
PENSIONS COUNCIL

Meeting on Monday, 23rd March 2015

Verschoyle House, 28/30 Lower Mount Street, Dublin 2

Attendance: Jim Murray (Chairman)
Peter Brazel
Roma Burke
Marie Louise Delahunty
Kirstie Flynn
Anthony Gilhawley
Brendan Keenan
Brendan Kennedy
Helen McDonald
Sandra Rockett
Sinead Ryan
Shane Whelan

Also present: Sarah Hinds (Minutes)

Minutes

1. Introduction

The Chairman welcomed the members and thanked the Tánaiste for coming to the inaugural meeting.

2. Address by Tánaiste

The Tánaiste thanked the members for their service and said the establishment of the Council was an important element in the government's pension reforms agenda. The Tánaiste noted that we are entering a critical period in the development of pensions systems. Rapid demographic change demands reform for long term sustainability. Ireland's state pensions are relatively generous by international standards, but the average duration of the pension is likely to rise over time, and the cost of funding future pensions will rise substantially. Whilst the State Pension and secondary benefits are important, most people aspire to have a greater level of income in retirement. The state has a role to play here but the public needs to have good reasons to have more confidence in private pension options.

The key priority for the Council is ensuring that the consumer benefits. While there are a number of challenges, the first priority is to address the matter of pension charges, and in particular the need for more competitive charging structures.

The Report on Pensions Charges in Ireland identified difficulties in the current situation, with a proliferation of small schemes generally costing considerably more than larger schemes, and a wide variation in charges between apparently similar schemes. Individuals often do not fully understand the charges and how they apply, and the information is often not clear. The report identified a need to move towards greater clarity and transparency of pensions charges.

The Council should consider in the near future the gender gap in private pensions provision. At middle and higher income levels, income for men is significantly higher than for women and this continues into retirement. Pensions linked to lifetime earnings will carry forward inequalities that existed during working life, and this inequality is not set to disappear over time.

Provision for pensions for the self-employed needs improvement but it is difficult to see how benefits could be extended without increasing contributions.

The Tánaiste concluded that while younger people in particular might be resistant to having to pay more now for future pensions, they might be more receptive to a scheme that was clearly seen as a savings scheme with contributions “owned” by each individual saver.

3. Adoption of Agenda

The proposed agenda for the meeting was agreed.

4. Terms of reference and Code of Conduct

Copies of the Council’s terms of reference were circulated for information. It was noted that Council would meet at least six times a year, could form working groups on relevant issues, and could invite submissions from stakeholders. The Chairman stressed the importance of the Council having the opportunity to question and “test” assertions from stakeholders. A code of conduct and governance would be drawn up for the Council, based on the general rules applying to public bodies and drawing on the Pensions Authority Code of Conduct – also circulated to members. The chairman said he hoped the Council would act with great transparency and would, for example, publish minutes of meetings once they are approved.

It was noted that no decisions had yet been taken on the question of a secretariat or other resources for the Council. Information on this point would be available at the next meeting.

Helen McDonald responded to a question about a potential overlap between the role of the Council and the Universal Retirement Savings Group (“**URSG**”). Some overlaps were to be expected, but the URSG have a different agenda and

outcome expectations – focusing on a “roadmap” for a universal system of supplementary pensions.

It was agreed that:

- A presentation on the URSG would be made at the next meeting and the Council and URSG would work closely together with frequent exchanges of information;
- Any further suggestions on terms of reference and codes of conduct for the Council will be circulated before the next meeting;
- Resources for Pensions Council will be addressed prior to next meeting.

5. Input from Department of Social Protection

Helen McDonald gave an overview of the Department of Social Protection (“DSP”). Helen advised that they have a small team dealing with pensions policy which relies on vital assistance from the Pensions Authority. Helen confirmed that the team would engage and work closely with the Council on policy issues, and looked forward to the Council’s output.

6. Briefing from the Pensions Regulator on current issues

Brendan Kennedy gave an overview of the Pensions Authority and some of the current issues. The Authority’s primary focus was on implementation but also contributed on relevant policy issues. The Council is important in that it could bring a broad view to the table on general policy issues, including regulatory policy in proper cases. Brendan circulated a briefing note to the members and responded to questions on its content. Among the issues of current concern, Brendan cited the following:

- High costs;
- Scheme size and numbers;
- Complexities;
- Investment risk;
- Member communications and understanding; and
- Governance/Regulation.

7. Work Programme 2015

The Council held a preliminary discussion on a work programme, and the establishment of working groups.

It was agreed:

- A working unit would be set up to look at charges;

- Evidence should be gathered to feed into the work on charges and to the work of the Council more generally. Members were invited to identify or submit relevant material;
- Apart from the issues mentioned by the Tánaiste (charges, gender gap, self-employed and SMEs), issues of sustainability and risk were also important;
- At the next meeting there would be a presentation of the main points of the Report on Pensions Charges in Ireland.

8. AOB

The Pensions Council agreed a meeting schedule as follows:

Afternoons 2:30pm to 6:00pm

- Wednesday 15th April;
- Wednesday 13th May;
- Thursday 25th June;
- Wednesday 15th July;
- Wednesday 23rd September;
- Wednesday 14th October;
- Wednesday 18th November;
- Wednesday 9th December.

To-do list

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| • Draft Code of Conduct/Governance | JM/HM/All |
| • Secretariat and other resources | HM |
| • Presentation on URSG | HM |
| • Gather/identify evidence sources for work on charges and other issues | All Members |
| • Presentation of Report on Charges | HM |