



An Chomhairle Pinsean The Pensions Council

Pensions Council Meeting

18 January 2023 @ 15:00

Venue: MS Teams

Minutes

Council members in attendance:

Roma Burke (Chair) (RB)
Deirdre Cummins (DC)
Clare Dowling (CD)
Olive Gaughan (OG) left at 16:00
Stephen Gillick (SG)
Brendan Kennedy (BK)
Ciara McLoughlin (CML)
Munro O'Dwyer (MD)
Tim O'Hanrahan (TH)
Rob O'Toole (RT)
Joanne Roche (JR)

Council members apologies:

None. All members were present at the meeting.

Also present:

Marco Carlesso (note taker, secretariat)
Christine Lutz (secretariat)

Quorum: Quorum present – 11 members present (6 required for Quorum)

1. Conflict of interest:

No conflicts of interest were declared by the Pensions Council members and all members confirmed there were no relevant changes in circumstances to be reported.

2. Adoption of agenda:

The agenda was approved by the members.

3. Operational matters

The Chair and Council welcomed to the meeting Deirdre Cummins, who re-joined the Council after a period of leave.

The Chair informed the Council that the paper on retirement lump sums was ready to be sent to the Minister at the end of January.

4. Minutes

The minutes for the December 2022 meeting were approved.

5. Developments in the pensions' environment

The Chair noted the briefing prepared by AB that was circulated among the members. The Chair asked the Pensions Regulator to provide an update from the Pensions Authority ('Authority').

The Pensions Regulator (BK), noting the 1 January 2023 IORP II compliance deadline, informed the Council that the Authority published a report on single employer pension schemes. He expressed concerns about the lack of urgency shown by some trustees. BK noted that there are also some concerns with the compliance of one-member arrangements. BK acknowledged the difficulties faced by one-member arrangements and appreciated the results of the engagement with the industry and the action taken by life companies, noting the drastic reduction in the number of new one-member arrangements being set up, which decreased from around 1,000 new schemes per month to nearly zero by mid-2022. BK expressed that the Authority is cautiously optimistic about the direction of travel, noting that the industry is at maximum capacity with so many pension schemes aiming to achieve compliance over a short period of time.

BK informed the Council that on 18 January 2023 the Authority was called before the Oireachtas Committee to discuss auto enrolment (AE) which he attended.

BK observed that risk management is one of the most significant developments introduced by IORP II. The Authority will organise a conference on this topic later in 2023.

The Chair asked for clarification on whether Authority guidance will be issued for defined benefit pension benefit statements. BK stated that the Authority would examine the information currently available and publish further guidance if required.

The Chair asked BK to clarify what the regulatory environment will be around AE and the supervision of the Central Processing Authority (CPA). BK stated that the Authority will regulate the CPA and will treat it in a similar manner to a master trust. The CPA will be responsible for other aspects, such as pursuing employers for unpaid contributions.

The Chair asked CD to prepare a brief presentation on AE, to be delivered at the February meeting. Points of interest are the regulation of the AE system, the parameters that occupational pension schemes will need to satisfy to be exempted from joining, the custodianship of assets, and the funding of AE in general and any applicable recovery of cost from members for expenses incurred for setting up the new system.

6. Strategic work in progress

ESRI Housing Research – Council Position Paper

Council members discussed the insights gained from the ESRI paper acknowledging that the issues identified by the ESRI are significant. The financial challenges that prohibit consumers from buying a home have a knock-on effect on their retirement prospects. It was noted that the housing crisis was not just an Irish problem, and that in many other jurisdictions similar problems exist. The Council members acknowledge that the housing crisis in Ireland has been examined by many groups of experts already with JR citing research work by Shane Whelan, associate professor in UCD.

MD highlighted the possible need to increase the amount of pension savings in the future. The Chair said that this might not be an option for many people, due to affordability issues. The members agreed further work was required on the Council's position paper considering the comments provided.

Consideration of research topics

The Council continued the discussion on possible research on an alternative investment approach for AE.

The Chair asked the Council for suggestions on possible other research topics.

MD highlighted the merits of research on retirement living standards, which could quantify in monetary terms how much it costs to have a reasonable income in retirement. He noted that similar research has been done in other jurisdictions, however, he was not aware of any similar Irish study. CD noted the importance to move from citing replacement rates to more meaningful real terms (e.g. what type of car a retiree's pension could allow them to purchase) to better illustrate to people what their retirement spending capabilities would look like depending on their projected income. The Council agreed on the merit of this research.

TH suggested researching decumulation options and investigate what is offered to retirees in different jurisdictions, to see if there is an international best practice that can be applied to Ireland. MD observed the correlation of both topics and opined that it would be important to establish how to illustrate what a reasonable income in retirement looks like and how best to draw it down. The Council agreed to discuss

these topics further. RB stated that she would instruct AB to conduct research on international best practice.

7. AOB

8. Next Meeting

The next meeting which was scheduled to be held remotely via MS Team on Wednesday 15 February 2023 did not take place as the majority of the Council members were not available to participate.

Action Items:

No.	Action Details	Person responsible	Date to be completed:
1	Progress paper on lump sums to Minister	Chair	End of January
2	Examine Pensions Authority guidance on PBS	BK	February meeting
3	Prepare a presentation on AE	CD	February meeting
4	Initiate research on retirement living standards	Chair/AB	February meeting
5	Research on international examples of best practice options for decumulation	Chair to instruct AB	March meeting