

Scheme survey 2022

Findings report

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Background

In November 2020, the Pensions Authority surveyed a sample of the trustees of defined contribution (DC) and defined benefit (DB) schemes to assess trustee preparedness for the then impending legislative changes to transpose the IORP II Directive (the Directive). The overall findings of that survey indicated there was a general level of awareness of the Directive among trustees but also a reluctance to make changes to meet the requirements until after the Directive was transposed into law.

The European Union (Occupational Pension Schemes) Regulations, 2021 (S.I. No. 128 of 2021) were signed on 22 April 2021, transposing the requirements of the Directive into Irish law under the Pensions Act 1990, as amended (the Act).

In June 2022, the Authority surveyed the trustees of 160 DC and 160 DB schemes to assess the progress made by trustees to meet the requirements of the Act ahead of the deadline for full compliance on 1 January 2023.

The scheme trustee contact addresses were randomly selected from the Authority's Pensions Data Register, with some overlap between schemes that were surveyed in 2020, and again in 2022.

The surveys were sent to the trustees on 13 June 2022, and respondents were given three weeks to complete the survey. The survey was voluntary and anonymous. Master trusts were not included in the survey.

Of the 320 emails sent, 22 failed to deliver to the email address on file (19 DC and 3 DB).

- 116 of the 141 DC schemes, or 82.27%, responded
- 156 of the 157 DB schemes, or 99.36%, responded.

This is a considerable improvement on the 2020 survey, where just over 50% of the trustees and their schemes that were surveyed responded. The Authority is grateful to all who took the time to provide this information to us.

Some of those surveyed did not complete all questions, and the data provided in this report is based on actual responses received.

Survey questions

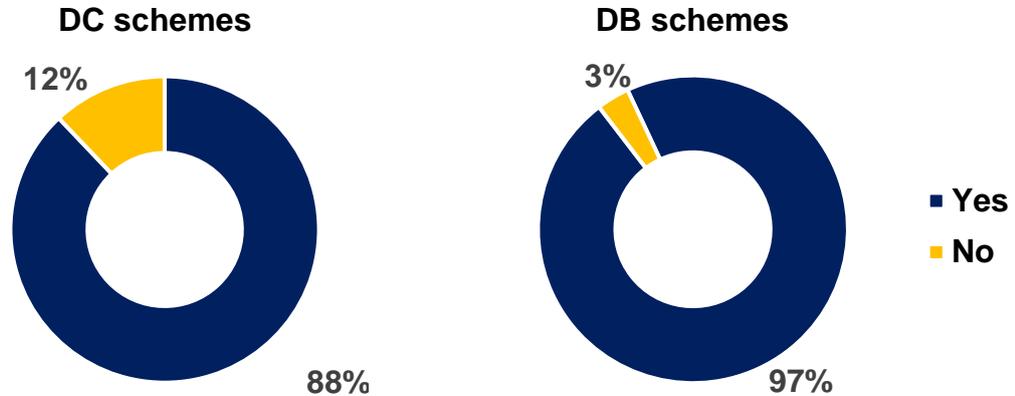
1. What is the total membership of the scheme?

Membership	50 or less	51 to 250	251 to 500	501 to 1000	1001 or greater
DC	49%	32%	7%	7%	5%
DB	17%	27%	13%	17%	26%

2. What is the size of the scheme fund in total assets?

Assets	≤ €10m	€11m to €50m	€51m to €100m	€101m to €150m	€151m to €250m	€251m to €500m	€501m to €1b	> €1b
DC	73%	19%	4%	4%			0%	0%
DB	13%	29%	16%	5%	7%	9%	9%	12%

3. Has the trustee board completed a review of the impact of the IORP II requirements on the future of the scheme?



3(a).What date will this review be completed?

Those that answered 'No' were asked what date this review will be completed.

DC responses

Thirteen DC schemes provided a date for when the review will be completed, as follows:

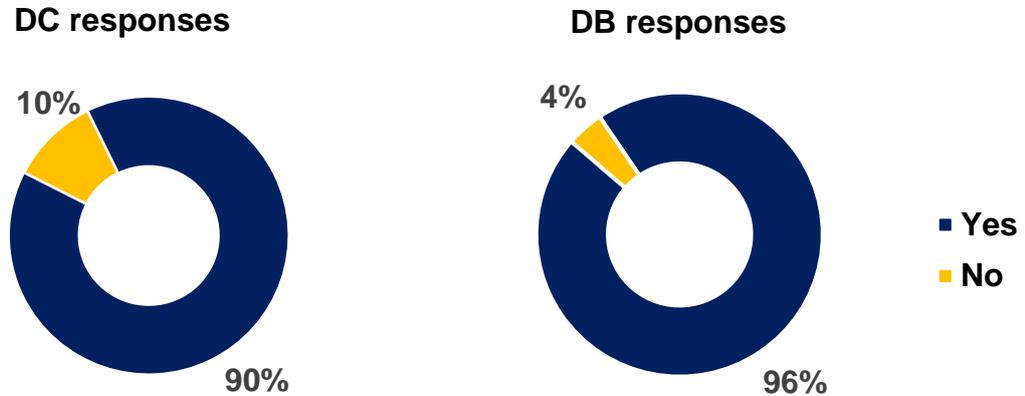
- one scheme advised they would complete the review by 30 June 2022,
- eleven schemes advised they would complete the review by 30 September 2022, and
- one scheme advised they had no review date planned.

