An Roinn Gnóthaí Fostaíochta
agus Coimirce Sóisialaí
Department of Employment Affairs
and Social Protection

A Public Consultation on an Automatic Enrolment Retirement Savings System

Findings of the Automatic Enrolment On-line Survey

Introduction

This report provides the results from an on-line survey set up following a series of Automatic Enrolment (AE) public consultation seminars that took place in October 2018[1]. The questions are the same as those that were posed at each of the consultation seminars and relate to operational and design features of AE proposed in the Strawman.

In the on-line survey, each question also provided a text box, allowing respondents to record any additional comments or observations they might have on the particular question. Where comments were received, they have been included under the relevant question and added verbatim. It should be noted, comments which contextualised/qualified a respondents view were more likely when the individual disagreed with a proposal made by the Department of Employment Affairs and Social Protection (DEASP) in the Strawman. Those agreeing with any particular DEASP Strawman proposal were less likely to include 'additional comments' beyond their confirmation of agreement.

The questionnaire was circulated by email to 205 people, which included people originally invited to the consultation seminars along with those who attended each of the sessions. Therefore, the profile of those invited to participate in the survey, with the highest proportion being from a financial services/pensions industry background, means that responses are likely to be reflective of that industry's concerns. In total 71 responses to the on-line survey were made, representing 35 per cent of those invited. Given the methodology used here, it should also be borne in mind when interpreting the results that they are not based on a representative sample.

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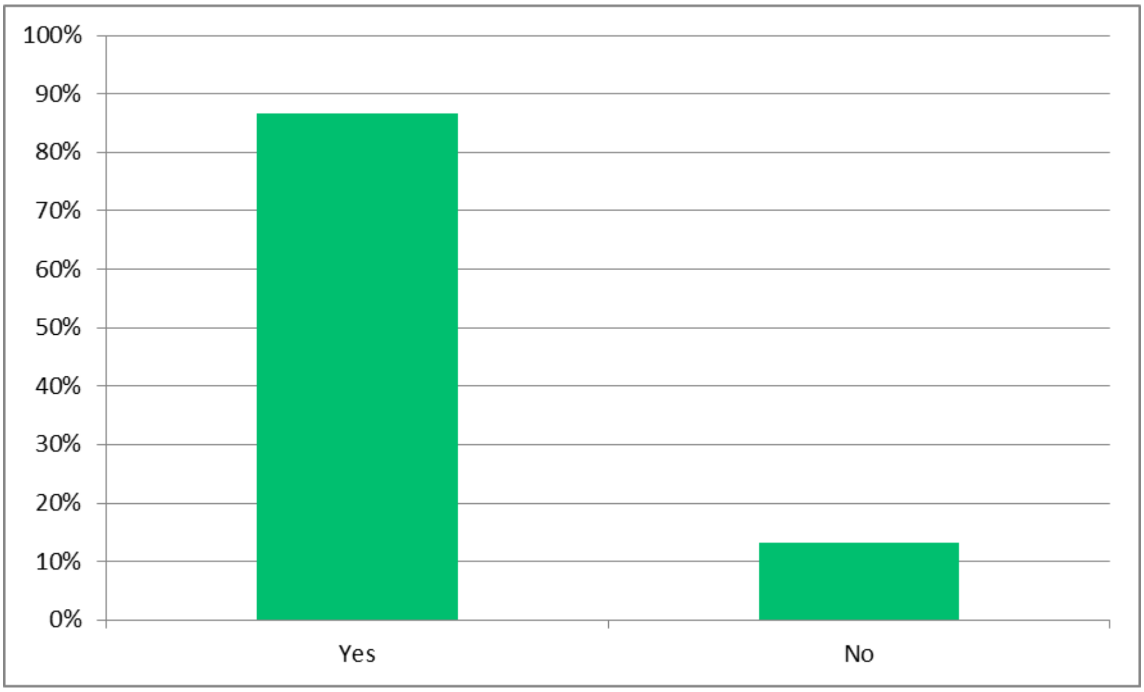
[1] Including Dublin (2), Galway and Cork.

<u>Question 1: Do you agree with the necessity for a Central Processing Authority (CPA) type structure?</u>



Number of responses: 68

Additional Comments

- The CPA (Central Processing Authority) has a role to play to act as a contribution clearinghouse. This would make it easier for employers to discharge their duties as pension contributions would be paid to a single body and employees could then be free to choose their own provider. This fits well with the "pot follows member" approach so that the each individual has their own pot, irrespective of whether they change employments or indeed whether they have multiple employments. The CPA would also have a role to play to ensure compliance with the requirements to auto-enrol eligible employees and to re-enrol employees 3 years after opting out. While the CPA has potential benefits, this must be balanced against the likely costs and how these will be funded.

- Payroll administration will be done by a payroll provider, regulation will be done by the Pensions Authority and CBI, etc. The only unique function that the CPA performs is making 'pot follows member' happen. However, it has not been convincingly demonstrated that this is needed (the obsession with 'Pot Follows Member' comes from the UK, where it stems from a comment issued by a pensions minister) and the 'Strawman' doesn't make it clear how it will work. Until this is done the argument for a CPA has not been made.

- Welcome the fact that employer does not have to decide where funds are invested.

- Revenue and Pensions Authority can handle without need for further body.

- I don't agree that it is a necessity, however it could provide a focus and make it straightforward for employers to participate.

- This is necessary as it would not be possible for Registered Providers to perform this additional function within the proposed charging structure of 0.5%

- But for information, guidance, oversight, advice purposes only,

- I can't see why we can't use the PRSA (Personal Retirement Savings Accounts) system and have the employer process the payments. Force competition and have a number of providers that way we can drive down the price.

- We would have a number of concerns such as the method of finance and the divorcing of the CPA key service and decision-making process from the contractual relationship between the Registered Provider and contributor.

- I agree it requires public ownership and supervision but it is not clear how much this will cost and it could be more cost effective to operate it under the social insurance fund.

- Yes but there needs to be an option to allow workers to select an option to contribute to a pension administered on a non-profit basis.

- But not with the mandate as prescribed in the Strawman.

