

## Annual Report & Accounts 1999

Tuarascáil Bhliantúil agus Cuntais



AN BORD PINSEAN -  
**THE PENSIONS BOARD**

# 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 bhaill scéime agus do dhaoine eile ar suim leo é agus trí bhaill a spreagadh dun na cearta seo a úsáid d'fhonn a dteidil pinsin a chosaint; agus*
- *mhonatóireacht agus stiúradh a dhéanamhar scéimeanna pinsean gairme agus, áit is gá, comhlíonadh Acht na bPinsean a chur i bhfeidhm tríd na Cúriteanna.*

*Tuilleadh forbairte ar phinsin in Éirinn a chothú trí sholáthar:*

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

## Mission of The 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



# Contents

Chairperson's Introduction	5
The Pensions Board	10
Committees	12
Staff of the Board	13
Administrative and Financial Report	14
Guidance	16
Information	19
Monitoring	22
Policy	29
Focus on Regulation	33
Financial Statements for the year ended 31 December 1999:	
Report of the Comptroller and Auditor General	38
Statement of Board Responsibilities	39
Statement of Accounting Policies	40
Income and Expenditure Account	41
Balance Sheet	42
Cash Flow Statement	43
Notes to the Financial Statements	44
Prompt Payment of Accounts Act, 1997	49
Appendices	
Appendix I - Legislation	50
Appendix II - Operative Dates of Parts of the Pensions Act, 1990	52
Appendix III - Publications	53





**Eamonn P. Heffernan** Chairperson

# Chairperson's Introduction

In accordance with Section 23 of the Pensions Act, 1990, I am pleased to submit the Annual Report of An Bord Pinsean - The Pensions Board, for the year ended 31 December, 1999.

This is a special Annual Report. It is the fifth and final report I shall submit as Chairperson of the present Board, whose term of office expires in December 2000. Accordingly, as well as more recent developments, I will review some of the main features of this Board's term since its appointment in December 1995.

## This Board's Priorities

In the introduction to the 1995 Annual Report (the first such report by the present Board), I set down the priorities for the five years of this Board's term. These were to consolidate the operational side of the organisation in order to fulfil its principal statutory functions, and to further develop the Board's activities in a number of key areas, especially in policy advice to Government, in compliance, and in public information. These priorities were translated, during the first year of this Board's term, into a more detailed statement of Strategy for the years 1996-2000, designed to implement the specifics of its policy-related and regulatory functions.

Needless to say, there has been somewhat varied emphasis on these aims over the past five years. In particular, the first half of our term, up to mid-1998, was primarily focused on policy formation (without compromising ongoing regulation), while the latter part of our term saw the major concentration of effort on the regulatory dimension. As we approach the completion of our term of office I am satisfied that we have substantially met our original priorities.

## Resources

As already indicated, one of the Board's main aims for its term of office was to consolidate the operational capacity of the organisation to fulfil its statutory functions. In conjunction with the preparation of its Strategy for 1996-2000, the Board reviewed the resources and structures of the organisation. Arising from this review, in 1997 the Board, with Departmental approval, increased its overall staff complement from 17 to 21, including the appointment of an in-house legal adviser. This positioned the organisation to meet the additional demands that were to arise during the Board's term. The only other main staffing change in subsequent years was the creation in 1998 of two temporary (two-year) positions to assist in the implementation of the Board's Report "Securing Retirement Income" in conjunction with preparations for the forthcoming Pensions Bill.

In 1996, the Board undertook a fundamental review of its procedures for scheme registration, fee collection, and benefit tracing. This resulted in the phased development of new I.T. systems during 1997 and 1998 to support the introduction of revised procedures. These new procedures became operational in 1998, and since early 1999 have included a joint procedure for Revenue approval and Board registration of schemes.

The Board continued the practice of utilising panels of external expert advisers in the actuarial, accountancy, and legal areas. These panels are appointed and reviewed following periodic competitive tendering procedures, and have enhanced the Board's operational capacity by cost-effectively supplementing its internal resources as and when needed.

Our approach has been to strike an appropriate balance between the level of Board resources and the achievement of our objectives, with due regard to the financial impact on schemes of funding our resources.





## Policy

The main achievement in the area of policy development during the present Board's term was undoubtedly in the National Pensions Policy Initiative. This Initiative, which commenced in late 1996 and was sponsored jointly by the Department of Social, Community and Family Affairs and the Board, involved a two-stage process of:

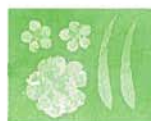
- consultation up to mid-1997, based on a Consultation Document and including a National Pensions Conference; and
- the formulation by the Board, during 1997 and early 1998, of an approach to national pensions policy for the future.

This process culminated in the Board's report, "Securing Retirement Income" (The NPPI Report), which was submitted to the Minister for Social, Community and Family Affairs in May 1998, and subsequently published. The Report was a milestone document which outlined the Board's view of the future shape of national pensions policy following its public consultation and internal deliberative process.

The Board was pleased by the positive response given on behalf of the Government by the Minister at the Report's launch on 7 May 1998. The Minister endorsed many of the Report's key recommendations and announced an action plan, indicating his belief "that the implementation of this action plan will put our pension system on a sound basis as we move into the next Millennium".

It has been gratifying to note that, since the launch of the Report, the Government has taken action or given commitments consistent with the direction recommended in the Report in three major areas:

- The combined 1999 and 2000 Budgets, building on that of 1998, have significantly increased the Social Welfare pension to a level now equivalent to around 30% of average industrial earnings; these improvements can be regarded as a move towards the level of 34% of average industrial earnings recommended by the Board to be achieved within a five to ten-year period. At the same time, a commitment was given by Government in November 1999 in its Review of the Action Programme for the Millennium that, over the lifetime of the Government, all Social Welfare pensions would be increased in line with average earnings.
- In July 1999, the Ministers for Finance and Social, Community and Family Affairs, on behalf of the Government, announced the intention to establish funds to assist in financing the projected increases in the cost of providing Social Welfare and Public Service pensions on a sustainable basis in the longer term. Annual Exchequer contributions, equivalent to proportions of GNP, are to be allocated to these funds under legislation governing the main features of the funds.
- On 7 October 1998, the Minister for Social, Community and Family Affairs announced the timetable and main components of a new Pensions Bill. This includes the Board's main proposals for reforms in relation to the development of occupational and personal pensions.



The Board will soon complete its submission of reports on Policy Programme items to be considered by the Minister in preparation for the new Pensions Bill. When these reports are finalised, the Board will have reported to the Minister on a wide range of policy issues during its term of office, including

- the need for a Pensions Ombudsman;
- a possible Pensions Compensation Scheme;
- the treatment of surpluses in occupational pension schemes;
- indexation of pensions payable from such schemes;
- review of minimum funding standard;
- protection of members' rights accrued in their pension scheme;
- information policy of the Board.

We look forward to the publication of the Pensions Bill as a further milestone in the development and implementation of national pensions policy for the new Millennium.

Finally, we were pleased to note in the recent Programme for Prosperity and Fairness the inclusion of objectives and actions which reflect the essential thrust of the Board's NPPI Report.

## Compliance


This Board has continued throughout its term to regard its regulatory function as its primary one, and has maintained a consistent level of regulatory activity during the years since 1995.

While the Annual Reports during this Board's term provide details of its regulatory activities, I would highlight two main areas. Firstly, as I undertook in

my introduction to the 1995 Report, the Board has continued to monitor compliance with the Minimum Funding Standard. We have kept a close watch on schemes' compliance with this Standard, as arguably it provides the ultimate protection of members' interests in defined benefit schemes. In each Annual Report we have outlined our efforts in this area, and the year-by-year level of schemes' compliance with the Standard. The overall level of compliance by schemes has generally been very high. However, at times we have had to comment critically on a minority of schemes which have delayed in complying with statutory deadlines for submitting actuarial funding certificates to the Board. Our overall approach in this area is structured by the Minimum Funding Standard Strategy as adopted by the present Board and outlined in this and earlier Reports.

