



An tÚdarás Pinsean
The Pensions Authority

KEY MESSAGES ARISING FROM 2025 SUPERVISORY ACTIVITIES

1. FOREWORD BY BRENDAN KENNEDY, PENSIONS REGULATOR

The Minister for Social Protection, Dara Calleary TD, has announced that he intends to introduce legislation providing for pensions scheme authorisation later in 2026. The Pensions Authority has begun work on the framework for an authorisation process, and the objective of this work is that scheme trustees will clearly understand the standards they will be expected to meet, and whether their existing scheme management meets these standards in order to obtain authorisation and to be able to continue to comply with the required standards to maintain their authorised status.

In 2025, as in 2024, the Pensions Authority undertook supervisory reviews of a number of pension schemes, and the detailed findings from our 2025 activities are set out in this report. The Authority wishes trustees to use the findings set out in this report to compare with the governance in their own scheme and also to begin the preparation for authorisation. There will be a close relationship between the findings of these reviews and the actions and behaviours needed from trustees to allow schemes to continue to meet the required standards necessary to maintain authorisation. Overall, trustees should assume that any scheme where there were review findings rated as High or Medium/High would have to address these findings in order to maintain their authorised status.

Several of the schemes reviewed in 2025 had high or medium/high findings. Although the trustees of all such schemes have already addressed these findings or have committed to doing so in the short term, it is nonetheless a serious concern that these issues existed and had not been identified or addressed by the trustees themselves. This report sets out in detail the most significant issues, but there are a number of common themes:

- Poor governance practices – failure to document decisions taken, and follow-up actions.
- Risk management shortcomings, and in particular, inadequate Own Risk Assessments.
- Inadequate oversight of administration, including non-existent service level agreements or failure to monitor delivery.
- Shortfalls in investment objective setting, monitoring and documentation.
- Poor and inadequate management and documentation of conflicts of interest.
- Poor oversight of outsourcing agreements.

Trustees of all schemes should objectively assess their own compliance with these and similar obligations and take immediate action to address any issues.

Turning to PRSAs, the Authority approved 10 new PRSA products in 2025 (two Standard PRSAs and eight non-Standard PRSAs). One new PRSA product application was rejected (a non-Standard PRSA) due to the level of security the custodianship model provided for PRSA contributors. Two of the new product applications had features which were not present in

previous product applications, and required substantial consultation with stakeholders before the review processes were concluded. For one of the newly approved products, the Authority will be applying enhanced oversight due to the complexity of some of the product's features.

The Authority conducted an audit of a PRSA provider's compliance with the requirements of sections 101, 104 and 108 of the Act in relation to PRSA products, charges and transfers between PRSA providers. No material issues of non-compliance were found during this audit.

Enhanced supervision was applied to one PRSA provider and its products during 2025 due to concerns raised in relation to findings noted in the provider's annual report and determination. The relevant provider is providing a monthly service report to the Authority, which will continue until the Authority is satisfied that the issues of concern have been addressed.

The Authority's PRSA supervision will have a particular focus on the following potential non-compliance issues during the remainder of 2026:

- Compliance with Section 104 of the Act in relation to fees and charges.
- The existence of parallel or tripartite Agreements (a PRSA contract is entered into between the PRSA provider and the contributor in respect of a PRSA product that complies with the Act. Additional or parallel contracts between the contributor and third parties are not consistent with a compliant PRSA contract or product).
- That custodianship requirements as set out in Section 96 (1) of the Act are being met.

2. SUPERVISORY APPROACH 2025

The Authority's supervisory methodology incorporated the following in 2025:

- **Supervisory review process (SRP)**

An in-depth review of occupational pension schemes, which involves an assessment of the system of governance, an assessment of the risks the scheme faces, and the ability of the scheme to manage those risks.

