



An tÚdarás Pinsean  
The Pensions Authority

# THE PENSIONS AUTHORITY ANNUAL REPORT AND ACCOUNTS 2014

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[www.pensionsauthority.ie](http://www.pensionsauthority.ie)

# CONTENTS

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Chairwoman’s statement.....	2
The Pensions Authority .....	4
Meeting the Authority’s goals .....	5
Committees of the Authority .....	8
Running an efficient organisation .....	9
The Pensions Authority staff .....	10
<b>FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 .....</b>	<b>11</b>
Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas .....	12
Statement of Authority responsibilities.....	13
Statement on internal financial control.....	14
Statement of accounting policies .....	15
Income and expenditure account.....	17
Balance sheet.....	18
Cash flow statement .....	19
Notes to the Financial Statements.....	20
<b>Appendix I Committees of the Authority .....</b>	<b>28</b>
<b>Appendix II Regulation .....</b>	<b>29</b>
<b>Appendix III Key performance indicators .....</b>	<b>31</b>
<b>Appendix IV The Pensions Authority prosecution convictions in 2014 .....</b>	<b>32</b>
<b>Appendix V Membership of occupational pension schemes and Personal Retirement Savings Accounts.....</b>	<b>33</b>



# CHAIRWOMAN'S STATEMENT

2

I am pleased to present the Annual Report and Accounts of the Pensions Authority ("the Authority") for the year ended 31 December, 2014 in accordance with Section 23(2) of the Pensions Act, 1990, as amended. This annual report outlines the progress that the Authority has made over the past year.

The Pensions Authority published its Annual Review of 2014, giving an overview of activities for 2014 and a forward look for 2015 on 14 April 2015. The Review provides an account of the main regulatory activity of the Authority during 2014 and also provides a forward look to key issues that are on the pensions landscape for 2015. The review is available on the Authority's website<sup>1</sup>.

The Authority successfully completed its transition to the Pensions Authority early in 2014. This was an appropriate opportunity for the organisation to examine the range and depth of our activities with an eye on efficiency and effectiveness. The outcome has been a widening of the range of our supervisory activities, an increased focus on practical proposals for pensions reform and an increase in the guidance provided for scheme trustees, especially in the areas of governance. This process will continue as part of the full review of our current strategy in the second half of 2015 culminating in the development of a new strategy for the organisation, and will encompass a review of the areas in which the organisation is involved, our supervisory approach and our policy development.

The Authority supervises compliance with the Pensions Act by scheme trustees, PRSA providers, Registered Administrators and employers representing some 150,000 schemes with over 730,000 active members holding more than of €80 billion in investment assets and over 226,000 individual PRSA contracts with over €4.6 billion in investment assets<sup>2</sup>.

## Regulatory activity

The regulatory activity of the Authority during 2014 was wide ranging. In keeping with the re-examination of our activities, the range of regulatory initiatives was increased in order to examine a wider range of compliance issues. This decision was based on our analysis of the degree and nature of non-compliance and the development of new regulatory interventions that addressed the potential issues identified. This approach of fine tuning our regulatory practice, based on analysis and gathering intelligence from the market, will continue into 2015.

The number of new formal investigations at 75 almost exactly equalled the number closed. As in previous years, most of these investigations are concerned with alleged failure of employers to remit pension contributions to their pension scheme. Despite the improving economic environment, the volume of these cases is not falling. These represent a very small proportion of the number of employers sponsoring occupational pension schemes, but obviously for the people concerned they can represent significant losses and an important betrayal of trust, and we will continue to make this work our highest priority.

In 2014, 30 prosecutions cases were concluded. The Authority secured convictions in 19 cases. Defendants received the benefit of the Probation Act in five other cases and a further six cases were struck out due to payment of arrears<sup>3</sup>.

We regard this as a successful prosecutions practice which is designed to right the wrong, where possible, but also to deter others from attempting something similar. Our regulatory activity relies on the inspections we carry out but also on whistleblowers who bring our attention to issues by supplying evidence of possible wrongdoing. We are grateful to those whistleblowers who

<sup>1</sup> [http://www.pensionsauthority.ie/en/News\\_Press/News\\_Press\\_Archive/Annual\\_Review\\_2014\\_and\\_2015\\_forward\\_look\\_report.pdf](http://www.pensionsauthority.ie/en/News_Press/News_Press_Archive/Annual_Review_2014_and_2015_forward_look_report.pdf)

<sup>2</sup> See Appendix V

<sup>3</sup> See Appendix IV

allowed us to investigate cases and to attempt to put the situation right.

The Authority provides a set of annual monitoring indicators that measure activity and outputs as well as a set of outcome-focused key performance indicators<sup>4</sup>.

### Policy and guidance

The policy work of the Authority in 2014 was informed by what we have learned from our regulatory work and from our communications with those involved with pensions. In keeping with the re-examination of the focus of our work, the year was marked by a number of important pensions reform initiatives which will continue in future years.

Related to these policy initiatives is a significant increase in the guidance to pension scheme trustees and model document initiatives. This work sets out useable templates and examples for trustees of what they should do in order to be compliant with their obligations.

### Managing the organisation

The financial statements of the Authority show a surplus for 2014 of €147,000 compared to a budgeted deficit of €800,000. The planned deficit was a continuation of the result of the 2011 reduction in fees for occupational schemes, which the Authority decided to do recognising the hit most pensions schemes had take through the recession and to take steps to reduce its balance of accumulated cash on deposit which has built up over the last decade. The better than expected outcomes for 2014 are a result of a number of factors: staff numbers were lower than expected as a result of delays in filling vacancies as they arose, the

Authority spent less than anticipated on outside consultancy, and fee receipts were ahead of expectations. The latter is a welcome development.

### Support for the Authority

Once again, we have benefited from a very good working relationship with our colleagues in the Department of Social Protection, and we are very aware of how important that relationship is to achieve our joint objectives. My sincere thanks are therefore due to the Minister and her officials.

Finally, I would like to thank the Executive of the Authority for their hard work, their expertise and their commitment, the members of the Finance and Audit Committee for their governance assurance role and my colleagues in the Authority for their unstinting input and judgement.



Jane Williams  
Chairwoman

<sup>4</sup> See Appendix II and III

# THE PENSIONS AUTHORITY

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The Pensions Authority is a statutory body comprising an independent chairperson appointed by the Minister for Social Protection and two ordinary members. The term of office for Authority members is five years.

The Pensions Authority members are:

Ms Jane Williams (Chairwoman)  
 Managing Partner  
 Sia Partners

Ms Anne Vaughan  
 Deputy Secretary  
 Department of Social Protection  
 (Representative of the Minister for Social Protection)

Ms Ann Nolan  
 Second Secretary  
 Department of Finance  
 (Representative of the Minister for Finance)

Dr Orlaigh Quinn, Assistant Secretary, Department of Social Protection (Representative of the Minister for Social Protection) was a member of the Authority from 7 March 2014 to 12 May 2014 and resigned on 12 May 2014 following her move to the Department of Public Expenditure and Reform. Ms Anne Vaughan, Deputy Secretary, Department of Social Protection was appointed by the Minister on 14 May 2014.

