# Auto-Enrolment Retirement Saving Scheme:

# Submission on behalf of ICTU

November 2018

**Executive Summary**

Congress recognises that the current voluntary approach to supplementary pension provision has failed to achieve widespread coverage, and agrees in principle with a move to auto-enrolment as a means of increasing income adequacy in retirement and ensuring employers fulfil their moral and social responsibility to contribute to their workers' living standards in old age.

Congress recommends that the scheme be mandatory, with a time limited 'contribution holiday' facility for workers which can be claimed as a single continuous period or a number of separate periods, and that low income workers and sole traders be automatically enrolled.

Congress calls for contributions to be collected by the Revenue Commissioners in the same manner as social insurance, and for the State contribution to be valued at €1 for every €2.50 a worker saves, the employer contribution to be 7 per cent on all earnings, and the employee contribution to be graduated up to €20,000 p.a. and a flat 5 per cent rate on all additional earnings.

Individual trust in the management of their pension fund is vital to building widespread support for and confidence in this radical new policy departure. The Irish public remain understandably wary of pension providers, the charges and fees levied on retirement savings and poor investment decisions. Moreover, the amount of money involved is too significant for the State to lightly hand over to commercial providers. To ensure quality, low-cost pensions for workers and that these moneys are available for investment in social infrastructure and the common good, there should be just one service provider, a public fund.

Congress calls for State provision of annuities for small pension pots. This would take the form of a top-up payment on the State pension, similar to an earnings-related pension system.

Congress has long advocated for concrete action to address the alarming low levels of second tier pension coverage in the private sector. The Strawman consultation represents a significant step towards achieving this objective. Congress's recommendations aim to deliver a fit-for-purpose auto-enrolment scheme, one in which workers can be confident will provide them with a decent income in their retirement.

## Introduction

The Irish Congress of Trade Unions is pleased to accept the invitation to respond to the Government's proposal to legally require employers to automatically include all employees who satisfy certain criteria into an earnings related pension savings scheme, and to make minimum contributions. Contributions will also be made by the employee and topped up by the State.

This new scheme will be in addition to, and not in place of, the contributory State pension. In the Roadmap for Pensions Reform the Government commits to formally setting a benchmark of 34 per cent of average earnings by the end of 2018. Congress views this as essential for safeguarding the State pension against displacement by the auto-enrolment scheme over time, and calls on Government to deliver this legislation without delay.

Congress is the largest civil society organisation on the island of Ireland, representing and advancing the economic and social interests of some 800,000 workers across the economy.

Congress recognises that the current voluntary approach has failed to achieve widespread coverage of supplementary pension provision, and agrees in principle with a move to auto-enrolment as a means of increasing income adequacy in retirement for low and middle income earners and ensuring employers fulfil their moral and social responsibility to contribute to their workers' living standards in old age.

The key operational and design details for Congress can be categorised under a number of headings:

I. Target membership
II. Contribution rates
III. Opting-out, re-enrolment, and saving suspension
IV. Operational model
V. Service providers
VI. Draw-down arrangements

These are discussed in detail in the following sections.

**Auto-enrolment**

Less than half (47 per cent) of all workers have a workplace or private pension to supplement their State pension[1]- 90 per cent of public sector workers do, compared to one in three workers (35 per cent) in the private sector.[2] As the State pension is paid at a flat rate, rather than earnings related, workers without a supplementary pension are exposed to a significant drop in their living standards in old age.

Tax incentives have failed as a policy instrument for encouraging low and middle income earners to save enough towards a financially secure retirement, and there is no legal obligation on an employer to provide or contribute to a pension scheme for employees.[3]

In response, the Government plans to follow internationally proven best practice for boosting second-tier pension coverage by legally requiring employers to automatically include their staff who meet certain criteria into a retirement savings scheme. Workers can choose to opt out following a minimum period of participation in the scheme. Aside from inertia, i.e. people don't get around to opting out, the number remaining enrolled is critically influenced by particular features of the scheme such as contribution rates, confidence in the scheme and how the financial incentive is communicated, discussed below.[4]

The Department of Employment Affairs and Social Protection has published a 'Strawman' draft design of an auto-enrolment scheme for interested parties to pull down and rebuild. The operational details and design features will be finalised following a public consultation, with the new scheme starting to be rolled out by the end of 2022.