Secondly, within our regulatory activities we have paid particular attention to monitoring compliance with disclosure of information requirements. From early on in our term, we adopted a proactive approach in this area. This Board regards appropriate disclosure of information to scheme members as an essential aspect of protecting members' rights. Under the Disclosure of Information Strategy, adopted by this Board and outlined in our Annual Reports, we conducted, mainly during 1997 and 1998, an audit-type examination of a proportion of schemes. Our aim was to assess the level of compliance with disclosure requirements.

While not revealing serious malpractice, these examinations did indicate disappointing compliance levels in relation to specific disclosure requirements. Consequently, the Board increased its enforcement activity, resulting in a number of successful prosecutions of defaulting scheme trustees during 1999. We also initiated a concentrated approach to consultation with major institutions involved in pension provision and administration. The purpose of this consultation was to achieve an improvement



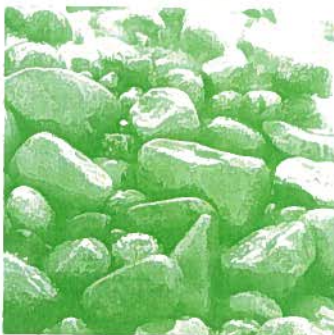
in the standards of administration to ensure future compliance with disclosure and other regulatory requirements. (The Article in the present Annual Report is devoted to this topic).

I would emphasise that the policy of the Board remains one of pursuing compliance with the Act without recourse to legal action. Nonetheless, the Board is determined to use its full powers when necessary to ensure that members' rights are protected, and to take appropriate action in identified cases of non-compliance.

As indicated in this and the previous Annual Report, since the latter part of 1999 the Board has been conducting a major review of its approach to regulation. This will comprise part of the Minister's overall review of the Board during 2000, to which I refer further below. In the longer term, we expect this review and its findings to contribute to the achievement of an enhanced level of monitoring and compliance.

## Information and Guidance

Since this Board took office, I have often stated my view of why it is vital to provide information to members and to raise their awareness of matters affecting their pension provision. These are key ways of safeguarding members' entitlements, and of empowering them to make well-based choices about their long-term welfare. Over the past five years we have concentrated significant effort on the provision of information and guidance.



I am now satisfied that we have succeeded in our objective of putting in place a comprehensive range of information and guidance material for members, trustees, and pension practitioners.

As a result of the steady additions to our published material in the intervening years, we now have a comprehensive range of published material in place, as detailed elsewhere in this Report. Of the various publications, one of the most notable is the Board's Trustee Handbook, published in early 1998. The Handbook, with its Codes of Practice, discharges in a very direct way the Board's statutory function of issuing guidelines for trustees and codes of practice on their responsibilities.

In keeping with its Report entitled "Information Policy of the Pensions Board", submitted to the Minister in 1997, the Board has continued its intensified approach to information activities. These activities have ranged from the publication of information booklets, to presentations at exhibitions and to interested parties, to the operation of its Enquiry Service, to the publication of a periodic Bulletin, to the operation of an Internet website. In this context it is interesting to note that the Board's Enquiry Service is dealing with an ever increasing level of activity. By the end of this year, the Enquiry Service will have dealt with more than 13,000 enquiries during this Board's term of office.

The NPPI Report emphasised the Board's view of the essential role to be played by education and awareness in achieving pension policy objectives, in particular the objective of ensuring Second Pillar pension provision for those currently without occupational or personal arrangements. The Report was clear that its recommendations "will need to be supported by an effective education and awareness programme if they are to have the maximum desired effect". In order to supplement the Information Policy being followed since 1997, the Report recommended "a Government driven pension awareness campaign to be conducted



in conjunction with the relevant public and private sector bodies". In 1999, at the request of the Minister, the Board submitted initial proposals for such a campaign. We look forward to the implementation of the campaign in conjunction with the establishment of the PRSA regime.

## The Review of the Board

At the time of writing, external consultants appointed by the Minister are conducting a general review of the Board. The NPPI Report had recommended that, as the Board's role would be extended substantially as a result of the recommendations in the Report, "the formal remit, operation and financing of the Board should be reviewed...". In his reaction to the Report, the Minister undertook to initiate such a review at the appropriate time.

It is fitting and timely that this review is taking place during the final year of the present Board, and the tenth year of the organisation's existence. The outcome of the review should provide a sound basis for the necessary decisions to position the organisation to move confidently into the future years of its operations. This will enable the Board to meet evolving regulatory needs and, if so decided by Government, to act as regulator from a pensions viewpoint of the incoming PRSA regime.

## Conclusion

I will conclude this Introduction by thanking all those who have served on the present Board since its appointment in late 1995. Without their sustained dedication and commitment it would not have been possible for the Board to achieve what it has done in both the policy and regulatory areas.



On behalf of the Board, I would also like to thank the Chief Executive, Anne Maher, and her staff, who contributed on an ongoing basis to the achievement of Board objectives during our term of office. I particularly wish to thank Adrian Smith, who retired in 1999 having served as the Board's Head of Investigations since its establishment.

The Board continues to enjoy the support of the Minister for Social, Community and Family Affairs and his Department. This is greatly appreciated.

At the time of writing there remains an ambitious programme of work to be completed during this Board's term of office. I look forward to working with my colleagues on the Board, and the Chief Executive and her staff, to finalise this work before handing over to the incoming Board at the end of this year.

In conclusion, I wish the organisation every success in the discharge of the functions and roles entrusted to it by the Government and Oireachtas in the coming years.

**Eamonn P. 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 1999 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



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



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



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





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



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



Fergus Whelan\*  
Nominated by the Irish  
Congress of Trade Unions



Robert Woods  
Nominated by the Consultative  
Committee of Accountancy Bodies  
in Ireland

The Board met 14 times in 1999.

\* Succeeded Stephen McCarthy 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*)

Kay Brophy	Tony Gallagher
Tom Clarke	Anne Maher
Marie Daly	Anne Vaughan
Thomas Dunphy	

The Committee met 4 times in 1999.

## Policy

Eamonn Heffernan (*Chairperson*)  
Edel Stenson (*Secretary*)

Kevin Brabazon	Joe Mooney
Alan Broxson	Anne Vaughan
Rosheen Callender	Liam Walsh
Jim Kehoe	Fergus Whelan
Veronica McDermott	Ian Woods
Anne Maher	

The Committee met 16 times in 1999.

## Legislation

Ciarán Long (*Chairperson*)  
Gerard Clarke (*Secretary*)

Michele Cusack	Philip Shier
Andy Kelly	Ultan Stephenson
Raymonde Kelly	Anne Vaughan
Sarah Kyne	Liam Walsh
Anne Maher	Ian Woods
Simonetta Ryan	

The Committee met 13 times in 1999.

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

- Equal Treatment
- Information Policy

*The members of these Committees were as follows:*

## Equal Treatment

Jim Kehoe (*Chairperson*)  
Catherine Goulding (*Secretary*)

Rosheen Callender  
Peter Flood  
Rosaleen Glacken  
Mary Hutch  
Conor Lynch  
Anne Maher  
Seamus O'Dwyer  
Liam Walsh

## Information Policy

Veronica McDermott (*Chairperson*)  
Catherine Goulding (*Secretary*)

Mary Hutch  
Maria Kinlan  
Anne Maher  
Joe Mooney  
Anne Vaughan  
Mary Wade

There were, in total, 5 meetings of these Committees in 1999.

**Partnership Committee** - From left to right:  
Seated - Sylvia O'Mahony, Anne Maher (*Chairperson*), Catherine Goulding.  
Standing - Ger Clarke, Tom Dunphy, Dave Moore.



A Partnership Committee was established within the Pensions Board during 1999. The Committee held its first meeting on 18 May 1999 and is currently implementing an Action Plan which it has drawn up.