The Pensions Authority held seven meetings since its formation in March 2014 up to end December 2014. There was 100% meeting attendance by all Authority members in 2014.

Between 1 January 2014 and 7 March 2014 there were no meetings of our predecessor, The Pensions Board.

## **The transition to the Pensions Authority**

The Tánaiste and Minister for Social Protection, Joan Burton, T.D. signed the commencement order with effect from 7 March 2014 for the Pensions Authority as provided for under the Social Welfare and Pensions (Miscellaneous Provisions) Act 2013. The Pensions Authority, as the successor organisation to The Pensions Board (1991-2014), retained the legislative responsibilities as set out in the Pensions Act 1990 (as amended).

# MEETING THE AUTHORITY'S GOALS

The principal objective of the Authority is to support a sustainable pensions environment that will provide adequate and reliable pensions for retired and older people and that achieves wide coverage. The Authority aims to achieve this by:

- supporting the interests of members of occupational pension schemes and personal retirement savings account holders through effective regulation by supervising the operation of pension schemes and PRSAs
- providing relevant information and guidance to the public and those involved with pensions
- supporting the Minister and the Department of Social Protection, and other Government Departments, through high quality policy advice and technical support.

In order to achieve these goals and to make best use of the resources provided to the Authority, we must ensure that the organisation is run efficiently and effectively.

## Safeguarding the interests of members through effective regulation

The Authority's regulation work is determined by its risk priorities, which ensure that the focus of attention will be on potentially more serious breaches.

The Authority's risk priorities are:

1. scheme or PRSA assets or contributions being misappropriated
2. benefit entitlements being calculated incorrectly
3. defined benefit schemes being funded inadequately
4. inappropriate investment of pension assets
5. insufficient information provided to members.

However, because supervision depends on being able to get the necessary information, cases where those involved with pension schemes fail to abide by their legal responsibilities to provide information to the Authority will always be pursued.

While it can be difficult to provide a quantitative measure of many aspects of the Authority's supervisory work, important statistics on inspections, prosecutions, key interactions with schemes and compliance audits are maintained and activity levels monitored.<sup>5</sup>

The Authority expects to learn of most instances of non-compliance through its own proactive supervisory activity and through information provided by pension professionals. The Authority will continue to respond to and investigate reports or complaints received from members of the public and this continues to be a very important source of information for supervision focus.

## Regulation

Pension fund trustees and PRSA providers are looking after savings on behalf of hundreds and thousands of people. Their obligations are not just to act in minimal compliance with the law but to be active in the best interests of those whose retirement savings they are managing.

The Authority recognises that expectations of regulators have increased. In response to this, our expectations of those we oversee have also increased and will continue to do so. This informs both the scope and focus of our regulatory activity and the policy advice we provide to the Minister for Social Protection on the scope and detail of pension regulation.

Our regulatory oversight comprises both an active response to formal and informal reports made to us of possible breaches of trustee and provider obligations, and proactive examination of compliance, through audits and on-site inspections. This mix of activity provides us with a good understanding of the compliance levels of pensions. These compliance levels have improved over recent years, and can be described as good, but not universal, compliance with minimum legal obligations. However, the Authority is much less satisfied that all scheme trustees are always actively working to achieve the best interests of scheme members.

Our work in 2014 took account of the need to review our activity periodically to ensure that it remains relevant, that we are using our resources to the best effect, and to broaden the scope of our supervision. As a result of this review, we undertook a number of new regulatory actions during 2014, and will continue to keep the mix of our work under review.

<sup>5</sup> See Appendix II

The particular regulatory issues that arose during 2014 are as follows:

- The Authority has found that misappropriation of assets is rare, but there is an unacceptable number of instances of deduction and non-remittance of contributions by employers. In accordance with our risk priorities, instances of potential misappropriation will always take precedence in our regulatory work.
- 30 prosecution cases were concluded. The Authority secured convictions in 19 cases. Defendants received the benefit of the Probation Act in five other cases and a further six cases were struck out due to payment of arrears.
- 75 new investigations were opened into various alleged breaches of the Pensions Act. The alleged breaches varied from deduction and non-remittance of pension contributions to failure to reply to a statutory request for information.
- The Authority carried out 13 onsite inspections out of 150 Registered Administrators (RAs).
- 55 meetings were held with trustees, pension providers and public service administrators to discuss a range of compliance issues.
- 285 schemes were audited for compliance with a particular legislative requirement such as disclosure requirements including provision of leaving service options among other things.
- 14 schemes and their respective trustees underwent a comprehensive review by the Authority of the stewardship and administration of their schemes.
- Proactive oversight of pension schemes and PRSAs is a very important part of the work of the Authority. However, whistleblowers will always play a vital role in enforcement, and it is especially important that professionals fulfil their legal obligations to bring their concerns to our attention. The importance of whistleblowers was highlighted in early 2015 when the Authority on foot of a whistleblow report instigated an investigation into the activities of a corporate trustee company in its capacity as a trustee of a number of occupational pension schemes. As part of this investigation the Authority obtained an Order of the High Court directing the removal of the trustee and a new trustee was appointed in its place by the same High Court Order.
- A further concern that arose during 2014 is the failure by some administrators to submit annual scheme returns by the due date and in some cases the submission of data that is clearly inaccurate. We are treating these issues as a matter of importance, and will take the issues into account when considering applications to renew as Registered Administrators.

- In September 2014 there were 61 DB schemes that were non-compliant with the funding standard obligations. The Authority began the formal statutory process of applying the Section 50/50B powers against these non-compliant schemes, which can result in the trustees being obliged to reduce benefits or wind up their schemes. At end of February 2015, 30 schemes had still not submitted recovery plans to deal with the deficit in their scheme – the remainder had submitted a recovery plan or had begun the process of winding up the scheme. The Authority will continue to engage with these remaining schemes with the objective of achieving full compliance before the end of 2015.
- Pension costs for defined contribution schemes are a continuing concern for the Pensions Authority. There are too many schemes, especially smaller schemes, where the level of costs does not appear to be consistent with the obligations of the scheme trustees to act in the best interests of their members.

#### Information and guidance

The Authority aims to be well known as an accessible, relevant and practical source of information for members of the public, scheme members and PRSA contributors. It is our intention to be the first port of call for those seeking pensions information, and for this information to be of practical help to those seeking it.

We also recognise that our regulatory and enforcement work should be complemented by information services that help those concerned to understand their obligations and guidance on how to meet them.

In 2014, the Authority undertook a number of new initiatives to increase the support for trustees and their advisers and to make clearer our expectation of the governance standards for pension schemes.

