

### Pensions Reform: A Status Quo Scenario is Not an Option

The Pensions Working Group yesterday, in a press conference held to inform the public on the work carried out since the launch of the White Paper on Pensions by Government in November 2004, stated that studies it has commissioned clearly show the status quo is not an option.

Mr David Spiteri Gingell placed in the public domain a Social Impact Assessment carried out by the Management Efficiency Unit, an Actuarial Report carried by independent consultants commissioned the Malta Financial Services Authority, and a short synthesis of an Economic Impact Assessment being carried out by the Economic Policy Division; yet still in draft form and will be published once completed.

Mr Spiteri Gingell stated that these studies were commissioned following the completion of the Report presented to Government in November 2004 to assess the validity of the recommendations proposed. All of the Reports conclude that a continuation of the pensions system under the current regime will unreservedly result in inadequate pensions to future pension holders whilst at the same rendering the pensions system unsustainable. The Report identify impacts of the proposed recommendations and put forward proposals for consideration.

Mr Spiteri Gingell added that the studies carried complement the National discussion and consultation programme initiated following the launch of the White Paper and to be concluded at the end of April; following a one-month extension. Mr Spiteri Gingell stated that the consultation process was embracing – where the Pensions Working Group participated in 23 seminars and discussions, 10 media sessions; whilst 46 formal recommendations and over 60 queries were received through the web site [www.pensions.gov.mt](http://www.pensions.gov.mt). Although the consultation period is yet to close, the Pensions Working Group has already received 18 responses.

Mr Spiteri Gingell also presented the conclusions of a survey which the Group commissioned the National Statistics Office to carry out on its behalf in January 2005. The Survey shows, amongst other findings, that 87.7% of the respondents believe that the retirement age will increase; that 90.1% agree that there should be a private pensions; that 82.7% believe that the private pensions should be voluntary. The results further show that 52.2% of the respondents believe that the social security system is in crisis 36% believe that their pension income and other investments would not suffice to live adequately during retirement.

Mr Spiteri Gingell stated that the Pensions Working Group has created a multi-disciplinary team to assess all the feedback received, including that commissioned by it, to undertake the necessary modelling to enable it to present its final recommendations to the Government. Mr Spiteri Gingell stated that it is the Pensions Working Group's target to present its final recommendations by mid June 2005.

Copies of the reports can be obtained from the web site [www.pensions.gov.mt](http://www.pensions.gov.mt).