*Congress agrees in principle with the introduction of auto-enrolment as a means of increasing supplementary pension coverage, income adequacy for retirees, and employer responsibility to contribute to their employees' retirement savings.*

[1] Coverage peaked at 54 per cent in 2008, before the financial crisis.
[2] WRC 'The World of Work' Conference (06 February, 2018) *Pensions Policy Developments: Presentation by Tim Duggan, Department of Employment Affairs and Social Protection* slide 7
[3] Since 2003, employers are obliged to make a Personal Retirement Savings Account (PRSA) available for an employee who did not have a second pillar pension. The employer must deduct the contribution from the wage and pay it to the PRSA provider. There is no obligation on the employer to make a contribution.
[4] European Commission (2018) *Pension Adequacy Report Vol. I* p.138
http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8084&furtherPubs=yes

**Target membership**

The Strawman model applies automatic enrolment to all employees:

- aged between 23 and 60 years[5]; *and*
- earning €20,000 or above per annum; *and*
- not an existing member of a pension scheme/ contract which meets prescribed minimum standards and contribution levels.

Self-employed people will be able to opt-in on a voluntary basis. As will employees outside the age bracket and earnings threshold, and their employer will be legally required to make a contribution and all registered providers will have to accept them if they do so. An opt-in facility for people outside the paid workforce is under consideration.

That self-employed people will not be obliged to comply with the auto-enrolment rules is a cause for concern. Aside from the low pension coverage among the self-employed and the growth in the number of self-employed people, introducing a compulsory employer contribution will further increase the financial incentive for unscrupulous employers to use bogus self-employment arrangements.

Congress calls for, at the very least, auto-enrolment to be extended to self-employed workers with no employees, and to make the business they provide work or services to liable for an employer contribution.[6]

Congress also rejects the proposal to restrict automatic enrolment to workers over 23 years of age and recommends that the age trigger be aligned with the PRSI minimum age threshold of 16 years. A person could have seven wasted years between ages 16 and 23, when they have started their working lives but are not saving towards a more financially secure retirement.

Congress views an upper age limit for first time entrants as warranted given that the small savings which could be accumulated close to retirement would not merit the cost of inclusion in the scheme.

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[5] 60 is the proposed upper age limit for new entrants. Workers enrolled before they turn 60 will continue to be covered by auto-enrolment up to the State pension qualifying age.

[6] This recommendation mirrors Suggested Approach 1 in the Department's own review of bogus self-employment earlier this year, DEASP (January 2018) *The use of intermediary-type structures and self-employment arrangements: Implications for Social Insurance and Tax Revenues* p.28

Nonetheless, Congress recommends the proposed cut off age should be raised. A 60 year old worker will have seven years to save before reaching the qualifying age for the State pension in 2022, eight years from 2028[7], which amounts to 98 per cent of yearly earnings at 14 per cent total annual contributions.

The draft model restricts automatic enrolment to workers with at least €20,000 "annualised gross earnings".[8] No upper earnings threshold is proposed for the purposes of enrolling employees. An earnings cap for the purposes of the employer and State contribution is proposed and is discussed in the next section.

The Strawman rationale for including a lower earnings threshold as a feature of the scheme rests exclusively on replacement rates (i.e. the income after retirement as a percentage of income before retirement) and affordability (of contributions for people on very low incomes).

