974
Single member schemes	49,603
1-100 members	11,237
101-1000 members	467
1001+ members	68
<b>Total</b>	<b>144,349</b>

Source: Pensions Authority register of schemes February 2015

\* Does not include AVC or death benefit only schemes

# Identifies Trends and Issues



- Limited coverage
- Shift from DB to DC
- Scale and costs
- Significant assets under management
- With enhancements to IT system, greater efficiencies and intelligence from in-house data
- Limitations of scheme based data
- Regulatory and policy focus rather than research = continue to work with outside sources
- Complexities and anomalies
- Investment risk management
- Member communications and understanding
- Governance and regulation

*Towards making Ireland the best  
place in the world to grow old*

**tilda**

Staidéar Fadaimseartha na  
hÉireann um Dhul in Aois

The Irish Longitudinal  
Study on Ageing

# Retirement and Pensions

[www.tilda.ie](http://www.tilda.ie)

# TILDA Themes



- Importance of Supplementary pensions
- Pensions knowledge
- Determinates of supplementary pensions cover
- Effect of increasing State Pension Age
- Numeracy and financial literacy
- Created an appetite for more!

# Dublin City Age Friendly Alliance



Challenge is to guide and support implementation

Issues are:

- monitoring the model in action
- measuring progress
- identifying impacts and
- capturing the opening position

Key questions are: What are the key levers to effective implementation? In an intangible network, how to identify effectiveness and blockages and then to intervening successfully.

# Conclusions



- ❑ Insight and understanding essential for regulation pensions and supporting positive aging – even with different focus and stage in work.
- ❑ Challenges require understanding and innovation, including realising the limits of intervention.
- ❑ Dust has not yet settled on the new era – makes policy even more challenging.

Continuing the old models is as disconcerting as innovating new!