



An Bord Pinsean -
The Pensions Board

Authority for Pensions



Annual Report & Accounts 2004

Tuarascáil Bhliantúil agus Cuntais

The Pensions Board

Annual Report and Accounts 2004

Contents

Mission Statement	4
At a Glance	5
Chairperson's Introduction	6
The Pensions Board	8
Committees	9
Staff of the Board	10
Chief Executive's Review	11
NPPI/Pensions (Amendment) Act, 2002	14
Regulatory	17
Policy	31
Pensions Development/Information/Awareness	35
Operational	46
Financial Statements for the year ended 31 December 2004	51
Report of the Comptroller and Auditor General	52
Statement of Board Responsibilities	53
Chairperson's Statement on the System of Internal Financial Control	54
Statement of Accounting Policies	56
Income and Expenditure Account	58
Balance Sheet	59
Cash Flow Statement	60
Notes to the Financial Statements	61
Prompt Payment of Accounts Act, 1997	68
Appendices	69
Appendix I – Pensions Legislation	69
Appendix II – Operative Dates	73
Appendix III – Publications	74

Mission Statement

- To promote the security and protection of members of occupational pension schemes and contributors to Personal Retirement Savings Accounts (PRSAs), in accordance with the Pensions Acts;
- To promote the development of efficient national pension structures;
- To promote a level of participation in the national pension system which enables all citizens to acquire an adequate retirement income; and
- To provide information and authoritative guidance to relevant parties in support of pension security, structures and participation.

At a Glance

- A further CSO Quarterly National Household Survey of pensions-related coverage was carried out in Quarter 1 2004. 59.1% of all persons in employment over age 30 had pension coverage.
- The Board continued its pro-active compliance activities including audits of 270 schemes and meetings with 19 practitioner entities.
- At end 2004, there was a total active membership of 726,405 in current occupational pension schemes on the Board's register.
- Recommendations were made to the Department of Social and Family Affairs on implementation of the EU IORPs Directive.
- By end 2004, the review of the Funding Standard was completed and a report submitted to the Minister in December.
- 56 new investigations into occupational pension schemes were initiated during 2004 and 66 investigations were closed.
- 41 "whistleblows" were received during 2004 in relation to occupational pension schemes, 30 of which related to non-remittance of contributions.
- At end 2004, the total number of PRSA contracts was 46,257 with the total value of assets of €178.5m.
- First annual Determinations and Certificates were submitted by the providers' appointed PRSA Actuaries.
- A questionnaire was issued to 64,000 registered employers as part of the process to monitor employer mandatory access provision.
- 61 "whistleblows" were received during 2004 in relation to PRSAs.
- 42 information presentations were given to interested parties.
- The second edition of the Trustee Handbook and Codes of Practice was published in November 2004.

Chairperson's Introduction



"One of our major priorities for 2005 is the National Pensions Review".

I am pleased to submit, in accordance with Section 23 of the Pensions Acts, the fourteenth Annual Report ("the Report") of An Bord Pinsean – The Pensions Board ("the Board") for the year ended 31 December, 2004.

2004 was an eventful year in the life of the present Board which has now moved into the final year of its term of office. It was a challenging year in which major policy and operational matters needed to be addressed. The successful treatment of these matters (to which I refer below) gives the present Board a sound platform on which to face the final year of its term with the further challenges which are before us in 2005.

I have been happy to be associated, as Chairperson, with the successful outcomes of 2004 and remain confident, with the commitment and support of our fellow Board members and staff, of an equally successful outcome in 2005.

This Report

Before commenting in more detail on the main developments in 2004, and the outlook for 2005, I would like to refer to the format of this Report. As with the Reports of recent years (since 2002), the format of the central chapters continues to be based on the Board's published Strategy 2002 – 2005 so as to enable us to report on progress in implementing the main objectives of the Strategy.

2004

As I indicated in last year's Report, our two main policy priorities for 2004 were to:

- (i) complete our review of the Funding Standard to apply in the longer-term; and
- (ii) bring forward proposals for the implementation of the EU Pensions Directive.

I am happy to report that both objectives were met by end 2004.

In relation to the Funding Standard, as promised in the timetable published in September 2003, the Board

engaged in an extensive consultation process during Summer 2004 based on a consultation document which it released in early July. Twenty three responses were received expressing a wide range of views and proposals from both individuals and organisations including those representing the main parties involved in pension provision.

The Board was appreciative of the effort involved in the preparation of these responses which greatly assisted its own deliberative process during Autumn 2004. This process culminated in the submission to the Minister of the Board's Report entitled "Review of the Funding Standard: Report to the Minister for Social and Family Affairs" in December, 2004. The main recommendations of the report were that:

- (i) the current Funding Standard, including the provision for extended funding periods, should be retained together with a modification of the calculation for active and deferred members;
- (ii) there should be increased flexibility for granting extended end dates for funding proposals; and
- (iii) the introduction of a State Annuity Fund should be explored thoroughly because of the potential beneficial effect on the Funding Standard.

The Board felt that these recommendations struck the desired balance between protection of members' interests and the capacity of sponsoring employers and schemes to maintain pension provision.

The Board was satisfied that the Social Welfare and Pensions Act 2005 contained the essential provisions, to the extent required in primary legislation, to implement the Board's recommendations with supplementary Regulations to follow during 2005.

At the same time as formulating our recommendations on the Funding Standard, the Board was engaged, operationally, in processing applications from trustees of defined benefit schemes for the specification of a later date (up to 10 years) for return to compliance with the Funding Standard. This process both eased the position of many applicant schemes in dealing with their funding difficulties and gave the Board valuable insights which assisted its

formulation of proposals for the Funding Standard going forward.

The other main policy objective for 2004 was the implementation of the EU Pensions Directive. This Directive (2003/41/EC) requires its provisions to be transposed into the national law of Member States by 23 September 2005. During the second half of 2004, the Board considered its recommendations regarding implementation of the Directive. In this process, it was assisted by the views received from various organisations with a direct interest in implementation of the Directive as well as by input of views by relevant Government Departments, Revenue and IFSRA.

The overall approach adopted by the Board, in framing its specific recommendations, was that provisions should be introduced at national level which would, at one and the same time, meet our essential obligations under the Directive and minimise the resultant compliance burden on schemes. The principal transposition measures which were incorporated in the Social Welfare and Pensions Act, 2005 (reflecting the Board's recommendations) are outlined in the Chapter entitled "Policy" in this Report. We welcome, in particular, the provisions to give effect to the Directive's objective of facilitating cross-border pension provision within the EU along lines which enable transnational provision to be made on a cost-effective basis for scheme sponsors while ensuring a consistent measure of protection for members.

2005

This Report outlines the activities of the Board during 2004, and into 2005, in relation to coverage of the population by occupational and personal pension provision. These activities include

- the ongoing National Pensions Awareness Campaign designed to promote awareness and action to increase coverage;
- the ongoing monitoring, by CSO-conducted surveys, of the progress on coverage;

- the smooth operation of the process of supervision of the PRSA regime; and
- consideration of possible additional incentives to encourage increased coverage.

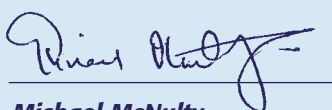
National Pensions Review

At the same time, the Board was requested by the Minister early this year to bring forward to 2005 the full report on coverage and associated matters required, under legislation, to be completed by September 2006. The preparation in 2005 of this report, as part of the National Pensions Review, is the main challenge facing the Board in the current year. At time of writing, the Review is well under way including a consultation process, a series of Board Workshops and a number of external consultancy studies. Having comprehensively briefed the Minister on progress to date in June, the aim is to submit the Board's final report to him by late Summer, 2005. Our hope is that this report will be a balanced and constructive contribution to national decision-making on the future shape of Irish pension provision.

Conclusion

I wish to pay tribute to all those involved in the Board's work in 2004 in particular the members of the Board and the Chief Executive, Anne Maher, and her staff. I also wish to acknowledge the Board's debt to those Committee members who are not on the Board but gave of their time and expertise during the year.

I would like to thank the Minister, Mr. Seamus Brennan, T.D., for his keen interest in the Board's activities both in the policy area and in furthering the public campaign to increase coverage. I would like, finally, to acknowledge the important role of the relevant officials of his Department in their support for and involvement in the work of the Board.



Michael McNulty
Chairperson

The Pensions Board

The Pensions Board is a representative Body comprising, as at 31 December 2004, a chairperson and sixteen ordinary members. While all its members are appointed by the Minister for Social and Family Affairs, under the provisions of the Pensions Acts the Board must comprise representatives of trade unions, employers, consumer interests, pensioner interests, the Government, the pensions industry, member trustees and professional groups involved with pension arrangements.

The term of office for Board members is five years. Casual vacancies are filled directly by the Minister 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:



Michael McNulty
Nominee of the Minister for Social and Family Affairs (Chairperson)



Tom Finlay
Nominated by the Irish Association of Pension Funds



Michael O'Halloran
Nominee of the Minister for Social and Family Affairs – Representative of Pensioner Interests



Kevin Brabazon
Nominated by the Irish Business and Employers Confederation



Carmel Foley
Nominee of the Minister for Social and Family Affairs – Representative of Consumer Interests



Dermot Quigley
Representative of the Minister for Finance



Brian Buggy
Nominated by the Association of Pension Lawyers in Ireland



Paul Kelly
Nominated by the Society of Actuaries in Ireland



Anne Vaughan
Representative of the Minister for Social and Family Affairs



John Byrne
Nominee of the Minister for Social and Family Affairs



Ciarán Long
Nominated by the Irish Insurance Federation



Fergus Whelan
Nominated by the Irish Congress of Trade Unions



Rosheen Callender
Nominated by the Irish Congress of Trade Unions



Niamh Maguire
Nominee of the Minister for Social and Family Affairs



Tom Wright
Nominated by the Consultative Committee of Accountancy Bodies-Ireland



Marie Daly
Nominated by the Irish Business and Employers Confederation



Mary O'Donnell
Nominee of the Minister for Social and Family Affairs

The Board met 12 times in 2004, 11 regular meetings and 1 special meeting.

Committees

The Board works through a Committee system and much of its detailed work (such as the preparation of reports for the Minister) 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. All Committees are also attended by relevant Board staff.

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

Finance and Audit

Kevin Brabazon (Chairperson)
John Byrne
Paul Cunningham
John Fitzpatrick
Niamh Maguire
Mary O'Donnell
Tom Wright
Christina Winters (Secretary)

The Committee met 5 times in 2004.

Policy

Tom Finlay (Chairperson)
Kevin Brabazon
Brian Buggy
Rosheen Callender
Paul Cunningham
Marie Daly
Geraldine Gleeson
Paul Kelly
Dave Keogh
Ciarán Long
Dermot Quigley
Anne Vaughan
Fergus Whelan
Martin Buggy (Secretary)

The Committee met 13 times in 2004.

Legislation

Ciarán Long (Chairperson)
Phyllis Behan
Patrick Burke
Martin Conneely
Paul Cunningham
Kirstie Flynn
Geraldine Gleeson
Kevin King
Philip Shier
Dave Keogh**
Tom Wright
Jan Fitzpatrick* (Secretary)

* Replaced Ciarán Holahan in June 2004

** Replaced Anne Vaughan in December 2004

The Committee met 12 times in 2004.

In addition to the formal Committees of the Board a number of other groups met during 2004. These were as follows:

Pensions Board Partnership Committee 2004

This Committee, which is internal to the Executive, is in compliance with Government policy on partnership in State bodies.

Vivienne Horkan
Ciarán Holahan
Aongus Horgan
Carol Jordan
Anne Maher
Julie McCarthy
Barry O'Connor
Edel Stenson
Chairing of Committee rotates amongst its members.

The Committee met 11 times in 2004.

NPAC Project Group

This group oversees the conduct of the National Pensions Awareness Campaign (NPAC).

Mary Hutch (Chairperson)
Kevin Brabazon
Robert Callaghan*
Paul Cunningham
Aongus Horgan
Carmel Foley
Anne Maher
David Malone
Rita Morrissey
Michael O'Halloran
Fergus Whelan

* Robert Callaghan, as a representative nominated by the Irish Insurance Federation, joined the NPAC Project Team in September as a replacement for Ciarán Long.

The Group met 5 times in 2004.

Regulatory Review Group

This group assists the Chief Executive in making decisions on certain regulatory functions delegated to her by the Board.

Anne Maher (Chairperson)
Carmel Foley
Paul Kelly
Niamh Maguire
Jerry Moriarty
Ian Woods
Sherry Bass (Secretary)

The Group met 23 times in 2004.

Survey Steering Group

This group oversees the process of ongoing monitoring of pensions coverage.

Robert Woods (Chairperson)
Rosheen Callender
Mary Hutch
Anne Maher
Paul Morrin
Brendan Kennedy
Cheryl Richardson
Ian Woods
Gwen Conlon (Secretary)

The Group met once in 2004

EU IORPs Directive Implementation Group

This group considered the detailed legislative implementation of the IORPs Directive.

Anne Vaughan
Geraldine Gleeson
Karen Cullen
Brian McCabe
Clive Slattery
John Moore
Eamonn Henry
Sylvia McNeece
Brendan Kennedy
Ian Woods
Cheryl Richardson

The Group met 3 times in 2004.

Staff of the Board



Anne Maher Mary Hutch Tom Dunphy Philip Dalton Ian Woods Jerry Moriarty Sylvia McNeece Brendan Kennedy

Chief Executive

Anne Maher

Head of Information and Training

Mary Hutch

Head of Corporate Services

Tom Dunphy
(Secretary to the Board)

Head of PRSAs

Philip Dalton

Head of Technical Services and Research

Ian Woods

Head of Investigations and Compliance

Jerry Moriarty

Legal Adviser

Sylvia McNeece

Actuarial Adviser

Brendan Kennedy

Assistant Head of Technical Services and Research

Cheryl Richardson

Assistant Heads of PRSAs

Aideen Bugler
Mary Howe

Assistant Head of Investigations and Compliance

Gerard Clarke

Assistant Head of Corporate Services

Gregory Whelan

Assistant Head of Information and Training

Aongus Horgan

NPAC – Project Manager

David Malone

Higher Executive Officer – Information Communications Technology (ICT) and Registration

John McCarthy

Higher Executive Officer - Investigations and Compliance

Carol Jordan

Higher Executive Officer - Finance

Kieran O'Dea

Higher Executive Officer - Human Resources

Vivienne Horkan

Higher Executive Officer - PRSAs

Mary Broderick

Higher Executive Officer - Information

Ciarán Holahan (Acting)

Executive Officers – Investigations and Compliance

Sherry Bass
Martin Buggy
Edel Stenson

Executive Officers - Enquiries and Information

Jan Fitzpatrick
Gillian Murray (Acting)

Executive Officer - ICT Systems

Gwen Conlon

Executive Officer - Accounting

Christina Winters

Executive Officer - Registration

Nuala Clancy

Executive Officer - Technical Services and Research\Personal Assistant to the Chief Executive

Renee Cheesman

Support Staff

Tanya Brennan
Maureen Byrne
Valerie Christie
Mary Conlon
Bronagh Croghan
Marie Earley
Deirdre Kelly
Julie McCarthy
Barry O'Connor
Mairead Ruane
Joan Stakelum
Julie Walsh

Chief Executive's Review

Background

The Board has two statutory roles – regulatory and policy. It recognises its regulatory role as its primary one but it also sees its policy role as an important one. The Board has an associated support function which involves promoting pensions development and awareness.

The Board has an agreed Strategy 2002 – 2005. This Strategy was reviewed and updated in early 2004. The Board, as part of its published Strategy, has agreed General Objectives for the purpose of implementing its Strategy. They are divided under five headings which are:

- National Pensions Policy Initiative(NPPI)/Pensions (Amendment) Act, 2002
- Regulatory
- Policy
- Pensions Development/Information/Awareness
- Operational

The Board also sets annual priorities and its priorities for 2004 were as follows:

1. Finalise review of Defined Benefit Funding Standard.
2. Facilitate retention of Defined Benefit schemes subject to adequate protection for scheme members.
3. Monitor and supervise PRSAs.
4. Recommend changes needed in pensions legislation to implement EU Pensions Directive.
5. Progress simplification agenda.
6. Organise successful National Pensions Awareness Campaign 2004.
7. Encourage people to join pension schemes or take out PRSAs with particular focus on lower-paid people.
8. Improve public confidence in pensions generally.

NPPI/Pensions (Amendment) Act, 2002

The National Pensions Policy Initiative was a review and agreement on the future direction of pensions in Ireland which took place in 1996 – 1998. The major recommendations in the National Pensions Policy Initiative have now been implemented and the Board operated in 2004 within the framework of the Initiative.

All parts of the Pensions (Amendment) Act, 2002 have been commenced with the exception of a small number of sections where there are specific reasons for postponing to a future date. The sections which have not yet been commenced were reviewed during 2004 and will continue to be reviewed on a regular basis.

The National Pensions Policy Initiative focused on increasing pension coverage. Arising from this the Board monitors pensions coverage and in this context has agreed an ongoing pension survey programme with the Central Statistics Office. The most recent published module of this survey programme related to Quarter I of 2004. A further module was arranged for Quarter I 2005 and a more extensive module for Quarter IV 2005.

Regulatory

Proactive compliance monitoring of selected occupational pension schemes continued during 2004 together with proactive monitoring of pension practitioner administration. This gave rise to four prosecutions during the year all of which were successful. Overall, the Board has found an improvement in compliance and, in particular, in relation to substantive issues. However, the Board is not yet satisfied that a good standard of compliance and pensions administration is consistent and universal. An unwelcome illustration of this was that it emerged during 2004, as a result of a data quality exercise conducted by the Board, that approximately 30,000 registered (mainly one member) schemes, managed by a number of life offices, had not been reported by their trustees as no longer being current.