DB responses

Four DB schemes provided a date for when the review will be completed, as follows:

- one scheme advised they would complete the review by 30 September 2022, and
- three schemes advised they had no review date planned.

4. Has the trustee board consulted with the employer on the future of the scheme?



4(a). When does the trustee board plan to consult with the employer?

Those that answered 'No' were asked what date the trustee board planned to consult with the employer.

DC responses

Ten DC schemes provided a date for when they planned to consult with the employer, as follows:

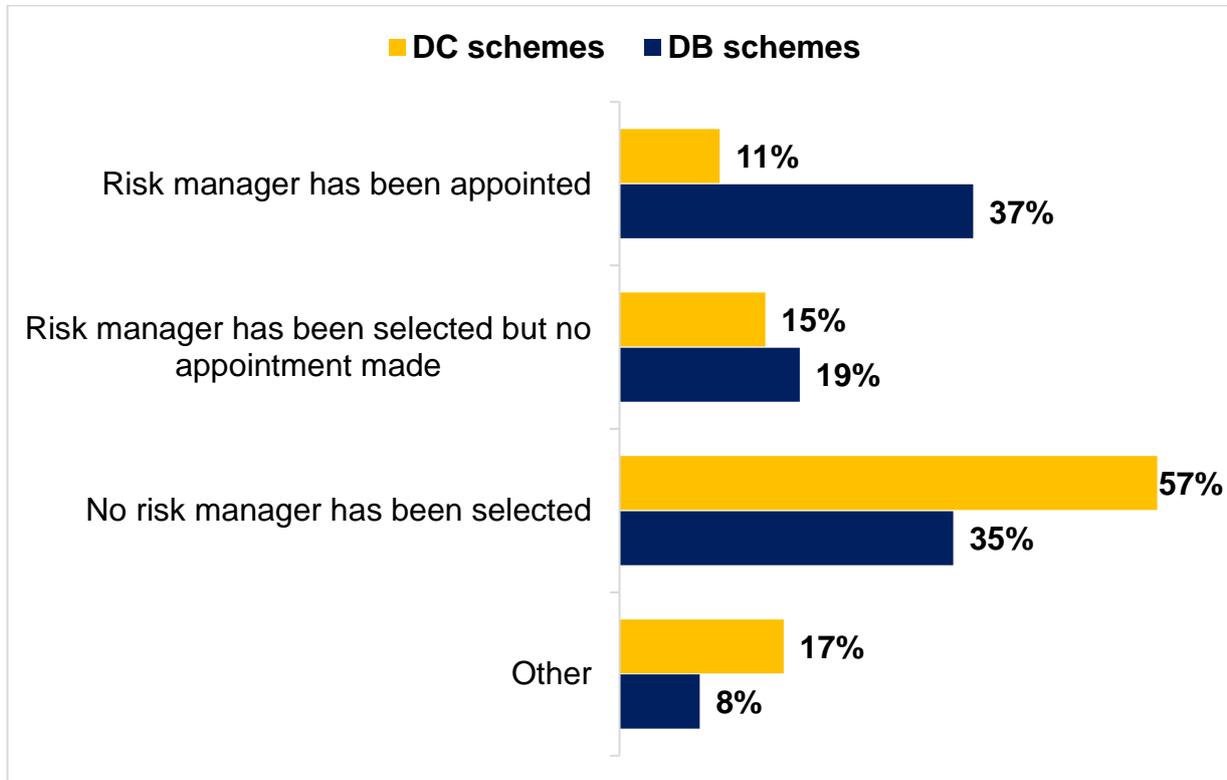
- one scheme advised they would consult with the employer by 30 June 2022,
- seven schemes advised they would consult with the employer by 30 September 2022, and
- two schemes advised they had no date planned to consult with the employer.

DB responses

Six DB schemes provided a date when they planned to consult with the employer, as follows:

- one scheme advised they would consult with the employer by 30 September 2022, and
- five schemes advised they had no date planned to consult with the employer.

5. Has the trustee board appointed the risk manager key function holder?



'Other'

The option of 'other' was provided, with space for free text to allow respondents to comment on the question.

