

Minutes
<b>Social Insurance Fund</b>
<b>Meeting of 16<sup>th</sup> December 2020</b>

## Pensions Commission

### Minutes

*Meeting held on Webex – start time 10am.*

*In Attendance:*

**Commission Members:** Josephine Feehily (Chair), Ita Mangan, Roma Burke, Seamus Coffey, Aedín Doris, Jack Keyes, Ian Power, John McGrane, Ethel Buckley, Tony Donohue

**Secretariat:** Roshin Sen, Kasey Treadwell Shine, Louise Banable, Evelyn Harrington

**Observers:** Alan Flynn, DSP, Mairead Ross, DFIN, Ivana McGarr, DPER, Felix O’Kane, DETE

For Items 2 and 3: Joanne Roche (KPMG); Mary O’Sullivan, Colin O’Neill (DSP PRSI policy)

**Apologies:** Anne Vaughan

#### 1. Minutes and Matters Arising

*Inputs: PC0101 Meeting One Minutes, PC0201 Meeting Two Minutes*

- Members agreed the Minutes from Meetings 1 and 2.
- A number of matters in relation to meeting logistics were discussed.

#### 2. Presentation on the Social Insurance System

*Inputs: PC0330 Secretariat Presentation on the Social Insurance System*

*PC0331 Secretariat Note on the Social Insurance System*

- The Secretariat presented a high-level overview of the structure of the Social insurance system and the Social Insurance Fund’s (SIF) Income and Expenditure. The presentation noted the primary role of Class A employer and employee PRSI contributions in funding the SIF, and highlighted that Pensions make up the majority of SIF spending by a considerable margin.
- Members discussed a range of issues. The Secretariat was asked to provide further information and clarification on a number of issues.

#### 3. Presentation on the Actuarial Review of the Social Insurance Fund

*Inputs: PC0340 KPMG’s Presentation on the Actuarial Review of the Social Insurance Fund – this is subject to minor edits*

PC0341 KPMG (2017) 2015 *Actuarial review of the Social Insurance Fund*. DSP: Dublin.

- Joanne Roche, Director and Actuary at KPMG, presented key results of the 2015 review of the SIF (published 2017), including projected shortfalls in the SIF, the 'break even' rate that contributions would have to be to make up shortfalls assuming varying levels of Exchequer subvention . Chapter 7 of the Review has more details on core results.
- Contributions relative to social insurance benefits paid out are good value for money for low earners, self -employed and women (when only pensions are taken into account); and for men overall (as they tend to receive other social insurance benefits). The SIF is highly redistributive in this respect. See Chapter 11 for more details on value for money.
- A number of policy options for addressing shortfalls while maintaining the rationale of poverty prevention were considered. See chapter 12 for more details on the impacts of different policy options.
- Sensitivity analyses (different assumptions for e.g. fertility rates, migration, earnings growth, etc) align with the implications of sustainability challenges presented in meeting 3.
- The SIF is reviewed every 5 years. Work on the 2020 review will commence in 2021 but findings will not be ready in time for the Commission's deliberations. Accordingly, the Department has engaged KPMG to carry out a number of specific analyses for the Commission, updating the base case scenario to take account of developments since 2015 (such as the interim TCA, rate changes, and the pension age) and also to determine the impact of various possible policy reforms on the SIF to inform the Commission's deliberations. The Chair asked Members to reflect on other analyses KPMG might conduct and members noted some areas of interest.

#### **4. Proposals for the Design and Delivery of a Two-Staged Consultation Process**

*Inputs:* PC0351 Secretariat Presentation on the Design and Delivery of a Two Staged Consultation Process

PC0350 Secretariat Note: Proposals for the Design and Delivery of a Two-Staged Consultation Process





- The Secretariat gave a short presentation on a proposal for the design and delivery of a two staged consultation process.
- After a short discussion on the proposals, Members approved a two-staged consultation approach. The first stage would be a broad consultation with an advertising campaign. The second stage would be an invited Stakeholder Forum, with a process (to be decided) to select relevant Stage 1 submitters as Stage 2 participants. Members stressed the importance of a robust, transparent and well-designed process. Members noted that the Secretariat would produce a more detailed outline of the first stage of the consultation process by early in the New Year.

