
Do Private Pensions have a future?



**Do Private
Pensions have a
future?**

YES!

Pension Market Fundamentals

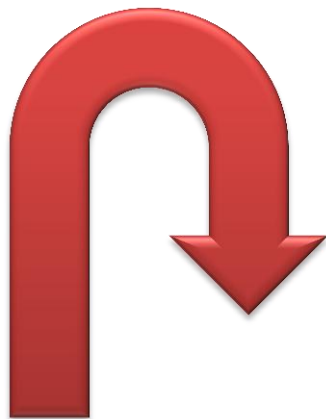


The need for good retirement planning advice

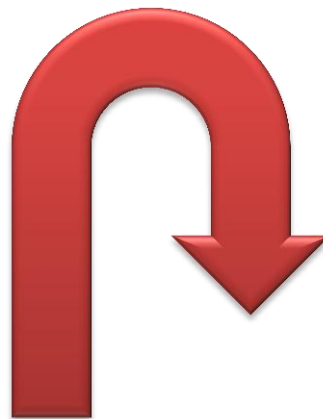


State Provision

Retirement



Health



Private Provision

State Provision

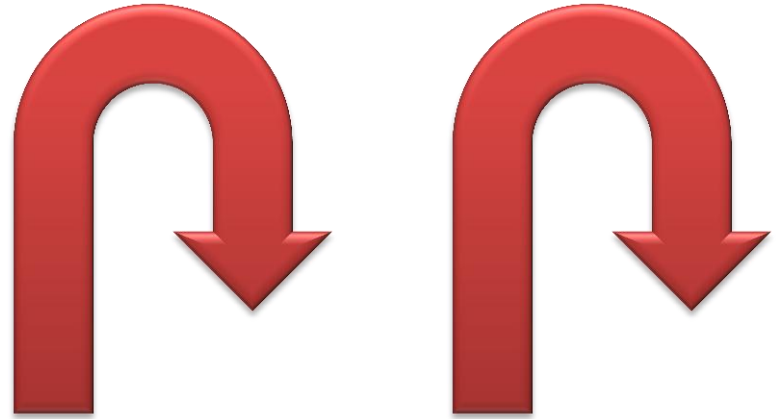
Retirement

Health



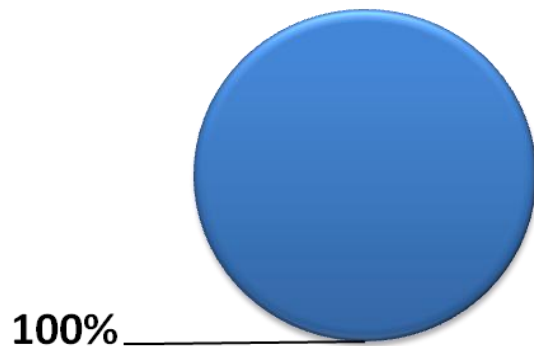
Retirement

Health

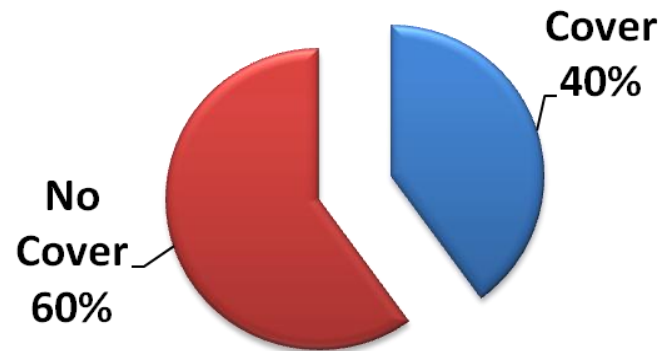


Private Pension Coverage ...two worlds

Public Sector

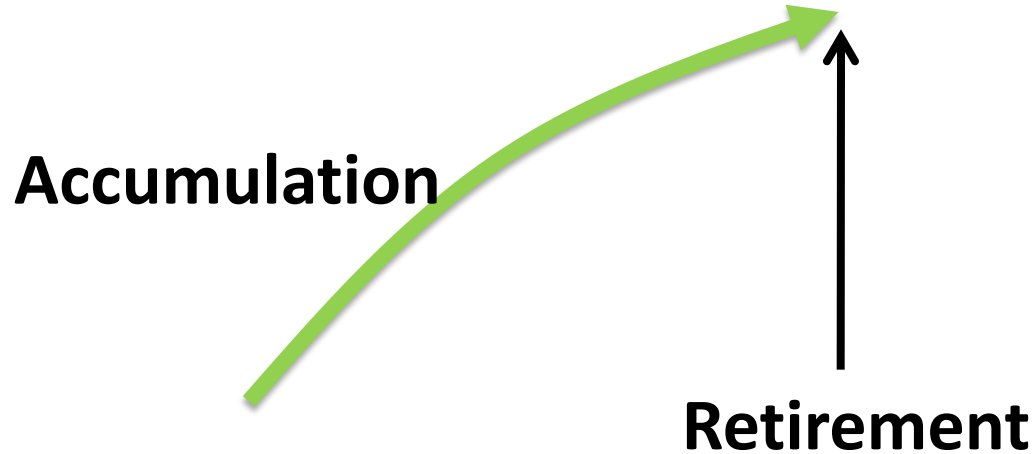


Private Sector

