Pensions Working Group

The Pensions Working Group continued with its work to present to the Government final recommendations on the road map that Malta is to adopt in terms of the reform on the pensions system. The following is a report on the activity carried out to date.

Consultation

The Pensions Working Group through formal communications approached all social and civic partners to discuss with them the recommendations proposed by it and submitted for public consultation by the Government through the White Paper titled 'Pensions Adequate and Sustainable – Reforms Needed Now to Ensure Adequate and Sustainable Pensions for Future Generations'.

Presentations

In all, the Pension Working Group was invited 23 times to partake in discussions, conferences and presentations on the recommendations proposed. These are presented hereunder:

Unions / Association	**Date of meetings / seminars**
Kunsill Studenti Universitarji	Held on 5th January 2005
Laqgha tal-Kunsill tal-UHM – Pensions	Held on 10th January 2005
Malta Employers Association	Held on 13th January 2005
National Council of Women	Held on 15th January 2005
Rotary Club	Held on 24th January 2005
General Workers Union	Held on 26th January 2005
Union Haddiema Maghqudin	Held on 26th January 2005
General Retail Trading Union	Held on 2nd February 2005
MCESD Seminar - Council Meeting	Held on 7th February 2005
Kunsill Nazzjonali taz-Zghazagh	Held on 12th February 2005
Malta Police Force Association	Held on 15th February 2005
Kummissjoni Nazzjonali Persuni B'Disabilita	Held on 16th February 2005
Financial Services	Held on 18th February 2005
Malta Chamber of Commerce	Held on 25th February 2005
KSU	Held on 1st March 2005
Ghaqda Nazzjonali tal-Pensjonanti – GWU	Held on 9th March 2005
Alfred Mifsud	Held on 15th March 2005
Hogg Capital Investment Ltd	Held on 15th March 2005
Federation of Professional Association: - Chamber of Engineers - Kamra tal-Periti - Medical Association of Malta - Dental Association of Malta - Malta Chamber of Pharmacists - Association of Speech Language Therapists	Held on 18th March 2005

- Malta Institute of Accountants - Maltese Psychological Association - Maltese Association of Youth Worker	
KNZ Executive	Held on 22nd March 2005
UHM	Held on 22nd March 2005
Malta Confederation of Women's Organisation	Held on 30th March 2005.

Further meetings are being scheduled in the run up to the close of the consultation process.

Media

The Pensions Working Group participated in media invitations presented to it. These included radio debates, interviews, etc. These are presented hereunder:

Media	Date of interviews
Interview with Net News	24th November 2004
Interview with James Bonello – Times	24th November 2004
Pierre Portelli – Net TV	25th November 2004
Opinjonist – Net TV –	27th November 2004
Wavelength Programme – Radio 101	3rd December 2004
Wavelength Programme – Radio 101	10th December 2004
Vanessa Mc Donald - Times Interview	17th January 2005
PBS: Mill-Parliament – Charles Sacco	9th April 2005
PBS: Mill-Parliament – Charles Sacco	16th April 2005
RTK discussion	21st April 2005.

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www.pensions.gov.mt

The Pensions Working Group following the publication of the White Paper launched a website 'www.pensions.gov.mt' where-in it placed for public information all the reports commissioned by various administrations on pensions reform as well as the documents used by the Pensions Working Group for the preparation of its Report.

Moreover, the website acted as a communication medium for the public; providing both access to the Pensions Working Group for the placement of queries, etc as well as a channel for the submission of recommendations.

To date, the Pensions Working Group received 46 formal feedback submissions and 60 electronic mails.

Formal Submissions

Although the consultation process is yet to be concluded, the Pensions Working Group has received to date 19 formal submissions. Three of the submissions were on an individual basis. The following are formal submissions received from Associations, Constituted Bodies and organisations.

Kunsill Nazzjonali taz-Zghazagh

National Council of Women

Maltacom plc

Malta Institute of Taxation

National Association of Pensioners

Alliance of Pensioners' Organisations

Malta Police Association

The Medical Association of Malta

Kunsill Nazzjonali ta' l-Anzjani

The Malta Confederation of Women's Organisations

Kunsill Studenti Universitarji

Moviment Zghazagh Partit Nazzjonalista

Malta Federation of Professional Associations

Financial Services Consultation Council

Ghaqda ghad-Drittijiet ta' l-Irgiel

Malta Institute of Management.

