



Association of Pension Lawyers in Ireland

9 March 2021

Secretariat, Pensions Commission
Department of Social Protection
First Floor
Áras Mhic Dhiarmada,
Store Street,
Dublin 1, D01 WY03
ConsultPC@pensionscommission.gov.ie

Private and Confidential

Have your say on sustainable State Pensions into the future

By Email

Dear Secretariat

Thank you for your email of 9 February 2021 inviting The Association of Pension Lawyers of Ireland (the "APLI") to make a submission in respect of the public consultation "*Have your say on sustainable State Pensions into the future*".

The primary objects of the APLI are to assist, foster and promote the education, instruction and availability of information, studies, consultations, discourses and exchanges of views in relation to pensions and benefits law. Our members generally advise the sponsoring employers, trustees, administrators and members of private occupational pension schemes. As such our practice areas fall somewhat outside of the scope of the Pensions Commission's consultation paper.

Nonetheless there are a number of general points we would make in response to the consultation paper; primarily in relation to the knock on consequences of any future changes to the State pension age. When the State pension age was initially increased on 1 January 2014, certain private occupational pension schemes made changes to their governing provisions in order to ensure that members' benefits were not disadvantaged by the increase in the State pension age. These changes included:

- reviewing and at times, increasing normal retirement age under the scheme;
- revising bridging pensions to ensure that members were not left with an income gap between retirement and commencement of the State pension;
- amending the basis of calculation of transfer values to reflect changes to State pension age and where applicable, normal retirement age; and
- reviewing and updating the funding position of the scheme and where applicable, ensuring that funding proposals submitted to and approved by the Pensions Authority were based on the revised State pension age and the anticipated future increases in 2021 and 2028.

The main issue for the trustees and sponsoring employers of these private occupational pension schemes is that the Social Welfare and Pensions Act, 2011 in amending the State pension age set out a roadmap of prospective changes and trustees and sponsoring employers reviewed and amended

their schemes in line with the roadmap. If further changes are to be made to the State pension age regime, it would be preferable that any such changes made were, to the extent possible, once off and permanent in nature to afford pension schemes, trustees, sponsoring employers and members some degree of certainty in the operation and administration of those schemes into the future and to facilitate retirement planning by members.

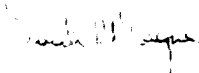
In relation to your specific query as to how private sector employment contracts interact with the State pension age, members of the APLI are generally seeing that pension scheme members wish to remain in employment beyond their normal retirement age (often 65) where it falls before State pension age. Where possible, employers are facilitating these requests in a number of ways including:

- (i) providing a fixed term contract for the additional period of employment which excludes pension accrual (defined benefit) or contributions from the member and/or the employer for that fixed term period;
- (ii) extending the member's existing contract with continued accrual or contributions from the member and/or the employer; or
- (iii) extending the member's existing contract without continued accrual or contributions from the member and/or the employer.

Where the rules of the private occupational pension scheme allow, employer and trustees are permitting late retirement, which enables members to drawdown their pension at the later date of their actual retirement.

We would be happy to discuss the above submission with the Pensions Commission if that would prove helpful.

Yours sincerely



Sarah McCague
Chairperson
The Association of Pension Lawyers Ireland