The income replacement rate from the State pension is high for low-paid workers. For a full-time worker earning the National Minimum Wage (€19,400), the State pension provides an income of two-thirds (68 per cent) of their pre-retirement net earnings.[9] When the value of secondary benefits is included (fuel allowance, household utilities package, TV licence, etc.) the net replacement rate is 78 per cent. For a worker earning €15,000 p.a. the replacement rate is 97 per cent. Given that low earners generally consume all of their income and have little scope to fund savings, particularly savings that cannot be accessed in the short-term to meet urgent needs, the draft model concludes that it may not be beneficial to direct income from working life into pension savings and that low earners should make a conscious choice to save in the full knowledge of their individual circumstances, rather than being automatically enrolled.

However, the risk with including a lower earnings limit before compulsory retirement savings kick-in is that it can create income-cliffs and an employment disincentive for workers. If working more hours, taking a promotion or a new job brings earnings over the earning limit it can result in less take-home pay. On the employer side, it can increase the incentive to keep wages below the threshold so as to avoid the obligation to make a contribution to their employee's pension pot.

[7] The qualifying age for the State pension is legislated to increase to 67 years in 2021 and to 68 years in 2028.
[8] Government of Ireland (2018) *A Strawman Public Consultation Process for an Automatic Enrolment Retirement Savings System for Ireland* p.27
[9] The full payment is above the poverty line and in the Roadmap for Pensions Reform, the Government commits to formally benchmarking the pension at the current rate of and to index-linking increases with wages and prices to ensure the value is maintained in to the future.

If there was no lower earnings limit and the pension contribution, similar to the USC, was payable on total income it would ensure that the large share of workers working part-time, with multiple low-paid jobs, and on non-standard contracts will be automatically enrolled which would have the added benefit of narrowing the gender pensions gap. Also, it will make the system easier to administer and protect against bills for backdated payments.

*Taking into consideration the above, Congress recommends there be no lower income threshold.*

*Failing that, without prejudice, Congress recommends the threshold to be weekly wage. In addition, Congress recommends a statutory requirement for the threshold amount to be reviewed annually, as in the UK scheme, instead of the proposed five yearly review.*

*Congress recommends extending auto-enrolment coverage to self-employed workers with no employees, and to make the business they provide work or services to liable for an employer contribution.*

*Congress recommends that the minimum age at which automatic enrolment applies be aligned to the PRSI minimum age threshold of 16 years.*

*Congress notes the merits in including an upper age limit for new entrants. However, Congress recommends the proposed upper age threshold be raised.*

**Contribution rates**

The Strawman proposes a total minimum contribution of 14 per cent of wage between employer, employee and the State. Employees will be required to make a minimum contribution of six per cent gross earnings to the scheme, which will be payable from net after-tax pay as the State contribution will be instead of tax-relief.[10] Employers will be required to match the minimum contribution on behalf of their employee, subject to a cap of €75,000 gross annual earnings, which will be deductible for corporation tax purposes, as is the case with existing pension scheme contributions. The State will contribute €1 for every €3 an employee saves toward their retirement, with the pro-rata

[10] As the Government contribution will replace rather than augment the existing tax reliefs, the employee contribution will be payable from net after-tax pay.

matching also subject to a €75,000 maximum earnings cap. Where an employee makes voluntary contributions in excess of the minimum requirement the State will make additional contributions up to a maximum level of 2 per cent of annual earnings. Employers will not be legally obliged to match their employees' voluntary contributions.

The six per cent employee and employer contributions will be gradually introduced over a six year period, starting at one per cent when the scheme commences in 2022 and rising by one percentage point at the beginning of each year thereafter up to 2027. New entrants enrolled in the years after 2022 will do so at the prevailing contribution rate applicable at that time e.g. in 2024 all members, including new entrants, would make a three per cent contribution.

Getting the contribution rates right will be critical to the success of the auto-enrolment scheme. If the employee contribution is too high, it may cause widespread public resistance to the scheme and if too low, the aim to produce an adequate retirement income may not be met.

