

The background of the entire page is a deep blue with a textured, organic appearance. It features large, flowing, and somewhat abstract shapes that resemble liquid or soft fabric, creating a sense of movement and depth. The lighting is subtle, with some areas appearing slightly lighter than others, enhancing the three-dimensional feel of the design.

The Pensions Board

Annual Report & Accounts 1998
Tuarascáil 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 héasca do bhall 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 Pensions Board

To promote the security of occupational pensions by:

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

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

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

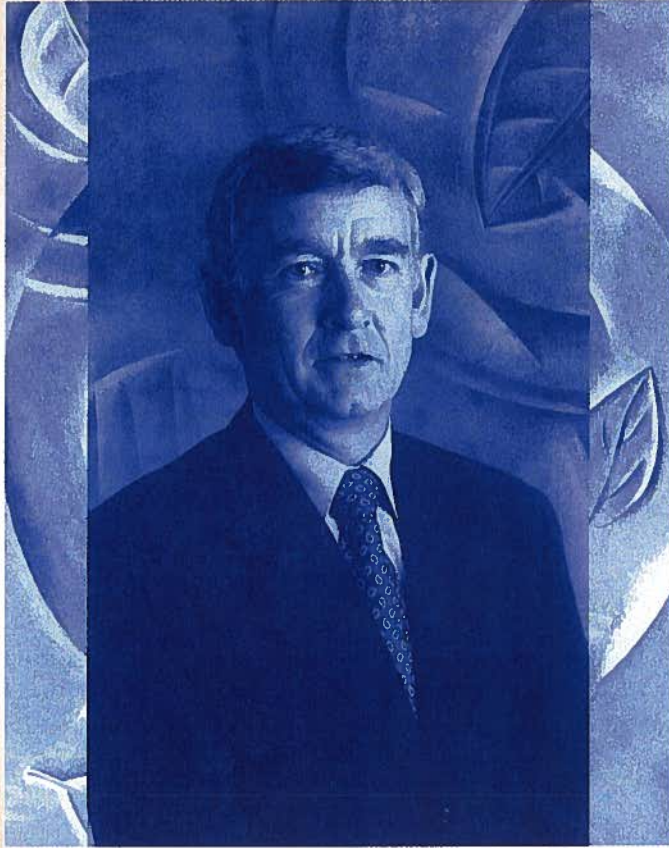


AN BORD PINSEAN -
THE PENSIONS BOARD



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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, 1998.

1998 was, for most current Board members, the third and middle year of their five-year term which commenced in December 1995. The present membership has been joined by Kevin Brabazon, a trustee representative, nominated by IBEC who replaced Caroline Jenkinson in September 1998. Marie Daly also joined the Board, as a nominee of IBEC, in December 1998 to replace Pat Delaney who had served during most of that year. Most recently, Fergus Whelan, nominated by ICTU, joined the Board in March 1999 to succeed Stephen McCarthy who had retired from the Board after almost five years service. On behalf of my colleagues on the Board, I wish to thank Caroline Jenkinson, Pat Delaney and Stephen McCarthy for their important contribution to the Board during their respective periods of membership.

It seems appropriate that 1998, as the middle year of this Board's term, proved to be a year of transition in which, during the year

- the Board completed its major policy advisory task in relation to national pensions policy in publishing its Report "Securing Retirement Income" under the National Pensions Policy Initiative (NPPI), originally launched in 1996, and
- began to refocus its attention, for the remainder of its term until end year 2000, on the ongoing performance of its role of regulating occupational pension schemes and monitoring their compliance with the requirements of the Pensions Act and its Regulations.

I would like to elaborate on these two areas, together with that of Information and Awareness in the remainder of this Introduction. Detailed information on all the various activities in 1998 of the Board as an organisation are, of course, included in the main body of this Report.

Policy

1998 saw the culmination of the National Pensions Policy Initiative in the publication by the Board of its Report "Securing Retirement Income" in May 1998. The immediate response by the Minister for Social, Community and Family Affairs, on behalf of the Government, with his action plan to implement many of the key recommendations in the NPPI Report was particularly welcome to the Board. As the implementation got under way during 1998, the continued commitment of the Minister was reflected in his announcement, in October of that year, of the proposed legislative timetable, involving publication of a new Pensions Bill by end 1999 with a view to its enactment in year 2000.

The Board's primary role in the Initiative process was to formulate policy advice, based on a consensus of the sectors represented on the Board, to offer to the Minister in its Report published in May 1998. While the publication of that Report and its submission to the Minister discharged the Board's advisory role, I am glad to say that the Board continues to participate by its involvement, via the Inter-Departmental Working Groups and its own Committees, in the implementation process which will culminate in the new Pensions Bill. This change of role, which took place during 1998, reflects the essential statutory function of the Board, in the policy area, of providing advice to the Minister on the basis that the final decisions are then properly a matter for Government.

I should also mention under the Policy heading that, while the Board completed its major policy advisory task in finalising the NPPI Report in May 1998, it continued during the remainder of that year the process, which is still ongoing, of examining specific items in its Policy Programme, reports on which will be submitted to the Minister for consideration in the context of the new Pensions Bill.

I look forward to the Pensions Bill as a milestone piece of pensions legislation in Ireland.

Regulation

Notwithstanding the major effort involved in finalising the NPPI Report in early 1998, the Board as an organisation maintained its ongoing regulatory activity during the year. While detailed information on this activity is contained in the Chapter on Monitoring in this Report, there are a number of key points which I wish to highlight.

I mentioned in my Introduction to the Annual Report 1997 that, at time of writing, a significant number of schemes had not complied with the requirement to submit their second actuarial certificate to the Board in the period 1 January to 1 April 1998. This was a major factor in inflating to an overall 339 the number of cases of non-compliance with the Funding Standard in 1998 as a whole. I am glad to note that by end year compliance had been achieved in the vast bulk

of these cases with follow-up action continuing to be taken in only 37 cases. At the same time, it remains a serious concern that so much of the scarce resources at the Board's disposal had to be deployed in pursuing compliance with the Funding Standard by schemes whose statutory obligations were clear and well known for a considerable period in advance of the legal deadlines. That a number of schemes are being considered for prosecution is an unavoidable outcome of such an approach to compliance with statutory requirements.

1998 saw a continuation of the audit-type process of monitoring schemes' compliance with the Disclosure of Information Regulations, with a total of 196 schemes being examined during the year. The overall picture remains one of concern. Allowing for the caution needed in interpreting the purely quantitative findings, the overall level of non-compliance, revealed in the findings of the second successive year of this process, has to be regarded as unsatisfactory. These findings would clearly indicate a situation in which scheme administration is often not up-to-date resulting in schemes' failure to meet the statutory requirements.

In the light of the now clear experience in both the Funding Standard and Disclosure areas, the Board will undertake during 1999 a review of its regulatory role with a view to improving the effectiveness of its regulatory activity based on a more efficient use of its resources. In keeping with the Board's long-standing approach, the overarching objective in this review will be to achieve a form of regulation which will impose the least burden on schemes consistent with ensuring protection, including adequate disclosure, for their members.



Information and Awareness

During 1998, the Board continued at a high level of activity its information and awareness operations within the Information Policy agreed with the Minister in 1997. These activities spanned a wide range of areas from provision of information booklets, making presentations, ongoing updating of the Board's Internet website, and continued operation of its enquiry service which responded to a record number of enquiries during the year. 1998 also saw the launch of The Pensions Board Bulletin as an informal and frequent update on developments at Pensions Board level of a kind which would not be publicised elsewhere. I look forward to the Bulletin providing an accessible and informative service to both those with a professional interest in pensions as well as to scheme members and the general public.

Looking to the future, the NPPI Report emphasised the Board's view of the importance of education and awareness in the achievement of pension policy objectives, in particular that of increased coverage by Second Pillar provision of those currently without either occupational or personal pension arrangements. In order to supplement the Information Policy being followed by the Board since 1997, the NPPI Report recommended "a Government-driven pension awareness campaign to be conducted in conjunction with the relevant public and private sector bodies". At the request of the Minister, the Board has submitted to him a comprehensive report with proposals for the conduct of a National Pensions Awareness Initiative.

Conclusion

I would like to conclude this Introduction by thanking my fellow Board members for their continued sustained contribution to all our activities during 1998, a mid-term year which required refocusing by the Board of its orientation for the second half of its term.

I would also like to thank, on behalf of the Board, the Chief Executive Anne Maher and her staff who, again, made an essential contribution to the performance of the Board's duties throughout the year.

The Board continues to appreciate the support, in its ongoing operations, of the Minister for Social, Community and Family Affairs and his Department.

