
PENSIONS COUNCIL

Meeting on Thursday, 20th October 2016 at 3.30pm
Verschoyle House, 28/30 Lower Mount Street, Dublin 2

Attendance: Jim Murray (Chairman)
Peter Brazel
Roma Burke
Kirstie Flynn
Anthony Gilhawley
Brendan Keenan
Brendan Kennedy
Helen McDonald
Sandra Rockett
Sinead Ryan
Shane Whelan

Apologies: Marie Louise Delahunty

Also present: Minister for Social Protection, Leo Varadkar (for item 1)
Brian Purcell (Department of Social Protection)
Jenny Robinson (Secretariat)

Minutes

1. Address by Minister

The Chairman thanked the Minister for attending the meeting. The Minister welcomed the Council's thoughts on the areas of work that they could undertake over the coming years. He shared his view that the State pension should be indexed linked and confirmed that it would remain the main source of income in retirement for many pensioners.

The Minister noted that Ireland is entering into a period of recovery and that the time is right to begin designing and implementing a universal retirement savings system (URSS). The Government has asked the new Labour Employer Economic Forum (LEEF) to consider the matter of pensions in 2017 so that a template for the URSS can be agreed between major employers, unions and departments. He foresaw that the URSS would be an auto-enrolment system with opt out clauses and based in part on an SSIA model as it is more understandable. He hoped that plans for the URSS would be finalised in 2017 and legislated for in 2018.

The Minister advised the Council that he had two areas of work that he would like the Council to undertake:

- To look at increasing pension coverage among the self-employed; and
- To look at closing the gender gap in pensions while considering joint life pensions and economic independence for couples.

The Minister welcomed questions from the Council and various discussions regarding auto-enrolment, pension security, decumulation and pension adequacy ensued.

The Minister thanked the members for their service and for all of the work completed to date. The Minister then left the meeting.

2. Adoption of agenda

The proposed agenda for the meeting was agreed.

3. Conflict of interest

No conflicts of interest were declared.

4. Approval of minutes

The minutes of the meeting held on 22nd September were approved.

5. To-do list from July meeting

Brian Purcell will circulate the outstanding documents requested at the July meeting.

6. Summary of BOB survey

Anthony Gilhawley provided the Council with a summary of the results of the BOB survey in comparison to the results of the ARF survey. BOBs have a similar charging structure to that of ARFs, at a slightly lower but still very high charge level. There are many BOB products with different charging structures, similar to ARFs, and charges for BOBs may actually be higher in effect as they span a shorter period of time and short term charges are higher. Roma Burke noted that the ARF report was comprehensive and well written but hard to follow for the general public and that the Council should take the opportunity to propose ways of conveying the message in a more understandable way. Sandra Rockett was of the view that publicity is a once off message and that you need continual engagement for it to make an impact. Sandra queried whether commission was even the right charging structure. Anthony noted that the most significant charge for ARFs is trail commission while for BOBs it is initial charges. A discussion ensued regarding intermediaries, trustees' obligation to members, the "consumer interface" and the cost of BOBs.

Anthony noted that if the pensions system was simplified, it would reduce the need for advice. Brendan Keenan queried whether any other country had been successful in removing the need for intermediaries and Brendan Kennedy confirmed that the Netherlands had some successes in this area and that they have a strong ethos of duties of a scheme to the member. It was suggested that a rule should be implemented whereby if a fund is moved from one product to another with the same provider/intermediary, that there should be no initial commission. It was also suggested to introduce caps on trail commission.

Further discussions would be held on these and other issues relating to charges.

7. Broad study on future pensions policy – research needs

Shane Whelan presented his research project proposal regarding an analysis of the tax supports on private pension provision in Ireland. Sinead Ryan noted that it would reinforce the fact that middle earners would be hardest hit in retirement in relation to income adequacy. The Council agreed to proceed with the research project subject to Shane providing the Council with a short note on the purpose and objectives of the project. It was agreed that Brendan Kennedy and Anthony Gilhawley would peer review the research.

8. Any other business

There was no other business to discuss.

9. Next meeting

The next meeting will be held on Thursday, 17th November 2016 at 3.30pm at Verschoyle House.

10. To-do list

Prepare note on purpose and objectives of research project	SW
Continue discussion on charges	All