- **Supervisory meetings (occupational pension schemes)**

These meetings are held for all master trust boards of trustees, and as required for DC and DB schemes. These meetings may be general in nature or focused on particular risk issues or concerns. Trustees may be required to prepare a presentation or briefing in advance of these meetings.

- **Themed reviews and audits**

Desk based reviews, involving requests for information from a number of occupational pension schemes or PRSA providers.

- **On-site inspections of registered administrators**

Meetings with key personnel and walk-throughs of essential processes, with post on-site reviews of RA documents, processes and procedures.

- **Management of enquiries and investigations**

Investigations of potential breaches of the Pensions Act which are reported to the Authority, by members or through section 83 whistle-blowing reports.

- **Supervisory meetings (PRSA providers)**

These meetings are typically held to discuss any issues that are identified as part of the Annual Reporting and Determination submission, which PRSA providers are required to submit under section 119 of the Act.

3. KEY MESSAGES – PENSION SCHEMES

Master trust oversight

In line with the Authority's risk priorities, master trusts can continue to expect regular interactions and dialogue with the Authority, either through the SRP or other supervisory meetings. Following our interactions with master trusts in 2025, there are some particular aspects that warrant further consideration by master trust trustee boards set out in this report. The Authority's supervisory report from 2024 also highlights a number of issues that remain relevant for many master trusts.

Trustee board effectiveness

The compliance obligations of boards of trustees are continually increasing, including new requirements such as those prescribed under the Digital Operational Resilience Act (DORA) for example. Trustee boards must regularly assess whether the governance structure of the board is appropriate and sufficiently resourced to manage all its obligations effectively and deliver good member outcomes. Key questions that should be asked may include:

- Is there a sufficient number of directors to manage the workload involved? Are there sufficient support staff and advisors available to the board, including independent advisors?
- Is there a sufficient mix of skills and experience on the board?
- Is the board constrained in seeking additional advice or resources (e.g. are there budget constraints imposed by the founder or employer?)
- Are all potential conflicts of interest identified and are they managed appropriately? For master trusts, this includes conflicts of interest associated with the founder, which may be providing services to the scheme.

Operational resilience

Operational resilience refers to the robustness of the scheme infrastructure and encompasses administrative processes, data and IT systems, management of service level agreements (SLAs) with service providers, business continuity arrangements and financial operations.

The trustees must ensure that they oversee the schemes administrators and receive objective and detailed data to measure performance. Trustees must prescribe their administration requirements rather than merely accept those proposed by administrators. Trustee procedures should be clear on measures to be taken where performance falls short and contain exit strategies in the event poor performance cannot be adequately addressed. Consistently poor performance cannot continue unchecked and must be addressed by trustees.

It is vital that the trustees ensure that appropriate safeguards are in place to protect member records, including ensuring that there are appropriate data protection and cyber

security frameworks in place. They must carry out appropriate due diligence on service providers' cyber security arrangements and ensure that they are proactively informed of cyber security incidents.

Trustees of occupational pension schemes are required to carry out critical reviews of administration service providers and investment managers every three to five years.

While an assessment of value for money should be considered, the trustees must also carry out a detailed assessment of the delivery of service over the preceding period. This process should involve developing a methodology for the assessment of various aspects of performance and an objective review of performance against any agreed SLAs. Trustees should also consider who is the appropriate party to carry out such reviews. While it may be necessary to gather data from service providers to assess performance, it would be an obvious conflict of interest for the party providing the service to carry out the critical review.

Corporate trusteeship

Many schemes will appoint a corporate trustee, either as sole trustee of the scheme or alongside a board of employer or member-nominated trustees. Section 64AC of the Pensions Act states that a scheme must have a minimum of two trustees. A sole corporate trustee must ensure that its directors meet the relevant fit and proper standards and that at least two of the directors are involved in the day-to day-running of the scheme.