Together with my colleagues on the Board, and the Chief Executive and staff, I look forward to the remaining two years of this Board's term being devoted to continued involvement in the preparation of the new Pensions Bill and at the same time to achieving a redefined approach to our regulatory activities.

Eamonn Heffernan

Chairperson



The Pensions Board



Eamonn Heffernan
Nominee of the Minister for Social,
Community and Family Affairs
(Chairperson)

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 1998 were:



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



Kay Brophy
Nominee of the Minister for Social,
Community and Family Affairs



Alan Broxson
Nominated by the Irish
Association of Pension Funds



Deirdre Carroll
Representative of the Minister for
Social, Community and Family Affairs



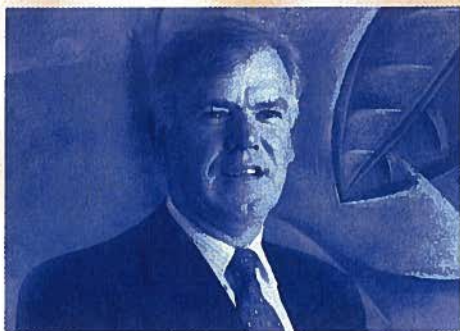
Rosheen Callender
Nominee of the Minister for Social,
Community and Family Affairs



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



The Pensions Board



James R. Kehoe

Nominated by the Society of Actuaries in Ireland



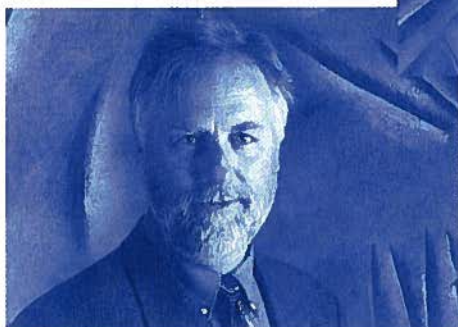
Raymonde Kelly

Nominated by the Association
of Pension Lawyers in Ireland



Maria Kinlan

Trustee representative, nominated by
the Irish Congress of Trade Unions



Stephen McCarthy***

Nominated by the Irish
Congress of Trade Unions

Ciarán Long

Nominated by the Irish Insurance Federation



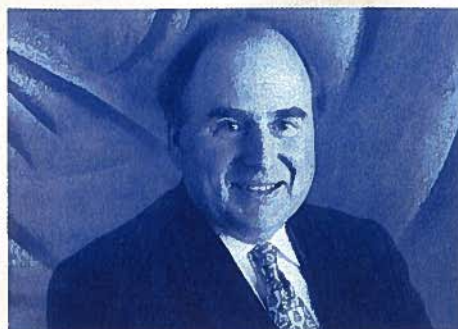
Veronica McDermott

Nominee of the Minister for Social,
Community and Family Affairs



Joe Mooney

Representative of the Minister for Finance



Robert Woods

Nominated by the Consultative Committee
of Accountancy Bodies in Ireland

The Board met eleven times in 1998.

* Succeeded Caroline Jenkinson in September 1998

** Succeeded Donal McAleese in December 1998

*** Succeeded by Fergus Whelan in March 1999



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 and 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

Robert Woods (*Chairperson*)

Kieran O'Dea (*Secretary*)

Kevin Brabazon

Tony Gallagher

Kay Brophy

Anne Maher

Thomas Dunphy

Anne Vaughan

The Committee met 3 times in 1998.

Policy

Eamonn Heffernan (*Chairperson*)

Eric Plunkett (*Secretary*)

Alan Broxson

Veronica McDermott

Rosheen Callender

Anne Maher

Deirdre Carroll

Joe Mooney

Caroline Jenkinson*

Anne Vaughan

Jim Kehoe

Ian Woods

Stephen McCarthy

* Succeeded by Kevin Brabazon in September 1998.

The Committee met 12 times in 1998.

Legislation

Ciarán Long (*Chairperson*)

Aideen Bugler (*Secretary*)

Michele Cusack

Simonetta Ryan

Andy Kelly

Philip Shier

Raymonde Kelly

Ultan Stephenson

Sarah Kyne

Anne Vaughan

Anne Maher

Ian Woods

Brendan O'Leary*

The Committee met 12 times in 1998.

* Succeeded by Liam Walsh in August 1998.

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

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

The members of these Committees were as follows:

Aideen Bugler

Ciarán Long

Rosheen Callender

Conor Lynch

Aodhnait Doyle

Donal McAleese

Peter Flood

Veronica McDermott

Rosaleen Glacken

Anne Maher

Catherine Goulding

Joe Mooney

Colette Hamilton

Martin O'Callaghan

Eamonn Heffernan

Claire O'Connor

Aongus Horgan

Brendan O'Leary

Mary Hutch

Pat Ryan

Caroline Jenkinson

Clive Slattery

Jim Kehoe

Anne Vaughan

Raymonde Kelly

Liam Walsh

Maria Kinlan

Ian Woods

Michael Lane

There were, in total, 16 meetings of these Committees in 1998.



Management Team at The Pensions Board



Ian Woods, Mary Hutch, Adrian Smith, Anne Maher, Thomas Dunphy

Chief Executive	Anne Maher
Head of Investigations	Adrian Smith
Head of Information and Training	Mary Hutch
Financial Controller/Registrar	Thomas Dunphy (Secretary to the Board)
Head of Technical Services and Research	Ian Woods
Assistant Head of Technical Services and Research	Michele Cusack
Assistant Head of Technical Services and Research	Mary Howe*
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	Gerard Clarke

Staff of the Board

Support Staff

Geraldine Slattery
Valerie O'Reilly
Sylvia O'Mahony
Jennie Coughlan
Irene Young***
Sinead Crilly
Sinead Abbas
Carol Jordan

* Appointed to Staff of the Board in April 1999 on a temporary basis to assist in work related to the implementation of the National Pensions Policy Initiative.

** Replaced by Kieran O'Dea in September 1998.

***Career Break as from June 1998.

Administrative and Financial Report

Administration

The administrative structures put in place to support the Board's activities operated satisfactorily in 1998. The approved staff complement at the end of 1998 stood at 22 (21 permanent and 1 temporary). In addition, the Board received sanction for the filling of two posts on a two year contract basis for the purpose of advancing the implementation of the National Pensions Policy Initiative proposals.

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. The Board, as a public body, also adheres to the requirements of the Prompt Payment of Accounts Act, 1997 and endeavours generally to settle debts within one month of receipt of invoice.

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 were 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 in April 1998.

During 1998 the Board embarked on the third and final phase of a fundamental review of the scheme registration, fee collection and benefit tracing processes and procedures. This involved 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 earlier phases of this project. The new scheme registration and fee collection systems went live in June 1998 and have been operating satisfactorily since then. From the beginning of 1999, a single procedure was introduced to cover both the application to Retirement Benefits District of the Revenue Commissioners for the necessary approval under 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 on 1 December 1997 and took effect from 1 January 1998. From that date on, Pensions Board fees in respect of group schemes 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.



Finance

Expenditure for the year amounted to IR£1,378,292.

Fee revenue at IR£1,436,666 was generated in respect of 1998. The Board also received miscellaneous income amounting to IR£91,681 arising mainly from the sharing of National Pensions Policy Initiative expenses between the Board and the Department of Social, Community and Family Affairs.

The surplus of expenditure over income arising from the year's operations amounted to IR£150,055. The corresponding deficit of expenditure over income in 1997 was IR£366,693. The aim of the Board in formulating fee policy is to provide the Board with an adequate financial base from which to operate, consistent with maintaining a stable fee level, over a number of years. Accordingly, the Board during 1997 recommended to the Minister that the fee be increased from 1998 and this recommendation was accepted and incorporated in the Occupational Pension Schemes (Fees) (Amendment) Regulations, 1997 – (S.I. No. 488 of 1997). The Board is satisfied that this aim has been met.

Fee Collection

At the end of 1998 there were some 11,800 occupational pension schemes with more than one member in respect of which fees were payable. Fees were also payable in respect of 26,800 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 1998 represented a 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 1999 and future years.

As with the year to end 1997, 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, at end 1998, stood 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 depreciation charge and timing of fee income receipts result 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.

At the end of 1998 the Board had an accumulated surplus of IR£141,043.

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 1998, the Board continued to promote the security of occupational pensions by providing clear, authoritative guidance to trustees and pension practitioners on how to comply with the Pensions Act and good practice generally in relation to scheme administration. As the Pensions Act and its regulations override the Trust Deed and Rules of schemes, 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 Appointment and Removal of Trustees by The Pensions Board and on Determinations by The Pensions Board were issued by the Board in 1998 in addition to the Guidance Notes already available. New Guidance Notes on the Disclosure of Information Requirements were also prepared and are available from the Board.

