



Department of Social and Family Affairs

Social Affairs Minister Announces Full Implementation By Ireland Of Major EU Pensions Directive

Brennan Says NEW IORPs Directive Opens Opportunities For Ireland To Become European Hub For Pension Funds

The Minister for Social Affairs, Séamus Brennan T.D. today announced that his Department has now implemented in full the requirements of the EU Directive on the activities and supervision of Institutions for Occupational Retirement Provision (IORPS).

The IORPs Directive sets out a framework for the operation and supervision of occupational pension schemes in all EU Member States and, equally important, is the fact that it will facilitate pan-European pension arrangements by in time creating a single market in pension funds.

Minister Brennan said that by embracing change and implementing in full the requirements of the Directive, Ireland was now ahead of most other European countries and should be in a position to actively position itself to avail of the opportunities presented by the creation of the single European pensions market.

Minister Brennan, in an address to a conference in Dublin organised by the Chartered Accountants firm JPA Brenson Lawlor, said: "I know it is the objective of the Government that Ireland should take advantage of its leading role in implementing the Directive and strive to establish this country as one of the major centres in Europe for the centralisation of pension funds. If Ireland is to become an EU hub for such commercial activity, pragmatic and flexible implementation of the IORPs Directive will be a key factor. In other words, for Ireland to be regarded as a leader in this area, it will be necessary to provide the right regulatory and tax environment in order to fully capitalise on the opportunities as they emerge".

The Minister said that the move towards the creation of a single market for pension funds will be of particular interest to multi-national companies with operations in a number of EU Member states. He said his principal aim in ensuring full implementation of the requirements in the Directive was to ensure that the



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implementing legislation would be pragmatic and minimise the compliance burden on pension schemes.

Minister Brennan said that the Directive will, as time goes by, alter the pensions landscape with likely changes in areas such as the consolidation of investment services and the consolidation of pension services such as actuarial, legal, benefit consulting, benefit administration, accounting and compliance.

He said it is generally accepted internationally that going forward there will be a very large build up of assets in pension schemes to meet the retirement needs of an ageing and increasingly affluent population. The current position is that occupational pension provision is made on a national basis, country by country. The IORPs Directive represents a real step forward towards the roll-out of a pan-European pension arrangement.

“Of course it has to be accepted that there are complications to be ironed out along the way, probably the most notable being the requirement to comply with both home and host state regulations. However, complications such as these should not be allowed detract from the eventual prize of a one fund vehicle into which contributions may be made directly by individuals in a number of jurisdictions, without adverse tax or legal consequences”, the Minister said.

Minister Brennan said that while it is difficult to predict when we might see “true” pan-European pension arrangements and the exact types of pension vehicles that are required, he intended to fully engage with interested parties to establish whether, as we progress towards that eventual goal, there may be other suitable pension arrangements and services that Ireland’s pension industry can provide.

“For example, it is possible that immediate opportunities for Ireland will lie in providing efficiencies to multi-national players. In this regard, one of the most significant areas for rationalisation is in asset management and the economies of scale that can be achieved through the creation of large cross border asset pools. Therefore the first phase of the development of this new business area is likely to be the pooling of Pension Funds assets, and here Ireland must work hard to establish itself as a major player”.



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The Minister said this country already has an impressive track record, developed over the last 10 years, of being one of the leading Mutual Funds Administration Centres in Europe. Latest statistics show that with some 40-plus international funds administrators and 20-plus global custodians, there is currently almost €700 billion Mutual Funds assets being serviced in Dublin. When you take into consideration that Pension Funds assets are quite similar to Mutual Funds assets, and can be serviced similarly and if need be by the same service providers, then it is clear how well placed Ireland is to strive for a share of the new pan-European pension business.

This, coupled with the teams of experienced accountants and lawyers available to advise companies, further enhances Ireland reputation at this time of exciting opportunities in the pensions industry.

However, Minister Brennan said it would be a little foolish if Ireland was to sit back in the expectation that the business will automatically come to these shores. There are other countries, most notably the UK and Luxembourg, who also have a high level of expertise in this area.

He said this is why the Government has established a Pan European Task Force, representative of the Pensions Industry, service providers, technical advisers and the relevant Government Departments under the Clearing House Group which, as many of you will be aware, is responsible to the Taoiseach's Department for IFSC policy development.

In addition, the Industrial Development Authority (IDA) is also extremely active, establishing a section within its International Financial Services Division with responsibility for the marketing and development of Ireland as the prime location of choice for a centralised pan-European pensions industry.

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