

Pensions Board
Trustee and Employer Checklists
On-the-spot fines



An Bord Pinsean -
The Pensions Board

Authority for Pensions

Pensions Board **Trustee** Checklist

On-the-spot fines

Are you a pension scheme trustee?

If you are, you should be aware that you may be liable to an 'on-the-spot' fine from The Pensions Board if you contravene the specified provisions of the Pensions Act, 1990, as amended ('the Act'). The fines provisions commence on 17 September 2007. The fine for each offence is €2,000.

The following checklist will help you to ensure that you do not contravene any of the specified provisions subject to the fines regime. The words in *italics* are explained in the Glossary of Terms at the end of this document.

| | Yes | No |
|--|--------------------------|--------------------------|
| 1 Is your scheme registered with The Pensions Board? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Are your scheme details up to date? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Have you paid your scheme's annual fees to the Pensions Board? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 In relation to your scheme, can you comply with the <i>disclosure of information</i> requirements applicable to the: | | |
| ■ Governing documents | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Trustee Annual Report | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Audited accounts | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Actuarial valuation report | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Members' explanatory booklet | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Relevant individuals | | |
| □ During relevant employment (benefit statements) | <input type="checkbox"/> | <input type="checkbox"/> |
| □ On leaving service | <input type="checkbox"/> | <input type="checkbox"/> |
| □ On retirement and death | <input type="checkbox"/> | <input type="checkbox"/> |
| □ Where a scheme winds up | <input type="checkbox"/> | <input type="checkbox"/> |
| □ Where a <i>Pension Adjustment Order (PAO)</i> has been made in respect of a member's benefits | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Have you responded to any requests for information about your scheme that you may have received from any of the following: | | |
| ■ The Pensions Board? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ your scheme auditor? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ your scheme actuary? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ any <i>employer</i> to whom your scheme relates? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 If your scheme is <i>defined contribution</i> , have you arranged for the annual valuation of its assets and liabilities? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 If your scheme rules provide for you to invest the resources of the scheme in accordance with the members' directions, are you providing those members with information to enable them to make informed decisions with regard to the giving of their directions? | <input type="checkbox"/> | <input type="checkbox"/> |

| | Yes | No |
|--|--------------------------|--------------------------|
| 6 If your scheme is <i>defined benefit</i> , have you submitted an <i>Actuarial Funding Certificate (AFC)</i> to The Pensions Board: | | |
| ■ within 9 months of the effective date of the actuarial valuation? | <input type="checkbox"/> | <input type="checkbox"/> |
| or | | |
| ■ where the <i>AFC</i> is due because of a negative intervaluation statement in your annual report, within 12 months of the last day of the period to which the annual report relates? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 Have you procedures in place within your scheme for paying or accepting <i>transfer payments</i> where a member has requested same? | <input type="checkbox"/> | <input type="checkbox"/> |
| ■ Are you providing <i>Statements of Benefits</i> to any members of your scheme who are transferring funds to a <i>Personal Retirement Savings Account (PRSA)</i> ? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 Have you a current <i>Statement of Investment Policy Principles (SIPP)</i> in place for your scheme? (Not required for <i>small schemes</i> .) | <input type="checkbox"/> | <input type="checkbox"/> |
| 9 Do you comply with the provisions of the Act when calculating a pension increase involving a State pension offset? | <input type="checkbox"/> | <input type="checkbox"/> |

(Re. Qs 2, 3, 4, 5, 6 and 9, please see Notes below.)

Notes: Trustee Checklist

- 1 **Re. Qs 2, 3, 4 and 5.** Detailed information about the *disclosure of information* requirements can be found in The Pensions Board Guidance Notes on **Disclosure of Information by Occupational Pension Schemes**. The Board also produces an information booklet **What Do You Know About Your Pension Scheme?** This contains an overview of the information which trustees and *employers* must provide in relation to *occupational pension schemes*. The Guidance Notes and information booklet are available free of charge from the Board's Information Unit.
- 2 **Re. Q. 6.** Trustees of a *defined benefit* scheme must ensure intervaluation reviews are carried out to determine whether the scheme continues to satisfy the funding standard and that corrective measures are undertaken if a negative assessment arises. Trustees must notify The Pensions Board if the actuary states in the annual report that the scheme would not satisfy the funding standard or where no statement is made. In such circumstances the trustees must have a full *Actuarial Funding Certificate (AFC)* prepared (and where relevant a funding proposal) which must be submitted to The Pensions Board within 12 months of the last day of the period to which the annual report relates.
- 3 **Re. Q. 9.** The Act provides that, where trustees increase a pension payable under a scheme, the calculation of the amount of which involves an offset in respect of a State pension, they shall not calculate the increase by reference to an updated State pension offset, the amount of which depends on the amount of a State pension at, or during a period up to, the date the increase to the scheme pension is calculated or made but must instead calculate the increase by:
 - calculating the amount of the scheme pension notionally payable immediately before the increase if the amount of State pension offset had at all times been nil;
 - calculating the percentage by which the scheme pension would be increased if the amount of State pension offset continued to be nil; and
 - increasing the scheme pension actually in payment by that percentage.