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 180 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 I of the Pensions Act and Regulations S.I. No. 107 of 1997).
Currently 561 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 305 subscribers.
- **Disclosure of Information**
(Part V of the Pensions Act and Regulations S.I. No. 349 of 1998).
Currently 351 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 648 subscribers.
- **Equal Treatment for Men and Women**
(Part VII of the Pensions Act and Regulations S.I. No. 365 of 1992).
Currently 486 subscribers.
- **Compulsory and Voluntary Reporting to The Pensions Board**
(Part VIII of the Pensions Act).
Currently 462 subscribers.
- **Appointment and Removal of Trustees by The Pensions Board**
(Part VI of the Pensions Act (Section 64)).
Currently 167 subscribers.
- **Determinations by The Pensions Board**
(Sections 38, 53, 58, 64(A) and 75 of the Pensions Act).
Currently 168 subscribers.

Information and Training



Sylvia O'Mahony, Geraldine Slattery, Mary Hutch, Carol Jordan, Catherine Goulding, Edel Stenson

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.

Guidance on Other Legislation

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

There is a comprehensive Revenue Pensions Manual which is available on diskette from the Retirement Benefits District. The manual, which consolidates the Revenue Practice Notes on the tax treatment of occupational pension schemes, is updated annually to reflect legislative changes and changes in

Revenue practice. The manual originated from a working group established by the Board to assist the Retirement Benefits District of the Revenue Commissioners with the consolidation and revision of the Practice Notes.

Availability of Guidance Notes

By the end of 1998, 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 and Determinations

During 1998, 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' duties;
- advising the Minister for Social, Community and Family Affairs on standards for trustees and their implementation.

The Pensions Board has published a Trustee Handbook which is designed to make a major contribution to 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.

The Pensions Board has also published Codes of Practice in a stand-alone format. The relevant sections have been extracted from the Trustee Handbook, in order to facilitate subscribers who choose not to avail of the complete Handbook Service.

Given the importance of the Handbook as a tool to assist trustees in the effective discharging of their duties and responsibilities, the new Disclosure of Information Regulations (S.I. No. 349 of 1998) 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 trustee 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 is carrying out 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 depends 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 entitlement.

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 relevant pensions legislation.

An additional booklet was issued in Autumn 1998 which is a brief guide to **'Securing Retirement Income'**, the National Pensions Policy Initiative Report of The Pensions Board. The booklet entitled **'What Do You Know About Your Pension Scheme?'** which is an overview of the information which trustees of occupational pension schemes must give, has been revised to reflect the changes introduced by the new Disclosure of Information Regulations.

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

The Freedom of Information Act, 1997

In 1998 the Board published

- a reference book in accordance with Section 15 of the Freedom of Information Act, 1997, the purpose of which is to assist members of the public in ascertaining and exercising their rights under the Act, and
- a reference book in accordance with Section 16 of the Freedom of Information Act, 1997 which contains details of all documents currently published by the Board concerning its rules and practices.

Both of these publications are available from the Board, free of charge, on request.

Information Presentations

During 1998, the Board's Information Unit gave a number of presentations to trustees, unions, and employer personnel, among others. Matters covered in the presentations included the main features of the Pensions Act, 1990, the Pensions (Amendment) Act, 1996 and other legislation affecting pensions.

The Pensions Board Bulletin

One of the statutory functions of The Pensions Board is to provide guidance and information on pensions. The Board has a range of formal publications in support of this. The Board decided that it would also be useful to introduce an informal communication for interested parties in the form of a Bulletin. The first issue of the Bulletin was published in February 1998. The Bulletin is issued on an occasional basis related to the level of new happenings at the Board and covers Board developments and current activities in a brief format.

Internet

The Pensions Board website, 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 forthcoming events. (The website reference is given on the cover of this Report).

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 forwarding 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. Consistent with the primary responsibility being with the trustees, the Board's policy is that queries and complaints should in general be directed back to the schemes themselves, and resolved without the direct involvement of the Board.

A statistical analysis of enquiries dealt with during 1998, along with a comparison for 1997, is shown in Tables 1 and 2. As can be seen, 1998 was an exceptionally busy year in the enquiries area, involving 3,365 written and telephone enquiries/complaints, an increase of 45% on 1997 (See Table 1). This does not include a number of enquiries of a routine nature on registration and fee collection.

Table 1 gives details of enquiries on an enquirer category basis. These show that 27% 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 1997.

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.

The largest number of enquiries by identifiable category, related to 'Establishment of Board' which included requests to the Board for copies of its publications. The second largest number of requests to the Board related to disclosure of

TABLE 1 CATEGORY OF ENQUIRERS

Enquirer	1998		1997	
	Number	%	Number	%
Active member	741	22	636	27
Pensioner	94	3	61	3
Trade Union	64	2	55	2
Company/Employer	311	9	137	6
Trustee	325	10	110	5
Pension Practitioner	921	27	513	22
Other	909	27	802	35
Total	3,365	100	2,314	100



TABLE 2 NATURE OF ENQUIRIES

Nature of Enquiry	1998		1997	
	Number	%	Number	%
<i>Preliminary and General</i>	129	3	88	2
<i>Establishment of Board</i>	1,605	44	3,474	65
<i>Preservation</i>	124	3	79	1
<i>Funding Standard</i>	8	1	9	-
<i>Disclosure</i>	760	21	841	16
<i>Trustee Duties</i>	131	3	162	3
<i>Equal Treatment</i>	32	2	20	-
<i>Compulsory Reporting</i>	6	-	3	-
<i>Other Enquiries</i>	838	23	662	13
Total	3,633	100	5,338	100

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' is a miscellaneous category which includes, inter alia, matters which relate to the application of general trust law, requests from students for information for theses research and matters which do not come under the Board's strict remit i.e. personal pension plans, social welfare entitlements, permanent health insurance and Revenue requirements.

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 1998, 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.

The National Pensions Awareness Initiative

In its Report "Securing Retirement Income", published in May 1998, The Pensions Board recommended that "a Government-driven pension awareness campaign be conducted in conjunction with the relevant public and private sector bodies".

Arising from this, the Minister for Social, Community and Family Affairs requested the Board to bring forward initial proposals in the area of pensions information and awareness in consultation with his Department (both the pensions and information sections) and the Department of Finance before the end of 1998.

Accordingly, the Board produced a report entitled 'Initial Proposals on the National Pensions Awareness Initiative', which it submitted to the Minister for consideration by his Department, in January 1999.

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 1998, 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

As a result of the new registration process, the register now categorises schemes as either 'Non-group' or 'Group' as opposed to 'Single Member' or 'Group'. This facilitates the proper registration of group schemes that have only one member at the

Table 4 CURRENT SCHEMES - DEFINED CONTRIBUTION*

Scheme Size	No of Schemes		No of Members	
	31-Dec 1998	31-Dec 1997	31-Dec 1998	31-Dec 1997
Non-group	52,001	46,763	52,001	46,763
1 - 50	9,707	6,225	42,911	37,048
51 - 100	114	90	7,753	6,095
101 - 500	71	57	14,229	10,645
501 - 1,000	1	0	874	0
1,001 +	2	0	2,812	0
Total	61,896	53,135	120,580	100,551

*Excluding AVC and Death Benefit Only Schemes

time of registration, but may subsequently take on more members. As a result, a scheme having only one member can fall into the group or non-group category; accordingly tables 3 to 7 have both 'Non-group' and '1 - 50' categories.

A total of 9,607 new schemes, comprising 27,286 members, were registered with the Board during 1998. Of this figure, 8,366 (87%) schemes are Non-group arrangements and 9,504 (99%) are defined contribution schemes.

Analysis of the Board's Register

Tables 3 and 4 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 1998, and the corresponding number of active members of these schemes. The total overall number of schemes was 63,965 and their active membership was 534,198. This compares with an overall total of 55,450 schemes with an active membership of 519,469 at end 1997. The overall membership increase was 14,729 (or 3%).

