

# **Scheme survey 2023**

## **Findings report**



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## Background

In July 2023, the Pensions Authority surveyed the trustees of 150 defined contribution (DC) schemes and 150 defined benefit (DB) schemes to assess trustee awareness and management of risks facing pension schemes.

The schemes were randomly selected from the Authority's Pensions Data Register.

The survey was sent to the trustees on 3 July 2023, and respondents were given three weeks to complete the survey. The survey was voluntary and anonymous. Master trusts were not included in the survey.

Of the 300 surveys sent, 191 responses were received:

- 65 DC schemes responded, which is a response rate of 43%.
- 126 DB schemes responded, which is a response rate of 84%.

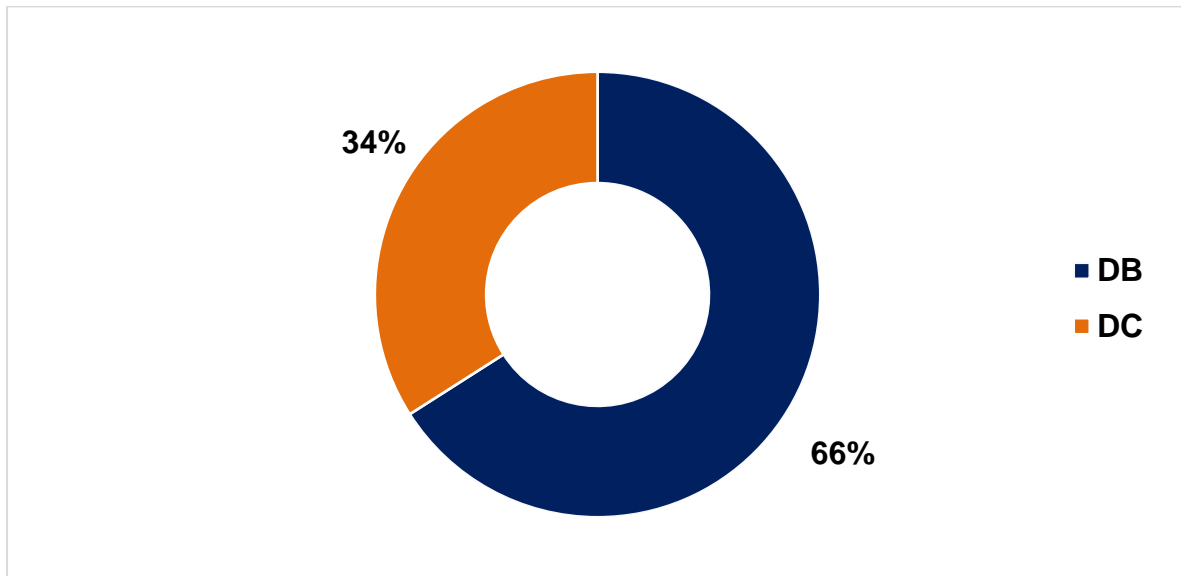
The Authority is grateful to all who took the time to complete the survey.

Some of those surveyed did not complete all questions. There was a considerably higher non-response rate from DC respondents, particularly in relation to questions regarding:

- The drafting, approval, and review of the risk management policy.
- The appointment of a risk management key function holder (KFH).
- The approval of the own-risk assessment (ORA).

## Survey questions

### 1. Is the scheme DC or DB?



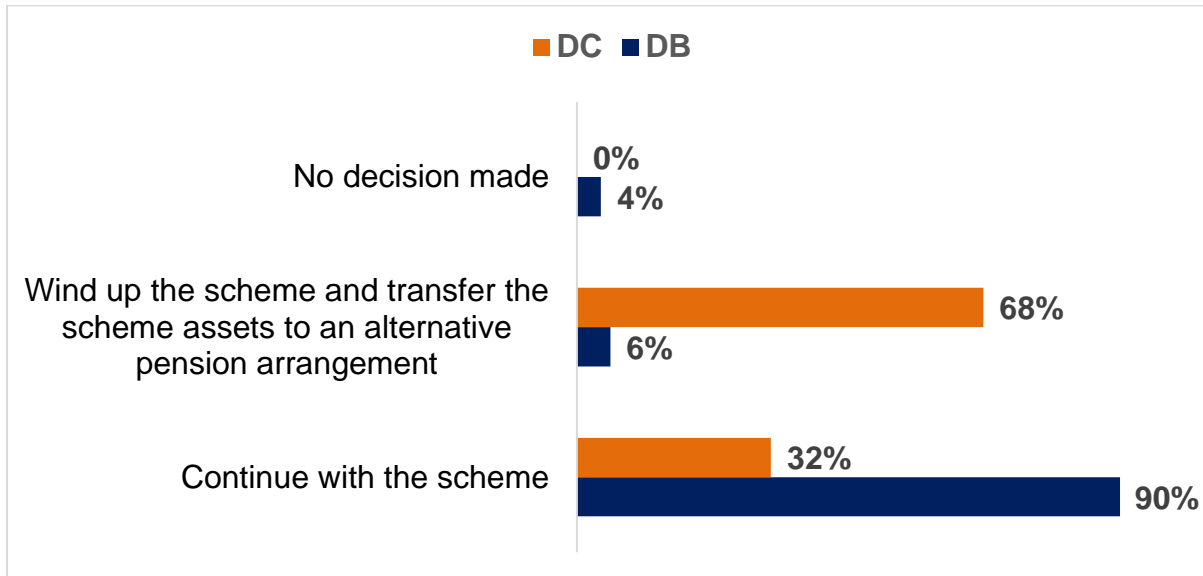
### 2. What is the total membership of the scheme?

