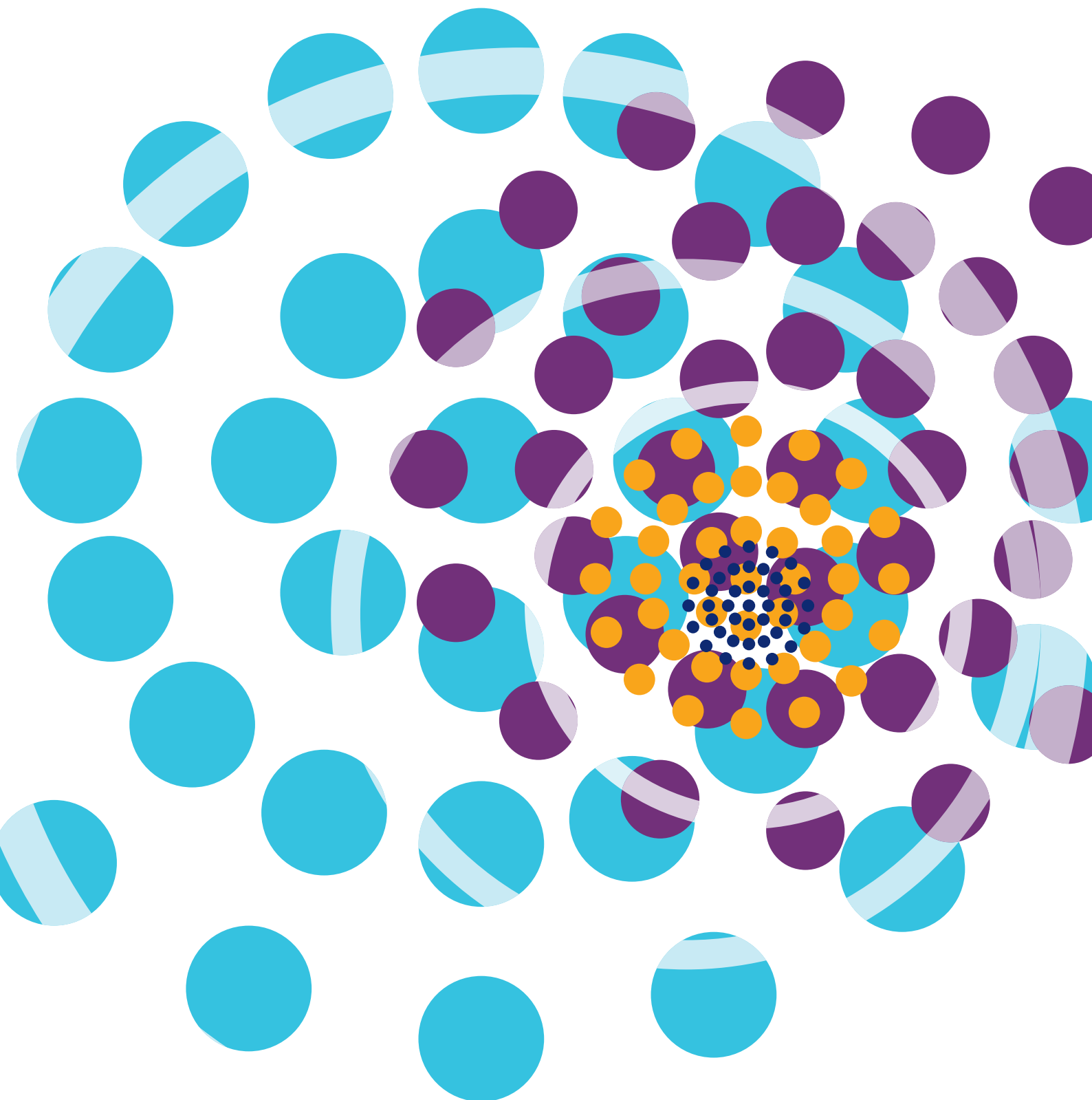




An Bord Pinsean -
The Pensions Board

Authority for Pensions



Annual Report and Accounts 2006

www.pensionsboard.ie

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Mission statement of the Pensions Board

We aim to:

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

The role and functions of the Pensions Board

The Pensions Board was established under the provisions of the Pensions Act, 1990 (as amended), as a representative body, comprising a chairperson and sixteen ordinary members appointed by the Minister for Social and Family Affairs. The Act defines the functions of the Board as follows:

- (a) to monitor and supervise the operation of the Pensions Act and pensions development generally, including the activity of Personal Retirement Savings Account (PRSA) providers, the provision of PRSA products and the operation of PRSAs,
- (b) to advise the Minister either at his request, or on its own initiative, on all matters relating to functions assigned to the Board under the Pensions Act and on matters relating to pensions generally,
- (c) to issue guidelines or guidance notes on the duties and responsibilities of trustees of schemes and codes of practice on specific aspects of their responsibilities and in relation to PRSA providers and PRSA products,
- (d) to issue guidelines or guidance notes generally on the operation of the Pensions Act and on the provisions of the Family Law Act, 1995, and the Family Law (Divorce) Act, 1996, relating to pension schemes (within the meaning of section 2 of the Family Law Act, 1995 and section 2 of the Family Law (Divorce) Act, 1996),
- (e) to encourage the provision of appropriate training facilities for trustees of schemes,
- (f) to advise the Minister on all matters arising in relation to the Pensions Act and standards for trustees of schemes and on their implementation,
- (g) to publish an annual report and such other reports as it may, from time to time, consider necessary, and
- (h) to perform such tasks as the Minister may, from time to time, request.

Principles of Better Regulation

The Board performs its regulatory role based on the following principles:

Simplicity: All regulation should improve member protection. It should take account of the voluntary nature of pension schemes and the need for regulation which does not discourage existing pension provision or the establishment of new pension provision.

Transparency: The primary responsibility for the good conduct of occupational pension schemes is vested in the trustees. The Board emphasises the disclosure of information, to enable individuals, their trade unions and other advisers, to monitor the health of their own pension arrangements.

Proportionality: Our policy is to try to secure compliance with regulatory requirements without recourse to legal action, but that such action is taken if necessary. Our first priority is the best interests of scheme members.

Efficiency, Effectiveness and Fairness: The general principles of efficiency, effectiveness and fairness guide all of our actions.

At a glance

- At end 2006, there was a total active membership of 797,370 in occupational pension schemes on the Board's register, up from 734,699 in 2005 and 629,801 at end 2000.
- Of the 502 actuarial funding certificates submitted to the Board during 2006, 70% of defined benefit schemes satisfied the funding standard compared to 57% at end 2005.
- The total number of PRSA contracts at end 2006 was 95,045. The total value of assets amounted to €835.3 million, an increase of over 80% in the value of assets held in 2005.
- The Board produced a report on employer mandatory obligations for PRSAs. The findings show a high level of compliance.
- The Board successfully prosecuted 2 cases against trustees of occupational pension schemes and 7 cases against employers.
- Policy developments during 2006 included:
 - The publication of the National Pensions Review report in January;
 - The publication of the Special Savings for Retirement report in July;
 - The presentation of the trusteeship review to the Minister for Social and Family Affairs; and
 - The Board's contribution to the Government's *Towards 2016* Green Paper on Pensions in a technical capacity.
- The National Pensions Awareness Campaign for 2006 included National Pensions Action Week in May which targeted young people, and a campaign leading up to the tax-filing deadline in October, which focused on adequacy issues and the self-employed.
- 61.8% of all persons over age 30 in employment have a pension, according to a CSO Quarterly National Household Survey (QNHS) of pensions-related coverage carried out in Quarter IV 2005.
- The Board's legislation service will be outsourced to an external service provider, in an online format, with effect from early 2007.
- Over 250,000 visits were made to the website during 2006, compared to 216,000 in 2005.
- In November 2006 the Pensions Board was in the final shortlist of the PA Consulting/Sunday Times Management Awards.



Chairperson's statement

I am pleased to submit, in accordance with Section 23 of the Pensions Act, the sixteenth annual report of An Bord Pinsean – The Pensions Board (“the Board”) for the year ended 31 December 2006. This report covers the first year of the new Board and also the first year of the new strategy statement 2006-2010.

On behalf of the Board I would like to take the opportunity to record my appreciation to Ms. Anne Maher, who retired from the position of Chief Executive of the Board in November 2006 after more than ten years service. I pay tribute to Anne for her outstanding commitment and her dedication to the Board over the last ten years. I welcome the new Chief Executive, Mr. Brendan Kennedy. The Board and I look forward to working with Brendan over the coming years.

The roles of the Pensions Board

The Board fulfils a number of very important roles in pension matters. First and most importantly, the Board is the regulator of occupational pension schemes and Personal Retirement Savings Accounts (PRSAs) and is responsible for enforcing pensions legislation. The Board also advises the Minister for Social and Family Affairs on pension matters, both at his request and at the Board's own initiative. The Board has also been given responsibility for providing information about pensions, and for improving awareness of pensions through its annual campaigns.

The work of the Pensions Board is important to a wide audience. The Board provides an information service to pension savers, to scheme trustees, and to those involved with the management and administration of pensions.

Through its policy role, the Board makes an important contribution to the development and support of pensions in Ireland. The representative nature of the Board and the wide range of backgrounds from which that membership is drawn fosters the development of consensus where possible, which is a vital contribution to the long term stability necessary to encourage retirement savings.

2006

2006 was a busy year for the Board in carrying out its regulatory responsibilities for occupational schemes and PRSAs. Almost all of this work takes place by direct communication with pension schemes, employers and providers, and prosecution is normally only a last resort.

2006 saw the beginning of a fundamental review of our supervisory priorities. I regard this review as being of critical importance. We must ensure that the regulatory practices of the Board are up to date and ensure that the Board's activities are directed to the most important and most efficient ends. This review may identify a need for more resources for the Board to fulfil adequately its responsibilities, and, if so, the Board will seek the necessary authorisation from the Departments of Social and Family Affairs and Finance.

The purpose of the review is to ensure that the Pensions Board is in position to fulfil its brief in both the regulatory and policy functions. I believe that it is an opportune time to have such an operational review, and I look forward to its successful outcome.

2006 was an extremely active year for the Board in its policy role. We published the National Pensions Review in January and this was complemented by the publication of the Special Savings for Retirement report in July. Taken together, these two reports comprise a comprehensive analysis of the current pension system and of potential changes, marking an important input into the current debate on Ireland's pension provision.

A review of trusteeship was also prepared during the year for the Minister for Social and Family Affairs in October and published in 2007. This report recommended the continuation of the current trusteeship system, but identified a number of specific improvements which should be made.

The preparation of these reports was followed by extensive work by the Board's staff on the *Towards 2016* Green Paper on Pensions. The Board was more than happy to provide this support for the formulation of the Green Paper on foot of a request from the Minister. This work continues into 2007.

The Board also dealt with many other policy matters. In particular, the staff of the Board undertook the considerable work of drafting changes to pension legislation for the Social Welfare and Pensions Bill, 2007. It is to the credit of those involved that the Board could maintain its standards in the face of an exceptional policy workload.

The Board's information work includes day to day contact with the public, publication of guidance for pension users and, of course, the annual pension awareness activities, particularly the National Pension Action Week. We welcome the increasing awareness of pensions among the public, but we recognize that retirement provision in Ireland is still below target and, most importantly, below what many people expect.

2007

2007 is a significant year for Irish pensions. The much anticipated Green Paper on Pensions is due to be completed this year, with a consultation process to follow. All of this should result in a comprehensive discussion of the options open to Ireland in framing the future of pension policy. I have no doubt that the Pensions Board will play a full role in that process.

Provision of adequate pensions is a critical national issue for the future of the people of Ireland. Pensions, whether provided through the Social Welfare system or through supplementary pensions, will have a significant impact on the quality of life of all of us. It is therefore appropriate that pensions should now be such an important issue on the national agenda. Decisions about pensions are long-term decisions, with a long lead in before they become fully effective. The Pensions Board has played a full part in informing and contributing to the pension debate to date, and we look forward to continuing to participate in this very important discussion.

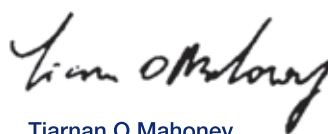
2007 will also see the introduction of on the spot fines for more minor offences under the Pensions Act. This will allow the Board to target much greater numbers of potential offences, with prosecution following automatically for those who fail to remedy the offence and pay the fine.

Conclusion

This has been a busy year for the members of the Board, and especially for those of us for whom 2006 was our first year on the Board. I would like to thank each of the members of the Pensions Board for their work, dedication and commitment during 2006 and for the spirit in which the work of the Board has been conducted.

As incoming chairperson in 2006, I have been struck by the expertise and commitment of the staff of the Board, and all that they do both in their support of the Board and in meeting the day to day obligations of the Board. I have enjoyed working with them and want to thank them for their support.

Thanks are also due to the officials in the Department of Social and Family Affairs and other Government departments for their continuing support. Finally, I would like to thank Minister Séamus Brennan T.D. for his support of the Board and his interest in its work.



Tiarnan O Mahoney

Chairperson



Chief Executive's review

Reporting on progress in meeting goals

This report is the first report on progress to date on the Pensions Board's strategy for the period 2006-2010. This outlines the objectives and overall direction of the Pensions Board for this period. The format of this report follows that of the strategy statement of the Board, in order to reflect the Board's performance against its objectives.

The Board's strategy statement is part of a process of strategic management, aimed at providing a better service to citizens. Therefore there have to be close links between the Board's strategy statement, business planning and the performance management and development systems and other strands of the modernisation process. The strategy will be reviewed annually by the Board to ensure that it remains relevant.

Background to the 2006 report

Overview

Financial and economic conditions for pensions in 2006 were generally good. High typical investment returns continued the recovery from the investment losses sustained in 2000-2003, and an increase in bond rates in particular benefited defined benefit schemes to some extent. However, there still are a number of areas of concern for the Board.

Cost of defined benefit

The cost of funding defined benefit schemes has increased significantly since the introduction of the Pensions Act in 1990. This is a direct result of increases in life expectancy and lower investment returns. The cost of providing defined benefits (or indeed any pension benefits) has increased significantly in the

last 17 years, and it is unlikely that there will be a permanent return to the contribution rates that were usual in the early 1990s.

There continued to be much focus on the funding position of defined benefit schemes in 2006. While generally the overall funding position improved, it is clear that there has been significant pressure on these schemes. Almost all schemes have seen increased contributions, in many cases from both the employer and employees, and in some cases reductions in the benefits provided by the schemes.

In our experience, trustees and employers are acutely aware of the many issues relating to the funding levels of their schemes including the effect of interest rates, asset allocation and the interaction between long term funding rates, the funding standard and accounting standards. In our experience, members are also increasingly aware of the issue particularly as it can impact on pension increases, and the possibility of early retirement.

It is encouraging to note that a number of schemes that had been granted extended funding proposals have either paid off those deficits and now meet the funding standard or have moved to shorter funding proposals. The Board is currently undertaking a review of the funding standard to ensure that it continues to fulfil its obligations appropriately in terms of mitigating risk while minimising the compliance burden on schemes. Schemes that are heading into difficulty are urged to communicate with the Board at an early interval to allow us to work together to come to an appropriate solution to meet the needs of all concerned.

Defined contribution and PRSAs

The Board's registration statistics show that the number of members of defined contribution schemes continues to increase, and stood at 255,008 at the end of 2006. On the same date, there were 95,045 PRSAs in existence. The issues of increasing longevity, lower investment returns and investment risk affect these savers just as much as members of defined benefit schemes. However, the effect of these issues will be borne solely by the individual, and many of these will not become aware of the effect on their retirement savings until close to their retirement.

It is clear from the data from the National Pensions Review and other sources that the typical contribution to a defined contribution scheme, PRSA or retirement annuity contract will not be enough to maintain the contributor's standard of living in retirement. Awareness of the significance of pension adequacy is an important part of the Board's pension awareness activities. However, the Board cannot solve this issue itself and everyone concerned with pensions must focus on this problem.

Investment risk

It is not the Board's responsibility to make investment decisions for pension schemes or pension contributors. However, the Board has concerns about some aspects of pension investment.

Most defined benefit schemes continue to remain heavily invested in equities. While the high equity content of schemes has been the main reason for the recent improvement in the funding position of those schemes, there is risk that poor performance in the equity markets would have a significant impact on the funding level of those schemes. It is not always clear to the Board that the trustees are aware of the investment risks that they are taking. The Board urges trustees to review constantly their investment strategy in this light.

These issues also relate to defined contribution schemes and PRSAs, where the impact of investment risk will be directly in the benefits paid to the contributor. The Board believes that many contributors (and much investment commentary) focus

too much on potential investment returns and not enough on the resulting risk. Trustees of defined contribution schemes also need to be aware of the issues and, more importantly, ensure that members are aware of and understand the risks involved. The Board will continue to fully support trustees in their role, including in relation to investment issues, through trustee training and guidance. A list of trustee supports are provided at Appendix V of this annual report.

Trustee responsibilities

A further area of concern relates to the preparation of trustee annual reports. As well as being a means of communication to members of the scheme, the preparation of the trustee annual report is an important check on the running of the scheme. This can particularly be true where audited accounts are being completed as that process can highlight issues or inconsistencies. It has become evident that many trustee annual reports continue to be prepared outside the statutory period of 9 months after the end of the scheme year. The 9 month period is already a generous period and there can be no reasonable excuse for late preparation. Too often the task of preparing the report is commenced too close to the end of the 9 month period.

