

Annual Report and Accounts
Tuarascáil Bhliantúil agus Cuntais

2003



An Bord Pinsean -
The Pensions Board

Authority for Pensions

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Mission Statement

- 🔄 To promote the security and protection of members of occupational pension schemes and contributors to Personal Retirement Savings Accounts (PRSAs), in accordance with the Pensions Acts;
- 🔄 To promote the development of efficient national pension structures;
- 🔄 To promote a level of participation in the national pension system which enables all citizens to acquire an adequate retirement income; and
- 🔄 To provide information and authoritative guidance to relevant parties in support of pension security, structures and participation.

At a Glance

- 🔄 By end 2003, virtually all provisions of the Pensions (Amendment) Act 2002 have been implemented.
- 🔄 A further module of coverage related pensions questions was included in the CSO Quarterly National Household Survey in December 2003, with results planned for July 2004.
- 🔄 The Board implemented measures to facilitate the return to full funding of schemes not meeting the Funding Standard due to investment market difficulties.
- 🔄 The Board undertook its Review of the Funding Standard and issued a timetable for completion of the Review.
- 🔄 The Board continued its pro-compliance activities including audits of 178 schemes and meetings with 17 practitioner entities.
- 🔄 Employer mandatory access to PRSAs came into effect on 15 September 2003
- 🔄 At end 2003, the total number of PRSA contracts was 19,022 (14,686 Standard and 4,336 non-Standard) with the total value of assets of €41m with 10 providers and 55 approved products.
- 🔄 The Board adopted a PRSA Compliance Strategy
- 🔄 At end 2003, there was a total active membership of 724,333 with current schemes on the Board's register, an increase of 2% on the previous year.
- 🔄 At end 2003, 91% of members of schemes subject to the Funding Standard had a funding certificate in place.
- 🔄 95 new investigations into occupational pension schemes were initiated during 2003 and 84 investigations were closed.
- 🔄 52 "whistleblows" were received during 2003 in relation to occupational pension schemes, 44 of which related to non-remittance of contributions.
- 🔄 The National Pensions Awareness Campaign was commenced in May 2003 with a wide range of information and promotional activities.
- 🔄 45 information presentations were given to interested parties.
- 🔄 7,730 enquiries were dealt with during 2003, an increase of 44% on 2002.



Chairperson's Introduction



"one of our major priorities in 2004 is the review of the Funding Standard"

I am pleased to submit, in accordance with Section 23 of the Pensions Acts 1990-2003, the thirteenth Annual Report ("the Report") of An Bord Pinsean - The Pensions Board ("the Board") for the year ended 31 December, 2003.

2003 was the mid year in the term of office of the present Board. It was a challenging year in many respects and I would like to pay tribute to my immediate predecessor as Chairperson, Gráinne Clohessy, for her contribution during that year as well as during the first two years of the present Board's term. Since my appointment in February 2004 and, in particular, since the occasion of chairing my first meeting of the Board in March 2004, I am looking forward to working with my fellow Board members and with the Chief Executive and her staff during the remaining period of the present Board's term until 20 December, 2005. I look forward to contributing, as Chairperson, to bringing the present Board's term to a successful conclusion.

STRUCTURE OF REPORT

I am happy that, in the present Report, we are continuing the structure adopted for the first time in Annual Report, 2002. This structure is based on our published Strategy 2002 - 2005, with the central chapters of the Report reflecting the main components of the Strategy. We undertook in Annual Report 2002 to adhere to this structure over the period of the Strategy, the completion of which corresponds to the end of the present Board's term. The continued use of this structure enables us to report on progress in implementing the main objectives of our Strategy.

THE YEAR 2003

The year was a challenging one in many respects for the Board as pensions regulator. While the full picture is given in detail in the body of the Report, I would like to comment particularly on two aspects.

As part of the continued implementation of the approach to national pensions policy agreed, on a partnership basis, in the National Pensions Policy Initiative (NPPI) and embodied in the Pensions (Amendment) Act 2002, the Board initiated in 2003 its role as regulator of the new PRSA regime. Beginning in February, and continuing in various tranches during the year, the Board, jointly with the Revenue Commissioners, gave approval to the new PRSAs products, culminating by end year in 55 products being approved and operated by 10 providers. This development, which is continuing in 2004, puts in place arguably the most important component of NPPI in the drive to extend coverage by occupational and personal pension provision. Supplemented by the introduction, by Ministerial Regulation, as from September 2003, of mandatory provision by employers (in specified circumstances) of access to PRSAs for their employees, the Board's regulation of the PRSA regime provides the platform on which, with the commitment of social partnership, coverage can be extended in the direction of the agreed targets. In this process, the Board, through its involvement in the National Pensions Awareness Campaign, is determined to play its part in maximizing the prospect of a successful outcome.

The other crucial issue during 2003 was the continued funding difficulties of defined benefit schemes. Following the introduction of the legislative basis in the Social Welfare (Miscellaneous Provisions) Act 2003 in April, the Board began the implementation of measures to facilitate, on a case by case approach, the restoration of schemes to compliance with the Funding Standard. It issued guidelines on the implementation of these measures to ensure that, as far as reasonably possible and within the parameters of the legislation, schemes whose principals were committed to maintaining the scheme for the long-term should be able to benefit from the measures. At the same time the Board's review of the Funding Standard to apply in the longer term has been taking place in 2003 and will be completed in 2004.



OUTLOOK FOR 2004

Our main priorities for 2004 are twofold. As already mentioned, we are planning to complete our review of the Funding Standard, to apply in the long-term, in 2004. We hope to strike a balance between, on the one hand, the interests of member protection and, on the other, the capacity of sponsoring employers and schemes to maintain pension provision. We are particularly conscious, in undertaking this review, of the tension between short-term and long-term considerations and the need to combine effective regulation and the fostering of increased pensions coverage with a realistic awareness of the market and other constraints under which those involved in voluntary pension provision must operate. We intend that whatever proposals we, in our role as policy adviser, put to the Minister in Autumn 2004 will reflect an appropriate balance between these objectives.

Our other main priority for 2004 is to bring forward proposals to the Minister, also in Autumn 2004, for the implementation of the EU Pensions Directive. The implementation of the Directive is likely to require changes in national pensions regulation across a wide range of areas. Again, our concern will be in meeting our obligations under the Directive, to strike a balance between the interests of member protection and the need to avoid an undue regulatory burden.

CONCLUSION

I wish to thank all those who were involved in contributing to the Board's work in 2003, in particular my immediate predecessor, members of the Board and the Chief Executive Anne Maher and her staff. I also wish to thank all these members of Committees, especially those who are not Board members, for their valuable contribution.

I wish to thank the Minister, Mary Coughlan T.D., for her ongoing support to the Board in its various activities particularly in promoting the pensions message as part of the drive to increase coverage. I would like, finally, to acknowledge the vital part played by her officials in their involvement in the work of the Board.

Michael McNulty

Chairperson



The Pensions Board

The Pensions Board is a representative Body comprising, as at 31 December 2003, a chairperson and sixteen ordinary members. While all its members are appointed by the Minister, under the provisions of the Pensions Acts the Board must comprise representatives of trade unions, employers, consumer interests, pensioner interests, the Government, the pensions industry, member trustees and professional groups involved with pension arrangements.

The term of office for Board members is five years. Casual vacancies are filled directly by the Minister or on the nomination of the relevant nominating body, as appropriate. A person who fills a casual vacancy only holds office until the end of the five-year period.

The current members of the Board are:



Michael McNulty*
Nominee of the Minister
for Social and Family
Affairs (Chairperson)



Tom Finlay
Nominated by the Irish
Association of Pension
Funds



Mary O'Donnell
Nominee of the Minister
for Social and Family
Affairs



Kevin Brabazon
Nominated by the Irish
Business and Employers
Confederation



Carmel Foley
Nominee of the Minister
for Social and Family
Affairs - Representative of
Consumer Interests



Michael O'Halloran
Nominee of the Minister
for Social and Family
Affairs - Representative of
Pensioner Interests



Brian Buggy
Nominated by the
Association of Pension
Lawyers in Ireland



Paul Kelly
Nominated by the Society
of Actuaries in Ireland



Anne Vaughan
Representative of the
Minister for Social and
Family Affairs



John Byrne
Nominee of the Minister
for Social and Family
Affairs



Ciarán Long
Nominated by the Irish
Insurance Federation



Fergus Whelan
Nominated by the Irish
Congress of Trade Unions



Rosheen Callender
Nominated by the Irish
Congress of Trade Unions



Niamh Maguire
Nominee of the Minister
for Social and Family
Affairs



Tom Wright
Nominated by the
Consultative Committee of
Accountancy Bodies-
Ireland



Marie Daly
Nominated by the Irish
Business and Employers
Confederation



Dermot Quigley
Representative of the
Minister for Finance

The Board met 12 times in 2003.

* **Gráinne Clohessy** was the Chairperson during 2003 as a Nominee of the Minister for Social and Family Affairs until her resignation in December 2003. Michael McNulty was appointed with effect from February 2004.



Committees

The Board works through a Committee system and much of its detailed work (such as the preparation of reports for the Minister) is initially undertaken by a Committee. The Committees may include people who are not members of the Board, but who have particular expertise in relevant fields. All Committees are also attended by relevant Board staff.

During the year to which this Report relates, the composition of these Committees was as follows:

FINANCE AND AUDIT

Kevin Brabazon (*Chairperson*)
John Byrne
Paul Cunningham
John Fitzpatrick
Niamh Maguire
Mary O'Donnell
Tom Wright
Christina Winters (*Secretary*)

The Committee met 4 times in 2003.

POLICY

Tom Finlay (*Chairperson*)
Kevin Brabazon
Brian Buggy
Rosheen Callender
Paul Cunningham
Marie Daly
Geraldine Gleeson
Paul Kelly
Ciarán Long
Dermot Quigley
Anne Vaughan
Fergus Whelan
Martin Buggy (*Secretary*) *

* In October 2003 Martin Buggy replaced Nuala Clancy who had replaced Carol Jordan in May 2003

The Committee met 11 times in 2003.

LEGISLATION

Ciarán Long (*Chairperson*)
Phyllis Behan*
Patrick Burke**
Martin Conneely
Paul Cunningham
Kirstie Flynn
Geraldine Gleeson
Kevin King
Philip Shier
Anne Vaughan
Tom Wright
Ciarán Holahan (*Secretary*)

* Replaced John O'Connell in February, 2003

** Replaced Ultan Stephenson in October, 2003

The Committee met 14 times in 2003.

In addition to the formal Committees of the Board a number of other groups met during 2003. These were as follows:

PENSIONS BOARD PARTNERSHIP COMMITTEE 2003

This Committee, which is internal to the Executive, is in compliance with Government policy on partnership in State bodies.

Ciaran Holahan
Aongus Horgan
Carol Jordan
Maria-Teresa Kelly Oroz
Anne Maher
Julie McCarthy
Barry O'Connor
Edel Stenson
Gregory Whelan*

Chairing of Committee rotates amongst its members.

* Replaced Caroline Conlon in September, 2003

The Committee met 11 times in 2003

PRSA INCENTIVE GROUP

In mid-year a working group was set up to look at ways to incentivise PRSAs and encourage their take-up by contributors.

Kevin Brabazon (*Chairperson*)
Rosheen Callender
Jim Connolly
Philip Dalton
Carmel Foley
Geraldine Gleeson
Brendan Kennedy
Ciarán Long
Anne Maher
Anne Vaughan

The Group met 4 times in 2003.

NPAC PROJECT GROUP

This group oversees the conduct of the National Pensions Awareness Campaign (NPAC).

Mary Hutch (*Chairperson*)
Kevin Brabazon

Paul Cunningham
Carmel Foley
Aongus Horgan
Ciarán Long
Anne Maher
David Malone
Rita Morrissey
Michael O'Halloran
Fergus Whelan

The Group met 10 times in 2003.

WORKING GROUP ON SIMPLIFICATION

This group met to consider measures to simplify the tax treatment of pension provision.

Brian Buggy (*Chairman*)
Tom Carney
Eugene Creighton
Karen Cullen
Conor Davis
Geraldine Gleeson
Ciaran Long
Clive Slattery
Anne Vaughan
Ian Woods
John Edmondson (*Facilitator*)

The Group met 5 times during 2003.

FUNDING STANDARD GROUP

This group met to consider possible changes to the Funding Standard going forward.

Paul Kelly (*Chairperson*)
Brian Buggy
Joe Byrne
Eamonn Heffernan
Brid Horan
James Kehoe
Anne Kershaw
Ciarán Long
Derek McNamee
Ultan Stephenson
Anne Vaughan (*as observer*)
George Russell (*Consultant*)

The Group met 4 times during 2003.



Staff of the Board



Anne Maher



Mary Hutch



Tom Dunphy



Philip Dalton



Ian Woods



Jerry Moriarty



Sylvia McNeece

Chief Executive
Anne Maher

Head of Information and Training
Mary Hutch

Head of Corporate Services
Tom Dunphy
(Secretary to the Board)

Head of PRSAs
Philip Dalton

Head of Technical Services and Research
Ian Woods

Head of Investigations and Compliance
Jerry Moriarty

Legal Adviser
Sylvia McNeece

Assistant Head of Technical Services and Research
Cheryl Richardson

Assistant Head of PRSAs
Mary Howe
Aideen Bugler

Assistant Head of Investigations and Compliance
Gerard Clarke

Assistant Head of Corporate Services
Gregory Whelan

Assistant Head of Information and Training
Aongus Horgan

NPAC - Project Manager
David Malone

Higher Executive Officer - Information
Catherine Goulding/Gail Seekamp
(Work sharing)

Higher Executive Officer - IT and Registration
John McCarthy

Higher Executive Officer - Investigations and Compliance
Carol Jordan

Higher Executive Officer - Finance
Kieran O'Dea

Higher Executive Officer - Human Resources
Vivienne Horkan

Higher Executive Officer - PRSAs
Mary Broderick

Executive Officer - Investigations
Edel Stenson

Executive Officer - Enquiries and Information
Ciaran Holahan
Jan Fitzpatrick

Executive Officer - IT Systems
Gwen Conlon

Executive Officer - Accounting and Payments
Christina Winters

Executive Officer - Registration
Nuala Clancy

Executive Officer - Disclosure of Information and Compliance
Sherry Bass
Martin Buggy

Personal Assistant to the Chief Executive
Mila Rainof

Support Staff
Marie Earley
Julie McCarthy
Maureen Byrne
Barry O'Connor
Emily Kealy
Deirdre Kelly
Bronagh Croghan
Brenda McCurtin
Mary Conlon *(Work sharing)*
Gillian Murray
Julie Walsh
Tanya Brennan



Chief Executive's Review

BACKGROUND

The Board has two statutory roles - regulatory and policy. It recognises its regulatory role as its primary one but it also sees its policy role as an important one. The Board has an associated support function which involves promoting pensions development and awareness, and this part of its activities grew substantially during 2003.

The Board has an agreed Strategy 2002-2005. This strategy was reviewed and updated in early 2004. The Board, as part of its published Strategy, has agreed to General Objectives for the purpose of implementing the strategy. These are divided under five headings which are:

- 🔄 NPPI/Pensions (Amendment) Act, 2002
- 🔄 Regulatory
- 🔄 Policy
- 🔄 Pensions Development /Information/Awareness
- 🔄 Operational.

NPPI/PENSIONS (AMENDMENT) ACT, 2002

Implementation of the National Pensions Policy Initiative was an essential backdrop to all of the Board's Strategy. Supporting this implementation remained a key focus for the Board during 2003 and it is now satisfied that all of the major recommendations in the National Pensions Policy Initiative have been implemented and are operational.

In particular, all parts of the Pensions (Amendment) Act 2002 have now been implemented with the exception of a few sections where there are specific reasons for postponing implementation to a future date.

The primary objective of the National Pensions Policy Initiative was to improve pensions coverage and adequacy in Ireland. The Board has a monitoring role in relation to this, and in this context, the Board has agreed an ongoing survey programme with the Central Statistics Office for the purpose of monitoring coverage. The most recent module of this monitoring programme was arranged in 2003 through the Quarterly National Household Survey which commenced in December 2003.

REGULATORY

Proactive compliance monitoring of selected occupational pension schemes continued during 2003 together with proactive monitoring of pension practitioner administration. In general, the Board has found an improvement in compliance but there still remains more to be done.

The Board monitors the funding of defined benefit pension schemes through a Funding Standard. The poor performance of investment markets over three successive years resulted in a number of pension schemes being unable to meet this Funding Standard i.e. they did not have enough assets to meet their liabilities if they had to wind up with immediate effect. Many of these schemes were in a satisfactory position in relation to long-term funding and the employers in question had a genuine commitment to continuing their defined benefit scheme. The Board wished to avoid a situation where regulatory requirements would cause pension schemes which are viable on a long-term basis to close or change from their existing defined benefit status and this led to a change being introduced through the Social Welfare (Miscellaneous Provisions) Act, 2003. This change allowed the Board to specify a later date than was previously the case for a return to full compliance with the Funding Standard. Putting in place appropriate guidance and processing of consequent applications for extensions under this changed provision was an important activity on the regulatory side during 2003.