## Management Team at The Pensions Board



Philip Dalton, Ian Woods, Anne Maher, Thomas Dunphy, Mary Hutch

<b>Chief Executive</b>	Anne Maher
<b>Head of Investigations and Compliance</b>	Adrian Smith*
<b>Head of Information and Training</b>	Mary Hutch
<b>Financial Controller/Registrar</b>	Thomas Dunphy (Secretary to the Board)
<b>Head of Technical Services and Research</b>	Ian Woods
<b>Assistant Head of Technical Services and Research</b>	Michele Cusack
<b>Assistant Head of Technical Services and Research</b>	Mary Howe**
<b>Systems Manager</b>	David Moore
<b>Information Officer</b>	Catherine Goulding/ Gail Seekamp (Job sharing)
<b>Disclosure of Information and Compliance</b>	Aideen Bugler
<b>Enquiries and Information</b>	Edel Stenson
<b>Investigations</b>	Gerard Clarke
<b>Accounting and Systems</b>	Kieran O'Dea
<b>Registration and Funding</b>	Carol Jordan

## Staff of the Board

### Support Staff

Sylvia O'Mahony  
Sinead Crilly  
Karen Johnston  
Rachel Doyle  
Paul Nolan  
Helen Gray  
Jennie Coughlan\*\*\*

\* Retired from the Board in October 1999 and replaced by Philip Dalton in February 2000.

\*\* Appointed in April 1999 on a temporary basis to assist in implementation of the National Pensions Policy Initiative.

\*\*\* Resigned from the Board in August 1999.



# Administrative and Financial Report

## Administration

The administrative structures put in place to support the Board's activities operated satisfactorily in 1999. The approved staff complement at the end of 1999 stood at 23 (21 permanent and 2 temporary). Sanction for the two temporary posts had been received 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.

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.

During 1999 the new procedures for the registration of schemes with the Board began to take effect with positive improvements in the procedure becoming evident. The new I.T. system supporting the register of schemes has given added flexibility and functionality bringing increased effectiveness and efficiency to the whole process. 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. This procedure is working well. The key reason for this change is to try to ensure that all schemes receiving Revenue approval are automatically notified to the Pensions Board by Revenue. The Board would like to record its appreciation to Mr. Clive Slattery, Inspector of Taxes in the Retirement Benefits District and his colleagues for their assistance and co-operation in introducing this new procedure.

During 1999 the Board introduced new payment procedures for staff and suppliers. Following a review of payroll procedures, payment of salaries by electronic funds transfer on a monthly basis was introduced in March with staff agreement. Similar arrangements were agreed with the majority of the Board's regular suppliers of goods and services with the new payment arrangements coming into effect in October. The benefits in terms of economy and efficiency resulting from these initiatives have been considerable.

## Finance

Expenditure for the year amounted to IR£1,449,315.

Fee revenue at IR£1,590,993 was generated in respect of 1999 and reflects the increased fee levels introduced by virtue of the Occupational Pension Schemes (Fees) (Amendment) Regulations, 1997 (S.I. No. 488 of 1997) which took effect from 1 January 1998.

State grant of IR£76,869 represents the amount made available in respect of the year by the Department of Social, Community and Family Affairs to recoup the cost of superannuation benefits payable by the Board to its retired staff.

Miscellaneous income amounting to IR£90,547 arising mainly from sale of publications and contributions from the Department of Social, Community and Family Affairs in respect of policy development work was also received in the year.



The surplus of income over expenditure arising from the year's operations amounted to IR£309,094. The corresponding surplus in 1998 was IR£150,055. 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, on the recommendation of the Board, the Minister adopted the current Regulations in 1997 (S.I. No. 488 of 1997). The Board is satisfied that its fee aim has been met.

## Fee Collection

At the end of 1999 there were some 12,000 occupational pension schemes with more than one member which are liable for the statutory fee. Fees are also payable in respect of 32,100 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 appreciates the co-operation received in this regard.

## Financial Outlook

The pattern of normal running costs and operating levels continued to apply during 1999 with buoyant fee income.

Again, the Board has decided not to make any further transfers for the time being from income and expenditure account in favour of the Compliance Enforcement Reserve which now stands at IR£150,000. This reserve has now, in the opinion of the Board, been built up to a reasonable figure to enhance the Board's ability to institute whatever legal proceedings are necessary to promote compliance with the Pensions

Act and that such costs are recognised and spread as evenly as possible over the years. Direct costs amounting to IR£21,776 were incurred in prosecuting five cases in the District Court during November 1999. The Board was successful in each action and recovered IR£12,000 in costs awarded to the Board by the Court. These items have been dealt with through the Income and Expenditure Account. The cases arose from routine compliance monitoring procedures and are not considered appropriate for the purposes of utilisation of the Compliance Enforcement Reserve.

The annual transfer from income and expenditure account to depreciation provision 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 which yield an acceptable return consistent with the statutory functions and authority of the Board as laid down in the Pensions Act.

At the end of 1999 the Board had a Revenue Reserve of IR£300,137.

# 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 1999, 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 trustees, administrators, and other professional advisers ensure that the legislation and the Pensions Board guidance to which they refer are fully up-to-date. New Guidance Notes on the Disclosure of Information Requirements were issued by the Board in 1999 to update those previously available. The full range of technical support and guidance services currently provided by the Board is set out below.

## Legislation Service

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

## Guidance Notes

The Pensions Board makes available, by subscription, detailed Guidance Notes on the various parts of the Pensions Act and its Regulations, especially in those areas which override the trust deed and rules of the scheme. Subscribers to the service receive updates to take account of any legislative changes. As with the Legislation Service, the Guidance Notes are in loose-leaf format to facilitate updating.

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 612 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 320 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 663 subscribers.
- **Equal Treatment for Men and Women**  
(Part VII of the Pensions Act and Regulations S.I. No. 365 of 1992).  
Currently 497 subscribers.
- **Compulsory and Voluntary Reporting to the Pensions Board**  
(Part VIII of the Pensions Act).  
Currently 478 subscribers.
- **Appointment and Removal of Trustees by the Pensions Board**  
(Part VI of the Pensions Act - Section 64).  
Currently 186 subscribers.
- **Determinations by the Pensions Board**  
(Sections 38, 53, 58, 64(A) and 75 of the Pensions Act).  
Currently 188 subscribers.

## Information and Training



Eimear McEvoy, Sylvia O'Mahony, Edel Stenson, Mary Hutch, Catherine Goulding, Gail Seekamp

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.

### Interpretations & Determinations

During 1999, 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.

### Trustee Handbook

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 the trustees in the effective discharging of their duties and responsibilities, the 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.

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.

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 below, as well as its ongoing enquiry/complaint service, the Pensions Board will continue to monitor the position.

It is intended to carry out regular surveys of subscribers to the *Trustee Handbook* and other trustees with a view to establishing whether and to what extent trustees have received appropriate training. At time of writing the first comprehensive survey of trustees is being conducted by the Board with a view to publishing the survey results during 2000.



# 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 ..."

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.

## Information Booklets

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.

Two additional booklets dealing with the subjects of annuities and integration respectively, were prepared in 1999 and are available from the Board. The booklet entitled '*A Brief Guide to Integration*' is aimed at pension scheme members to help them understand how occupational pension scheme benefits are integrated with State Social Welfare systems. '*A Brief Guide to Annuities*' explains how annuities work and the various options that may be available in the annuity market.



The distribution 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

The Board has 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 1999, the Board gave a number of presentations to trustees, union and employer personnel, professional bodies and others. Matters covered in the presentations included the main features of the Pensions Act, 1990, the Pensions (Amendment) Act, 1996, other legislation affecting pensions, as well as the National Pensions Policy Initiative.

## The Pensions Board Bulletin

The Board provides an informal communication for interested parties in the form of a Bulletin. The Bulletin is issued on an occasional basis related to the level of new activity 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). There were over 6,000 visitors to the Board's website in 1999.

## Enquiry Service

The Board's Enquiry Service deals, by phone and correspondence, 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, professional bodies and the media.

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 1999, along with a comparison for 1998, is shown in Tables 1 and 2. As can be seen from Table 2, 1999 was a further busy year in the enquiries area, involving 3,216 written and telephone enquiries/complaints. This does not include a number of enquiries of a routine nature on registration and fee collection.

