

ANNUAL REPORT & ACCOUNTS 1997

Tuarascail Bhliantúil agus Cuntais

## Mission Statement

#### Misean an Bhord Pinsean

Sábháilteach 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 héas ca 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 dhéanamhar scéimeanna pinsean gairme agus, áit is gá, comhlíonadh Acht na bPinsean a chur i bhfeidhm tríd na Cúriteanna.

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 eifeach tach ó thaobh chostais de d'fhonn freastal ar sholáthar pinsean sna blianta romhainn do dhaonra atá ag dul in aois.

## Mission of The Pension 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 adminsitation, 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 encuouraging members to use these rights to assist in safeguading their pension entitlements; and
- > monitoring and supervising the administration of occupational pension sheemes 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.

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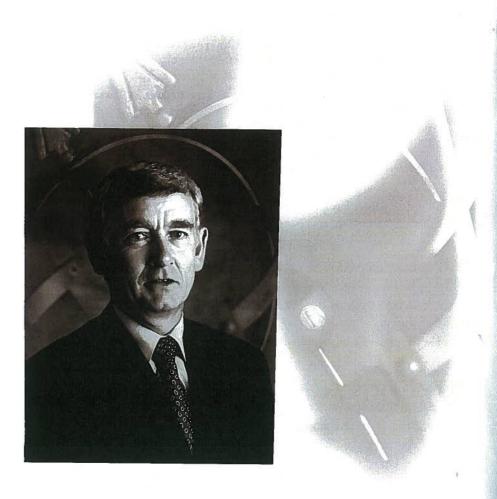
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Eamonn P. Heffernan, Chairperson

## Chairperson's Introduction

I am pleased to submit, in accordance with Section 23 of the Pensions Act, 1990, the Annual Report of An Bord Pinsean -The Pensions Board, for the year ended 31 December, 1997.

This was the second full year, for most current Board members, of the five year term which commenced with their appointment in December, 1995. The present membership includes the two scheme trustee members (Caroline Jenkinson and Maria Kinlan) who were appointed in 1996. It also has been joined by Pat Delaney, nominated by IBEC, in place of Donal McAleese who retired from the Board in January 1998. On behalf of the Board, I wish to thank Donal McAleese for his invaluable contribution to the Board during his years as a member dating to 1991 - the first year of the Board's operations.

Of the various years since the Board's establishment, 1997 has been amongst the most challenging for Board members given the major policy review involved in the National Pensions Policy Initiative. Involvement in the Initiative was the most significant component of the activities of Board members during the year. The successful culmination of those efforts in the publication, in May of this year, of the Initiative Report is its own tribute to those dedicated efforts.

While the remainder of this Annual Report contains more detailed information both on the Initiative and on our other ongoing activities, there are some areas to which I would particularly like to draw attention.

### National Pensions Policy Initiative

The Initiative was originally launched by the Minister for Social Welfare in October, 1996. Jointly sponsored by the Department and the Pensions Board, the Initiative's first phase was based on a public consultation process. This included the issue by the Board of a Consultation Document in February 1997, to which a wide and substantial range of written responses had been received by end May, 1997. This

consultation process culminated in the holding, in July 1997, of a National Pensions Conference organised by the Board. The Conference afforded, to a representative cross section of those who had made written submissions, the opportunity to make contributions grouped around the main themes emerging from the consultation process. This day long conference, together with the earlier written responses to the Consultation Document, proved an invaluable component of the overall Initiative. The consultation process helped to guide the Board's subsequent deliberations towards conclusions which reflect a wide measure of consensus amongst all those who participated in the Initiative.

The internal deliberations leading to the Board's final report formed the second stage of the Initiative. With the assistance of external consultants, this stage involved careful analysis of the findings of the consultation process and discussion within the Board, by means of a special Committee inclusive of all Board members, of the optimal directions of national policy for future pension development in Ireland. These intensive discussions culminated in the Report, with recommendations. from the Board to the Minister for Social, Community and Family Affairs, which was launched in early May 1998. The Report, which was welcomed by the Minister on behalf of the Government, represents a major milestone in overall pension policy development in Ireland. The Government's immediate and positive response to the Report was particularly gratifying to the Board.

## Policy Programme

While the National Pensions Policy Initiative has clearly been the predominant policy matter under consideration, the Board has also been pursuing its consideration of the Policy Programme. This is a Programme which, as I outlined in our last Annual Report, contains the main policy items which the Board has decided to consider during the five-year term of its present members.

In the course of 1997, and following their examination by the Board, reports were submitted to the Minister on these items in the Programme:

- > Information Policy of the Pensions Board
- > Ringfencing of additional voluntary contributions (AVCs) on scheme wind-up, and
- > Paid time off for trustee training.

Also during 1997, the Board pursued its consideration of various other items in the Programme. These items, whose consideration is continuing in the current year, include:

- > Treatment of surpluses in occupational pension schemes
- > Possible compensation scheme
- > Possible Pensions Ombudsman and
- > Review of the Minimum Funding Standard.

We see these as policy matters which, in parallel with the proposals in the Initiative, merit consideration in their own right in the interest of improving the overall pensions environment.

## Compliance

While the primary responsibility for ensuring that the requirements of the Pensions Act are complied with is a matter for the trustees of pension schemes and the other parties involved in their administration, the Board continued during 1997 to pursue its statutory function of monitoring the operation of the Act.

In the key area of the funding of pension scheme benefit entitlements, as the figures given in this Report indicate, over 90% of the schemes, registered with the Board at end 1997 as subject to the Act's minimum funding standard, had complied with the statutory requirement to submit an actuarial funding certificate. Representing 98% of the membership of the relevant schemes, I am satisfied that this represented a satisfactory overall position as at end 1997.

More recently, however, the first quarter of 1998 coincided with the statutory dates for the Board's receipt of their second actuarial certificate from many schemes. While schemes' compliance with this requirement has been taking place steadily, I am concerned that compliance with the statutory requirement for submission of these certificates to

the Board has, at time of writing, not taken place in 90 of the 800 or so schemes in question. The Board is determined to continue to follow up all such cases with a view to ensuring compliance. To assist in this process, the Board has in early 1998 agreed a comprehensive strategy for monitoring and enforcement of the minimum funding standard.

As intimated in our last Annual Report, the Board commenced during 1997 the implementation of a new approach to monitoring compliance with the Disclosure of Information Regulations. Under this approach, a total of 116 schemes were the subject by end of 1997 of a detailed audit - type check of the state of their compliance with the requirements of the Disclosure of Information Regulations. The results of this check, which are given in detail in the Report, indicate a significant incidence of non-compliance with the specific requirements of the Regulations. While caution is clearly needed in interpreting the quantitative results of this checking process, it is a matter of concern that, of the schemes involved, nine are the subject of formal investigation and/or consideration for prosecution.

Finally under the compliance heading, arising from its ongoing service of responding to enquiries and complaints, the Board carried out a number of investigations into alleged instances of breach of various provisions of the Pensions Act. The absolute number of these investigations (at 163) in 1997 was somewhat higher than in 1996; while any alleged breach of the Act is a cause of concern, it might be noted that these investigations constitute only 7% of the total underlying incoming enquiries/ complaints.

## Information and Guidance

During 1997, the Board continued its approach of giving a hightened priority to its information policy. This is in keeping with the Information Policy Report, as submitted to the Minister, to which I have already referred.

The provision of relevant and accessible information is an essential policy instrument in both,

> enabling existing scheme members to exercise their rights, principally under the Pensions Act and its Regulations, in relation to their benefit entitlements; this aspect has been pursued during 1997 by various Board actions which are detailed in this Annual Report. These include, amongst other things, the publication of four additional booklets, presentations at various exhibitions and to interested parties by the Board's Information Unit, and the continued operation in 1997, at a level of activity significantly above that in 1996, of the Board's Enquiry Service, and

> advising the general public as to the necessity to consider their pension requirements, if they are not already making provision for retirement; this aspect is particularly important in the context of the National Pensions Policy Initiative. In the Initiative Report, education and awareness features amongst the proposals to improve Second Pillar provision; the proposals include a recommendation for "a Government driven pension awareness campaign to be conducted in conjunction with the relevant public and private sector bodies."

In both its own ongoing information-related activities, and in the context of the Initiative, the Board is determined to play its part to the fullest in the dissemination of information and heightening of awareness in relation to pension matters amongst scheme members and the general public.

In the related area of guidance, of the various activities referred to in the Report, I am pleased to record that the Board has published a Trustee Handbook. As a comprehensive guide for trustees, the Handbook, with its codes of practice, is a milestone publication of the Board.

It represents a major step by the Board in fulfilling its statutory functions in this area and should, I feel, make a

significant contribution over time to enhancing the overall good conduct of schemes.

#### Conclusion

I would like to conclude my introduction to this Annual Report by extending my personal thanks to my colleagues on the Board, and all those on the National Pensions Policy Committee, for their dedication and hard work which made possible during 1997 the conduct of the Initiative and its drawing to a successful conclusion early in the current year with the publication of the Initiative Report. This was achieved at the same time as continuing to carry out the Board's other statutory functions.

I would also like to record the Board's appreciation of the many other individuals and bodies who contributed to the Initiative by, inter alia, making submissions, participating in the National Pensions Conference or giving specialist advice in the preparation of the Initiative Report.

On behalf of the Board, I would like to thank the Chief Executive Anne Maher, and all her staff, whose support enabled the Initiative to be carried through while continuing to perform the essential regulatory role of the Board.

Together with my colleagues on the Board, and the Chief Executive and staff, I look forward to building on those achievements in the future and in particular to contributing to the effective implementation of the National Pensions Policy Initiative.

Eamonn P. Heffernan

Same Co

Chairperson

## The Pensions Board

The Pensions Board is a representative Body, comprising a chairperson and fourteen ordinary members. While all its members are appointed by the Minister for Social, Community and Family Affairs\* under the provisions of the Pensions Act (as amended), the Board must comprise representatives nominated by trade unions, employers, the Government, the pensions industry, member trustees and professional groups involved with occupational pension schemes.

The term of office for Board members is five years. Casual vacancies are filled directly by the Minister for Social, Community and Family Affairs or on the nomination of the relevant nominating body, as appropriate. A person who fills a casual vacancy only holds office until the end of the five-year period.

The members of the Board for the year ended 31 December 1997 were:

Heffernan

Alan

Nominee of the Minister for Social, Community and Family Affairs

Chairperson

Nominee of the Minister for Social, Community and Family Affairs

Nominee of the Minister for Social. Community and Family Affairs

Trustee representative, nominated by the Irish Business and **Employers** Confederation













Nominated by the Irish Association of Pension Funds

Representative of the Minister for Social, Community and Family Affairs

Nominated by the Society of Actuaries in Ireland

Nominated by the Association of Pension Lawyers in Ireland



Trustee representative, Nominated by the Irish Congress of Trade Unions

Nominated by the Irish Insurance Federation

McAleese

Nominated by the Irish Business and **Employers** Confederation

Nominated by the Irish Congress of Trade Unions McCarthy



Nominee of the Minister for Social, Community and Family Affairs

Veronica

McDermott

Representative of

the Minister for **Finance**  Wood

Nominated by the Consultative Committee of Accountancy Bodies in Ireland

The Board met thirteen times in 1997.

\*\* Succeeded by Pat Delaney in February 1998.

\*With effect from 12 July 1997, the title of the Minister for, and Department of, Social Welfare became, respectively, Minister for, and Department of, Social, Community and Family Affairs (S.I. No. 307 of 1997). The new title is used generally in this Report.

## 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, Community & Family Affairs) is initially undertaken by a Committee. The Committees may include people who are not members of the Board, but who have particular expertise in relevant fields.