Specific activities in 2014 are set out below:

- The Authority dealt with over 10,000 enquiries which is consistent with volumes in recent years. The majority of enquiries relate to matters concerning disclosure of information, trustee duties, preservation, funding standard and PRSAs.
- We have serious concerns about the risk management awareness and practices of many defined benefit schemes. The Authority has published guidance and codes of practice for the financial management of defined benefit schemes, and is initiating a programme of dialogue with the larger schemes in 2015.
- We continue to provide a comprehensive range of free information and guidance material on our website which is updated and amended to reflect changes in pensions'

legislation and regulation. In particular, in 2014 and since, this guidance is being supplemented by a series of governance codes for defined benefit and defined contribution schemes.

- We undertook the publication of a series of model disclosure documents, which provide templates for documents which the trustees are obliged to provide to members. This work is continuing in 2015 and our intention is to have a model document for all member disclosure obligations.
- We regularly attended and presented at public events nationwide with external stakeholder groups. The Authority provides information and educational articles and advertising materials covering all aspects of pensions for the media and a comprehensive range of consumer and industry stakeholders. The Authority regularly deals with direct media enquiries and also seeks media opportunities to promote public discussion of pension issues.

#### Policy advice

The change to the Pensions Authority has not altered our role in providing advice to the Minister and Department of Social Protection, and it is our goal to be a valued source of pension advice and knowledge for the Department of Social Protection and for the Government generally.

In response to the changeover to the Authority, we have re-examined our policy work and have concentrated on providing regulatory policy advice, specific pensions reform proposals and support for policy work of the Department.

Ongoing activity of the Authority includes:

- Providing technical advice and support to the Department of Social Protection.
- Developing proposals for defined contribution reform and simplification of the pensions system, following on from the consultation on the future of defined contribution pensions held in 2013. A paper outlining these proposals was sent to the Department of Social Protection in 2014.
- On 8 January 2015, the Government approved the setting up of an interdepartmental working group to make recommendations on the matter of a universal pension system. The Authority is included in the membership of this working group and is assisting the Department of Social Protection in supporting the work of the group.
- Working with the newly formed Pensions Council of which the Pensions Regulator is a member.
- Continued participation in a project on pension charges which is led by the Department of Social Protection with input from the Authority and the Central Bank.

- Providing technical support to the Department of Social Protection in the negotiations relating to the proposal for an IORPs II Directive.

#### Organisational effectiveness

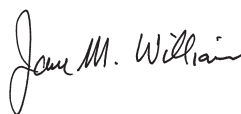
The Authority is wholly funded by fees levied on occupational pension schemes and on PRSA providers. We are aware of our obligation as a public body to be an efficient, relevant and effective agency. It is important that we continuously monitor the relevance and quality of our activities.

The Authority, through the Finance and Audit Committee, oversees the financial and risk management of the organisation, and this is reflected in the audited financial statements. The changeover to the Pensions Authority has been marked by a further increase in all areas of activity, but total expenditure in 2014 is nonetheless lower than in 2013.

The Authority's board maintains oversight of the activities of the Executive against the longer term goals of the organisation and the annual objectives.

The Authority also actively seeks feedback on its activities from stakeholders including the following:

- It monitors the quality of its advice through ongoing contact with the senior management of the Departments of Social Protection, Finance and Public Expenditure and Reform.
- The Authority interacts with and receives feedback from external stakeholders such as the Central Bank and Revenue and through its regular briefing sessions with organisations such as the Irish Association of Pensions Funds, Society of Actuaries in Ireland, Association of Pension Lawyers, Insurance Ireland and other industry related associations.
- Enquiries and public consultations from trustees, scheme members, pensions industry, members' of the public, employer and trade union organisations provide important feedback about the effectiveness of the Authority's activities and often include specific suggestions for initiatives.



**Jane Williams**  
Chairwoman



**Brendan Kennedy**  
Pensions Regulator



# COMMITTEES OF THE AUTHORITY

To meet the objectives of the strategy the Authority has established a number of committees<sup>6</sup>.

## **Regulatory Review Group (RRG) *(met nine times in 2014)***

The Authority has delegated the exercise of a number of regulatory functions under the Pensions Act to the Pensions Regulator. In order to maintain regulatory oversight of those functions the Pensions Regulator is required to consult with the Regulatory Review Group in certain circumstances before deciding to exercise a delegated regulatory function in a particular case.

The work of the Regulatory Review Group involves discussion of specific cases with a view to the Pensions Regulator taking regulatory decisions, imposing sanctions or instigating legal proceedings in particular cases. Cases where the Regulatory Review Group is required to be consulted include those involving the approval of funding proposals and section 50 benefit reductions, unilateral section 50 directions to reduce benefits or wind up a scheme, the issuing of on-the-spot fines, decisions as to whether a prosecution should be initiated, decisions to refuse to register or renew a Registered Administrator and the proposed use of any of the Authority's powers which require an application to the High Court.

## **Finance and Audit Committee *(met three times in 2014)***

The Finance and Audit Committee oversees the compliance of the organisation with its governance obligations as a State body on behalf of the Authority and reports to it. This work includes the ongoing monitoring and assessment of the Authority's corporate governance systems.

The Finance and Audit Committee regularly commissions internal audits and reviews through an external audit service provider.

In 2014 the Committee's internal audit programme consisted of a review of the Authority's Disaster Recovery Plan; a review of the implementation of the Authority's Interactive Scheme Information System (ISIS) and a review of the effectiveness of the system of internal financial control. The outcome of these reviews were positive and no significant issues of concern were raised.

<sup>6</sup> See Appendix I for membership details of each group.

# RUNNING AN EFFICIENT ORGANISATION

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The Authority is aware of its responsibility as a government agency to achieve and demonstrate value for money and efficiency in all its activities. The Authority actively investigates and pursues opportunities for cost savings and efficiencies including the use of shared services and outsourcing. The Authority makes maximum use of contracts and frameworks available through the Office of Government Procurement and in the use of information computer technology to optimise efficiency and to focus regulatory activity on areas of greatest risk.

## Human Resources

Relevant training and development, both formal and informal, is necessary to maintain the calibre of Authority staff and is an important part of the Authority's activities. In order to ensure that employees are equipped to deal with the changes in the area of pensions and regulation, the Authority continued its staff training programmes in 2014 with a number of employees gaining additional qualifications in the pensions, regulatory management and legal areas.

Organisational and individual performance management, and training and development needs are identified through the Authority's Performance Management Development System.

## Health and safety

The Authority is committed to supporting the health and safety of its employees and to providing a safe place of work. The Authority is compliant with Health and Safety legislation and has health and safety policies in place which are reviewed regularly.

## Energy usage

In 2014 the total energy consumption by the Authority amounted to 123,200 kW hours of electricity as compared to 151,450 kW

hours in 2013; a 19% reduction. This very significant reduction and the resulting environmental benefits and savings are directly attributable to the upgrading of the Authority's computer server infrastructure during 2013 and 2014.

## Prompt payments

The Authority operates a 15-day payment policy. Quarterly prompt payments reports are returned to the Department of Social Protection and posted on our website.

