

## News Release

### **“The Pensions Authority issues its summary of 2016 regulatory activity and plans for 2017”**

**Friday 24 March 2017:** Today, the Pensions Authority issues its summary of 2016 regulatory activity and plans for 2017.

Commenting on the release, the Pensions Regulator, Brendan Kennedy said: “Trustees of occupational pension schemes and PRSA providers have responsibility for over €100 billion of pension savings. The objective of our supervision and support work is to improve as far as possible the outcomes for pension savers. 2016 was another very busy year for the Authority. The focus of our regulatory compliance work in 2016 was an increase in direct engagement with regulated entities. This work included reviews of scheme governance and administration practices of trustees of both defined benefit (DB) and defined contribution (DC) schemes.”

Misappropriation of pension assets or contributions remains at the top of the Authority’s risk priorities. In 2016, 23 prosecutions were concluded where the Authority secured convictions in 12 cases. Defendants received the benefit of the Probation Act in two further cases and seven more 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.

During 2016, the Authority carried out a series of data compliance meetings with the Registered Administrators (RAs) responsible for about 90% of schemes. The data submitted to the Authority demonstrates that although work is being undertaken by RAs to improve the quality of their data, further improvement is needed.

The Regulator said: “Regulated entities failing to submit accurate and complete data continues to be a concern for the Authority. We have dedicated additional resources to dealing with this issue. We have also increased our capacity for analysis and interrogation of submitted data. This will provide the Authority with better information to support our supervision and compliance activity.”

The Regulator confirmed the organisation’s ongoing objective to support trustees with guidance and information by saying: “In 2016, the Authority issued 11 Codes of Governance which set out the standards of behaviour expected of trustees. To support the trustees of DB schemes we published two additional guidance documents. The first sets out the Authority’s view of good practice in planning a DB scheme investment strategy and the second in preparing a Statement of Investment Policy

Principles (SIPP). We expect to see increased use of these codes and guidance by trustees in 2017.”

The public consultation process on the Authority’s pension reform proposals was completed by the end of 2016 culminating in the submission of a draft report on ‘Governance and Simplification of Supplementary Pensions’ to the Minister for Social Protection at the end of January 2017. The draft report sets out recommendations for the reform of the supplementary funded private pensions system in Ireland. In formulating its recommendations, the objectives of the Authority are as follows:

- all schemes should be actively managed to a high standard
- the Authority should be able to oversee the running of schemes to the necessary detail and to intervene where beneficiary interests are under threat
- pension scheme savers should find it easier to understand the pensions system and should be supported to make the necessary decisions
- the number of schemes in Ireland should be reduced from the current approximate figure of 160,000 to a medium-term target of 100-150 active schemes, to facilitate effective oversight.

The new EU Directive on the activities and supervision of institutions for occupational retirement provision (IORP II) was adopted in 2016. The Authority will provide technical support to the Department of Social Protection in transposing the Directive into law by the EU deadline of January 2019. IORP II will extend the obligations of IORP I by imposing more detailed requirements in domestic law for the management, governance and supervision of Irish pensions. The Authority’s recommendations for reform were formulated independently of IORP II but are consistent with its requirements.

The Authority is conscious that scheme trustees and their advisors will need to have detailed information about their new obligations as soon as possible so that they have adequate time to become compliant. We are committed to providing regular updates throughout the coming year and thereafter.

As part of its advisory role and following a request from the Minister for Social Protection in February 2017, the Authority will carry out a review on the feasibility of changing the minimum funding standard and establishing a pension protection scheme and deliver a report to the Minister on this matter.

Looking ahead to 2017, the Authority’s compliance oversight activities, information provision and support services will continue and plans for 2017 include:

- a varied programme of proactive compliance activity including on-site inspections of administrators, scheme administration reviews, reviews of PRSA actuarial reporting and desk compliance audits
- a continued programme of engagement directly with trustees of both DB and DC schemes comprising detailed discussions with them on how they undertake the management of their scheme and their governance responsibilities
- ongoing engagement with RAs to ensure they submit accurate and complete data on time
- securing a resolution for the eight defined benefit schemes that do not have a funding proposal in place to enable them meet the funding standard
- assisting the pensions sector prepare for any changes required on foot of the Authority's pension reforms proposals to Government
- promoting the information and enquiry services that the Authority provides.

## **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.

### 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
<b>2016 Total</b>	<b>67,703</b>	<b>299,782</b>	<b>677</b>	<b>111,535</b>	<b>101</b>	<b>360,073</b>	<b>68,481</b>	<b>771,390</b>
<b>2015 Total</b>	<b>67,125</b>	<b>281,629</b>	<b>715</b>	<b>125,995</b>	<b>99</b>	<b>339,155</b>	<b>67,939</b>	<b>746,739</b>
<b>Change since 2015</b>	<b>578</b>	<b>18,153</b>	<b>-38</b>	<b>-14,460</b>	<b>2</b>	<b>20,918</b>	<b>542</b>	<b>24,651</b>

## **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.

## **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).

## **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 PRSAs.  
[www.pensionsauthority.ie](http://www.pensionsauthority.ie)