#### Finance and Audit

Chairperson: Robert Woods Secretary: Liam Kelly

Kay Brophy

Donal McAleese\*

Thomas Dunphy

Anne Vaughan

Tony Gallagher

The Committee met 6 times in 1997.

\*Succeeded by Caroline Jenkinson in April 1998.

## Policy

Chairperson: Eamonn Heffernan

Secretary: Eric Plunkett

Alan Broxson

Veronica McDermott

Rosheen Callender

Anne Maher

Deirdre Carroll

Joe Mooney

Jim Kehoe

Anne Vaughan

Donal McAleese\*

Ian Woods

Stephen McCarthy

The Committee met 8 times in 1997.

\*Succeeded by Caroline Jenkinson in April 1998.

## Legislation

Chairperson: Ciarán Long

Secretary: Catherine Goulding\*

Michele Cusack

Simonetta Ryan

Raymonde Kelly

Philip Shier

Ultan Stephenson

Sarah Kyne Anne Maher

Brendan O'Leary

Anne Vaughan

Ian Woods

Aidan O'Mara\*\*

The Committee met 10 times in 1997.

\* Succeeded by Aideen Bugler in April 1997.

\*\* Succeeded by Andy Kelly in September 1997.

In addition to the above permanent Committees, a number of Committees to deal with specific issues were in operation during the year. These were:

- > Trustee Handbook
- > National Pensions Policy Initiative
- > Equal Treatment
- > Information Policy
- > Revision of Revenue Practice Notes

The members of these Committees were as follows:

Aideen Bugler

Michael Lane

Jim Daly

Ciarán Long

Brian Fitzpatrick

Donal McAleese

Peter Flood

Veronica McDermott

Rosaleen Glacken

Anne Maher

Catherine Goulding

Gerry Mangan

Colette Hamilton

Joe Mooney

Eamonn Heffernan

Martin O'Callaghan

Aongus Horgan

Claire O'Connor

Mary Hutch

Brendan O'Leary

Caroline Jenkinson

Pat Ryan

jim Kehoe

Clive Slattery

Raymonde Kelly

Anne Vaughan

Maria Kinlan

Ian Woods

There were 29, in total, meetings of these Committees in 1997.



Management Team at the Pensions Board

## Staff of the Board

Chief Executive - Anne Maher

Head of Investigations - Adrian Smith Head of Information and Training - Mary Hutch

 $\textbf{Financial Controller/Registrar - Thomas \ Dunphy \ (Secretary \ to \ the \ Board)}$ 

Head of Technical Services and Research - Ian Woods

Assistant Head of Technical Services & Research - Michele Cusack

Systems Manager - David Moore

Information Officer - Catherine Goulding

Investigations - Eric Plunkett

Accounting and Systems - Liam Kelly

Disclosure of Information and Compliance - Aideen Bugler

Enquiries and Information - Edel Stenson Registration and Funding - Ger Clarke

Support Staff - Geraldine Slattery Valerie O'Reilly Sylvia O'Mahony Jennie Coughlan

Irene Young Maria Bennett Sinead Crilly Sinead Abbas

# Administrative and Financial Report

## Administration

The administrative structures put in place to support the Board's activities operated satisfactorily in 1997. The approved staff complement at the end of 1997 stood at 22 (21 permanent and 1 temporary).

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 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. These Guidelines have been revised during 1998 to take account of the provisions of the Freedom of Information Act, 1997 which came into effect on 21 April 1998. Copies of the revised document were issued to members of the Board, committees and staff during April 1998.

During 1997 the Board embarked on the second phase of a fundamental review of the scheme registration, fee collection and benefit tracing processes and procedures. This involves the development of new I.T. systems to support the introduction and maintenance of revised procedures in these areas incorporating improvements which had been identified in the first phase of this project. It is intended to introduce a single procedure to cover both the application to Retirement Benefits District of the Revenue Commissioners for the necessary approval under Chapter II of Part I of the Finance Act, 1972 (now Chapter I of Part 30 of the Taxes Consolidation Act 1997), and the requirement to have the scheme registered with the Pensions Board.

Changes have also been made to the Fee Collection process with a view to its improvement and simplification. To this end, changes have been introduced to the timing and basis of the fee payable to the Pensions Board by schemes. Occupational Pension Schemes (Fees) (Amendment) Regulations, 1997 - S.I. No. 488 of 1997 giving effect to these improvements were signed by the Minister for Social, Community and Family Affairs on I December 1997 and take effect from I January 1998. From 1 January 1998, Pensions Board fees in respect of group schemes will fall due each year on 31 March with the fee being levied on the basis of the number of active members in the scheme on the commencement date of the scheme year preceding the year for which the fee is payable. The next phase of the process involves the implementation of the new I.T. systems and certain improvements to the scheme registration procedures.

#### Finance

Expenditure for the year amounted to IR£1,232,695 and was broadly in line with budget.

Fee revenue at IR£846,752 was generated in respect of 1997 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 I 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 1997.

The Board also earned miscellaneous income amounting to IR£19,250.

The deficit of expenditure over income arising from the year's operations amounted to IR£366,693. No transfer was made to compliance enforcement reserve in respect of 1997 which now stands at IR£150,000. The corresponding deficit of expenditure over income in the previous year was IR£163,015 (IR193,015 after transfer to Compliance Enforcement Reserve). At the end of 1997 the Board had a net deficiency amounting to IR£9,012.

When the fee was increased from I January 1993, the intention had been to provide the Board with a stable financial base from which to operate consistent with the aim of maintaining a stable fee level over a number of years. The Board is satisfied that both aims have been met.

Having maintained the fee unchanged for five years, it had become clear that the Board would require a higher level of income from 1998 onwards. Accordingly, the Board during 1997 recommended to the Minister that the fee be increased from 1998 and this recommendation, along with recommendations for changes in the fee collection procedures, was accepted. The Occupational Pension Schemes (Fees) (Amendment) Regulations, 1997 - S.I. No. 488 of 1997 were signed taking effect from 1 January 1998. The revised fee has been pitched at an appropriate level to again provide the Board with a stable financial base from which to operate consistent with the aim of maintaining a stable fee level over a number of years.

#### Fee Collection

At the end of 1997 there were 8,205 occupational pension schemes with more than one member in respect of which fees are payable. Fees were also payable in respect of 18,673 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 registration of schemes, maintenance of the register and 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.

#### Financial Outlook

The financial year to 31 December 1997 represented a further period during which the pattern of normal running costs and operating levels continued to emerge. This settling down period will help the Board in its financial and operational planning during 1998 and future years.

The Board has decided not to make any further transfers for the time being from income and expenditure account in favour of the compliance enforcement reserve which now stands at IR£150,000. This reserve has now, in the opinion of the Board, been built up to a reasonable figure to enhance the Board's ability to institute whatever legal proceedings are necessary to promote compliance with the Pensions Act and that such costs are recognised and spread as evenly as possible over the years.

The annual transfer from income and expenditure account to depreciation provision and timing of fee income receipts results from time to time 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.

## Guidance

### Mission Statement

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.

During 1997, the Board continued to develop its technical support services for pension practitioners, and its guidance services for trustees. In the area of technical support, as the Pensions Act and its Regulations override individual scheme rules where necessary, it is important that scheme administrators and their professional advisers ensure that the legislation and The Pensions Board guidance to which they refer are kept fully up-to-date. Guidance Notes on the application of the pension provisions of the Family Law Act, 1995 and the Family Law (Divorce) Act, 1996 were issued by the Board in 1997 in addition to the Guidance Notes already available.

THE TECHNICAL SUPPORT SERVICES

### Legislation Service

Designed for pension practitioners, The Pensions Board provides a Legislation Service which is available by subscription. Subscribers to this service receive the consolidated text of the Pensions Act and the Regulations, including all amendments made to date. The text of the legislation is made available in loose-leaf format in a binder, which facilitates regular updating. There are currently 175 subscribers to this service.

## Guidance Notes

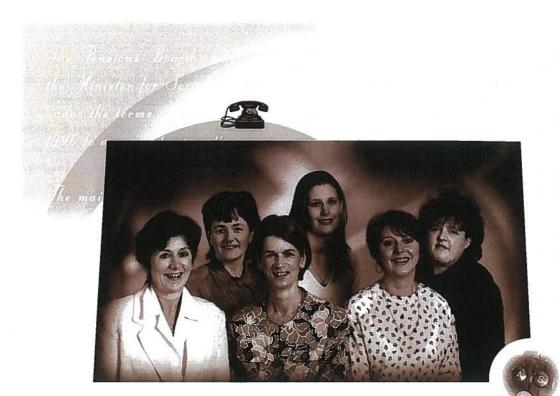
The Pensions Board makes available, by subscription, detailed Guidance Notes on the various parts of the Pensions Act and its Regulations, especially in those areas which override the trust deed and rules of the scheme. Subscribers to the service receive updates to take account of any legislative changes.

Guidance Notes are currently available on:

- > Pension Provisions of Family Law Act, 1995 and Family Law (Divorce) Act, 1996 (Part 1 of the Pensions Act and Regulations S.I. No 107 of 1997). Currently 464 subscribers.
- > Preservation of Benefits (Part III of the Pensions Act and Regulations S.I. No. 445 of 1992, S.I. No. 217 of 1993 and S.I. No. 76 of 1997). Currently 280 subscribers.
- > Disclosure of Information (Part V of the Pensions Act and Regulations S.I. No. 215 of 1991). Currently 322 subscribers.
- > Member Participation in the Selection of Trustees (Part VI of the Pensions Act) (Section 62) and Regulations S.I. No. 376 of 1996). Currently 633 subscribers.
- > Equal Treatment for Men and Women (Part VII of the Pensions Act and Regulations S.I. No. 365 of 1992). Currently 462 subscribers.
- > Compulsory and Voluntary Reporting to The Pensions Board (Part VIII of the Pensions Act). Currently 438 subscribers.

Professional guidance is provided by the Society of Actuaries to its members on the application of the funding standard. The professional accountancy bodies also provide supplementary guidance to their members on auditing schemes annual accounts in accordance with the disclosure of information requirements.

The Board has included more general guidance on the responsibilities of trustees in relation to the funding standard in the Trustee Handbook.



Edel Stenson

Sylvia O'Mahony

Geraldine Slattery

Mary Hutch

Carol Jordan

Catherine Goulding

Information and Training

## Guidance on other Legislation

As stated earlier, detailed Guidance Notes on the application of the pension provisions of the Family Law Acts are available by subscription from the Board.

The Board 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. This has resulted in a comprehensive Revenue Pensions Manual which is available on diskette from the Retirement Benefits District. The manual is updated annually to reflect legislative changes and changes in Revenue Practice.

## Availability of Guidance Notes

By the end of 1997, a comprehensive range of technical guidance was 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 format in a binder to facilitate updating on a regular basis.

## Interpretations & Determinations

During 1997, the Board continued to provide, on request, interpretations of the Act and its Regulations in particular circumstances. It also continued to exercise its power to determine, on application, specified questions under various Parts of the Act.

GUIDANCE SERVICES PROVIDED BY THE BOARD 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'
- > advising the Minister for Social, Community & Family Affairs on standards for trustees and their implementation.

A Trustee Handbook incorporating codes of practice for trustees has been published by the Board which will make a major contribution to the discharge of the Board's functions in these areas. The *Handbook* is 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, the revised Disclosure of Information Regulations, as submitted to the Department (see Chapter on Policy), contain a requirement that specific reference be made in the annual report of each scheme as to whether the trustees of each scheme have access to the Trustee Handbook.

## Trustee Training

A list of training courses for trustees has been compiled by the Board and is available to all enquirers on request. The course providers are only included on this list when they have satisfied the Board on the content of their training course. The Board has begun a more detailed evaluation process of the courses being provided. This involves Pension Board staff attending the courses as observers. Continued inclusion on the Board's approved register will depend on the outcome of these evaluations.