# THE PENSIONS AUTHORITY STAFF

## Staff of the Authority at 31 December 2014

	Assistant Principal Officers	Higher Executive Officers	Executive Officers	Clerical Officers
Brendan Kennedy Pensions Regulator	Aideen Bugler	Mary Broderick	Valerie Christie	Robert Bradley
Mary Hutch Head of Policy	Eoin Cassells	Martin Buggy	Alison Flynn	Niamh Crowley
Tom Dunphy Head of Compliance	Gerard Clarke	Rachael Gleeson	Emily Keyes	Marie Earley
Madeleine Delaney Deputy Head of Compliance	Catherine Goulding	Ciarán Holahan	Catherine McAuley	Eileen Flynn
Pat O'Sullivan Head of Funding and Actuarial	Maura Howe	Deirdre Kelly	Christine Lutz	Kevin Hennessy
Sylvia McNeece Head of Legal and Corporate Services	Thomas Kiely	Jo Kenny	Renée O'Reilly	Emma Hunter
Grace Guy Deputy Head of Legal and Corporate Services (Secretary to the Authority)	Andrew Nugent	John McCarthy	Edel Stenson	Lydia Leonard
David Malone Head of Operations and Communications	Cheryl Richardson	Paul Muldowney	Christina Winters	Julie McCarthy
		Kieran O'Dea		Aoife Moloney
				Maura Moroney
				John O'Callaghan
				Jennifer Robinson

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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Report of the Comptroller and Auditor General .....	12
Statement of Authority responsibilities .....	13
Statement on internal financial control .....	14
Statement of accounting policies .....	15
Income and expenditure account .....	17
Balance sheet .....	18
Cash flow statement .....	19
Notes to the financial statements .....	20

# REPORT OF THE COMPTROLLER AND AUDITOR GENERAL FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

## The Pension Authority

I have audited the financial statements of the Pensions Authority for the year ended 31 December 2014 under the Pensions Act 1990. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under Section 22 of the Act, and in accordance with generally accepted accounting practice in Ireland.

## Responsibilities of the Authority

The Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Authority's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

## Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Authority's Ethical Standards for Auditors.

## Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosure in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Authority's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Authority's annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

## Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Authority's affairs at 31 December 2014 and of its income and expenditure for 2014.

In my opinion, proper books of account have been kept by the Authority. The financial statements are in agreement with the books of account.

## Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Authority's annual report is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect the Authority's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



Patricia Sheehan  
For and on behalf of the  
Comptroller and Auditor General  
9 June 2015

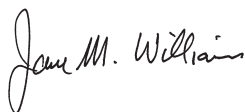
# STATEMENT OF AUTHORITY RESPONSIBILITIES

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Section 22(1) of the Pensions Act, 1990, as amended, requires the Authority to prepare financial statements in such form as may be approved by the Minister for Social Protection with the concurrence of the Minister for Public Expenditure and Reform. In preparing the financial statements, the Authority is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Authority will continue in operation
- disclose and explain any material departures from applicable accounting standards.

The Authority is responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Authority and which enable it to ensure that the financial statements comply with Section 22(1) of the Pensions Act, 1990, as amended. The Authority is also responsible for safeguarding the assets of the Authority and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Jane Williams  
Chairwoman  
2 June 2015

# STATEMENT ON INTERNAL FINANCIAL CONTROL

## Responsibility for system of internal financial control

On behalf of the Authority, I acknowledge our responsibility for ensuring that an appropriate system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely period.

## Key control procedures

The Authority has taken steps to ensure an appropriate control environment by:

- clearly defining management responsibilities
- establishing reporting procedures to control significant failures and ensuring appropriate corrective action is taken
- establishing a dedicated Finance and Audit Committee
- providing for a clear separation of Authority and Executive functions
- publishing a Code of Conduct for the Authority members and staff of the Authority
- appointing internal auditors.

The Authority has established processes to identify and evaluate business risks by:

- identifying the nature, extent and possible implication of risks facing the Authority including the extent and categories which it regards as acceptable
- assessing the likelihood of identified risks occurring
- assessing the Authority's ability to manage and mitigate the risks that do occur
- having regard to the costs of operating particular controls relative to benefit obtained.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability. In particular it includes:

- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Authority

- regular reviews by the Finance and Audit Committee and the Authority of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- regular internal audits.

As implemented in 2003 the internal audit function is a key element in informing the Authority of the effectiveness of the system of internal financial control. The internal auditors operate in accordance with the Code of Practice for the Governance of State Bodies. The work of internal audit is informed by analysis of the risk to which the body is exposed and a full risk analysis exercise has been undertaken in that regard.

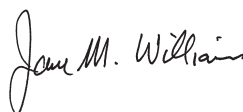
The analysis of risk and the internal audit plans are endorsed by the Finance and Audit Committee and approved by the Authority.

The Authority have in the year ended 31 December 2014, through the on-going activity of its Finance and Audit Committee monitored the work of the Executive in the area of financial control. Specifically, the Committee examined the following:

- regular and/or periodic management accounts for 2014, with analysis and explanation of significant deviations from budget
- risk register
- OPS and PRSA fees
- investment strategy
- annual budget and financial plan for 2015
- internal audit reports.

## Annual review of controls

I confirm that in respect of the year ended 31 December 2014, Authority members conducted a review of the effectiveness of the system of internal financial control.



**Jane Williams**  
Chairwoman  
2 June 2015

# STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

## a) Basis of preparation of financial statements

The financial statements are prepared under the accruals method of accounting and under the historical cost convention in the form approved by the Minister for Social Protection with the concurrence of the Minister for Public Expenditure and Reform, in accordance with Section 22(1) of the Pensions Act, 1990, as amended.

The financial statements are also prepared in accordance with accounting standards generally accepted in Ireland, being standards developed by the Financial Reporting Council. The financial statements are denominated in euro.

## b) Developments in 2014

Under Section 26 of the Social Welfare and Pensions (Miscellaneous Provisions) Act 2013, the name of the Pensions Board changed. With effect from 7 March 2014 it became known, as the Pensions Authority or, in the Irish language, as An tÚdarás Pinsean.

The title of the Chief Executive changed to the Pensions Regulator.

The term of office of the former Board members, also ceased on that day and they were replaced by the Authority, comprising of an independent Chairwoman appointed by the Minister for Social Protection and two ordinary members, appointed on the nomination of the Minister for Social Protection and the Minister for Finance.

## c) Fee income

### i) Occupational Pension Scheme fees

Fees are payable to the Authority by scheme trustees in

accordance with Section 25 of the Pensions Act. The current fee rates payable are set out in Statutory Instrument No.634 of 2010 - Occupational Pension Schemes (Fees) (Amendment) Regulations, 2010. Fees in respect of group schemes are payable on an actual year basis and one man schemes are payable a year in arrears.

The Authority recognises all fees due as income on a calendar year basis and fees due in respect of one man schemes are included as debtors at year end.

### ii) Personal Retirement Savings Account fees

Amounts due in respect of application, product and annual fees levied on Personal Retirement Savings Account (PRSA) providers. Annual PRSA fees are calculated by reference to the number of registered approved products and the value of funds under management by the provider as at the end of the prior year.