The Board monitors the funding of defined benefit pension schemes through a statutory Funding Standard. The Board was, and is, committed to facilitating the

Chief Executive's Review continued

retention of defined benefit pension schemes subject to adequate protection for scheme members. In this context, the Board received a number of applications from trustees of defined benefit schemes asking for specification of a later date than was previously the case for a return to full compliance with the Funding Standard. Processing these applications and putting in place an appropriate system for subsequent monitoring was an important activity on the regulatory side during 2004. Whilst there are obvious concerns that 40% of the funded defined benefit schemes did not meet the Funding Standard in 2004, the Board was pleased that the majority of these were in a position to submit funding proposals for meeting the Standard within three and a half years and most of the remainder submitted applications for extensions of ten years or less. The Board was also pleased that many employers showed serious commitment to their defined benefit schemes by increased contributions or payment of capital sums.

2004 saw the first full year of PRSA supervision and the Board is pleased that this process worked smoothly. The availability of a good choice of PRSA providers and a wide range of products continues. A feature of PRSA supervision during the year was the active monitoring of employer mandatory access to PRSAs. This was done through random monitoring, checking by Social Welfare inspectors and targeted monitoring by the Board of employers who did not appear to have a registered occupational pension scheme or may not have designated a PRSA provider for employees. The Board is committed to full enforcement of the employer mandatory access requirement and enforcement has already resulted in a number of prosecutions being set in train.

The Board has liaised with other relevant supervisory authorities during 2004. In particular, the Board had regular contacts with the Irish Financial Services Regulatory Authority, the Revenue Commissioners and the Pensions Ombudsman.

Policy

The Board continued work on its agreed Policy Programme during 2004.

The two major items on the agenda were finalisation of the review of the defined benefit statutory Funding Standard and recommendation of the changes needed in national pensions legislation to implement the EU Directive on the activities and supervision of Institutions for Occupational Retirement Provision (IORP).

The review of the Funding Standard included a consultation process during Summer 2004 and reached its conclusion in a report to the Minister for Social and Family Affairs in December 2004. The process led to the conclusion that the majority of interested parties did not wish to see major change and the Board's final recommendations were that the present Standard would remain, subject only to a modification of the basis of calculation of liabilities in respect of active and deferred members and to increased flexibility for granting extended end dates for funding proposals. There will also be some streamlining of processes. Most of these recommended changes have since been incorporated in the Social Welfare and Pensions Act, 2005.

The EU IORPs Directive must be incorporated into Irish national law by 23 September 2005. Whilst Irish pensions law was broadly in line with the principles of the Directive there were a number of differences in detail. One area which requires some substantial change is in relation to pension scheme trustees, where certain people are prohibited from acting as trustees and where there are now qualification and experience requirements that trustees or their advisers must possess. Another area requiring a higher level of change relates to pension scheme investment. This includes a requirement for certain schemes to have a statement of investment policy principles and also some restrictions on investment. The Board's recommendations to the Minister for Social and Family Affairs and his Department were to implement the essentials of the Directive and not add any further new supervisory requirements for Irish pension arrangements over and above the requirements of the Directive. Again, the Board's recommendations have in the main been introduced in the Social Welfare and Pensions Act, 2005.

EU-related work is an increasing demand on the Board's resources. During 2004 the Board was appointed to the Committee of European Insurance

and Occupational Pension Supervisors (CEIOPS), the CEIOPS Working Group on Occupational Pensions and its Protocol Working Party. All of these involve work on the EU dimensions of pensions and the development of cross-border pension activities.

The Board also did some work in the area of pensions simplification. It submitted a report to the Department of Finance on tax simplification for defined contribution-type pension arrangements which is under consideration by the Department. The Board also worked towards its simplification objective through redrafting of the Disclosure requirements for occupational pension schemes and the final results of this work will be available in 2005.

Pensions Development/Information/Awareness

A number of the Board's publications were revised and updated during 2004. A particular highlight was the introduction, launched by the Minister, of the Second Edition of the Trustee Handbook which provides a source of information on the legislative requirements and best practice for pension scheme trustees.

Media coverage on pensions continues to expand and the Board welcomes this. The coverage is now across the full spectrum of the media and the Board particularly welcomes pension coverage in publications which did not previously consider it to be of interest to their target audience.

The Minister for Social and Family Affairs asked the Board to continue its National Pensions Awareness Campaign during 2004. Funds were allocated by the Government for this purpose and a survey at end 2004 confirmed that pensions awareness was now at a high level.

Operational

The Board continued its work in improving the quality of information held on its Pension Scheme Register. Whilst it is satisfied that the information available is now much improved, the Board accepts that a more major task may be needed on the Register to meet new EU information requirements and also to facilitate improvements in effective pension supervision.

A Quality Customer Service Plan was completed during 2004 leading to a Customer Charter which will support the Board's commitment to providing high quality service to all its customers.

The Board is satisfied that it made steady progress towards full compliance with the Code of Practice for the Governance of State Bodies during 2004. An important new step in this area was the introduction of an Internal Audit function at the beginning of the year.

The Board was also pleased that it met its commitments under the modernisation plan which it introduced in the context of the Sustaining Progress agreement and that progress on this was approved by the Secretary General of the Department of Social and Family Affairs.

All of the Board's support activities functioned well during 2004, thus facilitating it to carry out its statutory functions.

Conclusion

The big issues for pensions in 2004 were the funding strains being encountered by defined benefit schemes and increasing focus on overall pension coverage and adequacy. The Board believes that stability and certainty are important for the continuation and development of pension provision and continues to work within its agreed Strategy and within the framework of the National Pensions Policy Initiative. Detailed reports of this work under each of the headings of the Board's General Objectives are contained in the following chapters.

The main priority in 2005 is completion of an overall review of pension provision in Ireland. This National Pensions Review was originally scheduled for September 2006 but the Minister for Social and Family Affairs requested the Board to bring forward the date of completion to mid-2005. Other priorities in 2005 will include a review of the effectiveness of Trusteeship for pensions and actual implementation of the EU IORPs Directive.



Anne Maher

NPPI/Pensions (Amendment) Act, 2002

Summary of General Objective

To give effect to NPPI recommendations via support for implementation of the Pensions (Amendment) Act, 2002, ongoing monitoring of pensions coverage and preparation of various Regulations and guidance notes.

Activity related to General Objectives

THE PENSIONS (AMENDMENT) ACT, 2002

The Pensions (Amendment) Act, 2002 was enacted on 13 April 2002. The Act provided that its provisions may be commenced over time by means of Ministerial Orders and that Ministerial Regulations also may be made to implement its provisions in further detail.

As indicated in Annual Reports 2002 and 2003, various Commencement Orders and Regulations were made in those years to give effect to the provisions of the Act. Apart from a small number of sections which it has not as yet been appropriate to commence, the Act is now fully operational. Accordingly, no further orders or Regulations of this kind were made during 2004. (A complete list of orders and Regulations is contained at Appendix I to this Report)

No guidance notes were issued during 2004 in relation to the Pensions (Amendment) Act, 2002. (A complete list of existing guidance notes is contained at Appendix III to this Report).

Non-legislative NPPI implementation

PRSA

The approval and review process of further applications for PRSA products continued during the year. The Board, in conjunction with the Revenue Commissioners, approved one additional Standard product bringing the total number of approved products at end year in the market to 56 of which 23 were Standard products and 33 were non-Standard products. Operational details of the PRSA regime are given in the chapter entitled "Regulatory".

COVERAGE SURVEYS

An essential element of the pensions regime, introduced under the Pensions (Amendment) Act, 2002, is the measurement of progress towards achievement of coverage targets. As outlined in the National Pensions Policy Initiative, the ultimate target is the coverage by Second Pillar pensions (whether scheme-based or personal) of 70% of the working population aged over 30. As part of the schedule of surveys agreed with the CSO, referred to in Annual Report 2003, a further survey of pensions coverage was carried out in Quarter 1 2004 as part of the CSO's Quarterly National Household Survey (QNHS) process. The results of this survey, published in September 2004, showed that overall coverage, by occupational and personal pensions, of all persons in employment was 52.4% (compared to 51.2% in Quarter I 2002) and the percentage coverage for those over 30 (the group to which the ultimate NPPI target of 70% refers) was 59.1% (compared to 57.4% in Quarter I 2002).

The remaining steps in the schedule of QNHS-related surveys are:

- (i) A limited survey in Quarter I, 2005
- (ii) A full survey in Quarter IV, 2005 and
- (iii) A limited survey in Quarter I, 2006

The surveys at (i) and (iii) are on lines similar to that in Quarter I, 2004 while that in Quarter IV, 2005 is intended to be comparable to that in Quarter I, 2002. The aim is to provide a consistent set of data so as to identify trends over the period 2002 to 2006.

THE SOCIAL WELFARE (MISCELLANEOUS PROVISIONS) ACT, 2004

The Social Welfare (Miscellaneous Provisions) Act, 2004 was enacted on 25 March 2004.

Section 22 of the Social Welfare (Miscellaneous Provisions) Act 2004, amended the provisions of the Pensions Acts, by substituting a new Part VII for the old Part VII of the Act.

This new Part VII provided, inter alia, for the implementation of Council Directives 2000/43/EC

(Race Directive) and 2000/78/EC (Employment Directive) in relation to occupational benefit schemes. Eight new discrimination grounds have been added to the original gender discrimination ground. These include discrimination on the grounds of marital status, family status, sexual orientation, religion, age, race, disability and membership of the travelling community. The principle of equal pension treatment requires that there be no discrimination between persons based on any of the discriminatory grounds in respect of any rule of a scheme. It applies in relation to the rules governing such matters as (a) access to a scheme, (b) contribution arrangements, (c) entitlement to and calculation of benefits, (d) retirement ages, and (e) survivor benefits. It does not constitute a breach of equal pension treatment on the grounds of age for schemes to fix ages for admission to the scheme or for entitlements to benefits under the scheme, including fixing different ages for employees or groups or categories of employees, provided that this does not result in discrimination on the gender ground.

A person who claims not to be receiving equal pension treatment may seek redress by referring the case to the Office of the Director of Equality Investigations (ODEI). However, the Board retains the power under section 81G to determine whether the scheme is a defined benefit or a defined contribution for the purposes of the new Part VII.

The Schedule to the Social Welfare (Miscellaneous Provisions) Act, 2004 also made some additional amendments to the Act including the insertion of a proviso to section 34 dealing with transfer payments. In addition to the existing provision enabling reductions to be made to transfer values, in certain circumstances, the proviso allowed trustees to reduce the level of transfer payment from a defined benefit scheme where the funding standard of a scheme was satisfied but preserved benefits in respect of pre 1991 revaluation and death benefits were not fully funded.

Other Legislation

FAMILY LAW CHANGES

It is understood that a Family Law Bill is under

consideration in the Department of Justice, Equality and Law Reform, the Bill to provide clarification on the interpretation of certain provisions of the Family Law Act, 1995 and the Family Law (Divorce) Act, 1996 ("the Family Law Acts"). It is understood that the Bill will also give effect to the findings of an earlier project undertaken by the Board, on an agency basis, for the Department to enable the adjustment of pensions in the context of separation agreements.

PART-TIME WORK CHANGES

Guidance on the pension provisions of the Part-Time Work legislation is currently being provided in the form of Frequently Asked Questions (FAQs) which are published on the Board's website. It has been agreed that, for the present, Regulations are not required for this legislation and this is being kept under review.

MEMBER TRUSTEESHIP (REVISION)

The Board is continuing to monitor closely the application of the Member Trustee Regulations since its previous review of the Regulations in 1996. As part of this process the various organisations represented on the Board were invited to submit their views on the operation of the member trustee provisions with particular reference to specified aspects of the Regulations and to the Guidance Notes issued by the Board on the application of this legislation. Submissions received on this matter are being examined by the Board as part of an overall review of trusteeship, to take place in the latter part of 2005.

EQUALITY ACT, 2004

The Equality Act, 2004 made some technical amendments to the Pensions Acts. The main change was to transfer jurisdiction for investigating dismissal in circumstances amounting to discrimination or victimisation from the Labour Court to the Director of Equality Investigations. The provisions affecting pensions entered into force on 18 July 2004.

PUBLIC SERVICE SUPERANNUATION (MISCELLANEOUS PROVISIONS) ACT, 2004

Schedule 2 Part 2 of the Public Service Superannuation (Miscellaneous Provisions) Act, 2004 amended section 129 of the Pensions Acts. It

NPPI/Pensions (Amendment) Act, 2002 continued

provided that where a person is a new entrant to the public service appointed to the office of Pensions Ombudsman on or after 1 April 2004, the requirement to vacate the office at age 67 will not apply.

CONCLUSION REGARDING GENERAL OBJECTIVES

At end 2004, as noted in Annual Report 2003 regarding end 2003, the generality of provisions in the Pensions (Amendment) Act, 2002 have been implemented. Further activity related to the implementation of NPPI recommendations, in particular, approval of PRSA products and monitoring of coverage, have been progressing during 2004.

Ongoing Activity

Following are various Commencement Orders/ Regulations made during 2004 (with updates for 2005 at time of writing) not related to the Pensions (Amendment) Act, 2002.

COMMENCEMENT ORDERS MADE UNDER THE SOCIAL WELFARE (MISCELLANEOUS PROVISIONS) ACT, 2004

Social Welfare (Miscellaneous Provisions) Act, 2004 (Sections 22 and 23) (Commencement Order, 2004 (S.I. 141 of 2004)

This Order provides for the commencement of Section 22 and Section 23 of the Social Welfare (Miscellaneous Provisions) Act, 2004 with effect from 5 April 2004.

Section 22 provides for the substitution of the existing Part VII of the Pensions Acts with a new Part VII. The previous Part VII provided for the equal treatment of men and women in occupational benefit schemes and the new Part VII extends the equal treatment grounds to include the following:- race or ethnic origin, sexual orientation, religion, age, disability, marital grounds, family grounds and Traveller Community ground.

Section 23 makes some miscellaneous amendments to other sections of the Pensions Acts (including Sections 113 and 121 of Part X) which are

mainly technical in nature and some of which are consequential on the equal treatment provisions.

Other Regulations

The following Regulations were made or took effect in 2004 (with updates where relevant for 2005 to date).

Occupational Pension Schemes (Revaluation) Regulations, 2004 (S.I. 49 of 2004)

These Regulations provided for a revaluation percentage of 3.5% for 2003.

Occupational Pension Schemes (Revaluation) Regulations, 2005 (S.I. 74 of 2005)

These Regulations provided for a revaluation percentage of 2.2% for 2004.

Occupational Pension Schemes (Annual Reports) Regulations, 2004 (S.I. 233 of 2004)

Section 55(5) of the Pensions Act provides that where an annual report prepared in respect of a defined benefit scheme does not contain a statement in relation to the funding of that scheme in accordance with Section 55(3) or (4), or contains a statement but the actuary does not state that the scheme satisfies the Funding Standard, the trustees must notify the Pensions Board to that effect within such time limit as may be prescribed. The annual report is required to be made available to members not later than nine months after the end of the scheme year to which it relates or such later date as may be approved by the Board. This Regulation sets a time limit of not later than four weeks after this date for the trustees to provide the notification under Section 55 (5) to the Board.

Regulatory

Summary of General Objective

To continue, improve, and where necessary introduce, procedures to achieve compliance with regulatory requirements under various headings for occupational pension schemes and PRSAs.

Activity related to General Objective

RELATIONSHIP WITH OTHER REGULATORS

In the context, inter alia, of the Government's White Paper "Regulating Better", the Board recognises the importance of an approach to regulation which is co-ordinated with that of other regulators in related areas. It is its intention to foster such co-ordination, both domestically and internationally, to the greatest extent possible.

During 2004, the Board has continued its contacts with the Irish Financial Services Regulatory Authority (IFSRA) as regards both the general regulatory approach as well as specific matters. Amongst the latter were consultations regarding the implementation of EU Directive 2003/41/EC on activities and supervision of institutions for occupational retirement provision (IORPs Directive). That consultation also involved the Department of Finance and the Revenue Commissioners.

At international level, during 2004, the Board has continued to participate in the Committee of European Insurance and Occupational Pension Supervisors (CEIOPS) including in its Working Group on Occupational Pensions and the Protocol sub group. This activity, as well as contributing to preparations for the effective implementation of the IORPs Directive, has provided a forum for contact with other pensions regulators throughout the EU. (Further information is provided under "Support for Irish input to External Bodies" in the Chapter on "Pensions Development/Information/Awareness".)

Occupational Pension Schemes

AUDIT

A total of 270 schemes were selected for possible audit and 225 were actually audited. This is an increase on 2003 and again the results show

improvement. The audits target schemes of a certain size to ensure that a higher proportion of members than schemes are selected. They also focus on individual practitioners who actually prepare much of the documentation audited. General issues are then addressed directly with the practitioners.

ADMINISTRATION

In 2004 a total of 19 meetings were held with life offices, trustee companies, pension consultants or administrators to discuss general and specific compliance issues. This is an ongoing process.

MONITORING

It is envisaged that the Board will move to a more streamlined approach of risk analysis and ongoing monitoring of occupational schemes. The Board is now obtaining and recording a much greater amount of data, particularly in relation to defined benefit schemes. It is planned to review how effective the Board is in carrying out its regulatory function in relation to occupational schemes in 2005.

FUNDING

As in 2003, there continued to be a lot of focus on the funding of defined benefit schemes. The measures introduced in 2003 to allow schemes flexibility in funding deficits were fully operational in 2004. The Board employed actuarial resources in 2004 in order to meet the increased demand for such expertise within the Board. The Board also completed its review of the Funding Standard and recommendations were made to the Minister in December 2004.

Ongoing Activity

OCCUPATIONAL PENSION SCHEMES

During 2004, 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;

Regulatory continued

- Monitoring of Funding Standard;
- Monitoring of disclosure compliance.

REGISTRATION OF SCHEMES

The following tables 1 through 5 give information from the register on the number, type and active membership levels of schemes in Ireland as registered with the Pensions Board.

It is important to note when reading the tables that the figures in Table 1 – Current Defined Benefit Schemes do not equate to the sum of Tables 2 and 3 – Defined Benefit Schemes Subject to the Funding Standard and Defined Benefit Schemes Excluded from the Funding Standard respectively. The reasons for this are;

Table 1 – “Current Defined Benefit Schemes” includes UK based schemes with Irish resident members which are not included in Tables 2 and 3 – “Defined Benefit Schemes Subject to the Funding Standard” and “Defined Benefit Schemes Excluded from the Funding Standard” respectively.