1 CATEGORY OF ENQUIRERS				
Enquirer	1999		1998	
	Number	%	Number	%
Active member	799	27	741	22
Pensioner	87	3	94	3
Trade Union	59	2	64	2
Company/Employer	194	6	311	9
Trustee	91	3	325	10
Pension Practitioner	715	24	921	27
Other	1,049	35	909	27
Total	2,994	100	3,365	100

Table 1 gives details of enquiries on an enquirer category basis. These show that 32% 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 1998.





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. (Accordingly, the number of enquiries exceeds the number of enquirers).

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 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 1999, 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.

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

### 2 NATURE OF ENQUIRIES

Nature of Enquiry	1999		1998	
	Number	%	Number	%
<i>Preliminary and General</i>	128	5	129	3
<i>Establishment of Board</i>	989	31	1,605	44
<i>Preservation</i>	112	3	124	3
<i>Funding Standard</i>	10	-	8	1
<i>Disclosure</i>	790	24	760	21
<i>Trustee Duties</i>	108	4	131	3
<i>Equal Treatment</i>	31	1	32	2
<i>Compulsory Reporting</i>	11	-	6	-
<i>Other Enquiries</i>	1,037	32	838	23
<b>Total</b>	<b>3,216</b>	<b>100</b>	<b>3,633</b>	<b>100</b>

# 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 1999, 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;
- monitoring of disclosure compliance.

## 3 CURRENT SCHEMES - DEFINED BENEFIT\*

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 1999	31 Dec 1998	31 Dec 1999	31 Dec 1998
Non-Group	174	176	174	176
1 - 50	1,297	1,297	21,242	21,313
51 - 100	200	210	14,205	14,768
101 - 500	296	304	64,286	67,632
501 - 1000	48	41	31,208	28,585
1001 +	45	41	293,680	281,144
<b>Total</b>	<b>2,060</b>	<b>2,069</b>	<b>424,795</b>	<b>413,618</b>

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

## 4 CURRENT SCHEMES - DEFINED CONTRIBUTION\*

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 1999	31 Dec 1998	31 Dec 1999	31 Dec 1998
Non-Group	60,039	52,001	60,039	52,001
1 - 50	10,188	9,707	48,176	42,911
51 - 100	152	114	10,200	7,753
101 - 500	89	71	16,449	14,229
501 - 1000	5	1	2,904	874
1001 +	5	2	6,657	2,812
<b>Total</b>	<b>70,478</b>	<b>61,896</b>	<b>144,425</b>	<b>120,580</b>

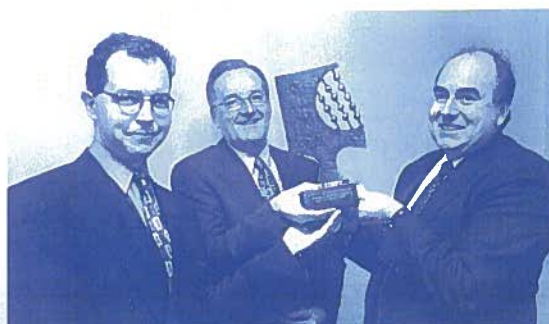
\*Excluding AVC Only and Death Benefit Only schemes.

## Registration of Schemes

### The Board's Register

The Board's register of occupational pension schemes categorises schemes as either 'non-group' or 'group'. This facilitates the proper registration of group schemes that have only one member at the 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 15,066 new schemes comprising 26,220 new members were registered with the Board during 1999. Of this figure, more than 7,000 were late registrations of which 4,500 schemes were registered as 'Frozen' and are therefore excluded from tables 3 and 4. Of the total new registrations, 13,416 (89%) schemes are non-group arrangements and 14,983 (99.4%) are defined contribution schemes.



The Pensions Board won a prestigious award during 1999 from the Leinster Society of Chartered Accountants. It scooped the prize in the 'Not for Profit' category of the 1999 Chartered Accountants Published Accounts Awards. Pictured above with the trophy are Kieran O'Dea, Thomas Dunphy and Robert Woods.



## Registration and Finance



Karen Johnston, Kieran O'Dea, Carol Jordan, Tom Dunphy, Paul Nolan, David Moore

### 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 1999, and the corresponding number of active members of these schemes. The total overall number of current schemes was 72,538 and their active membership was 569,220. This compares with an overall total of 63,965 with an active membership of 534,198 at end 1998. The overall membership increase was 35,022 (or 6%).

The tables show that the number of current defined benefit schemes on the register at end 1999 has again decreased compared to the previous year's figures. While 83 new defined benefit schemes were registered during 1999, there was a net decrease of 9 in the total number of registered defined benefit schemes at end 1999. There was an overall increase of 11,177 in the number of members. Only 15% of the membership increase is attributed to the new registrations, the balance was due to increases in membership of existing schemes.

The number of current defined contribution schemes increased by 8,582 in 1999 and the corresponding number of active members covered increased by 23,845. Of this increase in defined contribution schemes, 8,038 were non-group schemes.

#### 5

#### DEFINED BENEFIT SCHEMES SUBJECT TO THE FUNDING STANDARD\*

Scheme Size	No. of Schemes	No. of Members
	31 Dec 1999	31 Dec 1999
<i>Non-Group</i>	<b>178</b>	<b>178</b>
<i>1 – 50</i>	<b>1,294</b>	<b>20,967</b>
<i>51 – 100</i>	<b>193</b>	<b>13,751</b>
<i>101 – 500</i>	<b>281</b>	<b>60,093</b>
<i>501 – 1000</i>	<b>41</b>	<b>28,379</b>
<i>1001 +</i>	<b>28</b>	<b>90,864</b>
<b>Total</b>	<b>2,015</b>	<b>214,232</b>

\*This table includes frozen schemes and schemes in the process of winding-up which are subject to the Funding Standard though not included under "current schemes" in Table 3.





## 6

## DEFINED BENEFIT SCHEMES EXCLUDED FROM THE FUNDING STANDARD

Scheme Size	No. of Schemes	No. of Members
	31 Dec 1999	31 Dec 1999
<i>Non-Group</i>	1	1
1 – 50	27	496
51 – 100	8	548
101 – 500	15	4,193
501 – 1000	4	2,823
1001 +	17	202,816
<b>Total</b>	<b>72</b>	<b>210,877</b>

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

Although the ratio of defined benefit to defined contribution schemes continues to reduce, 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 1999, there were 214,232 active members in defined benefit schemes that are subject to the funding standard, as against 144,425 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 425,109 or a ratio of three to one vis-à-vis defined contribution scheme membership at end 1999.

## Conduct of Investigations

### General

Arising from the total number of enquiries/complaints in relation to non-compliance with the Pensions Act, the Board initiated 99 new investigations into occupational pension schemes during 1999. Combined with the caseload of 51 carried forward from the previous year, this meant that 150 investigations in all were in hand during 1999. At year-end, there were 99 cases remaining under investigation.

While the Board's priority is to assist in considering and securing the interests of scheme members, it is the trustees of schemes who have ultimate responsibility for implementing the provisions of the Pensions Act.

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 cases where it was considered that the enquiry/complaint involved was of a serious nature, an investigation was authorised under the special investigatory powers of Section 18 of the Act. At year-end there were 16 such cases in hand.

The Board's first objective is to protect the interests of the scheme member or 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, where necessary, to using its full powers under the Act. The legal proceedings in progress in two cases carried over from the previous year were resolved.

## Compulsory and Voluntary Reporting

These provisions, known as 'whistle-blowing' 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 up to end 1999, the Board had received a total of 19 reports under the whistle-blowing provisions, of which 6 were compulsory and 13 were voluntary reports. The successful experience of these provisions to-date is that each of the reports was relevant and the Board's intervention was of assistance in protecting the interests of members.

On a less positive side, a continuing concern for the Board is the timing and form of such reports. Under the whistle-blowing provisions, reports must be made "as soon as practicable" and the more detailed requirements for the reports are clearly set out in the provisions and Guidance Notes. 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 and the content of the reports has been unclear. This is a matter which the Board is monitoring and on which it will, if necessary, take appropriate action.

