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# PENSIONS COUNCIL

Meeting on Thursday, 20 July 2017 at 3.30pm  
Verschoyle House, 28/30 Lower Mount Street, Dublin 2

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**Attendance:** Jim Murray (Chairman)  
Peter Brazel  
Roma Burke  
Shane Whelan  
Tony Gilhawley  
Sandra Rockett  
Brendan Keenan

**Apologies:** Marie Louise Delahunty  
Kirstie Flynn  
Helen McDonald  
Brendan Kennedy  
Sinead Ryan

**Also present:** Aoife Moloney (Secretariat)

## Minutes

### **1. Adoption of agenda**

It was agreed that an additional item for the discussion of the Social Welfare, Pensions and Civil Registration Bill 2017 be added to the agenda.

### **2. Conflict of interest**

No conflicts of interest were declared.

### **3. Approval of minutes**

The minutes of the meeting held on 15<sup>th</sup> June were approved.

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

*Provide technical amends to ARFs and BOBs note*

Tony Gilhawley requested the most up-to-date version of the note be sent to him for his review.

*Estimate of total contributions received through auto-enrolment during year one*

A paper was prepared by Brian Purcell and presented at the meeting. A discussion ensued, the contents of which is detailed under item 5.

**5. Discussion on auto-enrolment – including roles of public and private provision.**

While it was acknowledged that establishing a large trust fund will allow for economies of scale to reduce member administration costs in the long term, it was raised that the initial set-up of an auto-enrolment scheme could be costly and it will need to be determined how these costs will be met. Tony Gilhawley raised that an increase in pension savings will remove money from the economy through reduced spending. Roma Burke noted that if contributions are invested within the Irish economy, this could lessen the impact of reduced expenditure.

The purpose of a universal scheme was queried. The Chairman acknowledged that the current role of the State pension is to prevent old age poverty, however, pension replacement rates in Ireland are currently among the lowest in the EU and additional measures are required to reduce the gap between individual's salaries and their pensionable income. Brendan Keenan supported this by stating that it has been proven that universal pension schemes have encouraged people to acknowledge this income gap and take action to reduce it.

A discussion ensued surrounding the potential structural options for a universal scheme. Suggestions included;

- Allowing the purchase of additional pension income through the current deduction and payment system for State pensions.
- Establishing a government run scheme similar to the current Defined Benefit public sector Single Scheme which requires contributions from both employer and employee and provides members with a pensionable income based on a percentage of their career-average earnings.
- Establishing an auto-enrolment Defined Contribution scheme which will facilitate and encourage individual pension savings in addition to any State pension entitlements.

Sandra Rockett noted that there is a lack of trust in pension schemes. It was raised that any scheme into which individuals are automatically enrolled, should be low risk and should prove to be cost neutral to the State. Tony Gilhawley suggested that awarding tax credits for pension contributions may be more incentivising than the traditional method of providing tax relief. Sandra Rockett raised the issue that a universal scheme should be available to, and equally facilitate pension savings for, the unemployed and home carers who would not be in a position to avail of tax relief or credits.

The Council also discussed the idea of making adjustments to the current pension landscape due to the fact that establishing an entirely new system will be a lengthy process. While the primary focus is to devise a new universal scheme to cater for everyone, regardless of income level or employment status, the Council also agreed to further consider such short-term adjustments.

## **6. AOB**

The Chairman reminded the members that there will be no meeting in August.

## **7. Next meeting**

The next meeting will be held on Thursday, 21<sup>st</sup> September 2017 at 3.30pm at Verschoyle House.

## **8. 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
- Consider further a viable structure for auto-enrolment ALL