



An Bord Pinsean  
The Pensions Board

# Annual Report and Accounts 2009

[www.pensionsboard.ie](http://www.pensionsboard.ie)

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# The role and functions of The Pensions Board

The Pensions Board was established under the provisions of the Pensions Act, 1990, as amended, ("The Act") as a representative body, comprising a chairperson and 16 ordinary members appointed by the Minister for Social Protection.

The Act defines the functions of the Board as follows:

- to monitor and supervise the operation of the Pensions Act and pensions development generally, including trust Retirement Annuity Contracts (RACs) and Personal Retirement Savings Accounts (PRSAs)
- 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
- to issue guidelines or guidance generally on the operation of the Pensions Act
- to encourage and support the provision of appropriate training facilities for trustees of schemes
- to advise the Minister on all matters relating to functions assigned to the Board under the Act and on matters relating to pensions generally and to undertake such tasks as the Minister may, from time to time, request.

## Mission statement

The Pensions Board mission is to:

- promote the security and protection of members of occupational pension schemes, trust RACs and contributors to PRSAs in accordance with the 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
- provide information and authoritative guidance to relevant parties concerning pension security, structures and participation.



## Chairperson's statement

I am pleased to submit, in accordance with Section 23 of the Pensions Act, 1990, the annual report of An Bord Pinsean – The Pensions Board for the year ended 31 December 2009.

2009 was another challenging year for pensions. While pension funds performed strongly during 2009, the turnaround was not sufficient to offset the very significant investment losses incurred in 2007 and 2008. As a result, defined benefit schemes continue to grapple with deficits and many members of defined contribution arrangements face the prospect of lower retirement incomes. These difficulties – which were exacerbated by the severe recession in the economy – formed the background against which the work of the Board was conducted in 2009.

Key actions by the Board since its appointment in 2005 include the introduction of a risk-based supervisory approach. Key innovations, facilitated by legislative change, include the introduction of an on-the-spot fine regime from September 2007. Under this facility, which represents an efficient approach to prosecution of certain offences under the Pensions Act, the Board has issued 41 on-the-spot fines to date. For more serious offences, we continue to prosecute and have successfully taken 3 cases in 2009. Another key innovation, recommended by the Board in its report on the trusteeship model in 2006, was the introduction of regulation of scheme administration and of administrators with effect from November 2008. Looking ahead, there will be a particular focus on registered administrators from a supervisory aspect over the coming months and years.

I have previously highlighted the Board's grave concerns about instances of deduction, but non-remittance, of employee pension contributions under the Construction Workers Pension Scheme. The Board regards this theft of employees' monies most seriously and we continue to pursue these cases as a matter of priority with a focus on restoring the monies to the scheme. Where this fails to happen prosecutions are taken. These matters have been reported to the Gardaí and, as appropriate, to the Office of the Director of Corporate Enforcement.

It is imperative that regulators operating in the financial sector – such as the Board – are adequately resourced so that they are in a position to effectively monitor and supervise regulated entities and products. In particular, it is vital that regulators have sufficient staff numbers with the appropriate range of expertise to undertake their important functions. This is not currently the situation for the Pensions Board. It is

essential therefore that the Board be appropriately staffed and crucially this can be achieved at no direct cost to the taxpayer. Authorising the necessary resources for the Board is an issue that I view as a matter of urgency.

I very much welcome the publication of the National Pensions Framework by Government last March. The Framework represents a significant milestone in pensions' policy. As a policy framework, substantial work will be necessary to take it forward and the Board looks forward to assisting the work of the Implementation Group. It would be my personal hope and ambition that implementation of the Framework will mean that over the next twenty years Ireland will be in a position where most if not all workers can look forward to some form of supplementary pension in their retirement compared with the current situation where just over half of the workforce are covered by such arrangements. There is an opportunity to do for pensions what free secondary schooling in 1967 did for education.

As the term of appointment of the current Board draws to a close, this represents my final Chairperson's report. The five years of the Board's tenure have been challenging ones and I want to acknowledge the support and efforts of my colleagues on the Board, including former members Anne Vaughan, William Beausang and Kevin Brabazon and the former Chief Executive, Ms. Anne Maher. I would also like to pay a particular tribute to the memory of Tom Wright who tragically passed away in 2007.

I want to thank the staff of the Board for their efforts and commitment over the last five years and in particular, I would pay tribute to the Chief Executive Brendan Kennedy for his professionalism and leadership.

Finally, I would like to welcome Minister Éamon Ó Cuív T.D. as Minister for the new Department of Social Protection. I want to thank Minister Mary Hanafin T.D. for her support during her time as Minister and I would also like to thank all the officials in the Department of Social Protection and other Government Departments for their continuing support. I take this opportunity to extend to my successor every good wish for his or her term.

**Tiarnan O Mahoney**  
Chairperson



## Chief Executive's review

2009 was a busy and challenging year for the Board and its staff. The issues highlighted in my previous annual statements remain.

Occupational pensions supplement the pension provided by the State. The challenge of supplementary pensions is to provide an adequate, reasonably predictable income at an affordable cost. To meet this challenge, there must firstly be a realistic understanding of the cost of pensions. There must also be an appropriate balance between the level of contributions and investment strategy and associated risk. The experience of Irish pensions over the last few years, whether defined contribution or defined benefit, is a clear demonstration that this balance is not yet being achieved.

Despite good investment returns for almost all schemes in 2009, the Board estimates that about 75% of defined benefit schemes were still in deficit at the end of 2009, and in many cases, the deficit is substantial.

The investment returns for 2009 provided some relief for pension scheme members. However there are concerns about how these returns were achieved. Irish pension schemes suffered serious losses between 2007 and early 2009 because of the substantial investment risks being taken. In the years when investment returns were high, not enough people asked what risks were being taken in order to achieve these returns. In particular, too few defined benefit schemes considered whether their investment strategies were appropriate given the liabilities of the schemes or whether the risks being taken were consistent with the ability or willingness of the sponsoring employer to underwrite any losses.

Since investment losses emerged in 2007, there has been much talk about reducing pension risk and a number of schemes have taken specific action. However, all available data shows that there is as yet no significant change in the aggregate investment allocation of Irish defined benefit schemes. In 2007, Board data showed no demonstrable relationship between defined benefit scheme liabilities and investments, despite trustee obligations under the Act and more generally under trust law. Our investigations in 2009

show very little change. The situation for defined contribution schemes is worryingly similar: there is very little risk reduction in the funds in which many members are invested. It is difficult to avoid the conclusion that the good 2009 investment returns are a result of the same strategies that caused much of the recent losses, and that the chances of further losses are therefore too high.

Pensions are expensive and becoming more so. Life expectancy continues to increase, and we cannot rely on the levels of investment return experienced in the 1990s. In defined benefit schemes, trustees and sponsoring employers are understandably reluctant to reduce benefits: in defined contribution schemes, members are reluctant to settle for a lower expected pension. At the same time, both members and employers find it difficult to maintain current contribution rates, let alone increase them further to deal with increasing costs and large deficits. In many cases, the only way to reconcile current benefits and expectations with current contributions is by assuming high future investment returns, based on investing the majority of scheme assets in equities.

It is generally accepted that equities, i.e. stocks and shares, have historically provided higher average investment returns than bonds and cash. However, there is no guarantee that this will always be true for any given length of time. There have been long periods where the returns on equities have been poor, and as we have seen, equity markets can be subject to sudden falls.

The Pensions Board does not have and does not seek the power to direct pension investment. However, the Board cannot watch this continuing problem without drawing attention to it. As highlighted in previous years, the Board is concerned that the investment and funding strategies of too many defined benefit schemes are based on optimistic investment return assumptions without taking sufficient account of investment risks and downsides. Defined benefit scheme funding needs to be sustainable for the long term, and trustees must therefore consider realistic costs, investment risks, and the ability and willingness of the employer to support the scheme.

Regulations under the Act oblige scheme trustees to invest scheme assets in a manner 'appropriate having regard to the nature and duration of the expected liabilities of the scheme'. There is also a well established obligation under trust law to invest reasonably and prudently. The data available to the Board raises considerable doubts as to whether the current investment strategy for many schemes fulfils these requirements.

Individual defined benefit scheme trustees may quite properly make an informed decision to adopt a higher risk investment strategy, taking into account their obligations under the Act and trust law, the risk to member benefits, the sponsoring employer's willingness to support the scheme (and to see any investment losses appear on its balance sheet), and appropriate informed advice. However, the great majority of trustees of defined benefit schemes rely on professional advice. It has to be asked whether the professional advice being provided takes sufficient account of the nature of the liabilities of schemes and the consequences of the risks taken.

The Board is acutely aware of the complex industrial relations and protracted negotiations that many schemes are involved in while trying to tackle the deficits in their schemes. Following the introduction of legislative changes in the April 2009 Social Welfare and Pensions Act, the Board extended the deadline for defined benefit schemes to submit funding proposals for approval, so that trustees, sponsoring employers, trade unions and members would have a reasonable opportunity to consider these difficult decisions.

In April 2010, the Board extended by a further five months the deadline for defined benefit schemes to submit funding proposals and/or section 50 applications for approval by the Board. This extension allows schemes to take into account the recently implemented Occupational Pension Schemes (Preservation of Benefits) regulation. This regulation permits schemes to increase the pension scheme's normal retirement age under section 50 of the Act with immediate and retroactive effect. The extension will also allow scheme trustees and employers to consider the effect of the proposed changes in the National Pensions Framework. The Board expects to start receiving the first tranche of these funding proposals by the end of November 2010.