At end 1999:

- 7 cases had been finalised and signed off without recourse to legal action;
- 1 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;



- a watching brief is being maintained in relation to 3 schemes on the action being taken by the trustees involved; and
- 8 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 ("specified percentage") in respect of accrued benefits relating to service prior to 1 January 1991. In the case of subsequent actuarial funding certificates with an effective date of not later than 31 December 2000, schemes are required to certify 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 1997, 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, the principal components of which include:





- in the 9 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, 1990;
- in the event of a certificate not being submitted to the Board by the end of the 9 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 Pensions Act.

## 1999 Activity

Throughout 1999, the Board dealt with 79 cases of non-compliance, out of a total of 2,015 defined benefit schemes subject to the funding standard (see Table 7). Of these, compliance had been achieved by year-end in 44 cases as follows:

- 41 schemes in pursuance of compliance with the funding standard under Sections 42 to 44 of the Act;
- 1 scheme for which a funding proposal was received under Section 49 of the Act; and
- 2 schemes in respect of which modifications of the minimum funding standard requirements were granted under Section 42(5) of the Act.

As the table illustrates, the position at year-end was that funding certificates had been received from 1,665 defined benefit schemes and follow-up action was being pursued in relation to the remaining 35 schemes from which a certificate was outstanding. Of these schemes, 15 have a particular technical issue for which a solution is under discussion and the remainder are corresponding with the Board.

## 7

### COMPLIANCE WITH THE FUNDING STANDARD AS AT 31 DECEMBER 1999

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
Non-Group	178	178	119	119	5	5	54	54
1-50	1,294	20,967	1,054	18,316	30	162	210	2,489
51-100	193	13,751	173	12,310	0	0	20	1,441
101-500	281	60,093	259	56,215	0	0	22	3,878
501-1000	41	28,379	33	22,012	0	0	8	6,367
1001+	28	90,864	27	89,090	0	0	1	1,774
<b>Total</b>	<b>2,015</b>	<b>214,232</b>	<b>1,665</b>	<b>198,062</b>	<b>35</b>	<b>167</b>	<b>315</b>	<b>16,003</b>

\* This category covers schemes where -

- the requirement to submit an actuarial funding certificate to the Board does not arise until after 31 December 1999;
- UK schemes where an extension was sought and granted under S.I. 298/99 and also UK schemes where a funding certificate is due and no application has been received by the Board for an extension under S.I. 298/99; and
- the status of the scheme is under review.



## Investigations and Compliance



Aideen Bugler, Gerard Clarke, Philip Dalton, Rachel Doyle

The table also sets out the number of schemes on the Board's register as at 31 December 1999 which are subject to the funding standard. It shows that 83% of those schemes overall had submitted actuarial funding certificates, covering 92% of the membership. Of schemes required to submit an actuarial funding certificate by 31 December 1999, 98% had done so, covering 99% of the relevant membership.

The Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1999 (S.I. No. 298 of 1999):

- (a) extend to 1 January 2000 the latest effective date of first actuarial funding certificates, in the case of external schemes that applied for and were granted an extension to 1 January 1998 or 1 January 1999 of the latest effective date, by way of earlier Regulations; and
- (b) in the case of external schemes to which (a) does not apply, extend the latest effective date of first actuarial funding certificates to 1 January 2000, where the scheme applies to and receives the approval of the Pensions Board for such an extension.


The extension of the latest effective date to 1 January 2000 has the effect of extending the latest date for submission of such actuarial funding certificates to the Board to 1 October 2000. These schemes are covered in Table 7 above.

## Monitoring of Disclosure Compliance

### Disclosure Compliance Strategy

A compliance and enforcement strategy for the disclosure of information requirements was implemented by the Board from May 1997. This strategy entailed between 170 and 200 schemes being selected and targeted each year for examination in relation to compliance with the Disclosure Regulations. Trustees of schemes are requested to submit to the Board certain information in relation to their scheme, e.g. trustee annual report.

The Board's Annual Reports for 1997 and 1998 reflected the outcome of the audits that had been carried out. A key finding of the compliance audits in these years was that it disclosed there was a number of schemes, 15% in 1997 and 21% in 1998, for which



the statutory period of 9 months for the preparation of the trustee annual report or alternative annual report had not been met. In the majority of these cases no application had been made to the Board for an extension to the statutory requirement in relation to these reports.

Allowing for the caution needed in interpreting purely quantitative findings, the overall level of non-compliance, confirmed in the findings of the second year of the strategy, had been regarded as unsatisfactory and also produced clear evidence that pension scheme administration is frequently not up-to-date. Moreover, it must also be recalled that the disclosure regulations were introduced in August 1991 and that the continued emphasis placed by the Board over subsequent years was for the need for members to be properly informed about their scheme.

During 1999, the Board highlighted to the various pensions and industry representative organisations that substantial administration arrears had been identified by way of the compliance audits and that this was unsatisfactory from the Board's perspective. As a result, the Board was approached by, or made an approach to, a total of 9 major pension practitioners in relation to administration arrears in pension schemes which they were administering on behalf of the trustees. This resulted in applications being made to the Board, on behalf of scheme trustees, for extensions to the statutory preparation period in respect of some 5,800 schemes, covering in excess of 8,000 trustee annual reports. Extensions are being/have been granted in most of these cases on foot of commitments given to the Board to complete the outstanding reports within an agreed acceptable time limit. The Board is monitoring the completion of this work.

Furthermore, this exercise has also shown that some of the pension practitioners had neglected to register a number of occupational pension schemes, as required under Section 60 of the Pensions Act, which resulted in the schemes failing to be actively supervised prior to the date of registration. In some cases, the schemes



were set up some years back. Details of the late registrations are covered in "Registration of Schemes" section of this Report.

Although the Board focused its attention in 1999 on the problem of administration arrears, schemes were also selected for audit under the Board's Disclosure Compliance Strategy on a lesser scale.

## Disclosure Prosecution Policy

A Disclosure Prosecution Policy was also adopted in line with the Disclosure Compliance Strategy. In November 1999, the Board successfully prosecuted the trustees of 5 occupational pension schemes. These schemes had initially been selected for audit under the Board's Disclosure Compliance Strategy. The trustees were prosecuted for failure to provide the Board with certain information about their scheme, i.e. trustee annual report, scheme booklet etc. Criminal convictions were made in each case and fines ranging from £250 to £1,500 (maximum fine) were imposed. Costs ranging from £1,000 to £3,000 were also awarded to the Board.

## Regulation Focus

The Board's commitment to continue to place an emphasis on its regulatory role during the remainder of its term resulted in the appointment of consultants by the Board in the closing months of 1999 to conduct a review of the Board's monitoring and supervision of occupational pension schemes. They produced their findings in March 2000 and a working party of the Board is currently considering the recommendations. The report has also been forwarded as a consultative document to the Department of Social, Community and Family Affairs in the context of its current comprehensive review of the Board.



## 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 1999 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

Part VI of the Pensions Act, 1990 was amended by Section 35 of the Social Welfare Act, 1999, which inserted a new section, Section 59B, in Part VI.

The effect of the amendment, which implemented a recommendation of the Board in its report "Securing Retirement Income" is to prohibit occupational pensions in payment from being reduced in any one year from the level obtaining in the preceding year. The prohibition applies subject to a number of specified exceptions set out in the amendment.

## Regulations

Following consultation with the Board, the Regulations below were made by the Minister in 1999. The title of each, together with a brief outline of its contents, are as follows:

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

These Regulations, made on 19 January 1999, prescribed that the revaluation percentage to apply under Part III of the Act in respect of 1998, was 2.4 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 (Funding Standard) (Amendment) Regulations, 1999*


During 1999, the Board had ongoing discussions with the UK authorities in relation to draft Regulations to implement the agreement between Ireland and the United Kingdom concerning the regulation of occupational pension schemes with members in both countries.

