





### Mission Statement

#### Misean an Bhord Pinsean

Sábháilteach pinsean ceirde a chur chun cinn trí:

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

Tuilleadh forbairte ar phinsin in Éirinn a chothú trí sholáthar:

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

#### Mission of The 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;
- 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.



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## Chairperson's Introduction

I am pleased to submit, in accordance with Section 23 of the Pensions Act, 1990, the Annual Report of An Bord Pinsean – The Pensions Board, for the year ended 31 December 2000. This is the tenth Annual Report of the Board

The year ended 31 December, 2000 was the final year of the second Pensions Board, whose term ended on 20 December 2000. I wish to pay tribute to all those members, and their chairperson Eamonn P. Heffernan, for the tremendous contribution that they made to the development of the Board in the discharge of both the regulatory and policy advisory roles. Most notable in the latter respect was the publication of the report "Securing Retirement Income" in May 1998, with its blueprint for future national pensions policy.

Together with the new members appointed to the Board with effect from 21 December 2000, I look forward to building over the coming five years on the success of the Board to date. While this Report covers in detail the activities of the Board over the past year, I wish in this Introduction to highlight both a number of developments during that year and to outline our broad orientation going forward.

#### Policy Advice

As indicated in the Board's Annual Report for 1999, the Board had during 1999 continued its examination of matters on its Policy Programme. In the Introduction to that Report, submitted to the Minister in June 2000, the Chairperson indicated that the Board was moving towards completion of its Policy Programme Reports for the Minister for his consideration in the context of preparations for the Pensions Bill.

By end 2000, all the Policy Programme Reports relevant to preparation of the Pensions Bill had been forwarded to the Minister. These reports covered the wide range of policy matters itemised in our Annual Report for 1999, including Disclosure and Other Issues in relation to Defined Contribution Schemes and a Review of the Minimum Funding Standard. Taken together with the Board's report "Securing Retirement Income", the Policy Programme reports represented a major contribution to pensions policy development.

In terms of acceptance and implementation of the Board's recommendations in the various policy areas, we welcome the publication by the Minister, in April 2001, of the PRSA framework to be included in the forthcoming Pensions Bill. We look forward to the publication of the Bill itself, which the Minister has indicated that he plans to have enacted before the end of 2001.

#### Compliance

As indicated in our Annual Report for 1999, the Board initiated during that year a concentrated approach to consultation with major institutions involved in pension provision and administration. This arose out of the Board's conduct of random audit-type examinations of compliance, by a sample of schemes, with the Disclosure of Information Regulations. During 2000, this process of consultation with institutions continued, involving Board discussions with a further seven institutions in addition to the nine involved in 1999.

This exercise, which represented an innovative approach by the Board, is now nearing completion. I am happy to report that its outcome has been very satisfactory from a regulatory viewpoint, resulting in a significant and general improvement in the process of the preparation by institutions, on behalf of scheme trustees, of pension scheme reports in compliance with the statutory timescales. In order to monitor that this improved compliance position is maintained going forward, we propose to continue the process of audit-type examination of random samples of schemes.

Towards end year 2000, the Board began to prepare for the monitoring of third actuarial funding certificates due, under statutory deadlines, to be submitted to the Board between 1 January and 30 September, 2001. The Board had some concerns that a number of certificates due to be submitted by 31 March 2001 had not been received. As arguably the single most important component of statutory regulation of schemes, the Board is, at time of writing, closely monitoring the submission of these certificates by the relevant schemes and will take whatever action is appropriate to secure compliance.

#### Review of the Board

The year 2000 saw the conduct of a major review of the Board, following its first ten years of operation and as recommended in the Board's report "Securing Retirement Income". The review was undertaken for the Minister by consultants selected and appointed by his Department.

The process of this review included often detailed discussions between the consultants and members and staff of the Board. A wide range of policy and operational issues, affecting the future of the Board, was examined in line with the terms of reference.

Following an examination of the Review, there was a decision that the Board should regulate, going forward, both occupational pension schemes (as heretofore) and Personal Retirement Savings Accounts (to be provided for in the forthcoming Pensions Bill).

The Board will itself be examining those aspects of the review, which are within its own competence, in order to take whatever decisions may be appropriate in relation to the ongoing discharge of its functions.

#### The Next Five Years

As with the first and second Board terms, the relative emphasis to be accorded to each of the regulatory and policy advisory elements will inevitably vary over time. However, going forward, I would envisage the Board's regulatory functions as continuing to command the application of core time and resources within the organisation, with the emphasis on the policy advisory role, especially over the immediate few years, taking due account of the major policy developmental work already completed during the previous term of the Board.

The expected greater emphasis on regulation, relative to policy advice, over the coming term will involve building on the major regulatory achievements made to date in improving compliance by schemes via, for example, the consultative approach during 1999 and 2000 to which I have already referred. It will also reflect the major extension of the Board's regulatory role as regulator of Personal Retirement Savings Accounts (PRSAs). This latter aspect will represent a significant development of Board activity involving both the extension of existing regulatory activities into new areas and the initiation of regulatory functions which

are qualitatively new from the Board's viewpoint. We are currently engaged in detailed planning for the Board's role as regulator of the PRSA environment with a view to being in a position to implement that role as soon as the statutory framework comes into effect.

This greater regulatory role will take place in the context of movement, on an EU-wide basis, via the Commission's proposal to Council for an EU Pensions Directive, towards mutual recognition of national regulatory systems based on common prudential standards in the interests of member protection. Depending on the precise terms in which the proposed Directive is adopted, compliance with its requirements may have a significant impact on our approach to regulation in particular as regards pension scheme investment.

From the perspective of national pensions policy, the Board sees these coming years as critical in the implementation of the strategy recommended in "Securing Retirement Income" and endorsed in his Action Plan on Pensions by the Minister on behalf of the Government. These years, which will broadly coincide with the term of the present Board, will be critical in demonstrating the extent to which the targets for increased Second Pillar pension coverage can be met in a continued environment of essentially voluntary provision. Within the parameters of Government policy, the Board will be making the most effective contribution which it can to ensuring that the agreed policy aims are achieved. We see the Board making this contribution through its regulatory and policy advisory roles as well as by its involvement in the proposed public awareness campaign to promote the desired extension of pension coverage.



#### Conclusion

I look forward over the coming five years to working with my colleagues on the Board to advance its regulatory and policy advisory roles in a changing environment. In doing so, we would intend to build on the achievements of the first and second Board terms, which have so well positioned the Board for its future development.

I also look forward to working with Anne Maher as Chief Executive, and the staff of the Board, in discharging the Board's evolving functions over its coming term of office. I would like to take this opportunity to thank the Chief Executive and staff, who contribute on an ongoing basis to the achievement of the Board's objectives.

