



An tÚdarás Pinsean
The Pensions Authority

STATEMENT OF STRATEGY
2016 - 2020

INTRODUCTION

The Pensions Authority's Statement of Strategy 2016 – 2020 sets out our vision, mission, values and the strategic objectives and high level strategies that will underpin our work programme for the next 5 years. We will review the strategy at mid-term to assess whether the current statement of strategy continues to be appropriate to guide the Authority's activities or whether the environmental and operational context has altered to such an extent that a new or revised strategy is required*.

The statement of strategy is divided into three main sections and an appendix.

Section 1 - Vision, mission and values of the Pensions Authority

Our vision is our long term ambition for pensions. Our mission reflects our primary purpose which is to regulate and ensure compliance with the Pensions Act, but it also captures other important roles: providing guidance and support on how to be compliant; providing understandable and relevant information to the public including addressing queries and providing the Department of Social Protection with technical support and advice in relation to pensions and pensions policy research.

Section 2 - The operating context

A considerable level of analysis of the external and regulatory environment in which the Pensions Authority operates and potential changes during the term of this strategy has informed its preparation. Internal factors (organisational skills, capacities, internal communications and culture) have also been taken into account in framing this strategy and in identifying realistic strategic objectives which we believe can be met.

Section 3 - Strategic objectives and enablers

This section sets out what added value we will deliver and what impact we will make to progressing our vision and achieving our mission during the term of this strategy. We have included some high level performance indicators and outcomes which will be used to identify and measure progress in each area of activity.

The statement of strategy sets out our priorities and where we will deploy our resources. Our annual business planning process, annual output statements and Key Performance Indicators (KPIs) will be aligned to this statement of strategy.

Appendix: Risk priorities

The Authority's hierarchy of risk priorities are set out in the appendix.

* The Authority considered the strategy in Q3 2018 and again in Q2 2019. A full strategic review will be undertaken in 2020.

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

Our vision

A pensions landscape where pensions savings are secure, well-managed and understandable and which encourages pensions savings.

Our mission

The Pensions Authority's mission is to:

1. Foster public confidence in pensions by regulating pension schemes and PRSAs effectively and efficiently.
2. Support pension scheme trustees and the public through providing guidance and information.
3. Provide expert advice to the Minister for Social Protection to help inform policy development.

Our values

- Public interest
- Professionalism
- Integrity
- Effectiveness
- Efficiency

SECTION 2 - THE OPERATING CONTEXT

The key challenges and opportunities in our operating environment are:

Economic and fiscal context

There has been a considerable improvement in public finances since we prepared our previous statement of strategy and unemployment, while still high, has reduced. However there is considerable uncertainty about international economic developments creating volatile investment markets and uncertain outcomes for those at or near retirement. Also interest rates remain low and this makes it more difficult for all savers to secure retirement income and creates particular challenges for Defined Benefit (DB) schemes that have not matched their pensioner liabilities with bonds.

Demographic pressures and longevity

An ageing population will put increasing pressures on the pensions system in the decades ahead. In particular, public pensions expenditure is expected to rise and workers who wish to maintain their standard of living in retirement will need to have supplementary pensions savings. It is important for pensions' savers to know that pension schemes and PRSAs, to which they are contributing, are being regulated in a proactive and visible manner.

The policy context

In 2015 the Tánaiste and Minister for Social Protection set up a working group under the leadership of the Department of Social Protection (DSP) to prepare proposals for a universal retirement savings system for consideration by the Government. The creation of such a system would potentially be the most significant change to pension provision in Ireland for decades.

At the same time, the Tánaiste asked the Pensions Authority to bring forward proposals to reform and simplify the wider pensions landscape by making pension rules easier to understand and by removing duplications and anomalies in the current system. Schemes need to have greater capacity to provide consistently good value, good investment choices and high standards of communication to members. Reforms in this space will include developing proposals for the DSP on how

to restructure Defined Contribution (DC) schemes to reduce the number of schemes and increase efficiency and value for members and proposals on PRSAs, particularly in areas of charges and tax reliefs and transferability into PRSAs, as well as providing ongoing technical support to the DSP as required.

Defined benefit pension provision

Funded defined benefit provision is in effect a closed book and no new funded defined benefit schemes are being set up. However the liabilities of DB schemes total about €60 billion and therefore it is very important that the trustees adopt good financial management practices and have established processes to identify and mitigate risks.

Compliance and regulation

Those who are saving for retirement in pension schemes have increasing expectations both of the performance of those who have charge of their savings and of the Pensions Authority as a regulator. As a result, the compliance obligations on those involved in pensions will continue to grow. It is also possible that further obligations will be created as a result of developments in the EU.

The increasing complexity creates both a requirement and a demand for more guidance on how the regulatory obligations should be met and what is expected of those who are looking after the retirement savings of others.

Statutory remit

The role of the Pensions Authority is to promote and support compliance with the Pensions Act and to swiftly address any non-compliance it comes across. It is not, however, responsible for running pension schemes and PRSAs; the responsibility for managing pension schemes and PRSAs and for making decisions relevant to their operation and management rests with the trustees, the PRSA providers and employers. The Pensions Authority is responsible for ensuring those managing and providing services to pension schemes and PRSAs operate in compliance with the requirements of the Pensions Act.