Professional trustee companies who provide services to multiple schemes must ensure that their structure and resources are sufficient so that each scheme they are appointed to receives the necessary attention to meet the full requirements of the Act. These include detailed procedures for the exercise of trustee discretions, regular trustee meetings, active monitoring of compliance (including the remittance of contributions) and clear protocols for the reporting compliance breaches to the Authority.

Investment governance processes

Investment return and risk objectives should be clearly stated, and trustees should measure performance relative to these targets. This should be appropriately documented in the scheme investment documents such as the statement of investment governance (SIG) and the statement of investment policy principles (SIPP). The SIG and SIPP are important documents which should clearly articulate the risks the scheme faces and how environmental, social and governance (ESG) factors are considered.

Trustees should ensure that the SIPP clearly explains not only the assets held, but also the rationale for their selection and the risks assumed through investment in those assets. This explanation should demonstrate how the chosen asset mix supports the scheme's investment objectives and takes account of the liability profile. The rationale behind material or increasing allocations into assets that are complicated, illiquid or credit-driven should be explained in the context of the scheme's maturity and funding position and supported by appropriate risk management and monitoring arrangements.

For DC schemes, a default investment strategy (DIS) is a trustee obligation and has a significant effect on member outcomes. Trustees should ensure the DIS is appropriate for

their members by gathering relevant data such as age and income profile of members, risk appetite and benefit drawdown preferences. Trustees should document their decisions and rationale for those decisions.

Financial risk measure for DB schemes

Paragraph 101 of the Code of Practice for trustees refers to a DB financial risk measure (DBFRM) to be used in assessing levels of financial risk faced by DB schemes. The risk measure is a quantitative estimate of the ability of a DB scheme to absorb financial shocks.

Trustees should note that the DBFRM is not the only risk measure that can or should be used for the assessment of financial risk; rather it is the minimum that should be used. Trustees should be cognisant of other methodologies that can be applied for the measurement of risk and discuss with their advisors whether the use of additional risk measurement methodologies could be of benefit to their respective schemes.

Trustees should explicitly record their conclusions and any actions arising from the insight gained from the risk measures they employ.

Master trust fund ranges and value for money (VFM)

Many master trusts continue to manage a large number of legacy funds and legacy charging structures. The result of this is that there is substantial variance in the range of fees and charges across the master trust sector.

Trustees of master trusts must be able to stand over the value for money delivered for the fees and charges paid by and on behalf of scheme members. Fees and charges variance must be monitored and trustees should ensure higher end charges are justifiable e.g. nature of investment or value-added services.

Retail master trusts

Many one member arrangements (OMAs) have transferred into retail master trusts, i.e. master trusts which have been set up to cater for OMAs. The challenge for the trustees of retail master trust investments should not be underestimated. There are particular complexities in terms of investment choices, communications and access to financial advice by members of retail master trusts and this requires careful consideration by boards of retail master trusts. The Authority expects that trustees of retail master trusts will pay particular attention to investment governance processes and the members' experience with regard to accessing financial advice.

In last year's report, the Authority noted that there was limited evidence of any attempts to rationalise the various fund choices and charging structures within retail master trusts and that one member arrangements are essentially continuing to exist within a different legal structure. This structure does not align with the Authority's expectation of efficient and well-run master trusts which offer benefits of scale to members, and the Authority will be applying particular focus to retail master trusts in 2026. This will include the boards' approach to investment governance and due diligence exercised on transitioning funds and

investments, particularly unregulated market investment. It will also include a particular focus on board oversight of member communications and member investment behaviour.

4. FORWARD LOOK

For 2026, the Authority will apply a more risk-based focus to DB and DC schemes, using data and risk assessment methodologies to develop a risk profile for these schemes, ensuring supervisory resources are appropriately deployed going forward. This process has already commenced, and many schemes have been notified of the data required, with further schemes to be included as the year progresses.

In tandem with this data collection, the Authority will review the SRP process for DB and DC schemes and seek to refine the process to allow for more targeted SRP engagement, across a greater number of DC and DB schemes from 2027 onwards.