Membership	50 or less	51 to 250	251 to 500	501 to 1,000	1,001 or greater
DC	60%	19%	6%	6%	9%
DB	35%	39%	11%	9%	6%

### 3. What are the total assets of the scheme?

Assets	Less than €10m	€10m to €20m	€21m to €50m	€51m to €100m	€101m to €500m	Greater than €500m
DC	69%	9%	8%	9%	5%	0%
DB	21%	25%	29%	14%	10%	1%

#### 4. What decision has been made regarding the future of the scheme?



##### DB responses

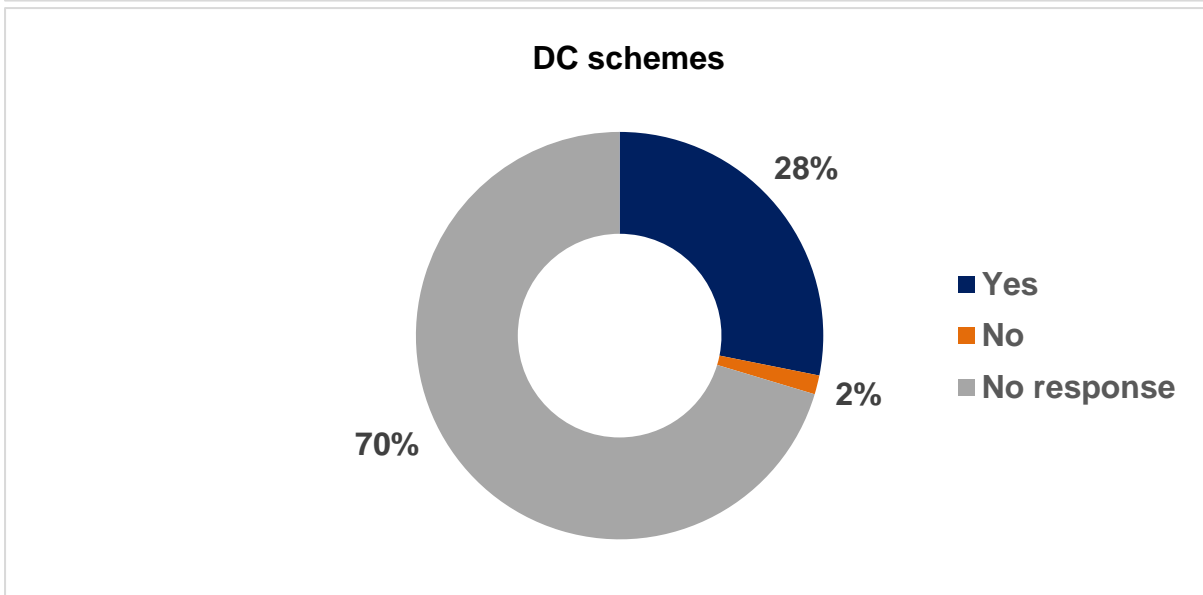
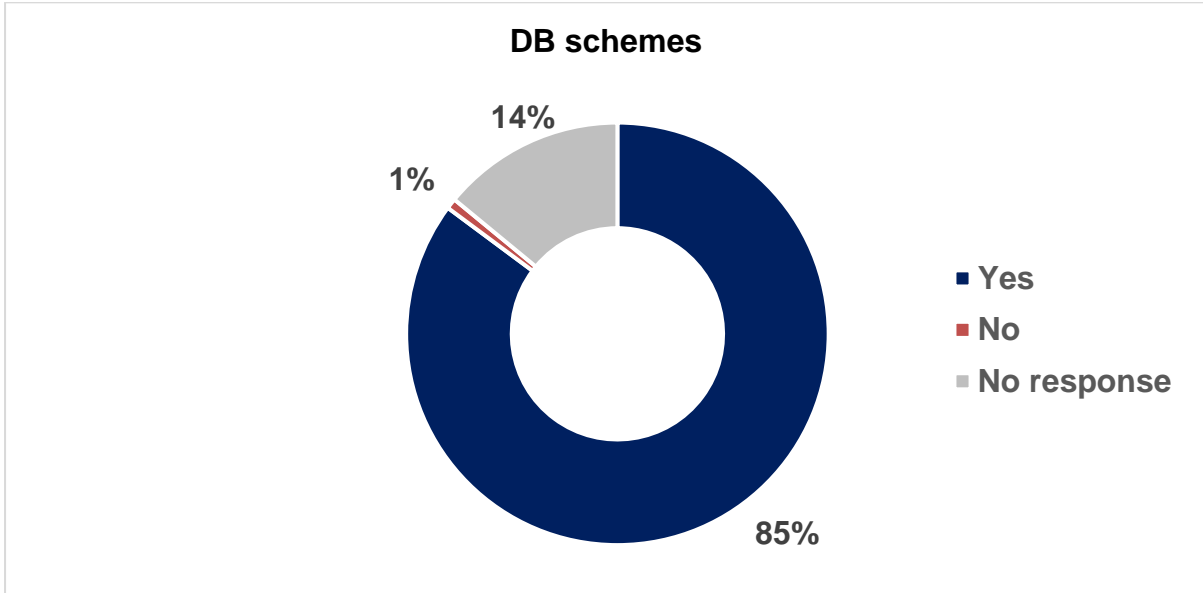
Most of the DB respondents intending to wind up their scheme had scheme assets less than €50m, with the majority having scheme assets less than €10m. There was one large scheme with assets greater than €500m intending to wind up.

