



# Pensions: A Plan for the Future

Despite local tax breaks introduced to encourage investment in pensions or savings, many Gibraltarians may face bleak retirement years. Increasing longevity across the developed world — and the Rock's population has the second highest life expectancy of any EU country — is already putting heavy burdens on the health and social welfare provisions of western govern-ments, and Gibraltar is no exception.

**There is a growing demand among local companies for better advice about pensions - whether they have existing schemes or not**

Simply stated this means that future old age pensions provided by Government will not be enough to allow many of the elderly to enjoy the same standards of living and quality of life to which they have become accustomed during their working years. "Most of us are not saving enough for the future, but even

and the industry must get ac-  
tent, they echo a motif returned to  
several times in recent years by  
Chief Minister Peter Caruana.  
In a step towards addressing  
these concerns, the Government  
has introduced Provident Fund 3  
— some aspects of which remain  
ill-defined, and which has been  
met with a mixed response from in-  
surers on the Rock.  
"We actually welcome PF3. It is  
good and safe — though perhaps  
too safe," says Anthony Drew, a  
chartered financial planner from  
the UK, alluding to the fact that tra-  
ditionally ultra-safe investments  
give poorer returns than those with  
greater risk. Drew, who began his  
career with Norwich Union in his  
and its home town joined EFPG  
earlier this year. His extensive ex-  
perience in the industry included  
actuarial work and discretionary  
fund management.  
Working in the UK throughout  
the pensions crisis there, Drew has  
hands-on experience of some of the  
changes in schemes and benefits  
salary schemes — which guaran-  
tee a pension related to an employ-  
ees earnings in the last years of hi-  
or her employment — and, as ha-  
been the case in Britain, for man-  
companies these are no longer fi-  
nancially viable.  
Both experts are critical of pro-  
posed new local provisions that  
will allow money purchases  
schemes to be commuted for cash  
In the past policyholders were per-  
mitted to take 25 per cent of cash  
as a lump sum but the balance has  
to be used to buy an annuity. The  
risks, they believe, is that people  
may now "splurge the lot on a  
world cruise or something similar."

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**"In some ways" some of the recent proposed changes to Gibraltar's pensions legislation puts the Rock ahead of the UK**

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