



An tÚdarás Pinsean
The Pensions Authority

THE PENSIONS AUTHORITY STATEMENT OF STRATEGY 2022 TO 2024

www.pensionsauthority.ie

INTRODUCTION

The Pensions Authority's Statement of Strategy 2022 to 2024 sets out our vision, mission and values and the strategic objectives and high-level strategies that will underpin our work programme for the next three years.

The statement of strategy is divided into four main sections.

Section 1: our vision, mission and values

Our vision defines our long-term ambition for occupational pensions¹. Our mission sets out the activities and roles we will undertake in order to further our vision. Our values are the principles we adopt in delivering this strategy.

Section 2: the operating context

Our strategy is a reflection of and a response to the environment in which we operate and the organisational strengths and challenges of the Authority.

Section 3: strategic objectives and enablers

This section sets out what we want to achieve and undertake in order to advance our vision and fulfil our mission during the term of the strategy, and what enablers are needed to achieve this. We have included some high-level indicators and outcomes which will be used to identify and measure progress in each area of activity. These may be added to over the course of the strategy.

The strategy statement sets out our priorities for the duration of the strategy and where we will deploy our resources. Our annual business planning process and our annual output statements and KPIs will be drawn up to align to this statement of strategy.

Section 4: culture statement

The culture statement sets out the kind of workplace we want to create in order to achieve the objectives of the organisation.

Strategy review

We will review the strategy at the end of 2023 to evaluate progress in achieving our vision, mission and objectives. A key focus will be to determine how many schemes have wound up and transferred members and assets to multi-employer schemes or to PRSAs. If the numbers of schemes are not reducing significantly, we will have to assess whether a new or revised strategy is required to achieve our objectives.

¹ The term "occupational pensions" includes PRSAs and trust RAC schemes.

SECTION 1 – VISION, MISSION, AND VALUES OF THE PENSIONS AUTHORITY

Our vision

A pensions system where retirement savings are secure, well-managed, cost-efficient and easily understood, and which encourages pensions savings.

Our mission

1. To regulate pension schemes and PRSAs effectively and efficiently and thereby foster public confidence in pensions.
2. To support pension scheme trustees and the public through providing guidance and information.
3. To provide expert advice to the Minister for Social Protection and to the Government on pension matters.

Our values

Public interest – we act in the interests of the welfare and well-being of the general public and society.

Professionalism – we carry out our work with skill, expertise, good judgement, and respect.

Integrity – we act honestly and ethically and are committed to accountability and transparency.

Effectiveness – we concentrate our efforts on successfully producing a desired result.

Efficiency – we avoid wasting materials, energy, efforts, money, or time.

Responsiveness – we adapt as circumstances change in order to meet our objectives.

Independence – we act objectively and impartially in carrying out our functions.

SECTION 2 – THE OPERATING CONTEXT

The key challenges and opportunities in our operating environment in late 2021 are:

Economic and fiscal context

There is considerable uncertainty about the ongoing impact of Covid-19, increased Government debt and international economic developments. This uncertainty contributes to volatile investment markets and uncertain outcomes for those at or near retirement. Also, interest rates remain historically low: this makes it more difficult for all savers to secure retirement income, and creates particular challenges for defined benefit (DB) schemes in meeting their liabilities.

Demographic pressures and longevity

An ageing population will put increasing pressures on the pensions system in the decades ahead. In particular, the cost of the State Retirement Pension is expected to increase, which may result in greater dependence on supplementary pensions. Increased longevity means that people spend longer in retirement: this increases the challenge for the pensions system of providing appropriate and affordable benefits during these years.

The policy context

The State Retirement Pension is and will continue to be the fundamental element of retirement provision. However, many people who wish to maintain their standard of living in retirement will need to have supplementary pensions savings in addition to the State Pension. This underlines the importance of having a properly regulated pensions system in which pensions savers have confidence.

Though delayed by the reallocation of resources in the response to Covid, the development of an automatic enrolment pensions scheme forms part of the current Programme for Government. Work on the overall design of automatic enrolment is at an advanced stage and is expected to be decided shortly. Thereafter, the necessary legislative, organisational and process structures will follow through over the course of 2022 and 2023.