Also, Table 1 – “Current Defined Benefit Schemes” reflects only current schemes or those with active members while Table 2 – “Defined Benefit Schemes” Subject to the Funding Standard includes any non-current or frozen schemes which retain retirement benefit liabilities.

Table 1 Current Schemes – Defined Benefit

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
Non-Group	62	84	62	84
1 – 50	948	1,034	15,796	17,259
51 – 99	202	199	14,310	14,129
100 – 500	263	271	59,558	60,625
501 – 1000	52	50	36,674	35,187
1001 +	56	55	374,233	355,747
Total:	1,583	1,693	500,633	483,031

Notes

- 1) Excluding AVC Only and Death Benefit Only schemes.
- 2) Excluding Frozen schemes and schemes in winding-up.
- 3) ‘Non-Group’ means a scheme which according to its establishment may only have one member.

Table 2 Defined Benefit Schemes Subject to the Funding Standard

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
Non-Group	44	70	44	70
1 – 50	854	959	14,331	16,078
51 – 99	187	182	13,316	12,970
100 – 500	239	249	54,236	55,613
501 – 1000	47	46	33,339	32,566
1001 +	37	35	126,740	113,388
Total:	1,408	1,541	242,006	230,685

Notes

- 1) Excluding AVC Only and Death Benefit Only schemes.
- 2) Excluding Frozen schemes and schemes in winding-up.
- 3) ‘Non-Group’ means a scheme which according to its establishment may only have one member.

Current Defined Benefit Schemes and Active Members

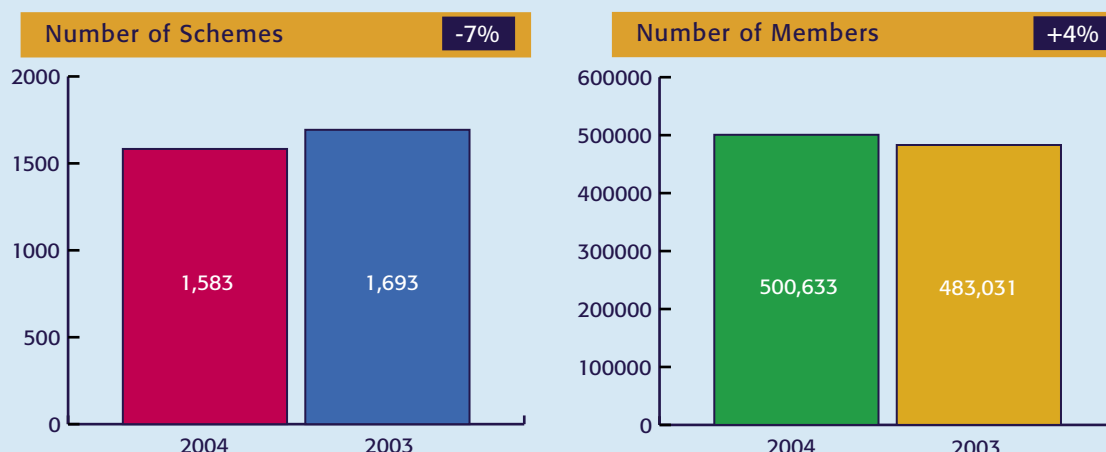


Table 3 Defined Benefit Schemes Excluded from the Funding Standard

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
Non-Group	3	3	3	3
1 – 50	29	29	619	540
51 – 99	11	13	757	922
100 – 500	19	17	4,151	3,841
501 – 1000	4	3	2,784	2,070
1001 +	19	20	247,493	242,359
Total:	85	85	255,807	249,735

Notes

- 1) Excluding AVC Only and Death Benefit Only schemes.
 2) Excluding Frozen schemes and schemes in winding-up
 3) 'Non-Group' means a scheme which according to its establishment may only have one member.

Table 4 Current Schemes - Defined Contribution

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
Non-Group	67,810	93,390	67,810	93,390
1 – 50	18,221	17,161	80,247	77,261
51 – 99	280	251	19,275	17,509
100 – 500	148	150	25,992	27,570
501 – 1000	17	11	11,405	7,027
1001 +	10	9	21,043	18,545
Total:	86,486	110,972	225,772	241,302

Notes

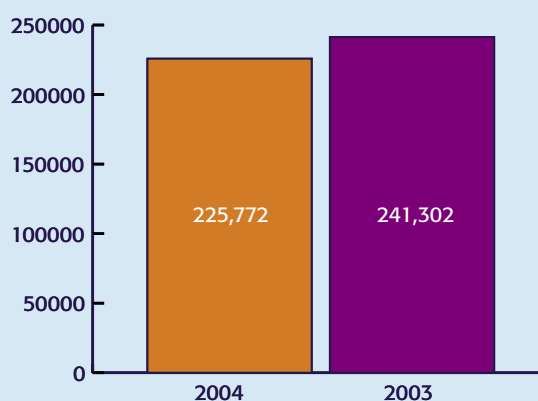
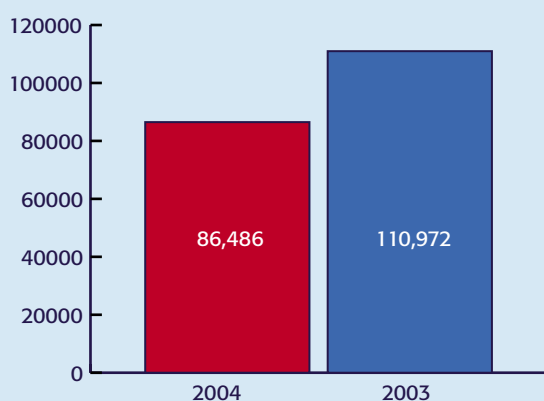
- 1) Excluding AVC Only and Death Benefit Only schemes.
 2) Excluding Frozen schemes and schemes in winding-up
 3) 'Non-Group' means a scheme which according to its establishment may only have one member.

Table 5 Current Schemes - Defined Benefit and Defined Contribution

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
Non-Group	67,872	93,474	67,872	93,474
1 – 50	19,169	18,195	96,043	94,520
51 – 99	482	450	33,585	31,638
100 – 500	411	421	85,550	88,195
501 – 1000	69	61	48,079	42,214
1001 +	66	64	395,276	374,292
Total:	88,069	112,665	726,405	724,333

Notes

- 1) Excluding AVC Only and Death Benefit Only schemes.
 2) Excluding Frozen schemes and schemes in winding-up.
 3) 'Non-Group' means a scheme which according to its establishment may only have one member.

Current Defined Contribution Schemes and Active Members**Number of Schemes****-22%****Number of Members****-7%**

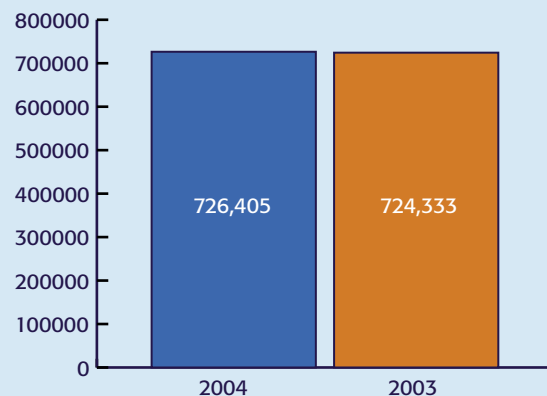
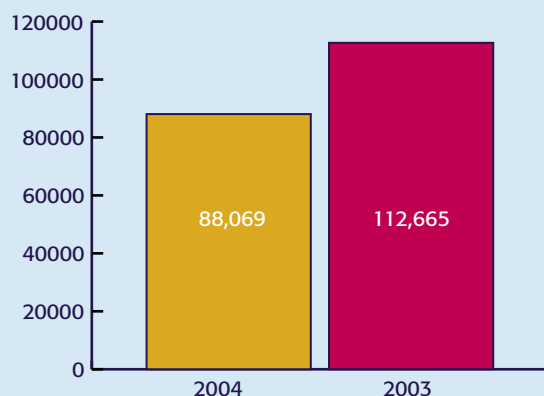
Regulatory continued

Current Defined Benefit and Defined Contribution Schemes and Active Members

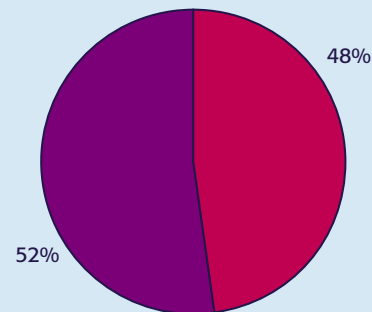
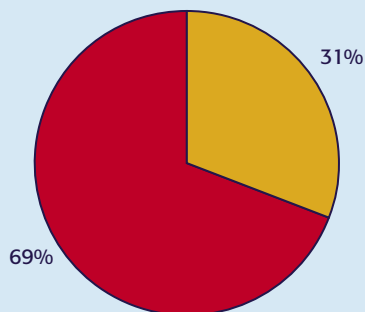
Number of Schemes

-22%

Number of Members



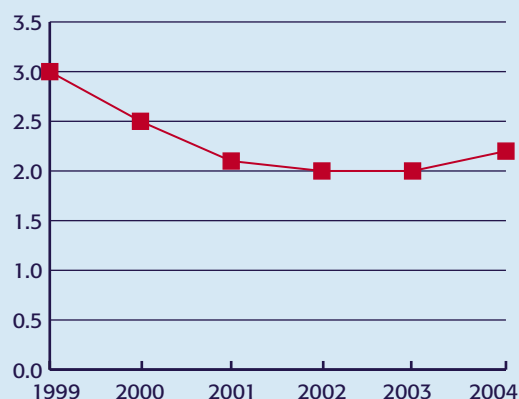
Ratio of Defined Benefit to Defined Contribution Scheme Members 2004



- Defined Contribution Scheme Members
- Defined Benefit Scheme Members (all schemes)

- Defined Contribution Scheme Members
- Defined Benefit Scheme Members (subject to the funding standard)

Ratio of Total Defined Benefit Scheme Members to Defined Contribution Scheme Members



Analysis of the Board's Register

GENERAL

The extracts from the Board's register of occupational pension schemes as presented in Tables 1 through 6 represent a snapshot of the register as at the end of 2004 and 2003. The register represents the information provided to the Board by schemes directly or, more usually, by professional practitioners acting on their behalf. Bulk amendments impacting multiple reporting periods can be notified to the Board and implemented and reflected at the end of the reporting period during which the amendments are made. It should also be noted that schemes are allowed one year in which to effect registration. These factors need to be borne in mind when reading the registration data including in terms of assessing trends and drawing conclusions.

DATA QUALITY EXERCISE

As part of the ongoing Board's programme of monitoring the accuracy of data on the Register of Schemes, the Board conducted a data quality exercise on a significant portion of schemes classified as non-group. These are schemes which are established for the benefit of only one member. A total of twelve Life Offices, administering in excess of 85,000 such schemes were contacted and provided with comprehensive details of their schemes' registered status.

As a result of this exercise the Board was informed that approximately 30,000 defined contribution schemes were either frozen or wound up. The trustees of these schemes had not informed the Board of their change in status. The Board is concerned that some of these changes occurred in excess of the twelve month notification period as provided for under S.I. 325 of 1991 and has written to each of the twelve Life Offices to ensure that trustees notify the Board of scheme changes within the required time frame. This exercise is continuing and it is likely that further adjustments to the register will be required. The fee collection process for non-group schemes is being modified to more easily identify schemes which have failed to notify the Board of changes in scheme status.

DEFINED BENEFIT SCHEMES

The movement in the number of defined benefit schemes during 2004 (Table 1) shows a net reduction of 110 and a net increase in active membership of 17,602. The net reduction of 110 schemes reflects some 32 new defined benefit schemes which were registered during 2004 with 142 notified as being wound-up and made frozen. 12,975 (74%) of the increase in coverage of 17,602 was attributed to increased active membership in existing schemes.

Tables 2 and 3 give a breakdown of the defined benefit schemes providing retirement benefit cover, and their corresponding number of active members, as between schemes that are financed fully on a pre-funded basis (Table 2), and public sector schemes which have been exempted from the Funding Standard (Table 3). Those excluded from the Funding Standard requirements tend to be the non-commercial public service schemes.

DEFINED CONTRIBUTION SCHEMES

The movement in the number of current defined contribution schemes shows a net decrease of 24,486 (22%) in 2004 and the corresponding number of active members covered decreased by a net 15,530 (6%). Of this decrease in defined contribution schemes, the vast majority were non-group schemes. If the impact of the data quality exercise mentioned above were excluded, 2004 would show an increase of 5,514 (5%) and 14,470 (6%) in the total number of active defined contribution schemes and members respectively.

DEFINED BENEFIT VERSUS DEFINED CONTRIBUTION SCHEMES

At the end of 2004, there were 242,006 members in defined benefit schemes that are subject to the Funding Standard, as against 225,772 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 500,633 or a ratio of approximately two to one vis-à-vis defined contribution scheme membership at end 2004. The

Regulatory continued

data quality exercise mentioned above does not materially affect this relationship.

TOTAL SCHEMES

Tables 1, 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 2004, and the corresponding number of active members in these schemes. The total overall number of current schemes at the end of 2004 was 88,069 accounting for an active membership of 726,405. This figure compares with an overall total of 112,665 schemes with an active membership of 724,333 at end 2003. The overall decrease in schemes was 24,596 (- 22%) while the overall membership increased by 2,072 (0.28%). If the impact of the data quality exercise mentioned above were excluded, 2004 would show an overall increase in scheme numbers and scheme members respectively of 5,404 (5%) and 32,072 (4%).

REGISTRATION ACTIVITY DURING 2004

As the figures in the paragraphs above compare the position at year end with that at the beginning of the year, they show the net position and do not separate out registration activity during the year. Table 6 reconciles the beginning/end year figures for movements during the year.

A total of 10,060 new schemes comprising 23,152 additional members were registered with the Board during 2004. Of the total new registrations, 7,390 (73%) schemes were non-group arrangements with 2,670 (27%) new group schemes; 10,028 (99%) were defined contribution schemes with 32 new defined benefit schemes joining the register.

REVIEW OF THE PENSIONS REGISTER

The Board agreed to carry out an in-house review of its register of occupational pension schemes in February 2004.

Meetings were held during Summer 2004 with the Irish Insurance Federation and some of the larger consultant/broker firms to discuss the operation of the register and to explore possible changes. Departmental officials also participated in these meetings. Discussions centered on the fundamental need to improve the quality of information being notified to the Board and the possibilities arising from advanced information technology solutions. It was also confirmed that providers will not necessarily have the complete information on a scheme at a given point in time. The concept of a scheme administrator or a clearly accountable centre of management may need to be pursued to ensure proper scheme administration and communication between the scheme and the Pensions Board on all aspects of each scheme. The need to develop the register as a tool to adequately support the Board's compliance

Table 6		Defined Benefit		Defined Contribution		Total	
		Schemes	Members	Schemes	Members	Schemes	Members
(i) January 2004		1,693	483,031	110,972	241,302	112,665	724,333
(ii) Registrations in 2004		32	4,627	10,028	18,525	10,060	23,152
(iii) Other movements *		-142	12,975	-34,514	-34,055	-34,656	-21,080
(iv) December 2004	(i)+(ii)+(iii)	1,583	500,633	86,486	225,772	88,069	726,405
(v) Change in year	(iv)-(i)	-110	17,602	-24,486	-15,530	-24,596	2,072

* These movements reflect changes in scheme status, closures, schemes in winding-up, schemes becoming frozen, frozen schemes becoming reactivated, membership changes as well as the outcome of a data quality test undertaken by the Board during 2004.

monitoring function through the adoption of a risk based compliance monitoring approach is recognised and significant future investment in this area is envisaged.

There is universal support for the concept of automating the transfer of information between schemes and the Pensions Board. However, the introduction of a requirement to file an annual return and facilitate web-enabled data transfer would require additional investment in staff and Information Communications Technology (ICT) infrastructure in the registration and ICT areas. The IAPF, which represents many of the larger schemes has indicated its support for such an approach in its recent submission to the IORPS implementation consultation document. A review of the Board's regulatory processes and procedures in the light of IORPS and the need to move towards risk based supervision will commence in 2005 followed by a full redevelopment of the register as the primary supervisory support tool.

DETERMINATIONS IN RELATION TO REGISTERED SCHEMES

The Board did not exercise its powers under the Pensions Acts to make a determination during 2004.

Conduct of Investigations

GENERAL

The Board initiated 56 new investigations into issues concerning occupational pension schemes during 2004. The Board closed 66 investigations during the year. At year end, there were 71 open investigations compared to 81 at the end of 2003.

Investigations are generally initiated following enquiries or complaints from scheme members, trustees, trade unions, through compulsory or voluntary reporting or as a result of random audits carried out by the Pensions Board. Although all such enquiries are classified as investigations, in many cases the Board monitors the issue brought to its attention and may not be actively investigating a

potential breach of the Pensions Acts. The Board's primary objective in any investigation is to protect the interests of the scheme member or members.

Section 18 of the Pensions Acts provides the Board with specific powers of investigation and provides specific penalties for failing to co-operate with the Board's investigations. Where it is felt that the use of those specific powers is necessary to expedite an investigation a Section 18 investigation is authorised. At year-end there were 10 such cases in hand, 3 being authorised during the year. Table 7 summarises the investigations data for 2004.

Table 7 Investigations – 1 January 2004 to 31 December 2004

	Number of Investigations at 1/1/04	New Cases Received	Completed Cases	Number of Investigations at 31/12/04
Casework	39	15	32	22
'Whistle blows'	42	41	34	49
Total	81	56	66	71

Compulsory and Voluntary Reporting

There are statutory provisions, known as 'whistle blowing', which place a legal 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. There is also provision to make a voluntary report on any matter concerning the state and conduct of the scheme. 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 reports.

A total of 41 new reports were received by the Board in 2004, compared to 52 in 2003. At year end there were 49 cases remaining open, 7 more than at the end of 2003.