Overall compliance levels

Although overall compliance levels continue to improve, there are a number of particular areas of concern to the Board. Over a quarter of investigations opened by the Board in 2006 related to the non-payment of contributions by employers in the construction industry to the Construction Federation Operatives Pension Scheme (now the Construction Workers Pension Scheme). This is consistent with the high level of complaints on this issue that are received by the Pensions Ombudsman. All complaints will be investigated and, where there is enough evidence, those found in breach will be subject to criminal proceedings. During 2006, the Board had regular meetings with the Pensions Ombudsman and the Construction Industry Monitoring Agency with a view to achieving a co-ordinated approach to regulation in this area. We will continue to work closely with these parties and the administrators of the Construction Workers Pension Scheme to bring about an improvement in compliance standards.

New powers

A number of trustees were prosecuted for the late preparation of trustee annual reports in 2006. Some of these argued that they had delegated this task to the scheme administrator and it was the fault of the administrator that the report was prepared late. In these cases the Court was never satisfied that the trustees took adequate measures to ensure that the report was completed on time and that the legal responsibility remained with the trustees. That said, the Board recognises the issue and in its trusteeship review has recommended that scheme administrators are subject to Regulation.

This is an area on which the Board will continue to focus to ensure standards are improved and will also use the new on the spot fines regime to bring about improvement.

Conclusion

In summary, therefore, based on our experience in 2006, I am satisfied that, generally, compliance levels continue to improve and I would urge:

- schemes that are heading into funding difficulty to communicate with the Board at an early interval to facilitate mutual problem solving; and
- trustees to review the balance of their investment portfolio to investigate risk and to ensure that they are fully aware of their obligations to prepare annual reports etc and of the Pensions Board's new powers including the on the spot fines regime.

2007 promises to be another important year in the development of the work programme of the Board. The major priorities for the Board will include the completion of its input into the Green Paper, the follow up to the National Pensions Review and the operational review.

Finally, a detailed report of the work carried out by the Board is set out in this annual report and is based around the headings of the Board's general objectives.



Brendan Kennedy
Chief Executive

The Pensions Board: who we are

The Pensions Board is a statutory body comprising, as at 31 December 2006, 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 Act 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:



Tiarnan O Mahoney
Chairperson
Nominee of the Minister for Social and Family Affairs



Marie Daly
Nominated by the Irish Business and Employers Confederation



Dervla Tomlin
Nominated by the Irish Insurance Federation



William Beausang
Representative of the Minister for Finance



John Dillane
Nominee of the Minister for Social and Family Affairs - representative of consumer interests



Anne Vaughan
Representative of the Minister for Social and Family Affairs



Kevin Brabazon
Nominated by Irish Business and Employers Confederation – representative of trustee interests



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



Mary Wade
Nominated by the Association of Pension Lawyers in Ireland



Rosalind Briggs
Nominated by the Society of Actuaries in Ireland



Emer O'Flanagan
Nominee of the Minister for Social and Family Affairs



Fergus Whelan
Nominated by the Irish Congress of Trade Unions



Rosheen Callendar
Nominated by the Irish Congress of Trade Unions – representative of trustee interests



Michael O'Halloran
Nominee of the Minister for Social and Family Affairs – representative of pensioner interests



Tom Wright
Nominated by Consultative Committee of Accountancy Bodies - Ireland



Julian Caplin
Nominee of the Minister for Social and Family Affairs



Gerry Ryan
Nominated by the Irish Association of Pension Funds

The Board met 10 times in 2006.

Staff of the Pensions Board

Day to day decision making is delegated to staff under the Board's active supervision. Staff of the Pensions Board at 31 December 2006 are listed below.

CHIEF EXECUTIVE

Brendan Kennedy (from 1 December 2006)
Anne Maher (to 30 November 2006)

Kimberly Brown
Emily Kealey
Maura Moroney

INVESTIGATIONS AND COMPLIANCE UNIT

Jerry Moriarty
Gerard Clarke
Edel Stenson
Sherry Bass
Martin Buggy
Maureen Byrne

NATIONAL PENSIONS AWARENESS CAMPAIGN

David Malone

TECHNICAL SERVICES AND RESEARCH UNIT

Yvonne White
Sylvia McNeece Legal Adviser
Brendan Kennedy Actuarial Adviser
(to 30 November 2006)

PENSIONS BOARD OPERATIONAL REVIEW

Carol Jordan

Cheryl Richardson
Andrew Nugent
Renée O'Reilly
Mary Conlon

PRSA UNIT

Philip Dalton
Mary Howe
Aideen Bugler
Mary Broderick
Barry O'Connor

CORPORATE SERVICES UNIT

Tom Dunphy Secretary to Board
Gregory Whelan
John McCarthy Information Communications
Technology (ICT) Services
Vivienne Horkan Human Resources
Kieran O'Dea Finance
Gwen Conlon ICT Services
Nuala Clancy
Christina Winters Finance
Julie McCarthy
Marie Earley
Bronagh Croghan

INFORMATION AND TRAINING UNIT

Mary Hutch
Aongus Horgan
Ciarán Holahan
Deirdre Kelly
Julie Walsh
Valerie Christie

The approved staff complement at the end of 2006 stood at 39.5 permanent posts and 1 temporary post.



Pensions Board Senior Management



Pensions Board Staff

Reporting progress on our strategic objectives: at a glance guide

Objectives	Progress 2006	Reference Chapter
Mission Statement 1 - To promote the security and protection of members of occupational pension schemes and contributors to Personal Retirement Savings Accounts, in accordance with the Pensions Act.		
(a) Recommend any statutory changes which would improve the effectiveness of pension regulation and/or supervision having quantified the likely effects in the context of Regulatory Impact Analysis.	It was recommended that on the spot fines be introduced to provide a new form of remedy for specific breaches of the Pensions Act. On the spot fines were introduced via the Social Welfare and Pensions Act, 2006 and trust based retirement annuity contracts (RACs) in Social Welfare and Pensions Act, 2007.	Legislation
(b) Maintain on-going timely and effective pension supervision.	During 2006, the various tools, e.g. auditing, available to the Board were utilised to ensure effective supervision of occupational pension schemes and PRSAs.	Regulation / compliance
(c) Review implementation of the Government principles of Better Regulation in relation to existing and new pension regulation and make any changes.	The Board continues to develop its regulatory regime in a consistent manner with the principles of Better Regulation. A Regulatory Impact Analysis was carried out in relation to the regulation of trust based RACs.	Legislation
(d) Review and make any appropriate changes to pension supervision processes within the Board to ensure that these are effective and an efficient use of resources.	<p>The supervisory regime was reviewed by the Board and the introduction of on the spot fines was recommended and preliminary work undertaken in 2006 to ensure effective and efficient use of resources.</p> <p>A review of the Board's supervisory role was undertaken in 2006 as was the trusteeship review.</p>	Regulation / compliance, Legislation, Policy

Objectives	Progress 2006	Reference Chapter
(e) Review prosecution and penalties policy of the Board and make any appropriate changes to ensure the greatest level of compliance without incurring excessive costs.	<p>Initial draft primary legislation prepared, which aims to introduce on the spot fines regime and provides details of specific summary offences that will be included.</p> <p>Following the introduction of on the spot fines, a review of the prosecution policy is being undertaken and is expected to be concluded in 2007.</p>	Legislation, Regulation / compliance
(f) Review investment regulation and supervision and recommend any appropriate statutory changes to ensure that investment supports the objectives of pension funding.	It is anticipated that in 2007 some changes may be made to the Investment Regulations to ensure that the proper investment principles will apply on an individual basis in addition to a scheme basis.	Legislation
(g) Put in place group retirement annuity contracts supervision.	<p>Consultation process on trust based RACs was conducted during 2006.</p> <p>Initial draft of primary legislation was prepared which provides details of the provisions of the Pensions Act applying to large and small trust based RACs.</p>	Legislation
(h) Finalise policy decisions arising from the IORPs Directive and input to proposals for other EU Directives and initiatives relevant to pensions.	<p>A decision was made for the Board to supervise trust based RACs as they fall within the remit of the IORPs Directive.</p> <p>Representations were made to CEIOPS in relation to the Portability Directive and questionnaires were completed on pensions aspect arising from the IORPs Directive.</p>	<p>Legislation</p> <p>External relationships</p>
(i) Contribute to EU supervisory fora (currently CEIOPS and its working parties) for exchange of information and co-operation among EU pension regulators/supervisors to foster convergence of pension supervision and development of best practices.	<p>Completed a number of CEIOPS questionnaires throughout 2006 on relevant aspects of Pensions in line with the IORPs Directive.</p> <p>The Board was represented at relevant meetings of CEIOPS, OECD and OPC during 2006.</p>	External relationships
(j) Put in place appropriate processes for operation of cross-border pension business.	Guidelines, application and authorisation forms for conducting cross-border business, were issued via the Pensions Board website in 2006.	Regulation / compliance

Objectives	Progress 2006	Reference Chapter
(k) Review the statutory funding standard to ensure reasonable balance between facilitating employers to maintain defined benefit schemes and protecting the interests of their members.	Further work on the review of the funding standard was undertaken during 2006. This project is at an advanced stage and it is anticipated to be completed in the first half of 2007.	Policy
(l) Put in place Pensions Board role in monitoring system for statutory actuarial pensions work.	Initial draft primary legislation was prepared to enable scheme information and documentation to be collected directly from the scheme actuary. Regulation to be put in place to prescribe the kind of information that may be obtained.	Policy
(m) Liaise with the Financial Regulator with objective of avoiding gaps or overlaps and ensuring appropriate cooperation.	There were meetings held during 2006 with the Financial Regulator to discuss relevant issues concerning pensions. This will continue on an on-going basis.	External relationships
(n) Advise on any statutory changes needed in relation to any pension schemes which may be removed from the list in Schedule C of the Occupational Pensions Schemes (Funding Standard) Regulations, 1993 and implement any such changes.	The Board has outlined its position on Schedule C schemes to the Department of Finance in relation to the Board's statutory role under Part IV of the Pensions Act. Ongoing communication with the Department has continued throughout 2006 to ensure that this matter is expedited.	External relationships
(o) Examine Pensions Board enforcement powers in the Pensions Act and recommend any changes which would make these more effective.	Enforcement powers were reviewed during 2006 and it was recommended to introduce the on spot fines as a more effective regime for specific breaches of the Pensions Act.	Legislation
(p) Monitor and keep under review existing legislation to ensure it continues to be effective.	Initial draft of primary legislation was prepared to incorporate changes identified to ensure the legislation continues to be effective. This process will be monitored on an ongoing basis.	Legislation
(q) Participate actively in preparation of any necessary statutory changes and Regulations.	Issues in relation to disclosure, on the spot fines, trust based RACs were identified during 2006 and will be implemented by way of Regulation during 2007.	Regulation / compliance

Objectives	Progress 2006	Reference Chapter
Mission Statement 2 - To promote the development of efficient national pension structures		
(a) Encourage and support decisions to be taken at national level in response to the National Pensions Review.	<p>Drawing on the National Pensions Review, the Partnership agreement <i>Towards 2016</i> included references proposed under this review. During 2006, the Pensions Board was represented at regular meetings of the Partnership Review Group which entailed providing background information on issues such as pension protection funds and assistance in the consultation process of annuity markets.</p> <p>A draft guide on hybrid pension scheme designs was prepared and submitted to the Department of Taoiseach for inclusion as part of this ongoing process.</p>	<p>Policy</p> <p>Policy</p>
(b) Examine areas identified in the National Pensions Review for further consideration and debate and take any further action on those which the Board considers appropriate whilst bearing in mind national and international developments.	The identified areas were reviewed and a work programme has been drawn up for 2007.	Legislation
(c) Report to the Minister for Social and Family Affairs on the principles of a mandatory or quasi mandatory pension system and recommend an appropriate system for Ireland.	A report entitled <i>Special Savings in Retirement</i> was presented to the Minister for Social and Family Affairs on 5 July 2006.	Policy
(d) Review the use of the trust structure as the most effective governance system for pension schemes.	A report entitled <i>Trusteeship Review</i> was presented to the Minister for Social and Family Affairs in November 2006.	Policy
(e) Participate actively in EU, OECD and other international pension policy initiatives and developments in the best interests of the Irish national pension structures.	During 2006 the Pensions Board participated actively via attendance at relevant meetings and provision of presentations for some meetings.	External relationships
(f) Input to Department of Justice, Equality and Law Reform on family law issues affecting pensions.	Liaised with Department of Justice, Equality and Law Reform on relevant pensions issues.	External relationships
(g) Input to Department of Finance and Revenue on any tax issues affecting pensions.	Regular meetings were held during 2006 to identify any areas of concern.	External relationships

Objectives	Progress 2006	Reference Chapter
(h) Review progress towards pension targets in 2008.	Liaise with the CSO in relation to quarterly national household surveys, EU SILC and National Employment Survey (NES). Explored administrative data sources with the Revenue.	Policy External relationships
Mission Statement 3 - To promote a level of participation in the national pension system which enables all citizens to acquire an adequate retirement income.		
(a) Provide information to pension stakeholders through publications, website, and enquiry service.	The Board continued to make available, free of charge, information on pensions in various forms for example booklets, guidance, bulletins, etc. These are available on the Board's website www.pensionsboard.ie .	Information
(b) Organise National Pensions Awareness Campaign sponsored by the Government.	The Board continued its commitment to run the National Pensions Awareness Campaign on behalf of the Government in 2006. The main theme was 'action and adequacy'. The main period of intense activity was during the National Pensions Action Week held on 1-7 May and the tax-filing deadline in October.	Information
Mission Statement 4 - To provide information and authoritative guidance to relevant parties in support of pension security, structures and participation.		
(a) Arrange for the conduct of regular surveys of pension coverage in Ireland.	It was agreed with the CSO to conduct pension modules surveys in 2006 and 2007 as part of the Quarterly National Household Survey. New information was issued in Quarter IV 2006. CSO agreed to a full NES module on pensions in 2008.	Policy
(b) Identify areas of pension research and statistical information needed and put in place mechanisms for completion of these.	Attended the NES meetings and agreed that a full pension module will be dedicated to pensions in 2008. Liaising with CSO on an on-going basis to collate some of the information as set out by the Council Regulation concerning structural business statistics.	Policy External relationships

Objectives	Progress 2006	Reference Chapter
(c) Provide information to national or overseas organisations interested in the Irish pension structure.	Information in relation to pensions has been provided to organisations upon request and where the information was available.	External relationships
(d) Support national objective to promote Ireland as a centre for pan-European and cross-border pensions. Participate on the pan-European task force.	<p>Attended pan-European task force.</p> <p>During 2006, the Board received applications for cross-border authorisation and approval to accept contributions from a sponsoring undertaking in another Member State from the trustees of 21 Irish schemes. As at April 2007, 19 of the applications had been granted and the other 2 were still under consideration.</p>	Regulation / compliance

Regulation/compliance



Pensions Board occupational pension scheme register

Introduction

Trustees are obliged under Section 60 of the Pensions Act and Regulations (S.I. No 325 of 1991) to provide the Board with registration details of new schemes and any changes to existing registered schemes within one year of the event.

Defined benefit schemes

The overall number of active defined benefit schemes registered with the Board declined during 2006 from 1,478 to 1,411. However the number of members of these schemes increased by 42,477 to 542,362. This increase is primarily attributable to an increase in membership in a particular defined benefit scheme. This increase amounted to an additional 34,554 members.

Defined contribution schemes

The number of active defined contribution schemes registered with the Board increased by 9,234, to 92,075. The total membership of these schemes at the end of 2006 was 255,008.

Charts and tables illustrating the register are at Appendix I.

PRSA products

Two additional products were approved during the year; one Standard PRSA and one non-Standard PRSA. This brings the total number of products in the market to 60, comprising 25 Standard and 35 non-Standard with a further three product applications in progress at year-end.

The number of PRSA contracts in force at 31 December 2006 was 95,045 and the value of assets under management was €835.3 million. The value of assets has risen by 84.9% over the year.

Appointment of trustees by the Board

The Board has the power under Section 64 of the Pensions Act to appoint trustees to schemes where there are no existing trustees. The power was exercised in one case during 2006.

Conduct of investigations

General

Board investigations are initiated following enquiries or complaints from scheme members, trustees, trade unions, through compulsory or voluntary reporting. Investigations also result from random audits carried out by the Pensions Board

on occupational pensions schemes and PRSAs. The Board's primary objective in any investigation is to protect the interests of the scheme members.

2006 occupational pension scheme activity

The Board initiated 40 investigations into issues concerning occupational pension schemes during 2006 and 41 investigations were closed during the year. At year end, there were 74 open investigations compared to 75 at the end of 2005 (table 7 in Appendix I summarises the investigations data for 2006). It should, however, be noted that over half of the investigation cases remaining open at year end are no longer under active investigation. The main issue in these cases has been resolved or rectified, but the file remains open to monitor closure on certain outstanding matters for example, the completion of a scheme wind-up or the completion of a claim for outstanding contributions against the Social Insurance Fund.

17 cases related to outstanding contributions and, in all cases, the arrears, varying in amounts from €2,000 to €102,000, were either paid by the employer, or recovered through a claim against the Social Insurance Fund following the Board's intervention. In 3 other cases monies had been misappropriated due to various administration failings such as the erroneous deduction of fees, the incorrect allocation of contributions and an error in the unit pricing of funds resulting in excessive fund management charges. Again, in all 3 cases the issues were resolved and the monies repaid without loss to the members. Furthermore, the Board is satisfied that appropriate processes and procedures have been put in place by the administrators in question to ensure that similar issues do not recur. A further case was reported as a non-remittance of contributions issue but upon investigation turned out to be an industrial relations related matter concerning access to the scheme in question, which was outside the remit of the Board.