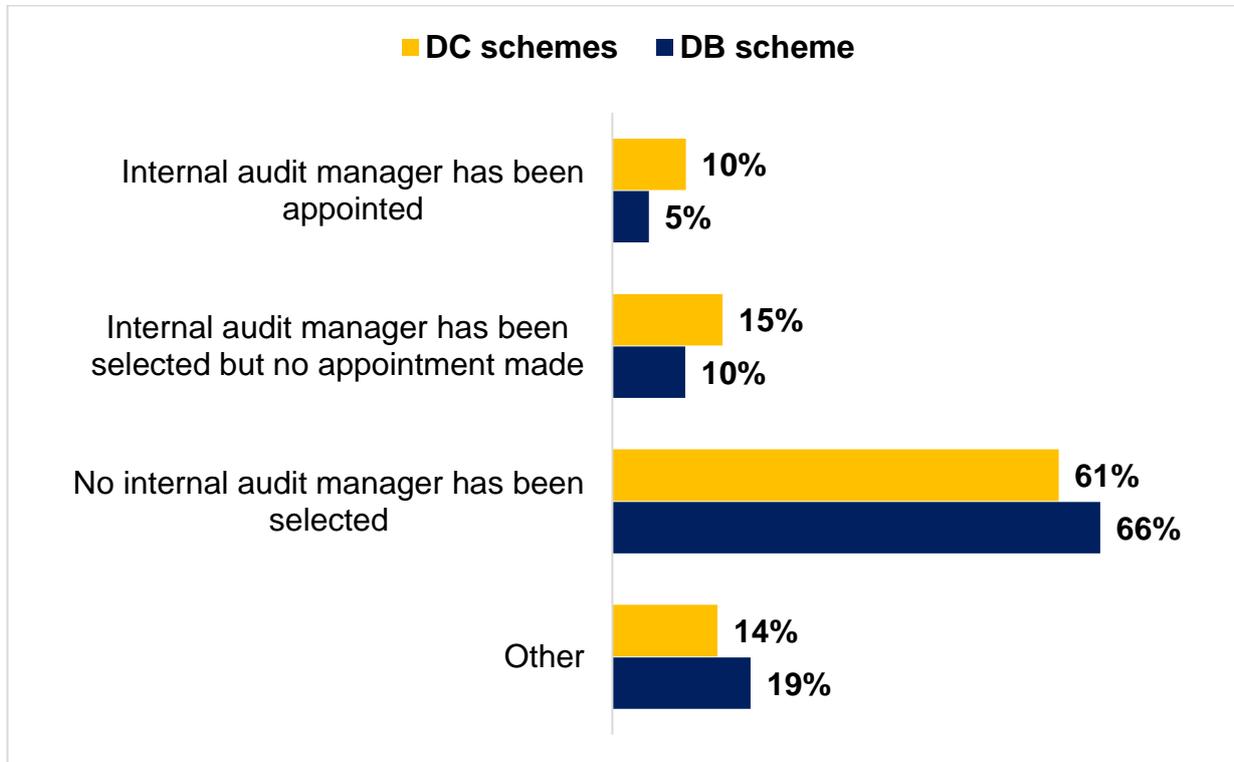
Of the DC respondents who selected 'other':

- most advised they planned on either moving to a master trust, or winding-up the scheme, and
- the rest indicated they were in the process of appointing a risk manager.

Of the DB respondents who selected 'other':

- all indicated they were in the process of appointing a risk manager,
- some indicated they were still awaiting quotations,
- some advised they were reviewing their options/candidates, and
- some advised they were awaiting formal approval by the trustee board.

6. Has the trustee board appointed the internal audit manager key function holder?



‘Other’

The option of ‘other’ was provided, with space for free text to allow respondents to comment on the question.

Of the DC respondents who selected ‘other’:

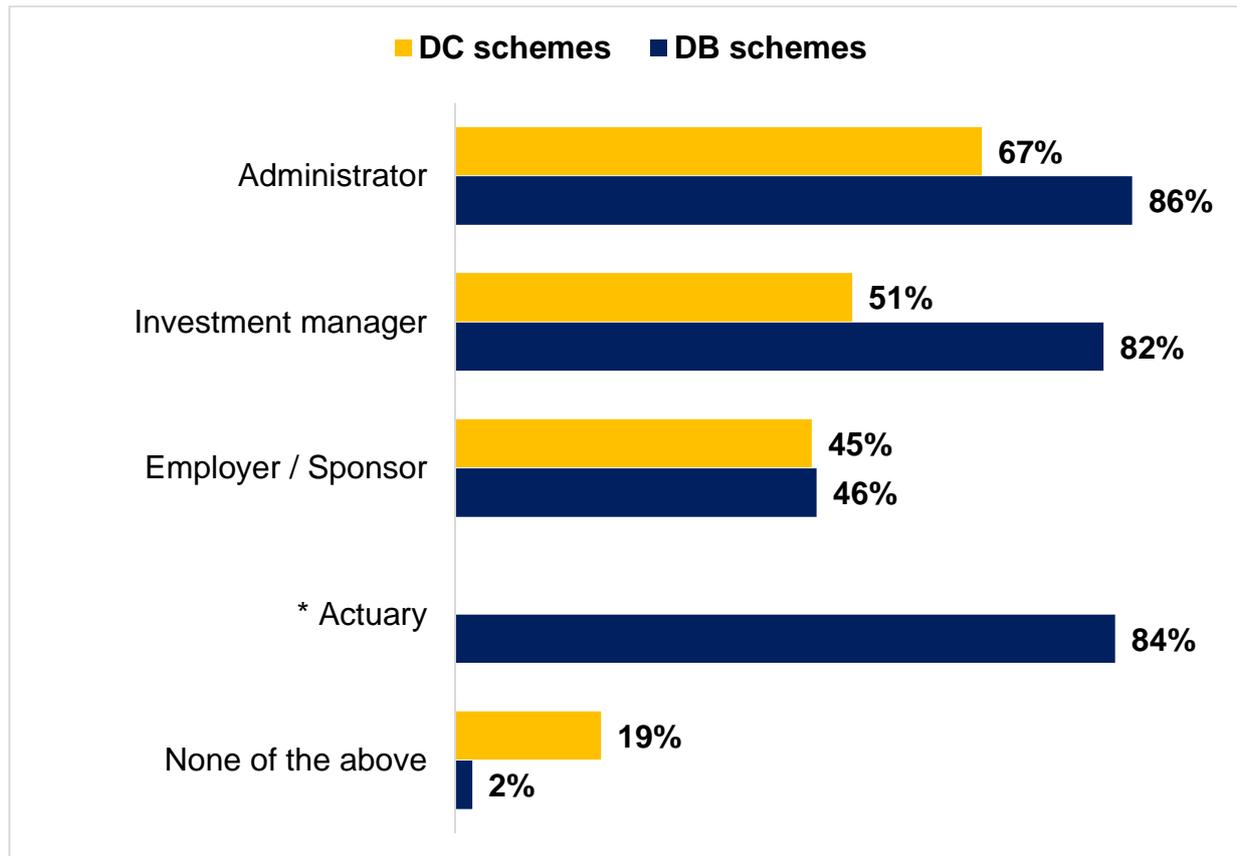
- most advised they planned on either moving to a master trust, or winding-up the scheme, and
- the rest indicated they were in the process of appointing an internal audit manager or planned on appointing someone later in the year.

