So you're a pension scheme trustee

A brief guide to your duties and responsibilities

An tÚdarás Pinsean
The Pensions Authority

www.pensionsauthority.ie

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1. Introduction

As a *trustee* of an *occupational pension scheme*, also called a *company pension scheme*, you have duties and responsibilities under *trust law*, under other relevant legislation and under the Pensions Act, 1990, as amended.

This booklet gives concise guidance on your duties and responsibilities and includes some definitions that may be helpful to you.

This booklet is not intended to be a complete guide or an interpretation of the law. You will get comprehensive guidance for *trustees* in the Pensions Authority's 'Trustee handbook', which is available on the Authority's website, www.pensionsauthority.ie. The Authority has developed an e-learning facility for *trustees* which is free of charge and can be accessed through our website or is available at http://trusteetraining.pensionsauthority.ie.

What does that mean?
Don't be confused by pensions jargon.
See the Glossary for definitions of terms in *italics*.

2. Company pension schemes

A pension scheme is a type of *trust* and a *company pension scheme* (often called an *occupational pension scheme*) is a good example of one. In its simplest form, a *trust* is an arrangement under which assets are held and looked after on behalf of others (called *beneficiaries*).

A person who holds and looks after pension assets for the benefit of *members* and their *dependants* is called a *trustee*. Although assets are held in the name of the *trustees*, they do not belong to them. The conditions of the *trust* under which the pension scheme is set up are detailed in a legal document called the *trust deed and rules*. It sets out who can join the scheme, what the benefits are and what contributions are paid.

There are two basic types of *company pension scheme*:

- *Defined benefit schemes* (sometimes called final salary plans): retirement benefits are calculated to a specific formula that creates a set level of income. The amount paid is usually related to each *member's* length of service and/or earnings before retirement.
- *Defined contribution schemes* (sometimes called money purchase plans): the retirement benefits paid to each *member* are not set. They depend on the amount of contributions paid in for that *member* and the investment earned on those contributions.

Trustees should know which type of scheme they have responsibility for as there are different requirements under the Pensions Act for each type of scheme.

3. Trust law

The duties of pension scheme *trustees* under *trust law* include:

- administering the *trust* in accordance with *trust law*, all other law and the terms of the *trust deed and rules*
- acting in the best interests of *beneficiaries*
- acting fairly between *beneficiaries*
- acting prudently and diligently
- exercising care and utmost good faith in all *trustee* duties
- seeking professional advice as necessary
- supervising those to whom functions have been properly delegated
- not making personal profit from the *trust*
- being aware of possible conflicts of interest.

A *trustee* who is negligent, does not act in good faith or breaks the rules of the *trust* can be sued by the *beneficiaries*. They can be held personally liable for the entire amount of any loss that has occurred.

Trustees must take great care to make sure that all information received in their capacity as *trustees* is treated in the strictest confidence and only used for the purposes for which it has been given.

A *trustee* does not have the power to negotiate or vary the terms and conditions of the scheme. *Trustees* can only do what is set out in the *trust deed and rules*. They cannot act as a representative of the employer or the *members*.

4. Who cannot be a trustee

The Pensions Act states that a *trustee* cannot be someone who:

- is an undischarged bankrupt (currently certified bankrupt)
- has made an arrangement with creditors and has not fulfilled the obligations under that arrangement
- has been convicted of an offence involving fraud or dishonesty
- is restricted, under Section 150 of the Companies Act, from being involved in the formation or promotion of a company for a defined period of time.

5. Day-to-day administration

The *trustees* of most pension schemes do not actually carry out the day-to-day business of the scheme. In some cases, they appoint a person within the company to do this. More often, they appoint a pensions consultant, a professional administrator or a life assurance company.

Pensions administration has a wide variety of activities, including:

- contact with external authorities (e.g., the Revenue Commissioners and the Pensions Authority)
- contact with *members*
- paying benefits
- keeping records
- financial management
- overseeing the scheme accounts
- providing documents to others.

Even when the day-to-day administration is delegated, the *trustees* are still responsible for the scheme. They must ensure that all the above duties and those set out in the Pensions Act are carried out.

6. Trustees' duties under the Pensions Act

The Pensions Act clearly sets out the duties and responsibilities of *trustees*. There is a high degree of overlap between *trustees'* duties under the general principles of *trust law* and their duties as prescribed in the Pensions Act.