Section 18 of the Pensions Act 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. Two such investigations were authorised during the year.

2006 PRSA activity

The large scale exercise to monitor employer mandatory obligations for PRSA access, which began in 2004, continued in 2006. This was conducted by questioning 64,000 selected registered employers to determine compliance levels. The Board produced a summary report and the findings show a high level of compliance by employers with their obligations. However, there are still about 9% of registered employers who have failed to notify the Board of their compliance position. These employers continue to be a priority issue for the Board.

The Board continues to monitor employer obligations through the Social Welfare Inspectorate reports and whistleblow reports from individuals. In 2006 1,877 PRSA enquiries were carried out by Social Welfare Inspectors. In that year the Board received 500 Inspectorate reports and 12 whistleblow reports. There were 354 audits carried out on employers to determine their compliance and, of this number, the Board extended further investigations into 84 cases, 5 of which were in respect of remittance of contributions to PRSA accounts. Of the 12 whistleblow reports received, 8 cases were closed satisfactorily by year-end.

Monitoring of funding standard

General

The Pensions Act specifies that defined benefit schemes (excluding those exempted by Regulations as public sector schemes) must submit to the Board an actuarial funding certificate at 3 yearly intervals. The scheme actuary certifies whether, if the scheme had wound up at the effective date of the certificate, its assets would have been enough to meet its liabilities. If not, a funding proposal must be submitted which is designed to meet the funding standard no later than the effective date of the next actuarial funding certificate. A certificate must be submitted to the Pensions Board no later than 9 months after its effective date.

In addition, trustee annual reports must 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, and the scheme must prepare a funding proposal.

2006 activity

The Board received actuarial funding certificates in respect of 502 schemes in 2006. 349 (70%) of these indicated that the schemes in question satisfied the funding standard. 153 schemes (30%) failed to satisfy the funding standard. This is a significant improvement on 2005 figures which indicated that only 57% of the schemes which submitted certificates that year satisfied the funding standard. Chart 1 in Appendix I illustrates the recovery that has taken place since 2003 when the severe impact of the poor performance of investment markets over the preceding 3 years became evident.

Of the 153 schemes which failed the funding standard in 2006, 122 of these submitted funding proposals, 77 of which had a period of longer than 3 years approved. There were 31 proposals pending at year end and the Board was in correspondence with the trustees of these schemes to ensure the proposals were submitted or, where appropriate, verification of scheme wind-up was provided.

Tables 8, 9 and 10 in Appendix I indicate the position at the year-end in relation to defined benefit schemes' compliance with the funding standard. Table 8 indicates the position of all defined benefit schemes which were subject to the funding standard at year end based on the funding position as at the most recent funding certificate received, broken down by category of scheme and number of members. Tables 9 and 10 indicate the position of schemes which submitted funding certificates to the Board during 2006 and schemes which did not satisfy the funding standard.

Applications to the Board under section 49(3)

Under Section 49(3) of the Pensions Act, the Board can agree a later date by which a scheme must meet the funding standard where a funding proposal is being put in place. This allows schemes to prepare funding proposals which are designed to meet the standard over a period of more than 3 years.

Of the 220 applications made to the Board under Section 49(3) to date, just 12 were made in 2006. This compares to 47 such applications in 2005 and 135 applications in 2004. In 2006, however there were a number of re-applications

from schemes where a later date had been specified but the proposal had gone off-track. In the majority of these cases the employer increased their contributions and a new proposal was submitted but in some cases benefit reductions and/or increased member contributions were introduced in order for a new proposal to be implemented.

As at April 2007, 9 of the 12 applications received in 2006 have been granted and 3 are currently under assessment before a decision is finalised.

Overall position of applications to the Board under section 49(3)

As at 31 December 2006, the total number of Section 49(3) applications made to the Board stood at 220, of which 200 have, at the time of writing, been granted.

A total of 16 applications have been refused overall. However, in 11 cases the trustees re-applied and were subsequently granted a later date. The Board is in correspondence with the trustees of the remaining schemes to ensure that acceptable proposals are submitted.

A positive tendency during 2006 involved 22 schemes, in respect of which a later date had been specified, which subsequently discontinued with their proposal because:

- 9 satisfied the funding standard;
- 3 moved to a 3 year proposal;
- 4 made a capital injection to restore solvency then wound up the scheme;
- 5 wound up the scheme and transferred it to another scheme with a Section 49(3) or other funding proposal in place; and
- 1 wound up the scheme and transferred it to a solvent scheme.

Accordingly, only 178 of the schemes for which longer term proposals were adopted are still continuing on this longer term basis. These schemes represent approximately 32,500 active members.

Cross-border schemes

Article 20 of the EU Directive on activities and supervisions of institutions for occupational pension schemes (IORPs Directive) requires schemes which engage in cross-border activities to receive a prior authorisation and approval. Any Irish based pensions scheme must apply to the Pensions Board for authorisation before accepting contributions from a sponsoring undertaking in another Member State.

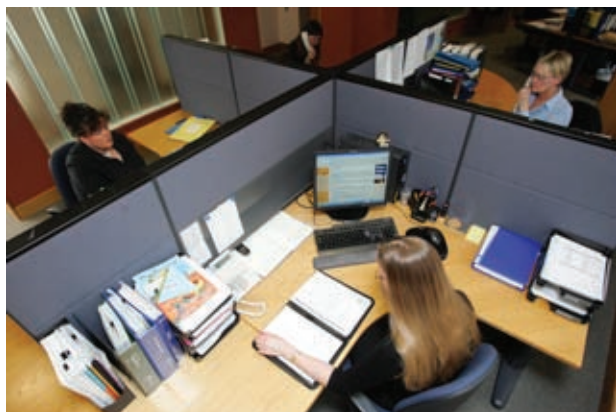
2006 activity on cross-border schemes

2006 was the first year of authorisation of cross-border schemes under the IORPs Directive. During 2006, the Board received 21 applications for cross-border authorisation and approval to accept contributions from the trustees of Irish schemes. As at April 2007, 19 of the applications had been granted and the other 2 were still under consideration. All except one of the applications granted related to cross-border activities with the UK, the only other Member State involved being Belgium.

The Board has been notified by The Pensions Regulator in the UK of 13 UK schemes with Irish members to whom it has granted authorisation and approval to engage in cross-border activity. The Board has not, as at April 2007, received notification of such activity from any other Member State.

Monitoring of disclosure compliance

Disclosure compliance strategy



The Board audits schemes' compliance with the disclosure requirements of the Pensions Act by requiring selected schemes to send to the Board some of the documentation that must be provided, or made available, to members. The Board compares the documentation received against the detailed requirements of the legislation to ensure it is compliant. A total of 265 schemes were audited during 2006. The results of the documentation examined are set out in Table 11 in Appendix I.

There has been a welcome increase in the level of full compliance for member benefit statements. This has improved from 31% in 2004 to 71% in 2006 following additional focus by the Board on monitoring the production and content of such statements.

However, it is disappointing that compliance levels across the other documentation categories have remained broadly in line, or even a little lower, than those achieved in 2005. During 2006 the Board had a series of meetings with practitioners involved in the production of the disclosure documentation to discuss this unsatisfactory situation. We expect to see an improvement in 2007 and will take necessary steps where this does not occur.

It is also important that trustees understand the legal responsibilities placed on them and that delegating the day to day administration of their scheme does not remove that responsibility. Although trustees may not be responsible for actually producing the documentation, they are responsible for ensuring it is compliant. Therefore, trustees need to actively monitor those they employ to carry out their administration to ensure it is compliant with the legislation. The Board would remind trustees that any breach of the Pensions Act requirements may be subject to prosecution. The Board will, of course, continue to work closely with schemes and practitioners to ensure that progress towards full compliance is re-established.

A summary of the supports the Board gives to trustees in carrying out their responsibilities is covered in the chapter Information/National Pensions Awareness Campaign.

PRSA provider reporting

Quarterly reports were submitted by providers throughout the year setting out the number and cumulative value of assets of contracts for each quarter. Summary statistics relating to these reports and a year-on-year comparison are shown in Appendix I. Chart 10 in Appendix I entitled 'Number of PRSA contracts' shows the steady increase in contracts since the introduction of PRSAs in early 2003. The more comprehensive returns relating to specific contributor details submitted early in the year were also processed and analysed.

The annual reports of providers to the Board, including the determination and certification of the PRSA appointed actuaries, were received by the end of the first quarter in 2006. The reports, which detail the level of provider compliance with the legislative provisions throughout the preceding year, showed no major instances of non-compliance. The Board was satisfied with the level of compliance and recognises the value added of the input of the PRSA actuary in this process.

Prosecutions

The Board brought a total of nine successful prosecutions in 2006. Two prosecutions were against the trustees of occupational pension schemes and seven prosecutions were against employers for failure to respond to the Board's request for information in respect of their mandatory employer obligations under PRSAs. The PRSAs prosecutions were the first which were based on reports to the Board made by the Inspectorate of the Department of Social and Family Affairs.

Other developments

The Board is reviewing the principles and practices of its supervisory activity (including its resourcing) to identify whatever changes may be necessary in order to maximise its effectiveness and efficiency. The review takes account of the additional regulatory responsibilities that the Board has as a result of changes in legislation, many of which have been driven by the implementation of the IORPs Directive.

In addition to examining the Board's supervisory function, the impact of a change to risk-based supervision on the other activities carried out within the Board is being considered.

The review therefore includes the policy, information and corporate services functions and its operational structure.

A project group of Board members and staff was established and a draft report was submitted to the Board in September 2006. The Board approved the draft operational review report, particularly the need to strengthen its regulatory activity and resource needs for future policy work. The Board's approval was subject to full consideration of the financial implications of the implementation of the recommendations. It was agreed to prepare a formal submission to the Departments of Social and Family Affairs and Finance, and the Board continues to work on this in 2007 as a priority area of work. This is essential to ensure that the Board is structured and skilled to maintain confidence and stability in the occupational pensions system as far as possible.

Conclusion

Proper supervision of occupational pension schemes and PRSAs is essential to protect and encourage retirement savings. The Board will continue to fulfil its regulatory obligations through formal and informal channels, and to review the appropriateness of its practices.

Legislation



Introduction

During 2006 the Board provided initial drafts of primary and secondary pension legislation to the Department of Social and Family Affairs. The legislature priority for 2006 was the drafting of legislation to bring trust based Retirement Annuity Contracts within the remit of the Pensions Act and to create an on the spot fines regime which will increase the supervisory powers of the Board. The initial drafting of this legislation was conducted during 2006 for introduction in the Social Welfare Law Reform and Pensions Act, 2007.

Statutory changes to improve the effectiveness of pension legislation

The Social Welfare Law Reform and Pensions Act, 2006 was enacted on 24 March 2006. The majority of the pensions provisions were commenced on 24 May 2006. Section 3A and Section 51A of the Pensions Act, as introduced by Section 39 and 42 of the Social Welfare Law Reform and Pensions Act, 2006 respectively, have not yet been commenced. A detailed

list of the provisions of the Social Welfare Law Reform and Pensions Act, 2006 introduced in relation to pensions is found at Appendix IV.

Main developments

Trust based retirement annuity contracts

An EU Directive (2003/41/EC) on the activities and supervision of institutions for occupational retirement provisions (IORPs Directive) imposes regulatory requirements on occupational pension schemes; including trust based Retirement Annuity Contracts (RACs). In order to comply with the IORPs Directive and for other policy reasons it was decided that the Pensions Act should apply to these arrangements. In May, the Pensions Board engaged in a consultation process with trust based RACs providers and trade and professional organisations. Following the completion of the consultation process, a new Part XIII in the Pensions Act was prepared. This Part XIII defines the parts of the Pensions Act that will apply to trust based RACs and will be introduced via the Social Welfare and Pensions Act, 2007.

On the spot fines

Section 3A of the Pensions Act was inserted by Section 39 of the Social Welfare Law Reform and Pensions Act, 2006 to provide an alternative to prosecution of an offence under the Acts. Section 3A provides that the Pensions Board may notify a person in writing that it is alleged that an offence has been committed and that if, within 21 days of the notice, the person has remedied the offence to the satisfaction of the Board and paid the appropriate fine, a prosecution would not proceed. However, this Section was not commenced as further work

was undertaken by the Board in 2006 considering how best to implement these provisions.

This work led to Section 3A being amended to specify the sections of the Pensions Act a contravention of which will warrant the application of an on the spot fine. The Board also decided to propose a number of changes to the fines including:

- The maximum fines for both summary and indictable offences under the Acts increased from £1,500 (€1,904.61) to €5,000 for a summary offence and from £10,000 (€12,697.38) to €25,000 for an indictable offence, and
- Any fines imposed under the Acts cannot be paid out of the resources of the pension scheme, trust RAC or PRSA.

The Board's approach to employer mandatory obligations will alter significantly following the introduction of the on the spot fines regime. Thereafter, failure by any employer to respond to requests by the Board to confirm and supply documentary evidence of compliance with mandatory employer obligations will attract a civil penalty.

Other legislative issues

Family law changes

A Family Law Bill is under consideration in the Department of Justice, Equality and Law Reform as part of their legislative programme. The Board continued to monitor the development in relation to pension aspects during 2006.

Pensions Ombudsman

Section 131 of the Pensions Act was amended which permits the Pensions Ombudsman to bypass the Internal Dispute Resolution and investigate the complaint in certain circumstances. This does not apply to schemes which carry a statutory right to appeal.

Conclusion

The priority of the legislation activity during 2006 was to ensure the Board had enhanced supervisory abilities through the introduction of on the spot fines and to ensure that all aspects of the IORPs Directive has been implemented by the introduction of the trust based RAC legislation to enable to Board to monitor and supervise these schemes. The Board will continue, in conjunction with the Department for Social and Family Affairs, to keep the Act under review to ensure that it remains up to date and responds to and anticipates emerging requirements.

Policy



Introduction

The Board has a statutory responsibility to provide advice to the Minister for Social and Family Affairs on pension matters. It has filled an important space in the policy-making environment by:

- Developing proposals through a partnership approach where possible and ensuring active social partnership involvement on an ongoing basis;
- Providing expert technical advice to Government on complex pensions issues;
- Leveraging the knowledge gained from our regulatory processes to provide timely and accurate guidance to strengthen pensions provision and security and shaping legislation accordingly; and
- Developing new sources of information, monitoring progress against coverage targets and generating awareness, e.g. National Pensions Review.

The Board's strategy statement 2006 – 2010 identifies the promotion of the development of efficient national pension structures as a central objective. In addition to legislative advice and amendment, the 2006 policy agenda was broader and more integrated with national policy-making processes than in previous years. A description of the main items progressed during the year is outlined below, including the publication of the National Pensions Review and the Special Savings for Retirement report, as well as our role as technical adviser to the Green Paper on Pensions process.

National Pensions Review

The National Pensions Review was published by the Board in January 2006. The report reviewed the main National Pensions Policy Initiative (NPPI) targets for coverage and adequacy. It examined financial and other aspects of the current and possible alternative pension systems and called for specific enhancements to the current voluntary supplementary system to ensure an adequate retirement income for all.

The Finance Act, 2006 introduced enhancements to the tax system designed to encourage lower income holders of Special Savings Incentive Accounts (SSIA) to transfer their maturing SSIA fund into pension provision as one element of the Government's consideration of the overall pension provision in the longer term.

Special Savings for Retirement

The Minister wrote to the Board in February 2006 requesting the Board to prepare a report on the general principles in relation to a mandatory or quasi-mandatory pension system

with a view to recommending the most appropriate system for Ireland at a practical level and to cost this if it were desired to adopt such an approach. The Special Savings for Retirement report was published in July. The report is not a recommendation by the Board for or against the introduction of a mandatory system, but is a technical examination of the practical issues associated with a mandatory pension system.

The report provides an analysis of the main mandatory pension options, including comprehensive financial projections, economic analysis and examination of technical and other issues arising from each of the proposals.

The main proposal is that the most appropriate and practical approach to improving the position of pensioners in Ireland would be a combination of an increase in the State pension with a mandatory supplementary system for those at work who are not making supplementary provision. The report specifically proposes that the contributory State pension be increased to 40% of Gross Average Industrial Earnings (GAIE) over the ten years to 2016 and that the real value of the pension be maintained at least at that proportion of GAIE thereafter.

A mandatory supplementary system would be known as special savings for retirement and individuals would hold a special savings for retirement account. The Board recommended that contributions to these accounts would be introduced gradually over 10 years.

Towards 2016

The latest social partnership agreement *Towards 2016* contains a number of references to pensions and the Pensions Board. The agreement endorses the targets of the National Pensions Policy Initiative (NPPI) for improvements in pension coverage for 70% of the total workforce over the age of 30. Aspects of the agreement in relation to pensions include partnership pensions review, hybrid pensions schemes and the Green Paper on Pensions.

The *Towards 2016* social partnership agreement finalised in 2006 also envisages that the Government's Green Paper on Pensions will take account of the Board's National Pensions Review and Special Savings for Retirement reports.

Partnership pensions review

The Government has agreed to engage with employers and trade unions, in a process to be supported by appropriate expertise and taking account of the reports of the Pensions Board and of the operation of the annuity market, in the context of a comprehensive approach to future pensions policy. The outcome of this exercise will feed into the formulation of the Government's Green Paper on National Pensions Policy.

Hybrid pensions schemes

As part of this review, the Pensions Board was requested to produce a booklet on, 'Hybrid Pensions Schemes'. This involved researching benefit design options in the occupational pensions area and examining current design issues in both defined benefit and defined contribution arrangements to produce guidance on designs which encompass the positive elements of each arrangement, while adjusting the costs and risks to the parties involved. The booklet was agreed by the Board and forwarded to the Partnership Pensions Review Group for consideration at the end of 2006, with a view to publication in 2007.

