
PENSIONS COUNCIL

Meeting on Thursday, 12th May 2016 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 Kennedy
Sinead Ryan
Shane Whelan

Apologies: Brendan Keenan
Helen McDonald
Sandra Rockett

Also present: Tiago McCarthy (Department of Social Protection)
Robert Nicholson (Department of Social Protection)
Jenny Robinson (Secretariat)

Minutes

1. Adoption of agenda

The proposed agenda for the meeting was agreed. The Chairman welcomed Robert Nicholson, who attended the meeting in Helen McDonald's absence, and Tiago McCarthy to the meeting. Tiago is the recently recruited Administrative Officer who will be sharing his time between working for the Council and the Pension Policy Unit in the Department of Social Protection. The Chairman proposed writing to Minister Varadkar to congratulate him on his appointment and to request a meeting at his convenience. This was agreed.

2. Conflict of interest

No conflicts of interest were declared.

3. Approval of minutes

The minutes of the meeting held on 14th April were approved.

4. To-do list from previous meeting

Continue work on website

The Chairman requested the Secretariat to proceed with implementing, in conjunction with PTools, a “Members’ Area” on the website. Tiago McCarthy will be responsible for sourcing and uploading research reports to that area for the Council’s use.

Draft brief for study on future pensions

The Chairman provided the Council with a note on the future of Irish pensions, setting out very briefly an outline agenda for the Council’s approach to a very wide consideration of the future of pensions, including the state pension, private pensions, the prospect of a supplementary pension scheme and pensions for public servants. The Chairman requested the Council to provide comments on the document in time for the next meeting.

5. Report on Group ARFs

The Chairman thanked Anthony Gilhawley, Brendan Kennedy and Kirstie Flynn for the final draft of the document concerning a proposal for Group ARFs and proposed a statement be included regarding the fact that the Council was requested by the previous Minister to look at ways of reducing pension charges and that this proposal is one possible remedy. Anthony advised the Council that the proposal is substantially the same as the one presented at the previous meeting with a little more refinement. Robert Nicholson advised the Council that ARFs were not under the remit of the Department of Social Protection and that any proposal would need to be provided to the Department of Finance or Revenue for approval. A discussion ensued regarding the viability and regulation of ARFs. The Chairman asked the Council to vote on whether the proposal should be furnished to the Minister. There were six votes in favour, two abstentions and one vote against, therefore the motion was passed and the report will be furnished to the Minister in due course.

6. Buy Out Bond holders and the ARF option

The Chairman thanked Anthony Gilhawley for his note on this matter. Anthony advised the Council that a Buy Out Bond (“**BOB**”), also known as Personal Retirement Bond, is a personal contract arrangement stemming from a transfer from an occupational pension scheme, usually in the case of a wind-up. Anthony presented the details of his note and argued that there is a gross injustice, and no proper legal basis in prohibiting access to ARFs to the holders of BOBs stemming

from a transfer from a Defined Benefit (“DB”) occupational pension scheme. Anthony mentioned that these BOB holders are forced to buy costly annuities at retirement which has a real impact on retirement income. Robert Nicholson advised the Council that this is very much a live issue and that discussions are ongoing between Revenue and the Departments of Social Protection and Finance. Robert also advised the Council that Revenue are aware of the legal issue and that a decision is expected shortly. With that in mind, Robert was of the view that it might be better to feed positively into the process. Marie Louise Delahunty suggested the Council prepare a proposal outlining how this issue is resulting in the unfair treatment of consumers. The Chairman was of the view that it was impractical for the Council to provide a proposal on the legal (or non-legal) basis of the current regime and that a more rounded recommendation might be better.

The Chairman asked Tiago McCarthy to prepare a note on what the Pensions Ombudsman has done on this matter, his decisions and if he has turned down any complaints. The Chairman also asked Tiago to ascertain with the Ombudsman as to whether the Revenue e-brief concerning this matter comes within his office’s remit. Anthony confirmed he was happy to withdraw the proposal while discussions are ongoing between the relevant departments. The Chairman advised the Council that there is a need for some thought on the merits of any recommendation and will leave it to any individual member if they want to come up with a proposal.

7. Pension charges

Intermediary charges for ARFs

The Chairman asked the Council if it is possible to look at the range of charges across different intermediaries. Roma Burke advised the Council that providers set a range of charges and that they could be anywhere within that range. Anthony Gilhawley mentioned that the Central Bank could ask providers what the average commission is. However Marie Louise Delahunty advised the Council that if the Central Bank were to obtain that information, she is bound by confidentiality and may not be able to disclose that information to the Council. She added that the Bank would be preparing it’s next consumer work programme in September and would certainly be interested in any proposals that the Council might wish to make, before that time. The Chairman asked Tiago McCarthy to circulate to the Council any material that exists in relation to intermediary charges.

Survey of Buy Out Bonds

The Chairman asked the Council if it should look at undertaking a survey of BOBs. Anthony noted that it would be similar to the model used for the ARF survey and that it would be feasible.

8. Any other business

The Chairman proposed that for the next meeting the Council could look at the extent to which the different pension systems interact in various household and employment settings. Shane Whelan requested the Council to look at gender at the next meeting and the Chairman asked Tiago McCarthy to gather data on gender with regards to pensions.

9. Next meeting

The next meeting will be held on Thursday, 16th June 2016 at 3.30pm at Verschoyle House.

To-do list

Prepare a note on Pensions Ombudsman decisions in relation to allowing DB BOB holders access to the ARF option at retirement	TM
Ascertain whether challenging a Revenue e-brief is under the remit of the Office of the Ombudsman	TM
Organise the implementation of a "Members' Area" to the website	JR
Gather material in relation to intermediary charges	TM
Gather material in relation to gender and pensions	TM