If you find that there are matters outstanding in relation to fulfilling your obligations as specified in this checklist, you should bring these to the attention of your scheme's administrator without delay in order to ensure full compliance. This checklist is intended as a guidance tool only and is not intended to be an exhaustive list of trustee obligations. If you have any difficulties, you can contact The Pensions Board at info@pensionsboard.ie

Pensions Board **Employer** Checklist

On-the-spot fines

Are you an employer?

If you are, you should be aware that you may be liable to an 'on-the-spot' fine from The Pensions Board if you contravene the specified provisions of the Pensions Act, 1990, as amended ('the Act'). The fines provisions commence on 17 September 2007. The fine for each offence is €2,000.

The following checklist will help you to ensure that you do not contravene any of the specified provisions subject to the fines regime. The words in italics are explained in the Glossary of Terms at the end of this document.

| | Yes | No |
|--|--------------------------|--------------------------|
| 1 Have you responded to any requests that you may have received from The Pensions Board for information in relation to your <i>occupational pension scheme</i> or <i>PRSA</i> obligations? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 If you have entered into a contract with a <i>PRSA Provider</i> and you deduct <i>PRSA</i> contributions from your <i>employees'</i> wages or salaries, do you advise those <i>employees</i> in writing, at least once a month of the following: <ul style="list-style-type: none">■ the total amount deducted from the <i>employees'</i> salary or wages and paid to the <i>PRSA Provider</i>? and <ul style="list-style-type: none">■ where appropriate, the total amount paid by you to the <i>PRSA Provider</i> on behalf of the <i>employees</i>? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 If you operate an <i>occupational pension scheme</i> , have you responded to any requests for information about your scheme that you may have received from any of the following: <ul style="list-style-type: none">■ The Pensions Board?■ your scheme trustees?■ your scheme actuary?■ your scheme auditor? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 If you operate an <i>occupational pension scheme</i> and you deduct any sum from the wages or salaries of your <i>employees</i> for payment to the trustees or to another person to whom you pay the contributions direct, do you advise the <i>employees</i> concerned and the trustees or such other person, in writing, at least once a month of the following: <ul style="list-style-type: none">■ the total amount deducted from the <i>employees'</i> salaries or wages and paid to the trustees or other person? and <ul style="list-style-type: none">■ the total amount, if any, paid by you as an <i>employer</i> on behalf of the <i>employees</i> to the trustees or other person? | <input type="checkbox"/> | <input type="checkbox"/> |

(Re. Qs 1 and 4, please see Notes below.)

Notes: Employer Checklist

- 1 **Re. Q. 1.** Since 15 September 2003, all *employers* are required to enter a contract with a *PRSA Provider* so that access to at least one *Standard PRSA* is available for all 'excluded *employees*'.

In summary, an *employee* is an 'excluded *employee*' if:

- their *employer* does not offer an *occupational pension scheme*, or
- they are included in an *occupational pension scheme* for death-in-service benefits only, or
- they are not eligible to join the *occupational pension scheme* in their company or will not become eligible to join the scheme within 6 months from the date they begin work there, or
- they are included in an *occupational pension scheme* that does not permit the payment of *additional voluntary contributions (AVCs)* by the members.

- 2 **Re. Q. 4.** FAQs on the remittance of contributions provisions are available on the Board's website at www.pensionsboard.ie

If you find that there are matters outstanding in relation to fulfilling your obligations, as specified in this checklist, you should consult your financial advisor or pension scheme administrator, as the case may be, in order to ensure full compliance.

This list is intended as a guidance tool only and is not intended to be an exhaustive list of *employer* obligations. If you have any difficulties you can contact The Pensions Board at info@pensionsboard.ie

Glossary of Terms

Actuarial Funding Certificate (AFC): A certificate signed by an actuary, which Trustees of *defined benefit* schemes are obliged to submit to The Pensions Board, at maximum intervals of 3 years, to demonstrate that the scheme complies with the Funding Standard under the Act.

Additional Voluntary Contributions (AVCs): Voluntary pension contributions made by a member of a pension scheme over and above the amount of contributions (if any) that are required under the rules of the scheme.