The tables show that the number of defined benefit schemes on the register at end 1998 decreased compared to end 1997. While 103 new defined benefit schemes were registered during 1998, there was a net decrease of 246 in the total number of defined benefit schemes registered, with an associated reduction of 5,300 in members. This reduction is accounted for mainly by the updating of registration details, relating to both 1998 and

TABLE 3 CURRENT SCHEMES - DEFINED BENEFIT*

Scheme Size	No of Schemes		No of Members	
	31-Dec 1998	31-Dec 1997	31-Dec 1998	31-Dec 1997
Non-group	176	200	176	200
1 - 50	1297	1,493	21,313	23,844
51 - 100	210	230	14,768	16,414
101 - 500	304	309	67,632	68,980
501 - 1,000	41	44	28,585	30,440
1,001 +	41	39	281,144	279,040
Total	2,069	2,315	413,618	418,918

*Excluding AVC Only and Death Benefit Only schemes. While frozen and wound-up schemes are also excluded from this table, a certain number of these are subject to the funding standard, and accordingly are included in Table 5

Registration and Finance



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earlier years arising from the Board's increased monitoring of compliance with the funding standard during 1998. The number of defined contribution schemes increased by 8,761 in 1998 and the corresponding number of active members covered increased by 20,029. Of this increase in defined contribution schemes, 5,238 were non-group schemes.

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.


Table 5 DEFINED BENEFIT SCHEMES SUBJECT TO THE FUNDING STANDARD^{*}

Scheme Size	No. of Schemes	No. of Members
	31 Dec 1998	31 Dec 1998
<i>Non-group</i>	186	186
<i>1 - 50</i>	1331	21,350
<i>51 - 100</i>	203	14,317
<i>101 - 500</i>	290	63,613
<i>501 - 1,000</i>	37	25,885
<i>1,001 +</i>	24	82,062
Total	2,071	207,413

^{*} See second part of footnote to Table 3

TABLE 6 DEFINED BENEFIT SCHEMES EXCLUDED FROM THE FUNDING STANDARD

Scheme Size	No. of Schemes	No. of Members
	31 Dec 1998	31 Dec 1998
<i>Non-group</i>	1	1
<i>1 - 50</i>	27	442
<i>51 - 100</i>	9	605
<i>101 - 500</i>	15	4,149
<i>501 - 1,000</i>	4	2,700
<i>1,001 +</i>	17	199,082
Total	73	206,979



Although the ratio of defined benefit to defined contribution schemes continues to reduce, the total membership of defined benefit schemes still accounts for almost twice the total active membership of defined contribution schemes in the private sector and the commercial State-sponsored sector. At end 1998, there were 207,413 active members in defined benefit schemes that are subject to the funding standard, as against 120,580 active members in defined contribution schemes. If members of defined benefit public sector schemes that are not subject to the funding standard are included, the total number of members in defined benefit schemes was 414,392, or a ratio of three and a half to one vis-à-vis defined contribution scheme membership at end 1998.

Conduct of Investigations

GENERAL

Arising from enquiries/complaints received there were 189 scheme investigations carried out in 1998 in relation to non-compliance with the Pensions Act, 1990. This compares with 163 during 1997. At year end there were 51 still under investigation and carried forward into the New Year (compared with 48 in 1997).

The main areas of enquiries/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.

A first priority in all investigations is to consider and secure the interests of scheme members. While the Board starts from a position of trying to pursue a policy of securing compliance without recourse to legal action, it is committed to using its full powers under the Act where necessary. Arising from investigations completed during the year, legal proceedings are in progress in two cases and such proceedings are also being considered in a number of other cases that are still under investigation.

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 the persons making such mandatory reports, as well as for persons making voluntary reports on any matter concerning the state and conduct of a scheme.



Since June 1996 the Board has received a total of nine reports under the whistle-blowing provisions, of which two were compulsory and seven were voluntary reports. The overall experience of these provisions to date is that they appear to have worked well, in that each of the reports was relevant and the Board's intervention was of assistance in protecting the interests of members.

On the negative side a concern that is emerging is the timing of such reports, which under the whistle-blowing provisions must be made "as soon as practicable". It would appear to the Board that in some cases the report should have been considered and made at an earlier stage than actually happened. This is a matter on which the Board intends to keep a watching brief and on which it will, if necessary, take appropriate action.

By end 1998:

- two cases had been finalised and signed off without recourse to legal action;
- one case has been referred to and is being dealt with by the Garda Bureau of Fraud Investigation;
- one case relates to a small self-administered scheme, on which a watching brief is being maintained on the action being taken by the pensioner trustee involved; and
- five cases remain under investigation.

Monitoring of Funding Standard

GENERAL

Under the Funding Standard provisions of the Pensions Act, 1990, defined benefit schemes established before 1 January 1991 were required to be fully funded in respect of post-1991 pension rights from the outset, and 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 1 January 1991. The term used for this is the 'specified percentage'. Schemes are then required to certify, in the case of subsequent actuarial funding certificates with an effective date of not later than 31 December 2000, that the specified percentage has not reduced in the meantime below the percentage initially certified.

Schemes established on or after 1 January 1991 are required to submit to The Pensions Board an actuarial funding certificate which has an effective date not later than 3½ years after the commencement of the scheme. Trustees must continue to submit actuarial funding certificates at 3½ yearly intervals for as long as the scheme retains any defined benefit liabilities.

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 a compliance strategy in 1997. 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.

1998 ACTIVITY

During the course of 1998, and in relation to the 2,071 defined benefit schemes subject to the funding standard (see Table 7), the Board dealt with 339 cases of non-compliance (compared with 113 in 1997). The increased incidence of non-compliance arose in the first quarter of 1998 and this coincided with the statutory dates for the submission of second actuarial funding certificates to the Board for many schemes.

Under its compliance strategy the Board was obliged to carry out an extensive exercise to deal with these cases, which involved a concentration of

its own staff and the use of consultancy assistance. In circumstances where there is a statutory duty on trustees of these schemes to submit actuarial funding certificates to the Board, it should not be necessary to "follow up" on such cases. This is of serious concern to the Board.

By year end compliance had been achieved in 302 cases as follows:

- 281 schemes by issue of letter(s) pursuing compliance;
- 2 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;
- 7 schemes for which funding proposals were received and accepted under Section 49 of the Act; and
- 12 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 1998 was that of the 2,071 schemes subject to the funding standard, funding certificates had been received from 1,843 and compliance was still being pursued

TABLE 7 COMPLIANCE WITH THE FUNDING STANDARD AS AT 31 DECEMBER 1998

Scheme Size	DB SCHEMES SUBJECT TO THE FUNDING STANDARD		FUNDING CERTIFICATES RECEIVED		FUNDING CERTIFICATES OUTSTANDING		OTHER*	
	No. of Schemes	No. of Members	No. of Schemes	No. of Members	No. of Schemes	No. of Members	No. of Schemes	No. of Members
<i>Non-group</i>	186	186	135	135	13	13	38	38
1-50	1,331	21,350	1,180	19,672	24	213	127	1,465
51-100	203	14,317	190	13,485	-	-	13	832
101-500	290	63,613	281	62,242	-	-	9	1,371
501-1,000	37	25,885	33	22,688	-	-	4	3,197
1,001+	24	82,062	24	82,062	-	-	-	-
TOTAL	2,071	207,413	1,843	200,284	37	226	191	6,903

* The requirements for these schemes to file an actuarial funding certificate does not arise until after 31 December 1998

Investigations and Compliance



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in relation to the remaining 37 schemes for which a certificate was outstanding. Of these schemes, 11 have a particular technical issue for which a solution is under discussion, 6 are being considered for prosecution and the remainder are still in correspondence.

The table also sets out the number of schemes on the Board's register as at 31 December 1998 which are subject to the funding standard. It shows that 89% of those schemes overall had submitted actuarial funding certificates, covering 97% of the membership. Of schemes required to submit an actuarial funding certificate by 31 December 1998, 98% had done so, covering 99% of the relevant membership.

Disclosure Compliance Strategy

A compliance and enforcement strategy for the disclosure of information requirements was implemented by the Board from May 1997. This strategy entails between 170 and 200 schemes being selected and targeted each year for examination in relation to compliance with the Disclosure Regulations.

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

- 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 scheme year in question to the authorised trade union.

In the period January to December 1998 a total of 196 schemes (146 selected at random and 50 targeted) were examined under the disclosure compliance strategy and the outcome, at time of writing, can be summarised as follows in Table 8 below. The table includes a comparison with the position of schemes examined under the disclosure strategy during 1997.

TABLE 8		
	1998	1997 (May to Dec)
Examination completed/ Full compliance	17	4
Examination completed/ Partial compliance	132	110
Examination ongoing	47	2
Total	196	116

Examination Completed/ Full Compliance

It is of serious concern to the Board that for 1998 only 17 schemes (i.e. 11%) out of 149, for which the compliance examination has been completed, satisfied in full the requirements of the disclosure compliance strategy. The corresponding statistic for 1997 was 4 schemes (i.e. 4%) out of 114.