Of the DB respondents who selected ‘other’:

- all indicated they were in the process of appointing an internal audit manager
- some indicated they were still awaiting quotations,
- some advised they were reviewing their options/candidates, and
- some advised they were awaiting formal approval by the trustee board.

7. Does the trustee board currently have a written contract/ agreement in place with the following?

For this question, respondents could select all answers that applied. The breakdown below shows the percentage of schemes that have the following written contracts/ agreements in place.



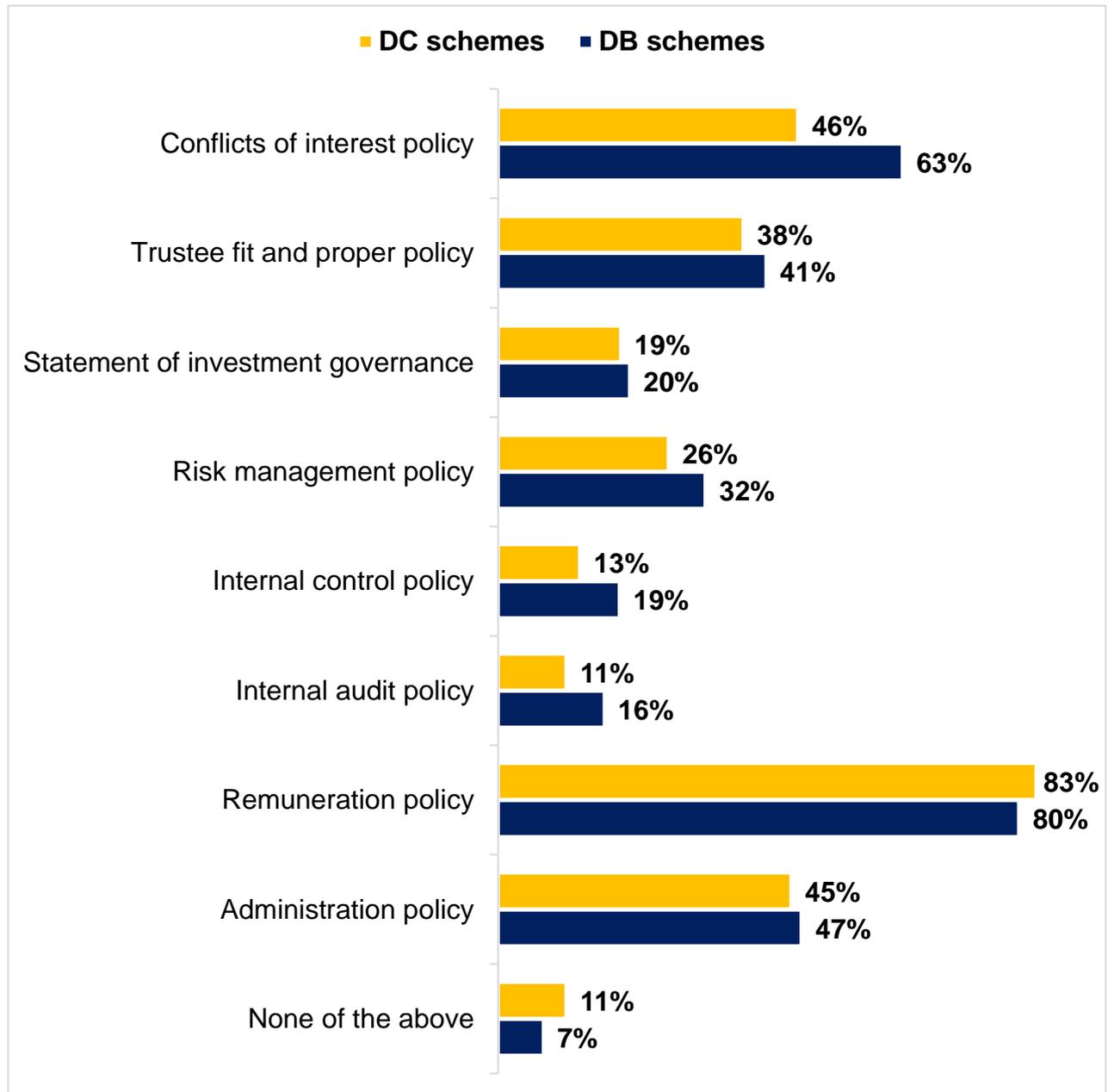
* not applicable to DC schemes

The option for free text was provided, with space to allow respondents to comment on the question:

- many DB schemes advised their contracts were in the review stages, and
- of the DC respondents, those who answered that they had none of the above contracts in place also advised they were either moving to a master trust or were undecided on the future of the scheme (Q. 11(a)).