The decision to grant these extensions was taken after careful consideration and in response to specific external events. It should not be assumed that further extensions will be available on demand. Trustees who fail to submit a funding proposal under section 49(3) with or without a section 50 application by the revised deadline may be liable to prosecution and the Board reserves the right to issue a unilateral section 50 direction in such circumstances.

The biggest single area of the Board's work is compliance. Almost all of those involved in providing pensions; trustees, administrators, PRSA providers, professional advisers and employers – operate in good faith and to the best of their ability. Where problems arise because of genuine errors, the Board's priority is to see the matter resolved and is likely to fine or prosecute only where there is apparent negligence or culpable non-compliance.

By far the most serious compliance issue facing the Board is that of non-remittance of contributions in the construction sector, further details of which are outlined in the regulatory section of this report. This non-remittance is an inexcusable exploitation of employees, many of whom may not feel able to protest because of fears for their jobs. The current economic difficulties being experienced within the construction sector are no justification for this behaviour. The process of gathering and preparing the necessary evidence for a criminal prosecution is a painstaking and labour intensive task. However, given the seriousness of the problem, the Board will continue to bring these prosecutions, especially where no effort is made to repay the outstanding contributions.

Since the introduction of fines and the regulation of administrators, there has been a noticeable improvement in the culture of compliance in pensions. This is welcome and is the result of considerable work by trustees and their administrators and advisers, though it should be noted that what has been achieved is merely improved compliance with obligations that have in the main been in place for twenty years.

However, there are still some problems remaining. Not all administration is adequate or even competent, and some practitioners seem to hold the view that because pensions are voluntary, so is compliance. Pensions represent significant savings held on behalf of other people, and there is no excuse for negligent compliance or inadequate record keeping, which may ultimately deny people their entitlements. The Board will use all the powers available to it, and in particular, will not hesitate to restrict or deregister administrators where such an action is justified.

Pensions can be complicated, and the Board takes seriously its obligations to help those involved. More and more people recognise the importance of pensions, but are often unsure about their rights and where to find relevant information. The Board acts as an impartial source for detailed information on pensions. The Board is committed to improving our services by providing a broad range of information using plain language and particularly online through our website, pensionsboard.ie.

The Board also provides support and information services for scheme trustees and pension practitioners. These services complement the regulatory activities of the Board by providing guidance and assistance to those who are doing their best to meet their responsibilities. Most notably in 2009 we completed work on the Board's online trustee training which was launched in early 2010. The e-learning facility, which is free of charge, is a straightforward self-paced system whereby trustees can meet their training obligations.

In autumn 2009, the Board welcomed the acceptance by the Minister of its recommendation that the fees levied on pension schemes be reduced by 7.5%. These fees are now the lowest they have been since 2002. This will contribute in a small way to the efforts of pension schemes to reduce their costs as they restructure to recover from recent years' investment losses. The new fee level will be closely monitored to ensure the Board continues to have sufficient financial resources at its disposal. It may be necessary at some future date to seek approval for fee increases from the Minister.

As part of the public service, the Board recognises its responsibility to provide a cost-effective service. The Board has shown a surplus every year since 2003 and I am therefore happy to report a surplus in 2009 of €400,000, despite my prediction in the 2008 annual report of a shortfall. This turnaround was partly due to the public service recruitment restrictions to which the Board was and is subject, but was mostly as a result of the Board's continuing efforts to control costs and operate as efficiently as possible. The day to day work of the Board is funded entirely by occupational pension scheme and PRSA provider fees. Apart from the grant for the National Pensions Awareness Campaign, the Board receives no Exchequer funding.

Finally, I would like to take this opportunity to acknowledge the hard work and dedication of all my colleagues during the year in dealing with the demands made on them.



**Brendan Kennedy**  
*Chief Executive*

# The Pensions Board

The Pensions Board is a statutory body comprising, as at 31 December 2009, a chairperson and 16 ordinary members. While all members are appointed by the Minister for Social Protection under the provisions of the Act, the Board must be comprised of 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 holds office for the remainder of the current five-year period. The Board met nine times in 2009.

The current members of the Board are:



**Tiarnan O Mahoney**  
*Chairperson*  
Nominee of the Minister for Social Protection  
*Meeting attendance: 9/9*



**Marie Daly**  
Nominated by the Irish Business and Employers Confederation  
*Meeting attendance: 9/9*



**Dervla Tomlin**  
Nominated by the Irish Insurance Federation  
*Meeting attendance: 8/9*



**William Beausang**  
Representative of the Minister for Finance  
*Meeting attendance: 6/9*



**John Dillane**  
Nominee of the Minister for Social Protection – representative of consumer interests  
*Meeting attendance: 6/9*



**Dr. Orleigh Quinn**  
Representative of the Minister for Social Protection  
*Meeting attendance: 8/9*



**Mary O'Donnell**  
Nominee of the Minister for Social Protection  
*Meeting attendance: 7/9*



**Mary Wade**  
Nominated by the Association of Pension Lawyers in Ireland  
*Meeting attendance: 8/9*



**Rosalind Briggs**  
Nominated by the Society of Actuaries in Ireland  
*Meeting attendance: 8/9*



**Emer O'Flanagan**  
Nominee of the Minister for Social Protection  
*Meeting attendance: 9/9*



**Fergus Whelan**  
Nominated by the Irish Congress of Trade Unions  
*Meeting attendance: 6/9*



**Rosheen Callender**  
Nominated by the Irish Congress of Trade Unions – representative of trustee interests  
*Meeting attendance: 6/9*



**Michael O'Halloran**  
Nominee of the Minister for Social Protection – representative of pensioner interests  
*Meeting attendance: 9/9*



**Niall Walsh**  
Nominated by the Consultative Committee of Accountancy Bodies – Ireland  
*Meeting attendance: 7/9*



**Julian Caplin**  
Nominee of the Minister for Social Protection  
*Meeting attendance: 7/9*



**Gerry Ryan**  
Nominated by the Irish Association of Pension Funds  
*Meeting attendance: 8/9*



**Michael Ryder**  
Nominated by the Irish Business and Employers Confederation – representative of trustee interests  
*Meeting attendance: 9/9*



# Regulation

## Principles of better regulation

The Board performs its regulatory role based on the following principles as set out in the White Paper, "Regulating Better" published by the Department of the Taoiseach in 2004.

**Simplicity:** All regulation should improve member protection. It should take account of the voluntary nature of pension schemes and the need for regulation that 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 our actions.

## Regulatory oversight

Using its powers under the Pensions Act, the Board has delegated all regulatory functions under the Act to the Chief Executive and/or other members of the Executive. To ensure appropriate oversight of the exercise of these powers, the Board established the Regulatory Review Group ("RRG"), which includes both members of the Board and the Executive. The Chief Executive consults with the RRG before taking decisions in relation to granting of approvals of funding proposals and decisions to prosecute. The RRG met five times in 2009.

## Supervisory priorities

In order to ensure that its regulatory practices are efficient the Board's supervisory approach is based on a hierarchy of risk priorities as follows:

1. scheme or PRSA assets or contributions being misappropriated
2. benefit entitlements being calculated incorrectly
3. defined benefit schemes being funded inadequately
4. inappropriate investment of pension assets
5. insufficient information provided to members.

The Board assesses levels of compliance based on the above priorities through a process of direct engagement with regulated entities and their administration providers.

## Defined benefit schemes

The number of active defined benefit schemes registered with the Board declined during 2009 from 1,271 to 1,263. However, the number of active members in these schemes increased by 9,477 to 589,399. These figures will vary slightly with the figures in the following two tables due to reporting time differences and the inclusion of some frozen schemes in the tables.

## Defined contribution schemes

The number of defined contribution schemes registered with the Board decreased by 7,485 to 82,939. The total membership of defined contribution schemes at the end of 2009 was 266,909 a decrease of 5,288 members on 2008.

Table 1 – Number of schemes and scheme membership at 31 December 2009

	DEFINED CONTRIBUTION		DEFINED BENEFIT				ALL SCHEMES	
	SCHEMES	MEMBERS	Subject to the funding standard		Not subject to the funding standard		SCHEMES	MEMBERS
	SCHEMES	MEMBERS	SCHEMES	MEMBERS	SCHEMES	MEMBERS	SCHEMES	MEMBERS
Frozen	0	0	135	0	0	0	135	0
Non Group	63,083	63,083	6	6	2	2	63,091	63,091
1 to 50	19,215	83,998	671	10,639	34	714	19,920	95,351
51 to 99	364	24,850	124	9,058	10	734	498	34,642
100 to 500	240	45,871	197	44,211	23	4,944	460	95,026
501 to 1000	18	12,879	40	27,485	6	4,494	64	44,858
1001+	19	36,228	39	162,926	20	321,275	78	520,429
<b>Total:</b>	<b>82,939</b>	<b>266,909</b>	<b>1,212</b>	<b>254,325</b>	<b>95</b>	<b>332,163</b>	<b>84,246</b>	<b>853,397</b>

Table 2 – Number of schemes and scheme membership at 31 December 2008

	DEFINED CONTRIBUTION		DEFINED BENEFIT				ALL SCHEMES	
	SCHEMES	MEMBERS	Subject to the funding standard		Not subject to the funding standard		SCHEMES	MEMBERS
			SCHEMES	MEMBERS	SCHEMES	MEMBERS		
Frozen	0	0	208	0	0	0	208	0
Non Group	68,504	68,504	7	7	2	2	68,513	68,513
1 to 50	21,330	89,277	710	11,292	32	682	22,072	101,251
51 to 99	332	22,952	143	10,608	9	666	484	34,226
100 to 500	222	41,338	203	46,904	22	4,776	447	93,018
501 to 1000	19	13,422	42	29,260	5	3,450	66	46,132
1001+	17	36,704	38	156,321	21	313,043	76	506,068
<b>Total:</b>	<b>90,424</b>	<b>272,197</b>	<b>1,351</b>	<b>254,392</b>	<b>91</b>	<b>322,619</b>	<b>91,866</b>	<b>849,208</b>

### Notes for tables 1 and 2

- a) excluding AVC only and death benefit only schemes
- b) excluding schemes in wind-up and frozen schemes (apart from frozen schemes subject to the funding standard)
- c) 'Non-group' means a scheme which according to its establishment may only have one member.