It is intended to commission training course material e.g. videos, slides etc. based on the Trustee Handbook and, where

appropriate, the Guidance Notes, which will generally be made available to trustee training course providers.

It is also intended to carry out regular surveys of subscribers to the *Trustee Handbook* with a view to establishing whether and to what extent trustees have received appropriate training.

It should be possible for trustees who are member trustees to obtain paid time off from their employers, within reason, to avail of suitable training. Informal enquiries previously carried out by the Board indicated that, whilst real difficulties may well exist in some areas, significant or widespread difficulties do not in general exist in relation to provision of paid time off for trustee training. As part of the surveys referred to above, as well as its ongoing enquiry/complaint service, The Pensions Board will continue to monitor the position.

The cost of trustee training usually involves full expenses for the course and travel, and the cost of the time off from employment etc. to attend the course. The costs involved may be met in full by the employer(s) sponsoring the scheme. If the costs are not met by the employer, the Pensions Act provides that, notwithstanding anything contained in the rules of the scheme, reasonable costs and expenses incurred in receiving trustee training may be met from the resources of the scheme.

## Information

#### Mission Statement

To promote the security of occupational pensions by: 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.

#### Information Booklets

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 covers the Pensions Act, The Pensions Board, and members rights, both under the Act and under other relevant pensions legislation.

Additional booklets were issued in Spring 1997. These are as follows:

A GUIDE TO YOUR SCHEME'S ANNUAL REPORT designed to encourage members to know when the report should be due, and to read and understand its contents.

A BRIEF GUIDE TO PENSIONS - designed to enable members to understand the scheme booklet and benefit statements and, in particular, to distinguish between defined benefit/defined contribution schemes and how they are financed, to know the likely level of their pension cover, and whether and/or to what extent there is provision for indexation, and cover for surviving dependants.

WHAT HAPPENS IF MY SCHEME IS WOUND UP? - the Board receives a lot of queries regarding benefit entitlements when a scheme is being wound up, particularly if there is a deficit. The booklet on this subject explains the main features of winding up, the priorities under Section 48 of the Pensions Act, the type of information that members are entitled to receive and the timescale within which this information should be made available.

A Brief Guide to the Pension Provisions of THE FAMILY LAW ACTS - designed to provide information to a person who is seeking, or has obtained, a pension adjustment order. It will also be of interest to those involved with the operation of pension schemes, such as scheme trustees.

The distribution and advertising network for the booklets has been further broadened to ensure that they are available to as many as possible of those involved with occupational pensions. A complete list of the Board's information booklets is given in Appendix III.

#### Information Presentations

During 1997, the Board's Information Unit gave a number of presentations to union and employer personnel, among others. Amongst matters covered in the presentations were the main features of the Pensions Act, 1990, the Pensions (Amendment) Act, 1996, and other legislation affecting pensions.

## Internet

The Pensions Board website went live on the Internet in November, 1997. The site which reflects the Board's recognition of the Internet as a new medium through which information and advice on pension matters can be communicated to interested parties, contains online versions of all of the information booklets produced by the Board as well as details of the functions of the Board, its structure and personnel.

#### **Enquiry Service**

The Board's Enquiry Service deals with enquiries received from scheme members and their dependants, prospective members, trustees, trade unions, employers and company employees with personnel, industrial relations and/or pay functions. Enquiries, some of a more technical nature, are also received from pension practitioners and professional bodies. Those that are straightforward are dealt with by telephone or by the forwarding of a written response and/or an appropriate information booklet.

Where scheme members report problems in relation to the administration of their scheme, their own personal pension entitlements or in obtaining information requested from their scheme, the Board's staff in the first instance normally advise them of their rights and direct them to a contact person in their scheme. The Board's policy is that as many queries and complaints as possible should be directed back to the pension schemes, and resolved without the direct involvement of the Board.

A statistical analysis of enquiries dealt with during 1997, along with a comparison for 1996, is shown in Tables 1 and 2. As can be seen, 1997 was an exceptionally busy year in the enquiries area, involving 2,314 written and telephone enquiries/ complaints, an increase of 43% on 1996 (See Table 1). This does not include a number of enquiries of a routine nature on registration and fee collection. Also excluded from this number are 3,350 calls to the Board requesting copies of the National Pensions Policy Initiative Consultation Document and 4 new information booklets which were published by the Board during 1997. These are, however, included under the heading 'Establishment of Board' in Table 2.

Table I gives details of enquiries on an enquirer category basis. These show that almost one-third of the enquiries received 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 under the heading 'Other' are media, social welfare customers, research students, and the general public. As can be seen, the composition of enquirers remained broadly unchanged compared to 1996.

TABLE I	CATEGORY OF ENQUERERS					
	1997	1996				
ENQUIRER	NEMBUR		NUMBER			
Active Member	636	27	475	29		
Pensioner	61		65	1		
Trade Union	55		-16			
Company/Employer	137		85	6		
Trustee	110		67	=1		
Pension Practitioact	513	22	188	30		
Other	802	35	389	24		
TOTAL	2,314	100	1,615	100		

TABLE 2	NATURE OF ENQUERIES					
00	1997		1996			
NATURE OF ENQUIRIES	Number	0/0	NUMBER	110		
Preliminary & General	88	2	Por Clar	-		
Establishment of Board	3,474	65	288	16		
Preservation	79	1	77	-1		
Funding Standard	9		32			
Disclosure	841	16	681	38		
Trustee Duties	162	3	1-13	8		
Equal Treatment	20	TE.	3.3	2		
Compulsory Reporting	3	1 1	T			
Other Enquiries	662	1.3	534	30		
TOTAL	5,338	100	1,789	100		

Table 2 gives an analysis of the enquiries received under each Part of the Pensions Act, 1990 and reflects the fact that some enquirers raised more than one question on the Pensions Act.

Apart from the large volume of requests to the Board for copies of its new publications which are included under the heading 'Establishment of Board', the largest number of enquiries, as in 1996, related to the disclosure of information. Enquiries in relation to the application of the pension provisions of the Family Law Act, 1995 and the Family Law (Divorce) Act, 1996 are recorded under the heading 'Preliminary and General'. The heading 'Other Enquiries' includes matters which relate to the application of general trust law, and others which do not come under the Board's strict remit i.e. personal pension plans, social welfare entitlements, permanent health insurance and Revenue requirements. This latter category also includes requests from students for information for thesis research.

### 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 1997, 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.



Liam Kelly

David Moore

Irene Young

Tom Dunphy

Sinead Abbas

Ger Clarke

Registration and Finance with the

## Monitoring

### Mission Statement

To promote the security of occupational pensions by: monitoring and supervising the administration of occupational pension schemes and, where necessary, enforcing compliance with the Pensions Act through the Courts.

During 1997, the Board continued its activities of monitoring the administration of occupational pension schemes. The main components of these activities, on which more detailed information is provided below, are:

- > registration of schemes;
- > conduct of investigations;
- > monitoring of funding standard;
- > disclosure compliance strategy.

## Registration of Schemes

A total of 5,202 new schemes, comprising 12,350 members, were registered with the Board during 1997. Of this figure, 4,422 (85%) schemes are one-member arrangements and 5,129 (98.6%) are defined contribution schemes. The remaining 73 (1.4%) schemes, which are defined benefit schemes, account for over 18% of the total membership of new schemes registered during 1997.

## Analysis of the Board's Register

Tables 3 and 4 below show the number of schemes providing retirement benefits (excluding additional voluntary contribution and death benefit only schemes) registered with the Board at the end of December 1997, and the corresponding number of active members of these schemes. The total number of active members of schemes registered with the Board was 519,469.

The tables show that the number of defined benefit schemes on the register had increased by 25 compared to end of 1996. While 73 new defined benefit schemes were on the register at end 1997, due to changes carried out to other existing defined benefit schemes during 1997, the net increase in defined benefit schemes overall was 25. However, the corresponding number of active members covered by such schemes increased by 6,277 in 1997, which is similar to the number of additional members covered by defined benefit schemes in 1996. The number of defined contribution schemes increased by 4,874 in 1997 and the corresponding number of active members covered increased by 11,792. Of these, 4,308 were one-member schemes, and these continue to constitute the vast majority of new schemes being registered.

TABLE 3	Current Schemes - Defined Benefit				
SCHEME SIZE	No of S	CHEMES.	No of Members		
	31 DEC. 1997	31 DEC 1996	31 DEC 1997	31 DEC	
One Member	200	191	200	191	
2-50	1,493	1,484	23,844	24,012	
51-100	230	230	16,414	16,628	
101-500	309	307	68,980	69,620	
501 - 1,000	4.4	38	30,440	25,880	
1,001+	39	40	279,040	276,310	
Total	2,315	2,290	418,918	412,641	

\*excluding AVC and Death Benefit Only Schemes

Table 4	Current Schemes - Defined Contribution					
SCHEME SIZE	No of 3	SCHEMES	No of Members			
	31 Dic 1997	31 Dic 1996	31 DEC 1997	31 DEc 1996		
One Member	46,763	42,455	46,763	12,455		
2-50	0,225	5,689	37,048	33,398		
51-100	90	7.1	6,095	5,153		
101-500	57	4.3	10,645	7,753		
501=1,000	0		0	υ		
1,001	0	0	0	0		
TOFAL	53,135	48,261	100,551	88,759		

<sup>\*</sup>excluding AVC and Death Benefit Only Schemes

TABLE 5	Defined Benefit Schemes subject to the funding standard			
1	No of Schemes	NO OF MEMBERS		
SCHEME SIZE	31 DEC 1997	31 DEC 1997		
One Member	198	198		
2-50	1,467	23,416		
51-100	221	15,803		
101-500	294	64,831		
501 -1,000	40	27,851		
1,001+	22	79,958		
Total	2,242	212,057		

Table 6	Defined Benefit Schemes excluded from the funding standard			
	No of Schemes	No of Members		
SCHEME SIZE	31 Drc 1997	31 DEC 1997		
One Member	2	V=1-11 11 2 1 1		
2-50	26	428		
51-100	9	611		
101-500	15	4,149		
501=1,000		2,589		
1,001+	17	199,082		
TOTAL	7.3	206,861		

Tables 5 and 6 give a breakdown of the defined benefit schemes providing retirement benefit cover, and their corresponding number of members, as between schemes that are financed fully on a pre-funded basis (Table 5), and those financed fully on a pay-as-you-go basis (Table 6). The schemes in Table 5 are subject to the funding standard provisions in the Pensions Act, 1990. Those in Table 6 are excluded from the application of the funding standard by Regulations because, as public sector schemes, the benefits are, or may be, paid in whole or in part out of monies from the Central Fund or provided by the Oireachtas.

Although the ratio of defined benefit to defined contribution schemes continues to reduce, defined benefit schemes still account for more than twice the total active membership of defined contribution schemes in the private sector and the commercial State-sponsored sector. At end 1997, there were

212,057 active members in defined benefit schemes that are subject to the funding standard, as against 100,551 active members in defined contribution schemes. If members of defined benefit schemes in public sector schemes that are not subject to the funding standard are included, the total number of members in defined benefit schemes was 418,918, or a ratio of four to one vis-à-vis defined contribution scheme membership at end 1997.

## Conduct of Investigations

GENERAL

Arising from enquiries/complaints received there were 163 scheme investigations carried out in 1997 in relation to noncompliance with the Pensions Act, 1990. This compares with 155 during 1996. At year-end there were 48 cases still under investigation and carried forward into the new year (compared with 42 in 1996).