Green Paper on national pensions policy

The Green Paper on Pensions Policy will outline the major policy choices and challenges in the pensions area. This has involved intensive work by the Board, including drafting and reviewing material on particular issues during 2006 and continuing into 2007.

Review of trusteeship



Trustees and scheme administrators look after approximately €90 billion of retirement savings on behalf of pension scheme members. Following an earlier request to the Board by the Minister, a review of trusteeship was carried out in 2006 by the Board.

The main objectives for this review included to:

- Evaluate the trust model of pension scheme governance;
- Identify potential regulatory and governance improvements that can be made to enable the trust model to perform more effectively; and
- Examine the supports in place for trustees.

The main conclusion of the review is that the current trust model continues to offer protections to schemes that justify its continuance, given there are a number of alternatives available to provide additional choice to smaller schemes. The review also identified potential regulatory and governance improvements which may now be necessary to enhance member protection.

The main recommendations are for:

- Automatic provision of training for trustees to increase the standards of trustee ability; and
- The introduction of new auditing and disciplinary powers for the Pensions Board to enhance the standard of scheme administration.

The review was submitted to the Minister for consideration in November 2006 and will be considered in the context of the 2008 Social Welfare and Pensions Act. It will be subject to regulatory impact analysis which is a standard feature of the legislative process.

Review of the funding standard

The Board reviewed the funding standard for defined benefit schemes in a report submitted to the Minister for Social and Family Affairs in December 2004. Those proposals which required legislative change were implemented in the Social Welfare and Pensions Act, 2005 and Regulations made in September 2005.

However, a number of submissions made to the Board in the context of the National Pensions Review (NPR) expressed continuing concern regarding the effect of the funding standard on schemes subject to it and the Board gave a commitment in the NPR report to give further consideration to whether or not it should recommend any further changes to the funding standard. Following up on that commitment, the Minister wrote to the Board on 6 February 2006 asking for a review of the funding standard to be undertaken in light of the continuing funding difficulties of defined benefit schemes. Work on the project is at an advanced stage and the Board is currently developing a detailed response which will be given to the Minister in 2007.

Pension coverage

The strategy statement identifies that an essential element of the pension regime is the measurement of progress towards the achievement of coverage targets.

As part of the schedule of surveys agreed with the Central Statistics Office (CSO), the results of the Quarterly National Household Survey (QNHS) (full survey) IV, 2005, published in December 2006, showed that the overall coverage by occupational and personal pensions of all persons in employment was 55.0% (compared to 51.2% in Quarter I, 2002). The percentage coverage for those over 30 (the group to which the ultimate National Pensions Policy Initiative target of 70% refers) was 61.8% (compared to 57.8% in Quarter I, 2002).

A coverage monitoring programme was agreed with the CSO which involves including a pensions related component in the QNHS for 2006 onwards and undertaking more limited surveys in Quarter I 2007 and Quarter I 2008. These surveys will feed into the review of pension targets due to be conducted in 2008 (as per National Pensions Review). Pensions will also be included in the National Employment Survey 2008.

The European Council Regulation No. 58 of 1997 requires particular information to be collected by the CSO on pensions and provided to the European Union. The CSO has been in discussion with the Board in relation to the collection of this information.

Conclusion

In the year 2006, the Pensions Board worked through an ambitious policy agenda which clearly fed into the Government's discussion of pensions policy. This work provides a strong starting point for meeting the policy challenges arising in 2007.

The Green Paper is expected to outline the major national pension policy choices and challenges in this area. The follow up work arising from the National Pensions Review is to be completed shortly after. These developments will determine the direction of our policy role in future. Other influences will be the increased momentum of EU initiatives, and the Board's operational review. As national and international pensions developments gain momentum, the Pensions Board will continue to influence, and be influenced by, these developments and inform the policy-making process accordingly.

Information/National Pensions Awareness Campaign



Introduction

Information on pensions is essential to fulfil three main objectives:

- To heighten pension awareness with a view to increasing pension coverage and to encourage those with pension provision to address the adequacy of that provision;
- To inform pension savers of their rights and entitlement to information; and
- To ensure that households have enough information to make appropriate financial decisions.

This section reports on progress made in 2006 against the strategy statement objectives of:

- Promoting a level of participation in the national pension system which enables all citizens to acquire an adequate retirement income;
- Providing information to pension stakeholders through publications, website and enquiry services; and
- Organising the National Pensions Awareness Campaign sponsored by the Government.

National Pensions Awareness Campaign (NPAC)

The Pensions Board has run the National Pensions Awareness Campaign (NPAC) each year since 2003. This project is overseen by a project group including representatives from the Department of Social and Family Affairs, providers and the social partners. The approach of this campaign is to focus on specific sectors and age cohorts to highlight their need for pension provision and to ensure that those with existing pension provision address the adequacy of that provision.

The Board welcomed the announcement that the Minister was making a further €1,000,000 available for the continuation of the NPAC for 2006, increased from €570,000 in the previous year.

Priorities for NPAC 2006

NPAC 2006 aimed to conduct a strategic pensions awareness campaign which would encourage the conversion of awareness into positive action. In particular, it focused on:

- Increasing pensions take up by those with no pension and to ensure those with pension provision address the adequacy of that provision;
- Informing consumers to take personal responsibility for their future retirement planning as well as promoting employers' responsibility;
- Encouraging Special Savings Incentive Account holders to invest some of their capital into a pension vehicle; and
- Building an educational foundation about retirement planning for the future to encourage people to be aware and informed about their existing pension and particularly to examine the adequacy of their pension.

National Pensions Action Week

National Pensions Action Week took place from 1 – 7 May, 2006 and involved an intense advertising and promotional focus on the age targets of 25 – 39 under the theme “action and adequacy”. The activity included on-the-street promotional activity, outdoor, ambient and online advertising, national print advertising, regional and national radio and TV advertising.

The focus on young people was based on independent consumer research carried out on behalf of the Pensions Board in January 2006. This showed that for those who do not contribute to a pension the main reasons given for not doing so were that respondents felt they were too young, did not believe they could afford a pension or were simply not interested in pensions.

Information and enquiry services



During 2006, the Board continued to promote the security of occupational pension schemes by providing authoritative guidance to trustees and pension practitioners on how to comply with the Pensions Act, and on good practice generally in relation to scheme administration.

The Board makes a comprehensive range of information booklets available free of charge and online. These booklets help members monitor the administration and financial soundness of their schemes and to get information on their own entitlements. A full list of the Board's current information booklets is set out in Appendix V, as well as a list of relevant guidance available from other organisations.

The Board's information and enquiry service deals, verbal and written communication, with enquiries or complaints received from scheme members and their dependants, prospective members, trustees, trade unions, employers and company employees with human resource pay and industrial relations functions. Enquiries, including technical queries, are received also from pension practitioners, professional bodies and the representatives of the media. The Board received close to 12,000 enquiries in 2006. Further details and statistics on enquiries can be found at Appendix I.

The Board also gave 50 information presentations to trustees, trade unions, employer personnel, professional bodies and others on the main features of the Pensions Act and other legislation affecting pensions during 2006.

Pensions Board website

(www.pensionsboard.ie)

Over 250,000 people visited the Pensions Board website in 2006 looking for information, which was 18% up on 2005. The website includes an online version of the Board's information booklets, a pensions calculator, guidelines, application and authorisation forms for conducting cross-border business, and an informal communication for interested parties in the form of a bulletin, two of which were published on the website in 2006.

Given the large number of visitors to the website, in December 2006 the Board appointed a website company to carry out a quality check and audit on the usability, accessibility and compliance of the website. This will help the Pensions Board to meet its communication objectives and to develop consistent policy and guidelines for the website.

Trustee support services

The statutory functions of the Board 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, and
- Advising the Minister on standards for trustees and on their implementation.

The information booklet “So You’re a Pension Scheme Trustee?” gives concise guidance to trustees on their duties and responsibilities. An updated version of this booklet is due for publication in 2007.

Other supports including the Trustee Handbook and Codes of Practice are covered in Appendix V. Given the importance of the Trustee Handbook as a tool to assist trustees in the effective discharge of their duties and responsibilities, the Disclosure of Information Regulations (S.I. 301 of 2006) 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.

The Board provides an 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. Responses to some specific scheme 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.

The Board continues to encourage the provision generally of appropriate training facilities for trustees of schemes and the take-up of these facilities by trustees, including through its representation on the steering group for the Trustee Forum of the Irish Association of Pension Funds.

Subscription services for practitioners (Legislation services and guidance notes)

Legislation services

The Board makes a number of services available on a subscription basis, including a legislation service designed primarily for pension practitioners. Subscribers to this service receive a non-statutory consolidated text of the Pensions Act and the Regulations.

During 2006 the Board conducted a review of the production of the legislation service in order to identify the most efficient and expedient method of delivery of the service. As a result,

it was decided that in future the legislation service will be provided by an external service provider, in an online format, with effect from early 2007.

Guidance notes

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

The Board conducted a review of this service in 2006, including a consultation process with our customers. The outcome of this review will see the provision of guidance being made available free of charge and on the Board’s website www.pensionsboard.ie. The guidance will also be delivered in a range of formats to include guidelines, frequently asked questions and booklets. This new procedure will be introduced during 2007.

Conclusion

Pension awareness and information activity expanded in 2006. The surveys conducted since the initiation of the National Pensions Awareness Campaign by independent market research organisations confirmed that pensions awareness is now at a high level. Continuous support in the form of guidance notes, information booklets and bulletin updates was provided to trustees and specific professional advisers. The Board will continue to provide information and guidance on pensions-related matters to a wide range of parties, nationally and internationally, as a means of supporting pensions security, structures and participation.

External relationships



The Pensions Board maintains various working relationships with external bodies, which is essential to effectively carry out the Board's strategy.

The Pensions Board itself is a representative Board. In addition, the staff of the Pensions Board holds twice-yearly meetings with various representative organisations with whom the Board has close work associations, including those with representatives serving on the Board. The purpose of the meetings is to discuss current issues that may impact on both organisations and to provide an update on the Pensions Board's activities.

Close co-operation with the Departments of Finance and Social and Family Affairs, the Pensions Ombudsman, the Revenue Commissioners and the Financial Regulator continued during 2006.

The Board has a memorandum of understanding with the Pensions Ombudsman and the Financial Regulator.

A memorandum of understanding is useful to define the areas for which each regulatory authority has responsibility and to avoid dual regulation. It is also helpful in establishing arrangements for the cooperation and exchange of necessary information within statutory limitations.

The Board liaises with the Revenue Commissioners, who are responsible for the approval of occupational pension schemes for tax relief purposes, and who jointly approve PRSA products with the Pensions Board. The Revenue Commissioners also supervise the operation of their guidance in relation to funds accruing and benefits payable from occupational pension schemes and PRSAs. The Board continued to liaise with the Financial Services (Pensions) Business branch of the Revenue Commissioners in 2006 about tax-related PRSA issues including transfers from overseas pension schemes to PRSAs and cases requesting refunds of PRSA contributions.

The Board continued to meet with the Central Statistics Office in relation to the schedule for the Quarterly National Household Survey results.

The Board was invited to participate in the National Steering Group for Financial Education and attended the inaugural meeting on 12 December 2006. The group is facilitated by the Financial Regulator and its objective is to develop medium and long-term financial planning education including pensions.

These relationships play an important role in the development of pensions and we continue to work to actively develop these relationships, to add value and to recognise both the complementary and unique nature of our various roles.

The Board also actively participates in a number of international organisations as follows:

Committee of European Insurance and Occupational Pension Supervisors (CEIOPS)

This Committee consists of regulators from all EU Member States and its remit includes the development of closer co-operation between Regulators. The CEIOPS committee is responsible for reporting on the implementation of Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provisions, which was transposed into Irish law on 23 September 2005. The authorities of the Member States of the European Economic Area also participate in CEIOPS.

CEIOPS Occupational Pensions Committee

A sub-committee of CEIOPS – the Occupational Pensions Committee – is responsible for reporting to the EU Commission on how the IORPs Directive has been implemented in the various Member States and on any practical problems arising in the cross-border operation of the Directive. This is a permanent committee subgroup of CEIOPS and meets regularly to specifically discuss pension issues.

Organisation for Economic Cooperation and Development (OECD)

The Working Party on Private Pensions provides a forum for policy makers from OECD countries to discuss public policy for private pensions, with a focus on Regulation. Its mission is to assist countries in the development 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 International Organisation of Pensions Supervisors develops principles, standards and good practices on pensions supervisory issues and on regulatory issues related to pensions supervision.

Other relationships

In addition to representation at the above organisations, the Pensions Board continued to have an active relationship with the World Bank through the exchange of information and participation in World Bank sponsored conferences and seminars as appropriate and the International Employee Benefits Association.

Delegates from other countries

The Board regularly receives delegates from other countries, particularly in the context of the development of the cross-border pensions market, and provides presentations on the Irish pension system as requested as far as possible.

Corporate Services



Introduction

In order to deliver on our strategic objectives we need to:

- Have the necessary financial, technological and intellectual capabilities positioned to maximum effect and continuously reviewed;
- Seek to improve the way we work by actively developing our organisation, our customer focus and the commitment and capability of our staff; and
- Ensure that the Board is fully compliant with the best practice in relation to corporate governance and that risks are actively managed.

Funding

Monitoring of finances

The Board recommended to the Minister that no change be made to the occupational pension scheme fee of €9.50

per active scheme member for 2006. This is pursuant to the Occupational Pension Schemes (Fees) (Amendment) Regulations, 2002 (S.I. 610 of 2002). The current fee level has been in place since 1 January 2003.

The Pensions (Amendment) Act, 2002 provides for a separate fee income stream to cover the cost of regulating PRSAs. The Department of Social and Family Affairs also made funding of €1.12m available to the Board in 2006 to defray costs incurred in relation to the supervision of PRSAs.

The National Pensions Awareness Campaign continued in 2006 and an allocation of €1million was made available from the Department of Social and Family Affairs for this purpose. This expenditure is reflected in the annual accounts.

Baker Tilly O'Hare were appointed as internal auditors in September 2006. The internal audit programme involved two site visits to review a number of controls and processes. Reports delivered by the internal auditors during the year were reviewed by the Finance and Audit Committee and the Board.

Finance

Expenditure for the year ended 31 December 2006 amounted to €6.59m which represents an increase of 17% on 2005. Total income for the year amounted to €7.56m, compared with €6.5m in 2005.

Of the total in 2006, miscellaneous income amounted to €0.26m, which was generated from interest on monies held on deposit and the sale of publications.

The surplus of income over expenditure arising in the year amounted to €0.96m. The corresponding surplus in 2005 was €0.86m. The surplus for 2006 was ahead of expectations due to a combination of expenditure savings and buoyant fee revenues.

For further details on the financial accounts please refer to the chapter Financial Statements for the year ended 31 December 2006.

Fee collection

The Board collected €4.36m in fee revenue in respect of occupational pension schemes which was an increase of €260,000 compared with 2005. In respect of PRSAs, the Board collected fees of €362,000, compared with a 2005 total of €210,000.

Financial outlook

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

The annual transfer from the income and expenditure account to depreciation provision, together with the timing of fee income receipts, results 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 2006, the Board's Revenue Reserve, being accumulated surpluses, was €5.73m.

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 2006, the PRSA Capital Reserve amounted to €0.28m.

Information Communications Technology (ICT)



In line with best practices the Board continued to monitor its ICT needs during 2006, to maximise the benefits of technology for internal and external customers. In May 2006 the Board appointed a consultancy company, following a tender process, to carry out an evaluation of its current network structure and to assess and advise on ICT issues, including security, network operations and performance. The system upgrade is a major infrastructural project which, when completed, will become an important tool to assist the Board in its regulatory function.

Programme for change

Under the Sustaining Progress Agreement, the Board submitted modernisation action plans to the Secretary General of the Department of Social and Family Affairs during 2006. The two reports submitted in 2006 were accepted by the Secretary General at the Department of Social and Family Affairs as establishing that the Board had met the required standard of progress on Public Service modernisation. Following this process the Board was authorised to award the pay increases as provided for in the Sustaining Progress Agreement. The participation of the Partnership Committee in the modernisation programme demonstrates a process for management and staff to work together towards these common goals.

Quality customer service plan

One of the themes of our Modernisation Action Plan is the concept of Quality Customer Service (QCS). The 12 QCS principles taken from the Government's Strategic Management Initiative are as follows:

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

The Board's objective, as documented in its strategy statement 2006-2010 is to deliver the highest quality service to all our customers based on the 12 QCS principles. The Board is committed to ensuring that the QCS principles are embedded in everything it does.

The Customer Action Plan (CAP) was published in 2005 to provide a specific focus on customer service development. It formalises and records the Board's objectives in the area of customer services and indicates how the Board proposes to develop its services in line with modern quality customer service principles. An update on how the Board has met commitments as set out in the CAP is set out in Appendix VI.

An initiative of the CAP is the publication of a Customer Charter. This is a public statement detailing the Board's standards and services, which is displayed in the Board's offices and on its website.

As part of our overall approach to the development of customer services we have made significant progress in relation to making pensions information available in the six main languages currently spoken in Ireland and we are also progressing our objectives under the Official Languages Act.

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 is in place, is regularly reviewed and continues to work effectively.

Managing talent

The principle of Quality Customer Service applies to both the external and internal customer. The Board continues to develop its Human Resource practices, working closely with the Partnership Committee and management teams to foster staff capability, commitment and opportunity.