Examination Completed/ Partial Compliance

With regard to the accumulated total of 242 schemes involved in respect of both 1998 and 1997 for which an examination has been completed and there is partial compliance, 4 schemes are the subject of investigation and a further 6 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.

Analysis of Compliance Shortfalls

The following Table 9 sets out an analysis of the schemes involved, with a comparison between 1998 (149 schemes) and 1997 (114 schemes) in relation to the main areas on which there were compliance breaches/shortfalls:



TABLE 9 ANALYSIS OF COMPLIANCE SHORTFALLS

	1998	1997
Non-preparation of annual report/audited accounts or alternative annual report within statutory period	32 (21%)	17 (15%)
Shortfall of information in annual report/audited accounts or alternative annual report	43 (29%)	40 (35%)
Non-notification of availability of annual report to members	27 (18%)	26 (23%)
Shortfall of information in explanatory booklet	76 (51%)	57 (50%)
Non-preparation of valuation report within statutory period	6 (*)	7 (*)

*A comparable percentage is not shown here in that, unlike the other headings, this one refers to defined benefit schemes only

In circumstances where the statutory duty placed on trustees to meet the above requirements was introduced from 1 August 1991, along with the emphasis placed by the Board over subsequent years on the need for members to be properly informed about their scheme, the overall level of non-compliance disclosed is a cause of serious concern.

Examination Ongoing

The remaining 49 schemes, for which the process is ongoing, are the subject of correspondence with the trustees.

Regulation Focus

In summary, what is clearly an unsatisfactory level of compliance with the Disclosure Regulations is unacceptable to the Board 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.

The Board intends to place a major emphasis on its regulatory role during the remainder of its term which is up to the end of the year 2000. The review will incorporate:

- level of effectiveness of compliance monitoring;
- possible new forms of compliance monitoring;
- other forms of penalty; and
- pro-active liaison with other Regulators.

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.

In pursuance of its role of providing advice to the Minister for Social, Community and Family Affairs, during 1998 the Board continued to give advice 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; and
- policy on overall national pension provision.

Pensions Act, 1990

Section 54 of the Pensions Act, 1990 (as amended by the Pensions (Amendment) Act, 1996) was amended by section 28 of the Social Welfare Act, 1998.

This amendment was brought forward for inclusion in the Act on the advice of the Board and has the effect of:-

- clarifying and widening the Minister's power to make regulations under section 54 concerning the disclosure by trustees of information in relation to occupational pension schemes, and
- enabling the Board to ask the employer as well as the trustees of a scheme for information concerning the scheme and requiring the employer or trustee to provide such information within the time limit specified by the Board in its request.

Regulations

Following consultation with the Board, the Regulations below were made by the Minister in 1998. The title of each, together with a brief outline of its contents, are as follows:-

- *Occupational Pension Schemes (Revaluation) Regulations, 1998 (S.I. No. 35 of 1998).*

These Regulations, made on 31 January 1998, prescribed that the revaluation percentage to apply under Part III of the Act, in respect of 1997, was 1.5 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 (Disclosure of Information) Regulations, 1998 (S.I. No. 112 of 1998).*

The amendment of section 54 of the Pensions Act, 1990, by section 28 of the Social Welfare Act, 1998, necessitated the re-adoption of the then existing Disclosure Regulations (the Occupational Pension Schemes (Disclosure of Information) Regulations, 1991 (S.I. No. 215 of 1991)) to ensure that they did not lapse with the amendment to section 54 but would continue in force as if made under the Pensions Act, 1990, as amended.

- *Occupational Pension Schemes (Disclosure of Information) (No. 2) Regulations, 1998 (S.I. No. 349 of 1998).*

These Regulations, made on 4 September 1998, arose out of a comprehensive review of the existing Disclosure Regulations undertaken by the Board and the Board's advice to the Minister consequent on that review. The purpose of the review was to consider, inter alia, technical amendments arising from SORP1 and other amendments which had previously been considered by or suggested to the Board. Amendments consequential on the Family Law Act, 1995 and the Family Law (Divorce) Act, 1996, were also included in that review.



The Regulations revoke, on a phased basis, the Occupational Pension Schemes (Disclosure of Information) Regulations, 1998 (S.I. No. 112 of 1998) and replace them, again on a phased basis, with these Regulations. The changes to S.I. No. 112 of 1998 effected by these Regulations are both technical and extensive.

■ *Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1998 (S.I. No. 320 of 1998).*

During 1998, the Board completed a consultation process in relation to the implementation of the agreement between Ireland and the United Kingdom concerning the regulation of occupational pension schemes with members in both countries and had ongoing discussions with the UK authorities in relation to draft Regulations to implement the agreement, with a view to the adoption of those Regulations in both countries during 1999.

It was necessary, pending the adoption of regulations implementing the agreement, to provide for the extension of the latest effective date of first actuarial funding certificates in the case of external (UK) schemes. These Regulations (S.I. No. 320 of 1998) made on 2 September, 1998 revoke and replace the Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1995 (S.I. No. 273 of 1995). Their effect is to provide for the extension to 1 January, 1999 of the latest effective date of first actuarial funding certificates for such schemes.

■ *Occupational Pension Schemes (Funding Standard) (Amendment) (No. 2) Regulations, 1998 (S.I. No. 568 of 1998).*

These Regulations, made on 23 December 1998, arose out of a review by the Board of the rules, under the funding standard, in relation to self-investment, in particular the definition of self-investment in the case of schemes in the financial sector. The Regulations:-

- have the effect of clarifying the Occupational Pension Schemes (Funding Standard) Regulations, 1993 (S.I. No. 419 of 1993) in relation to self-

investment by occupational pension schemes by incorporating into their article 3 an amended definition of self-investment. This amended definition excludes from being regarded as self-investment a number of categories of investment relevant to schemes whose sponsoring employer is in the financial sector;

and also,

- amend the Third Schedule of the Pensions Act, 1990, in relation to a specified scheme; the effect of the Regulations in relation to the scheme specified is to modify, in its case, the method by which certain liabilities are calculated for the purpose of meeting the funding standard requirements under Part IV of the Pensions Act.

During 1998, the Board, through its Legislation Committee, commenced a general review of the operation of the pension provisions of the Family Law Act, 1995 and the Family Law (Divorce) Act, 1996 and the Pension Schemes (Family Law) Regulations, 1997 (S.I. No. 107 of 1997). At the time of writing, submissions had been received from interested parties and were being considered by the Committee in the context of the review.

Other Legislation

During 1998, the Board, on an agency basis, agreed with the Department of Justice, Equality and Law Reform to undertake a project (with consultancy assistance), inter alia, to examine the law and practice relating to pensions in the context of legal separation agreements between spouses, and to make recommendations for amendment of the law so as to expressly provide for the adjustment of occupational pensions in separation agreements. At time of writing, the project was at an advanced stage.

EU-Related Matters

An outline of the EU-related matters in respect of which the Board was involved in examining and giving advice, during 1998, is set out below:

■ *EU Commission Green Paper entitled "Supplementary Pensions in the Single Market".*

In December 1997, the Board issued a response to the Green Paper which was issued by the European Commission in June 1997. The Green Paper examined the role which the Single Market could play from an investment viewpoint in improving supplementary pension provision in the European Union, and posed questions concerning the scope for changes 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 publication of the first of a series of Directives to implement the proposals in the Green Paper was the stated next step.

The Board is continuing to monitor developments in relation to this matter in 1999.

■ *Council Directive 98/49/EC on safeguarding the supplementary pension rights of employed and self-employed persons moving within the Community.*

The aim of this Directive, which was adopted by the EU Council of Ministers on 29 June 1998 and must be implemented by Member States by 25 July, 2001, 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 short-term employment in another Member State.

The Board is currently involved in advising the Department of Social, Community and Family Affairs on any amendments to existing legislation required to implement the provisions of the Directive.

■ *Council Directive 98/50/EC of 29 June 1998 amending Directive 77/187/EC on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses.*

This Directive amends the EU Acquired Rights Directive (Council Directive 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 Directive was an aspect of the discussions at EU level when the Directive was proposed. The amended Directive allows Member States to introduce optional provisions for the transfer of rights under supplementary pension schemes, on the transfer of undertakings, businesses or parts of businesses.

During 1998, the Board continued to give its views on this Directive.

■ *Council Directive 97/81/EC of 15 December, 1997 concerning the framework agreement on part-time work concluded by UNICE, CEEP and 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. The Directive was taken into account by the Board in its preparation of the National Pensions Policy Initiative Report, from the viewpoint of coverage of part-time, seasonal and other atypical workers by occupational pension schemes. During 1998, the Board continued to give its views to the Department of Social, Community and Family Affairs in relation to the implementation of this Directive.

