



AN BORD PINSEAN -  
THE PENSIONS BOARD



## Misean an Bhord Pinsean

Sábháilteacht pinsean ceirde a chur chun cinn trí:

- threoir údarásach a sholáthar do iontaobhaithe agus do riarthóirí ar chomhlíonadh Acht na bPinsean agus ar dheachleachtadh ginearálta i ndáil le riaradh scéime, agus trí thraenáil iontaobhaí cuí a mholadh;
- réimse leathan eolais ar chearta na mball faoi Acht na bPinsean a chur ar fáil go héasca do bhaill scéime agus do dhaoine eile ar suim leo é agus trí bhaill a spreagadh dun na cearta seo a úsáid d'fhonn a dteidil pinsin a chosaint; agus
- mhonatóireacht agus stiúradh a dhéanamh ar scéimeanna pinsean gairme agus, áit is gá, comhlíonadh Acht na bPinsean a chur i bhfeidhm tríd na Cúirteanna.

Tuilleadh forbairte ar phinsin in Éirinn a chothú trí sholáthar:

- treoir polasaí agus comhairle dírithe ar fheidhm níos leithne a bhaint as pinsin atá oiriúnach, sábháilte, solúbtha agus éifeachtach ó thaobh chostais de d'fhonn freastal ar sholáthar pinsean sna blianta romhainn do dhaoine atá ag dul in aois.

---

## Mission of the Pensions Board

To promote the security of occupational pensions by:

- providing authoritative guidance to trustees and scheme administrators on compliance with the Pensions Act and on good practice generally in relation to scheme administration, and by encouraging appropriate trustee training;
- making a wide range of information on members' rights under the Pensions Act readily available to scheme members and other interested parties and by encouraging members to use these rights to assist in safeguarding their pension entitlements; and
- monitoring and supervising the administration of occupational pension schemes and, where necessary, enforcing compliance with the Pensions Act through the Courts.

To promote the further development of pensions in Ireland through the provision of:

- policy guidance and advice aimed at encouraging the wider application of adequate, secure, flexible and cost efficient pensions to meet the challenge in the coming decades of pension provision for an ageing population.

Chairperson's Introduction	2
The Pensions Board	6
Committees	8
Staff of the Board	10
Protection for Scheme Members	11
Administrative and Financial Report	14
Registration of Occupational Pension Schemes and Collection of Fees	16
Enquiries and Investigations	18
Guidance and Information	20
Advisory Role of the Board	24
Accounting to Members – Participation in the Selection of Trustees	27
Accounting to Members – Disclosure of Information	28
Funding Standard	29
Equal Treatment for Men and Women	30
Report of the Comptroller and Auditor General	31
Statement of Board Responsibilities	32
Statement of Accounting Policies	33
Income and Expenditure Account	34
Balance Sheet	35
Cash Flow Statement	36
Notes to Financial Statements	37
Appendices	
I Legislation	43
II Operative Dates of Parts of the Pensions Act, 1990	44
III Publications	44

# Chairperson's Introduction



Eamonn Heffernan, *Chairperson*

I am pleased to submit, in accordance with Section 23 of the Pensions Act, 1990, the fifth Annual Report of An Bord Pinsean - The Pensions Board for the year ending 31 December, 1995.

Last year was the final year of office of the first members of The Pensions Board. Their term expired on the 20th December, 1995 when the present members of the Board were appointed for a five year term. I would like to pay tribute both to the first members of the Board and to my predecessor, Mary Broughan, for their significant contribution during the initial years of the Board's existence. It is the aim of the new Board and myself to continue the high standards achieved by our predecessors.

While this Report contains detailed information on all aspects of the Board's activities in 1995, there are three areas of particular significance.

## PENSIONS (AMENDMENT) BILL, 1995

During the course of the year a considerable amount of the Board's energy was devoted to preparing advice of a policy and technical kind for the Minister for Social Welfare to assist in completing the provisions of the Pensions (Amendment) Bill, 1995.

The Bill was published on 14 December, 1995 and, while many of its provisions are of a technical nature, when enacted it will improve the protection of scheme members and facilitate the smoother operation of the regulatory system. The provisions on compulsory and voluntary reporting of suspected fraud and misappropriation are intended, (consistent with the thrust of the Pensions Act, 1990), to protect the interests of scheme members and I look forward to the overall provisions of the Bill helping to achieve that overriding objective.

## COMPLIANCE

Our Mission Statement commits the Board to monitoring and supervising the administration of schemes and, where necessary, enforcing compliance with the Pensions Act through the Courts.

Consistent with this commitment, the Board was active in the task of ensuring compliance during 1995 with the provisions of the Act and in the earlier part of the year it initiated court proceedings against schemes which, despite various reminders, had failed to comply with the statutory requirements for a first actuarial funding certificate. As a result of this action compliance was achieved in all the schemes in question without the court proceedings being pursued. In other cases action was continued during the remainder of the year, primarily through the issue of directions

under Section 50 of the Act, also with a satisfactory outcome in terms of achieving compliance with the funding standard. I am gratified by the success of this major aspect of the Board's operations during 1995.

## BOARD RESOURCES

As signalled by my predecessor in the last Annual Report, the Board formally engaged a panel of expert advisers in the accountancy and actuarial areas towards the end of 1995. The intention is that the panel, (whose composition will be reviewed at the end of two years), will provide technical advice and assistance to the Board in relation to the carrying out of its statutory functions. This arrangement formalises the previous practice whereby consultancy advice was sought on a project by project basis. I regard the new panel as an important resource which will help expedite the operations of the Board and this development, coupled with the recruitment of additional staff, including a key management appointment, equips the organisation well to perform its tasks effectively in the coming years.

## PRIORITIES FOR NEXT FIVE YEARS

As my predecessor also indicated in the last Annual Report, and taking into account the enhanced resources referred to above, the first five years has seen the establishment of the Board on a firm foundation. The aim for the next five years is to consolidate the operational side of the organisation in terms of implementation of its principal statutory functions. At the same time, we intend to develop further the Board's activities in a number of key areas, especially policy advice to Government, compliance and public information.

## POLICY ADVICE

One of the Board's principal statutory functions is to advise the Minister for Social Welfare "on matters relating to pensions generally". While pension provision is an ongoing concern, public debate has intensified in recent times concerning the long term implications of demographic and labour market trends for pension provision. The Minister, in his recent speech at the Second Stage of the Pensions (Amendment) Bill, 1995, has outlined these general concerns, including those relating to the capacity to finance the emerging long term costs of social welfare pensions notwithstanding continued significant growth in the economy.

He also referred to some particular aspects of occupational pension provision on which he looks forward to advice from the Board over the coming five years.

These include:

- the possibility of a Compensation Fund;
- the need for a Pensions Ombudsman;
- the extension of statutory preservation of early leavers to pre-1991 service;
- the statutory protection of the accrued rights of members remaining in a scheme;
- the encouragement of the extension of pension coverage to part-time and other "atypical" workers; and
- improved protection for members of defined contribution schemes.

Accordingly, we will be devoting a greater amount of our time to considering and formulating advice on a wide range of policy matters, both in relation to those specified by the Minister and on others identified by the Board as requiring attention. To this end, the Board has established a new Policy Committee whose remit is to advance this policy dimension.

### COMPLIANCE

While the primary responsibility for ensuring that the provisions of the Act are complied with rests with the trustees of pension schemes and others involved in scheme administration, the Board has a statutory function to monitor and supervise the operation of the Act. The enactment of the Pensions (Amendment) Bill will, in a number of respects, enhance the powers of the Board in fulfilling this function. We intend to continue to use the powers available to us to ensure that the provisions of the Act are complied with and to take appropriate action in identified cases of non-compliance. We will continue to approach the task of ensuring compliance in a measured way, balancing the need to enforce the statutory protection of members' rights with that of encouraging the growth and coverage of voluntary pension provision.

With a view to maintaining this balance, there are two main components of our approach:

- Based on a generally satisfactory outcome of efforts to ensure compliance with the minimum funding standard in 1995, we will be continuing our monitoring of compliance with this standard over the next five years.
- Taking account of the advice of the consultancy project in relation to disclosure referred to in more detail elsewhere in this Report, we will also engage in a more pro-active approach to monitoring compliance with the disclosure of information requirements.

### INFORMATION

In line with our Mission Statement, we will continue to pursue an information and education policy designed both to enhance the quality of trustee administration and to advise scheme members of their rights under the Act. The Board will be concentrating additional efforts on this aspect of our activities over the coming five years. I see the provision of information to members and increasing their awareness of matters affecting their pension provision as key ways of safeguarding their entitlements and of empowering them to make well-based choices, when necessary, about their own long-term welfare.

Consistent with this approach, it will be a matter of priority to put in place a comprehensive range of information and guidance material available both to members and trustees. The present range of published material and the proposed additions are detailed elsewhere in this Report, but a major new component will be a Handbook for trustees designed to encourage good practice on as wide a scale as possible in relation to the administration of schemes.

When completed this range of material will cover all major aspects of members' pension rights, including the guidance needed by trustees and others involved in the administration of schemes, and it will provide information needed by members of the general public in relation to pension matters.

## CONCLUSION

Building on the solid foundation put in place during the initial five years, I now look forward to working with my colleagues on the Board, and its Executive, in fulfilling the Board's statutory functions during our period in office. I particularly wish to thank the outgoing Chief Executive, Gerry Mangan, for his commitment to the Board since its establishment and to welcome his successor, Anne Maher, to the position.

In looking to the longer-term I believe that the next five years will be crucial in terms of effective yet balanced regulation of pension schemes and of the orientation of policy towards overall pension provision. My aim is that the Board should play its part fully in achieving these objectives during our coming term of office.