Preparation for Post-Consultation Modelling

In the preparation of the formal report of the Pensions Working Group, the Group commissioned the services of the World Bank for the simulation of models. Whilst the arrangement delivered the necessary work, this modus operandi was constraining, as immediate access to simulations by the Pensions Working Group was not available to it.

The Pensions Working Group concluded that local modelling skills was necessary for it to be able to study and understand the post-consultation feedback; which in turn would lead it to present its final conclusions to the Government.

For this purpose, the Pensions Working Group arranged for the World Bank to deliver an accreditation course on PROST (Pensions Reform Options Simulation Tool) in order to build local capacity.

Accreditation was provided to employees of the Economic Policy Division, the Management Efficiency Unit, the Department for Social Security, and the Malta Financial Services Authority.

Moreover, economists from MCESD were also accredited in order to enable social and civic partners to have access to independent PROST modelling.

In all 10 persons were accredited.

Pensions Climate Survey

The Pensions Working Group wanted to obtain an understanding of Maltese people attitudes on the state of play of pensions and their opinions on changes to it. In this regard, the Pensions Working Group commissioned the National Statistics Office to carry out a survey by means of Computer Assisted Telephone Interviewing. The survey was carried out in January 2005. A copy of the results of the survey can be accessed at www.pensions.gov.mt.

The target population for this survey consisted of Maltese residents aged 18 years and over and living within private households. A survey of 800 individuals was selected using systematic random sampling. Following the removal of ineligible individuals the total effective sample size stood at 473 persons. Of these, 348 persons, or 73.6%, accepted to participate.

The following results are of note:

- 46% believe that income from pension and other investments would not suffice to live adequately during retirement. 21.8% believe they would have sufficient income. 32.2% answered that they do not know.
- 87.7% believe that the retirement age will increase; 8.6% do not know; and 3.7% do not think so.
- 86.5% agree that one should have a private pension as well as the Two-Thirds Pension; whilst 6% disagree.
- 90.1% agree that there should be private pensions and not only the Two-Thirds Pensions; whilst 4.2% disagree.
- 82.7% believe that private pensions should be voluntary whilst 17.3% disagree.
- 44.1% believe that private pension schemes should be regulated by Government whilst 40.8% believe that it should be independent to Government.
- Only 21.1% know what the maximum of the Two-Thirds Pension is; whilst 78.9% do not.
- 77.3% believe that pensions should increase with the rate of inflation; whilst 17.9% with wage increases.
- 58.8% believe that their main pension income will be the Two-Thirds Pension whilst 17.6 believe that it will be a private pension.
- 34.2% are a paying for a life insurance whilst 65.8% are not.
- 34.2% state they are preparing to have sufficient income for when they retire whilst 65.8% are not.
- 57.7% believe they should not be forced to retire when they reach the statutory retirement age whilst 31.8% agree.
- 39.7% believe that they would continue to work after the statutory retirement agree if they are provided with the opportunity; 39.9% would opt to retire; and 20.4% do not know.
- 19.5% believe that the social security system has a major financial crisis whilst 32.7% agree with the statement that it is in a financial crisis; 8.2% believe that there are no problems; and 11.1% do not know.
- 28.6% agree with the statement that contributions should be increased to safe guard the pensions system; whilst 56.2% disagree.

Social Impact

The Pensions Working Group in November 2004 commissioned the Management Efficiency Unit to conduct a Social and Economic Impact

Assessment

Assessment. The Economic Impact Assessment was sub-tasked to the Economic Policy Division. This is presented in the next section below.

The Social Impact Assessment (SIA) applied a mix of qualitative and quantitative research methods based on the EIA Training Course Manual (2002) Social Impact Assessment methodology.

No Reform Scenario

The SIA carried out an analysis of the macro social impacts resulting should the current pension system be maintained. The SIA concludes that a no reform scenario would result in a state of play were stakeholders will be worse off than in a scenario when compared to a post-reform scenario based on the recommendations presented by the Pensions Working Group.

The main potential social impacts resulting from the inadequacy and unsustainability of the current pension system include:

Lifestyle impacts:

- The decrease in disposable income as a result of the inadequacy of the pension is likely to lead to a decrease in consumption thereby effecting people's lifestyle on retirement.
- Pensioners are likely to need to financially depend on their relatives, which would lead to a lack of independence.
- The decrease in disposable income is likely to decrease the pensioner's expenditure on their social life since income would be spent on essential items, leading to social exclusion for pensioners.

