



An tÚdarás Pinsean  
The Pensions Authority

# THE PENSIONS AUTHORITY ANNUAL REPORT AND ACCOUNTS 2018

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[www.pensionsauthority.ie](http://www.pensionsauthority.ie)

# CONTENTS

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Chairman's Statement .....	2
Pensions Regulator's Statement .....	3
The Pensions Authority .....	4
Summary of regulatory activity and outputs for 2018 .....	5
Meeting the Authority's goals .....	6
Committee of the Authority .....	10
Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas .....	11
Governance statement and Authority members' report .....	13
Statement on internal control .....	18
Statement of income and expenditure and retained revenue reserves .....	20
Statement of comprehensive income .....	21
Statement of financial position .....	22
Statement of cash flows .....	23
Notes to the financial statements .....	24
 <b>Appendix I</b> <i>Membership of Occupational Pension Schemes (OPS) and Personal Retirement Saving Accounts (PRSAs)</i> .....	 37



# CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report and Accounts of the Pensions Authority for the year ended 31 December, 2018 in accordance with Section 23(2) of the Pensions Act, 1990 as amended.

## The future of Irish pensions

There is growing awareness of the gap between Irish people's aspirations for their retirement years and their likely income in retirement. While the State Pension will always be at heart of retirement income, supplementary pensions savings will play an important and increasing role in ensuring that Irish people's standard of living does not fall significantly after retirement.

This will only be achieved if there is confidence in the pensions savings system. The Authority's objective is to work towards a system that is efficient, reliable, and delivers good value for money. The information provided to members should be relevant and easy to understand. Furthermore because the way we work and live our lives is changing at quite a significant pace, and traditional models of education, work and retirement are constantly evolving the pension system must be able to adapt to these changes.

The Authority's strategic objectives are aligned with the Government's Pensions Roadmap 2018-2023, published in February 2018, and with the implementation of the IORP II Directive. Together, these reforms will result in considerable cultural, governance and administration challenges for trustees, employers and the pension sector over the years ahead.

The objective of the Authority's reform activities is well run pensions schemes that deliver good outcomes for pension scheme members and PRSA contributors. The Authority's oversight activity will be designed to ensure that scheme trustees, PRSA providers and those involved in pensions operate to a high standard of management and governance and provide quality communications to members and contributors.

## Funding the work of the Authority

The implementation of the IORP II Directive will significantly change how the Authority supervises occupational pension schemes. The Directive obliges the Authority to implement a forward looking and risk based assessment supervisory model. This new risk based model of supervision will require extra employees and will significantly increase the costs of delivering such supervision.

In addition to the new supervisory approach, there are new data reporting requirements for pension schemes which have been introduced by the European Insurance and Occupational Pensions

Authority and the European Central Bank with effect from 2019.

Significant development of the Authority's IT and data systems will be required over the coming years to support the Authority's increased supervisory and data collection obligations. The costs associated with implementing the necessary IT and data management system infrastructure will significantly add to the costs of running the Authority in the future.

To meet these increased costs of supervision the Authority will need to increase its fee income over the coming years. Later this year, the Authority will make a fee recommendation to the Minister for Employment Affairs and Social Protection.

## Governance

As a public body, the Authority has a responsibility to undertake its work efficiently and to be transparent in reporting on its activities. The Authority adheres to the Code of Governance for State Bodies and the oversight agreement in place with the Department of Employment Affairs and Social Protection (DEASP). The results are set out in this Annual Report and Accounts and in the accompanying documentation which we provide to the Minister for Employment Affairs and Social Protection.

## The work of the Authority

This Annual Report reflects the hard work of the Pensions Regulator and employees of the Authority and I would like to thank them. I would also like to thank my fellow members of the Authority and the Chairman and members of the Audit and Risk Committee, both current members and those who stepped down during 2018. In December 2018 Anne Vaughan retired from the public service and so stepped down as a member of the Authority. For many years and in many roles Anne has been involved with the Authority and before that with the Pensions Board. I want to acknowledge Anne's positive contribution to public service and in particular thank her for her support and work with the Authority over many years.

Our work benefits from our close relationship with the Department of Employment Affairs and Social Protection and we look forward to working together in the coming years.

**Dr David Begg**  
Chairman



# PENSIONS REGULATOR'S STATEMENT

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It is widely agreed that the current level of pension provision in Ireland is not high enough and that, without improvement, many of those currently working will face a significant drop in their standard of living when they retire. Supplementary pensions can play an important part in addressing these challenges. However, this means that we must have a pensions system that works well and in which pension savers have justified confidence.

It is important to recognise the strengths of the current Irish pensions system, the most important of which is the people involved. In particular, the system relies on and benefits from the work and commitment of many trustees, most of whom are not paid for their work. The Irish pensions industry also has many skilled and committed people working in it. These are strengths that we should build upon.

However, we must be honest about the shortcomings of the Irish pensions system. There are plenty of examples of high costs, of inappropriate investment and of poor member communications. The best measure of how well our pensions system functions is the views and experiences of those on whose behalf the system is meant to be run. By this measure, the current system does not work well and there is a great deal of improvement needed.

There is more than one reason for the present situation. It has been too easy to set up a pension scheme and thereby take on significant responsibilities. Past changes to pensions, including attempts at improvement, have been undertaken piecemeal, with increased complexity the inevitable outcome. In particular, the complicated and inconsistent taxation treatment of pension contributions and benefits means that in many cases, professional advice is needed to navigate the system, which should not be the case. We welcome the creation of the Interdepartmental Pensions Reform and Taxation Group, and we will continue to contribute to its work, when requested to do so.

The transposition of the IORP II Directive provides both the opportunity and the obligation to address many of the issues in Irish occupational schemes. This transposition will introduce a more detailed definition of the responsibilities and competency requirements for trustees and an obligation on them to demonstrate clearly that their schemes are well governed and are compliant. The Directive will also impose an obligation on the Authority to apply a forward looking and risk based supervisory system, the objective of which is to prevent issues arising that damage the interests of members. These changes come in addition to other recent and forthcoming changes, including EIOPA and ECB data reporting obligations, securitisation rules, the European Union (Anti-Money Laundering: Beneficial Ownership of Trusts) Regulations 2019 and GDPR.

Those involved in Irish pensions must recognise and accept the magnitude of change that will take place in the coming years, which will be more far-reaching than any recent reforms. The fundamental task of pension schemes is to look after other people's savings. All those involved, not only trustees but also their advisers, administrators and other service providers must accept the importance of their responsibility and be answerable for it. Pension savers are entitled to the same standards of security, care and responsibility as apply to other forms of savings.

The transposition of the Directive and detailed communication of the new obligations have been delayed, and this has been a source of frustration for all involved. But as soon as the transposition occurs, the Authority will launch a programme of intense engagement with all concerned with occupational pension provision to make sure that the new responsibilities and obligations are clearly understood and acted on.

Elsewhere in this report, we provide details of the ongoing work of this organisation. The improved financial situation of defined benefit schemes is welcome. However, we continue to be concerned about the fragility of this sector. Under IORP II, all trustees will be obliged to undertake a structured approach to risk management and to appoint a suitably qualified risk manager. One of the areas of the Authority's supervisory focus for defined benefit schemes will be how trustees manage their investment risk. Trustees will be asked to explain and justify their approach to investment, and to explain and justify the risks they are taking on behalf of members, especially members not yet retired, who bear almost all of the risk in such schemes.

As the Chairman has already mentioned, Anne Vaughan stepped down as an Authority member in December 2018. Anne has been a colleague and friend to many of us in the Authority for many years and we will miss her. We welcome the appointment of Jacqui McCrum as her replacement and look forward to working with her. I would like to thank all members of the Authority for their advice, challenge and support during the past year.

I would especially like to thank my colleagues working in the Authority. We share a commitment to improving and safeguarding Irish pensions. 2018 has been demanding, challenging and sometimes frustrating, but I am confident that good progress will be made in realising many of our objectives for Irish pensions in 2019.

A handwritten signature in black ink that reads "Brendan Kennedy". The signature is fluid and cursive, with a long, sweeping underline.

**Brendan Kennedy**  
Pensions Regulator

# THE PENSIONS AUTHORITY

The Authority is a statutory body comprising an independent chairperson appointed by the Minister for Employment Affairs and Social Protection and two ordinary members. The term of office for the Authority members is five years.

The members of the Authority are:



**Dr David Begg**  
Chairman



**Ms Jacqui McCrum**  
Deputy Secretary  
Department of Employment  
Affairs and Social Protection  
(Representative of the Minister  
for Employment Affairs and  
Social Protection)



**Mr Gary Tobin**  
Assistant Secretary  
Department of Finance  
(Representative of the  
Minister for Finance)

4

Ms Anne Vaughan, Deputy Secretary, Department of Employment Affairs and Social Protection retired as a member of the Authority in December 2018 and was replaced by Ms Jacqui McCrum, Deputy Secretary, Department of Employment Affairs and Social Protection.

