



Cullen – Strengthening Safeguards For Pension Scheme Members

Minister for Social and Family Affairs, Martin Cullen TD, this afternoon (12 September 2007) visited the **Pensions Board** headquarters to highlight, together with the Board, a new provision which they will now have, to impose where necessary an on-the-spot fine to an employer or pension scheme trustee who is not complying with certain provisions of the Pensions Act.

The Pensions Act sets standards for employers and for trustees of schemes for the provision of occupational pensions and for PRSAs (Personal Retirement Savings Accounts).

Minister Cullen this week signed the Commencement Order to allow the Pensions Board introduce their new on-the-spot system of fines which will come in to effect from 17 September. The on-the-spot fines will not apply to all infringements of the Act, but only to certain and less serious breaches. The level of the fine is €2,000.

Speaking about the purpose of the on-the-spot fines, **Minister Martin Cullen** said: "As I stated in my first visit in July to the Pensions Board, to launch their 2006 Annual Report, it is vital the Board uses its powers to the fullest extent possible to ensure that trustees and employers fully comply with the provisions of the Pensions Act. The Pensions Board is active in encouraging private pension uptake, persuading people to save for their retirement. We need therefore to ensure that when people do take that step and start putting in place their own pension plan that the provisions of the Pensions Act are complied with and that the rights of the scheme member are safeguarded".

Viewing a Pensions Board checklist which will be available to all employers/trustees to remind them of their responsibilities under the Act, Minister Cullen said: "Compliance with any regulated area of activity is imperative if one is to build confidence in and secure stability in that area. In the context of pensions, this is all the more important when one considers that trustees and employers now look after almost €90 billion of retirement savings on behalf of almost 900,000 people who are members of occupational pension schemes or have PRSAs".

Putting the on-the-spot fines in context, Minister Cullen said: "The Pensions Board has been given a new tool here to assist them in their normal process of investigations. Breaching the Pensions Act, an Act that aims to protect pension



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scheme members of this country, is breaking the law. It is inevitable - and employers and trustees of schemes would be aware of this already - that a prosecution will result for employers and trustees if they simply do not comply with the Act. Prosecution procedures will continue to apply for more serious breaches of the Act. However for certain and less serious offences the person alleged to have breached the Act will be given the option of not going to court but instead will be required to remedy the breach and pay a fine. In this regard, on-the-spot fines will provide for a more efficient and proportionate response to less serious breaches of the Act”.

Samples of offences which merit on-the-spot fines include failure by an *employer* to respond to a request by the Pensions Board to confirm and supply the correct documentation/paperwork showing that he/she has either put in place a pension scheme or standard PRSA arrangement for employees with more than six months service or failure by a *trustee* to comply with various requirements in relation to the preparation and auditing of annual accounts.

To access the Pensions Board checklist referenced above see www.pensionsboard.ie

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