

News Release

“The Pensions Authority publishes its Annual Report and Accounts 2016”

15 August 2017: Today, the Pensions Authority published its Annual Report and Accounts for 2016.

Commenting on the Annual Report, the Chairman of the Pensions Authority David Begg said: “The priorities of the Authority are to oversee, support and improve Irish occupational pensions and PRSAs. The Authority supervises compliance with the Pensions Act by scheme trustees, Personal Retirement Saving Account (PRSA) providers, Registered Administrators and employers. There are some 160,000 schemes with over 770,000 active members holding more than €100 billion in assets, and over 250,000 individual PRSA contracts with over €5.6 billion in assets. Our work reflects the importance of these pensions in maintaining standards of living in retirement.”

The Pensions Regulator, Brendan Kennedy said: “2016 was a busy year. The annual report sets out the wide range of activity undertaken by the Authority. The Authority’s compliance supervision work takes first priority at all times. As this report shows, the level of misappropriation is low, although it continues to be a concern. Funded pensions savings represent about €100 billion of savings and it is important that these are properly managed to the standard that the public has a right to expect. As for any regulator, our work must comprise a proper balance between enforcement and support activities. Levels of compliance will be higher where those who are subject to regulation are clear about their specific obligations and about what actions are necessary to be compliant. The guidance issued to date has been welcomed by the pensions sector, and the Authority is committed to maintaining and expanding such guidance.”

Looking forward, the Regulator said: “An important event for pensions during 2016 was the adoption of the revised E.U. Directive on pensions, usually referred to as IORPs II. The deadline for transposition into national law is January 2019. Work on IORP II will therefore be a high priority for the Authority for the next two years, and this will involve providing technical support and advice to the Department of Social Protection, and preparing the necessary changes to our oversight of pensions, and communicating with and supporting those affected by the changes. The requirements of the new Directive are consistent with the Authority’s views of what changes are needed to the Irish pension system.”

The Regulator, added: “Although the new Directive involves no changes in principle, it defines more specifically the obligations and expectations of those who manage

pension schemes, which in Ireland means trustees. The Directive also imposes specific obligations on each country to ensure that the regulator actively supervises these obligations. It is an objective of the Directive to support a supervisory culture that is risk based and proactive and its implementation will involve considerable change for Irish pensions.”

Regulatory activity and 2016 outputs at a glance:

- 32 new investigations were opened into various alleged breaches of the Pensions Act. The alleged breaches varied from deduction and non-remittance of pension contributions to failure to reply to a statutory request for information
- 32 investigations were finalised and closed during the year
- 11 onsite inspections of RAs were undertaken to assess standards of pension administration, data management and levels of compliance with the Pensions Act
- 147 meetings were held with trustees, RAs, pension providers and public service administrators to discuss a range of compliance issues
- 322 compliance desk audits of schemes were carried out covering various obligations under the Pensions Act
- 446 defined benefit schemes were in compliance with the funding standard as at 31 December 2016. All bar eight of the remaining 231 schemes have agreed funding proposals designed to bring the scheme into compliance with the standard. The Authority is maintaining close engagement with the trustees of these eight schemes
- three funding proposals from DB schemes were approved
- three applications to reduce accrued benefits from DB schemes were approved
- 262,000 data submissions from regulated entities were processed through the Authority’s Pension Data Register
- the Authority dealt with some 10,000 general pension enquiries.

Support, information and guidance

During the year the Authority:

- in March published its Statement of Strategy 2016 – 2020 setting out the objectives of the Authority for the next five years

- in April issued guidance on Section 48A of the Pensions Act which provides for the payment of certain amounts by the Minister for Finance to the trustees of a scheme, in circumstances where the resources of the scheme are not sufficient to discharge liabilities in relation to certain benefits
- in July published a consultation paper containing its proposals for reform and simplification of supplementary private funded pensions
- in October issued revised statutory guidance in relation to section 34 of the Pensions Act which sets out the parameters for the calculation of minimum transfer values
- in October published the final two codes in the series of 11 Codes of Governance for DC schemes
- in December published two guidance documents in relation to investment issues for trustees of Defined Benefit (DB) schemes.

Prosecutions

In 2016, 23 prosecutions were concluded where the Authority secured convictions in 12 cases. Defendants received the benefit of the Probation Act in two other cases and a further seven were struck out due to payment of arrears. Two cases were dismissed on appeal. In total, fines of €20,850 were imposed by the Courts.

The convictions in the 12 cases were as follows:

- seven cases related to the deduction and non-remittal of employee pension contributions to schemes (section 58A(1))
- five cases related to failure to respond to a statutory request for information from the Authority (section 18).

PRSA data

The number of PRSA contracts increased by 13,111 to 250,719 with assets under management of €5.6 billion. The contracts consisted of:

- 185,707 Standard PRSA contracts
- 65,012 Non-Standard PRSA contracts.



Occupational scheme membership data

Number of schemes with active members as at 31 December 2016								
Scheme Size	Defined Contribution		Defined Benefit				All Schemes	
	No of Schemes	Active Members	Subject to the Funding Standard		Not Subject to the Funding Standard		No of Schemes	Active Members
			No of Schemes	Active Members	No of Schemes	Active Members		
Frozen	n/a	n/a	212	0	0	0	212	0
In wind-up	n/a	n/a	32	0	0	0	32	0
Non Group	57,666	57,666	0	0	2	2	57,668	57,668
1 to 50	9,317	60,918	262	3,576	39	771	9,618	65,265
51 to 99	339	23,520	52	3,794	11	748	402	28,062
100 to 500	305	62,354	80	20,552	21	4,304	406	87,210
501 to 1,000	46	31,658	18	11,228	7	5,389	71	48,275
1,001+	30	63,666	21	72,385	21	348,859	72	484,910
2016 Total	67,703	299,782	677	111,535	101	360,073	68,481	771,390
2015 Total	67,125	281,629	715	125,995	99	339,155	67,939	746,739
Change since 2015	578	18,153	-38	-14,460	2	20,918	542	24,651

ENDS

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Note to Editors

The Pensions Authority is the statutory body established by the Pensions Act, 1990 to regulate occupational pension schemes, trust based RACs and Personal Retirement Savings Accounts (PRSAs) www.pensionsauthority.ie