Approval of the first PRSA products by the Board took place on 24 February 2003. Product approval and monitoring has been ongoing since then, and the Board has been pleased that it met all of its deadlines in relation to this process. At the end of 2003, there were 10 PRSA providers with 55 products approved. Employer mandatory access to PRSAs became effective from 15 September 2003 and monitoring of employer compliance with this requirement commenced in the last quarter of the year. Organisation also commenced for a more extensive monitoring plan for the future.

The Irish Financial Services Regulatory Authority was established during 2003 and the Board is in discussion with the new Authority with a view to having a Memorandum of Understanding dealing with the respective roles of both organisations and matters of mutual interest.



POLICY

The Board continued work on its agreed Policy Programme during 2003.

A major item on the programme was a Review of the Funding Standard which was commenced during 2003. This is examining the effectiveness and appropriateness of the Funding Standard in the light of national and international experience. As a first step in this Review, a Funding Standard Expert Group was set up which produced a report for the Policy Committee. This report served as a basis for consideration of the issue by the Policy Committee, which is working to a time table which involves engaging in a consultation process during Summer 2004 and submitting proposals to the Minister for Social and Family Affairs in Autumn 2004.

Another area where a policy review was undertaken during the year was in relation to overall simplification of the regulatory system and, in particular, of the tax area. The Board also carried out a review of Income Continuance Plans as requested by the Minister for Social and Family Affairs on behalf of the Government.

The Board played an active role in advising relevant Government Departments on EU initiatives during the year. In particular, considerable input was made to the EU Pensions Directive, which came into force on 23 September 2003 and must be incorporated into Irish national law within two years.

Preparatory work was undertaken to support amendments recently made to the Pensions Acts to bring pensions legislation into line with existing equality legislation in Ireland as well as with the requirements in recent EU Directives. These amendments extended prohibition of discrimination to grounds other than gender.

Policy work also included examination of any obstacles to the progress of PRSAs and ongoing discussion on possible initiatives which might encourage their success.

PENSIONS DEVELOPMENT/ INFORMATION/AWARENESS

The Board extended its activities in the area of pensions information through introduction of new publications and input of pensions presentations at a wide range of fora. Media coverage of pensions was extensive during 2003. There was a good deal of

negative publicity, relating in particular to falling markets and asset values, and the Board worked towards providing a balanced presentation of the issues.

The Board was asked by the Minister for Social and Family Affairs to manage a National Pensions Awareness Campaign and was allocated funding for this. The campaign was launched in Summer 2003 and activity was focused on the second half of the year. A survey at end 2003 confirmed that pensions awareness had improved considerably during the year.

OPERATIONAL

The Board continued to improve the quality of information held on its Pension Scheme Register. The annual fees to the Board were also collected more effectively and efficiently during 2003.

Work is ongoing on a Quality Customer Service Plan, which involves an agreed programme of improvements in all areas of the Board's interface with its customers.

Steady progress was also made in the corporate governance area and in moving towards full compliance with the Code of Practice for Governance of State Bodies.

All of the Board's support activities functioned well during 2003, enabling it to carry out its various statutory functions.

CONCLUSION

2003 was a year with a difficult environment for pensions. This gave rise to a need for time to be spent on responding to the external challenges and to formulating and implementing a practical approach to the problems arising. Overall, the Board's strategy remained broadly unchanged and on course. Detailed reports under each of the headings of the Board's General Objectives are contained in the following chapters.

Priorities for 2004 are focused on funding issues for defined benefit schemes, monitoring of PRSAs, implementation of the EU Pensions Directive, progressing the simplification agenda and improving overall pensions awareness and public confidence in pensions.



NPPI/Pensions (Amendment) Act, 2002

Summary of General Objective

To give effect to NPPI recommendations via support for implementation of the Pensions (Amendment) Act, 2002, ongoing monitoring of pensions coverage and preparation of various regulations and guidance notes.

Activity related to General Objective

THE PENSIONS (AMENDMENT) ACT, 2002

The Pensions (Amendment) Act, 2002, was enacted on 13 April 2002. The Act provides that it may be commenced over time through Ministerial Orders. As indicated in Annual Report 2002, under Commencement Orders made during that year, the major part of the provisions of the Pensions (Amendment) Act, 2002 was implemented. Details of further Commencement Orders which were made or took effect during 2003 are given below.

COMMENCEMENT ORDERS MADE OR TAKING EFFECT DURING 2003

Remittance of Contributions

Pensions (Amendment) Act, 2002, (Certain Sections) (Commencement) Order, 2002 (S.I. 609 of 2002)

This Order provides for the commencement with effect from 1 January 2003 of Sections 41 and 42 of the Pensions (Amendment) Act 2002, which inserted Section 58A and replaced Section 59(1) of the Pensions Acts. Section 58A requires employers to ensure that contributions deducted from employees salaries are paid to the scheme trustees (or to a third party, if contributions are normally paid directly to a third party such as the fund manager), within 21 days of the end of the month in which the contributions were deducted. This requirement also applies to employer contributions in respect of a defined contribution scheme. Section 58A also provides for disclosure requirements obliging the employer to notify the members of the amounts that have been deducted and remitted on their behalf.

Section 59(1) requires the trustees to invest any contributions covered by Section 58A within 10 days of the latest date on which those contributions should have been remitted to the trustees by the employer.

These provisions appear to be operating effectively. Throughout 2003 the Board met with scheme practitioners to discuss the procedures they had put in place to monitor the payment of contributions. The implementation of these provisions has also led to a large increase in the number of voluntary reports ("whistleblows") received by the Board in 2003.

Establishment of the Office of the Pensions Ombudsman

Pensions (Amendment) Act, 2002 (Section 5, in so far as that Section inserts Sections 126 to 130, 146 and 147 of Part XI into the Pensions Act, 1990) (Commencement) Order, 2003 (S.I. 119 of 2003)

This Order commenced Section 5 of the Pensions (Amendment) Act, 2002 with effect from 28 April 2003 insofar it relates to the insertion of Sections 126 to 130, 146 and 147 into the Pensions Acts. These provisions provided for the establishment of the Office of the Pensions Ombudsman.

Statement for Trustee Annual Reports

Pensions (Amendment) Act, 2002 (Sections 29 and 37) (Commencement) Order, 2003 (S.I. No. 128 of 2003)

Under this Order, Sections 29 and 37 of the Pensions (Amendment) Act 2002 came into effect from 1 July 2003. These Sections require trustee annual reports for defined benefit schemes being prepared from 1 July 2003 to contain a statement from the actuary as to whether he is reasonably satisfied that the scheme would satisfy the funding standard on certain specified dates. The intention of these provisions is to have an annual check on the funding position of a scheme and disclosure of this to the members. Where the actuary states he is reasonably satisfied that the scheme would not have satisfied the funding standard on the relevant date, an actuarial funding certificate must be prepared and submitted to the Board within one year of the end of the reporting period.



The implementation of these Sections has increased the already strong focus that exists on the funding position of schemes. The Board has, in early 2004, received actuarial funding certificates and funding proposals which have been required as a result of a negative statement in the trustee annual report.

Powers of the Pensions Ombudsman

Pensions (Amendment) Act, 2002 (Section 5 (Except in so far as that Section is already in operation) and Sections 8 and 58) (Commencement) Order, 2003 (S.I. 398 of 2003)

This Order commenced Sections 5 (except insofar as it had already been commenced), 8 and 58 of the Pensions (Amendment) Act 2002 with effect from 2 September 2003. Section 5 of the Pensions (Amendment) Act 2002 provided for the insertion of a number of sections into the Pensions Acts relating to the Pensions Ombudsman. Section 8 of the Pensions (Amendment) Act 2002 amends Section 3 of the Pensions Acts to allow the Pensions Ombudsman to bring proceedings under the Pensions Acts for summary offences in relation to the breach of specified provisions. Section 58 of the Pensions (Amendment) Act 2002 makes technical amendments to the remit of the public service Ombudsman on foot of the establishment of the Office of the Pensions Ombudsman.

Extension of mandatory and voluntary reporting regime to PRSAs

Pensions (Amendment) Act, 2002 (Sections 45 to 49) (Commencement) Order, 2003 (S.I. 120 of 2003)

This Order commenced Sections 45 to 49 of the Pensions (Amendment) Act, 2002 with effect from 28 March 2003. These Sections amended the existing provisions of Sections 80 to 85 of the Pensions Acts. The effect of the amendments is to extend the remit of the mandatory and compulsory reporting regime to cover PRSAs, the activities of PRSA providers and employers' obligations under Section 121 of the Pensions Acts. The amendments have the effect of protecting from dismissal an employee who makes a voluntary or compulsory report to the Board concerning the state or conduct of a PRSA.

Mandatory provision of PRSA access for "excluded employees"

Pensions (Amendment) Act, 2002 (Section 3 (In so far as it relates to the insertion of Section 121 (Except in so far as that Section is already in operation), 123, 124(1) and 125 into the Pensions Act, 1990)) (Commencement) Order, 2003 (S.I. 389 of 2003)

This Order commenced Sections 121, 123, 124(1) and 125 of the Pensions Acts with effect from 15 September 2003. Section 121 provides that where an employer does not operate a pension scheme, or operates one which limits eligibility or imposes a waiting period of more than 6 months, that employer must provide access to PRSAs for his employees. Section 123(2) provides that an employer who does not facilitate the making of AVCs by employees must also provide access to PRSAs for those affected employees.

This Order gave effect to one of the key recommendations in the NPPI report (employer mandatory access for employees' to PRSAs) as a means of extending Second Pillar coverage.

Transfers from PRSAs to overseas schemes

Pensions (Amendment) Act, 2002 (Section 3 (In so far as it relates to the insertion of Section 124(2) into the Pensions Act, 1990)) (Commencement) Order, 2003 (S.I. 739 of 2003)

This Order provides for the commencement of Section 124(2) of the Pensions Acts with effect from 18 December 2003. Section 124(2) provides for the making of transfers from PRSAs to pension schemes established outside the State to the same extent as such transfers are allowable from an occupational pension scheme.



REGULATIONS IN SUPPORT OF THE PENSIONS (AMENDMENT) ACT, 2002

Personal Retirement Savings Accounts (Operational Requirements) (Amendment) Regulations, 2003 (S.I. 341 of 2003)

These Regulations provide that a PRSA Actuary, in determining the extent to which a PRSA provider has complied with Part X of the Pensions Acts, shall comply with any appropriate guidance notes issued by the Society of Actuaries in Ireland.

The Regulations also prescribe the form, manner and content of the Declaration required under Section 119 of the Pensions Acts, in which the PRSA Provider must declare that it has given the PRSA Actuary all of the information requested and that the information is accurate and provide that this Declaration be included in the annual Determination of the Actuary.

Personal Retirement Savings Accounts (Disclosure) (Amendment) Regulations, 2003 (S.I. 342 of 2003)

These Regulations provide for a declaration to be prepared in a prescribed format, signed by the PRSA provider and contributor, relating to the consequences (including financial implications) of replacing a retirement annuity contract or an existing PRSA contract with another PRSA contract. The Regulations also provide that Preliminary Disclosure Certificates, Certificates of Comparison and Statements of Reasonable Projection must be prepared in accordance with the advice of the PRSA Actuary and any appropriate guidance notes issued by the Society of Actuaries in Ireland.

Occupational Pension Schemes and Personal Retirement Savings Accounts (Transfer) Regulations, 2003 (S.I. 429 of 2003)

These Regulations provide for transfer payments from occupational pension schemes to PRSAs and from PRSAs to occupational pension schemes.

Occupational Pension Schemes and Personal Retirement Savings Accounts (Overseas Transfer Payments) Regulations, 2003 (S.I. 716 of 2003)

These Regulations provide for transfer payments from occupational pension schemes and PRSAs to overseas arrangements that provide for retirement benefits.

Pensions Ombudsman Regulations, 2003 (S.I. 397 of 2003)

These Regulations provide for certain matters in relation to the operation and jurisdiction of the Pensions Ombudsman. Article 3 extends the category of persons who are considered to be responsible for the management of a scheme or a PRSA for the purposes of section 126 of the Pensions Acts to include the administrator of the scheme or PRSA. Article 4 provides that certain categories of dispute of fact or law are excluded from the jurisdiction of the Pensions Ombudsman. The Regulations also provide that the trustees of every scheme and PRSA must establish Internal Dispute Resolution Procedures.

GUIDANCE NOTES IN SUPPORT OF THE PENSIONS (AMENDMENT) ACT, 2002

The Board issued guidance in relation to the mandatory and compulsory reporting to the Board of a failure by an employer to remit contributions in accordance with Section 58A of the Pensions Acts. The guidance note, issued in March 2003, outlined the type of information the Board would expect to receive with such a report in order to allow it to fully investigate the matter reported.



NON-LEGISLATIVE NPPI IMPLEMENTATION

PRSAs

The processing of the PRSA applications for product approval, which began in late 2002, continued early in the year. On 24 February 2003, the Board announced its approval, in conjunction with the Revenue Commissioners, of the first 41 products in respect of 6 providers. By 7 July 2003 the number of approved products had increased to 52 - 19 Standard PRSAs and 33 non-Standard PRSAs - being offered by 10 providers. Applications for additional products from existing providers were also approved bringing the total number of approved products at the end of the year to 55 of which 22 were Standard PRSAs and 33 were non-Standard PRSAs. Further details on the supervision of the PRSA regime are given in the chapter entitled "Regulatory".

Coverage Surveys

An essential element of the new pensions regime, based on the introduction of PRSAs, is the measurement of progress towards achievement of coverage targets. The overarching ultimate target, in this regard, is the coverage by Second Pillar private pensions (whether scheme based or personal) of 70% of the working population over 30.

The CSO included a pensions-related component in its Quarterly National Household Survey (QNHS) for the first quarter of 2002. These results, which were published by the CSO in September 2002, showed that the total Second Pillar coverage of those in employment was 50.7%.

Under the Pensions (Amendment) Act, 2002, at the request of the Minister a report must be prepared by the 15 September 2006 on the extent of coverage of the population by Second Pillar provision. During 2003, the Board has been in discussion with the CSO to ensure that this report can be completed and to provide a consistent and comparable set of statistics that can be used to update previous collected data from the Quarterly National Household Survey. Also, with the introduction of PRSAs, providers are required to submit quarterly reports to the Board which will supplement the data collated by the CSO. The most recent QNHS survey programme to ensure that pensions coverage is monitored commenced in December 2003.

THE SOCIAL WELFARE (MISCELLANEOUS PROVISIONS) ACT 2003

The Social Welfare (Miscellaneous Provisions) Act 2003 was enacted on 28 March 2003.

This Act included some important changes to the provisions of the Pensions Acts which relate to funding proposals. The Pensions Acts require that every 3½ years a defined benefit scheme must certify that its assets would be sufficient to meet its liabilities if the scheme were to wind up at a specific date. Where the assets would not have been sufficient the trustees must submit a funding proposal which would ensure that it would be able to meet its liabilities at the effective date of the next actuarial funding certificate (i.e. a maximum of 3½ years).

The Board was concerned that, in the prevailing environment, this would require schemes, which were viable on a long term basis, to pay additional contributions to ensure they could meet their liabilities on wind-up and, that rather than do this, some schemes would be closed.

Having deliberated on the issue, the Board proposed a change in the legislation which would allow it to consider a longer time period for the scheme to meet the funding standard. This change was introduced in the Social Welfare (Miscellaneous Provisions) Act 2003. The Board issued guidance on the issue in August 2003 and December 2003. In general the Board will consider an application for an extended period in which to satisfy the Funding Standard of up to 10 years. In extreme circumstances the Board may consider a longer period. The Board received its first applications for a period longer than 3½ years in September 2003 and issued its first decisions in December 2003.



OTHER LEGISLATION

Family Law Changes

It is understood that a Family Law Bill is under consideration in the Department of Justice, Equality and Law Reform, the Bill to provide clarification on the interpretation of certain provisions of the Family Law Act, 1995 and the Family Law (Divorce) Act, 1996 ("the Family Law Acts"). It is understood that the Bill will also give effect to the findings of an earlier project undertaken by the Board, on an agency basis, for the Department to enable the adjustment of pensions in the context of separation agreements.

Part-Time Work Changes

Guidance on the pension provisions of the Part-Time Work legislation is currently being provided in the form of Frequently Asked Questions (FAQs) which are published on the Board's website. It was agreed during 2003 that, for the present, regulations are not required for this legislation and this is being kept under review.

Member Trusteeship (revision)

The Board is continuing to monitor closely the application of the Member Trustee Regulations since its previous review of the regulations in 1996. As part of this process the various organisations represented on the Board were invited to submit their views on the operation of the member trustee provisions with particular reference to specified aspects of the Regulations and to the Guidance Notes issued by the Board on the application of this legislation. Submissions received on this matter have been examined by the Board with the view to reporting to the Minister during 2004.

CONCLUSION REGARDING GENERAL OBJECTIVE

By end 2003, with the exception of some sections where there were specific reasons for deferring implementation, all sections of the Pensions (Amendment) Act 2002 had been implemented.