SECTION 3 - STRATEGIC OBJECTIVES AND ENABLERS

Strategic objectives	Key outcomes	High-level strategies	High-level indicators
<p>1. The Pensions Authority will monitor and supervise occupational pension schemes and PRSAs to ensure they continue to be or will be well managed by competent trustees, providers and administrators.</p>	<ul style="list-style-type: none"> Well managed DB schemes Well run DC schemes Compliant PRSA operations Issues of non-compliance will be addressed effectively/ dealt with in a proportionate and consistent manner Improved member outcomes 	<ul style="list-style-type: none"> We will be proactive and visible in encouraging and supporting compliance and dealing with non-compliance We will regulate in accordance with our hierarchy of risk priorities We will use data analysis to focus our regulatory efforts We will use our knowledge from oversight and regulatory data to identify where information and guidance would be most useful 	<ul style="list-style-type: none"> Number of DB schemes compliant with the funding standard Monitoring results of proactive regulatory scheme activity Number and seriousness of issues uncovered by scheme administration reviews Issues uncovered as a result of PRSA provider/PRSA product inspections and desk audits of actuarial reports
<p>2. Scheme trustees, the pensions industry and employers can rely on the Pensions Authority for guidance and support on what the Authority expects.</p>	<ul style="list-style-type: none"> Trustees and PRSA providers and other relevant stakeholders should have a clear understanding of what their obligations are and what best practice is 	<ul style="list-style-type: none"> We will produce and maintain model documents for DB and DC schemes We will produce and maintain codes of conduct and guidance on best practice in relevant areas under our remit We will address issues of concern and queries identified by stakeholders that are within our statutory remit We will clearly articulate the Pensions Authority position on compliance and governance issues as they arise. 	<ul style="list-style-type: none"> Number of articles and publications A set of up-to-date model documents and guidance covering all areas of regulatory responsibilities
<p>3. 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"> We will be well known for those wishing to obtain information on pensions Our information is relevant, reliable and understandable 	<ul style="list-style-type: none"> We will continue to grow our profile We will have available high quality and easily accessible information and materials We will have a high quality enquiry service 	<ul style="list-style-type: none"> Enquiry statistics Feedback from customers Customer survey every two years Website traffic
<p>4. The Pensions Authority will be a valuable source of technical pensions advice, knowledge, information and support to the DSP</p>	<ul style="list-style-type: none"> Pensions Authority advice is acted upon 	<ul style="list-style-type: none"> We will develop a comprehensive, detailed blueprint for a pensions structure that delivers on our vision and provide it to the DSP as a potential basis to inform their policy deliberations We will conduct research and data analysis to inform and aid the work of the Universal Retirements Savings Group 	<ul style="list-style-type: none"> Satisfaction of DSP and Minister Satisfaction of other relevant Departments

Enablers	Key outcomes	High-level strategies	High-level indicators
<p>Enabler 1 Right people in right place with right support</p>	<p>Strategic objectives successfully met over the term of the strategy</p>	<ul style="list-style-type: none"> • Update our workforce plan • Motivate, develop and support our people in up-skilling and ensure staff build personal development plans • Develop sourcing strategies to ensure ready access to key skills and knowledge • Decide what work may be more appropriate to resource externally • Recognise good performance and manage underperformance • Seek to implement mobility and secondment arrangements • Maintain and continue to improve communications and knowledge flows 	<ul style="list-style-type: none"> • Priority reporting on our business plans • Consistency of setting targets and management of performance • Improvements to business processes etc achieved through training
<p>Enabler 2 Technology and processes</p>	<p>Continue to deploy technology and processes to improve efficiency and effectiveness in the use of our resources</p>	<ul style="list-style-type: none"> • Develop our IT systems to streamline and optimise their effectiveness across the organisation • Use data to inform evidenced- based decision making and to assess compliance • Continue to refine business processes to enhance regulation • Ensure data management systems can be used by staff for risk assessment in order to improve effectiveness of regulation and as a driver for compliance 	<ul style="list-style-type: none"> • Improved productivity
<p>Enabler 3 Good corporate governance and controls</p>	<p>Full compliance with code of practice for state bodies</p>	<ul style="list-style-type: none"> • Ensure integrated risk management, strategic planning, business planning systems and processes • Maintain internal controls in line with best practice • Maintain compliance with all statutory requirements 	<ul style="list-style-type: none"> • Comptroller and Auditor General audits • Internal audit reports • Risk register • Finance controls • End of year accounts

APPENDIX - RISK PRIORITIES

In order to ensure that its regulatory practices are efficient and that activities are directed to the most important and effective means, the Authority adopts a supervisory approach based on a hierarchy of risk priorities:

- 1st priority:** misappropriation of pension assets or contributions
- 2nd priority:** lack of governance or maladministration impacting on benefits/failure to pay benefits due
- 3rd priority:** DB solvency
- 4th priority:** failure to provide prescribed information to members
- 5th priority:** failure by regulated entities to submit accurate and timely data to the Authority

This order represents the seriousness of the risks, not the likelihood of their occurrence. These priorities will determine general Authority regulatory activity, but we will ensure that no area is overlooked. Because regulation depends on Authority access to reliable information, we will especially target failure to provide the Authority with information required under the Pensions Act, including whistleblowing obligations.



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