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Ibec calls for new SSIA-type scheme

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Employers' group Ibec has called for a new SSIA-type savings scheme to allow households benefiting from economic growth to save more. Chief executive Danny McCoy said the greater complexity of the Irish economy, in particular the more pronounced economic cycles, required fresh thinking and new policy responses.

He said a revamped special savings incentive account (SSIA) could encourage savers to set aside money on a regular basis while tempering the current upswing in the economy.

The original SSIA scheme, presided over by former minister for finance Charlie McCreevy some 18 years ago, offered participants a top-up of 25 per cent on their savings over a fixed five-year term. However, it was widely criticised as it matured right in the middle of a boom, flooding an already overheating economy with more money.

Countercyclical basis

Mr McCoy said any new scheme would have to work on a countercyclical basis. "Further incentives could be built into these schemes to encourage a future staggered withdrawal of these savings or even to provide a bridge to pension provision," he told Ibec's leaders' conference in Dublin. "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," he said.

Central Bank governor Philip Lane is also in favour of having another SSIA scheme.

In his speech, Mr McCoy also called for a proportion of the State's bumper corporate tax revenue to be set aside to address investment problems in housing, transport and higher education.