Eamonn P. Heffernan  
Chairperson

# The Pensions Board

The Pensions Board is a representative Body, comprising a chairperson and 12 ordinary members. Members are appointed by the Minister for Social Welfare, but under the provisions of the Pensions Act the Board must comprise representatives nominated by trade unions, employers, the Government, the pensions industry and professional groups involved with occupational pension schemes.

The term of office for a Board member is normally five years and casual vacancies are filled by the Minister for Social Welfare or the nominating body, as appropriate. A person who fills a casual vacancy only holds office until the normal expiry date of the term of office of the person being replaced.

The current members of the Board are:



**Eamonn Heffernan**  
*(Chairperson)*

Appointed directly by the  
Minister for Social Welfare

**Kay Brophy**

Appointed directly  
by the Minister for  
Social Welfare

**Rosheen Callender**

Appointed directly  
by the Minister for  
Social Welfare

**Deirdre Carroll**

Representative of  
the Minister for  
Social Welfare



**James R. Kehoe**

Nominated by the Society  
of Actuaries in Ireland

**Raymonde Kelly**

Nominated by the  
Association of Pension  
Lawyers in Ireland

**Ciarán Long**

Nominated by the Irish  
Insurance Federation

The Pensions (Amendment) Bill provides for the appointment of two further members to the Board, one representing trade union members and one employers' members, each of whom must be a scheme trustee.



**Donal McAleese**

Nominated by the Irish  
Business and Employers  
Confederation

**Stephen McCarthy**

Nominated by the Irish  
Congress of Trade Unions

**Veronica McDermott**

Appointed directly by  
the Minister for Social  
Welfare



**Anne Maher**

Nominated by the Irish  
Association of Pension  
Funds

**Joe Mooney**

Representative of the  
Minister for Finance

**Robert Woods**

Nominated by the  
Consultative Committee  
of Accountancy Bodies in  
Ireland

The membership of the Board during the year to which this Report refers was as follows:

Mary Broughan (Chairperson)	Mary Howe	Deirdre Carroll
Michael Lane	Michael Guilfoyle*	Ciarán Long
Kate Hayes	Donal McAleese	Monica Healy
Stephen McCarthy	Eamonn Heffernan	Robert Woods
James R. Kehoe		

\* replaced by Joe Mooney in September 1995.

The Board met 13 times in 1995.

# Committees

The Board works through a committee system and much of its detailed work, (such as the preparation of reports for the Minister for Social Welfare), is initially prepared by a committee. The committees may include people who are not members of the Board, but who have particular expertise in relevant fields. During the period to which this Report refers, the composition of these committees was as follows:

## EQUAL TREATMENT COMMITTEE

Kate Hayes	Monica Healy	James R. Kehoe
Mary Howe	Gerry Mangan	(Chairperson)
Mary Hutch (Secretary)	Brendan O'Leary	

*The Committee met 3 times in 1995.*

---

## FINANCE AND AUDIT COMMITTEE

Michael Guilfoyle	Ciarán Long	Robert Woods
Donal McAleese	Gerry Mangan	(Chairperson)
Thomas Dunphy (Secretary)	Anne Vaughan	

*The Committee met 3 times in 1995.*

---

## LEGISLATION COMMITTEE

Mary Howe	James R. Kehoe	Eamonn Heffernan
Michael Lane	Ciarán Long	(Chairperson)
Gerry Mangan	Anne Vaughan	
Adrian Smith (Secretary)		

## MEMBERS OF SUB-COMMITTEES

Patrick Cosgrave	Thomas Duggan	Kevin Finucane
Eamonn Heffernan	Mary Howe	Colette Hamilton
Mary Hutch	James R. Kehoe	Paul Kenny
Michael Lane	Gerry Mangan	Donal O'Carroll
Ciarán Long	Pat Ryan	James Skehan
Brendan O'Leary	Clive Slattery	Ultan Stephenson
Thomas Wright	Adrian Smith	Claire O'Connor
Des Ryan	Brendan Johnston	Robert Woods

*The Legislation Committee met 18 times in 1995. There were, in addition, 33 sub-committee meetings involving members of the Legislation Committee and other experts in pensions and law as listed above.*

---

## STRATEGY COMMITTEE

Deirdre Carroll	Stephen McCarthy	Mary Broughan
Eamonn Heffernan	Robert Woods	(Chairperson)
Donal McAleese		
Gerry Mangan (Secretary)		

*The Committee met 3 times in 1995.*

## TRUSTEESHIP COMMITTEE

Don Bray	Mary Howe	Eamonn Heffernan
Donal McAleese	Stephen McCarthy	(Chairperson)
Gerry Mangan	Brendan O'Leary	
Mary Hutch (Secretary)		

*The Committee met 2 times in 1995. There were in addition 10 Sub-Committee meetings.*

The Board changed the structure of the Committee system with effect from February 1996 and established the following three permanent Committees.

## FINANCE AND AUDIT

Kay Brophy	Paddy Barry	Robert Woods
Donal McAleese	Anne Vaughan	(Chairperson)
Thomas Dunphy (Secretary)		

## POLICY

Veronica McDermott	Donal McAleese	Anne Maher
Rosheen Callender	James R. Kehoe	(Chairperson)
Deirdre Carroll	Joe Mooney	
Ian Woods (Secretary)	Stephen McCarthy	

## LEGISLATION

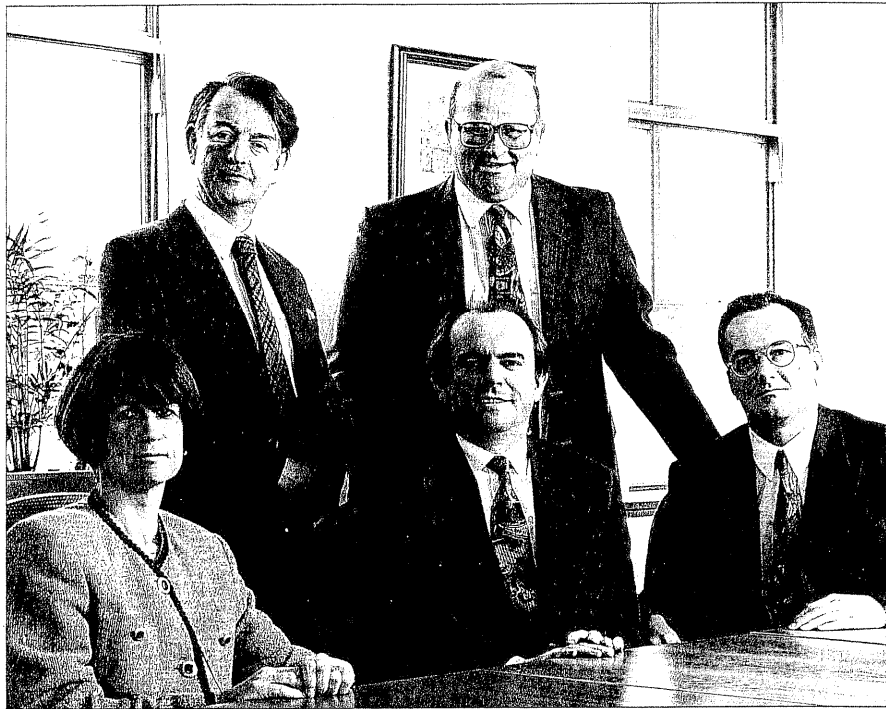
Anne Vaughan	Raymonde Kelly	Ciarán Long
Mary Hutch (Secretary)	Ultan Stephenson	(Chairperson)

## AD-HOC COMMITTEES

These will be established from time to time to deal with specific issues. At present there are eight such Committees dealing respectively with

- |                                      |   |
|--------------------------------------|---|
| ■ Strategy of Pensions Board         | ■ National Survey of Supplementary Pension Schemes          |
| ■ Equal Treatment                    |   |
| ■ Pensions (Amendment) Bill, 1995    | ■ Compliance with the Disclosure of Information Regulations |
| ■ Information Policy                 |   |
| ■ Revision of Revenue Practice Notes | ■ Review of SORP  |

## Staff of the Board



*The management team at The Pensions Board. Standing: Ian Woods and Adrian Smith. Seated: Mary Hutch, Gerry Mangan and Thomas Dunphy.*

Chief Executive	Gerry Mangan*
Head of Investigations	Adrian Smith
Head of Information and Training	Mary Hutch
Financial Controller/Registrar	Thomas Dunphy (Secretary to the Board)
Head of Technical Services and Research	Ian Woods
Systems Manager	David Moore
Enquiries and Information	Catherine Goulding
Registration and Funding Standard	Eric Plunkett
Accounting and Systems	Liam Kelly
Disclosure of Information and Compliance	Aideen Bugler
Support Staff	Edel Stenson Geraldine Slattery Valerie Clooney Sylvia O'Mahony Jennie Coughlan Maria Bennett Fiona Mangan

*\* To be succeeded by Anne Maher with effect from July, 1996.*

## PENSIONS ACT, 1990

The Pensions Act, and the Regulations made under it since its enactment, laid the basic framework for the statutory protection of the rights and interests of members of occupational pension schemes. This statutory framework, and its monitoring by The Pensions Board, has worked well over its initial five years.

However, it needs to be borne in mind that:

- the primary responsibility for ensuring that members' interests are well served remains with the trustees and others involved in the administration of schemes; and
- the protections provided in the Pensions Act are generally of a minimum level only, below which our legislators considered that safeguarding of members' interests should not fall.

Essentially, the protections enacted by Pensions Act, 1990 and its Regulations are designed to ensure that:

- the benefit entitlements of members leaving schemes before normal pensionable age are protected, either by preservation or transfer on a statutorily specified basis;
- schemes' funding of benefit entitlements in defined benefit schemes meets a certain minimum standard in the event of wind-up;
- a specified level of information regarding their scheme is made available to members;
- scheme trustees comply with specified basic requirements essential to proper management of schemes without prejudice to their other duties; and
- schemes comply with the principle of equal treatment of men and women.