The *trustees'* duties under the Pensions Act are explained below.

Trustee training

From 1 February 2010, every *trustee* must undertake *trustee* training in accordance with the Pensions Act.

Trustees are required to receive training on:

(a) the Pensions Act, the regulations made under it and any other law that affects the operation of their scheme or *trust* RAC

(b) the duties and responsibilities of *trustees* generally.

Trustees are required to receive training within six months of their appointment and at least every two years thereafter.

Where a person was already a *trustee* before 1 February 2010, the training has to be completed before 1 February 2012. They must then undertake training at least every two years thereafter.

An employer who operates a pension scheme is obliged to arrange for the scheme *trustees* (and, in the case of a *trustee* that is a body corporate, for all the directors of that body corporate) to receive appropriate training.

However, an employer is not required to arrange appropriate training for:

(a) a pensioneer *trustee*, or

(b) a professional *trustee*.

Registering the scheme

Trustees must register their scheme with the Pensions Authority and pay the annual fee. Schemes must register within one year of their start date.

A pensions consultant, administrator or life assurance company doing the day-to-day running of the scheme will usually arrange for registration and payment of fees. However, it is the responsibility of the *trustees* to ensure that their scheme is registered, with the registration details updated at least once a year and the annual fee paid.

Ensuring that contributions are received

The *trustees* shall make sure, as far as is reasonable, that contributions payable by the employer and *members* are received. One way to do this is to agree with the employer procedures and dates for the payment of these pension contributions. The dates may be specified in the scheme rules or, for *defined benefit schemes*, in the *actuary*'s valuation report, and should be adhered to. If dates are not specified, contributions should generally be made monthly or quarterly.

The Act also requires the employer to pay contributions within a specified time, except in respect of employers' contributions to a *defined benefit scheme*. The Pensions Authority has produced a set of frequently asked questions (FAQs) about the payment of contributions. This is available by contacting the Authority or on www.pensionsauthority.ie.

Investing the funds

The *trustees* must ensure that the resources of the pension scheme are properly invested in line with *investment regulations* and the scheme's *trust deed and rules*.

Trustees usually delegate the actual investment to a professional *investment manager*. Nevertheless, the *trustees* are responsible for monitoring the conduct of the *investment manager* and the performance of the assets.

If a scheme has not appointed an *investment manager*, the *trustees* must show the Pensions Authority that they have appropriate qualifications and experience to assess and advise on investment options, and to make investment decisions. If a *trustee* who has been approved by the Authority leaves the *trust*, any new *trustee* appointed to fill the investment role must get similar approval from the Authority.

Subject to the Pensions Authority's approval, *trustees* can also employ an adviser with the appropriate qualifications and experience. An application for approval should be made by the *trustees* or the proposed adviser. The application form is available on www.pensionsauthority.ie. The Authority's approval must be obtained before any investment is made.

Trustees are also required to invest the contributions within ten days of the latest date by which the employer should have paid them.

The Pensions Authority has produced a detailed set of frequently asked questions (FAQs) about *investment regulations*, which is available on the Authority's website.

Making arrangements for the payment of benefits
The Pensions Act also specifies that *trustees* should make arrangements for the timely payment of benefits.

A *company pension scheme* may provide benefits in the following circumstances:

- retirement at or before *normal pensionable age* or due to ill health
- death before or after retirement
- on leaving the company.

Many *company pension schemes* appoint an agent (e.g., the scheme administrator, the employer or the insurance company) to pay the benefits or arrange for annuities to be bought through a life assurance company. The *trustees'* duty is to ensure that *beneficiaries* are paid regularly and do not have to take unreasonable steps to get their benefits.

In most schemes, *trustees* may have to decide the distribution and/or method of payment of benefits. For example, the scheme may allow death benefits to be paid to one *dependant* or split between several *dependants*. *Trustees* must find out the full circumstances of each case before making a decision; if in doubt, they should seek professional advice.

Seeing that records are kept

Under the Pensions Act, *trustees* are obliged to make sure that appropriate membership records and financial data are kept.