Cultural impacts:

- The current pension system has a cultural impact on the development in gender roles since it does not offer incentives for part-time or other atypical employment, and does not recognise family responsibilities for pension entitlement.
- The inadequacy of the state pension may lead to a conflict between the 'old' and the 'young' as well as age discrimination whereby the younger generations would look at the older generation as an additional financial burden.

Community impact:

- An increase in the aging population increases the demand for services for the elderly such as homes for the elderly, health services, home services including cleaning, nursing and maintenance and meals on wheels. If pensioners would not afford to get these services privately, there would be increased pressure on the Government infrastructure, the community, non-governmental organisations and neighbours to provide these services.

Quality of life impacts:

- The decrease in average pension as a percentage of average wage would result in a negative quality of life impact for pensioners because in comparison to other citizens, that is, those in employment, their income would be considerably lower.

- In order to reduce the pension deficit, Government may need to increase taxation, which would lead to a decrease in disposable income which may in turn lead to a decrease in consumption or saving. The former would lead to a decrease in quality of life during employment, while the latter would lead to a decrease in quality of life on retirement.
- The unchanged ceiling would lead to an increase in quality of life during employment, because as wages increased, contributions would fall, and disposable income would increase. However this would be at the expense of having a lower pension on retirement and therefore a lower quality of life.
- Today's workers would look at retirement negatively, with a fear of ending up in poverty and therefore perceive a deterioration of their quality of life for the future.

Health Impacts:

- Increased stress and anxiety on pensioners to make ends meet.
- Potential melancholy and depression on those over 61 who are fit and willing to work but who are disincentivised to work beyond retirement age under the current pension system.

Reformed Scenario

The SIA identifies the following as the main potential social impacts as a result of the recommended changes to the Pensions system.

Lifestyle Impacts

(i) Potential positive lifestyle impacts:

- Pensioners would have a more adequate pension and can be more financially independent than if the current system is maintained. They would also be able to maintain a standard of living which is closer to that enjoyed during pre-retirement than if the current system is maintained.
- With contributors not having an option to liquidate Pillar 2, this would ensure a more adequate pension.
- The transition period for the mandatory introduction of Pillar 2 and other changes allows some time to prepare for the change.
- The proposals in the White Paper offer incentives for increased participation in the labour force.

(ii) Potential negative lifestyle impacts:

- Contributors would have lower disposable income as a result of Pillar 2 contributions.
- If employers transfer the increase in labour costs as a result of Pillar 2 contributions to consumers as price hikes, this could result in inflation.
- A mandatory Pillar 2 system may be perceived by contributors as an imposition on their saving decisions.
- The proposal in the White Paper that part of the Pillar 2 matured fund is taken as annuities, may result in a decrease in household income and an increase in the risk of poverty since once the spouse dies, the widow/er would not benefit from any proceeds.
- The increase in retirement age may require retraining and redeployment for those with strenuous or stressful jobs and therefore induce a change in lifestyle.

Cultural Impacts

(i) Potential positive cultural impacts:

- The proposed reform would bring about a change in the perception of the invalidity pension as the principle of 'rehabilitation or alternative work before pension' is encouraged.
- The discrimination that exists under the current system is eliminated as the same calculation baseline for both the employees and self-employed is used.
- The new pension system reinforces the "new" gender roles and acknowledges the importance of female participation in the labour force.
- The proposed reforms also provide increased value to life-long learning.

(ii) Potential negative cultural impacts:

- As the Maltese population has for the past two centuries relied mostly on the State for welfare support, some people may find it hard to accept the culture of partial self-help as introduced in Pillar 2.
- As job security has been given a high priority in the value system of employees, it may be difficult for people to adjust to the fact that the 'job for life' culture may no longer be applicable as a result of the proposals in the White Paper.

Community Impacts

(i) Potential positive community impacts:

- The increase in the retirement age and the potential increase in female participation rate is likely to result in increased demand for childcare and elderly services.
- A more adequate pension could reduce the dependence of pensioners on the community for free services.