The main areas of enquiry/complaint centred around the duties placed on trustees under the Act:

- > to ensure that contributions due are paid, that the resources of the scheme are properly invested, that benefits are paid in accordance with the rules; and that proper records are maintained; and
- > to provide documentation, reports and information as prescribed by the disclosure regulations.

In 13 cases it was considered that the enquiry/complaint involved was of such a serious nature that an investigation was authorised under the special investigatory powers of Section 18 of the Act.

Compliance was achieved in all cases completed during the year without recourse to legal action. While the Board starts from a position of trying to pursue a policy of securing compliance without recourse to legal action, it is determined, where necessary, to use its full powers under the Act.

#### COMPULSORY AND VOLUNTARY REPORTING

By means of the Pensions (Amendment) Act, 1996, which came into effect from 2 July 1996, provisions were introduced dealing with compulsory and voluntary reporting to The Pensions Board.

The underlying intention of these provisions, which have become known as the whistle-blowing provisions, is to protect the interests of scheme members. These provisions place a mandatory requirement on a range of specified persons involved in the operation of occupational pension schemes to report suspected fraud or material misappropriation to the Board. This specified range includes auditors, actuaries, trustees, insurance intermediaries, investment advisers and any other person who has been involved in assisting the trustees of a scheme. The provisions also contain legal protection for persons making such mandatory reports, as well as for persons making voluntary reports on any matter concerning the state and conduct of a scheme.

The Board's experience of the whistle-blowing provisions has so far been that the reports received were all of a serious nature, which required investigation and follow-up action to be taken. As a result, by end 1997:

- > two cases had been successfully finalised and signed off without recourse to legal action;
- > one case had been referred to and is being dealt with by the Garda Bureau of Fraud Investigation;
- > one further case remains under investigation; and
- > the two remaining cases involve small self-administered schemes in relation to which the Board is maintaining a watching brief on the action being taken by the pensioneer trustees involved. By means of Section 4 of the Pensions Act there is ongoing consultation with the Revenue Commissioners in respect of these cases.

### Monitoring of Funding Standard

ACTUARIAL FUNDING CERTIFICATE

GENERAL.

Under the funding standard provisions of the Pensions Act, 1990, defined benefit schemes established before I January 1991 were required to be fully funded in respect of post-1991 pension rights from the outset, and also 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 funding achieved in respect of accrued benefits relating to service prior to I

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 31/2 years after the commencement of the scheme. Trustees must continue to submit actuarial funding certificates at 31/2 yearly intervals for as long as the scheme retains any defined benefit liabilities.

Relevant schemes are contacted by the Board by letter both six months and then again, if necessary, three months in advance of the date on which a funding certificate becomes due to be submitted to remind schemes of their obligations in this regard. In the event of the certificate not being submitted by the due date, action is taken to enforce compliance.

#### 1997 ACTIVITY

In the course of 1997, of the 2,242 defined benefit schemes subject to the funding standard (see Table 7), the Board dealt with 113 cases of non-compliance. Of these, compliance had been achieved by year-end in 59 cases as follows:

- > 47 schemes by issue of letter(s) pursuing compliance;
- > 3 schemes in respect of which a direction under Section 50 of the Act was issued to reduce benefits to a level which satisfied the funding standard;
- > 5 schemes for which funding proposals were received under Section 49 of the Act; and
- > 4 schemes in respect of which modifications of the minimum funding standard requirements were granted under Section 42(5) of the Act.

As Table 7 indicates, the position at end 1997 was that, of the 2,242 schemes subject to the funding standard, funding certificates had been received from 2,036 and compliance was still pursued in relation to the remaining 54 schemes from which a certificate was outstanding.

SCHEME SIZE	DB SCHEMES SUBJECT TO THE FUNDING STANDARD		FUNDING CERTIFICATES RECEIVED		Funding Certificates Objectanding		Other.	
	NO OF SCHEMES	NO OF Members	NO OF Schemes	NO OF Members	No of Schemes	No of Members	No of Schemes	NO OF
One Member	198	198	173	173	10	10	1.5	15
2-50	1,467	23,416	1310	21,725	38	536	119	1,155
51-100	221	15,803	210	15,018	2	175	9	610
101-500	294	64,831	281	62,560	4	1,821	9	450
501 -1,000	-10	27,851	40	27,851			Part I	
1,001+	22	79,958	22	79,958	COUNTY			
Тотаг	2,242	212,057	2,036	207,285	54	2,542	152	2,230

\* The requirement for these schemes to file a first actuarial funding certificate does not arise until after 31 December 1997.

The Table sets out the number of schemes on the Board's register as at 31 December 1997 which are subject to the funding standard. It shows that 91% of those schemes overall had submitted actuarial funding certificates, covering 98% of the membership. Of schemes required to submit an actuarial funding certificate by 31 December 1997, 97% had done so, covering 99% of the relevant membership.



Investigations and Complian

Adrian Smith

Valerie O'Reilly

Sinead Crilly

Fric Plunkett

## **EARLY 1998**

As there were 817 defined benefit schemes for which the Board had received a first actuarial funding certificate with an effective date of between 1 October 1993 and 1 January 1994, the statutory period for submission of the second actuarial funding certificate by these schemes encompassed the period I January to 1 April 1998. Certification for only 423 of these schemes had been received as at 5 December 1997.

At time of writing, there remain in total 90 of these schemes which have failed to comply with the funding standard and these include a number which had a difficulty in providing such a certificate the first time around. These schemes are being pursued in relation to non-compliance on a special project basis. It is the Board's intention to take prosecutions where necessary to ensure compliance with the requirements of the funding standard.

## FUNDING STANDARD COMPLIANCE STRATEGY

In order to give a coherent framework to its activities to ensure compliance with the statutory minimum funding requirements, the Board adopted in the early part of the current year a compliance strategy.

The principal components of this strategy include:

- > in the nine month period between the statutory latest effective date for the funding certificate and the statutory latest date for its submission to the Board, the issue to the scheme of a letter at 3 months into the period, and if necessary, a second letter at 6 months into the period in order to remind schemes of their obligations in this regard;
- > the checking of certificates submitted to the Board as to whether they comply with the various requirements under Part IV of the Pensions Act;
- > in the event of a certificate not being submitted to the Board by the end of the nine month period, the issue to the scheme of a letter detailing the statutory requirements and indicating the potential exposure to prosecution if appropriate action is not taken by the trustees within a stated period; and
- > if despite the preceding steps having been taken, a certificate is not submitted, the taking of whatever further action, including legal proceedings, is deemed necessary in order to ensure compliance with the Act.

#### AUDIT COMPLETED/PARTIAL COMPLIANCE

## Disclosure Compliance Strategy

Following the adoption in late 1996, as indicated in Annual Report 1996, of a compliance and enforcement strategy for disclosure of information requirements, this strategy was implemented by the Board from May 1997. The strategy entails between 170 and 200 schemes being selected and targeted each year for audit in relation to compliance with the disclosure regulations.

By means of audit letter(s) issued to the trustee(s) the Board requests the following information in respect of each scheme selected/targeted for audit:

- > the audited accounts, auditor's report on the accounts and trustees' annual report or the alternative annual report as prepared and made available for the scheme year involved;
- > the most recent actuarial valuation report (defined benefit schemes only);
- > the scheme booklet or other document containing basic information about the scheme, which is made available to members;
- > a copy of the notification or other document by which members were informed of the availability of the annual report for the scheme year in question; and
- > confirmation of whether there is an authorised trade union representing the members of the scheme and, if so, a copy of the covering letter or other notification forwarding a copy of the annual report for the above scheme year to the authorised trade union.

In the period May to December 1997 a total of 116 schemes (90 selected at random and 26 targeted) were audited under the disclosure compliance strategy and the outcome, at time of writing, can be summarised as follows in Table 8 below.

## AUDIT COMPLETED/FULL COMPLIANCE

It is of concern to the Board that only 4 schemes out of 84 for which the compliance audit has been completed satisfy in their entirety the requirements of the disclosure compliance strategy.

With regard to the 80 schemes for which the audit has been completed and there is partial compliance, 4 schemes are the subject of investigation and a further 5 are being considered for prosecution for failure to comply with the disclosure regulations. In each remaining case a letter of reply has been issued to the trustees of the scheme drawing their attention to the areas of non-compliance. In the most significant cases, particularly where the trustees report was not prepared within the statutory period, the scheme involved has been diaried to be revisited.

The following is an analysis of the 80 schemes in relation to the main areas on which there were compliance breaches/ shortfalls:

- > non-preparation of annual reports/audited accounts or alternative annual report within statutory period
- > shortfall of information in annual report/ audited accounts or alternative annual report 30 schemes
- > non-notification of availability of annual report to members
- 20 schemes 48 schemes

10 schemes

- > shortfall of information in explanatory booklet
- > non-preparation of valuation report

within statutory period

6 schemes

It is of particular concern that there was a shortfall of information in the scheme explanatory booklet in 48 out of the 80 schemes involved.

#### AUDIT ONGOING

The remaining 32 schemes, for which the audit is ongoing, remain the subject of correspondence with the trustees.

In summary, the Board is concerned about what is clearly an unsatisfactory level of compliance with the disclosure regulations and it is, accordingly, committed to taking whatever steps are necessary to ensure that scheme members receive the reports, documents and other information about the scheme to which they have a statutory entitlement. These steps include an intention to take prosecutions, as necessary, to ensure compliance with the requirements of the disclosure regulations.

TABLE 8	Letters issued 2 may 1997	LETTERS ISSUED 4 July 1997	LETTERS ISSUED 7 NOVEMBER 1997	TOTAL
Total	60	36	20	116
of which				
Audit completed/Full compliance		三世		
Andit completed/Partial compliance	11	-28	S	80
Andit ongoing	13	8	La Property	32

## Policy

#### Mission Statement

To promote the further development of pensions in Ireland through 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.

During 1997, the Board continued to carry out its role of providing advice to the Minister for Social, Community and Family Affairs.

Details of this advice are given below within the broad categories of:

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

## Pensions Act, 1990

Section 5 of the Act was amended, by means of the Social Welfare Act 1997, to insert a new Section 5B into Section 5. This new Section provided an enabling power for Regulations to be made to exclude external schemes, or certain categories thereof, from the application of some or all of the provisions of the Pensions Act and its Regulations.

This amendment was brought forward for inclusion in the Act on the advice of the Board. Its intention was to facilitate the making of regulations to implement a proposed agreement between Ireland and the United Kingdom in relation to the regulation of occupational pension schemes with members in both countries. The amendment enables the Minister for Social, Community and Family Affairs to make regulations which would confer on schemes covered by the agreement, where based in the United Kingdom, an exemption from those provisions of the Act covered by the agreement.

Since the enactment of the amendment to Section 5 of the Act, the main components of the agreement have been agreed at Ministerial level between Ireland and the United Kingdom. At time of writing, a consultation process on the agreement has been completed with a view to the implementing regulations being adopted in the current year.

## Regulations

Following consultation with the Board, the Regulations below were made by the Minister in 1997. The title of each, together with a brief outline of its contents, are as follows:

> Occupational Pension Schemes (Revaluation) Regulations, 1997 (S.I. No. 76 of 1997).

These Regulations, made on 31 January 1997, prescribed that the revaluation percentage, to apply under Part III of the Act, in respect of 1996 was 1.6 per cent. The revaluation percentage is the percentage by which, as required under Section 33 of the Act, statutorily preserved benefits are to be revalued in respect of scheme members who leave their scheme before normal retirement age.

> Occupational Pension Schemes (Oral Hearing) Regulations, 1997 (S.I. No. 77 of 1997).

These Regulations, made on 31 January 1997, prescribe the arrangements to be followed in an oral hearing held by the Board, or a tribunal appointed by it, in relation to a question to be determined by the Board under relevant provisions of the Act. The prescribed arrangements cover, inter alia, notifications, attendance and procedures.

