

## News Release

### “The Pensions Authority summary of 2017 regulatory activity and plans for 2018”

**6 March 2018:** Today, the Pensions Authority issues its summary of 2017 regulatory activity and plans for 2018.

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. In 2017 compliance work continued to focus on our programme of direct engagement with regulated entities which 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. The objective is to safeguard members’ savings, but the Authority will prosecute where appropriate. In 2017, 18 prosecution cases were concluded. The Authority secured convictions in 11 cases and the remaining cases were struck out due to payment of arrears. One appeal was concluded and a further matter was re-entered and finalised.

Throughout 2017, the Authority had ongoing engagement with Registered Administrators (RAs) to ensure the quality and accuracy of pensions data and the reliability of the information provided to members.

A significant part of the Authority’s technical and policy development work in 2017 was concentrated on preparing for the transposition of the EU Directive on the activities and supervision of institutions for occupational retirement provision (IORPs II) and on the Authority’s pension reform proposals.

The objectives of the Authority’s reform recommendations 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. A smaller number of larger schemes also offer the chance of better scheme governance, lower costs and better outcomes for members.

Looking ahead, the Authority's plans for 2018 include:

- proactive compliance activity including a varied programme of 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
- engaging with the four defined benefit schemes that do not have a funding proposal in place to enable them meet the funding standard
- ongoing engagement with RAs to ensure they comply with their administration obligations and submit accurate and complete data on time
- monitoring pensions activity in the construction sector arising from the Sectoral Employment Order and actively checking compliance by relevant employers and trustees with their obligations under the Pensions Act
- promoting the information and enquiry services that the Authority provides.

### **Pensions reform**

The Government launched its "Roadmap for Pensions Reform 2018-2023" on Wednesday 28 February 2018. In welcoming the announcement the Pensions Regulator said: "We will continue to provide assistance to the Department of Employment Affairs and Social Protection in transposing the IORPS II Directive into Irish law and in implementing the proposed reforms to supplementary pensions. We are aware that trustees and their advisers need detailed information as soon as possible about their new obligations and we are working with the Department to provide this. Throughout 2018, we will be actively communicating with the pensions sector and as soon as possible, we will publish draft codes of conduct for trustees. These codes will build on the guidance we have already produced and this will be a comprehensive statement of what the Authority expects trustees of well-run schemes to do."

## **Regulatory activity and 2017 outputs at a glance:**

- 43 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.
- 42 investigations were finalised and closed during the year.
- 12 onsite inspections of RAs were undertaken to assess standards of pension administration, data management and levels of compliance with the Pensions Act.
- 93 meetings were held with trustees, RAs, pension providers and public service administrators to discuss a range of compliance issues.
- 393 compliance desk audits of schemes were carried out covering various obligations under the Pensions Act.
- 453 defined benefit schemes were in compliance with the funding standard as at 31 December 2017. All bar four of the remaining schemes have agreed or are in the process of submitting funding proposals designed to bring the scheme into compliance with the standard. The Authority is maintaining close engagement with the trustees of these four schemes.
- 19 funding proposals from DB schemes were received and approved.
- 3 applications to reduce accrued benefits from DB schemes were received and approved.
- 279,130 data submissions from regulated entities were processed through the Authority's Pension Data Register.
- the Authority dealt with some 8,000 general pension enquiries.

## **Support, information and guidance**

During 2017, the Authority began issuing a series of compliance alerts. These highlight areas of concern that the Authority would like to see addressed or provide information to regulated entities on their obligations under the Pensions Act. These included:

- Signing of Annual Reports
- Electronic communications and member consent
- Registered Administrator (RA) renewal

- The Sectoral Employment Order (Construction Sector) 2017

In August 2017, the Authority published a set of statistics for defined benefit schemes which were compiled from analysis of Annual Actuarial Data Returns received to 31 March 2017.

### **Prosecutions**

In 2017, 18 prosecution cases were concluded. The Authority secured convictions in 11 cases and the remaining cases were struck out due to payment of arrears. One appeal was concluded and a further matter was re-entered and finalised.

The convictions in the 11 cases were as follows:

- five cases related to the deduction and non-remittal of employee pension contributions to schemes within the statutory timeframe (section 58A(1)).
- two cases related to the failure to pay employer pension contributions as obliged under the terms of the pension scheme or contract of employment to the pension scheme trustees of a defined contribution scheme within the statutory timeframe (section 58A(2)).
- one case related to the failure to remit employee PRSA contributions deducted from an employee's wages pursuant to a PRSA contract entered into by the employee within the statutory timeframe (section 121(3)).
- one case related to the failure to pay employer contributions to a PRSA agreed under a contract of employment or PRSA contract (section 121(4)).
- two cases related to failure to respond to a statutory request for information from the Authority (section 18).



## Occupational scheme membership data\*

<b>Table 1: Defined benefit schemes with active members as at 31 December 2017</b>				
	Subject to the Funding Standard		Not Subject to the Funding Standard	
	No of Schemes	Active Members	No of Schemes	Active Members
Frozen	194	0	0	0
In wind-up	41	0	0	0
Non Group	0	0	1	1
1 to 50	246	3,221	40	935
51 to 99	45	3,261	7	447
100 to 500	79	19,872	22	4,777
501 to 1000	15	9,334	8	6,272
1001+	20	69,726	20	339,374
<b>2017 Total</b>	<b>640</b>	<b>105,414</b>	<b>98</b>	<b>351,806</b>
<b>2016 Total</b>	<b>677</b>	<b>111,535</b>	<b>101</b>	<b>360,073</b>
<b>Change since 2016</b>	<b>-37</b>	<b>-6,121</b>	<b>-3</b>	<b>-8,267</b>

<b>Table 2: Defined contribution schemes with active members as at 31 December 2017</b>		
	No of Schemes	Active Members
Non-Group	61,298	61,298
1-10	6,796	18,605
11-20	938	13,797
21-30	450	11,245
31-40	282	9,999
41-50	167	7,536
51-99	365	25,018
100-500	321	66,183
501-1000	46	31,543
1001+	37	84,073
<b>2017 Total</b>	<b>70,700</b>	<b>329,297</b>
<b>2016 Total</b>	<b>67,703</b>	<b>299,782</b>
<b>Change since 2016</b>	<b>2,997</b>	<b>29,515</b>

\* Scheme membership data is based on the scheme registration data provided to the Authority by regulated entities.

### **PRSA data**

The number of PRSA contracts increased by 13,945 to 264,664 with assets under management of €6.3 billion. The contracts consisted of:

- 195,367 Standard PRSA contracts
- 69,297 Non-Standard PRSA contracts.

### **ENDS**

For further information, contact:

David Malone  
Head of Operations  
The Pensions Authority  
Tel: (01) 613 1900

### **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)