For practical reasons these protections applied with effect from 1991. Their principal impact, however, will be over the long-term as the liabilities and period of time covered by the protections accumulate.

## MONITORING

As mentioned above, the primary responsibility for complying with these protections rests with trustees and those involved in the administration of schemes. In addition, an essential part of the protective system envisaged in the Pensions Act, 1990 was the monitoring and supervision of the operation of the Act by The Pensions Board.

Previous annual reports, as well as this present one, provide an account of the measures taken by the Board to ensure compliance with the provisions of the Act. In particular, 1995 saw a major operation designed to ensure compliance with the requirement for preparation, and submission to the Board, of the first actuarial funding certificates due under the Act. The latter part of 1995 also saw the introduction of measures to monitor, on a selective basis, compliance by schemes with the statutory requirements of disclosure of information to members. The overriding aim of the Board's pro-compliance activities is to enhance the protection of members' interests. At the same time, the Board recognises the need not to impose undue compliance costs on schemes, the large majority of which are well run.

### EDUCATION AND INFORMATION

While the statutory protection of members' rights and interests in areas such as minimum funding and the preservation of benefits is essential, the Pensions Act also recognised the contribution to protection which can be made by education and information. Amongst the statutory requirements placed on scheme trustees by the Act is the provision to members of specified minimum information about the scheme and their individual benefits. The right of members to this information is an important means through which members can ensure the protection of their own interests. This process is complemented by the Board's ongoing measures, consistent with its Mission Statement, "to make a wide range of information on member rights under the Pensions Act readily available to scheme members ..... and by encouraging members to use these rights to assist in safeguarding their pension entitlements".

Amongst the statutory functions of the Board elaborated on in its Mission Statement is the issuing of guidelines to trustees and scheme administrators on complying with the Act, on good practices in relation to scheme administration, and on the encouragement of trustee training. The measures taken, and to be taken, by the Board in fulfilling these functions are outlined elsewhere in this and earlier Annual Reports. Although less obviously tangible than other aspects of the protective framework, by their nature these activities have a major contribution to make, over time, to ensuring the security of members' interests.

### NEW PROVISIONS

On publishing the Pensions (Amendment) Bill on 14 December, 1995, the Minister for Social Welfare indicated that although many of its amendments were of a technical nature, its main new provisions had the objective of "providing as much protection as possible to individual members of pension schemes".

Amongst the substantive provisions of the Bill are those relating to the compulsory reporting to the Pensions Board of suspected fraud and misappropriation of funds by a range of specified persons involved in the operation of schemes. Legal protection (including against unfair dismissal in the case of employees) is to be extended to any person making a report to the Board – whether required to do so under the provisions or doing so voluntarily. As a consequence of these new reporting provisions, the Bill also contains provisions to strengthen the powers of the Board to enable it to take various preventative and remedial actions as a result of receiving such reports. As proposed in the Bill, these powers will enable the Board to apply to the High Court to:

- order the restoration of any resources belonging to a scheme which have been wrongfully paid or transferred;
- direct the trustees to dispose of any investment; or
- restrain a person from misusing or misappropriating any resources of a scheme

in circumstances in which the Court is satisfied that the rights and interests of scheme members are at risk.

The Board shares the hope of the Minister that these provisions "will never be used but will ..... act as another important safeguard for members...".

#### ISSUES FOR THE LONGER-TERM

Notwithstanding the statutory protections already in place, a number of areas remain to be considered for possible statutory protection in future years. Principal amongst these are:

- protection for members remaining in schemes until normal pensionable age, comparable to that already accorded to persons leaving schemes early, in relation to post-1991 service;
- protection for all members whether remaining in schemes until, or leaving before, normal pensionable age, in relation to pre-1991 service; and
- enhanced protection for members of defined contribution schemes.

These, and other areas, will require careful consideration over the coming years. They are amongst the major policy areas to be considered by the Board in its capacity as adviser to the Minister. In any consideration of further statutory protection, the overriding concern must be to ensure that an appropriate balance is maintained between the need for adequate protection of members' interests and the objective of encouraging further growth of voluntary pension provision. The Board fully recognises the need to keep its operations and policy advice under review to ensure that this equilibrium is maintained over time.

# Administrative and Financial Report

The administrative structures put in place to support the Board's activities operated satisfactorily in 1995. During the year the staff complement rose to 17 following Ministerial sanction for the creation of three additional posts.

It is the policy of the Board to ensure the safety, health and welfare of its employees by maintaining a safe place and system of work. This policy is based on the requirements of the Safety, Health and Welfare at Work Act, 1989.

Guidelines for the conduct of members and staff, and of committees, in relation to the business of the Board, adopted in 1992, are being observed. This includes implementation of procedures for the disclosure of interests by Board members.

As part of the Board's continuing policy of improving its operational processes, it was decided to embark on a fundamental review of the scheme registration, fee collection and benefit tracing processes and procedures. This work commenced in March 1996.

An extensive consultative process will take place with pensions intermediaries with a view to streamlining the procedures and communications between them and the Board. It is envisaged that phase I of this project will be completed by July 1996 delivering a report on recommended improvements to existing scheme registration and fee collection procedures.

Phase II will involve seeking Ministerial approval for changes, where necessary, in the form of amended Regulations followed by an implementation programme which will involve a full review of the Board's information technology systems and equipment.

## FINANCE

Expenditure for the year amounted to IR£731,630 and was in line with budget.

Fee revenue at IR£799,782 was generated in respect of 1995 and reflects the fee levels introduced by virtue of the Occupational Pension Schemes (Fees) (Amendment) Regulations, 1992 (S.I. No. 367 of 1992) which took effect from 1 January 1993. It also includes some exceptional income from schemes which paid for a number of years when they registered for the first time in 1995.

The Board also earned miscellaneous income amounting to IR£38,970.

The surplus of income over expenditure arising amounted to IR£107,122 as against a figure of IR£127,244 in the previous year. When the fee was increased in 1993, the intention was to provide the Board with a stable financial base from which to operate for a number of years while also pegging fees at a fixed level. The Board is satisfied that both of these aims have been met. Accordingly, the Board recommended to the Minister that the current fee level be maintained for 1996 and this recommendation was accepted.

## FINANCIAL OUTLOOK

The financial year to 31 December 1995 represented a further period during which a pattern of running costs and operating levels continued to emerge. This settling down period will be a help to the Board in its financial and operational planning during 1996 and future years.

A provision of IR£30,000 was again made against the income and expenditure account in 1995 and the compliance enforcement provision now stands at IR£120,000. This provision will continue to

be built up to an appropriate figure to ensure that the Board will have the necessary resources to institute legal proceedings should this be necessary to ensure compliance with the Pensions Act.

The annual transfer from income and expenditure account to the compliance enforcement and depreciation provisions results in the Board having cash which is surplus to its immediate requirements. When this occurs, the surplus cash is invested in short-term low risk securities to yield an adequate return consistent with the statutory functions and authority of the Board as laid down in the Pensions Act.

At the end of 1995 the Board had cash or cash equivalents amounting to IR£452,197. Along with the creation of three additional posts during the year, the Board also set up a panel of expert advisers in the pensions, actuarial and accountancy fields with a view to having professional assistance available as required. Accordingly, with the fee levied on schemes under Section 25 remaining unchanged since 1 January 1993, it is expected that cash resources available to the Board will reduce over the coming period.

# Registration of Occupational Pension Schemes and Collection of Fees

A total of 6,838 new schemes were added to the register in the period 1 January 1995 to end April 1996, of which 5,912 were single member schemes.

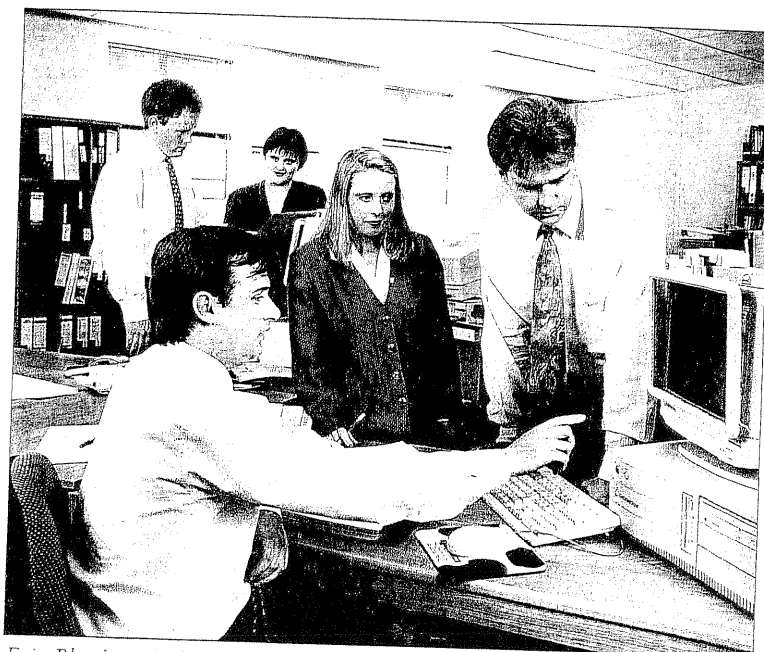
Tables 1 and 2 below show the number of schemes which provide retirement benefits registered with the Board at the end of December 1995 and the number of their active members. The total number of members is 484,880.