Quality of Life Impacts

(i) Potential positive quality of life impacts:

- The introduction of Pillar 2 and Pillar 3 would supplement pension income and provide a better standard of living / quality of life upon retirement.
- The proposals in the White Paper for a strict regulation of Pillar 2 including MFSA regulation and the introduction of the Compensation Fund would ensure peace of mind for contributors.
- Incentives to work beyond retirement age provide the opportunity for more disposable income and hence a better quality of life for those wishing to work beyond retirement age.
- The credit system being proposed for periods of child bearing and rearing allow parents to dedicate themselves on a full-time basis to their child, therefore enhancing the child's quality of life.
- The credit system being proposed for career breaks taken for life-long learning enhances employees' quality of life as they feel that they have better competencies and a positive contribution to make throughout their career.

(ii) Potential negative quality of life impacts:

- Insecurity in the financial markets would give rise to concern among contributors on the return to be earned from their Pillar 2 contributions, thus negatively impacting their quality of life.
- The increase in the retirement age may adversely impact the quality of life for those with aspirations to enjoy their hobbies during the retirement portion.

Health Impacts

(i) Potential positive health impacts:

- For those who regard work as a source of personal satisfaction and as a means of social belonging, the increase in retirement age would result in positive health impacts.

(ii) Potential negative health impact:

- As a result of the increase in retirement age, work-related stress, demands and pressures could impact negatively on the individual's physical and mental health.

The Concept of Self-help

The SIA concludes that the determination of the degree of State intervention in Malta in the provision of pensions rests on three important considerations.

The first consideration is that of financial sustainability. Secondly, the State has a social obligation to provide for those in need and to preserve the social fabric, and finally the role the State takes up in the proposed pensions system, would portray and reflect its stance vis-à-vis its role in the Maltese economy, in terms of employment and the entire welfare system.

In view of these considerations, the role the State should take up in Malta, within the framework of the proposed pensions system, is to gradually decrease its involvement both in financial and administrative terms in the pensions system.

Notwithstanding, the State must maintain and improve upon its responsibility and social obligation to safeguard society by ensuring that the proposed pensions system is fair and promotes both social and intergenerational equity.

The SIA document is accessible on www.pensions.gov.mt.

Economic Impact Assessment

The Management Efficiency Unit sub-tasked the Economic Impact Assessment (EIA) of the Social and Economic Impact assignment commissioned to it by the Pensions Working Group to the Economic Policy Division of the Ministry of Finance. A draft EIA has been prepared.

No Reform Scenario

The draft EIA states that Malta is undergoing a major demographic transition resulting in population ageing. This phenomena is expected to have a negative effect on economic growth as the stock of working age population declines thus leading to a lower direct productive input. The expected decline in the support ratio is also likely to impact negatively on public finances due to increased pressure associated with expenditure on pensions and health care and the concomitant erosion in the tax base. Additionally, since the benefit under the current Pay-As-You-Go (PAYG) system is strongly influenced by the ceiling on contributions and benefits, inflationary developments are likely to erode the value of future average pensions relative to the average wage.

The draft EIA notes that population ageing is expected to have a significant impact on the performance of the Maltese economy as the smaller working age population is expected to limit the labour supply and thus affect negatively output growth over the medium to long term.

The demographic changes are associated with a smaller number of persons in their prime working years who generally have a higher propensity to save than the rest of the population, thus the transition is likely to result in a smaller savings ratio. In view of the reduced savings pool, there would be fewer resources available to finance investment activity, and in the absence of capital flows, lower savings are likely to lead to a lower share of investment in output in Malta.

Population ageing is also likely to result in deterioration in public finances due to increased pressure associated with expenditure on pensions and health care. Additionally, the fall in the savings ratio is expected to result in a worsening of the current account balance.

The decline in the support ratio under the status quo (a no change reform scenario) would clearly impinge on the number of contributors and beneficiaries in the system and consequently affect negatively the PAYG deficit to GDP ratio. After reaching a peak in 2030, the demographic developments over the long run are expected to lead to marginal improvement in the PAYG deficit to GDP ratio.

Under the current regime, the average replacement rates for two-thirds pension beneficiaries are expected to fall significantly and in addition a decline in real average per capita benefits over the years is also envisaged. The crux of this result is robust to alternative macroeconomic, income distribution and labour force participation rates scenarios hence highlighting the importance in addressing the current status quo in order to ensure that future generations of retirees will have a decent standard of living in future.