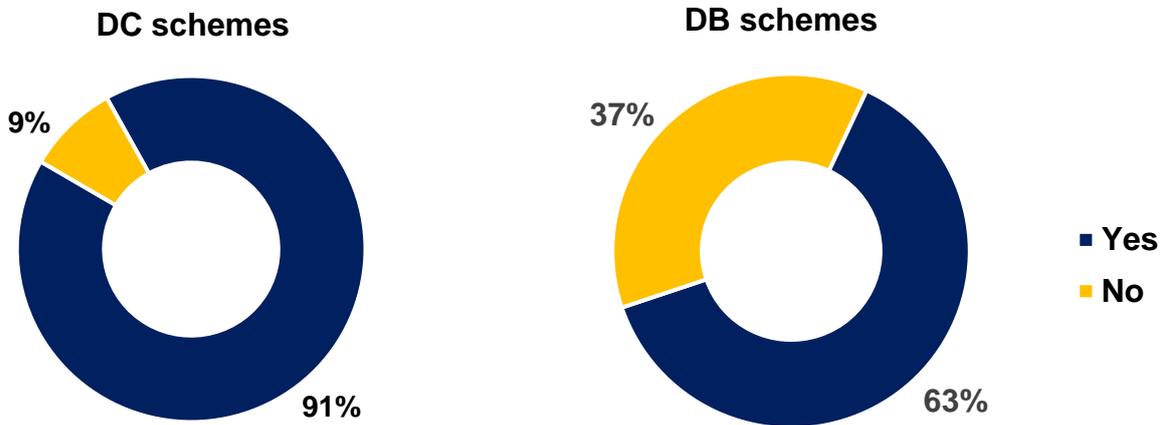
8. Does the trustee board currently have the following policies in place?

For this question, respondents could select all answers that applied. The breakdown below shows the percentage of schemes that have the following policies in place.



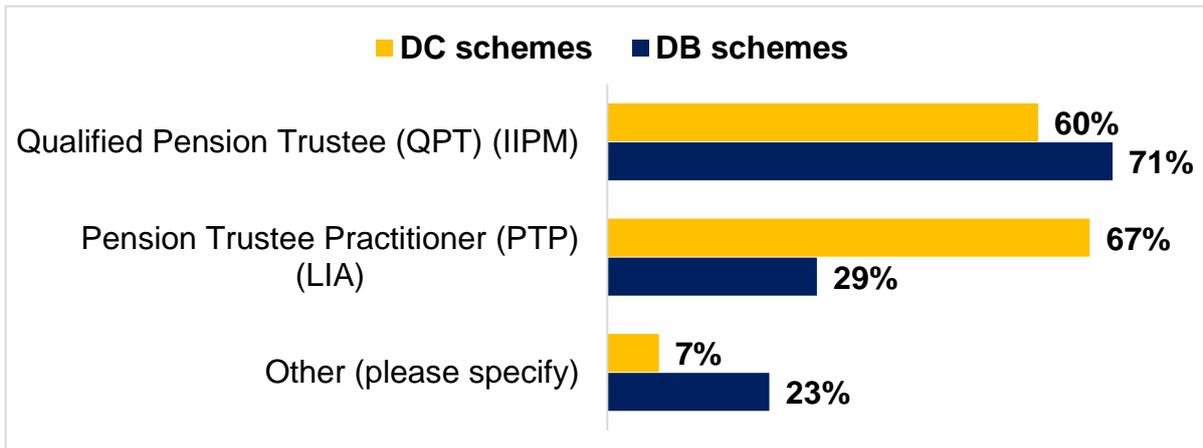
Of the DC respondents, all those who answered that they had none of the above policies in place advised they were either moving to a master trust or were undecided on the future of the scheme (Q. 11(a)). Of the DB respondents who answered that they had none of the above in place, more than half advised they were planning on continuing the scheme (Q.11(a)).

9. The trustee board must collectively have appropriate qualifications, knowledge, and experience to act for the scheme. Does the trustee board collectively meet the appropriate qualifications, knowledge, and experience requirements?



9(a).What is the designated trustee qualification(s) acquired?

This question was asked only of those respondents who answered ‘Yes’ to question 9. Respondents could select multiple answers.



‘Other’

The option of ‘other’ was provided, with space for free text to allow respondents to comment on the question:

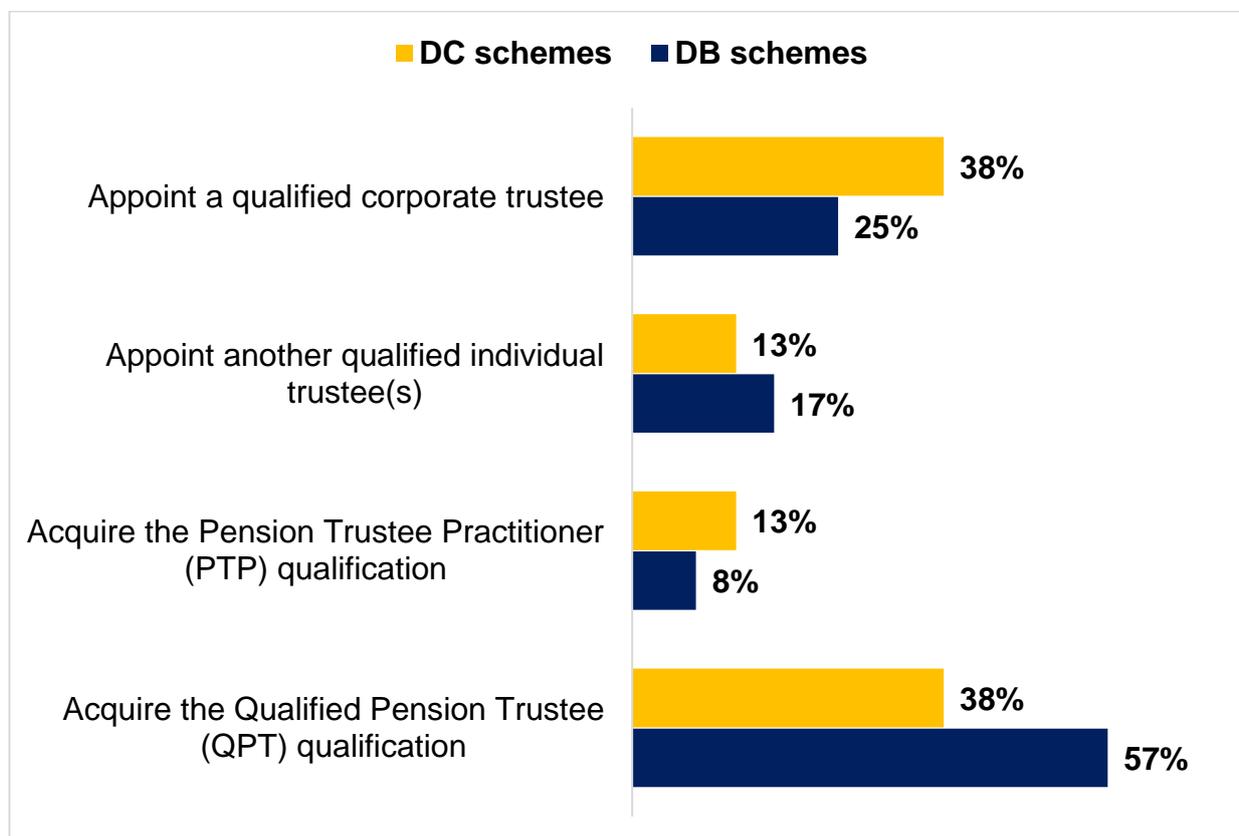
- many of the DB and DC respondents advised they were awaiting exam results (though the answers did not indicate with which organisation they had sat their exams);

- others answered they held other qualifications, such as actuarial, accounting or trustee training; and
- some respondents advised they held no formal qualifications, and others answered that they planned on appointing a professional trustee.

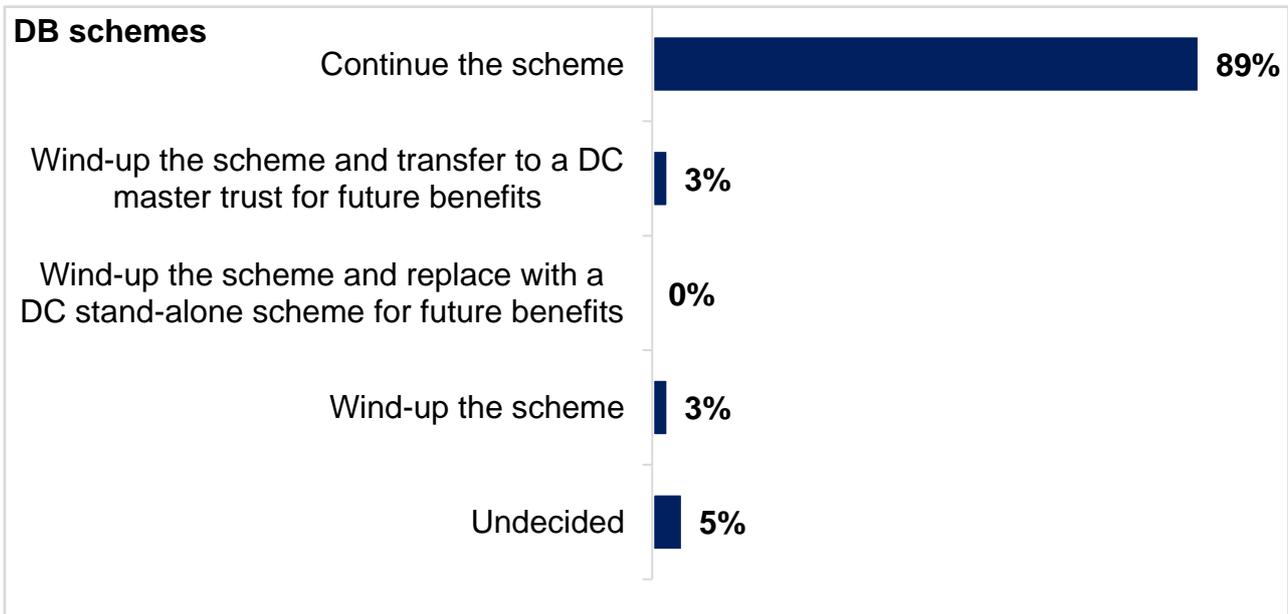
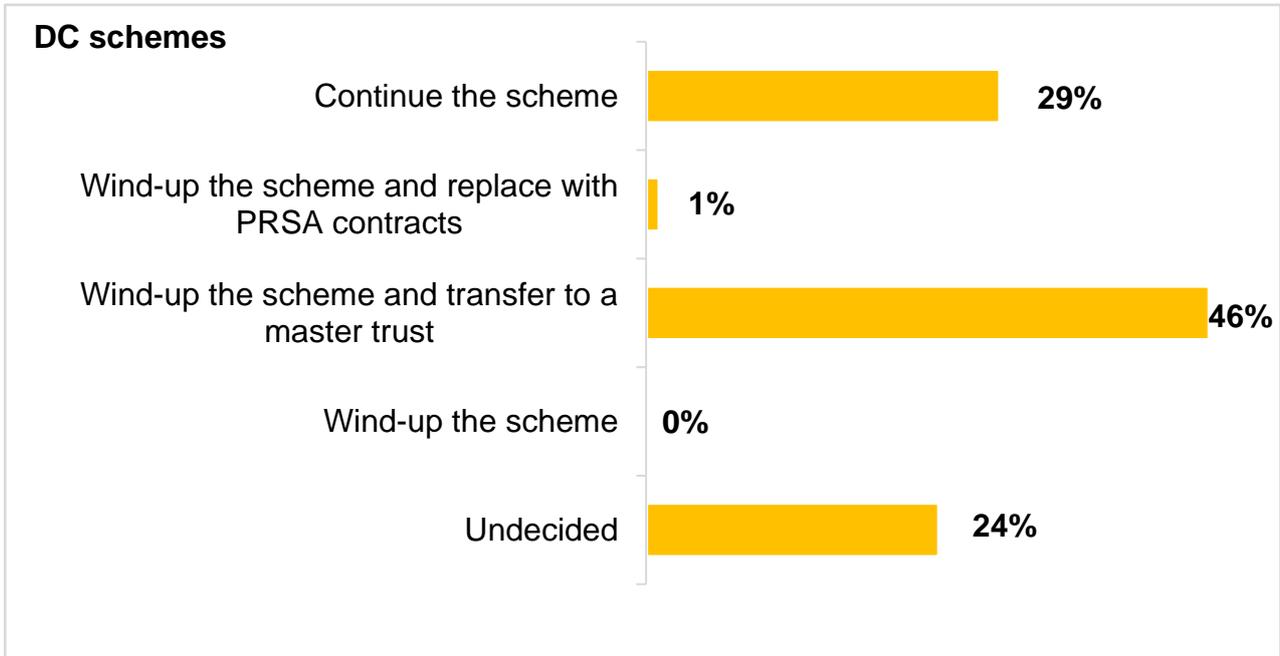
The Pension Trustee Practitioner (PTP) is a DC only pension scheme accreditation.