These discussions culminated in the issue, in December 1999, in both countries, of draft implementing Regulations for consultation purposes. The intention is that the Regulations will be adopted in both countries during 2000.

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. 298 of 1999)







made on 27 September 1999 revoke and replace the Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1998 (S.I. No. 320 of 1998). Their effect is to provide for the extension to 1 January 2000 of the latest effective date of first actuarial funding certificates for such schemes.

## Other Legislation

During 1999, the Board concluded the project undertaken, on an agency basis, for the Department of Justice, Equality and Law Reform 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.

## EU Related Matters

An outline of the EU-related matters in respect of which the Board was involved in examining and giving advice, during 1999, is set out below:

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

As indicated in Annual Report 1998, the Board having issued a response in December 1997 to the EU Commission paper "Supplementary Pensions in the Single Market", continued to monitor development in this area during 1999. As part of further moves towards proposals in this area, the Commission issued, *inter alia*, a communication entitled "Towards a Single Market in Supplementary Pensions" during 1999. The Board provided comments on this document to the Department of Social, Community and Family Affairs in the latter part of 1999. In response to the Commission's subsequent preparation of specific proposals for inclusion in a Directive, the Board provided input, as part of preparation of national views, to the Department of Social, Community and

Family Affairs in February 2000. As part of these overall developments, the Board is represented, together with the Department, on the EU Pensions Forum established by the Commission in 1999.

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

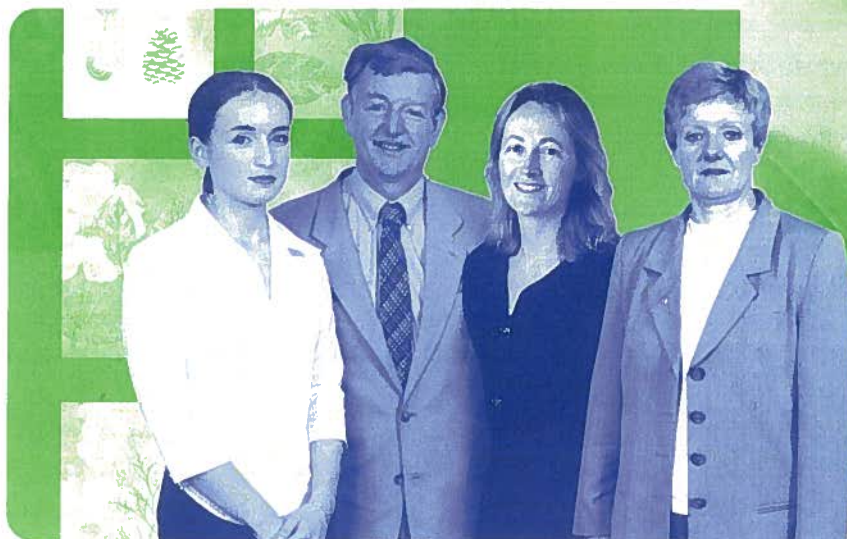
The aim of this Directive, which was adopted by the EU Council of Ministers on 29 June 1998 and must be implemented by Member States by 25 July 2001, is to protect the rights of members of supplementary pension schemes who move from one Member State to another, thereby contributing to the removal of obstacles to the free movement of employed and self-employed persons 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.

During 1999, the Board advised the Department of Social, Community and Family Affairs on amendments to existing legislation required to implement the Directive's provisions, for inclusion in the forthcoming Pensions Bill.

### ■ *Council Directive 97/81/EU 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 Ireland by 20 January 2001. 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 1999, the Board continued to give its views in relation to the implementation of this Directive.

## Technical Services and Research



Nuala Clancy, Ian Woods, Michele Cusack, Mary Howe

It is intended that the Directive's provisions will be implemented by the Protection of Employees (Part-Time Work) Bill, which is being sponsored by the Minister for Enterprise, Trade and Employment.

### Policy Advice

While the Board, in early 1999, saw the final two years of its current term as being devoted more to its regulatory and compliance activities than to the policy area, it continued during the year to make a significant contribution to policy. The main aspects of this policy-related work are outlined below.

As indicated in Annual Report 1998, the Board continued during 1999 its examination of matters on its Policy Programme. Following detailed consideration by its Policy Committee, the Board submitted a Report to the Minister for Social, Community and Family Affairs in November 1999 regarding indexation in occupational pension schemes. The report contained proposals for consideration by the Minister in the context of preparations for the Pensions Bill.

Amongst the other policy matters considered during the year were:

- a possible Pensions Compensation Scheme;
- review of the Minimum Funding Standard;
- the regulatory (including disclosure) treatment of defined contribution schemes;
- possible disclosure requirements regarding commissions; and
- review of self-investment by schemes in the financial sector.

At time of writing of this Report, it is anticipated that proposals on all the remaining items from the Board's Policy Programme (including those itemised above), relevant to the preparations for the Pensions Bill, will have been made on a timely basis by the Board to the Minister.





During 1999, the Board continued to be represented (as indicated in its Annual Report 1998) on the various inter-Departmental Working Groups established in 1998 to pursue the proposals in the Board's Report (of May 1998) entitled "Securing Retirement Income". As part of this involvement, the Board, at a special meeting in October 1999, discussed and made input into the draft statutory framework for PRSAs which was being prepared by the Department to become part, subject to Ministerial agreement, of the Pensions Bill. The Board also made input and a presentation to the Pension Funding Group, which was the Inter-Departmental Committee set up to implement the Government decision to partially pre-fund the future costs of Social Welfare pensions and public service pensions.

In parallel with these developments, the Board also, via its Committee structure, pursued its consideration of various other matters for inclusion in the Pensions Bill, in particular the various improvements to the Pensions Act (regarding vesting, preservation, revaluation, etc.) recommended in "Securing Retirement Income", as well as a number of proposals for legislative change arising from the day-to-day operation of the Act.

Arising from commitments in the Programme for Prosperity and Fairness, the Minister announced, on 15 February 2000, his intention to publish the new Pensions Bill during the summer. In its various forms of involvement in providing policy and technical advice as stated above, the Board continued to provide assistance into 2000, as during 1999, in the preparations for this Bill.

Following the Government's decision, in principle, in October 1998 to establish a Single Regulatory Authority for the financial services sector, the Board responded to the invitation from the Implementation Advisory Group to make a submission. This submission was made on 17 December 1998 and was followed up by supplementary material on 17 February, a meeting with the Group on 22 February, and further material on 11 March, 1999. These submissions were of a policy and technical nature. In its report (May 1999), the Group recommended (paragraph 3.17 of the Report) that the Pensions Board should continue its policy advisory and regulatory role (separate from the Single Regulatory Authority), with the Board's regulatory role to be allied to a structured approach to co-operation with the Single Regulatory Authority.





## Focus on Regulation

In keeping with the practice, in earlier Annual Reports, of including an article on a particular topic, the present Article is devoted to the area of Regulation.

### Background

The Pensions Board has the role of monitoring and supervising the operation of the Pensions Act, 1990. In particular, it monitors compliance, mainly by trustees of occupational pension schemes, with the various requirements of the Act. These regulatory activities are reported in the Board's Annual Report each year.

The Board's policy continues to be to achieve compliance as far as possible through co-operation with the trustees and their advisors in the first instance, rather than by recourse to legal proceedings. The Board will, of course, have recourse to legal proceedings where it believes it is necessary in particular circumstances. In this context, the Board successfully took proceedings against the trustees of 5 pension schemes in 1999 and there are some further schemes currently under consideration for prosecution.

### Compliance Monitoring Experience

Since 1997, the Pensions Board has been carrying out random compliance monitoring of the Disclosure Requirements under the Pensions Act, 1990. This produced clear evidence that pension scheme administration is not up-to-date. These arrears of pensions administration have resulted in failure to

meet statutory compliance requirements. It is the responsibility of the Pensions Board to ensure that all pension schemes are fully compliant with the Pensions Act and pensions administration arrears, with consequent non-compliance, cannot be acceptable.

