
PENSIONS COUNCIL

Meeting on Thursday, 21 September 2017 at 3.30pm
Verschoyle House, 28/30 Lower Mount Street, Dublin 2

Attendance: Jim Murray (Chairman)
Peter Brazel
Roma Burke
Shane Whelan
Sinead Ryan
Helen McDonald
Kirstie Flynn
Brendan Kennedy

Apologies: Marie Louise Delahunty
Tony Gilhawley
Sandra Rockett
Brendan Keenan

Also present: Ailis Codd (Minute-taker)
Alice Kearns
Brian Purcell

Minutes

1. Adoption of agenda

The proposed agenda for the meeting was agreed.

The Chairman noted the upcoming Pension Policy Research Group event – *Automatic enrolment: policy considerations* - to be held on 6 October at Trinity College. Shane Whelan confirmed he is attending.

The members agreed that a letter of congratulations be issued to the new Minister.

2. Conflict of interest

No conflicts of interest were declared.

3. Approval of minutes

Subject to a small amendment requested by Roma Burke the minutes of 20 July were approved.

4. To Do List from previous meeting

It was agreed that the items listed under the to do list would be covered under the relevant agenda items.

5. Research Projects

▪ Gender

A brief update was given by Sinead Ryan and Helen McDonald. Helen confirmed that she has followed up with Alan Barrett of the ESRI and is waiting for agreement.

▪ Tax

Shane Whelan began by giving an overview of the background to the presentation on his independent research before presenting his findings to the Council.

At the end of the presentation, the Council sought clarification on some points. There was broad discussion around the illustrative model used, the tax rate on investment income given and the sensitivity of results. Sinead Ryan expressed surprise that the level of annuity did not alter results more and discussion and further clarification was given in the ensuing discussion. Shane Whelan noted that the figure of 1/3 of a million was arrived at as 9 times average salary. Roma Burke queried the impact reform to the tax system would have on outcomes. Brendan Kennedy made reference to DoF calculations on the various elements of pension supports to the Exchequer. A broad discussion followed around incentivisation.

(Slides of the presentation are available at this link:

<http://www.pensionscouncil.ie/en/Meeting-documents/2017/Thursday-21-September-2017/An-Analysis-of-the-Taxation-Supports-on-Private-Pension-Provision-in-Ireland-Shane-Whelan-and-Maeve-Hally-.pdf>)

6. Finalise discussion on charges for ARFs and BOBs – Next Steps

The Chairman proposed that, notwithstanding objections, the paper presented become an opinion of the Council. A number of changes were agreed, including the following: Under *Advice* the sentence ‘Investor advisors should have a fiduciary duty when providing information or advice to prospective clients about a choice of transfer and retirement benefit options’ be changed to ‘Providing information or advice to prospective clients about a choice of transfer retirement benefit options should be a regulated activity’

The Chairmen agreed to discuss this latter point with Marie Louise Delahunty before finalising the Opinion.

AMRF/annuity regime; discussion on paper from Tony Gilhawley

In Tony Gilhawley’s absence Roma Burke presented the discussion paper noting that the paper proposes amendments to the current AMRF system. The

paper proposes that the specified income test be increased to €19,000, 1.5 times the State Pension rate and the annuity requirement be raised to circa €127,000 and added that there was no obvious relationship with the current €63,500 retirement fund requirement and the income test of €12,700 per annum. The appropriateness of and necessity to protect people from making decisions that may dissipate their retirement fund in one go was discussed at length. A discussion ensued with points raised on both sides of that argument. Broadly there was consensus that some level of restriction is necessary and it was particularly noted that the gap between the cut off for tax relief on earnings and the State Pension age was likely to encourage the rapid withdrawal of the fund. Roma Burke queried that as the imminent increase to the State Pension of €5 per week will mean that annual State Pension income will overtake the specified income test should a recommendation be given in this respect from the Council to DEASP. Helen McDonald noted that ultimately the decision on this matter lies with the DoF. Brendan Kennedy suggested that highlighting the impact the €5 increase will have on the current AMRF system has merit but questioned if it was appropriate to suggest that action is required.

Roma Burke also noted an additional caveat in respect of infirmity requiring full time care in which instance an AMRF would become an ARF and fully accessible. Sinead Ryan raised some concerns in respect of this point. With that point taken into consideration the Chairman suggested that something be drafted to go to the Minister this week.

7. Continue discussion on auto-enrolment – including roles of public and private provision

The Chairman noted the paper on URSS was prepared with the objective of establishing if there is consensus on some key points.

Auto-enrolment

Most members supported the prospect of a new scheme based on auto-enrolment, with Shane Whelan opposed.

Peter Brazel suggested that with regard to methodology for auto-enrolment the Council's focus should be directed elsewhere. It was suggested that the Council could look at it from the consumer perspective. It was noted by Helen McDonald that it is planned that there will be a consultation and it was suggested that that might be the time to bed down the logistics of an auto-enrolment system.

Collection and administration

Potential issues around economies of scale were noted. The Chairman proposed the option of attaching payments to PRSI.

Occupational and Personal Pensions

The Pensions Regulator suggested that in respect of transferability between the URSS and occupational or private pension schemes unnecessary restrictions should be avoided.

Tax Treatment

Roma Burke queried if there should be any difference to the tax regime applied to URSS. Sinead Ryan proposed that incentivisation at start up might be beneficial.

Fund investment

It was suggested that the question might be should there be one or more schemes.

Decumulation

The Chairman noted a substantial discussion has not yet taken place on decumulation by the Council.

8. PEPPs

The Chairman posed the question if the newly-proposed pan-European personal pension product (PEPP) is something the Council should consider. Brendan Kennedy gave a brief update noting some issues raised by Member States adding that the discussions around the Commissions proposal were at early stages. It was agreed that it would be more beneficial to discuss PEPPs at a future date.

9. Any other business – Department Strategy

Helen McDonald spoke briefly on the Strategy document.

10. Date of next meeting

The next meeting will be held on Thursday, 19 October 2017 at 3.30pm at Verschoyle House.

11. To-do list

- Details of event in PPRG event on 6 October re auto enrolment policy to be circulated JM
- Letter to Minister to congratulate her on appointment JM
- JM to follow up with Marie Louise Delahunty in respect of discussion on charges for ARFs and BOBs [not sure how to put this] JM
- Proposals on AMRFs be drafted and sent to the Minister this JM
- DoF figures relating to calculations on the various elements of pension supports to the Exchequer to be circulated. JM/BK

- The Council encourages Maeve Hally and Shane Whelan to continue their research on taxation supports of private pension provision in Ireland.