### Monitoring of the funding standard

The Act requires that defined benefit schemes (excluding those exempted by regulations) must submit to the Board an actuarial funding certificate (AFC) at three 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, which is designed to restore the scheme to solvency must be submitted.

Table 3 – Schemes for which funding certificates were received in 2009

SCHEME SIZE	Schemes for which funding certificates received in 2009*		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	68	0	19	0	49	0
Non-group	1	1	1	1	0	0
1-50	426	7,120	85	956	341	6,164
51-99	83	5,986	11	819	72	5,167
100-500	136	30,011	19	3,867	117	26,144
501-1,000	27	18,938	4	2,749	23	16,189
1,001+	26	128,971	7	66,011	19	62,960
<b>Total:</b>	<b>767</b>	<b>191,027</b>	<b>146</b>	<b>74,403</b>	<b>621</b>	<b>116,624</b>

\* 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 Board received AFCs in respect of 767 schemes in 2009. Of these, 146 (19%) indicated that the schemes in question satisfied the funding standard. The remaining 621 (81%) schemes failed to satisfy the funding standard.

In 2008, 69% of the schemes that submitted certificates satisfied the funding standard and in 2007 the percentage was 81%.

Of the 621 schemes which submitted certificates in 2009 indicating that they failed the funding standard, at time of writing 23 of these have either put a funding proposal in place or are not required to do as they have begun winding up procedures. The remaining 598 schemes are availing of an extension to the deadline for submission of their funding proposal granted by the Board in 2009.

In April 2010 a further extension of five months was granted by the Board. All affected schemes depending on their respective deadlines are now required to submit their funding proposals between 30 November 2010 and 31 May 2011.

Funding certificates are due for submission to the Board either nine months after their effective date or 12 months after the inclusion of a negative funding statement in the trustee annual report. The Board is of the view that the percentage of schemes failing the funding standard at time of writing stands at approximately 75% of all defined benefit schemes.

### **Applications to the Board under Section 49(3)**

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

There were 30 applications made to the Board under Section 49(3) of the Act in 2009. These included both first time applications as well as applications for further extensions in cases where a later date had previously been specified but the proposal had since gone off-track. At time of writing, the Board has specified the later date requested in 24 of these cases and refused to do so in one case. In the remaining five cases the Board is awaiting or assessing responses to queries on the applications.

### **Applications to the Board under Section 50/50A**

Under Section 50 of the Act the Board has a discretionary power in certain circumstances to direct the trustees of schemes that do not meet the funding standard to take such measures as are necessary to reduce certain benefits. The reduction in benefits must be such that the scheme will subsequently meet the funding standard.

There were five applications made to the Board under Section 50 of the Act in 2009, two of which were made in conjunction with applications under Section 49(3). At time of writing the Board has issued an appropriate direction to the trustees in four of these cases directing them to reduce benefits. Decisions are pending in relation to the remaining one case.

### **Personal Retirement Savings Accounts (PRSAs)**

The number of PRSA contracts in force at 31 December 2009 was 170,862 where 67% were standard contracts and 33% non-standard contracts. The value of assets under management was €2.05 billion.

A total of 89,959 employers had signed up with a PRSA provider under the employer mandatory access requirements and 60,756 employees had taken out PRSAs through their employer.

Three new PRSA providers with one Standard PRSA product and two non-Standard PRSA products were approved during the year. Eight additional Standard PRSA products and five non-Standard PRSA products were also approved bringing the number of PRSA providers to 12 with 83 products, comprising 37 Standard and 46 non-Standard.

### **Investigations and compliance activity**

The Board's primary objective in any investigation is to protect the interests of the scheme members or PRSA contributors. Board investigations are initiated following enquiries or complaints from scheme members, trustees, trade unions or through compulsory or voluntary reporting. Investigations also result from random audits carried out by the Board on occupational pension schemes and PRSAs.

During 2009 the Board opened 193 new investigation cases.

Of the total number of cases brought under investigation by the Board in 2009, 189 were as a result of whistleblow reports received by the Board and mainly involved an alleged breach of Section 58A of the Act relating to deduction and non-remittance of pension contributions. Other cases involved complaints alleging:

- the misappropriation of assets from a Small Self Administered Scheme (SSAS) by the sponsoring employer. This issue arose in two separate cases and in each case was rectified following the Board's intervention without loss to the members
- the non-provision of options letters to members on leaving service or retirement
- incorrect calculation of members' benefit entitlements and/or the delay in paying those benefits
- failure to invest contributions in a timely manner.

### Construction Workers' Pension Scheme

The Board has been notified of over 300 cases since 2007 alleging deduction and non-remittance of pension contributions to the Construction Workers' Pension Scheme (CWPS). In some of these cases the employers concerned have either discharged the arrears due or entered repayment schedules with the CWPS. To date the value of restored contributions resulting from Board activity stands at just over €4,290,000.

Where employers fail to engage with the Board or the CWPS, the Board uses its powers under the Act as necessary. This includes prosecuting the companies concerned and their directors in their personal capacity where it transpires that the offence occurred with their connivance or through their neglect.

During 2009 the Board conducted nine on-site investigations of employers' premises to investigate their participation in the CWPS. In some instances the Board was accompanied by members of the Gardaí and also had search warrants issued by the District Court. As a result of these on-site visits the Board had reason to seize computer equipment and payroll records of the employers concerned and had these subsequently analysed by forensic accountants against the membership and remittance records held by CWPS. This activity led to prosecutions being taken by the Board against two companies and their respective directors in their personal capacity in the latter part of the year. The activity also led to four other cases being prepared for prosecution which will be taken in 2010.

In one case, the Judge of the District referred the matter to the Circuit Court due to the alleged seriousness of the offences involved in that particular case. The Judge's direction was made following submissions in Court relating to the circumstances of the case. In the second case, the Court sentenced the Director to 200 hours of community service and fined the company €31,000 in respect of 31 offences of the Pensions Act.

At time of writing, prosecutions are pending against the other employers who were subject to on-site investigations in 2009 with a number of further such investigations planned for early 2010. Furthermore it is anticipated that a number of employers will be prosecuted in 2010 where the Board will rely on payslip evidence adduced in relation to individual employees and their respective arrears. This approach will further accelerate the Board's efforts to protect members' interests.

Failure to pay contributions to a pension scheme jeopardises the future retirement income of members and their dependants. Where compliance with the Act does not occur on a voluntary basis, the Board will not hesitate to pursue any party who deducts money out of the pay packets of workers and fails to remit that money to a pension scheme on their behalf. The Board will use its best endeavours to ensure that monies are repaid to schemes as rapidly as possible and where this does not occur it will pursue the parties responsible through the Courts.

### Prosecutions

The Board brought three successful prosecutions in 2009 two of which related to the Construction Workers' Pension Scheme, as outlined earlier. The remaining prosecution was taken against the trustee of a defined benefit scheme for their failure to submit an actuarial funding certificate to the Board. The trustee was convicted by the Court and fined €2,500.

### On-the-spot fines

During 2009, fine notices were issued to trustees of 18 schemes for certain breaches of the Act, including failure to submit or late submission of AFCs to the Board, failure to issue leaving service options within the statutory timeframe and failure to pay the Pensions Board fee by the statutory deadline.

In 16 cases, the fine of €2,000 per trustee was paid and the alleged offence was remedied to the satisfaction of the Board. Consequently, no prosecution proceedings were instituted

by the Board in these cases. In two cases, after further information was provided to the Board, it transpired that the alleged offence had not occurred and, accordingly, the fine notices were withdrawn.

The Board will continue to monitor compliance with all provisions of the Act, including the specified provisions subject to the fines regime. More serious offences will continue to be prosecuted through the Courts.

### Meetings with scheme trustees and pension providers

During 2009, the Board held meetings with the trustees of 35 defined benefit schemes in relation to their funding difficulties. The majority of these meetings were instigated by the Board and the schemes selected were those with the lowest pensioner or low active/deferred member solvency ratio. The Board also facilitated similar meetings on a request basis as part of its efforts to support schemes that are going through a complex funding application process.

