
PENSIONS COUNCIL

Meeting on Thursday, 23 March 2017 at 3.30pm
Verschoyle House, 28/30 Lower Mount Street, Dublin 2

Attendance: Jim Murray (Chairman)
Peter Brazel
Marie Louise Delahunty
Anthony Gilhawley
Brendan Keenan
Kirstie Flynn
Helen McDonald
Sinead Ryan

Apologies: Roma Burke
Brendan Kennedy
Sandra Rockett
Shane Whelan

Also present: Brian Purcell (Department of Social Protection)
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 minutes of the meeting held on 23rd February were approved, subject to the inclusion of an amendment by Sandra Rockett.

4. To Do List from previous meeting

Discuss tax project proposal with ESRI

Helen McDonald informed the Council that there was a meeting with Tim Callan of the ESRI on 1 March and that he confirmed the ESRI would be able

to complete some of the project, whilst the remaining would be easily available and therefore provided for free. Tim advised that the ESRI are very busy at the moment and that they would have capacity to commence the project in June or July. Tim is to revert with a proposal clarifying what work the ESRI can undertake. The Chairman asked Helen to circulate the proposal when received.

5. Charges for ARFs and BOBs

The Chairman confirmed that he had circulated a note in relation to this matter and thanked Brian Purcell for his paper on same. Brian presented his paper on the disclosure of information on charges in other jurisdictions. Brendan Keenan said that it was interesting to note that members in New Zealand switch plans if there are cheaper charges or better growth to be had. Anthony Gilhawley was of the view that the pension system in the UK is so highly regulated, members are putting their pension savings into “Initial Cash Equivalents” and that the pension system is facing collapse. Individual contracts give rise for more complexity and reduced tax relief and for there to be simplicity and value for money, group arrangements are needed. Kirstie Flynn noted that the UK has banned commission however fees are now in place and people are not getting advice.

The Chairman asked the Council to focus on decumulation and if, for example, there should be another vehicle apart from ARFs and annuities. Anthony noted that the ARF option needs to be simplified and that the Society of Actuaries were of the view that the ARF needs to be redesigned. There is no clear regulatory responsibility for ARFs, they have the word “approved” in their name but they are not approved by any regulatory authority. The QFM that invests the ARF is only required to self-declare to Revenue two months after they become a QFM. It was also noted that ARFs would not mesh well with the proposed auto-enrolment scheme. Anthony also confirmed that the advice on whether to take an ARF or annuity is not regulated. The Chairman asked Marie Louise Delahunty if the Central Bank is involved in the selling of ARFs or is their regulatory focus more so on the insurance side. Marie Louise confirmed that there is a prudential side and a consumer side. The consumer side includes looking at advice and disclosure and there has been some work done on ARFs over the years.

The Chairman suggested that the Council’s discussions to date indicated that the market is suboptimal and does not work for consumers. In his view, the current dispersion of regulatory responsibility for pension products was a contributing factor, among others. Marie Louise said that any comments we had to make on this point should be set in a broader context or strategy.

Brendan Keenan was of the view that it is up to the Council to suggest a better, secure system while Sinead Ryan noted that other regulators have a much wider reach and agreed that one regulator is needed for pensions. Helen McDonald confirmed that there are plans for an interdepartmental working group between the Departments of Social Protection and Finance and that these suggestions could feed into that.

The discussion on the paper on charges would continue at the next meeting.

6. Gender Working Group

Sinead Ryan and Kirstie Flynn presented their project proposal. A discussion ensued regarding the details of the proposal. It was noted that numbers one to five of the project proposal may be information that is readily available through the CSO, Revenue or EU sources. Helen McDonald asked the Council what the end result of the project would be. Sinead confirmed that it could culminate in proposals concerning changes to tax policy or pension communications. A number of other amendments to the project proposal were discussed and agreed. The Chairman asked Sinead to speak to Pete Lunn of the ESRI to discuss the behavioural aspects of this project. Sinead confirmed that she would make the agreed changes to the project proposal, speak with Pete Lunn and revert to the Council at the next meeting.

7. AOB

The Chairman asked Helen McDonald to circulate details of the legislative timeline including details of the stages the private member's bills go through.

8. Next meeting

The next meeting will be held on Thursday, 18th May 2017 at 3.30pm at Verschoyle House.

9. To-do list

Circulate ESRI proposal on tax project	HM
Amend gender project proposal and speak to Pete Lunn of the ESRI to discuss the behavioural aspects	SRyan
Provide Council with legislative timeline	HM
Continue discussion of the "Next Steps" paper on charges for ARFs and BOBs	ALL