##### DC responses

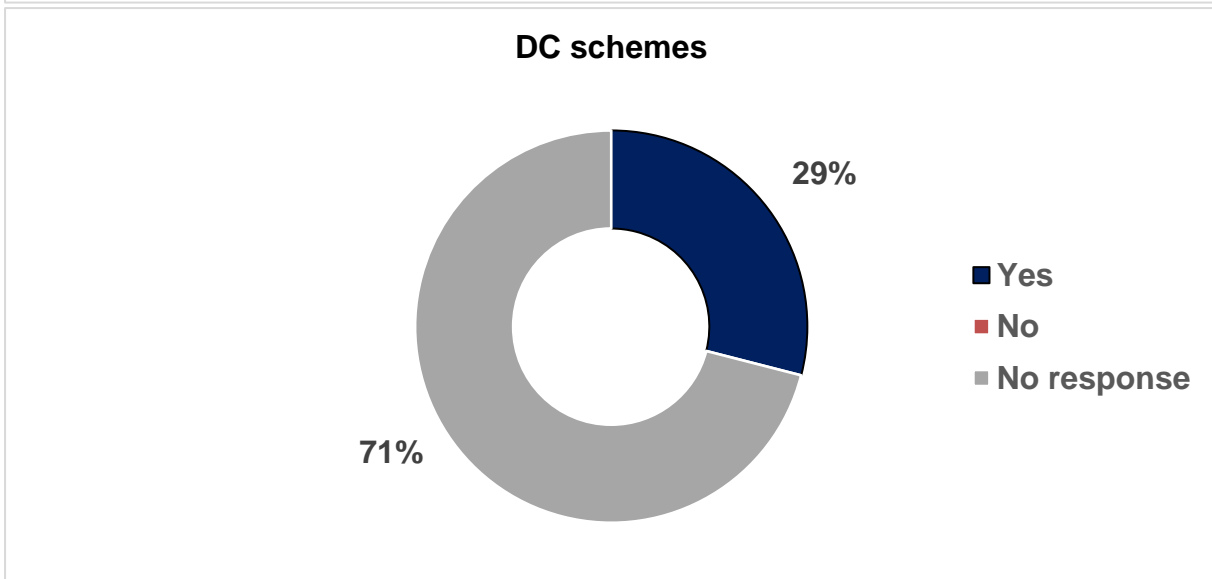
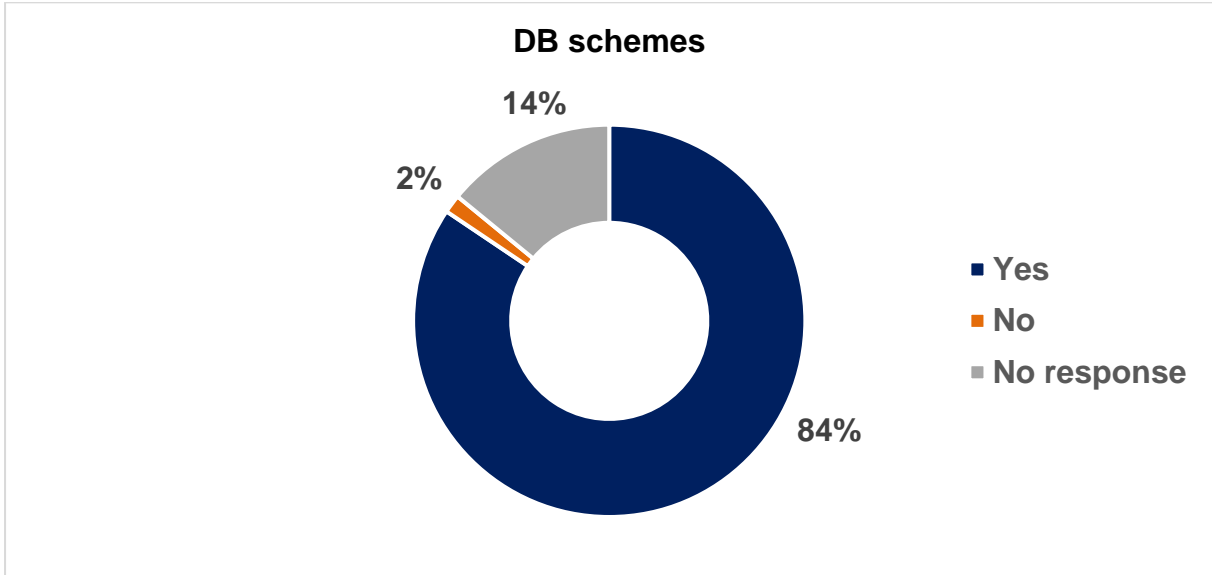
Of the DC respondents who stated that they intend to wind up their scheme, 91% of these schemes have assets of less than €10m. 70% of the schemes planning to wind up have 50 members or less.

Some of the respondents who are continuing with their schemes stated that they may transfer to an alternative pension arrangement at a later date, once other scheme-specific issues have been resolved.

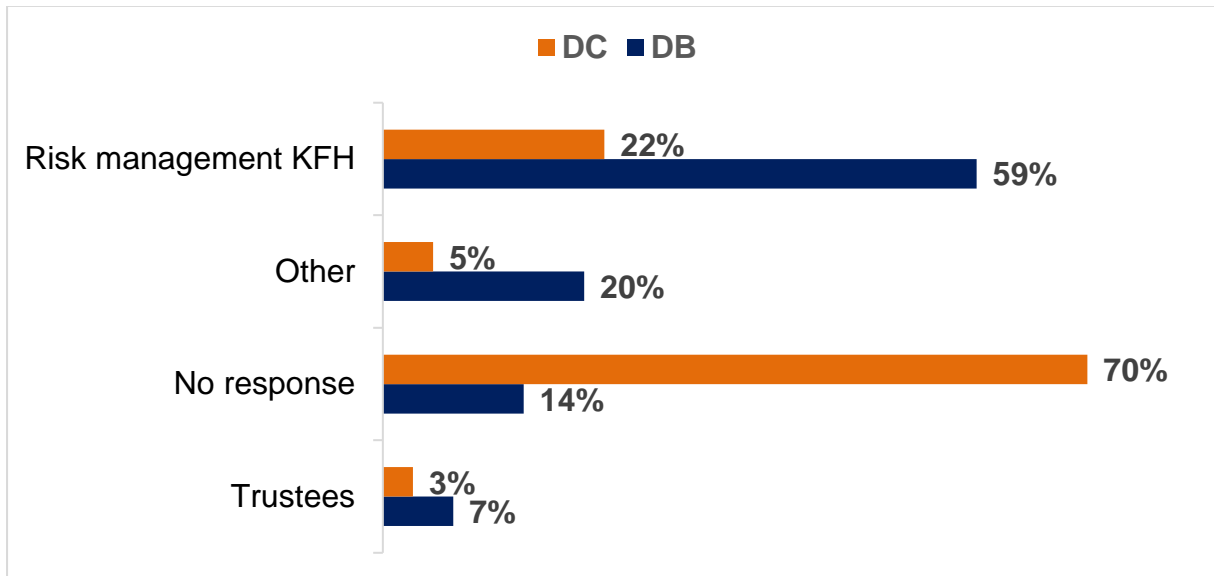
5. Is risk management a standard, recurring item on the trustees' meeting agenda?