There were ten Authority meetings in 2018. The attendance rate was as follows: David Begg 10/10, Anne Vaughan 10/10 and Gary Tobin 9/10.

Day to day decision making is delegated to employees under the Authority's active supervision. The Authority management structure is as follows:



**Brendan Kennedy**  
Pensions Regulator



**Grace Guy\***  
Head of Compliance



**Ger Clarke**  
Acting Head of Compliance



**Colum Walsh**  
Acting Deputy Head  
of Compliance



**Andrew Nugent**  
Head of Development



**Sylvia McNeece**  
Head of Legal  
(Secretary to the Authority)



**Pat O'Sullivan**  
Head of Technical



**Dervla O'Keefe**  
Head of Regulatory Intelligence



**David Malone**  
Head of Operations

\*Grace Guy, Head of Compliance was on leave from June to December 2018.

# SUMMARY OF REGULATORY ACTIVITY AND OUTPUTS FOR 2018

**4 PROSECUTION**  
cases were concluded



**62 NEW INVESTIGATIONS**

were opened into various alleged breaches of the Pensions Act.

**49** investigations were  
**FINALISED**  
and closed during the year



**12 ONSITE INSPECTIONS**

were undertaken of four RAs, three PRSA providers, three service providers and two professional trustee companies.



**16 ENGAGEMENT MEETINGS**

were held with defined benefit and defined contribution schemes in order to ensure that trustees were performing their obligations and to introduce improved governance standards into trusteeship.



**2 PROTECTED DISCLOSURES**

were received and investigated in 2018 and closed in early 2019.



**108 AUDITS**

108 relevant authorities participating in the single public sector scheme were audited to assess their compliance with disclosure of information requirements.



**179 DESK-BASED AUDITS**

carried out during the year on both PRSA and OPS disclosure documentation.



6 FUNDING PROPOSALS FROM DB SCHEMES WERE RECEIVED AND

**APPROVED**



**5 APPLICATIONS**

to reduce accrued benefits from DB schemes were received and approved.

**262,647**  
**DATA SUBMISSIONS**

from regulated entities were processed through the Authority's Pension Data Register.



6 FOI requests were

**RECEIVED AND COMPLETED**

**487** OF **614**

DB schemes subject to the funding standard were in compliance with the funding standard as at 31 December 2018.

**ALL BAR 6 OF THE REMAINING 127 SCHEMES**

are in the process of coming into compliance with the standard. Close engagement is ongoing with the 6.



**1 SUBJECT ACCESS REQUEST**

was received and completed.



**8,000**

general pension and data processing queries were received and dealt with.



# MEETING THE AUTHORITY'S GOALS

The Authority's vision for the future is for a pension landscape where pension savings are secure, well managed and understandable and which encourages pensions savings. The Authority's Statement of Strategy 2016 - 2020 sets out the organisation's four strategic objectives to deliver its vision, as follows:

1. To monitor and supervise occupational pension schemes and PRSAs to ensure they continue to be or will be well managed by competent trustees, providers and administrators.
2. Scheme trustees, the pensions industry and employers can rely on the Authority for guidance and support on what the Authority expects.
3. To be well known as an accessible, relevant and practical source of information for the public, members, contributors and beneficiaries.

To be a valuable source of technical pensions advice, knowledge, information and support to the Department of Employment Affairs and Social Protection.

The Authority has adopted a number of strategies to achieve these objectives, which comprise:

- a proactive and visible approach to dealing with non-compliance
- a practical approach to information and guidance provision focusing on accessibility, best practice documents and codes of practice
- a high quality enquiry service that addresses issues of concern and queries raised by stakeholders that are within our statutory remit
- a comprehensive blueprint for a pensions structure that delivers on our vision and that informs the policy deliberations of the Minister and Department of Employment Affairs and Social Protection.

This annual report sets out the activities undertaken by the Authority in 2018 to meet these objectives.

## Hierarchy of risk priorities

In order to ensure that its regulatory practices are efficient and that resources are directed to the most important matters, the Authority adopts a supervisory approach based on a hierarchy of risk priorities:

- 1st priority: misappropriation of pension assets or contributions
- 2nd priority: lack of governance or maladministration impacting on benefits/failure to pay benefits due
- 3rd priority: DB scheme solvency
- 4th priority: failure to provide prescribed information to members
- 5th priority: failure by regulated entities to submit accurate and timely data to the Authority.

This order represents the seriousness of the risks, not the likelihood of their occurrence. Whilst these priorities determine general Authority supervisory activity, the organisation will also ensure that no area is overlooked. Because regulation depends on Authority having access to reliable information, the organisation especially targets failure to provide the Authority with information required under the Pensions Act, including whistle-blowing obligations.

## Compulsory and voluntary reporting/whistle-blowing

There are statutory provisions, known as whistle-blowing obligations, which place a legal obligation on specified persons involved in the operation of occupational pension schemes, trust RACs and PRSAs. Such persons must make a report to the Authority where fraud or material misappropriation is suspected to have occurred or it is feared it is about to occur. Any person can make a voluntary report on matters concerning the state and conduct of a scheme, Trust RAC or PRSA.

The Authority investigates whistle-blow reports and other serious complaints or allegations to find out what has happened. Where non-compliance is discovered, the Authority's priority is to ensure compliance. Nonetheless, the Authority will use its full powers under the Pensions Act where necessary.

## Prosecutions

Non-compliance by regulated entities can result in prosecution. In 2018, four prosecution cases were concluded. In one case the Authority secured a conviction against Kerry Coaches Limited which related to the deduction of pension contributions from employees' wages and failing to remit them to the pension scheme trustees within the statutory timeframe (section 58A(1)). The company was fined €900. Where a conviction is recorded the person or company has been found guilty of a criminal offence. Of the other three cases, two were struck out and one had the Probation Act applied.

## Protected disclosures

The Authority received two disclosures under the Protected Disclosures Act in 2018. The disclosures were received from individuals regarding alleged breaches of the Pensions Act in relation to access to a PRSA. Both cases were investigated in 2018 and closed in early 2019.

## Investigations

In 2018 the Authority opened 62 new investigations of 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. In 2018, 49 cases were closed and 25 reports of non-compliance by various entities were referred to the Authority with a recommendation to prosecute or sanction.

In general, the number of incidents that require investigation regarding deduction and non-remittance of contributions has been declining in recent years.

## Compliance audits

During the year the Authority conducted 179 desk-based audits of both OPS and PRSA disclosure documentation to assess if the appropriate benefits were paid. The Authority also audited 108 relevant authorities participating in the Single Public Sector Scheme to assess their compliance with disclosure of information requirements. Where non-compliance with the Pensions Act is identified, the main objective is to ensure the regulated entity becomes compliant. Where this does not happen, the Authority may consider enforcement action.

Findings from these audits help inform the Authority's ongoing compliance oversight activities.

## Direct engagement with scheme trustees

Throughout 2018, the Authority continued its programme of direct engagement meetings with the trustees of both DC and DB schemes. During the year the Authority met with the trustees of 16 schemes. The Authority's DC Codes of Governance and DB Financial Management Guidelines form the basis for these discussions.

The Authority meets the trustees without their advisors or administrators present to discuss and observe first-hand how trustees are meeting their obligations and to encourage improved governance standards into trusteeship.

## On-site inspections of RAs and PRSA providers

The Authority assesses levels of administration compliance with the Pensions Act by carrying out on-site inspections of RAs and PRSA providers. In 2018, the Authority carried out onsite inspections of four RAs, three PRSA providers, three service providers (acting as both trustee and RA) who hold client assets directly and two professional trustee companies.

Where any issues of concern are identified, a plan is agreed to resolve the matter to the Authority's satisfaction. If the issues are not resolved and non-compliance persists, the Authority will consider appropriate sanctions under the Pensions Act.

## RA annual renewal process

Three of the 124 RAs missed the 2018 deadline for renewal of their registration. The late renewals were due to administrative issues or changes to personnel with oversight responsibilities. Six RAs ceased RA related activities during 2018.

## Defined benefit scheme funding

As at end 2018, there were 614 DB schemes which were subject to the funding standard. Of these, 487 schemes were in compliance with the funding standard as at 31 December 2018. All but six of the remaining 127 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 six schemes.

In 2018, the Authority received and approved six funding proposals from DB schemes. The Authority also received and approved five applications from DB schemes to reduce accrued benefits.

## Cross-border authorisation

There were no applications from schemes for authorisation to operate on a cross-border basis in 2018.

## Cross-border schemes and Brexit

During 2018 the Authority engaged with Irish cross-border schemes with members based in the UK to assess their preparedness for a hard Brexit. Representatives from the Authority also liaised with the DEASP, the UK Pensions Regulator and the UK Department of Work and Pensions to discuss the implications of Brexit for UK and Irish cross-border schemes. Any legislative changes required to allow Irish and UK schemes to continue existing cross-border arrangements are a matter for Government.