9(b). Which of the following does the trustee board plan to do to achieve the required qualification?

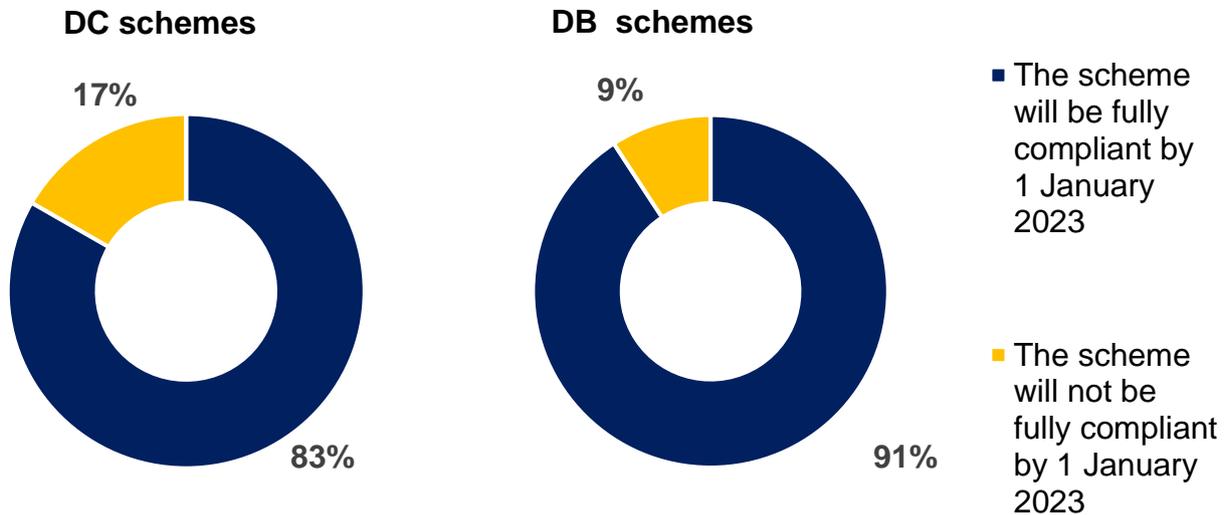
This question was asked only of those respondents that answered 'No' to question 9 (Does the trustee board collectively meet the appropriate qualifications, knowledge, and experience requirements?)



10. What does the trustee board believe to be the most likely outcome for their scheme by 1 January 2023?



11. What is the trustee board's expected level of compliance by 1 January 2023?



11(a). If the trustee board does not expect full compliance by 1 January 2023, what are the main reasons for this?

This question was only asked of those respondents that answered that they expect the scheme will not be fully compliant by 1 January 2023. Respondents were asked what the main reasons were for this and space with free text was provided.