To make auto-enrolment attractive and affordable for low income earners, Congress recommends the employee contribution be graduated up to €20,000 gross total earnings, while maintaining a flat rate employer and State contribution to all workers' retirement saving fund. Failing a mandatory employer contribution on low earnings in the final design of the auto-enrolment model, without prejudice, Congress calls for the reduced Class A PRSI rate for low pay employers to end.[11]

The proposed State contribution is different to current tax relief. Currently a €100 pension contribution costs €60 for workers earning the average industrial wage or above, as they can avail of relief at 40 per cent, whereas workers with below average earnings attract tax relief at the standard rate of 20 per cent, meaning a €100 contribution costs them €80. Under the Strawman proposal, all employees contributing €100 will pay the full cost, although they get an additional €33 into their pension, rather than as an immediate tax benefit.

Given that the proposed SSIA style structure will allow for the financial incentive for auto-enrolment to be effectively communicated, easily understood and appreciated, Congress supports the proposed mechanism for the State's contribution.  With regard to the value of the contribution, Congress calls for the value of the State contribution to reflect the value of the current 40 per cent

[11] Employers pay 8.6 per cent Class A employer PRSI on weekly earnings up to €376. Employers pay 10.85 per cent Class A employer PRSI on weekly earnings over €376.

tax relief arrangement by increasing the State contribution to €1 for every €2.50 a worker saves, while the employee contribution be five per cent and the employer contribution be 7 per cent. A 7 per cent employer pension contribution together with the 10.8 per cent employer social insurance contribution will bring Ireland up to the OECD average rate of employer's contribution towards insuring their employees' against social risks. The 5:7:2 ratio has the added benefit of upholding the established principle in collectively bargained DC and DB schemes of the employer contributing more than the employee to the pension pot. Employers who are already paying substantial sums into good occupational schemes will welcome the fact that their competitors are obliged to move even further towards doing likewise, as this reduces the element of unfair competition.

Employers contributing to existing occupational schemes below the auto-enrolment employer contribution level will have to either increase their contribution or merge their own scheme into the auto-enrolment scheme.[12] In this way auto-enrolment creates a floor for employer contributions, which Congress supports.

However, there is a risk some employers may view the auto-enrolment contribution rate as a ceiling resulting in "levelling down" contributions to the minimum, causing a reduction in the contributions for existing pension scheme members. Recent UK analysis did not find evidence of this.[13] The minimum employer contribution in the UK is 2 per cent, rising to 3 per cent in 2019.

Auto-enrolment also brings a risk of displacement, with some employers responding by closing existing schemes completely or to new employees.

Congress calls for a statutory requirement for contributions and membership trends in existing DC and DB schemes to be independently reviewed annually. In the event of evidence of auto-enrolment resulting in levelling down and displacement, Congress recommends the mandatory employer contribution level be revised upwards.

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[12] Employees who are with employers that already have a qualifying scheme, but are not members of those schemes, will have to choose between joining the existing workplace scheme or being automatically enrolled.

[13] Cribb, J and Emmerson, C. (2016) *What happens when employers are obliged to nudge? Automatic enrolment and pension saving in the UK* London: IFS

Congress notes the need to contain the cost impact on the State and employers so as to ensure the financial sustainability of the scheme and further recommends the proposed upper earnings threshold be index-linked.[14]

*Congress recommends the employee contribution be graduated up to €20,000 and 5 per cent on the remaining annual wage.*

*Congress recommends the employer contribution be 7 per cent of total earnings from the first euro.*

*Failing a mandatory employer contribution on earnings below €20,000, without prejudice, Congress calls for the reduced Class A PRSI rate for low pay employers to end.*

*Congress calls for the mandatory employer contribution level to be revised up in the event of evidence of auto-enrolment resulting in levelling down and displacement.*

*Congress recommends the State contribution be €1 for every €2.50 a worker saves, so as to reflect the value of the current 40 per cent tax relief arrangement.*