## Life companies, Registered Administrators, PRSA providers and Brexit

In preparing for Brexit, a number of established UK companies contacted the Authority in connection with the planned transfer of their business to Ireland in order to continue trading in the EU. A number of these companies will be transferring their business to related RA and PRSA companies set up in Ireland. The Authority assisted these companies to ensure adherence with the Pensions Act.

## PRSA submissions

In 2018 the Authority in consultation with the Revenue Commissioners approved one PRSA product for a new PRSA provider. A further three PRSA products were approved for existing PRSA providers during 2018. There were also 101 amendments to existing products processed during the year. These amendments relate to changes in charging structure or the addition or removal of funds to a PRSA product.

## PRSA actuary certifications and PRSA annual reports

PRSA providers are obliged to submit a report to the Authority each year before 31 March. The report includes a schedule of instances of non-compliance highlighted by the PRSA actuary. There were no significant instances of non-compliance identified by the PRSA actuaries in 2018. All minor instances of non-compliance reported by the PRSA actuaries were examined by the Authority and addressed with the relevant PRSA provider, where necessary.

## Sectoral Employment Order

The Sectoral Employment Order (SEO) providing for mandatory pension contributions and benefits for employees in the construction industry was introduced in 2017. In March 2018, the SEO was extended to employees in the mechanical engineering sector.

The Authority reported concern last year that these mandatory requirements might result in increased reporting of non-compliance with the remittance of contributions provisions of the Pensions Act.



Throughout 2018 the Authority engaged with the administrators of the construction sector schemes to ensure any cases of non-remittance were reported in a timely fashion. There was a small increase in the number of cases of non-compliance reported from this sector in 2018. However, the Authority is satisfied that the administrators have adequate administrative and reporting controls in place to ensure that any instances that do occur are being identified and addressed at an early stage.

### Technical support

In 2018 the Authority continued to provide technical support to the Minister and the DEASP and other government departments and agencies on pension matters.

The Authority continued in 2018 to work on developing detailed implementation proposals for the following:

- an authorisation process for new and existing schemes
- a fitness and probity regime to include professional standards for trustees
- new governance codes and standards detailing appropriate governance and management structures
- options for rationalising the number of individual pension vehicles which currently exist
- development of a proposed regulatory framework for master trusts
- transitional arrangements for pension schemes.

The Authority contributes to five international organisations by attending working group meetings or providing quantitative and qualitative data. These organisations include:

- European Insurance and Occupational Pensions Authority (EIOPA)
- Organisation for Economic Co-operation and Development (OECD)
- European Commission
- European Central Bank
- European Securities and Markets Authority – Securitisation Task Force

The Authority responded to numerous international queries in 2018 and completed five international surveys/questionnaires. The Authority also completed both the EIOPA Spring and Autumn FSR data reporting requirements.

In February 2018, the Authority hosted the OECD/IOPS International Seminar on Private Pensions – *“Building better retirement: ensuring value for money, implementing automatic enrolment and designing retirement pay-outs”*. The seminar agenda was designed to encourage an open exchange of views on important matters facing pensions regulators and relevant government officials world-wide and to gather views on best practice and lessons learned. Topics discussed included fees and value for money, auto enrolment and the decumulation phase in private pension systems. The seminar which was held in Dublin Castle brought together approximately 125 delegates

from regulatory authorities representing the IOPS and the OECD member countries. Senior officials from Irish government departments and state agencies were also in attendance.

### Pension data reporting

New reporting requirements for pension schemes have been introduced by the European Insurance and Occupational Pensions Authority (EIOPA) and the European Central Bank (ECB). The first reporting deadline for these new requirements will be in Q4 2019. The Authority will be reporting on the EIOPA data and the Central Bank of Ireland will be reporting on the data required by the ECB.

### Determinations

Under the Pensions Act, the Authority has the power in certain circumstances to make legally binding determinations on request by certain parties. These determinations facilitate scheme trustees in transferring the benefits of deferred members to other arrangements or allow the Authority to appoint a trustee in substitution of the existing trustee in certain circumstances. In 2018, the Authority issued two statutory determinations. One section 35 application and one section 64 determination was granted.

### Policy development and research

The Authority provided technical support to the Department of Finance on the Pan-European Personal Pension Product (PEPP) Regulation. The Authority also worked with Revenue to progress scheme authorisation from both agencies' perspective.

The Authority conducted a consultation on requirements for master trusts which took into account the risks specific to such schemes. The output from this consultation will provide an input into the development of a code of conduct for trustees of master trusts.

The Authority inputted to the consultation paper on pensions reform published by the Interdepartmental Pensions Reform and Taxation Group (IPRTG) in quarter three 2018 and to the draft report prepared by the IPRTG.

The Authority provided technical support to the Automatic Enrolment (AE) Programme Management Office as needed. The Authority undertook research on the advantages and disadvantages of a trust and a contract based AE system, research on pooling risk/collective defined contribution schemes and on the differences between the AE system as envisaged in the Government's strawman reform proposals and the current occupational system.

The Authority continued the research programme with the ESRI in 2018 to generate evidence of how people make retirement decisions. The research is aimed at improving knowledge of how individuals process pensions information and how they can be assisted in making decisions.

### Support, information and guidance

The Authority supports trustees, administrators, employers and their advisors with information and guidance to help them understand and meet their obligations under the Pensions Act.

In 2018, the Authority continued with its series of compliance alerts. These alerts 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:

- Trustee administration calendar
- Trustee training
- Managing conflicts of interest

Information was also provided during the year as follows:

- May 2018 - the Authority issued an information note on data protection for trustees of OPS.
- June 2018 - 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 2018.
- September 2018 - the Authority published information on the new data reporting requirements for pension schemes that have been introduced by EIOPA and the ECB.

During 2018, the Authority dealt with approximately 8,000 general and data enquiries. The majority of the general queries were from scheme members and related to the Disclosure of Information Regulations. Data enquiries were predominately related to data submissions from regulated entities. The Authority responded to all enquiries in line with the Authority's Customer Charter and no complaints were received in relation to enquiries.

The Authority continued to provide a comprehensive range of free information and guidance material on its website. Throughout the year, the Authority attended and presented at public events. Each year the Authority also deals with direct media enquiries and seeks events and media opportunities to promote public discussion of pension issues.

#### **Oireachtas members' enquiries**

The Authority provides a dedicated enquiries email address [oireachtas@pensionsauthority.ie](mailto:oireachtas@pensionsauthority.ie) for members of the Oireachtas seeking information on pension matters or about the work of the Authority. The Authority dealt with three enquiries from Oireachtas members in 2018.

The Authority also provided information to the DEASP in response to 14 Parliamentary Questions during 2018.

#### **Freedom of information (FOI)**

The Authority received and responded to six FOI requests in 2018 within the statutory deadlines.

#### **General Data Protection Requirements (GDPR)**

The Authority is compliant with the new GDPR obligations which took effect in May 2018. The Authority appointed the Head of Operations as its Data Protection Officer. Throughout 2018 the Authority continued to work on a programme of employee education and awareness building regarding data protection and records management across the organisation.

The Authority had no data breach reports to make to the Data Protection Commission in 2018.

#### **Subject access request (SAR)**

The Authority received and completed one SAR in 2018 within the statutory deadline.

#### **Human resources**

The Authority is committed to providing a safe place to work and operates in accordance with the Safety, Health and Welfare at Work Act. The Authority's employee training and development plan supports the vision and objectives as set out in the Pensions Authority Strategy 2016 – 2020. A key enabler of the Authority's strategy is to ensure the right people are in the right place with the right supports.

During 2018, the Authority carried out 18 separate recruitment campaigns resulting in 17 new employees joining the Authority. As a part of this recruitment activity, there were also 14 internal promotions. There were over 127 separate employee training and development activities carried out during the year. A significant element of the training and development activity was focused on upskilling employees for the new prospective risk based supervisory regime that will follow the transposition of the IORP II Directive and the implementation of the Authority's reform agenda.

#### **Public equality and human rights duty**

The Authority is committed to ensuring we meet our obligations to promote equality, prevent discrimination and protect the human rights of employees, customers and service users as required by the Public Sector Equality and Human Rights Duty (under Section 42 of the Irish Human Rights and Equality Act 2014).

The Authority is an equal opportunities employer. The Authority's Employee Handbook contains detailed policies and procedures on employee relations including policies relating to dignity and respect in the workplace, bullying and harassment, performance, training and development. The Authority also has a safety, health and welfare statement and supports flexible working hours (flexi-time), wellbeing initiatives and access to an Employee Assistance programme.

#### **Prompt payments**

The Authority operates a 15-day prompt payment policy in line with Government Decision S29296 of March 2011. The Authority posts its quarterly prompt payment reports on the website.