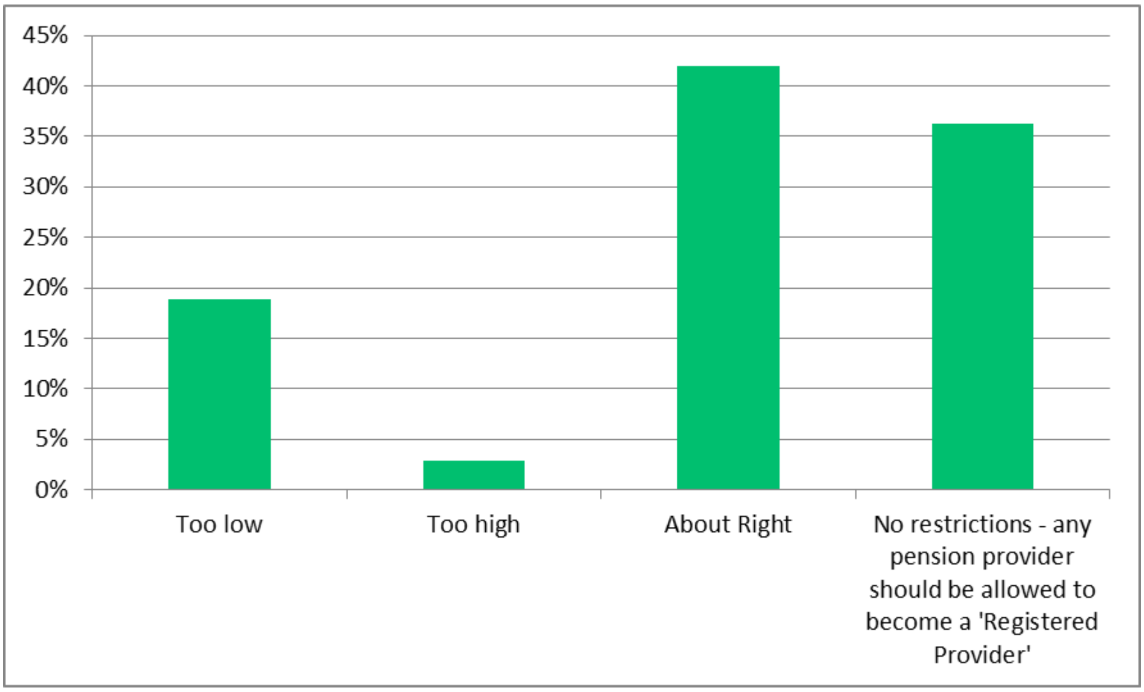
- If the sole purpose of the CPA is to centralise the collection of employer and employee contributions then perhaps not. By allowing the employer to choose the provider there will only be one payment from the employer to the chosen provider. By making the system – 'pot follows member' and allowing them choose this over-complicates things. Employees are unlikely to choose a provider, this is the whole point of an AE system. As in the UK the employer should choose from a list of Registered Providers or ensure their workplace pension is AE compliant. A members' pension account under the current defined contribution system is fully portable - pot already follows member (if they want to).

- As long as there are alternative options available.

- I see the need but it should not be Government or State run. Trust and cost is an issue here. Historically Governments have applied levies, varied options on pension assets and up until 1999 limited access to funds. The CPA will be seen as more of the same and will not hold the confidence of the target market. Engage the services of a private independent operator similar to what An Post/NTMA (National Treasury Management Agency) structure.

- Makes 'pot follows member' possible, reduces administration fees.

Question 2: At 4, do you think the number of Registered Providers is too low, too high or just right?



Number of responses: 69

Comments

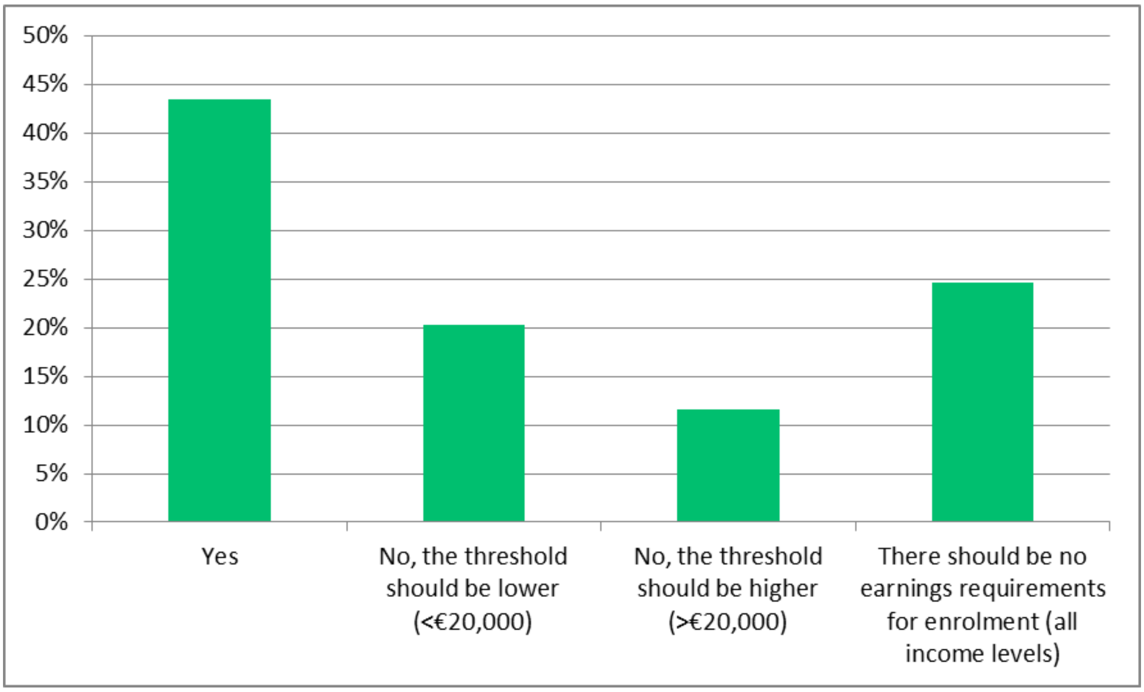
- We believe there should be no restrictions on the number of providers, in line with the practice of other countries who have adopted mandatory or auto-enrolment systems. Restricting the number of providers limits consumer choice and will not necessarily produce more favourable retirement outcomes. In a concentrated market, poor outcomes delivered by a single provider could reduce confidence in the system as a whole. A wider choice of well-regulated providers would allow for better buy-in, better engagement, better choice, better quality funds and ultimately more favourable outcomes for consumers. Restricting the number of providers could also lead to anti-competitive behaviour by providers, adversely impacting retirement outcomes. Chile and Australia both have mandatory retirement savings systems in place for a number of years and neither restricts the number of providers. Other countries referred to in the Strawman include the UK, New Zealand, and Canada and none of these countries restrict the number of providers. Chile has had a mandatory retirement savings system since 1981. Chile has a population of approximately 17 million (2010). Over time, the number of providers has declined from a peak of 21 to only six. The concentration of providers has not led to an improvement in retirement outcomes for members. The Chilean government introduced some reforms in 2008 to improve their system – one of the goals was to allow more competition in the market. (Reference: The Chilean pension tender model, February 2017, ASFA) Australian Super, the Australian mandatory retirement saving system was introduced in 1992. The Australian population is approximately 24.8 million (2018) and there is no restriction on the number of Super providers. According to the Annual

Superannuation Bulletin produced by the Australian Prudential Regulatory Authority (APRA), as at 30 June 2017, 95 Registerable Superannuation Entities (RSEs) provide 112 MySuper products. These funds represent approximately 36.8% of total APRA regulated superannuation assets. Despite the concentration of providers in Chile compared to the Australian market, there is no indication that this results in better retirement outcomes for Chilean savers. According to a report prepared by the ASFA (Association of Superannuation Funds of Australia) in February 2017, the average administration and investment charges combined for MySuper were 0.87% pa of the value of the fund. This compared to figures quoted in the same report for Chilean funds ranging between 1.09% and 0.69% depending in the fund selected. It was argued that the provider with the lowest charges quoted (0.69%) also produced the lowest investment returns for its members, offsetting any saving in charges. (Reference: The Chilean pension tender model, February 2017, ASFA)

- DEASP should be advancing arguments in favour of having only four providers. Instead the approach is to make a statement and say 'prove me wrong' which is quite worrying. DEASP ought to ask themselves how many mobile phone networks there are in Ireland, and whether legislation was needed to specify a hard limit.
- Suggest open market approach for those who want to partake and regulate those who operate in the space.
- Any provider should be allowed apply to meet criteria.
- Should also assess the feasibility of running it by CPA.
- It either needs to be government run programme or full competition needs to be allowed to drive competition.
- If they satisfy quality and financial criteria.
- The systemic risk should one default investment strategy fail is at reckless level.
- We should have more providers and encourage competition.
- Should be open to all providers in EU to provide competition with local providers.
- Why not have a State provider?
- There must be at least one non-profit Registered Provider.
- The approach taken should support enabling not for profit entities to apply to be a Registered Provider.
- Only set upper price limits. Allow competition to provide best deal for consumers. Don’t create a cartel-like situation.
- Subject to review after initial period. If too many providers are registered, and if this choice is shown to be confusing to the employee, then this can be changed subsequently, with a ceiling applied.

