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Department of Social Protection**

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**Minister for Social Protection Announces a Study into
Pension Charges in Ireland**

Joan Burton TD, Minister for Social Protection, today (14th October) announced that her Department is initiating a study with the Pensions Board and the Central Bank on the level of pension charges and expenses associated with different forms of private pension arrangements.

Minister Burton said that “the Government decided to instigate this study because of concerns that pensions schemes and their members have in relation to the level of charges applied to their scheme and the lack of transparency around some of these charges.”

The study will include the following types of pension arrangements:

- Funded defined benefit pension arrangements (regulated by the Pensions Board);
- Defined contribution occupational pension schemes (insured and non-insured) (regulated by the Pensions Board but administered, in many cases, by insurance companies regulated by the Central Bank)
- Retirement annuity contracts (provided by insurance companies regulated by the Central Bank)
- Personal Retirement Savings Accounts (PRSAs) (regulated by the Pensions Board and provided by insurers and other authorised providers).

The focus will be on those charges or expenses that have the effect of reducing members’ or employers’ contributions or investment returns. So, the scope will include any charge affecting the quantum of members’ and employers’



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contributions invested (contribution charges) and on the value of members' assets once invested (including administration charges, fund management charges, fund transfer fees, exit charges). Information on charges by third party providers such as fees in respect of actuarial and legal advice and scheme administration costs will also be collected.

The study will include a survey of the providers and the consumers of pension services.

Following a tendering exercise, the Department is engaging PWC to conduct the survey and Minister Burton said that she expects "all of those selected to participate to provide comprehensive replies to the survey."

The Minister said: "It is important that people and schemes know what charges are being paid and what they are getting for those charges. This study will provide comprehensive information on the categories of charges applying across and within scheme types."

The outcomes will be central to informing the debate and determining whether any further measures are required. Initial results are expected by December 2011.

The Minister also announced that the Pensions Board will shortly re-introduce the existing Funding Standard, with suitable lead in time for schemes to prepare and submit proposals, and guidance on sovereign annuities. Other changes to be introduced include plans for changes to Defined Benefit pension provision that will be legislated for in 2012.

ENDS



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Note to Editors:

Sovereign Annuities

A sovereign annuity is new type of annuity policy where payments under the policy will be directly linked to the proceeds of Euro denominated bonds issued by any EU Member State. Legislation was introduced to give the option to scheme trustees to meet their obligations to scheme pensioners and use such annuities to reduce their liabilities under the Funding Standard