<b>TABLE 1 Current Schemes - Defined Benefit*</b>				
Scheme Size	No. of Schemes		No. of Members	
	Dec. 1995	April 1995	Dec. 1995	April 1995
One member	145	126	145	126
2 - 50	1,390	1,362	23,140	23,232
51 - 100	227	229	16,428	16,636
101 - 500	299	287	68,156	65,122
501 - 1,000	36	37	24,413	24,793
1,001 +	40	42	273,624	274,681
<b>Total</b>	<b>2,137</b>	<b>2,083</b>	<b>405,906</b>	<b>404,590</b>

<b>TABLE 2 Current Schemes - Defined Contribution*</b>				
Scheme Size	No. of Schemes		No. of Members	
	Dec. 1995	April 1995	Dec. 1995	April 1995
One member	37,217	33,034	37,217	33,034
2 - 50	5,247	5,139	30,715	29,155
51 - 100	66	71	4,590	4,906
101 - 500	35	32	6,452	5,841
501 - 1,000	0	0	0	0
1,001 +	0	0	0	0
<b>Total</b>	<b>42,565</b>	<b>38,276</b>	<b>78,974</b>	<b>72,936</b>

\* excluding AVC and Death Benefit only schemes

The tables show that there has been an increase in the number of defined benefit schemes registered with the Board since April, 1995. The increase can be accounted for mainly by the individual registration of a large number of schemes (approximately 150) which were previously registered as a single industry wide scheme and also by the late registration of some external schemes following the introduction of Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1995.



Eric Plunkett, Valerie Clooney, Liam Kelly, Jennie Coughlan and David Moore.

Over the period April to December 1995, there has been an increase in the number of defined contribution schemes registered with the Board and in the number of members of such schemes. For example, there has been a 12.5% increase compared to 1994 in the number of one member defined contribution schemes. These one member schemes constitute the vast majority of new schemes registered with the Board over the last year.

There are still more than two members in defined benefit schemes for every one member of defined contribution schemes in the private and commercial semi-State sectors. In December 1995 there were 203,146 members in defined benefit schemes which are subject to the funding standard, as against 78,974 members in defined contribution schemes.

The majority of members are in schemes which are fully pre-funded. These include all members of defined contribution schemes and most members of defined benefit schemes.

Tables 3 and 4 give a breakdown of the defined benefit schemes which provide retirement benefit cover, as between schemes which are fully pre-funded and those excluded from the funding standard – either because they are financed partially or fully on a ‘pay as you go’ basis.

The schemes in Table 4 are all in the public sector and are excluded from the application of the funding standard by Regulations because the benefits are or may be paid in whole or in part out of monies provided by the Central Fund or monies provided by the Oireachtas.

**TABLE 3**      **Defined Benefit Schemes  
subject to the Funding Standard**

Scheme Size	Dec. 1995 Number of Schemes	Dec. 1995 Number of Members
One Member	144	144
2 - 50	1,364	22,690
51 - 100	219	15,878
101 - 500	284	64,114
501 - 1,000	33	22,504
1,001 +	23	77,816
<b>Total</b>	<b>2,067</b>	<b>203,146</b>

**TABLE 4**      **Defined Benefit Schemes  
excluded from the Funding Standard**

Scheme Size	Dec. 1995 Number of Schemes	Dec. 1995 Number of Members
One Member	1	1
2 - 50	26	450
51 - 100	8	550
101 - 500	15	4,042
501 - 1,000	3	1,909
1,001 +	17	195,808
<b>Total</b>	<b>70</b>	<b>202,760</b>

## FEE COLLECTION

At the end of 1995 there were 7,340 occupational pension schemes with more than one member in respect of which fees were payable. Fees were also payable in respect of 10,803 one member schemes established on or after 1 January 1993. This excludes ‘AVC only’ and ‘Death Benefit only’ schemes. Much of the Board’s work in terms of the registration of schemes, maintenance of the register and the collection of fees was carried out through professional intermediaries on behalf of their trustee clients. The Board greatly appreciates all assistance received in this regard.

# Enquiries and Investigations

Last year was a busy one for the staff in the enquiries and investigations area, who dealt with 1,327 written and telephone enquiries/complaints. This figure does not include a substantial number of enquiries of a routine nature on registration and fee collection.

Table 5 gives a detailed analysis of categories of enquirers and shows that more than one third of the enquiries were from scheme members, pensioners and trade unions representing members. The next main group of enquirers, pension practitioners, included pension consultants, life company personnel, lawyers and accountants. Included in the category under the heading "other" are people such as students, non-members of schemes and social welfare recipients. The table also reflects the fact that some enquirers asked more than one question about the Pensions Act.

As in 1994, the largest number of enquiries related to disclosure of information and there was also a significant increase in enquiries on the funding standard. This resulted from the Board's action in relation to outstanding first actuarial funding certificates. The heading "other" in Table 6 below includes types of enquiries which do not fall under the Pensions Act. For example, enquiries in relation to income continuance schemes, a pensions ombudsman, Revenue requirements and social welfare provisions.

Table 6 provides an analysis of enquiries under each part of the Act, but excludes enquiries on registration or fees.

**TABLE 5 Categories of Enquirers**

Enquirer	1995		1994	
	Number	%	Number	%
Active Member	405	32	513	39
Pensioner	28	3	61	5
Trade Union	16	1	55	4
Company/Employer	73	6	81	6
Trustee	111	9	124	9
Pension/Practitioner	405	32	331	25
Other	209	17	158	12
<b>Total</b>	<b>1,247</b>	<b>100</b>	<b>1,323</b>	<b>100</b>

**TABLE 6 Nature of Enquiries**

Nature of Enquiry	1995		1994	
	Number	%	Number	%
Preservation	110	8	120	8
Funding Standard	288	22	113	8
Disclosure	378	28	430	31
Trustee Duties	137	10	325	23
Equal Treatment	25	2	73	5
Other	389	30	347	25
<b>Total</b>	<b>1,327</b>	<b>100</b>	<b>1,408</b>	<b>100</b>



*Aileen Bugler and Edel Stenson.*

A considerable number of enquiries came from members seeking guidance on their rights to obtain information about their scheme and on their individual entitlements. Most of the enquiries in relation to the funding standard came from trustees and pension practitioners.

A total of 149 enquiries/complaints required casework to be carried out in 1995 which involved correspondence and/or meetings. This compares with a figure of 171 for 1994.

### INVESTIGATIONS/COMPLIANCE

At the year end there were 25 cases outstanding in relation to non-compliance with the Pensions Act and prosecutions are now underway against the trustees of two schemes. Of the cases dealt with and finalised during the year, compliance was achieved without recourse to full or any legal action. With regard to the remaining cases handled during the year, compliance with the Pensions Act was not an issue.

During 1995 the Board continued to develop its guidance and information services. As the Pensions Act and its Regulations override individual scheme rules where necessary, it is important that scheme administrators and their professional advisers should ensure that the legislation and Pensions Board guidance to which they refer are kept fully up to date.



*Sylvia O'Mahony, Geraldine Slattery and Catherine Goulding.*

THE SERVICES THAT THE BOARD PROVIDES IN THIS REGARD ARE AS FOLLOWS:

## LEGISLATION SERVICE

The Pensions Board provides a Legislation Service which is available by subscription. Subscribers to this service receive the consolidated texts of the Pensions Act and the Act's Regulations, including all amendments made to date. They also receive updates whenever further amendments to the Act or its Regulations are made. The text of the legislation is made available in loose leaf format in a binder which facilitates regular updating. There are currently 126 subscribers to this service.

## GUIDANCE NOTES

This service is also designed mainly for pension practitioners and it provides detailed guidance on various parts of the Pensions Act and its Regulations, especially in those areas which override the Trust Deed and Rules of the scheme. Subscribers to the service receive updates for a specified period to take account of any legislative changes.

Guidance Notes are currently available on :

- Preservation of Benefits (Part III of the Pensions Act and Regulations S.I. No. 445 of 1992 and S.I. No. 217 of 1993). Currently 177 subscribers.
- Disclosure of Information (Part V of the Pensions Act and Regulations S.I. No. 215 of 1991). Currently 214 subscribers.

- Member Participation in the Selection of Trustees (Part VI of the Pensions Act (Section 62) and Regulations S.I. No. 339 of 1993). Currently 548 subscribers.
- Equal Treatment for Men and Women (Part III of the Pensions Act and Regulations S.I. No. 365 of 1992). Currently 369 subscribers.

The Board intends to issue Guidance Notes on:

- Revised Procedures on Registration and Fee Collection  
- Sections 25 and 60 of the Pensions Act.
- Reporting Requirements to Pensions Board  
(New Part VIII - Sections 82 - 84 in Pensions (Amendment) Bill, as initiated).

Professional guidance is also provided by the Society of Actuaries to its members on the application of the Funding Standard. The Board intends to include more general guidance on the responsibilities of trustees in relation to the Funding Standard in the Trustee Handbook which is currently being prepared.

The professional accountancy bodies also provide supplementary guidance to their members on auditing pension scheme annual accounts in accordance with the disclosure of information requirements.

## GUIDANCE ON OTHER LEGISLATION

Guidance Notes on the application of the pension provisions of the Family Law Act, 1995 will be available by subscription from the Board after the legislation comes into effect.

The Board has established a working group to assist the Retirement Benefits District of the Revenue Commissioners with the consolidation and revision of the Revenue Practice Notes which govern the tax treatment of occupational pension schemes. It is intended that this task will be completed later in 1996.

## AVAILABILITY OF GUIDANCE NOTES

By the end of 1996 there should be a comprehensive range of technical guidance available on the main legislative requirements with which occupational pension schemes have to comply. As in the case of the Legislation Service, the Guidance Notes are all made available to subscribers in a loose leaf binder to facilitate updating on a regular basis.