Typically, *member* records will include the *member's* name, gender, date of birth, date of joining the company and date of joining the pension scheme, marital status, details of *dependants* and other *beneficiaries*, present and past annual salary details, *transfer values* received and benefits granted, *member* contributions and *additional voluntary contributions (AVCs). Members* may be *active*, *deferred* or *pensioner members* and accurate records should be held in every case. *Trustees* may also find it useful to have the *PPS numbers* of all *members*. The type and amount of information kept will depend on the scheme and the types of benefit provided.

Trustees frequently delegate the administration of the scheme (including collection of contributions) to third parties or the employer and the professional *investment managers*. However, overall responsibility of stewardship of the scheme's assets, transactions and record keeping rests with the *trustees*.

Financial records include the *trustee* bank account, all financial transactions and financial reports received from third parties (e.g., an *investment manager*). The financial records are frequently kept on behalf of the *trustees* by an administrator, who may also prepare the accounts for audit.

Preserving or transferring benefits

The *trustees* must make sure that the necessary arrangements are made for early leavers of the scheme to have their benefits preserved, revalued or transferred to another pension plan. They will also have to accept transfers in when new employees join the *company pension scheme*.

There is further information on the preservation and transfer of benefit requirements in the Pensions Authority booklet 'How does my pension scheme work?' This is available on the Authority's website. Detailed technical guidance notes on 'Preservation of benefits and minimum value of contributory retirement benefits' are also available on the Authority's website.

Checking that the funding standard is met

The *trustees* of a *defined benefit scheme* must ensure that the scheme complies with the minimum funding standard (MFS) as required by the Pensions Act.

At least every three years, *trustees* of *defined benefit schemes* must provide an *actuarial funding certificate (AFC)* to the Pensions Authority. This certificate is prepared by the scheme's *actuary* and states if the scheme has enough assets to comply with its legal funding requirements. In the *annual report*, the *actuary* must also give an opinion on whether or not the scheme continues to satisfy the funding standard.

If the scheme does not satisfy the funding standard, a funding proposal to rectify the situation must be prepared within an agreed period of time. This plan must be agreed with the employer and the *actuary*.

The Act's provisions on the preparation of the *AFC* and a funding proposal are detailed and complex. It is important for *trustees* to have a good understanding of these matters and discuss them in detail with the *actuary* and/or the scheme advisers.

Further information on the minimum funding requirements is contained in the Pensions Authority booklet 'How does my pension scheme work?', which is available from the Authority's website.

Registered administrators

With effect from 1 November 2008 the *trustees* of every scheme (including large *trust* RAC schemes) had to appoint a registered administrator to provide various services to the scheme (known as 'core administration functions'). The 'core administration functions' are the preparation of *annual reports* and annual benefit statements for the *trustees*, and the maintenance of sufficient and accurate records of *members* and their entitlements to discharge the above functions. *Trustees* can appoint themselves as registered administrators provided that they are satisfied as to their competence to undertake the core administration functions, and that they have the necessary systems and procedures in place to do so.

Failure by the *trustees* to appoint a registered administrator will constitute an offence under the Pensions Act.

The Pensions Authority has produced a detailed set of frequently asked questions (FAQs) about registered administrators, which is available on the Authority's website.

Giving out information

Trustees must make available certain documents and information about the scheme and its operation to *members* and other specified persons (such as prospective *members*, spouses of *members*, other *beneficiaries* and authorised trade unions that represent *members*). The general information they must allow to be given out includes:

- details about the set up and rules of the scheme
- certain basic information about the scheme
- details of an individual's benefit entitlements under the scheme.

Trustees must also arrange for:

- *actuarial valuations* (in the case of a *defined benefit scheme*)
- annual audited accounts (if required)
- *annual reports* to be prepared and made available, subject to certain exceptions and alternatives.

They must also make sure the information is given within the timescales specified in the legislation.

The booklet 'How does my pension scheme work?', which is available on the Authority's website, sets out what information *trustees* of an *occupational pension scheme* must provide, when this information must be given and how it should be given. More detail on these requirements is provided in the appropriate guidance notes available on the Authority's website.

Applying equal pension treatment

According to the Pensions Act, which gives effect to EU law in this regard, *trustees* of *company pension schemes*, with certain exceptions, must see that their scheme complies with the principle of equal pension treatment.

Originally the Act simply prohibited discrimination on the grounds of gender. However, it now bans pension discrimination on the grounds of:

- gender
- marital status
- family status
- sexual orientation
- religion
- age
- disability
- race
- membership of the Traveller community.

