

Opening Statement

Roma Burke, Chairperson designate, the Pensions Council

Joint Committee on Social Protection, Rural and Community Development and the Islands

7 July 2021

Chair and members of the Committee, thank you for the invitation to meet with you today.

The Pensions Council was set up to advise the Minister for Employment Affairs and Social Protection on matters relating to policy on pensions. It was established under section 26B of the Pensions Act, 1990 and held its first meeting in 2015. It is comprised of 10 members; 6 lay members, 3 officials representing the Departments of Employment and Social Protection and Public Expenditure and Reform, the Central Bank as well as the Pensions Regulator. The lay members give of their time on a voluntary basis. All members are enthusiastic, experienced, skilled and have a diverse, yet relevant background in pensions, law, actuarial science, public administration, finance and pension scheme governance.

I was glad to be appointed as a member in 2015 through the public appointments process. Led by the Chairman Mr Jim Murray, we have worked hard and accomplished a lot since we were established. By way of example, early on, we shone a light on Approved Retirement Fund and Buy Out Bond charges for consumers, highlighting the complex manner in which charges are applied, the wide variety of charging rates and concluding that consumers can make significant savings if they “shop around”.

We have made numerous detailed submissions in response to relevant consultations held by the Central Bank, Pensions Authority and Interdepartmental Pensions reform and Taxation Group. We have carried out work on Auto Enrolment and master trusts, considered gender pension issues and presented to the Joint Oireachtas Committee on pension matters.

As the pensions environment has evolved, so has the Council. While we advise the Minister at her request, we are also proactive. We raise and investigate matters that we identify as important and draw them to the Minister’s attention. That is the particular benefit of the lay members; they can bring insights from the pensions environment that may not otherwise be available to departmental officials.

We have three significant workstreams underway at present.

- We have commenced a research programme on the interaction of housing and pensions. This will be important if home ownership becomes less typical at retirement in the future.
- We are considering the gender pensions gap in supplementary pensions. By supplementary pensions, I mean income in retirement that is over and above the State Pension. Our work with the ESRI has highlighted that there is a gender pension income gap of 35 per cent and that only 28 per cent of women have private/occupational retirement income compared to 55 per cent of men. We are keen to identify practical solutions to this challenge and to this end, the Council has recently held a public consultation on the topic. I am looking forward to the Council’s deliberations on the suggestions received and the recommendations that will come out of it.

- Finally, based on our earlier work on charges as well as learnings from the UK, we are also considering whether it would be worthwhile introducing a cost transparency initiative for pension providers in Ireland and whether this could work on a voluntary or mandatory basis. A simplified system of transparency could help drive both consumer and provider behaviour to the advantage of the consumer.

A significant amount of work has been done by the Council and as you can see, there are several challenging, relevant and complex projects in progress. Notwithstanding that, the Pensions Roadmap (2018 -2023) is at about the halfway point in terms of its timeline and you will also be aware that there were substantial changes made to the Pensions Act earlier this year as the EU IORP II pensions legislation was transposed. I expect to see the pensions environment react to this legislative change. There is likely to be consolidation of pension schemes and pension products, some will not survive while other pension vehicles may play a more prominent role in the future. This change will have a direct impact on consumers.

Our current Chairman, Mr Jim Murray, has done an excellent job stewarding the Council. I would like to take the opportunity to thank Mr Murray for his hard work and dedication over the last 6 years. His previous experience as Director of Consumer Affairs certainly influenced the Council's work in a highly positive manner.

The Minister has designated me as the next Chairperson. I am an actuary and partner with the pensions and investment consultancy firm, Lane Clark & Peacock Ireland Ltd. I have more than 20 years' experience in the pensions industry and I lead LCP's Governance Practice in Ireland. I was the Chairperson of the Society of Actuaries in Ireland Pensions Committee from 2016 to 2018 and a member of the Society's Council from 2016 to 2019. In 2020, I co-authored a paper entitled "*Private Pension Tax Relief, A Paper on the Irish Pensions Taxation Landscape*" which was referenced in the report produced by the Interdepartmental Pensions Reform and Taxation Group. I am a member of the Pensions Commission, set up to examine sustainability and eligibility issues in respect of the State Pension and the Social Insurance Fund along with other matters, such as the retirement ages in employment contracts and pension provision for Carers. I am also an independent non-executive director of Dublin Simon Community and I was the Chair of their Audit and Risk Committee from 2016 to 2020.

In my role as Chair of the Council, I intend to successfully conclude and report to the Minister on the current workstreams that are underway as well as undertake new projects on pensions matters that are important to the Minister, in particular the impact of the amended Pensions Act on the pensions environment. In the footsteps of my predecessor, I hope to ensure that where change occurs, that this will be to the benefit of consumers. It is important to clarify that this ultimately means financial benefit, either through encouraging people to save more, lower costs, greater certainty of benefits at retirement or indeed, higher investment returns. There is a significant amount of work for the Council to do and, in my role as Chairperson, I am looking forward to encouraging the Council members to raise issues, guiding their discussion, developing reports and ultimately influencing the pensions environment so that more people enjoy a decent standard of living in retirement.

Thank you and I am happy to answer any questions you have.