*Congress supports the proposed mechanism for the State's contribution.*

*Congress notes the merits in an upper earnings threshold and recommends a statutory requirement for the threshold to be index-linked.*

*Congress supports the gradual introduction of the scheme and recommends the pace be shortened to five years in line with the recommended 5 per cent employee contribution.*

**Opting-out, re-enrolment, and savings suspension**

Under the Strawman proposal, all eligible employees will be automatically enrolled by their employer on commencement of the scheme and, thereafter, immediately on starting with a new

[14] Employer and State contributions will be mandatory on the proportion salary below the threshold.

employer. Participation in the scheme will be compulsory for a minimum six-month period before opting-out is permitted. The rationale being:

> "This period is believed to be sufficiently long to enable members see the value of their personal fund accumulate at a higher rate than their own personal contribution (2.33 times higher than their own contribution due to the employer and State contributions)".

A further proposed measure designed to increase the number of workers saving for their retirement is to limit the opt-out facility to the two months immediately following the period for compulsory participation i.e. between the start of the seventh and the end of the eighth month after enrolment. Workers who opt-out will have their personal contributions refunded, less fees of up to 0.5 per cent. In contrast, the employer and State contributions will not be returned. Instead, they will go towards the administration costs of the scheme, thus lowering overall costs for those remaining opted in. To nudge workers who opt-out to reconsider their decision not to save for their retirement, it is proposed to automatically re-enrol after three years.[15] Workers can again choose to opt-out after the compulsory period ends. To reassure workers concerned of their ability to make contributions over the long term, a "savings suspension" is proposed which will allow for a temporary cessation of contributions. Employer and State contributions would also cease for this period. This option will be limited, so as not to defeat the purpose of the scheme.[16]

Given that it is not unusual for existing workplace pensions to have a waiting period, there is a risk that the requirement to immediately enrol new employees in the auto-enrolment system will result in displacement. Congress recommends that the entry rules for existing schemes that prohibit day one membership be reviewed by The Pension Authority.

Congress recommends the proposed opt-out, re-enrolment and savings suspension facilities be merged and replaced into a "contribution holiday" which will be limited to a defined period of time and not to prescribed circumstances, for example three years which can be claimed as a single continuous period or a number of separate periods. Employer and State contributions will continue during the employee's contribution holidays.

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[15] Re-enrolment has proved successful in the UK, where over one in two re-enrolled workers remain in the scheme.

[16] Having not included restrictions into the option, 40 per cent of New Zealand's KiwiSaver members were availing of a contribution holiday in 2015.

Failing this, without prejudice, Congress recommends a minimum period for compulsory unbroken participation in the auto-enrolment scheme be 12 months. In addition, Congress calls for strong sanctions and penalties on employers who seek to pressure their staff to opt out, and by so doing deny workers the pension contributions they are entitled to.

*Congress recommends the opt-out, re-enrolment and saving suspension facility be replaced and merged into a time limited contribution holiday, which can be claimed as a single period or numerous separate periods. Employer and State contributions will continue during the employee's holiday(s).*

*Failing that, without prejudice, Congress recommends the minimum period for compulsory unbroken participation in the auto-enrolment scheme be 12 months, and calls for strong sanctions and penalties on employers pressurising staff to opt out.*

*In light of the requirement to immediately enrol new employees, Congress recommends that the entry rules for existing schemes which prohibit day one membership be reviewed and amended to protect against displacement.*

**Operational model**

In the Strawman model all members will have access to a range of retirement savings products from approved pension providers, with access to these providers mediated by the State via a newly established Central Processing Authority (CPA), which will be statutorily independent in the exercise of its functions and will either form part of an existing agency or be established as an agency in its own right. Contributions will be deducted at source by the employer and transferred to the CPA. The CPA will then remit contributions to approved providers. A web-based portal, operated by the CPA, will allow members access to auto-enrolment services and information, keep track of their contributions and the contributions remitted to the provider on their behalf. The portal will also provide access to online account statements to be populated by the providers. Each employee's PPSN will be used as a unique identifier to support service transactions and to facilitate portability across different employments using the 'pot-follows-member' approach.

