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# Employers back calls for new SSIA savings scheme in a bid to stop economy overheating

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EMPLOYERS' lobby group Ibec has called for a new SSIA-type savings scheme for consumers to encourage them to save more money.

Chief executive of the lobby group Danny McCoy said such a scheme would encourage householders to put money aside at a time when the economy was booming and which would help avoid it overheating.

The original Special Savings Incentive Account (SSIA) was hugely popular with consumers and an attempt to cool the economy when it was put in place 18 years ago.

Governor of the Central Bank Philip Lane has spoken in the past of the merits of having another SSIA scheme to foster more saving among householders, as has Taoiseach Leo Varadkar.

The accounts were available to open between May 2001

and April 2002, and featured a State-provided top-up of 25pc of the sum deposited.

This meant the Government topped up each account with €25 for every €100 saved, an initiative that was easily understood and proved popular.

Most of the funds matured around 2007, pumping €14bn into the economy at a time when there were strong signs of overheating.

Average payouts worked out at around €14,000.

The money was used for property deposits, extensions, new cars and holidays.

However, the scheme was criticised as many of the accounts matured in the middle of a property-price surge.

Mr McCoy said a new version of the scheme would need to operate in a way that would ensure it was not pumping money into the economy when incomes are rising.

He said this would mean

it would have to work on a counter-cyclical basis.

"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," he said in a speech to the annual Ibec Business Leaders' Conference 2019.



**Advice:** Ibec's Danny McCoy wants a return of the 2001 scheme

"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.

"Without flexibility in monetary policy and the limited impact of fiscal policy measures in this new Irish economic model, we must be

much more innovative in our policy solutions."

Mr McCoy said the greater complexity of the Irish economy, in particular the more pronounced economic cycles, required fresh thinking and new policy responses.

The Taoiseach said last year any proposal to reinstate the SSIA savings scheme had to be considered, when reacting to the comment of Governor Lane.

"Bear in mind what happened last time, though – the SSIA was initially quite successful in taking money out of the economy at a time when there was a lot of money in the economy.

"But when it was released it actually released a lot of money into the economy at the peak of the boom, and as a result, probably made the boom 'boomier' and the crash deeper."

He said it might be better to encourage people to save more for their pensions.