■ *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 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 in December 1997 and must be implemented by Member States by 1 January, 2001.

Technical Services and Research



Ian Woods, Michele Cusack, Jennie Coughlan

The Board considered the provisions of this Directive in the context of the report which it made to the Minister in December 1998 on equal treatment, referred to at the end of the Section headed "Policy Advice".

Policy Advice

The major statement of policy advice provided by the Board to the Minister for Social, Community and Family Affairs was the Report entitled "Securing Retirement Income" published on 7 May, 1998, under the National Pensions Policy Initiative (NPPI). A comprehensive article on the Initiative, including the main features of the Report and the Minister's response on behalf of the Government, was contained in Annual Report, 1997. The Minister's response incorporated an action plan which included endorsement of many of the NPPI Report's key recommendations, in particular in relation to the Second Pillar.

Subsequently, on 7 October 1998, the Minister announced that his intention was to publish a new Pensions Bill in the last quarter of 1999, with a view to enactment in the year 2000. Amongst the areas to be included in the Bill, he referred to:-

- Pensions Board proposals in relation to access, preservation, revaluation and integration (these are the various proposals in the Board's Report giving additional protections to members of occupational schemes);
- the statutory framework for Personal Retirement Savings Accounts (this would put in place the regulatory and other framework for the new PRSA regime);
- Pensions Board proposals in existing or forthcoming reports on Surpluses, Compensation Fund, Minimum Funding Standards, AVCs and the establishment of a Pensions Ombudsman (these are proposals made or to be made by the Board to the Minister in various reports on specific matters);
- necessary amendments on foot of the operation/monitoring of the existing Pensions Act currently being considered by The Pensions Board (these are mainly technical amendments found to be necessary in the Board's day-to-day regulatory operations); and
- necessary amendments in the pensions area on foot of the Employment Equality Act.

In the course of 1998, and in keeping with the Minister's action plan, the Board was represented on the following inter-Departmental working groups established to pursue the proposals in the NPPI report:

- Pre-funding of Social Welfare Pension Costs;
- Personal Retirement Savings Accounts (PRSAs);
and
- Finance and Revenue Issues.

The role of the Board's representatives on these groups (which are currently ongoing) is, *inter alia*, to represent the Board's desired policy objectives as contained in the NPPI Report. The Board also agreed a working approach whereby, under the general direction of the Department of Social, Community and Family Affairs, it would process those matters, not within the remit of the above three inter-Departmental working groups, which would be included in the new Pensions Bill. This process was commenced during 1998 and is, currently, continuing in line with the timescale, announced by the Minister on 25 February 1999, for publication of the new Pensions Bill by end 1999/early 2000.

Following the announcement by the Minister for Finance in his Financial Statement of 2 December, 1998, of the principles to govern new proposals on Retirement Provisions for the Self-Employed to be introduced in Finance Bill, 1999, the Board gave its considered advice on the proposed new approach on a number of occasions, up to the enactment of the Finance Bill, to the Minister and his Department, as well as to the Minister for Social, Community and Family Affairs.

Policy advice was also provided in the context of the proposal, announced by the Minister for Social, Community and Family Affairs, in his Budget-related speech on 3 December, 1998, to introduce, in Social Welfare Bill, 1999, a provision prohibiting reductions in occupational pensions already in payment, arising from increases in Social Welfare pensions. This proposal, which reflected recommendation no. 80 in

the NPPI Report, was incorporated in Social Welfare Bill, 1999 (as section 35 of the Bill as enacted), with policy and technical advice being provided by the Board to assist the legislative process.

During 1998, the Board continued its examination of items on its Policy Programme. (As indicated in Annual Report 1997, this is the comprehensive and prioritised programme of policy matters to be considered during the term of office of the present Board). Many of these are matters on which reports will be submitted to the Minister for consideration in the context of the new Pensions Bill. The Board's Annual Report 1997 indicated the matters from the programme on which the Board reported to the Minister in that year. In 1998, as well as finalising and publishing its NPPI Report, the Board completed its examination of the treatment of surpluses in occupational pension schemes. A report, incorporating proposals, on the matter was submitted to the Minister in December, 1998.

In December 1998 the Board also made a report to the Minister on equal treatment. This arose from the review, undertaken by the Board during 1998, of Part VII of the Pensions Act, which provides for the implementation of the principle of equal treatment for men and women in occupational benefit schemes. This review took account of a number of substantive issues arising from changes in legislation and case law at EU level and issues arising out of the transposition, as far as practical, of the regime of the Employment Equality Act, 1998, into pensions legislation.

Finally, during 1998 the Board progressed its consideration of recommendations regarding the establishment of a Pensions Ombudsman (as announced, by the Minister on 7 October, 1998, for inclusion in the new Pensions Bill). The report on this matter will be forwarded to the Minister during 1999 together with reports, *inter alia*, on a possible Compensation Scheme and a review of the Minimum Funding Standard.



Regulation of Occupational Pension Schemes

Introduction

Regulation means a rule, principle or condition that governs procedure or behaviour. The main aim of regulation is to control commercial relationships between parties whose knowledge or power is unequal. What regulation actually does is to impose controls over those who have taken on responsibilities and those who provide either products or services.

Although pension schemes were initially unregulated, substantial regulation has now developed in every country where they are important. Regulation in the EU Member States ranges from self-regulation, specific regulation/supervision, more detailed regulation and supervision, to regulation/supervision which is identical with that applying to life assurance. The main reasons for the very different systems arise from the different pension structures operating, and also some incorporate major reactions to particular events. For example, the current regulatory structure in the UK was largely a direct response to the Maxwell pension problem. Also, the general philosophy of regulation in any country is guided by the accepted norms and conventions of the financial community as well as by the general philosophies and ideologies encouraged by those in political power.

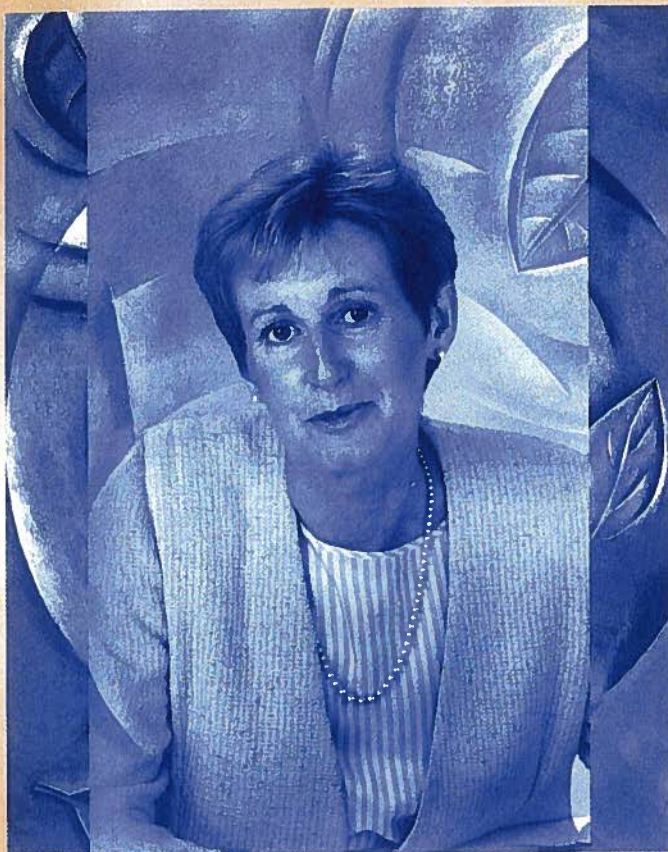
The EU has had an indirect influence on regulations through its judicial and legislative activities on social issues. In particular, its influences in the area of equal treatment for men and women in pension plans has been very substantial. These indirect influences have been translated into national legislation. However, whilst the EU Commission has expressed broad aspirations in relation to pension regulation, it has had very limited success in getting agreement on any direct regulation. Various specific EU initiatives in this area have been unsuccessful. Most recently, the Commission issued, on 11 May 1999, a Communication entitled "Towards a Single Market for Supplementary Pensions" containing, inter alia, the results of the consultations on its earlier Green Paper on this subject.

Pension Regulation in Ireland

The Pension Board's role incorporates two main functions which are:-

- to regulate occupational pension schemes; and
- to advise the Minister for Social, Community and Family Affairs, either at his own request or on its own initiative, on all pension matters.

The Board is therefore the statutory regulator for occupational pension schemes. The solvency and general regulation of institutions providing pensions and of other pension-related practitioners are dealt with by other regulatory bodies (e.g. the Central Bank, or the Department of Enterprise, Trade and Employment). Others involved in the operation of pension schemes, in particular actuaries and auditors, are governed both by professional codes and have specific responsibilities laid on them in the Pensions Act.