6. Has a written risk management policy been approved by the trustee board?



## 7. Who drafted the risk management policy?



### DB responses

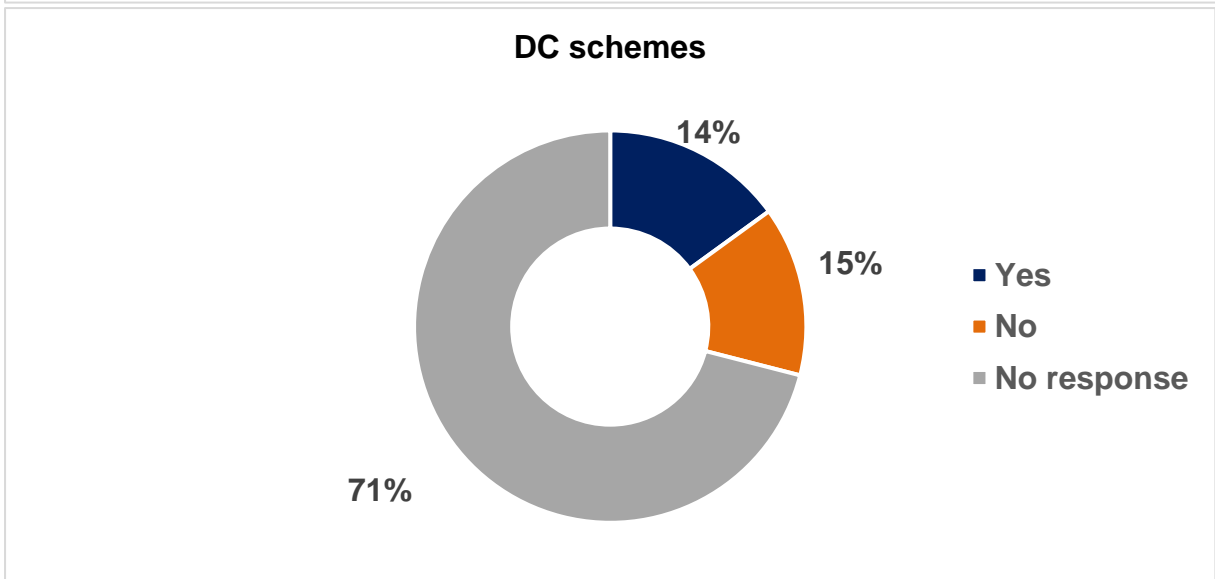
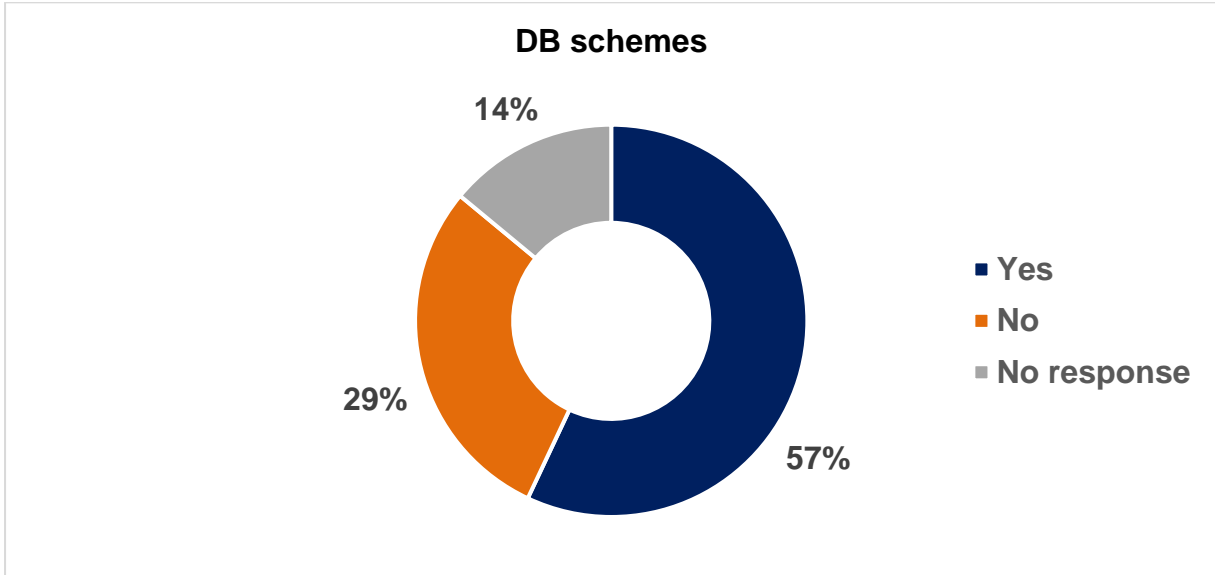
20% of those surveyed selected the 'other' option. The additional detail submitted suggested that for these schemes the risk management policy had been drafted by external advisors/consultants or alternatively the drafting of the risk management policy had been a joint exercise between the trustees and risk management KFH. .

### DC responses

16% of those surveyed selected the 'other' option. The additional detail submitted suggested that for these schemes, the risk management policy had been drafted by external advisors/consultants or alternatively the drafting of the risk management policy had been a joint exercise between the trustees and risk management KFH.