The current fee rates are set out in Statutory Instrument No.506 of 2002 - Personal Retirement Savings Accounts (Fees) Regulations, 2002.

## d) State grant

State grant represents the amount made available in respect of the year by the Department of Social Protection to:

- recoup the cost of superannuation benefits paid by the Authority
- contribute to other relevant costs.

## e) PRSA capital reserve

This reserve represents the unamortised amount of State grant used for the purchase of fixed assets relevant to PRSA administration and is amortised in line with depreciation of the relevant assets acquired.



**f) Tangible fixed assets and depreciation**

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is charged in the income and expenditure account on a straight-line basis at the annual rates set out below, so as to write off the assets, adjusted for estimated residual value, over the expected useful life of each appropriate category.

- Leasehold improvements      6 $\frac{2}{3}$ % years - 15 years
- Computer equipment              25% - 4 years
- Office furniture                      12 $\frac{1}{2}$ % - 8 years
- Office equipment                    20% - 5 years

**g) Operating lease**

Rental payments are dealt with in the income and expenditure account in the year to which they relate.

**h) Superannuation**

In view of the arrangements, as described in note 18, which the Authority has in place in relation to the Pensions Authority Superannuation Scheme, 1993; the Spouses' and Children's Contributory Pension Scheme, 1993 and the Single Public Service Pension Scheme it operates for employees, the Authority is of the view that the provisions of Financial Reporting Standard 17, Accounting for Retirement Benefits in relation to accounting for pension liabilities which arise under defined benefit schemes, are not applicable.

Accordingly, the Authority charges the employer contributions to income and expenditure in the year as if the scheme was a defined contribution scheme.

Superannuation benefit payments are included as an expenditure item and there is a corresponding income representing recoupment of payments from the Department of Social Protection.

**i) Compliance enforcement reserve**

As the Authority is a statutory regulatory body charged with monitoring and enforcing compliance with the provisions of

the Pensions Act, 1990, as amended, it may be necessary for the Authority, from time to time, to have recourse to legal action.

In certain cases, such action could involve the Authority in significant costs. It is not possible to anticipate when such cases may arise or the resulting level of costs, but the Authority considers it prudent to ensure that adequate resources are available and to spread such costs over the years.

Accordingly, amounts are transferred from the income and expenditure account to the compliance enforcement reserve when deemed necessary.

# INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2014			
	Notes	2014	2013
Income		€	€
Occupational Pension Scheme fees		3,188,845	3,179,136
Personal Retirement Savings Account fees		2,165,078	1,938,596
State grant in respect of Pension payments to retired staff		175,446	220,703
Other income	1	57,033	95,217
<b>Total income</b>		<b>5,586,402</b>	<b>5,433,652</b>
Transfer from PRSA capital reserve	14	26,692	26,773
		<b>5,613,094</b>	<b>5,460,425</b>
Expenditure			
Salaries, pensions and related expenses	2	3,564,411	3,717,641
Authority members' fees	4	31,648	88,920
Rent and office expenses	5	728,328	723,399
Training, education and staff related expenses	6	100,644	122,671
Information, research and publicity	7	206,050	133,732
Professional fees	8	175,157	221,512
General administration	9	441,558	414,258
Depreciation	10	218,530	274,793
<b>Total expenditure</b>		<b>5,466,326</b>	<b>5,696,926</b>
<b>Surplus/(Deficit) for the year</b>		<b>146,768</b>	<b>(236,501)</b>
Revenue reserve at 1 January		5,850,694	6,087,195
Surplus/(Deficit) for the year		146,768	(236,501)
<b>Revenue reserve at 31 December</b>		<b>5,997,462</b>	<b>5,850,694</b>

The Authority had no gains or losses in the financial year or the preceding financial year other than those dealt with in the income and expenditure account.

The results for the year relate to continuing operations.

The statement of accounting policies, cash flow statement and notes 1 to 22 form part of these financial statements.

**Jane Williams**  
Chairwoman

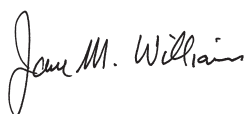
**Brendan Kennedy**  
Pensions Regulator

2 June 2015

# BALANCE SHEET

At 31 December 2014			
	Notes	2014 €	2013 €
<b>Fixed assets</b>			
Tangible assets	10	184,583	355,356
<b>Current assets</b>			
Debtors	11	494,755	466,989
Bank	17	7,064,569	6,802,316
		<b>7,559,324</b>	<b>7,269,305</b>
<b>Current liabilities</b>			
Creditors amounts falling due within one year	12	217,106	217,936
<b>Net current assets</b>		<b>7,342,218</b>	<b>7,051,369</b>
<b>Total assets</b>		<b>7,526,801</b>	<b>7,406,725</b>
<b>Financed by</b>			
Compliance enforcement reserve	15	1,500,000	1,500,000
PRSA capital reserve	14	29,339	56,031
Revenue reserve		5,997,462	5,850,694
		<b>7,526,801</b>	<b>7,406,725</b>

The statement of accounting policies, cash flow statement and notes 1 to 22 form part of these financial statements.



**Jane Williams**  
Chairwoman



**Brendan Kennedy**  
Pensions Regulator

2 June 2015

# CASH FLOW STATEMENT

## For the year ended 31 December 2014

	Notes	2014 €	2013 €
<b>Cash flow statement</b>			
Net cash inflow/(outflow) from operating activities	16	237,102	(143,059)
Returns on investments and servicing of finance			
Interest received		73,271	147,908
Capital expenditure			
Payments to acquire tangible fixed assets		(48,120)	(34,264)
Management of liquid resources (Increase) in short term deposits		(171,033)	(13,506)
<b>Increase/(decrease) in cash</b>		<b>91,220</b>	<b>(42,921)</b>
Reconciliation of net cash flow to movement in net funds	17		
Increase/(decrease) in cash in the year		91,220	(42,921)
Increase in short term deposits		171,033	13,506
Movement in net funds in the year		262,253	(29,415)
Net funds at 1 January		6,802,316	6,831,731
Net funds at 31 December		7,064,569	6,802,316

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 31 December 2014

### 1. Other income

Other income	2014 €	2013 €
Interest income	50,529	89,948
Court costs	6,169	5,029
Miscellaneous income	335	240
	<b>57,033</b>	<b>95,217</b>

### 2. Employee costs

The average number of full time equivalent employees during the year was 45 (2013, 47) and the Employment Control Framework (ECF) was 50 at the end of 2014 (2013, 50). The aggregate employee and related costs were as follows:

Employee costs	2014 €	2013 €
Salaries	2,510,129	2,609,374
Employer superannuation contributions <sup>1</sup>	654,643	650,562
Employer PRSI contributions	211,617	221,295
Superannuation benefits payable	175,446	220,703
Redundancy payments	12,576	-
Contract Staff – general	-	15,707
	<b>3,564,411</b>	<b>3,717,641</b>

### 3. Pensions Regulator remuneration<sup>2</sup>

Pensions Regulator remuneration	2014 €	2013 €
Salary	143,535	148,710
Employer superannuation contribution	35,884	37,178
	<b>179,419</b>	<b>185,888</b>