However, the volume of enquiries means that it is not always possible to accede to all requests for such meetings. Where schemes have particular questions about possible Section 49(3) or Section 50 applications, they should adopt the approach outlined in the Board's Section 50 FAQs on the website.

The Board also held four high level meetings with a range of pension providers and administrators in relation to defined benefit and defined contribution schemes, PRSAs and trust RACs. This form of engagement with regulated entities and their administration providers is in keeping with the Board's risk-based supervisory approach.

A further six meetings were held with pension providers and administrators to deal with particular compliance issues relating to those entities.

All of these meetings with pension providers and administrators afford the opportunity to discuss compliance matters of mutual interest and to clearly set out the Board's expectations of the Registered Administrator (RA) regime which has been in operation since November 2008.

The Board will continue with this level of engagement in 2010, which will involve a range of targeted and randomly selected schemes from the Board's register of schemes. Engagement with pension providers will be conducted through off-site audits, meetings and on-site inspections.

### Registered Administrator (RA)

The expiry date for RA renewal was 31 October 2009 and the Act requires that registration must be renewed no later than 30 days before the end of the previous registration year. While the Board made it quite clear in its communications that it was under no obligation to accept incomplete or late applications several RAs failed to meet the statutory deadline. These RAs were called to account by the Board at a series of meetings in the Board's offices. Ultimately these RAs had their registrations renewed on the understanding that incomplete or late applications will not be tolerated by the Board in the future.

Failure by trustees to appoint an RA is an offence under the Act. Furthermore it is an offence for an RA to fail to carry out its statutory duties within the time limits specified in the legislation. Sanctions may include prosecution by the Board, subjecting the RA to conditions on the renewal of its registration, or refusal to renew the registration. The sanction imposed by the Board will depend on the degree of non-compliance and may also depend on the number of schemes in respect of which the offence has been committed by the RA. Detailed FAQs on the RA regime are posted on the Board's website.

At time of writing, the number of RAs stands at 191. While a number of RAs elected not to renew their registrations at the 2009 renewal, a number of new administrators registered during 2009.

### Cross-border schemes

Any Irish based pension scheme must apply to the Board for authorisation before accepting contributions from an employer in another EU member state. During 2009 the Board approved two schemes thereby bringing the total number of such applications approved by the Board to 27. The applications granted to date relate to cross border activities in the UK, Hungary, Poland and the Netherlands.

In 2009 the Pensions Regulator in the UK notified the Board of one UK scheme with Irish members to whom it has granted authorisation and approval to engage in cross-border activity thereby bringing the total of such schemes to 18. The UK Pensions Regulator also advised that approval had been revoked, at their request, from two schemes that were no longer operating on a cross-border basis.

# Policy, actuarial and legal services

The Board has a statutory responsibility to provide advice to the Minister for Social Protection on pension matters. Drawing on its partnership composition, the Board plays an important role in the policymaking area by:

- providing expert technical advice to Government on complex pension issues, as well as general advice on new and ongoing policy issues
- using the knowledge gained from regulatory activity to provide timely and accurate guidance so as to strengthen pension provision and security and through shaping legislation accordingly
- developing new sources of information, monitoring progress against coverage targets and generating awareness around these.

## Developments in 2009

Some of the main areas of activity included:

- supporting inter-departmental policy work on pension issues including the provision of technical inputs to the development of the National Pensions Framework
- undertaking an extensive survey across 1,150 defined benefit schemes (covering the majority subject to the Funding Standard) on membership numbers and their composition and on scheme asset and liability levels. The survey provided up-to-date actuarial data giving the Board and Government a more detailed understanding of the level of defined benefit scheme deficits in the wake of the financial crisis of 2008.
- monitoring the impact of investment market developments on the sustainability of defined benefit schemes
- participation in a working group set up to examine defined benefit security and related issues
- continuing to promote a culture of compliance through contributing to activities such as actuarial compliance monitoring
- continuing to review the Board's powers and to progress new ones including through the provision of advice to the Department in relation to the pensions provisions of the Social Welfare and Pensions Act 2009

- gathering information from Registered Administrators in respect of the occupational pension schemes on whose behalf they provide core administration services, including details of the scheme type, benefits, status, membership, fund value, contributions and benefits. For public sector schemes the obligation to submit the specified information is placed on the scheme administrators. The Board uses this information to inform its regulatory, policy and planning functions. From this information the Board also submits the relevant data requirements to the Central Statistics Office for Eurostat returns.
- At EU level, the Board was active in contributing to regulatory policy developments through its membership of the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) and in particular its participation in the CEIOPS working group on pensions, the Occupational Pensions Committee (OPC).

Key areas of activity included an ongoing review of the implementation of the Institutions for Occupational Retirement Provision (IORPS) Directive, including the question of applying solvency rules to occupational pensions. This work will now be considered in the context of the European Commission's Green Paper on Pensions due to be published in 2010.

Within the OPC, the Board took the lead role on a number of projects relating to cross-border activity including a review of European social and labour law provisions and of the Budapest Protocol. This work culminated in the publication of a survey of social and labour law provisions and a revised Budapest Protocol in October 2009.



## Policy focus for 2010

In 2010 the Board will:

- continue to provide technical support and advice to the Department of Social Protection on pension issues generally
- participate where required in progressing the *National Pensions Framework* approved by Government in March 2010
- continue inputting to the review of the implementation of the European IORPs Directive and on solvency requirements of pension schemes in the context of the Commission's Green Paper on pensions due for publication later in 2010.

## Legislation

The Social Welfare and Pensions Act 2009 was signed into law on 29 April 2009 with immediate effect. This Act made a number of amendments to the Pensions Act.

Some of the changes relevant to pension schemes included:

- Section 48 of the Act which deals with the priority of payments of scheme benefits on wind-up was amended to demote guaranteed post retirement increases down the priority order.
- Section 50 of the Act gives the Board a discretionary power to direct scheme trustees to reduce certain scheme benefits so as to enable the scheme to satisfy the statutory minimum funding standard. Prior to 2009, only scheme benefits in respect of active members could be reduced. Following the recent amendment to Section 50, deferred members benefits may also be reduced together with post retirement increases for pensioners.
- Section 50A of the Act is a new provision which provides a mechanism whereby the trustees of a scheme that is facing wind-up in certain specified circumstances, may make such amendments to the scheme as they deem appropriate, with the consent of the Board.
- Section 3 of the Act was amended to increase the potential term of imprisonment for conviction on indictment to five years for a breach of Section 58A (deduction but non-remission of employee pension contributions).

# Information and enquiry services

The Information team provides information to pension stakeholders through publications, the website and enquiry services in a timely and accurate manner in accordance with the Board's Customer Charter.

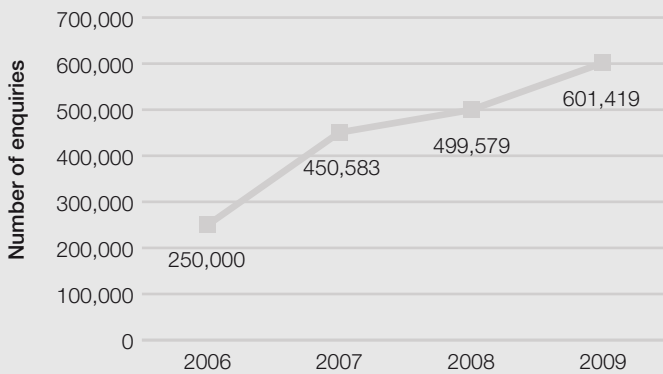
The Board focuses on maintaining a strong pensions' information and education presence with consumers, scheme members, trustees and the pensions industry. The Board encourages people to understand pensions better when planning for retirement.

High quality information and guidance on pensions is essential to promote a level of participation in the national pension system that enables all citizens to acquire an adequate retirement income.

## Website (www.pensionsboard.ie)

Enhancing the delivery of information and services online is an ongoing objective for the Board. There were more than 600,000 visitors to the Board's website in 2009, an increase of 20% on 2008.

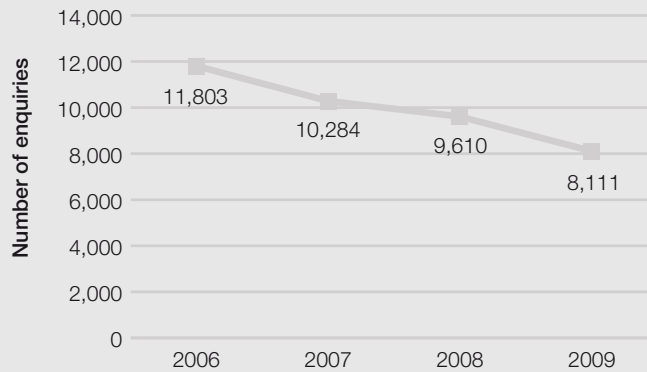
Visitors to the Pensions Board website 2006-2009



## Enquiry services

In 2009 the Board dealt with over 8,000 direct enquiries on pension matters. A breakdown of the type of enquiry and profile of enquirer is detailed in Appendix II. In line with previous years there has been a decrease in the number of direct enquiries to the Board for 2009 as services are increasingly provided directly online.

Enquiry statistics end of year 2006-2009



The largest group of enquirers continues to be active scheme members at 2,849 or 35% and the area most enquired about continues to be 'disclosure', which includes issues relating to audited accounts, annual reports, benefits on death/retirement and schemes in wind-up.

