
PENSIONS COUNCIL

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

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

Apologies: Helen McDonald
Marie Louise Delahunty
Sandra Rockett
Brendan Kennedy

Also present: Alice Kearns (Secretariat)
Brian Purcell (DEASP)

Minutes

1. Adoption of agenda (and additional points, if any)

The following items were added to the agenda:

- Steering Committee of the 'Joint Research Programme on Gender and Pensions' update from Sinead Ryan and Brendan Kennedy.
- Tony Gilhawley's resignation from the Council
- General Data Protection Regulation update in regard to the work of the Pensions Council.
- Alice Kearns to circulate photo of the Council with the Minister and upload to the website.
- ARFs update from Roma Burke

2. No new conflict of interest

No new conflicts of interest were declared.

3. Approval of minutes

The final draft of the minutes of the meeting held on 19 May were approved.

4. To Do List from previous meeting

Ailís/ Alice to talk to Pension Authority IT re giving Brian Purcell access to upload documents directly to Pensions Council website

It wasn't possible to grant Brian Purcell access to the website's content management system. It was agreed that Alice Kearns would upload any documents to the website in the future.

Brian Purcell to ask Helen McDonald to invite Sean Kinsella to the next Council meeting to speak about the prospective work on decumulation

Brian Purcell informed that Council that Sean Kinsella would be present at the Council's next meeting on Thursday 19 July 2018.

Each member to propose ideas in writing on auto enrolment and on what Council should work on, to the email address: pensionscouncil@pensionsauthority.ie (Emails to this address will be seen by all members)

Proposals are due to be submitted by Council Members by 15 July 2018.

Tony to send to Chairman technical notes to raise with the ERSI on recent tax paper

These were circulated to the Chairman on 11 June 2018 and sent to ERSI

Chairman to email on proposed way to work on taxation

Jim Murray agreed to draft an outline of preliminary questions to be decided regarding our possible discussion on tax issues.

5. Intervention of Sean Kinsella Taxation Group (to be confirmed)

As mentioned above Sean Kinsella will attend the Council meeting on Thursday 19 July.

6. Taxation of Pensions – continue discussion

The Council will try to produce a paper on tax benefits on pensions by September, covering direct, implied, and indirect benefits. This decision is to be reviewed after the intervention by Sean Kinsella at the next meeting. It was noted that tax treatment depended on having clarity on such questions as equity, coverage, income replacement etc. Roma Burke agreed to prepare a note setting out the implications for tax treatment of these and possibly other issues.

ESRI paper – ‘The Tax Treatment of Pension Contributions in Ireland’

Council members discussed the confusion around the ESRI’s reference to the Council in its paper and the implications associated with this. It was agreed that Jim Murray would write to the Minister to let her know that the ESRI paper is not the view of the Council.

7. ARFs and AMRFs

Response from Central Bank

Changes in specified income rules for AMRFs/ARFs (Roma Burke).

ARFs and AMRFs

Roma Burke noted a recent Revenue decision to include Pensioner’s Christmas bonus in the state pension in relation to the limit below which an ARF was compulsory instead of an AMRF. This decision was difficult to reconcile with the reference in the main Act to "permanent" income since the bonus was a temporary payment. The decision also meant that many AMRFs would be changed automatically to ARFs, an effect that could be contrary to the wishes or interests of the holder. It was noted that this seemed to be a case of unintended consequences but that the next increase in state pensions was likely to have an even wider effect. The Council would consider later whether provisions were needed to limit encashment of pension pots for those on state pensions.

Response from Central Bank

The meeting considered the response from the Central Bank (sent to the Minister) to the Council's submission on ARFs and BOBs. It was agreed that the response tended to suggest that the concerns raised by the Council were already met under current regulation and codes but did not address the Council’s main point that consumers did not actually understand the information given to them under the current regulations and codes.

The Central Bank had also said it did not have itself the power to publish price information as proposed by the Council but that the appropriate body for any such requirement would be the Competition and Consumer Protection Commission.

It was agreed that the Chairman should submit the Council's views to the Minister with a copy to the Central Bank and that the CCPC be contacted on the question of price information. .

8. Roadmap for Pensions Reform – Council work programme on AE.

In the discussion on Automatic Enrolment the following points were made, for further consideration.

If commercial companies mainly promoted AE, marketing costs may adversely affect the economies of the scheme, and special provision might have to be made to cover those on lower incomes. The prospect of public distrust of the financial services industry may also have to be considered.

If, however, fund management were not a matter for private companies, specific payroll management and contribution collection systems would have to be set up.

It may be possible to devise a partial but not a full state guarantee against loss of contributions invested.

There were a number of options for investment and fund management including lending to the state, with a consequent run down of the national debt.

Clarity is needed as to whether AE is intended as a supplementary scheme or a (partial) replacement for the state pension.

It seemed that the UK NEST scheme was developing positively, with lower than expected opt outs.

Some AE options could have considerable adverse effects on the industry, but the challenge is to devise the best possible scheme, rather than to support or adversely affect the industry.

9. Any Other Business

The Chairman noted Tony Gilhawley's resignation from the Council and his important role in the work of the Council and that he will be replaced in due course. Sinead Ryan asked whether Tony Gilhawley would be replaced on the Council and the Chair said he would follow up when writing to the Minister to inform her of the resignation. Peter Brazel informed the Council he himself would be replaced on the Council as a result of a change of duties in his Department.

Brian Purcell would seek advice from the Department and Authority as to how the Council might meet any obligations under the new GDPR Regulation.

10. Next Meeting – Thursday 19th July 2018

The next scheduled meeting is on Thursday, 19 July at 3.30pm at Verschoyle House.

11. To-do list

- JM to work on drafting introduction and content of Council's work on taxation before next meeting on 21 July JM
- Roma Burke to prepare a note on different objectives for pension schemes that would have a bearing decisions on tax treatment of such schemes. RB
- Each member to again propose ideas in writing on auto enrolment and on what Council should work on, to the email address: pensionscouncil@pensionsauthority.ie (Emails to this address will be seen by all members) by **Thursday 15 July.** ALL
- JM to inform Minister about ESRI paper and the apparent link to the Pensions Council JM
- AK to circulate photo of the Council with the Minister AK
- JM to check with public jobs.ie re replacement of Tony Gilhawley JM
- JM to draft letters to Minister Doherty re: The Council's 'Report on Charges for ARFs and BOBs' and the resignation of Tony Gilhawley JM BP
- Seek advice from the Department and Authority as to how the Council might meet any obligations under the new GDPR Regulation.