



PRESS RELEASE

19/12/08

Hanafin moves to ease pressures on Defined Benefit Pension Schemes

Mary Hanafin T.D., Minister for Social and Family Affairs today (19th December 2008) announced further changes to the rules governing defined benefit schemes to enable them to better cope with recent investment losses.

Minister Hanafin said **“the Department of Social and Family Affairs and the Pensions Board are actively monitoring the impact of global financial market developments and the effect of investment losses on defined benefit pension schemes. The current significant funding pressures on pension schemes which reflect the impact of unprecedented developments in worldwide financial markets are a particular concern.”**

Given the seriousness of these developments, the Minister had previously asked the Pensions Board, to take a number of significant actions which include:

- granting additional time allowed for the preparation of funding proposals, as a temporary measure;
- dealing as flexibly as possible with applications for approval of funding plans;

In view of the ongoing difficulties in the investment markets, Minister Hanafin has now asked the Board to implement a number of changes to the supervision of defined benefit schemes. They are as follows:

- The Board will allow longer periods for recovery plans (i.e., greater than ten years), in appropriate circumstances;
- The Board will allow the term of a replacement recovery plan to extend beyond the end date of the original plan where the scheme is part-way through a previous recovery plan but is off track due to investment losses;



Department of Social and Family Affairs

- The Board will take into account voluntary employer guarantees in approving recovery plans;
- To ensure that these extensions are not seen as a weakening of supervision, the Board will reject recovery plans which fail to demonstrate an appropriate investment approach.

The operation of these proposed changes will be reviewed by the Pension Board no later than 1st January 2011.

The Board will publish technical details of the revisions in early January.

Minister Hanafin and her officials are in ongoing contact with the Board on the various issues relating to defined pension schemes and she has asked the Board keep her informed of the effectiveness of these new measures.

ENDS