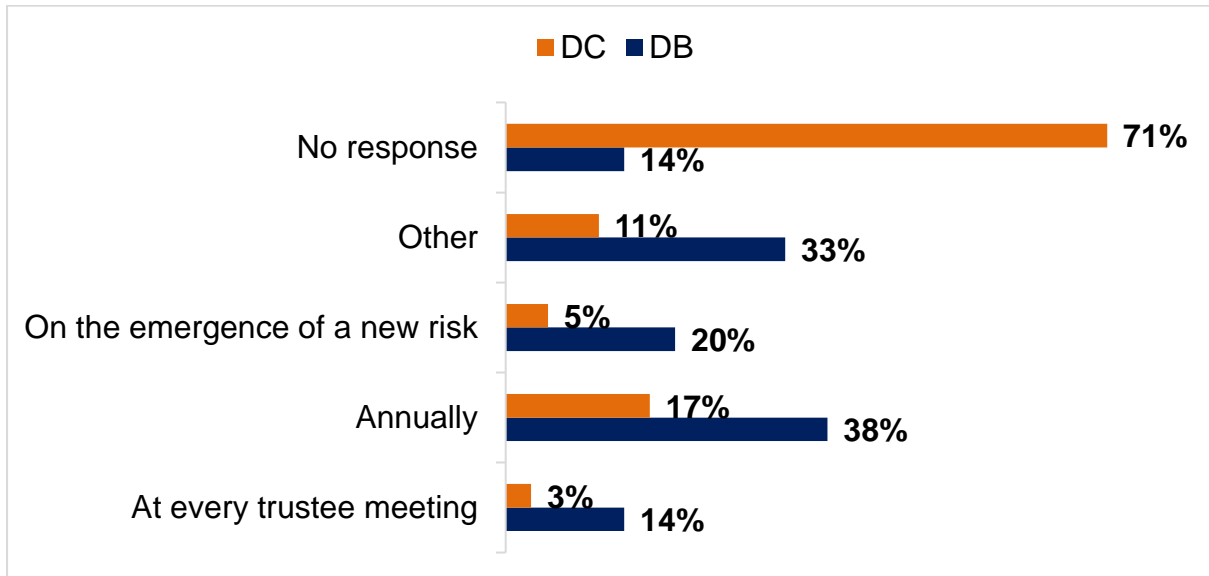


8. Did the trustees make any policy changes to the draft risk management policy?



## 9. How often do the trustees review or plan to review the risk management policy?

Respondents were given the option to select multiple answers.



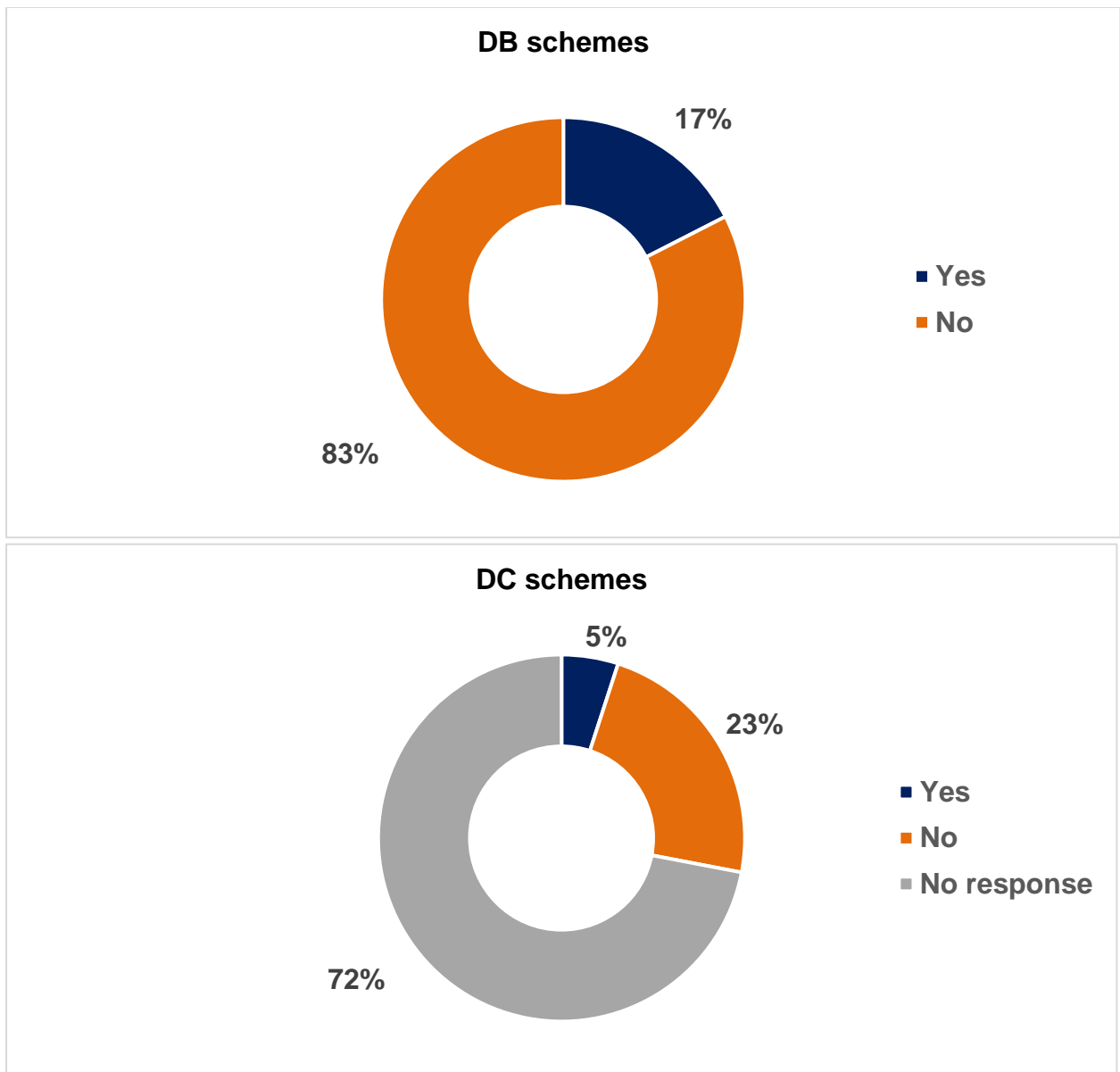
### DB responses

33% of those surveyed stated that they review or intend to review the risk management policy at intervals other than those listed, the majority of whom suggested they would review the risk management policy every three years.

### DC responses

11% of those surveyed stated that they review or intend to review the risk management policy at intervals other than those listed, the majority of whom suggested they would review the risk management policy every three years.