Enquiry statistics do not include the day to day interaction between the Board's regulatory team and regulated entities, such as schemes, RAs and pension providers.







**All the tools you need for pension scheme trustee training.**

An Bord Pinsean  
The Pensions Board

Visit the trustee training programme at [www.pensionsboard.ie](http://www.pensionsboard.ie)

ENGAGE WITH YOUR  
**PENSION**  
[www.pensionsboard.ie](http://www.pensionsboard.ie)

### Information booklets

The Board provides a comprehensive range of information booklets which are available free of charge from the Board and are also available online. The Board is constantly reviewing its booklets to identify required updates and improvements.

### Public presentations

Every year the Board delivers information presentations to a wide and diverse range of public, state, professional, employer, trade union and employee representative organisations. Matters covered in these presentations include the main features of the Act and other legislation affecting pensions. These presentations are available on the Board's website.

### Trustee support services

The Board continues to encourage the provision of appropriate training for trustees of schemes and the take-up of such training by trustees. A list of trustee training course providers is available on the Board's website. Work on the development of an e-learning facility for trustee training was completed in 2009.

The Board launched its e-learning system for pension scheme trustees in January 2010. From 1 February 2010, all pension scheme trustees must undertake training at least every two years. The new e-learning system provides this training on-line and free of charge in an easy to use self-paced manner. The trustee e-learning system is a significant investment in technology for the Board.

The new e-learning system provides practical help for pension scheme trustees in carrying out their duties. The e-learning system builds on the publication of the Trustee Handbook (3rd Edition) which is available for download free of charge from the Board's website. The Board is committed to supporting trustees in their challenging role and to assist them in complying with their responsibilities and duties as trustees.



## Media relations, information and education

The Board provides information and educational articles covering all aspects of pensions for the media and a comprehensive range of industry and consumer stakeholders on an ongoing basis. The Board seeks media opportunities to promote discussion of pension issues. This activity is intended to educate and promote pension awareness and the importance of pension provision among identified target groups.

## National Pensions Awareness Campaign (NPAC)

The Board has run the National Pensions Awareness Campaign, on behalf of the Government since 2003. The campaign was established to increase public awareness of pensions with a view to improving pension uptake. NPAC is overseen by a project group including representatives from the Department of Social Protection, pension industry providers and the social partners. The Minister for Social Protection allocated €500,000 for the continuation of NPAC in 2009.

The campaign approach in 2009 reflected the changes in the budget and economic situation as it unfolded during the year.

The main objectives for NPAC 2009 were to:

- encourage the general public, in particular the groups with traditionally low levels of pension coverage, to engage with the pension process and retirement planning
- encourage scheme members to engage with retirement planning to ensure adequate pension levels in retirement
- promote the Board and in particular its website as the reliable source for pension information
- promote the workplace as the optimum location for pension information and provision
- focus on education and information initiatives and progress development of financial education planning.

## NPAC activities

Activities were spread across the year and achieved the following:

- participated in over 30 information and education events nationwide which directly targeted the groups where pension coverage has traditionally been low, including the hospitality, retail and agriculture sectors and women and young people through involvement with trade associations, member networks, industry organisations, as well as the trade unions
- the Board's website experienced over 600,000 visits, an increase of 20% on 2008.
- influenced the introduction of pensions content for the first time to over 10 stakeholder websites
- through the Pigsback.com initiative secured 73,206 interactions on the promotion page (15,000 expected) resulting in 7,612 linked visits to the Board's website (4,000 expected)
- participated in the National Steering Group on Financial Education resulting in the launch of 'Improving Financial Capability – a multi-stakeholder approach' report which included a Financial Competency Framework.

At the end of 2009 RedC conducted pensions research on behalf of the Board, the results demonstrated:

- 60% of people with pensions made no changes to their contributions and 20% increased contributions
- just under 70% said they had no plans to reduce contributions in the coming year
- 76% agreed that it is important to maintain pension payments even in difficult economic times
- an increasing trend in women working full-time taking out pensions.

# Corporate services

## Finance and Audit Committee

The Finance and Audit Committee is a permanent committee of the Board. It provides advice on and oversight of financial and related governance and control matters. The committee supervises and controls the internal audit function which is outsourced. The committee reports to the Board on an ongoing basis.

## Occupational Pension Scheme (OPS) and PRSA fees

In 2009, the Board collected €4.75 million in OPS and trust RAC fees, a 1% increase on the previous year. The Board also collected €878,000 in respect of PRSA products, an increase of 8% on the previous year.

Section 25 of the Act provides that trustees of a scheme shall pay an annual fee to the Board. The fee rate of €9.50 per active member applied since 1 January 2003.

In October 2009 the Minister for Social Protection accepted the Board's recommendation that the OPS fee for 2010 be reduced by 7.5%. In arriving at this decision cognisance was taken of the Board's current positive level of cash reserves and price reductions in the economy generally. Budgeted expenditure for 2010 has been reduced by 3% based on the achievement of economies and better value for money coupled with a drive for greater efficiencies in the delivery of services to our customers. The new fee level will be reviewed to ensure the Board continues to have sufficient financial resources at its disposal.

## Governance

The Board formally adopted the Code of Practice for the Governance of State Bodies in 2002 and continues to adhere to its provisions and monitors its requirements on a regular basis. All Board members have received guidance on ethical codes of conduct and in particular, their responsibilities with regard to the Code of Business Conduct for members and staff of the Board.

During 2009 the Government issued a revised Code of Practice for the Governance of State Bodies. The revised Code has been reviewed and changes implemented in the Board as appropriate. The Board approved revised corporate governance documents as follows:

- Board Procedures and General Modus Operandi
- Schedule of Matters Reserved to the Board
- Code of Business Conduct for Members and Staff of the Pensions Board
- Standing Orders
- Risk Committee Terms of Reference
- Finance and Audit Committee Revised Terms of Reference.

## Risk management

Under the provisions of the Code of Practice for the Governance of State Bodies all public sector bodies are obliged to implement a formalised risk management system. During 2009 the Board conducted a comprehensive review of its risk profile resulting in the development of an updated risk register which identifies the current key risks and mitigating controls adopted by the Board.

As recommended in the revised code, the Board has established a dedicated Risk Committee reporting directly to the Board. This committee, which is a permanent committee of the Board, was appointed on 2 November 2009.

## Ethics in Public Office Acts, 1995 and 2001

The 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 relevant members of staff (as holders of 'designated positions') have been given the appropriate information and advised of their obligations under the ethics legislation.

# The Pensions Board staff

Day to day decision making is delegated to staff under the Board's active supervision.  
Staff of the Board at 31 December 2009.



**Brendan Kennedy**  
Chief Executive



**Mary Hutch**  
Head of Regulation



**Tom Dunphy**  
Head of Corporate Services  
(Secretary to the Board)



**Philip Dalton**  
Head of Planning



**David Hegarty**  
Head of Policy



**Sylvia McNeece**  
Legal Advisor



**Pat O'Sullivan**  
Actuarial Advisor



**David Malone**  
Head of Information

## Assistant Principal Officers

Aideen Bugler  
Gerard Clarke  
Mary Howe  
Maura Howe  
Andrew Nugent  
Cheryl Richardson  
Gregory Whelan

## Higher Executive Officers

Rachael Gleeson  
Catherine Goulding  
Carol Jordan  
John McCarthy  
Kieran O'Dea

## Executive Officers

Sherry Bass  
Martin Buggy  
Ciarán Holahan  
Emily Kealey  
Deirdre Kelly  
Renée O'Reilly  
Ronan Scott  
Edel Stenson  
Christina Winters

## Clerical Officers

Laura Allen  
Valerie Christie  
Mary Conlon  
Marie Earley  
Eileen Flynn  
Emma Hunter  
Lydia Leonard  
Alison Massey  
Catherine McAuley  
Julie McCarthy  
Maura Moroney  
Barry O'Connor

## Interim Legal Advisor

Grace Guy  
(Jan-Dec 2009)

## Solicitor

Iseult Doherty



# Financial statements

for the year ended 31 December 2009

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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 2009 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 2009 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.

A handwritten signature in black ink, appearing to read 'Gerard Smyth', with a long horizontal stroke extending to the right.

**Gerard Smyth**

*For and on behalf of the Comptroller and Auditor General*

3 June 2010

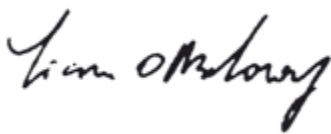


# Statement of Board responsibilities

Section 22(1) of the Pensions Act, 1990, as amended, requires the Board to prepare financial statements in such form as may be approved by the Minister for Social Protection 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, 1990, as amended. 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*

10 May 2010

# Statement on 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
- establishing a dedicated Risk Committee in 2009
- clear separation of Board and Executive 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.

During 2009 a review of the current risk management process was carried out resulting in the development of an updated Corporate Risk Register and Risk Management Policy.

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

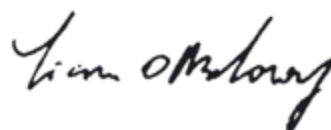
As recommended in the revised Code of Practice for the Governance of State Bodies, the Board decided to establish a dedicated Risk Committee reporting directly to the Board. This Committee, which is a permanent committee of the Board, was appointed on 2 November 2009.

