

Minutes
<b>The Pension Promise and Stage Pension Age Flexibility</b>
Meeting of 10 <sup>th</sup> March 2021

## Pensions Commission

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### Minutes

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

*In Attendance:*

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

**Secretariat:** Roshin Sen, Kasey Treadwell Shine, Louise Banable, Brian Purcell, Margaret Mulhall

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

#### 1. Minutes and Matters Arising

- The minutes from meeting 7 were approved.
- The Secretariat provided an update on the public consultation process and a short overview of the plans for the Stakeholder Forum. The consultation closed on Tuesday 9 March

#### 2. Pension Rates and the Pension Promise

- The Secretariat gave a short presentation on the “pension promise”.
- Using data from the CSO Survey of Income and Living Conditions, the Secretariat noted that the State Pension system is extremely effective at ensuring that Irish pensioners do not experience poverty.
- The “pension promise” is that this remains the case for both current, and future, pensioners.
- The Programme for Government states that the core weekly rates will not be reduced. The policy position is that the real value of pension payments will be retained through a process of benchmarking and indexation. In this regard, Ireland is atypical among OECD countries in not having a formal benchmark

in legislation. The *Roadmap for Pensions Reform 2018 - 2023* set a benchmark of 34% of average earnings for the State Pension Contributory, with increases linked to earnings/inflation. The *Roadmap for Social Inclusion 2020 – 2025* set out how this indexation process could operate on a 'smoothed earnings' basis.

- Members noted that an earnings benchmark provides an anchor against income inequality.
- Members discussed the Roadmap commitments and noted that the underlying data used for measuring poverty and earnings made a significant difference in measuring how the benchmark performs.
- The purpose of the State pension and how this is connected to the benchmark needs to be clear.
- Further details were requested on these issues.
- Members agreed that certainty is an essential principle for the State Pension scheme.

### **3. State Pension Age and Flexible Options**

- The Secretariat presented an overview of the 'State Pension Age: Flexible Options' paper.
- The paper set out different options for the Commission to consider in relation to accessing the State pension on a flexible basis, using international examples as a basis for these options.
- The Secretariat also gave an overview of the implications of these flexible options and raised a number of questions that would need to be considered in implementing any of these options.
- Members underlined the importance of this discussion and noted that previous efforts to bring about change to the State Pension have not explored flexible options to any significant extent.
- Members agreed that they will further consider this topic at the next meeting, including in the context of submissions made through the consultation process in relation to the pension age and flexibility.

### **4. Documents to be published**

PC0701 *Meeting 7 Minutes* (Approved)

PC0800 *Meeting Agenda* (Approved)

## 5. Specific Action Points

Colour Code:

Closed/Agreed ■

In progress ■

Ongoing/Repeated Action ■

Not Started ■

**NB** Actions not included: 1) closed by previous meeting; 2) ongoing but with no change since previous meeting. See action log for full details.

ID	Action	Lead	Deadline	Status
PCA0102	Commission website to be published	Secretariat	Jan-21	Completed. See PensionsCommission.gov.ie
PCA0105	Generate note of Media coverage, recent developments and items of interest	Secretariat	Ongoing	Ongoing
PCA0109	Add 'checkpoints' at meeting 5 and periodically thereafter to sense-check if work and deliberations are interlinking issues systematically. Reframe meeting schedule as needed.	Chair with Secretariat	Meeting 5/then TBD	Ongoing
PCA0110	Establish whether the Widow/er's and Surviving Civil Partner's Pension is within the remit of the Commission's work	Secretariat	Meeting 3	See PQ circulated, Mtg 3. Decision still to be made
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	Closed see PCA0112Sec_LabourMarket_StatsNte
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 4	In progress
PCA0114	Liaise with DFIN to determine the current position with respect to proposals to amalgamate USC and PRSI	DFIN	Meeting 9	Closed see PCA0114_USC-PRSIAmalgamation_Snte
PCA0216	Provide age-breakdowns of those with no pensions cover from CSO Pension Coverage Survey	Secretariat		Closed see PCA0216Sec_AgeRangesPensCov_StatsNte
PCA0317	Scope venues for a physical meeting dependent on Government advice	Secretariat	Early January 2021	Closed [venues checked, but no face to face meetings while under Level 5 restrictions]
PCA0318	Establish whether Government as employers pay PRSI	Secretariat	Meeting 4	Note generated. See PCA0318_StatePRSIPayments_SNte