Organisational and individual training and development needs are identified through a Performance Management Development System (PMDS), reflecting, for example, changes in technologies, flexibility requirements and succession. Training is available for all employees of the Board, both new and existing, through structured training events, both internally and externally.

The Board also awarded a number of staff education awards under the Educational Awards Scheme which encourages staff to undertake further academic and professional training.

Improving the way we work

The Pensions Board ranked among the five finalists shortlisted for the PA Consulting/Sunday Times Management Awards presented by An Taoiseach on 14 November 2006. These awards recognise management excellence and are open to all companies, public and private, north and south of the border.

It is a considerable achievement to be shortlisted and a reflection of the achievements of all of the staff of the Board in 2006. The submission included the range of management processes within the Board, including the Partnership Committee, and the contribution of all staff in delivering on our strategic objectives.

Governance

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. The Board formally adopted the Code of Practice at its meeting held in April 2002 and continues to adhere to its provisions and monitors requirements on a regular basis. All Board members have also received guidance on ethical codes of conduct and in particular their responsibilities with regard to the code of conduct for members and staff of the Pensions Board.

Ethics in Public Office Acts, 1995 and 2001

The Pensions Board is a prescribed public body for the purpose of the Ethics in Public Office Acts, 1995 and 2001. All Board members (as holders of 'designated directorships') and members of the staff who have 'designated positions' have been advised of their obligations under the ethics legislation and given appropriate guidance.

Risk management

The management of risk is obviously an issue for any organisation and particularly any regulator and the Board took preparatory steps in 2006 to undertake a full review in 2007 of our potential risks and risk mitigation strategies.

Conclusion

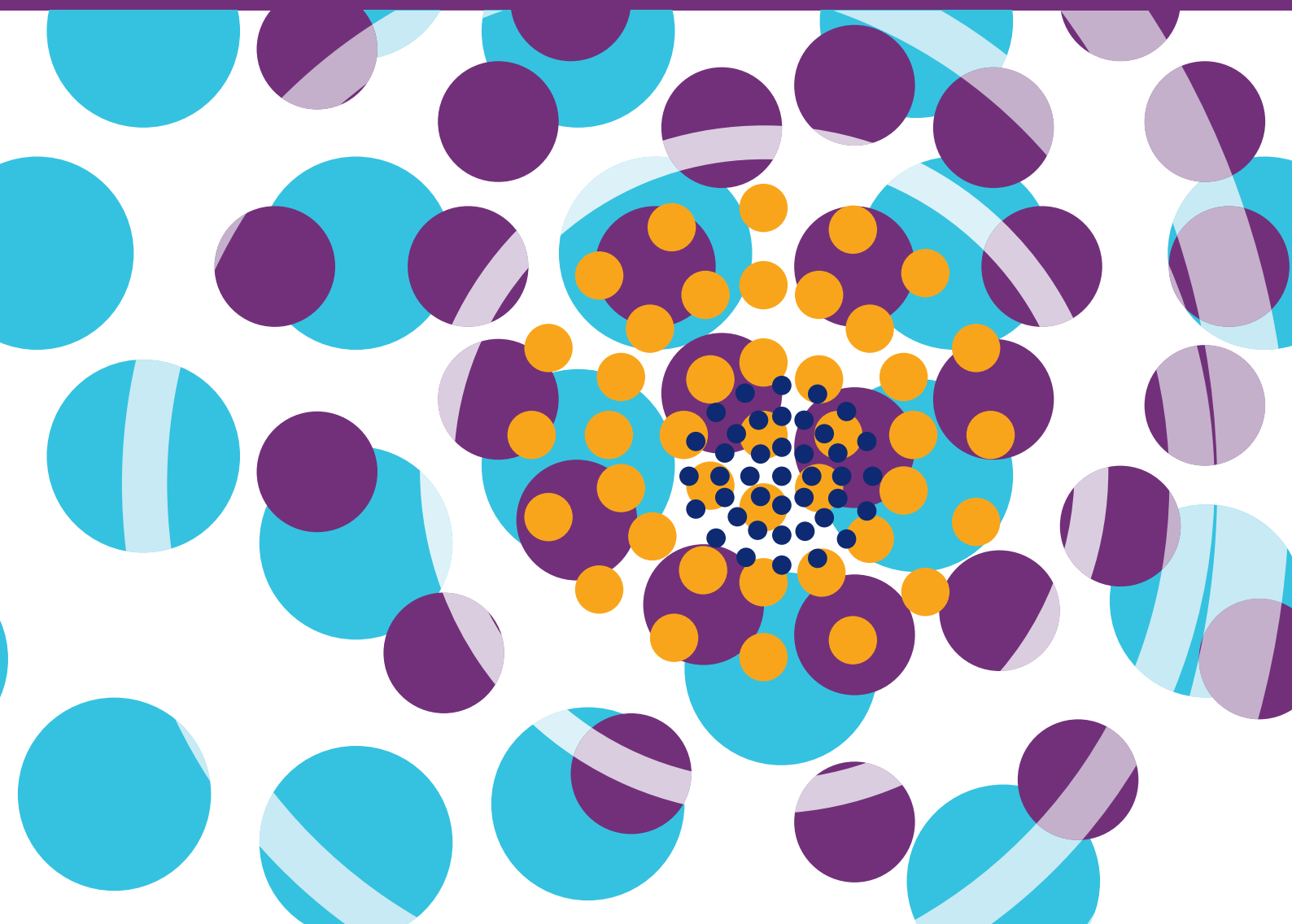
The Board continues to actively progress its work to ensure that it is effectively deploying and developing our supports to ensure that our overall objectives are met, in the interests of the customer.



Financial statements

for the year ended 31 December 2006

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Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

I have audited the financial statements of An Bord Pinsean for the year ended 31 December 2006 under the Pensions Act, 1990.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes.

Respective Responsibilities of the Board and the Comptroller and Auditor General

An Bord Pinsean is responsible for preparing the financial statements in accordance with the Pensions Act, 1990 and for ensuring the regularity of transactions. An Bord Pinsean prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Board are set out in the Statement of Board Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Board's compliance with the Code of Practice for the Governance of State Bodies 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. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included 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 in order 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, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Board's affairs at 31 December 2006 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Board. The financial statements are in agreement with the books of account.



Gerard Smyth

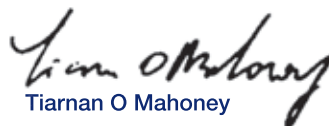
For and on behalf of the Comptroller and Auditor General
17 May 2007

Statement of Board responsibilities

Section 22(1) of the Pensions Act, 1990, as amended ("The Pensions Act"), 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.


Tiarnan O Mahoney
Chairperson


Dervla Tomlin
Board member

30 April 2007

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 is taken;
- Establishing a dedicated Finance and Audit Committee;
- Clear separation of Board and staff functions;
- Publication of a code of conduct for the Board members and staff of the Pensions Board;
- Appointing internal auditors.

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.

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;
- 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 auditors operate 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

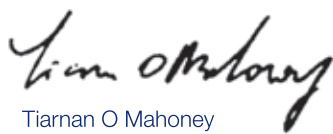
regard. The analysis of risk and the internal audit plans are endorsed by the Finance and Audit Committee and approved by the Board.

The Pensions Board has in year ended 31 December 2006, 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;
- Annual accounts for 2005 and explanation of significant variances;
- Annual budget and financial plan for 2007;
- Internal audit reports.

Annual Review of Controls

I confirm that in respect of the year ended 31 December 2006 the Board conducted a review of the effectiveness of the system of internal financial control.



Tiarnan O Mahoney
Chairperson

30 April 2007

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.

The financial statements are also prepared in accordance with accounting standards generally accepted in Ireland, being standards developed by the Accounting Standards Board.

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 (PRSA) 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 net costs associated with the Board's role in relation to PRSAs;
- iii) Meet the costs associated with the National Pensions Awareness Campaign (NPAC); and
- iv) Contribute to other relevant costs.

(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) 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 6.66% - 15 Years

Computer equipment 25% - 4 Years

Office furniture 12.5% - 8 Years

Office equipment 20% - 5 Years

Motor vehicle 20% - 5 Years

(F) OPERATING LEASE

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

(G) SUPERANNUATION

In view of the arrangements, as described in note 20, 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.

Superannuation benefit payments are included as an expenditure item and shown as a corresponding income representing recoupment of payments from the Department of Social and Family Affairs.

(H) COMPLIANCE ENFORCEMENT RESERVE

As the Pensions Board is a statutory regulatory body charged with monitoring and enforcing compliance by Scheme trustees with the provisions of the Pensions Act, 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

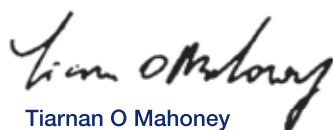
for the year ended 31 December 2006

	Notes	2006 €	2005 €
Income			
Occupational Pension Scheme fees		4,358,413	4,101,026
Personal Retirement Savings Account Fees	1	361,838	210,182
Provider NPAC contributions	2	32,000	47,000
State grant in respect of;			
Pension payments to retired staff		316,099	45,680
Personal Retirement Savings Account Costs	1&19	1,162,470	1,234,119
National Pension Awareness Campaign costs	2	1,000,000	570,000
Contribution to scheme review costs		-	24,805
Other income	3	257,372	217,289
Total income		7,488,192	6,450,101
Transfer from PRSA capital reserve	15 & 19	71,883	67,895
		7,560,075	6,517,996
Expenditure			
Salaries, pensions and related expenses	4	3,206,056	2,668,309
Board members' fees and expenses	5	141,564	102,960
Rent and office expenses	6	774,051	769,154
Recruitment, training and education	7	150,281	103,894
Information, research and publicity	8	992,636	604,079
Consultancy and other professional fees	9	761,301	895,821
General administration	10	385,634	313,463
Depreciation	11	183,548	198,906
Total expenditure		6,595,071	5,656,586
Surplus for the year		965,004	861,410
Revenue reserve at 1 January		4,766,531	3,905,121
Revenue reserve at 31 December		5,731,535	4,766,531

The Board had 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 23 form part of these financial statements.


Tiarnan O Mahoney

Chairperson


Brendan Kennedy

Chief Executive

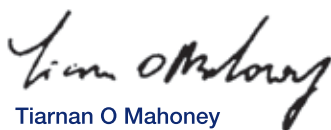
30 April 2007

Balance sheet

At 31 December 2006

	Notes	2006		2005	
		€	€	€	€
Fixed Assets					
Tangible assets	11		834,616		971,372
Current Assets					
Debtors	12	811,047		573,976	
Bank	18	5,204,969		4,296,500	
		6,016,016		4,870,476	
Current liabilities					
Creditors amounts falling due within one year	13	534,709		419,046	
Net current assets			5,481,307		4,451,430
Total assets			6,315,923		5,422,802
Financed by					
Compliance enforcement reserve	16	300,000		300,000	
PRSA capital reserve	15 & 19	284,388		356,271	
Revenue reserve		5,731,535		4,766,531	
		6,315,923		5,422,802	

The statement of accounting policies, cash flow statement and notes 1 to 23 form part of these financial statements.



Tiarnan O Mahoney
Chairperson



Brendan Kennedy
Chief Executive

30 April 2007

Cash flow statement

for the year ended 31 December 2006

	Notes	2006 €	2005 €
Net cash inflow from operating activities	17	920,551	1,004,421
Returns on investments and servicing of finance			
Interest received		32,146	79,231
Capital expenditure			
Payments to acquire tangible fixed assets		(54,478)	(85,013)
Receipts from sale of fixed asset		10,250	
Management of liquid resources			
(Increase) in short term deposits		(500,000)	(900,000)
Increase in cash		408,469	98,639
Reconciliation of net cash flow to movement in net funds	18		
Increase in cash in the year		408,469	98,639
Increase in short term deposits		500,000	900,000
Movement in net funds in the year		908,469	998,639
Net funds at 1 January		4,296,500	3,297,861
Net funds at 31 December		5,204,969	4,296,500

Notes to the financial statements

for the year ended 31 December 2006

1. PRSA FUNDING AND COSTS

	2006 €	2005 €
PRSA state grant receivable in year	1,162,470	1,234,119
PRSA fees	361,838	210,182
Total in respect of PRSA costs	1,524,308	1,444,301
Applied in respect of PRSA costs:		
Non-capital	1,509,211	1,417,921
Capital	15,097	26,380
	1,524,308	1,444,301

2. NPAC FUNDING AND COSTS

The Pensions Board, on behalf of the Government, continued the National Pension Awareness Campaign (NPAC) in 2006. An allocation of €1,000,000 from the Department of Social and Family Affairs was made available in the year for this purpose.

In addition the Board in the year was in receipt of €32,000 from pension providers. This relates to contributions towards the funding of promotional initiatives.

The primary objective of the NPAC campaign was to heighten pension's awareness with a view to increasing pension coverage in Ireland.

The allocation was spent in the following main cost categories;

	2006 €	2005 €
Information and awareness activities	899,367	489,014
Project management	86,415	79,440
Administration	36,662	6,256
	1,022,444	574,710

3. OTHER INCOME

	2006 €	2005 €
Interest income	134,594	87,651
Publications	83,042	94,373
Miscellaneous income	39,736	35,265
	257,372	217,289

4. EMPLOYEE NUMBERS AND COSTS

The total staff complement as approved by the Minister at 31 December 2006 was 39.5 permanent (2005 – 39.5 permanent).

The average number of employees excluding contract staff for 2006 was 39 (2005 – 39). The aggregate employee and related costs were as follows:

	2006 €	2005 €
Salaries	2,197,144	2,067,580
Employer superannuation contributions *	467,069	333,244
Employer PRSI contributions	169,266	159,875
Superannuation benefits payable	316,099	45,680
Contract Staff – general	56,478	61,930
	3,206,056	2,668,309

*See note 20

5. BOARD MEMBERS' FEES AND EXPENSES

	2006 €	2005 €
Board fees	140,000	99,044
Expenses	1,564	3,916
	141,564	102,960

6. RENT AND OFFICE EXPENSES

	2006 €	2005 €
Rent	572,708	571,610
Service charge	56,416	81,467
Rates	57,487	55,381
Electricity	25,528	20,737
Cleaning	25,639	23,825
General maintenance	34,368	14,012
Offsite storage	1,905	2,122
	774,051	769,154

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

	2006 €	2005 €
Recruitment and staff costs	64,255	42,234
Training and education	86,026	61,660
	150,281	103,894

8. INFORMATION, RESEARCH AND PUBLICITY

	2006 €	2005 €
Advertising and awareness activities	819,632	449,031
Printing and publications	106,268	104,589
Information stands and launches	50,484	35,741
Research	16,252	14,718
	992,636	604,079

9. CONSULTANCY AND OTHER PROFESSIONAL FEES

	2006 €	2005 €
Legal fees	281,676	264,400
Pensions/actuarial consultancy fees	225,116	219,578
Public relations and information	113,383	91,766
Management consultancy	38,463	36,736
Recruitment consultancy	31,780	13,915
Internal audit fees	19,231	13,588
Audit fees	14,400	14,400
National pensions review consultancy	-	236,253
Other	37,252	5,185
	761,301	895,821

10. GENERAL ADMINISTRATION

	2006 €	2005 €
Stationery and general office expenses	201,216	106,192
Telephone and postage	60,613	72,342
Computer maintenance and consumables	76,634	97,634
Travel and subsistence	35,713	24,929
Insurances	10,603	11,506
Interest and charges	855	860
	385,634	313,463

11. TANGIBLE FIXED ASSETS

	Leasehold improvements €	Computer equipment €	Office furniture €	Office equipment €	Motor vehicle €	Total €
Cost or Valuation						
At 1 January 2006	1,136,181	611,603	186,679	122,111	38,430	2,095,004
Additions in year	2,563	37,817	5,009	9,089	-	54,478
Disposals in year	-	-	-	-	(38,430)	(38,430)
At 31 December 2006	1,138,744	649,420	191,688	131,200	-	2,111,052
Accumulated Depreciation						
At 1 January 2006	375,326	521,005	106,248	90,309	30,744	1,123,632
Charge for year	75,916	72,377	23,961	11,294	-	183,548
Disposals in year	-	-	-	-	(30,744)	(30,744)
At 31 December 2006	451,242	593,382	130,209	101,603	-	1,276,436
Net Book Value						
At 31 December 2005	760,855	90,598	80,431	31,802	7,686	971,372
At 31 December 2006	687,502	56,038	61,479	29,597	-	834,616

12. DEBTORS

Amounts falling due within one year:

	2006 €	2005 €
Fee income	588,200	466,011
Accrued interest receivable	149,508	47,060
Prepayments and accrued income	49,465	30,418
Debtors other	23,874	30,487
	811,047	573,976

13. CREDITORS

Amounts falling due within one year:

	2006 €	2005 €
Accruals	355,255	260,765
Tax creditor	141,174	102,306
State grant creditor PRSA	6,060	13,808
Trade creditors	32,220	-
Salary deductions	-	42,167
	534,709	419,046

14. FINANCIAL COMMITMENTS

(i) Capital Commitments

There were no capital commitments at 31 December 2006.