## 10. Has the ORA been approved by the trustee board?



### DB responses

Many of the 83% of respondents who had not completed an ORA to date noted that work was underway and would be completed by April 2024.

### DC responses

Many of the 23% of respondents who had not completed an ORA to date noted that work was underway and would be completed by April 2024.

## **11. What do trustees consider to be the most significant risk(s) facing their scheme?**

### **DB responses**

Respondents noted the following to be the most significant risks facing their schemes:

- Funding and regulatory risks.
- Sponsor covenant risk.
- Investment risk.
- Inflation risk.
- Cyber security risks.

18% of respondents chose not to answer this question.

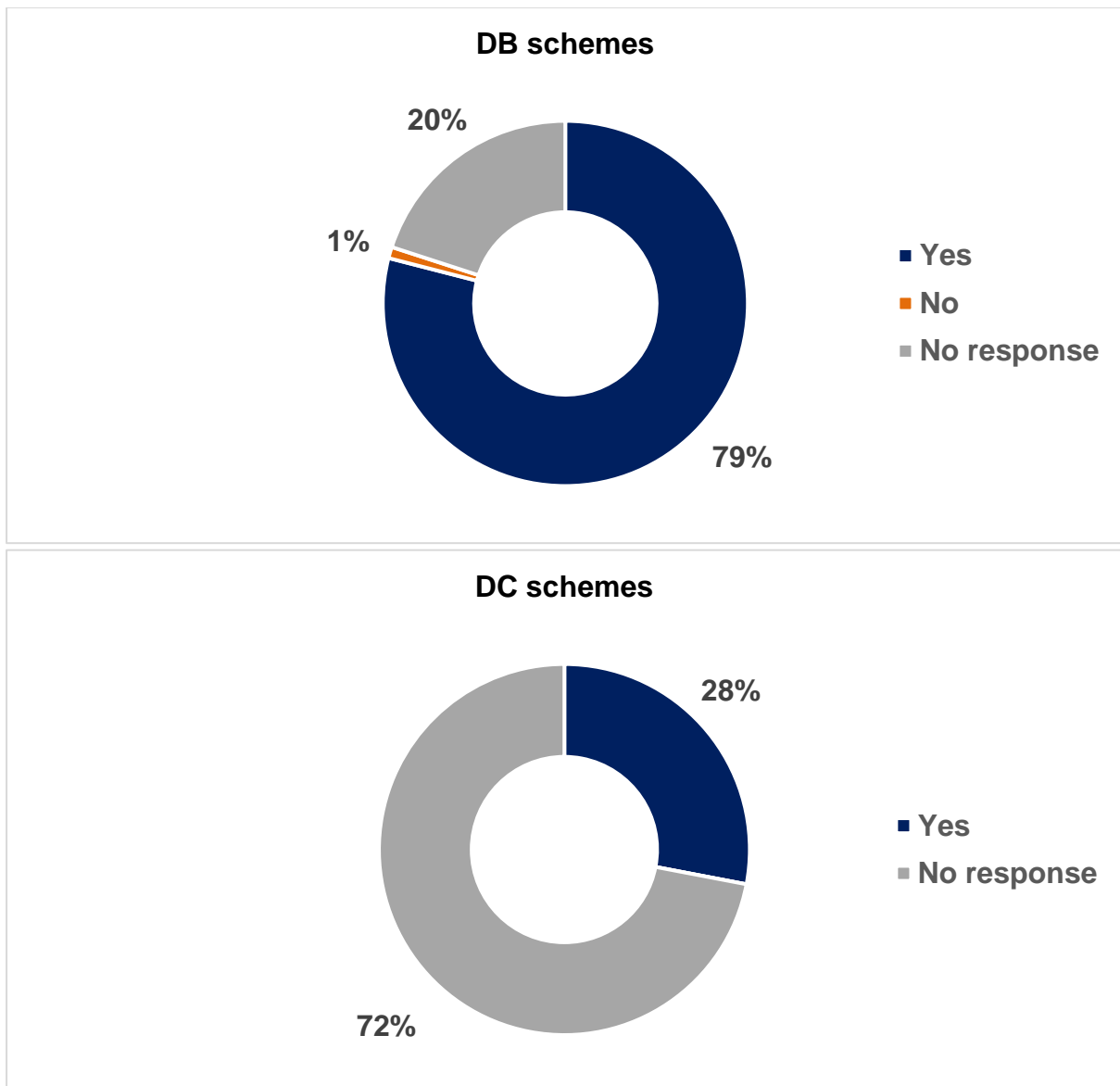
### **DC responses**

Respondents noted the following to be the most significant risks facing their schemes:

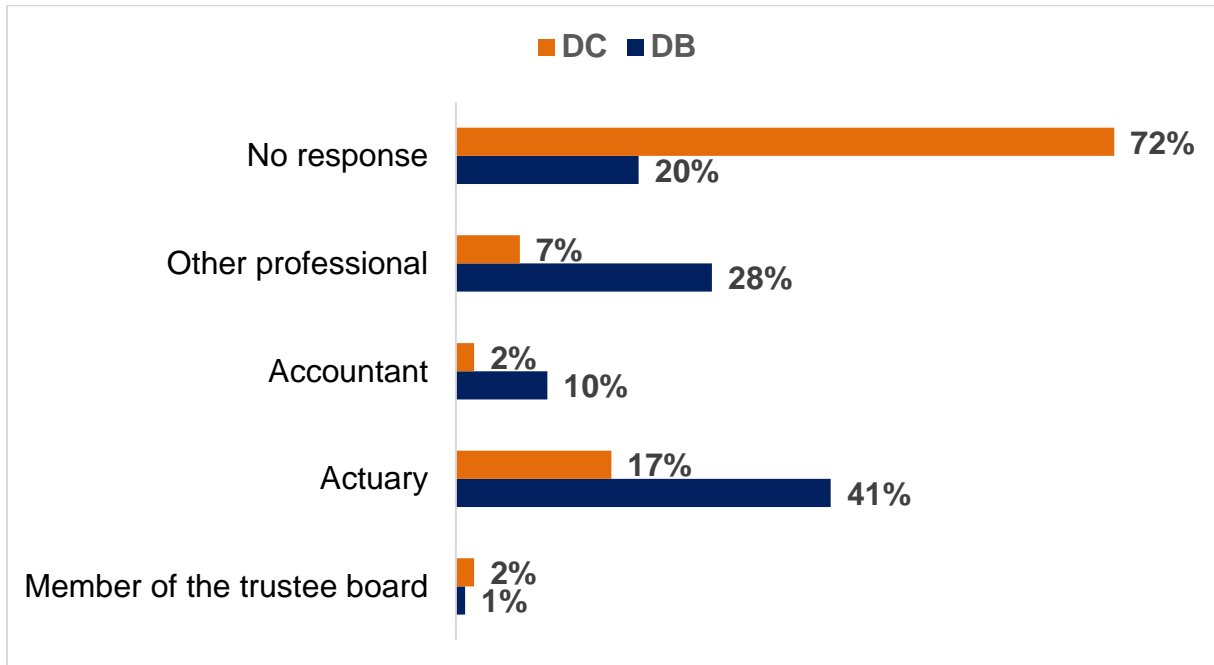
- Risk of investments not meeting objectives.
- Risk of employer not adequately funding contributions.
- Risk of members not contributing sufficiently to fund retirement.
- Risk of compliance/regulation costs being prohibitive.
- Risk of cyber security attacks/IT system failures.
- Risk of members not engaging/member inertia.