### Addressing the Problem

In early 1999, the Board made the various pensions and industry representative organisations aware that it had identified substantial pensions administration arrears and that this was not acceptable. The Board reiterated its policy of achieving compliance as far as possible through co-operation and in this spirit requested trustees and their advisors to approach the Board if they had a problem, so that a way forward could be agreed without, of course, jeopardising member protection in any way.

During 1999, a number of the largest practitioners approached, or were approached by, the Board in relation to the pension schemes which they were administering on behalf of trustees. Almost all of the practitioners involved were willing to co-operate with the Board and subsequent monitoring activities show that a substantial amount of work was done to update pensions administration during 1999 and to-date in 2000. This has resulted in a large number of uncompliant schemes becoming compliant. It has also resulted in a substantial number of schemes which were not previously registered with the Pensions Board being registered. Details of the extensions granted in order to achieve compliance and the late registrations appear in this Annual Report.

### Future Direction

The Pensions Act and its Regulations have been in place since the early 1990s. The Board has done everything it can to publicise the requirements of the Pensions Act



**Anne Maher** Chief Executive

and in this context a Legislation Service, Guidance Notes, booklets and a Trustee Handbook are available from the Board to assist in interpreting and understanding the requirements. The Board's Information Unit is also very pleased to answer any questions or to provide guidance through speaking at training sessions.

The Board intends to continue with its monitoring meetings with the largest practitioners over the coming months. The target dates for arrears clearance which have been given to the Board indicate that arrears will be cleared by the end of 2000. The Board feels that this is a reasonable timescale to allow an orderly clearance of arrears and to enable trustees and their advisors to be fully compliant with the Pensions Act requirements.

## The Board's Message

The arrears situation in pensions administration arose for historic reasons, which the Board understands. However, the Board has given a clear message that the continuance of an arrears situation is not acceptable and that all pension schemes must be made fully compliant with the legislation.

In this context, trustees should ask themselves:

- Is their pension scheme registered with the Pensions Board and is the information registered up-to-date?
- If their scheme requires annual Audited Accounts, are these completed by the due date?
- If their scheme requires an actuarial valuation, are the valuations up-to-date and has an Actuarial Funding Certificate been lodged with the Board by its due date?

- Have Annual Reports been issued and are these up-to-date?
- Have the members of the pension scheme been appropriately notified of the availability of the Annual Report?
- Have fees in relation to their pension scheme been paid to the Pensions Board to the present date?

If trustees are not already aware of the answers to these questions, then they should ask them of their advisors and make sure that the advisors have actually completed anything which they have contracted to do. At the end of the day, it is, of course, the trustees' ultimate responsibility and it is the trustees who will be accountable if the law is broken.

## Conclusion

The Board looks forward to the co-operation of trustees and their advisors. The Board would not like to see a situation where increased monitoring, with consequent cost, has to be undertaken. However, if the Board cannot satisfy itself that compliance is being achieved, then it would find it necessary to advise the Minister that either legislative or monitoring changes should be considered.









## Accounts

# Report of the Comptroller and Auditor General

I have audited the financial statements on pages 40 to 48.

## 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. 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 1999 and of its income and expenditure and cash flow for the year then ended.



**John Buckley**

for and on behalf of the Comptroller  
and Auditor General

8 June 2000



# 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;
- disclose and explain any material departures from applicable accounting standards.

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

2 June 2000

# 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.

The results are reported in Irish pounds.

## (B) FEE INCOME

Fee Income represents the amount estimated by the Board as collectable in respect of the year. This estimate takes account of cash receipts on foot of demands issued and the reasonableness of this figure is checked against the expected fee income based on the Board's computerised profile of schemes.

## (C) STATE GRANT

State Grant represents the amount made available in respect of the year by the Department of Social, Community and Family Affairs to recoup the cost of superannuation benefits payable by the Board to its retired staff.

## (D) TAXATION

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

## (E) 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.

## (F) 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.

## (G) SUPERANNUATION

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

## (H) 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 1999

	Notes	IR£ 1999	IR£ 1998
<b>Income</b>			
Fee income		<b>1,590,993</b>	1,436,666
State grant		<b>76,869</b>	-
Other income	1	<b>90,547</b>	91,681
Total income		<b><u>1,758,409</u></b>	<u>1,528,347</u>
<b>Expenditure</b>			
Salaries, pensions and related expenses	2	<b>727,138</b>	631,857
Board member fees and expenses		<b>17,838</b>	19,853
Accommodation and establishment expenses	3	<b>140,969</b>	136,593
Recruitment, training and education	4	<b>57,377</b>	45,028
Information, research and publicity		<b>106,625</b>	75,078
Consultancy and other professional fees	5	<b>193,203</b>	255,223
General administration	6	<b>121,981</b>	130,074
Depreciation	7	<b>84,184</b>	84,586
Total expenditure		<b><u>1,449,315</u></b>	<u>1,378,292</u>
<b>Surplus transferred to revenue reserve</b>	12	<b><u>309,094</u></b>	<u>150,055</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 17 form part of these financial statements.



**Eamonn P. Heffernan**  
Chairperson

2 June 2000



**Anne Maher**  
Chief Executive



# Balance Sheet

at 31 December 1999

		1999		1998	
	Notes	IR£	IR£	IR£	IR£
<b>Fixed Assets</b>					
Tangible assets	7		177,718		236,182
<b>Current Assets</b>					
Debtors	8	247,767		215,022	
Cash at bank and on hand		<u>210,052</u>		<u>125</u>	
		<u>457,819</u>		<u>215,147</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year:					
Bank and other advances	9	-		117,788	
Other creditors	10	<u>185,400</u>		<u>192,498</u>	
		<u>185,400</u>		<u>310,286</u>	
<b>Net current assets/(liabilities)</b>			<u>272,419</u>		<u>(95,139)</u>
<b>Total assets</b>			<u>450,137</u>		<u>141,043</u>
<b>Financed by</b>					
Compliance enforcement reserve		150,000		150,000	
Revenue reserve	12	<u>300,137</u>	<u>450,137</u>	<u>(8,957)</u>	<u>141,043</u>

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



**Eamonn P. Heffernan**  
Chairperson

2 June 2000



**Anne Maher**  
Chief Executive

#### 4 RECRUITMENT, TRAINING AND EDUCATION

	IR£ 1999	IR£ 1998
Recruitment and staff costs	29,577	24,023
Training and Education	27,800	21,005
	<u>57,377</u>	<u>45,028</u>

#### 5 CONSULTANCY AND OTHER PROFESSIONAL FEES

	IR£ 1999	IR£ 1998
Legal fees	74,636	50,126
Pensions/actuarial consultancy fees	33,903	103,907
National Pensions Policy Initiative*	-	54,076
Regulatory review consultancy	31,076	-
Public Relations and Information	21,102	22,336
Recruitment consultancy	21,546	14,033
Audit fees	5,915	7,215
Other	5,025	3,530
	<u>193,203</u>	<u>255,223</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£ 1999	IR£ 1998
Stationery and office expenses	32,079	40,772
Telephone and postage	28,959	40,480
Travel and subsistence	12,105	15,483
Insurances	3,841	3,405
Computer maintenance and consumables	43,442	24,791
Interest and charges	1,555	5,143
	<u>121,981</u>	<u>130,074</u>



# Notes to the Financial Statements

for the year ended 31 December 1999

## 7 TANGIBLE FIXED ASSETS

	Leasehold improvements	Computer equipment	Office furniture	Office equipment	Motor vehicle	Total
	IR£	IR£	IR£	IR£	IR£	IR£
<b>Cost or Valuation</b>						
At 1 January 1999	110,609	239,775	65,845	63,844	24,536	504,609
Additions in year	1,598	9,982	6,497	7,643	-	25,720
Disposals in year	-	(5,288)	-	(18,729)	-	(24,017)
At 31 December 1999	<u>112,207</u>	<u>244,469</u>	<u>72,342</u>	<u>52,758</u>	<u>24,536</u>	<u>506,312</u>
<b>Accumulated Depreciation</b>						
At 1 January 1999	49,298	119,138	36,297	48,973	14,721	268,427
Charge for year	12,119	53,043	7,185	6,929	4,908	84,184
Disposals in year	-	(5,288)	-	(18,729)	-	(24,017)
At 31 December 1999	<u>61,417</u>	<u>166,893</u>	<u>43,482</u>	<u>37,173</u>	<u>19,629</u>	<u>328,594</u>
<b>Net Book Value</b>						
At 31 December 1999	<u>50,790</u>	<u>77,576</u>	<u>28,860</u>	<u>15,585</u>	<u>4,907</u>	<u>177,718</u>
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>