- As long as the Provider or pension scheme meets the criteria then they should be allowed to be a Registered Provider.
- Any of these administrators should not be an Irish Bank or connected to an Irish Bank - these are part state owned with very poor international credit ratings. Trust is key.
- Six would be more appropriate.
- If a restriction must be put on, it should be in the 6-10 range rather than at a low level restricting competition.

Question 3: Do you believe that the earnings threshold of €20,000 per annum above which employees will be automatically enrolled is about right?



Number of responses: 69

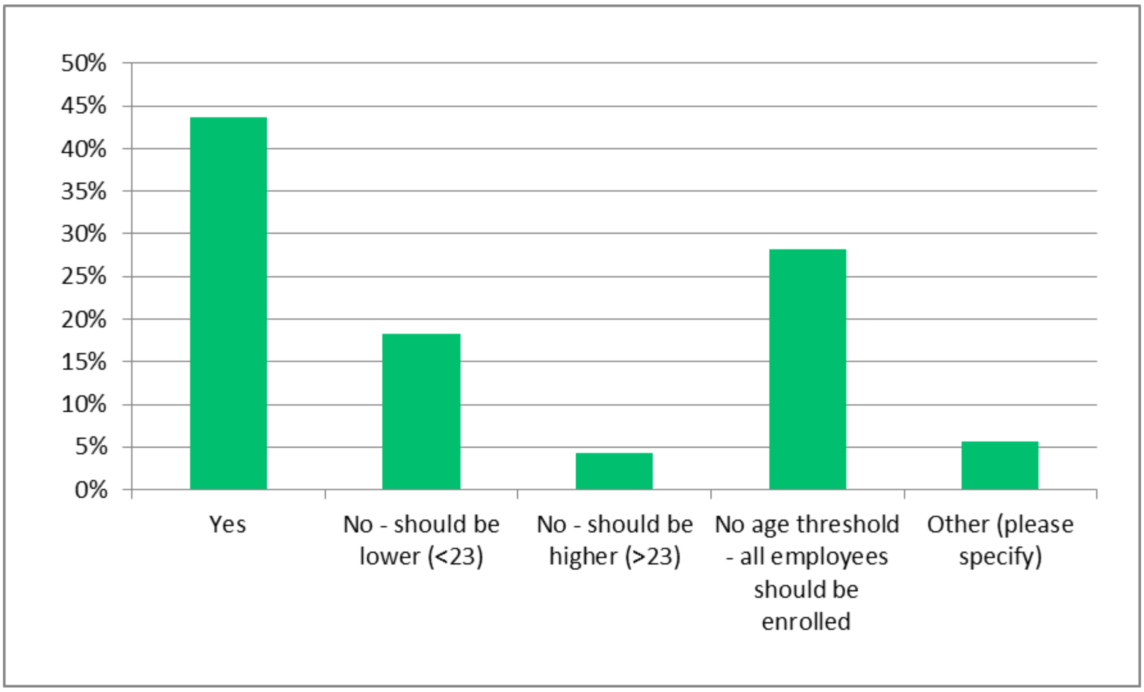
Comments

- Assuming that the €20,000 is total employment income for the individual rather than a limit by employment, this earnings threshold seems about right, if the intention is for the AE system to supplement the State Pension.
- Similar to current pensions environment.
- How do we know the final annual salary will not be more than the threshold for casual workers?
- Higher threshold with voluntary option at lower earnings level.
- I think the threshold should be in line with the state contributory pension.
- While there is value setting one at this point, we need to analyse equality implications e.g. gender and lower paid.
- Either you are in a scheme or you are auto enrolled.
- Private employees should be enrolled at the same salary level where public employees gain pension rights.
- My company has employees with earnings that fluctuate throughout the year. I'm concerned that we won't be able to operate this without significant IT spend. Some of

our employees might look like they earn €25,000 for six months and €10,000 for six months. How will the legislation treat them?

- Have a lower threshold, in the UK they had problems when they set a threshold. Have no threshold, it just should be something everybody contributes into.
- The earning limits should be linked to average earnings.
- Age or property ownership may need to be a factor. Young couples need to prioritise buying a home over saving for retirement.
- Note that the employer will not know what the employee's total earning are, outside of this employment.
- Restriction on income grounds moves away from a 'universal' ambition for coverage.
- A primary objective here is to change the culture of retirement funding. The only way to achieve this is from the earliest point possible, be that from student age up, with no exception. This must become part of Ireland of the future and if people opt out then then so be it and they can be enrolled again three years later or when income arrives at a threshold.
- Because they may have multiple employments.
- Goal should be to make retirement saving universal. Thresholds will create complication and distortions.

Question 4: Do you believe the proposed age threshold of 23 is about right?