## GUIDANCE FOR TRUSTEES

Trustees have overall responsibility under the Pensions Act for the administration of schemes. Accordingly, the main statutory functions of the Pensions Board, as set out in Section 10(1) of the Pensions Act, include:

- providing guidance for trustees on their duties and responsibilities in relation to scheme administration;

- issuing codes of practice on specific aspects of trustees duties;
- advising the Minister for Social Welfare on standards for trustees and their implementation.

A Trustee Handbook incorporating codes of practice for trustees has been prepared by the Board which will make a major contribution to the discharge of the Board's functions in these areas. The publication of the Handbook will be timed to take into account the proposed legislative changes to the Pensions Act and the pension provisions of the Family Law Act, 1995 and it is now intended that the Handbook will be ready for issue during the second half of 1996.

The Handbook will be available in loose leaf format by subscription and subscribers will receive updates where these are required as a result of legislative or other changes.

Given the importance of the Handbook as a tool to assist the Trustees in the effective discharging of their duties and responsibilities, consideration is being given to making it a requirement that specific reference be made in the annual report of each scheme as to whether the trustees of the scheme have access to the Trustee Handbook.



*Policy Committee Meeting.*

## TRUSTEE TRAINING

It is the intention of the Pensions Board to carry out regular surveys of trustees with a view to establishing whether and to what extent trustees have received appropriate training. If such surveys reveal that appropriate training courses are not available for certain categories of trustees and/or in certain regions of the country, the Pensions Board will take the necessary steps to ensure that training is provided. Guidance will also be given as to how training can be obtained in the first instance and a list of approved trainers will be provided.

Admission to the Board's list of approved training courses will initially be made on the basis of the documentation submitted by the course providers. The Board has now commenced a more detailed evaluation procedure of the courses being provided which involves Pension Board staff meeting the trainers and attending courses as observers. Continued inclusion on the Board's approved register will depend on the outcome of these evaluations.

## INFORMATION FOR MEMBERS

The effectiveness of the Pensions Act in safeguarding the rights of scheme members depends to a significant extent on members exercising their rights to monitor the administration and financial soundness of their scheme and to obtain information about their own personal pension entitlements.

There is a comprehensive range of information booklets available free of charge from the Board which cover the Pensions Act, the Pensions Board and members' rights, both under the Act and under other relevant pensions legislation. Additional booklets currently being prepared cover the annual trustee report, a brief guide to pensions, scheme wind-ups (to include mergers and acquisitions) and the pension provisions of the Family Law Act. It is intended to have these available in the latter half of 1996. A booklet on equal treatment for men and women in occupational pension schemes will be considered as necessary in due course.

A distribution service has been developed to ensure that the information booklets are available to as many of those involved with occupational pensions as possible.



*An information presentation to SIPTU officials.*

# Advisory Role of the Board

Consistent with its statutory functions, the Board plays an ongoing role in providing advice to the Minister for Social Welfare. As identified in the corresponding article in our 1994 Annual Report, this advice falls into the three broad categories:

- amendments, of a technical or policy nature, to the Pensions Act and its Regulations;
- proposals for other legislation, at either national or EU level, applicable to occupational pension schemes; and
- policy on overall national pension provision.

During 1995, the Board was involved in the provision of advice in all three areas.

## PENSIONS (AMENDMENT) BILL, 1995

As mentioned in last year's Annual Report, the Board had submitted a report to the Minister in late 1994 which, together with reports submitted previously, contained the Board's proposals for a new Pensions Bill.

Further advice was provided during 1995, mainly in relation to proposed provisions on the reporting of suspected fraud and misappropriation to the Pensions Board and associated additional powers for the Board. This extended period of preparation culminated in the Pensions (Amendment) Bill, 1995, which was published on 14 December, 1995, by the Minister for Social Welfare.

The Board's advice on the reporting proposal was contained in two reports to the Minister in June and September. As subsequently mentioned by him in his speech at the publication of the Bill, the reporting provisions embodied in Section 34 go further than recommended by the Board. While both the Minister and the Board shared the objective of protecting members' pension entitlements against possible fraud and misappropriation, the Minister's decision reflected his view that a compulsory requirement to report, combined with voluntary reporting as favoured by the Board, would be the best route to achieve the aim of protecting members' pensions. Accordingly, the Bill provides both for mandatory reporting of suspected fraud or material misappropriation and for appropriate protection, (including against unfair dismissal), for anyone making a report, whether compulsorily or on a voluntary basis.

## REGULATIONS

The following Regulations were made in 1995 by the Minister on foot of a report made to him by the Board:

### *Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1995* - S.I. No. 273 of 1995

These Regulations amend Occupational Pension Schemes (Funding Standard) Regulations, 1993 (S.I. No. 419 of 1993). Their effect is to enable the Board to extend, in the case of UK schemes with Irish members, the latest effective date for the first actuarial funding certificate from 1 January 1995 to 1 January 1998. Under the amending Regulations, the Board can determine the latest effective date which is both reasonable for the scheme and not contrary to the interests of its members.



*Maria Bennett at reception.*

#### OTHER PENSIONS RELATED LEGISLATION

The Pensions Board was also consulted about the provisions relating to pensions under the Family Law Act, 1995 and on proposals at national and EU levels on Equal Treatment.

#### POLICY ADVICE ON OVERALL PENSION PROVISION

##### National Survey

A major function of the Pensions Board is to provide policy guidance and advice to the Minister with a view to promoting the further development of pension provision in Ireland. As mentioned in last year's Annual Report, the Board had concluded that priority should be given to promoting an awareness of the need for adequate pension cover for all employees and the self-employed to meet the challenge of an ageing population.

In 1995 the Department of Social Welfare and the Pensions Board jointly commissioned the Economic and Social Research Institute (ESRI) to carry out a national survey of supplementary pension cover of employees, the unemployed, the self-employed and social welfare recipients. This gave effect to a recommendation in the final report of the National Pensions Board, **Developing The National Pension System**, that the Pensions Board "should carry out and publish a survey of the extent and level of pension coverage at regular intervals" and that funding for the survey should be provided directly by the Exchequer.

The objectives of the survey are to establish the number of employers who have made occupational pension arrangements for their employees and the nature, scope and extent of the pension coverage provided, to establish the number of self-employed persons who have made personal pension arrangements, and to ascertain how many of the unemployed and those in receipt of social welfare pensions have occupational pension coverage.

The inclusion of four target groups in the survey means that this survey is considerably broader in scope and more comprehensive than the previous national survey of occupational pensions carried

out for the Department of Social Welfare in 1985 by the ESRI. The new survey has been carried out during the course of 1995 and the report on its findings will be available in 1996.

### Policy Views

Before leaving office on 20 December, 1995, the first Chairperson of the Board, on behalf of her fellow members, offered some general policy views to the Minister, based on their experience during the initial five years of the Board's existence.

Essentially, the advice reflected the conviction that, in the interest of an orderly long-term development of pension provision in Ireland, all major aspects of overall pension policy, including social welfare pension provision and occupational and personal pension schemes (together with their tax treatment), need to be considered in an integrated way.

In relation to occupational schemes in particular, and consistent with its approach during its term of office, the Board expressed its acute awareness of the ongoing need to ensure that an appropriate balance is maintained between the voluntary nature of occupational pension schemes, the need for a measure of regulation to protect members' interests and the objective of encouraging the further growth, including coverage, of voluntary pension provision.

---

## Accounting to Members – Participation in the Selection of Trustees

In December 1993, the Pensions Board undertook to carry out a review of the operation of the Regulations on Member Participation in the Selection of Trustees within two years of the Regulations coming into force, i.e. in the last quarter of 1995, and to submit a report on the outcome to the Minister for Social Welfare.

This review commenced in September 1995, at which time the various organisations represented on the Board were asked to submit comments. Full account was also taken of representations made on the Regulations to the Pensions Board during the course of the two years, together with feedback received on their general application. Based on these findings, the Board submitted a report to the Minister.

The majority of the observations received do not require amendments to the legislation. The amendments that are required are in recognition of the need to provide absolute clarity regarding the appointment of member trustees under the Regulations. Most of the other issues raised will be addressed, where necessary, in the Guidance Notes and the Trustee Handbook.

There is no requirement to notify the Pensions Board on the selection of Member Trustees and accordingly there are no firm data on the number of schemes which have arranged for member participation in the selection of trustees. It has emerged, however, from a national survey of employers on pay and conditions carried out by IBEC, that about one third have arranged for member participation in the selection of trustees. It has also emerged from a benefit survey carried out by the IAPF that the number of schemes with member participation in the appointment of trustees has increased from 32% to 52% between 1993 and 1994. However, it appears that there has not been widespread direct use of the Regulations in the selection of trustees by IAPF members. The statutory requirements, nevertheless, are having the indirect effect of encouraging employers and their employees to arrange for member participation in the selection of trustees by consensus and the Board considers that this is a desirable outcome.

The Board has been advised that the Regulations have been perceived to be complex and that this complexity is also a contributing factor which leads employers to seek arrangements outside the Act. The Board acknowledges that the Regulations and the guidance notes are complex, but this is necessary to ensure that members can exercise their rights in full to participate in the selection of persons for appointment as trustees. Schemes members, however, are not required to participate according to the lines set down in Regulations and it was always envisaged that recourse to the Regulations and, in particular, to the “standard arrangement” under the Regulations, would only be necessary when it was not possible for more simple and flexible arrangements to be made between the employer and scheme members. It is also accepted that more straightforward arrangements could be provided for, but it is not immediately obvious how this could be achieved. Accordingly, it is considered necessary that more time and experience of the operation of the Regulations are required before it will be possible to establish how greater simplicity can be achieved.

The Board has included questions on trustee selection in the survey of occupational pension schemes which is currently under way. The findings of the survey will be reviewed later this year with a view to establishing what action, if any, is required to promote further member participation in the selection of trustees. It is also proposed that a further review of the operation of member trustee Regulations should be carried out in early 1999.