Ongoing Activity

The following are various Commencement Orders and Regulations made, or taking effect, mainly during 2003 which reflect various areas of the Board's ongoing activity not related to the Pensions (Amendment) Act, 2002.

COMMENCEMENT ORDERS MADE UNDER SOCIAL WELFARE (MISCELLANEOUS PROVISIONS) ACT, 2003

Social Welfare (Miscellaneous Provisions) Act, 2003 (Section 24) (Commencement) Order, 2003 (S.I. 129 of 2003)

This Order provides for the commencement of Section 24 of the Social Welfare (Miscellaneous Provisions) Act 2003 with effect from 3 April 2003. Section 24 makes a number of technical amendments to the Pensions Acts 1990-2003.

Social Welfare (Miscellaneous Provisions) Act, 2003 (Section 23) (Commencement) Order, 2003 (S.I. 399 of 2003)

This Order provides for the commencement of Section 23 of the Social Welfare (Miscellaneous Provisions) Act 2003 with effect from 2 September 2003. Section 23 made a number of technical amendments to the Freedom of Information Act 1997.



OTHER REGULATIONS

The following Regulations were made or took effect in 2003.

Occupational Pension Schemes (Fees) (Amendment) Regulations, 2002 (S.I. 610 of 2002)

These Regulations replaced the existing Fees Regulations and increased from €6.35 to €9.50 the level of fees payable to the Board with effect from 1 January, 2003.

Occupational Pension Schemes (Disclosure of Information) (Amendment) Regulations, 2003 (S.I. No. 4 of 2003)

These Regulations provide for the implementation of Article 7 of the EU Directive on safeguarding the supplementary pension rights of employed and self employed persons moving within the European Union (EC Ref: 98/49/EC) known as the Mobility Directive. Article 7 requires those who are responsible for the management of pension schemes to provide adequate information to members when they move to another Member State to the extent that information is given to members who remain within the State.

Occupational Pension Schemes (Revaluation) Regulations, 2003 (S.I. 77 of 2003)

These Regulations provided for a revaluation percentage of 4% for 2002.

Occupational Pension Schemes (Revaluation) Regulations, 2004 (S.I. 49 of 2004)

These Regulations provided for a revaluation percentage of 3.5% for 2003.



Regulatory

Summary of General Objective

To continue, improve, and where necessary introduce, procedures to achieve compliance with regulatory requirements under various headings for schemes and PRSAs.

Activity related to General Objective

OCCUPATIONAL PENSION SCHEMES

Audit

2003 represented the second full year of audits following the reintroduction of the process in 2001. A total of 178 schemes had audits completed. While this remains a small percentage of the total number of schemes on the Board's register, it did represent a much more significant percentage of the members of schemes, as many of the schemes audited had a large number of members. The Board also audits schemes of specific practitioners and provides feedback to those practitioners as well as to the individual schemes. This ensures that any shortcomings in the practitioners' standard documentation can be addressed for all of their schemes.

Administration

In 2003 the Board met with a total of 17 different companies (some on a number of occasions) comprising life offices, trustee companies, pensions consultants or administrators to discuss general and specific compliance issues. This is an ongoing process.

Monitoring

Many of the schemes selected for audit in 2003 had also been audited in 2002. This was intended to allow the Board to develop an ongoing monitoring process to establish if improvements had been made rather than solely random one-off audits. This continues the stated objective to move towards an ongoing monitoring and risk analysis process. The Board's Occupational Pension Schemes Compliance Strategy is available on the Board's website.

Funding

Arising from the initial review conducted by the Board during 2002, the Social Welfare (Miscellaneous Provisions) Act 2003 introduced measures to give schemes greater flexibility in designing funding proposals to restore schemes to compliance with the Funding Standard. Details of the operation of these measures are given later in this Chapter.

During 2003 the Board continued its review of the Funding Standard. This review incorporated, during the first half of 2003, an examination by an Expert Funding Group and later in the year an examination of further aspects including possible changes to the statutory priorities on scheme wind-up. Further details are given in the Chapter entitled "Policy".

PRSAs

Approval of PRSA products

The processing of the PRSA applications for product approval, which began in late 2002, continued early in the year. On 24 February 2003, the Board announced its approval, in conjunction with the Revenue Commissioners, of the first 41 products in respect of 6 providers. By 7 July 2003 the number of approved products had increased to 52 - 19 Standard PRSAs and 33 non-Standard PRSAs - being offered by 10 providers. Applications for additional products from existing providers were also approved bringing the total number of approved products at the end of the year to 55 of which 22 were Standard PRSAs and 33 were non-Standard PRSAs. Some of these products though produced by PRSA providers are marketed and sold by third parties.

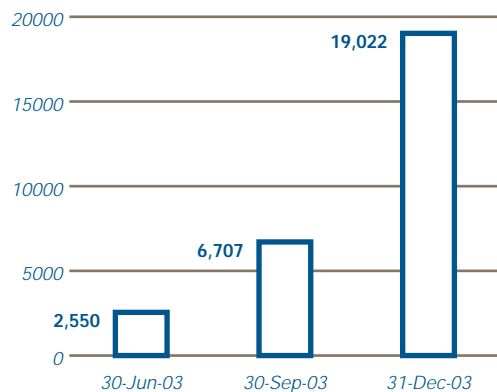
The Board has a statutory obligation to maintain a register of all PRSA providers and their approved products. This register, together with details of the related charges, can be viewed on the Board's website.

IT System for Regulation of PRSAs

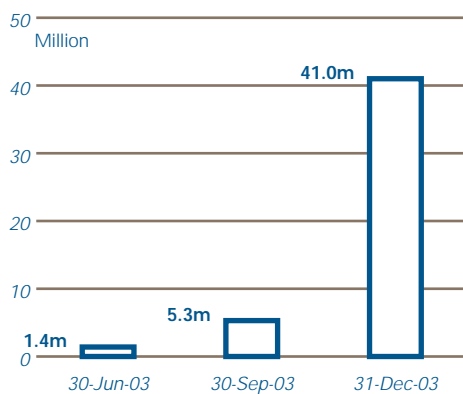
Following the completion of the processes and procedures project for the regulation of PRSAs the Board engaged consultants to develop an IT system to support its ongoing regulation of PRSAs by facilitating the recording and analysis of PRSA data. This project was concluded in June 2003.



Number of PRSA Contracts



Value of PRSA Assets



Provider Reporting

Since the introduction of PRSAs, providers are required to submit quarterly reports to the Board for monitoring purposes. These reports relate only to the PRSA business activities of the provider. By the end of the year the reports showed a progressive increase in the number and value of PRSA contracts in place. The statistics at the end of each quarter in respect of the number of contracts and the value of the assets are set out above.

Providers are also obliged to submit an annual return containing individual contributor details including age and employment status. The first returns were submitted to the Board at end January 2004.

In addition, providers are required to submit to the Board an annual report including the Determination of the PRSA Actuary and the product compliance certificate of the PRSA Actuary. These reports in respect of providers were submitted to the Board by their due date, i.e. 31 March 2004.

Employer Mandatory Access

Employer mandatory access became law on 15 September 2003. As and from that date employers who do not operate an occupational pension scheme or where there are certain restrictions applying to the occupational pension scheme are required to ensure that their employees have access to at least one Standard PRSA. The employer is also obliged to deduct employees' contributions from payroll, if requested, and remit all contributions (employee and employer (if any)) to the account of the PRSA provider within 21 days of the end of the month in which they were deducted. At year end 58,770 employers had signed up with a PRSA provider to make available pension access to their employees.

Monitoring of PRSA regime

In September 2003, the Board adopted a PRSA Compliance Strategy (available on the Board's website) which sets out, inter alia, the procedures for dealing with "whistleblow" reports received by the Board. Under this Strategy the Board is carrying out random and targeted monitoring of employers who do not have occupational pension schemes registered with the Board and who have not designated a PRSA provider. By the end of the year the Board received 39 'whistleblow' reports of which 14 were closed off to the Board's satisfaction.

The Board conducted audits on 77 employers to ascertain compliance with the mandatory access requirement. Of the audits carried out 17 were closed off by year end. The monitoring of employers is a high priority for the Board in 2004.

The Social Welfare (Miscellaneous Provisions) Act, 2004, enables social welfare inspectors to carry out checks on employers to ensure they are either providing a pension scheme for their employees or facilitating access to a PRSA. These powers allow social welfare inspectors who are carrying out an examination or inquiry in relation to PRSI to also determine whether an employer is compliant with the legislation and where necessary to report issues of non-compliance to the Board. It is envisaged that some 8,000 employer inspections will be carried out per year.

This Act also eased the requirements in respect of transfers from occupational pension schemes on wind-up to PRSAs.



Revenue Commissioners

PRSA products are approved jointly by the Board and the Revenue Commissioners. Apart from liaising with Retirement Benefits District in relation to this approval process, the Board engages on an ongoing basis in discussions with Retirement Benefits District concerning tax related queries received by the Board.

Society of Actuaries in Ireland

The appointed PRSA Actuary of the provider plays a pivotal role within the PRSA framework - one of the primary obligations being to determine the extent to which the provider has complied with statutory requirements. As a result the Society of Actuaries prepared guidance notes relating to the PRSA Actuary's obligations. The Board inputted to this process through attendance at meetings, reviewing material and ongoing liaison as and when required.

RELATIONSHIP WITH OTHER REGULATORS

In the context, inter alia, of the Government's White Paper "Regulating Better", the Board recognises the importance of an approach to regulation which is co-ordinated with that of other regulators in related areas. It is its intention to foster such co-ordination, both domestically and internationally, to the greatest extent possible.

During 2003, and since, the Board has had ongoing contacts with the Irish Financial Services Regulatory Authority (IFSRA). Given that, according to IFSRA's published Strategic Plan 2004 - 2006 "the key driving force behind its establishment was a determination to put the interests of the consumer at the heart of financial services regulation", the role of IFSRA occupies a shared ground with that of the Board, the first component of whose Mission Statement is "to promote the security and protection of members of occupational pension schemes and contributors to Personal Retirement Savings Accounts."

Contacts between the Board and IFSRA have covered exchange of views on a range of regulatory issues of mutual concern and include discussion towards developing a Memorandum of Understanding which would guide the relationship between the two bodies going forward.

At the international level, the Board, jointly with IFSRA, joined in 2003 the Committee of European Insurance and Occupational Pension Supervisors (CEIOPS). Consisting of regulators from all EU Member States, this Committee's remit includes the development of closer co-operation between regulators in these areas. The Board has, in early 2004, begun attending meetings of CEIOPS with a view to fostering helpful working relationships with similar regulators in other EU countries.

Ongoing Activity

During 2003 the Board continued its activities of monitoring the administration of occupational pension schemes. The main components of these activities, on which more detailed information is provided below, are:

- Registration of schemes;
- Conduct of investigations;
- Monitoring of Funding Standard;
- Monitoring of disclosure compliance.

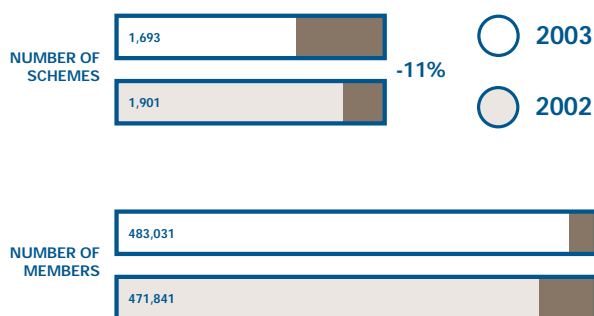
REGISTRATION OF SCHEMES

Table 1 Current Schemes - Defined Benefit

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002
Non-Group	84	96	84	96
1 - 50	1,034	1,219	17,259	19,741
51 - 99	199	203	14,129	14,809
100 - 500	271	281	60,625	62,639
501 - 1000	50	50	35,187	33,942
1001 +	55	52	355,747	340,614
Total:	1,693	1,901	483,031	471,841

Notes

- 1) Excluding AVC Only and Death Benefit Only schemes.
- 2) Excluding Frozen schemes and schemes in winding-up
- 3) 'Non-Group' means a scheme which according to its establishment may only have one member.
- 4) The figures in this table do not equate to the sum of those in Table 2 and 3 in that Table 1 covers current schemes. Table 2 includes current schemes as well as schemes which are not current.
- 5) This table includes United Kingdom based schemes with employees based in Ireland. These schemes are not included in either tables 2 or 3 as such schemes are not required to produce Funding Certificates to the Board.

CURRENT DEFINED BENEFIT
SCHEMES & ACTIVE MEMBERS**Table 2** Defined Benefit Schemes Subject to the Funding Standard

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002
Non-Group	70	87	70	87
1 - 50	959	1,176	16,078	18,338
51 - 99	182	188	12,970	13,547
100 - 500	249	259	55,613	57,518
501 - 1000	46	44	32,566	29,846
1001 +	35	34	113,388	112,656
Total:	1,541	1,788	230,685	231,992

Notes

- 1) Excluding AVC Only and Death Benefit Only schemes.
- 2) Includes schemes which are not current but have retained defined benefit liabilities.
- 3) 'Non-Group' means a scheme which according to its establishment may only have one member.

Table 3 Defined Benefit Schemes Excluded from the Funding Standard

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002
Non-Group	3	3	3	3
1 - 50	29	32	540	568
51 - 99	13	11	922	806
100 - 500	17	17	3,841	4,131
501 - 1000	3	4	2,070	2,793
1001 +	20	19	242,359	231,548
Total:	85	86	249,735	239,849

Notes

- 1) Excluding AVC Only and Death Benefit Only schemes.
- 2) Excluding Frozen schemes and schemes in winding-up.
- 3) 'Non-Group' means a scheme which according to its establishment may only have one member.

Table 4 Current Schemes - Defined Contribution

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002
Non-Group	93,390	87,680	93,390	87,680
1 - 50	17,161	17,795	77,261	79,142
51 - 99	251	226	17,509	15,721
100 - 500	150	141	27,570	27,077
501 - 1000	11	12	7,027	7,724
1001 +	9	9	18,545	20,147
Total:	110,972	105,863	241,302	237,491

Notes

- 1) Excluding AVC Only and Death Benefit Only schemes.
- 2) Excluding Frozen schemes and schemes in winding-up.
- 3) 'Non-Group' means a scheme which according to its establishment may only have one member.

Table 5 Current Schemes - Defined Benefit and Defined Contribution

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002
Non-Group	93,474	87,776	93,474	87,776
1 - 50	18,195	19,014	94,520	98,883
51 - 99	450	429	31,638	30,530
100 - 500	421	422	88,195	89,716
501 - 1000	61	62	42,214	41,666
1001 +	64	61	374,292	360,761
Total:	112,665	107,764	724,333	709,332

Notes

- 1) Excluding AVC Only and Death Benefit Only schemes.
- 2) Excluding Frozen schemes and schemes in winding-up.
- 3) 'Non-Group' means a scheme which according to its establishment may only have one member.



CURRENT DEFINED CONTRIBUTION SCHEMES & MEMBERS

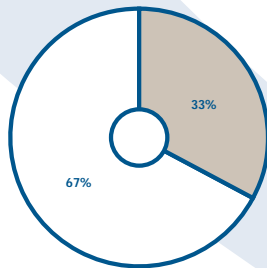


CURRENT DEFINED BENEFIT AND DEFINED CONTRIBUTION SCHEMES & MEMBERS

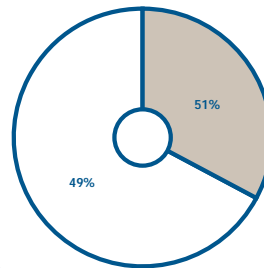


RATIO OF DEFINED BENEFIT TO DEFINED CONTRIBUTION SCHEME MEMBERS 2003

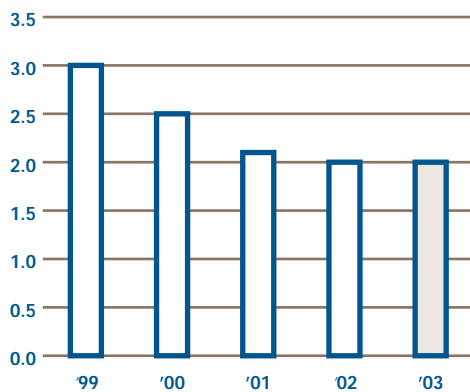
- DEFINED CONTRIBUTION SCHEME MEMBERS
- DEFINED BENEFIT SCHEME MEMBERS (ALL SCHEMES)



- DEFINED CONTRIBUTION SCHEME MEMBERS
- DEFINED BENEFIT SCHEME MEMBERS (SUBJECT TO THE FUNDING STANDARD)



RATIO OF TOTAL DEFINED BENEFIT MEMBERS TO DEFINED CONTRIBUTION MEMBERS





ANALYSIS OF THE BOARD'S REGISTER

Defined benefit schemes

The movement in the number of defined benefit schemes during 2003 (Table 1) shows a net reduction of 208 schemes and a net increase in active membership of 11,190. The net reduction of 208 schemes reflects some 62 new defined benefit schemes which were registered during 2003 with 270 notified as being wound-up, made frozen or switching to defined contribution. 5,850 (48%) of the increase in coverage of 11,190 was attributed to increased active membership in existing schemes.