Defined benefit: Defined benefit schemes provide members with retirement and death benefits based on formulae set out in the rules of the scheme. Benefits are often based on a member's salary close to retirement and on his or her pensionable salary. For this reason, these schemes are sometimes known as 'Final Salary' schemes.

Many defined benefit schemes are 'integrated with the State pension'. This means that they provide a level of benefit that makes an allowance for the State pension.

Defined contribution: Defined contribution schemes provide benefits by using the value of the member's individual retirement account at the time benefit is purchased. The value of a member's retirement account and the ultimate benefit depends on three main factors:

- i the contributions paid into the account;
- ii the investment returns on those contributions;
- iii the cost of purchasing the member's pension using annuity rates.

Many defined contribution schemes also provide benefits should a member die in the service of the *employer*. These benefits are usually based on the member's salary at date of death.

Disclosure of information: Under the terms of the Act, trustees of *occupational pension schemes* must give information to scheme members and others about their personal entitlements. Information about the running of the scheme and, in particular, about its financial situation must also be made available. *Employers* are also required to provide certain information.

Details, including the timescales in which the information is to be disclosed, are set out in the Act and in the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 (SI 301 of 2006).

Employee(s): An employee means a person of any age engaged under a contract of employment i.e. a contract of service or apprenticeship expressed orally, in writing or implied.

Employer: An employer is the person with whom the *employee* has entered into or works under a contract of employment and is liable to pay the wages of the *employee*.

Occupational Pension Scheme: A pension scheme set up by an *employer* to provide retirement and/or other benefits for *employees*. This term is used interchangeably with 'company pension scheme'.

Pension Adjustment Order (PAO): Following a judicial separation or divorce, the Court may serve an order, known as a 'Pension Adjustment Order', on the trustees of a pension scheme of which either spouse is a member, requiring the trustees of that scheme to pay a proportion of the pension benefits to the other spouse or for the benefit of a dependent member of the family.

Personal Retirement Savings Account (PRSA): A PRSA is a contract between an individual and an authorised *PRSA provider* in the form of an investment account. The PRSA benefits will be determined by the contributions paid by and on behalf of the contributor and any investment return on those contributions. There are two types of PRSA contracts:

- A Standard PRSA is a contract that has a maximum charge of 5% of the contributions paid and 1% per annum on the assets under management. Investments are only allowed in pooled funds, which include unit trusts and life company unit funds.
- A Non-Standard PRSA is a contract that does not have maximum limits and charges and/or allows investments in funds other than pooled funds.

PRSA provider: PRSA providers include investment business firms, insurance companies and credit institutions. A list of all approved PRSA Providers is available on The Pensions Board website at www.pensionsboard.ie

Preserved benefit: *Occupational pension schemes* are required to provide a minimum preserved benefit to those members who leave service after 1 June 2002 with more than 2 years' scheme service. In the case of *defined benefit* schemes, the preserved benefit means a deferred pension, a deferred retirement gratuity and benefits in the event of death before the benefit commences. In the case of a *defined contribution* scheme, preserved benefit refers to the accumulated value of *employer* and *employee* contributions.

