
PENSIONS COUNCIL

Meeting on, Thursday 20 June at 3.00pm
Verschoyle House, 28/30 Lower Mount Street, Dublin 2

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

Apologies: Sinead Ryan
Sandra Rockett

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

Minutes

1. Adoption of agenda

A point about data breaches would be mentioned under AOB.

2. New conflict of interest

No new conflicts of interest were declared

3. Approval of draft minutes

The minutes of the meeting on Thursday 16 May were approved without any changes.

4. To Do List from previous meeting

Draft proposal regarding advice for those approaching retirement
Chairman Jim Murray drafted some points for the meeting.

Brian Purcell to look at research on decumulation options and to outline a possible research project based on the discussion at the meeting.
Brian Purcell completed this research and circulated his outline to the Council members.

Agree research proposal(s)
This was discussed in Item 10 and 11.

Brian Purcell to seek information on the mix of retirement options taken currently – eg ARFs vs annuities.
This was completed and circulated to Members.

Develop paper(s) on AE
This was discussed in Item 8.

Brian Purcell to follow up with Central Bank regarding Marie Louise Delahunty's replacement.
Marie Louise Delahunty was replaced by Tim O'Hanrahan.

5. New Members Introduction

Chairman Jim Murray welcomed the three new members to the Council. Deirdre Cummins (Matheson), Joanne Roche (KPMG) and Tim O'Hanrahan (Central Bank of Ireland) introduced themselves to the Council.

6. Tax and Pensions – Presentation by Roma Burke and Tony Gilhawley

Roma Burke and Tony Gilhawley gave their presentation, 'Private Pension Tax Relief', to the Council. A number of points were made during the presentation including the savings for employers in contributing to a pension scheme, the impact of the loss of job security and pension coverage. Tony Gilhawley noted that the CSO figures used in the research conflates public and private sector coverage and that semi-state organisations were not researched separately.

The Council members discussed the presentation and a number of points were made. Shane Whelen cited other research that gave different figures for the cost and distribution of tax relief. Jim Murray noted that the different study results were based on different methodologies and notably, in this case on whether the tax exemption on investment included was included or not. The Burke Gilhawley study would added to the documents for this meeting.

7. Gender Study
Publication
Policy proposal

Jim Murray stated that the ESRI's paper on Gender would be published in early September. For a number of reasons, publication in July was not desirable.

8. Research Project(s)

This was discussed in Item 10 and 11.

9. Prepare opinion(s) on AE

Alan Flynn updated the Council on AE developments stating that research was conducted into the role of the CPA and that other areas need to be examined. He agreed to check with Roshin Sen if he could circulate any of the research documentation to the Council. Jim Murray asked Council members to suggest areas of AE to research. Shane Whelan suggested that the Council should look at investment strategy in the accumulation and decumulation phases. Brendan Keenan suggested that longevity in terms of ARFs should be examined. Alan Flynn stated that the default option in AE is important in terms of longevity and that this area would be important for the Council to examine. Jim Murray stated that the default or low risk option might not be favourable for younger contributors. In regard to the Fair Deal system, Roma Burke stated that 80% of income is taken from pensioners in addition to 7.5% of assets (including ARFs). She added that the current drawdown percentage of 4%-5% was optimistic in terms of a possible bomb-out risk, particularly in relation to smaller pension pots. Shane Whelan emphasized the risk of longevity in relation to pension drawdown and agreed to draft a note on this subject.

10. Work Programme 2019

The Council members discussed the questions posed by the Minister regarding Auto Enrolment. The members discussed question 1 regarding possible conditions whereby a minimum portion of a members fund should be annuitized. Members highlighted the important of advice regarding this option and highlighted that the pension pots would be relatively small in AE for a long time to come and therefore an annuity may not be a viable option. Roma Burke highlighted that the AMRF requirement has been changed due to the increase in the State Pension and questioned whether these two should be linked. Jim Murray referred to an earlier suggestion that a government 'top-up' in AE could be in government bonds and that for pots of €50,000-€100,000 it may not be necessary to annuitise. Members discussed whether a 'top-up' should be provided by the State or by the insurance companies. Shane Whelan agreed to examine the State Pension in his paper on longevity risk, particularly the impact of AMRFs on the non-contributory state pension.

Regarding Question 3 on whether members should be able to allocate their pension fund across all decumulation options, Tim O’Hanrahan highlighted the difficulty of designing a scheme that would suit everyone. It was noted that despite the potentially small size of AE pots, financially it would make a positive difference to members. Shane Whelan questioned whether the state contribution should be higher than drafted in the Strawman. Members discussed whether there could be an extra ‘top-up’ at the end of the contribution cycle and noted the risk attached to any State ‘promise’ such as this in the future.

Regarding Question 4 on an appropriate drawdown age for AE, the members discussed the fact that people may have to work past 65 years old and that public servants hired between 2004-2013 have no normal retirement age. Deirdre Cummins noted that there is a change towards the abolition of the normal retirement age but that this costs the employer to have employees working longer, noting that employers can insist on a particular retirement age. In certain circumstances Jim Murray noted that there seemed to be support for flexibility on drawdown age before and after retirement.

Regarding Question 5 on the grounds for early access to retirement benefits, members discussed the issue of renting in retirement and whether a pension income would suffice to cover this cost in the context of early drawdown. It was highlighted that the State needs to consider the ‘unaffordability’ of housing in terms of social and tax policy and whether this constitutes grounds for early access. It was noted that early access to the AE pot would impact on the AE system as a whole. Jim Murray noted that members are in agreement that there could be a suspension period in members’ contributions, but under what conditions? Jim Murray added that the Council would focus on the Minister’s questions at the next meeting and decide on a research project. In response to a question, he said a paper by Colm Fagan might be included in an agenda later in the year. would give his presentation later in the year.

11. End of Term

Chairman Jim Murray noted that the new members have a five year term and that the term of the original members would expire in early 2020. . He also stated that current members should indicate their interest to him if they wish to continue serving on the Council after their five year term has finished.

Alan Flynn and Brian Purcell reminded the Council that their research budget would need to be spent before the end of the year. It was agreed that the Council should complete DPER’s self-assessment questionnaire for Boards in addition to considering an external evaluation of the Council’s work. Alan Flynn agreed to review the Citizens Information Board’s assessment and query the cost of it in relation to the Council’s needs. Jim Murray stated that the Council’s mid-term assessment would be useful to consider for an end of term report.

12. Any Other Business

Brendan Kennedy informed the Council that if they wish to report a Data Breach they should report it to himself and the Data Protection Officer, David Malone (dpo@pensionsauthority.ie).

13. Next Meeting – Thursday 18th July 2019 at 3.00pm.

The next meeting will be held on Thursday 18 July 2019 at 3pm at Verschoyle House.

14. To-do list

- Alan Flynn to review the CIB assessment for the Council AF
- Shane Whelan to draft a paper on longevity risk in terms of Auto Enrolment SW
- Alan Flynn to check with Roshin Sen re circulation of AE documentation AF
- Respond to Minister's questions All
- Prepare opinion(s) on AE ALL
- Decide on research projects for 2019 All