Under Section 26 of the Act the Board has absolute discretion as to whether a question may be determined without, or after, an oral hearing. Such questions, arising under Sections 38, 53, 58, 64A or 75 of the Act, include whether the provisions of particular Parts of the Act conflict with the rules of a scheme and whether a scheme is a defined benefit or defined contribution scheme for the purposes of particular Parts of the Act.

> Pension Schemes (Family Law) Regulations, 1997 (S.I. No. 107 of 1997).

These Regulations, made on 27 February 1997, prescribe the detailed provisions to apply in relation to pension adjustment orders, where made by the Courts under Section 12 of the Family Law Act, 1995 and Section 17 of the Family Law (Divorce) Act, 1996 in connection with a decree of judicial separation or of divorce. The provisions cover, inter alia, the manner in which a contingent benefit, a designated benefit, a residual benefit, or a transfer amount payable on foot of a pension adjustment order are to be calculated.

The Regulations were made under Section 5(4) of the Pensions Act, 1990, as amended by the Pensions (Amendment) Act, 1996 and the Family Law (Divorce) Act, 1996. Section 5(4) enables Regulations to be made specifying the various detailed provisions to be followed in relation to pension adjustment orders made under the Family Law Acts, 1995 and 1996.

> European Communities (Occupational Benefit Schemes) Regulations, 1997 (S.I. No. 286 of 1997).

These Regulations, made on 25 June, 1997, give effect to Council Directive 96/97/EC on the implementation of the principle of equal treatment for men and women in occupational social security schemes. In the interests of legal certainty, the Directive amended the earlier Directive 86/378/EEC in order to adapt the provisions which were affected by relevant decisions of the EU Court of Justice.

The Regulations, inter alia, clarify the range of schemes or arrangements which are outside the scope of the Directive and the differences in treatment permitted, to reflect, in particular, the use of actuarial factors that differentiate between men and women. They bring the provisions of Part VII of the Pensions Act, 1990, which deals with equal treatment, into line with Directive 96/97/EC. The Regulations were made under Section 3 of the European Communities Act, 1972 (No. 27 of 1972) thereby having the effect of amending Part VII of the Pensions Act, 1990.

> Occupational Pension Schemes (Fees) (Amendment) Regulations, 1997 (S.I. No. 448 of 1997).

These Regulations, made on I December 1997, prescribe the level of fees payable to The Pensions Board by occupational pension schemes as from I January 1998, together with the dates by which the fees are to be remitted to the Board. The fees are payable under Section 25 of the Pensions Act, 1990.

The Regulations were made under Sections 5 and 25 of the Act.

It might be noted that in early 1998 the Occupational Pension Schemes (Revaluation) Regulations, 1998 (S.I. No. 35 of 1998) were made prescribing, as 1.5 per cent, the revaluation percentage in respect of 1997 for the purposes of Part III of the Act.

Finally, the Board via its Legislation Committee was engaged during 1997 in completing a review of the Occupational Pension Schemes (Disclosure of Information) Regulations. 1991 (S.I. No. 215 of 1991). The review has recently concluded and a revised set of Regulations, containing largely technical amendments, has been finalised. At time of writing, the revised Regulations have been submitted to the Department for adoption by the Minister.

#### EU-Related Matters

During 1997, the Board was involved in examining and giving advice, of both a policy and technical nature, in relation to a range of EU - related matters, as outlined below.

> EU Commission Green Paper entitled 'Supplementary Pensions in the Single Market'.

This Green Paper was issued by the European Commission in June 1997. It contained an analysis of the social, economic and financial context of supplementary pension provision in the European Union, examined the role which the Single Market could play from an investment viewpoint in improving such pension provision, and posed various questions regarding the scope for changes in existing approaches in areas, such as prudential rules and taxation, to facilitate the future development of supplementary pension provision in the context of the Single Market. The Commission invited views, on the Green Paper, from interested parties by end 1997.



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Technical Services and Research

The Pensions Board considered the Green Paper during the second half of 1997, engaged in consultations with bodies represented on the Board, and finalised its response to the Green Paper. The response was issued to the Commission in December, 1997.

> Council Directive on safeguarding the supplementary pension rights of employed and self-employed persons moving within the European Community.

This Directive, which had been under discussion at EU level during 1997, was adopted by the EU Council of Ministers on 29 June 1998. Its aim is to protect the rights of members of supplementary pension schemes who move from one Member State to another thereby contributing to the removal of obstacles to the free movement of employed and self-employed workers within the EU. The Directive includes provisions relating to preservation of vested pension rights, cross border payments, and shortterm employment in another Member State.

The Board gave views on the Directive, at draft stage, to the Department of Social, Community and Family Affairs in the context of the relevant EU discussions.

> Proposal for a Council Directive concerning the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses.

This proposed Directive which has been under consideration at EU level during 1997 and later is intended to amend the EU Acquired Rights Directive (Council Directive No. 77/187/EEC of 14 February 1977) which was implemented in Ireland by the European Communities (Safeguarding of Employees' Rights on Transfer of Undertakings) Regulations, 1980 (S.I. No. 306 of 1980). The position of supplementary pension schemes vis-à-vis the scope of the proposed Directive has been an aspect of the discussions.

The Board has given views on this proposed Directive to the Department of Social, Community and Family Affairs.

> Council Directive 97/80/EC on the burden of proof in cases of discrimination based on sex.

This Directive has been designed to adjust the burden of proof in the event of sex discrimination between the sexes and proposes that when allegations of discrimination are made, it will be up to the employer to prove otherwise. The legal basis for this Directive is the Maastricht Treaty's Social

Protocol. The Directive was adopted by the EU Council in December 1997 and will have to be transposed into national legislation by Member States, by 1 January, 2001.

The Board has noted the contents of this Directive for consideration in the context of equal treatment.

> Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

In late 1997, the Department of Justice, Equality and Law Reform issued a consultation document on the transposition of this Directive into Irish law. The Directive's provisions include, inter alia, the extension of data protection law to manually processed data, as well as automated data. Under the Directive, its provisions must be implemented by Member States by October 1998.

The Board gave its views on the consultation document, in relation to implications for pension schemes and the Board itself, to the sponsoring Department in early 1998.

> Council Directive 96/34/EC of 3 June 1996 on the frame-work agreement on parental leave concluded by UNICE, CEEP and ETUC.

The Directive grants an entitlement to a minimum of three months parental leave on the grounds of the birth or adoption of a child. It is understood that national legislation to give effect to the Directive will be enacted in the current year. In the context of the preparations for this legislation, the Board monitored the position regarding possible implications for pension schemes.

> Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC.

This Directive, which was adopted at the end of 1997, must be implemented by Member States by January, 2000. The objective of the Directive is to provide to part-time workers, treatment comparable to full time employees, in respect of employment conditions in general.

This Directive was taken into account by the Board, in its preparations of the National Pensions Policy Initiative Report, from the viewpoint of coverage of part-time, seasonal and other atypical workers by occupational pension schemes.

## Policy Advice

During 1997, the Board, mainly in its Policy Committee, pursued its consideration of the Policy Programme. As indicated in the Annual Report 1996, this is the comprehensive and prioritised Programme, adopted by the Board in late 1996, of policy matters for consideration during the term of office by the present Board members. The remainder of this chapter outlines developments to date, and future possible directions, in the policy area.

The most important policy departure has been the National Pensions Policy Initiative. A detailed account of the Initiative, which culminated in the Board's Report to the Minister published in early May 1998, is contained in a separate chapter in this Report. The conduct of this Initiative, with its recommendations for future national pensions policy, was the single most important component of the Board's Policy Programme.

The Board was pleased that the Report of the Actuarial Review of Social Welfare Pensions, published in September 1997, was available in time for its findings to be taken into account in the preparation of its Initiative Report. The carrying out of such a Review was consistent with the recommendation, in the National Pensions Board's Final Report entitled "Developing the National Pensions System", a recommendation endorsed by The Pensions Board.

In 1997 the following items on the Policy Programme were considered.

> Information Policy of the Pensions Board

A report on this matter was adopted by the Board and submitted to the Minister in April 1997. Inter alia, it examined the existing information activities of the Board and contained recommendations for their future development. These recommendations, which have since been in course of ongoing implementation, included:

- wider advertising of the Board's Legislation and Guidance Notes Service amongst the relevant representative and professional bodies,
- intensified participation in suitable Conferences and Exhibitions.
- establishment of an Internet site containing information regarding the Board's role and publications, and
- production of an occasional Bulletin on the Board's current activities.

> Ringfencing of additional voluntary contributions (AVCs) on scheme wind-up.

This matter was considered by the Board in response to a request by the Minister. The report issued by the Board to the Minister contained the outcome of its deliberations together with a recommendation in principle that

the existing statutory provision whereby, in a wind-up, pensions in payment rank as first priority and benefits related to AVCs, together equally with rights transferred from another scheme and post 1991 entitlements of early leavers and existing employees, rank as second priority,

#### be changed to

- provision whereby benefits related to AVCs would rank separately from other benefits (including pensions in payment) as a first priority.

This recommendation was accepted by the Minister; an amendment to this effect to be included in legislation and regulations at the next suitable opportunity. This decision was announced in the Board's Bulletin (1:98) of February 1998.

## > Paid time off for trustee training.

The Board's report to the Minister on this matter was finalised and submitted to him in January 1997. It took account, inter alia, of the results of informal enquiries, carried out by the Board, to help assess the incidence of any difficulties in employee trustees obtaining paid time off for purposes of receiving trustee training. While accepting that some real difficulties may well exist in areas not accessible to these inquiries, the general finding was that significant or widespread difficulties did not exist in relation to paid time off for trustee training.

#### The Report

- recommended that the matter be kept under review and reports of any difficulties be carefully monitored by the Board;
- did not recommend that mandatory provisions be introduced, unless significant difficulties demonstrably emerge, at a later time, with the existing voluntarily agreed arrangements.

In addition to the preceding policy matters on which the Board reported to the Minister in 1997, the Board considered a number of other items from the Policy Programme during 1997. These items, whose consideration at time of writing is still continuing prior to reporting on them to the Minister, are outlined below.

### > Treatment of surpluses in occupational pension schemes.

The Board's deliberations on this matter have included, inter alia, the findings of an informal survey of the incidence and level of surpluses in Ireland together with current practice regarding their treatment, examination of relevant statutory provisions and case law in the U.K., and an assessment of the need for and possible nature of official measures in Ireland.

## > Possible Compensation Scheme

The Board's consideration of this matter covers, inter alia, the case for and against the introduction of such a scheme in Ireland, examination of compensation schemes where operating in selected other countries, and the options for the main components which such a scheme, if introduced in Ireland, might contain.

#### > Possible Pensions Ombudsman

In pursuing its consideration of this matter, the Board is taking into account, inter alia, a review of its own relevant casework, information on the office of the Pensions Ombudsman in the U.K., the existence of ombudsmen in other areas in Ireland, and consideration of the possible remit of a Pensions Ombudsman, if introduced in Ireland.

### > Review of the Minimum Funding Standard

The Board is reviewing the existing statutory requirements under the Minimum Funding Standard and, in particular, a number of possible specific improvements. These latter would have the aim, inter alia, of improving the completeness and relevance of the actuarial funding certificate as an indication to members and others of the funding position of the scheme. In forming its recommendations in this area, the Board will be taking into account detailed views received from the Society of Actuaries in Ireland.

# National Pensions Policy Initiative

#### Introduction

This article gives an account of the National Pensions Policy Initiative including a synopsis, together with some additional commentary, of the main features of the Initiative Report entitled 'Securing Retirement Income: National Pensions Policy Initiative, Report of The Pensions Board'.