Tables 2 and 3 give a breakdown of the defined benefit schemes providing retirement benefit cover, and their corresponding number of members, as between schemes that are financed fully on a pre-funded basis (Table 2), and public service schemes which have been exempted from the Funding Standard, (Table 3). Those excluded from the Funding Standard requirements tend to be the non-commercial public service schemes.

Defined contribution schemes

The movement in the number of current defined contribution schemes shows a net increase of 5,109 (5%) in 2003 and the corresponding number of active members covered increased by a net 3,811 (2%). Within this increase, there was a continuing trend towards non-group schemes which are single member defined contribution type arrangements. The net increase of 5,109 schemes reflects some 10,566 new defined contribution schemes registered during 2003, with 5,457 schemes being notified as wound up or frozen during the year.

Defined benefit versus defined contribution schemes

Contrary to the trend of recent years, the ratio of defined benefit to defined contribution schemes has not decreased this year. However, within the private sector and the commercial State-sponsored sector, the membership of defined benefit schemes remains less than that of defined contribution schemes. At end 2003, there were 230,685 active members in defined benefit schemes that are subject to the Funding Standard, as against 241,302

active members in defined contribution schemes. If members of defined benefit public sector schemes which are not subject to the Funding Standard are included, the total number of members in defined benefit schemes exceeds membership of defined contribution schemes by a ratio of two to one.

Total schemes

Tables 1, 4 and 5 show the number of current schemes providing retirement benefits (excluding additional voluntary contribution and death benefit only schemes) registered with the Board at the end of 2003, and the corresponding number of active members in these schemes. The total overall number of current schemes at the end of 2003 was 112,665 accounting for an active membership of 724,333. This figure compares with an overall total of 107,764 schemes with an active membership of 709,332 at end 2002. The overall increase in schemes was 4,901(5%) and the overall membership increase was 15,001(2%).

**Table 6**

	Defined Benefit		Defined Contribution		Total	
	Schemes	Members	Schemes	Members	Schemes	Members
(i) January 2003	1,901	471,841	105,863	237,491	107,764	709,332
(ii) Registrations in 2003	62	5,850	10,566	24,985	10,628	30,835
(iii) Other movements *	-270	5,340	-5,457	-21,174	-5,727	-15,834
(iv) December 2003, (i)+(ii)+(iii)	1,693	483,031	110,972	241,302	112,665	724,333
(v) Change in year (iv)-(i)	-208	11,190	5,109	3,811	4,901	15,001

* These movements reflect changes in scheme status, closures, schemes in winding-up, schemes becoming frozen, frozen schemes becoming reactivated, membership changes as well as the outcome of a data quality test undertaken by the Board during 2003.

Registration activity during 2003

As the figures in the paragraphs above compare the position at year end with that at the beginning of the year, they do not capture registration activity during the year.

Table 6 reconciles the beginning/end year figures and the movements during the year.

A total of 10,628 new schemes comprising 30,835 additional members were registered with the Board during 2003. Of the total new registrations, 8,346 (79%) schemes were non-group arrangements with 2,282 (21%) new group schemes; 10,566 (99%) were defined contribution schemes with 62 new defined benefit schemes joining the register.

Determinations in Relation to Registered Schemes

The Board, exercising its powers under sections 38(2)(b), 53(2)(b), 58(2)(b) and 75(1)(a), issued a Determination in relation to whether the Irish Airlines (Pilots) Superannuation Scheme and the Irish Airlines (General Employees) Superannuation Scheme were defined benefit or defined contribution schemes. It was determined by the Board that each of the two schemes was a defined benefit scheme.

CONDUCT OF INVESTIGATIONS

General

Investigations are generally initiated following enquiries or complaints from scheme members,

trustees, trade unions, through compulsory or voluntary reporting or as a result of random audits carried out by the Board. Although all such enquiries are classified as investigations, in many cases the Board monitors the issue brought to its attention and may not be actively investigating a potential breach of the Act. The Board's primary objective in any investigation is to protect the interests of the scheme member or members.

The Board initiated 95 new investigations into issues concerning occupational pension schemes during 2003. This was 21 more than in the previous year. The Board closed 83 investigations during the year, a decrease of 30 on 2002. At year end, there were 81 open investigations compared to 69 at the end of 2002.

Section 18 of the Act provides the Board with specific powers of investigation and provides specific penalties for failing to co-operate with the Board's investigations. Where it is felt that the use of those specific powers is necessary to expedite an investigation a Section 18 investigation is authorised. At year-end there were 10 such cases in hand, 7 being authorised during the year. Table 7 summarises the investigations data for 2003.

Table 7 INVESTIGATIONS - 1 JANUARY 2003 TO 31 DECEMBER 2003

	Number of Investigations at 1/1/2003	New Cases Received	Completed Investigations Cases at 31/12/2003	Number of
Casework	53	43	57	39
'Whistleblows'	16	52	26	42
Total	69	95	83	81



Compulsory and Voluntary Reporting

While the number of new investigations has been relatively stable over recent years, 2003 saw a significant increase in the number of reports made to the Board under the "whistleblowing" requirements of the Act. These are statutory provisions, which place a legal mandatory requirement on a range of specified persons involved in the operation of occupational pension schemes to report suspected fraud or material misappropriation to the Board. There is also provision to make a voluntary report on any matter concerning the state and conduct of a scheme. Specified persons include auditors, actuaries, trustees, insurance intermediaries, investment advisers and any other person who has been involved in assisting the trustees of a scheme. The provisions also contain legal protection for the persons making such reports.

A total of 52 new reports were received by the Board in the year 2003, compared to 15 in 2002. At year end there were 42 cases remaining open, 26 more than at the end of 2002.

44 of the "whistleblows" received in 2003 related to non-remittance of contributions. The Board believes that the main reason for the increase was the additional focus given to the issue as a result of the commencement of the provisions in the Act relating to remittance of contributions. These provisions set out the timescales by which contributions should be remitted to the trustees and invested by the trustees. The Board also issued Guidance in relation to its expectations regarding what and when it was appropriate to report. In summary, the Board does not believe that the issues relating to non-remittance of contributions were necessarily worse in 2003 than in previous years but that it was an issue of which those involved in scheme administration were more aware. It is hoped that the increased level of awareness will ensure the timely remittance of contributions.

The Board starts all investigations from a position of trying to pursue a policy of securing compliance without recourse to legal action, but it remains committed, where necessary, to using its full powers under the Act.

MONITORING OF FUNDING STANDARD

General

Under the Funding Standard provisions of the Acts, defined benefit schemes are required to submit to the Board actuarial funding certificates at 3½ yearly intervals. The purpose of the actuarial funding certificate is that the scheme actuary can certify that, if the scheme had wound up at the effective date of the certificate, its assets would have been sufficient to meet its liabilities. A certificate must be submitted to the Pensions Board no later than 9 months after its effective date. If the scheme could not have met its liabilities a funding proposal must be submitted which is designed to put the scheme in the position that it could meet its liabilities no later than the effective date of the next actuarial funding certificate.

With effect from 1 July 2003 a trustee annual report prepared for a scheme whose most recent actuarial funding certificate has an effective date later than 1 January 2001, must include a statement from the actuary as to whether or not the scheme would have satisfied the funding standard at the last day of the reporting period. If the statement is negative the scheme must submit an actuarial funding certificate to the Board within 12 months of the end of the reporting period. If that certificate shows that the scheme does not satisfy the funding standard a funding proposal will be required.

It has been well documented that currently many schemes are underfunded. The decrease in asset values combined with the increase in the liabilities of schemes due to low interest rates and improved longevity have been responsible for this. The intervalation requirements ensure that these issues have to be dealt with quickly and schemes do not have the option to "sit it out" until the next actuarial funding certificate is due.

The Social Welfare (Miscellaneous Provisions) Act 2003 included in Section 49 (3) a provision by which the Board can specify a later date for the scheme to meet the Funding Standard where a funding proposal is being put in place. In effect this allows schemes to prepare funding proposals which are designed to meet the standard over a period of longer than 3½ years.



A significant amount of time was spent by the Board in 2003 in preparing guidelines for schemes which wished to apply for a longer period and in considering the applications that were received in 2003. Further details on these measures are given later on in this Chapter.

2003 ACTIVITY

The Board received a total of 484 actuarial funding certificates in 2003. 76 of these failed to satisfy the Funding Standard. Of the 76, 54 schemes have submitted funding proposals, 6 of which had a period of longer than 3½ years specified by the Board under Section 49(3). There were 22 proposals pending at year end and the Board was in correspondence with the trustees of these schemes to ensure the proposals were submitted.

Throughout 2003, the Board formally wrote to 25 schemes in relation to non-compliance. By year end, compliance had been achieved or satisfactory confirmation that a scheme was no longer subject to the funding standard had been received, in 21 cases. The Board was in ongoing correspondence with the remaining 4 schemes. The Board is closely monitoring the progress being made in relation to these schemes.

Table 8 indicates the position at the year end as regards compliance during the year with the Funding Standard. The Table indicates the position of schemes which submitted funding certificates to the Board during 2003 and on a cumulative basis up to end 2003 broken down by category of scheme and number of members. It, therefore, differs from the corresponding table in the reports for earlier years which indicated the number of schemes for which certificates had been received on a cumulative basis up to the end of the year in question. For comparison on a cumulative basis, the figures as at the end of 2003 are that of 1,541 schemes (with 230,685 members) subject to the Funding Standard, funding certificates had been received in respect of 1,409 schemes (with 221,744 members).

**TABLE 8** THE FUNDING STANDARD AS AT 31 DECEMBER 2003

SCHEME SIZE	DB schemes subject to the Funding Standard		For Which Funding Certificates In Place		For Which Funding Certificates Not In Place*		Funding Certificates Not Falling Due Yet**	
	No of Schemes	No of Members	No of Schemes	No of Members	No of Schemes	No of Members	No of Schemes	No of Members
Non-Group	70	70	37	37	24	24	9	9
1 - 50	959	16,078	877	15,052	50	555	32	471
51 - 100	185	13,270	180	12,895	1	79	4	296
101 - 500	246	55,313	240	53,647	3	650	3	1,016
501 - 1,000	46	32,566	42	29,719	1	614	3	2,233
1,000 +	35	113,388	33	110,394	1	1,894	1	1,100
Total:	1,541	230,685	1,409	221,744	80	3,816	52	5,125

* This figure is made up of cases which were due to submit AFC's in the 3½ years up to 31/3/03. Many of these schemes are in wind-up, changing to DC, some are related to Section 49(3) requests, some have been closed off since year end.

** This figure is made up of schemes which commenced on or after 1/10/99 and so were not due to submit AFCs until 2004.

SCHEME SIZE	Funding Certificates Received in 2003		Schemes which did Satisfy the Funding Standard		Schemes which did not satisfy the Funding Standard		Status of Funding Proposals for schemes which do not satisfy the Funding Standard			
	No of Schemes	No of Members	No of Schemes	No of Members	No of Schemes	No of Members	Pending	No of Members	Rec'd & Approved	No of Members
Non-Group	21	21	18	18	3	3	2	2	1	1
1 - 50	329	4,774	272	3,883	57	891	15	219	42	672
51 - 100	51	3,591	46	3,303	5	288	1	51	4	237
101 - 500	57	13,421	49	11,236	8	2,185	2	739	6	1,446
501 - 1,000	16	11,552	13	9,452	3	2,100	2	1,490	1	610
1,000 +	10	26,155	10	26,155	0	0	0	0	0	0
Total:	484	59,514	408	54,047	76*	5,467	22	2,501	54	2,966

* The trustees of 12 of these schemes have made applications to the Board under Section 49(3) of the Act, to specify a date later than the effective date of the next actuarial funding certificate by which their scheme could reasonably be expected to satisfy the funding standard. Funding proposals have been received and approved in respect of 6 of these and the remaining 6 are still pending.



Scheme Size	Funding Certificates outstanding as at 31/12/03	
	No of Schemes	No of Members
Non-Group	8	8
1 - 50	29	329
51 - 100	2	174
101 - 500	4	774
501 - 1,000	2	1,222
1,000 +	0	0
Total:	45	2,507

In 2003, the Board dealt with 25 cases of non-compliance. By year end, compliance had been achieved, or satisfactory confirmation that a scheme was no longer subject to the Funding Standard had been received, in 21 cases. The Board is in ongoing correspondence with the remaining 4 schemes from which a certificate is outstanding.

APPLICATIONS TO THE BOARD UNDER SECTION 49(3)

As regards the measures implemented under the Social Welfare (Miscellaneous Provisions) Act, 2003, at 31st December 2003, applications had been made by the trustees of 26 schemes of which 11 had later dates specified. The remaining applications were under consideration at year end.

At time of writing the Board had received a total of 73 applications made by trustees. Of these, 26 have had a later date specified (2 following a re-application as the Board initially did not specify the later date).

The Board has not specified the later date requested in a further 2 cases and the remaining 47 are under consideration.

MONITORING OF DISCLOSURE COMPLIANCE

DISCLOSURE COMPLIANCE STRATEGY

The Board's audit process involves the Board requesting, from the trustees of a scheme, copies of the documentation that must be provided or made available to members. The Board then audits the documentation received against the detailed requirements of the legislation to ensure it is compliant. A total of 216 schemes were selected for audit and 178 were actually audited. The results were as following:

Table 9

	Total	Compliant	Satisfactory	Non-compliant
Full Annual Report	116	41	70	5
Alternative Type A	55	23	30	2
Alternative Type B	0	0	0	0
Audited Accounts	116	59	57	0
Scheme Booklet	94	60	30	4
Actuarial Valuation	72	58	14	0
Member Notification	119	83	31	5
Union Notification	87	45	39	3



These results show a marked improvement in the previous year's audits. Of the schemes audited in 2003 some had also been audited in 2002 and the trustees of those schemes had clearly taken on board the results of the previous audits. A document is deemed satisfactory where the Board would view the non-compliance as being of a minor nature and would ask the trustees to ensure that the issue is corrected in future documents. Non-compliance implies that the documents should be corrected immediately.

Again, many schemes are completing annual reports close to the outside limit of nine months after the end of the scheme year set down in the Act. This leaves very little scope for dealing with unexpected events and those trustees run the risk of prosecution where the report is not prepared on time.

Furthermore, in defined benefit schemes, those trustees are also limiting the time available to prepare and submit an actuarial funding certificate and proposal if these are required.

Prosecutions

The Board had initiated proceedings on a number of cases in 2003 but none of these had been heard by the end of the year. On 26 February 2004 the trustees of two of those schemes were successfully prosecuted by the Board for failing to submit documentation requested as part of the Board's audit process within the timeframe specified by the Board. At time of writing proceedings against the trustees of three schemes remain pending.

General

2003 saw a substantial increase in the investigations and compliance work of the Board. In particular the increase in "whistleblows" and the funding issues were both labour intensive and time consuming. It is, however, satisfying to note that the audits have shown a general improvement in compliance standards and the Board will continue to work closely with schemes and practitioners to ensure this continues.



Policy

Summary of General Objective

To agree a Policy programme based on the Board's overall strategy, the programme to be reviewed annually and incorporate consideration of the policy implications of the changing pensions environment, and to advise Departments on pensions-related EU initiatives.

Activity related to General Objective

Policy Programme

Consistent with "Strategy 2002 - 2005", the Board prepared and adopted a Policy Programme in 2003 which incorporates consideration of the changing environment and impacts on pension provision. During 2003, the Board considered the following matters:

Pension Coverage

An essential feature of the new pensions regime, introduced under the Pensions (Amendment) Act, 2002, is the measurement of progress towards increased coverage. From a policy viewpoint, the Board was keen during 2003 to ensure that collation of the data required for this purpose is monitored and, to this end, agreed with the CSO a schedule of further surveys over the period up to 2006. Further operational details are given in the Chapter entitled "NPPI/Pensions (Amendment) Act, 2002".

Simplification of Regulation

The Board's approach over the years has been to balance the requirements of member protection and the impact of regulation on schemes. Additions to the legislation most notably in the Pensions (Amendment) Acts of 1996 and 2002, have provided significant further protections to members, as recommended in many instances by the Board to the Minister.

While acknowledging the desirability of these additional protections, the Board is concerned lest, in the future, the accumulated impact of regulatory requirements has an inhibiting effect on overall

pension provision. Accordingly, the Board continues to examine ways in which to ensure that an appropriate balance is achieved between regulatory requirements, member protection and cost of pension provision. This examination takes into account Government policy on regulation, as stated for example in the White Paper "Regulating Better" as well as relevant developments in other countries.

A Working Group was established in June 2003 in order to progress the more straightforward recommendations from the 2002 Simplification Report relating to tax aspects of the various types of pension provision, particularly in the context of the then incoming PRSA regime. During 2003, the Group met 5 times and in early 2004 a report was approved by the Board's Policy Committee. At time of writing, this report, having been approved by the Board, has been forwarded to the Department of Finance for consideration for implementation in 2005.