## 5. To be published/linked on The Pensions Commission Website

- PCG02A *Terms of Reference, Principles and Procedures for Members of the Commission*
- PC0100A *Agenda of Meeting 1*
- PC0200A *Agenda of Meeting 2*
- PC0230 *CSO Presentation on Demographic Change*
- PC0240 *IFAC Presentation on Long Term Sustainability Report*
- PC0241 *IFAC Long Term Sustainability Report* (link to publication)
- PC0251 *Department of Finance Population Ageing and Public Finances report* (link to publication)
- PC0300A *Agenda of Meeting 3*
- PC0101A *Minutes of Meeting 1, 25<sup>th</sup> November 2020*
- PC0201A *Minutes of Meeting 2, 2<sup>nd</sup> December 2020*
- PC0400A *Agenda of Meeting 4*
- PC0301 *Minutes of Meeting 3, 16<sup>th</sup> December 2020* [when approved]
- PC0341 *Actuarial Review of The Social Insurance Fund 31 December 2015* (link to publication)
- PC0442 *Report of the Interdepartmental Group on Fuller Working Lives* (link to publication)
- PC0443 *WRC Code of Practice on Longer Working* (link to statutory code)
- PC0444 *IHREC Retirement and Fixed-Term Contracts Guidelines* (link to guidelines)

## 6. Specific Action Points

### Colour Code:

Closed/Agreed	
In progress	
Ongoing/Repeated Action	
Not Started	

**NB** Actions closed by the previous meeting are not included. See action log for full details.

No.	Action	Lead	Deadline	Status
PCA0102	Commission website to be published	Secretariat	January 2021	In progress
PCA0103	Contact DFIN on Commission on Welfare and Taxation	Secretariat	02/12/20	Contact established
PCA0105	Generate note of Media coverage, recent developments and items of interest	Secretariat	Meeting 2 and each meeting thereafter	Meeting 3 update circulated

APPROVED

PCA0109	Add 'checkpoints' at meeting 4 and periodically thereafter to sense-check if work and deliberations are interlinking issues systematically. Reframe meeting schedule as needed.	Chair with Secretariat	Meeting 4 Then TBD	Not started
PCA0110	Establish whether the Widow/er's and Surviving Civil Partner's Pension is within the remit of the Commission's work	Secretariat	Meeting 4	See PQ circulated, Mtg 3. Decision still to be made
PCA0111	Draft a review paper on international examples relevant to the Irish context, learnings from international reform efforts	Secretariat	Meeting 3	Drafted
PCA0112	Consider, as part of labour market input in Meeting 4, a summary note on the prevalence of private contracts specifying a retirement age <66; produce descriptive statistics etc. position of 65-year-olds	DETE/ Secretariat	Meeting 4	In progress
PCA0113	Liaise with DETE colleagues to determine if there is a need for research around retirement age, the gap to pension age and issues arising	Secretariat	Meeting 6	In progress
PCA0114	Liaise with DFIN to determine the current position with respect to proposals to amalgamate USC and PRSI	Secretariat	Meeting 9	In progress
PCA0216	Provide age-breakdowns of those with no pensions cover from CSO Pension Coverage Survey	Secretariat		Drafted
PCA0317	Scope venues for a physical meeting dependent on Government advice	Secretariat	Early January 2021	Contact made with Dublin Castle
PCA0318	Establish whether Government as employers pay PRSI	Secretariat	Meeting 5	In progress
PCA0319	Generate broader note on the examples of Social Insurance Systems in other countries, and, in particular, the structure of their Social Insurance Fund equivalent where relevant.	Secretariat	Meeting 5	Not Started
PCA0320	Gather further data on the gap between effective retirement age and pension age	Secretariat	Meeting 4	Not Started
PCA0321	Generate a detailed proposal for the first stage of the consultation process	Secretariat	Meeting 5	In progress
PC0322	Generate a high-level overview of the evolution of current schemes, rates and contributions	Secretariat	Meeting 5	Draft completed
PC0323	Contact DETE in relation to consultation on mandatory sick pay	Secretariat	Meeting 4	Contact established