The principle of equal pension treatment applies to the *trust deed and rules* of the scheme on such matters as:

- access to the scheme
- contribution arrangements
- entitlement to, and calculation of, benefits
- retirement ages
- survivors' benefits.

However, it is not a breach of equal pension treatment if schemes fix an age for admission to the scheme or for entitlement to benefits, including setting different ages for employees, or groups or categories of employees, provided that this does not result in discrimination on grounds of gender.

Trustees should have the scheme's *trust deed and rules* examined on a regular basis to make sure that they follow the principle of equal pension treatment.

A person claiming a failure of the equal pension principle may refer his/her case to the Equality Tribunal (see section 15 for contact details).

Guidance notes on equal pension treatment are available from the Authority's website as well as the booklet 'A brief guide to equal pension treatment'.

Distributing the resources of the scheme on wind-up

Trustees of a pension scheme that is being wound up must use the assets of the scheme to settle its liabilities without undue delay.

When a decision is taken to wind up the pension scheme, *trustees* must notify *members*, their trade unions and the Pensions Authority within 12 weeks of the decision. *Trustees* have a duty to make sure that *members'* pension rights are secured and the wind-up is completed as soon as is practical. *Members* must also be informed in reasonable time of their benefit rights and options under the wind-up rules, including who will pay the benefits after wind-up, the address for enquiries and how any surplus or deficit in the pension fund has been dealt with.

There is more information on scheme wind-ups in the Pensions Authority booklet 'How does my pension scheme work?', which is available from the Authority's website.

7. Compulsory and voluntary reporting to the Pensions Authority

Where a *trustee* has reason to believe that material misappropriation or fraudulent conversion of the resources of a scheme, *trust* RAC or *PRSA* has occurred, is occurring or is to be attempted, he/she must report details of this, in writing, to the Pensions Authority.

The duty to report is absolute and the penalty for anyone convicted of failing to do so is a fine and/or imprisonment. Anyone who makes such a report in good faith cannot be sued for breach of confidentiality or breach of any other duty that may necessarily occur. Although not duty-bound to do so, any person may report to the Authority concerning the state and conduct of a scheme, *trust* RAC or *PRSA*. Guidance notes on reporting requirements are available from the Authority’s website.

8. Trustees' responsibilities – PRSAs

A *Personal Retirement Savings Account (PRSA)* is a pension designed for employees, the self-employed, homemakers, carers, unemployed people or any other category of person. It is a contract between an individual and an authorised *PRSA provider* for an investment account.

There are two types of *PRSA* – a *Standard PRSA* and a *non-Standard PRSA*. The main differences between them are the charges and investment options.

If you have a *Standard PRSA*, you:

- cannot be charged more than 5% on the contributions you pay and 1% a year on the managed funds
- can only invest in *pooled funds*, except for temporary cash holdings
- do not have to buy another product, such as life assurance, when you are applying for your *Standard PRSA*.

If you have a *non-Standard PRSA*, there is no limit on charges and you can invest in a range of funds, including (but not restricted to) *pooled funds*.

The Pensions Act states that employers must enter a contract with a *PRSA provider* to let employees participate in a *standard PRSA* if:

- the employer is not operating an *occupational pension scheme*
- the employer is operating an *occupational pension scheme* that only provides death-in-service benefits
- the employer is operating an *occupational pension scheme* that limits eligibility for membership

- the employer is operating an *occupational pension scheme* that imposes a wait for membership of more than six months from the start of employment.

If the *occupational pension scheme* does not allow for *additional voluntary contributions (AVCs),* a *standard PRSA* must be offered for *AVC* purposes.

The legal obligation to comply with these *PRSA* access requirements rests with the employer. The *trustees'* obligation is to monitor contribution and benefit levels for Revenue purposes where *AVCs* are made via a *PRSA*.

Where *AVCs* are paid via a *PRSA* separate from the main pension scheme, the *trustees* of the main scheme do not have a legal responsibility to monitor these contribution and benefit limits. However, they are legally obliged to comply with *Disclosure of Information Regulations* regarding *members'* entitlement to information.

The Pensions Authority has produced a booklet, Personal Retirement Savings Accounts (PRSAs) – A consumer and employers' guide, which is available from the Authority's website.

