



An Chomhairle Pinsean The Pensions Council

Pensions Council Meeting

16 November 2022 @ 3:00 pm

Venue: MS Teams

Minutes

Council members in attendance:

Roma Burke (Chair) (RB)
Olive Gaughan (OG)
Stephen Gillick (SG)
Ciara McLoughlin (CML)
Munro O'Dwyer (MD)
Tim O'Hanrahan (TH)
Rob O'Toole (ROT)
Joanne Roche (JR)

Council members apologies:

Deirdre Cummins (DC)
Clare Dowling (CD)
Brendan Kennedy (BK)

Also present:

Aaron Bayle (DSP)
Marco Carlesso (note taker, secretariat)
Christine Lutz (secretariat)

Quorum: Quorum present – 8 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 noted the apologies for the meeting received by CD and BK.

The Chair informed the members of the presentation on the Gender Pension Gap she gave at the Annual Convention of the Society of Actuaries in Ireland (SAI). The Chair shared with the Council the feedback and comments received and expressed her satisfaction for the report produced by the Council.

4. Minutes

The minutes for the October 2022 meeting were approved, subject to a minor amendment suggested by TH, which was agreed by the Council.

5. Developments in the pensions' environment

The Chair informed the Council that the Pensions Regulator (BK), along with his apologies for the meeting, had provided her with an email update. The update stated that there have been no significant developments on Pensions Authority ('Authority') related matters. A questionnaire related to liability driven investment had been sent to the thirty largest Irish DB schemes in Ireland, and the Authority was awaiting responses. BK would update the Council about the results at the next available occasion.

The Chair then asked AB to provide a brief update. AB informed the Council that the pre-legislative scrutiny process of the Draft Heads and General Scheme of the Automatic Enrolment Retirement Savings System Bill 2022 is in progress, and that the Joint Committee on Social Protection, Community and Rural Development and the Islands is inviting written submissions as part of this process. The closing date for submissions is Friday 18 November.

The Council observed the short timeframe for stakeholders and the general public to make a submission (one week). The Chair stated that the Council had submitted its observations on AE from a gender perspective in its report to the Minister in early March 2022. There was insufficient time to review the Draft Heads for other matters before the deadline.

A brief discussion followed on whether the Council should make a submission to the Public Consultation and if so, how this could best be achieved. The Council authorised the Chair and ROT to liaise with DSP to consider the matter further.

6. Strategic work in progress

Lump sum paper

The draft paper on the retirement lump sum was presented to the Council. The Chair thanked the working group for its work so far. The Council then stepped through the paper in detail to discuss all observations, feedback and comments.

A broader discussion also took place, with MD noting that the insurance industry in particular was currently facing a heavy workload with IORP II implementation, consolidation etc. MD wondered whether some of the proposed recommendations of the report could possibly pose additional challenges to the sector. JR pointed out that, despite the possibility of initial additional work required, insurers would benefit in the long run, as some savers might decide to keep their assets invested for longer instead of withdrawing them in full which would be of benefit to the insurance industry as well

as the saver. The Council approved the draft report, subject to a final review of the wording. It was agreed that the Chair and JR would conduct a final review of the paper.

Gender pension gap & Cost transparency – Meeting with officials from DSP

The Chair informed the Council of the outcome of a meeting with officials representing the Minister of Social Protection to discuss the reports, thanking the DSP officials for their time. She noted in particular that relevant departments had been asked by DSP to investigate some of the suggestions contained in the papers, particularly around education and tax matters. DSP will consider the Council's comments made in the Gender Pensions Gap Report surrounding the Pensions Act (waiting period, vesting period, disclosure). The Chair concluded that the meeting with DSP was beneficial and gave the Council an opportunity to provide greater depth to their recommendations.

The Chair asked AB to research whether some of the suggestions made in the reports are already implemented in other OECD countries, and to report back to the Council with his findings at the next meeting.

ESRI Housing Research – Council Position Paper

The Chair stated that work was progressing well and that this would be discussed further at the December meeting, with a view to progress a short paper to the Minister. The Chair thanked AB for the research done on the different provisions made in other jurisdictions allowing access to pension savings to purchase a property. The Chair will engage with an external tax expert on an informal basis to sense-check some of the proposed recommendations.

7. Proposed research topic

The Chair informed the Council of correspondence received from Colm Fagan regarding his research on an alternative investment approach for Auto Enrolment. She reminded the Council, that he is an actuary, a past president of the SAI, and founder of Life Strategies (now Milliman Ltd). Mr Fagan had presented his approach at the April 2021 Council meeting. Since then, Mr Fagan had further developed his work and, as of recent, was announced as the co-winner of the inaugural Frank Redington Prize, awarded by the UK Institute and Faculty of Actuaries for his paper on "*A New Approach to Auto-Enrolled Pensions*".

The Chair informed the Council that Mr Fagan had asked if the Council would be minded to fund independent research on his proposed approach to AE.

A broad discussion followed, with each member offering their views on whether a feasibility study should be commissioned. It was acknowledged that Mr Fagan has a strong and relevant track record of experience and skills and the Frank Redington Prize is a notable achievement.

SG stated that he had read an article about Mr Fagan's work in "The Currency" and that the article had generated significant interest amongst solicitors and clients to learn more. SG informed the Council that Mason Hayes Curran would be hosting a webinar

with Mr Fagan as speaker on 18 November 2022 and invited all Council members to attend.

It was considered whether Mr Fagan’s proposal could possibly be offered as a self-select investment option within AE, however it was pointed out that economies of scale needed for his approach might not then work, and that if this option was given, appropriate financial advice would be essential for the saver. Support was expressed for conducting a feasibility study by some, others wondered whether the timing of a feasibility study was opportune, given the status of AE. Others countered that the UK was conducting a feasibility study ten years after the introduction of Auto Enrolment. Some cautioned and questioned the draft terms of reference and could they be answered in any objective way.

The Chair thanked the members for their opinions, acknowledging that all points made were relevant, noting that not all Council members were present. It was decided to discuss this topic further at the next meeting to allow all Council members to express their final views.

8. AOB

The Chair noted that Brendan Beere, from the Central Bank of Ireland, will join the December meeting to present the results of a research on decumulation. The Chair thanked TH for organising this and asked the Secretariat to make the necessary arrangements.

9. Next Meeting

The next meeting is scheduled to be held remotely via MS Team on Wednesday 14 December 2022.

Action Items:

No.	Action Details	Person responsible	Date to be completed:
1	Conduct research on OECD countries having structures similar to what is suggested by the PC in the Gender Pension Gap report.	AB	Before December meeting
2	Conduct final sense check review of lump sum paper.	Chair/JR OG, CML, ROT	Before December meeting
3	Circulate pdf version of article in “The Currency” to Council members.	SG	Before December meeting
4	Make necessary arrangements for representative from CBI to attend December meeting.	Secretariat	Before December meeting