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

Graine Clobesay

Gráinne Clohessy Chairperson

Orainne Clohessy

NOMINEE OF THE MINISTER FOR SOCIAL,

COMMUNITY AND FAMILY AFFAIRS

(CHAIRPERSON)

### The Pensions Board

The Pensions Board is a representative Body, comprising a chairperson and fourteen ordinary members. While all its members are appointed by the Minister for Social, Community and Family Affairs, under the provisions of the Pensions Act, 1990 (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 current members of the Board are:



Kevin Brabazon

NOMINATED BY THE IRISH BUSINESS

AND EMPLOYERS CONFEDERATION



Brian Buggy

NOMINATED BY THE ASSOCIATION OF PENSION LAWYERS IN IRELAND



John Byrne

NOMINEE OF THE MINISTER FOR SOCIAL,

COMMUNITY AND FAMILY AFFAIRS



Rosheen Callender
NOMINATED BY THE IRISH
CONGRESS OF TRADE UNIONS



Marie Daly

NOMINATED BY THE IRISH BUSINESS

AND EMPLOYERS CONFEDERATION



Tom Finlay

NOMINATED BY THE IRISH ASSOCIATION

OF PENSIONS FUNDS



Paul Kelly
NOMINATED BY THE SOCIETY
OF ACTUARIES IN IRELAND



Ciarán Long Nominated by the Irish Insurance Federation



Niamh Magnire

NOMINEE OF THE MINISTER FOR SOCIAL,

COMMUNITY AND FAMILY AFFAIRS



JOE MOTHEY
REPRESENTATIVE OF THE
MINISTER FOR FINANCE



Mary O'Donnell

NOMINEE OF THE MINISTER FOR SOCIAL,

COMMUNITY AND FAMILY AFFAIRS



Anne Vaughan
REPRESENTATIVE OF THE MINISTER FOR
SOCIAL, COMMUNITY AND FAMILY AFFAIRS



Fergus Whelan

NOMINATED BY THE IRISH

CONGRESS OF TRADE UNIONS



Tom Wright

NOMINATED BY THE CONSULTATIVE COMMITTEE

OF ACCOUNTANCY BODIES - IRELAND

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

#### Eamonn Heffernan (Chairperson)

Kevin Brabazon Kay Brophy
Alan Broxson Rosheen Callender
Deirdre Carroll Marie Daly
James Kehoe Raymonde Kelly
Maria Kinlan Ciarán Long
Veronica McDermott Joe Mooney
Fergus Whelan Robert Woods

The Board met 13 times in 2000.

#### Partnership Committee



Anne Maher



Mary Hutch



David Moore



Catherine Goulding



Sylvia O'Mahony



Aideen Bugler



Karen Johnston

### Committees

The Board works through a Committee system and much of its detailed work (such as the preparation of reports for the Minister for Social, Community & Family Affairs) is initially undertaken by a Committee. The Committees may include people who are not members of the Board, but who have particular expertise in relevant fields.

During the year to which this Report relates, the composition of these Committees was as follows:

FINANCE AND AUDIT	POLICY	LEGISLATION
Robert Woods	Eamonn Heffernan	Ciarán Long (Chairperson)
(Chairperson)	(Chairperson)	Gerard Clarke (Secretary)
Kieran O'Dea	Edel Stenson	
(Secretary)	(Secretary)	Larry Broderick
		Martin Conneely*
Kay Brophy	Kevin Brabazon	Michele Cusack
Tom Murphy*	Alan Broxson	Andy Kelly
Marie Daly	Rosheen Callender	Raymonde Kelly
Tom Dunphy	Jim Kehoe	Anne Maher
Anne Maher	Veronica McDermott	Philip Shier
Anne Vaughan	Anne Maher	Ultan Stephenson
	Joe Mooney	Anne Vaughan
*Replaced Tom Clarke	Anne Vaughan	Liam Walsh
in the course of the year.	Liam Walsh	lan Woods
	Fergus Whelan	
The Committee met	lan Woods	*Replaced Sarah Kyne
3 times in 2000.		and Simonetta Ryan in

The Committee met 12 times in 2000.

the course of the year.

At meetings in February and March 2001, the Board members appointed on 20 December 2000 decided, subject to later review, to continue the above structure of three permanent Committees and appointed their membership as follows, other ad-hoc groups to be established as necessary for specific tasks.

The Committee met

16 times in 2000.

other ad-noc groups to be e	established as necessary for specific	J Tasks.
FINANCE AND AUDIT	POLICY	LEGISLATION
Kevin Brabazon (Chairperson) Kieran O'Dea (Secretary)	Tom Finlay <i>(Chairperson)</i> Gerard Clarke <i>(Secretary)</i>	Ciarán Long (Chairperson) Aideen Bugler (Secretary)
John Byrne Niamh Maguire Tom Murphy Tom Wright Anne Vaughan Mary O'Donnell	Kevin Brabazon Brian Buggy Ciarán Long Fergus Whelan Joe Mooney Paul Kelly Anne Vaughan Marie Daly Rosheen Callender	Brian Buggy Tom Wright Anne Vaughan Andy Kelly Philip Shier Larry Broderick Martin Conneely Ultan Stephenson Liam Walsh
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Liam Walsh

### Staff of the Board

Chief Executive Anne Maher Philip Dalton\* Head of Investigations and Compliance Head of Information and Mary Hutch Training Financial Controller/Registrar Tom Dunphy (Secretary to the Board) Head of Technical Ian Woods Services and Research Assistant Head of Technical Michele Cusack Services & Research Assistant Head of Technical Mary Howe Services & Research Systems Manager David Moore Information Officer Catherine Goulding/ Gail Seekamp (Job sharing)

Disclosure of Information Aideen Bugler and Compliance **Enquiries and Information Edel Stenson** Investigations Gerard Clarke **Accounting and Systems** Kieran O'Dea Registration and Funding Carol Jordan Support Staff Sylvia O'Mahony Karen Johnston **Nuala Clancy** Jackie Christie Elisha Commons Sherry Bass \*\* Marie Earley\*\*\* Paul Nolan Eimear McEvoy

- \* Appointed in February 2000
- \*\* Replaced Eimear McEvoy on 9 November 2000
- \*\*\* Replaced Paul Nolan on 29 August 2000



# Administrative and Financial Report

#### Administration

The administrative structures put in place to support the Board's activities operated satisfactorily in 2000. The approved staff complement at the end of 2000 stood at 23 (21 permanent and 2 temporary). Sanction for the two temporary posts had been received on a 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 2000 the procedures for the registration of schemes operated well. 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 had been 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. The key reason for this change was to try to ensure in as far as

possible that all schemes receiving Revenue approval would be 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 the day to day operation of this arrangement.

#### **Finance**

Expenditure for the year amounted to IR£1,451,275 (€1.842,739).

Fee revenue of IR£1,720,116 (€2,184,097) was generated in respect of the year 2000 and reflects the 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. This figure also reflects arrears of fees collected (approximately IR£90,000 (€114,276)) in respect of unregistered schemes coming to light in the course of the Board's ongoing project to identify arrears of pension scheme administration among pension practitioners.

State Grant of IR£27,130 (€34,448) 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£156,977 (€199,320) arising mainly from sale of publications, contributions from the Department of Social, Community and Family Affairs in respect of policy development work and interest income was also received in the year.

The surplus of income over expenditure arising from the year's operations amounted to IR£452,948 (€575,126). The corresponding surplus in 1999 was IR£309,094 (€392,468). The aim of the Board in formulating fee policy has been to provide the Board with an adequate financial base from which to operate consistent with maintaining a stable fee level over a reasonable period. The Board is satisfied that its fee aim has been met.

Consistent with this approach, it is expected that the Board will be reviewing the current fee level in the latter part of 2001 in the light of anticipated increases in expenditure requirements over the coming period of years; any resultant recommendations to the Minister for Social, Community and Family Affairs would be likely to be for a revised fee level to take effect from 1 January 2002.

#### Fee Collection

At the end of 2000 there were some 16,000 occupational pension schemes with more than one member which are liable for the statutory fee. Fees are also payable in respect of 42,700 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 2000 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 (€190,460). This reserve has now, in the opinion of the Board, been built up to a reasonable figure to enhance the Board's ability to institute whatever legal proceedings are necessary to promote compliance with the Pensions Act and that such costs are recognised and spread as evenly as possible over the years.

The annual transfer from income and expenditure account to depreciation provision and timing of fee income receipts 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 2000 the Board had a Revenue Reserve being accumulated surpluses of IR£753,085 (€956,221).

### 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 2000, 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 notes to which they refer are fully up-to-date. 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 180 subscribers to this service.