### Background

The overall objective of the National Pensions Policy Initiative was to facilitate national debate on how to achieve the aim set out in the Final Report of the National Pensions Board on Developing the National Pension System and to make recommendations for actions needed to achieve this aim. The aim is to have a fully developed national pension system which enables all residents in the State to acquire an income which allows them to maintain their established standard of living on attainment of retirement age, in long-term incapacity and, in the case of dependants, on the death of the income provider. At a minimum, the national pension system should ensure that any resident, who has no other income, should receive a State pension which is sufficient to maintain a basic standard of living.

The issue of adequate and comprehensive pension cover has been under consideration in Ireland for over 20 years. During that time there has been a Green paper on a National Income Related Pension Scheme in 1976 and the Final Report of the National Pensions Board in 1993. The Irish debate is set against an international background in which many countries are reforming or reviewing their pension systems. The most prominent reasons for this are the so-called demographic 'time-bomb' and the fact that many existing systems are facing severe financing difficulties. However, while similar problems could arise in Ireland, the timing is much different from that in other countries.

In 1995 the Economic and Social Research Institute was commissioned by the Department of Social Welfare and the Pensions Board to undertake a survey of occupational and personal pension coverage in Ireland. According to the survey, less than 50 per cent of the work-force have supplementary pension cover. This means that significant segments of the work-force and their dependants are at risk of experiencing a sharp drop in living standards when they become pensioners.

Against this background the Initiative was launched in October 1996 and, in addition, it was formally incorporated into Partnership 2000 in early 1997. The Initiative was progressed in two phases including the following steps:

- > publication of a Consultation Document which invited submissions from interested parties;
- > receipt of 143 submissions;
- a National Pensions Conference;
- > Board Workshops and development of options.

The Report, from the Board to the Minister for Social, Community and Family Affairs, is the culmination of the Initiative. It contains the Board's assessment of the current situation regarding pension provision in Ireland. It sets out a strategy for future development, and it contains a number of major proposals and recommendations for change to give effect to the strategy.

### Considerations underlying report

In shaping and evolving the strategy proposed for future development of the pension system the Board considered a number of criteria. Among these, a particularly important issue is considered to be the capacity of any new policy departure to improve the extent and adequacy of existing pension coverage. However, achievements must be balanced against the likely impact on cost competitiveness and employment needs, the sustainability of the new system and Exchequer costs. Any tendency for taxes, or employers' payroll costs, to rise must be taken into account, as must any impact on the Exchequer as regards tax revenue or public expenditure.



Anne Maher, Chief Executive

The evolution of the population and its age structure are key issues in the planning of pension provision. Economic trends such as the growth of output and of employment also have a very important bearing on this issue. An Expert Group convened by the Central Statistics Office prepared a set of projections of the Irish population and labour force covering the period 1996-2026. The availability of these recently published projections is of great value in the context of examining the prospects for pension provision in Ireland. The central projection shows that the elderly dependency ratio will decline slightly between 1996 and 2006, and then rise continually up to 2026.

Another major source of input to the Board's deliberations was an Actuarial Review of Social Welfare Pensions published in September 1997. The most important conclusions contained in the Actuarial Review are:

- > The proportion of those over 65 relative to those of working age will initially reduce slightly and then increase steadily to the end of the projection period (1996-2056).
- > If pensions are indexed to prices, spending on the Social Welfare pension system will fall relative to GNP, from 4.8 per cent in 1996 to 2.6 per cent in 2056.

- > If pensions are indexed to wages, spending on the Social Welfare pension system will rise relative to GNP, from 4.8 per cent in 1996 to 8.0 per cent in 2056.
- > If the Exchequer subvention to the Social Welfare pension system is frozen at its present level of 5 per cent of total contributions, contribution rates would have to increase by 19 per cent if pensions were indexed to prices, or by 227 per cent if pensions were linked to wages.

International demographic developments, combined with the fact that most Western countries have relied on 'pay-as-yougo' funding of State pensions, has led to widespread fears of a looming crisis in public pension systems. Moreover, the adverse implications for the public finances are heightened by the consideration that most European countries rely primarily on publicly provided pensions to cater for their populations in their retirement and old age.

The Board's Report notes the important conclusion, to be drawn from Irish and international studies, that Ireland alone has the opportunity of preparing for a high level of elderly dependency over a period of relatively low dependency. The opportunity presented by this relatively favourable

demographic backdrop will be enlarged if the recent buoyant economic performance is sustained.

The favourable position in Ireland emerges very clearly from international comparison of the prospects facing the public pension system in this country. This reflects three principal facts:

- the Irish Social Welfare pension system is at present relatively limited in terms of replacement ratios;
- > the demographic situation in Ireland is expected to evolve more favourably than that in other countries during the early decades of the coming century;
- > Ireland has a well-developed funded occupational pension scheme sector.

However, depending on future policy towards real increases in Social Welfare pension levels over time, the country could be faced with the same sustainability issues which are currently posing themselves elsewhere, as demographic patterns here come more into line with the structures prevailing now in other countries. That is a major reason why the Initiative is needed.

## Reform Strategy

The underlying goal of the Initiative is to ensure adequate provision for retirement income for all. The underlying public policy issues which need to be addressed in determining an optimal strategy for pensions development are of three distinct types:

- > Firstly, there is a poverty issue. It is a commonly shared aspiration that sufficient resources should be available to elderly and retired people to allow them to live in dignity. This means transferring resources to those who cannot afford to provide for themselves, and to those who reach old age without making adequate provision from their lifetime earnings. However, if the concept of poverty is clear-cut its measurement is not. It is complicated by the fact that it is relative, both in time and across places.
- > Secondly, there is the problem that, without active policies encouraging them to save for retirement, many people are imprudent, short-sighted or reluctant to do so. Thus they reach old age with fewer resources than they need and should have, given their lifetime income; as a consequence they can suffer a sharp drop in their living

standards. They need to be encouraged to save more, and facilitated in doing so, notably by making better informed decisions. At the same time, just as there are people whose means make it impossible for them to save for retirement, it is important to recognise that there are also people who have adequate resources to live out their lives in the style in which they wish, without having recourse to formal pension provision. Therefore, it is most important that initiatives and their associated targets should be established clearly and focused closely on those segments of the population where pension provision can play a beneficial role, i.e. where prospective retirement income will not be sufficient to sustain people with an adequate standard of living.

> Thirdly, there are macro-economic, public finance and national savings objectives to be borne in mind. Growth and future national prosperity, including social development and cohesion depend on sufficient amounts being saved and invested in fixed and financial capital to take advantage of productive opportunities and to generate the national resources that will be needed for future social spending especially bearing in mind the prospective long-term trends in elderly-dependency ratios. This means that the public finances need to continue to be managed in a way which facilitates saving, investment and sustainable economic growth.

The quantified expression of the Initiative's strategic goals bears these three policy dimensions in mind. Thus it makes provision both for a minimum income guarantee and for better smoothing of lifetime income into retirement (through pension-type saving). These in turn are designed to reach specified objectives in terms of adequacy (of facilitating individuals in achieving a desired level of retirement income) and coverage (of achieving targeted levels of coverage of the relevant populations for retirement income provision).

In deciding on the appropriate roles for Social Welfare pensions (known as First Pillar) and supplementary pensions (known as Second Pillar), the issue of efficiency of delivery also needs to be considered. Regardless of the method chosen to deliver the pension, the costs of providing each £1 of pension will be £1 plus the administrative and other costs associated with the payment of the pension. The Actuarial Review estimated that the expenses of administering First Pillar pension payments represented approximately 5 per cent of

such payments. Within this, the cost of administering the contributory pension payments would be around 2 per cent. It is an indisputable fact that the administrative cost of funding and paying a small pension through a funded private scheme would be considerably greater. Since those on lower pay are, at best, only likely to be in a position to fund a small pension this additional expense is likely to fall most heavily on those on lower incomes and those working in small employments.

The principal proposals of the Report are based on distinct but inter-related roles for the First Pillar and Second Pillar of pension provision. Crucially, the Report proposes:

- > a target rate for Social Welfare pensions which would provide a minimum income guarantee and avoid poverty;
- > making substantial efforts to preserve the real level of pensions;
- > a funding mechanism in relation to the First Pillar which can exploit the advantages of the current favourable demographic window and which establishes a basis for avoiding the sustainability issues being confronted elsewhere today; and
- > a large number of innovations that will enable the potential of an established voluntary Second Pillar to be developed and extended.

In the Report, the Board came to the judgement that in assessing the adequacy of income in retirement a benchmark of 50% of gross pre-retirement income should be used. The First Pillar should ensure adequacy of income for the lower paid as the level which the Board is recommending would meet its target for income after retirement for the 30% lowest paid employees in the private sector. With regard to the First Pillar, the scope will be created for it to be a much more effective policy instrument for avoiding poverty in old age on a continuing basis. At the same time, provision is made to avoid risks of financial unsustainability in the long-term by the Report's recommendation for pre-funding of part of the long-term costs of First Pillar provision.

Targets are set both for the quality and extent of pension coverage, in the future. In particular, it is considered that comprehensive achievement of an adequate level of income over a lifetime for all involves an ultimate goal of some 70 per cent of the total workforce, over age 30, making or having supplementary pension provision. Interim targets for the extent of coverage are specified for the next five and ten

years according to employment status, gender and as between public and private sectors, consistent with the achievement of this ultimate goal.

These targets are ambitious. However, as a result of the measures proposed in the Report, the potential of the Second Pillar to play a more important role in the future should be realised.

Improvements proposed in the Social Welfare old age pension and in the voluntary provision of occupational and personal pensions represent a development and intensification of existing policy measures and recent trends. The proposals set out in the Report are governed by the need to balance the likely ability of the reforms to achieve what is being sought with the costs of the reforms and the practical constraints involved. However, the Board recognises that the proposals may not go far enough to achieve the goals set. If the current proposals do not prove sufficient further steps, including mandatory contributions, should be considered in the context of a progress review to be undertaken as proposed in the Report.

### Specific Proposals

In relation to Social Welfare pensions the Report proposes:

> Adopting a target rate for pensions equal to 34 per cent of average industrial earnings, vis-à-vis the post Budget 1998 rate of 28.5 per cent \*. This should form a backdrop to the achievement of the Government's target of an old age pension of £100 per week by 2002 (as set out in 'An Action programme for the Millennium'). It is considered that the Board's proposed target should be achieved within a 5 to 10 year period. Related to current average industrial earnings of £291 per week (based on estimated earnings data for 1997), meeting the proposed target rate would result in a weekly pension of £99, if it were implemented today. However, this figure should be updated to reflect earnings increases over the 5 to 10 year period envisaged for the full implementation of the proposed target rate.

The costs involved in making the proposed transition to 34 per cent of average industrial earnings have been considered.

\* (The representative of the Minister for Finance qualified his approval of the strategy outlined in the Report in regard to this aspect.)

Financing options and overall macro-economics implications within a 5 year time frame have been used for illustrative purposes. As there is an explicit statement of policy by Government to raise the level of old age pensions to £100 per week over five years (to 2002), the Board's proposals are compared to this benchmark of stated Government policy. The projected incremental costs of the Board's proposals by 2003, compared with this alternative benchmark, is £440 million in current prices, or less than 0.7 per cent of GNP if the Board's proposals are implemented over the minimum period envisaged (5 years).

- > Making substantial efforts to preserve the real level of pensions, unless the economy was to enter a period of very high inflation, or a recession or both. This is considered to be a minimum target, for a society where there is broadly based commitment to the attainment of social inclusion. Higher goals should be aimed for. Thus it would be desirable to aim, over the medium term, to increase State pensions, in real terms, in line with growth of earnings in the economy.
- > In relation to the development of the First Pillar, the Board recommends that steps should be taken now to establish an explicit mechanism to fund, at least partially, the prospective substantial growth that is projected to occur in Social Welfare old age pensions, if they grow in line with real earnings.