#### **Energy usage**

In 2018, the total energy consumption by the Authority amounted to 218,882 kWh hours of electricity. The Authority continues to work on introducing energy efficiencies where possible across the organisation.

# COMMITTEE OF THE AUTHORITY

## Audit and Risk Committee (ARC)

The ARC provides oversight and independent advice to the Authority on matters including the suitability and robustness of the organisation's internal control, internal audit, risk management, governance systems procedures and the reliability of financial reporting. Following the end of each financial year, the ARC, formally reports to the Authority outlining its activities during the year together with such advice and recommendations as it may deem appropriate.

The ARC terms of reference are set out in its Charter, which was updated and approved by the Authority in December 2018. A number of changes were made to the Charter to reflect the advisory role of the ARC. The ARC reports to the Authority reviewing and commenting upon relevant matters which the Authority then consider before making a decision.

The ARC consists of four members and at the end of 2018 was as follows:

- Mr. Bill Cunningham, Chairman
- Mr. Michael Roche, non-executive member
- Mr. Kevin Barron, representative of the Department of Employment Affairs and Social Protection
- Mr. Sean Kinsella, representative of the Department of Finance

The ARC met five times in 2018 with full attendance of all members.

In 2018, the internal audit programme consisted of:

- an audit of the General Data Protection Regulation (GDPR) readiness and Freedom of Information systems, policies and procedures
- a high-level review of the effectiveness of internal controls.

The external audit was conducted by the Comptroller and Auditor General (C&AG) in April 2018. The C&AG issued an unqualified report for the Authority's 2017 accounts.

The ARC is satisfied that a robust system of internal controls and financial management is in place in the Authority. It is also satisfied that there is an appropriate system in place for effective risk management and the maintenance of a high standard of corporate governance.

The ARC's annual report is posted on the Authority's website.



**Mr Bill Cunningham**  
Chairman

February 2019

# REPORT OF THE COMPTROLLER AND AUDITOR GENERAL FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

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## Opinion on the financial statements

I have audited the financial statements of the Pensions Authority for the year ended 31 December 2018 as required under the provisions of Section 22 of Pensions Act 1990.

The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of comprehensive income
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Pensions Authority at 31 December 2018 and of its income and expenditure for 2018 in accordance with Financial Reporting Standard (FRS) 102 -The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

## Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions.

My responsibilities under those standards are described in the appendix to this report.

I am independent of the Pensions Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Report on information other than the financial statements, and on other matters

The Pensions Authority has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and Authority members' report and, the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.



Andrew Harkness  
For and on behalf of the  
Comptroller and Auditor General

21 June 2019

## APPENDIX TO THE REPORT

### Responsibilities of Authority members

As detailed in the governance statement and Authority members' report, the Authority members are responsible for

- the preparation of financial statements in the form prescribed under Section 22 of the Pensions Act 1990
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under Section 22 of the Pensions Act 1990 to audit the financial statements of the Pensions Authority and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pensions Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Pensions Authority to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

# GOVERNANCE STATEMENT AND AUTHORITY MEMBERS' REPORT

## Governance

The Pensions Authority is a statutory body set up under the Pensions Act, 1990. The functions of the Authority are set out in section 10 of this Act. The Authority is accountable to the Minister for Employment Affairs and Social Protection. The Authority is responsible for ensuring good governance within the organisation and performs this task by agreeing strategic objectives and targets with the Executive and taking strategic decisions on all key business issues. The Pensions Regulator and the senior management team must follow the broad strategic direction agreed with the Authority, and must ensure that all Authority members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise.

## Authority responsibilities

The Authority is collectively responsible for leading and directing the Authority's activities. It delegates operational responsibility for the day-to-day running of the Authority to the Pensions Regulator and to the Executive. Such delegation does not absolve the Authority from the duty to supervise the discharge of the delegated functions. The Authority is responsible for fulfilling key functions, comprising: reviewing and guiding strategic direction and major plans of action, risk management policies and procedures, annual budgets and business plans, setting performance objectives, monitoring implementation and the Authority's performance, and overseeing major capital expenditure and investment decisions.

Standing items considered by the Authority at their meetings include:

- conflicts of interest
- risk
- report from the Audit and Risk Committee (including financial reporting)
- Pensions Regulator report
- enforcement and regulatory decisions.

Section 22 of the Pensions Act 1990 requires the Authority to keep, in such form as may be approved by the Minister for Employment Affairs and Social Protection with consent of the Minister for Finance, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, under the Code of Conduct for the Governance of State Bodies (2016) the Authority is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Authority must keep adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with section 22 of the Pensions Act 1990 as amended. The maintenance and integrity of the corporate and financial information on the Authority's website is the responsibility of the Authority members.

The Authority is responsible for approving the annual plan and budget. An evaluation of the performance of the Authority by reference to the annual plan was carried out at the Authority meeting on 22 January 2019. The review of the annual budget was carried out on 4 December 2018.

The Authority is responsible for making a recommendation to the Minister for Employment Affairs and Social Protection regarding occupation pension scheme and PRSA fees annually.

The Authority is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Authority considers that the financial statements of the Authority give a true and fair view of the financial performance and the financial position of the Authority at 31 December 2018.

## Authority structure

The Authority consists of a chairperson, and two ordinary members, all of whom are appointed by the Minister for Employment Affairs and Social Protection. Appointments to the Authority shall be for a period of up to five years. Members are eligible for re-appointment. The Authority members meet approximately every six weeks in accordance with a schedule of meetings agreed at the beginning of each year.



The table below details the date of appointment of 2018 Authority members:

Authority Member	Role	Date Appointed
David Begg	Chairperson	12 January 2016
*Anne Vaughan	Representative of the Department of Employment Affairs and Social Protection	14 May 2014
Gary Tobin	Representative of the Department of Finance	22 August 2017
Jacqui McCrum	Representative of the Department of Employment Affairs and Social Protection	21 January 2019

\*Anne Vaughan retired from the Authority at the end of December 2018.

The Authority conducted a self-evaluation on 17 July 2018. No issues requiring attention were identified. An external Board Effectiveness Review is scheduled for the second quarter of 2019.

## Schedule of attendance, fees and expenses

A schedule of attendance at the Authority meetings for 2018 is set out below including the fees and expenses received by each member:

<b>Authority Meetings 2018</b> Number of meetings held: 10				
Name	Position	Number of meetings attended	Fees 2018 €	Expenses 2018 €
David Begg	Chairperson	10	20,520	0
Anne Vaughan	Representative of the Minister for Employment Affairs and Social Protection	10	0	0
Gary Tobin	Representative of the Minister for Finance	9 out of 10	0	0

## Audit and Risk Committee

The Authority has established an Audit and Risk Committee (ARC) which comprises of three members and an independent chairperson.

The role of the ARC is to provide independent advice to the Authority on matters including the suitability and robustness of the organisation's internal control, internal audit, risk management, governance systems procedures and the reliability of financial reporting.

The ARC is independent of the day to day financial management of the organisation by the Executive. In particular the ARC ensures that the internal control systems including audit activities are monitored actively and independently.

The ARC reports to the Authority after each meeting, and formally in writing annually.

The ARC consists of four members and at the end of 2018 was as follows:

- Mr. Bill Cunningham, Chairman
- Mr. Michael Roche, non-executive member
- Mr. Kevin Barron, representative of the Department of Employment Affairs and Social Protection
- Mr. Sean Kinsella, representative of the Department of Finance

There were five meetings of the ARC in 2018.

### Schedule of attendance, fees and expenses

A schedule of attendance at the ARC meetings for 2018 is set out below including the fees and expenses received by each member:

ARC meetings 2018 Number of meetings held: 5				
Name	Position	Number of meetings attended	Fees 2018 €	Expenses 2018 €
Bill Cunningham	Chairperson	5	2,012	0
Kevin Barron	Representative of the Department of Employment Affairs and Social Protection	5	0	0
Sean Kinsella	Representative of the Department of Finance	5	0	0
Michael Roche	Ordinary member	5	1,414	0

The following members did not receive an Authority or ARC fee under the One Person One Salary principle:

- Anne Vaughan
- Gary Tobin
- Kevin Barron
- Sean Kinsella

### Disclosures required by Code of Practice for the Governance of State Bodies (2016)

The Authority is responsible for ensuring that the organisation has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

#### Employee short-term benefits breakdown

Details of employee short term benefits in excess of €60,000 and the salary costs of key management personnel are set out in note number 3 in the financial statements.

## Consultancy costs

Consultancy costs comprise of the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2018 €	2017 €
Legal advice	81,779	71,108
Financial/actuarial advice	7,715	30,252
Public relations	0	0
Research consultancy	203,123	135,570
Human resources	0	33,046
Business improvement <sup>1</sup>	20,633	159,000
Other <sup>2</sup>	36,268	11,820
<b>Total consultancy costs</b>	<b>349,518</b>	<b>440,796</b>
	2018 €	2017 €
Consultancy costs capitalised	22,117	82,348
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	327,401	358,448
<b>Total</b>	<b>349,518</b>	<b>440,796</b>

## Legal costs and settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by the Authority which is disclosed in consultancy costs above.

