



INTERVIEW

Building better retirement outcomes

Financial Planning Standards Board (FPSB) Ireland CEO, Emer Kirk, speaks to David Adams about the impact of Ireland's new auto-enrolment system and other recent and proposed changes to the country's pension system

What do you believe will be the most important positive consequences that the introduction of the MyFutureFund auto-enrolment (AE) initiative will have for the pensions industry in Ireland?

We very much welcome AE. Over 750,000 people who weren't enrolled in private pensions are now saving for retirement, so it is, by any measure, a phenomenal success. It has been embraced by employers, which is encouraging. The next key milestone will be the opt-out window in July; we'll be watching the opt-out rates very closely.

Importantly, AE has opened a national conversation about pensions and retirement readiness. It has prompted employees to think about their long-term financial future and encouraged employers to review existing pensions arrangements and employee benefits packages. The increased engagement can only be positive for retirement outcomes.

What further changes are needed to ensure AE achieves policymakers' ambitions?

The biggest risk is that people assume that once they are enrolled, the job is done. AE is an important starting point, but it does not address the question of adequacy. Contribution

rates are very low at present – it's going to be 2036 before they start to get anywhere near the levels generally associated with building a more adequate retirement income. And under the current framework there isn't an option for people to make additional voluntary contributions.

So it's great for getting people into the system. The next challenge is ensuring that savers understand what level of income they will likely need in retirement and providing greater flexibility for those who can afford to contribute more.

What further changes can policymakers and the industry make to ensure pension members in Ireland are better informed about the need to save, and how much to save, for retirement?

There have been positive developments in recent years making pension benefit statements more understandable, but more can be done to help people translate pension savings into a realistic picture of retirement income. A benchmark for defined contribution (DC) schemes to help them better understand what the pension pot will provide in terms of income would help. To support this, FPSB Ireland has developed the Prime Retirement Index, which is

designed to help individuals assess retirement readiness and better understand their future income needs. We'll be launching that in the second half of this year.

What elements of the proposed in-scheme drawdown (ISD) reform does the FPSB believe must be included to enable it to deliver better retirement outcomes?

FPSB Ireland supports the introduction of ISD, provided it complements rather than replaces existing options. In our response to the Pensions Authority consultation, we stressed the importance of access to regulated financial advice, considered in the context of the individual's broader financial position.

Retirement income decisions are complex and often irreversible, so there is a need for high-quality, personalised advice at retirement and beyond. Generic disclosures and digital tools have a role to play, but they can't substitute for personalised, professional advice.

We recommend that scheme members should have the option to pay for regulated advice directly from scheme assets – but it should also be clear that trustees are not responsible for advice provided by independent advisers.