The supervisory context

The recent transposition of the IORP II directive into Irish law represents a significant change for Irish occupational pension schemes and for the Authority. The new legislation obliges us to oversee relevant schemes on a forward-looking risk-based supervisory basis, which will result in a much more challenging, judgement-based and intrusive oversight approach.

The transposition imposes new and more demanding obligations on many pension scheme trustees: in many cases, these obligations require a level of complexity and detailed

process that is considerably beyond their current practices. It will not be practical or economic for many schemes to comply with these new obligations, and the trustees and the sponsoring employer will have to consider multi-employer master trusts or PRSAs as a better means of retirement provision. Neither is it practical for the Authority to apply forward-looking risk-based supervision to tens of thousands of pension schemes. It is difficult to see how trustee compliance and forward-looking risk-based supervision can be achieved without considerable consolidation of pension schemes.

One member schemes which were established before the transposition on 22 April 2021 have been given a five-year derogation from the governance requirements of the new legislation. The effect of this is to reduce the immediate pressure on everyone to implement the new obligations, but it will be necessary to plan a smooth transition for those tens of thousands of one member schemes which will become subject to significant new obligations in 2026.

The transposition of IORP II will have particular significance for the trustees of funded defined benefit schemes. The trustees will be obliged to have a comprehensive understanding of the financial position and dynamics of their scheme and make appropriate strategic decisions. Many defined benefit schemes do not currently consider a sufficiently wide range of financial information. For some schemes at least, consideration of such new information will make it clear that meeting the scheme's benefit obligations is going to be very demanding and in some cases, the sponsoring employer may not be in a position to provide the necessary financial support.

The role of the Pensions Authority

The Pensions Authority's most important role is the supervision of scheme trustees and PRSAs. The obligations on scheme trustees are considerably more demanding and complex than they have been before and the supervisory and regulatory role of the Pensions Authority has accordingly become more challenging and extensive. This complexity is likely to increase as a result of changes to the financial environment and new obligations originating in the EU. One such example is the application of environmental, social and governance factors to trustee investment decisions: the volume and sophistication of the information available about these matters is likely to improve, and this will result in increased demands on trustees' decision processes. It is also possible that there will be further obligations imposed on trustees in the coming years.

In addition to its supervisory responsibilities, the Authority will be expected to provide much more information and guidance than in the past and to make clear what its expectations are of regulated entities.

The Authority expects to be more accountable for the work it does, and in turn, will expect those it supervises to be accountable in their turn.

SECTION 3 – STRATEGIC OBJECTIVES AND ENABLERS

Strategic objectives	Key outcomes	High-level strategies	High-level indicators
<p>1. The Irish pensions system will comprise stable and sound occupational pensions that are well managed to appropriately high standards</p>	<ul style="list-style-type: none"> • Compliant pension schemes • Compliant PRSA operations • Good member outcomes • Trustees, PRSA providers and other relevant stakeholders have a clear understanding of what their obligations are and what best practice is 	<ul style="list-style-type: none"> • We will clearly articulate our expectations of trustees and other regulated entities • We will apply forward-looking risk-based supervision to relevant pension schemes • We will use our knowledge from oversight and regulatory data to identify where information and guidance would be most useful • Issues of non-compliance will be addressed effectively in a proportionate and consistent manner • We will use our data to make our supervisory activity as effective and efficient as possible 	<ul style="list-style-type: none"> • Qualitative assessment of scheme annual compliance returns • Qualitative assessment of annual section 119 returns • Periodic surveys of trustee and PRSA provider understanding
<p>2. The Pensions Authority will be well known as an accessible, relevant, and practical source of information for the public, members, contributors and beneficiaries</p>	<ul style="list-style-type: none"> • Our information services are used by the pensions sector and by the public • Our information is relevant, reliable, and understandable 	<ul style="list-style-type: none"> • We will promote the availability of our information • We will have available high-quality and easily accessible information and materials • We will have a high-quality enquiry service for members of the public 	<ul style="list-style-type: none"> • Website and enquiries usage rates • Website user surveys
<p>3. The Pensions Authority will be a valuable source of expert advice to the Minister for Social Protection and to the Government on pension matters</p>	<ul style="list-style-type: none"> • Pensions Authority advice is clearly articulated, and Government policy is properly informed 	<ul style="list-style-type: none"> • We will continue to advise the Government on implementation of the Pensions Roadmap and provide expertise and guidance on pensions • We will conduct research and data analysis to inform our policy function and advice 	<ul style="list-style-type: none"> • Assessment by Authority members