At the same time, during 2003, the Board approved principles to govern a simplification of pensions regulation especially regarding disclosure requirements. This approach has been followed during 2003, and to date in 2004, in shaping new Disclosure Regulations.

Funding of Defined Benefit Schemes

As indicated in Annual Report 2002, the Board recommended to the Minister certain changes which were adopted and enacted in Social Welfare (Miscellaneous Provisions) Act, 2003. These changes were designed to facilitate schemes, which had been adversely affected by the downturn in investment markets, to return to full compliance with the Funding Standard over a period in excess of the generally required 3½ years.

During 2003, the Board implemented these measures by, publishing guidelines (in August and December) to assist scheme trustees in applying for extended funding proposal periods under the measures. Further details of the operation of these measures, which is ongoing in 2004, are given in the Chapter entitled "Regulatory". In its approach to the operation of these measures the Board aims to provide, within the statutory parameters, an appropriate degree of flexibility to enable schemes, whose principals are committed to their long-term continuation, to return to compliance with the Funding Standard.



At the same time, as also indicated in Annual Report 2002, the Board initiated during 2003 a review of the Funding Standard to apply in the longer-term. That review involved, during 2003, an examination by an Expert Group on Funding which met during the first half of the year and whose report was then considered by the Board's Policy Committee. Following consideration of various aspects of the review by the Committee, it was decided that the best quality outcome would be achieved by completing the review during 2004 taking into account, inter alia, the impact of the short-term measures and the evolving performance of investment markets.

In order to provide clarity and stability regarding the regulatory environment to all interested parties, the Board issued a timetable in September 2003. This indicated the intention to conclude the review during 2004, including a consultation process during the Summer and culminating in submission of proposals for the Minister in the Autumn of that year for implementation in early 2005.

Consistent with that timetable, the Board gave separate consideration in the latter part of 2003 to possible changes in the statutory priorities governing wind-up of defined benefit schemes. A decision was taken in early 2004 (and announced in the Board's Bulletin 1 : 2004) not to make any such changes in advance of changes in the Funding Standard as a whole, any changes in statutory priorities to be considered as part of the overall review of the Standard.

At time of writing, the review is ongoing within the Board with the aim of making proposals, as indicated in the timetable, in Autumn 2004.

EU PENSION - RELATED MATTERS

Directive of the European Parliament and the Council on the activities of institutions for occupational retirement provisions (2003/41/EC)

The Directive on the activities of Institutions for Occupational Retirement Provision (IORPs) was published in the EU Official Journal in September 2003. The broad objectives of this Directive are to put in place a framework that removes cross-border barriers to the development of occupational schemes. The key areas of the Directive include investment, regulation, cross border activity, disclosure and funding. In addition, there are a number of elements in the Directive which must be decided at the discretion of the Member State.

During 2003, the Board started to review the implementation aspects of this Directive and the various issues it will raise. This will be a major aspect of the Board's commitment for 2004.

Draft Directive on "Implementing the principle of equal treatment between women and men in the access to and supply of goods and services"

On 5 November 2003, the Commission submitted a proposal for a Council Directive implementing equal treatment between women and men in the access to and supply of goods and services. The Directive may preclude the use of gender-related actuarial factors including in relation to pensions where different rates, related to gender, currently apply. The Board has been involved in considering this matter with the Department of Social and Family Affairs. The overall responsibility for discussions on the draft Directive rests with the Department of Justice, Equality and Law Reform.



Directives establishing a general framework for equal treatment in employment and occupation (2000/78/EC) and implementing the principle of equal treatment between persons irrespective of racial or ethnic origin (2000/43/EC)

The requirements under these Directives extended the grounds of prohibition of discrimination other than gender. These include age, disability, sexual orientation, religion and race. The Board assisted the Department during 2003 in the preparation of legislation to implement these Directives in Irish Law. An effect of the domestic provisions (inserted into the Pensions Acts by the Social Welfare (Miscellaneous Provisions) Act 2004) is that Office of the Director of Equality and Investigations (ODEI) will be the body to which disputes will be referred and the same machinery which applies to employment disputes will also apply. The ODEI may ask for a report from the Board in a particular case and this report can be used in investigating that case.

Committee of European Insurance and Occupational Pension Supervisors (CEIOPS)

During 2003, the Board joined CEIOPS as part of its EU-related activities. Further information is given on this involvement in the Chapter entitled "Regulatory".



Pensions Development/ Information/Awareness

Summary of General Objective

To provide information, and (where appropriate) support, on pensions-related matters to a wide range of parties including scheme members, PRSA contributors, pensioners, trustees, the media and the general public.

Activity related to General Objective

INFORMATION SERVICES FOR MEMBERS AND OTHER INTERESTED PARTIES

The effectiveness of the Pensions Acts in safeguarding the rights of scheme members depends to a significant extent on members using the rights they have under the Pensions Acts to monitor the administration and financial soundness of their scheme and to obtain information on their own personal entitlements.

To this end, the Board produces information booklets which are relevant for members, members' dependants, prospective members, trustees, employers and the general public.

Furthermore, as the Pensions Acts and Regulations override the Trust Deed and Rules of schemes in certain areas, it is important the scheme trustees, administrators and their professional advisers ensure that the legislation to which they refer is fully up to date. During 2003, the Board continued to promote the security of occupational pension schemes by providing clear, authoritative guidance to trustees and pension practitioners on how to comply with the Pensions Acts and good practice generally in relation to scheme administration.

The full range of information and guidance services currently provided by the Board is set out below.

Information Booklets

There is a comprehensive range of information booklets available free of charge from the Board. These provide information on the Pensions Acts, the Pensions Board, members' rights generally under the Acts and under other relevant pensions legislation.

In July and September respectively, the Board published three additional information booklets under the auspices of the National Pensions Awareness Campaign (NPAC). These booklets are:

- ➊ Personal Retirement Savings Accounts (PRSAs) Employers' Obligations
- ➋ Personal Retirement Savings Accounts (PRSAs) A Consumer Guide - this was a joint publication of the Consumers Association of Ireland (CAI) and The Pensions Board.
- ➌ What are my Pension Options?

The Board also commenced the gradual updating of all its information booklets to reflect the legislative changes that have resulted from the enactment of the Pensions (Amendment) Act, 2002 and other legislation affecting pensions. It is intended to have the updating process completed by the latter part of 2004.

For ease of reference, a full list of the Board's current information booklets is set out in Appendix III.

Enquiry Service

The Board's information and enquiry service deals, by telephone and correspondence, with enquiries or complaints received from scheme members, and their dependants, prospective members, PRSA contributors, trustees, trade unions, employers and company employees with personnel, industrial relations and pay functions. Enquiries, including technical queries, are received also from pension practitioners, professional bodies and the representatives of the media.

Legislation Service

Designed primarily for pension practitioners, the Board provides a legislation service which is available by subscription. Subscribers to this service receive, in two volumes, a non-statutory consolidated text of the Pensions Acts, and the Regulations, including all amendments made to date. The text of the legislation is made available in loose-leaf format in binders which facilitate regular updating. The binders are presented in the form of two volumes:



- Volume 1 contains a consolidated text of the Pensions Acts.
- Volume 2 contains the Regulations made under the Acts.

There are currently 215 subscribers to this service.

Guidance Notes

The Board makes available by subscription detailed Guidance Notes on the various parts of the Pensions Acts and Regulations, especially in those areas which override the trust deed and rules of the scheme. Subscribers to the service receive updates to take account of any legislative changes. As with the Legislation Service, the Guidance Notes are in loose-leaf format to facilitate updating.

The Guidance Notes are designed for use principally by those who are professionally involved with occupational pension schemes and Personal Retirement Savings Accounts (PRSAs).

Guidance from Other Sources

There is a comprehensive Revenue pensions manual which is available on diskette from the Retirement Benefits District. This manual consolidates the Revenue practice notes on the tax treatment of occupational pension schemes.

Furthermore, "A Guide to Personal Retirement Savings Accounts" prepared in consultation with the Board has been published by the Revenue Commissioners (and is available on their website (www.revenue.ie) outlining the tax treatment of PRSAs.

Professional guidance is provided by the Society of Actuaries in Ireland to its members on the application of the Funding Standard. The professional accountancy bodies also provide supplementary guidance to their members on the content and audit of pension scheme annual accounts in accordance with the disclosure of information requirements. The Pensions (Amendment) Act, 2002 provides for a statutory underpinning of the Society of Actuaries professional guidance notes in certain areas relevant to the Pensions Acts. This means in effect that, once the Regulations provided for in the Act are made, the guidance notes may not be withdrawn or altered

without the consent of the Minister for Social and Family Affairs.

TRUSTEE SUPPORT SERVICES

Trustees have overall responsibility under the Pensions Acts for the administration of schemes. Accordingly, the main statutory functions of the Board as set out in Section 10(1) of the Pensions Act include:

- Providing guidance for trustees on their duties and responsibilities in relation to scheme administration;
- Issuing codes of practice on specific aspects of trustees duties;
- Advising the Minister on standards for trustees and on their implementation.

Information Booklet for Trustees

The information booklet "So You're a Pension Scheme Trustee?" is the Board's publication which gives concise guidance to trustees on their duties and responsibilities. An updated version of this booklet to reflect legislative changes arising from the passing of the Pensions (Amendment) Act, 2002 and other legislation affecting pensions, will be available during 2004.

Trustee Handbook

More comprehensive guidance is provided for trustees by means of the Trustee Handbook and Codes of Practice which are also designed to make a major contribution to the discharge of the Board's functions under Section 10(1). The second edition of the Trustee Handbook and Codes of Practice is expected to be published during 2004.

Given the importance of the Handbook as a tool to assist the trustees in the effective discharge of their duties and responsibilities, the Disclosure of Information Regulations (S.I. 349 of 1998) contain a requirement that specific reference be made in the annual report of each scheme as to whether the trustees of the scheme have access to the Trustee Handbook.



Enquiry Service for Trustees

The Board provides a specific enquiry service for trustees in relation to their duties and responsibilities, with particular reference to the type of information and guidance which is provided in the Trustee Handbook. Enquiries of the more straightforward type are usually dealt with by telephone. Responses to more complex and difficult queries are generally given in writing, if necessary, or by meeting with the enquirer at the Board's offices if the enquirer cannot be referred to an appropriate section of the Guidance Notes or Trustee Handbook.

Responses to some queries can only be provided by a scheme's professional advisers i.e. the Actuary, Auditor, Investment Manager or Legal Advisers, and guidance provided by the Board's staff cannot be a substitute for specific professional advice in relation to a scheme, where this is required.

Trustee Training

The second comprehensive survey of trustees was carried out by the Board at the end of 2002, the results of which were published in the Board's Bulletin 2: 2003 and which indicated that 66% of the respondents had undergone training. However, as with the first survey carried out in 2000, the results were based on a very small sample of trustees and, as such, cannot be deemed conclusive. The Board intends to conduct further regular surveys of trustees in order to establish a more definitive trend in trustee training. The Board will also continue to encourage the provision of appropriate training facilities for trustees of schemes and the take-up of these facilities by trustees.

PROMULGATING THE PENSIONS MESSAGE

The Board recognises that there needs to be awareness among the general public that Ireland has a robust system of pensions regulation that protects the interests of scheme members, PRSA contributors and the broader public interest. Added to this is the Board's concern to encourage greater take-up of pensions, particularly among those socio-economic groups, including young persons, women and atypical employees who have the lowest levels of pensions coverage. To this end, the Board utilised

various methods of communicating the "pensions message" during 2003 including activities undertaken under the National Pensions Awareness Campaign (NPAC).

Information Presentations

During 2003 the Board gave 45 information presentations to trustees, trade unions, employer personnel, professional bodies and others. Matters covered in the presentations included the main features of the Pensions Acts 1990 - 2003, and other legislation affecting pensions.

The Pensions Board Bulletin

The Board provides an informal communication for interested parties in the form of a Bulletin (which is available on the Board's website). The Bulletin is issued on an occasional basis related to the level of new activity at the Board and covers Board developments and current activities in a brief format. Two Bulletins were issued during 2003, covering the following main topics:

- 🔄 Focus on Compliance
- 🔄 Trustee Training Survey 2002

Pensions Board Online

The number of visitors to its website (www.pensionsboard.ie) continued to grow in 2003. The number of visitors for the year was 108,839 while the average monthly number of visitors was 9,070.

The website contains an online version of the Board's information booklets, and sets out the structure and functions of the Board while providing on an ongoing basis, a list of information presentations given by Board personnel.

A "What's New" Section has been added to the site and is updated regularly. During 2003 a National Pensions Awareness Campaign Section was added to the site while the PRSA information page was expanded and navigational issues were addressed.

It is intended to review the website's effectiveness, accessibility and customer usefulness during 2004.



The National Pensions Awareness Campaign (NPAC)

In its Report "Securing Retirement Income", published in May 1998, the Board recommended that a "Government-driven pension awareness campaign be conducted in conjunction with the relevant public and private sector bodies".

The Board was asked by the Minister for Social and Family Affairs to conduct this campaign on behalf of Government and an allocation of €500,000 was made available in Budget 2003 for this purpose and the allocation was repeated in 2004. There follows an overview of campaign activity conducted in 2003.

Project Overview

- ➊ Just over half (50.7%) of the Irish workforce currently have supplementary cover, as identified in the CSO Quarterly National Household Survey, Pensions-2002.
- ➋ The Board recommended that up to 70% of those aged over 30 acquire this cover to provide an income in retirement which enables them to maintain a reasonable relationship with their pre-retirement income.
- ➌ The Board established a National Pensions Awareness Campaign (NPAC) - Project Team to devise an awareness strategy and implementation plan for this important project.
- ➍ The primary objective of the campaign is to heighten pensions awareness with the view to increasing pension coverage in Ireland.

NPAC - Project Team

(front row - from left to right) Kevin Brabazon, Board Member; Anne Maher, Pensions Board.

(back row - from left to right) David Malone, Pensions Board; Carmel Foley, Board Member; Rita Morrissey, DSFA; Paul Cunningham, DSFA; Ciaran Long, Board Member; Mary Hutch,(Chairperson), Pensions Board; Aongus Horgan, Pensions Board.



The National Pensions Awareness Campaign (NPAC)

All the actions within the Campaign are designed to be sharp calls to action, using the advertising tag line - **Think about tomorrow. Today.**



(front row - from left to right)

Damien McCaul (2FM DJ), Mairead McGuinness (TV presenter), Anne Maher (Pensions Board), Mary Coughlan T.D. Minister, Department of Social and Family Affairs



(front row - from left to right)

Models Glenda Gilson, her mother, Aileen and niece Kenya at the launch of the National Pensions Awareness Campaign 2003



(front row - from left to right)

Mary Hutch, (Pensions Board), Mary Coughlan, Mary Coughlan T.D. Minister, Department of Social and Family Affairs, Anne Maher, (Pensions Board).

Media Activities

- 🔄 Radio Adverts
- 🔄 Media Print Supplements
- 🔄 Posters
- 🔄 Internet Adverts
- 🔄 Shopping Till Receipts
- 🔄 In-Store Plasma Screens
- 🔄 Radio and Press interviews

All the promotional activities focus on directing people into action - to either talk to their employer, contact their bank, insurance company, building society or financial advisor to discuss their pension options.

Media Publicity and Awareness Building

Since the start of the campaign, pensions have received considerable and extensive media coverage in all sectors of the media including television, radio and print at national and local level.

Support Agencies promoting NPAC

Contact has been made with a wide range of support Agencies who assisted in delivering the NPAC message to their constituent clients and members. The Campaign also worked very closely with all the State Agencies and Government Departments.

Including:

- 🔄 Irish Congress of Trade Unions (ICTU)
- 🔄 Irish Business and Employer Confederation (IBEC)
- 🔄 Small Firms Association (SFA)
- 🔄 Chambers of Commerce in Ireland (CCI)
- 🔄 Irish Small and Medium Enterprises (ISME)

Other organisations and groups involved in this process included:

- 🔄 Comhairle
- 🔄 Citizen Information Centres
- 🔄 Irish Farmers Association (IFA) / Irish Countrywomen's Association (ICA)
- 🔄 National Library Network
- 🔄 Rural Leader Groups
- 🔄 Area Partnership Companies
- 🔄 Irish Hotels Federation
- 🔄 Licensed Vintners Association (LVA) and Vintners Federation of Ireland (VFI)
- 🔄 Restaurants Association of Ireland



Future Campaign Planning

As the 2003 campaign was being implemented numerous suggestions for media and publicity opportunities were made that could contribute to the campaign in 2004.

To this end it was decided that an outline plan be prepared that can be rolled out early in 2004 in order to maintain the momentum already achieved in 2003. The focus is on reaching the key groups where there is low pension coverage, in a more in-depth way, in order to move on from awareness building to an action level where the consumer actually starts to fund a pension.

SOURCE OF INFORMATION FOR MEDIA

The Board is mindful of the fact that the media play an essential role in communicating information about the Board's activities and its contribution to pensions policy development to all groups and to the general public.