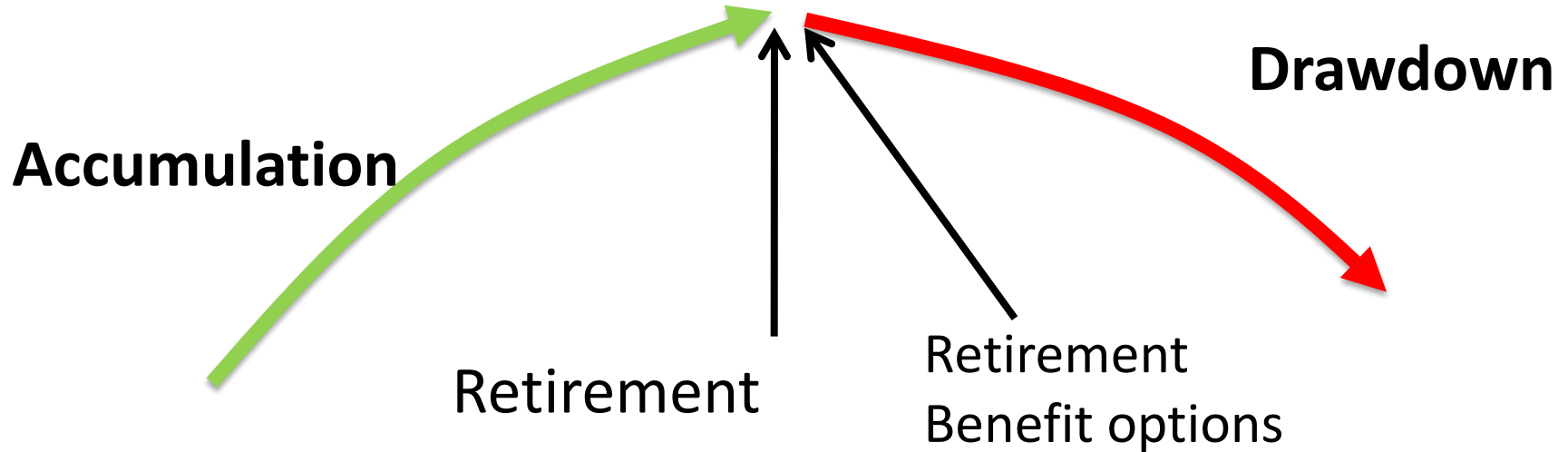


**900,000 in workforce
with NO private pension
provision**

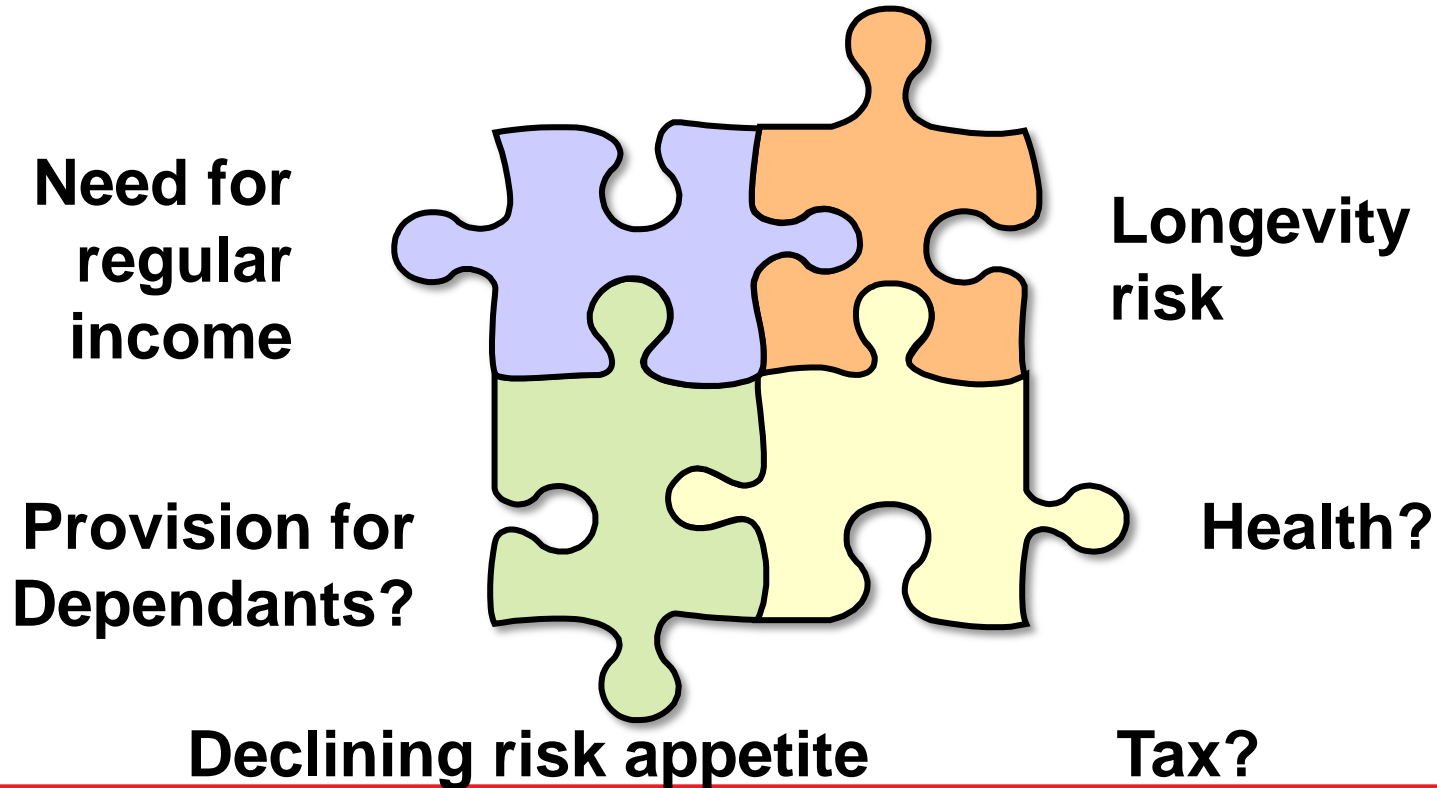
The traditional private pensions market



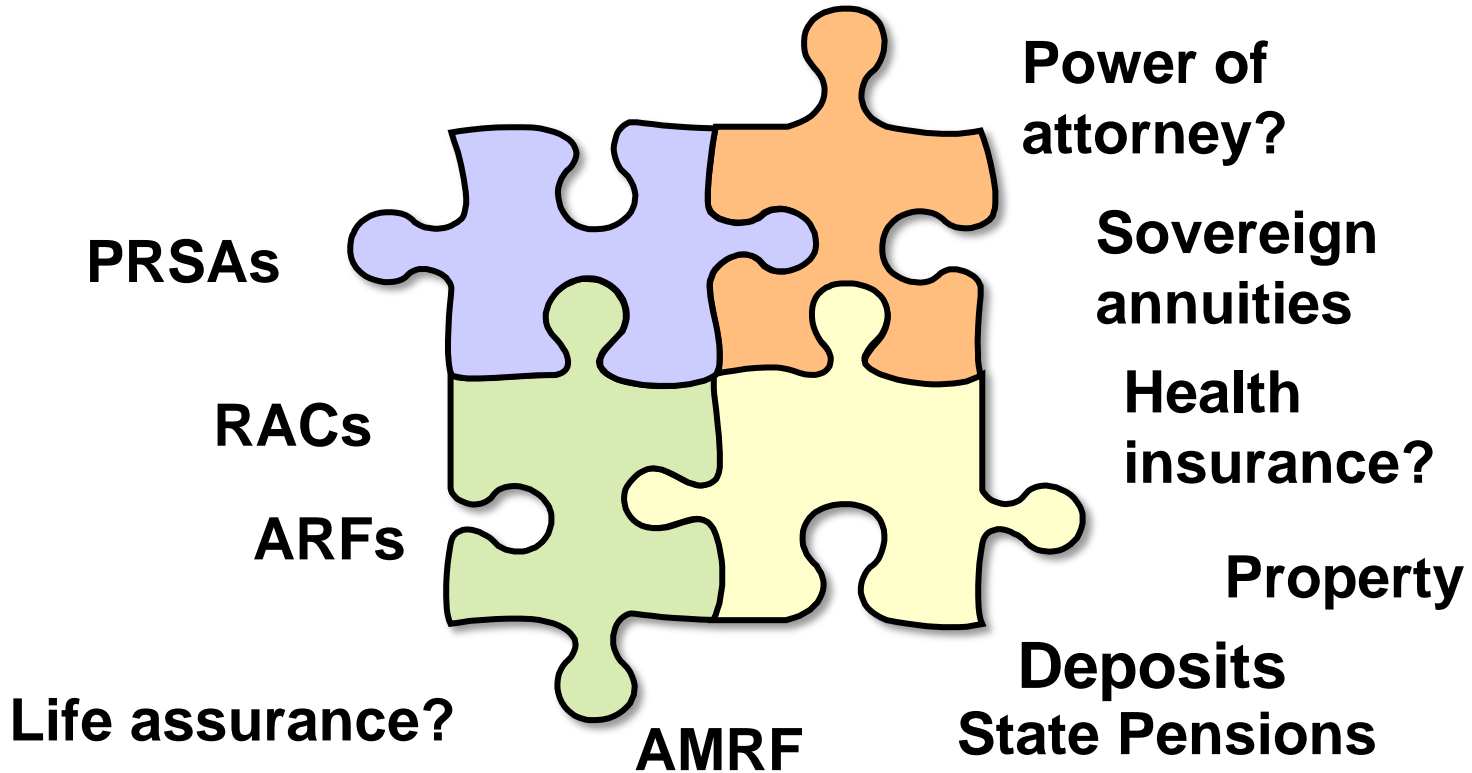
Now there are *two* 'pension' markets




Drawdown market



Drawdown market