	2018 €	2017 €
Legal fees – legal proceedings	11,279	1,363
Conciliation and arbitration payments	0	0
Settlements	0	0
<b>Total</b>	<b>11,279</b>	<b>1,363</b>

<sup>1</sup> This comprises of the cost of system enhancements, project development and other management and IT consultancy.

<sup>2</sup> This consists of investigation and compliance support expenditure.

## Travel and subsistence expenditure

Travel and subsistence expenditure is categorised as follows:

	2018 €	2017 €
<b>Domestic:</b>		
– Authority members	0	0
– Employees	1,320	2,977
<b>International:</b>		
– Authority members	0	0
– Employees	23,121	28,811
<b>Total</b>	<b>24,441</b>	<b>31,788</b>

## Hospitality expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2018 €	2017 €
Employee hospitality <sup>3</sup>	7,677	9,584
Client hospitality	114	807
<b>Total</b>	<b>7,791</b>	<b>10,391</b>

## Statement of compliance

The Authority has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. The Pensions Authority was in compliance with the Code of Practice for the Governance of State Bodies for 2018.



**David Begg**  
Chairperson

20 June 2019



**Brendan Kennedy**  
Pensions Regulator

20 June 2019

<sup>3</sup> This includes contribution to employee social committee and other activities.

# STATEMENT ON INTERNAL CONTROL

## Responsibility for system of internal control

On behalf of the Authority, I acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

## Purpose of the system of internal control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented, or detected in a timely manner.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in the Authority for the year ended 31 December 2018 and up to the date of approval of the financial statements.

## Audit and risk management

The Authority has an Audit and Risk Committee (ARC) comprising a member from the Department of Employment Affairs and Social Protection, a member from the Department of Finance and two external members, with financial and audit expertise, one of whom is the Chair. The ARC met five times during 2018.

The Authority has also established an outsourced internal audit function, which is adequately resourced and conducts a programme of work as agreed with the ARC.

The Authority has developed a risk management policy, which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of employees in relation to risk. The Authority approved the policy and the risk management processes. The policy has been issued to all employees who are expected to work within the Authority's risk management policies.

## Risk and control framework

The Authority has a risk register which identifies key risks and the management actions being taken, to the extent possible, to mitigate those risks. The key risks facing the Authority have been evaluated and graded according to their significance. The risk register is reviewed quarterly by senior management and the ARC. The outcome of these assessments is used to allocate resources to ensure risks are managed to an acceptable level.

I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented;
- financial responsibilities have been assigned at management level with corresponding accountability;
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management;
- there are systems aimed at ensuring the security of the information and communication technology systems;
- there are systems in place to safeguard the assets of the Authority.

## Ongoing monitoring and review

Formal procedures have been established for monitoring control processes. Control deficiencies are communicated to those responsible for taking corrective action and to management and the Authority, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies;
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and;
- there are regular reviews by senior management of financial reports which indicate performance against budgets/forecasts.

## Procurement

I confirm that the Authority has procedures in place to ensure compliance with current procurement rules and guidelines. Any issues that arose during 2018 regarding procurement are highlighted in the internal control issues section below.

## Review of effectiveness

I confirm that the Authority has procedures to monitor the effectiveness of its risk management and control procedures. The Authority's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors which is overseen by the ARC. The senior management in the Authority are responsible for the development and maintenance of the internal financial control framework.

I confirm that the Authority conducted an annual review of the effectiveness of the internal controls for 2018.

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## Internal control issues

### Non-compliant procurement

During 2018 expenditure of €63,000 was incurred in relation to goods and services where the procedures employed did not comply with procurement guidelines. This expenditure related to eight separate contracts. The existing contract for cleaning services was extended by six months as a result of a delay in completing the re-tendering process. Expenditure incurred during this extension was €15,000. Seven small contracts for services with a total value of €48,000 were rolled over to the existing providers in 2018. These contracts will be regularised during 2019.

### Overpayment to Revenue

As part of the 2017 end of year returns to Revenue an administrative error on filing electronic returns resulted in a duplicate payment of the P35 and PSWT returns totalling €1,093,315. On the basis that the Authority submits its returns and payment on a monthly basis, the end of year returns should have been filed with a zero payment. The overpayment was refunded immediately by Revenue. In light of this administrative error additional training was provided and a supervisor sign off was implemented.

### Overpayment to DPER

Due to a lack of clarity regarding the rate of employer contributions to the Single Public Service Scheme, the Authority paid employer contributions from 2013 to 2018 at a higher rate than required. This resulted in an overpayment of €332,116. The correct contribution rates have been applied since December 2018. The overpayment was subsequently refunded by DPER.



**David Begg**  
Chairman  
20 June 2019



# STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES

For the year ended 31 December 2018			
		2018	2017
	Notes	€	€
<b>Revenue</b>			
Occupational Pension Scheme fees		3,553,560	3,376,160
Personal Retirement Savings Account fees		3,368,697	3,067,587
Other income	2	11,545	7,177
<b>Total income <sup>4</sup></b>		<b>6,933,802</b>	<b>6,450,924</b>
<b>Expenditure</b>			
Remuneration <sup>5</sup>	3	4,051,956	3,796,735
Authority members' fees	5	20,520	20,520
Rent and office expenses	6	875,593	797,730
Training, education and employee related expenses	7	170,353	142,596
Information, research and publicity	8	194,050	210,299
Professional fees	9	419,644	425,177
General administration	10	500,846	621,524
Depreciation	11	224,536	177,058
<b>Total expenditure</b>		<b>6,457,498</b>	<b>6,191,639</b>
<b>Surplus for the year</b>		<b>476,304</b>	<b>259,285</b>
Revenue reserve at 1 January		7,317,160	7,057,875
<b>Surplus for the year</b>		<b>476,304</b>	<b>259,285</b>
<b>Revenue reserve at 31 December</b>		<b>7,793,464</b>	<b>7,317,160</b>

The statement of cash flows and notes 1 to 21 form part of these financial statements.



**David Begg**  
Chairperson

20 June 2019



**Brendan Kennedy**  
Pensions Regulator

20 June 2019

<sup>4</sup> State grants in respect of pension payments to retired employees are excluded from Revenue. These are accounted for in note 18. The comparatives in 2017 have been reclassified in line with presentation in the current year.

<sup>5</sup> Accordingly, pension payments to retired employees are excluded from Expenditure. These are accounted for in note 18. The comparatives in 2017 have been reclassified in line with presentation in the current year.

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018			
		2018	2017
	Notes	€	€
Surplus for the year		476,304	259,285
Experience (gains)/losses on retirement benefit obligations <sup>6</sup>	18	490,000	1,437,000
Change in assumptions underlying the present value of retirement benefit obligations		(298,000)	(492,000)
Adjustment to deferred retirement benefits funding	18	(192,000)	(945,000)
Total comprehensive income for the year		<b>476,304</b>	<b>259,285</b>

The statement of cash flows and notes 1 to 21 form part of these financial statements.



**David Begg**  
Chairperson

20 June 2019



**Brendan Kennedy**  
Pensions Regulator

20 June 2019

<sup>6</sup> The "Experience Gains on Retirement Benefit Obligations" reflects the impact on the liability valuation of differences between the assumptions made at the start of the year and the actual experience over the year. For example, gains or losses arise from differences between assumed and actual mortality experience, inflation, salary inflation and pension increases.

# STATEMENT OF FINANCIAL POSITION

At 31 December 2018					
		2018		2017	
	Notes	€	€	€	€
<b>Non- current assets</b>					
Property, plant and equipment	11		473,471		455,669
<b>Current assets</b>					
Receivables	12	1,175,290		620,593	
Cash and cash equivalents	17	1,568,759		1,673,366	
Short term deposits <sup>7</sup>	17	6,545,498		6,538,984	
		9,289,547		8,832,943	
<b>Creditors amounts falling due within 1 year</b>					
Payables	13	469,554		471,452	
<b>Net current assets</b>			<b>8,819,993</b>		<b>8,361,491</b>
<b>Net assets before retirement benefits</b>			<b>9,293,464</b>		<b>8,817,160</b>
<b>Retirement benefits</b>					
Retirement benefit liability	18		(23,369,000)		(22,080,000)
Deferred exchequer retirement benefit funding	18		23,369,000		22,080,000
<b>Net assets after retirement benefits</b>			<b>9,293,464</b>		<b>8,817,160</b>
<b>Representing</b>					
Compliance enforcement reserve	15	1,500,000		1,500,000	
Revenue reserve	15	7,793,464		7,317,160	
			<b>9,293,464</b>		<b>8,817,160</b>

The statement of cash flows and notes 1 to 21 form part of these financial statements.