The Pensions Board has in year ended 31 December 2009, 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:

- regular and/or periodic management accounts, with analysis and explanation of significant deviations from budget
- annual accounts for 2008 and explanation of significant variances
- annual budget and financial plan for 2010
- review of occupational pension scheme fee
- cash flow forecasts
- internal audit reports
- updated risk register

## Annual review of controls

I confirm that in respect of the year ended 31 December 2009 the Board conducted a review of the effectiveness of the system of internal financial control.



**Tiarnan O Mahoney**  
Chairperson

10 May 2010

# 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 Protection with the concurrence of the Minister for Finance, in accordance with Section 22(1) of the Pensions Act, 1990, as amended.

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

- recoup the cost of superannuation benefits paid by the Board
- meet the costs associated with the National Pensions Awareness Campaign
- 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 relevant to PRSA administration 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<sup>2</sup>/<sub>3</sub>% – 15 years
- Computer equipment 25% – 4 years
- Office furniture 12<sup>1</sup>/<sub>2</sub>% – 8 years
- Office equipment 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 19, 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 Protection.

## h) Compliance enforcement reserve

As the Pensions Board is a statutory regulatory body charged with monitoring and enforcing compliance by scheme trustees with the provisions of the Pensions Act, 1990, as amended, 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

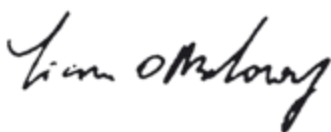
for the year ended 31 December 2009

	Notes	2009 €	2008 €
<b>Income</b>			
Occupational Pension Scheme fees		4,753,170	4,677,300
Personal Retirement Savings Account Fees		878,218	810,511
<i>State grant in respect of:</i>			
Pension payments to retired staff		142,664	139,779
National Pension Awareness Campaign costs	1	500,000	1,000,000
Other income	2	195,255	360,404
Total income		6,469,307	6,987,994
Transfer from PRSA capital reserve		52,665	62,909
		<b>6,521,972</b>	<b>7,050,903</b>
<b>Expenditure</b>			
Salaries, pensions and related expenses	3 & 4	3,570,838	3,253,817
Board members' fees and expenses	5	131,306	137,426
Rent and office expenses	6	759,744	767,147
Recruitment, training and education	7	99,706	140,629
Information, research and publicity	8	367,413	1,029,590
Consultancy and other professional fees	9	650,417	922,293
General administration	10	345,543	304,927
Depreciation	11	177,850	201,543
Total expenditure		6,102,817	6,757,372
<b>Surplus for the year</b>			
		419,155	293,531
Revenue reserve at 1 January		5,570,364	6,476,833
Surplus for the year		419,155	293,531
Transfer to compliance enforcement Reserve		-	(1,200,000)
	16	-	(1,200,000)
<b>Revenue reserve at 31 December</b>		<b>5,989,519</b>	<b>5,570,364</b>

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 22 form part of these financial statements.



**Tiarnan O Mahoney**  
Chairperson



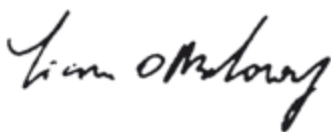
**Brendan Kennedy**  
Chief Executive

# Balance sheet

at 31 December 2009

	Notes	2009 €	2009 €	2008 €	2008 €
<b>Fixed assets</b>					
Tangible assets	11		599,300		738,520
<b>Current assets</b>					
Debtors	12	689,954		822,170	
Bank	18	6,713,004		6,009,488	
		<b>7,402,958</b>		<b>6,831,658</b>	
<b>Current liabilities</b>					
Creditors amounts falling due within one year	13	327,891		262,301	
<b>Net current assets</b>			<b>7,075,067</b>		<b>6,569,357</b>
<b>Total assets</b>			<b>7,674,367</b>		<b>7,307,877</b>
<b>Financed by</b>					
Compliance enforcement reserve	16	1,500,000		1,500,000	
PRSA capital reserve	15	184,848		237,513	
Revenue reserve		5,989,519		5,570,364	
			<b>7,674,367</b>		<b>7,307,877</b>

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



**Tiarnan O Mahoney**  
Chairperson



**Brendan Kennedy**  
Chief Executive

10 May 2010

# Cash flow statement

for the year ended 31 December 2009

	Notes	2009 €	2008 €
Net cash inflow/(outflow) from operating activities	17	498,770	(105,238)
Returns on investments and servicing of finance			
Interest received		243,376	295,433
Capital expenditure			
Payments to acquire tangible fixed assets		(38,630)	(37,021)
Management of liquid resources			
(Increase)/decrease in short term deposits		(871,561)	108,287
<b>(Decrease)/increase in cash</b>		<b>(168,045)</b>	<b>261,461</b>
Reconciliation of net cash flow to movement in net funds	18		
(Decrease)/increase in cash in the year		(168,045)	261,461
Increase/(decrease) in short term deposits		871,561	(108,287)
Movement in net funds in the year		703,516	153,174
Net funds at 1 January		6,009,488	5,856,314
Net funds at 31 December		6,713,004	6,009,488

# Notes to the Financial Statements

for the year ended 31 December 2009

## 1. National Pension Awareness Campaign (NPAC) funding and costs

The Pensions Board on behalf of the Government continued the NPAC in 2009. The Department of Social Protection allocated €500,000 for the continuation of NPAC in 2009. The primary objective of the NPAC is to heighten pension awareness with a view to increasing pension coverage in Ireland.

The allocation was spent in the following main cost categories:

	2009 €	2008 €
Information and awareness activities	357,963	902,655
Project management	96,858	84,352
Administration	34,435	22,539
	<b>489,256</b>	1,009,546

## 2. Other income

	2009 €	2008 €
Interest income	182,406	350,669
Publications	450	4,150
Miscellaneous income	12,399	5,585
	<b>195,255</b>	360,404

## 3. Employee numbers and costs

The average number of employees excluding contract staff for 2009 was 37 (2008 – 39.5). The aggregate employee and related costs were as follows:

	2009 €	2008 €
Salaries	2,561,305	2,503,825
Employer superannuation contributions <sup>1</sup>	671,363	401,027
Employer PRSI contributions	191,812	180,523
Superannuation benefits payable	142,664	139,779
Contract Staff – general	3,694	28,663
	<b>3,570,838</b>	3,253,817

<sup>1</sup> See note 19.

Employee Pension Related Deductions for the year amounted to €136,537 this amount was remitted to the Department of Social Protection on a monthly basis.

**4. Chief Executive Officer Remuneration**

	2009 €	2008 €
Salary	<b>158,644</b>	157,750
Performance related pay <sup>2</sup>	<b>6,179</b>	14,190
Employer superannuation contribution <sup>3</sup>	<b>39,661</b>	26,281
	<b>204,484</b>	198,221

<sup>2</sup> Payment related to period 1 January 2008 to 31 December 2008.

<sup>3</sup> The contribution rate increased from 16.66% to 25% in 2009 see note 19.

The Chief Executive's pension entitlements do not exceed the standard entitlements provided in the model public sector defined benefit superannuation scheme.

**5. Board members' fees and expenses**

	2009 €	2008 €
Board fees	<b>130,667</b>	136,743
Expenses	<b>639</b>	683
	<b>131,306</b>	137,426

**Board Fees<sup>4</sup>**

	2009 €	2008 €
Tiarnan O Mahoney – Chairperson	<b>13,067</b>	14,000
Rosheen Callendar	<b>8,400</b>	9,000
Fergus Whelan	<b>8,400</b>	9,000
Marie Daly	<b>8,400</b>	9,000
Mary O'Donnell	<b>8,400</b>	9,000
Michael O'Halloran	<b>8,400</b>	9,000
Rosalind Briggs	<b>8,400</b>	9,000
Julian Caplin	<b>8,400</b>	9,000
John Dillane	<b>8,400</b>	9,000
Emer O'Flanagan	<b>8,400</b>	9,000
Gerry Ryan	<b>8,400</b>	9,000
Dervla Tomlin	<b>8,400</b>	9,000
Mary Wade	<b>8,400</b>	9,000
Niall Walsh	<b>8,400</b>	9,000
Michael Ryder	<b>8,400</b>	5,743
	<b>130,667</b>	136,743

<sup>4</sup> 10% reduction in fees with effect from 1 May 2009.



Notes to the Financial Statements continued

**6. Rent and office expenses**

	2009 €	2008 €
Rent	<b>568,474</b>	567,917
Service charge	<b>52,264</b>	49,502
Rates	<b>64,107</b>	62,061
Electricity	<b>28,233</b>	28,941
Cleaning	<b>28,343</b>	30,618
General maintenance	<b>13,787</b>	23,553
Offsite storage	<b>4,536</b>	4,555
	<b>759,744</b>	767,147

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**

	2009 €	2008 €
Recruitment and staff costs	<b>34,315</b>	59,738
Training and education	<b>65,391</b>	80,891
	<b>99,706</b>	140,629

**8. Information, research and publicity**

	2009 €	2008 €
Advertising and awareness activities	<b>251,565</b>	873,798
Printing and publications	<b>44,434</b>	93,111
Information stands and launches	<b>49,645</b>	45,776
Research	<b>21,769</b>	16,905
	<b>367,413</b>	1,029,590

**9. Consultancy and other professional fees**

	2009 €	2008 €
Legal advice	<b>184,503</b>	404,794
Project development <sup>5</sup>	<b>212,768</b>	50,061
Public relations and information	<b>83,518</b>	92,764
Investigations and compliance support	<b>82,941</b>	–
Technical/pension consultancy fees	<b>13,070</b>	297,384
Internal audit fees	<b>17,010</b>	15,156
Statutory audit fees	<b>14,100</b>	15,000
Recruitment consultancy	<b>2,994</b>	5,558
Other	<b>39,513</b>	41,576
	<b>650,417</b>	922,293

<sup>5</sup> 2009 cost related to development of trustee e-learning system and website redevelopment.

