

Pensions Authority Update

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IAPF DC Conference 18 May 2022





Agenda

- Landscape Overview
- IORP II and Code of Practice for Trustees
- Supervisory updates
- Compliance deadlines
- Key messages from the Pensions Authority





Landscape Overview

- Approximately 150,000+ OPS in Ireland – majority are small one member arrangements (OMAs, many of which are inactive)
- Effective supervision and achieving value for money challenging
- Consolidation – Government Roadmap 2018-2023
- Consolidation – Pensions Authority strategic objective 2022-2024



- IORP II – Watershed for Irish pensions schemes
- Significantly enhanced obligations for trustees with focus on governance and risk
- Cost and resources required to meet new requirements unlikely to be feasible for majority of schemes
- Master trusts of systemic importance as key vehicles to deliver better member outcomes
- Authority's goal – less than 200 DC schemes by 2027





IORP II

- Extensive new obligations imposed on pension scheme trustees with a focus on governance and risk
- Requirement on Pensions Authority to supervise in a forward looking and risk based manner
- Fitness and Probity – knowledge, qualifications and experience of those involved in running pension schemes
- Internal controls and key function holders (RKFH and IAKFH)
- Own risk assessment (ORA)





Code of Practice for Trustees

- Code issued under Section 10(1)(c)(i) of the Pensions Act
- Sets out the Authority's expectations for the conduct and practice of trustees of occupational pension schemes to meet their obligations under the transposing legislation
- Not intended to prescribe how to comply with every requirement under legislation. It provides further explanations, where necessary, to comply with specific requirements
- Updated and adapted over time in response to the findings of the Authority's supervisory activities and market developments
- Chapter with additional requirements for DC Master Trusts





Supervisory update - PBS

Pension benefit statement (PBS)

- Schemes must make a PBS available not later than 31 December 2022
- Practical compliance issues for trustees and RAs
 - Re-programming of administration systems
 - Awaiting guidance on assumptions for benefit projections
 - Inclusion of deferred members for the first time
- The Authority will issue guidance on the assumptions for benefit projections in July 2022
- The Authority will not require a PBS in 2022
- A PBS will be required in 2023 with an effective of 1 January 2023 or later
- Trustees/registered administrators must continue to provide annual benefit statements and (for DC schemes) SORPs until they issue a PBS





Supervisory update - Electronic Comms

Electronic communications

- Trustees can provide information to members or beneficiaries using electronic methods
- Trustees must comply with the requirements of the Electronic Commerce Act 2000 (ECA)
- The ECA requires recipients' consent to the receipt of the information electronically
- The trustees need to determine how they comply with the ECA requirements
- ECA does not specify what type of consent is required from members to receive information electronically (i.e. active or passive consent)
- The Authority's view is that trustees should have regard to the specific profile and experience of their own scheme membership when deciding what type of consent is most appropriate





Supervisory update - ACS

Annual Compliance Statement (ACS)

- Trustees must complete ACS each year not later than 31 January for the preceding calendar year
- For 2022 ACS (to be completed by 31 January 2023):
 - No change to the information in the ACS – same as 2021 ACS
 - No requirement to submit it to the Authority – same as 2021 ACS
- The Authority will carry out sample audits to check that trustees have completed their ACS
- Failure to prepare the ACS may amount to an offence liable to prosecution
- The Authority is currently developing systems to allow trustees to register and to digitally submit the 2023 ACS





Supervisory update – Regulated Markets

Regulated markets

- The definition of ‘regulated markets’ in the Pensions Act has created difficulties in relation to the non-EEA investment holdings of schemes
- This issue is being examined by the Authority
- The Authority understands that schemes may decide to defer consequent investment or related decisions until this matter is resolved





Other items



EIOPA stress test 2022 launched - April

- 28 schemes selected: 24 DB (60% of total DB assets) and 4 DC (with assets over €500m)
- Participation is mandatory for selected schemes
- Deadline for submission of data to Authority is 13 June 2022



Guidance for master trusts - May/June

- Further guidance will be issued in week of 30 May in response to queries raised with the Authority



Survey of DB and DC schemes - June

- Purpose is to assess schemes' progress since the original survey on IORP II preparedness conducted in 2020
- The survey will be sent to selected DB and DC schemes using a digital survey platform providing anonymity for respondents
- The findings will be published on the Authority's website in September 2022





Reminder of Compliance Deadlines



From 1 July 2022, all obligations under the Act apply to

- Master trusts – schemes with unrelated participating employers
- One-member arrangements set up on or after 22 April 2021, and
- Any new scheme established on or after 1 July 2022



From 1 January 2023, all obligations under the Act apply to all other schemes and trust RACs, with the exception of

- One-member arrangements established prior to 22 April 2021 which need to comply by 22 April 2026





Key Messages



Pensions Authority's focus is compliance and consolidation – 200 DC schemes
Master trusts of systemic importance due to consolidation agenda
Post July – focus on master trusts and new OMAs



IORP II Obligations
Code of Practice for trustees
Further legislation expected



Good member outcomes must be the focus
All schemes can expect more intrusive, extensive and qualitative supervision



QUESTIONS

