



An Chomhairle Pinsean The Pensions Council

Minutes

Pensions Council Meeting

19 April 2023 @ 15:00

Venue: MS Teams

Council members in attendance:

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

Council members apologies:

Ciara McLoughlin
Rob O'Toole

Also present:

Ciara Farren: Master Trust Consultant, Mercer Ireland
Caitriona MacGuinness: Head of DC and Private Wealth, Mercer Ireland
Colm Parkinson: COO, Mercer Ireland
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:

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. Master Trusts – presentation and discussion

The Chair welcomed the representatives from Mercer and thanked them for accepting the invite to the meeting.

The Mercer representatives provided a brief overview of the current Irish pension landscape, pointing out the requirement on schemes to comply with IORP II as of 1 January 2023 and the associated move of many defined contribution schemes to consolidate into master trusts. There are 15 master trusts operating in Ireland. There are some differences between a master trust compared to a single employer scheme. When joining a master trust, all documentation is already set up whereas in a single employer scheme, a trust deed needs to be drawn up. In a master trust, which is a multi-employer plan with ring-fenced funds, an employer will input into some design aspects (such as contribution rate and investment choice), however the responsibility for running the plan lies with the master trust trustees. This allows employers and members to benefit from efficiencies and economies of scale while the trustees ensure the Pensions Authority's obligations to be fit and proper and to have key function holders in place are fulfilled. The capitalisation requirement for master trusts provide protection to members in the event of a wind-up. It is expected that master trusts will evolve over time. Some Council members posed questions and the representatives from Mercer clarified that while members could not be on the trustee board, they could participate through the vehicle of an 'oversight committee'. It was queried whether the charging structure differed for members of different employers who participate in the same master trust. Mercer replied that some differences might be present depending on size of the employer and explained that the larger the size of the scheme the more opportunities existed to harness economies of scale. The Mercer representatives left the meeting at 15:50.

The Chair invited Council members' observations which was followed by a broad discussion. BK spoke about the Pensions Authority's (PA) close engagements with existing master trust trustees. The PA was also aware of concerns raised by some trustees of standalone schemes regarding issues such as illiquid assets, market value adjustments being triggered, death in service benefits, and pension adjustment orders which were slowing the pace of schemes consolidating into master trusts. BK noted that around €1 bn is being moved into master trusts each month and that it is a growing and changing environment.

The Chair reflected on the master trusts already operating in the UK and noted the legal framework in place for master trusts which includes a requirement for authorisation. The Council members observed that in Ireland members are afforded a lower level of legislative protection comparatively speaking due to a lacuna in the law for master trusts. The Council members queried whether there should be a formal legal relationship between employer and a master trust provider. Some Council Members observed that the documentation for master trusts varies. The Council Members considered if the lack of legislation specifically governing master trusts may pose a detriment to consumer protection, and whether there are other ways in which that protection can be enhanced/enforced.

The Chair thanked the members for their input and reminded them of the Council's role in protecting consumers and the remit to advise the Minister on its own initiative. The Council Members agreed to prepare a short paper to highlight potential challenges and opportunities as the master trust environment develops. DC and MD volunteered to draft it. The Council agreed to discuss the paper further at upcoming meetings.

4. Operational matters

The Chair reminded the members to check their biographical information on the Council's website, and to contact the Secretariat with any changes.

The Chair informed the Council that their 'Paper on the retirement lump sum' had been forwarded by the Minister to the Interdepartmental Pensions Reform and Taxation Group who deals with action points from the Government's Roadmap for pensions reform. MD stated that the report had also received positive feedback from several stakeholders.

5. Minutes

The minutes for the March 2023 meeting were approved, subject to a minor amendment.

6. Developments in the pensions' environment

The Chair asked the Pensions Regulator (BK) to provide a brief update on the personal benefit statements for defined benefit schemes. BK provided a verbal update to be supplemented by an update in writing. BK noted that the PA expects the monetary amounts currently moving into Master Trust to increase and expressed cautious optimism on consolidation. BK observed some concerns around one-member arrangements, especially regarding those invested in illiquid assets. BK stated that work was ongoing with DSP on master trust legislation and on a general authorisation regime for pension schemes; work was also ongoing in relation to Personal Retirement Savings Accounts.

The Chair asked CD to provide an update from DSP. CD stated that the development regarding the introduction of Auto Enrolment is on track, and that the Department is engaging with a large number of stakeholders. DSP will take into account the recommendations from the expected report of the legislative scrutiny committee, due to be published the following week. CD also informed the Council that it is expected that the Minister for Social Protection will submit a letter to the Council requesting them to undertake some research work.

7. Strategic work in progress

Retirement Living Standards

The Chair thanked AB for acting as project manager for this research and for drafting the terms of reference (TOR). The Chair asked the members to provide feedback and observations on the TOR, and a brief discussion followed. The Chair asked all members to provide final written feedback by the end of the following week. AB provided an update of the current status of the project and of the engagements potential research groups.

ESRI Housing Research

The Council agreed on the final version of the paper, which will be progressed to the Minister for Social Protection.

8. AOB

No issues were raised as AOB.

9. Next Meeting

The next meeting is scheduled to be held remotely via MS Team on Wednesday, 17 May 2023 at 15:00.

Action Items:

No.	Action Details	Person responsible	Date to be completed:
1	Provide feedback to AB on TOR	All members	30 April 2023
2	Check biographical information on website and revert to MC	All applicable members	Before next meeting
3	Provide a written update on pension benefit statements for DB schemes	BK	Before next meeting
4.	Prepare draft of paper on Council's observations/ recommendations in relation to master trusts	DC and MD	Before next meeting