**10. General administration**

	2009 €	2008 €
Stationery and administration expenses	<b>91,566</b>	103,268
Telephone and postage	<b>47,937</b>	48,261
Computer maintenance and consumables	<b>119,050</b>	56,820
Travel and subsistence	<b>26,833</b>	39,146
Insurances	<b>59,346</b>	56,202
Interest and charges	<b>811</b>	1,230
	<b>345,543</b>	304,927

## Notes to the Financial Statements continued

**11. Tangible fixed assets**

	Leasehold improvements €	Computer equipment €	Office furniture €	Office equipment €	Total €
<b>Cost or Valuation</b>					
At 1 January 2009	1,157,692	805,874	200,144	122,604	2,286,314
Additions in year	–	20,467	913	17,250	38,630
Disposals in year	–	–	–	(17,424)	(17,424)
At 31 December 2009	<b>1,157,692</b>	<b>826,341</b>	<b>201,057</b>	<b>122,430</b>	<b>2,307,520</b>
<b>Accumulated Depreciation</b>					
At 1 January 2009	605,600	655,950	179,861	106,383	1,547,794
Charge for year	77,179	81,499	6,045	13,127	177,850
Disposals in year	–	–	–	(17,424)	(17,424)
At 31 December 2009	<b>682,779</b>	<b>737,449</b>	<b>185,906</b>	<b>102,086</b>	<b>1,708,220</b>
<b>Net Book Value</b>					
At 31 December 2008	552,092	149,924	20,283	16,221	738,520
At 31 December 2009	<b>474,913</b>	<b>88,892</b>	<b>15,151</b>	<b>20,344</b>	<b>599,300</b>

**12. Debtors**

	2009 €	2008 €
Amounts falling due within one year:		
Fee income	<b>560,000</b>	570,000
Accrued interest receivable	<b>43,905</b>	109,308
Prepayments and accrued income	<b>75,126</b>	131,556
Debtors other	<b>10,923</b>	11,306
	<b>689,954</b>	822,170

**13. Creditors**

	2009 €	2008 €
Amounts falling due within one year:		
Expense accruals	<b>159,764</b>	115,374
Tax creditor	<b>81,233</b>	76,585
DSFA creditor	<b>56,000</b>	34,000
Trade creditors	<b>30,894</b>	36,342
	<b>327,891</b>	262,301

**14. Financial commitments**

**(i) Capital commitments**

In February 2010 the Board approved awarding the tender for the replacement of the existing scheme registration system with a new Data Management Solution subject to contract agreement.

The estimated value of this contract is €600,000 (inclusive of VAT). This figure includes a three year maintenance element of €138,000.

**(ii) Operating leases**

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

	2009 €	2008 €
Lease of office accommodation Expiring after five years	<b>555,000</b>	555,000

**15. PRSA capital reserve**

	2009 €	2008 €
At beginning of year	<b>237,513</b>	300,422
<i>Transfer from Income and Expenditure Account</i>		
Amortisation – prior year’s acquisitions	<b>(52,665)</b>	(62,909)
At end of year	<b>184,848</b>	237,513

**16. Compliance enforcement reserve**

	2009 €	2008 €
At beginning and end of year	<b>1,500,000</b>	300,000
Transfer from revenue reserve	–	1,200,000
At year end	<b>1,500,000</b>	1,500,000

Notes to the Financial Statements continued

**17. Reconciliation of surplus for the year to net cash from operating activities**

	2009 €	2008 €
Surplus for year	419,155	293,531
<b>Non operating items</b>		
Interest received	(243,376)	(295,433)
Loss from sale of fixed asset	-	29
<b>Non cash items</b>		
Transfer (from) PRSA capital reserve	(52,665)	(62,909)
Depreciation	177,850	201,543
Decrease/(increase) in debtors	132,216	(134,448)
Increase/(decrease) in non capital creditors	65,590	(107,551)
Net cash inflow/(outflow) from operating activities	<b>498,770</b>	<b>(105,238)</b>

**18. Analysis of charges in net funds**

	At 1 January 2009 €	Cash flow €	At 31 December 2009 €
Cash at bank and on hand	755,394	(168,045)	<b>587,349</b>
Short term deposits	5,254,094	871,561	<b>6,125,655</b>
	6,009,488	703,516	<b>6,713,004</b>

## 19. Accounting treatment for retirement benefits<sup>6</sup>

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 Protection 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 Protection
- the contribution comprises an employee element along with an employer element. The employer contribution amounts to 25% of gross pay for employees paying PRSI at the A rate and 30% of gross pay for employees paying PRSI at the D rate and is paid by the Board
- there is an explicit commitment from the Department of Social Protection, 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.

<sup>6</sup> See note 3.

## 20. 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 2009 the Board incurred fees payable to third parties, including legal fees, in respect of professional services in the amount of €650,417 inclusive of VAT. None of these fees paid by the Board related to companies in which Board members had an interest or were employed.

## 21. Taxation

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

## 22. Approval of financial statements

The financial statements were approved by the Board on 10 May 2010.

# Prompt Payment of Accounts Act, 1997

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

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

- the Board confirms that it is complying with the Prompt Payment of Accounts Act, 1997 which came into effect on 2 January 1998
- it is the policy of the Board to ensure that all invoices are paid promptly
- almost all invoices are paid within 30 working days of their receipt
- in the event of a written contract, invoices are paid in line with the terms of the contract
- in addition the Board has put in place a computerised system designed to assure itself on a look back basis that there has been compliance with the payment provisions of the Act
- in the event of a dispute between the Board and a supplier, there is a procedure in place whereby contact between the Board and supplier, concerning the dispute, is recorded
- the procedure referred to can only provide reasonable and not absolute assurance against non-compliance with the Act
- no late payments arose during 2009 and accordingly no penalty interest payments were made in the year.

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



**Brendan Kennedy**

*Chief Executive*

10 May 2010

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# Appendix I

## REPORTING PROGRESS ON OUR STRATEGIC OBJECTIVES – AT A GLANCE GUIDE

Objectives	Progress 2009	Responsibility
<b>MISSION STATEMENT 1</b>		
<b>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, 1990, as amended (“The Act”).</b>		
(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.	<p>Following a recommendation by the Board, an amendment was made to the funding standard regulations to permit land or buildings belonging to the pension scheme to be taken into account in calculating the assets of the scheme for the funding standard.</p> <p>Regulations were introduced to impose requirements on trustees to provide certain information to scheme members when carrying out a bulk transfer from a pension scheme without the consent of the member.</p>	Legislation
(b) Maintain ongoing timely and effective pension supervision.	In 2009 the Board undertook 3 prosecutions and issued on-the-spot fines notices to 51 trustees of 18 schemes for a range of offences under the Act.	Regulation
(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 accordance with the principles of Better Regulation.	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.	The supervisory resources of the Board are concentrated in the Regulation Unit.	Regulation, Legislation, Policy
(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.	The term of imprisonment for breach of Section 58A of the Act was increased to five years.	Legislation, Regulation
(f) Review investment regulation and supervision and recommend any appropriate statutory changes to ensure that investment supports the objectives of pension funding.	The Board advised the Department of Social Protection on the quantitative investment restrictions required to be implemented under Article 18 (1) (f) of the IORPs Directive.	Legislation
(g) Put in place group Retirement Annuity Contracts supervision.	Trust RACs are subject to regulation by the Board.	Legislation
(h) Finalise policy decisions arising from EU Pensions Directive and input to proposals for other EU Directives and initiatives relevant to pensions.	<p>The Board continued to be represented at meetings of CEIOPS and the OPC. The Chief Executive of the Board was elected as chair of the OPC during 2009.</p> <p>The Board took the lead role in a number of projects relating to cross-border activity such as a review of European social and labour law and of the Budapest Protocol resulting in publication of a survey and a revised Budapest Protocol.</p>	Legislation, Policy