Anne Maher Chief Executive



How Board Regulatory Role is Carried Out

The Board operates on the basis of comparatively detailed regulation and light supervision. The rationale underlying this regulatory stance takes account of the large number of schemes to be regulated and the level of resources available to the Board. It also takes into account the voluntary nature of schemes and the need for a system of regulation which does not discourage the continuation of existing schemes or the establishment of new schemes. The fact that the primary responsibility for the good conduct of schemes rests with the trustees is also a major factor in the form of Irish pension regulation.

The principal ways in which the Board carries out its regulatory role are by:-

- Scheme registration – this involves ensuring that all schemes required to register with the Board are so registered;
- Funding Standard – this involves ensuring that all schemes which are required to do so submit an actuarial funding certificate to the Board every three and a half years;
- Random examination – this involves carrying out random examinations of schemes in order to check their compliance with Disclosure of Information requirements;
- Investigations – this involves carrying out scheme investigations in relation to non-compliance with the Pensions Act;
- Whistle-blowing – this involves pursuing reports received under the reporting requirements in Part VIII of the Pensions Act;
- Prosecutions/legal proceedings – the Board has a prosecution policy and will initiate proceedings where this is appropriate under the Pensions Act.

As well as its monitoring and supervisory role as described above, the Board's promotion of the security of occupational pensions is also implemented by guidance and information activities. These include provision of a Legislation Service, Guidance Notes, a Trustee Handbook, Information Booklets, approval and evaluation of Trustee Training Courses, and the operation of an Enquiry Service.

As well as the focus of the primary responsibility for pension schemes on the trustees, another important feature of Irish pension regulation is the emphasis on disclosure of information. This is intended to enable pension scheme members, and their trade unions and other advisors, to monitor the health of their own pension arrangements.

The policy of the Board is to try to secure compliance with the Pensions Act and its various regulatory requirements without recourse to legal action. Mostly, to date, the Board has been successful in achieving compliance without legal proceedings. This is satisfactory because recourse to legal proceedings can be slow and expensive. However, the Board remains determined to use its full powers under the Pensions Act and will initiate prosecutions where necessary.

Board Focus on Regulation

The Board has always recognised that its primary role is regulation, and that at least 50% of its time should be spent on this function. The Board's major emphasis during the remainder of the term of the current Board, which runs until December 2000, will be in the regulatory area.

The Board believes that current legislation is broadly adequate, but it is concerned by the non-compliance level which it has identified. This level of non-compliance has been confirmed by Board investigations and by its programme of random auditing to ensure that schemes are complying with Disclosure of Information Regulations, i.e. Annual Report, Annual Accounts, Actuarial Valuations and other information prepared and available at specific dates. While caution is clearly needed in interpreting the quantitative results of the Board's findings, the overall level of non-compliance is a cause of serious concern.

On foot of this regulatory focus, a review will take place during 1999 of the Board's discharge of its regulatory role. This will incorporate:

- level and effectiveness of compliance monitoring;
- possible new forms of compliance monitoring;
- other forms of penalty; and
- conduct of investigations.

The aim of the Board will be to achieve adequate monitoring of compliance which is effective and cost-efficient together with the best use of investigational resources. The Board's compliance monitoring over the last two years has produced clear evidence that pension scheme administration is frequently not up-to-date. This results in failure to meet statutory compliance requirements. The Board will be considering enhancements of its compliance monitoring in order to move as rapidly as possible to a situation where all pensions

administration is up-to-date, and statutory requirements are completed on time. The Board has certain powers which it can use but it is hoped that the desired outcome can be achieved by co-operation between trustees, their advisors, and the Board.

In considering its compliance monitoring, the Board will take account of the huge changes in technological capabilities which have happened since many of the pensions regulations were introduced. These changes make it possible to do various things in a cost-efficient way which were not previously an option.

Conclusion

The Board believes that the vast majority of Irish pension schemes are well run in the best interests of their members. However, although they have found little evidence of serious fraud, the Board's investigation and monitoring activities have identified a good many cases of maladministration or arrears of administration. The Board is concerned about the administration shortcomings which it has found. The focus of this Board for the remainder of its term will be in the regulatory area and the Board's aim is that its increased regulatory activities will help to bring about a situation where all pension schemes have up-to-date high standard administration. Consistent with its primary purpose, the Board intends to pursue this aim as a vital condition of securing the interests of scheme members.

The background is a monochromatic blue-toned abstract composition. It features several overlapping, stylized shapes that resemble leaves or hands. These shapes are layered, creating a sense of depth and movement. The central focus is the word "Accounts" in a clean, white, sans-serif font. The overall aesthetic is modern and artistic.

Accounts

Report of the Comptroller and Auditor General

I have audited the financial statements on pages 40 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 1998 and of its income and expenditure and cash flow for the year then ended.



John Purcell

Comptroller and Auditor General

17 May 1999



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
Chairperson

Robert T. R. Woods
Board member

7 May 1999

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	12½%
(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 was transferred from income and expenditure account to a compliance enforcement reserve account each year from 1992 to 1996 inclusive. At the end of 1996 an amount of IR£150,000 had been accumulated in the compliance enforcement reserve account and as 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 1998

	Notes	IR£ 1998	IR£ 1997
Income			
Fee income		1,436,666	846,752
Other income	1	<u>91,681</u>	<u>19,250</u>
Total income		<u>1,528,347</u>	<u>866,002</u>
Expenditure			
Salaries and related expenses	2	631,857	540,976
Board member fees and expenses		19,853	22,505
Accommodation and establishment expenses	3	132,649	104,545
Recruitment, training and education	4	59,061	31,728
Information, research and publicity		75,078	126,484
Consultancy and other professional fees	5	241,190	212,371
General administration	6	134,018	135,308
Depreciation	7	<u>84,586</u>	<u>58,778</u>
Total expenditure		<u>1,378,292</u>	<u>1,232,695</u>
Surplus/(Deficit) transferred to revenue reserve	12	<u>150,055</u>	<u>(366,693)</u>

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.

The statement of accounting policies and notes 1 to 16 form part of these financial statements.

Eamonn P. Heffernan
Chairperson

7 May 1999

Anne Maher
Chief Executive

Balance Sheet

at 31 December 1998

	Notes	1998 IR£	1997 IR£
Fixed Assets			
Fixed Assets			
Tangible assets	7	236,182	270,527
Current Assets			
Debtors	8	215,022	143,756
Cash at bank and on hand		125	546
		<u>215,147</u>	<u>144,302</u>
Current liabilities			
Creditors: amounts falling due within one year:			
Bank and other advances	9	117,788	190,786
Other creditors	10	192,498	233,055
		<u>310,286</u>	<u>423,841</u>
Net current liabilities		<u>(95,139)</u>	<u>(279,539)</u>
Total assets/(liabilities)		<u>141,043</u>	<u>(9,012)</u>
Financed by			
Compliance enforcement reserve		150,000	150,000
Revenue reserve	12	(8,957)	(159,012)
		<u>141,043</u>	<u>(9,012)</u>

The statement of accounting policies and notes 1 to 16 form part of these financial statements.



Eamonn P. Heffernan
Chairperson

7 May 1999



Anne Maher
Chief Executive



Cash Flow Statement

for the year ended 31 December 1998

	Notes	1998 IR£	1997 IR£
Cash Flow Statement			
Net cash inflow/(outflow) from operating activities	13	127,070	(185,800)
Returns on investments and servicing of finance			
Interest received		353	5,886
Interest paid		(4,605)	(899)
		(4,252)	4,987
Net capital expenditure			
Purchase of tangible fixed assets		(50,241)	(224,440)
Proceeds of sale of tangible fixed assets		—	551
		(50,241)	(223,889)
Increase/(decrease) in cash		72,577	(404,702)
Reconciliation of net cash flow to movement in net (debt)/funds	14		
Increase /(decrease) in cash in the year		72,577	(404,702)
Net (debt) at 1 January 1998		(190,240)	214,462
Net (debt) at 31 December 1998		(117,663)	(190,240)

Notes to the Financial Statements

for the year ended 31 December 1998

1. Other Income

	IR£ 1998	IR£ 1997
Publications	40,215	14,196
Department of Social, Community and Family Affairs financial contribution in respect of policy work	45,796	—
Interest income	853	4,868
Miscellaneous income	4,817	186
	<u>91,681</u>	<u>19,250</u>

