



# An Chomhairle Pinsean The Pensions Council

## Minutes

### **Pensions Council Meeting**

**21 June 2023 @ 15:00**

**Venue: MS Teams**

#### **Council members in attendance:**

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

#### **Council members apologies:**

Deirdre Cummins (DC)

#### **Also present:**

Aaron Bayle, Department of Social Protection (AB)  
Marco Carlesso (note taker, secretariat)  
Christine Lutz (secretariat)

**Quorum:** Quorum present – 9 members present (6 required for Quorum)

---

### **1. Conflict of interest:**

The Chair noted that the Pensions Council maintains a Register of Interests. The Chair asked the Council members to consider any new potential conflicts of interest or other interests that have not yet been declared and none were declared. All members confirmed there were no relevant changes in circumstances to be reported.

### **2. Adoption of the agenda:**

The agenda was approved by the members.

### **3. Minutes and matters arising:**

The minutes for the 17 May and 8 June 2023 meetings were approved.

### **4. Operational matters**

The Chair asked AB for an update on the Ministerial letter of appointment of the ordinary council member representing DPER. AB stated that this is in progress and that he will provide an update at the earliest opportunity.

### **5. Developments in the pensions' environment**

The Chair asked the Pensions Regulator (BK) to provide a brief update from the Pensions Authority (Authority). BK noted that the 30 June 2023 deadline for one-member arrangements established on or after 22 April 2021 to be fully compliant or wound up was fast approaching. He outlined the ongoing engagements between Authority, industry, and consultants. He pointed out the substantial progress made, noting that 85% of this type of arrangement is expected to wind up by the deadline. He acknowledged that not all the schemes are likely to meet the deadline, especially those with complicated assets but satisfactory progress was being made to work through these issues.

BK continued his update focussing on group schemes, expressing his confidence that the end of 2023 deadline will be met. The Authority may consider enforcement action where schemes are not actively working towards the deadline.

He noted that derogated schemes have been proactively engaging with the Authority. He confirmed that schemes are required to complete their critical reviews by April 2024, noting that ideally trustees should already be conducting those reviews as best practice in the stewardship of their scheme. He stated that the Authority does not intend to issue guidance on critical reviews.

The Chair asked CD to provide an update from the Department of Social Protection (DSP). CD stated that the legislative bill on auto enrolment (AE) is expected to be published in the autumn 2023 (late Q3/early Q4). She pointed out that DSP aims to provide a high-level of transparency in the legislation, and to include provision on the broad investment strategy. DSP is currently engaging with stakeholders and interested parties and is preparing a technical briefing with the press to ensure clarity and transparency for the public. The future role of the Authority in AE supervision is being discussed with DSP. DSP is working with Revenue on the data required to ensure that

all those eligible for AE are included. DSP is also consulting the Data Protection Commissioner regarding compliance with the relevant legislation.

## **6. Master Trust paper**

MD provided an update on the Master Trust paper, informing that work was progressing and a draft paper will be presented at the next meeting for feedback and comments. MD noted the issue of pensions adjustment orders (PAO) and a possible loss of death in service benefits for members transferring to a Master Trust. He queried whether legislation would be required to address this issue. CML mentioned that the Law Society had already pointed this out to the DSP. The Chair observed that the loss of protections afforded under a PAO can potentially impact more women beneficiaries than men. In the interest of consumer protection, the Council considered the need to alert this Minister. The Master Trust paper will achieve this objective.

## **7. Proposal for an alternative structural basis for AE**

The Chair thanked the Council members for their input in the drafting of the request for quotation (RFQ) and AB for his work on it. The Chair stated that the RFQ was published on the Council's website and on the eTenders.gov.ie website on 21 June. The Authority and DSP had published notices on their websites. The Society of Actuaries in Ireland shared it with its members and the Institute & Faculty of Actuaries had offered to promote it to its members. The Chair highlighted the importance of making every reasonable effort to reach all interested parties and the Council members agreed that the approach taken had achieved this objective. It was agreed that the Chair, OG and TH will form the sub-committee that will carry out the initial assessment of the responses.

The Minister's letter to the Council (26 April 2023) was considered, in particular the practical feasibility of the proposal, whether the Council is aware of any similar approach being employed in any other jurisdiction, and the appropriateness of the proposal in the context of the profile of the potential membership. BK agreed to investigate if the approach is being employed elsewhere. It was noted that the proposal could best be broken down in its structural parts, to reflect on the merits and the challenges posed by each part: i.e. protecting from longevity risk, in-scheme decumulation, lifestyle strategies, costs, and smoothing. It was agreed that establishing a low-cost AE model at the earliest opportunity would be of benefit to the consumer and that the Council fully supported the Minister in this regard.

The research that the Council is commissioning may identify areas where further research could be needed.

The Council debated topics including the Dutch pension system, whole of life PRSAs, and the use of collective defined contribution arrangements. BK observed that the Dutch had just begun a shift from a defined benefit (DB) master trust structure to defined contribution structure because of concerns around intergenerational fairness. One reason for this was because younger generations appeared to have lost confidence in DB as they did not want to subvent the older generation. MD stated that

there was a gap in people's knowledge and understanding of concepts like an intergenerational contract; if people did not understand the merit of a particular approach, they might lose trust in the entire system. The Council acknowledged the importance of financial education and consumer protection. CD noted the importance of ensuring that people's property rights afforded by the Constitution are honoured. On the topic of individual consumer's understanding (or lack thereof) of complex matters like pension scheme investments, Council members debated and reflected on the perception and expectations of individuals when they are in a government-sponsored scheme. JR reflected on choice architecture and noted that while many people may be content with choosing a lifestyle option, the notion that there was a choice available to them may make a system more palatable to them. TH noted the importance of considering the issue of selection in considering the proposal. He noted a recent book published by Amy Finkelstein in relation to selection in Insurance markets.<sup>1</sup> BK reflected on the intractable complexities of policy decisions, which are ultimately about people, what they want and what is best for them. While it involves assumptions about human nature, and the choices that people want to make; there is a balancing act to be achieved between getting it right and considering the consequences of people's choices for themselves and society. CML reflected on the way society was changing and the effect this was having on employment law and observed a move away from fixed retirement ages to more flexible models.

## **8. Retirement living standards project**

AB updated the Council that its submission to the Programme Governance Committee had been approved, and that funding had been allocated to the project. It was decided that the Chair and AB would draft a request for tender and present it to the Council for feedback.

## **9.AOB**

The Council noted the emails received by the Chair and some other members and the Chair's response.

## **10. Next Meeting**

The next meeting is scheduled to be held remotely via MS Teams on Wednesday, 19 July 2023.

---

<sup>1</sup> Risky Business: Why Insurance Markets Fail and What to Do About It by Amy Finkelstein, Liran Einav and Ray Fisman (Yale University Press)

**Action Items:**

<b>No.</b>	<b>Action Details</b>	<b>Person responsible</b>	<b>Date to be completed:</b>
1	Assess the quotes received for the RFQ on the AE proposal and inform the Council	RB, OG, TH	14 July 2023
2	Follow-up on ministerial appointment of new DPER representative	AB	As soon as practicable
3	Present draft of Master Trust paper	DC, MD	July meeting
4	Retirement living standards project – draft request for tender	RB, AB	July meeting
5	Investigate question 3 of the Minister's letter	BK	July meeting