## Accounting to Members – Disclosure of Information

The Pensions Board places a particular onus on the trustees of schemes to ensure that information is made available to members promptly and in a form that is comprehensive and easy to understand. In 1995, as in previous years, most enquiries received by the Board were from members who were having difficulty in obtaining information about their scheme and, in particular, about their individual pension rights. In many cases they also needed guidance as to what rights they had to such information under the disclosure of information requirements.

While in previous years the Board adopted a reactive approach towards compliance with the provisions of the Pensions Act, (in particular the right of members to information), a decision has been taken to monitor compliance in a more pro-active way. The Board remains concerned that standards of compliance with the disclosure requirements are not satisfactory in many cases. As a practical step towards developing this strategy, the trustees of 44 selected schemes were asked during the latter part of 1995 to forward to the Board copies of their most recent annual report and, where appropriate, audited accounts, together with the scheme booklet or other publication containing basic scheme information.

Concurrently, the Board appointed consultants to:

- consider the Board's compliance objectives and the methods selected for achieving these;
- review the above mentioned interim audit exercise and make recommendations thereon;
- set valid audit targets and identify the resources required;
- confirm audit procedures and methodology; and
- advise on the analysis of results and on reports for the Board.

This exercise, which included seeking the views of selected persons and organisations involved in the pensions industry, will assist the Board in developing and implementing a viable pro-active compliance and enforcement strategy in respect of disclosure of information during 1996.

## Funding Standard

By virtue of the Funding Standard, defined benefit schemes established before 1 January 1991 were required to be fully funded in respect of post-1991 pension rights from the outset and to ensure that all pension rights, including pre-1991 rights, are fully funded prior to 1 January, 2001.

The first actuarial funding certificate must certify, for those not in receipt of benefits, the degree of solvency achieved in respect of accrued benefits relating to service prior to 1 January 1991. The term used for this is the 'specified percentage'. Schemes are then required to certify, in the case of subsequent actuarial funding certificates with an effective date of not later than 31 December 2000, that the specified percentage has not reduced in the meantime below the percentage initially certified.

Schemes established on or after 1 January 1991 are required to submit to the Pensions Board, an actuarial funding certificate which has an effective date not later than 3 1/2 years after the commencement of the scheme. Trustees must continue to submit actuarial funding certificates at 3 1/2 yearly intervals for as long as the scheme retains any defined benefit liabilities.

Relevant schemes are contacted by letter one month in advance of the date on which a funding certificate becomes due to be filed and reminded of their obligation in this regard. One further reminder is issued two months after the due date in the event of the certificate not being filed. If, following the two reminders, the required certification is not received, further action is taken to enforce compliance.

The trustees of defined benefit schemes which were established before 1 January 1991 were required to forward the first actuarial funding certificate to the Pensions Board not later than 30 September 1994. While at the end of 1994 satisfactory first actuarial funding certificates had been received for 1,509 schemes in this category, such certificates remained to be received for a balance of 424 schemes. The trustees of these latter schemes were in breach of the Pensions Act.

In February 1995 a final repeat letter was issued to the trustees of these schemes as a result of which compliance was achieved in some 310 cases. At a meeting held on 21 March 1995, the Board authorised prosecution proceedings against the trustees of 24 schemes. These were selected on the basis of size of scheme and response received. Arising from the subsequent issuing of these summonses, compliance was achieved in each of these cases without Court proceedings being necessary.

In the intervening period to the end of the year a major "sweeping up" operation was carried out by Pensions Board staff in relation to the remaining 90 schemes which had failed to comply with the Funding Standard. This included:

- the issue of directions under Section 50 of the Pensions Act to the trustees of 60 schemes to reduce benefits to a level which satisfied the Funding Standard;
- the investigation of the state and conduct of 6 schemes under Section 18 of the Act; and
- the receipt of "funding proposals" under Section 49 for a further 8 schemes.

Of these, 43 schemes had not complied by year end.

During the year the Board also commenced monitoring the status under the Funding Standard of defined benefit schemes which either commenced prior to 1 January 1991 (for which a first actuarial funding certificate had been received) or after this date and for which an actuarial funding certificate or a first actuarial funding certificate, as the case may be, is now overdue for submission to the Board.

Table 7 sets out the number of schemes on the Board's register as at 31 December 1995, which are subject to the Funding Standard. It shows that 90% of schemes involved have submitted actuarial funding certificates, which covers some 97% of the membership. The number of schemes which had failed to comply with this requirement had reduced to 43 by the year end.

The difference between the numbers of schemes requiring certification, and those which have either submitted certificates or have failed to do so, can be accounted for by schemes which are still within the timescale laid down for filing of certificates with the Board. The number of schemes in this category was 166 at year end with a total membership of 4,312.

**TABLE 7 Compliance with Funding Standard as at 31 December 1995**

Scheme Size	DB Schemes subject to the Funding Standard		Funding Certificates Received		Funding Certificates Outstanding	
	No. of Schemes	No. of Members	No. of Schemes	No. of Members	No. of Schemes	No. of Members
One Member	144	144	98	98	8	8
2-50	1,364	22,690	1,229	20,907	28	327
51-100	219	15,878	204	14,891	4	277
101-500	284	64,114	272	62,171	3	435
501-1,000	33	22,504	32	21,904	-	-
Other	23	77,816	23	77,816	-	-
<b>Total</b>	<b>2,067</b>	<b>203,146</b>	<b>1,858</b>	<b>197,787</b>	<b>43</b>	<b>1,047</b>

The Pensions Board is committed to taking whatever action is necessary under the Pensions Act to protect the pension right of members of defined benefit schemes. By the year 2001 each of these schemes must have, at a minimum, sufficient assets to secure this right in full should a scheme have to be terminated.

## Equal Treatment for Men and Women

The European Commission submitted proposals in May, 1995 for a Directive providing for amendments to Directive 86/378/EEC on equal treatment for men and women in occupational social security schemes. The aim of the proposals is to ensure that the Directive is consistent with Article 119 of the Treaty of Rome, as interpreted by the European Court of Justice (ECJ) in the Barber and related judgements. Article 119 provides for equal pay for men and women doing equal work, and 'pay' for the purposes of this article includes occupational pensions and benefit cover. While this Article is directly applicable and can be invoked before the national courts against any employer, it was felt necessary on grounds of legal certainty to amend the Directive in areas where its provisions are rendered invalid by Article 119, as interpreted by the ECJ.

The proposed amending Directive is expected to be adopted later this year (1996), during the Irish Presidency of the EU. The Board is examining the proposals with a view to submitting a report to the Minister for amendments to Part VII to bring it fully in line with the amending Directive. The Minister has indicated his intention to introduce a further Pensions (Amendment) Bill to provide for the necessary amendments to Part VII, after the Directive is adopted.

Reference was made in last year's Annual Report to the legal uncertainty that exists at national level in that both the Anti Discrimination (Pay) Act, 1974 and Part VII of the Pensions Act provide for equal treatment in relation to occupational pension schemes. The Pensions Board has been in consultation on the issue with the Departments of Social Welfare and Equality and Law Reform and the matter will be addressed in the context of the forthcoming Employment Equality Bill and in the Pensions Bill providing for amendments to Part VII, referred to above.

A revised version of the guidance notes on equal treatment will be issued as soon as the necessary legislative changes are made.

# Report of the Comptroller and Auditor General

I have audited the financial statements on pages 32 to 42.

## RESPONSIBILITIES OF THE BOARD AND OF THE COMPTROLLER AND AUDITOR GENERAL

The accounting responsibilities of the Board are set out in the Statement of Board Responsibilities on page 32. It is my responsibility, under Section 22 of the Pensions Act 1990 to audit the financial statements presented to me by the Board and to report on them. As the result of my audit I form an independent opinion on the financial statements.

## BASIS OF OPINION

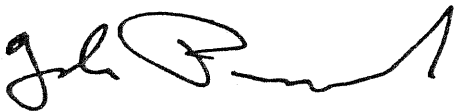
In the exercise of my function as Comptroller and Auditor General, I plan and perform my audit in a way which takes account of the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate, consistently applied and adequately disclosed.

My audit was conducted in accordance with auditing standards which embrace the standards issued by the Auditing Practices Board and in order to provide sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. I obtained all the information and explanations that I required to enable me to fulfil my function as Comptroller and Auditor General including a representation by management of the valuation of fees to be taken as income for the year under review. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements.

## OPINION

In my opinion, proper books of account have been kept by the Board and the financial statements, which are in agreement with them, give a true and fair view of the state of the Board's affairs at 31 December 1995 and of its income and expenditure and cash flow for the year then ended.



John Purcell

Comptroller and Auditor General

Treasury Block  
Dublin Castle

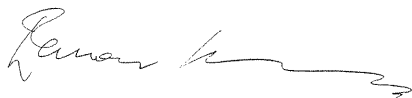
20 June 1996

# Statement of Board Responsibilities

Section 22(1) of the Pensions Act, 1990, requires the Board to prepare financial statements in such form as may be approved by the Minister with the concurrence of the Minister for Finance. In preparing those financial statements, the Board is required to:

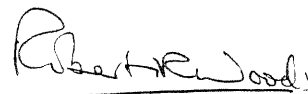
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Board will continue in operation.

The Board is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Board and which enable it to ensure that the financial statements comply with Section 22(1) of the Pensions Act. The Board is also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Eamonn P. Heffernan

Chairperson



Robert T.R. Woods

Board Member

17 June 1996

The following are the more important policies used by the Board.

## (A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the accruals method of accounting and under the historical cost convention in the form approved by the Minister for Social Welfare with the concurrence of the Minister for Finance in accordance with Section 22(1) of the Pensions Act, 1990.