**David Begg**  
Chairperson

20 June 2019



**Brendan Kennedy**  
Pensions Regulator

20 June 2019

<sup>7</sup> The maturity date of the deposits is over 3 months. Therefore, it does not meet the definition of cash or cash equivalents according to FRS 102. It was included in cash and cash equivalents in 2017.

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2018			
		2018	2017
	Notes	€	€
Net cash inflow from operating activities	16	137,358	538,059
Cash flows from financing activities		156	82
Interest received			
Cash flows from investing activities			
Purchase of Non- current assets			
Payments to acquire property, plant and equipment		(242,121)	(307,424)
Equipment			
Payments from short term deposit accounts		0	1,000,262
<b>Increase/(Decrease) in cash and cash equivalents in year <sup>8</sup></b>		<b>(104,607)</b>	<b>1,230,978</b>
Reconciliation of net cash flow to movement in net funds	17		
<b>Increase/(Decrease) in net funds in the year</b>		<b>(104,607)</b>	<b>1,230,978</b>
<b>Net funds at 1 January</b>		<b>1,673,366</b>	<b>442,388</b>
<b>Net funds at 31 December</b>		<b>1,568,759</b>	<b>1,673,366</b>

<sup>8</sup> Prior year figures have been reclassified on the same basis as 2018.

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 31 December 2018

### 1. Accounting policies

The basis of accounting and significant accounting policies adopted by the Authority are set out below. They have all been applied consistently throughout the year and for the preceding year.

#### a) General information

The Authority was set up under the Pensions Act, 1990, as amended, with a head office at Verschoyle House, 28-30 Lower Mount Street, Dublin 2.

The Authority's primary objectives as set out in Part 10 of the Pensions Act, 1990, as amended, are:

- to monitor and supervise the operation of this Act and pensions developments generally;
- to advise the Minister either on request or on its own initiative on all matters relating to the functions assigned to the Authority under this Act and on matters relating to pensions generally;
- to issue guidelines on the duties and responsibilities of trustees of schemes and codes of practice on specific aspects of their responsibilities;
- to encourage the provision of appropriate training facilities for trustees of schemes;
- to advise the Minister on standards for trustees of schemes and on their implementation;
- to publish an annual report and such other reports as it may from time to time consider necessary;
- to perform such tasks as the Minister may from time to time request.

The Authority is a Public Benefit Entity (PBE).

The financial statements are denominated in euro.

#### b) Statement of compliance

The financial statements of the Authority for the year ended 31 December 2018 have been prepared in accordance with FRS 102, the financial reporting standard applicable in Ireland and the UK issued by the Financial Reporting Council (FRC), as promulgated by Chartered Accountants Ireland. The date of transition to FRS 102 was 1 January 2014.

#### c) Basis of preparation

The financial statements are prepared under the accruals method of accounting, on the going concern basis and under the historical cost convention, unless otherwise disclosed, in the form approved by the Minister for Employment Affairs and Social Protection, with the concurrence of the Minister for

Public Expenditure and Reform, in accordance with Section 22(1) of the Pensions Act, 1990, as amended.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Authority's financial statements.

#### d) Oireachtas grants

Oireachtas grants represents the amount made available in respect of the year by the Department of Employment Affairs and Social Protection to recoup the cost of superannuation benefits paid by the Authority. Oireachtas grants are recognised in the year in which the related pensions are paid.

#### e) Fee income

##### i) Occupational pension scheme fees

Fees are payable to the Authority by scheme trustees in accordance with Section 25 of the Pensions Act. The current fee rates payable are set out in Statutory Instrument No.634 of 2010 - Occupational Pension Schemes (Fees) (Amendment) Regulations, 2010. Fees in respect of group schemes are payable on an actual year basis and one person schemes are payable a year in arrears.

The Authority recognises all fees due as income on a calendar year basis and fees due in respect of one person schemes are included as debtors at year end.

##### ii) Personal Retirement Savings Account fees

Amounts due in respect of application, product and annual fees levied on Personal Retirement Savings Account (PRSA) providers. Annual PRSA fees are calculated by reference to the number of registered approved products and the value of funds under management by the provider as at the end of the prior year.

The current fee rates are set out in Statutory Instrument No.506 of 2002 - Personal Retirement Savings Accounts (Fees) Regulations, 2002.

#### f) Property plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged in the statement of income and expenditure and revenue reserves on a straight-line basis, with a full year of depreciation being

applied in the year of acquisition. Depreciation is applied at the annual rates set out below, so as to write off the assets, adjusted for estimated residual value, over the expected useful life of each appropriate category.

- Leasehold improvements 6 $\frac{2}{3}$ % 15 years
- Computer equipment 25% 4 years
- Office furniture 12 $\frac{1}{2}$ % 8 years
- Office equipment 20% 5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the statement of income and expenditure and retained revenue reserves in the year.

#### g) Operating lease

Rental payments are dealt with in the statement of income and expenditure and retained revenue reserves in the year to which they relate.

#### h) Retirement benefits (Refer to note 18)

##### Nature of schemes

The Authority operates the following defined benefit pension schemes in respect of its employees:

For employees appointed prior to 1 January 2013:

- Pensions Authority Superannuation Scheme, 1993, and the Spouses' and Children's Contributory Pension Scheme 1993, with the scheme structure based on the Public Service model (the "Model scheme").

For employees appointed after 1 January 2013:

- Single Public Service Pension Scheme, which provides consumer price index-linked defined benefit pensions based on career-average pay (the "Single scheme").

The schemes are unfunded by the Authority, with pension benefits payable by the Exchequer. In addition, the Authority's arrangements have a number of specific characteristics:

- the Authority makes agreed contributions to the Department of Employment Affairs and Social Protection (for the Model scheme) and to the Department of Public Expenditure and Reform (for the Single scheme);
- the contributions for both schemes comprise an employee element along with an employer element. The employer contributions, paid by the Authority, amount to 25% of gross pay for employees paying PRSI at the A rate in the Pensions Authority Superannuation Scheme and 30% of gross pay

for employees paying PRSI at the D rate. The employer contribution paid by the Authority to the Single Scheme amount to three times the employee contribution;

- there is an explicit commitment from the Department of Employment Affairs and Social Protection, with the agreement of the Department of Public Expenditure and Reform, that the Exchequer will meet the cost of benefits as they fall due;
- an asset corresponding to the unfunded deferred liability for retirement benefit on the Single Public Service Pension Scheme is recognised on the basis of the provisions of Section 44 of the Public Service Pensions (Single Scheme and other provisions) Act 2012.

In substance, the Authority considers that the obligation to pay pension benefits remains with the Authority, but that the Exchequer has committed to providing the Authority with sufficient funds to settle any such obligations as they fall due, provided that the Authority pays over employees' and the employer's contributions at rates specified by the Minister for Employment Affairs and Social Protection and the Minister for Public Expenditure and Reform.

Accordingly, the financial statements recognise both a deferred pension benefit obligation and a deferred exchequer pension funding receivable and full details of Superannuation benefit payments are included in the financial statements as an expenditure item and there is a corresponding income representing recoupment of payments from the Department of Employment Affairs and Social Protection.

##### Scheme actuarial gains or losses

Actuarial gains or losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised for the year in which they occur and a corresponding adjustment is recognised to the balance for deferred exchequer retirement benefit funding. Pension costs in the statement of income and expenditure and retained revenue reserves comprise the employer's contribution in the year.

##### Scheme liabilities

Scheme liabilities represented by the present value of future payments earned by Authority employees to date are measured on an actuarial basis using the projected unit method. Pension costs reflect pension benefits earned by employees. The amount to be included in the financial statements for the deferred exchequer benefit funding amount is estimated at an amount equal to the estimate of the obligation for the pension scheme liabilities.

#### i) Compliance enforcement reserve

As the Authority is a statutory regulatory body charged with monitoring and enforcing compliance with the provisions of the Pensions Act, 1990, as amended, it may be necessary for the Authority, from time to time, to have recourse to legal action.



In certain cases, such action could involve the Authority in significant costs. It is not possible to anticipate when such cases may arise, or the resulting level of costs, but the Authority considers it prudent to ensure that adequate resources are available and to spread such costs over the years.

Accordingly, amounts are transferred from the statement of income and expenditure and retained revenue reserves to the compliance enforcement reserve when deemed prudent or necessary.

Amounts are transferred from the compliance enforcement reserve to the statement of income and expenditure and retained revenue reserves in the case of significant legal proceedings i.e. contested high court action.

#### **j) Critical accounting judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

##### **Depreciation and residual values**

The Authority has reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

##### **Retirement benefit obligation**

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and healthcare cost trend rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans. The going concern basis is also a critical judgement.

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds
- (ii) future compensation levels, future labour market conditions.