9. Compliance with the pension provisions in the Family Law Acts

The Family Law Act, 1995, addresses pension benefits where judicial separation and foreign divorces recognised in this country have taken place. Similar legislation on Irish divorce is set out in the Family Law (Divorce) Act, 1996. Both these Acts state that pension rights must be taken into account where, after a judicial separation or divorce, the parties apply to the court for a relevant financial settlement. The Acts also give the courts the power to instruct *trustees* of a pension scheme to pay out benefits (usually arising from a court order). Such a direction by the court overrides the scheme *trust deed and rules*.

Under the *Disclosure of Information Regulations* of the Pensions Act, the spouse of a *member* of an *occupational pension scheme* is entitled, on request, to get specified basic information about that scheme (including legal documentation and *annual reports* and, if produced, copies of audited accounts and *actuarial valuations*). The *Disclosure of Information Regulations* apply if divorce proceedings have been instituted under either of the Family Law Acts. They continue to apply after a divorce decree is granted.

The court may also direct the *trustees* to provide to the former spouse more specific information about the *member's* benefits. Such information must be provided within the period specified by the court.

The pension provisions of the Family Law Acts are among the more detailed statutory requirements with which *trustees* have to comply. *Trustees* should have a general understanding of all aspects of these provisions so as to promote full compliance. There is more detailed guidance in the booklet 'A brief guide to the pension provisions of the Family Law Acts', which is available from the Authority's website.

10. Cross-border pension schemes

The Pensions Act requires compliance with the cross-border requirements of Directive 2003/41/EC on the activities and supervision of Institutions for Occupational Retirement Provisions (known as the IORP directive). The directive establishes that an IORP, which in the Irish context is an *occupational pension scheme*, can provide cross-border services anywhere in the EU or European Economic Area (EEA).

Cross-border activity occurs where an IORP registered in Ireland accepts contributions from an employer based in another *member* state or vice versa. If an Irish pension scheme is seeking to operate in another *member* state, the *trustees* of the scheme must comply with certain authorisation and notification procedures set down in the Pensions Act. The Pensions Authority has published guidelines in relation to cross-border schemes, which are available from the Authority's website.

11. Office of the Pensions Ombudsman

The Pensions Ombudsman investigates and adjudicates on complaints made, in writing, by or on behalf of an actual or potential beneficiary of an *occupational pension scheme*, *PRSA*, or *Trust* RAC who alleges financial loss as a result of maladministration by those responsible for managing the scheme.

The Ombudsman can also investigate and decide on disputes of fact or law arising from an act (or failure to act) by those responsible for a scheme. Such claims must be communicated, in writing, by an actual or potential beneficiary. It is up to the Pensions Ombudsman to decide which cases to investigate.

The persons responsible for the management of the scheme include any *trustee* or former *trustee*, any employer or former employer and any administrator of the scheme.

The Pensions Ombudsman Regulations state that the *trustees* of every *occupational pension scheme* must establish Internal Disputes Resolution Procedures (IDR). The regulations set out certain steps that must be included in the IDR, as well as matters to be covered by them.

The following leaflets are available from the Office of the Pensions Ombudsman (see section 15 for contact details):

- What can the Pensions Ombudsman do for you?
- Disputes resolution procedures – guidance notes for *trustees* and administrators
- Instructions and guidance for respondents.

12. Legal penalties for breach of duties

Court proceedings may be taken against *trustees* for non-compliance with the Pensions Act. The Pensions Authority may bring a case to the District Court or, for more serious allegations, refer the matter to the Director of Public Prosecutions (DPP), who may want to prosecute in a higher court by way of a charge sheet (called an indictment).

The consequences are as follows:

- On summary conviction (in the District Court), persons found guilty of an offence under the Act will get a fine not exceeding €5,000, imprisonment for up to one year or both.
- On indictment in a higher court, persons convicted of a breach of the Act will get a fine not exceeding €25,000, imprisonment for up to two years or both.

However, since 2007 on-the-spot fines provide an alternative to prosecutions of certain offences under the Pensions Act. The Act allows the Pensions Authority to notify a person in writing about a specified summary offence, giving 21 days to remedy it and pay the appropriate fine. If the offence is remedied and the fine paid, the prosecution will not proceed.

The Pensions Authority has published a *trustee* and employer checklist in relation to on-the-spot fines, which is intended to help *trustees* and employers ensure they do not breach the Pensions Act. The checklist is available from the Authority's website.