Media Relations

Essential elements of supporting the media during 2003 and being a source of authoritative information for them, involved briefing the relevant journalists on various developments within the Board, e.g. approval of first PRSA products, publication of returns from PRSA providers, launch of National Pensions Awareness Campaign, numerous activities under the Campaign including National Pensions Awareness Week in October, and launching new publications such as booklets on PRSAs and on pensions generally. As well as these major events, the Board sought media opportunities across a range of outlets to promote discussion of pension issues. This was intended to have a dual impact of promoting pension awareness among target groups and the importance of pension provision.

Ongoing Activity

Tables 10 and 11 below display the results of a statistical analysis of enquiries handled during 2003 with a comparison for 2002.

TABLE 10 NATURE OF ENQUIRIES

Area of Acts	2003		2002	
	Number	%	Number	%
Preliminary and General	1,693	22	1,775	33
Establishment of Board	236	3	385	7
Preservation	296	4	268	5
Funding Standard	62	1	53	1
Disclosure	1,018	13	762	14
Trustee Duties	157	2	124	2
Equal Treatment	20	0	20	0
Compulsory & Voluntary Reporting & Miscellaneous Applications to the High Court	18	0	6	0
PRSAs	2,778	36	0*	0*
Pensions Ombudsman	13	0	0*	0*
Other Enquiries	1,439	19	1,973	38
Total	7,730	100	5,366	100

* Any queries relating to PRSAs and the Pensions Ombudsman in 2002 were included in the figures for "Other Enquiries".



NATURE OF ENQUIRIES 2003

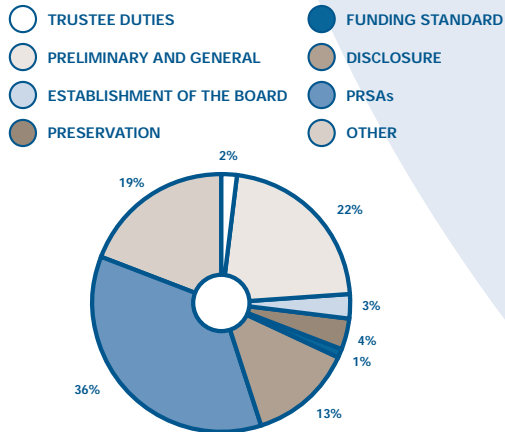


Table 10 demonstrates that enquiries have significantly increased to 7,730 for 2003, which is an increase of 44% compared to 2002. This primarily reflects the success of the pension awareness activities conducted under the NPAC 2003 combined with the introduction of PRSAs, which accounted for the largest number of enquiries at 36%. It should be noted that the 7,730 excludes those enquiries of a routine nature which were raised on registration and fee collection.

The second largest number of enquiries relates to "Preliminary and General" at 22%, which includes UK/Ireland Regulations, Family Law & Pension Adjustment Order queries and Booklet Requests. The Heading "Other Enquiries" also includes matters relating to the application of general trust law and other matters which do not come under the Board's strict remit i.e. personal pension plans, social welfare entitlements, income continuance plans and Revenue requirements.

TABLE 11 CATEGORY OF ENQUIRERS

	2003		2002	
	Number	%	Number	%
Pensioner	142	2	114	2
Active Member	1,891	27	1,202	23
Company/Employer	1,555	22	702	14
Trade Union	41	1	36	1
Pension Practitioner	723	10	811	16
Trustee	101	2	95	2
Other	2,541	36	2,216	42
Total	6,994	100	5,176	100

CATEGORY OF ENQUIRERS 2003

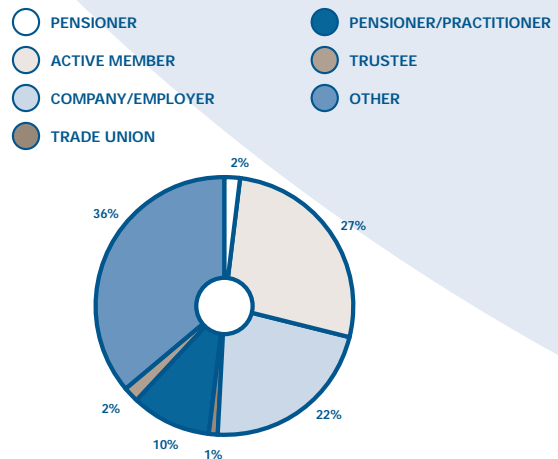


Table 11 provides a breakdown of enquirers who contacted the Board during 2003. The total number of enquirers for 2003 was 6,994 which is an increase of 35% over 2002. Included in the residual category (entitled "Other"), which showed a 15% increase over 2002, are queries from media personnel, social welfare customers, research students, PRSA enquirers, and the general public. The number of enquiries (Table 10) exceeds the number of enquirers (Table 11) as some enquirers raised more than one question.



SUPPORT FOR IRISH INPUT TO EXTERNAL BODIES

Provision of input for information to international bodies in relation to pension matters is part of the strategic objectives of the Board. The following are the bodies to which such input is given.

Conference of Pension Supervisory Authorities (CPSA)

The CPSA consists of representatives of the pension regulators of the Netherlands (Pensioen- & Verzekeringkamer), Germany (BAFin), the UK (OPRA) and the Pensions Board. The Conference meets every 6 months to discuss areas of mutual interest. In 2003 the Conference met in May and October. The October meeting was hosted by the Board in Dublin.

The European Union

During 2003 the Board supported the official Irish input to the consideration of pensions matters at EU level. Most notably as in 2002 it supported the official involvement in the matter of the Commission's proposed Directive on Institutions for Occupational Retirement Provision which was finally adopted in September 2003.

Groupe Consultatif Actuariel Europeen (EACG)

The Board participates in the Annual Conference between the Groupe Consultatif and EU Pension Supervisors that discusses the views of the actuarial profession in the EU on matters of concern to the profession in the pensions area.

Organisation for Economic Cooperation and Development (OECD)

The Working Party on Private Pensions was established in 1999 to provide a forum for policy makers from OECD countries to discuss public policy towards private pensions, with a focus on regulation. Its mission is to assist countries in the development of an adequate regulatory and supervisory framework that protects the rights of members and beneficiaries and promotes the financial security of pension plans and funds. This work is performed through the development of standards, in-depth policy analysis and a unique data collection process. The Working Party also promotes dialogue with non-OECD countries through conferences and workshops organised throughout the year in different parts of the world.

The Board, which is represented at the OECD Working Party on Private Pensions, continued to represent Ireland's views at meetings of the Working Party in 2003.



International Network of Pension Regulators and Supervisors (INPRS)

The Board is a member of the International Network of Pension Regulators and Supervisors (INPRS), an organisation of national and international bodies dealing with the regulation (laws, administrative decrees, regulatory best practices, codes of conduct and principles) and supervision of private pensions.

A Technical Committee, on which the Board is represented to convey Ireland's views, manages the implementation of the programme of work of the INPRS. The INPRS is extending the OECD's work in the development of principles and best practices and provides unique international forum for the discussion of policy issues and the dissemination of information. The network is serviced by the OECD secretariat.

Discussions are ongoing to transform the INPRS into an International Association. This organisation would lead the work on pension supervision (and regulatory issues related to supervision) and would work closely with the Working Party on Private Pensions.

International Employee Benefits Association (IEBA)

In February 2003, the Board accepted an invitation to join IEBA. The Association, based in the U.K., has inter alia an informational and educational role in relation to employee benefits including pensions. The Board was represented, for the first time, at the Association's AGM on 23 April 2003 and has continued its involvement with the Association since then.

World Bank

The Pensions Board has an active relationship with The World Bank and The World Bank Institute. This takes the form of exchange of information, meeting The World Bank and with pension related visitors to Ireland and participating in World Bank sponsored conferences and seminars, including in 2003 in the preparation of World Bank pensions related training programmes.

Delegations from other countries

The Board regularly receives delegations from other countries and provides presentations on the Irish pensions system as requested.



Operational

Summary of General Objective

To monitor and make recommendations in relation to Board finances and staff resources, to implement technology systems to regulate PRSAs, and implement the Code of Practice for the Governance of State Bodies, as well as formalise a Quality Customer Service plan and to manage the Corporate Service function.

Activity related to General Objective

Monitoring of Finances

The year 2003 continued the pattern of change reported last year in a number of significant areas of Board running costs and operating levels.

As regards financing of the cost of supervision of occupational pension schemes, the Board having sought the permission of the Minister, pursuant to Section 25 of the Pensions Act, 1990 increased its fee from €6.35 to €9.50 per scheme member on a pro-rata basis with effect from 1 January 2003. This is to cover additional expenditure in respect of its occupational pension schemes activity.

As regards the financing of the supervision of PRSAs, the Pensions (Amendment) Act, 2002 provides for a separate fee income stream to cover the cost of regulating PRSAs. Under these provisions, a fee structure applicable to providers of PRSAs was put in place by Regulation (S.I. 506 of 2002) made by the Minister in November, 2002.

The Department of Social & Family Affairs made funding available to the Board in 2003 in the sum of €1.4m to defray costs incurred prior to the introduction of PRSAs.

The Board on behalf of the Government commenced the National Pensions Awareness Campaign (NPAC) in 2003. An allocation of €500,000 was made available in 2003 from the Department of Social and Family Affairs for this purpose. The monitoring of expenditure in this campaign is reflected in the Annual Accounts.

Monitoring of Staff Resources

The approved staff complement at the end of 2003 stood at 38.5 posts. 36 posts were filled at the end of 2003 with the vacant posts to be filled as soon as possible through active recruitment.

Information Technology

The Board continued to monitor its information technology needs during 2003. As part of the introduction of PRSAs the Board implemented an electronic records management and information system for PRSAs. This will provide the Board with the necessary systems to gather data relating to PRSAs and contributors with a view to monitoring the progress of the PRSA regime and ultimately to presenting a report to the Minister for Social and Family Affairs as required in 2006.

Implementation of the Code of Practice for the Governance of State bodies

The 1992 State Bodies Guidelines, as revised in 1998, governing the conduct in business of Board members and staff are being observed. These Guidelines reflect requirements under the Freedom of Information Act, 1997 and include procedures for the disclosure of interests by Board members.

In October 2001, the Department of Finance issued a revised mandatory Code of Practice for the Governance of State Bodies for application by all commercial and non-commercial State bodies. The Board has been implementing the new Code on a gradual basis while giving priority to the most immediate requirements

In this regard the following documents were approved by the Board in March 2003:

- 🔄 Board Procedures and General Modus Operandi;
- 🔄 Schedule of Matters Reserved to the Board;
- 🔄 Code of Business Conduct for Members and Staff of the Pensions Board;
- 🔄 Corporate Risk Assessment - Register of Key Corporate Risks and Associated Controls;
- 🔄 Procurement of Goods and Services and Disposal of Assets;



- Internal Audit Charter;
- Accounting Procedures and Controls.

This represents considerable progress on implementation of the Code. In April 2003 the Board sought tenders to select a suitable consultant to provide Internal Audit services. In August 2003 the Board appointed Mazars for a three year period to carry out the internal audit function as laid out in the Internal Audit Charter. The programme involved an initial risk assessment and draft work plan for 2004 followed by the commencement of the formal audit procedure in January 2004.

During the year Deloitte and Touche, Chartered Accountants and Management Consultants, conducted a review of the Board's tax affairs to ensure that the financial routines and practices by the Board ensured compliance with the tax laws. The Consultants report confirmed that the Board was compliant with the tax laws.

Customer Action Plan

Government as part of the Strategic Management Initiative has endorsed 12 Quality Customer Service (QCS) principles for the public service. The 12 QCS principles are as follows:

1. Quality Service Standards
2. Equality/Diversity
3. Physical Access
4. Information
5. Timeliness and Courtesy
6. Complaints
7. Appeals
8. Consultation and Evaluation
9. Choice
10. Official Languages Equality
11. Better Co-ordination
12. Internal Customers

It is the Board's objective, as part of its "Strategy 2002-2005" to deliver the highest quality service to all our customers and has therefore included in its Strategy the delivery of a Customer Action Plan based on the 12 QCS principles.

The Board is committed to ensuring that the principles of QCS are embedded in every thing it

does, in its Strategy, human resource strategies and the commitment to quality customer service which extends not only to its customers but to staff throughout the organisation.

The Customer Action Plan to be published in 2004 will formalise and record what the Board currently does in relation to the QCS principles and will also identify how the Board plans to improve customer service levels.

A key initiative of the Customer Action Plan will include the drafting of a Customer Charter, reflecting customers' requirements, which will be displayed in the Board's offices and on its website.

ONGOING ACTIVITY

Administration

The administrative structures put in place to support the Board's activities operated satisfactorily in 2003.

The Board's policy at all times is to ensure the safety, health and welfare of its employees by maintaining a safe place and system of work pursuant to the requirements of the Safety, Health and Welfare at Work Act, 1989.

HUMAN RESOURCES

Training and Development

Training and Development is an ongoing process aimed at fulfilling organisational needs and personal growth. The Board provides learning resources for individuals and groups, based on needs identified through a Performance Management Development System (PMDS), changes in technologies, flexibility requirements and succession. Training is provided for all employees of the Board, both new and existing, through structured training events, both internally and externally. It is the Board's objective to ensure that all employees are properly selected, inducted and trained to the highest standard to ensure everyone has the correct knowledge and skills to deliver the best service possible to our customers.



Recruitment

It is the Board's intention that all staff and potential staff have equality of opportunity regardless of gender, marital status, family status, race, religion, sexual discrimination, disability, age and membership of the traveller community, in accordance with the Employment Equality Act, 1998. It is the Board's policy to attract and retain highly qualified and experienced staff to provide excellent customer service and who can contribute positively to the Board's values and culture. Selection is based on merit and a competency framework in accordance with best practice.

Partnership

The Partnership process aims to foster joint ownership in achieving the Boards objectives and it involves the commitment of all to improve the quality and efficiency of programmes and services and to enhancing the Boards role. The Partnership Committee held twelve meetings throughout 2003 and at its initial meeting agreed an agenda of work covering a number of areas including:

- 🔄 Review of PMDS
- 🔄 Work Environment/Health & Safety
- 🔄 Staff Suggestion Scheme
- 🔄 Quality Customer Service
- 🔄 Managing the Work Life Balance
- 🔄 Training and Development/Human Resources

On an ongoing basis the Committee reviews its action plan and determines exactly what Partnership's role is with regard to each item and what decisions it can make with regard to each item in addition to considering new items for inclusion.

Finance

Expenditure for the year ended 31 December 2003 amounted to €4.5m which represents an increase of 23% when compared to the previous year. The increased expenditure is primarily due to the NPAC expenditure of €0.5m which was fully recovered from the Department of Social and Family Affairs. €3.95m was generated in fee revenues pursuant to the Occupational Pension Schemes (Fees) (Amendment) Regulations, 1997 (S.I. 488 of 1997) and was broadly comparable to that raised in 2002 except for the collection of an additional €0.16m in fee arrears following the continuation of the special project to target arrears first commenced in 2002.

Miscellaneous income amounting to €0.09m was generated from interest on moneys held on deposit, the sale of publications and the reimbursement of benefits paid to retired staff under the Board's Staff Superannuation Scheme.

The surplus of income over expenditure arising from the year's operations amounted to €1.47m. The corresponding surplus in 2002 was €0.42m.

Fee Collection

At the end of 2003 circa 19,000 occupational pension schemes were obliged to pay the statutory fee for schemes with more than one member. 93,474 one-member schemes established on or after 1 January 1993 were also obliged to pay a statutory fee. The aforementioned figures exclude 'AVC (additional voluntary contribution)' and Death Benefit only schemes.

A large part of the Board's activities in respect of the registration of schemes, maintenance of the register and collection of fees was performed with the assistance of professional intermediaries acting on behalf of their trustee clients. The Board appreciates their ongoing co-operation.



Fee Collection - PRSA

Income in respect of PRSA product applications amounted to €75,000 in 2003.

The income stream from PRSA assets under investment and annual product fees did not commence until January 2004.

Financial Outlook

The Board decided to make a further transfer of €0.05m from the income and expenditure account to the Compliance Enforcement Reserve, which now stands at €0.3m.

The annual transfer from the income and expenditure account to depreciation provision together with the timing of fee income receipts may result in the Board, from time to time, having cash surplus to its immediate requirements. Where a cash surplus occurs, it is invested in short term low risk securities which yield an acceptable return consistent with the statutory functions and authority of the Board.

At the end of 2003, the Board's Revenue Reserve, being accumulated surpluses, was €2.5m.

A new Capital Reserve was created in 2001 and represents the element of funds provided to the Board by the Department and used to fund the PRSA capital expenditure incurred. It is transferred annually to the income and expenditure account by reference to the depreciation profile of the assets acquired. At the end of 2003, the Board had a Capital Reserve of €0.5m.



Financial Statements



Report of the Comptroller and Auditor General

FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

I have audited the financial statements on pages 48 to 59 under Section 22 of the Pensions Act, 1990.

RESPECTIVE RESPONSIBILITIES OF THE BOARD AND THE COMPTROLLER AND AUDITOR GENERAL

The accounting responsibilities of the Board are set out on page 45. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me and to report on them.

I review whether the statement on pages 46 and 47 reflects the Board's compliance with applicable guidance on corporate governance and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements.