Financial Reporting Standards recommended by the recognised Accountancy Bodies are adopted as they become operative.

## (B) FEE INCOME

Fee income comprises the fees receivable for the year to 31 December in respect of occupational pension schemes as laid down in regulations made by virtue of Section 25 of the Pensions Act, 1990. The amount of income accrued as receivable at the year end represents the Board's valuation of the amount of outstanding fees which is reasonably certain to be collected.

## (C) TAXATION

The Board is exempt from Corporation Tax under Section 41 of the Finance Act, 1991.

## (D) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is charged in the income and expenditure account, on a straight line basis, 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.

(i) Leasehold improvements	10%
(ii) Computer equipment	25%
(iii) Office furniture	12 1/2%
(iv) Office equipment	20%
(v) Motor vehicle	20%

A full year's depreciation is provided for in the year of acquisition.

## (E) LEASES

### (i) Finance leases

Where an asset is acquired under a finance lease, the capital element is included in tangible fixed assets and amortised over the life of the asset and the outstanding capital element of the leasing obligation is included in bank and other advances. The interest element is written off over the primary period of the lease.

### (ii) Operating leases

Rental payments are dealt with in the income and expenditure account in the year to which they relate.

## (F) SUPERANNUATION

All superannuation benefits to or in respect of employees of the Board are provided for through superannuation schemes. Contributions required in respect of these schemes are dealt with in the income and expenditure account in the year to which they relate.

## (G) ENFORCEMENT

### COMPLIANCE PROVISION

As the Pensions Board is a statutory regulatory body charged with monitoring and enforcing compliance by scheme trustees with the provisions of the Pensions Act, 1990, it may be necessary for the Board, from time to time, to have recourse to legal action, in certain cases, in order to carry out its responsibilities in this regard. Such action would necessarily involve the Board in significant costs.

It is not possible to anticipate when such cases may arise or the resulting level of costs, but the Board considers it prudent to ensure that adequate resources are available and to spread such costs over the years.


Accordingly, an amount of IR£30,000 has been transferred from income and expenditure account to an enforcement compliance provision account during 1995. Similar transfers will be made annually until such time as, in the opinion of the Board, a reasonable provision is arrived at and maintained.

# Income and Expenditure Account

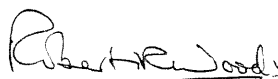
for the year ended 31 December 1995

	NOTES	1995 IR£	1994 IR£
<b>Income</b>			
Fee income	2	799,782	755,810
Other income	3	38,970	48,134
Total income		<u>838,752</u>	<u>803,944</u>
<b>Expenditure</b>			
Salaries and related expenses	4	354,951	279,029
Board member fees		12,000	12,000
Accommodation and establishment expenses	5	95,541	70,512
Recruitment, training and education	6	5,967	25,870
Information, research and publicity		36,765	43,280
Consultancy and other professional fees	7	98,428	106,762
General administration	8	71,426	62,665
Depreciation	9	26,552	46,582
Enforcement compliance provision	14	30,000	30,000
Total expenditure		<u>731,630</u>	<u>676,700</u>
Surplus for year		<u>107,122</u>	<u>127,244</u>

The Board had no gains or losses in the financial year or the preceding financial year other than those dealt with in the income and expenditure account.



**Eamonn P. Heffernan**  
Chairperson



**Robert T.R. Woods**  
Board Member

17 June 1996

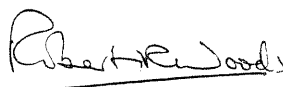
# Balance Sheet

at 31 December 1995

	NOTES	1995		1994	
		IR£	IR£	IR£	IR£
<b>Fixed Assets</b>					
Tangible assets	9		72,716		71,317
<b>Current Assets</b>					
Debtors	10	119,451		102,957	
Cash at bank and on hand		452,197		302,541	
		<u>571,648</u>		<u>405,498</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year					
Bank and other advances	11	—		3,067	
Other creditors	12	123,668		90,174	
		<u>123,668</u>		<u>93,241</u>	
<b>Net current assets</b>			447,980		312,257
Enforcement compliance provision	14	(120,000)	(120,000)	(90,000)	(90,000)
<b>Total assets</b>			<u>400,696</u>		<u>293,574</u>
<b>Financed by</b>					
Revenue reserve	15		<u>400,696</u>		<u>293,574</u>



**Eamonn P. Heffernan**  
Chairperson



**Robert T.R. Woods**  
Board Member

17 June 1996

# Cash Flow Statement

for the year ended 31 December 1995

		1995		1994	
	NOTES	IR£	IR£	IR£	IR£
Net cash inflow from operating activities	16		159,243		96,217
Returns on investments and servicing of finance					
Interest received		20,029		12,251	
Rent received		1,480		13,992	
Interest paid		(78)		(59)	
Finance lease interest paid		—		(297)	
Net inflow from returns on investments and servicing of finance			21,431		25,887
Investing activities					
Purchase of tangible assets		(27,951)		(12,008)	
Net cash outflow from investing activities			(27,951)		(12,008)
Net cash inflow before financing activities			152,723		110,096
Financing activities					
Payments to finance lease creditors			—		3,016
Increase in cash and cash equivalents	17		152,723		107,080
			152,723		110,096

# Notes to the Financial Statements

## 1. THE PENSIONS BOARD

The Board was established on 21 December 1990 and commenced operations on 10 January 1991, the date on which the Board held its first meeting.

## 2. FEE INCOME

	1995	1994
	IR£	IR£
Fee income arising for the current year	744,948	680,042
Fee income arising for the previous year	26,971	48,973
Fee income arising for earlier years	27,863	26,795
	<u>799,782</u>	<u>755,810</u>

## 3. OTHER INCOME

	1995	1994
	IR£	IR£
Rent and service charge	962	14,202
Publications	13,679	20,700
Interest income	24,329	11,340
Refund of employers PRSI	-	1,826
Surplus on disposal of fixed asset	-	66
	<u>38,970</u>	<u>48,134</u>

## 4. EMPLOYEE NUMBERS AND COSTS

The total staff complement as approved by the Minister at 31 December 1995 was 17 (1994 - 14). The average number of employees excluding contract staff in the Board during the year was 13 (1994 - 11). The aggregate employee and related costs were as follows:

	1995	1994
	IR£	IR£
Salaries	291,913	235,960
Superannuation costs	46,346	38,202
Employers PRSI	6,006	4,867
Contract staff	10,686	-
	<u>354,951</u>	<u>279,029</u>

# Notes to the Financial Statements

## 5. ACCOMMODATION AND ESTABLISHMENT EXPENSES

	1995	1994
	IR£	IR£
Rent	62,267	62,267
Service charge	12,281	12,341
Rates	11,424	(13,505)*
Electricity	3,967	3,982
Cleaning	4,095	4,137
General maintenance	1,507	1,290
	<u>95,541</u>	<u>70,512</u>

The Board occupies office premises at Holbrook House, Holles Street, Dublin 2, under a 20 year lease which commenced on 13 November 1991.

\* The rates figure for 1994 arose from the reversal of an overprovision in previous years. The actual charge for rates in respect of the year to 31 December 1994 was IR£10,995.

## 6. RECRUITMENT, TRAINING AND EDUCATION

	1995	1994
	IR£	IR£
Recruitment	708	21,116
Training and Education	5,259	4,754
	<u>5,967</u>	<u>25,870</u>

## 7. CONSULTANCY AND OTHER PROFESSIONAL FEES

	1995	1994
	IR£	IR£
Strategic planning review	-	20,606
Legal fees	67,228	50,844
Audit fees	3,300	2,900
Pensions/actuarial consultancy fees	12,929	30,250
ESRI Survey of Pensions Coverage*	10,000	-
Information	4,971	2,162
	<u>98,428</u>	<u>106,762</u>

\* This represents the Board's estimated financial contribution to the cost of a national survey of occupational pension coverage jointly commissioned by the Minister for Social Welfare and The Pensions Board.

# Notes to the Financial Statements

## 8. GENERAL ADMINISTRATION

	1995	1994
	IR£	IR£
Stationery and office expenses	21,066	16,965
Telephone and postage	15,830	13,550
Travel and subsistence	2,202	1,965
Insurances	3,383	2,951
Computer maintenance and consumables	28,431	26,202
Interest and charges	514	736
Leasing finance charges	-	296
	<u>71,426</u>	<u>62,665</u>

## 9. TANGIBLE FIXED ASSETS

	Leasehold improvements IR£	Computer equipment IR£	Office furniture IR£	Office equipment IR£	Motor vehicle IR£	Total IR£
<b>Cost or Valuation</b>						
At 1 January 1995	47,808	109,066	37,557	36,841	12,360	243,632
Additions in year	-	14,994	8,422	4,535	-	27,951
At 31 December 1995	<u>47,808</u>	<u>124,060</u>	<u>45,979</u>	<u>41,376</u>	<u>12,360</u>	<u>271,583</u>
<b>Accumulated Depreciation</b>						
At 1 January 1995	18,513	105,310	16,240	22,364	9,888	172,315
Charge for year	4,781	5,277	5,747	8,275	2,472	26,552
At 31 December 1995	<u>23,294</u>	<u>110,587</u>	<u>21,987</u>	<u>30,639</u>	<u>12,360</u>	<u>198,867</u>
<b>Net Book Value*</b>						
At 31 December 1995	<u>24,514</u>	<u>13,473</u>	<u>23,992</u>	<u>10,737</u>	<u>-</u>	<u>72,716</u>
At 31 December 1994	<u>29,295</u>	<u>3,756</u>	<u>21,317</u>	<u>14,477</u>	<u>2,472</u>	<u>71,317</u>

\* Assets acquired under finance leases, at cost less accumulated depreciation, included in tangible fixed assets, amounted to IR£nil (1994 IR£2,472). The depreciation charged during the year on such assets amounted to IR£2,472 (1994 IR£2,472).