#### **Guidance Notes**

The Pensions Board makes available, by subscription, detailed Guidance Notes on the various parts of the Pensions Act and its Regulations, especially in those areas which override the trust deed and rules of the scheme. Subscribers to the service receive updates to take account of any legislative changes. 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 735 subscriptions.
- 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 507 subscriptions.
- Disclosure of Information
   (Part V of the Pensions Act and Regulations
   S.I. No. 349 of 1998).
   Currently 482 subscriptions.
- Member Participation in the Selection of Trustees (Part VI of the Pensions Act (Section 62) and Regulations S.I. No. 376 of 1996).
   Currently 768 subscriptions.
- Equal Treatment for Men and Women (Part VII of the Pensions Act and Regulations S.I. No. 365 of 1992).
   Currently 597 subscriptions.
- Compulsory and Voluntary Reporting to the Pensions Board (Part VIII of the Pensions Act).
   Currently 577 subscriptions.
- Appointment and Removal of Trustees by the Pensions Board (Part VI of the Pensions Act ) (Section 64). Currently 282 subscriptions.
- ▶ Determinations by the Pensions Board (Sections 38, 53, 58, 64(A) and 75 of the Pensions Act). Currently 284 subscriptions.

Professional guidance is provided by the Society of Actuaries in Ireland 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 above, 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 2000, 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
 & 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 *Trustee 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 *Trustee Handbook* Service.

Given the importance of the *Trustee Handbook* as a tool to assist the trustees in the effective discharge 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 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, from time to time, carries out detailed evaluations of the courses being provided. This involves Pensions 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 carried out by the Board some years ago indicated that, whilst real difficulties may well exist in some areas, significant or widespread difficulties did 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 is continuing to monitor the position.

The first comprehensive survey of trustees was carried out by the Board in 2000, the results of which indicated

that 63% of the trustee respondents had undergone training. However, the results were based on a fairly small sample of trustees and as such, cannot be deemed conclusive. A summary of the survey results were published in The Pensions Board Bulletin 1:2000.

The Board intends to conduct regular surveys of trustees in order to establish a more definitive trend in trustee training. The next survey will be due in 2002.

Consideration will also be given to requiring trustees to declare in their scheme's annual report whether they have had access to trustee training.



### 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.

A booklet, covering a range of issues specific to women and pension provisions was published by the Board in 2000. The booklet entitled "Women & Pensions" is the 14th in the range of information booklets produced by the Board.

The distribution network for the booklets continues to be 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 2000, the Board gave a number of presentations to trustees, trade unions, 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 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 news updates.

#### **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 2000 along with a comparison for 1999, is shown in Tables 1 and 2. As can be seen, from Table 1, 2000 was a further busy year in the enquiries area, involving 3,823 written and telephone enquiries/complaints. This does not include a number of enquiries of a routine nature on registration and fee collection.

Table 1 gives details of enquiries dealt with on an enquirer category basis. These show that 36% of the enquiries received were from scheme members, pensioners and trade unions representing members. The next main group of specific enquirers, Pension Practitioners, at 20% included pension consultants, life company personnel, lawyers and accountants. Included under the heading in the residual category,

entitled 'Other' are media, social welfare customers, research students, and the general public. As can be seen, the relative composition of enquirers remained broadly unchanged compared to 1999.

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.

3	category of	f enquirers			
		1999	)	200	00
27 TO	ENQUIRER	NUMBER	%	NUMBER	%
	Active member	799	27	1186	31
_ A	Pensioner	87	3	157	4
	Trade Union	59	2	49	1
1	Company/Employer	194	6	327	9
THE	Trustee	91	3	126	3
	Pension Practitioner	715	24	742	20
	Other	1,049		1236	32
	Total	2,994	100	3,823	100

#### Disclosure of Information

The Pensions Board, in line with the Pensions Act and Regulations, 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 2000, 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 & 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. Subject to decision by the Minister, it is anticipated that this proposed Initiative will accompany the introduction of the PRSA regime following enactment of the forthcoming Pensions Bill.

#### **Customer Service Survey**

In October 2000, The Pensions Board undertook a customer service survey. External consultants were commissioned to conduct the survey and to ascertain how the Board was perceived by its customers, potential customers, and the public, in terms of its profile, the services it provides, and how it discharges its functions.

The results of the survey were published in December 2000 in The Pensions Board Bulletin 2:2000. The findings of the survey indicated a high level of satisfaction with the Board and its services. In summary, 94% of customers ranked the overall performance of the Board as good, very good, or excellent and 98.5% of respondents said they would recommend the Board's customer services to others.

2 nature of enq	uiries			
	199	99	20	00
NATURE OF ENQUIRY	NUMBER	%	NUMBER	
Preliminary and General	128	4	152	
Establishment of Board	989	31	1,162	28
Preservation	112	3	169	4
Funding Standard	10	-	11	-
Disclosure	790	25	840	20
Trustee Duties	108	4	176	4
Equal Treatment	31	1	39	1
Compulsory Reporting	11	-	3	
Other Enquiries	1,037	32	1,591	39
Total	3,216	100	4,143	100

# 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 2000, 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.

N	3 curr	ent schemes - defined benefit*			
		NO. OF SCHEMES NO. OF MEMBERS			
= 1	SCHEME SIZE	31 DEC 2000	31 DEC 1999	31 DEC 2000	31 DEC 1999
1/1	Non-Group	163	174	163	174
	1 – 50	1,268	1,297	20,604	21,242
1	51 – 100	206	200	14,876	14,205
AF	101 – 500	296	296	65,442	64,286
	501 – 1000	46	48	31,733	31,208
	1001 +	48	45	316,293	293,680
70	Total	2,027	2,060	449,111	424,795

\* 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 6.

#### 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 8 have both 'Non-group' and '1 - 50' categories.

A total of 17,465 new schemes comprising 40,671 new members were registered with the Board during 2000. Of the total new registrations, 14,041 schemes were non-group arrangements, 17,396 were defined contribution schemes, and 6,639 were late registrations.

<b>4</b> curr	ent sche	emes - de	fined cont	ribution*
	NO. OF	SCHEMES	NO. OF N	1EMBERS
SCHEME SIZE	31 DEC 2000	31 DEC 1999	31 DEC 2000	31 DEC 1999
Non-Group	70,035	60,039	70,035	60,039
1 – 50	13,993	10,188	60,616	48,176
51 – 100	175	152	12,041	10,200
101 – 500	102	89	19,064	16,449
501 – 1000	11	5	8,237	2,904
1001 +	5	5	10,697	6,657
Total	84,321	70,478	180,690	144,425

<sup>\*</sup> Excluding AVC Only and Death Benefit Only schemes.

#### Analysis of the Board's Register

Tables 3, 4 and 5 show the number of current schemes providing retirement benefits (excluding additional voluntary contribution and death benefit only schemes) registered with the Board at the end of 2000, and the corresponding number of active members of these schemes. The total overall number of current schemes was 86,348 and their active membership was 629,801. This compares with an overall total of 72,538 with an active membership of 569,220 at end 1999. The overall membership increase was 60,581 (or 10%).

The tables show that the number of current defined benefit schemes on the register at end 2000 has again decreased compared to the previous year's figures. While 69 new defined benefit schemes were registered during 2000, there was a net decrease of 33 in the total number of registered defined benefit schemes at end 2000; however, there was an overall increase of 24,316 in the number of members. Only 12% of the membership increase is attributed to the new registrations, the balance was due to increases in membership of existing schemes.

		ent schemes - defined benefit and ned contribution*		
	NO. OF S	SCHEMES	NO. OF N	MEMBERS
SCHEME SIZE	31 DEC 2000	31 DEC 1999	31 DEC 2000	31 DEC 1999
Non-Group	70,198	60,213	70,198	60,213
1 – 50	15,261	11,485	81,220	69,418
51 – 100	381	352	26,917	24,405
101 – 500	398	385	84,506	80,735
501 – 1000	57	53	39,970	34,112
1001 +	53	50	326,990	300,337
Total	86.348	72.538	629.801	569.220

\* With the exclusion of AVC Only and Death Benefit Only schemes, this table represents all of the current schemes on the register, both Defined Benefit and Defined Contribution.



