



An Chomhairle Pinsean The Pensions Council

Pensions Council Meeting

15 June 2022 @ 3 pm

Hybrid Meeting held virtually and in Verschoyle House, 28/30 Lower Mount Street, Dublin 2

Minutes

Council members in attendance:

Roma Burke (Chair) (RB)
Clare Dowling (CD)
Stephen Gillick (SG)
Brendan Kennedy (BK)
Munro O'Dwyer (MD)
Tim O'Hanrahan (TH)
Joanne Roche (JR)

Council members apologies:

Deirdre Cummins (DC)
Olive Gaughan (OG)
Ciara McLoughlin (CMc)

Also present:

Kenneth Devine (CBI) (KD) – joined at 15:05, left at 15:45.
Rob O'Toole (DPER) (RT)
Marco Carlesso (note taker, secretariat)
Christine Lutz (secretariat)

Quorum: Quorum present – 7 members present (6 required for Quorum)

1. Conflict of interest:

No conflicts of interest were declared by the Pensions Council (PC) 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 informed the Council that Eoin Dormer no longer serves as ordinary member of the Council due to a change of his role. The Chair thanked Eoin for his work, and for providing his input and expertise during his tenure as a member of the Council. The Chair advised that Eoin will be replaced by Rob O'Toole, the new Head of Pension Policy in DPER, pending the Ministerial approval. The Council agreed that Rob could sit as observer at the June meeting. All the members acknowledged the importance of Eoin's work and welcomed RT.

RT thanked the Chair and introduced himself to the Council.

4. CBI Presentation on findings of gender diversity in occupational pension schemes

The Chair welcomed KD, Senior Economist at the Central Bank of Ireland, who delivered a presentation to the Pensions Council on the findings of gender diversity in occupational pension schemes.

KD illustrated that the research was based on a survey issued to large pension funds subjected to European Central Bank statistical reporting. The sample included over 826,000 members who are active, deferred, or retired members of 340 pension funds. The report highlighted that overall, more male than female are members of occupational pension schemes, with differences across employment sector and age cohorts.

A broad discussion followed, with members providing feedback and observations.

KD thanked the Council for their comments and informed that the current research will be developed further, and that the key finding will be published in future.

TH outlined the several interesting points made by KD's research and noted that it shows the complexity of collating pension data, reflecting the challenges that researchers are facing to obtain valid statistical information.

5. Minutes

The minutes for the May 2022 meeting were approved.

6. Developments in the pensions' environment

The Chair asked to CD and BK to provide updates.

CD said that DSP is currently engaging with stakeholders regarding the Central Processing Authority and that they are at a pre-tendering stage engaging with industry.

BK outlined that the IORP II compliance deadline (1 July 2022) is approaching for Master Trusts and one member arrangements started from 1 April 2021. BK said that while no particular concerns are arising from Master Trusts, several hundred new schemes continue to be set up each month and their compliance is a matter of concern for the Pensions Authority.

The Regulator highlighted the importance for schemes to be compliant, and that the Pensions Authority will consider taking enforcement action to deal with non-compliant schemes after the deadline.

TH asked BK to clarify if there is a path for small schemes to consolidate.

BK replied that while it is a complex matter, consolidation is possible.

7. Strategic work in progress

Pensions Cost Transparency Report

A broad discussion on the final draft of the report took place.

JR suggested to clarify some points of the report for the benefit of the readers, who might not be familiar with some terms used, for example the term Reduction in Yield (RIY) and to insert a footnote to explain assumptions made.

MD highlighted that simplicity is a key factor of the report. BK agreed that some terms should be explained as it is a very important tool to compare different products.

TH suggested to insert a note on the assumptions, in the interest of transparency.

BK suggested to use an approach similar to the one used when publishing the report on ARF charges.

The Chair proposed to add an appendix to the document, to provide transparency on assumptions and calculations, safeguarding simplicity of the body of the report.

The Council agreed on the final draft of the report and agreed to amend it taking into consideration the minor changes suggested by the Council.

The Chair thanked all the members involved in the preparation of the report for their work.

ESRI Housing Research

CD informed the Council that the ESRI have given a date for the webinar to present their last research on Housing. Further updates will be provided in due course.

Gender Pension Gap Report

CD informed the group that the Gender Pensions Gap report, prepared by the Council, has been presented to the Minister.

8. Debate: The House believes that the lump sum benefit at retirement should be made more flexible for pension scheme members

As agreed in the May meeting, the Council held a debate on the merits of the lump sum in its current format or whether it should be made more flexible.

RB, BK, MD debated in favour of maintaining the status quo, while SG, TH and JR argued for flexible access to the lump sum. All participating members were assigned their positions, so the breakdown of the teams did not reflect any personal opinions.

Both teams highlighted the importance of protecting the consumer's interest. Consideration was given to situations in other jurisdictions, fairness of the pension system as a whole, importance of clear communication, behavioural and psychological aspects, and sense of ownership.

The Council agreed that the debate will provide the basis for a short position paper on thoughts and observations on the lump sum flexibility.

9. AOB

TH asked the Chair for the appetite for some research on decumulation. The Chair said that such work is on the agenda for the future, as there is work to be done on the matter.

10. Next Meeting

The next meeting is scheduled to be held remotely via MS Teams on 20 July 2022.

Action Items:

No.	Action Details	Person responsible	Date to be completed:
1	Circulate amended Pensions Cost Transparency Report	MD	Before July meeting
2	Organise Council members attendance at ESRI webinar on housing research	AB	Before publication of report (week starting 4 July)
3	Circulation of Council's position paper on ESRI housing research	RB, TH	To be circulated during the following days.
4	Investment strategy for AE paper	CD, JR, AB	July meeting
5	Prepare position paper with thoughts and observations on flexible access to tax free lump sum	Chair	July meeting