



## **MINISTER HANAFIN LAUNCHES PENSIONS BOARD ANNUAL REPORT 2007**

### **1 November 2008 announced as deadline for pension scheme administrators to register with the Board**

#### **Tuesday, June 24, 2008:**

Today the Minister for Social and Family Affairs, Ms. Mary Hanafin TD, formally launched The Pensions Board, Annual Report and Accounts 2007.

Speaking at the launch the Chief Executive of the Pensions Board, Mr. Brendan Kennedy, "welcomed the initiative that will require all pension administrators to be registered with the Board from 1 November 2008. This will result in more effective and efficient supervision of pension schemes."

Much of the Board's regulatory powers apply to the trustees of occupational pension schemes. This is appropriate given the significant assets for which trustees have responsibility. Trustees perform an important function in looking after pension savings, usually for and on behalf of their colleagues. This new regulation will provide important support for trustees who can be confident that those they employ to carry out significant compliance tasks on their behalf are independently supervised and capable of performing the work to a reasonable standard. Regulation of administrators will also make an important contribution to the efficiency of the Board's regulatory efforts.

During 2007 the supervisory units of the Board were reorganised and new supervisory priorities were put in place. The Board regard these changes in operational focus as being of critical importance. Almost all of this work takes place by direct communication with pension schemes, employers and providers, and prosecution is normally only as a last resort. The Board welcomed the granting in September 2007 of the powers to levy on-the-spot fines for certain prescribed offences.

"These offences are not new and were already classified as offences under the Pensions Act. These fines offer an alternative to criminal prosecution for trustees and employers, and represent a more efficient use of Board resources and time. The first use of these powers in early 2008 satisfied the Board of the effectiveness of this approach," said Brendan Kennedy.



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Mr. Kennedy continued, "2007 was an extremely challenging but positive year for the Pensions Board. Our regulatory activity now covers the pensions of over 800,000 active scheme members, almost 100,000 occupational pension schemes, over 130,000 PRSAs, and approximately €80 billion of assets. Investment returns in 2007 for most pension schemes were disappointing and most schemes have seen the value of their assets fall in early 2008, reflecting losses in worldwide investment markets. As pensions are long-term savings, it is inevitable that there will be times of investment losses or uncertainty. It is important that scheme members are provided with adequate and understandable explanations of investment choices and risks. The Board recommends that lower risk options be made available to members as they approach retirement and favours well-designed default investment options for all members."

In October 2007 the Government published the Green Paper on Pensions. This important document is a comprehensive review of all the Irish pension issues. It sets out the demographic situation and sustainability issues and the options that we might consider for adequate future pensions provision. The public consultation process on the Green Paper was completed in May 2008.

"Provision of adequate pensions is a critical national issue for the future of the people of Ireland. The Board has played an integral part in informing and contributing to the pension debate to date and I have no doubt that it will continue to play its full role in this important process," said Pensions Board Chairman, Tiarnan O Mahoney.

Overall, the Board, through its ongoing National Pensions Awareness Campaign and its general information services, continues to make progress in raising the levels of public awareness of pensions and pension adequacy.

The Report is available on [www.pensionsboard.ie](http://www.pensionsboard.ie).

**ENDS**



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### **Editor's Notes:**

#### **Highlights of 2007**

- There was a total active membership of 800,398 in occupational pension schemes on the Board's register, up from 777,653 in 2006.
- Of the 464 actuarial funding certificates submitted to the Board, 81% of defined benefit schemes satisfied the funding standard compared to 70% at end 2006.
- The total number of PRSA contracts was 130,709. The total value of assets amounted to €1.25 billion, an increase of over 50% in the value of assets held at end 2006.
- The Board brought a total of four successful prosecutions in 2007 against employers for failure to respond to its request for information in respect of their mandatory employer obligations under PRSAs.
- On-the-spot fines were introduced to provide an alternative to the prosecution of certain offences under the Act.
- The Pensions Board published a Report on Trusteeship in February.



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- Policy developments included:
  - contributions to the Green Paper on Pensions and the Partnership Pensions Review Group
  - preparation of the pension provisions for the draft 2008 Social Welfare and Pensions Bill, including enabling the registration and audit of the administrative activities of pensions administrators
  - publication of a booklet on Hybrid pension schemes (in fulfilment of a commitment under the Towards 2016 social partnership agreement) and provision of other guidance
  - development of new data sources, including assisting in the preparation of a full module of the National Employment Survey
  - contribution to European policy issues, particularly the solvency debate
- The National Pensions Awareness Campaign included National Pensions Action Week in March which targeted young people, and a campaign leading up to the tax-filing deadline in October, focused on adequacy issues and the self-employed.
- Over 10,000 pension enquiries were dealt with and 450,583 visits were made to the website compared to 250,000 in 2006, an increase of 80%.
- New information booklets 'Pension Scheme Funding and Restructuring' and 'Trustee and Employer Checklists' were introduced.
- The Board's legislation service was outsourced to an external on-line service provider [www.betterregulation.com](http://www.betterregulation.com) with effect from 1 January 2007.