Ke		ned benefit sche funding standard	
	scheme size	NO. OF SCHEMES 31 DEC 2000	NO. OF MEMBERS 31 DEC 2000
1/1	Non-Group	171	171
	1 – 50	1,308	20,183
	51 – 100	198	14,349
	101 – 500	281	61,215
111/2=	501 – 1000	42	28,627
	1001 +	31	101,148
7/8	Total	2,031	225,693

*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

The number of current defined contribution schemes increased by 13,843 in 2000 and the corresponding number of active members covered increased by 36,265. Of this increase in defined contribution schemes, 9,996 were non-group schemes.

Approximately 4,500 of the schemes registered in 2000 were notified to the Board in the context of the ongoing project to identify instances of pension scheme administration arrears amongst practitioners.

Tables 6 and 7 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 6), and those financed fully on a pay-as-you-go basis (Table 7). The schemes in Table 6 are subject to the funding standard provisions in the Pensions Act, 1990. Those in Table 7 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 a large proportion of the total active membership of defined contribution schemes in the private sector and

	ned benefit sche n the funding sta	
SCHEME SIZE	NO. OF SCHEMES  31 DEC  2000	NO. OF MEMBERS 31 DEC 2000
Non-Group	1	1
1 – 50	28	544
51 – 100	9	616
101 – 500	15	4,227
501 – 1000	4	3,106
1001 +	17	215,145
Total	74	223,639

the commercial State-sponsored sector. At end 2000, there were 225,693 active members in defined benefit schemes that are subject to the funding standard, as against 180,690 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 449,332 or a ratio of two and a half to one vis-à-vis defined contribution scheme membership at end 2000. This ratio has been declining each year in recent years; while the end 2000 ratio was two and a half to one, the corresponding ratio at end 1999 was three to one, in 1998 it was three and a half to one, and in 1997, four to one.

#### Conduct of Investigations

#### General

Arising from the total number of increased enquiries the Board initiated 82 new investigations into issues concerning occupational pension schemes during 2000. Combined with the existing caseload carried forward from the previous year, this meant that at end year, there were 110 active cases on the Board's database under investigation.

While the Board's continued 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/complaints still remain focused on 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.

The Board's first objective is to protect the interests of the scheme member or members. In cases where it was considered that the enquiry/complaint involved was serious enough to jeopardise the members' interests an investigation was authorised under the provisions of Section 18 of the Act. At year-end there were 21 such cases in hand.

While the Board starts from a position of trying to pursue a policy of securing compliance without recourse to legal action, it remains committed, where necessary, to using its full powers under the Act.

#### Compulsory and Voluntary Reporting

These statutory provisions, known as 'whistle-blowing', place a 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. Specified persons include 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 2000 the Board had received a total of 26 reports under the whistle-blowing provisions, of which 7 were compulsory and 19 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.

The Board remains uneasy concerning the timing and form of such reports. However, as indicated in Annual Report 1999, the whistle-blowing reports must be made "as soon as practicable" and the more detailed requirements for the reports are clearly set out in the statutory provisions and in the Board's Guidance Notes. It appears 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 at times been unclear. While awareness and reporting among parties associated to pension arrangements has increased, this is a matter which the Board is continuing to monitor and on which it will, if necessary, take appropriate action.

#### At end 2000:

- 12 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 pensioneer trustee involved;
- a watching brief is being maintained in relation to
   5 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 Act, 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 on a wind-up basis by the effective date (post 1 January 2001) of the actuarial funding certificate submitted to the Board.

The first actuarial funding certificate submitted after commencement of the provisions was required to 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 were required to certify that the specified percentage had 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 with 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

The principal components of the strategy adopted by the Board in 1997 to ensure compliance with the statutory minimum funding requirements include:

- in the nine month period between the statutory latest effective date for the funding certificate and the statutory latest date for submission to the Board, the issue to the scheme of a letter at 3 and 6 month intervals into the period;
- the checking of certificates submitted to the Board for compliance with the various requirements under Part IV of the Act;
- in the event of a certificate not being submitted to the Board by the end of the nine month period, the

issue to the scheme trustees 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 short stated period; and

if, despite the preceding steps having been taken, a certificate is not submitted, the taking of whatever further action, including legal proceedings, is deemed necessary in order to ensure compliance with the Act.

#### 2000 Activity

Throughout 2000, the Board dealt with 109 cases of non-compliance, out of a total of 2,031 defined benefit schemes subject to the funding standard (see Table 8). Of these, compliance had been achieved by year-end in 64 cases as follows:

■ 56 schemes in pursuance of compliance with the funding standard under Sections 42 to 44 of the Act;

- 2 schemes for which a funding proposal was received under Section 49 of the Act; and
- 6 schemes in respect of which modifications of the minimum funding standard requirements were granted under Section 42(5) of the Act.

As Table 8 illustrates, the position at year end was that funding certificates had been received from 1,688 defined benefit schemes and follow-up action was being pursued in relation to the remaining 45 schemes from which a certificate was outstanding. Of these schemes, 4 have a particular technical issue for which a solution is under discussion and the remainder are corresponding with the Board.

The table also sets out the number of schemes on the Board's register as at 31 December 2000 which are subject to the funding standard. It shows that 83% of those schemes had submitted actuarial funding certificates, covering 96% of the membership. Of schemes required to submit an actuarial funding certificate by 31 December 2000, 2% failed to do so, covering 0.2% of the relevant membership.

							<u> </u>		
	DB SCHEMES SUBJECT TO THE FUNDING STANDARD			G CERTIFICATES ECEIVED		FUNDING CERTIFICATES OUTSTANDING		OTHER*	
SCHEME SIZE	NO. OF SCHEMES	NO. OF MEMBERS	NO. OF SCHEMES	NO. OF MEMBERS	NO. OF SCHEMES		NO. OF SCHEMES		
Non-Group	171	171	75	75	8	8	88	8	
1 – 50	1,308	20,183	1,097	17,995	34	196	177	1,99	
51 – 100	198	14,349	177	12,819	2	120	19	1,41	
101 – 500	281	61,215	269	59,223	1	156	11	1,83	
501 – 1000	42	28,627	39	25,843	0	0	3	2,78	
1001+	31	101,148	31	101,148	0	0	0	1	
Total:	2,031	225,693	1,688	217,103	45	480	298	8,11	

- \* This category covers schemes where -
  - the requirement to submit an actuarial funding certificate to the Board does not arise until after 31 December 2000;
  - UK schemes where an extension was sought and granted under S.I. 469/00 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. 469/00; and
  - the status of the scheme is under review.

### Monitoring of Disclosure Compliance

#### **Disclosure Compliance Strategy**

The Board implemented a compliance and enforcement strategy for the disclosure of information requirements from May 1997. This 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.

A key finding of the compliance audits in 1997 and 1998 was that there were a number of schemes, 15% in 1997 and 21% in 1998, which had failed to prepare the annual or alternative annual report within the statutory period of 9 months. In the majority of cases no application had been made to the Board for an extension to the statutory preparation period in relation to these reports.

Though allowing for caution needed in interpreting purely quantitative findings, the overall level of non-compliance during these years was regarded as unsatisfactory and produced clear evidence that pension scheme administration was frequently not up-to-date. The high level of non-compliance was disappointing given 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.

In continuation of its approach in 1999, during 2000 the Board heightened awareness 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. The Board conveyed to those involved in the process that the permissible timeframe for regularising administration arrears was the end of the year. While noting the improved efforts associated with achieving full compliance there remained some outstanding issues at year end. The Board continues to monitor the completion of this work.

Furthermore, the exercise showed that some of the pension practitioners had neglected to register a number of occupational pension schemes, as required under Section 60 of the 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.

Although the Board focused its attention in 2000 on the problem of administration arrears, schemes were also selected for audit under the Board's Disclosure Compliance Strategy on a reduced scale.