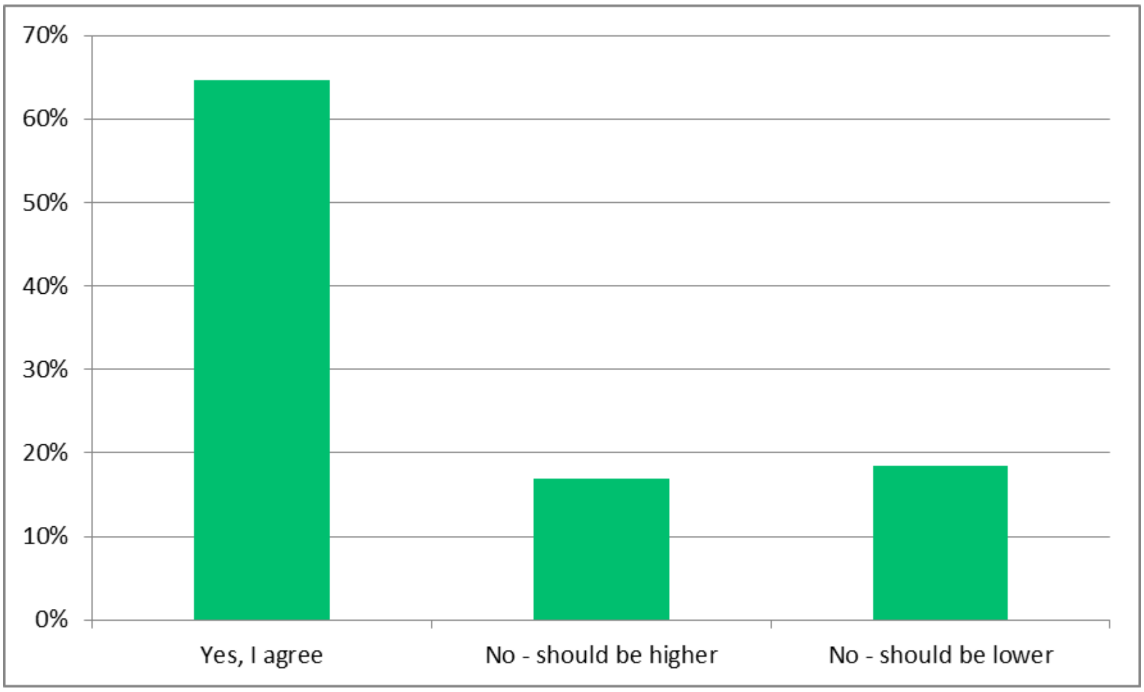


Number of responses: 71

Comments

- The rationale given for having a lower age limit - as a proxy for a waiting period - is woeful. Any act has unintended consequences, that is unavoidable, but indirect measures (e.g. using age limit to address waiting periods) is guaranteed to multiply the number of unintended consequences. The strawman is riddled with this kind of thinking.
- We believe that the threshold should be the contributor's state pension age, less 40 years.
- Threshold should not apply, apart from over 65's being excluded. Suggest that it is linked to PRSI "A" and "S" classes.
- To achieve a change in culture of retirement savings you need to make it part of life. Historically, in the cohort you are targeting, pensions have been sold not bought. You will only change the culture by inclusion not exclusion.

Question 5: Do you agree with the proposed ultimate maximum statutory contribution rate of 6% for the employee?



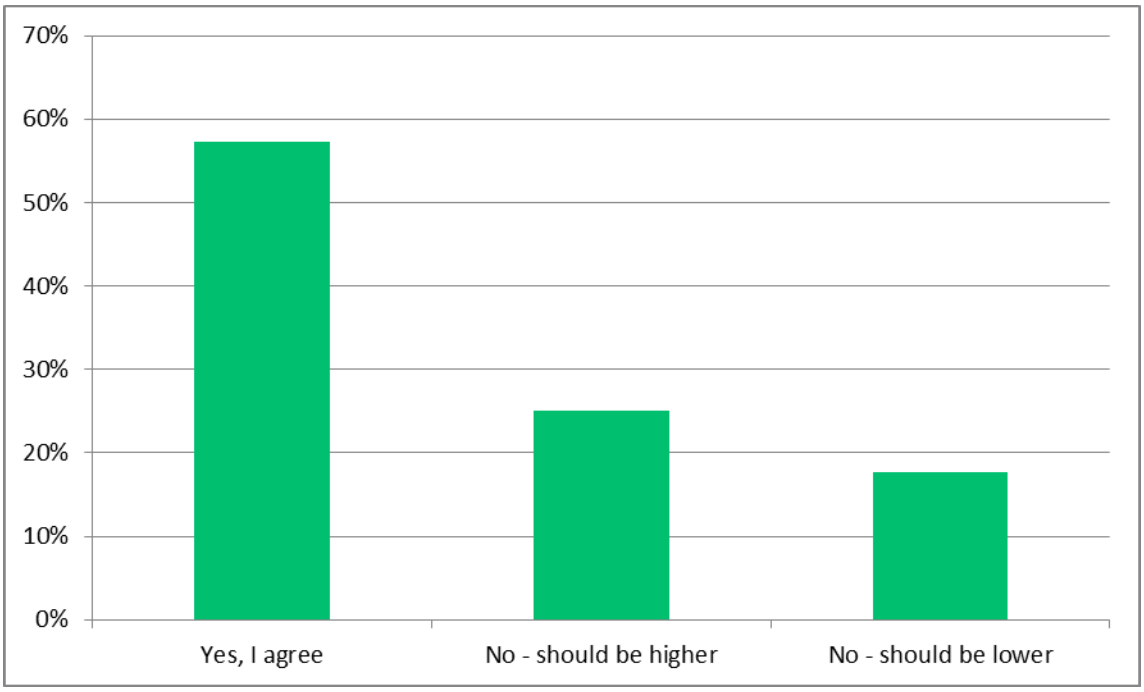
Number of responses: 65

Comments:

- Contributions must be at a meaningful level so that successful retirement funding outcomes can be achieved. If contributions are pitched at too low a level, the benefits ultimately payable will be too low and the system will not provide an adequate retirement income to contributors.
- Assuming the employee would be able to go above that figure if desired.
- The overall rate of 14% is a bit low but reasonable. The split between employee and employer is in theory irrelevant in a well-designed structure (which includes the tax regime).
- Should consider a scaled level based on earnings.
- 4%.
- I don't think the employee should have a maximum contribution rate - the employee should be able to contribute more even if this is not matched above 6% or doesn't attract a Government contribution above 6%.
- If someone can only spare 1% or 2 % they shouldn't be forced to miss out.
- It should be optional if the employee wishes to contribute a higher amount.
- 3%. At a rate of 6%, employees would be more inclined to opt-out.

- As this is a question of remuneration, it ought to be settled between trade unions and employer reps.
- The 6% will be an impediment to the profitability of the retailers businesses.
- But Additional Voluntary Contributions (AVCs) should be possible above this.
- Combined with employer of 12% needs to be higher. 15% would be sufficient.
- The employee should be able to add further contributions beyond 6%, equivalent to an "AVC", without matching employer contributions.
- The proposed 6% maximum contribution rate is equivalent to a 10% contribution rate for a 40% tax payer and 7.5% for a 20% tax payer - these are significantly higher than the current average employee contribution on the Exempt, Exempt, Taxed (EET) system of relief. Whereas I agree a higher contribution is desirable, I think the proposed time frame to reach that rate is going to be financially difficult for employees to bear.
- Yes for the auto-enrolment system but based on age, people should be compelled to contribute more as they get older but with the freedom to direct those higher contributions privately i.e. outside of the auto-enrolment framework.
- Broadly sensible, but should on no account be lower.

Question 6: Do you agree that the employer should 'match' the employee contribution to an ultimate rate of 6%?



Number of responses: 68

Comments:

- As above, contributions must be at a meaningful level so that successful retirement funding outcomes can be achieved. It is very important to pitch employer contributions at a level that is affordable, but also at a level that does not result in the reduction of existing retirement funding, as it is likely that in the longer term, funding rates outside of AE will converge with AE. An IAPF survey carried out in 2015 found that the average employer contribution rate to Irish Defined Contribution Schemes was 5.7% pa of Salary. This would suggest that a suitable minimum rate for the ultimate employer contribution rate would be 6%.
- But if employee goes higher they should still get an incentive (within Revenue limits).
- Micro and SME sector may not be able to compete due to extra cost.
- Employer 4%, State 4%.
- Again - why restrict the employer if they wish to match level above 6%.
- Employers currently providing a higher match would likely reduce it as they have in other countries if this was implemented.
- Subject to a cap on the employee's earnings.
- 3%. Too much financial strain on employers and likely to suspend salary increases for employees to compensate. Could adversely affect our economy. Most pension

schemes already operating in the country have a 3%+ employer contribution. If the employer contribution was 3% AE would specifically target those with no provision more efficiently and create less of a financial burden on employers. It could always be increased to 4% or 5% 10 years after implementation.

- As this is a question of remuneration, it ought to be settled between trade unions and employer reps.

- Do so over time, might be a big burden on the employer in the short term.