The biggest issue in relation to the Pensions Board's investigations continues to be non-payment of either

Regulatory continued

or both employer and employee contributions to a scheme. 30 of the 41 whistle blowing reports received in 2004 related to non remittance of contributions.

In general, the number of new investigations has been relatively stable over recent years but 2004 saw a significant decrease in the number of formal complaints made to the Board by scheme members. The Board believes that the provisions of the Pensions (Amendment) Act, 2002 requiring all schemes to have an Internal Disputes Resolution (IDR) procedure and the setting up of the Office of Pensions Ombudsman under that legislation have had a significant impact in this regard. In particular, the Office of the Pensions Ombudsman has become a recourse for scheme members who had legitimate grievances that did not come under the remit of the Pensions Board but would nonetheless previously have been referred to the Board in the absence of any other appropriate authority. The decrease may also be indicative, as the Board's audits have shown, of the general improvement in disclosure compliance standards.

The number of whistle blowing reports was also down on the unprecedented high in 2003. This was expected as the 2003 figures were affected by the introduction of new legislation dealing with payment of contributions by employers. While, as previously stated, the non payment of contributions in a timely manner remains the main issue in relation to the Board's investigations, the reduction in the number of whistle blowing reports received in this regard in 2004 would suggest that the increased level of awareness is helping to ensure greater compliance. However, the Board continues to remind anyone who would fall within the definition of a specified individual that the sooner a matter is reported to the Board the more effective the utilisation of the powers available to the Board under the Pensions Acts may be.

While the Board starts all investigations 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 Pensions Acts.

MONITORING OF FUNDING STANDARD

General

Under the Funding Standard provisions of the Pensions Acts, defined benefit schemes (excluding those exempted 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) are required to submit to the Board actuarial funding certificates at 3½ yearly intervals. The purpose of the actuarial funding certificate is that the scheme actuary can certify that, if the scheme had wound up at the effective date of the certificate, its assets would have been sufficient to meet its liabilities. A certificate must be submitted to the Pensions Board no later than 9 months after its effective date. If the scheme could not have met its liabilities a funding proposal must be submitted which is designed to put the scheme in the position that it could meet its liabilities no later than the effective date of the next actuarial funding certificate.

Trustee annual reports must also include a statement from the actuary as to whether or not the scheme would have satisfied the Funding Standard at the last day of the reporting period. If the statement is negative the scheme must submit an actuarial funding certificate to the Board within 12 months of the end of the reporting period. If that certificate shows that the scheme does not satisfy the Funding Standard a funding proposal will be required.

Under Section 49(3) of the Pensions Acts, the Board can agree a later date for the scheme to meet the Funding Standard where a funding proposal is being put in place. In effect this allows schemes to prepare funding proposals which are designed to meet the standard over a period of longer than 3½ years.

2004 ACTIVITY

The Board received actuarial funding certificates in respect of 596 schemes in 2004. 356 (60%) of these indicated that the schemes in question satisfied the Funding Standard. 240 schemes (40%) failed to

satisfy the Funding Standard. 189 of these schemes submitted funding proposals, 71 of which had a period of longer than 3½ years approved. There were 51 proposals pending at year end and the Board was in correspondence with the trustees of these schemes to ensure the proposals were submitted.

Tables 8(a), 8(b) and 8(c) indicate the position at the year end as regards compliance with the Funding Standard. Table 8(a) indicates the position of

schemes which have submitted funding certificates to the Board on a cumulative basis up to end 2004 broken down by category of scheme and number of members. Table 8(b) indicates the position of schemes which submitted funding certificates to the Board during 2004 again broken down by category of scheme and number of members and Table 8(c) relates to those schemes which did not satisfy the Funding Standard during 2004.

The Funding Standard as at 31 December 2004

Table 8(a) – Defined Benefit Schemes subject to the Funding Standard

Scheme Size	DB schemes subject to the Funding Standard		For which Funding Certificates in place		For which Funding Certificates not in place*		Funding Certificates not falling due yet**	
	No of Schemes	No of Members	No of Schemes	No of Members	No of Schemes	No of Members	No of Schemes	No of Members
Non-Group	44	44	20	20	16	16	8	8
1 – 50	854	14,331	782	13,386	47	670	25	275
51 – 100	187	13,316	176	12,441	6	502	5	373
101 – 500	239	54,236	230	51,744	4	1,202	5	1,290
501 – 1,000	47	33,339	42	29,818	1	577	4	2,944
1,000 +	37	126,740	33	120,462	2	3,201	2	3,077
Total:	1,408	242,006	1,283	227,871	76	6,168	49	7,967

*This figure is made up of schemes which were due to submit AFCs with effective dates not later than 31/3/04. Many of these schemes are in the process of preparing applications under Section 49(3), some are in wind-up, changing to DC, and some have been closed off since year end.

**This figure is made up of schemes which commenced on or after 1/10/00 and so were not due to submit AFCs until 2005.

Table 8(b) – Schemes for which Funding Certificates were received in 2004

Scheme Size	Schemes for which Funding Certificates received in 2004		Of which did satisfy the Funding Standard		Of which did not satisfy the Funding Standard*	
	No of Schemes	Active Members	No of Schemes	Active Members	No of Schemes	Active Members
Frozen	53	0	36	0	17	0
Non-Group	5	5	4	4	1	1
1 – 50	321	5,394	188	2,931	133	2,463
51 – 99	76	5,346	47	3,306	29	2,040
100 – 500	107	23,732	53	12,934	54	10,798
501 – 1,000	17	11,682	15	10,437	2	1,245
1,000 +	17	75,548	13	70,247	4	5,301
Total:	596	121,707	356	99,859	240	21,848

*The trustees of 90 of these schemes have made applications to the Board under Section 49(3) of the Pensions Acts, to specify a date later than the effective date of the next actuarial funding certificate by which their scheme could reasonably be expected to satisfy the Funding Standard. Funding proposals have been received and approved in respect of 71 of these and the remaining 19 are still pending. Further details on applications to the Board under Section 49(3) are set out in Table 9.

Regulatory continued

Table 8(c) – Schemes for which Funding Certificates were received in 2004 and did not satisfy the Funding Standard

Scheme Size	Funding Proposal Received		Funding Proposal Pending	
	No of Schemes	Active Members	No of Schemes	Active Members
Frozen	4	0	13	0
Non-Group	0	0	1	1
1 – 50	107	2,026	26	437
51 – 99	25	1,790	4	250
100 – 500	48	9,232	6	1,566
501 – 1,000	2	1,245	0	0
1,000 +	3	4,235	1	1,066
Total:	189*	18,528	51	3,320

**70 (37%) of the funding proposals received were for a period exceeding 3½ years. It might be noted that these 70 schemes represent 12% of 596 Funding Certificates received during 2004.*

Applications to the Board under Section 49(3)

As at 31 December 2004, applications had been made to the Board under Section 49(3) by the trustees of 161 schemes, 135 of which applications were received in 2004.

Of the total applications received as at 31 December 2004, 119 have, at the time of writing, been granted and 4 refused. The remaining 38 applications are, at time of writing, under consideration or the Board is awaiting further information in order to make a final decision.

Table 9

Schemes in respect of which a Section 49(3) Application has been made to the Board		
Scheme Size	No of Schemes	Active Members
Frozen	4	0
Non-Group	1	1
1 – 50	85	2,032
51 – 99	19	1,367
100 – 500	41	8,700
501 – 1,000	6	3,923
1,000 +	5	6,349
Total:	161	22,372

Monitoring of Disclosure Compliance

DISCLOSURE COMPLIANCE STRATEGY

The Board's audit process involves the Board requesting, from the trustees of a scheme, copies of the documentation that must be provided or made available to members. The Board then audits the documentation received against the detailed requirements of the legislation to ensure it is compliant. A total of 270 schemes were selected for audit and 225 were actually audited. The results were as follows:

Table 10

	Total	Compliant	Satisfactory*	Non-compliant
Full Annual Report	132	65	51	16
Alternative Type A	75	32	35	8
Alternative Type B	17	6	5	6
Audited Accounts	132	104	23	5
Scheme Booklet	54	28	26	0
Actuarial Valuation	32	19	13	0
Benefit Statement	50	16	17	17
Benefit Statement – For Type B Report	9	2	3	4
Member Notification	189	114	59	16
Union Notification	189**	42	40	11

* A document is deemed satisfactory where the Board would view the non-compliance as being of a minor nature and would ask the trustees to ensure that the issue is corrected in future documents. Non-compliance implies that the documentation should be corrected immediately.

** This figure represents the total number of requests for evidence of trade union notification. 96 schemes advised the Board that the members were not represented by any trade unions.

The audit process, as well as giving the compliance level of a particular scheme can also give the Board a more general view of compliance levels. These results show a continued improvement on the position disclosed in previous years' audits.

This reflects the work initiated by the Board with the main practitioners in ensuring that compliance with the Pensions Acts was given proper focus. While initially that focus was on ensuring that annual reports, particularly, were being produced within the statutory timescales and satisfied the legislative requirements in terms of content, in 2004 the Board gave additional focus to monitoring the position in relation to the production

and content of member benefit statements. The relatively low level of full compliance (32%) disclosed in this regard is a cause for concern and it is important that trustees are aware of their responsibilities in this regard. Although they may not be responsible for actually producing the documentation they are responsible for ensuring it is compliant. While the Board took a relatively pragmatic view of the level of non-compliance in its first year of concentrated auditing of member benefit statements, the ethos of the Board's Occupational Pension Scheme Disclosure Compliance Strategy document is that any breach of the Pensions Acts requirements is subject to prosecution.

Regulatory continued

Issues of this nature are discussed on an ongoing basis with the practitioners involved in the production of the documentation to ensure better standards and a total of 19 meetings were held during 2004 to discuss general and specific compliance matters.

Prosecutions

During 2004, the Board successfully prosecuted the trustees of 4 schemes. In 3 of these cases the trustees were prosecuted for their failure to provide the Board with information requested as part of the Board's audit process within the timeframe specified by the Board. The trustees in the other case were prosecuted for their failure to prepare an annual report for two consecutive years and to inform the members of the scheme, within specified time limits, of their availability. In the early months of 2005, the Board has successfully prosecuted the trustees of 3 further schemes for similar offences.

The Board views disclosure of information as a crucial element of allowing scheme members the ability to become aware of and monitor their own schemes.

While it is the stated policy of the Board to achieve compliance, where possible, by co-operation, the cases taken demonstrate that the Board will pursue breaches through the Courts where necessary. The

trustees of a total of 7 schemes have now been successfully prosecuted in the past 2 years and further prosecution proceedings are pending against scheme trustees. Proceedings are also pending against a number of employers in respect of failure to comply with their obligations to supply the Board with information to allow the Board assess compliance with PRSA legislation.

General (in relation to schemes)

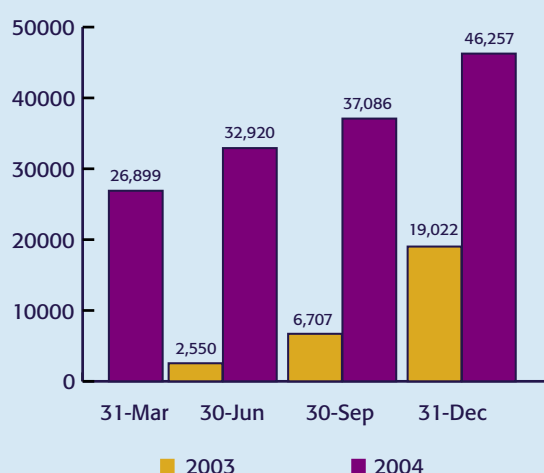
As in 2003, there was an increase in the Regulations compliance activities of the Board, particularly in dealing with the funding issues of defined benefit schemes. The adequate funding of schemes and the consequent protection of members' benefit is clearly a key element of the Board's role and a significant amount of resource and time was devoted to this activity during 2004. The process was significantly improved by the addition of permanent and temporary actuarial resources within the Board during the year.

PRSAs

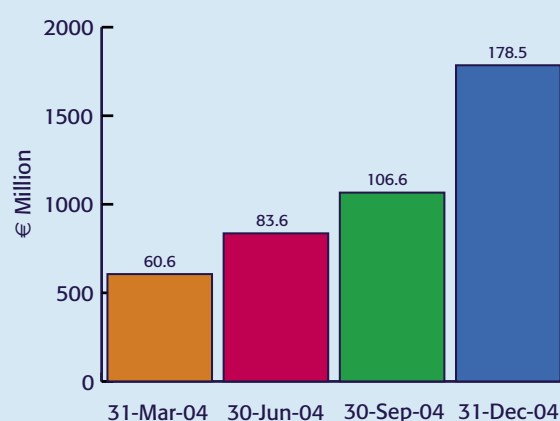
PRSA PRODUCTS

February 24 2004, was the first anniversary of the initial approval of PRSA products. During

Number of PRSA Contracts



Value of PRSA Assets



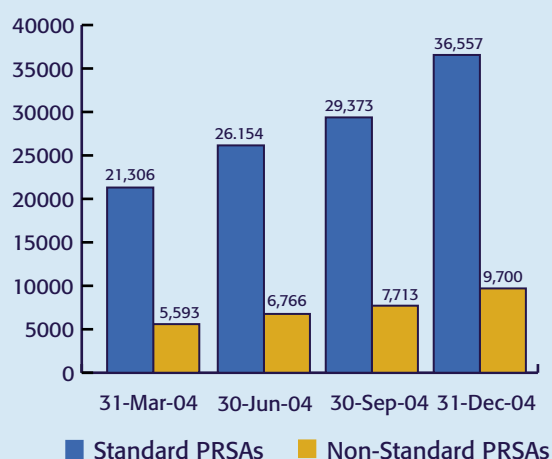
2004 the Board, in conjunction with the Revenue Commissioners, approved one further Standard product bringing the total number of approved products at end year in the market to 56 – 23 Standard products and 33 non-Standard products. A couple of other additional product applications were in progress. By end year, the number of contracts taken out by individuals stood at 46,257 and the value of assets under management was €178.5 million. The annual fees payable to the Board by providers were received and yielded income in excess of €140,494.

PROVIDER REPORTING

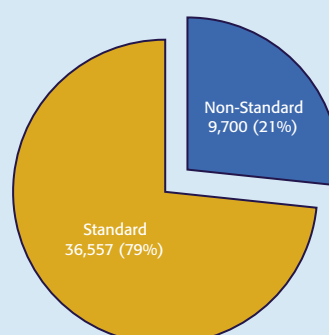
The providers submitted reports setting out the number and cumulative asset values of contracts for each quarter throughout the year. The summary statistics relating to the reports and a year-on-year comparison are shown in the tables below. Of note is the fact that the proportionate split of contracts remains strongly in favour of Standard products which have capped charges. In addition, the Board processed and analysed the more comprehensive returns submitted for the first time by the providers in January. These reports related to the specific individual contributors to each contract. The Board reviewed the first annual Determinations and Certificates submitted by the providers' appointed PRSA Actuaries which detail the level of compliance with the PRSA

provisions of the legislation. Reports showed no major instances of non-compliance and the Board was satisfied that this compliance monitoring function operated smoothly.

Standard PRSAs V Non-Standard PRSAs

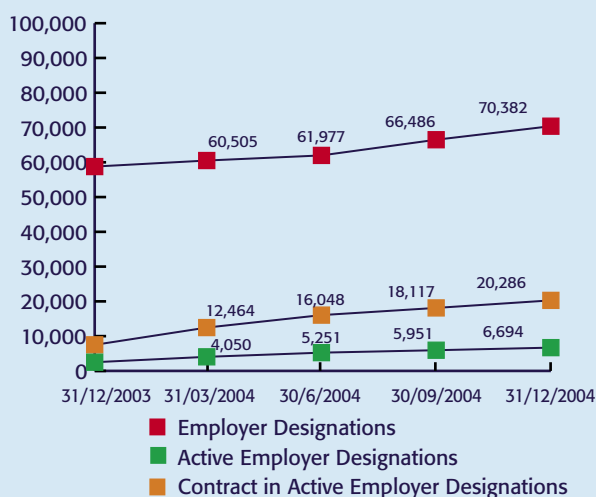


Standard PRSAs V Non-Standard PRSAs at 31/12/2004

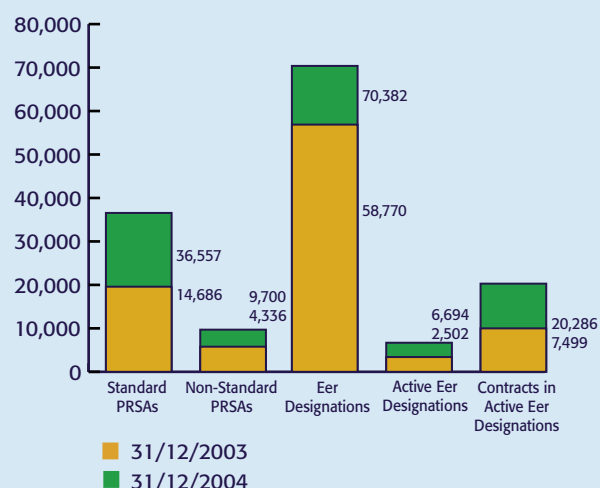


Regulatory continued

Employer Designations



Yearly Comparison – 31 December 2003
V 31 December 2004



EMPLOYER MANDATORY ACCESS PROVISIONS

Since the introduction in September 2003 of the requirement for employers to provide access to at least one Standard PRSA for their 'excluded employees', the Board, with the assistance of the Social Welfare Inspectorate, has undertaken a process of monitoring employer compliance with this statutory provision by means of its adopted PRSA compliance strategy. To expedite and expand this monitoring function, the Board undertook a significant largescale project in August 2004. By means of a simple questionnaire 64,000 registered employers, who had been identified as possibly having 'excluded employees', were surveyed. By year end almost 50% of those surveyed had replied and their responses were under review. In addition to processing the replies, the Board dealt with 2,290 telephone queries and 101 written communications in relation to the questionnaire. (It might be noted that these query figures are included in the general enquiry data in the Chapter "Pensions Development/Information/Awareness").