(ii) Operating Leases

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

	2006 €	2005 €
Lease of office accommodation		
Expiring after five years	554,672	554,342

15. PRSA CAPITAL RESERVE

	2006		2005	
	€	€	€	€
At beginning of year		356,271		424,166
Transfer (to)/from Income and Expenditure Account				
Current year grant	15,097		26,380	
Amortisation – assets capitalised in the year	(3,546)		(6,025)	
– prior year's acquisitions	(83,434)	(71,883)	(88,250)	(67,895)
At end of year		284,388		356,271

16. COMPLIANCE ENFORCEMENT RESERVE

	2006 €	2005 €
At beginning and end of year	300,000	300,000

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

	2006 €	2005 €
Surplus for year	965,004	861,410
Non Operating Items		
Interest received	(32,146)	(79,231)
Surplus from sale of fixed asset	(2,564)	-
Non Cash Items		
Transfer from PRSA capital reserve	(71,883)	(67,895)
Depreciation	183,548	198,906
(Increase) in debtors	(237,071)	(16,406)
Increase in non capital creditors	115,663	107,637
Net cash inflow from operating activities	920,551	1,004,421

18. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2006 €	Cash Flow €	At 31 December 2006 €
Cash at bank and on hand	196,500	408,469	604,969
Short term deposits	4,100,000	500,000	4,600,000
	4,296,500	908,469	5,204,969

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 €1,162,470 (2005- €1,234,119). As at the year end the accumulated amount of state grant was €7,057,477 (2005 - €5,895,007).

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 for Social and Family Affairs 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 16.67% 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 in accordance with the Code of Practice for the Governance of State Bodies has a Code of Business Conduct in place for Board members and employees. This code includes guidance 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 2006 the Board incurred fees payable to third parties, including legal fees, in respect of professional services in the amount of €761,301 inclusive of VAT. This amount includes €4,840 which was paid to Mercer Human Resources Limited, a firm of which the Board members Ms. Rosalind Briggs and Ms. Mary Wade are partners.

22. TAXATION

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

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 30 April 2007.

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 Prompt Payment of Accounts Act, 1997 we wish to report as follows:

- The Pensions Board confirms that it is complying with the Prompt Payment of Accounts Act, 1997.
- 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 Prompt Payment of Accounts Act, 1997.
- 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 Prompt Payment of Accounts Act, 1997.
- No late payments arose during 2006 and accordingly no penalty interest payments were made in the year.

In conclusion, I am satisfied that the Pensions Board is compliant with the Prompt Payment of Accounts Act, 1997.

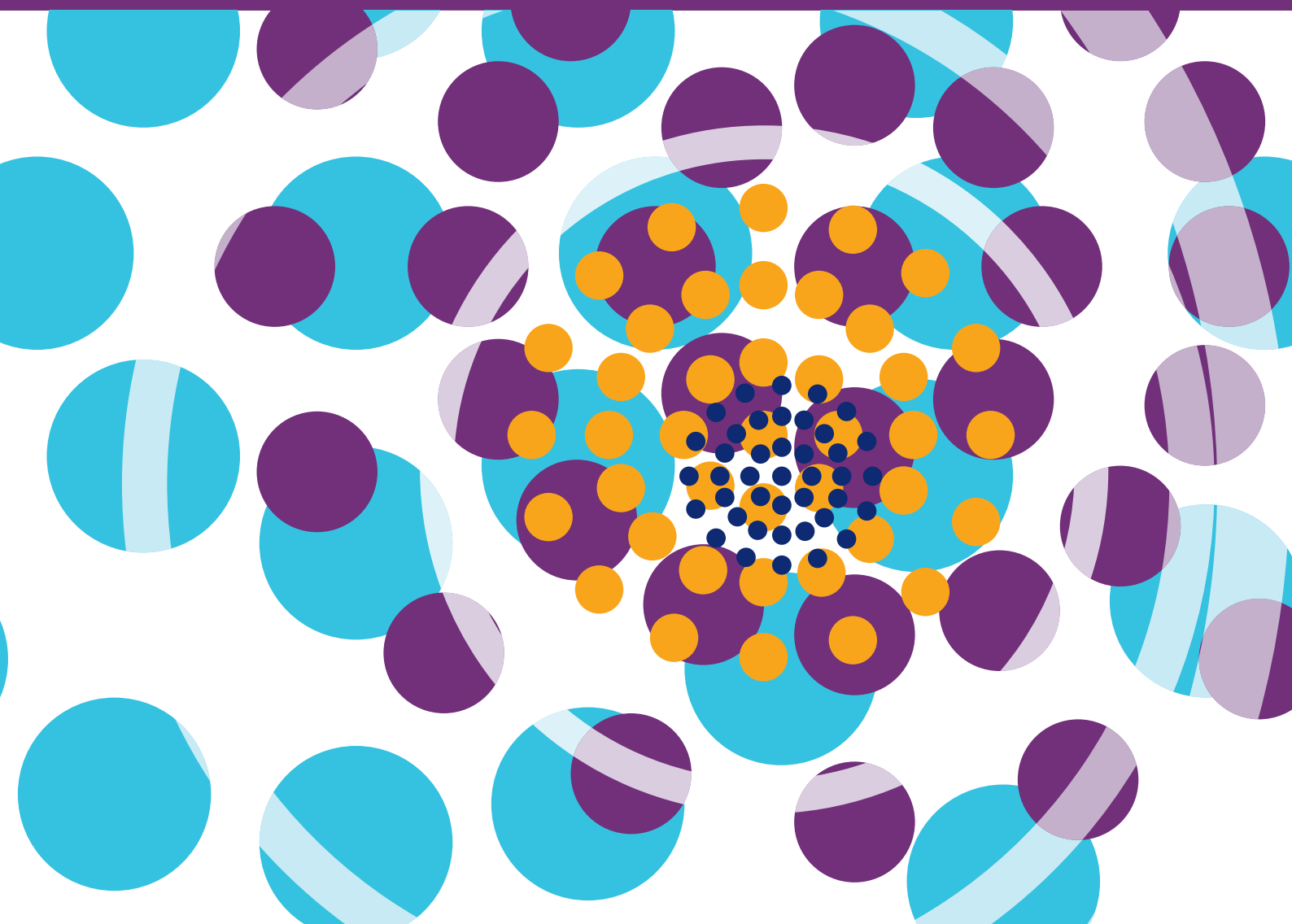


Brendan Kennedy
Chief Executive

30 April 2007

Appendices

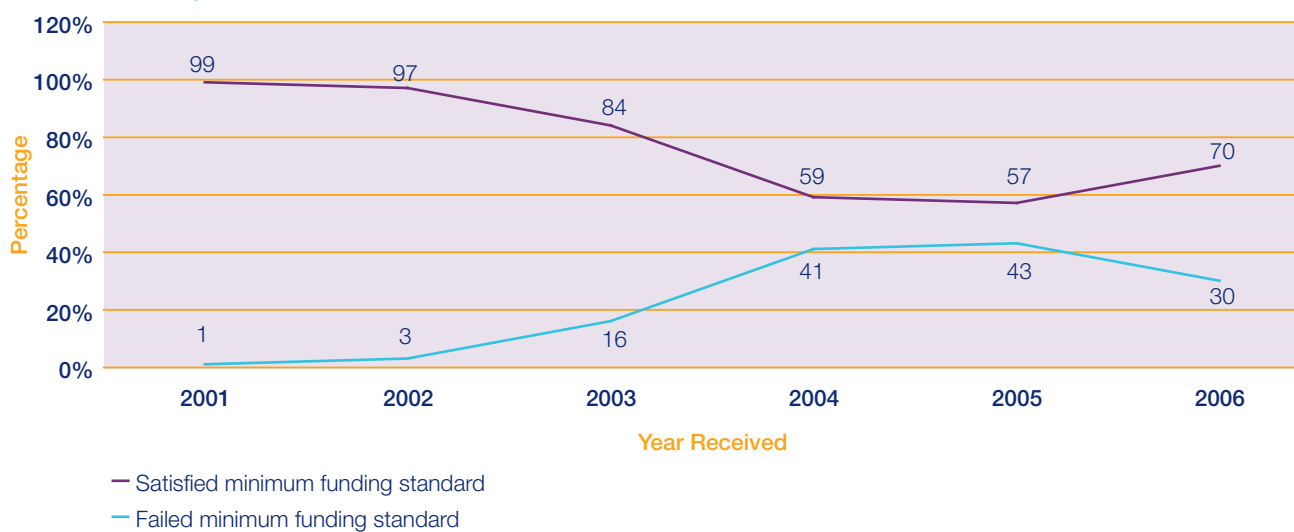
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Appendix I – Charts and tables

See chapter 'Regulatory/Compliance'

Chart 1 Solvency trend



Register of schemes

Table 1 Current schemes - defined benefit

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Non-Group	33	36	33	36
1 – 50	839	889	13,868	14,584
51 – 99	184	183	13,289	13,178
100 – 500	251	267	59,302	62,402
501 – 1000	45	48	31,308	34,710
1001 +	59	55	424,562	374,975
Total:	1,411	1,478	542,362	499,885

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.
- 4) The figures in this table do not equate to the sum of those in Table 2 and 3 in that Table 1 covers current schemes. Table 2 includes current and non-current schemes.

Table 2 Defined benefit schemes subject to the funding standard

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Non-Group	12	17	12	17
1 – 50	745	797	12,425	13,209
51 – 99	168	171	12,171	12,360
100 – 500	230	241	54,458	56,317
501 – 1000	40	44	28,319	32,021
1001 +	37	35	162,144	125,203
Total:	1,232	1,305	269,529	239,127

Notes

- 1) *Excluding AVC Only and Death Benefit Only schemes.*
- 2) *Includes Schemes which are not current but have retained Defined Benefit liabilities.*
- 3) *'Non-Group' means a scheme which according to its establishment may only have one member.*

Table 3 Defined benefit schemes excluded from the funding standard

Scheme Size	No. of Schemes		No. of Members	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Non-Group	3	3	3	3
1 – 50	30	30	644	627
51 – 99	13	9	941	641
100 – 500	15	20	3,302	4,543
501 – 1000	4	3	2,438	2,138
1001 +	22	20	262,418	249,772
Total:	87	85	269,746	257,724

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 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Non-Group	70,097	62,786	70,097	62,786
1 – 50	21,476	19,578	90,713	85,232
51 – 99	296	295	20,633	20,669
100 – 500	176	156	33,045	29,516
501 – 1000	17	14	11,475	9,834
1001 +	13	12	29,045	26,777
Total:	92,075	82,841	255,008	234,814

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 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Non-Group	70,130	62,822	70,130	62,822
1 – 50	22,315	20,467	104,581	99,816
51 – 99	480	478	33,922	33,847
100 – 500	427	423	92,347	91,918
501 – 1000	62	62	42,783	44,544
1001 +	72	67	453,607	401,752
Total:	93,486	84,319	797,370	734,699

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.*

Chart 2 Current defined contribution schemes compared to 2005

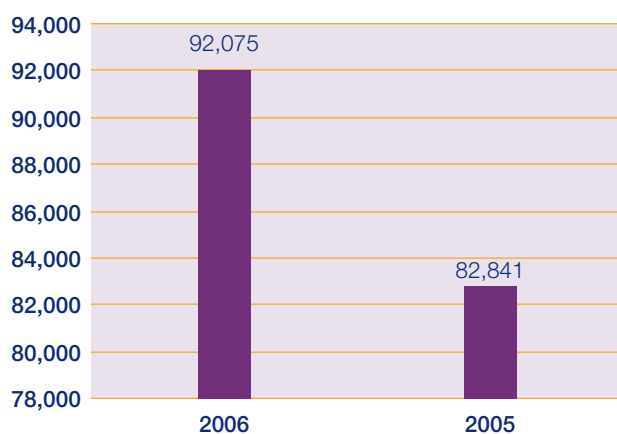


Chart 5 Current defined benefit members compared to 2005

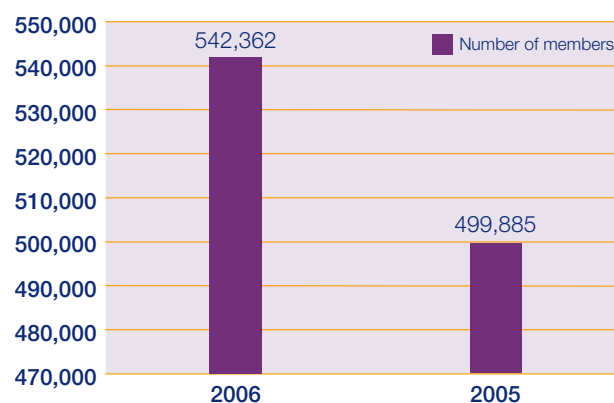


Chart 3 Current defined contribution members compared to 2005

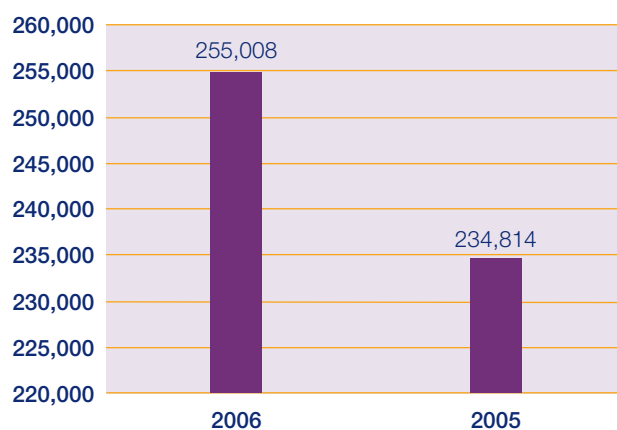


Chart 6 Current defined benefit schemes and defined contribution schemes 2005 and 2006

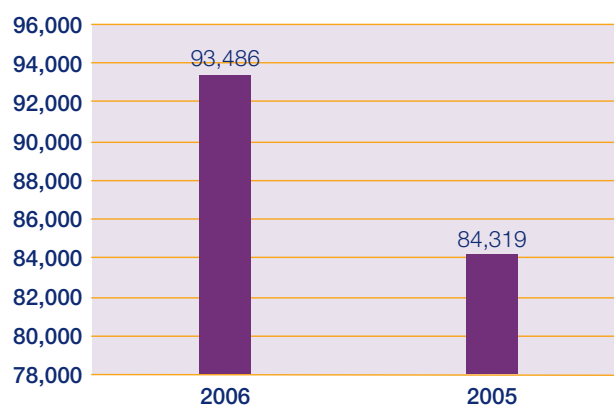


Chart 4 Current defined benefit schemes compared to 2005

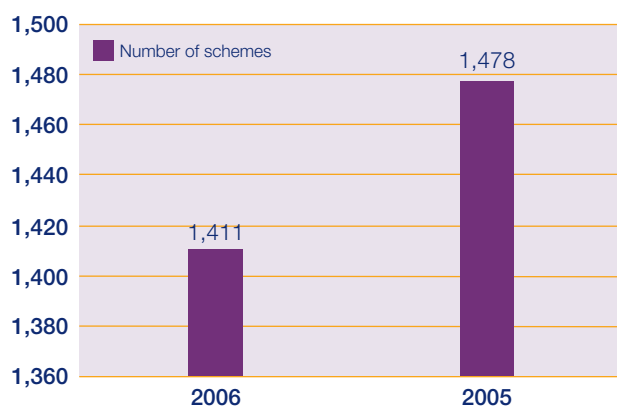


Chart 7 Current defined benefits schemes and defined contribution schemes active members 2005 and 2006

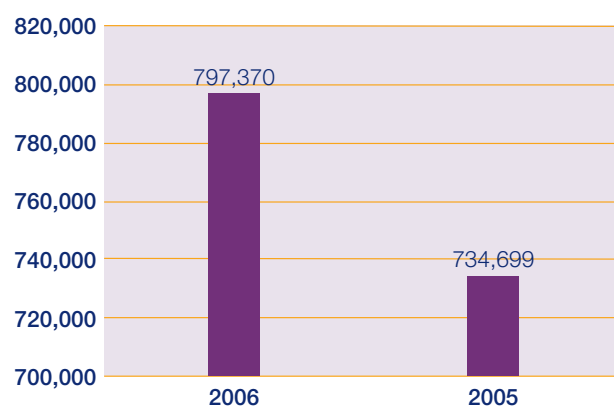


Chart 8 Ratio of defined benefit to defined contribution scheme members 2006

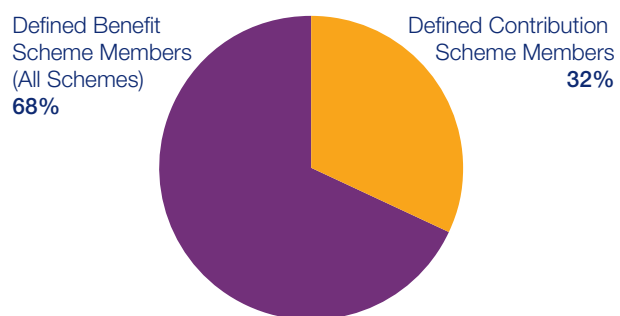


Chart 9 Ratio of defined benefit (subject funding standard) to defined contribution scheme members 2006

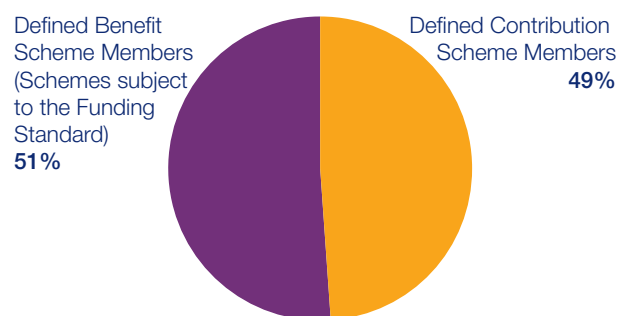


Table 6 Registration activity during 2006

		Defined Benefit		Defined Contribution		Total	
		Schemes	Members	Schemes	Members	Schemes	Members
(i)	January 2006	1,478	499,885	82,841	234,814	84,319	734,699
(ii)	Registrations in 2006	30	84,707	14,258	46,483	14,288	131,190
(iii)	Other Movements	-97	-42,230	-5,024	-26,289	-5,121	-68,519
(iv)	December 2006	(i)+(ii)+(iii)	542,362	92,075	255,008	93,486	797,370
(v)	Change in year	(iv)-(i)	42,477	9,234	20,194	9,167	62,671

Table 7 Investigations – 1 January 2006 to 31 December 2006

Table 7 summarises the investigations data for 2006.