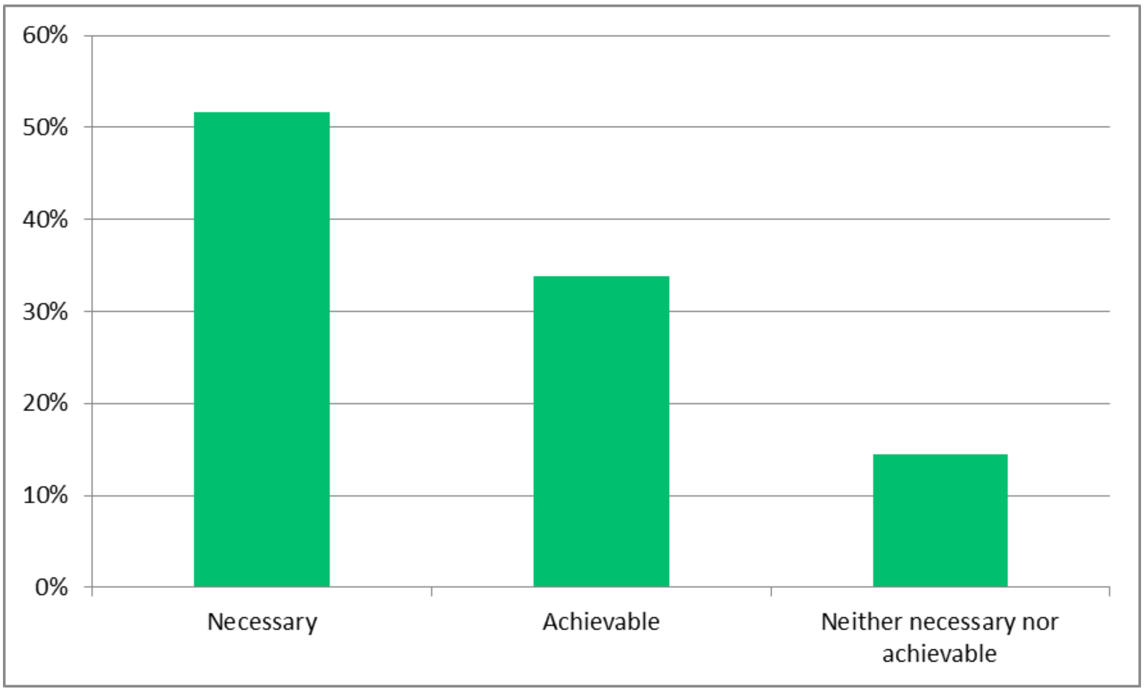
- I believe that there is a strong case for the employer contribution to be obligatory and not subject to the "matching" proposal. A separate submission is being sent to you in this regard. But the ultimate rate of 6% is subject to other considerations, inclusive of: (a) the State pension's target of 34% of average earnings, (b) the actuarial analysis of returns and target balance required.

- This is an enormous cost for small business which employs the bulk of your target market. Government policy can change increasing the employer cost base significantly. Changes in corporation tax, say a shift from 12.5% to 18% would not nearly have the same impact if contributions on salary base are increased from say 6% to 10% at some point in the future. Small businesses don’t make large profits but do depend on labour which is expensive. Employer is already paying 10.75% ER PRSI which is more than the employee. This could put some small businesses out of businesses - retail and other. 6% is too high. 3% is acceptable.

- There is no way the employer should be equally responsible for the employee at retirement. Employers already pay more than double the employee into PRSI for that employee. Why?

- Broadly sensible, but should on no account be lower.

Question 7: Do you believe an annual increase in contribution rates from 1% in 2022 to 6% in 2027 is necessary and achievable?



Number of responses: 62

Comments:

- It is necessary to increase the required contribution rates over a relatively short time period so that the retirement funds build up to a reasonable level. If contribution rates remain low for an extended period, retirement funds would remain very small leading to poor member outcomes. A reduction in employer and employee PRSI rates could be made at the same time as AE contributions were increased so as to ease the burden on employers and individuals and make the increase achievable.

- From an employee perspective a quicker phase in would be preferable. However, with employers in mind and wanting this to be acceptable to them, in what are most likely low margin businesses, I think the more gradual approach suggested by the Strawman is appropriate.

- Impossible to predict in the best of circumstances, but it should be clear that this should be one of the last things to be decided i.e. we need to know what the overall system is before forming views on the rollout phase.

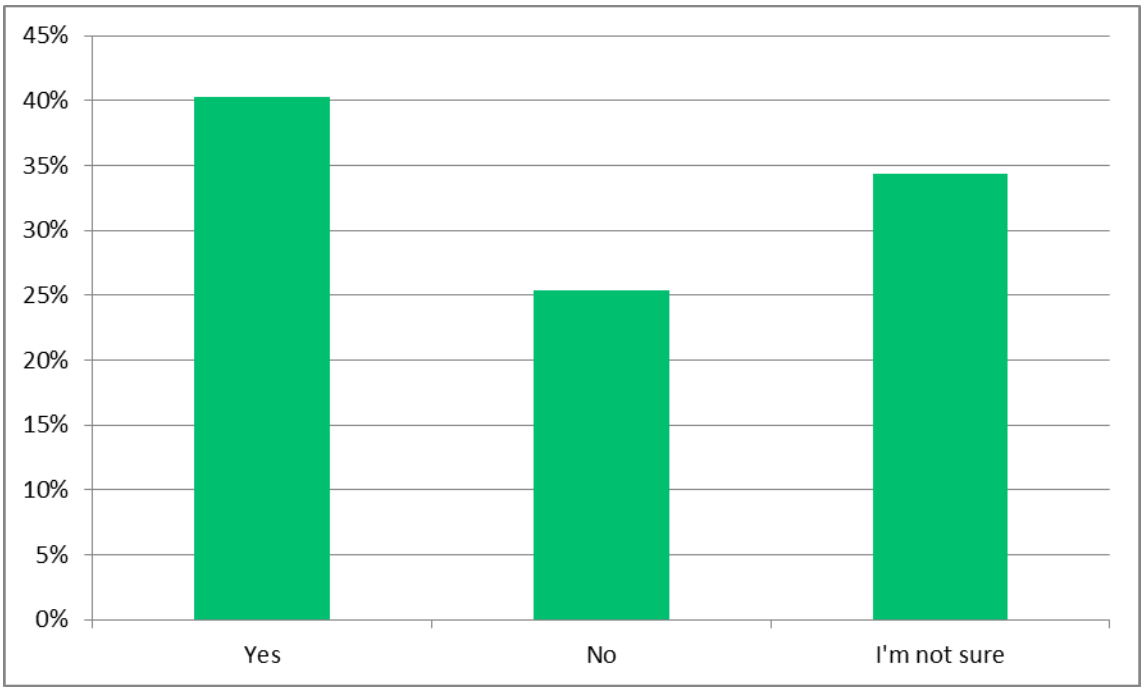
- A phased introduction is necessary, however a longer phasing should be considered.

- Necessary to create pot but employees take home pay reduction could lead to wage increase demands.

- Should consider starting at 2% or 3%

- 4% by 2025.
- I believe it is both necessary and achievable.
- But increments should be higher and reach the total contribution quicker to ensure greater adequacy at an earlier stage and for greater numbers.
- This is very steep, and without using the tax system to compensate in some way, 6 years is too quick.
- Enforcing a minimum contribution rate on an employee will mean that those who can't afford the minimum will miss out.
- Maximum of 3% employer and 3% employee.
- As this is a question of remuneration, it ought to be settled between trade unions and employer reps.
- We believe the proposed ultimate contribution rates of 6% employee and 6% employer are too high given the likely low paid profile of most contributors (e.g. between €20k and €75k earnings) and the likely small size of their employers/ The employee contribution of 6% will be levied on gross earnings but taken from net earnings; its effect on some employees will therefore be greater than 6%.
- Start higher than 1%, and move to 6% within 2/3 years.
- Necessary but too ambitious - perhaps over 10 years is achievable.
- Too ambitious.
- Should be brought in quicker.
- As per Q6. Issue is cost on small employer. 6% will put some businesses out of business.
- The time span is too short and should be increased to nine years.
- It is both necessary and achievable.

