PENSIONS COUNCIL

Meeting on Thursday, 15 June 2017 at 3.30pm
Verschoyle House, 28/30 Lower Mount Street, Dublin 2

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

Apologies: Roma Burke
                    Shane Whelan
                    Tony Gilhawley

Also present: Brian Purcell (Department of Social Protection)
                    Aoife Moloney (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 18th May were approved.

4. **To Do List from previous meeting**

Consider further the note on ARFs and BOBs
This item was discussed under its own heading (see point 6)

Proceed with ESRI proposal
Helen McDonald confirmed that she had contacted the ESRI and has requested a timeline for proceeding with the proposal. Helen is waiting for a response and will provide an update once received.

Ask ESRI if they could undertake gender project proposal
This item was discussed under its own heading (see point 7)

Confirm attendance (or absence) by 11.00AM on the day of each meeting.
The Chairman reminded members to confirm their attendance or non-attendance by 11am on the day of each meeting in order to determine whether there would be enough attendees to satisfy the quorum in advance of the meeting.

5. Robert Nicholson: Update on auto-enrolment

The Chairman welcomed Robert Nicholson from the Department of Social Protection to the meeting. Robert provided an update on auto-enrolment, based on current thinking and analysis and recommendations to be presented to the incoming government. The analysis has focused on the requirements of the State while considering the approaches taken by other OECD countries currently implementing auto-enrolment pension systems. It is proposed that the system would apply to individuals above a specified salary threshold who do not currently have a pension. It was noted that low levels of pension coverage across the private sector can mainly be attributed to inertia, and therefore, auto-enrolment with an opt-out option has proven to be a successfully approach, with the vast majority of individuals choosing not to avail of the option to opt-out. It was noted that in order to discourage individuals from opting out, financial incentives must be transparent and comprehensible, and the required contribution rate must be low (1-2%) at least at the beginning, with the option to make AVCs. At the end of the presentation, the Council posed a number of questions and a discussion ensued. Sinead Ryan enquired whether a mandatory pension system had been considered. Robert confirmed that this approach has also been examined and has not been ruled out. The Chairman sought clarity on the proposed methods of deduction and remittance of contributions. Robert confirmed that no decision has been made in relation to this matter and further exploration is required into whether payments could be facilitated through PRSI deductions. Robert explained that his team are in the process of preparing a straw-man proposal for the purposes of generating discussion among interest groups.

The Chairman then thanked Robert Nicholson for his attendance and update.

6. Finalise discussion on charges for ARFs and BOBs – Next Steps

The Chairman circulated a note on this matter, but there was not time for a full discussion on the issue.

7. Gender Working Group

It was decided that the ESRI should undertake the gender project proposal should it prove to be cost effective. It was agreed that Sinead Ryan would further discuss the arrangements with Helen McDonald and proceed with the project if satisfied with the offer.

8. Discussion on auto-enrolment including roles of public and private provision

The Chairman presented the Council's response to DSP's 'Invitation for Submissions on a Universal Retirement Saving System' and a discussion ensued. Sinead Ryan emphasised the need for the scheme to cater for everyone; workers, self-employed and all other adults who wish to contribute. It was noted that further research is required in relation to how the system could facilitate homemakers and caretakers. Potential methods for the deduction and remittance of pension contributions were discussed, with Brendan Kennedy noting that the payment of pension contributions through the PRSI system could be challenging and problematic. Helen McDonald noted that the responsibility for administrating the scheme, and the related expenses, would also need to be addressed. Helen highlighted the need for consistency in the cost and standard between those subject to auto-enrolment and those already contributing to a pension. Sinead Ryan suggested that establishing one agency responsible for the collection, administration and investment management of the scheme would allow for greater economies of scale.

The Council noted that the straw-man proposal, which is in the process of being prepared by Robert Nicholson and his team, will prompt discussion among interest groups.

9. AOB

Sandra Rockett provided an update on the Australian pension system. Australia operates a mandatory superannuation system. It was noted that there is a low number of large superannuation funds within Australia. The scale

of these funds allows for broader investment arrangements and the payment of benefits is facilitated through the superannuation funds. It was noted that the Australian pension system has evolved over a number of decades and the requirement to do so can be attributed to both regulatory and market forces.

10. Next meeting

The next meeting will be held on Thursday, 20th July 2017 at 3.30pm at Verschoyle House.

11. To-do list

- Provide technical amends to ARFs and BOBs note TG
- Consider further the note on ARFs and BOBs ALL
- Update regarding timeline of ESRI proposal HM
- Ask ESRI if they could undertake gender project proposal SRyan/HM
- Ask other agencies (including PA) to keep us informed on research projects/results JM
- Estimate of total contributions received through auto-enrolment during year one BP