## 2. Other income

Other income	2018 €	2017 €
Interest income	6,780	4,656
Recoupment of prosecution costs	635	2,515
Miscellaneous income	4,130	6
	<b>11,545</b>	<b>7,177</b>

## 3. Remuneration

The average number of full-time equivalent employees during the year was 58 (2017, 54) and the Employment Control Framework (ECF) was 70.5 at the end of 2018 (2017, 61.5). The aggregate employee and related costs were as follows:

Remuneration	2018 €	2017 €
Salaries	3,214,582	2,807,216
Employer superannuation contributions	413,069	704,899
Employer PRSI contributions	309,468	262,732
Agency/temporary employees	114,838	21,888
	<b>4,051,956 <sup>9</sup></b>	<b>3,796,735</b>

## Key management personnel

Key management personnel in the Pensions Authority consist of the Pensions Regulator and the Head of Operations (Finance). The total value of short-term employee benefits for key management personnel is set out below:

	2018 €	2017 €
Salaries <sup>10</sup>	257,133	244,620

<sup>9</sup> Pension payments to retired employees are excluded from Expenditure. These are accounted for in note 18. The comparatives in 2017 have been reclassified in line with presentation in the current year.

<sup>10</sup> Figures are in line with grades as set out in Circular 16/2018. This does not include the value of retirement benefits earned in the period. The key management personnel are members of the Pensions Authority pension scheme and the Single Scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

**Employee short-term benefits breakdown<sup>11</sup>**

Employees' short-term benefits in excess of 60,000 are categorised into the following bands:

Range of Total Employee Benefits		Number of Employees	
From €	To €	2018	2017
60,000	69,999	7	8
70,000	79,999	4	6
80,000	89,999	2	4
90,000	99,999	3	1
100,000	109,999	2	3
110,000	119,999	1	0
120,000	129,999	0	0
130,000	139,999	0	0
140,000	149,999	0	1
150,000	159,999	1	0

**4. Pensions Regulator remuneration <sup>12</sup>**

Pensions Regulator remuneration	2018 €	2017 €
Salary	151,500	146,123
Employer superannuation contribution	37,875	36,531
	<b>189,375</b>	<b>182,654</b>

The Pensions Regulator is a member of the Pension Authority's pension scheme and his pension entitlements do not exceed the standard entitlements provided in the model public sector defined benefit superannuation scheme. The value of retirement benefits earned in the period is not included above.

**5. Authority members' fees**

Authority fees		
Name	2018 €	2017 €
David Begg - Chairman	20,520	20,520

<sup>11</sup> For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee, but exclude employers PRSI.

<sup>12</sup> Included as part of employee costs in note 3.

**6. Rent and office expenses**

Rent and office expenses	2018 €	2017 €
Rent	558,400	558,400
Service charge	132,427	78,475
Rates	72,906	62,438
Electricity	53,750	33,270
Cleaning	29,980	30,101
General maintenance	25,850	32,812
Offsite storage	2,279	2,234
	<b>875,592</b>	<b>797,730</b>

The Authority occupies office premises on the first, second and fourth floor and basement at Verschoyle House, Lower Mount Street, Dublin 2, under a 25 year lease, which commenced on 16 July 2001. The Authority entered into an additional lease for the third floor of Verschoyle House from 21 October 2016 to 15 July 2026.

**7. Training, education and employee-related expenses**

Training, education and employee related expenses	2018 €	2017 €
Training and education	162,676	133,012
Employee related expenses <sup>13</sup>	7,677	9,584
	<b>170,353</b>	<b>142,596</b>

**8. Information, research and publicity**

Information, research and publicity	2018 €	2017 €
Advertising and engagement activities	142,458	170,537
Printing, publications and website	42,217	33,762
Consumer market research	9,375	6,000
	<b>194,050</b>	<b>210,299</b>

<sup>13</sup> Includes contributions to employee social committee and other activities.

## 9. Professional fees

Professional fees	2018 €	2017 €
Legal advice	93,058	128,005
Investigation and compliance support	36,268	11,820
Project development	14,699	55,785
System enhancement consultancy	5,477	17,066
Research consultancy	203,123	135,570
Internal audit fees	14,765	15,252
Statutory audit fees	17,000	15,000
Recruitment consultancy and advertising	14,258	33,046
Other	20,996	13,633
	<b>419,644</b>	<b>425,177</b>

## 10. General administration

General administration	2018 €	2017 €
Stationery and administration expenses <sup>14</sup>	37,251	39,350
Corporate subscriptions	167,494	159,884
Telephone and postage	30,308	30,626
Computer maintenance and consumables	180,266	297,952
Travel and subsistence <sup>15</sup>	24,441	31,788
Insurances	51,734	53,135
Bank charges	9,352	8,789
	<b>500,846</b>	<b>621,524</b>

<sup>14</sup> Includes Audit and Risk Committee member fees of €3,426.

<sup>15</sup> Included in travel and subsistence costs were: Foreign travel - €23,121 (includes €7,149 foreign travel for the Pension Regulator) Pensions Regulator expenses - €7,447 (includes €7,149 foreign travel) (2017 - €3,381) Foreign travel related mainly to the Authority's participation in EU regulatory and supervisory policy activity, in particular attendance at meetings of the European Insurance and Occupational Pensions Authority (EIOPA).

**11. Property plant and equipment**

	Leasehold improvements €	Computer equipment €	Office furniture €	Office equipment €	Total €
<b>Cost or Valuation</b>					
At 1 January 2018	1,261,564	1,594,968	249,645	94,228	3,200,405
Additions in year	0	232,616	9,048	457	242,121
Disposal in year	(14,967)	(672,708)	(161,711)	(43,724)	(893,110)
At 31 December 2018	1,246,597	1,154,876	96,982	50,961	2,549,416
<b>Accumulated Depreciation</b>					
At 1 January 2018	1,160,415	1,302,308	214,722	67,291	2,744,736
Disposal in year	(14,967)	(673,600)	(161,649)	(43,111)	(893,327)
Charge for year	8,910	200,712	7,897	7,017	224,536
At 31 December 2018	1,154,358	829,420	60,970	31,197	2,075,945
<b>Net Book Value</b>					
At 31 December 2017	101,149	292,660	34,923	26,937	455,669
At 31 December 2018	92,239	325,456	36,012	19,764	473,471

**12. Receivables**

Amounts falling due within one year:	2018 €	2017 €
Fee income	515,500	490,000
Accrued interest receivable	2,710	2,599
Prepayments	161,043	44,336
Debtors other	496,037	83,658
	<b>1,175,290</b>	<b>620,593</b>

**13. Payables**

Amounts falling due within one year:	2018 €	2017 €
Creditor accruals	182,618	267,719
Capital accruals	0	39,704
Holiday pay accrual	89,133	55,547
Tax creditor	101,319	101,633
Trade creditors	96,484	6,849
	<b>469,554</b>	<b>471,452</b>



**14. Financial commitments****(i) Capital commitments**

There were no capital commitments at 31 December 2018.

**(ii) Operating leases**

The Authority had commitments payable under non-cancellable operating leases as follows:

	2018 €	2017 €
Within 1 year	558,400	558,400
2-5 years	2,233,600	2,233,600
Over 5 years	1,417,477	1,975,877
	<b>4,209,477</b>	<b>4,767,877</b>

Lease payments are recognised as an expense.

**15. Revenue reserves**

	2018 €	2017 €
<b>Compliance enforcement reserve</b>		
At beginning and end of year	1,500,000	1,500,000
<b>Revenue reserve</b>		
At end of year	7,793,464	7,317,160
	<b>9,293,464</b>	<b>8,817,160</b>

**16. Reconciliation of surplus for the year to net cash inflow from operating activities**

	2018 €	2017 €
Surplus for year	476,304	259,285
<b>Non-operating items</b>		
Finance income	(6,780)	(4,656)
<b>Non-cash items</b>		
Depreciation	224,536	177,058
(Increase)/Decrease in receivables	(555,874)	25,798
Increase/(Decrease) in non-capital payables	(1,898)	80,574
Loss on disposal of fixed asset	1,070	0
Net cash inflow from operating activities	<b>137,358</b>	<b>538,059</b>

**17. Analysis of changes in cash flows****a) Cash and cash equivalents**

	At 1 January 2018 €	Cash flow €	At 31 December 2018 €
Cash and cash equivalents	1,673,366	(104,607)	1,568,759

**b) Short term deposit accounts**

	At 1 January 2018 €	Cash flow €	At 31 December 2018 €
Short term deposits	6,538,984	6,514	6,545,498

**18. Accounting treatment for retirement benefits**

The Authority operates the following defined benefit pension schemes in respect of its employees:

For employees appointed prior to 1 January 2013:

- Pensions Authority Superannuation Scheme, 1993 and the Spouses' and Children's Contributory Pension Scheme, 1993 (the scheme structure is based on the traditional Public Service model).