Question 8: Do you believe an AE State financial incentive using 3:1 'matching contributions' could operate alongside pensions tax relief?



Number of responses: 67

Comments

- Using a “matching contributions” approach may be very beneficial as this is easy for consumers to understand. However, the proposed 3:1 matching contributions structure may result in a reduction in tax relief for higher rate tax payers who are part of the AE system. If there is a different system of tax relief for those who are not part of AE, then individuals & employers will need advice to determine which system they should be part of. This could complicate the process of signing up to a pension scheme. In our view, it is important for both the success of AE and to avoid any negative impacts on existing coverage, that the tax benefits are the same inside and outside of AE. However, it is also important not to reduce the current tax reliefs any further. Over the past number of years, the tax benefits of pensions saving have been curtailed, for example, there is no PRSI or USC relief on personal contributions. These reductions may have had a negative impact on Pension Coverage, although affordability and changes in working practices may also have contributed to this reduction. Figures provided by the CSO indicate a reduction in Pension Coverage from 2005 to 2015. For example, in Q4 2005, Pension Coverage was 62.8% for persons in employment age 30-65 years. This figure had reduced to 52.1% by Q4 2015. (Source www.cso.ie)

- Too much confusion - the message will be a hard one to deliver, at a time when the government is looking to SIMPLIFY.

- This question is too vague to answer meaningfully.

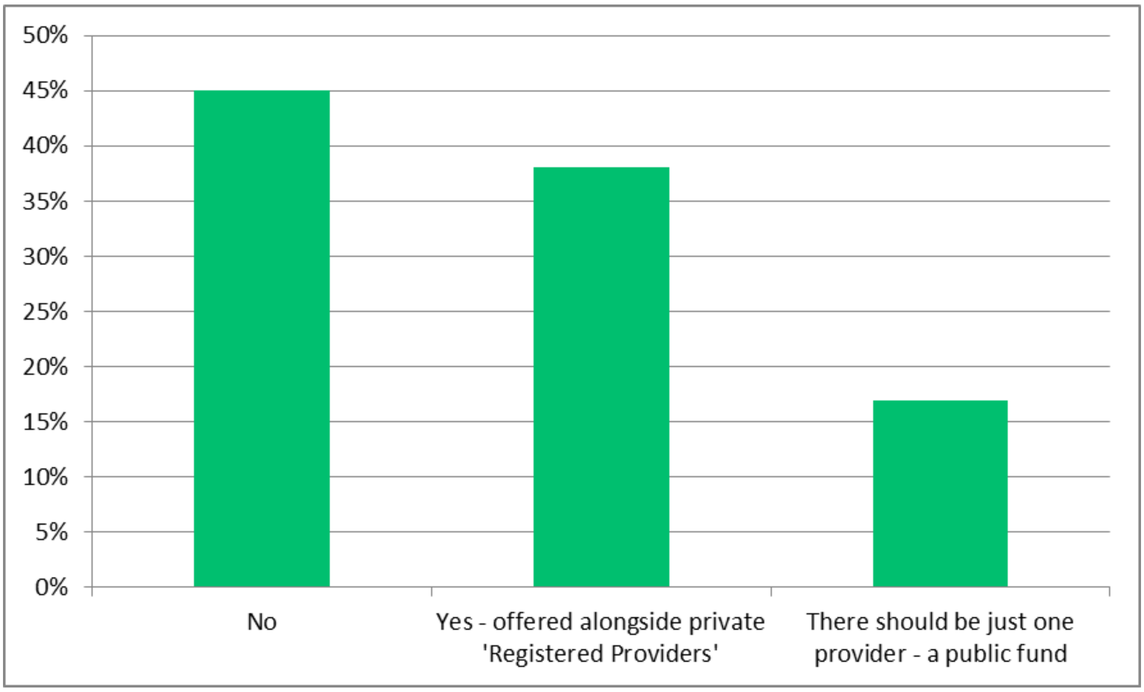
- Consider a system similar to current relief structure.
- AE should incorporate annual notification to check out alternative tax relief regime.
- Depends on whether or not the tax relief regime remains as is or changes to align with the matching contribution.
- Put state relief at standard tax rate 20%, presently highest paid benefit most and it is the lower paid who need to be incentivised to pay into pension.
- This proposal confuses things and would prefer that tax relief be maintained.
- Removing the tax relief would be a disincentive to invest in pensions.
- Needs to be same rate, i.e. 20% each or 25% each. Higher rate tax relief should be left alone.
- But it should be administered outside the employment relationship.
- The existing relief should continue to apply to new and existing approved schemes
- But financial incentive should be at 20% 4:1 to match lower income tax relief.
- Only if we are not faced by further complexity.
- I'm very concerned that another version of tax relief will further confuse the public with regard to pensions and tax relief. There will be lower tax rate earners in good schemes looking at the net pay position of being in AE which might raise issues of unfairness. Also the 3:1 ratio is equivalent to 25% tax relief, this is far lower than the current 40% rate for people that earn the average industrial wage.
- It’s not needed. Use the PRSA structure and force the employer on payroll to make the payment. It will be cheaper and better in the medium to longer term for everybody.
- Understood the 3:1 is an alternative rather than operating alongside pensions tax relief
- Reform of the pensions tax relief should take place as a matter of urgency as it is regressive and has not worked in increasing coverage.
- Careful thought needs to be provided so as not to discourage higher tax payers from reducing pension contributions. 25% is not a sufficient return given exit taxes, €2m cap and illiquidity of investment.
- The current pension tax relief terms should be phased out over a period of time (same end target date of 2027), with the goal of meeting the proposed 3:1 level of incentive included in this AE proposal.
- There should not be normal tax relief and a State contribution to the AE scheme. One or the other.

- If mortgage interest rates in Ireland were equal to those in Europe for many who have fixed rate mortgages and are paying more than their European counterparts and indeed if you demonstrate some semblance of regard in these financial areas, tax relief as it stands currently would be availed of more. You need to keep tax relief for those when mortgages are paid for, kids out of school and college as people then start to fund for retirement and need the tax relief to make it affordable. 3:1 system would be a disadvantage to a very significant cohort in Ireland and those that keep the 'system' going.

- But it has to be equal. That means any employee paying into pension outside of Auto-enrolment should get 25% tax relief as that is what the 3:1 system is in effect.

- This would create distortions, arbitrage opportunities, complication and (if a Taxed-Exempt-Exempt system is introduced) a massive future decline in taxes when the pensioner cohort expands. There should be one system, and that system should still be tax relief.

Question 9: Do you believe a public fund should be provided instead of, or alongside, private 'Registered Providers'?



Number of responses: 71

Comments:

- The private sector currently offers a range of investment options and may continue to do so. Adequate competition in the market would encourage providers to maximise investment returns as a means of attracting contributors. Consumers may switch providers if they are unhappy with the returns achieved. Were the returns achieved by the public fund not to meet expectations, this could lead to significant political pressure to make up any shortfall and hence result in a significant burden for the taxpayer. There is also the risk that retirement assets could become concentrated in the public fund leading private providers to exit the market due to not being able to achieve the required economies of scale.