EMPLOYER MONITORING

As part of the compliance strategy, the Board also monitors employers' obligations for the remittance

of contributions and the provision of access to a Standard PRSA for employees, where appropriate. Under this process, 284 audits of employers had been carried out by end year of which 245 cases were closed satisfactorily. There were 61 reports made under the 'whistle blowing' provisions and 52 of these were closed without need for further action. A very small number of reports were made in respect of the non-remittance of contributions and these were fully investigated.

In relation to general PRSA enquiries, the Board also dealt with 145 communications on PRSA related issues. The most frequent enquiry came from Life Offices. Finally, the Board exercised its wider legislative powers in a number of cases concerning employer obligations and by the end of the year there were 7 cases under consideration of legal proceedings for non-compliance with the statutory requirements.

REVENUE COMMISSIONERS

The Board continued to liaise with the Financial Services (Pensions) Business, on PRSA tax related issues and, in particular, the treatment of additional voluntary contributions made via PRSAs.

Summary of General Objective

To agree a Policy Programme based on the Board's overall strategy, the programme to be reviewed annually and incorporate consideration of the policy implications of the changing pensions environment, and to advise Departments on pensions-related EU initiatives.

Activity related to General Objective

Consistent with "Strategy 2002 – 2005", the Board prepared and adopted a Policy Programme in 2004 which incorporates consideration of the changing environment and impacts on pension provision. During 2004, the Board considered the following matters:

FUNDING OF DEFINED BENEFIT SCHEMES

At time of writing the 2003 Report in the first half of 2004, the Review of the Funding Standard was ongoing within the Board. As undertaken in the timetable for the Review published by the Board in September 2003, a consultation process was undertaken during Summer 2004. This took the form of a consultation document being prepared during the first half of the year and issued in early July with responses requested by early September.

The consultation document essentially reviewed the Funding Standard and its background, identified a number of alternatives to the current Standard, and indicated the Board's preferred approach, based on its consideration up to that time. The consultation was addressed to all those with an interest in defined benefit pension provision, including trustees, sponsoring employers, scheme members as well as the various professional and practitioner bodies involved in the operation of schemes. It also included those in the wider community with an interest in defined benefit provision.

23 responses were received to the consultation from both individuals and organisations, encompassing a wide range of views and proposals. Following consideration of the responses as part of its

own deliberative process, the Board made its recommendations to the Minister in December 2004. (The Report entitled "Review of the Funding Standard: Report to the Minister for Social and Family Affairs" is on the Board's website.) While the report included recommendations in a number of areas related to the Funding Standard, the main recommendations were that:

- (i) the current Funding Standard, including the provision for extended funding periods, should be retained together with a modification of the calculation for active and deferred members;
- (ii) there should be increased flexibility for granting extended end dates for funding proposals; and
- (iii) the introduction of a State Annuity Fund should be explored thoroughly because of the potential beneficial effect on the Funding Standard.

As regards the main recommendations, the Social Welfare and Pensions Act, 2005 (enacted on 14 March 2005) was silent regarding (i) – no legislative provision being required – and regarding (ii) contained a provision enabling the Pensions Board, subject to certain conditions, to grant an extended period for a Funding Proposal either where the assets of the scheme are less than expected due to the underperformance of investment markets and/or where the liabilities are greater than expected due to factors to be prescribed in Regulations. In relation to (iii), an examination of this proposal is part of the National Pensions Review 2005 (referred to later on in this Chapter).

Of the other recommendations requiring primary legislation, the Act included a provision whereby, if the exercise of an early retirement rule would, on the advice of the actuary, cause the scheme to fail the Funding Standard, the member's right to the immediate retirement benefit is subject to the consent of the trustees. For completeness as regards legislative changes related to the Funding Standard, it might be noted that, on the recommendation of the Board in the context of transposition of the IORPs Directive, the Act also contained provisions which, principally,

Policy continued

- reduce from 3½ to 3 years the maximum permitted interval between the effective dates of successive Actuarial Funding Certificates, and
- apply the Funding Standard to defined contribution schemes which pay retirement benefits to members where the benefits are not secured by purchase of an annuity.

IMPLEMENTATION OF THE IORPs DIRECTIVE

As anticipated in Annual Report 2003, consideration of the measures necessary to implement the requirements of this Directive was, together with the Review of the Funding Standard, a major policy concern of the Board during 2004.

Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision (IORPs), published on 23 September 2003, is required to be implemented by Member States by 23 September 2005. In order to facilitate transposition of those provisions of the Directive requiring primary legislation, the Board prepared, during 2004, recommendations to the Minister for consideration in the context of the Social Welfare and Pensions Bill, 2005.

Consideration took place within the Board mainly during the second half of 2004 involving:

- participation by representatives of the Department of Social and Family Affairs, the Department of Finance, the Revenue Commissioners and the Irish Financial Services Regulatory Authority;
- examination of views received by invitation from various organisations with a direct interest in implementation of the Directive; and
- taking of legal advice on various aspects of transposition.

Following final consideration at Committee and Board level during the Autumn, recommendations regarding implementation of the Directive were forwarded to the Department of Social and Family Affairs in December 2004. The specific recommendations,

on an Article by Article basis, reflected an underlying approach of introducing provisions essential to transposing the Directive while minimising their compliance burden on schemes.

As regards the recommendations requiring primary legislation, the Social Welfare and Pensions Act, 2005 contained, in addition to the Funding Standard-related changes already referred to in the previous section of this Chapter, the following principal transposition provisions:

- defining “small scheme”, as required for purposes of the transposition measures, as a scheme with under 100 active or deferred members;
- defining the scope of the “small scheme” exemptions allowed under the Directive;
- requiring scheme trustees to prepare and maintain a written statement of investment policy principles and to provide for the investment of scheme resources in accordance with Regulations implementing Directive requirements;
- introducing requirements regarding the standing of trustees and, subject to Regulations, their qualifications and those of their advisers;
- implementing, subject to Regulations, the Directive’s restriction on scheme borrowing; and
- implementing the cross-border requirements of the Directive enabling, subject to certain conditions, a scheme established in Ireland to accept sponsorship from an undertaking in another Member State and an undertaking in Ireland to sponsor a scheme in another Member State.

SIMPLIFICATION OF REGULATION

The approach of the Board over the years has been to attempt to balance the requirements of member protection and the cost impact of regulation on schemes. While desirable additional statutory protections for members have been introduced over time, the Board continues to be concerned lest the accumulated impact of such regulatory requirements inhibit overall pension provision. Amongst the ways

in which, during 2004, the Board has pursued this approach are:

- in making the recommendations already referred to under "Review of the Funding Standard" and "Implementation of IORPs Directive", to adopt, to the extent possible, an approach which favours simplicity rather than complexity;
- in finalising its revision of the Disclosure Regulations, to adopt as simplified an approach as possible consistent with adequate disclosure to members;
- by putting to the Department of Finance during 2004 proposals for the simplification of the tax treatment of various types of pension provision for consideration for implementation in 2005; and
- by taking the need for simplicity into account in forming its views (given below) on suggestions regarding possible mandatory application of employer PRSI savings to pension provision.

EMPLOYER PRSI SAVINGS AND PENSION PROVISION

In early 2004, the Minister asked the Board to examine various suggestions which he had received that employers be required to apply their PRSI savings on employee pension contributions to employees' provision (including PRSAs). Having examined the matter in detail during 2004 the Board conveyed its views, together with a Report, to the Minister in September 2004. Overall, the Board's conclusion was that in the light of the administrative cost and complexity implications, the existing arrangements should be left unaltered while highlighting the saving to employers as an encouragement to pension provision.

"LAST MINUTE" ADDITIONAL VOLUNTARY CONTRIBUTIONS

A provision was introduced in the Finance Act, 2003 whereby, apart from in certain exceptional cases, the facility to offset Additional Voluntary Contributions (AVCs), close to retirement, against tax over the previous ten years was withdrawn. The Board was

concerned in relation to the withdrawal of this facility and its negative implications for those who had not been in a position, due to specific employment circumstances, to make adequate contributions during the years prior to retirement.

Following examination during 2004, a proposal was prepared as to how "Last Minute AVCs" could be re-introduced for legitimate cases of retirement need. The proposal, which was forwarded to the Department of Finance in Autumn 2004, contained recommendations for the re-introduction of this facility at the same time as being watertight in terms of precluding tax-avoidance.

PENSIONS COVERAGE AND NATIONAL PENSIONS REVIEW

An essential element of the pensions regime, introduced under the Pensions (Amendment) Act, 2002, is the measurement of progress towards achievement of coverage targets. As outlined in the National Pensions Policy Initiative, the ultimate target is the coverage by Second Pillar private pensions (whether scheme-based or personal) of 70% of the working population aged over 30. As part of the schedule of surveys agreed with the CSO, referred to in Annual Report 2003, a further survey of pensions coverage was carried out in Quarter I 2004 as part of the CSO's Quarterly National Household Survey process. The results of this survey, published in September 2004, showed that overall coverage, by occupational and personal pensions, of all persons in employment was 52.4% (compared to 51.2% in Quarter I 2002); the percentage coverage for those over 30 (the group to which the ultimate NPPI target of 70% refers) was 59.1% (compared to 57.4% in Quarter I 2002).

Having considered a range of possible incentives to encourage increased coverage in particular by PRSAs, the Board commissioned, in late 2004, a consultancy study to examine and recommend incentives for this purpose. The two principal areas, which the consultants were asked to consider, were (i) SSIA-related incentives and (ii) enhanced tax treatment. The incentives would be designed, at (i), to encourage a significant measure of investment of

maturing SSIA funds into PRSAs and/or to encourage SSIA savers to continue their saving commitment through saving in a pensions vehicle and, at (ii), to encourage take-up of PRSAs by lower to middle income employees who do not currently have pension coverage. The consultants completed the assignment and submitted their report to the Board in early 2005.

At the same time as the report on possible incentives was being finalised, the Board was requested by the Minister to bring forward to 2005 the full report on coverage and associated matters required under legislation to be completed by September 2006; the report to examine alternative pension systems to the present one and to make proposals designed to provide an adequate retirement income for all. In response to this request, the Board has initiated the National Pensions Review. As part of the Review:

- a detailed exposition of the scope of the Review has been issued;
- proposals have been invited from interested bodies and the wider public;
- a number of consultancy studies have been commissioned,

with a view to the Board submitting a comprehensive report to the Minister by late Summer 2005.

Pensions Development/ Information/Awareness

Summary of General Objective

To provide information, and (where appropriate) support, on pensions-related matters to a wide range of parties including scheme members, pensioners, trustees, the media and the general public.

Activity related to General Objective

INFORMATION SERVICES FOR MEMBERS AND OTHER INTERESTED PARTIES

The effectiveness of the Pensions Acts in safeguarding the rights of scheme members depends to a significant extent on members using the rights they have under the Pensions Acts to monitor the administration and financial soundness of their scheme and to obtain information on their own personal entitlements.

To this end, the Board produces information booklets which are relevant for members, members' dependants, prospective members, trustees, employers and the general public.

Furthermore, as the Pensions Acts and Regulations override the Trust Deed and Rules of schemes in certain areas, it is important that scheme trustees, administrators and their professional advisers ensure that the legislation to which they refer is fully up to date. During 2004, the Board continued to promote the security of occupational pension schemes by providing clear, authoritative guidance to trustees and pension practitioners on how to comply with the Pensions Acts and good practice generally in relation to scheme administration.

The full range of information and guidance services currently provided by the Board is set out below.

INFORMATION BOOKLETS

There is a comprehensive range of information booklets available free of charge from the Board. These provide information on the Pensions Acts, the Pensions Board, and members' rights generally under the Pensions Acts and under other relevant pensions legislation.

The Board continued during 2004 the gradual updating of all its information booklets to reflect the legislative changes that have resulted from the enactment of the Pensions (Amendment) Act, 2002 and other legislation affecting pensions. It is intended to have the updating process completed during 2005 to take account of further legislative changes introduced by the Social Welfare and Pensions Act, 2005.

For ease of reference, a full list of the Board's current information booklets is set out in Appendix III.

ENQUIRY SERVICE

The Board's information and enquiry service deals, by telephone and correspondence, with enquiries or complaints received from scheme members and their dependants, prospective members, trustees, trade unions, employers and company employees with personnel, industrial relations and pay functions. Enquiries, including technical queries, are received also from pension practitioners, professional bodies and the representatives of the media.

LEGISLATION SERVICE

Designed primarily for pension practitioners, the Board provides a legislation service which is available by subscription. Subscribers to this service receive, in two volumes, a non-statutory consolidated text of the Pensions Acts, and the Regulations, including all amendments made to date. The text of the legislation is made available in loose-leaf format in binders which facilitate regular updating. The binders are presented in the form of two volumes:

- Volume 1 contains a consolidated text of the Pensions Acts.
- Volume 2 contains the Regulations made under the Pensions Acts.

There are currently 220 subscribers to this service.

GUIDANCE NOTES

The Board makes available by subscription detailed Guidance Notes on the various parts of the Pensions Acts and Regulations, especially in those areas which override the Trust Deed and Rules of the scheme.

Pensions Development/ Information/Awareness continued

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.

The Guidance Notes are designed for use principally by those who are professionally involved with occupational pension schemes and Personal Retirement Savings Accounts (PRSAs).

GUIDANCE FROM OTHER SOURCES

There is a comprehensive Revenue pensions manual which is available on diskette from the Financial Services (Pensions) Business (FSPB) formerly known as the Retirement Benefits District. This manual consolidates the Revenue practice notes on the tax treatment of occupational pension schemes and PRSAs.

Furthermore, "A Guide to Personal Retirement Savings Accounts" prepared in consultation with the Board has been published by the Revenue Commissioners (and is available on their website (www.revenue.ie)). This guide outlines the tax treatment of PRSAs.

Professional guidance is provided by the Society of Actuaries in Ireland to its members on the application of the Funding Standard and a number of other aspects of pensions legislation and Regulation. The professional accountancy bodies also provide supplementary guidance to their members on the content and audit of pension scheme annual accounts in accordance with the disclosure of information requirements. The Pensions Acts provide for a statutory underpinning of the Society of Actuaries professional guidance notes in certain areas relevant to the Pensions Acts. This means in effect that, once the Regulations provided for in the Pensions Acts are made, the guidance notes may not be altered without the consent of the Minister for Social and Family Affairs.

TRUSTEE SUPPORT SERVICES

Trustees have overall responsibility under the Pensions Acts for the administration of schemes. Accordingly, the main statutory functions of the Board as set out in Section 10(1) of the Pensions Acts 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 on standards for trustees and on their implementation.

INFORMATION BOOKLET FOR TRUSTEES

The information booklet "So You're a Pension Scheme Trustee?" is the Board's publication which gives concise guidance to trustees on their duties and responsibilities. An updated version of this booklet, to reflect legislative changes arising from the passing of the Pensions (Amendment) Act, 2002 and other legislation affecting pensions, was published in November 2004.

TRUSTEE HANDBOOK

More comprehensive guidance is provided for trustees by means of the Trustee Handbook and Codes of Practice which are also designed to make a major contribution to the discharge of the Board's functions under Section 10(1). The second edition of the Trustee Handbook and Codes of Practice was published in November 2004.

The Trustee Handbook is available by subscription from the Board. The Codes of Practice are available free of charge and are published online on www.pensionsboard.ie.

Given the importance of the Handbook as a tool to assist the trustees in the effective discharge of their duties and responsibilities, the Disclosure of Information Regulations (S.I. 349 of 1998) contain a requirement that specific reference be made in the annual report of each scheme as to whether the trustees of the scheme have access to the Trustee Handbook.

ENQUIRY SERVICE FOR TRUSTEES

The Board provides a specific enquiry service for trustees in relation to their duties and responsibilities, with particular reference to the type of information and guidance which is provided in the Trustee

Handbook. Enquiries of the more straightforward type are usually dealt with by telephone. Responses to more complex and difficult queries are generally given in writing, if necessary, or by meeting with the enquirer at the Board's offices if the enquirer cannot be referred to an appropriate section of the Guidance Notes or Trustee Handbook.

Responses to some queries can only be provided by a scheme's professional advisers i.e. the actuary, auditor, investment manager or legal advisers, and guidance provided by the Board's staff cannot be a substitute for specific professional advice in relation to a scheme, where this is required.

TRUSTEE TRAINING

The Board, which is represented on the Steering Group for the IAPF Trustee Forum, has contributed to the development of a Trustee Training Course which is run under the auspices of the Forum. Board personnel participate in the Trustee Forum Training Courses which are held at regular intervals. The Board also continues to encourage the provision generally of appropriate training facilities for trustees of schemes and the take-up of these facilities by trustees.

Promulgating the Pensions Message

The Board recognises that there needs to be awareness among the general public that Ireland has a robust system of pensions regulation that protects the interests of scheme members, PRSA contributors and the broader public interest. Added to this is the Board's concern to encourage greater take-up of pensions, particularly among those socio-economic groups, including young persons, women and atypical employees who have the lowest levels of pensions coverage. To this end, the Board utilised various methods of communicating the "pensions message" during 2004 including activities undertaken under the National Pensions Awareness Campaign (NPAC).

INFORMATION PRESENTATIONS

During 2004 the Board gave 42 information presentations to trustees, trade unions, employer

personnel, professional bodies and others. Matters covered in the presentations included the main features of the Pensions Acts and other legislation affecting pensions.

The opportunity to hear and talk to the Pensions Board staff face-to-face about key pensions issues has been welcomed by these groups.

THE PENSIONS BOARD BULLETIN

The Board provides an informal communication for interested parties in the form of a Bulletin (which is available on the Board's website). 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. Two Bulletins were issued during 2004, covering the following main topics:

- EU Pensions Directive
- Review of the Funding Standard

PENSIONS BOARD ONLINE

The number of visitors to its website (www.pensionsboard.ie) continued to grow in 2004. The number of visitors for the year was 140,774 while the average monthly number of visitors was 11,731.

The website contains an online version of the Board's information booklets, and sets out the structure and functions of the Board while providing, on an ongoing basis, a list of information presentations given by Board personnel.

Improvements to the site during 2004 include:

- The Pensions Calculator.
- E-mail notification for customers who register online.
- Banner adverts promoting the National Pensions Awareness Campaign.

