
PENSIONS COUNCIL

Meeting on Thursday, 25th June 2015 at 3.30pm
Verschoyle House, 28/30 Lower Mount Street, Dublin 2

Attendance: Jim Murray (Chairman)
Peter Brazel
Roma Burke
Marie Louise Delahunty
Kirstie Flynn
Anthony Gilhawley
Brendan Keenan
Brendan Kennedy
Sinead Ryan
Shane Whelan

Apologies: Helen McDonald
Sandra Rockett

Also present: Darragh Doherty
Joe Morley (Item 6)
Mick Stewart (Item 6)
Jenny Robinson (Secretariat)

Minutes

1. Adoption of Agenda

The proposed agenda for the meeting was agreed.

2. Conflict of interest

No conflicts of interest were declared.

3. Approval of minutes

The Chairman noted that the minutes of the last meeting contained a typo with regards to Connor Dunne's surname. This has been corrected. Roma Burke advised that she sent clarification to the Chairman with regards to her presentation and the Chairman confirmed he will include this in the minutes. The minutes of the meeting held on the 13th May were then agreed.

4. To-do list from previous meeting

The items on the to-list from the previous meeting were discussed under later agenda headings.

5. Presentation on charges

Anthony Gilhawley gave a presentation on charges for Buyout Bonds.

The main points were as follows:

- Between three pension products, there were 1,900 different possible charges – which was not in the consumer interest;
- Charges did not seem to be as high as suggested in the recent DSP Report on Charges and as time went on, charges seemed to be surprisingly low;
- The lower charges in later years seemed to imply an incentive for life companies when members left early as they could then claw back some of the commission from the intermediary.

It was suggested that charges should be low initially, approximately 0.75%, and that a rating system for charges might be useful.

6. Presentation on the Central Bank Consumer Protection Directorate

Mick Stewart and Joe Morley from the Central Bank gave a presentation on the Consumer Protection Directorate.

The three broad roles in consumer protection are Policy, Gatekeeper and Supervision. The Directorate supervises Credit Institutions, Life and non-Life Insurance companies, investment and stock-broking, intermediaries, moneylenders, Payment Institutions and Credit Servicing Firms. They do this by risk based supervision, proactive engagement, thematic reviews, reactive supervision and enforcement actions. The priority areas are as follows:

- Ensure regulatory framework remains effective and gaps are closed when risks emerge;
- Consumer centric culture from the top;
- Consumer Protection Risk Frameworks;
- Board oversight;
- Product oversight and governance
- Demonstration of good consumer outcomes;
- Monitoring of intermediaries;
- Incentive structures;
- System failures and errors
- Outsourcing of core activities.

Joe Morley advised the Council that the Consumer Protection Code is the first code that applies to all regulated entities. A thematic review of retail intermediaries with regards to replacement pension products took place in

2013/2014 and it still ongoing. The Chairman queried if they had found any evidence of churning. Mick Stewart confirmed that there was no evidence of churning however intermediaries were not keeping records of conversations held with clients. It was queried if there was a definition of churning and Joe Morley confirmed that churning is moving business around at the detriment of the customer.

7. Draft Code of Conduct

The Chairman asked the Council if there were any comments on the draft Code of Conduct. Roma Burke queried the last sentence of point (i) in the Appendix and it was decided that only a general overview of pension arrangements should be disclosed. Anthony Gilhawley queried whether the Disclosure of Interest forms are subject to FOI requests and Brendan Kennedy confirmed that he will get an official answer.

8. Draft Standing Orders

There were no comments on the Standing Orders document.

9. Secretariat

The Council supported the document circulated by the Chairman on the requirements for a Council secretariat. Brendan Kennedy confirmed that the Pensions Authority is happy to cover items one to five and, if agreeable, that there should be a memorandum of understanding put in place.

Brendan Kennedy also confirmed that the Pensions Authority does not have the capacity to cover items six and seven in the document. The Chairman agreed and confirmed that he would like authorisation from the Department of Social Protection to directly recruit someone to cover these items. Brendan Keenan suggested that as a first step we might hire a paid intern through the Institute of European Affairs or somewhere similar. Shane Whelan advised that there is a pension policy research unit in Trinity College. The Chairman asked the Council to think what type of qualifications would be needed and how a suitable person might be recruited. He said that a later time the Council might need to hire a more experienced person on a temporary contract and asked that steps be taken to put in place a procedure for authorisation of such a step should the need arise.

The Chairman thanked Brendan Kennedy for the support of the Authority. He thought that the website should be up and running by September. Brendan confirmed the Pensions Authority will draw up a memorandum of understanding over the coming weeks.

10. Submission to the URSG

Brendan Kennedy reported that the Department of Social Protection received responses from 27 groups across a broad spectrum including trade unions, professional bodies involved in pensions, employers and the Pensions Council. The aim of the consultation was to get broad general views and there would be t a more structured consultation process in the autumn. It was noted that there wasn't much comment on charges.

Anthony Gilhawley noted that the URSG will have a critical impact on the charging structure and it should drive down charges. Brendan Keenan thought the Council should wait for the URSG to complete its work before embarking on research into charges however Brendan Kennedy confirmed that the URSG is a multi-year project and that charges would not be a priority.

11. Sources of information and evidence

This item was not discussed.

12. Work programme

This item was not discussed.

13. Any other business

There was no other business to discuss.

14. Next meeting

The next meeting will be held on Thursday, 16th July 2015 at 3.30pm at Verschoyle House.