5. KEY MESSAGES – REGISTERED ADMINISTRATORS (RAS)

The statutory responsibilities of RAs include the preparation of the trustee annual report, the preparation of member benefit statements, maintenance of member records, and submission of certain data to the Authority. However, most RAs provide additional administrative services to schemes, including reconciling and processing monthly member and employer contributions, onboarding new members, processing fund switches, payment of retirement benefits and transfer values, providing member online portal access and handling member queries and complaints.

It is imperative that the RAs IT infrastructure is sufficiently capable to manage the administrative requirements for large schemes with large quantities of member data. The Authority continues to encounter administrative issues and errors arising from outdated legacy IT systems with weak internal control frameworks.

Trustees have a duty of care to members in respect of the quality of scheme administration, and the administrator is usually the main interface between the trustees and the membership. Administrators must ensure that the data they provide to trustees is sufficient to allow them to monitor the administration process, ensure that services are being delivered in line with SLAs, meet their reporting obligations and identify any concerns arising at an early opportunity. This includes providing detailed information of SLA and compliance breaches and member complaints and any late or non-remittance of contributions to the scheme.

6. KEY MESSAGES – PRSAS

The Authority shares responsibility for the approval of new PRSA products with Revenue. This is a critical aspect of our supervisory oversight of PRSAs, as it ensures that the PRSA product complies with the provisions of section X of the Act before it is marketed to PRSA contributors.

Whilst the assessment of the Annual Report and Determination submissions will continue to be a vital source of data for the Authority with regards to PRSA supervision, due to the increased level of assets under management in PRSAs, all products will be subject to enhanced supervision by the Authority going forward.

PRSA providers can expect increased engagement from the Authority in 2026.

Annual report and determinations

The submission of PRSA annual reports and determinations (as required under section 119 of the Act) by PRSA providers and PRSA actuaries is showing a year-on-year increase in minor compliance breaches by PRSA providers. This indicates that there is a lack of robust controls and mitigation measures to prevent such breaches.

Where the Authority identifies significant areas of concern in relation to the products a particular PRSA provider manages, the standard practice is to apply an enhanced due diligence review programme to those PRSA products and the PRSA provider. Typically, this will involve the provision of a monthly service report to the Authority until the Authority is satisfied that all issues raised have been adequately addressed. One PRSA provider and its products was subject to an enhanced due diligence review in 2025 due to a significant increase in the breaches reported in their annual report and determination that pointed to systemic issues within the provider.

Compliance checks of product specification

In 2025, the Authority engaged with all PRSA providers to gather their product specification documents for each PRSA product that they provide. This document contains key details about the features of the PRSA and how it operates. The Authority is analysing these product specifications to ensure the fees and charges are, as published on the Authority's website but also to ensure that the product is operating as approved. This review is ongoing and all PRSA providers can expect to hear from the Authority during 2026.

Appendix

Examples of most relevant supervisory review findings

Risk issue	Issues identified	Comment
Conflicts of interest	<p>Significant potential conflicts of interest have not been adequately identified or addressed in the conflicts of interest policy. Examples include:</p> <ul style="list-style-type: none"> • inadequate identification or disclosure by trustees of their interests or relationships. • failure to identify conflicts in respect of service providers. • potential issues arising from services provided by companies related to each other. • investment or administration critical reviews prepared by the relevant service provider. • individuals or firms fulfilling multiple roles which can give rise to potential conflicts. <p>Even where potential conflicts have been identified, there is no evidence that possible issues are identified and managed when relevant decisions are being taken.</p>	<p>The Pensions Authority recognises that potential conflicts of interest may exist and that it may not be possible to eliminate them. Nonetheless, these conflicts must be properly identified and documented, the information must be kept up to date, and conflicts must be identified, addressed and appropriately managed within the decision-making process.</p>
Outsourcing	<p>Shortcomings have been identified in the contracts between some trustees and their service providers. These include:</p> <ul style="list-style-type: none"> • Lack of any written contract. • Contracts without any end date or provision for ending the contract. • Excessive restrictions on the trustees' ability to terminate the contract. 	<p>Trustees must ensure that there are written, comprehensive and appropriate contracts in place for all service providers. These contracts must be clear about the services and information to be provided to the trustees and about the standards that will be met by the provider and must not put unjustifiable limits on the trustees' exercise of their responsibilities.</p>

