
PENSIONS COUNCIL

Meeting on, Thursday 16 May at 3.00pm
Verschoyle House, 28/30 Lower Mount Street, Dublin 2

Attendance: Jim Murray
Kirstie Flynn
Sinead Ryan
Alan Flynn
Roma Burke
Shane Whelan
Conor McGinn

Apologies: Sandra Rockett
Brendan Keenan
Brendan Kennedy

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

Minutes

1. Adoption of agenda

There were no additional items added to the agenda.

2. New conflicts of interest

No new conflicts of interest were declared.

3. Approval of draft minutes

The minutes of the meeting on Thursday 25 April were approved without any changes.

4. To Do List from previous meeting

Council members to prepare comments on ESRI paper by Monday 6 May

This was completed including comments from Shane Whelan. Sinead Ryan received an update from Anne Nolan that the paper is due to be published in early June followed the peer review process. Sinead Ryan circulated an invitation to the ESRI's Pensions and Retirement Conference on Wednesday 29 May to Council members.

Jim Murray to write to Solicitor regarding the Application for Judicial Review on behalf of the Council

This letter was issued on Thursday 16 May.

Jim Murray to check, through Sinead Ryan, with ESRI regarding sharing of the gender paper with the IDPRTG request for Gender draft paper with ESRI before sharing.

Sinead Ryan agreed to send an updated draft to the Interdepartmental Pensions Reform and Taxation Group (IDPRTG).

Roma Burke and Kirstie Flynn to draft a paper on decumulation. Council members to consider decumulation as outlined in the Strawman.

This paper was completed and discussed in item 8.

Quorum to be discussed for future meetings

The Council members agreed that the quorum would remain at six members and that this item will be struck from the agenda for future meetings.

Jim Murray to circulate a draft opening statement to Members for the Joint Oireachtas Committee

This item was circulated to Members prior to the Joint Oireachtas Committee (JOC) on Thursday 9 May. Chairman Jim Murray updated Council members on his appearance before the JOC to discuss the Pensions Amendment (No.2) Bill 2017.

Roshin Sen to circulate information regarding submissions to the Auto Enrolment public consultation.

These papers were circulated to members on Friday 26 April.

Alan Flynn to circulate CSO report .

This item was completed.

5. Gender Study

Publication

Policy proposal

This was discussed in Item 4.

6. Research Programme 2019

The Council discussed the management of pension funds in retirement including the investment options available to pensioners. Brian Purcell agreed to research the following areas in relation to the Council's research programme:

- Advice for pensioners at the point of retirement
- The spending of pension pots during decumulation

- Structure a proposal for research
- Research on older pensioners during retirement

The Council discussed advice for pensioners in terms of how to invest their funds. Roma Burke suggested that advice should be provided over a number of years before retirement. Sinead Ryan suggested that for Auto Enrolment, a letter could be issued to members 5 years before retirement, providing advice regarding their pension pot. Jim Murray suggested that the Council should consider engaging with the Retirement Planning Council of Ireland in order to consult about their work in this area. He also thought it might be useful to do some “mystery shopping” with the help of volunteers nearing retirement who were actually seeking advice.

7. Work Programme 2019

The Council agreed that the work programme for 2019 would include the research areas outlined in Item 6. Alan Flynn informed the Council that the Department want to progress Auto Enrolment (AE). Alan Flynn agreed to report on any alternative schemes to AE that were proposed during the Strawman Consultation. It was agreed that the work programme would look into Auto Enrolment and the Council members agreed to draft an opinion on AE over the coming weeks.

It was suggested during the discussion that the proposed state “top-up” to employee/employer contributions should not be paid in cash but credited to contributors by way of government bonds or similar mechanisms. These credits would appear in the annual statements given to contributors, increased in line with interest earned, but could be cashed only at the point of decumulation. The advantages for the state is that it need not borrow elsewhere to make the top-up, and this part of the individual's fund is guaranteed to be higher at the point of retirement due to interest additions.

8. Decumulation

Roma Burke and Kirstie Flynn presented their paper on the Decumulation of retirement savings to the Council. Roma Burke discussed whether the provision of ARFs and the State Pension were enough for pensioners to live on during their retirement. She also discussed the importance of balancing risk and reward in ARF investment and spending. Alan Flynn suggested that analysing the data available for large and small pension pots would be important in analysing decision making in both cases. Jim Murray made the point that ARF charges can vary, that consumers may not be aware that of this and brokers can profit as a result. In relation to the Minister’s question regarding annuitising a minimum portion of a members fund, the Council noted that if a pot is under €70,000 then there may be no need to annuitise. Sinead Ryan noted that ARFs are a product designed for high-earners and that the State Pension is more important to the majority of people. The Council discussed what the objective of Auto Enrolment is, whether to provide an optimal retirement pot in addition to the State Pension or to provide additional income during retirement.

It was suggested an option could be given to individuals at the point of retirement to use their funds to buy a top-up to their state pension. This option would use the administration system already in place for the state pension, and with economies of scale, the top-up purchased would be larger than commercial providers could provide.

Jim Murray requested that the Council consider decumulation aspects outlined in the Strawman.

9. End of Term

The Council discussed methods to evaluate the Council's work before the end of their term in February 2020. Chairman Jim Murray stated that existing members do not need to go through the application process again if they were willing to remain a member on the new Council next year. It was noted that the panel formed from the recent application process with State Boards could provide scope to form the next Council.

Brian Purcell agreed to conduct research into the operation of the Council for the end of term report.

10 Other Business

No other business was discussed.

11 Next Meeting – Thursday 20th June 2019 at 3.00pm.

The next meeting will be held on Thursday 20 June 2019 at 3pm at Verschoyle House

12 To-do list

- Draft proposal regarding advice for those approaching retirement ALL
- Brian Purcell to look at research on decumulation options and to outline a possible research project based on the discussion at the meeting. BP
- Agree research proposal(s) All
- Brian Purcell to seek information on the mix of retirement options taken currently – eg ARFs vs annuities. BP
- Develop paper(s) on AE All
- Brian Purcell to follow up with Central Bank regarding Marie Louise Delahunty's replacement. END BP