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Spending Review 2021 – Challenges and Strategies for Reforming Publicly Funded Pension Systems

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Spending Review 2021 – Overview, Aims & Objectives



Overview

- This is the third and final paper in a series of papers on public service pension reform
- The first paper “Improving the Sustainability of Public Service Pensions” was published in October 2020 as part of the Spending Review.
- The second paper “An Analysis of International Pension Reforms and Supportive Factors” was published in May 2021 as a policy paper on the IGEES website.

Aims and Objectives

- To summarise the identified challenges in reforming publicly funded pensions systems and possible strategies for overcoming such challenges that have been identified in various academic literature.

Spending Review 2021 – Key Findings



Although it remains difficult to reform pension systems, a number of countries have successfully implemented strategies to overcome such difficulties.

<p>Challenges Identified:</p> <ul style="list-style-type: none">• Perceived political costs• Legal constraints• Public’s lack of understanding <i>(contributing to status quo bias)</i>• Varied preferences within cohort that accept pension reform is required• Role of public institutions	<p>Strategies Identified:</p> <ul style="list-style-type: none">• Phasing in pension reforms• Add more “actuarial rules”• Provide options instead of mandatory one-size fits all rules• Increase public’s understanding• Develop a broad political consensus• Include some offsetting measures• Obfuscate and Divide (Kohli and Arza, 2011)
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