Risk issue	Issues identified	Comment
	<ul style="list-style-type: none"> Inadequate contract provisions, especially in relation to administration, such as lack of specified service standards, inadequate routine information to trustees, shortcomings in reporting obligations in the event of data breaches, dispute resolution, for example. <p>In a number of cases, the review of administration service providers did not identify the criteria used in the evaluation, or make clear how the evaluation decision was arrived at.</p> <p>In some cases, trustees have not set out clear criteria for the appointment or removal of service providers.</p>	
Internal audit function	<p>The Authority has identified cases where the use and management of the internal audit process has not been adequate. Issues have included</p> <ul style="list-style-type: none"> Trustees failing to address shortcomings in internal audit work, including the quality and timeliness of reports. Trustees not adequately addressing issues identified in audit reports Trustees failing to make sufficient use of their internal audit function. 	<p>The Authority recognises that there are a relatively small number of firms acting as internal audit key function holder (IAKFH) for many schemes. This could potentially impact on the delivery of internal audit services to some schemes. The Authority encourages those providing IAKFH services to comprehensively engage with trustee boards on the internal audit programme for the scheme and to ensure that the depth and scope of the internal audit programme is proportionate to the size, nature, scale and complexity of the scheme.</p>
Fees and charges	<p>The Pensions Authority expects trustees to be aware of the charges paid by scheme members and to have a policy for communicating these charges to members and employers. However, in some cases, trustees did not have charges information in respect of some or all of</p>	<p>Trustees are expected to be able to furnish the Authority with details of the charges borne by all members on request, and to demonstrate their communications to members.</p>

Risk issue	Issues identified	Comment
	<p>their members. There were also instances where trustees had not defined their fee communication policy or were failing to abide by it.</p>	
Trustee board procedures	<p>A well-run scheme depends on a well-functioning board of trustees. The Pensions Authority expects to see evidence that the board’s work is well organised, with well-defined procedures and policies which are being followed. Among the issues observed during 2025 are:</p> <ul style="list-style-type: none"> • Failure to clearly record the decisions taken, and failure to monitor the implementation of the decisions. • Delays in making decisions. • Unfinalised or incomplete trustee policies. • Generic policy wording, lacking details of how they will be applied. • No evidence in trustee minutes that policies are being considered or followed. • Concerns that all decisions are being delegated to a single employer director, which is not consistent with the requirement that there be at least two persons who effectively run the scheme. 	<p>Trustee meeting records must provide a clear record of matters discussed, decisions taken and follow-up. The work of the trustee board must be organised to ensure that decisions are taken in good time and that statutory deadlines are met. Trustees should have complete up to date policies that are specific to the scheme and contain adequate detail; board meetings and minutes should demonstrate that these policies are being followed. Trustee boards must be able to demonstrate broad participation in scheme governance and that decisions of the board are not in effect delegated to a single person.</p>
Financial operations	<p>Master trusts are expected to prepare and submit a continuity plan including projections on three distinct bases and to set out in the detail the assumptions used in the projections. Some of the continuity plans lacked projections to the required detail.</p>	