#### **Disclosure Prosecution Policy**

A Disclosure Prosecution Policy was also adopted in line with the Compliance Strategy in 1997. In late 1999, the Board successfully prosecuted the trustees of 5 occupational pension schemes that had initially been selected for audit under the Board's Disclosure Compliance Strategy. The trustees were successfully prosecuted for failure to provide the Board with certain information about their scheme, i.e. trustee annual report, scheme booklet etc. There were no prosecution proceedings initiated under this strategy during the year 2000.

#### **Regulation Focus**

The consultants appointed by the Board in the closing months of 1999 to conduct a review of the Board's monitoring and supervision of occupational pension schemes produced their findings in March 2000. As indicated in Annual Report 1999, these findings were forwarded to the Department of Social, Community and Family Affairs for inclusion in the wider process of the review of the Pensions Board during 2000.

For its part, having examined the findings of the regulatory review, the Board decided to implement some of the short-term operational proposals and to examine further the longer term proposals. At time of writing, it proposes to consider those proposals, together with any related proposals arising from the overall review of the Board, which come within its competence, for implementation going forward.

# 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 2000 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, 2000, which inserted a new section, Section 59C, in Part VI.

The purpose of Section 59C is to;

- prohibit an approach to pension increases under which the increase to the scheme pension depends on the increase in the State pension under a 'total income approach'; and
- substitute an approach which seeks to raise the scheme pension by the percentage by which it would have increased if there had never been a State pension.



#### Regulations

Following consultation with the Board, the Regulations below were made by the Minister in 2000. The title of each, together with a brief outline of its contents, are as follows:

- Occupational Pension Schemes (External Schemes) (United Kingdom) Regulations, 2000 (S.I. No. 469 of 2000).
- ➤ Occupational Pension Schemes (Schemes with External Members) (United Kingdom) Regulations, 2000 (S.I. No. 470 of 2000).

These Regulations were adopted with effect from 31 December 2000 with the intention of removing difficulties caused by dual regulation of schemes with members in both Ireland and the UK. S.I. No. 469 of 2000 has the effect of exempting "qualifying UK schemes" from certain provisions of Irish pensions legislation. Corresponding regulations made in Great Britain and Northern Ireland have the effect of exempting "qualifying Irish schemes" from certain provisions of UK pensions legislation.

S.I. No. 470 of 2000 has the effect of extending to UK members of "qualifying Irish schemes" the protections under the Pensions Act, 1990, and requires those schemes to give UK statutory entitlements to their UK members in respect of UK pensionable service.

The intention is that Irish regulation be the source of protection for UK members of "qualifying Irish schemes" and, correspondingly, that UK regulation be the source of protection of Irish members of "qualifying UK schemes".

► Occupational Pension Schemes (Revaluation) Regulations, 2000 (S.I. No. 13 of 2000).

These Regulations, made on 24 January 2000, prescribed that the revaluation percentage to apply under Part III of the Act in respect of 1999, was 1.6 per cent. The revaluation percentage is the percentage by which, as required under Section 33 of the Act, statutorily preserved benefits are to be revalued in respect of scheme members who leave their scheme before normal retirement age.

➤ Occupational Pension Schemes (Preservation of Benefits) (Amendment) Regulations, 2000 (S.I. No. 262 of 2000).

The main effect of these Regulations, made on 31 July 2000, was to amend the provisions of articles 4 and 5 of the Occupational Pension Schemes (Preservation of Benefits) Regulations, 1992 (S.I. No. 445 of 1992) to clarify the question of whether a member's service in relevant employment terminates in situations where a member changes both employment and scheme in circumstances arising out of a compulsory sale/take-over or where a member transfers to a company within the same group of companies.

▶ Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 2000 (S.I. No. 337 of 2000).

It was necessary, pending the adoption of S.I. No. 469 of 2000 (referred to above), 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. 337 of 2000), made on 28 September 2000, revoke and replace the Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1999 (S.I. No. 298 of 1999). Their effect is to provide for the extension to 1 April 2000 of the latest effective date of first actuarial funding certificates of such schemes. This extension had the corresponding effect of extending to 1 January 2001 the latest date for submission to the Board of first actuarial funding certificates having an effective date of 1 April 2000.

➤ Occupational Pension Schemes (Disclosure of Information) (Amendment) Regulations, 2000. (S.I. No. 296 of 2000).

The main effect of these Regulations, made on 25 September 2000, was to amend the provisions of the Occupational Pension Schemes (Disclosure of Information) (No.2) Regulations 1998 (S.I. No. 349 of 1998) by providing for an additional option for the preparation of alternative annual reports in respect of defined contribution schemes where all of the benefits are secured with the one life assurance company.

#### **EU Related Matters**

An outline of the EU-related matters in respect of which the Board was involved in examining and giving advice, during 2000, is set out below:

 Proposal for a Directive of the European Parliament and of the Council on the activities of institutions for occupational retirement provision.

In October 2000, the Commission published this proposal for a Directive on institutions for occupational retirement provision (IORPs). This proposal followed, inter alia, the Commission Green Paper entitled "Supplementary Pensions in the Single Market", a Commission Communication issued in 1999 "Towards a Single Market in Supplementary Pensions" and the adoption by the European Parliament of a Resolution welcoming the Commission's intention to propose a Directive on supplementary pensions. During the period leading up to the issue of the proposed Directive the Board provided input, as part of preparation of national views, to the Department of Social Community and Family Affairs and was represented, together with the Department, on the EU Pensions Forum established by the Commission in 1999.

The proposal for a Directive is stated to be made in the context of the need to integrate financial services and markets within the EU and in particular, to remove remaining barriers to investment in the field of pension funds.

The proposed Directive lays down prudential rules designed to ensure a high degree of security in respect of IORPs while recognising, in terms of the cost of pensions, the need to strike the best possible balance between security and affordability. The intention is that by harmonising certain basic prudential rules, establishing mutual recognition of the supervisory systems of Member States and establishing a system of notification and cooperation between competent authorities, prudential barriers to cross-border management of IORPs will be removed.

During the latter part of 2000, the Board provided comments to the Department in the context of the consideration by the EU Council Working Party on Financial Services of the proposal.

Council Directive 97/81/EC of 15 December 1997 concerning the framework agreement on part-time work conducted by UNICE, CEEP and ETUC.

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. 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 & Employment. During 2000, the Board continued to give its views in relation to the implementation of this Directive.

Council Directive 98/49/EC of 29 June 1998 on safeguarding the supplementary pension rights of employed and self-employed persons moving within the Community.

During 2000, the Board continued to advise the Department of Social, Community & Family Affairs on amendments to the Pensions Act required to implement the Directive's provisions, for inclusion in the forthcoming Pensions Bill.

The aim of the Directive 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.

#### Policy Advice

The year 2000 saw the completion of the Board's Policy Programme in terms of matters related to preparation of the Pensions Bill which involved the continuation, during the year, of the process which occurred in 1999 of consideration, mainly by the Policy Committee, of a variety of policy issues.

This process had been almost brought to completion by end 2000. By then, reports which had been finalised that year had been formally submitted, on behalf of the Board, to the Minister on the matters indicated below. The process of policy advice included a meeting between the Minister, his officials, and the Chairperson of the Board and members of its Executive.

- Pensions Compensation Scheme
- Pensions Ombudsman
- Protection of Accrued Rights
- Review of Treatment of Umbrella Schemes under the Pensions Act, 1990
- Treatment of Commissions in Occupational Pension Schemes
- Disclosure and Other Issues in relation to Defined Contribution Schemes
- Review of the Minimum Funding Standard
- Impact on Calculation of Pensionable Salary of Increases in Social Welfare Pensions
- Review of Self-Investment by Schemes in the Financial Sector

In addition, a number of reports, arising from matters related to the day-to-day operation of the Pensions Act, were finalised and submitted on behalf of the Board to the Minister during 2000 for consideration in the context of preparations for the Pensions Bill. Inter alia, these included:

- Civil Penalties for breaches of the Pensions Act
- Transfers from Ireland to overseas pension arrangements.

