

Question 5. Is the use of commercial providers for the provision of retirement savings options the right approach?

Response.

No. There is a distrust of commercial pension providers by PAYE workers. PAYE workers require a state operated retirement savings system operated and managed by the Exchequer.

The proposal that an employee's savings, plus employers contribution and State contribution would be given to a private for-profit institution is wrong. The idea that an employee's contributions plus State and Employer contributions would be given to private institutions for them to make profit on, is repulsive.

There are already systems in place in Revenue and the DEASP that can manage employees retirement savings and records. Funds can then be retained by the State on behalf of workers and used for the benefit workers and their dependants.

PAYE employees need tax relief on savings to encourage retirement saving when there are already pressures on weekly income. PAYE employees need 'no risk' options and would be better served by having the option on retirement to purchase any deficit in their State Pension and with the remainder of funds, take a tax free lump sum and/or purchase a supplementary income pension from the State.

At the very least it should be possible to offer to PAYE employees a State managed and operated Automatic Enrolment Retirement Savings System option similar to the existing taxation and social insurance system, with no risk, no management fees, and options at retirement depending on savings.

It is a convenient truth that people are living longer. However I do believe that this is due to better medical interventions and not necessarily that people are healthier. It has been decided that PAYE employees will have to remain in work for longer. Depending on their circumstances, PAYE workers may need the option of retiring early due to ill health. I think that the State should retain all PAYE employee savings so as to be able to use the funds for the future needs of workers.