Risk issue	Issues identified	Comment
Risk management and Own Risk Assessment	<p>Risk management is among trustees' most important responsibilities and the Own Risk Assessment is central to that work. The Authority's work has identified shortcomings in this area in a number of schemes:</p> <ul style="list-style-type: none"> • Failure to clearly identify the nature and/or impact of risks in the ORA. • Failure to address external risks adequately • No separate consideration of risks to different classes of members. • Trustees' failure to identify tangible responses to risks. • Inadequate or delayed ORA follow-up. 	
Investment policy	<p>Pension schemes are required to prepare a statement of investment policy principles (SIPP) and a statement of investment governance (SIG). In a number of cases, these documents fell short of what is expected. The most significant issues identified included:</p> <ul style="list-style-type: none"> • For DC schemes, including master trusts, some SIPPs did not include details of all funds in which member assets are invested, including legacy funds. • Trustees had not defined objective and quantifiable measures for risk and return for each fund. • Some SIPPs lacked detail on the strategic asset allocation of investments. • SIGs did not always include information on how investment objectives and the fund choices provided are determined. 	<p>Trustees must set clear investment objectives for return and risk which form a clear basis for investment policy and allow performance against objectives to be measured.</p> <p>For defined contribution schemes, The Pensions Authority expects that SIPPs and SIGs will include all funds in which members are invested.</p> <p>Trustees of master trusts are expected to take action to address any legacy fund issues and ensure that they exercise proper management of all member investments.</p>

Risk issue	Issues identified	Comment
	<ul style="list-style-type: none"> A number of SIGs were too generic and did not provide enough detail about how the governance process would be applied in practice. 	
Investment performance reviews	<p>Annual and three yearly investment performance reviews are an important part of the trustees responsibility for defined benefit and defined contribution schemes. Not all of these reviews are of the standard expected: issues identified included:</p> <ul style="list-style-type: none"> Some reviews lacked detail of the process or did not assess performance relative to objectives. Some schemes did not undertake annual reviews. In some cases, reviews did not include all scheme investments or funds. 	
Investment communications	<p>In defined contribution schemes, it is important that members have appropriate information on the available range of funds to enable them to make informed investment decisions.</p> <p>However, in some cases, the information provided on the funds available was inadequate; in some other cases, the information was not provided for all of the available funds.</p>	
Value for money	<p>Trustees have an obligation to seek good outcomes for members and in defined contribution schemes, value for money is an important issue. However, not all trustees are conducting timely value for money assessments or</p>	

Risk issue	Issues identified	Comment
	<p>providing themselves with information to inform such assessments.</p>	
IT and data	<p>IT infrastructure is critical to ensuring the operational resilience of pension schemes. However, there is some evidence that trustees have not adequately considered cyber-risk within the risk-management framework and are relying on the scheme administrator to mitigate and manage cyber risk and to ensure DORA compliance. Trustees rely on the provision of data from service providers in order to adequately govern the scheme, in particular administration service providers. Trustees must be clear on their expectations of the data they require from service providers and the timeframe for the provision of such data. The Authority has encountered some instances of unacceptable delays in providing administration monitoring data to the trustees.</p>	<p>The trustees must ensure their risk management approach incorporates cyber risk and outsourcing risk and that the appropriate registers, policies and procedures required under the DORA legislation are in place. Trustees must ensure that their administration outsourcing sets out clearly and comprehensively the responsibilities of the provider, including timely and relevant monitoring data. Where the provider does not meet the required standards, the Pensions Authority expects to see the trustees taking immediate and appropriate steps in response.</p>
General communications	<p>The Code of Conduct for Trustees requires trustees to set out in detail in the scheme's written engagement policy the format and frequency of engagement. The policy must contain a commitment to actively engage with members and employers. There must also be documented evidence that the policy is being implemented.</p> <p>Shortcomings observed include:</p> <ul style="list-style-type: none"> • Incomplete or draft communication policies • Lack of trustee engagement with communications other than minimum compliance obligations. 	

Risk issue	Issues identified	Comment
	<ul style="list-style-type: none"><li data-bbox="510 268 1155 336">• Inaccurate or out of date communications to members.	