At the same time as making the contribution, contained in the above reports, to the preparation of the Pensions Bill, the Board continued, as during 1999, to be represented on the various inter-Departmental working groups, and at official level meetings, involved in pursuing the recommendations in its Report "Securing Retirement Income". In this way, the Board contributed to the process of further consideration and implementation of the various

proposals in that Report. The Board also gave technical support in the preparation of material, in draft legislative form, for consideration for inclusion in the forthcoming Pensions Bill.

During 2000, the Board welcomed the publication in June and enactment in December of the National Pensions Reserve Fund Bill. The Board noted that the thrust of the provisions closely reflected the Board's policy recommendations in "Securing Retirement Income".

Finance Bill, 2000 contained proposals involving, inter alia, extension to additional voluntary contributions made to occupational pension schemes of the alternative retirement options introduced mainly for the self-employed in Finance Act, 1999. The Board conveyed its considered views on these proposals to the Minister for Finance and Minister for Social Community and Family Affairs at both Bill stage and following enactment of the provisions.

Finally, in the latter part of 2000, in line with the commitment in the Programme for Prosperity and Fairness (PPF), the Board made proposals to the Department of Social Community and Family Affairs in relation to the measurement, in advance of introduction of the PRSA regime, of coverage by Second Pillar pensions as a 'benchmark' against which movement towards the targeted increased level of coverage could subsequently be assessed. Arising from these proposals, a steering group including Departmental and Board representatives was established which by end 2000 had put in train the planning necessary to implement an appropriate mechanism to measure the level of coverage both before introduction of the PRSA regime and at intervals during and at the end of the regime's first five years of operation.

# - The New Pensions Vehicle

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

A new type of pension vehicle known as the Personal Retirement Savings Account (PRSA) is being introduced. This was a main recommendation of the National Pensions Policy Initiative and its aim is to improve the extent of pension coverage.

The PRSA should be a key development to encourage retirement savings throughout people's lives during which an individual may move in and out of employment or self employment. It is designed to meet the specific requirements of current and prospective employment patterns and, in particular, to encourage pension provision by those who found that the current pension arrangements did not fit in well with their life and work patterns.

The details of the draft PRSA framework have now been announced and the Pensions Bill 2001 will bring the PRSAs into play. It is expected that PRSAs will be available from early 2002.

#### What is a PRSA?

A PRSA is a vehicle which can be used for long-term retirement provision by employees, self employed, homemakers, carers, unemployed and any other category of person. It is a contract between an individual and a PRSA provider in the form of an investment account which will hold units in investment funds managed by approved PRSA providers. The PRSA contributor will be the beneficial owner of the PRSA assets.

There are two types of PRSA. These are a PRSA and a Standard PRSA. The distinction between the two types of PRSA is that a Standard PRSA is a PRSA

in respect of which maximum charges will be imposed i.e. providers will be prohibited from imposing charges in excess of 5% of PRSA contributions paid and 1% per annum of PRSA assets.

Other characteristics of a Standard PRSA include

- an employer who is not operating a pension scheme or whose scheme limits membership eligibility or imposes a waiting period will be obliged to provide access to his employees of at least one Standard PRSA
- it may not be marketed or sold if the purchase of this product is dependent on the purchase of any other product

#### Charges

PRSA providers are prohibited from imposing charges above a maximum level for Standard PRSAs but no such prohibition applies for non-Standard PRSAs.

Charges imposed on all PRSAs

- will be expressed as a percentage of contributions and/or PRSA assets
- may vary by product, method of distribution/ payment, type of investment held, duration, size of contributions/assets
- will not be applied on transfers received by the PRSA provider from another provider or from another pensions arrangement
- will be prohibited if contributions are suspended

The PRSA provider will be obliged to notify the contributor in advance of any changes to the PRSA charging structure.



#### Disclosure Requirements

PRSAs will have to make specific disclosures to contributors. These will include

- preliminary disclosures to prospective contributors specifying, on a generic basis, a level of benefits which could reasonably be expected
- statements of reasonable projection to signed-up contributors showing, at various intervals/times, on an individualised basis, the level of benefit which can reasonably be expected
- regular statements of individual and employer contributions, including transfer value and
- disclosure of commissions/charges with varying requirements in relation to Standard and non-Standard PRSAs

#### Investment

PRSA providers will be obliged to provide a Default Investment Strategy for each product which complies with specified requirements set out in the legislation. The Default Investment Strategy will be an automatic investment strategy to be applied unless the contributor indicates otherwise. The Default Investment Strategy will be linked to general good practice for investment for retirement and will be certified by the PRSA actuary.

#### Contributions

Contributions may be made by individuals regardless of employment status. Employers may contribute but are not obliged to do so. PRSA providers cannot propose a minimum contribution greater than (a) £240 per annum and (b) £5 per electronic transaction or £40 per transaction for other methods of payment. Contributions must be held by PRSA providers in a separate custodian account.

#### Benefits

PRSA benefits may be taken at any time from the contributor's sixtieth birthday, or earlier in the event of death or permanent incapacity. The other circumstances where a PRSA provider can pay benefits will be

- where the value of the PRSA assets does not exceed £500
- no contributions have been made for at least two years
- the PRSA provider has advised the contributor in writing that the contributor should transfer his PRSA assets to another PRSA or pension arrangement or make further contributions

The PRSA benefits or assets will be determined by the contributions paid by or on behalf of the contributor and the investment return on those contributions.

The current value of the PRSA retirement fund and the provision of additional cover, if provided separately, are available in the event of death, prior to retirement, of the PRSA contributor.

Transfers from other forms of pension arrangement into PRSA are facilitated as far as possible. Transfers out of PRSAs may also be made and a PRSA must permit the transfer of its assets from one provider to another provider without any transfer charge being imposed.

#### Mandatory Employer Provided Access

An employer who is not operating a pension scheme or whose scheme limits membership eligibility or imposes a waiting period of more than six months will be obliged to provide access for his employees to at least one Standard PRSA. The employer need not contribute but, at the request of the employee, is obliged to

make deductions from payroll in relation to PRSA contributions by the employee. These contributions must be transferred to a custodian account of a PRSA provider within fifteen days following the end of the month in which the deduction is made.

#### **PRSA Providers**

A PRSA provider is a person so licensed by the Pensions Board or a person who holds similar authorisation in another EU member state. A provider licenced by the Pensions Board must be a private company registered in the State.

A licence would normally be valid for three years and may then be renewed. The provider would be obliged to submit reports, related to the business of the provider and to sufficient funding, to the Pensions Board at periodic intervals.

#### Regulation and Supervision

The Pensions Board will be responsible for the regulation and supervision of the PRSA regime. The Board will monitor and supervise the activities of the PRSA providers and the provision of PRSA products.

Key features of the regulatory role will include

- the granting of licences to approved PRSA providers
- approval of PRSA products jointly by the Revenue Commissioners and The Pensions Board
- the monitoring and supervision of the actual operation of the PRSA providers which will, inter alia, involve examining various reports to be submitted to the Board by providers in accordance with statutory requirements

- periodically conducting reviews of actual charges made to PRSA contracts and will in accordance with regulations monitor PRSA providers promotional and other material to determine compliance with the statutory requirements,
- collection of fees on an annual basis from PRSA provider's to defray the cost of supervision of PRSAs by the Board.

The approval and supervision process will be an ongoing one with input from other regulators and delegation to other parties namely the PRSA actuary, auditors and directors of the PRSA provider company.

#### Tax Position

Contributions will be tax relievable in the same way as other pension arrangements. This means tax relief is given on contributions made by employers and individuals, any employer's contributions are not treated as a benefit-in-kind, and the investment income and capital gains of the fund are tax exempt. The tax relief on individual contributions will be granted at the marginal rate of tax subject to maximum percentages of earnings depending on age, ranging from 15% for those under 30 to 30% for those aged 40 or over.