	Number of Investigations at 1/1/06	New Cases Received	Completed Cases	Number of Investigations at 31/12/06
Casework	25	24	20	29
'Whistle blows'	50	16	21	45
Total	75	40	41	74

The funding standard as at 31 December 2006

Table 8 Defined Benefit Schemes subject to the funding standard

Scheme Size	DB schemes subject to the funding standard		Schemes which satisfied the funding standard at the most recent AFC		Schemes which failed the funding standard at the most recent AFC		Schemes for which no AFC prepared as 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
Frozen	222	0	164	0	50	0	8	0
Non-Group	9	9	6	6	3	3	0	0
1 – 50	799	12,414	546	8,084	215	3,747	38	583
51 – 99	163	11,725	93	6,755	64	4,544	6	426
100 – 500	231	54,175	144	34,491	79	17,732	8	1,952
501 – 1,000	41	28,821	30	21,576	8	5,349	3	1,896
1,000 +	37	162,148	27	64,754	8	16,192	2	81,202
Total:	1502	269,292	1010	135,666	427	47,567	65	86,059

*This figure is made up almost entirely of newer registrations where no funding certificate has yet fallen due but includes some schemes where a funding certificate is overdue for submission and the Board is following up on these.

Table 9 Schemes for which funding certificates were received in 2006

Scheme Size	Schemes for which funding certificates received in 2006*		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	38	0	25	0	13	0
Non-Group	5	5	2	2	3	3
1 – 50	281	4,349	211	3,167	70	1,182
51 – 99	60	4,365	36	2,572	24	1,793
100 – 500	87	20,058	52	12,717	35	7,341
501 – 1,000	15	11,456	12	9,444	3	2,012
1,000 +	16	33,482	11	21,234	5	12,248
Total:	502	73,715	349	49,136	153	24,579

*Where more than one actuarial funding certificate was submitted for a scheme during the year, only the most recent certificate is reflected in these figures.

** The trustees of 91 of these schemes made applications to the Board under Section 49(3) of the Pensions Act and 44 have submitted proposals for 3 years. Of the remaining 18 schemes, 10 are in wind up, 4 are likely to submit applications under s49(3) shortly, 1 now meets the funding standard and the Board is pursuing submission of proposals in the last 3 cases.

Table 10 Schemes for which funding certificates were received in 2006 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	6	0	7	0
Non-Group	2	2	1	1
1 – 50	60	984	10	198
51 – 99	19	1,408	5	385
100 – 500	29	5,912	6	1,429
501 – 1,000	3	2,012	0	0
1,000 +	3	9,643	2	2,605
Total:	122	19,961	31	4,618

Table 11 Disclosure documents examined

Disclosure documents	Total	Compliant	Satisfactory*	Non-compliant
Full Annual Report	59	43	9	7
Alternative Type A	112	89	9	14
Alternative Type B	30	26	2	2
Audited Accounts	34	28	3	3
Actuarial Valuation	13	11	1	1
Benefit Statement	121	85	24	12
Benefit Statement – For Type B Report	12	9	2	1
Member Notification	184	144	37	3
Union Notification	184**	46	30	4

* 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 104 schemes advised the Board that the members were not represented by any trade unions.

Chart 10 Number of PRSA Contracts

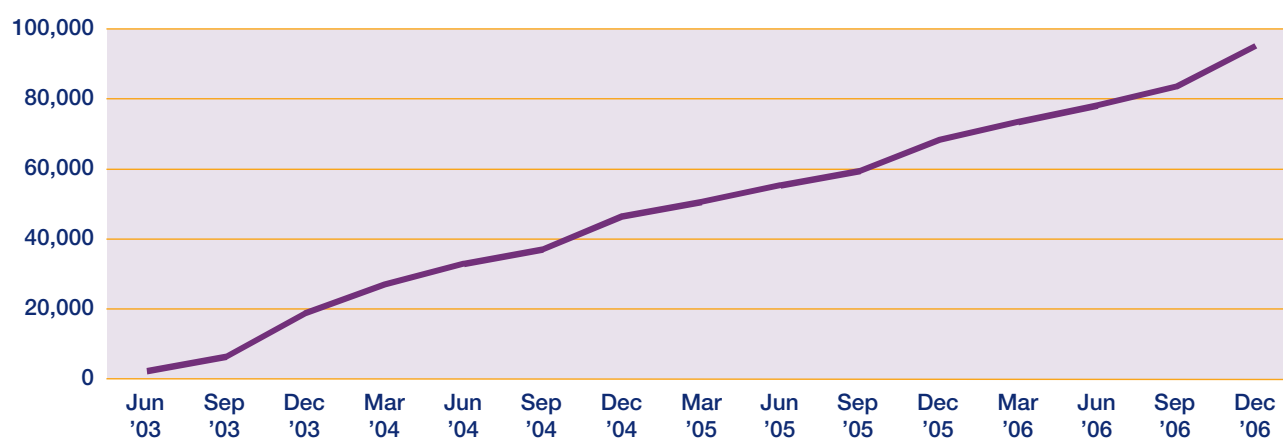


Chart 11 Value of PRSA Assets

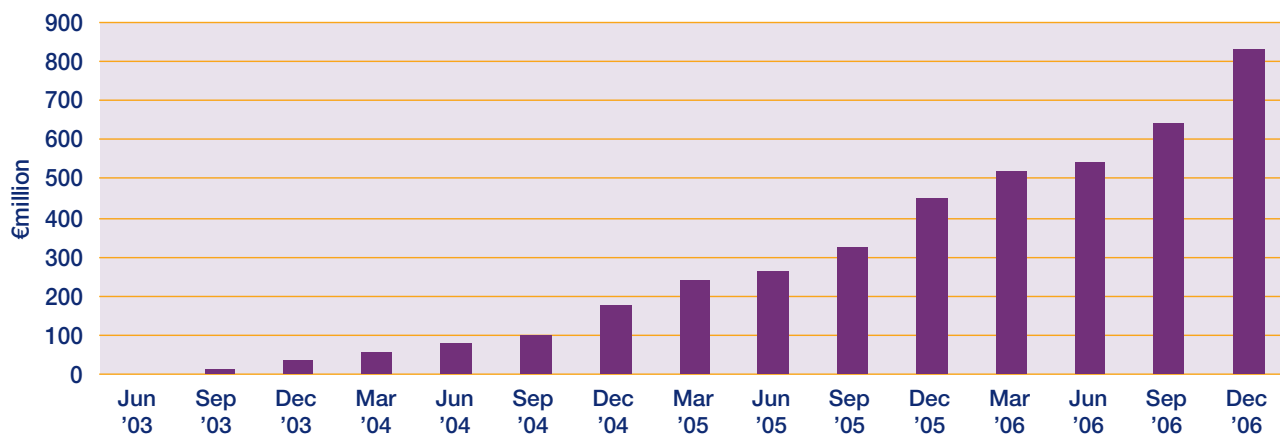


Chart 12 Standard PRSAs v Non Standard PRSAs

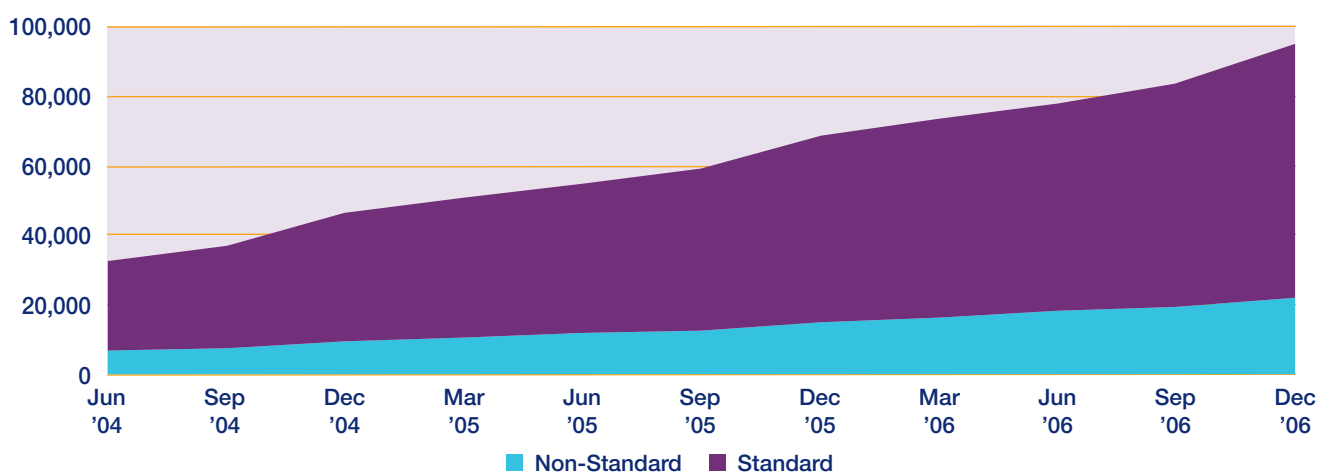


Chart 13 Employer Designations – PRSAs

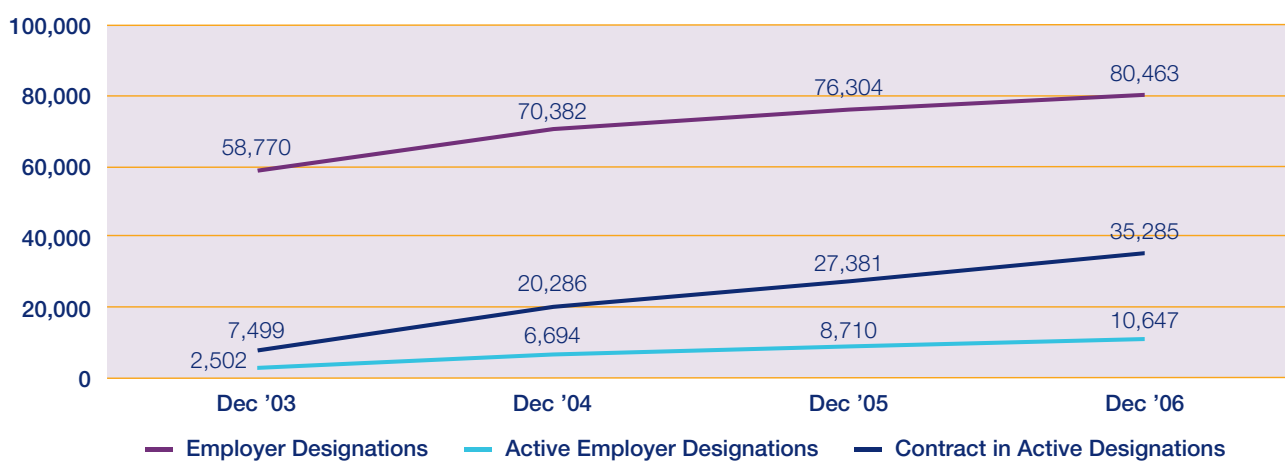
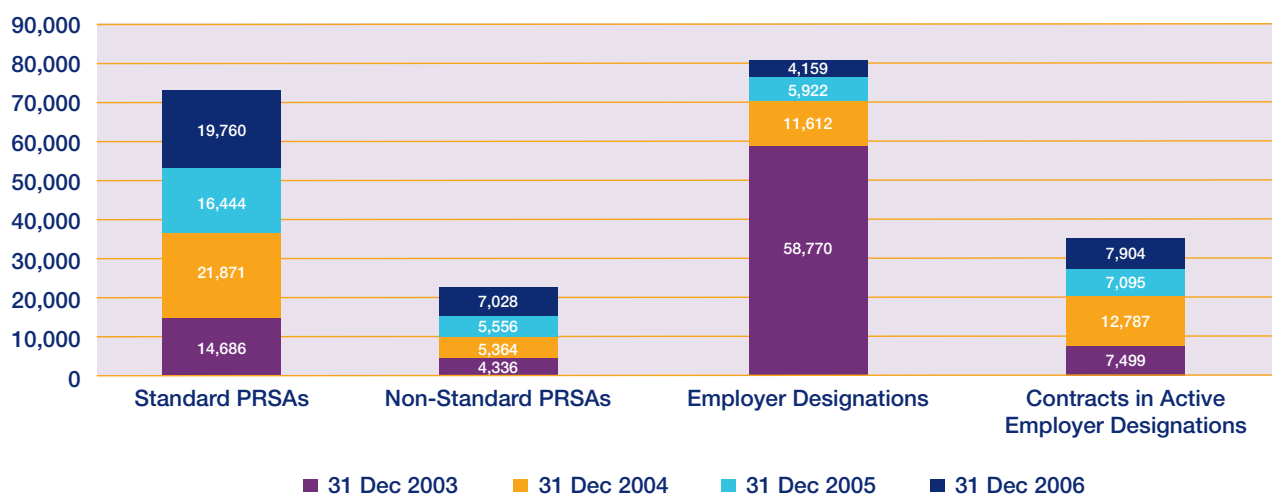


Chart 14 PRSA Year on Year Comparison – 31 Dec 2003 to 31 Dec 2006



ENQUIRIES

(See Chapter 'Information/National Pensions Awareness Campaign')

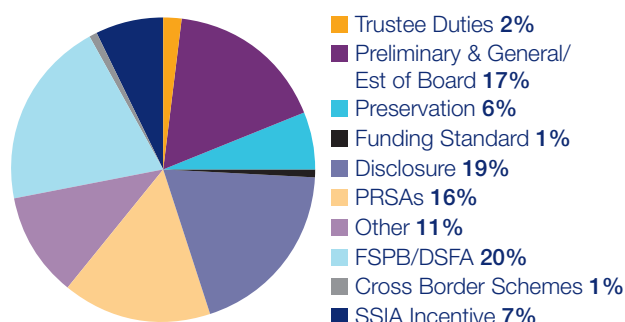
Tables 12, 13 and 14 below display the results of a statistical analysis of enquiries handled during 2006.

Table 12 Enquiries

	2006	
	Number	%
Preliminary and General/Establishment of Board	1,927	17%
Preservation	750	6%
Funding Standard	99	1%
Disclosure	2,233	19%
Trustees Duties	246	2%
Equal Pension Treatment	40	0%
Compulsory & Voluntary Reporting & Miscellaneous Applications to the High Court	9	0%
PRSAs	1,852	16%
Pensions Ombudsman	26	0%
Cross-border schemes	145	1%
Referrals to Financial Services (Pensions) Business/Department of Social and Family Affairs (FSPB/DSFA)	2,357	20%
*SSIA Incentive	836	7%
Other Enquiries	1,283	11%
Total	11,803	100%

*Enquiries relating to the SSIA Incentive have been added as a new category this year following the introduction of incentives for maturing SSIA accounts; the Special Savings Incentive Scheme which was introduced in the 2006 Finance Act.

Chart 15 Nature of Enquiries



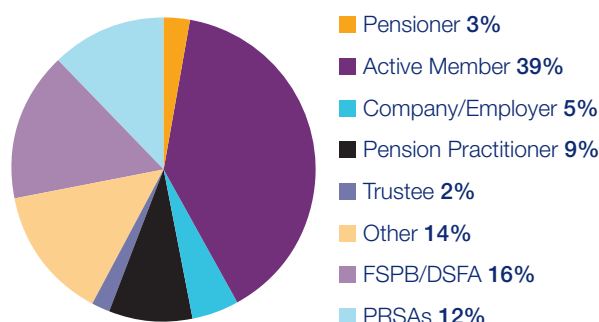
There were 11,803 enquiries to the Pensions Board in 2006, including queries on new issues such as the introduction of incentives for maturing SSIA account and the Special Savings Incentive Scheme introduced in the 2006 Finance Act.

There was a substantial decrease in PRSA enquiries in 2006 compared to 2005 due to the fact that in 2005 a questionnaire relating to PRSAs was issued resulting in 3,446 enquiries about this matter.

The largest increase in a category of enquiries relates to "Disclosure", which includes enquiries relating to audited accounts, annual reports, benefits on death/retirement and schemes in wind-up. This increase can be attributed to a heightened consumer awareness of information entitlements and the introduction of new disclosure Regulations. Preliminary & General/Establishment of the Board made up 17% of enquiries in 2006, this category includes enquiries relating to the Board's role and functions, family law issues and booklet requests. Other enquiries included matters relating to the pensions calculator/website and other matters which do not come under the Board's strict remit i.e. personal pension plans and income continuance plans.

These queries were raised by pensioners, active members, employers, unions, practitioners, trustees, the media and others, in the following proportion:

Chart 16 Category of Enquiries

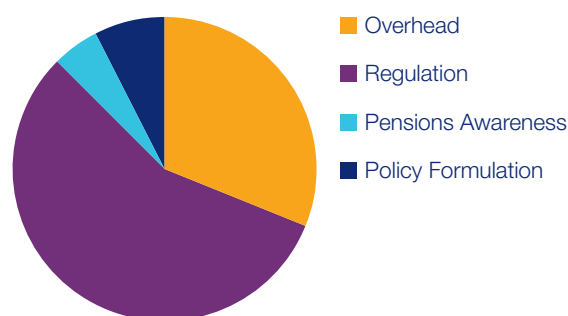


Allocation of Resources to Strategic Priorities

In terms of the four main objectives from the strategy statement of the Pensions Board the following table outlines:

1. the proportion of staff time allocated to each strategic priority; and
2. the proportion of the overall budget allocated to each strategic priority.