Answers were consistent across the DC and DB responses. They have been arranged below into general themes.

Moving to a master trust

The most common reason that schemes expected not to be fully compliant by 1 January 2023 was because they were planning on moving to a master trust.

Trustee training

A lack of a trustee qualification was the second most common reason provided. Schemes indicated that they were looking to appoint a qualified trustee, or that they needed to sit exams (i.e., no possibility to get this training done until 2023).

Policy development

Ongoing work on developing, finalising, and implementing policies.

Administration and capacity

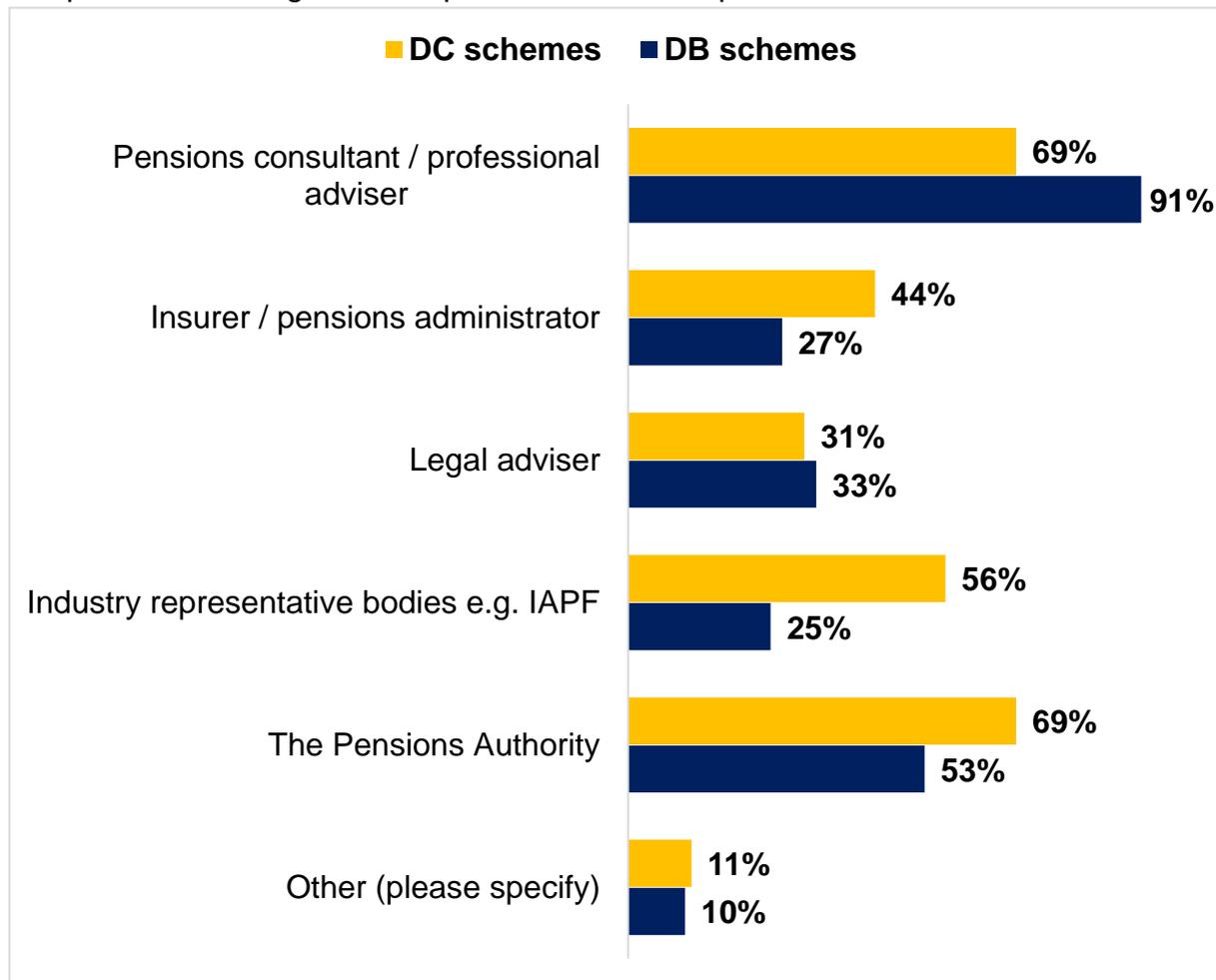
Many trustees commented that they were facing difficulties in finding providers, completing administrative work, or did not have sufficient capacity to meet the requirements of the legislation. It is not clear from the responses whether the issues with administrative work and capacity relate to the trustees themselves, their providers, or both.

Employer delays

Another reason put forward by trustees for not expecting their schemes to be fully compliant by 1 January 2023 was owing to delays on the part of the employer. Some cited that no decision had yet been made on the future of the scheme, while others commented that the sponsoring employer had failed to engage with them.

12. To date, how has the trustee board been informed about the IORP II requirements for their scheme?

Respondents were given the option to select multiple answers.



Conclusion

The survey findings indicate that while significant progress has been made by scheme trustees to meet the requirements of the Act, there is still work to be done by trustees to ensure compliance ahead of the 1 January 2023 deadline. The survey findings also indicate that most DB scheme trustees surveyed intend to continue their scheme, while almost half of the DC trustee respondents noted an intention to wind up their scheme and move to a master trust.