13. Trustee handbook and trustee training

Being a pension scheme *trustee* carries a wide range of duties and responsibilities – perhaps more than you thought.

The Pensions Authority has drawn up a register of approved *trustee* training courses. Contact the Authority for more details or see the list on www.pensionsauthority.ie.

The *annual report* of the pension scheme must state whether *trustees* have access to appropriate training about their duties and responsibilities.

An employer who operates a scheme is required to arrange for the *trustees* to receive appropriate training in relation to the Pensions Act and any other law that governs the operation of their scheme. They are also required to receive training on their duties, responsibilities and other matters relevant to the management of their scheme.

Note: For further information on this requirement contact the Pensions Authority directly.

The Authority also produces a 'Trustee handbook'. This has been published online and is free to download from the Authority's website.

14. The Pensions Authority

The Pensions Authority is a statutory body set up under the Pensions Act 1990.

The Authority regulates occupational pension schemes, trust RACs and *Personal Retirement Savings Accounts (PRSAs)* in Ireland.

The Pensions Authority's mission is to support a sustainable pensions system that will provide adequate and reliable pensions for retired and older people and that achieves wide coverage. The Pensions Authority aims to achieve this by:

1. Safeguarding the interests of occupational pension scheme members and *PRSA* holders through effective regulation

2. Providing relevant information and guidance to the public and those involved with pensions

3. Developing policy proposals and supporting the Minister for and Department of Social Protection and other government departments through high quality policy advice and technical support.

15. Useful addresses

The Pensions Authority
Verschoyle House
28/30 Lower Mount Street
Dublin 2
Tel: (01) 613 1900
Locall: 1890 65 65 65
Fax: (01) 631 8602
Web: www.pensionsauthority.ie
Email: info@pensionsauthority.ie

Department of Social Protection*
Oisin House
Pearse Street
Dublin 2
Locall: 1890 202 325
Tel: (01) 704 3000
Web: www.welfare.ie

** For information on PRSI*

Department of Social Protection**
Pension Services Office
College Road
Sligo
Locall: 1890 500 000
Tel: (071) 915 7100
Web: www.welfare.ie

*** For information on entitlements to State pension benefits*

Office of the Revenue Commissioners***
Financial Services Pensions District
Ballaugh House
73-79 Lower Mount Street
Dublin 2
Tel: (01) 613 1800 (ask for Pensions Unit)
Fax: (01) 647 4212
Email: www.lcdretirebens@revenue.ie
Web: www.revenue.ie

***** For information on pensions taxation**

Office of the Pensions Ombudsman
36 Upper Mount Street
Dublin 2
Tel: (01) 647 1650
Email: info@pensionsombudsman.ie
Web: www.pensionsombudsman.ie

Central Bank of Ireland
PO Box 559
College Green
Dublin 2
Tel: (01) 224 6000
Locall: 1890 777 777
Fax: (01) 671 6561
Email: enquiries@centralbank.ie
Web: www.centralbank.ie

Financial Services Ombudsman's Bureau
3rd Floor, Lincoln House
Lincoln Place
Dublin 2
Locall: 1890 882 090
Web: www.financialombudsman.ie
Email: enquiries@financialombudsman.ie

Consumers' Association of Ireland
44 Chelmsford Road
Ranelagh
Dublin 6
Tel: (01) 497 8600
Web: www.thecai.ie
Email: cai@consumerassociation.ie

The Equality Tribunal
3 Clonmel Street
Dublin 2
Locall: 1890 34 44 24
Tel: (01) 477 4100
Web: www.equalitytribunal.ie
Email: info@equalitytribunal.ie

16. Glossary of terms

Active member
A member of a pension scheme currently in the employment to which the scheme relates and included in the scheme for a pension benefit.

Actuarial funding certificate (AFC)
A certificate issued by an actuary under the minimum funding standard (MFS) provisions of the Pensions Act.

Actuarial valuation
An investigation by an actuary into whether or not a pension scheme can meet its benefit promise.

Actuary
An expert qualified to assess the funding and solvency of pension schemes.

Additional voluntary contributions (AVCs)
Extra contributions paid by a member of an occupational pension scheme to get more benefits than those set out in the basic rules of the scheme.