A review of the site was completed during 2004 with a view to redesigning the underlying structure, as well as the 'look and feel' during 2005. This will make the website easier for visitors to use and help them find what they are looking for.

Pensions Development/ Information/Awareness *continued*

The most popular resources for visitors to the site in 2004 were the Publications Page and the Pensions Calculator.

THE NATIONAL PENSIONS AWARENESS CAMPAIGN (NPAC)

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

The Board was asked by the Minister for Social and Family Affairs to conduct this campaign on behalf of Government and an allocation of €500,000 was made available in 2004 for a second year running for this purpose. There follows an overview of campaign activity conducted in 2004.

PROJECT OVERVIEW

- Just over half (52.4%) of the Irish workforce currently have supplementary cover, as identified in the CSO Quarterly National Household Survey, Pensions-2004 with 59.1% of those aged over 30 being covered.
- The Board recommended that up to 70% of those aged over 30 acquire this cover to provide an income in retirement which enables them to maintain a reasonable relationship with their pre-retirement income.
- The Board established a National Pensions Awareness Campaign (NPAC) – Project Team to devise an awareness strategy and implementation plan for this important project.
- The primary objective of the campaign is to heighten pensions awareness with the view to increasing pension coverage in Ireland.



NPAC – Project Team

(front row - from left to right) Kevin Brabazon, Board Member; Anne Maher, Pensions Board. (back row - from left to right) David Malone, Pensions Board; Carmel Foley, Board Member; Rita Morrissey, DSFA; Paul Cunningham, DSFA; Ciarán Long, Board Member; Mary Hutch, (Chairperson), Pensions Board; Aongus Horgan, Pensions Board.

* Robert Callaghan joined the NPAC Project Team in September 2004 as a replacement for Ciarán Long, representing the Irish Insurance Federation.

NPAC 2004 ACTIVITIES

The National Pensions Awareness Campaign 2004 focused on the general public and particularly those sectors of the population as identified in the CSO Pensions Surveys of 2002 and 2004, as having consistently low coverage. Campaign activity informs the general public of the need for supplementary pension provision in order to provide for replacement income in retirement. This includes all aspects of pension provision, including PRSAs.

An integrated advertising and public relations programme was used to talk to our identified target audiences using TV, radio, newspapers, online, posters and direct mail. The Pensions Board spoke at and participated in an extensive array of conferences, seminars and workshops throughout the country in 2004. We actively engaged with the pensions industry, employer organisations, trade unions, Government Departments and a wide range of social and community groups to assist in the process of promoting increased pensions uptake.

Some of the highlights of the year included:

PENSIONS CALCULATOR

In February 2004 the Pensions Board distributed 75,000 sample Pension Calculators throughout the country to commuters at traffic junctions and public transport stations in Dublin, Cork, Galway, Limerick and Waterford.



Pension Calculators Giveaway at the new LUAS bridge in Dundrum.

PENSION INFORMATION FORUMS

Pension Information Forums were held in four identified low pension coverage regions in the country, Donegal, Longford, Galway and Tralee during March and April 2004. The following Agencies had a presence at each of the venues where they were on hand to answer questions and provide information:

- The Pensions Board
- Department of Social and Family Affairs
- National Women's Council of Ireland
- Office of the Pensions Ombudsman
- Construction Industry Monitoring Agency

WOMEN & PENSIONS

The Pensions Board published 60,000 copies of the second edition of the Women & Pensions information booklet in March 2004 and 40,000 copies were

distributed to all the participants in the Women's Mini Marathon in June 2004.



Pictured at the Women & Pensions information booklet launch, from left: Mary Hutch, Pensions Board, Catherina McKiernan and Michael McNulty, Chairman, The Pensions Board.

CHILD'S PLAY – LAUNCHING THE ONLINE PENSIONS CALCULATOR

The Pensions Board launched an on-line interactive Pensions Calculator on the Board's web-site www.pensionsboard.ie in July 2004.

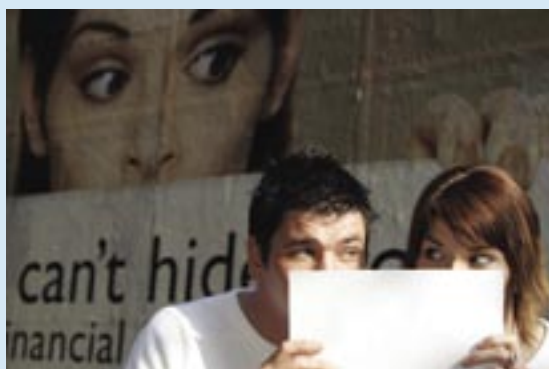


(back row) David Malone, Project Manager, National Pensions Awareness Campaign, Anne Maher, Chief Executive, Pensions Board. (front row) Mary Hutch, Head of Information and Training, Pensions Board and Sophie McCann, aged seven.

Pensions Development/ Information/Awareness continued

NATIONAL PENSIONS AWARENESS WEEK

13 – 19 September 2004



Launching National Pensions Awareness Week 2004 (from left) Actor Jamie Belton (Ross from Fair City) and Model Sarah Denny.

ADMOBILE NATIONWIDE TOUR



Five admobility vans were dispatched on a Nationwide Tour to launch the start of National Pensions Awareness Week 2004.

MEDIA PUBLICITY AND AWARENESS BUILDING

Throughout the 2004 campaign, pensions received considerable coverage in all sectors of the media including television, radio and print at national and local level.

All of the promotional activities focused on directing people into action – to talk to their employer, trade union, bank, insurance company, building society or financial advisor to discuss their pension options.



RESEARCH AWARENESS AUDIT

In January 2004 the Pensions Board commissioned Lansdowne Market Research to carry out an Awareness & Attitudes Pensions Survey which indicated that there are very high levels of awareness among the general public of pensions and PRSAs – 60% of those surveyed had shown knowledge of PRSAs.

According to the Lansdowne Market Research – Awareness & Attitudes Pensions Survey 2004 awareness levels among younger people are encouraging. In the age bracket 15-24, 38% were aware of PRSAs and this increases significantly to 74% among the 25-35 year olds.

The key challenge ahead, over the coming years, is to convert this strong level of awareness into positive action in the form of pensions take up.

Source of Information for Media

MEDIA RELATIONS

Supporting the media during 2004 and providing a source of authoritative information for them, involved briefing the relevant journalists on various developments within the Board, e.g. publication of returns from PRSA providers, continuation of National Pensions Awareness Campaign, numerous activities under the Campaign including National Pensions

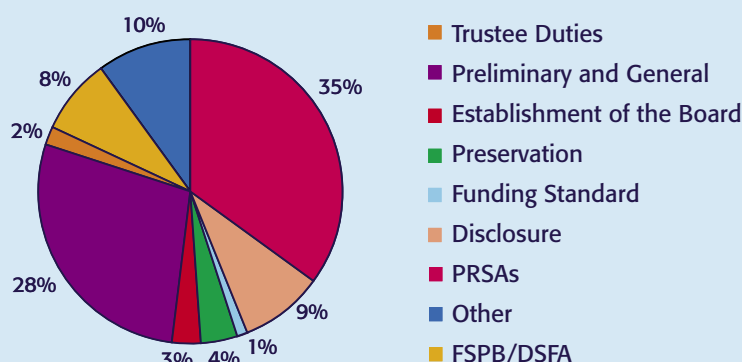
Awareness Week in September, and relaunching publications such as updated information booklets and the second edition of the Pensions Board Trustee Handbook and Codes of Practice. As well as these major events, the Board sought media opportunities across a range of outlets to promote discussion of pension issues. This was intended to have a dual impact of promoting pension awareness among target groups and the importance of pension provision.

TABLE 11 – NATURE OF ENQUIRIES

	2004		2003	
Area of Act	Number	%	Number	%
Preliminary and General	3,078	28%	1,693	22%
Establishment of Board	345	3%	236	3%
Preservation	480	4%	296	4%
Funding Standard	77	1%	62	1%
Disclosure	945	9%	1,018	13%
Trustee Duties	209	2%	157	2%
Equal Treatment	37	0%	20	0%
Compulsory & Voluntary Reporting & Miscellaneous Applications to the High Court	11	0%	18	0%
PRSAs	3,889	35%	2,778	36%
Pensions Ombudsman	27	0%	13	0%
Financial Services (Pensions) Business/ Department of Social and Family Affairs (FSBP/DSFA)	864	8%	0*	0*
Other Enquiries	1,095	10%	1,439	19%
Total	11,057	100%	7,730	100%

Pensions Development/ Information/Awareness continued

Nature of Enquirers 2004



**Enquiries relating to the Financial Services (Pensions) Business (FSPB) and Department of Social & Family Affairs (DSFA) in 2003 had been included in the category of "Other Enquiries" but these have been added as a new category this year as they represent a significant number of enquiries.*

Ongoing Activity

Tables 11 and 12 show enquiries handled during 2004 compared to 2003.

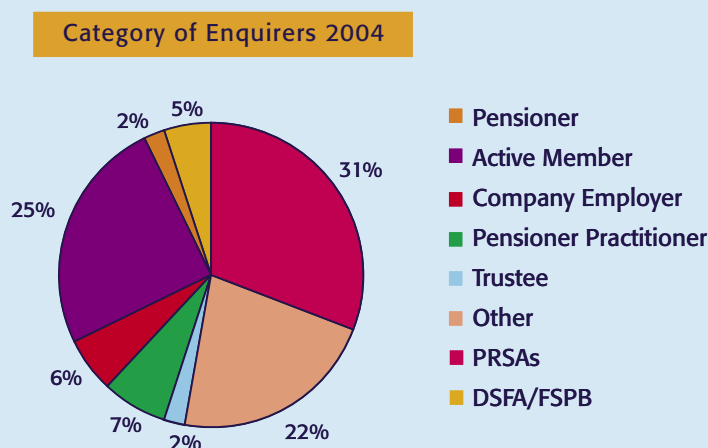
Table 11 demonstrates that enquiries have significantly increased to 11,057 for 2004, 43% more than in 2003. This increase primarily reflects the success of the National Pensions Awareness Campaign and enquiries received in response to the PRSA questionnaire. The PRSA questionnaire was mailed in August 2004 to 64,000 employers who did not appear to have an occupational pension scheme registered with the Board or who may not have designated a PRSA provider to ensure that their employees, where necessary, had access to

a Standard PRSA. PRSAs accounted for the largest number of enquiries at 3,889 (which includes 2,391 enquiries on the PRSA questionnaire). It should be noted that the total figure of 11,057 enquiries excludes routine enquiries about registration and fee collection.

The second largest number of enquiries relates to "Preliminary and General". This includes enquiries relating to UK/Ireland Regulations, Family Law & Pension Adjustment Orders and Booklet Requests. The heading "Other Enquiries" includes matters relating to the application of general trust law, research student enquiries and other matters which do not come under the Board's strict remit e.g. personal pension plans and income continuance plans.

TABLE 12 – CATEGORY OF ENQUIRERS

	2004		2003	
	Number	%	Number	%
Pensioner	187	2%	142	2%
Active Member	2,534	25%	1,891	27%
Company/Employer	663	6%	1,555	22%
Trade Union	41	0%	41	1%
Pension Practitioner	725	7%	723	10%
Trustee	191	2%	101	2%
DSFA/FSPB	554	5%	0*	0*
PRSA Enquirers	3,157	31%	0*	0*
Other	2,265	22%	2,541	36%
Total	10,317	100%	6,994	100%



* FSPB/DSFA and general PRSA enquirers in 2003 were included in the category of "Other"; these groups have been added as new categories this year as they represent a significant number of enquirers.

Table 12 provides an analysis of enquirers who contacted the Board during 2004. The total number of enquirers for 2004 was 10,317 which is an increase of 47% over 2003.

The largest group of enquirers relates to PRSAs which is a new category added this year to reflect its significance. The PRSA enquirers figure includes 2,391 enquirers in relation to the PRSA questionnaire referred to in the Chapter entitled "Regulatory". (please see notes for Table 11).

Company/Employer enquirers fell to 6% compared with 22% in 2003. A large proportion of enquirers in this category for 2003 can be attributed to employers' enquiries relating to the introduction of mandatory provision of PRSA access in September 2003.

Included in the residual category entitled "Other", after the hiving-off of PRSA and DSFA/FSPB enquiries, are enquiries from media personnel, research students and the general public. The number of enquiries (Table 11) exceeds the number of enquirers (Table 12) as some enquirers raised more than one question.

Support for Irish input to External Bodies

Provision of input for information to international bodies in relation to pension matters is part of the strategic objectives of the Board. The following are the bodies to which such input is given.

PENSION SUPERVISORY AUTHORITIES

The Pensions Board meets with the pensions regulators of the UK (formerly OPRA, now The Pensions Regulator), the Netherlands (formerly Pensioen & Verzekringskamer now merged with the Dutch National Bank) and Germany (BAFin), every six months to discuss areas of mutual interest. In 2004 the meetings were held in Bonn in April and Brighton in October.

THE EUROPEAN UNION

During 2004, the Board supported the official Irish involvement in pensions-related matters at EU level. In particular, it was involved in multi-lateral discussions with the Commission regarding implementation of the IORPs Directive (2003/41/EC).

GROUPE CONSULTATIF ACTUARIEL EUROPEEN (EACG)

The Board participates in the Groupe Consultatif as part of the group's discussions with EU pension supervisors generally.

ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

The Working Party on Private Pensions was established in 1999 to provide a forum for policy makers from OECD countries to discuss public policy towards private pensions, with a focus on regulation. Its mission is to assist countries in the development

Pensions Development/ Information/Awareness **continued**

of an adequate regulatory and supervisory framework that protects the rights of members and beneficiaries and promotes the financial security of pension plans and funds. This work is performed through the development of standards, in-depth policy analysis and a unique data collection process. The Working Party also promotes dialogue with non-OECD countries through conferences and workshops organised throughout the year in different parts of the world.

The Board, which is represented at the OECD Working Party on Private Pensions, continued to represent Ireland's views at meetings of the Working Party in 2004.

INTERNATIONAL EMPLOYEE BENEFITS ASSOCIATION (IEBA)

In February 2003, the Board accepted an invitation to join IEBA. The Association, based in the U.K., has, inter alia, an informational and educational role in relation to employee benefits including pensions. The Board's Chief Executive was a speaker at the Association's AGM – related activity in April 2005.

INTERNATIONAL ORGANISATION OF PENSIONS SUPERVISORS (IOPS)

The Board is a member of the International Organisation of Pensions Supervisors (IOPS), an organisation which was established in July 2004 at the instigation of the OECD's network of pensions supervisors and regulators.

A Technical Committee, on which the Board is represented to convey Ireland's views, develops the programme of work of the organisation. The Technical Committee will participate in and conduct the development of principles, standards and good practices on pension supervisory issues and on regulatory issues related to pension supervision. This work will take into account the partnership agreements of the IOPS with relevant international bodies.

IOPS aims to set international standards on pension supervisory issues, whilst taking into account the variety of different pension systems in different countries. IOPS will place considerable emphasis

on co-operation with other international bodies, in particular, the OECD, where appropriate. The organisation is serviced by the OECD secretariat.

WORLD BANK

The Pensions Board has an active relationship with The World Bank and The World Bank Institute. This takes the form of exchange of information, meeting with pension related visitors to Ireland, inputting to training programmes and participating in World Bank sponsored conferences and seminars.

COMMITTEE OF EUROPEAN INSURANCE AND OCCUPATIONAL PENSION SUPERVISORS (CEIOPS)

During 2003, the Board joined CEIOPS as part of its EU-related activities. This Committee consists of regulators from all EU Member States. Its remit includes the development of closer co-operation between regulators. As part of its consideration of Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision (the Directive), CEIOPS decided that it was necessary to adopt a framework for the co-operation and collaboration of regulators in the supervision of cross-border activity of institutions for occupational retirement provision.

To progress the matter, the Committee established an IORPs Working Party which it tasked with developing a co-operative approach to the supervision of cross-border IORPs. The Pensions Board is represented on this Working Party which met in Budapest on several occasions in 2004 and has overseen the development of a draft protocol relating to the collaboration of the supervisory authorities of the Member States of the EU and those supervisory authorities of non-EU Member States that are parties to the EEA agreement on the activities and supervision of institutions for occupational retirement provision operating cross-border.

The Pensions Board is also a member of the Protocol Working Group which is a sub-group of the IORPs Working Party, comprising seven EU Member States. This Group was responsible for drafting the Protocol Agreement. During 2004 it drafted the Protocol

setting out the agreement between supervisory authorities to co-operate in the satisfactory supervision of cross-border operation of IORPs. In January 2005, the draft Protocol was approved by the IORPs Working party for submission to the CEIOPS meeting in February 2005. At that meeting it was decided that the draft Protocol should be the subject of a public consultation process which expires on 30 May 2005. (The text of the draft Protocol is available on the CEIOPS website, to which there is a link on the Board's website).

DELEGATIONS FROM OTHER COUNTRIES

The Board regularly receives delegations from other countries and provides presentations on the Irish pensions system as requested.

Operational

Summary of General Objective

To monitor and make recommendations in relation to Board finances and staff resources, to implement technology systems to regulate PRSAs, and implement the Code of Practice for the Governance of State Bodies, as well as formalise a Quality Customer Service plan and to manage the Corporate Service function.

Activity related to General Objective

MONITORING OF FINANCES

The year 2004 continued the pattern of income and expenditure with no significant variances from the previous year.

As regards financing of the cost of supervision of occupational pension schemes, the Board recommended to the Minister that no change be made to its fee of €9.50 per active scheme member. This is pursuant to the Occupational Pension Schemes (Fees) (Amendment) Regulations, 2002 (S.I. 610 of 2002).

As regards the financing of the supervision of PRSAs, the Pensions (Amendment) Act, 2002 provides for a separate fee income stream to cover the cost of regulating PRSAs.

Under these provisions, the fee structure applicable to providers of PRSAs put in place by the Personal Retirement Savings Account (Fees) Regulations, 2002 (S.I. 506 of 2002) remains in force. The Department of Social and Family Affairs made funding available to the Board in 2004 in the sum of €1.4m to defray costs incurred in relation to the supervision of PRSAs.