There will be a 5% increase in the limits for persons in age groups 30-39 and 40-49 compared to those currently available for contributions paid to Retirement Annuity Contracts. One quarter of the PRSA proceeds may be taken as a tax free lump sum and the balance must be used to secure retirement income - with regard to the latter the AMRF/ARF options contained in the provisions of the Finance Act 1999 and the Finance Act 2000 will apply.

#### A Consumer Friendly Product

The PRSA is intended to be complementary to good existing pension provision. It was sometimes cited that current pension arrangements tend to be built around long term contracts which are best suited to people who will be working continuously for about forty years. The new PRSA, which is geared to the individual, is particularly well suited to those who come and go in the work force. It aims to combine flexibility and simplicity with a high level of protection for the individual. In particular, the requirements on charging and disclosure are major contributors to a consumer friendly new pension product.



# Report of the Comptroller and Auditor General

I have audited the financial statements on pages 38 to 46.

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 37. 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 2000 and of its income and expenditure and cash flow for the year then ended.

John Purcell Comptroller and Auditor General 13 June 2001

## 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.

Graine Clobesay

Gráinne Clohessy Chairperson

1 June 2001

Kbruga

Kevin Brabazon Board member

## Statement of Accounting Policies

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

#### (A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The results are denominated in Irish Pounds. Euro equivalents are disclosed for information purposes.

#### (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 (€38,029) 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 (€190,460) 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 2000

		2000	2000	1999
	Notes	€	IR£	IR£
Income				
Fee income		2,184,097	1,720,116	1,590,993
State grant		34,448	27,130	76,869
Other income	1	199,320	156,977	90,547
Total income		2,417,865	1,904,223	1,758,409
Expenditure				
Salaries, pensions and related expenses	2	932,722	734,578	727,138
Board member fees and expenses		21,328	16,797	17,838
Accommodation and establishment expenses	3	187,661	147,795	140,969
Recruitment, training and education	4	40,861	32,181	57,377
Information, research and publicity		155,818	122,717	106,625
Consultancy and other professional fees	5	221,610	174,532	193,203
General administration	6	183,523	144,536	121,981
Depreciation	7	99,216	78,139	84,184
Total expenditure		1,842,739	1,451,275	1,449,315
Surplus transferred to revenue reserve	12	575,126	452,948	309,094

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, cash flow statement and notes 1 to 15 form part of these financial statements.

Gráinne Clohessy

Graine Clobesay

Chairperson

1 June 2001

Jone Mother.

Anne Maher Chief Executive

## Balance sheet

### at 31 December 2000

			2000		2000		1999
	NOTES	€	€	IR£	IR£	IR£	IR£
Fixed Assets							
Tangible assets	7		172,086		135,529		177,718
Current Assets							
Debtors	8	235,680		185,613		247,767	
Cash at bank and on hand		933,313		735,044		210,052	
		1,168,993		920,657		457,819	
Current liabilities							
Creditors: amounts falling due within one year:							
Other creditors	9	194,398		153,101		185,400	
		194,398		153,101		185,400	
Net current assets			974,595		767,556		272,419
Total assets			1,146,681		903,085		450,137
Financed by							
Compliance enforcement reser	ve	190,460		150,000		150,000	
Revenue reserve	11	956,221	1,146,681	753,085	903,085	300,137	450,137

The statement of accounting policies, cash flow statement and notes 1 to 15 form part of these financial statements.

Graine Clobesay

Gráinne Clohessy

Chairperson

1 June 2001

Ame Mother.

Anne Maher Chief Executive

## Cash Flow Statement

### for the year ended 31 December 2000

			2000		2000		1999
	NOTES	€	€	IR£	IR£	IR£	IR£
CASH FLOW STATEMENT							
Net cash inflow from operating activities	12		690,035		543,447		345,775
Returns on investments and servicing of finance							
Interest received		17,348		13,663		8,467	
Interest paid		-		-		(807)	
			17,348		13,663		7,660
Net capital expenditure							
Purchase of tangible	fixed assets		(40,781)		(32,118)		(25,720)
Increase in cash			666,602		524,992		327,715
Reconciliation of net cash flo	)W						
to movement in net funds	13						
Increase in cash in the year			666,602		524,992		327,715
Net funds at 1 January 2000			266,711		210,052		(117,663)
Net funds at 31 December 2	000		933,313		735,044		210,052

## Notes to the Financial Statements

### for the year ended 31 December 2000

#### 1 OTHER INCOME

	2000	2000	1999
	€	IR£	IR£
Publications	77,348	60,917	33,693
Costs receivable in respect of prosecutions	-	-	12,000
Interest income	42,078	33,139	8,726
Financial contribution in respect of policy work*	67,139	52,876	31,520
Surplus on disposal	4,867	3,833	-
Miscellaneous income	7,888	6,212	4,608
	199,320	156,977	90,547

<sup>\*</sup> Department of Social, Community and Family Affairs - £52,876 (€67,139).

#### 2 EMPLOYEE NUMBERS AND COSTS

The total staff complement as approved by the Minister at 31 December 2000 was 21 permanent (1999 - 21 permanent). The average number of employees excluding contract staff in the Board during the year was 19 (1999 - 19). The aggregate employee and related costs were as follows:

	2000	2000	1999
	€	IR£	IR£
Salaries	649,167	511,260	495,521
Employer superannuation contributions*	102,836	80,990	79,919
Employer PRSI contributions	44,918	35,376	25,496
Superannuation benefits payable	34,448	27,130	76,869
Contract staff			
- National Pensions Policy Initiative implementation	67,139	52,876	29,994
- General	34,214	26,946	19,339
	932,722	734,578	727,138
* See note 10 (iv)			

#### 3 ACCOMMODATION AND ESTABLISHMENT EXPENSES

ACCOMMODATION AND ESTABLISHMENT EXPENSES			
	2000	2000	1999
	€	IR£	IR£
Rent	98,430	77,519	76,198
Service charge	31,088	24,484	29,877
Rates	17,246	13,582	12,998
Electricity	7,669	6,040	5,797
Cleaning	9,230	7,269	4,920
Offsite storage	11,812	9,303	7,482
Office refurbishment costs	4,902	3,861	-
General maintenance	7,284	5,737	3,697
	187,661	147,795	140,969

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

4	RECRUITMENT, TRAINING AND EDUCATION			
		2000	2000	1999
		€	IR£	IR£
	Recruitment and staff costs	10,243	8,067	29,577
	Training and Education	30,618	24,114	27,800
		40,861	32,181	57,377
5	CONSULTANCY AND OTHER PROFESSIONAL FEES			
		2000	2000	1999
		€	IR£	IR£
	Legal fees	71,093	55,990	74,636
	Regulatory review consultancy	-	-	31,076
	Pensions/actuarial consultancy fees	49,248	38,786	33,903
	Public Relations and Information	42,996	33,862	21,102
	Recruitment consultancy	19,686	15,504	21,546
	Customer service survey consultancy	16,593	13,068	-
	Audit fees	10,031	7,900	5,915
	Other	11,963	9,422	5,025
		221,610	174,532	193,203
6	GENERAL ADMINISTRATION			
		2000	2000	1999
		€	IR£	IR£
	Stationery and office expenses	55,954	44,067	32,079
	Telephone and postage	49,431	38,930	28,959
	Travel and subsistence	23,604	18,590	12,105
	Insurances	4,435	3,493	3,841
	Computer maintenance and consumables	49,385	38,894	43,442
	Interest and charges	714	562	1,555
		183,523	144,536	121,981

