



An Chomhairle Pinsean The Pensions Council

Pensions Council Meeting

22 March 2023 @ 15:00

Venue: MS Teams

Minutes

Council members in attendance:

Roma Burke (Chair) (RB)
Clare Dowling (CD)
Olive Gaughan (OG)
Munro O'Dwyer (MD)
Tim O'Hanrahan (TH)
Rob O'Toole (RT)
Joanne Roche (JR)

Council members apologies:

Deirdre Cummins (DC)
Stephen Gillick (SG)
Brendan Kennedy (BK)
Ciara McLoughlin (CML)

Also present:

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 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 confirmed that the report prepared by the Council on retirement lump sums had been brought to the attention of the Minister of Social Protection, however, since the report had been issued, the Pensions Authority (PA) had updated the State Pension amount in their pensions calculator tool which was used when preparing some calculations in the report. This meant that those calculations could not be reproduced using the currently available calculator tool. It was agreed that a footnote would be entered in the report to reflect this. The Chair asked the Secretariat to publish the report to the website, pending this footnote.

4. Minutes

The minutes for the January 2023 meeting were approved. The Secretariat was instructed to add a note to reflect that the February meeting did not take place as it was not quorate.

5. Developments in the pensions' environment

The Chair noted a briefing prepared by AB that was circulated among the members.

6. AE Update and discussion

The Chair invited CD to provide an update on the auto enrolment retirement savings project (AE).

CD reminded the Council of the *raison d'être* of AE, namely, to increase pension coverage and to improve adequacy. CD referenced the that the Government committed to addressing these issues in their paper '[Our shared future](#)' which was published in October 2020.

CD stated that an AE programme management office was established within DSP in 2018 and that the EU Commission was providing consultancy support.

CD referenced that the draft Head of the AE bill was based on the design principles and that the intention was for the Minister to initiate the bill before summer recess. She referenced that DSP had appeared before the Legislative Scrutiny Committee¹ to discuss the AE design and that they were currently awaiting the Committee's report.

As regards tendering for services, CD informed that one tender process (consultancy) had already been completed. CD stated that three more tenders would be published later this year: administration services, custodian services and investment management services.

¹ Oireachtas' Joint Committee on Social Protection, Community and Rural Development and the Islands.

RT asked whether the proposed AE start date in early 2024 was still doable. CD acknowledged that the timeline was ambitious but stressed that DSP has a strong commitment to the development of AE within the agreed timeframe.

TH noted the high level of outsourcing. He noted that under Solvency II (which applies to insurance firms) that when a firm outsources the firm still has responsibility for fully discharging all of their obligations under the directive and how will this risk be managed. He also asked about the proposed costs and how these will be funded. As regards the nature of the Central Processing Authority (CPA) CD stated that this entity would be supervised by the PA in a similar manner to a master trust and that capitalisation requirements would apply. She outlined that the funding would be negotiated with the Department of Public Expenditure and Reform and the Department of Finance. CD said that the expectation was that the CPA would eventually become self-financing and that therefore funding would be needed for the initial period only. CD stated that provisions under 'Services of General Economic Interest' might be applied, these allowed for State aid to be granted to an entity which provided services of general interest that are based on the principles of solidarity and equal access.

OG asked for further information about life styling investment strategies. OG queried whether the concept of life styling mandated a tailoring towards individual cohorts and wondered how one fund could achieve this. CD stated that the investment strategies will be defined by the CPA, and that a default, lifestyle strategy for savers would be provided. the CPA will be responsible for strategic investment decisions.

MD asked whether the technology to support AE and the CPA would be purchased or leased. CD stated that the technology would be leased, however, the CPA would own the data.

It was queried how an employer would know if they need to auto-enrol an employee. CD explained that Revenue will be able provide certain information to the CPA under a data sharing agreement. DSP are in discussions with the Data Protection Commissioner in relation to GDPR. In a similar manner to a Revenue notification via payroll, it is envisaged that the CPA will issue a notice to an employer in respect of an employee who is due to be auto-enrolled. This is intended to minimise the administrative burden for employers. It will be up to the employee to opt out, not the employer. CD emphasised the importance of DSP's continued stakeholder engagement with organisation such as IBEC, Forsa, and ICTU. An AE communications campaign will be developed closer to the date of introduction of AE.

The Chair thanked CD for her comprehensive presentation.

7. Strategic work in progress

ESRI Housing Research – Council position paper

The Chair summarised the content of the paper and thanked those involved for their work. It was agreed to circulate the paper by email for final comments before the next meeting. Once the Council approves the email by way of written procedure, it will be progressed to the Minister.

Project proposals for 2023

The Council considered all research ideas and proposals tabled so far and debated which project they wished to endorse for 2023. It was decided that the project suggested by MD, on retirement living standards, would be commenced.

The objective of the project will be to identify the annual income required for three sample living standards in retirement; minimum, moderate and comfortable. This is similar to the PSLA's Retirement Living Standards in the UK. It is hoped that the findings of this research will help consumers understand how much income to target for retirement. This may help to increase coverage and/or adequacy. MD noted the difficulties involved when trying to calculate the cost of retirement for an individual, as some expenses like medical care are complex to estimate and varied on individual circumstances and may change over time.

In MD's view, it would also be beneficial to obtain opinions from the wider pensions industry so their views and observations could be incorporated into the project so that the final output could be endorsed and used by many.

The Council members agreed on the merit of this project for consumers. It was agreed to establish a steering committee with JR, OG, ROT as members who would oversee this project and draft terms of reference so the project could be outsourced to a research institute.

ROT noted that this project could be helpful in explaining to consumers why auto enrolment is so important, as the State Pension will likely only fund minimum retirement standards, and supplementary pension provisions will allow retired people to afford additional discretionary expenditures.

The Chair queried whether AB could be made available as project manager. CD noted that AB has a research role in the Council and agreed to support this important work by allocating DSP resources in the form of appointing AB as project manager.

8. AOB

The Chair reminded all Council members that they are invited to an event on 'Assessing the proposed auto-enrolment pension scheme', organised by TASC held on 28 March 2023 at Buswells Hotel.

The Chair proposed to invite Mercer to give a presentation on master trusts at the next Council meeting in April and this was agreed. She asked the members to provide questions and queries in advance of this to allow the presenters to prepare a tailored presentation.

The Council agreed to provide their views via email by the end of March.

The Chair finally invited all the members to check that their biographical information available on the Council's website is still accurate, and to contact the secretariat directly if any update is required.

9. Next Meeting

The next meeting is scheduled to be held remotely via MS Team on Wednesday, 19 April 2022 at 15:00.

Action Items:

No.	Action Details	Person responsible	Date to be completed:
1	RB to send updated lump sum report to secretariat for uploading to website.	MC	As soon as updated report is received.
2	CL to liaise with BK regarding Pensions Authority's guidance on DB PBS.	CL	Week ending 24 March 2023
3	Review biographies on website and contact secretariat if necessary	All members	Before April meeting
4	Send comments and requests about master trust presentation to Chair	All members	31 March 2023
5	Contact AB regarding project management role for new research project	Chair	As soon as practicable

6	Progress ESRI Housing Research – Council position paper: provide final comments	All members	By 19 April 2023
7	Retirement Living Standards project – draft terms of reference	AB	Before April meeting