



Submission form

Consultation on financial management guidelines for defined benefit schemes

Please type your responses into this form

Send your submission by Tuesday 30 September 2014
and any attachments by email to: dbfunding@pensionsauthority.ie

or by post to:

Funding and Actuarial Services
The Pensions Authority
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28-30 Lower Mount Street
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| No: | Questions |
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| 1 | <p>Have you suggestions on how we could improve the guidelines?</p> <p>The Guidelines are quite clear. We feel it should be stressed that the guidelines are setting out minimum standards. We would be concerned if any trustees operating to a higher standard felt that they had to change their practice to fall into line with the guidelines. In our experience, among our members, we would expect that most schemes already operate to higher standards than those</p> |



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| | <p>suggested in the guidelines. The guidelines should make clear that the circumstances of the scheme might make it prudent to operate at a different level. For example, we would expect that a scheme that is not meeting the funding standard would review asset values more frequently than annually.</p> |
| 2 | <p>Does the level of guidance included in the guidelines provide sufficient detail to assist trustees in the financial management of their schemes? Do the guidelines include sufficient practical guidance on the standards of financial management of DB schemes that the Authority expects? If not, can you suggest additional guidance?</p> <p>There could be greater clarity in some areas. For example, under the heading “2. Governance” it states that there should be regular trustee meetings. A minimum number could be suggested. The Trustee Handbook states that there should be, at an absolute minimum, one a year. We also think it would be useful to refer to the requirements for trustees to be trained and keep themselves up to date on current developments. There is a lot of information and education that trustees can access through their advisers, the Authority and organisations such as the IAPF and they should be encouraged to do so in order to keep their skills and expertise up to date.</p> |
| 3 | <p>Is the approach to risk management set out in the guidelines useful? If not, why not? Do you have an alternative approach to risk management for DB schemes?</p> <p>The approach is useful and the issues set out in Section 4 “Analysis” are a useful guide for trustees.</p> |
| 4 | <p>Do you agree that we have set out clearly what actions are expected of trustees in relation to risk management and internal controls?</p> <p>Some areas are less than clear, although this probably reflects some of the practical difficulties faced by trustees. The guidelines suggest trustees regularly discuss the sustainability of the current contribution rate with the employer. Obviously this depends on the ability and/or willingness of an employer to pay or make general commitments to the scheme. Trustees do not have a lot of powers in this area and recent court cases have highlighted the difficulties they can face.</p> |
| 5 | <p>The Authority is considering whether to prepare practical tools such as sample risk matrices and case studies. Would you find that useful? Would you be prepared to participate in a working group to prepare such tools?</p> <p>We believe this would be useful and would be happy to partake in a working group.</p> |



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| 6 | <p>Are there any issues not mentioned in the guidelines which should be?</p> <p>The issues already mentioned about trustees keeping their knowledge and skills up to date.</p> |
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