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Bring back the SSIA!

Ministers urged to get the public into the saving habit by resurrecting Charlie McCreevy's vote-winner

By **Michelle O'Keeffe**

THE voice of the Irish business is urging the ministers to re-introduce a version of the Celtic Tiger Special Saving Incentive Account scheme.

Ibec chief Danny McCoy said an SSIA-type scheme should be launched to encourage households to save during the current economic surge.

The popular government-backed saving scheme, introduced in 2001, offered the public a 25% top-up on savings over a fixed five-year term.

Some experts welcomed the call for a similar saving initiative to be introduced, but others pointed out the previous scheme matured in the middle of a boom, flooding an already overheating economy with more money.

But Mr McCoy said a revamped SSIA could encourage savers to set aside money on a regular basis while tempering the upswing in the economy as money would be saved, not spent.

Mr McCoy told Ibec's business leaders conference: 'We need to look at measures such as a Special Saving Incentive Account scheme to encourage those households benefiting from the fastest growing sectors to save more in the good times.

'Further incentives could also be built into these schemes to encourage a future staggered withdrawal of these savings or even to provide a bridge to pension provision.'

The original SSIA scheme, introduced by Charlie McCreevy when he was finance minister 18 years ago, involved the Exchequer adding €1 for every €4 the investor saved.

However, it was widely criticised as it paid out while the economy was still booming, thereby feeding into the consumption spiral, exacerbating the crash of 2008.

KBC Ireland chief economist Austin Hughes told the Irish Daily Mail that a long-term saving scheme is what is needed.

'The SSIA scheme did not help the economy last time because when it matured it put money back into the economy before the crisis when the economy was still booming,' he said.

'This type of scheme is also significantly biased as it helps people who are in the position to save money, who have disposable income, but doesn't help others.

'I welcome this as a start to a debate to how to encourage people to save but I don't believe a short-term saving scheme subsidised by the Exchequer is the way to go.'

John Lowe, the financial adviser known as the Money Doctor, welcomed the call for the scheme, saying the SSIA had been a good initiative to get people to save.

'There were people who, after the five-year term was over, withdrew the money and spent it on holidays and cars.

'However, there were plenty of people who continued saving, moving their nest egg to another account.

'The scheme was an incentive for them to keep going with their saving. They got into the good habit of saving and when they saw the money build up they kept going.

'It would be good to introduce a new SSIA-type scheme.'

Central Bank governor Philip Lane has said a similar scheme to the SSIA would be a good idea in the future – but only if payday is in an economic downturn.

The Government would have to scrap the five-year timeline built in in 2001, and replace it with a scheme that is based on the economy, he said last September.

The Department of Finance yesterday said: 'Having regard to the very many demands likely to arise on the Exchequer, and current risks and uncertainties... there are no plans to introduce such a scheme.

'The [Finance] Minister made his position on this issue clear in

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autumn 2018 during an appearance before the Budgetary Oversight Committee.'

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'Current risks and uncertainty'

Savings: Danny McCoy