

Strictly Private & Confidential

Mr. Kevin Cardiff
Second Secretary
Taxation and Financial Services Division
Department of Finance
Government Buildings
Upper Merrion Street
Dublin 2

1st November 2007

Re: Defined Contribution Member Options – Annuities and Approved Retirement Funds

Dear Kevin,

Please find enclosed a paper completed by the Irish Association of Pension Funds (IAPF) in relation to the current restrictions that apply to members of defined contribution (DC) schemes. As you are aware the IAPF strongly believes that it is not logical or equitable to exclude these individuals from transferring their accumulated retirement savings to an Approved Retirement Fund (ARF).

In the paper we have dealt with the areas of concern raised by the Department of Finance in previous discussion on this issue. We believe that those concerns can be addressed and that exclusion of a significant section of the workforce from the ARF option is not an appropriate method of dealing with any concerns.

This issue is of real concern to our members and in our recently completed Pension Markets Survey, 96% of respondents said that the ARF option should be available to DC members. Furthermore, our members signed a petition requesting the Minister for Finance to amend the relevant legislation and we will forward these in due course. This petition represents 86,000 employees covering 88 companies.

We also note that the recently published Review of the Irish Annuity Market completed by Indecon and Life Strategies also considered this issue. In the report, Indecon and Life Strategies agreed with the view that obliging DC members to purchase an annuity created an inconsistent and inequitable situation and had no basis in logic.

The IAPF believes that this issue is only relevant to DC members because of the manner in which they accumulate their savings. In particular, they bear investment risk throughout their working lives and are then not able to carry any investment risk in

retirement. Defined benefit scheme members do not carry any investment risk and therefore it would not be logical to allow them to do so in retirement.

As you will be aware, the IAPF had recently appointed Jerry Moriarty as Director of Policy and Jerry is available to further discuss these issues with you.

We will also contact you in order to arrange a meeting to discuss the paper.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Patrick Burke', with a stylized flourish at the end.

Patrick Burke
Chairman