Reformed Scenario

The package of parametric and system reforms proposed in the White Paper may have negative short-term repercussions but are expected to have a favourable effect on economic growth in Malta over the medium to long term, relative to the no-reform scenario. By averting the implicit increase in the social security contribution that would be required to restore balance to the unreformed PAYG system, the reforms are also expected to have a beneficial effect on the consumption of both working age population and the elderly. The reforms are also expected to have a beneficial effect on public finances.

The reforms as proposed in the White Paper are effective in raising the support ratio relative to the no-reform scenario. The change in the number of contributors and beneficiaries under the system leads to a significant improvement in the PAYG deficit to GDP ratio over the forecast horizon.

The reform is expected to have an unfavourable effect on the replacement rate for the non-switchers group who are unable to top up their income under the Second Pillar scheme. In contrast, while the average replacement rate for the switchers group from the reformed PAYG is comparable to the one applicable under the no-reform scenario, the total average replacement rate (First plus Second pillar) will be significantly higher when compared to the no-reform scenario, but still below the rates enjoyed by a person retiring in 2002 under the current system. Simulations demonstrate that the average replacement rate for the funded Second Pillar pension is sensitive to the assumed rate of return from the fund.

When compared to the no-reform scenario, the average replacement rates for the First Pillar pension following the implementation of the reforms results in a real average per capita benefits that is not falling over time. This is important in highlighting the effectiveness of the reform in sustaining future standard of living of retirees.

The analysis of the reform under different macro economic assumptions shows that the reform is still generally effective in reducing the PAYG deficit as a ratio of GDP and in increasing the average replacement rate.

Defining fiscal sustainability as the tax rate that ensures that the ratio of debt to GDP remains at the initial level, calculations show that under the no-reform scenario, an imbalance of around 3 per cent of GDP was identified. The magnitude of this imbalance is sensitive to the assumptions on the ensuing rate of GDP growth. Delays in the necessary fiscal adjustment increase the sustainability gap significantly. The proposed pension reform is effective in reducing the gap to 0.6 per cent of GDP under the White Paper scenario. Yet this result is dependent on the success of structural reforms in raising output growth and excludes the effects of ageing on health expenditure on public finances.

The draft EIA concludes that the expected gains in economic growth associated with pension reform are primarily attributable to labour market reforms and changes to the effective retirement age, as international experience suggests that the growth effects of the switch to a funded pension system are likely to be limited.

Thus the success of the pension reform in contributing positively to economic growth hinges significantly on the extent that labour market reform is successful in raising the participation rates as well as the implementation of structural initiatives aimed at improving the functioning of the product and capital markets.

Macro Economic Assumptions

The draft EIA concludes that the macro economic assumptions assumed by the Pensions Working Group in the modelling simulated on PROST are a 'best' case scenario. The draft EIA thus proposes that post-consultation modelling might want to factor in the eventuality that a more modest growth assumption materialises between the period 2005 and 2014.

The EIA document is still a draft document. For this purpose the document is not being presented. It is the intention of the Pensions Working Group to submit the final report when completed to MCESD and to the general public.

Actuarial Study of Key Recommendations

The Prime Minister in December 2004 requested the Malta Financial Services Authority to appoint a firm of consultants to submit recommendations on the Second Pillar pension specifically; and to submit proposals for the improvement of the First Pillar generally.

Design parameters for controlling the sustainability of the FPPS

The Report studies the sustainability of the Two-Thirds Pension having regard to the following design parameters:

- The extent to which social security contributions are channelled to the Health Fund.
- The extent to which social security contributions are channelled – or "carved out" – to meet the mandatory SPPS Tier 1 contributions.

Maximum Pensionable Income and Minimum Pension Guarantee reducing in comparison to average basic wages

The Report concludes that the rate of revaluation, applying each year to the level of the Maximum Pensionable Income and the Minimum Pension Guarantee, is important in the long term as the White Paper proposals for revaluations in line with inflation for both these limits mean these limits will reduce in wage terms year by year – given average basic wages can be expected to increase at a rate faster than inflation.

For this reason the Report recommends the consideration of separate maximum pay limits for the Two-Thirds Pension benefits and the Two-Thirds Pension contributions:

- The Maximum Pensionable Income, revalued in line with RPI, is used only for the purpose of calculating the Two-Thirds Pension benefits.
- A separate limit, the Maximum Salary Limit, is used for the purpose of calculating the Two-Thirds Pension contributions.