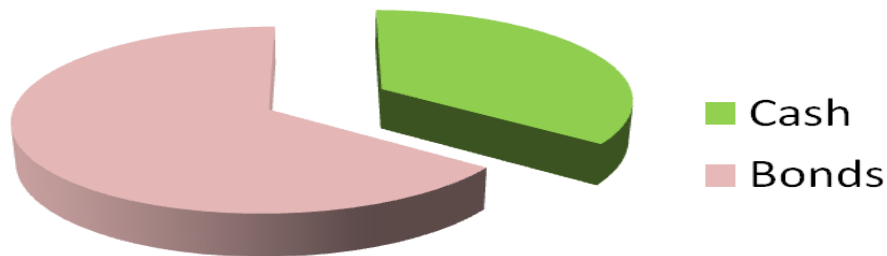


“Pension savers have been urged to consider alternatives to buying an annuity with their retirement funds, after new figures showed annuity rates have suffered a huge fall.”

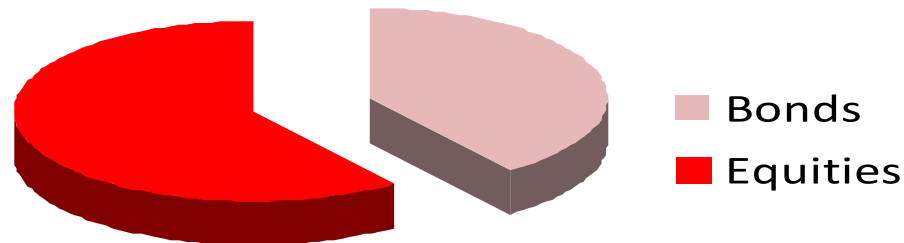
***Charlie Weston, Irish Independent
15th September 2011***