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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	Completed. See PCA0319_EUSIFCosts_Snte
PCA0320	Gather further data on the gap between effective retirement age and pension age	Secretariat	Meeting 4	Included in Meeting 4 Secretariat Labour Market note
PCA0321	Generate a detailed proposal for the first stage of the consultation process	Secretariat	Meeting 5	Completed. See PC0541CheckptConsult_ConsumationInfo_Sppr
PCA0322	Generate a high-level overview of the evolution of current schemes, rates and contributions	Secretariat	Meeting 5	Closed see PCA0322Sec_KeyDevelopStatePensionsArrangements_policybrief
PCA0323	Contact DETE in relation to consultation on mandatory sick pay	Secretariat	Meeting 4	Contact established
PCA0424	Draft note giving an overview of the Total Contributions Approach, implementation challenges	Secretariat	Meeting 6	Completed Meeting 6 – Please see:  PC0631 Secretariat Note: Overview of Calculation Methods and the Total Contributions Approach  PC0630 Secretariat Presentation on the Calculation Methods and the Total Contributions Approach
PCA0425	Provide overview and update of Automatic Enrolment	Secretariat	Meeting 5	Completed. See PCA0425Sec_AutoEnrolmentOverview_Snte
PCA0426	Follow up with ESRI on availability of data for Ireland on prevalence involuntary retirement versus involuntary work	Secretariat		In progress
PCA0427	Source labour force projections by age	Secretariat		Not started
PCA0428	Determine the extent to which WRC mediation services are used for mandatory retirement age cases, seek WRC data or professional inputs on these cases	Secretariat		In progress
PCA0429	Further information on duration of social welfare schemes by age and practices for 65-year olds	Secretariat		Not started
PCA0430	Note on tax arrangements by age in decumulation phase of occupational arrangements	Secretariat		Not started
PCA0431	Provide report and summary of the November 2020 Interdepartmental Pensions Reform and Taxation Group	Secretariat		Completed. See PCA0431_IDPRTGReportSummary_SNte
PCA0532	Generate Note on Universal Pensions	Secretariat	Meeting 6	Completed. See PCA0532_UniversalPensionOverview_Snte

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PCA0533	Generate Note on Value for Money of the State Pension	Secretariat	Meeting 6	Completed. See PC0533Sec_CalcPolLvrs_Valu eForMoneyStatePen_Snte
PCA0634	Further information on applicants who are not eligible for SPC but qualify for SPNC	Secretariat		In progress
PCA0635	Generate note on the policy commitment re benchmarking and indexation of State Pension Rates	Secretariat	Meeting 7	Completed. See PCA0635_BenchmarkingIndexa tionRoadmap_Snte
PCA0736	Generate note on PAYG vs. Funded system	Secretariat		Not Started
PCA0737	Revise Fiscal Sustainability paper	Secretariat		Not Started
PCA0738	Generate note on tax take from those aged 66 and over	Secretariat		Not Started
PCA0739	Note on the difference in approaches used by the IFAC and DSP in estimating the cost of not increasing the State pension age to 67	Secretariat		Completed. See PCA739_SPACostings_SNte
PCA0740	An updated note on the UK's default retirement age.	Secretariat		Completed. See PCA0740_UKRetAgeRepeal_S Nte
PCA0841	Upload submissions to Decision Time	Secretariat		In Progress.
PCA0842	Further information on the Benchmarking process.	Secretariat		In Progress
PCA0843	Note on labour market attachment of younger people	Secretariat		Not Started
PCA0844	Note on the introduction of the Single Public Service Pension Scheme	DPER		In Progress
PCA0845	Note on public service retirement age of 70	DPER		In Progress