### Notes to the Financial Statements

### for the year ended 31 December 2000

#### 7 TANGIBLE FIXED ASSETS

	imp	Leasehold orovements	Computer equipment	Office furniture	Office equipment	Mot vehi		To	otal	Total
	XIA \\	IR£	IR£	IR£	IR£	ı	R£		IR£	€
	Cost or Valuation									
	At 1 January 2000	112,207	244,469	72,342	52,758	24,5	36	506,3	312	642,883
	Additions in year	4,410	7,890	690	25,177		-	38,1	167	48,462
	Disposals in year	-	-	-	(14,149)		-	(14,1	149)	(17,966)
	At 31 December 2000	116,617	252,359	73,032	63,786	24,5	36	530,3	330	673,379
	Accumulated Deprecia	tion								
	At 1 January 2000	61,417	166,893	43,482	37,173	19,6	29	328,5	594	417,228
	Charge for year	11,661	44,461	6,052	11,058	4,9	07	78,1	139	99,216
	Disposals in year	-	-	-	(11,932)		-	(11,9	932)	(15,151)
	At 31 December 2000	73,078	211,354	49,534	36,299	24,5	36	394,8	301	501,293
	Net Book Value									
	At 31 December 1999	50,790	77,576	28,860	15,585	4,9	07	177,7	718	225,655
	At 31 December 2000	43,539	41,005	23,498	27,487		_	135,5	529	172,086
3	DEBTORS									
	Amounts falling due with	nin one vear:			2000			2000		1999
	Amounts running due with	iii one yeur.			€			IR£		IR£
	Fee income				162,527		128	8,000		117,000
	Prepayments and accrue	d income			48,095		37	7,878		130,508
	Accrued interest receivab	ole			25,058		19	9,735		259
					235,680		185	5,613		247,767
)	CREDITORS									
	Amounts falling due with	nin one year:			2000			2000		1999
					€			IR£		IR£
	Creditors				119,113			3,809		65,991
	Accruals				75,285	_		9,292		119,409
					194,398	_	150	3,101		185,400

#### 10 FINANCIAL COMMITMENTS

#### (i) Capital Commitments

There were no capital commitments at 31 December 2000.

#### (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 has commitments payable in the next twelve months under non-cancellable operating leases as follows:

Lease of office accommodation at Holbrook House.	2000	2000	1999
	€	IR£	IR£
Expiring within one year	-	-	-
Expiring after one year and before five years	-	-	-
Expiring after five years	83,607	65,846	65,846
	83,607	65,846	65,846

#### (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.

#### 11 REVENUE RESERVE

	2000	2000	1999
	€	IR£	IR£
At beginning of year	381,095	300,137	(8,957)
Surplus for year	575,126	452,948	309,094
At end of year	956,221	753,085	300,137

## Notes to the Financial Statements

### for the year ended 31 December 2000

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

	2000	2000	1999
	€	IR£	IR£
Surplus for year	575,126	452,948	309,094
Interest received	(17,348)	(13,663)	(8,467)
Interest paid	-	-	807
Surplus on disposal	(4,867)	(3,833)	-
Depreciation	99,216	78,139	84,184
(Increase)/decrease in debtors	78,919	62,155	(32,745)
(Decrease) in creditors	(41,011)	(32,299)	(7,098)
Net cash inflow from operating activities	690,035	543,447	345,775

#### 13 ANALYSIS OF CHANGES IN NET FUNDS

	Cash at bank	Total	Total
	and in hand		
	IR£	IR£	€
At beginning of year	210,052	210,052	266,711
Cash flows	524,992	524,992	666,602
At end of year	735,044	735,044	933,313

#### 14 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 2000 the Board incurred fees payable to third parties, including legal fees, in respect of professional services in the amount of IR£174,532 (€221,610) inclusive of VAT. This amount includes IR£13,418 (€17,037) which was paid to Mercer Limited, a company of which two Board members, Mr. Eamonn P. Heffernan and Mr. James R. Kehoe are Directors and of which Ms. Raymonde Kelly, Board member, is an employee. The amount covers one assignment costing £7,442 (€9,449) and ongoing advice provided by Mercer Limited as a member of the Board's panel of experts.

Mr. Alan Broxson, Board member is a director Irish Pensions Trust Limited, a company which is connected to Mercer through their mutual parent company Marsh & McLennan Inc. No consultancy fees were payable to Irish Pensions Trust in the year.

#### 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 1 June 2001.

### 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, put in place 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 2000 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.

### 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.

#### 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 2000.

Ame Moher.

Anne Maher Chief Executive 1 June 2001 John Purcell Comptroller and Auditor General 13 June 2001

## Appendix 1 - 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
Social Welfare Act, 2000	No. 4 of 2000

#### **Statutory Instruments**

Pensions Act, 1990 (Sections 60 and 61) (Commencement) Order, 1990	S.I. No. 329 of 1990
Pensions Act, 1990 (Parts III, IV and V) (Commencement) Order, 1990	S.I. No. 330 of 1990
Pensions Act, 1990 (Parts I and II) (Commencement) Order, 1990	S.I. No. 331 of 1990
Occupational Pension Schemes (Disclosure of Information) Regulations, 1990	S.I. No. 332 of 1990*1
Pensions Act, 1990 (Part II) (Establishment Day) Order, 1990	S.I. No. 343 of 1990
Occupational Pension Schemes (Disclosure of Information) Regulations, 1991	S.I. No. 215 of 1991*6
Pensions Act, 1990 (Sections 59, 63 and 64) (Commencement) Order, 1991	S.I. No. 259 of 1991
Occupational Pension Schemes (Registration) Regulations, 1991	S.I. No. 325 of 1991
Occupational Pension Schemes (Funding Standard) Regulations, 1991	S.I. No. 371 of 1991*2
Occupational Pension Schemes (Fees) Regulations, 1991	S.I. No. 372 of 1991
Occupational Benefit Schemes (Equal Treatment) Regulations, 1992	S.I. No. 365 of 1992
Pensions Act, 1990 (Part VII) (Commencement) Order, 1992	S.I. No. 366 of 1992
Occupational Pension Schemes (Fees) (Amendment) Regulations, 1992	S.I. No. 367 of 1992*5
Occupational Pension Schemes (Preservation of Benefits) Regulations, 1992	S.I. No. 445 of 1992
Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) Regulations, 1993	S.I. No. 216 of 1993*3

Occupational Pension Schemes (Preservation of Benefits) (Special Calculations) Regulations, 1993	S.I. No. 217 of 1993
Occupational Pension Schemes (Member Participation in the Selection of Persons for Appointment as Trustees) (No. 2) Regulations, 1993	S.I. No. 399 of 1993*4
Occupational Pension Schemes (Funding Standard) Regulations, 1993	S.I. No. 419 of 1993
Occupational Pension Schemes (External Schemes) (United Kingdom) Regulations, 1994	S.I. No. 238 of 1994
Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1995	S.I. No. 273 of 1995*7
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*8
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
Occupational Pension Schemes (Revaluation) Regulations, 2000	S.I. No. 13 of 2000
Occupational Pension Schemes (Preservation of Benefits) (Amendment) Regulations, 2000	S.I. No. 262 of 2000
Occupational Pension Schemes (Disclosure of Information) Amendment Regulations, 2000	S.I. No. 296 of 2000

# Appendix 2 - Operative Dates of Parts of The Pensions Act, 1990

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

		Operative Date
PART 1	Preliminary and General	21 December 1990
PART II	Establishment of Pensions Board	21 December 1990
PART III	Preservation of Benefits	1 January 1991
PART IV	Funding Standard	1 January 1991
PART V	Disclosure of Information in Relation to Schemes	1 January 1991
PART VI	Trustees of Schemes	
	Section 59	1 November 1991
	Sections 60 and 61	1 January 1991
	Sections 62	21 December 1993
Sections 63 and 64	Sections 63 and 64	1 November 1991
PART VII	Equal Treatment for Men and Women in Occupational Benefit Schemes	1 January 1993
PART VIII	Compulsory and Voluntary Reporting to the Board	2 July 1996
PART IX	Miscellaneous Applications to the High Court	2 July 1996

### Appendix 3 - 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
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

Women & Pensions
A guide on pension provisions for women.

^ 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.