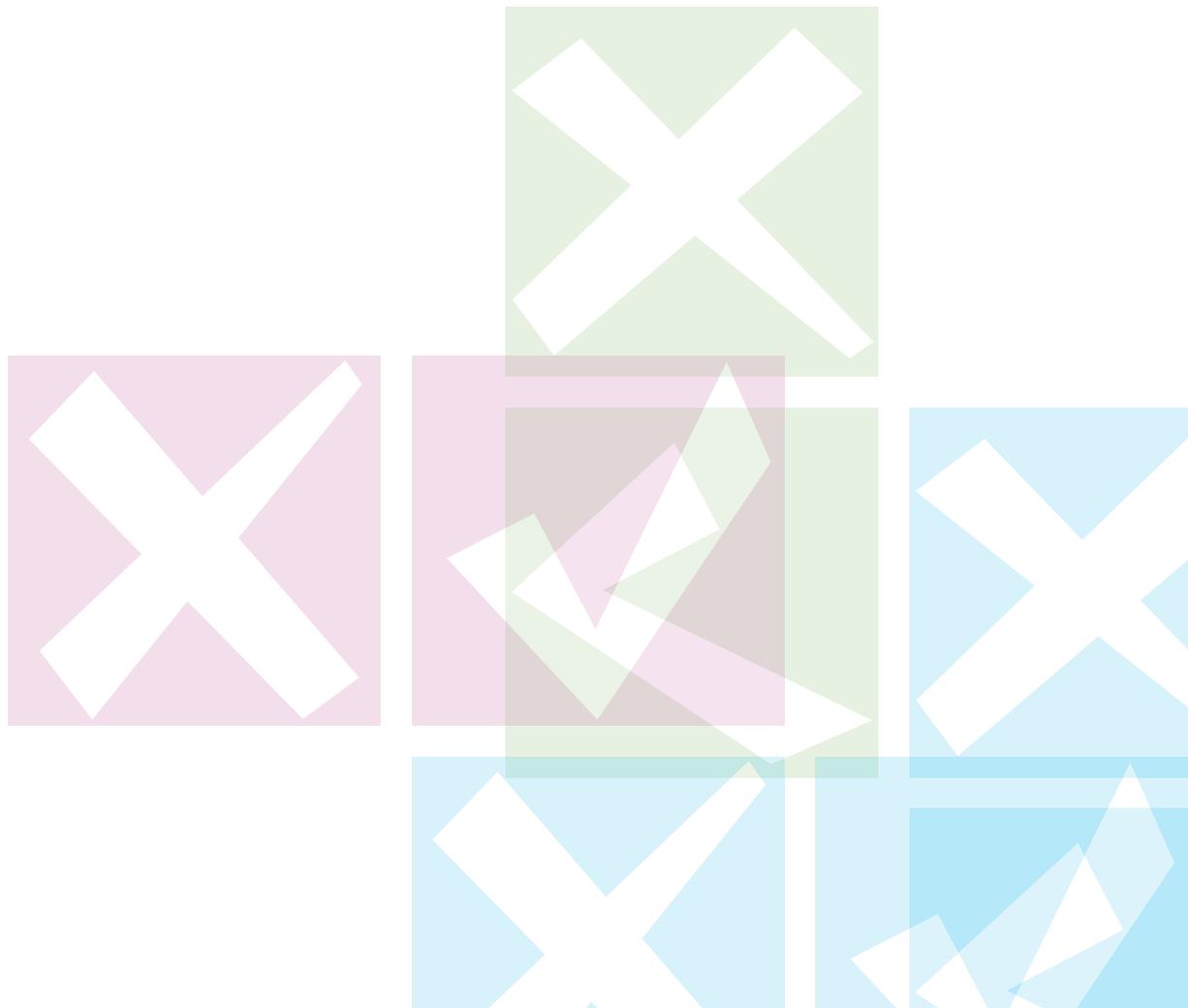
Small schemes: A small scheme is a *defined benefit* scheme or a *defined contribution* scheme which at the beginning of the scheme year has in aggregate less than 100 employed members and deferred members (pensioners are not counted).

Statement of Investment Policy Principles (SIPP): All *occupational pension schemes* other than *small schemes* must put in place a Statement of Investment Policy Principles (SIPP). A SIPP sets down in writing the trustee's investment policy. The SIPP must be reviewed at least every 3 years, and must be revised in any event following a change in investment policy which is inconsistent with the statement.

Statement of Benefits: Trustees of *occupational pension schemes* on the request of the member transferring to a *PRSA*, must provide to that member or to the *PRSA provider* concerned a statement of the benefits which may accrue from the scheme in respect of that member.

Transfer payment: Members leaving an *occupational pension scheme* with an entitlement to a *preserved benefit* have a right to transfer their benefits in the form of transfer payment to either:

- the scheme of their new *employer*; or
- an approved insurance policy or contract; or
- a *PRSA* (only possible if less than 15 years' scheme service); or
- an unfunded scheme (most public sector schemes are unfunded) provided that the trustees/administrator of the receiving scheme are willing to accept the payment.



Further Information

Information Booklets

The Pensions Board publishes a wide range of very practical information booklets on all aspects of pension-related issues. All of the booklets are available free of charge and can be ordered from the Board's Information Unit at info@pensionsboard.ie or **LoCall: 1890 65 65 65** or can be viewed and downloaded from the Board's website at: www.pensionsboard.ie

Guidance Notes

The Board also provides detailed Guidance Notes on the various parts of the Pensions Act. Of particular relevance is the **Disclosure of Information Guidance Notes**, referred to in Note 1 of the Trustee Checklist. The Guidance Notes are currently available free of charge from the Board's Information Unit, and will be available online on the Board's website later in 2007.

The Pensions Board
Verschoyle House
28/30 Lower Mount Street
Dublin 2

LoCall: 1890 65 65 65
Tel: (01) 613 1900
Fax: (01) 631 8602

The Pensions Board has prepared these checklists to help trustees and employers to ensure that they do not contravene any of the specified provisions subject to the fines regime. We have made every effort to ensure that they are correct however no liability whatsoever is accepted by The Pensions Board, its servants or agents for any errors or omissions in the information contained in this booklet or for any loss occasioned to any person acting or refraining from acting as a result of any statement in these checklists.