ARF imputed distribution

3% pa distribution



5% pa distribution



Longevity risk & investment return

Spreading €300k out over different periods of time

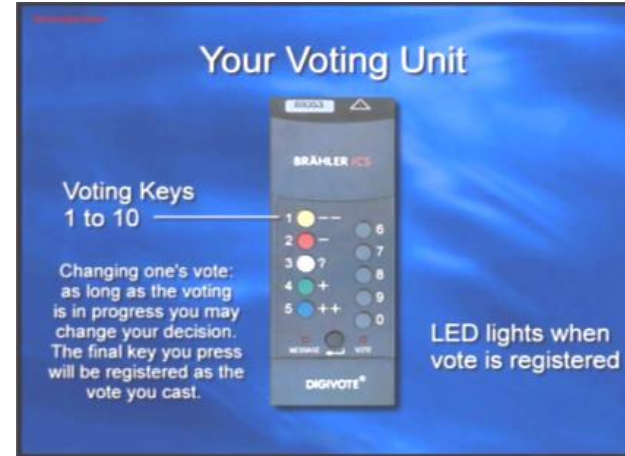
4 % pa return	
Yrs	Regular Income
17	€24,660 pa

5 % pa return	
Yrs	Regular Income
19	€24,820 pa

Current estimate of ARF market

What is the best estimate of the current size of the ARF market?

- A €3bn
- B €4bn
- C €5bn
- D €6bn



€6bn

Drawdown market is growing

There are 536,000 people aged 65 + today.

How many people will be aged 65+ population in 10 years time?

- | | |
|---|---------|
| A | 600,000 |
| B | 675,000 |
| C | 725,000 |
| D | 775,000 |



D: 775,000
+ 45%

Legislation and tax complexity



Reduction in pension tax reliefs

Fund Thresholds

Taxation of lump sums

Pension Adjustment Orders

Pension levy

Investment markets uncertainties

Will the Euro survive?

The Fundamentals of the private pensions market



Reduced State provision

Low private pension provision

Growing drawdown market

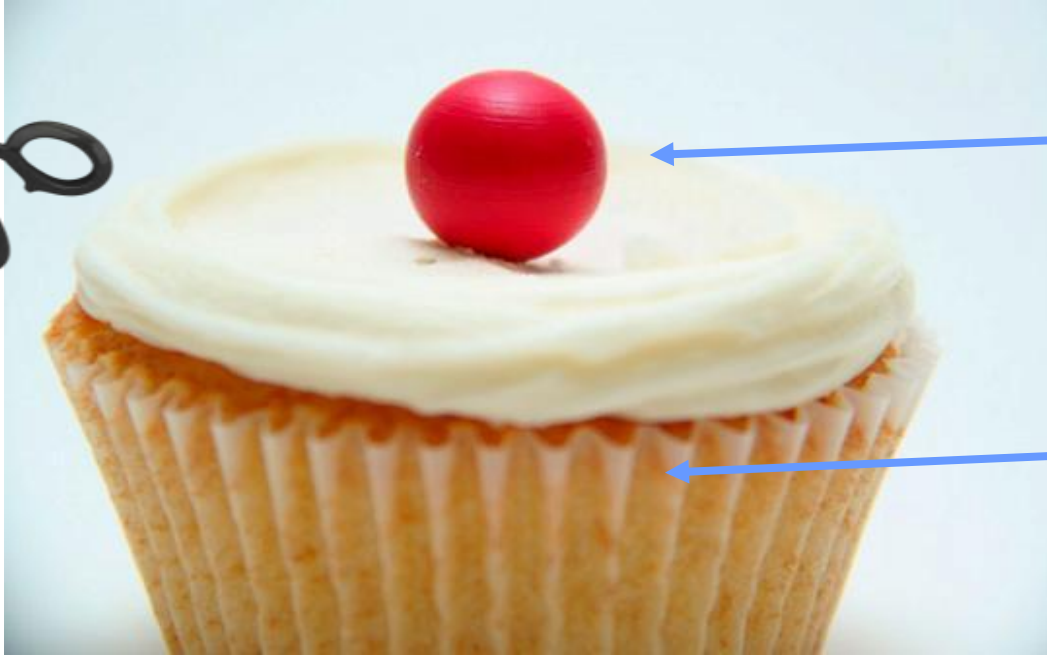
Increasing complexity



Short term issues



Pension tax reliefs



The tax relief!

The need for private pension provision

Incentives we still have ...



- Marginal rate relief on personal contributions
- Backdating of personal contributions
- Employer contribution BLK exemption
- Gross roll up
- Tax free lump sum

The drawdown market ... lightly impacted

- 5% ARF imputed distribution
- No pensions levy

Getting paid for advice?



Demonstrating to clients the *value* of your advice



The Fundamentals of the private pensions market



Reduced State provision

Low private pension provision

Growing drawdown market

Increasing complexity



**Do Private
Pensions have a
future?**

YES!