Annual report
The Pensions Act requires the trustees of a pension scheme to provide information about the scheme, its administration and its financial position. The content of the annual report is specified in the Disclosure of Information Regulations.

Beneficiaries
A person entitled to benefits under a pension scheme or who gets such benefits when a specified event happens (e.g., the death of a member).

Company pension scheme (see occupational pension scheme)
Deferred member

A person entitled to a pension payment at a future date. This is normally an early leaver of a pension plan. The term is sometimes used to describe someone whose retirement is being postponed.

Defined benefit schemes
Schemes in which the benefits are calculated according to a set formula and, therefore, the level of benefits is known. The amounts paid are usually related to years worked and/or earnings prior to retirement.

Defined contribution schemes
Schemes in which the retirement benefits paid to each member depend on the amount of contributions paid in for that member and the investment earned on those contributions.

Dependant
A person financially dependent on a member or *pensioner member* (also called a pensioner) or who was so when the member or pensioner retired or died. For Revenue purposes, a child of the member or pensioner may be regarded as dependent until the age of 18 or, if later, until the end of full-time education or vocational training. A spouse of a member or *pensioner member* is always regarded as a dependant.

Disclosure of Information Regulations
Regulations issued under the Pensions Act requiring the release to interested parties of specified information about pension schemes and their benefits.

Investment manager

Banks and insurance companies authorised to carry out particular business under Directive 79/267EC, and investment firms authorised by Directive 93/22EC, fit the definition of an investment manager in the Occupational Pension Schemes (Trustee) Regulations, 2005 S.I 594 of 2005.

Investment regulations

The Occupational Pension Schemes (Investment) Regulations, 2006 S.I 294 of 2006 set out specific rules that must be applied to pension fund investment as required by the EU Pensions Directive (IORPS Directive).

Member

A person in a pension scheme who is entitled to benefits under the scheme. Such persons include active members, pensioner members and deferred members.

Normal pensionable age

The age at which a member of a pension scheme usually becomes entitled to retirement benefits.

Occupational pension scheme

Also called a company pension scheme, this is defined in the Pensions Act as a scheme approved under the 1972 Finance Act or the 1967 Income Tax Act (now the Taxes Consolidation Act 1997) or for which approval has been applied to the Revenue Commissioners. The term occupational pension scheme is generally used to distinguish job-related pension schemes from State social welfare schemes.

Pensioner member

A person being paid from a pension scheme (also called a pensioner).

PPS number
Personal Public Service number – a unique identification number for each person in the State for the purposes of tax, social insurance and social welfare benefits.

Personal Retirement Savings Account (PRSA)
A PRSA is a personal pension that works on a defined contribution basis. Anyone under the age of 75 can start a PRSA by signing a contract with an authorised PRSA provider, which will set up an investment account.

There are two types of PRSA contract:

- A **standard PRSA** is a contract with a maximum charge of 5% on contributions being paid and 1% per annum on the assets being managed. Investments are only allowed in pooled funds (these include unit trusts and life company unit funds).
- A **non-standard PRSA** is a contract without maximum limits on charges and allows investments in funds other than pooled funds.

Pooled funds
Also known as managed funds, these are collective investment schemes in which investors' money is pooled to buy a portfolio of assets including Government bonds, deposits, property and stocks.

PRSA provider
An authorised investment firm, life assurance company or credit institution which produces, markets or sells PRSA products.

Transfer value

A payment from one pension scheme to another, or to an insurance company to purchase a buyout bond, so that the member does not lose out on benefits by leaving a pension scheme or changing job. In this form, it specifically refers to transfers made under the preservation requirements of the Pensions Act.

Trust deed and rules

Company pension schemes are set up under trust. The trust deed and rules govern how the scheme is managed and sets out how the benefits are determined and to whom they are payable.

Trustee

An individual or a company which becomes the legal administrator of assets being managed for the benefit of someone else (beneficiaries), in accordance with the trust deed and rules, the provisions of trust law generally and the Pensions Act.

Trust law

Trust law has evolved mainly from family and charitable settlements. It is not always easy to apply to the different circumstances of pension schemes. Much of it is contained in the Trustee Act 1893 and from case law decided over many hundreds of years. This case law is often known as equity, and aspires to be fair and naturally just.

An tÚdarás Pinsean
The Pensions Authority

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