## 8 DEBTORS

	IR£	IR£
	1999	1998
Amounts falling due within one year:		
Fee income	117,000	149,000
Prepayments and accrued income	130,508	65,169
Accrued interest receivable	259	853
	<u>247,767</u>	<u>215,022</u>

## 9 BANK AND OTHER ADVANCES

	IR£	IR£
	1999	1998
Amounts falling due within one year:		
Bank overdraft	<u>-</u>	<u>117,788</u>

## 10 CREDITORS

	IR£	IR£
	1999	1998
Amounts falling due within one year:		
Creditors	65,991	124,528
Accruals	<u>119,409</u>	<u>67,970</u>
	<u>185,400</u>	<u>192,498</u>

## 11 FINANCIAL COMMITMENTS

### (i) Capital Commitments

There were no capital commitments at 31 December 1999.

### (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:

	IR£ 1999	IR£ 1998
Lease of office accommodation at Holbrook House.		
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£ 1999	IR£ 1998
At beginning of year	(8,957)	(159,012)
Surplus for year	309,094	150,055
At end of year	<u>300,137</u>	<u>(8,957)</u>

## 13 RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

	IR£ 1999	IR£ 1998
Surplus for year	309,094	150,055
Interest received	(8,467)	(353)
Interest paid	807	4,605
Depreciation	84,184	84,586
(Increase) in debtors	(32,745)	(71,266)
(Decrease) in creditors	(7,098)	(40,557)
Net cash inflow from operating activities	<u>345,775</u>	<u>127,070</u>

# Notes to the Financial Statements

for the year ended 31 December 1999

## 14 ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	Cash at bank and in hand	Bank overdraft	Total
	IR£	IR£	IR£
At beginning of year	125	(117,788)	(117,663)
Cash flows	209,927	117,788	327,715
At end of year	<u>210,052</u>	<u>0</u>	<u>210,052</u>

## 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 1999 the Board incurred fees payable to third parties, including legal fees, in respect of professional services in the amount of IR£193,203 inclusive of VAT. This amount includes IR£23,443 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£9,998, 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.

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 is connected to Mercer Limited through their parent company Marsh & McLennan Inc. There were no consultancy fees payable to Irish Pensions Trust Limited in the year.

## 16 RE-CLASSIFICATION OF COMPARATIVE FIGURES

Certain prior year figures in the income and expenditure account have been re-classified in order to aid comparisons with current year amounts.

Re-classifications arising from enhancement of expenditure analysis in 1999 occurred between the following: Accommodation and establishment expenses, Recruitment, training and education, Consultancy and other professional fees and General administration.

There is no impact on the reported prior year surplus as a result of these changes.

## 17 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 2 June 2000.



## Prompt Payment of Accounts Act, 1997

The Pensions Board comes under the remit of the Prompt Payment of Accounts Act, 1997 which came into effect on 2 January 1998.

In accordance with the requirements as set out in Section 12 of the Act, we wish to report as follows:

- The Pensions Board confirms that it is complying with the Prompt Payment of Accounts Act, 1997 which came into effect on 2 January 1998.
- It is the policy of the Pensions Board to ensure that all invoices are paid promptly. Almost all invoices are paid within 30 working days of their receipt. In the event of a written contract, invoices are paid in line with the terms of the contract.
- In addition the Board has, in September 1999, introduced a computerised system designed to assure itself on a look-back basis that there has been compliance with the payment provisions of the Act.
- In the event of a dispute between the Board and a supplier, there is a procedure in place whereby contact between the Board and supplier, concerning the dispute, is recorded. The procedure referred to can only provide reasonable and not absolute assurance against material non-compliance with the Act.
- No late payments arose during 1999 and accordingly no penalty interest payments were paid in the year.
- In conclusion, I am satisfied that the action the Pensions Board is taking in dealing with the Prompt Payment of Accounts Act, 1997 is in compliance with the Act.



Anne Maher  
Chief Executive

2 June 2000

## Report of the Comptroller and Auditor General pursuant to Section 13 of the Prompt Payment of Accounts Act, 1997

### Responsibilities of the Board and the Comptroller and Auditor General

The Board is obliged to comply with the Act, and, in particular, is required to:

- pay its suppliers by the appropriate payment date;
- if payment to a supplier is late, include the appropriate penalty interest with the payment together with the information required by Section 6;
- disclose its payment practices in the period in the appropriate way.

Under Section 13 of the Act, it is my responsibility, as auditor of An Bord Pinsean - The Pensions Board, to report on whether, in all material respects, the Board has complied with the provisions of the Act.

### Basis of Opinion


My examination included a review of the payment systems and procedures in place and checking, on a test basis, evidence relating to the operation of the Act by the Board during the year.

I obtained all the information and explanations which I considered necessary for the exercise of my function under Section 13 of the Act.

While the Board only put a system in place with effect from September 1999 to enable it to monitor its compliance with the Act, my audit established, on the basis of sampling, that payments were made within the payment periods specified in the Act.

### Opinion

As a result of my examination, it is my opinion that the Board complied in all material respects with the provisions of the Act during the year ended 31 December 1999.



John Buckley  
for and behalf of the Comptroller and Auditor General

8 June 2000

## 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, 1998	No. 6 of 1998
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\*<sup>1</sup>

Pensions Act, 1990 (Part II) (Establishment Day) Order, 1990  
S.I. No. 343 of 1990

Occupational Pension Schemes (Disclosure of Information) Regulations, 1991  
S.I. No. 215 of 1991\*<sup>6</sup>

Pensions Act, 1990 (Sections 59, 63 and 64) (Commencement) Order, 1991  
S.I. No. 259 of 1991

Occupational Pension Schemes (Registration) Regulations, 1991  
S.I. No. 325 of 1991

Occupational Pension Schemes (Funding Standard) Regulations, 1991  
S.I. No. 371 of 1991\*<sup>2</sup>

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

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

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

Occupational Pension Schemes (Fees) (Amendment) Regulations, 1992  
S.I. No. 367 of 1992\*<sup>5</sup>

Occupational Pension Schemes (Preservation of Benefits) Regulations, 1992

S.I. No. 445 of 1992

Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) Regulations, 1993

S.I. No. 216 of 1993<sup>\*3</sup>

Occupational Pension Schemes (Preservation of Benefits) (Special Calculations) Regulations, 1993

S.I. No. 217 of 1993

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

S.I. No. 399 of 1993<sup>\*4</sup>

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<sup>\*7</sup>

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

Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1999

S.I. No. 298 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
<b>PART I</b>	Preliminary and General	21 December 1990
<b>PART II</b>	Establishment of Pensions Board	21 December 1990
<b>PART III</b>	Preservation of Benefits	1 January 1991
<b>PART IV</b>	Funding Standard	1 January 1991
<b>PART V</b>	Disclosure of Information in Relation to Schemes	1 January 1991
<b>PART VI</b>	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
<b>PART VII</b>	Equal Treatment for Men and Women in Occupational Benefit Schemes	1 January 1993
<b>PART VIII</b>	Compulsory and Voluntary Reporting to the Board	2 July 1996
<b>PART IX</b>	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) 639 3622 Fax: (01) 676 4714 Email: [info@pensionsboard.ie](mailto: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.

**A Brief Guide to Annuities**

A guide to annuities and how they work.

**A Brief Guide to Integration**

Guidance on the integration of occupational pension scheme benefits with the benefits payable under the Social Welfare system.

^ 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.