The Pensions Regulator's pension entitlements do not exceed the standard entitlements provided in the model public sector defined benefit superannuation scheme

<sup>1</sup> See note 18

<sup>2</sup> Included as part of Employee costs in note 2

**4. Authority members' fees**

Authority fees		
Name	2014 €	2013 €
Jane Williams – Chairwoman <sup>3</sup>	18,967	11,970
<b>Board members of the Pensions Board to 6 March 2014</b>		
Noreen Deegan	1,409	7,695
Brendan Johnston	-	7,695
Terence Noone	1,409	7,695
Emer O'Flanagan	1,409	7,695
Rosalind Briggs	1,409	7,695
Don O'Higgins	1,409	7,695
Phelim O'Reilly	1,409	7,695
Mary Walsh	1,409	7,695
Niall Walsh	1,409	7,695
Robin Webster	1,409	7,695
	<b>31,648</b>	<b>88,920</b>

**4. Rent and office expenses**

Rent and office expenses	2014 €	2013 €
Rent	554,343	554,897
Service charge	60,658	39,899
Rates	48,563	61,068
Electricity	27,528	30,160
Cleaning	20,709	21,164
General maintenance	10,281	10,412
Offsite storage	6,246	5,799
	<b>728,328</b>	<b>723,399</b>

The Authority occupies office premises at Verschoyle House, Lower Mount Street, Dublin 2, under a 25 year lease, which commenced on 16 July 2001

<sup>3</sup> Chairperson of the Pensions Board to 6 March 2014 and appointed as Chairwoman of the Pensions Authority on the 7 March 2014

**6. Training, education and staff related expenses**

Training, education and staff related expenses	2014 €	2013 €
Training and education	72,748	94,225
Staff related expenses <sup>4</sup>	27,896	28,446
	<b>100,644</b>	<b>122,671</b>

**7. Information, research and publicity**

Information, research and publicity	2014 €	2013 €
Advertising and engagement activities	145,650	81,417
Printing, publications and website	36,653	28,533
Research	23,747	23,782
	<b>206,050</b>	<b>133,732</b>

**8. Professional fees**

Professional fees	2014 €	2013 €
Legal advice	41,700	77,756
Investigations and compliance support	-	10,957
Project development	22,226	22,650
Research consultancy	47,232	32,472
Internal audit fees	8,093	8,106
Statutory audit fees	16,500	16,300
Recruitment consultancy	14,783	5,640
Public relations	1,169	1,230
Other	23,454	46,401
	<b>175,157</b>	<b>221,512</b>

<sup>4</sup> Includes canteen expenses, contributions to staff sports and social club and other activities

## 9. General administration

General administration	2014 €	2013 €
Stationery and administration expenses	51,883	53,231
Corporate subscriptions	137,074	106,579
Telephone and postage	33,112	35,044
Computer maintenance and consumables	115,175	120,089
Travel and subsistence <sup>5</sup>	47,952	45,026
Insurances	52,029	50,503
Bank charges	4,333	3,786
	<b>441,558</b>	<b>414,258</b>

<sup>5</sup>Included in travel and subsistence costs were:

- Foreign travel, €38,422
- Pensions Regulator expenses (mainly foreign travel), €12,240, (2013, €11,444)

Foreign travel related mainly to the Authority's participation in EU regulatory and supervisory policy activity, in particular attendance at meetings of the European Insurance and Occupational Pensions Authority (EIOPA) and negotiations on the EU draft pension related directive

## 10. Tangible fixed assets

	Leasehold improvements €	Computer equipment €	Office furniture €	Office equipment €	Total €
<b>Cost or Valuation</b>					
At 1 January 2014	1,163,434	1,057,253	210,701	76,092	2,507,480
Additions in year	-	44,400	1,980	1,377	47,757
Disposals in year	-	(53,962)	-	-	(53,962)
At 31 December 2014	<b>1,163,434</b>	<b>1,047,691</b>	<b>212,681</b>	<b>77,469</b>	<b>2,501,275</b>
<b>Accumulated Depreciation</b>					
At 1 January 2014	992,261	899,656	197,858	62,349	2,152,124
Charge for year	77,562	129,432	3,231	8,305	218,530
Disposals in year	-	(53,962)	-	-	(53,962)
At 31 December 2014	<b>1,069,823</b>	<b>975,126</b>	<b>201,089</b>	<b>70,654</b>	<b>2,316,692</b>
<b>Net Book Value</b>					
At 31 December 2013	<b>171,173</b>	<b>157,597</b>	<b>12,843</b>	<b>13,743</b>	<b>355,356</b>
At 31 December 2014	<b>93,611</b>	<b>72,565</b>	<b>11,592</b>	<b>6,815</b>	<b>184,583</b>



**11. Debtors**

Amounts falling due within one year:	2014 €	2013 €
Fee income	400,000	361,356
Accrued interest receivable	25,825	48,566
Prepayments and accrued income	44,841	33,042
Debtors other	24,089	24,025
	<b>494,755</b>	<b>466,989</b>

**12. Creditors**

Amounts falling due within one year:	2014 €	2013 €
Creditor accruals	124,455	120,696
Capital accruals	-	363
Tax creditor	86,912	85,830
Department of Social Protection creditor <sup>6</sup>	2,000	6,000
Trade creditors	3,739	5,047
	<b>217,106</b>	<b>217,936</b>

<sup>6</sup> During 2014 on the spot fines were issued by the Authority for contraventions of specific provisions of the Pensions Act. These fines are paid to the Department of Social Protection under Section 39 of the 2006 Social Welfare Law Reform and Pensions Act. Fines levied in 2014 had not been paid over to the Department of Social Protection at year end.

**13. Financial commitments****1. Capital commitments**

There were no capital commitments at 31 December 2014.

**2. Operating leases**

The Authority had commitments payable in the next twelve months under non-cancellable operating leases as follows:

Lease of office accommodation	2014 €	2013 €
Expiring more than five years	554,343	554,343

**14. PRSA capital reserve**

	2014 €	2013 €
At beginning of year	56,031	82,804
<b>Transfer to Income and Expenditure Account</b>		
Amortisation - prior years' acquisitions	(26,692)	(26,773)
At end of year	<b>29,339</b>	<b>56,031</b>

**15. Compliance enforcement reserve**

	2014 €	2013 €
At beginning and end of year	<b>1,500,000</b>	<b>1,500,000</b>

**16. Reconciliation of surplus for the year to net cash inflow/(outflow) from operating activities**

	2014 €	2013 €
Surplus/(deficit) for year	146,768	(236,501)
<b>Non-operating items</b>		
Interest received	(73,271)	(147,908)
<b>Non-cash items</b>		
Transfer from PRSA capital reserve	(26,692)	(26,773)
Depreciation	218,530	274,793
(Increase)/decrease in debtors	(27,766)	88,879
Decrease in non-capital creditors	(467)	(95,549)
Net cash inflow/(outflow) from operating activities	<b>237,102</b>	<b>(143,059)</b>

**17. Analysis of changes in net funds**

	At 1 January 2014 €	Cash flow €	At 31 December 2014 €
Cash at bank and on hand	482,281	91,220	573,501
Short term deposits	6,320,035	171,033	6,491,068
	<b>6,802,316</b>	<b>262,253</b>	<b>7,064,569</b>

### 18. Accounting treatment for retirement benefits<sup>7</sup>

The Authority operates the following defined benefit pension schemes in respect of its employees:

For employees appointed prior to 1 January 2013;

- Pensions Authority Superannuation Scheme, 1993 and the Spouses' and Children's Contributory Pension Scheme, 1993 (the scheme structure is based on the traditional Public Service Model).