# Notes to the Financial Statements

## 10. DEBTORS

	1995	1994
	IR£	IR£
Amounts falling due within one year:		
Fee income	100,000	89,578
Prepayments	13,768	11,186
Accrued interest	5,683	1,383
Miscellaneous	-	810
	<u>119,451</u>	<u>102,957</u>

## 11. BANK AND OTHER ADVANCES

	1995	1994
	IR£	IR£
Amounts falling due within one year:		
Bank overdraft	-	3,067
Obligations under finance lease	-	-
	<u>-</u>	<u>3,067</u>

## 12. CREDITORS

	1995	1994
	IR£	IR£
Amounts falling due within one year:		
Creditors	27,171	18,484
Accruals	58,744	37,242
Deferred income	37,753	34,448
	<u>123,668</u>	<u>90,174</u>

## 13. FINANCIAL COMMITMENTS

### (i) Capital Commitments

There were no capital expenditure commitments at 31 December 1995 (1994 IR£nil).

### (ii) Finance Leases

There were no commitments existing at the balance sheet date in respect of finance leases which had been entered into but which commenced after the year end.

### (iii) Operating Leases

The Board had commitments payable in the next twelve months under non-cancellable operating leases as follows:

Lease of office accommodation at Holbrook House.

	1995	1994
	IR£	IR£
Expiring within one year	-	-
Expiring after one year and before five years	-	-
Expiring after five years	62,267	62,267
	<u>62,267</u>	<u>62,267</u>

# Notes to the Financial Statements

## (iv) Superannuation

The Pensions Board Staff Superannuation Scheme, 1993 and the Pensions Board Spouses' and Children's Contributory Pension Scheme, 1993 have been established, to take effect from 1 January 1991, in accordance with Section 17 of the Pensions Act, 1990.

Contributions in respect of these schemes are paid over to the Department of Social Welfare on the basis that benefits arising under the schemes will be met by that Department as and when they fall due.

## 14. ENFORCEMENT COMPLIANCE PROVISION

	1995	1994
	IR£	IR£
At beginning of year	90,000	60,000
Transfer in year	30,000	30,000
At end of year	<u>120,000</u>	<u>90,000</u>

## 15. REVENUE RESERVE

	1995	1994
	IR£	IR£
At beginning of year	293,574	166,330
Surplus	107,122	127,244
At end of year	<u>400,696</u>	<u>293,574</u>

## 16. RECONCILIATION OF SURPLUS FOR THE YEAR TO CASH FROM OPERATING ACTIVITIES

	1995	1994
	IR£	IR£
Surplus for the year	107,122	127,244
Adjustment for non operating items:		
Interest income	(24,329)	(11,340)
Rental and miscellaneous income	(962)	(14,268)
Interest expense	17	133
Finance lease charges	-	297
Adjustment for non cash items:		
Depreciation	26,552	46,582
Increase in enforcement compliance provision	30,000	30,000
(Increase)/decrease in operating debtors	(13,004)	(27,042)
(Decrease)/increase in operating creditors	33,847	(55,389)
Cash inflow from operating activities	<u>159,243</u>	<u>96,217</u>

# Notes to the Financial Statements

## 17. MOVEMENT IN CASH AND CASH EQUIVALENTS AND ANALYSIS OF BALANCES

	Cash at bank and in hand IR£	Bank overdraft IR£	Total IR£
At beginning of year	302,541	(3,067)	299,474
Cash movement	149,656	3,067	152,723
At end of year	<u>452,197</u>	<u>-</u>	<u>452,197</u>

## 18. BOARD MEMBERS - DISCLOSURE OF TRANSACTIONS

The Board adopted procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by Board members and these procedures have been adhered to by the Board during the year.

The Board from time to time will engage the services of appropriately qualified outside consultants to undertake assignments to assist the Board in its work. Such contractual arrangements are subject to the normal tendering procedures which apply throughout the public service. The award of any particular project is a matter for decision by the Board having regard to the requirements of the work to be carried out.

Given the nature of its business the Board may enter into contractual arrangements with undertakings in which Board members are employed or are otherwise interested.

During 1995 the Board incurred fees payable to third parties, including legal fees, in respect of professional services in the amount of IR£98,428 inclusive of VAT. This amount includes IR£8,107 which was paid in respect of an assignment carried out by Mercer Limited, a company of which two Board members, Mr. Eamonn P. Heffernan and Mr. James R. Kehoe are Directors. It also includes IR£2,100 in respect of an assignment carried out at the request of the Pensions Board by a then member of the Board, Ms. Mary Howe.

A further assignment was awarded by the Board to Mercer Limited but the cost of IR£54,450, inclusive of VAT, was borne entirely by the Department of Equality and Law Reform.

## 19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 17 June 1996.

## Appendix I - Legislation

The Pensions Act, 1990, was enacted on 24 July 1990. Since then, it has been amended and a significant number of Regulations have been made under the Act, by way of Statutory Instruments.

The following is a list of relevant legislation to date.

### ACTS

The Pensions Act, 1990	No. 25 of 1990
The Social Welfare Act, 1991	No. 7 of 1991
The Social Welfare Act, 1992	No. 5 of 1992
The Social Welfare Act, 1993	No. 5 of 1993
The Social Welfare (No. 2) Act, 1993	No. 32 of 1993

### STATUTORY INSTRUMENTS

Pensions Act, 1990 (Sections 60 and 61) (Commencement) Order, 1990	S.I. No. 329 of 1990
Pensions Act, 1990 (Parts III, IV and V) (Commencement) Order, 1990	S.I. No. 330 of 1990
Pensions Act, 1990 (Parts I and II) (Commencement) Order, 1990	S.I. No. 331 of 1990
Occupational Pension Schemes (Disclosure of Information) Regulations, 1990	S.I. No. 332 of 1990 <sup>*1</sup>
Pensions Act, 1990 (Part II) (Establishment Day) Order, 1990	S.I. No. 343 of 1990
Occupational Pension Schemes (Disclosure of Information) Regulations, 1991	S.I. No. 215 of 1991
Pensions Act, 1990 (Sections 59, 63 and 64) (Commencement) Order, 1991	S.I. No. 259 of 1991
Occupational Pension Schemes (Registration) Regulations, 1991	S.I. No. 325 of 1991
Occupational Pension Schemes (Funding Standard) Regulations, 1991	S.I. No. 371 of 1991 <sup>*2</sup>
Occupational Pension Schemes (Fees) Regulations, 1991	S.I. No. 372 of 1991
Occupational Benefit Schemes (Equal Treatment) Regulations, 1992	S.I. No. 365 of 1992
Pensions Act, 1990 (Part VII) (Commencement) Order, 1992	S.I. No. 366 of 1992
Occupational Pension Schemes (Fees) (Amendment) Regulations, 1992	S.I. No. 367 of 1992
Occupational Pension Schemes (Preservation of Benefits) Regulations, 1992	S.I. No. 445 of 1992
Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) Regulations, 1993	S.I. No. 216 of 1993 <sup>*3</sup>
Occupational Pension Schemes (Preservation of Benefits) (Special Calculations) Regulations, 1993	S.I. No. 217 of 1993
Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) (No. 2) Regulations, 1993	S.I. No. 399 of 1993
Occupational Pension Schemes (Funding Standard) Regulations, 1993	S.I. No. 419 of 1993
Occupational Pension Schemes (External Schemes) United Kingdom Regulations, 1994	S.I. No. 238 of 1994
Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1995	S.I. No. 273 of 1995

\*1 Revoked from 1 August 1991

\*2 Revoked from 31 December 1993

\*3 Revoked from 21 December 1993

## Appendix II - Operative Dates of Parts of The Pensions Act, 1990

The Pensions Act, 1990, as amended, has a total of 84 Sections in seven Parts. The following list shows the operative dates for the main provisions.

DATE		OPERATIVE
PART I	Preliminary and General	21 December 1990
PART II	Establishment of Pensions Board	21 December 1990
PART III	Preservation of Benefits	1 January 1991
PART IV	Funding Standard	1 January 1991
PART V	Disclosure of Information in Relation to Schemes	1 January 1991
PART VI	Trustees of Schemes	
	Section 59	1 November 1991
	Sections 60 and 61	1 January 1991
	Section 62	21 December 1993
	Sections 63 and 64	1 November 1991
PART VII	Equal Treatment for Men and Women in Occupational Benefit Schemes	1 January 1993

## Appendix III - Publications

The following publications are available from the Pensions Board, Holbrook House, Holles Street, Dublin 2. Telephone (01) 6762622 Fax: (01) 6764714.

### So You're a Pension Scheme Trustee?

A brief guide to the duties and responsibilities of trustees of occupational pension schemes.

### Is My Pension Secure?

A guide to the protections provided by the Pensions Act.

### What Do You Know About Your Pension Scheme?

An overview of the information which trustees of occupational pension schemes must give.

### What Happens to My Pension if I Leave?

A guide to the preservation and transfer of benefits for early leavers under the Pensions Act.

### Selecting Member Trustees

A guide to the participation by members in the selection of the trustees of occupational pension schemes.

### The Pensions Board

An introduction to the Board, its functions and its membership.

### Legislation Service\*

Subscribers to this service receive in a single folder the consolidated texts of the Pensions Act and the Act's Regulations, including all amendments made to date. They also receive updates whenever further amendments to the Act or its Regulations are made.

### Guidance Notes\*

A series of technical guidance notes on the Pensions Act and its Regulations, designed mainly for pension practitioners, are being prepared by the Board. Notes on the requirements in relation to disclosure of information, member participation in the selection of trustees, equal treatment and preservation of benefits are now available.

\* Available by subscription only.