The Board, on behalf of the Government, commenced the National Pensions Awareness Campaign (NPAC) in 2003. This Campaign continued through 2004 and an allocation of €500,000 was made available from the Department of Social and Family Affairs for this purpose. This expenditure is reflected in the Annual Accounts.

MONITORING OF STAFF RESOURCES

The approved staff complement at the end of 2004 stood at 39.5 posts. 38.5 posts were filled at the end of 2004 with the vacant post to be filled as soon as possible through active recruitment.

During 2004 the Board sought and received the sanction of the Department of Social and Family Affairs for the provision of a post of Actuarial Adviser. This post was advertised through the national media and filled during the year.

INFORMATION COMMUNICATIONS TECHNOLOGY

The Board continued to actively monitor its Information Communications Technology needs during 2004. There was no significant capital expenditure in this area during 2004.

IMPLEMENTATION OF THE CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES

In October 2001, the Department of Finance issued a revised mandatory Code of Practice for the Governance of State Bodies for application by all commercial and non-commercial State bodies. At the end of 2004 the Code had been largely implemented in the Board.

During 2004 the Board commenced its first year of an Internal Audit function which has been out-sourced to the accounting and audit practitioners Mazars. The internal audit programme involved an initial risk assessment and a work plan for 2004 approved by the Finance and Audit Committee followed by the commencement of the formal audit procedure in January 2004 which involved three site visits within the year. The site visits reviewed a number of key controls and processes. All reports of the Internal Auditors were reviewed and approved by the Finance and Audit Committee and the Board.

CUSTOMER ACTION PLAN (CAP)

Government, as part of the Strategic Management Initiative, has endorsed 12 Quality Customer Service (QCS) principles for the public service. The 12 QCS principles are as follows:

1. Quality Service Standards
2. Equality/Diversity
3. Physical Access
4. Information
5. Timeliness and Courtesy
6. Complaints
7. Appeals
8. Consultation and Evaluation
9. Choice
10. Official Languages Equality
11. Better Co-ordination
12. Internal Customers

It is the Board's objective, as part of its "Strategy 2002-2005" to deliver the highest quality service to all our customers and has therefore included in its Strategy the delivery of a CAP based on the 12 QCS principles.

The Board is committed to ensuring that the principles of QCS are embedded in everything it does, in its Strategy, human resource strategies and the commitment to quality customer service which extends not only to its customers but to staff throughout the organisation.

Having been prepared during 2004, the CAP was published in early 2005. It formalises and records what the Board currently does in the area of customer services and indicates how the Board proposes to develop its services in line with modern quality customer service principles. The CAP also requires that progress in meeting specific standards be evaluated and reported upon in future Annual Reports of the Board.

A key initiative of the CAP includes the publication of a Customer Charter. This is a public statement detailing the Board's standards and services including specific service commitments, which has been displayed in the Board's offices and is available on its website since early 2005.

At the core of any effective Customer Charter initiative is a formal customer comment and complaint system. This type of feedback is essential to enable us to continue improving services to our customers. Such a system has been in place since early 2005.

Ongoing Activity

ADMINISTRATION

The administrative structures put in place to support the Board's activities operated satisfactorily in 2004.

HUMAN RESOURCES

Training and Development

Training and Development is an ongoing process aimed at fulfilling organisational needs and personal development. The Board provides learning resources for individuals and groups, based on needs identified through a Performance Management Development System (PMDS), technological changes and flexibility requirements. Training is provided for all employees of the Board, both new and existing, through structured training events, both internally and externally. It is the Board's objective to ensure that all employees are properly selected, inducted and trained to the highest standard to ensure everyone has the correct knowledge and skills to deliver the best service possible to our customers. There were a number of key Training and Development Initiatives during 2004 including:

- o Senior Executive Coaching
- o Executive Officer Development Course
- o Higher Executive Officer Development Course
- o Support of PMDS development plans
- o Pensions Foundation Course and Examination

In conjunction with the Department of Social and Family Affairs, the Revenue Commissioners and the Pensions Ombudsman, the Board has facilitated a joint pensions training programme. This programme, coordinated by the Board, utilises trained personnel from each organisation involved to deliver lectures, on a monthly basis, on pensions legislation and

Operational continued

regulation. The course commenced in December 2004 and is expected to finish in the Autumn of 2005.

The Board also introduced during 2004 an education awards scheme to encourage staff participation in academic and professional training. During the year the Board sponsored the attendance of a staff member at the Social Welfare Summer School at Queens University Belfast.

Recruitment

It is the Board's intention that all staff and potential staff have equality of opportunity regardless of gender, marital status, family status, race, religion, sexual orientation, disability, age and membership of the traveller community, in accordance with the Employment Equality Act, 1998. It is the Board's policy to attract and retain highly qualified and experienced staff to provide excellent customer service and who can contribute positively to the Board's values and culture. Selection is based on merit and a competency framework in accordance with best practice. During 2004 the Board filled a number of key posts including Legal Adviser in June and Actuarial Adviser in October.

Partnership

The Partnership process aims to foster joint ownership in achieving the Board's objectives and harnesses the commitment of all to improve the quality and efficiency of programmes and services and to enhancing the Board's role. The Partnership Committee held eleven meetings throughout 2004 and at its initial meeting agreed an action plan covering a number of areas including:

- o Staff Incentive Scheme
- o Long Service Award Scheme
- o Ongoing monitoring of staff issues
- o Ongoing communication to staff

As part of its commitment to the reporting process under the Sustaining Progress Agreement, the Partnership Committee reported to the Secretary General of the Department of Social and Family

Affairs on its progress with the Board's modernisation action plan which is available on the Board's website. The two reports submitted in 2004 were accepted by the Secretary General as showing progress on modernisation and the Board was authorised to award the pay increases as provided for in the Sustaining Progress Agreement.

On an ongoing basis the Committee reviews its action plan and determines exactly what Partnership's role is and what decisions it can make with regard to each item in addition to considering new items for inclusion.

Facilities Management

The Board occupies 10,602 square feet of office premises in Verschoyle House, Lower Mount Street, Dublin under a 25 years rental agreement. Day to day management of this and office facilities generally are handled in-house.

Health and Safety

The Board's policy at all times is to ensure the safety, health and welfare of its employees by maintaining a safe place and system of work pursuant to the requirements of the Safety, Health and Welfare at Work Act, 1989. To support this, the Board introduced a Wellness programme during 2004. This was further underpinned by providing a module on health and safety as part of an induction programme introduced during 2004. The Board also revised and published an employee handbook to staff outlining rules and procedures in a number of areas.

FINANCE

Expenditure for the year ended 31 December 2004 amounted to €5.06m which represents an increase of 12% when compared to the previous year. Total income for the year amounted to €6.4m which is an increase of 5% on the previous year.

Miscellaneous income amounting to €0.15m was generated from interest on moneys held on deposit, the sale of publications and the reimbursement of benefits paid to retired staff under the Board's Staff Superannuation Scheme.

The surplus of income over expenditure arising in the year amounted to €1.4m. The corresponding surplus in 2003 was €1.47m.

FEE COLLECTION

At the end of 2004 some 20,000 occupational pension schemes were obliged to pay fees to the Board. In addition 68,000 one-member schemes established on or after 1 January 1993 were also obliged to remit fees. The balance of schemes on the Board's Register represents those schemes which are not liable for fee payments as they only provide a survivor's benefit only or are Additional Voluntary Contribution schemes (AVC).

The Board collected €4.14m in fee revenue in respect of occupational pension schemes which was broadly comparable to that raised in 2003. In respect of PRSAs the Board collected fees of €140,494.

FINANCIAL OUTLOOK

The Board decided not to make a further transfer from the income and expenditure account to the Compliance Enforcement Reserve, which now stands at €0.3m.

The annual transfer from the income and expenditure account to the depreciation provision together with the timing of fee income receipts may result in the Board, from time to time, having cash surplus to its immediate requirements. Where this occurs, 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.

At the end of 2004, the Board's Revenue Reserve, being accumulated surpluses, was €3.9m.

The PRSA Capital Reserve represents the capital expenditure element of funds provided to the Board by the Department of Social and Family Affairs to contribute to the costs of the Board's PRSA regulatory activities. At the end of 2004 the PRSA Capital Reserve amounted €0.42m.

Financial Statements

for the year ended 31 December 2004

Report of the Comptroller and Auditor General

For presentation to the Houses of the Oireachtas

I have audited the financial statements on pages 56 to 67 under Section 22 of the Pensions Act, 1990.

Respective Responsibilities of the Members of the Board and the Comptroller and Auditor General

The accounting responsibilities of the Members of the Board are set out on page 53. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me and to report on them.

I review whether the statement on pages 54 and 55 reflects the Board's compliance with applicable guidance on corporate governance and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements.

Basis of Audit Opinion

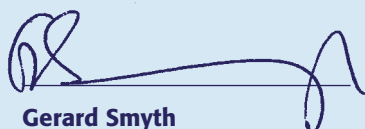
In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to the State bodies in relation to their management 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 judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. 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 affairs of the Board at 31 December 2004 and of its income and expenditure and cash flow for the year then ended.



Gerard Smyth

For and on behalf of the Comptroller and Auditor General

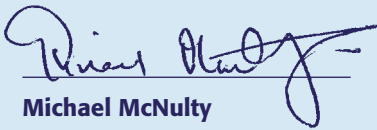
May 13 2005

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 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.

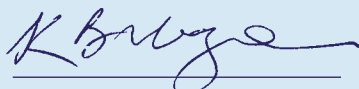
The Board is responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Board and which enable it to ensure that the financial statements comply with Section 22(1) of the Pensions Act. The Board is also responsible for safeguarding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



Michael McNulty

Chairperson

May 6 2005



Kevin Brabazon

Board Member

Chairperson's Statement on the System of Internal Financial Control

Responsibility for System of Internal Financial Control

On behalf of the Board, I acknowledge our responsibility for ensuring that an appropriate system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

The Board has taken steps to ensure an appropriate control environment by:

- clearly defining management responsibilities;
- establishing reporting procedures to control significant failures and ensuring appropriate corrective action;
- establishing a dedicated Finance and Audit Committee;
- clear separation of Board and Executive functions;
- publication of a Code of Conduct for the Board members and staff of the Pensions Board;
- establishing an internal audit function.

The Board has established processes to identify and evaluate business risks by:

- identifying the nature, extent and possible implication of risks facing the Board including the extent and categories which it regards as acceptable;
- assessing the likelihood of identified risks occurring;
- assessing the Board's ability to manage and mitigate the risks that do occur;
- having regard to the costs of operating particular controls relative to benefit obtained.

During the year the Executive reviewed and updated the risk register.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability. In particular it includes:

- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board;
- regular reviews by the Finance and Audit Committee and Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- monthly cash-flow statement with analysis of major income and expenditure categories;
- regular internal audits.

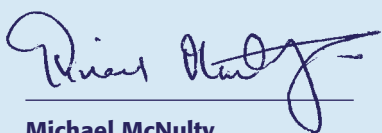
As implemented in 2003 the internal audit function is a key element in informing the Board of the effectiveness of the system of internal financial control. The internal audit function operates in accordance with the Code of Practice for the Governance of State Bodies. The work of internal audit is informed by analysis of the risk to which the body is exposed and a full risk analysis exercise has been undertaken in that regard. The analysis of risk and the internal audit plans are endorsed by the Finance and Audit Committee and approved by the Board.

The Pensions Board has in year ended 31 December 2004, through the ongoing activity of its Finance and Audit Committee, monitored the work of the Executive in the area of financial control. Specifically, the Committee examined the following:

- Quarterly management accounts, with analysis and explanation of significant deviations from budget;
- Review of Annual Accounts for 2003 and explanation of significant variances;
- Annual budget and financial plan for 2005;
- Internal Audit reports;
- Overhead allocation rates between the OPS and PRSA division.

Annual Review of Controls

I confirm that in respect of the year ended 31 December 2004 the Board conducted a review of the effectiveness of the system of internal financial control. This review considered the main recommendations of the internal audit reports and progress by the Executive in implementing these recommendations.



Michael McNulty

Chairperson

May 6 2005

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 and Family Affairs with the concurrence of the Minister for Finance in accordance with Section 22(1) of the Pensions Act, 1990.

The financial statements are also prepared in accordance with accounting standards generally accepted in Ireland, being standards developed by the Accounting Standards Board and issued in Ireland by the Institute of Chartered Accountants in Ireland.

The results are denominated in Euro.

(B) FEE INCOME

Fee Income represents

- i) The amount estimated by the Board as collectable in respect of Occupational Pension Schemes in 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.
- ii) Amounts due in respect of application, product and annual fees levied on Personal Retirement Savings Account (PRSAs) providers. Annual PRSA fees are calculated by reference to the number of registered approved products and the value of funds under management by the provider as at the end of the prior year.

(C) STATE GRANT

State Grant represents the amount made available in respect of the year by the Department of Social and Family Affairs to

- i) Recoup the cost of superannuation benefits paid by the Board,
- ii) Meet the costs associated with the Board's role in relation to PRSAs, and
- iii) Meet the net costs associated with the National Pensions Awareness Campaign (NPAC).

(D) PRSA CAPITAL RESERVE

This reserve represents the unamortised amount of State Grant used for the purchase of fixed assets and is amortised in line with depreciation of the relevant assets acquired.

(E) TAXATION

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

(F) 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.

Leasehold improvements	6 ² / ₃ %
Computer equipment	25%
Office furniture	12 ¹ / ₂ %
Office equipment	20%
Motor vehicle	20%

(G) OPERATING LEASE

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

(H) SUPERANNUATION

In view of the arrangements, as described in note 18, which the Board has in place in relation to the defined benefit scheme it operates for employees, the Board is of the view that the provisions of Financial Reporting Standard 17, Accounting for Retirement Benefits in relation to accounting for pension liabilities which arise under defined benefit schemes are not applicable to its circumstances.

Accordingly, the Board charges the employer contributions to income and expenditure in the year as if the scheme was a defined contribution scheme.

(I) 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 Acts, it may be necessary for the Board, from time to time, to have recourse to legal action.

In certain cases, such action, could 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 amounts are transferred from the income and expenditure account to the compliance enforcement reserve when deemed necessary.

Income and Expenditure Account

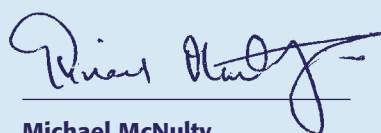
for the year ended 31 December 2004

	NOTES	2004 €	2003 €
Income			
Occupational Pension Scheme fees		4,138,866	3,950,494
Personal Retirement Savings Account Fees	1	140,494	75,000
State grant in respect of:			
Pension payments to retired staff		43,295	40,467
Personal Retirement Savings Account			
Costs	1&19	1,427,951	1,412,745
National Pension Awareness			
Campaign costs	2	500,000	500,000
Other income	3	145,146	90,613
Total income		6,395,752	6,069,319
Transfer (to)/from PRSA capital reserve	15&19	73,203	(85,080)
		6,468,955	5,984,239
Expenditure			
Salaries, pensions and related expenses	4	2,227,720	1,837,809
Board members' fees and expenses	5	103,354	103,268
Rent and office expenses	6	738,217	774,077
Recruitment, training and education	7	104,748	128,852
Information, research and publicity	8	680,051	492,058
Consultancy and other professional fees	9	640,190	646,036
General administration	10	341,391	305,524
Depreciation	11	227,600	225,840
Total expenditure		5,063,271	4,513,464
Surplus for the year		1,405,684	1,470,775
Transfer to compliance enforcement			
Reserve	16	-	50,000
		1,405,684	1,420,775
Revenue reserve at 1 January		2,499,437	1,078,662
Revenue reserve at 31 December		3,905,121	2,499,437

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 22 form part of these financial statements.



Michael McNulty
Chairperson

May 6 2005



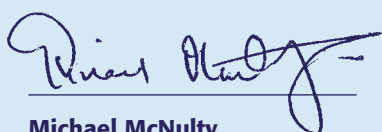
Anne Maher
Chief Executive

Balance Sheet

At 31 December 2004

	NOTES	2004		2003	
		€	€	€	€
Fixed Assets					
Tangible assets	11		1,086,959		1,272,519
Current Assets					
Debtors	12	557,570		589,810	
Cash at bank and on hand	18	3,297,861		1,674,551	
		3,855,431		2,264,361	
Current liabilities					
Creditors amounts falling due within one year	13	313,103		240,074	
Net current assets			3,542,328		2,024,287
Total assets			4,629,287		3,296,806
Financed by					
Compliance enforcement reserve	16	300,000		300,000	
PRSA capital reserve	15 & 19	424,166		497,369	
Revenue reserve		3,905,121		2,499,437	
			4,629,287		3,296,806

The statement of accounting policies, cash flow statement and notes 1 to 22 form part of these financial statements.



Michael McNulty

Chairperson

May 6 2005



Anne Maher

Chief Executive

Cash Flow Statement

for the year ended 31 December 2004

	NOTES	€	2004 €	€	2003 €
CASH FLOW STATEMENT					
Net cash inflow from operating activities	17		1,636,639		1,363,546
Returns on investments and servicing of finance					
Interest received		<u>27,017</u>	27,017	<u>14,412</u>	14,412
Capital expenditure					
Payments to acquire tangible fixed assets		<u>(40,346)</u>	(40,346)	<u>(238,300)</u>	(238,300)
Management of liquid resources					
(Increase) in short term deposits		<u>(1,500,000)</u>	(1,500,000)	<u>(1,400,000)</u>	(1,400,000)
INCREASE/(DECREASE) IN CASH			123,310		(260,342)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS					
	18				
Increase /(Decrease) in cash in the year			123,310		(260,342)
Increase in short term deposits			<u>1,500,000</u>		<u>1,400,000</u>
Movement in net funds in the year			<u>1,623,310</u>		<u>1,139,658</u>
Net funds at 1 January 2004			1,674,551		534,893
Net funds at 31 December 2004			<u>3,297,861</u>		<u>1,674,551</u>

Notes to the Financial Statements

for the year ended 31 December 2004

1. PRSA FUNDING AND COSTS

	2004	2003
	€	€
PRSA state grant receivable in year	1,427,951	1,412,745
PRSA fees	140,494	75,000
Total in respect of PRSA costs	1,568,445	1,487,745
Applied in respect of PRSA costs:		
Non-capital	1,553,398	1,316,609
Capital	15,047	171,136
	1,568,445	1,487,745

2. NPAC FUNDING AND COSTS

The Pensions Board on behalf of the Government continued the National Pension Awareness Campaign (NPAC) in 2004. An allocation of €500,000 from the Department of Social and Family Affairs was made available in the year for this purpose. The primary objective of this campaign was to heighten pensions awareness with a view to increasing pension coverage in Ireland.

