

The Pensions Board launches 2002 Annual Report

Dublin, July 9 2003: The Pensions Board, today presented its 2002 Annual Report in the Board headquarters in Dublin, to the Minister for Social and Family Affairs, Ms Mary Coughlan TD.

Speaking at the launch, the Chairperson of The Pensions Board, Ms Gráinne Clohessy said, "The annual report sets out the results of one of the most challenging years for pensions in recent history but despite the challenges, Ireland still enjoys a robust and successful pension system. The total number of current schemes at the end of 2002 was 107,764, with an active membership of 709,332. These figures reflect an overall increase in schemes of 10% and an overall increase in membership of 6% from the end of 2001".

The Annual Report confirmed that there are two people in defined benefit pension schemes to every one person in defined contribution schemes. Overall, 66.5% of pension scheme membership is on a defined benefit basis in 2002 compared to 68% in 2001. The ratio is shifting each year towards an increased percentage of defined contribution pension cover and within the private sector the membership of defined benefit schemes is now less than that of defined contribution schemes.

Speaking at the launch, the CEO of the Pensions Board, Ms Anne Maher said, "70% of defined benefit schemes surveyed by the Board in 2002 remain open to new members. This represents a healthier situation than, for instance, in the UK where the majority of defined benefit schemes are now closed to new entrants."

In 2002 the Board also assumed the role of regulator of the recently introduced PRSAs, which form a key element of the national objective to increase supplementary pension cover amongst the workforce from its current level of 50% towards a target of 70%.

Commenting on PRSAs at the launch Ms Maher said, "Much has been written and spoken about PRSAs since their introduction. Most commentators would appear to agree that the product is basically a good one although there have been criticisms, of some aspects of it. The Board is taking note of the various comments and suggestions on how the product and its surrounding processes might be improved and, in particular, is interested in any perceived obstacles to public take-up. These issues are now being looked at and possible changes may be considered if these would help to ensure the success of PRSAs". She concluded, "September 15th, when mandatory provision of access by all employers to pension coverage becomes obligatory, is the key date in the progress of PRSAs".

In 2002 15 "whistleblow" reports were received by the Board and a further 17 have been received to date this year. The Board remains satisfied that the "whistleblowing" provisions are working well and are pleased that action was able to be taken which protected the members' interests in a substantial number of the cases involved.

At the launch Ms Maher also indicated that the Board is conscious of the funding problems encountered by some defined benefit schemes and is conducting a review of the current statutory funding standard to decide whether this is the most effective standard to protect members' interests in the future. This review will include a consultation process later this year and the Board hopes that all of those with an interest in pensions, and in particular the members' representatives and employers' representatives, will contribute to this consultation process which has important implications for all parties involved.

Highlights of 2002 included:

- Increase in schemes of 10% and increase in membership of 6%
- 12,145 new pension schemes
- 5,366 enquiries were dealt with, a 22% increase from 2001
- 74 new investigations were commenced
- 15 new "whistleblow" reports were received
- 3 prosecutions
- Random monitoring of disclosure compliance highlighted 9% of schemes were non-compliant
- Private sector and commercial semi-state membership = 49.4% defined benefit 50.6% defined contribution
- To date there are a total of 10 PRSA providers with a total of 52 approved products

About the Pensions Board

The Pensions Board is the statutory body set up to regulate occupational pension schemes and PRSAs and to advise the Minister for Social and Family Affairs, and through her, the Government, on overall pension policy development.

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