Objectives	Progress 2009	Responsibility
(i) Contribute to EU and international 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.	A number of CEIOPS questionnaires were completed on relevant aspects of pensions in line with the IORPs Directive.  The Board was represented at relevant meetings of CEIOPS, OECD and OPC during 2009.	Policy
(j) Put in place appropriate processes for operation of cross-border pension business.	Two applications for cross-border authorisations were received by the Board in 2009.	Regulation
(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.	To allow schemes time to take account of amendments introduced via the Social Welfare and Pensions Act, the Board extended the deadline for defined benefit schemes to submit funding proposals for approval.	Policy
(l) Establish the Board's role in monitoring the system for statutory actuarial pensions work.	In 2009, the Board continued to fulfil its agreed role in monitoring statutory actuarial pensions work.	Policy
(m) Liaise with the Financial Regulator with objective of avoiding gaps or overlaps and ensuring appropriate co-operation.	Meetings with the Financial Regulator continued in 2009 to discuss areas of mutual interest.	Policy
(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 Pension Schemes (Funding Standard) Regulations, 1993 and implement any such changes.	Regulations were introduced with effect from 1 August 2008 which updated the list in Schedule C of Part IV of the Act.	Policy
(o) Examine Pension Board enforcement powers in the Pensions Act and recommend any changes which would make these more effective.	The Social Welfare and Pensions Act 2009 amended Section 3 of the Act so that the admissibility of payslip evidence would be permissible and the term of imprisonment for breach of Section 58A was increased to five years.	Legislation
(p) Monitor and keep under review existing legislation to ensure it continues to be effective.	Continued at all times to monitor and review existing legislation. Disclosure Regulations in relation to items such as bulk transfers without the members' consent were enacted in 2009.	Legislation
(q) Participate actively in preparation of any necessary statutory changes and regulations.	The Board worked with the Department of Social Protection to progress any necessary statutory changes and regulations.	Regulation

Objectives	Progress 2009	Responsibility
<b>MISSION STATEMENT 2</b>		
<b>To promote the development of efficient national pension structures.</b>		
(a) Encourage and support decisions to be taken at national level in response to the National Pensions Review.	Issues addressed in National Pensions Framework published by Government in March 2010.	Policy
(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 while bearing in mind national and international developments.	Issues addressed in National Pensions Framework published by Government in March 2010.	Policy
(c) Report to the Minister for Social Protection on the principles of a mandatory or quasi mandatory pension system and recommend an appropriate system for Ireland.	Issues addressed in National Pensions Framework published by Government in March 2010.	Policy
(d) Review the use of the Trust structure as the most effective governance system for pension schemes.	The trust structure review is completed.	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 2009 the Board actively participated by attending relevant meetings and providing presentations for numerous meetings.	Policy
(f) Input to Department of Justice, Equality and Law Reform on family law issues affecting pensions.	The Board continued to liaise with the Department of Justice, Equality and Law Reform on relevant pension issues including the Civil Partnership Bill.	Policy
(g) Input to Department of Finance and Revenue on any tax issues affecting pensions.	Regular meetings were held during 2009 to identify any areas of concern, in particular in relation to the introduction of the Pensions Insolvency Payment Scheme.	Policy
(h) Review progress towards pension targets in 2008.	The Board has continued to liaise with the CSO regarding the publication of the pension module of the National Employment Survey. Information from this survey is due to be published during 2010.	Policy
(i) Explore, in consultation with the Department of Social Protection, the possibility of introducing a national pension benefits tracing service.	Issues addressed in National Pensions Framework published by Government in March 2010.	Policy

Objectives	Progress 2009	Responsibility
<b>MISSION STATEMENT 3</b>		
<b>To promote a level of participation in the national pension system which enables all citizens to acquire an adequate retirement income.</b>		
(a) Provide information to pension stakeholders through publications, website, and enquiry service.	The Board continued to enhance the delivery of its information services online. All our pensions information booklets are provided free of charge and are available online at <i>www.pensionsboard.ie</i>	Information
(b) Organise National Pensions Awareness Campaign sponsored by the Government.	The Board ran a very successful National Pensions Awareness Campaign on behalf of the Government in 2009. The key focus for the year was encouraging people to engage with their pensions.	Information
<b>MISSION STATEMENT 4</b>		
<b>To provide information and authoritative guidance to relevant parties in support of pension security, structures and participation.</b>		
(a) Arrange for the conduct of regular surveys of pension coverage in Ireland.	The Board liaised with the CSO in relation to the full pension module survey carried out in quarter IV as part of the Quarterly National Household Survey.  A full pension survey was conducted in 2008 as part of the National Employment Survey. The survey is due to be published during 2010.	Policy
(b) Identify areas of pension research and statistical information needed and put in place mechanisms for completion of these.	The Board has been liaising with CSO on the collation and transmission of certain information.	Policy
(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.	Policy
(d) Support national objective to promote Ireland as a centre for pan-European and cross-border pensions.	In 2009 the Board continued to be represented at the IFSC pension funds working group, operating under the aegis of the Department of An Taoiseach.	Policy

# Appendix II

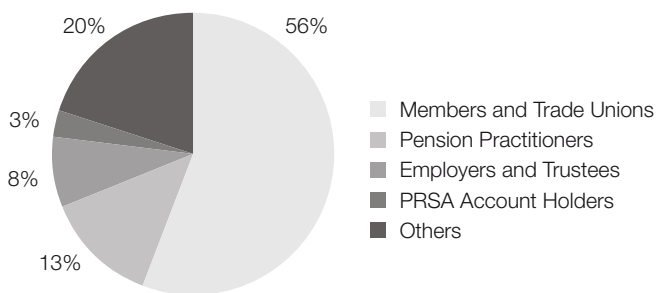
## ENQUIRIES RECEIVED BY THE BOARD AND ENQUIRER PROFILE

### Profile of enquirers

During 2009 a total of 7259 calls, letters and e-mails were dealt with by Information services. Some enquirers raise more than one question so accordingly, the number of enquiries (8,111) exceeds the number of enquirers (7,259). There is a decrease in the number of enquiries for 2009, which can be attributed to an increase in visitors to the Board's website.

The enquirer profile is outlined in the following chart. Included under the heading 'Others' (13%) are public representatives, government departments, government agencies, research students, media, social welfare customers and the general public.

Profile of enquirers



### Nature of enquiries

Total number of enquiries for 2009 was 8111, which has been broken down below:

Nature of enquiries	No of enquiries	%
Pensions Board – Role & Functions	396	5%
Publications – Free	467	6%
Publication – Subscription	31	0%
Preservation	405	5%
Funding Standard	207	3%
Disclosure	2849	35%
Trustee Duties	274	3%
Equal Pension Treatment	20	0%
Registered Administrators	74	1%
PRSAs	536	7%
Cross Border Schemes	8	0%
Other	520	6%
Dept. Social Protection/FSPB	2083	26%
CWPS	166	2%
Compulsory & voluntary reporting	1	0%
Comments	67	1%
Complaints	7	0%

The Category "Other" includes enquiries relating to the website, pensions calculator, CWPS, transfer of undertakings and any other matters.

**Method of enquiries**

Method	No. of enquiries	%
Phone	5813	72%
Email	2021	25%
Letters	192	2%
Meeting	80	1%

# Appendix III

## CUSTOMER ACTION PLAN (CAP)

### Quality service standards

- The Board's 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.
- Comment cards have been provided in the Board's reception area and online.
- A website review group meets regularly to review and update the Board's website and ensure that it is relevant, accurate and user friendly.
- The progress on initiatives outlined in the CAP is reviewed on a quarterly basis by the management team of the Board.

### Equality/diversity

- 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.
- 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

- The Board's office is maintained to ensure that both visitors and staff with any other specific access needs, continue to enjoy secure and safe surroundings while on the Board's premises.

### Information

- The Board continues to enhance our commitments to the provision of customer information as outlined in the Board's Customer Charter.
- The Board provides a Locall number (1890 65-65-65) to help customers with their enquiries.

### Timeliness and courtesy

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

### Complaints

- The Board has introduced a complaints form and implemented a recording system for comments and complaints as part of its Customer Charter.

### Consultation evaluation

- 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.
- The findings of the customer survey were incorporated into ongoing training and development initiatives for staff of the Board.

### **Choice**

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

### **Official languages equality**

- It is the Board's policy to meet the provisions of the Official Languages Act, 2003.
- Services on the website are being identified which could be made available in Irish.
- Irish language training is available to all staff.

### **Better co-ordination**

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

### **Internal customer**

- The training and development needs arising from the Performance Management and Development System (PMDS) are addressed on an ongoing basis.
- The Board's requirements under the Health and Safety legislation continue to be met.
- The Partnership Committee meets on a regular basis and functions well as a forum where staff and management can monitor existing activity and develop new initiatives.
- Staff members of the Board participate in regular unit team meetings, along with regular meetings during the year to brief staff on current issues that affect the Board and its operation.
- An annual end of year review, forward look and general staff meeting is held in December.



# Appendix IV

## ABBREVIATIONS

<b>AFC</b>	Actuarial Funding Certificate
<b>AVC</b>	Additional Voluntary Contribution
<b>Board</b>	The Pensions Board
<b>CAP</b>	Customer Action Plan
<b>CEIOPS</b>	Committee of European Insurance and Occupational Pension Supervisors
<b>CSO</b>	The Central Statistics Office
<b>DSP</b>	Department of Social Protection
<b>EU</b>	European Union
<b>IORPs Directive</b>	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
<b>IORPs</b>	Institution for Occupational Retirement Provision
<b>NPAC</b>	National Pensions Awareness Campaign
<b>NPPI</b>	National Pensions Policy Initiative
<b>NPR</b>	National Pensions Review
<b>OECD</b>	Organisation for Economic Co-operation & Development
<b>OPC</b>	Occupational Pensions Committee
<b>the Act</b>	Pensions Act, 1990, as amended,
<b>PMDS</b>	Performance Management Development System
<b>PRSA</b>	Personal Retirement Savings Account
<b>QCS</b>	Quality Customer Service
<b>RAs</b>	Registered Administrators
<b>RACs</b>	Retirement Annuity Contracts
<b>RIA</b>	Regulatory Impact Analysis

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