For employees appointed after 1 January 2013;

- Single Public Service Pension Scheme (the structure provides consumer price index-linked defined benefit pensions based on career-average pay).

The schemes are unfunded statutory schemes with pension benefits payable under the schemes funded by the Exchequer. In addition, the Authority's arrangements have a number of specific characteristics:

- the Authority makes an agreed contribution to the Department of Social Protection (for the Model scheme) and to the Department of Public Expenditure and Reform (for the Single scheme)
- the contribution for both schemes comprises an employee element along with an employer element. The employer contribution amounts to 25% of gross pay for employees paying PRSI at the A rate and 30% of gross pay for employees paying PRSI at the D rate and is paid by the Authority
- there is an explicit commitment from the Department of Social Protection, with the agreement of the Department of Public Expenditure and Reform, that the Exchequer will meet the cost of benefits as they fall due.

The Authority considers that its pension arrangements as described above have the same financial effect from the Authority's point of view as a defined contribution scheme. It is of the view that the provisions of Financial Reporting Standard 17, Accounting for Retirement Benefits, which arise under defined benefit schemes are not appropriate. Accordingly it accounts for its contribution as if the scheme was a defined contribution scheme.

The total superannuation deductions and contributions remitted to the Department of Social Protection and Department of Public Expenditure and Reform were as follows:

	2014 €	2013 €
Employer ordinary contributions <sup>8</sup>	678,427	674,543
Employee ordinary contributions	140,054	135,367
Pension related deduction <sup>9</sup>	169,895	178,187
	<b>988,376</b>	<b>988,097</b>

### 19. Disclosure of transactions

The Authority in accordance with the Code of Practice for the Governance of State Bodies has a Code of Business Conduct in place for Authority members and employees. This code includes guidance in relation to the disclosure of interests by Authority members and these procedures have been adhered to by the Authority during the year. The Authority from time to time engages the services of appropriately qualified external consultants to undertake assignments to assist the Authority in its

<sup>7</sup> See note 2

<sup>8</sup> Includes contributions of €23,784 (2013, €23,981) in respect of an employee on secondment

<sup>9</sup> Deducted from staff members and remitted to the Department of Social Protection pursuant to the Financial Emergency Measures in the Public Interest Act, 2009

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work. Such contractual arrangements are subject to the normal tendering procedures, which apply throughout the public service. The award of any particular project is a matter for decision by the Authority having regard to the requirements of the work to be carried out. Given the nature of its business the Authority may enter into contractual arrangements with undertakings in which Authority members are employed or are otherwise interested.

During 2014 no amounts were paid to third parties in whom Authority members had an interest.

#### **20. Taxation**

The Authority is exempt from Corporation Tax under Section 220 of the Taxes Consolidation Act 1997.

#### **21. Name change**

Under Section 26 of the Social Welfare and Pensions (Miscellaneous Provisions) Act 2013, the name of the Pensions Board changed. With effect from 7 March 2014 it became known, as the Pensions Authority or, in the Irish language, as An tÚdarás Pinsean.

The title of the Chief Executive changed to the Pensions Regulator.

These changes had no impact on day to day operations; consequently the financial statements have been prepared on a going concern basis.

#### **22. Approval of financial statements**

The financial statements were approved by Authority members on the 2 June 2015.

# APPENDIX I

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## Committees of the Authority

### Finance and Audit Committee

- Naomi Holland (Chairperson)
- Eilis Hamilton (Department of Social Protection - Payment Strategy Section)
- John Palmer (Department of Finance – Budgetary Policy Section)

### Regulatory Review Group

- Jane Williams
- Anne Vaughan
- Ann Nolan
- Brendan Kennedy
- Sylvia McNeece
- Grace Guy

# APPENDIX II

## Regulation

Function and indicators	2014 target/expectation	2014 outturn	2015 target/expectation	Explanation
No. of meetings with DB and public sector schemes	15	10	15	Meetings are held with trustees, pension providers and public service administrators to discuss general compliance issues. Meetings are also held to focus on specific compliance issues of concern to the Authority.  In 2015 the Authority will begin a pro-active engagement with DB funded schemes focussing on their financial and risk management.
No. of meetings with trustees, registered administrators and pension providers	15	45*	15	*Activity in this area is both proactive and reactive and based on findings from enquiries, onsite inspections, investigations and scheme specific audits.
No. of onsite inspections of registered administrators	20	13*	6	* The Authority carried out 13 onsite investigations of RAs. By and large, the level of compliance was found to be good and indicated an improvement over the previous year. Changes in the conduct and focus of RA inspections were introduced in 2014 to ensure this essential supervisory activity is flexible and reactive to experience.
Compliance audits	200	285	200	285 schemes were selected for audit examination of a specific area. 115 related to disclosure requirements, 35 related to benefits due audits and 135 related to frozen schemes.
Scheme compliance reviews	14	14*	12	*14 schemes and their respective trustees underwent a comprehensive review (introduced in 2014) by the Authority of the stewardship and administration of their schemes. This activity compliments the Authority's RA on-site inspections.
PRSA provider annual report reviews	14	14*	14	*The Authority carried out 14 PRSA provider annual report reviews. The Authority engages with the relevant provider and their Actuary to resolve any minor breaches declared in their reports.
No. of cases reported of non-remitted contributions to schemes or PRSAs	No target	64*	No target	*64 new investigations commenced during 2014 following reports of alleged deduction and non remittance of contributions.
No. of prosecutions initiated	No target^	30*	No target^	* In 2014, 30 prosecutions cases were concluded. The Authority secured convictions in 19 cases. Defendants received the benefit of the Probation Act in five other cases and a further six cases were struck out due to payment of arrears.  ^Prosecutions are only initiated as necessary. There is no set target as the Authority will only prosecute where warranted.

