



## **IORP II Update**

The European Union (Occupational Pension Schemes) Regulations 2021 (S.I. 128 of 2021) (the Regulations) were signed into law by the Minister for Social Protection, Heather Humphreys, on 22 April 2021.

With the exception of Single Member Schemes there are no derogations.

Single Member Schemes get a 5 year derogation on most of the new rules, with the following exceptions:-

- Any assets, including borrowing in place before the 22<sup>nd</sup> April will not be subject to any new rules.
- No borrowing permitted after the 22<sup>nd</sup> April.
- All investments made after the 22<sup>nd</sup> April are subject to the new rules.

### **IORP II - Recap**

IORP II sets minimum standards for the management and supervision of pension schemes in order to protect the entitlements of members and beneficiaries and introduces many new obligations on Irish pension schemes including:

- minimum qualification and experience standards for trustee boards;
- the appointment of key function holders for risk management, actuarial and internal audit;
- requirement for written policies on risk management, internal audit, remuneration and, where relevant, actuarial and outsourced activities;
- standards for internal controls, administrative and accounting procedures, contingency plans;
- communications and information to be provided to active members, prospective members, deferred members, those nearing retirement and pensioners.

IORP II also requires the Pensions Authority to adopt a forward-looking and risk-based approach to supervising pension schemes and to intervene where the interests of members are believed to be under threat.

### **What happens next?**

Following the transposition of IORP II, the Pensions Authority have advised that they are reviewing the detail of transposition and will provide further information and guidance over the coming weeks and months as follows:

- An overview of the key themes of transposition including how the Authority will oversee IORP II compliance and the effect of derogations and transitional periods. This will be published in the week commencing 10 May 2021.

- A draft code of practice which will set out what the Authority expects from regulated entities to meet their obligations under IORP II including specific information in relation to defined benefit schemes. This draft code will be open to public consultation for an eight-week period and will be published in the week commencing 19 July 2021.
- A final code of practice on what the Authority expects from regulated entities to meet their obligations under IORP II will be published in the week commencing 15 November 2021.

As more information and clarity becomes available we will continue to communicate the nature of the changes and what action trustees and Scheme sponsors will need to ensure compliance with the new regulations.

For some schemes the new regulations may be too onerous and they may look to an alternative solutions such as the APT Master Trust which undertakes all of the governance and fiduciary responsibilities on behalf of the sponsoring employer.

**If you have any questions on this update please contact either**

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