Preliminary calculations indicate that, while providing the Board's recommended level of First Pillar Pensions, it might be possible to cap additional Exchequer contributions at 3.8 per cent of GNP from about 2011 until 2046 from a base-level of 1.7 per cent in 1998. By contrast, the additional Exchequer contributions would have risen to 6.8 per cent of GNP by 2046 if the benefit level were increased as recommended and a pay-as-you-go basis were retained.

These estimates are based on the following assumptions in relation to the development and growth of the fund:

- an annual contribution of £250 million for the first five years, i.e. 1999-2003:
- an annual contribution of £500 million in the next five years, 2004-2008;
- followed by an annual contribution equal to 50 per cent of projected PRSI contribution income allowing this to grow with income until withdrawals were needed to maintain 'additional Exchequer contributions' at 3.8 per cent; and

- the fund's assets earn a rate of return of 5 per cent per annum in real terms on average.

The funding mechanism means that the total proportion of GNP used for pensions will change only gradually and in a way which enables any necessary adjustment to be made in good time and with minimal disruption.

In relation to supplementary pensions the Board proposes:

> Introduction of a new type of pension vehicle, the Personal Retirement Savings Account (PRSA).

This is aimed at meeting the needs of the flexible labour market of today without undermining existing good provision, especially in defined benefit schemes. Because of its expected simplicity, it is likely that it would supplant some existing defined contribution and additional voluntary contribution arrangements, but would not result in an inferior quality of pension product. By facilitating new distributors to enter the market, who could tap previously untouched customer sectors, it would become available to more people than existing arrangements. It would have a degree of simplicity and cost-effectiveness which has not been available in the past from existing arrangements. These features should add significantly to its attractiveness.

- > Simplification and changes to tax structures. The purpose of the recommendations in the Report is to reduce complexity which increases cost and makes it more difficult for employers and individuals to understand and commit themselves to making pension provision e.g. limits related to age and higher limits at older ages for PRSAs. minimum entitlement to tax relief, contributions allowed after retirement to facilitate flexible retirement.
- > Steps which will widen access to pension provision. These relate to allowing access for all employees to coverage through their employer, equal treatment for parttime, seasonal and other atypical workers, allowing those not actually working to make provision, and facilitating the establishment of umbrella schemes.
- > Establishment of a norm of what would be regarded as a good quality product.

It is recommended that products which meet the standards of flexibility, scope and information which make up the norm should be allowed show a 'kitemark' so that

customers can have confidence that they meet common needs. Part of the purpose of this is to help customers to make the best long-term decisions in relation to their future needs, especially in terms of investment.

- > Improvements to existing pension arrangements. These measures, such as improved vesting and preservation provisions, generally entail little additional cost to the schemes involved and are geared more at improving value and flexibility for those already covered.
- > A regulatory regime suited to the new environment. Generally the proposals make use of structures which already exist or involve additional steps which are considered to be needed in any event.
- > Education and Awareness.

The consultation process undertaken by the Board highlighted that there is a low level of understanding and awareness of pensions amongst the general public. The recommendations contained in the Report will need to be supported by an effective educational awareness programme and, in this context, the Board recommends a Government driven pensions awareness campaign to be conducted in conjunction with the relevant public and private sector bodies. The Board believes that this extension of education and awareness will have a major impact in ensuring that its strategy will work.

### A Balanced Approach

The Board believes that the recommendations in the Report represent a well balanced proposal which meets the requirements of

- > avoidance of poverty
- > adequacy of coverage
- > efficiency of coverage

through extending the role of the First Pillar and developing the role played by the Second Pillar.

A key component of pension reform is to preserve the good aspects of existing provision. The Board's proposals build on the existing good structures in place for Second Pillar provisions in Ireland. Some improvements are introduced to this and the package of proposals should result in widely increased Second Pillar coverage.

The broadly representational nature of the Board has ensured that, in general, the framework of the Report has been developed on the basis of a broad consensus on a future direction (subject to some specific concerns set out in the Report). At the start of the Initiative, the Board had many different views on the issues involved. At the end of the Initiative, the fact that the Report was signed by all Board members reflected the consensus which was reached as a result of thorough examination and consideration of the many issues involved.

The recommendation in the Report that progress should be reviewed after 5 years is an important one. This effectively provides a fail-safe feature to ensure that one way or another wide pension coverage will be achieved.

On the basis of the strategy proposed, it is estimated that total pension costs in Ireland would rise from about 9 per cent of GNP at present, to a peak of about 11.8 per cent at most in the period up to 2046. As mentioned earlier, a benefit of the proposed fund, as illustrated, would be to cap additional Exchequer contributions to the First Pillar, at 3.8 per cent of GNP from about 2011 until 2046 from a base level of 1.7 per cent in 1998. Clearly these estimates represent a much better outcome than is being faced by most European countries at present. The Report proposes an opportunity for achieving ambitious standards of pension provision, in a way that is financially sound and that will not compromise the long-term competitiveness of the economy.

## Implementation

The Board believes that the consultation, examination and discussion process has now been taken as far as possible. Ireland has a good level of research and backup material on which it has based the proposals set out in the Report.

The Report contains proposals for the most comprehensive reform of pension provision in Ireland for a generation. Consequently, it is essential that appropriate steps are taken to monitor the outcome of the Initiative. The Board recommends that it would be appropriate for a long-term monitoring and measurement strategy to be drawn up by the Department of Social, Community and Family Affairs and the Board. The Board considers that it would be appropriate to have a critical time path for the implementation of the reform programme drawn up and agreed in consultation with relevant agencies and Government Departments.

When an implementation time path has been agreed, it is proposed that the Board would report on progress annually and highlight whether key reforms are being implemented accordingly to the time path.

The precise timetable for implementation of the proposals will depend inter-alia, on

- > timing of Government actions on the proposals
- > allocation of time for the necessary legislative provisions within the Government's ongoing legislative programme,
- > consultation with third parties, for example, on operational and technical aspects.

#### Conclusion

In conclusion, the Board believes that, within the Report, it has provided a clear, convincing and evolutionary approach to future pension policy and that now is the time to seize this opportunity. The Report is published against the background of major changes in pension environments throughout the world. It was apparent from the Actuarial Review published last year that although we are not facing an imminent crisis in the financing of Social Welfare pensions, escalating costs are inevitable. Likewise, the ESRI report showed that less than 50% of the workforce have supplementary pensions and that this figure is reducing. Hence, doing nothing is not an option.

In this context, the Board was pleased by the immediate response which the Minister for Social, Community and Family Affairs, on behalf of the Government, gave to the Report at its launch on 7 May 1998. The Board noted the Government's positive approach to the Report and its endorsement of many of the key recommendations as part of the action to be taken on foot of the Report.

The main components of the Minister's response included:

> the Government noted the Report's recommendation to increase the First Pillar (Social Welfare) pension, over a 5 to 10 year period, to 34% of average industrial earnings; the question of increases to be examined in the overall budgetary situation;

- > regarding the Report's recommendations on future indexation of First Pillar pensions, the response indicated that the level of increase of First Pillar pensions in Budget 1998 was well ahead of expected increases in both prices and earnings, and that in order to achieve the Government's commitment to a pension of £100 per week in 2002, similar levels of increase will be required in coming years;
- > the Government decided that the Report's proposal that part of the future costs of First Pillar pensions be prefunded should be given full examination by an inter-Departmental working group;
- > the Government welcomed the Report's recommended ultimate target of having 70% of the workforce over the age of 30 covered by Second Pillar pension arrangements and considered that its achievement should be monitored over time:
- > the Government accepted in principle the Report's recommendations for the introduction of the Personal Retirement Savings Account (PRSA), to be considered as part of the Government's next legislative cycle and advanced by an inter-Departmental working group;
- > the Government accepted in principle the Report's recommendations for more simple and flexible tax arrangements for Second Pillar pension provision, to be considered as part of the next Finance Bill and advanced by an inter-Departmental working group;
- > the Government agreed with the Report's recommendation for an effective pensions education and awareness programme, to be pursued by the Department of Social, Community and Family Affairs in consultation with other Departments and the Board; and
- > the Government accepted the Report's recommendations for universal access to Second Pillar pensions, together with amendments to the Pensions Act regarding, inter alia, vesting, preservation/revaluation and integration, to be introduced at the next suitable opportunity by the Minister for Social, Community and Family Affairs.

The Minister concluded his welcome for the Report by indicating his strong belief 'that the implementation of this action plan will put our pension system on a sound basis as we move into the next Millennium'.

Accounts

# Report of the Comptroller and Auditor General

I have audited the financial statements on pages 39 to 47.

# 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 39. 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 1997 and of its income and expenditure and cash flow for the year then ended.

JOHN BUCKLEY

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For and on behalf of the Comptroller and Auditor General

Treasury Building, Dublin Castle

18 May 1998

# 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 for Social, Community and Family Affairs 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

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Chairperson

1 May 1998

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ROBERT T. R. WOODS

Board member

# Statement of Accounting Policies

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

# 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, Community and Family Affairs 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	121/2
(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 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. Compliance Enforcement Reserve

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 a compliance enforcement reserve account each year from 1992 to 1996 inclusive. Since at the end of 1996 an amount of IR£150,000 had been accumulated in the compliance enforcement reserve account and that this, in the opinion of the Board, represents a reasonable provision, no further transfers will be made for the foreseeable future.

# Income and Expenditure Account

for the year ended 31 December 1997

	Maria	1997	1996
	Notes	English State of the Control of the	****
		IR£	IR£
Income	0,,		
Fee income	9,	846,752	793,355
	2	19,250	53,935
Other income	2 °C	A LICENT	4900
Total income		866,002	847,290
		00	
Expenditure			
Salaries and related expenses	3	540,976	428,030
Board member fees and expenses		22,505	19,025
Accommodation and establishment expenses	4	104,545	99,128
Recruitment, training and education	5	31,728	28,435
Information, research and publicity	1	126,484	39,496
Consultancy and other professional fees	6	212,371	264,897
General administration	7	135,308	96,265
Depreciation	8	58,778	35,029
Total expenditure		1,232,695	1,010,305
(Deficit) for year before transfer to compliance enforcement reserve	et o'	(366,693)	(163,015)
(Deficit, for year before transfer to compitance enforcement reserve	1/2		(===,===)
Transfer to compliance enforcement reserve	13	(-)	(30,000)
(Deficit) transferred to revenue reserve	14	(366,693)	(193,015)

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

The results for the year relate to continuing operations.

Same Com

The statement of accounting policies and notes 1 to 17 form part of these financial statements.