BASIS OF AUDIT OPINION

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion, proper books of account have been kept by the Board and the financial statements, which are in agreement with them, give a true and fair view of the state of affairs of the Board at 31 December 2003 and of its income and expenditure and cash flow for the year then ended.

Gerard Smyth

For and behalf of the Comptroller and Auditor General

25 May 2004



Statement of Board Responsibilities

Section 22(1) of the Pensions Act, 1990, requires the Board to prepare financial statements in such form as may be approved by the Minister for Social and Family Affairs with the concurrence of the Minister for Finance. In preparing those financial statements, the Board is required to:

- 🌀 select suitable accounting policies and then apply them consistently;
- 🌀 make judgements and estimates that are reasonable and prudent;
- 🌀 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Board will continue in operation;
- 🌀 disclose and explain any material departures from applicable accounting standards.

The Board is responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Board and which enable it to ensure that the financial statements comply with Section 22(1) of the Pensions Act. The Board is also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Michael McNulty
CHAIRPERSON

Kevin Brabazon
BOARD MEMBER

7 May 2004



Chairperson's Statement on the System of Internal Financial Control

RESPONSIBILITY FOR SYSTEM OF INTERNAL FINANCIAL CONTROL

On behalf of the Board of the Pensions Board, I acknowledge our responsibility for ensuring that an appropriate system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely period.

KEY CONTROL PROCEDURES

The Board has taken steps to ensure an appropriate control environment by:

- clearly defining management responsibilities;
- establishing reporting procedures to control significant failures and ensuring appropriate corrective action.

The Board has established processes to identify and evaluate business risks by:

- identifying the nature, extent and possible implication of risks facing the Board including the extent and categories which it regards as acceptable;
- assessing the likelihood of identified risks occurring;
- assessing the Board's ability to manage and mitigate the risks that do occur;
- having regard to the costs of operating particular controls relative to benefit obtained.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability. In particular it includes:

- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board;
- regular reviews by the Finance & Audit Committee and Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- monthly cash-flow statement with analysis of major income and expenditure categories.

While due regard is had in terms of organisation size and operational needs to the proper control of capital investment and best practice in project management generally, formal guidelines specific to the Pensions Board requirements are being developed in these areas.

- During the year the Board appointed a firm of independent professional auditors to undertake our internal audit function. The internal audit function will operate in accordance with the Code of Practice for the Governance of State Bodies. The work of internal audit is informed by analysis of the risk to which the body is exposed and a full risk analysis exercise has been undertaken in that regard. The analysis of risk and the internal audit plans are endorsed by the Finance and Audit Committee and approved by the Board.

The Board's monitoring and review of the effectiveness of the system of internal financial control in 2003 was informed by the work of the Finance and Audit Committee which oversees the work of the executive managers within the Pensions Board who have responsibility for the development and maintenance of the financial control framework.

As implemented in the course of 2003, the internal audit function now also serves to inform the Board in terms of the effectiveness of the system of internal financial control.



ANNUAL REVIEW OF CONTROLS

The Board is satisfied that a system of internal financial control was in operation for the year ended 31 December 2003. This is affirmed by the control exercised by the executive management within the Pensions Board who have responsibility for the development and maintenance of the financial control framework. In addition, in October 2003, the internal auditors, carried out a review of the Board's key risk profile and related controls as had been approved by the Board in March 2003. While no specific review of the effectiveness of the system of internal financial control was carried out in 2003, the Board plans, through the Finance and Audit Committee and the internal auditors, to conduct a review of the effectiveness of the system of internal financial control in the year 2004.

The Pensions Board has also in the year ended 31 December 2003, through the ongoing activity of its Finance and Audit Committee, monitored the work of the Executive in the area of financial control. Specifically, the Committee examined the following:

- 🌀 Quarterly management accounts with analysis and explanation of significant deviations from budget;
- 🌀 Review of Annual Accounts for 2003 and explanation of significant variances;
- 🌀 Annual budget and financial plan for 2004.

Michael McNulty
CHAIRPERSON

7 May 2004



Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the accruals method of accounting and under the historical cost convention in the form approved by the Minister for Social and Family Affairs with the concurrence of the Minister for Finance in accordance with Section 22(1) of the Pensions Act, 1990.

Financial Reporting Standards recommended by the recognised Accountancy Bodies are adopted, as they become operative.

The results are denominated in Euro.

(B) FEE INCOME

Fee Income represents

- i) The amount estimated by the Board as collectable in respect of Occupational Pension Schemes in the year. This estimate takes account of cash receipts on foot of demands issued and the reasonableness of this figure is checked against the expected fee income based on the Board's computerised profile of schemes.
- ii) Amounts due in respect of application, product and annual fees levied on Personal Retirement Savings Account (PRSAs) providers. Annual PRSA fees are calculated by reference to the number of registered approved products and the value of funds under management by the provider as at 31 December the end of the prior year.

(C) STATE GRANT

State Grant represents the amount made available in respect of the year by the Department of Social and Family Affairs to

- i) Recoup the cost of superannuation benefits paid by the Board,
- ii) Meet the costs associated with the Board's role in relation to PRSAs, and
- iii) Meet the costs associated with the National Pensions Awareness Campaign (NPAC).

(D) PRSA CAPITAL RESERVE

This reserve represents the unamortised amount of State Grant used for the purchase of fixed assets and is amortised in line with depreciation of the relevant assets acquired.

(E) TAXATION

The Board is exempt from Corporation Tax under Section 220 of the Taxes Consolidation Act 1997.



(F) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is charged in the income and expenditure account, on a straight-line basis, at the annual rates set out below, so as to write off the assets, adjusted for estimated residual value, over the expected useful life of each appropriate category.

Leasehold improvements	6 $\frac{2}{3}$ %
Computer equipment	25%
Office furniture	12 $\frac{1}{2}$ %
Office equipment	20%
Motor vehicle	20%

A full year's depreciation is provided for in the year of acquisition.

(G) OPERATING LEASE

Rental payments are dealt with in the income and expenditure account in the year to which they relate.

(H) SUPERANNUATION

In view of the arrangements, as described in note 18, which the Board has in place in relation to the defined benefit scheme it operates for employees, the Board is of the view that the provisions of Financial Reporting Standard 17, Accounting for Retirement Benefits in relation to accounting for pension liabilities which arise under defined benefit schemes are not applicable to its circumstances.

Accordingly, the Board charges the employer contributions to income and expenditure in the year as if the scheme was a defined contribution scheme.

(I) COMPLIANCE ENFORCEMENT RESERVE

As the Pensions Board is a Statutory Regulatory body charged with monitoring and enforcing compliance by Scheme trustees with the provisions of the Pensions Act, 1990, it may be necessary for the Board, from time to time, to have recourse to legal action, in certain cases, in order to carry out its responsibilities in this regard.

Such action would necessarily involve the Board in significant costs.

It is not possible to anticipate when such cases may arise or the resulting level of costs, but the Board considers it prudent to ensure that adequate resources are available and to spread such costs over the years.

Accordingly amounts are transferred from the income and expenditure account to the compliance enforcement reserve when deemed necessary.



Income and Expenditure Account

FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTES	2003 €	2002 €
INCOME			
Occupational Pension Scheme fees		3,950,494	2,717,871
Personal Retirement Savings Account fees	1	75,000	380,000
<i>State grant in respect of :</i>			
Pension payments to retired staff		40,467	37,469
Personal Retirement Savings Account costs	1 & 17	1,412,745	885,249
National Pension Awareness Campaign costs	2	500,000	-
Other income	3	90,613	80,239
Total income		6,069,319	4,100,828
Transfer to PRSA capital reserve	13 & 17	85,080	5,673
		5,984,239	4,095,155
EXPENDITURE			
Salaries, pensions and related expenses	4	1,837,809	1,653,809
Board members fees and expenses		103,268	97,601
Accommodation and establishment expenses	5	774,077	722,488
Recruitment, training and education	6	128,852	104,752
Information, research and publicity		492,058	144,123
Consultancy and other professional fees	7	646,036	514,738
General administration	8	305,524	263,933
Depreciation	9	225,840	175,422
Total expenditure		4,513,464	3,676,866
		1,470,775	418,289
SURPLUS FOR THE YEAR			
Transfer to compliance enforcement Reserve	14	50,000	59,539
		1,420,775	358,750
Revenue reserve at 1 January		1,078,662	719,912
REVENUE RESERVE AT 31 DECEMBER		2,499,437	1,078,662

The Board has no gains or losses in the financial year or the preceding financial year other than those dealt with in the income and expenditure account.

The results for the year relate to continuing operations.

The statement of accounting policies, cash flow statement and notes 1 to 20 form part of these financial statements.

Michael McNulty
CHAIRPERSON

Anne Maher
CHIEF EXECUTIVE



Balance Sheet

AT 31 DECEMBER 2003

	NOTES	2003 €	2003 €	2002 €	2002 €
FIXED ASSETS					
Tangible assets	9		1,272,519		1,292,560
CURRENT ASSETS					
Debtors	10	589,810		320,083	
Cash at bank and on hand	16	1,674,551		534,893	
		2,264,361		854,976	
CURRENT LIABILITIES					
Creditors amounts falling due within one year	11	240,074		406,585	
Net current assets			2,024,287		448,391
TOTAL ASSETS			3,296,806		1,740,951
FINANCED BY					
Compliance enforcement reserve		300,000		250,000	
PRSA capital reserve	13 & 17	497,369		412,289	
Revenue reserve		2,499,437		1,078,662	
			3,296,806		1,740,951

The statement of accounting policies, cash flow statement and notes 1 to 20 form part of these financial statements.

Michael McNulty
CHAIRPERSON

Anne Maher
CHIEF EXECUTIVE

7 May 2004



Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTES	2003 €	2003 €	2002 €	2002 €
CASH FLOW STATEMENT					
Net cash inflow from operating activities	15		1,363,546		952,516
Returns on investments and servicing of finance					
Interest received		14,412		2,421	
Interest paid		-	14,412	(724)	1,697
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(238,300)		(173,622)	
Receipts from sale of tangible fixed assets		-	(238,300)	8,888	(164,734)
INCREASE IN CASH			1,139,658		789,479
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS					
Increase in cash in the year	16		1,139,658		789,479
Net funds at 1 January 2003			534,893		(254,586)
Net funds at 31 December 2003			1,674,551		534,893



Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2003

1. PRSA FUNDING AND COSTS

	2003 €	2002 €
PRSA state grant receivable in year	1,412,745	885,249
PRSA fees	75,000	380,000
Total in respect of PRSA costs	1,487,745	1,265,249
Applied in respect of PRSA costs:		
Non-capital	1,316,609	1,216,007
Capital	171,136	49,242
	1,487,745	1,265,249

2. NPAC FUNDING AND COSTS

The Pensions Board on behalf of the Government commenced the National Pension Awareness Campaign (NPAC) in 2003. An allocation of €500,000 from the Department of Social and Family Affairs was made available in the year for this purpose. The primary objective of this campaign was to heighten pensions awareness with a view to increasing pension coverage in Ireland.

The allocation was spent in the following main cost categories:

	2003 €	2002 €
Information and awareness activities	424,497	-
Research and measurement	21,119	-
Project management	26,775	-
Administration	27,609	-
	500,000	-

3. OTHER INCOME

	2003 €	2002 €
Publications	67,216	57,844
Interest income	24,144	3,186
Surplus on disposal of fixed assets	-	8,888
Miscellaneous income	(747)	10,321
	90,613	80,239



Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2003

4. EMPLOYEE NUMBERS AND COSTS

The total staff complement as approved by the Minister at 31 December 2003 was 38.5 permanent (2002 - 38.5 permanent). The average number of employees excluding contract staff for 2003 was 37 (2002 - 33). The aggregate employee and related costs were as follows:

	2003	2002
	€	€
Salaries	1,464,339	1,306,030
Employer superannuation contributions *	193,741	186,953
Employer PRSI contributions	105,902	92,259
Superannuation benefits payable	40,467	37,469
Contract Staff - general	33,360	31,098
	1,837,809	1,653,809

* See note 18

5. ACCOMMODATION AND ESTABLISHMENT EXPENSES

	2003	2002
	€	€
Rent	576,461	576,515
Service charge	62,552	102,466
Rates*	50,054	(22,220)
Electricity	32,041	13,929
Cleaning	18,349	17,732
Offsite storage	21,544	18,278
General maintenance	13,076	15,788
	774,077	722,488

* The Board, due to legislative changes, is liable for rates in respect of 2003.

The Board occupies office premises at Verschoyle House, Lower Mount Street, Dublin 2, under a 25 year lease, which commenced on 16 July 2001.

6. RECRUITMENT, TRAINING AND EDUCATION

	2003	2002
	€	€
Recruitment and staff costs	67,430	36,902
Training and education	61,422	67,850
	128,852	104,752



Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2003

7. CONSULTANCY AND OTHER PROFESSIONAL FEES

	2003 €	2002 €
Development of PRSA processes and procedures	126,324	146,007
Legal fees	151,938	115,223
Pensions/actuarial consultancy fees	153,022	99,902
Public relations and information	125,689	60,457
Recruitment consultancy	4,356	16,454
Management consultancy	40,694	58,122
Audit fees	11,950	10,950
Internal audit fees	10,999	-
Other	21,064	7,623
	646,036	514,738

8. GENERAL ADMINISTRATION

	2003 €	2002 €
Stationery and office expenses	63,658	91,196
Telephone and postage	126,546	55,914
Travel and subsistence	26,963	31,428
Insurances	12,463	9,711
Computer maintenance and consumables	74,904	74,239
Interest and charges	990	1,445
	305,524	263,933

9. TANGIBLE FIXED ASSETS

	Leasehold improvements €	Computer equipment €	Office furniture €	Office equipment €	Motor vehicle €	Total €
Cost or Valuation						
At 1 January 2003	1,127,912	377,827	161,692	97,421	38,430	1,803,282
Additions in year	-	191,711	1,916	12,173	-	205,800
Disposals in year	-	-	-	-	-	-
At 31 December 2003	1,127,912	569,538	163,608	109,594	38,430	2,009,082
Accumulated Depreciation						
At 1 January 2003	148,641	257,389	39,313	57,694	7,686	510,723
Charge for year	75,194	103,503	20,451	19,006	7,686	225,840
Disposals in year	-	-	-	-	-	-
At 31 December 2003	223,835	360,892	59,764	76,700	15,372	736,563
Net Book Value						
At 31 December 2002	979,271	120,439	122,379	39,727	30,744	1,292,560
At 31 December 2003	904,077	208,646	103,844	32,894	23,058	1,272,519



Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2003

10. DEBTORS

Amounts falling due within one year:

	2003 €	2002 €
Fee income	468,804	240,000
Prepayments and accrued income	35,319	57,617
PAYE/PRSI prepayment	33,890	-
Superannuation debtor	40,745	-
State grant debtor PRSA	-	21,146
Accrued interest receivable	11,052	1,320
	589,810	320,083

11. CREDITORS

Amounts falling due within one year:

	2003 €	2002 €
Accruals	219,788	267,084
State grant creditor PRSA	20,286	35,000
Taxation creditors	-	104,501
	240,074	406,585

12. FINANCIAL COMMITMENTS

(i) Capital Commitments

There were no capital commitments at 31 December 2003.

(ii) Operating Leases

The Board had commitments payable in the next twelve months under non-cancellable operating leases as follows:

	2003 €	2002 €
Lease of office accommodation		
Expiring within one year	-	-
Expiring after one year and before five years	-	-
Expiring after five years	554,342	554,342
	554,342	554,342



Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2003

13. PRSA CAPITAL RESERVE

	2003 €	2003 €	2002 €	2002 €
At beginning of year		412,289		406,616
Transfer from Income and Expenditure Account				
Current year grant	171,136		49,242	
Amortisation - assets capitalised in the year	(42,487)		(10,358)	
- prior year acquisitions	(43,569)	85,080	(33,211)	5,673
At end of year		497,369		412,289

14. COMPLIANCE ENFORCEMENT RESERVE

	2003 €	2002 €
At beginning of year	250,000	190,461
Transfer from income and expenditure Account	50,000	59,539
At end of year	300,000	250,000

15. RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

	2003 €	2002 €
Surplus for year	1,470,775	418,289
Non Operating Items		
Interest received	(14,412)	(2,421)
Interest paid	-	724
Non Cash Items		
Transfer to PRSA capital reserve	85,080	5,673
Surplus on disposal of fixed assets	-	(8,888)
Depreciation	225,840	175,422
Decrease/(increase) in debtors	(269,727)	427,822
(Decrease) in non capital creditors	(134,010)	(64,105)
Net cash inflow from operating activities	1,363,546	952,516



Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2003

16. ANALYSIS OF CHANGES IN NET FUNDS

	Cash at bank and in hand	Bank Overdraft	Total
	€	€	€
At beginning of year	534,893	-	534,893
Cash flows	1,139,658	-	1,139,658
At end of year	1,674,551	-	1,674,551

17. CONTINGENT LIABILITY

The state grant in respect of PRSA costs may become repayable in future years should fees received by the Board from PRSA providers exceed related costs.