The costs involved in establishing and running the CPA will be significant. To avoid unnecessary duplication of existing infrastructure and ensure optimal public confidence, Congress recommends that the contributions are collected in the same manner as social insurance contributions – the employer deducts the employee contribution directly from wages, the employee and employer contribution are then collected by the Revenue Commissioners and all contributions noted on pay slips. Revenue will then remit contributions to a sole State provider, discussed in the next section.

Failing that, without prejudice, Congress calls for worker representatives nominated by Congress to be assured an agreed number of places on the board of the CPA.

*Congress rejects the CPA model and recommends contributions are collected in the same manner as social insurance contributions.*

*Failing that, without prejudice, Congress calls for Congress nominees on the CPA board.*

**Service providers**

The Strawman proposes the State, via the Central Processing Authority (CPA), will tender for and select a short-list of four commercial providers for the provision of a similar range of retirement saving options. It is proposed that there be three standard choice saving products with three levels of risk: low, moderate and medium and one default fund. The CPA will establish the minimum standard for service delivery and product features required. Employees will be responsible for selecting one of the approved providers and saving fund option. In the absence of any decision, the enrolled employee will be automatically allocated to the default fund of one of the providers on a carousel basis. The CPA will tender for service delivery on a periodic basis, of 5 to 10 years. The tender process will specify a maximum permitted annual charge of no more than 0.5 per cent of assets under management. Where existing providers are not successful in a new round of open-tender, responsibility for member accounts will be passed to incoming providers.

Congress recommends there should be just one service provider, a public fund such as the NTMA. The NTMA would contract out management and investment of proportions of the fund. Individual trust and confidence in the management of their pension fund is crucial to the success of auto-enrolment. The Irish public remain understandably wary of pension providers, the charges and fees levied on retirement savings and poor investment decisions.[17] While the pension levy is still fresh in the public memory, strong legislative protection for the fund from raids by future governments can rebuild damaged trust. Moreover, the amount of money involved is too significant for the State to lightly hand over to commercial providers.

Failing that, without prejudice, given the size of the Irish market and the opportunity to achieve scale efficiencies and consequently reduce management fees, Congress supports the proposal to cap the number of approved providers at four. To keep commercial providers honest, at least one public fund should be included in the four.

Congress recommends the contract for services be for 10 years.

Congress rejects the proposed maximum permitted annual charge, viewing 0.5 per cent as excessive. Congress recommends a weighting bonus for low fees in the tender marking system and that the maximum *total* charges and fees over 35 years be capped.

*Congress recommends a sole public fund instead of private registered providers.*

*Failing that, without prejudice, Congress supports the proposal to cap the number of approved provides at four. Congress recommends at least one the four providers should be a public fund.*

*Congress recommends the contract for services be for 10 years.*

*Congress views the proposed maximum management fee at 0.5 per cent of the fund as excessive.*

*Congress recommends a weighting bonus for low fees in the tender marking system and that total charges and fees over the lifetime of the pension be capped.*

[17] A 2012 report on the charges and fees pension providers levy on retirement savings, commissioned by the Department of Social Protection, revealed the average annual charge can diminish a final pension pot by as much as one third.

**Draw-down arrangements**

The Strawman proposes that the saving phase will cease at the qualifying State pension age and the retirement income accrued under the scheme will become payable. Consideration is being given to early access to savings on the grounds of ill-health and enforced workplace retirement. Further consideration is being given to mandating a minimum level of annuitisation/ deferred annuitisation where the fund exceeds a specified threshold, to protect against the potential to draw down savings too soon and outlive one's income source. Upon death, any assets accumulated in the retirement saving fund will be payable to the estate.

Congress supports early access to savings on the grounds of serious illness, injury or disability that either permanently affects ability to work or poses a risk to death.