72% of respondents chose not to answer this question.

## 12. Has the risk management KFH been appointed?



### 13. Which of the following best describes the risk management KFH?



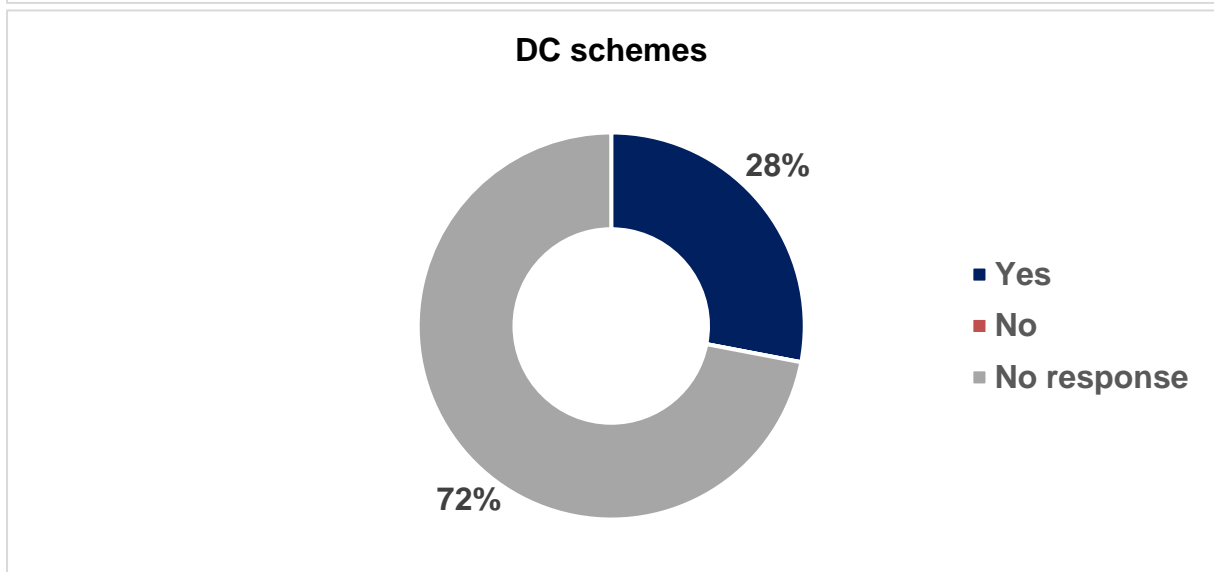
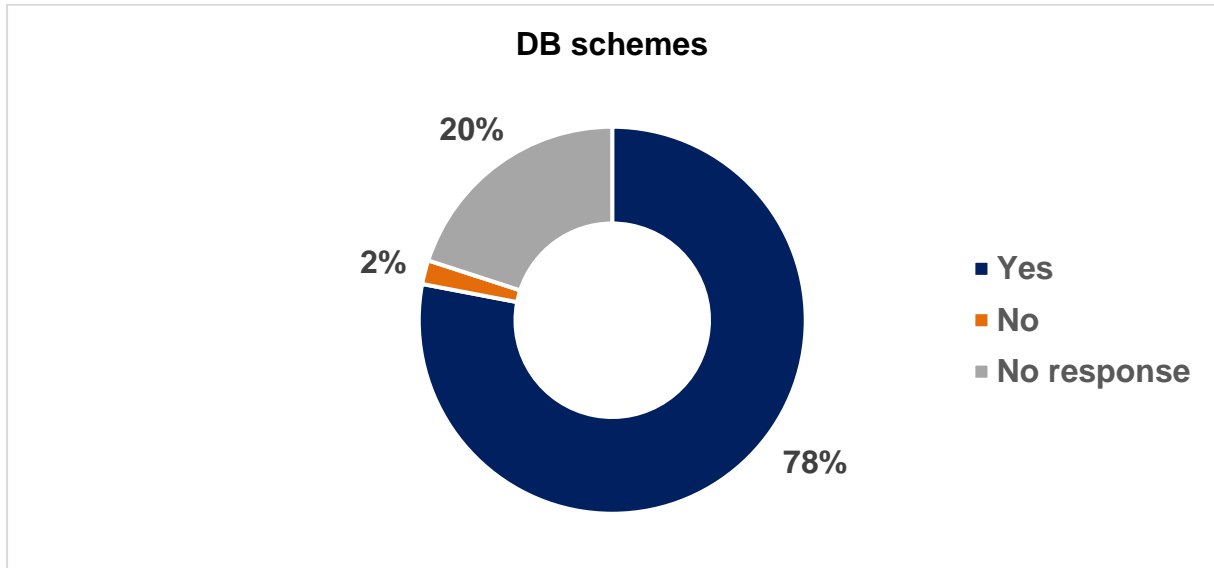
#### DB responses

Of the 28% of respondents who selected that an 'other professional' carried out the role of risk management KFH, respondents advised that the role was carried out by a risk manager from their consultant/advisor firm or by a risk management specialist.