For employees appointed after 1 January 2013:

- Single Public Service Pension Scheme (the structure provides consumer price index-linked defined benefit pensions based on career-average pay).

The schemes are unfunded statutory schemes with pension benefits payable under the schemes funded by the Exchequer.

In addition, the Authority's arrangements have a number of specific characteristics:

- the Authority makes an agreed contribution to the Department of Employment Affairs and Social Protection (for the Model scheme) and to the Department of Public Expenditure and Reform (for the Single scheme);
- the contribution for both schemes comprises an employee element along with an employer element. The employer contribution to the Pensions Authority Superannuation Scheme amounts to 25% of gross pay for employees paying PRSI at the A rate. The employer contribution paid by the Authority to the Single Scheme amounts to three times the employee contribution;
- and 30% of gross pay for employees paying PRSI at the D rate and is paid by the Authority;
- there is an explicit commitment from the Department of Employment Affairs and Social Protection, with the agreement of the Department of Public Expenditure and Reform, that the Exchequer will meet the cost of benefits as they fall due.

**a) Actuarial valuation**

The Authority commissioned an actuarial valuation of retirement benefit liabilities under FRS102 at the statement of financial position date and the cost of benefits (service costs) accrued during the year.

This valuation, which was based on the Project Unit method, is premised on the following key financial assumptions (with comparatives for 2017):

	31 December 2018	31 December 2017
Discount rate <sup>16</sup>	2.10% p.a.	2.00% p.a.
Inflation rate	1.50% p.a.	1.75% p.a.
Increases to pensions in payment	2.50% p.a.	2.75% p.a.
Pensionable salary increases <sup>17</sup>	2.50% p.a.	2.75% p.a.

<sup>16</sup> The discount rate is prescribed under FRS102 and is based on the yield on high quality corporate bonds at the valuation date.

<sup>17</sup> Plus an allowance for public sector pay scales.

The key demographic assumptions used to calculate the retirement benefit liabilities under FRS102 at the beginning and the end of the period were as follows:

	31 December 2018		31 December 2017	
Mortality: pre retirement	None		None	
Mortality: post retirement	58% (male) of ILT15 62% (female) of ILT15 with allowance for future mortality improvements		58% (male) of ILT15 62% (female) of ILT15 with allowance for future mortality improvements	
Life expectancy at age 65:	Male	Female	Male	Female
FRS date:	21.5	24.0	21.4	23.9
FRS date + 20 years:	24.2	26.6	24.1	26.5
Retirement	70% of those with the option are assumed to retire at 60 with all other members assumed to retire at normal retirement age.		70% of those with the option are assumed to retire at 60 with all other members assumed to retire at normal retirement age.	
Age gap	Spouses are assumed to be 3 years younger than male members and 3 years older than female members		Spouses are assumed to be 3 years younger than male members and 3 years older than female members.	

#### b) Analysis of total pension costs charged to expenditure

	2018 €	2017 €
Total employer contribution	802,428	718,000
SPSPS refund from DPER <sup>18</sup>	(332,116)	0
Adjustments for seconded employees and transfers out	(57,243)	(13,101)
Current service cost <sup>19</sup>	1,028,000	891,000
Interest cost	438,000	389,000
Past service cost	0	0
Adjustment to deferred Exchequer funding	(1,466,000)	(1,280,000)
Total charge to the statement of income and expenditure and retained revenue reserve	<b>413,069</b>	<b>704,899</b>

<sup>18</sup> SPSPS is the Single Public Service Pension Scheme. The refund relates to overpaid employer contributions to the SPSPS between 2013 and 2018.

<sup>19</sup> Includes employee contributions totalling €157,000 in 2018 and €131,000 in 2017.

**c) Movement in net pension liability**

	2018 €	2017 €
Net pension liability at 1 January	22,080,000	20,468,000
Current service cost	1,028,000	891,000
Interest cost	438,000	389,000
Past service cost	0	0
Experience (gains)/losses on scheme liabilities	490,000	1,437,000
Change in assumptions	(298,000)	(492,000)
Benefits paid during the year <sup>20</sup>	(369,000)	(613,000)
Net pension liability at 31 December	23,369,000	22,080,000

**d) Actuarial adjustments**

	2018 €	2017 €
Experience gains on retirement benefit obligation	490,000	1,437,000
Change in assumptions underlying the present value of retirement benefit obligation	(298,000)	(492,000)
Adjustment to deferred retirement benefits funding	(192,000)	(945,000)

**e) Superannuation deductions and contributions**

The total superannuation deductions and contributions remitted to the Department of Employment Affairs and Social Protection and Department of Public Expenditure and Reform were as follows:

	2018 €	2017 €
Employer ordinary contributions	802,428	718,363
SPSPS refund from DPER	(332,116)	0
Employee ordinary contributions	156,905	130,839
Pension related deduction <sup>21</sup>	156,623	120,476
	783,840	969,678

<sup>20</sup> This amount includes refunds of €24,640 for employees who transferred out of the Authority in 2018.

<sup>21</sup> The Pension Related Deduction is not technically a pension contribution.

### Breakdown of remittance of pension deductions

Employees in the Pension Authority are members of the following schemes:

- Pre 1995 scheme
- Post 1995 scheme
- Single scheme

Pension contributions for the pre 1995 and post 1995 scheme are remitted to the Department of Social Protection and Employment Affairs (DEASP). Pension contributions for the single scheme are remitted to Department of Public Expenditure and Reform (DPER). The table below provides a breakdown of the remittance.

	2018 €	2017 €
<b>DEASP:</b>		
Employer ordinary contributions	522,214	505,625
Employee ordinary contributions	106,839	95,717
Pension related deduction	156,623	120,476
<b>DPER:</b>		
Employer ordinary contributions	280,214	212,738
Employee ordinary contributions	50,066	35,122
SPSPS Refund from DPER	(332,116)	0
	<b>783,840</b>	<b>969,678</b>

### f) Superannuation receipts and payments

	2018 €	2017 €
State grant in respect of pension payments <sup>22</sup>	344,358	609,927
Superannuation benefits paid	(344,358)	(609,927)

### 19. Disclosure of transactions

In accordance with the Code of Practice for the Governance of State Bodies, the Authority has in place a Code of Business Conduct for Authority members. The Code of Business Conduct includes guidance in relation to the disclosure of interests by Authority members and these procedures have been adhered to by the Authority during the year covered by these financial statements. During 2018, there were no financial transactions with Authority members other than the payment of Authority fees detailed in Note 5.

### 20. Taxation

The Authority is exempt from Corporation Tax under Section 220 of the Taxes Consolidation Act 1997.

### 21. Approval of financial statements

The financial statements were approved by Authority members on 10 June 2019.

<sup>22</sup> Department of Employment Affairs and Social Protection Vote 37 subhead A41.2.

# APPENDIX I

## Membership of Occupational Pension Schemes (OPS) and Personal Retirement Saving Accounts (PRSAs)\*

Table 1: Defined benefit schemes with active members as at 31 December 2018

Number of defined benefit schemes with active members as at 31 December 2018						
Scheme Size	Defined Benefit				All Schemes	
	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	199	0	0	0	199	0
In wind-up	26	0	0	0	26	0
Non Group	0	0	0	0	0	0
0 to 50	237	3,004	41	941	278	3,945
51 to 99	41	2,884	8	588	49	3,472
100 to 500	76	17,939	22	4,810	98	22,749
501 to 1000	18	11,527	8	6,148	26	17,675
1001+	17	67,329	20	379,119	37	446,448
<b>2018 Total</b>	<b>614</b>	<b>102,683</b>	<b>99</b>	<b>391,606</b>	<b>713</b>	<b>494,289</b>
2017 Total	640	105,414	98	351,806	738	457,220
<b>Change since 2017</b>	<b>-26</b>	<b>-2,731</b>	<b>1</b>	<b>39,800</b>	<b>-25</b>	<b>37,069</b>

Table 2: Defined contribution schemes with active members as at 31 December 2018


Number of defined contribution schemes with active members as at 31 December 2018		
	No of Schemes	Active Members
Non-Group	63,001	63,001
1-10	6,368	17,861
11-20	959	14,052
21-30	480	12,012
31-40	275	9,669
41-50	197	8,911
51-99	384	26,713
100-500	339	70,737
501-1000	50	32,727
1000+	43	95,974
<b>2018 Total</b>	<b>72,096</b>	<b>351,657</b>
2017 Total	70,700	329,297
<b>Change since 2017</b>	<b>1,396</b>	<b>22,360</b>

**PRSA data**

The number of PRSA contracts increased in 2018 by 16,463 to 281,127 with assets under management of €6.3 billion. The contracts consisted of:

- 206,962 Standard PRSA contracts
- 74,165 Non-Standard PRSA contracts.

\*Occupational scheme membership and PRSA data is based on the data provided to the Authority by regulated entities.



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ISSN 1649 8690