



Defined Benefit schemes

Review of 2017 statistics

Introduction

Trustees of defined benefit (DB) schemes subject to the funding standard as set out in the Pensions Act, 1990, are required to submit an Annual Actuarial Data Return (AADR) to the Pensions Authority. The Authority feels it is appropriate to publish an annual summary of the data to help increase the general understanding of this important pensions sector.

For the first time, this report also includes data regarding sovereign annuities.

Data received

This report is based on 627 AADR returns which have been submitted to the Authority by 31 March 2018.

The effective date of each AADR is the end date of the relevant scheme year. As different schemes have different scheme year end dates, this means there is no single return date for the data. The effective dates are spread over the 2016 and 2017 calendar years. The average return date was March 2017. For simplicity, the data in this report is referred to as the 2017 data. No adjustments have been made to the data to allow for the different reporting dates, e.g. total assets reported have not been adjusted to estimate what might have been the asset value at a particular date.

The schemes were classified as:

- 'current' – active scheme members are continuing to accrue benefits,
- 'frozen' – no benefits are being accrued but benefit entitlements already built up continue to be paid. In some cases, contributions (usually by the employer) may be made,
- 'in wind-up' – a decision has been taken to wind-up the scheme, but this process has not been completed, and some liabilities and assets remain.

The scheme status data reported in the latest AADR data is as follows:

	2017	2016
Status current	414	447
Status frozen	197	181
Continuing schemes	611	628
Schemes in wind-up	16	25
Total number of AADRs received	627	653

This report concentrates on the 611 continuing schemes (current or frozen schemes).

Membership and liabilities under the funding standard

This table shows the membership and liability breakdown for the 611 current or frozen schemes. Note that for frozen schemes, all non-pensioners have been classified as deferred members, even where some may still be in service with the sponsoring employer.

	Membership	Liability value
Pensioners	102,971	€35.0 bn.
Actives	106,954	€12.0 bn.
Deferreds	423,124	€11.7 bn.
Wind-up cost estimates		€0.3 bn.
Total		€59.0 bn.

Although pensioners account for 16% of the membership numbers, pensions in payment make up 59% of the overall liabilities.



Analysis of assets and liabilities allowing for funding standard status

According to their AADR submission, 21% (2016: 26%) of current and frozen schemes were reported as not meeting the funding standard (126 schemes of 611). Note that some schemes' funding status may have changed since they completed their most recent AADR.

	Number	Total liabilities (incl. wind-up cost)	Total assets	Surplus/ (Deficit)
Schemes meeting the funding standard	485	€41.9 bn.	€48.8 bn.	€6.9 bn.
Schemes not meeting the funding standard	126	€17.1 bn.	€15.3 bn.	(€1.8 bn.)
Totals 2017	611	€59.0 bn.	€64.1 bn.	€5.1 bn.
Totals 2016	628	€58.1 bn.	€60.8 bn.	€2.7 bn.



Assets

The AADR provides data on the asset allocation of the scheme funds. Aggregating the euro amounts for all schemes in the data, excluding schemes in wind-up, gives the following:

Asset class	Percentage holding 2017	Percentage holding 2016
Equities	32.4%	32.5%
EU sovereign bonds	32.4%	33.5%
Other bonds	8.2%	8.9%
Property	5.0%	4.9%
Cash	2.9%	3.0%
Net current assets	0.1%	0.1%
With profit insurance policies	0.03%	0.04%
Other*	18.9%	17.1%
Total	100%	100%

**The AADR allows the actuary to include a description for assets included under the classification "Other". The most commonly included descriptions were "Absolute Return Funds", "Alternative Assets", "Hedge Funds", "Commodities", "Derivatives", "GARs" and "Annuities".*



Sovereign annuities

Legislation facilitating the introduction of sovereign annuities was introduced in the Social Welfare and Pensions Act, 2011. A sovereign annuity is an annuity contract issued by insurance companies where the annual income payment is linked directly to payments under bonds issued by Ireland or any other EU Member State (known as reference bonds).

Year	No of Pension Schemes	Number of individual policies issued	Pensions aggregate amount per annum	Pension subject to reduction	Premium amount paid by schemes
2013	22	1729	€29,721,885	€29,721,885	€437,121,972
2014	8	320	€4,262,044	€4,262,044	€76,417,930
2015	1	285	€5,763,669	€2,881,834	€96,495,325
2016	1	395	€4,743,230	€4,743,230	€101,559,418
2017	2	70	€2,144,864	€2,144,864	€37,072,425
Overall	34	2799	€46,635,691	€43,753,856	€748,667,070