

## **Pat Ryan, Head of Pensions, Canada Life comments Post Budget**

### **Panic Measures Avoided**

Pat Ryan, Head of Pensions, Canada Life welcomes the fact that 'there were no immediate changes introduced to either tax free lumps sums or tax relief contributions announced in yesterday's budget providing significant comfort for pension investors (employees and self employed).'

### **Tax Free Lump Sums**

The Minister for Finance 'accepts the commission on taxations recommendation that pension lump sums below €200,000 should not be taxed'. He added 'the treatment of lump sums above this limit will be considered in the Government's National Pension Framework to be published shortly.'

Comfort is now provided with continuation of the tax exemption up to €200,000 and the possibility of still favourable treatment for higher amounts.

### **Tax Relief on Contributions**

Again, the Minister for Finance deferred the issue of consolidating pension contribution relief at 33% as a matter for consideration in the Government's National Pensions Framework.

Later, Minister for Social and Family Affairs, Mary Hanafin commented that 'the National Pensions Framework document is due to be published in the next few months. She added that 'there would be a 4 year lead in period before major changes such as a consolidated tax relief rate of 33%.'

### **Public Sector Pension Reform**

The budget also announced the introduction of a new pension scheme for new public sector employees. This will be based on the concept of career average remuneration rather than final remuneration. Essentially, this means reduced benefits for new employees going forward and a greater need for advice in relation to supplementary pension provision via additional voluntary contributions and PRSA vehicles.

The budget signals stability in the area of tax treatments of pensions going forward with ample time to consider and plan for future changes. This is welcome news.

**-Ends-**

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*Pat has over 20 years pensions industry experience ranging from a regulatory role with the Revenue Commissioners through a variety of technical and marketing positions, through to his current role where he is responsible for the company's range of pension products and services for group and individual clients.*

*Pat is a former Chairman of the Insurance Industry Federation Pensions Committee and has served on various IAPF / Pensions Board / IIF committees and working parties.*

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