State grants receivable in respect of the year total €1,412,745 (2002- €885,249). As at the year end the accumulated amount of state grant was €3,232,937 (2002 - €1,820,192).

18. ACCOUNTING TREATMENT FOR RETIREMENT BENEFITS *

The Board operates a defined benefit pension scheme for its employees. The scheme structure is based on the Public Service Model and is approved by the Minister and the Minister for Finance. Pension benefits payable under the scheme are funded by the Exchequer.

In addition, the Pensions Board arrangements have a number of specific characteristics:

- 🔄 the Board makes an agreed contribution to the Department of Social and Family Affairs;
- 🔄 the contribution comprises of an employee element along with an employer element. The employer contribution amounts to 16.66% of gross pay and is met entirely from the Board's own resources;
- 🔄 there is an explicit commitment from the Department of Social and Family Affairs, with the agreement of the Department of Finance, that the Exchequer will meet the cost of benefits as they fall due.

The Board considers that its pension arrangements as described above have the same financial effect from the Board's point of view as a defined contribution scheme. It is of the view that the provisions of Financial Reporting Standard 17, Accounting for Retirement Benefits, which arise under defined benefit schemes are not appropriate to its circumstances. Accordingly it accounts for its contribution as if the scheme was a defined contribution scheme.

* See note 4



Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2003

19. BOARD MEMBERS - DISCLOSURE OF TRANSACTIONS

The Board adopted procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by Board members and these procedures have been adhered to by the Board during the year. The Board from time to time engages the services of appropriately qualified outside consultants to undertake assignments to assist the Board in its work. Such contractual arrangements are subject to the normal tendering procedures, which apply throughout the public service. The award of any particular project is a matter for decision by the Board having regard to the requirements of the work to be carried out. Given the nature of its business the Board may enter into contractual arrangements with undertakings in which Board members are employed or are otherwise interested.

During 2003 the Board incurred fees payable to third parties, including legal fees, in respect of professional services in the amount of €646,036 inclusive of VAT. This amount includes €37,696 which was paid to Matheson Ormsby Prentice (Mr. Brian Buggy, Partner), €1,815 paid to The Finlay Consultancy Limited (Mr. Tom Finlay, Director) and €7,500 paid to Watson Wyatt LLP (Mr. Paul Kelly, Senior Partner).

In addition the Board acting on behalf of the Department of Social and Family Affairs, awarded to a syndicate of consultants a contract for the provision of consultancy assistance to review and report on the position and regulation of Income Continuance Plans. The consultants concerned were Watson Wyatt LLP (Mr. Paul Kelly, Senior Partner) and Matheson Ormsby Prentice (Mr. Brian Buggy, Partner). The Department paid directly €13,903 inclusive of VAT at 21% for this assignment in 2003.

20. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on May 7th 2004.



Prompt Payment of Accounts Act, 1997

The Pensions Board comes under the remit of the Prompt Payment of Accounts Act, 1997 which came into effect on 2 January 1998.

In accordance with the requirements as set out in Section 12 of the Act, we wish to report as follows:

The Pensions Board confirms that it is complying with the Prompt Payment of Accounts Act, 1997 which came into effect on 2 January 1998;

It is the policy of The Pensions Board to ensure that all invoices are paid promptly.

Almost all invoices are paid within 30 working days of their receipt. In the event of a written contract, invoices are paid in line with the terms of the contract;

In addition the Board has put in place a computerised system designed to assure itself on a lookback basis that there has been compliance with the payment provisions of the Act;

In the event of a dispute between the Board and a supplier, there is a procedure in place whereby contact between the Board and supplier, concerning the dispute, is recorded.

The procedure referred to can only provide reasonable and not absolute assurance against non-compliance with the Act;

No late payments arose during 2003 and accordingly no penalty interest payments were made in the year;

In conclusion, I am satisfied that the action the Pensions Board is taking in dealing with the Prompt Payment of Accounts Act, 1997 is in compliance with the Act.

Anne Maher
Chief Executive

7 May 2004



Appendix 1 – Pensions Legislation

The Pensions Act, 1990 was enacted on 24 July 1990. Since then it has been amended and a significant number of Regulations have been made under the Act by way of Statutory Instruments.

ACTS

Pensions Act, 1990	No. 25 of 1990
Social Welfare Act, 1991	No. 7 of 1991
Social Welfare Act, 1992	No. 5 of 1992
Social Welfare Act, 1993	No. 5 of 1993
Social Welfare (No. 2) Act, 1993	No. 32 of 1993
Pensions (Amendment) Act, 1996	No. 18 of 1996
Social Welfare Act, 1997	No. 10 of 1997
Social Welfare Act, 1998	No. 6 of 1998
Social Welfare Act, 1999	No. 3 of 1999
Social Welfare Act, 2000	No. 4 of 2000
Pensions (Amendment) Act, 2002	No. 18 of 2002
Social Welfare (Misc. Prov) Act, 2003	No. 4 of 2003

STATUTORY INSTRUMENTS

Pensions Act, 1990 (Sections 60 and 61) (Commencement) Order, 1990 S.I. No.329 of 1990
Pensions Act, 1990 (Parts III, IV and V) (Commencement) Order, 1990 S.I. No.330 of 1990
Pensions Act, 1990 (Parts I and II) (Commencement) Order, 1990 S.I. No.331 of 1990
Occupational Pension Schemes (Disclosure of Information) Regulations, 1990 S.I. No.332 of 1990* ₁
Pensions Act, 1990 (Part II) (Establishment Day) Order, 1990 S.I. No.343 of 1990

Occupational Pension Schemes (Disclosure of Information) Regulations, 1991 S.I. No.215 of 1991* ₆
Pensions Act, 1990 (Sections 59, 63 and 64) (Commencement) Order, 1991 S.I. No.259 of 1991
Occupational Pension Schemes (Registration) Regulations, 1991 S.I. No.325 of 1991
Occupational Pension Schemes (Funding Standard) Regulations, 1991 S.I. No.371 of 1991* ₂
Occupational Pension Schemes (Fees) Regulations, 1991 S.I. No.372 of 1991* ₅
Occupational Benefit Schemes (Equal Treatment) Regulations, 1992 S.I. No.365 of 1992
Pensions Act, 1990 (Part VII) (Commencement) Order, 1992 S.I. No.366 of 1992
Occupational Pension Schemes (Fees) (Amendment) Regulations, 1992 S.I. No.367 of 1992* ₅
Occupational Pension Schemes (Preservation of Benefits) Regulations, 1992 S.I. No.445 of 1992* ₁₁
Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) Regulations, 1993 S.I. No.216 of 1993* ₃
Occupational Pension Schemes (Preservation of Benefits) (Special Calculations) Regulations, 1993 S.I. No.217 of 1993* ₁₂
Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) (No. 2) Regulations, 1993 S.I. No.399 of 1993* ₄
Occupational Pension Schemes (Funding Standard) Regulations, 1993 S.I. No.419 of 1993
Occupational Pension Schemes (External Schemes) (United Kingdom) Regulations, 1994 S.I. No.238 of 1994* ₁₀



Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1995
S.I. No.273 of 1995*₇

Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) (No. 3) Regulations, 1996
S.I. No.376 of 1996

Occupational Pension Schemes (Oral Hearing) Regulations, 1997
S.I. No.77 of 1997

Occupational Pension Schemes (Revaluation) Regulations, 1997
S.I. No.76 of 1997

Pension Schemes (Family Law) Regulations, 1997
S.I. No.107 of 1997

European Communities (Occupational Benefit Schemes) Regulations, 1997
S.I. No.286 of 1997

Occupational Pension Schemes (Fees) (Amendment) Regulations, 1997
S.I. No.488 of 1997*₁₄

Occupational Pension Schemes (Revaluation) Regulations, 1998
S.I. No.35 of 1998

Occupational Pension Schemes (Disclosure of Information) Regulations, 1998
S.I. No.112 of 1998*₁₃

Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1998
S.I. No.320 of 1998*₈

Occupational Pension Schemes (Disclosure of Information) (No. 2) Regulations, 1998
S.I. No.349 of 1998

Occupational Pension Schemes (Funding Standard) (Amendment) (No. 2) Regulations, 1998
S.I. No.568 of 1998

Occupational Pension Schemes (Revaluation) Regulations, 1999
S.I. No.5 of 1999

Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1999
S.I. No.298 of 1999*₉

Occupational Pension Schemes (Revaluation) Regulations, 2000
S.I. No.13 of 2000

Occupational Pension Schemes (Preservation of Benefits) (Amendment) Regulations, 2000
S.I. No.262 of 2000

Occupational Pension Schemes (Disclosure of Information) (Amendment) Regulations, 2000
S.I. No.296 of 2000

Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 2000
S.I. No.337 of 2000

Occupational Pension Schemes (External Schemes) (United Kingdom) Regulations, 2000
S.I. No.469 of 2000

Occupational Pension Schemes (Schemes with External Members) (United Kingdom) Regulations, 2000
S.I. No.470 of 2000

Occupational Pension Schemes (Revaluation) Regulations, 2001
S.I. No.23 of 2001

Occupational Pension Schemes (Schemes with External Members) (United Kingdom) (Amendment) Regulations, 2001
S.I. No.329 of 2001

Occupational Pension Schemes (Revaluation) Regulations, 2002
S.I. No.18 of 2002

Pensions (Amendment) Act, 2002 (Part I and Sections 6, 9 to 12, 15 to 28, 30 to 36, 40, 44, 50 to 55 and 59)(Commencement) Order, 2002
S.I. No.276 of 2002

Occupational Pension Schemes (Preservation of Benefits) Regulations, 2002
S.I. No.279 of 2002

Occupational Pension Schemes (Preservation of Benefits) (Special Calculations) Regulations, 2002
S.I. No.277 of 2002

Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 2002
S.I. No.278 of 2002



Pensions (Amendment) Act, 2002 (Section 3 (In so far as it relates to the S.I. No.502 of 2002 insertion of Sections 91 to 120 into the Pensions Act, 1990) and Sections 4, 7, 13, 14, 38, 56 and 57) (Commencement) Order, 2002 Personal Retirement Savings Accounts (Disclosure) Regulations, 2002 S.I. No.501 of 2002

Personal Retirement Savings Accounts (Operational Requirements) S.I. No.503 of 2002

Regulations, 2002 Personal Retirement Savings Accounts (Fees) Regulations, 2002 S.I. No.506 of 2002

Pensions (Amendment) Act, 2002, (Certain Sections) (Commencement) Order, 2002 S.I. No.609 of 2002

Occupational Pension Schemes (Fees) (Amendment) Regulations, 2002 S.I. No. 610 of 2002

Personal Retirement Savings Accounts (Functions of the Pensions Board) Regulations, 2002 S.I. No. 611 of 2002

Occupational Pension Schemes (Disclosure of Information) (Amendment) Regulations, 2003 S.I. No.4 of 2003

Occupational Pension Schemes (Revaluation) Regulations, 2003 S.I. No.77 of 2003

Pensions (Amendment) Act, 2002, (Sections 121 (3), (4), (5) and (6)) (Commencement) Order, 2003 S.I. No.78 of 2003

Pensions (Amendment) Act, 2002 (Section 5, in so far as that section inserts sections 126 to 130, 146 and 147 of Part XI into the Pensions Act, 1990) (Commencement) Order, 2003 S.I. No.119 of 2003

Pensions (Amendment) Act, 2002 (Sections 45 to 49) (Commencement) Order, 2003 S.I. No.120 of 2003

Pensions (Amendment) Act, 2002 (Sections 29 and 37) (Commencement) Order, 2003 S.I. No.128 of 2003

Social Welfare (Miscellaneous Provisions) Act, 2003 (Section 24) (Commencement) Order, 2003 S.I. No.129 of 2003

Personal Retirement Savings Accounts (Operational Requirements) (Amendment) Regulations, 2003 S.I. No.341 of 2003

Personal Retirement Savings Accounts (Disclosure) (Amendment) Regulations, 2003 S.I. No.342 of 2003

Pensions (Amendment) Act, 2002, (Section 125) (Commencement) Order, 2003 S.I. No.359 of 2003

Pensions (Amendment) Act, 2002 (Section 3 (In so far as it relates to the insertion of Sections 121 (Except in so far as that section is already in operation), 123, 124(1)) and 125 into the Pensions Act, 1990)) (Commencement) Order, 2003 S.I. No.389 of 2003

Pensions (Amendment) Act, 2002 (Section 5 (Except in so far as that Section is already in operation) and Sections 8 and 58) (Commencement) Order, 2003 S.I. No.398 of 2003

Social Welfare (Miscellaneous Provisions) Act, 2003 (Section 23) (Commencement) Order, 2003 S.I. No.399 of 2003

Pensions Ombudsman Regulations, 2003 S.I. No.397 of 2003 Occupational Pensions Schemes and Personal Retirement Savings Accounts (Transfer) Regulations, 2003 S.I. No.429 of 2003

Pensions (Amendment) Act, 2002 (Section 3 (in so far as it relates to the insertion of Section 124 (2) into the Pensions Acts)(Commencement) Order, 2003 S.I. No.739 of 2003

Occupational Pension Schemes and Personal Retirement Savings Accounts (Overseas Transfer Payments) Regulations, 2003 S.I. No. 716 of 2003

Occupational Pension Schemes (Revaluation) Regulations, 2004 S.I. No. 49 of 2004



- *1 Revoked from 1 August 1991
- *2 Revoked from 31 December 1993
- *3 Revoked from 21 December 1993
- *4 Revoked from 20 November 1996
- *5 Revoked from 31 December 1997
- *6 Revoked from 31 March 1998
- *7 Revoked from 2 September 1998
- *8 Revoked from 27 September 1999
- *9 Revoked from 28 September 2000
- *10 Revoked from 31 December 2000
- *11 Revoked from 2 June 2002
- *12 Revoked from 2 June 2002
- *13 Revoked from 1 July 1999
- *14 Revoked from 18 December 2002

Copies of the Acts and Regulations may be bought through any bookseller, or directly from the Government Publications Sale Office, Sun Alliance House, Molesworth Street, Dublin 2.



Appendix II - Operative Dates of Parts of the Pensions Act, 1990, as amended

		DATE
PART I	Preliminary and General	21 December 1990
PART II	Establishment of Pensions Board	21 December 1990
PART III	Preservation of Benefits	1 January 1991
PART IV	Funding Standard	1 January 1991
PART V	Disclosure of Information in Relation to Schemes	1 January 1991
PART VI	Trustees of Schemes	
	Section 59	1 November 1991
	Section 59C	29 March 2000
	Sections 60 and 61	1 January 1991
	Section 62	21 December 1993
	Sections 63 and 64	1 November 1991
PART VII	Equal Treatment for Men and Women in Occupational Benefit Schemes	1 January 1993
PART VIII	Compulsory and Voluntary Reporting to the Board	2 July 1996
PART IX	Miscellaneous Applications to the High Court	2 July 1996
PART X	Personal Retirement Savings Accounts	7 November 2002
PART XI	Pensions Ombudsman	28 April 2003



Appendix III – Publications

The following publications are available from

The Pensions Board,

Verschoyle House,

28/30 Lower Mount Street

Dublin 2.

Telephone: (01) 613 1900

Fax: (01) 631 8602

Email: info@pensionsboard.ie

Web: <http://www.pensionsboard.ie>

So You're a Pension Scheme Trustee?

Is My Pension Secure? ^

What Do You Know About Your Pension Scheme?

What Happens to My Pension if I Leave?

Selecting Member Trustees

The Pensions Board ^

What Happens When Your Pension Scheme is Wound Up or a Merger/Acquisition Takes Place?

A Guide to Your Scheme's Annual Report

A Brief Guide to the Pension Provisions of the Family Law Acts

A Brief Guide to Annuities

A Brief Guide to Integration

Women & Pensions

Pensions (Amendment) Act, 2002 – Frequently Asked Questions (FAQs)

Personal Retirement Savings Accounts (PRSAs) – Employers' Obligations

Personal Retirement Savings Accounts (PRSAs) - A Consumer Guide

What are my Pension Options?

^ Available in Irish also.

LEGISLATION SERVICE**

Subscribers to this service receive in two folders the consolidated texts of the Pensions Act and the Act's Regulations, including all amendments made to date. They also receive updates whenever further amendments to the Act or its Regulations are made.

GUIDANCE NOTES**

Designed for use principally by those who are professionally involved with occupational pension schemes and Personal Retirement Savings Accounts (PRSAs), the Pensions Board has prepared a compendium of Guidance Notes on the requirements of the Pensions Act, 1990, as amended, and its Regulations, and on the pension provisions of the Family Law Acts, as follows:

Appointment and Removal of Trustees by the Board

Compulsory and Voluntary Reporting to the Board

Determinations by the Board under Sections 38, 53, 58, 64(A) and 75 of the Pensions Act.

Disclosure of Information

Equal Treatment for Men and Women

Member Participation in the Selection of Trustees

Pension Provisions of Family Law Act, 1995 and Family Law (Divorce) Act, 1996;

Preservation of Benefits and Minimum Value of Contributory Retirement Benefits

*** Available by subscription only.*