The allocation was spent in the following main cost categories:

	2004	2003
	€	€
Information and awareness activities	418,892	424,497
Research and Measurement	-	21,119
Project management	74,981	26,775
Administration	7,256	27,609
	501,129	500,000

3. OTHER INCOME

	2004	2003
	€	€
Publications	82,797	67,216
Interest income	54,606	24,144
Miscellaneous income	7,743	(747)
	145,146	90,613

Notes to the Financial Statements

for the year ended 31 December 2004

4. EMPLOYEE NUMBERS AND COSTS

The total staff complement as approved by the Minister at 31 December 2004 was 39.5 permanent (2003 – 38.5 permanent). The average number of employees excluding contract staff for 2004 was 38 (2003 – 37). The aggregate employee and related costs were as follows:

	2004	2003
	€	€
Salaries	1,725,380	1,464,339
Employer superannuation contributions*	280,801	193,741
Employer PRSI contributions	126,950	105,902
Superannuation benefits payable	43,295	40,467
Contract Staff – general	51,294	33,360
	2,227,720	1,837,809

*See note 20

5. BOARD MEMBERS' FEES AND EXPENSES

	2004	2003
	€	€
Board fees	99,044	99,044
Expenses	4,310	4,224
	103,354	103,268

6. RENT AND OFFICE EXPENSES

	2004	2003
	€	€
Rent	574,991	576,461
Service charge	28,686	62,552
Rates	52,753	50,054
Electricity	16,367	32,041
Cleaning	22,098	18,349
Offsite storage	27,162	21,544
General maintenance	16,160	13,076
	738,217	774,077

The Board occupies office premises at Verschoyle House, Lower Mount Street, Dublin 2, under a 25-year lease, which commenced on 16 July 2001.

7. RECRUITMENT, TRAINING AND EDUCATION

	2004	2003
	€	€
Recruitment and staff costs	52,369	67,430
Training and education	52,379	61,422
	104,748	128,852

8. INFORMATION, RESEARCH AND PUBLICITY

	2004	2003
	€	€
Advertising and awareness activities	463,276	286,481
Printing and publications	144,570	169,151
Research	26,127	27,107
Information stands and launches	46,078	9,319
	680,051	492,058

9. CONSULTANCY AND OTHER PROFESSIONAL FEES

	2004	2003
	€	€
Legal fees	210,494	151,938
Pensions/actuarial consultancy fees	219,790	153,022
Public relations and information	111,232	125,689
Recruitment consultancy	5,414	4,356
Management consultancy	31,206	40,694
Audit fees	11,950	11,950
Internal audit fees	20,796	10,999
Other	29,308	21,064
Development of PRSA processes and procedures	-	126,324
	640,190	646,036

10. GENERAL ADMINISTRATION

	2004	2003
	€	€
Stationery and office expenses	96,925	63,658
Telephone and postage	107,081	126,546
Travel and subsistence	35,307	26,963
Insurances	12,341	12,463
Computer maintenance and consumables	88,844	74,904
Interest and charges	893	990
	341,391	305,524

Notes to the Financial Statements

for the year ended 31 December 2004

11. TANGIBLE FIXED ASSETS

	Leasehold improvements €	Computer equipment €	Office furniture €	Office equipment €	Motor vehicle €	Total €
Cost or Valuation						
At 1 January 2004	1,127,911	569,539	163,608	109,594	38,430	2,009,082
Additions in year	8,270	9,257	21,581	2,932	-	42,040
Disposals in year	-	(17,915)	-	(358)	-	(18,273)
At 31 December 2004	1,136,181	560,881	185,189	112,168	38,430	2,032,849
Accumulated Depreciation						
At 1 January 2004	223,836	360,891	59,764	76,700	15,372	736,563
Charge for year	75,745	103,369	23,149	17,651	7,686	227,600
Disposals in year	-	(17,915)	-	(358)	-	(18,273)
At 31 December 2004	299,581	446,345	82,913	93,993	23,058	945,890
Net Book Value						
At 31 December 2003	904,075	208,648	103,844	32,894	23,058	1,272,519
At 31 December 2004	836,600	114,536	102,276	18,175	15,372	1,086,959

12. DEBTORS

	2004 €	2003 €
Amounts falling due within one year:		
Fee income	444,093	468,804
Prepayments and accrued income	37,678	35,319
Accrued interest receivable	38,641	11,052
State grant debtor PRSA	6,337	-
Debtors other	30,821	-
Superannuation debtor	-	40,745
PAYE/PRSI prepayment	-	33,890
	557,570	589,810

13. CREDITORS

	2004 €	2003 €
Amounts falling due within one year:		
Accruals	208,693	219,788
State grant creditor PRSA	44,337	20,286
Tax Creditor	60,073	-
	313,103	240,074

14. FINANCIAL COMMITMENTS

(i) Capital Commitments

There were no capital commitments at 31 December 2004.

(ii) Operating Leases

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

	2004	2003
	€	€
Lease of Office Accommodation	-	-
Expiring within one year	-	-
Expiring after one year and before five years	-	-
Expiring after five years	554,342	554,342
	554,342	554,342

15. PRSA CAPITAL RESERVE

	2004		2003	
	€	€	€	€
At beginning of year		497,369		412,289
Transfer (to)/from Income and Expenditure Account				
Current year grant	15,047		171,136	
Amortisation – assets capitalised in the year	(2,194)		(42,487)	
– prior year acquisitions	(86,056)	(73,203)	(43,569)	85,080
At end of year		424,166		497,369

16. COMPLIANCE ENFORCEMENT RESERVE

	2004	2003
	€	€
At beginning of year	300,000	250,000
Transfer from income and expenditure Account	-	50,000
At end of year	300,000	300,000

Notes to the Financial Statements

for the year ended 31 December 2004

17. RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

	2004 €	2003 €
Surplus for year	1,405,684	1,470,775
Non Operating Items		
Interest received	(27,017)	(14,412)
Non Cash Items		
Transfer to/(from) PRSA capital reserve	(73,203)	85,080
Depreciation	227,600	225,840
Decrease/(increase) in debtors	32,240	(269,727)
(Decrease)/increase in non capital creditors	71,335	(134,010)
Net cash inflow from operating activities	1,636,639	1,363,546

18. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2004 €	Cash Flow €	At 31 December 2004 €
Cash at bank and on hand	(25,449)	123,310	97,861
Short term deposits	1,700,000	1,500,000	3,200,000
	1,674,551	1,623,310	3,297,861

19. CONTINGENT LIABILITY

The state grant in respect of PRSA costs may become repayable in future years should fees received by the Board from PRSA providers exceed related costs.

State grants receivable in respect of the year total €1,427,951 (2003 - €1,412,745). As at the year end the accumulated amount of state grant was €4,660,888 (2003 - €3,232,937).

20. ACCOUNTING TREATMENT FOR RETIREMENT BENEFITS*

The Board operates a defined benefit pension scheme for its employees. The scheme structure is based on the Public Service Model and is approved by the Minister and the Minister for Finance. Pension benefits payable under the scheme are funded by the Exchequer.

In addition, the Pensions Board arrangements have a number of specific characteristics:

- the Board makes an agreed contribution to the Department of Social and Family Affairs;
- the contribution comprises of an employee element along with an employer element. The employer contribution amounts to 16.66% of gross pay and is paid by the Board;
- there is an explicit commitment from the Department of Social and Family Affairs, with the agreement of the Department of Finance, that the Exchequer will meet the cost of benefits as they fall due.

The Board considers that its pension arrangements as described above have the same financial effect from the Board's point of view as a defined contribution scheme. It is of the view that the provisions of Financial Reporting Standard 17, Accounting for Retirement Benefits, which arise under defined benefit schemes are not appropriate to its circumstances. Accordingly it accounts for its contribution as if the scheme was a defined contribution scheme.

* See note 4

21. 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 2004 the Board incurred fees payable to third parties, including legal fees, in respect of professional services in the amount of €640,190 inclusive of VAT. This amount includes €59,763 which was paid to Matheson Ormsby Prentice a law firm of which a Board member, Mr. Brian Buggy is a partner.

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on May 6 2005.

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 lookback 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 non-compliance with the Act.

No late payments arose during 2004 and accordingly no penalty interest payments were made in the year.

In conclusion, I am satisfied that the action the Pensions Board is taking in dealing with the Prompt Payment of Accounts Act, 1997 is in compliance with the Act.



Anne Maher

Chief Executive

May 6 2005

Appendix I

Pensions 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.

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
Pensions (Amendment) Act, 2002	No. 18 of 2002
Social Welfare (Misc. Prov) Act, 2003	No. 4 of 2003

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*5

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*11

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*12

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

Appendix I continued

Pensions Legislation

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*10

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*14

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*13

Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1998
S.I. No. 320 of 1998*8

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

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

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

Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 1999
S.I. No. 298 of 1999*9

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

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

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

Occupational Pension Schemes (Revaluation) Regulations, 2001
S.I. No. 23 of 2001

Occupational Pension Schemes (Schemes with External Members) (United Kingdom) (Amendment) Regulations, 2001
S.I. No. 329 of 2001

Occupational Pension Schemes (Revaluation) Regulations, 2002
S.I. No. 18 of 2002

Pensions (Amendment) Act, 2002 (Part I and Sections 6, 9 to 12, 15 to 28, 30 to 36, 40, 44, 50 to 55 and 59) (Commencement) Order, 2002
S.I. No. 276 of 2002

Occupational Pension Schemes (Preservation of Benefits) Regulations, 2002
S.I. No. 279 of 2002

Occupational Pension Schemes (Preservation of Benefits) (Special Calculations) Regulations, 2002
S.I. No. 277 of 2002

Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 2002
S.I. No. 278 of 2002

Pensions (Amendment) Act, 2002 (Section 3 (In so far as it relates to the insertion of Sections 91 to 120 into the Pensions Act, 1990) and Sections 4, 7, 13, 14, 38, 56 and 57) (Commencement) Order, 2002

Personal Retirement Savings Accounts (Disclosure) Regulations, 2002
S.I. No. 501 of 2002
S.I. No. 502 of 2002

Personal Retirement Savings Accounts (Operational Requirements) Regulations, 2002
S.I. No. 503 of 2002

Personal Retirement Savings Accounts (Fees) Regulations, 2002
S.I. No. 506 of 2002

Pensions (Amendment) Act, 2002, (Certain Sections) (Commencement) Order, 2002
S.I. No. 609 of 2002

Occupational Pension Schemes (Fees) (Amendment) Regulations, 2002
S.I. No. 610 of 2002

Personal Retirement Savings Accounts (Functions of the Pensions Board) Regulations, 2002
S.I. No. 611 of 2002

Occupational Pension Schemes (Disclosure of Information) (Amendment) Regulations, 2003
S.I. No. 4 of 2003

Occupational Pension Schemes (Revaluation) Regulations, 2003
S.I. No. 77 of 2003

Pensions (Amendment) Act, 2002, (Sections 121 (3), (4), (5) and (6)) (Commencement) Order, 2003
S.I. No. 78 of 2003

Pensions (Amendment) Act, 2002 (Section 5, in so far as that section inserts sections 126 to 130, 146 and 147 of Part XI into the Pensions Act, 1990) (Commencement) Order, 2003
S.I. No. 119 of 2003

Pensions (Amendment) Act, 2002 (Sections 45 to 49) (Commencement) Order, 2003
S.I. No. 120 of 2003

Pensions (Amendment) Act, 2002 (Sections 29 and 37) (Commencement) Order, 2003
S.I. No. 128 of 2003

Social Welfare (Miscellaneous Provisions) Act, 2003 (Section 24) (Commencement) Order, 2003
S.I. No. 129 of 2003

Personal Retirement Savings Accounts (Operational Requirements) (Amendment) Regulations, 2003
S.I. No. 341 of 2003

Personal Retirement Savings Accounts (Disclosure) (Amendment) Regulations, 2003
S.I. No. 342 of 2003

Pensions (Amendment) Act, 2002, (Section 125) (Commencement) Order, 2003
S.I. No. 359 of 2003

Pensions (Amendment) Act, 2002 (Section 3 (In so far as it relates to the insertion of Sections 121 (Except in so far as that section is already in operation), 123, 124(1)) and 125 into the Pensions Act, 1990)) (Commencement) Order, 2003
S.I. No. 389 of 2003

Appendix I continued

Pensions Legislation

Pensions (Amendment) Act, 2002 (Section 5(Except in so far as that Section is already in operation) and Sections 8 and 58) (Commencement) Order, 2003
S.I. No. 398 of 2003

Social Welfare (Miscellaneous Provisions) Act, 2003 (Section 23) (Commencement) Order, 2003
S.I. No. 399 of 2003

Pensions Ombudsman Regulations, 2003
S.I. No. 397 of 2003

Occupational Pension Schemes and Personal Retirement Savings Accounts (Transfer) Regulations, 2003
S.I. No. 429 of 2003

Pensions (Amendment) Act, 2002 (Section 3 (in so far as it relates to the insertion of Section 124 (2) into the Pensions Acts)(Commencement) Order, 2003
S.I. No. 739 of 2003

Occupational Pension Schemes and Personal Retirement Savings Accounts (Overseas Transfer Payments) Regulations, 2003
S.I. No. 716 of 2003

Occupational Pension Schemes (Revaluation) Regulations, 2004
S.I. No. 49 of 2004

Social Welfare (Miscellaneous Provisions) Act, 2004 (Sections 22 and 23) (Commencement) Order, 2004
S.I. No. 141 of 2004

Occupational Pension Schemes (Annual Reports) Regulations, 2004
S.I. No. 233 of 2004

*1 *Revoked from 1 August 1991*

*2 *Revoked from 31 December 1993*

*3 *Revoked from 21 December 1993*

*4 *Revoked from 20 November 1996*

*5 *Revoked from 31 December 1997*

*6 *Revoked from 31 March 1998*

*7 *Revoked from 2 September 1998*

*8 *Revoked from 27 September 1999*

*9 *Revoked from 28 September 2000*

*10 *Revoked from 31 December 2000*

*11 *Revoked from 2 June 2002*

*12 *Revoked from 2 June 2002*

*13 *Revoked from 1 July 1999*

*14 *Revoked from 18 December 2002*

Copies of the Acts and Regulations may be bought through any bookseller, or directly from the Government Publications Sale Office, Sun Alliance House, Molesworth Street, Dublin 2.

Appendix II

Operative Dates of Parts of the Pensions Act, 1990, as amended

		DATE
PART I	Preliminary and General	21 December 1990
PART II	Establishment of Pensions Board	21 December 1990
PART III	Preservation of Benefits	1 January 1991
PART IV	Funding Standard	1 January 1991
PART V	Disclosure of Information in Relation to Schemes	1 January 1991
PART VI	Trustees of Schemes	
	Section 59	1 November 1991
	Section 59C	29 March 2000
	Sections 60 and 61	1 January 1991
	Section 62	21 December 1993
	Sections 63 and 64	1 November 1991
PART VII	Equal Treatment for Men and Women in Occupational Benefit Schemes	1 January 1993
	Substituted by: Equal Pension Treatment in Occupational Benefit Schemes	5 April 2004
PART VIII	Compulsory and Voluntary Reporting to the Board	2 July 1996
PART IX	Miscellaneous Applications to the High Court	2 July 1996
PART X	Personal Retirement Savings Accounts	7 November 2002
PART XI	Pensions Ombudsman	28 April 2003

Appendix III

Publications

The following publications are available from

The Pensions Board,

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28/30 Lower Mount Street

Dublin 2.

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Fax: (01) 631 8602

Email: info@pensionsboard.ie

Web: <http://www.pensionsboard.ie>

So You're a Pension Scheme Trustee?*

Is My Pension Secure? *

What Do You Know About Your Pension Scheme?*

What Happens to My Pension if I Leave?

Selecting Member Trustees

The Pensions Board *

What Happens When Your Pension Scheme is Wound Up or a Merger/Acquisition Takes Place?

A Guide to Your Scheme's Annual Report

A Brief Guide to the Pension Provisions of the Family Law Acts

Annuities - A Brief Guide *

Integration - A Brief Guide*

Women & Pensions

Pensions (Amendment) Act, 2002 – Frequently Asked Questions (FAQs)

Personal Retirement Savings Accounts (PRSAs) – Employers' Obligations

Personal Retirement Savings Accounts (PRSAs) - A Consumer Guide

What are my Pension Options?

* Available in Irish also.

LEGISLATION SERVICE**

Subscribers to this service receive in two folders 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**

Designed for use principally by those who are professionally involved with occupational pension schemes and Personal Retirement Savings Accounts (PRSAs), the Pensions Board has prepared a compendium of Guidance Notes on the requirements of the Pensions Acts and Regulations, and on the pension provisions of the Family Law Acts, as follows:

Appointment and Removal of Trustees by the Board

Compulsory and Voluntary Reporting to the Board

Determinations by the Board under Sections 38, 53, 58, 64(A) of the Pensions Act.

Disclosure of Information

Equal Pensions Treatment

Member Participation in the Selection of Trustees

Pension Provisions of Family Law Act, 1995 and Family Law (Divorce) Act, 1996;

Preservation of Benefits and Minimum Value of Contributory Retirement Benefits

TRUSTEE HANDBOOK**

The Pensions Board launched a second edition of the Trustee Handbook and Codes of Practice in 2004. It contains comprehensive guidance for trustees on all aspects of their responsibilities for compliance with the Pensions Act, 1990, as amended and on good practice in relation to scheme administration.

** Available by subscription only.

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