

# PENSION AUTHORITY ISSUES SUPERVISORY UPDATE

MAY 2022



**APT Workplace Pensions Limited**

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## **Pension Authority issues supervisory updates.**

Ms Grace Guy of the Pensions Authority addressed the IAPF DC Conference and issued a supervisory update on a number of areas under the IORP II Directive and Code of Practice for Trustees.

In her address Ms Guy referenced the IORP II Directive being a watershed for Irish pension schemes and the significantly enhanced obligations for trustees that the Directive has brought. The Pensions Authority believe that the cost and resources required to meet the new requirements are unlikely to be feasible for the majority of scheme and that Master Trusts are of systemic importance to deliver better member outcomes. The goal of the Pension Authority is to have less than 200 DC schemes and again less than 200 DB scheme by 2027.

### **1. Personal Benefit Statement**

The changes to the Pensions Act introduced by the IORP II Directive requires that schemes must make the Personal Benefit Statement (PBS) available not later than 31 December 2022. The Authority has identified a number of practical compliance issues for trustees and Ras in meeting this deadline, these include:-

- Re-programming of administration systems
- Awaiting guidance on assumptions for benefit projections
- Inclusion of deferred members for the first time

The Authority have advised that they will issue guidance on the assumptions for benefit projections in July 2022 and consequently will not require a PBS to be issued in 2022.

A PBS will need to be produced in 2023 with an effective of 1 January 2023 or later.

Trustees/registered administrators must continue to make annual benefit statements and (for DC schemes) SORPs until they issue a PBS.

### **2. Use of Electronic Communication**

The Pensions Authority has confirmed that trustees are permitted to provide information to members or beneficiaries using electronic methods in accordance with section 2(8) of the Act. In doing so, they need to comply with the Electronic Commerce Act 2000 (the ECA).

The ECA requires recipients' consent to the receipt of the information electronically. The Pensions Authority confirms that trustees are responsible for determining how they comply with the ECA requirements and 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.

### **3. Annual Compliance Statement (ACS) 2022**

Trustees must prepare the 2022 ACS not later than 31 January 2023 in accordance with section 26T of the Pensions Act. The 2022 ACS form will remain unchanged from the form used for the 2021 ACS.

Trustees will not be required to submit the 2022 ACS to the Authority in 2023. However, the Authority will carry out sample checks and audits of this obligation as part of its ongoing supervisory activity. Trustees are reminded that a failure to prepare the ACS may amount to an offence liable to a prosecution.

The Authority is currently developing its systems to enable trustees to make a digital submission of the ACS. Trustees will be required to digitally submit the 2023 ACS to the Authority in February 2024. Further details on registering for the digital submission of the ACS will be issued in due course.

#### **4. 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 Pensions Authority. The Authority understands that schemes may decide to defer consequent investment or related decisions until the Authority has concluded its examination.

#### **5. Other items**

##### **a. Guidance for Master Trusts**

The Pensions Authority will issue further information for master trusts in the week commencing 30 May 2022. This information is in response to queries raised directly with the Authority by trustees, founders and service providers of master trusts.

##### **b. EIOPA stress test 2022**

On 4 May, the Authority sent letters to trustees of the Irish schemes falling within the scope of the 2022 EIOPA stress test exercise to highlight the requirement to provide information to the Authority in accordance with section 156 of the Act.

The EIOPA reporting templates must be completed in full by selected schemes and submitted to the Authority by 13 June. The Authority is the direct contact point for participating Irish schemes and all queries and completed templates should be emailed to [international@pensionsauthority.ie](mailto:international@pensionsauthority.ie).

##### **c. Survey of DB and DC schemes**

The Pensions Authority have advised that they will be conducting a short survey of a selection of DB and DC schemes in June 2022. The purpose of the survey is to assess schemes' progress since the original survey on IORP II preparedness was conducted in 2020. The Authority will collect survey data anonymously using a digital survey platform. The findings will be published on the Authority's website in September 2022.

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

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