- In a properly regulated market, there is no need for a publicly provided fund.

- Manager of a public fund should be eligible to apply along with private fund managers but should not be put forward solely because of public status.

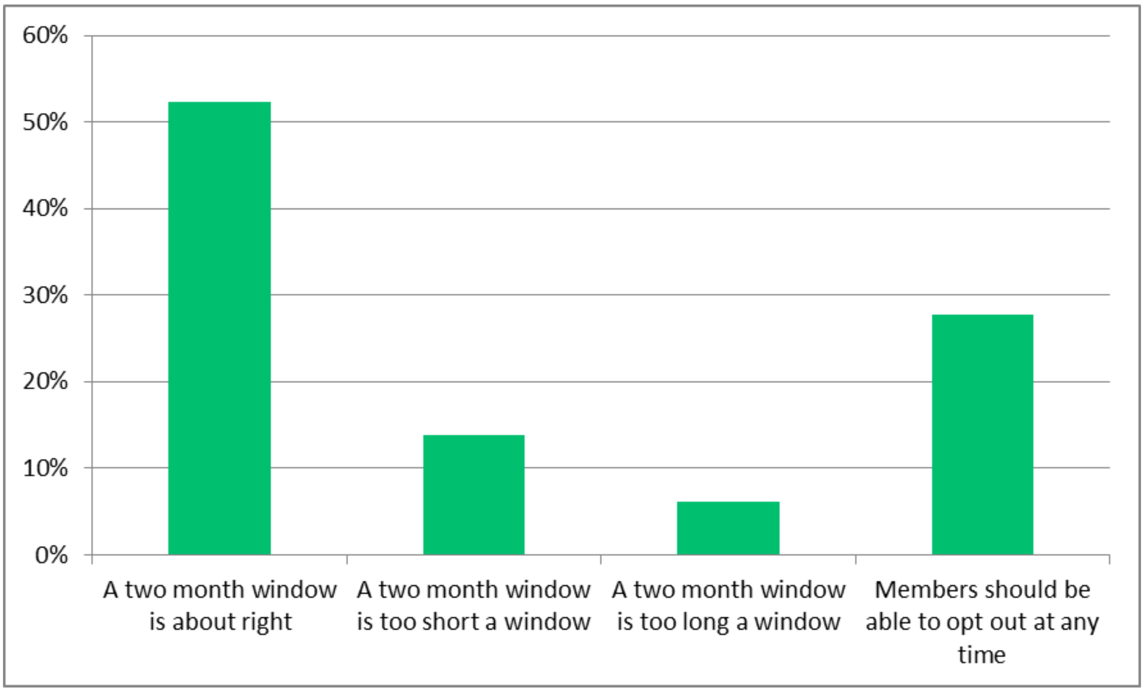
- A public fund is not necessary but a fund under trust law is required.

- Need more analysis to recommend.

- The current PRSA legislation should be looked at rather than build an entirely new CPA structure. The pensions industry works with PRSAs already, it is clear how they interact with occupational schemes and has the same form of tax relief.

- Yes but at least one "Registered Provider" should be a non-profit run provider such as NEST as set up by the UK government.
- Or one run by social partners.
- No - Break the link between the State and the products. The State is not an expert in private pension provision.
- Yes, like the NEST plan in the UK, but with ultra-low costs, like the Vanguard funds. Suggest <0.25% AMC.
- Public fund sounds like public sector. The State Superannuation Scheme is a mess, not funded, it’s a pay-as-you-go system, no member benefit statements issued and not accountable to the Pensions Authority. This is a big NO. Public style fund has no credibility or trust.
- Too arduous to manage, too much State liability.
- No reason to think the State would manage this more effectively that experienced private providers.

Question 10: What is your view on an opt-out window of two months in months seven and eight of membership?



Number of responses: 65

Comments

- There is merit in ensuring that contributions have been paid for a minimum period prior to allowing an individual to opt out. This gives time to establish the savings habit. However, a short opt-out window could lead to mass opt out in those months so that individuals would not lose their chance to opt-out. A longer opt-out period or the possibility to opt-out at any time would be better. This could be coupled with frequent nudges to opt back in. For example, on changing employment or once three years had passed since contributions last paid to a pension scheme.

- It appears that you have deliberately avoided asking for input on the minimum six month membership, repeating every three years. This is definitely one of the worst aspects of the Strawman proposal, actually worse than a compulsory system in psychological terms.

- This gets the employee in and they might remain.

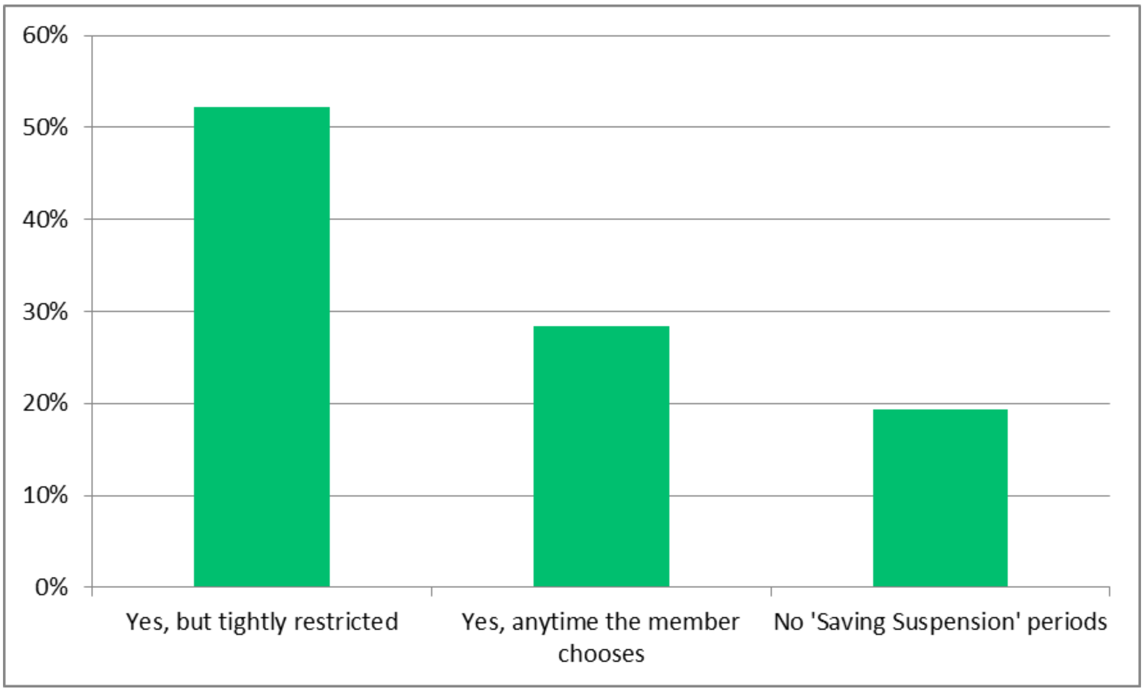
- Members should be able to opt out with three months' notice and pay a penalty to get back in, exception being loss of pay.

- The two month window after month six feels like a discouragement to opt out – i.e. we're hoping that people won't actually opt out. That being the case, why allow any opt out at all?