As is normal in DC schemes, Congress recommends provision be made for an entitlement to a death-in-service benefit and a facility to require members nominate (and change) the beneficiary who should receive their pension pot upon death.

Congress calls for State provision of annuities for pension pots up to a threshold. This would take the form of a top-up payment on the State pension, similar to an earnings-related pension system. The more auto-enrolment contributions made by and on behalf of a worker, the higher their State pension will be.

*Congress supports early access to funds on the grounds of permanent incapacity to work.*

*Congress recommends a death-in-service benefit and members be required to nominate a beneficiary upon death.*

*Congress calls for State provision of annuities for smaller pension pots that will take the form of a top-up payment on the State pension.*

## Summary and Conclusion

Congress agrees in principle with the introduction of auto-enrolment as a means of increasing supplementary pension coverage, income adequacy for retirees, and employer responsibility.

The key design and operational feature of the scheme to be introduced for Congress are as follows:

I. Congress recommends there be no lower income threshold.
II. Failing that, without prejudice, Congress recommends the threshold to be weekly wage, and recommends the threshold be reviewed annually.
III. Congress recommends extending auto-enrolment coverage to self-employed workers with no employees, and to make the business they provide work or services to liable for an employer contribution.
IV. Congress recommends that the minimum age at which automatic enrolment applies be aligned to the PRSI minimum age threshold of 16 years.
V. Congress notes the merits in including an upper age limit for new entrants. However, Congress recommends the proposed upper age threshold be raised.
VI. Congress recommends the employee contribution be graduated up to €20,000p.a. and a flat 5 per cent rate on all additional earnings.
VII. Congress recommends the employer contribution be 7 per cent of total earnings from the first euro.
VIII. Failing a mandatory employer contribution on low earnings, without prejudice, Congress calls for the reduced Class A PRSI rate for low pay employers to end.
IX. Congress calls for the mandatory employer contribution level to be revised up in the event of evidence of auto-enrolment resulting in levelling down and displacement.
X. Congress recommends the State contribution be €1 for every €2.50 a worker saves, so as to reflect the value of the current 40 per cent tax relief arrangement.
XI. Congress supports the proposed mechanism for the State's contribution.
XII. Congress notes the merits in an upper earnings threshold and recommends a statutory requirement for the threshold to be index-linked.
XIII. Congress supports the gradual introduction of the scheme and recommends the pace be shortened to five years in line with the recommended 5 per cent employee contribution.

XIV. Congress recommends the proposed opt-out, re-enrolment and saving suspension facilities be replaced and merged into a time limited contribution holiday, which does not have to be used consecutively. Employer and State contributions will continue during the employee's contribution holiday(s).

XV. Failing that, without prejudice, Congress recommends the minimum period for compulsory unbroken participation be 12 months and calls for strong sanctions and penalties on employers pressurising staff to opt out.

XVI. Congress recommends that the entry rules for existing schemes that prohibit day one membership be reviewed and amended to avoid displacement.

XVII. Congress rejects the proposed CPA model and recommends contributions are collected by Revenue in the same manner as social insurance contributions.

XVIII. Failing that, without prejudice, Congress calls for Congress nominees on the CPA board.

XIX. Congress recommends a sole public fund.

XX. Failing that, without prejudice, Congress supports the proposal to cap the number of approved provides at four and recommends at least one the four should be a public fund.

XXI. Congress recommends the contract for services by commercial providers be for 10 years.

XXII. Congress views the proposed maximum management fee at 0.5 per cent as excessive.

XXIII. Congress recommends a weighting bonus for low fees in the tender marking system and that total charges and fees over the lifetime of the pension be capped.

XXIV. Congress supports early access to funds on the grounds of permanent incapacity to work.

XXV. Congress recommends a death-in-service benefit and members be required to nominate a beneficiary upon death.

XXVI. Congress calls for State provision of annuities for smaller pension pots that will take the form of a top-up payment on the State pension.