The Maximum Salary Limit can be revalued automatically each year in line with RPI in the same way as the Maximum Pensionable Income.

The Report recommends that this mechanism could be applied as an extra "control lever" – increasing its level from time to time with a view to keeping the limit at or close to 132% of average basic wage (its current level in January 2005).

This extra control lever can be used to keep the Two-Thirds Pension contributions on an earnings-related basis, whilst the Two-Thirds Pension benefit evolves towards a flat-rate benefit.

SPPS Tier 1 hybrid design involves pooling of risks

The Report recommends a hybrid design involving a pooling of risks – with a gradual allocation of investment returns to provide a smooth rate of accumulation of contributions before retirement.

Equally, the terms of conversion into pension at retirement are designed to be stable:

- Allowing members to plan for retirement.
- But subject to adjustment after an appropriate period of notice, particularly if people live longer than expected.

Control levers for strategic management of the SPPS Tier 1

The Report proposes that (a) the allocation of investment returns and (b) the pension conversion terms should be designed as "control levers" enabling the SPPS Tier 1 to be managed strategically at a fixed, sustainable cost.

These “control levers” will also smooth out the peaks and troughs of favourable and unfavourable investment conditions, helping to ensure the SPPS Tier 1 pension remains adequate even when investment conditions are variable.

Adequacy for higher paid members

The Report concludes that for higher paid members, the combined benefits from the Two-Thirds Pension and the mandatory SPPS Tier 1 will not provide benefits in the future at the same level as at present.

To address this, the Report proposes that all members have the opportunity to pay additional voluntary contributions – ideally with employer support – to the SPPS Tier 2 using the same hybrid design as SPPS Tier 1.

The limitations on the size of these voluntary SPPS Tier 2 contributions will be determined by the size of tax incentives granted on them. The size of these tax incentives will be another “control lever” – determined each year (or perhaps every 5 years) having regard to their impact on Government tax revenues.

Key economic implications

From an economic perspective, the key implications of the White Paper recommendations can be summarised as:

(a) Eliminating a substantial increase in mandatory pension costs over the next 25 years, and achieving a significant reduction in mandatory pension costs in the longer term. This will enhance nationwide employment prospects by helping to create a more flexible and competitive labour market in Malta.

(b) Potentially a greater rate of overall saving, if the mandatory and voluntary retirement saving through the SPPS exceeds – as can be expected – any dissavings from other categories of saving.

(c) Enabling retirement savings to be made in a cost effective way through good governance, competitive structures and large potential economies of scale – further enhancing the ability to create a more attractive and competitive labour market in Malta.

If the White Paper recommendations are not implemented as a matter of urgency, there will be a high risk of the labour market in Malta being viewed as potentially uncompetitive and inflexible.

Using tax incentives to enhance the attractiveness of the SPPS

The Report states that the perceived attractiveness of the SPPS will be enhanced to a greater extent if:

(a) The tax incentive is immediate (i.e. applied to contributions), rather than deferred (i.e. applied when benefits are received).

(b) For defined contribution and hybrid asset accumulation schemes, the assets held within each member's savings account accumulates without any Maltese tax deduction or penalty.

This points to excluding the SPPS contributions from the insured person's taxable income and applying the income tax to the pension benefits when they are received in retirement.

It also points to allowing the asset accumulation within each insured person's savings account to be free of Maltese tax on all forms of investment income and capital gains.

Next Steps

The recently appointed Director for Social Security has been appointed on the Pensions Working Group (a position which was vacant in the period leading to the drawing up of the White Paper).

The Pensions Working Group has constituted a Technical Team to assist it with the next stage of its mandate: assess the feedback and present its final recommendations to Government. The Technical Team is constituted of representatives from the Economic Policy Department, the Department for Social Security, the Management Efficiency Unit, the Malta Financial Services Authority, and the Cabinet Committees' Support Unit.

Three streams are underway. The first is responsible for analysing the feedback received; which will act as a basis for scenario modelling on PROST. The second is responsible for building the scenarios and subsequently modelling such scenarios on PROST. Work is currently underway on the review of the variable input files onto PROST. The third is working on specific First and Second Pillar issues.

The Pensions Working Group is working to present its final recommendations to Government by mid June 2005.