

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

Person centred – strong and continuing consultation



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



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	
	Schemes	Membership	Schemes	Membership	Schemes	Membership
2013	61,123	241,317	890	178,619	108	328,435
2012	60,192	232,939	933	189,644	107	338,037
2011	65,770	239,150	993	197,177	105	335,551
2010	75,183	259,732	1,013	222,072	95	328,157
2009	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



	Assets	DB	DC
2012	€73bn	€48.5bn	€24.5bn
2011	€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
Total	144,349

Source: Pensions Authority register of schemes February 2015

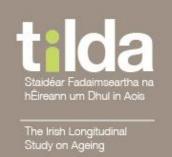
^{*} Does not include AVC or death benefit only schemes

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



Retirement and Pensions

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.

Sia Partners

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!