Chart 17 Apportionment of staff time 2006



Appendix II – Legislation

The Pensions Act, 1990 was enacted on 24 July 1990. Since then it has been amended regularly and a significant number of Regulations have been made under the Acts 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 (Miscellaneous Provision) Act, 2003	No.4 of 2003
Social Welfare (Miscellaneous Provision) Act, 2004	No.9 of 2004
Public Service Superannuation (Miscellaneous Provisions) Act, 2004	No.7 of 2004
Equality Act, 2004	No.24 of 2004
Social Welfare and Pensions Act, 2005	No.4 of 2005
Social Welfare Law Reform & Pensions Act, 2006	No.5 of 2006

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.339 of 1993*4
Occupational Pension Schemes (Funding Standard) Regulations, 1993	S.I. No.419 of 1993
Occupational Pension Schemes (External Schemes) (United Kingdom) Regulations, 1994	S.I. No.238 of 1994*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*17

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*16
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	S.I. No.502 of 2002
Personal Retirement Savings Accounts (Disclosure) Regulations, 2002	S.I. No.501 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*15
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
Pensions Ombudsman Regulations, 2003	S.I. No.397 of 2003
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
Occupational Pension Schemes and Personal Retirement Savings Accounts (Transfer) Regulations, 2003	S.I. No.429 of 2003
Occupational Pension Schemes and Personal Retirement Savings Accounts (Overseas Transfer Payments) Regulations, 2003	S.I. No. 716 of 2003
Pensions (Amendment) Act, 2002 (Section 3 (In so far as it relates to the insertion of Section 124(2) into the Pensions Act, 1990)) (Commencement) Order, 2003	S.I. No.739 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
Occupational Pension Schemes (Revaluation) Regulations, 2005	S.I. No. 74 of 2005
Social Welfare and Pensions Act, 2005 (Section 38 & 39) (Commencement) Order, 2005	S.I. No.187 of 2005
Occupational Pension Schemes (Preservation of Benefits) (Amendment) Regulations, 2005	S.I. No.188 of 2005
Occupational Pension Schemes (Fees) (Amendment) Regulations 2005	S.I. No.559 of 2005
Pensions (Amendment) Act 2002 (Section 42) (Commencement) Order, 2005	S.I. No. 590 of 2005
Social Welfare and Pensions Act 2005 (Part 3) (Commencement) Order, 2005	S.I. No.591 of 2005
Occupational Pension Schemes (Cross-Border) Regulations, 2005	S.I. No.592 of 2005*18
Occupational Pension Schemes (Investment) Regulations, 2005	S.I. No.593 of 2005*20
Occupational Pension Schemes (Trustee) Regulations, 2005	S.I. No.594 of 2005*19
Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 2005	S.I. No.595 of 2005*21
Occupational Pension Schemes (Professional Guidance) Regulations, 2005	S.I. No.603 of 2005
Occupational Pension Schemes (Preservation of Benefits) (Amendment) Regulations, 2005	S.I. No.604 of 2005
Occupational Pension Schemes (Disclosure of Information) Regulations, 2005	S.I. No.633 of 2005*22
Occupational Pension Schemes (Revaluation) Regulations, 2006	S.I. No.70 of 2006
Social Welfare Law Reform and Pensions Act 2006 (Section 39 (in so far as it inserts Section 3B into the Pensions Act 1990)) (Commencement) Order, 2006	S.I. No.169 of 2006
Social Welfare Law Reform and Pension Act 2006 (Part 3) (Commencement) Order, 2006	S.I. No.291 of 2006

Occupational Pension Schemes (Cross-Border) Regulations 2006	S.I. No.292 of 2006
Occupational Pension Schemes (Trustee) Regulations 2006	S.I. No.293 of 2006
Occupational Pension Scheme (Investment) Regulation 2006	S.I. No.294 of 2006
Occupational Pension Scheme (Funding Standard)(Amendment) Regulations, 2006	S.I. No.295 of 2006
Occupational Pension Schemes (Disclosure of Information) Regulations, 2006	S.I. No.301 of 2006
Pensions Ombudsman Regulations, 2006	S.I. No.302 of 2006
Social Welfare Law Reform and Pensions Act 2006 (Item 6 of Schedule 8) (Commencement) Order, 2006	S.I. No.357 of 2006
Social Welfare Law Reform and Pensions Act 2006 (Section 40) (Commencement) Order, 2006	S.I. No.437 of 2006
Personal Retirement Savings Accounts (Disclosure) (Amendment) Regulations, 2006	S.I. No.567 of 2006
Occupational Pension Schemes (Disclosure of Information) (Amendment) Regulations, 2006	S.I. No.582 of 2006

*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*

*15 *Revoked from 23 September 2005*

*16 *Revoked from 23 September 2005*

*17 *Revoked from 1 January 2007*

*18 *Revoked from 24 May 2006*

*19 *Revoked from 24 May 2006*

*20 *Revoked from 24 May 2006*

*21 *Revoked from 24 May 2006*

*22 *Revoked from 31 May 2006*

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 III – Operative dates of parts of the Pensions Act, 1990, as amended

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	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
PART XII	Cross-Border Schemes	14 March 2005

Appendix IV – Regulations/commencement orders 2006

This table provides an overview of the various Regulations/Commencement Orders made during 2006 related to the Social Welfare Law Reform and Pensions Act, 2006

<p>Social Welfare Law Reform and Pensions Act, 2006 (Section 39) (in so far as it inserts Section 3B into the Pensions Act 1990) (Commencement) Order, 2006 (S.I. No. 169 of 2006)</p>	<p>This Order provides for the commencement of Section 39 of the Social Welfare Law Reform and Pensions Act, 2006, insofar as it inserts Section 3B into the Pensions Act, with effect from 12 April 2006.</p> <p>The new Section 3B provides that certain documentary evidence being relied on by the Board in a prosecution is now admissible as evidence without the need for the relevant officer of the Pensions Board to attend the Court proceedings.</p>
<p>Social Welfare Law Reform and Pensions Act, 2006 (Part 3) (Commencement) Order, 2006 (S.I. No. 291 of 2006)</p>	<p>This Order provides for the commencement of certain provisions of Part 3 of the Social Welfare Law Reform and Pensions Act, 2006, including Sections 38, 41 and Section 44 in so far as it relates to items 1-5 and 7-10 of Schedule 8 of that Act, with effect from 24 May 2006. These provisions are described in detail in the main body of this Annual Report under the chapter 'Legislation'.</p>
<p>Social Welfare Law Reform and Pensions Act, 2006 (Item 6 of Schedule 8) (Commencement) Order, 2006 S.I. No. 357 of 2006</p>	<p>This Order provides for the commencement with effect from 30 June 2006 of Item 6 of Schedule 8 of the Social Welfare Law Reform and Pensions Act, 2006.</p> <p>Item 6 of schedule 8 amends Section 55 of the Pensions Act to provide that where so prescribed, and to such extent as may be prescribed, a small scheme in wind up will be required to produce an annual report where the Pensions Board considers such a report is necessary, and is in the interest of members.</p> <p>Section 55 is also amended to provide that the actuary's statement in the annual report may certify that the scheme could reasonably be expected to meet the funding standard at the effective date of the next actuarial funding certificate, or where applicable such later date specified by the Board, where it has approved a funding proposal.</p>
<p>Social Welfare Law Reform and Pensions Act, 2006 (Section 40) (Commencement) Order, 2006 S.I. No. 437 of 2006</p>	<p>This Order provides for the commencement of Section 40 of the Social Welfare Law Reform and Pensions Act, 2006, with effect from 24 July 2006.</p> <p>Section 40 inserts a new Section 26(A) into the Pensions Act to provide that the Minister for Social and Family Affairs may, in consultation with the Minister for Finance, indemnify the Pensions Board members and the staff of the Board, against liability for damages or costs where they have discharged their functions in good faith. A letter of indemnity has been provided.</p>

This table provides an overview of the various Regulations/Commencement Orders made during 2006 related to the Social Welfare Law Reform and Pensions Act, 2006

Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 S.I. No. 301 of 2006	<p>These Regulations revoke and replace Regulation 633 of 2005 with effect from 31 May 2006.</p> <p>S.I. 633 of 2005 (which implemented new disclosure requirements arising out of <i>inter alia</i> Directive 2003/41 EC) was made under Section 3 of the European Communities Act 1972. It was decided in 2006 to amend the Pensions Act to enable EU legislation be implemented directly by statutory instruments under the Pensions Act. On foot of this new power in the Pensions Act S.I. 633 of 2005 was revoked and replaced by S.I. 301 of 2006.</p> <p>Some minor changes were also introduced in the 2006 Regulations.</p>
Occupational Pension Schemes (Disclosure of Information) (Amendment) Regulations, 2006 S.I. No 582 of 2006	<p>These Regulations, which were implemented on 21 November 2006, provide for some minor modifications of S.I. No. 301 of 2006 on disclosure of information. The main amendments are to:</p> <ul style="list-style-type: none"> ■ exclude one member arrangements from having to prepare annual reports, ■ clarify that the preparer's statement in the annual report of a small defined contribution scheme shall in respect of certain matters only be based on information available to him, and ■ defer the requirement to prepare a statement of reasonable projection until 1 January 2008.
Pensions Ombudsman Regulations, 2006 S.I. No. 302 of 2006	<p>These Regulations amend the Pensions Ombudsman Regulations (S.I. No 397 of 2003) to:</p> <ul style="list-style-type: none"> (a) take account of changes made in relation to redress provisions in Part VII of the Act, whereby complaints relating to equal pension treatment are no longer submitted to the Pensions Board but to the Director of the Equality Tribunal and, (b) clarify that an internal dispute resolution procedure is exhausted within its terms at the expiry of the three month period from when all the particulars of the complaint have been furnished, or where the Ombudsman considers it appropriate at a later date to be specified by him.
PRSA (Disclosure) (Amendment) Regulations, 2006 S.I. 567 of 2006	<p>These Regulations provide that the preliminary disclosure certificate and the statement of reasonable projections do not use a rate of return in excess of 6% per annum.</p>
Occupational Pension Schemes (Revaluation) Regulations, 2007	<p>These Regulations provide for a revaluation percentage of 4% for 2006.</p>
Occupational Pension Schemes (Revaluation) Regulations, 2006	<p>This Regulation provided for a revaluation percentage of 2.5% for 2005.</p>

It was decided in 2006 to amend the Pensions Act to enable EU legislation be implemented directly by statutory instruments under the Pensions Act. On foot of this the following Regulations were enacted:

Occupational Pension Schemes (Funding Standard) (Amendment) Regulations, 2006 (S.I. No. 295 of 2006)	These Regulations revoke and replace Regulation 595 of 2005.
Occupational Pension Schemes (Trustee) Regulations, 2006 (S.I. No. 293 of 2006)	These Regulations revoke and replace Regulation 594 of 2005.
Occupational Pension Schemes (Investment) Regulations, 2006 (S.I. No. 294 of 2006)	These Regulations revoke and replace Regulation 593 of 2005.
Occupational Pension Schemes (Cross-Border) Regulations, 2006 (S.I. No. 292 of 2006)	These Regulations revoke and replace Regulation 592 of 2005.

Appendix V – Publications

The following publications are available from

The Pensions Board,

Verschoyle House,

28/30 Lower Mount Street

Dublin 2.

Telephone: (01) 613 1900

Fax: (01) 631 8602

Email: info@pensionsboard.ie

Web: www.pensionsboard.ie

Free publications

- The Pensions Board – an introduction to the Board and its functions*
- Women & Pensions
- What are my pension options?
- What happens to my pension if I leave?
- Pensions Checklist**
- PRSAs – Employers' Obligations
- PRSAs – A Consumer Guide
- What do you know about your pension scheme?*
- A guide to your scheme's annual report
- So you're a pension scheme trustee?*
- What happens when your pension scheme is wound up or a merger/acquisition takes place?
- A brief guide to the pension Provisions of the Family Law Acts
- Integration – A Brief Guide*
- Annuities – A Brief Guide*
- Selecting Member Trustees
- Equal Pension Treatment

* Also available in Irish.

** Also available online in Arabic, Chinese, French, Irish, Polish, Russian and Spanish

Subscription services

Legislation Service**

Subscribers to this service receive a non-statutory consolidated text of the Pensions Act, and the Regulations. The legislation service will be provided by an external service provider, in an online format, with effect from early 2007.

Guidance Notes**

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

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, as amended and on good practice in relation to scheme administration.

** Available by subscription only.

Guidance from other sources

There is a comprehensive Revenue Commissioners 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 Pensions Act provides for a statutory underpinning of the Society of Actuaries professional guidance notes in certain areas relevant to the Pensions Act. Professional Guidance Regulations (S.I. 603 of 2005) were introduced in 2005 to ensure that the Minister's consent is required to alter particular guidance issued by the Society of Actuaries in Ireland.

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.

Appendix VI – Customer Action Plan (CAP) performance against commitments

Quality Service Standards

1. Having consulted our external customers and analysed feedback, a Customer Charter reflecting customers' requirements has been published on our website and is displayed in the Board's offices. Our CAP is also available in booklet form and online.
2. Comment cards have been provided in the Board's reception area and online.
3. A Website Review Group has been formed to regularly review and update the Board's website to ensure that it is relevant, accurate and user friendly. The Board appointed a website company, following a tender process, in December 2006 to evaluate the website in meeting its communication objectives.
4. The progress on initiatives outlined in the CAP is reviewed on a quarterly basis by the Management Team of the Board.

Equality/Diversity

5. The Board ensures that there continues to be a focus on fair and equal treatment outcomes for all our customers. This is achieved by ongoing Customer Care training for staff and access to Sign Language Courses.
6. A module on equality from an employee perspective is given in induction training to make staff aware of the nine discriminatory grounds covered by employment equality legislation.

Physical Access

7. The Board's Office is maintained to a high standard in meeting our commitments as outlined in its Customer Charter (see "access to our office" section).

8. The Board ensures that both visitors and any staff with disabilities, or any other specific access needs, continue to enjoy secure and safe surroundings while on the Board's premises.

Information

9. The Board is meeting all our commitments to the provision of customer information as outlined in the Board's Customer Charter.
10. The Board conducted a "National Pensions Action Week" in May 2006 under the auspices of the National Pensions Awareness Campaign.
11. The Board provides a LoCall number (1890 65-65-65) to help customers with their enquiries.

Timeliness & Courtesy

12. Turnaround times for correspondence with the Board, as prescribed in its Customer Charter, are being adhered to.

Complaints

13. The Board has introduced a complaints form and implemented a recording system for comments and complaints as part of its Customer Charter.
14. An evaluation of the complaints procedure was carried out during 2006 and it was deemed to be working well.

Appeals

15. The Board will keep under review during 2007 whether a formal process should be introduced by which customers will have the right to appeal against Board decisions, (other than that already provided) in relation to its services, which they deem to be unfavourable.

Consultation Evaluation

16. The Board consulted with its customers by issuing a customer survey questionnaire which led to the development of its customer charter. The customer survey indicated a good level of customer satisfaction.
17. The findings of the customer survey were incorporated into ongoing training and development initiatives for staff of the Board.
18. The Board consulted a wide variety of customers in the context of the National Pensions Review.

Choice

19. The Board provides the best set of options to customers in terms of methods of payment and delivery of service generally, including banking online.
20. The Board continues to satisfy the prompt payments legislation.

Official Languages Equality

21. It is our policy to meet the provisions of the Official Languages Act, 2003, which includes printing our Strategy, Annual Report and the CAP in Irish.
22. Language training is available to all staff.
23. All new information booklets are published in English and Irish.
24. Further pages on the website are being identified which could be made available in Irish.

Better Co-ordination

25. The Board continues to hold regular meetings with representative bodies and Government Departments/agencies.

Internal Customer

26. The training and development needs arising from the Performance Management and Development System (PMDS) are being addressed on an ongoing basis.
27. Staff incentives are being implemented through the Partnership Committee.
28. The Board's requirements under the Health and Safety legislation continue to be met.
29. The Partnership Committee participated in a number of initiatives including setting up a focus group, staff attitude survey and the annual staff meeting.
30. Staff members of the Board participate in regular Unit meetings, an annual staff meeting in December, along with regular meetings during the year to update staff on current issues of interest, such as the operational review.

Appendix VII – Abbreviations

AFC	Actuarial Funding Certificate	Pensions Act	Pensions Act, 1990 (as amended)
AVC	Additional Voluntary Contribution	PMDS	Performance Management Development System
Board	The Pensions Board	PRSA	Personal Retirement Savings Account
CAP	Customer Action Plan	QCS	Quality Customer Service
CEIOPS	Committee of European Insurance and Occupational Pension Supervisors	RACs	Retirement Annuity Contracts
CSO	The Central Statistics Office	S.I. No.	Statutory Instrument number
DSFA	Department of Social and Family Affairs	SSIA	Special Savings Incentive Accounts
EU	European Union		
FÁS	Training and Employment Authority		
FSPB	Financial Services (Pension) Business (Formerly known as the Retirement Benefits District)		
GAIE	Gross Average Industrial Earnings		
IORPs Directive	Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision Note: IORPs Directive, EU Directive and Directive refer to Directive 2003/41/EC of the European Parliament and of the council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision.		
IORPs	Institution for Occupational Retirement Provision		
NPAC	National Pensions Awareness Campaign		
NPPI	National Pensions Policy Initiative		
NPR	National Pensions Review		
OECD	Organisation for Economic Co-operation & Development		

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