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# PENSIONS COUNCIL

Meeting on Thursday, 19 September 2019 at 3.00pm  
Verschoyle House, 28/30 Lower Mount Street, Dublin 2

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**Attendance:** Jim Murray  
Alan Flynn  
Sinead Ryan  
Roma Burke  
Shane Whelan  
Joanne Roche  
Tim O'Hanrahan  
Brendan Keenan  
Deirdre Cummins  
Kirstie Flynn  
Conor McGinn

**Apologies:** Brendan Kennedy  
Sandra Rockett  
Brian Purcell (DEASP)

**Also present:** Alice Kearns (Secretariat)

## **Minutes**

### **1. Adoption of agenda**

The Minister's request for a visit would be 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 from the meeting on Thursday 18 July 2019 were approved. Alan Flynn stated that the Minister's questions could be quoted in the minutes.

### **4. To Do List from previous meeting**

Council members to complete the self-assessment questionnaire circulated by Brian Purcell

This item was completed.

Brian Purcell and Alan Flynn to contact past members re questionnaire and to collate questionnaire data

This item was completed.

Alan Flynn to check with DEASP regarding the Council's impact on pension policy

Alan Flynn noted that the Council's work from 2015-2019 has been input into the policy making process at the DEASP. He also noted that the Gender project has had an impact on policy.

Alan Flynn to check the cost of consultancy firms with the DEASP re Council assessment and the possibility of conducting a pensions cost exercise

Alan Flynn stated that he contacted three consultancy firms regarding time and cost of the service and that he would come back to the Council regarding procurement rules and timelines.

Brian Purcell to research the following areas: AE annuity rate, housing trends, recipients of the HAP scheme, Gender Study (re poverty in old age), issues of longevity, equity release, types of pensions sold to consumers and look at UK AE scheme in relation to risk.

These papers were circulated to the Council Members by Brian Purcell.

Jim Murray to draft answers to AE questions and circulate them to the Council members

This item was completed.

Shane Whelan to contextualise longevity paper in AE

This item was completed and circulated to members.

Shane Whelan to compare the cost an AE/Government funded annuity versus the private annuity market

This item was completed and circulated to Members.

Alice Kearns to check Council minutes regarding Roma Burke and Tony Gilhawley's paper on AMRFs

This item was completed and the paper circulated to members.

## 5. Finalise response to DEASP re Auto Enrolment

*1. Under what conditions may it be appropriate to mandate a minimum proportion of a members fund is annuitised (i.e. should it be linked to fund size or other factors)?*

Members were generally oppose to mandatory annuitisation. For a significant period funds from AE would be relatively small, and therefore not suitable for annuitisation. In the case of larger funds there was a lesser for protection in the form of mandatory annuitisation. It seemed too that AMRFs had had their day.

Alan Flynn stated that Roshin Sen wishes to discuss AE with the Council as the department is discussing the design of AE with the EU, in particular the structure of the CPA, tax based incentive and the decumulation phase. It was agreed that she should be invited to the next meeting.

Almost all members were in favour of the proposal that funds could be used to purchase in a state-backed scheme an income supplementary to that of the state pension. Conor McGinn expressed strong reservations on this point, citing a number of reasons, including the possible liability for the State in such a scheme. Rather than representing only the majority view, he suggested that the Council's opinion should reflect the views of the members generally. It was suggested that it would be helpful to the Minister if the Council proposed a number of options, which would include the 'State annuity' option.

On the issue of risk to the state, it was pointed out that this would be very small since the scheme would be based on the relevant population as a whole.

*2. Should the provision of advice be incorporated into the AE system (particularly during the decumulation phase of the system)?*

The members could not see any workable way in which advice could be incorporated as an element of the AE system. There was, however, a pressing need for more comprehensible, relevant and transparent information at various stages. The CPA, trustees, providers and others could potentially all have a role here.

*3. Is it in the best interests of members to enable them to allocate their pension fund across all decumulation options?*

The Council agreed that it is in the best interests of members to enable them to allocate their pension fund across all decumulation options.

*4. What factors should be considered when determining the appropriate drawdown age (i.e. should it be the prevailing State Pension Age, or should greater flexibility be built into the system)?*

The Council agreed that factors such as prevailing State Pension Age should be

considered when determining drawdown age and there should be flexibility built into the system.

5. *Apart from ill health and enforced workplace retirement, are there any other grounds under which early access may be warranted?*

The Council agreed that ill health should be a ground for early access to AE funds. They did not agree that enforced workplace retirement should be a ground for early access to AE funds. The Members discussed the possibility of redundancy in AE, selection issues regarding mandatory annuitisation and annuity options at particular ages. Jim Murray asked the Council to consider the possibility of aligning AE rules with private pension schemes.

Jim Murray agreed to review all answers to these questions and circulate to Members.

**6. Launch of Gender Study – follow up.**

Sinead Ryan discussed strands of the research project including why women have less money than men do in retirement (noting that this is an EU issue), poverty and old age and generational aspects. Sinead noted that there were questions regarding the disengagement of women from financial products in general and how this could be changed. She added that the Pension system is difficult to understand is a European problem and that the gender gap is due to women taking maternity leave and raising children. It was agreed that the Council need to examine the range of information regarding pension products including the concepts of reduction in yield and language analysis. Sinead Ryan noted that behavioral economics regarding pensions is an important area.

It was agreed that Alan Flynn would finalise a date for the Minister's meeting. Jim Murray agreed to contact the Central Bank of Ireland and the Competition and Consumer Protection Commission regarding research.

**7. Agree Research Project(s)**

Alan Flynn noted that the Council should consider research areas, a schedule for these and a review before the end of the year. Jim Murray noted the transition to the new Council would be commencing before the current Council's last meeting in March 2020<sup>1</sup>. He noted that this process would take a number of months to recruit new Council members.

Council members agreed that research suggestions from the Department should be sought following a review of the Pensions Act 1990. Alan Flynn agreed to liaise with the DEASP regarding this.

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<sup>1</sup> February 2020

## **8. End of Term – responses to two questionnaires**

This item was not discussed.

## **9. Prepare Opinion on AE**

This item was not discussed.

## **10. Other Business**

Jim Murray stated that Minister Doherty had invited the Council or its representatives to visit her to discuss possible solutions to the problems outlined in the Gender Study. A date has not yet been decided.

## **11. Next Meeting: 17<sup>th</sup> October 2019**

The next meeting will be held on 17 October 2019 at 3pm at Goldsmith House, Pearse Street, Dublin 2.

## **12. To-do list**

- Alan Flynn to update the Council re Council assessment and procurement rules AF
- Jim Murray to circulate research areas and proposals to members JM
- Alan Flynn to liaise with DEASP regarding research area suggestions for the Council AF
- Alan Flynn to check with DEASP re dates for Minister's meeting AF
- Jim Murray to contact CBI and CCPC re research JM
- JM to review AE opinion and circulate to members JM