EAMONN P. HEFFERNAN

Chairperson

1 May 1998

ANNE MAHER

June Morrex

Chief Executive

# Balance Sheet

at 31 December 1997

	Notes		1997		1996
		IR£	IR£	IR£	IR£
Fixed Assets		PROM			
Tangible assets	8		270,527		109,729
Current Assets			FURTH		
Debtors	9	143,756	`A	126,059	
Cash at bank and on hand		546	V	282,715	
		144,302		408,774	
Current Liabilities			· Jens	The state of the s	
Creditors: amounts falling due within one year:					
Bank and other advances	10	190,786		68,253	
Other creditors	11	233,055		92,569	
		423,841		160,822	
Net current assets/(liabilities)			(279,539)		247,952
Total assets/(liabilities)			(9,012)		357,681
Financed by					
Compliance enforcement reserve	13	150,000	CE TO	150,000	
Revenue reserve	14	(159,012)	(9,012)	207,681	357,681

The statement of accounting policies and notes 1 to 17 form part of these financial statements

EAMONN P. HEFFERNAN

Lama Cr

Chairperson

1 May 1998

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ANNE MAHER

Chief Executive

# Cash Flow Statement

for the year ended 31 December 1997

	Notes		1997		1996
		IR£	IR£	IR£	IR£
Reconciliation of deficit to net cash outflow from operating activities		Prop.	)) <sub>E</sub> ,,		
Deficit for year			(366,693)		(193,015)
Interest received			(5,886)		(23,548)
Interest paid			899		200
Depreciation			58,778	6	35,029
Loss/(profit) on disposal of tangible fixed assets			4,313		(4,500)
Increase in enforcement compliance reserve		, c			30,000
(Increase) in debtors			(17,697)		(10,301)
Increase/(decrease) in creditors			140,486		(31,107)
Net cash outflow from operating activities			(185,800)		( <u>197,242</u> )
Cash Flow Statement					
Net cash outflow from operating activities			(185,800)		(197,242)
Returns on investments and servicing of finance					
Interest received		5,886		27,241	
Interest paid		(899)	Ce III	_(192)	
			4,987		27,049
Net capital expenditure					
Purchase of tangible fixed assets		(224,440)	100	(72,042)	4
Proceeds of sale of tangible fixed assets		551		4,500	
			(223,889)		<u>(67,542</u> )
Decrease in cash			(404,702)		( <u>237,735</u> )
Reconciliation of net cash flow to					
movement in net (debt)/funds	15				
Decrease in cash in the year			(404,702)		(237,735)
Net funds at 1 January 1997			214,462		452,197
Net (debt)/funds at 31 December 1997			( <u>190,240)</u>		214,462

# Notes to the Financial Statements

for the year ended 31 December 1997

## 1. Fee Income

Fee income for 1997 (IR£846,752) in 1996 (IR£793,355) reflects fees receivable in respect of these years.

2	Other Income	or6 23	1997 Fr. IR£	1996 IR£
	Publications		14,196	25,128
	Interest income		4,868	23,548
	Surplus on disposal of tangible fixed assets		- "0,	4,500
	Miscellaneous income		186	759
		S A	19,250	53,935

# 3. Employee Numbers and Costs

The total staff complement as approved by the Minister at 31 December 1997 was 21 permanent and 1 temporary (1996 - 17). The average number of employees excluding contract staff in the Board during the year was 20 (1996 - 17). The aggregate employee and related costs were as follows:

			1997	1996
			IRE	IR£
Salaries			o, 451,993	363,217
Superannuation (	costs		451,993 456,106	50, <del>4</del> 06
Employers PRSI			17,575	10,847
Contract Staff			5,302	3,560
			<u>540,976</u>	428,030
			1997	1996
A Accommodati	on and Establi	shment Expenses	IR£	IR£
Rent	on und zotooii		65,846	62,797
Service charge			14,770	12,281
Rates			12,067	11,725
Electricity			5,073	4,612
Cleaning			4,566	4,393
General mainter	nance			3,320
			104,545	99,128

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

					1997		1996
					IR£		IR£
	5. Recruitment, Training and	l Education					.11.11.
	Recruitment				12,913		15,309
	Training and Education				18,815		13,126
					31,728		28,435
					1997		1996
					IR£		IR£
6.	Consultancy and Other Profe	ssional Fee	S	70.			
	Legal fees				97,552		172,317
	Audit fees				3,300		3,100
	Pensions/actuarial consultancy fees				46,661	lana.	37,983
	National Pensions Policy Initiative*				26,136		-
	Public Relations and Information				12,750	0,	6,701
	Management Consultancy				25,972	0	44,796
					212,371		264,897
	*This represents the Board's financial contribution to	the cost of work carr	ried out in 1997 in	respect of the	lational Pensions Poll	cy initiative j	ointly undertaker
	by the Minister for Social, Community and Family Aff				N Property of		
				A	1997		1996
	7. General Administratio	n			IRE		IR£
		· 11			53,896		31,269
	Stationery and office expenses				38,629	W. P.	22,915
	Telephone and postage Travel and subsistence				12,718	Mark .	6,762
					2,972		1,807
	Insurances			O	20,275	20 P	32,372
	Computer maintenance and consumables				2,505		1,140
	Interest and charges				4,313		-
	Loss on disposal of tangible fixed assets				135,308		96,265
					100,000		70,200
		Leasehold	Computer	Office	Office	Motor	Total
Q	Tangible Fixed Assets	improvements IR£	equipment IR£	furniture IR£	equipment IR£	vehicle IR£	IR£
0.	Cost or Valuation	INE	INL	INL	IKE	IIXE	IIL
	At 1 January 1997	47,808	166,275	49,955	42,691	24,536	331,265
	Additions in year	62,801	112,513	28,699	20,427	21,000	224,440
	Disposals in year	02,001	-	(14,864)		_	(14,864)
	At 31 December 1997	110,609	278,788	63,790	63,118	24,536	540,841
		110,007	27 0,7 00	30,770	<u> </u>		<u>= 10,011</u>
	Accumulated Depreciation	20.075	124.24.1	20.221	24 112	4,907	221,536
	At 1 January 1997	28,075	126,211	28,23 l 9,833	34,112 7,872	4,907	58,778
	Charge for year	11,061	25,105	(10,000)	7,074		(10,000)
	Disposals in year At 31 December 1997	39,136	151,316	28,064	41,984	9,814	270,314
			131,310	20,007	11,707	7,017	
	Net Book Value	7. 4	107 470	25.70/	21.124	14 700	270 527
	At 31 December 1997	71,473	127,472	35,726	21,134	14,722	270,527
	At 31 December 1996	19,733	40,064	21,724	<u>8,579</u>	19,629	109,729

0 7 1 .	1997	1996
9. Debtors	IR£	IR£
Amounts falling due within one year:		1112
Fee income	115,000	100,000
Prepayments	28,403	24,069
Accrued interest receivable	353	1,990
	143,756	126,059
10. Bank and Other Advances	1997	1996
	IR£	IR£
Amounts falling due within one year:	CA,	wedge.
Bank overdraft	190,786	68,253
	190,786	68,253
	(0)	
11. Creditors	1997	1996
Amounts falling due within one year:	IR£	IR£
Creditors	168,030	25 121
		35,121
Accruals	55,700	55,903
Deferred income	9,325	1,545
	233,055	92,569

# 12. Financial Commitments

# i. Capital Commitments

At 31 December 1997 expenditure of IR£21,454 (1996 IR£nil) was committed to the purchase of fixed assets.

#### 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.	1997	1996
	IR£	IR£
Expiring within one year	-	-
Expiring after one year and before five years	-	-
Expiring after five years	65,846	62,797
	65,846	62,797

## iv. Superannuations

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 I 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, Community and Family Affairs on the basis that benefits arising under the schemes will be met by that Department as and when they fall due.

			1997	1996
13.	Compliance Enforcement Reserve		IR£	IR£
13.	-		150,000	120,000
	At beginning of year		150,000	
	Transfer in year		150,000	30,000
	At end of year		150,000	150,000
			1997	1996
1.	4. Revenue Reserve		IR£	IR£
ı	At beginning of year		207,681	400,696
3	Transfer in year		(366,693)	(193,015)
	At end of year		(159,012)	207,681
		ing.		
		Cash at bank	Bank	Total
		and in hand	overdraft	
15. A	nalysis of changes in net (debt)/funds		IR£	IR£
	At beginning of year	282,715	(68,253)	214,462
	Cash flows	(282,169)	(122,533)	(404,702)
	At end of year	546	(190,786)	(190,240)

## 16. 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 engages 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 1997 the Board Incurred fees payable to third parties, including legal fees, in respect of professional services in the amount of IR£212,371 inclusive of VAT. This amount includes IR£37,404 which was paid in respect of nine assignments 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£1,815 which was paid in respect of an assignment carried out by KPMG, a firm in which one Board member, Mr. Robert T. R. Woods is a Partner. It also includes IR£7,442 which was paid in respect of two assignments carried out by Irish Pensions Trust Limited, a company of which Mr. Alan Broxson, Board member, is a Director and Ms. Raymonde Kelly, Board member, is an employee.

#### 17. Approval of Finacial Statements

The financial statements were approved by the Board on I May 1998.

# 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

Pensions Act, 1990	No. 25 of 1990
Social Welfare Act, 1991	No. 7 of 1991
Social Welfare Act, 1992	No. 5 of 1992
Social Welfare Act, 1993	No. 5 of 1993
Social Welfare (No. 2) Act, 1993	No. 32 of 1993
Pensions (Amendment) Act, 1996	No. 18 of 1996
Social Welfare Act, 1997	No. 10 of 1997

# 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\*1

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\*2

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

#### Appendix I - Legislation

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 \*5

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\*3

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\*4

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

Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) (No. 3) Regulations, 1996 S.I. No. 376 of 1996

Occupational Pension Schemes (Oral Hearing) Regulations, 1997

S.I. No. 77 of 1997

Occupational Pension Schemes (Revaluation) Regulations, 1997

S.I. No. 76 of 1997

Pension Schemes (Family Law) Regulations, 1997

S.I. No. 107 of 1997

European Communities (Occupational Benefit Schemes) Regulations, 1997

S.I. No. 286 of 1997

Occupational Pension Schemes (Fees) (Amendment) Regulations, 1997

S.I. No. 488 of 1997

Occupational Pension Schemes (Revaluation) Regulations, 1998

S.I. No. 35 of 1998

<sup>\*</sup>I Revoked from I August 1991

<sup>\*2</sup> Revoked from 31 December 1993

<sup>\*3</sup> Revoked from 21 December 1993

<sup>\*4</sup> Revoked from 20 November 1996

<sup>\*5</sup> Revoked from 31 December 1997

# Appendix II

# Operative Dates of Parts of the Pension Act, 1990

The Pensions Act, 1990, as amended, has a total of 90 Sections in nine Parts. The following list shows the operative dates for the main provisions.

		Operative Date
PART I	Preliminary and General	21 December 1990
PART II	Establishment of Pensions Board	21 December 1990
PART III	Preservation of Benefits	l January 1991
PART IV	Funding Standard	l January 1991
PART V	Disclosure of Information in Relation to Schemes	l January 1991
PART VI	Trustees of Schemes	
	Section 59	l November 1991
	Sections 60 and 61	l January 1991
	Section 62	21 December 1993
	Sections 63 and 64	l November 1991
PART VII	Equal Treatment for Men and Women in Occupational Benefit Schemes	l January 1993
PART VIII	Compulsory and Voluntary Reporting to the Board	2 July 1996
PART IX	Miscellaneous Applications to the High Court	2 July 1996

#### Appendix III

## Publications

The following publications are available from

The Pensions Board, Holbrook House, Holles Street, Dublin 2. Telephone: (01) 6762622 Fax: (01) 6764714.

Email: info@pensionsboard.ie Web: http://www.pensionsboard.ie

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.

What Happens When Your Pension Scheme is Wound Up or a Merger/Acquisition Takes Place? A guide to trustees and pension scheme members on the winding up of a pension scheme and on the effects of mergers/acquisitions on pension schemes.

A Brief Guide to Pensions. A guide to help pension scheme members understand their pension scheme and its benefits.

A Guide to Your Scheme's Annual Report. A guide to pension scheme members to assist them in reading and understanding their scheme's Annual Report.

Pension Provisions of the Family Law Acts. Guidance on the pension provisions of the Family Law Act, 1995 and the Family Law (Divorce) Act, 1996.

\* Available in Irish also.

## 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, have been prepared by the Board. Notes on the requirements in relation to disclosure of information, member participation in the selection of trustees, equal treatment, preservation of benefits, compulsory and voluntary reporting to the Pensions Board, and pension provisions of the Family Law Act, 1995 and Family Law (Divorce) Act, 1996 are now available.

\*\* Available by subscription only.