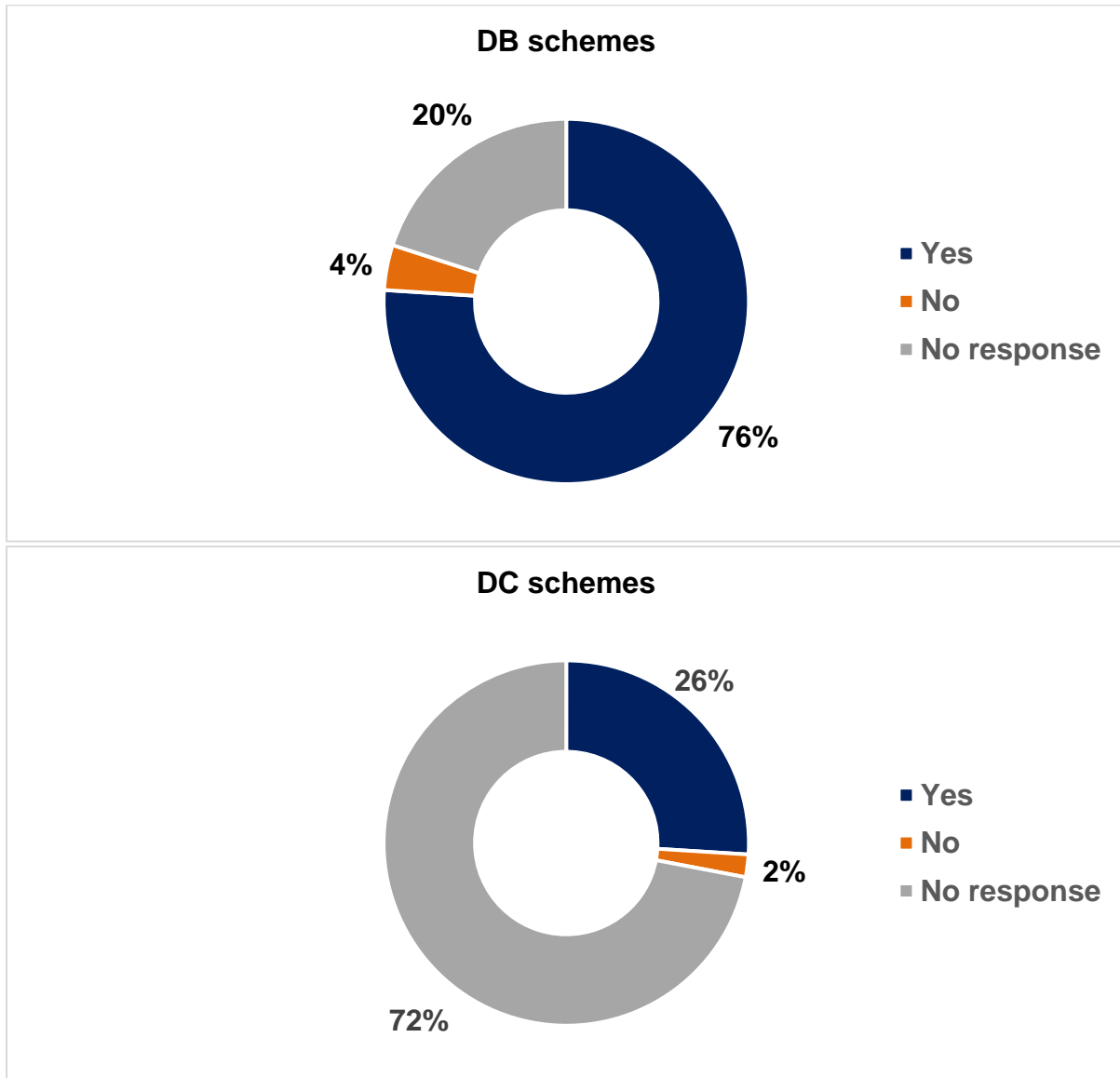
#### DC responses

Of the 7% of respondents who selected that an 'other professional' carried out the role, respondents advised that the role was carried out by a risk manager from their consultant/advisor firm or by a risk management specialist.

**14. Do the trustees have measures in place to oversee the performance of the risk management function to ensure it remains fit for purpose?**



## 15. Has the risk management KFH appointment been notified to the Authority's PDR system?



### DB responses

Although all respondents who answered this question stated that they have appointed the risk management KFH, 4% of those surveyed had not notified the Authority's PDR system of the appointment.

### DC responses

Although all respondents who answered this question stated that they have appointed the risk management KFH, 2% of those surveyed had not notified the Authority's PDR system of the appointment.



## **16. Has the Authority's DB financial risk measure been prepared and considered by the trustees?**

This question was applicable to DB schemes only. 43% of respondents who answered this question stated that the Authority's DB financial risk measure had been prepared and considered by the trustees. 23% of respondents chose not to answer this question.

## **17. Have other quantitative estimates of the financial risks the scheme faces been prepared and considered by the trustees?**

This question was applicable to DB schemes only. 73% of respondents who answered this question stated that other quantitative estimates of the scheme's financial risks had been prepared and considered by the trustees. 23% of respondents chose not to answer this question.

## **Conclusion**

The survey findings show that more than 68% of the DC schemes surveyed and 6% of the DB schemes surveyed intend to wind up and transfer to an alternative pension arrangement.

The latest date by which a scheme's initial ORA can be completed is 22 April 2024 and many schemes surveyed had yet to have an ORA in place. The Authority reminds trustees that the ORA requirement should be prioritised to ensure the impending deadline is met.

The Authority notes the lower response rate for DC schemes and that many DC respondents chose not to answer several questions. This may indicate a level of non-compliance or a lack of adequate understanding by DC trustees of their risk obligations. The Authority will monitor this position closely through its supervisory activities.