- Should be no opt-out option - defeats the purpose of auto-enrolment.

- Two or three months would seem adequate
- I would put the window at the end of year two.
- Allowing people to opt out after two months will create an industry of joiners/leavers and will not help to retain people in the AE scheme.
- Make it six months, habits will be ingrained at that stage.
- The objective is to assist people have retirement savings, so arguably an opt out is not a core feature.
- The opt-out should only apply to the employee's contribution, with the employer's contribution being mandatory.
- Allowing a member opt-out after seven or eight months membership is not workable. If a member is allowed opt-out after eight months what happens to the funds during that time - if the member is entitled to a refund of their contributions these cannot be invested during this period - what happens if markets correct / fall during the period. What happens if they rise? Who makes up any deficits?
- You also need to allow an opt-out at a later point. Once the full 12 month cash flow cycle has been run for members.

Question 11: Do you believe an AE should allow period/s of member 'Saving Suspension'?



Number of responses: 67

Comments:

- The purpose of AE is to save for retirement and hence the fewer savings suspension periods allowed the better the retirement savings outcomes. However, it should be recognised that individuals may experience periods of financial stress from time to time and hence there should be some capacity for a limited number of temporary savings suspension periods. This would have to be monitored by the CPA, with the CPA notifying the member & employer when contributions are due to recommence. Any solution for saving suspension should be as simple as possible for consumers to understand and to minimise the costs for the CPA of implementation and monitoring.

- The tightness of the restriction should also respond to the state of the economy.

- Opt-out in cases where home re-possession is involved etc. Restricted to life changing events and certification. Difficult to administer. Who gives permission? Employer must receive authorisation from CPA?

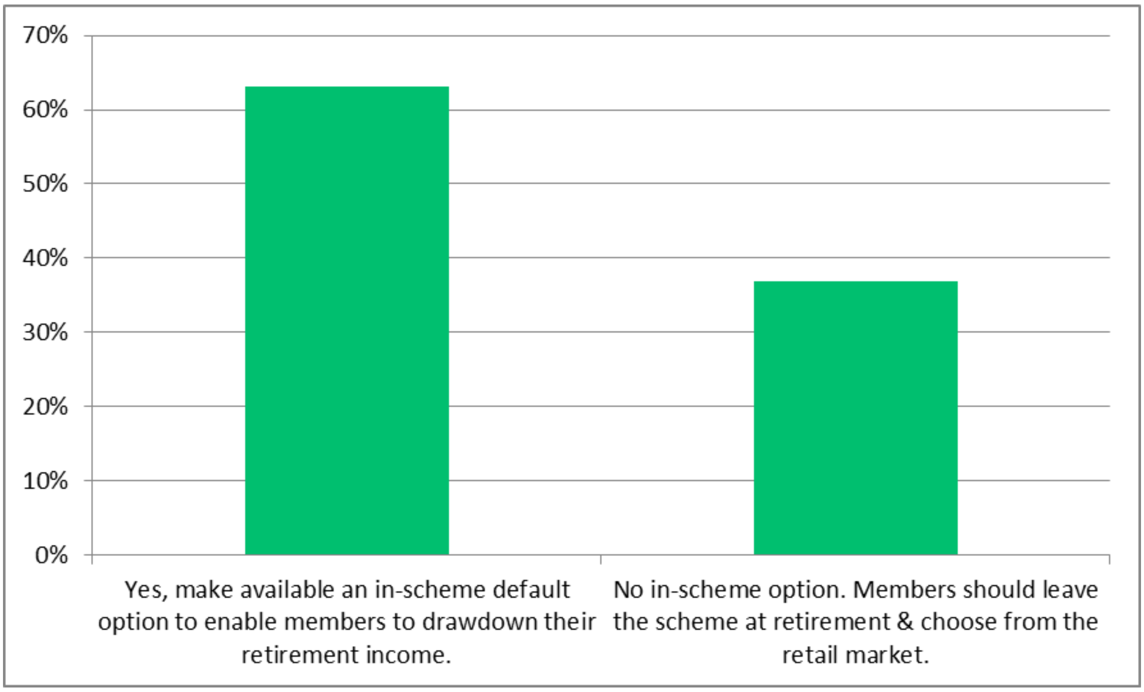
- Given certain (restrictive) financial circumstances people should be allowed to suspend or curtail their AE savings. There should be a process to allow this that includes independent impartial financial assessment.

- Only in exceptional circumstances.

- Being able to suspend contributions for a defined period after which contributions would automatically resume to ensure that they start to save again.

- Perhaps at set anniversary dates (after three years) for a minimum suspension period of six months.
- AE should be thought of as PRSI, albeit where the funds are only for the individual. No savings suspension or opt-out allowed.
- A temporary contribution suspension option should be provided around the time a contributor buys their first home.
- For caring periods an auto enrolment care credit should be introduced for those periods.
- Yes, but restricted to a degree and a restart again after six months.
- Will simply result in large numbers taking long contribution holidays.

Question 12: Do you believe in-scheme default drawdown options should be available from 'Registered Providers'?



Number of responses: 65

Comments:

- Requiring providers to make an in-scheme drawdown option available may act as a barrier to entering the market. Providers should be free to offer in-scheme drawdown if they wish and should be required to allow members to choose other providers to provide drawdown options to allow for greater member choice at retirement.
- It should be possible but not compulsory. There is something to be said for switching provider at the point of retirement. It is a good time to devote some serious thought to your financial future.
- Clarity required on this issue. answered yes as uncertain.
- Yes - in certain restrictive circumstances: for example after age 60 and (or?) if someone is made redundant.
- But not just on retirement and they should be able to leave with no penalty if they do not want to stay at retirement.
- Market option should be available also.
- A default option should exist alongside other options.
- A default option suggests the ability to select an open-market option. I think the AE system should offer a lump sum + annuity/ARF mix as the low cost choice.

- From all pension schemes. We do not believe in Registered Providers.

- No, annuity purchase should be an option but not compulsory. The option to transfer the AE maturity fund (the part not taken as a lump sum) to an individual ARF (Approved Retirement Fund) contract should be allowed; the retiree should not be forced to remain in the AE scheme during drawdown.

- There must be flexibility for workers approaching State financial pension age. A worker may have to retire before State pension age and these workers must be facilitated.

- Restricted draw-down options should be available in special circumstances, such as medical circumstances.

- In-scheme drawdown adds complications to the system - who controls the level of drawdown - if a member spends their funds too quickly who is responsible - the member or the Registered Provider for allowing the drawdown? Who is responsible for the deduction of tax on drawdown, what type of investment funds should post retirement drawdown assets be invested in? All of this adds complexity and cost to running the system. Perhaps create a default drawdown fund for post-retirement to run alongside the AE system.

- Greater clarity is needed here. This is not a simple answer to a simple question. Significantly greater clarity on what will occur with annuity, ARF/AMRF (Approved Minimum Retirement Funds) options and on death during active membership and in retirement. The question is, will the target market of this pension arrangement have the financial literacy to make such a decision. If the fund is below a certain level then in-scheme default option. Above a certain level then the member should have the right to go where they wish. Otherwise you are removing control and entering back in time to the pre ARF period which was significant barrier to pensions. People need to have control of their own money: it’s not the State's or is it?

- Yes - with the caveat that it is vital that members are obliged to take professional advice before they commence drawdown, with provision for this to be funded from the account.