Enablers	Key outcomes	High-level strategies	High-level indicators
<p>Enabler 1</p> <p>Right people in right place with right supports</p>	<ul style="list-style-type: none"> No key person risk Flexible responses to changing circumstances Adequately resourced projects and tasks 	<ul style="list-style-type: none"> Assessment of skills needs and workforce planning Outsourcing strategy Staff training and development – technical and personal Recognise good performance and manage underperformance 	<ul style="list-style-type: none"> Periodic management assessment of key person risk
<p>Enabler 2</p> <p>Work planning and processes</p>	<ul style="list-style-type: none"> Good planning Objectives achieved Collaborative systems and work practices to facilitate a hybrid working environment 	<ul style="list-style-type: none"> Deploy project management processes throughout the organisation Apply change management processes to appropriate projects Maximise the role of IT and data in supervision support Create systems to deliver reliable, timely and relevant data efficiently 	<ul style="list-style-type: none"> Annual assessment of project and change management effectiveness
<p>Enabler 3</p> <p>High quality IT systems</p>	<ul style="list-style-type: none"> High quality, flexible and intuitive software for pensions data collection and supervision Repetitive manual processes minimised Reliable, secure and robust systems 	<ul style="list-style-type: none"> Use OGCIO to provide our main IT systems and servers, and benefit from their systems and expertise, while ensuring that we have the capacity to monitor and test our systems in line with best practice Build and maintain internal expertise so that new pensions software can be built and maintained in-house as far as possible Ensure that all new pensions software built is flexible and can be easily adapted as requirements change in future Providing Applied Programming Interfaces to the pensions sector to allow data to be provided to our systems automatically Consult users of our software, both internally and externally, about planned changes to our systems 	<ul style="list-style-type: none"> Periodic IT performance and security audit
<p>Enabler 4</p> <p>Relevant, reliable, accessible and timely data</p>	<ul style="list-style-type: none"> Accurate and timely data Assessment of risk in schemes is supported by high quality data Staff have access to the data they need, when they need it 	<ul style="list-style-type: none"> Rejection of data which does not pass validation Data already on our systems will be reviewed and corrected, as far as possible Put a business intelligence solution in place, which will give access to the data in the data warehouse 	
<p>Enabler 5</p> <p>Good corporate governance and controls</p>	<ul style="list-style-type: none"> Full compliance with code of practice for state bodies and with statutory obligations, such as tax, employment law, health and safety etc 	<ul style="list-style-type: none"> Corporate governance and compliance processes 	<ul style="list-style-type: none"> Internal and external audit findings

SECTION 4 – PENSIONS AUTHORITY CULTURE STATEMENT

To achieve the Pensions Authority's vision and mission, the organisation and each of us must be good at what we do and we must act in accordance with our organisation's values in carrying out our role. Our values are: the public interest, professionalism, integrity, independence, effectiveness, efficiency and responsiveness. Our aim is that the public and our Authority colleagues will find us to be knowledgeable, efficient, reliable, sensible, and clear. We also want the Pensions Authority to be a good place to work.

To achieve this we will:

- work together and support each other;
- encourage contributions from everyone – we will listen to different views and always aim to be open-minded;
- keep our promises and meet our commitments;
- provide and encourage staff development and training, for the benefit of the Pensions Authority and for employees; and
- encourage and support each other to maintain an appropriate work/life balance.

All of us have a part to play in making this happen. We expect everyone to contribute to an inclusive and respectful work culture and to play their part in the important work of the Authority.

