
PENSIONS COUNCIL

Meeting on Thursday 22 November, at 3.30pm
Verschoyle House, 28/30 Lower Mount Street, Dublin 2

Attendance: Jim Murray (Chairman)
Roma Burke
Shane Whelan
Kirstie Flynn
Marie Louise Delahunty
Brendan Kennedy
Brendan Keenan
Sinead Ryan
Conor McGinn

Apologies: Helen McDonald
Sandra Rockett

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

Minutes

1. Adoption of agenda

A review of the monthly briefing document created by Brian Purcell was added to the agenda.

2. No new conflict of interest

No new conflicts of interest were declared.

3. Approval of draft minutes

The draft minutes of the meeting on 19 October were approved.

4. To Do List from previous meeting

JM to circulate a draft submission to the IDTRG to Council Members before 19 October
The Chairman circulated the draft submission for comment to Council Members before 19 October. The submission was sent to the IDTRG on 26 October 2018.

AK to publish GDPR documents on the Pensions Council website

Alice Kearns uploaded the GDPR documents onto the Pensions Council website.

Consider dates for Pensions Council meetings for next year

The Council members agreed the proposed dates for next year (attached below).

JM to draft a letter to Minister regarding master trusts and other points

The draft was circulated to the Members with some clarifications to be made by Chairman Jim Murray before it is sent to the Minister.

AK to circulate October Monthly Briefing to the Council

This briefing paper was circulated to Members.

5. Review of IDTRG submission.

This submission was agreed by Members following its submission to the IDTRG on 26 October 2018.

6. Master Trusts – advice to Minister by year-end

Roma Burke and Kirstie Flynn agreed to draft an opinion regarding master trusts before the next meeting on 13 December.

During the discussion Brendan Kennedy outlined a number of points regarding the future of master trusts:

Master trusts would be considered to be high risk due to their size and the inherent risk associated with this. The Authority expects master trusts to be managed by large institutions, and wish to avoid master trusts having more risk than Life offices currently have. Shane Whelan stated that there are concerns over the standards and supervision of master trusts. Roma Burke stated that master trusts are set up with a Life insurance policy, similar to how Life offices set up trusts. It was stated that master trusts can exist without an insurance policy.

Life offices can set up Master trusts, appoint trustees and be bound by the minimum requirements set out in the Pensions Act. Master trusts would operate under the current trustee framework. The Authority would supervise the behavior of trustees regarding investments, on behalf of Members, including the monitoring of Insurance Company's administrative performance. Under the IORPs Directive more would be

expected of trustees, they will have more oversight and their behavior will be supervised. The recent consultation is designed to find out more about how this can be controlled.

Brendan Kennedy mentioned that the number of trustees in Ireland to be estimated at 300,000 and the number of pension schemes to be significant, noting that the introduction of master trusts should help to reduce this as schemes would be multi-employer. The Authority aims to standardize the costs associated with managing pensions schemes in addition to decreasing the number of smaller pension schemes. Trustees will be required to have certain (more) qualifications as part of the new directive. Codes of conduct for master trusts are being drafted and legislation needs to be finalized. Codes would give the Authority ability to carry out its obligations.

7. Automatic Enrolment – continue examination and analysis of proposal.

Brian Purcell updated the Council that a submission to the Strawman Public Consultation. Further comments can be made at any time over the next few months. The Chairman proposed developing a programme for the Council to analyse Auto Enrolment and asked Council Members to highlight areas of examination and analysis. The following areas were discussed and highlighted for future analysis:

1. Communication to end users

Sinead Ryan noted that financial literacy was an issue, citing the ESRI Gender study findings as a basis for this and stated that the Pensions Council should advise the DEASP on a framework to aid the public's understanding of Auto Enrolment.

2. Collection and contribution system

Brendan Kennedy noted that the CPA would not be a regulator but would ensure that standards are met among pensions providers. Chairman Jim Murray also noted that the consumer's relationship with the CPA would need to be examined.

3. AE providers

Roma Burke questioned the incentivisation of pension providers to provide consumers with investment opportunities given the 'carousel' or default system proposed in the Strawman and the low percentage of contributions that members would contribute. Members also queried the process for choosing providers.

4. Standards for exemptions

Chairman Jim Murray questioned the standards for by which private schemes could confer an exemption from contributing to the AE scheme.

5. Marketing and private pensions

Members noted that there are an estimated 300,000 people targeted for the AE scheme to be managed through three or four providers. It remained to be seen whether there would be sufficient incentives for entities to become providers. Given the carousel system, would there in fact be completion between providers? Would private providers try to provide incentives to encourage employers away from the AE scheme?

6. Ownership of funds

Chairman Jim Murray noted that the Strawman is not clear on who would have ownership of AE funds.

7. Income limits

Members questioned whether those over a certain income would be excluded from the AE system.

8. Rules for opting out and suspension of contributions.

It was important to define the circumstances under which contributors/members could opt out or suspend their contributions for a period.

8. (Meetings with Central Bank and CCPC – re ARFs, BOBs etc.)

Marie Louise Delahunty agreed to schedule a meeting with Central Bank before the next meeting on Thursday 13 December. Chairman Jim Murray requested that a number of Council members also attend the meeting. Marie Louise also stated that Central Bank plan to consult on consumer protection next year and that they plan to change their supervision approach.

9. Any Other Business

Sinead Ryan stated that she would provide an update on the Gender Study from the ESRI before the end of the year. Council members agreed that a monthly briefing would be circulated by Brian Purcell every calendar month. Roma Burke highlighted the issue of loss of funds from the state pension for women, due to childcare. Roma Burke mentioned that Colm Fagan, former Society of Actuaries, offered to make a presentation to the Council regarding decumulation. Roma Burke and Tony Gilhawley wish to make a presentation to the Council on their paper on Private Pension Tax Relief.

10. Next Meeting – Thursday 13th December 2018 at 3.00PM

The next scheduled meeting is on Thursday 13 December 2018 at 3pm at Verschoyle House.

11. To do list

Send note to Minister re Master Trusts	JM
Draft opinion on Master Trusts for Minister before next meeting on 13 December 2018	KF, RB
Confirm date for meeting with Central Bank before next meeting on - 13 December 2018 at 10.00AM	MLD
Update from ESRI on Gender Study	SR

Proposed meeting dates for 2019

- Thursday 17th January
- Thursday 21st February
- Thursday 21st March
- Thursday 25th April
- Thursday 16th May
- Thursday 20st June
- Thursday 18th July
- Thursday 19th September
- Thursday 17th October
- Thursday 14th November
- Thursday 12th December