2. Employee Numbers and Costs

The total staff complement as approved by the Minister at 31 December 1998 was 21 permanent and 1 temporary (1997 – 21 permanent and 1 temporary). The average number of employees excluding contract staff in the Board during the year was 20 (1997 – 20). The aggregate employee and related costs were as follows:

	IR£ 1998	IR£ 1997
Salaries	511,530	451,993
Superannuation costs	71,397	66,106
Employers PRSI	21,865	17,575
Contract Staff	27,065	5,302
	<u>631,857</u>	<u>540,976</u>

3. Accommodation and Establishment Expenses

	IR£ 1998	IR£ 1997
Rent	74,983	65,846
Service charge	31,236	14,770
Rates	12,455	12,067
Electricity	6,217	5,073
Cleaning	4,758	4,566
General maintenance	3,000	2,223
	<u>132,649</u>	<u>104,545</u>

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

4. Recruitment, Training and Education

	IR£ 1998	IR£ 1997
Recruitment	38,056	12,913
Training and Education	21,005	18,815
	<u>59,061</u>	<u>31,728</u>



5. Consultancy and Other Professional Fees

	IR£ 1998	IR£ 1997
Legal fees	50,126	97,552
Audit fees	7,215	3,300
Pensions/actuarial consultancy fees	103,907	46,661
National Pensions Policy Initiative*	54,076	26,136
Public Relations and Information	22,336	12,750
Management Consultancy	3,530	25,972
	<u>241,190</u>	<u>212,371</u>

* This represents the Board's expenditure in respect of the National Pensions Policy Initiative jointly undertaken by the Minister for Social, Community and Family Affairs and the Pensions Board

6. General Administration

	IR£ 1998	IR£ 1997
Stationery and office expenses	44,716	53,896
Telephone and postage	40,480	38,629
Travel and subsistence	15,483	12,718
Insurances	3,405	2,972
Computer maintenance and consumables	24,791	20,275
Interest and charges	5,143	2,505
Loss on disposal of tangible fixed assets	-	4,313
	<u>134,018</u>	<u>135,308</u>

7. Tangible Fixed Assets

	Leasehold improvements IR£	Computer equipment IR£	Office furniture IR£	Office equipment IR£	Motor vehicle IR£	Total IR£
Cost or Valuation						
At 1 January 1998	110,609	278,788	63,790	63,118	24,536	540,841
Additions in year	-	47,460	2,055	726	-	50,241
Disposals in year	-	(86,473)	-	-	-	(86,473)
At 31 December 1998	<u>110,609</u>	<u>239,775</u>	<u>65,845</u>	<u>63,844</u>	<u>24,536</u>	<u>504,609</u>
Accumulated Depreciation						
At 1 January 1998	39,136	151,316	28,064	41,984	9,814	270,314
Charge for year	10,162	54,295	8,233	6,989	4,907	84,586
Disposals in year	-	(86,473)	-	-	-	(86,473)
At 31 December 1998	<u>49,298</u>	<u>119,138</u>	<u>36,297</u>	<u>48,973</u>	<u>14,721</u>	<u>268,427</u>
Net Book Value						
At 31 December 1998	<u>61,311</u>	<u>120,637</u>	<u>29,548</u>	<u>14,871</u>	<u>9,815</u>	<u>236,182</u>
At 31 December 1997	<u>71,473</u>	<u>127,472</u>	<u>35,726</u>	<u>21,134</u>	<u>14,722</u>	<u>270,527</u>

Notes to the Financial Statements

for the year ended 31 December 1998

8. Debtors

Amounts falling due within one year:

	IR£ 1998	IR£ 1997
Fee Income	149,000	115,000
Prepayments	65,169	28,403
Accrued interest receivable	853	353
	<u>215,022</u>	<u>143,756</u>

9. Bank and Other Advances

Amounts falling due within one year:

	IR£ 1998	IR£ 1997
Bank overdraft	<u>117,788</u>	<u>190,786</u>

10. Creditors

Amounts falling due within one year:

	IR£ 1998	IR£ 1997
Creditors	124,528	168,030
Accruals	67,970	55,700
Deferred income	—	9,325
	<u>192,498</u>	<u>233,055</u>

11. Financial Commitments

(i) CAPITAL COMMITMENTS

There were no capital commitments at 31 December 1998 (1997 IR£32,344).

(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.

	IR£ 1998	IR£ 1997
Expiring within one year	—	—
Expiring after one year and before five years	—	—
Expiring after five years	65,846	65,846
	<u>65,846</u>	<u>65,846</u>

(iv) SUPERANNUATION

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

Contributions in respect of these schemes are paid over to the Department of Social, 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.



12. Revenue Reserve

	IR£ 1998	IR£ 1997
At beginning of year	(159,012)	207,681
Surplus/(deficit) for year	150,055	(366,693)
At end of year	(8,957)	(159,012)

13. Reconciliation of Surplus/(Deficit) for the Year to Net Cash from Operating Activities

	IR£ 1998	IR£ 1997
Surplus/(deficit) for year	150,055	(366,393)
Interest received	(353)	(5,886)
Interest paid	4,605	899
Depreciation	84,586	58,778
Loss on disposal of fixed assets	–	4,313
(Increase) in debtors	(71,266)	(17,697)
(Decrease)/increase in creditors	(40,557)	140,486
Net cash inflow/(outflow) from operating activities	127,070	(185,800)

14. Analysis of Changes in Net (Debt)/Funds

	Cash at bank and in hand IR£	Bank overdraft IR£	Total IR£
At beginning of year	546	(190,786)	(190,240)
Cash flows	(421)	72,998	72,577
At end of year	125	(117,788)	(117,663)

15. 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 1998 the Board incurred fees payable to third parties, including legal fees, in respect of professional services in the amount of IR£241,190 inclusive of VAT. This amount includes IR£79,329 which was paid in respect of six 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£4,276 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£3,388 which was paid in respect of an assignment 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.

16. Approval of Financial Statements

The financial statements were approved by the Board on 7 May 1999.

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
Social Welfare Act, 1999	No. 3 of 1999

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**

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**

Occupational Pension Schemes (Fees) Regulations, 1991
S.I. No. 372 of 1991

Occupational Benefit Schemes (Equal Treatment) Regulations, 1992
S.I. No. 365 of 1992

Pensions Act, 1990 (Part VII) (Commencement) Order, 1992
S.I. No. 366 of 1992

Occupational Pension Schemes (Fees) (Amendment) Regulations, 1992
S.I. No. 367 of 1992**



Occupational Pension Schemes (Preservation of Benefits) Regulations, 1992
S.I. No. 445 of 1992

Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) Regulations, 1993
S.I. No. 216 of 1993*

Occupational Pension Schemes (Preservation of Benefits) (Special Calculations) Regulations, 1993
S.I. No. 217 of 1993

Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) (No. 2) Regulations, 1993
S.I. No. 399 of 1993**

Occupational Pension Schemes (Funding Standard) Regulations, 1993
S.I. No. 419 of 1993

Occupational Pension Schemes (External Schemes) (United Kingdom) Regulations, 1994
S.I. No. 238 of 1994

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

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

Occupational Pension Schemes (Disclosure of Information) Regulations, 1998
S.I. No. 112 of 1998

Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1998
S.I. No. 320 of 1998

Occupational Pension Schemes (Disclosure of Information) (No. 2) Regulations, 1998
S.I. No. 349 of 1998

Occupational Pension Schemes (Funding Standard) (Amendment) (No. 2) Regulations, 1998
S.I. No. 568 of 1998

Occupational Pension Schemes (Revaluation) Regulations, 1999
S.I. No. 5 of 1999

*1 Revoked from 1 August 1991

*2 Revoked from 31 December 1993

*3 Revoked from 21 December 1993

*4 Revoked from 20 November 1996

*5 Revoked from 31 December 1997

*6 Revoked from 31 March 1998

*7 Revoked from 2 September 1998

APPENDIX II

Operative Dates of Parts of the Pensions 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	1 January 1991
PART IV	Funding Standard	1 January 1991
PART V	Disclosure of Information in Relation to Schemes	1 January 1991
PART VI	Trustees of Schemes	
	Section 59	1 November 1991
	Sections 60 and 61	1 January 1991
	Section 62	21 December 1993
	Sections 63 and 64	1 November 1991
PART VII	Equal Treatment for Men and Women in Occupational Benefit Schemes	1 January 1993
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) 676 2622 Fax: (01) 676 4714 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.

Securing Retirement Income – National Pensions Policy Initiative

A brief guide to Report of The Pensions Board.

^ 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, pension provisions of the Family Law Act, 1995 and Family Law (Divorce) Act, 1996, determinations by The Pensions Board and appointment and removal of trustees by The Pensions Board are now available.

** Available by subscription only.