Function and indicators	2014 target/expectation	2014 outturn	2015 target/expectation	Explanation
Proportion of current schemes where no registered administrator appointed	4%	6%*	4%	* This figure only relates to current schemes. An ongoing priority for the Authority in 2015 is to ensure that all schemes required to appoint a registered administrator have one in place.
No. of schemes for which s49(3)b funding proposals and/or s50 benefit reduction applications processed	50	61*	No target^	<p>*During 2014, the Authority received 36 funding proposals (section 49(3B) applications) and 25 Section 50 applications.</p> <p>^In September 2014 there were 61 DB schemes that remained non-compliant with the funding standard. The Authority commenced the formal statutory process around the instigation of the Section 50/50B powers against these non-compliant schemes. At end of February 2015, 30 schemes had still not submitted recovery plans to deal with the deficit in their scheme. The Authority will continue to engage with these remaining schemes with the objective of achieving full compliance before the end of 2015.</p>

#### Information and guidance

Function and indicators	2014 target/expectation	2014 outturn	2015 target/expectation	Explanation
Number of enquiries handled	No target	10,000*	No target	* The majority of enquiries related to matters concerning disclosure of information, trustee duties, preservation, funding standard and PRSAs. Also included here are technical enquiries relating to the Authority's Interactive Scheme Information System (ISIS).

#### Other

Function and indicators	2014 target/expectation	2014 outturn	2015 target/expectation	Explanation
Authority membership attendance rate	100%	100%	100%	

# APPENDIX III

## Key performance indicators

Corporate/organisational effectiveness					
Annual Authority expenditure in relation to budget estimate	2011	2012	2013	2014	2015
Budget (€ million)	€6.4	€6.5	€5.9	€6.0	€6.2m
Actual expenditure (€ million)	€5.7	€6.4	€5.7	€5.5	n/a
% variance	-10%	-1%	-3%	-8%	n/a
The Authority's performance under regulation, information and guidance and policy advice as detailed below will be monitored by reference to the following indicators.					
Regulation					
	Baseline	2015 target			
Proportion of ongoing DB schemes meeting the funding standard or following an approved funding plan <sup>8</sup>	42% (December 2010)	100%			
Information and guidance					
	Baseline	2015 target			
% of stakeholders satisfied/very satisfied with quality of Authority information and guidance material	82% (November 2011)	90%			
% of respondents satisfied/very satisfied with Authority response to enquiries	65% (November 2011)	80%			
Policy advice and technical support					
	Baseline	2015 target			
Effectiveness of the policy advice functions will be assessed via qualitative feedback from the Department of Social Protection and other relevant departments.	Representatives of the Authority met with the Departments of Social Protection, Finance and Public Expenditure and Reform in January 2012 to assess their levels of satisfaction with the Authority's policy advice. All three departments expressed their satisfaction with the policy advice function of the Authority.	That the Authority continues to be a competent, credible and relevant source of advice to the Minister and Department of Social Protection and other relevant Departments.			



# APPENDIX IV

## The Pensions Authority prosecution convictions in 2014

No.	Case name	Relevant section of the Pensions Act	Penalty
1	L. Behan & Sons Ltd	S58A(1)	Fined €250
2	L. Behan & Sons Ltd	S18	Convicted
3	Jeremiah Mullane and Deirdre Mullane, directors of Mullane Builders Ltd	S58A(1)	Both fined €500
4	Jeremiah Mullane and Deirdre Mullane, directors of Mullane Builders Ltd	S18	Convicted
5	Curran Road Markings	S18	Fined €300
6	O.S. Sheetmetal Ltd Neil O'Shea, director of O.S. Sheetmetal Ltd	S18	Fined €1,250 Fined €1,250
7	Loftus Civil Engineering Ltd Roy Loftus and Hilary Loftus, directors of Loftus Civil Engineering Ltd	S58A(1)	Fined €3,000 Both fined €3,000
8	Niall Barry Plant Services Ltd	S18	Fined €300
9	Michael Kealy, director of Kewal Construction Ltd Kewal Construction Ltd Mary Bridget Wall, director of Kewal Construction Ltd	S18	Fined €200 Convicted Convicted
10	Michael Murray, director of Murray Nolan Ltd Tom Nolan, director of Murray Nolan Ltd	S58A(1)	Fined €2,500 Fined €2,500
11	Eftim Hurley, director of Eftim Hurley Plant Hire Ltd *	S58A(1)	Order of imprisonment vacated and €500 fine affirmed
12	Treetop Trading Ltd	S121	Fined €600
13	Thomas Morris, director of S.M. Morris Ltd ** Stephen Morris, director of S.M. Morris Ltd **	S58A(1)	A two year suspended prison sentence was imposed
14	Lynch Roofing Systems (Ballaghaderreen) Ltd	S58A(1)	Fined €500
15	Acol Ltd Dermot Collier, director of Acol Ltd	S58A(1)	Fined €1,000 Fined €2,000
16	Rinn Construction (Shannon) Ltd Leo McNulty, director of Rinn Construction (Shannon) Ltd	S58A(1)	Fined €500 Fined €500
17	Thomas Walsh, director of Spectron M & E Engineering Ltd (in liquidation)**	S58A(1)	A three year suspended prison sentence was imposed, along with 150 hours community service
18	Paul Kendrick Decorators Ltd Paul Kendrick, director of Paul Kendrick Decorators Ltd	S58A(1)	Convicted Fined €3,000
19	Paul Kendrick Decorators Ltd Paul Kendrick, director of Paul Kendrick Decorator Ltd	S18	Convicted Convicted

\* District Court Appeal

\*\* Circuit Court case

# APPENDIX V

## Membership of occupational pension schemes and Personal Retirement Savings Accounts

Table 1: Number of schemes and membership as at 31 December 2014

Number of schemes and membership as at 31 December 2014								
Scheme Size	Defined Contribution		Defined Benefit				All Schemes	
			Subject to the Funding Standard		Not Subject to the Funding Standard			
	No of Schemes	Active Members	No of Schemes	Active Members	No of Schemes	Active Members	No of Schemes	Active Members
Frozen	n/a	n/a	164	0	0	0	164	0
In wind-up	n/a	n/a	58	0	0	0	58	0
Non Group	50,401	50,401	6	6	3	3	50,410	50,410
1 to 50	10,281	61,847	336	5,669	37	666	10,654	68,182
51 to 99	298	20,845	60	4,471	14	1,043	372	26,359
100 to 500	271	55,318	103	25,355	26	6,041	400	86,714
501 to 1000	35	23,382	29	19,481	5	5,101	69	47,964
1001+	23	51,468	22	84,895	23	317,035	68	453,398
<b>2014 Total</b>	<b>61,309</b>	<b>263,261</b>	<b>778</b>	<b>139,877</b>	<b>108</b>	<b>329,889</b>	<b>62,195</b>	<b>733,027</b>
<b>2013 Total</b>	<b>61,123</b>	<b>241,317</b>	<b>890</b>	<b>167,211*</b>	<b>108</b>	<b>328,435</b>	<b>62,121</b>	<b>736,963</b>
<b>Change since 2013</b>	<b>186</b>	<b>21,944</b>	<b>-112</b>	<b>-27,334</b>	<b>0</b>	<b>1,454</b>	<b>74</b>	<b>-3,936</b>

\*The total 2013 figures for defined benefit schemes subject to the funding standard have been adjusted by removing the frozen and in wind-up membership numbers to allow for equal comparison purposes with the 2014 figures.

Table 2: PRSAs as at 31 December 2014

	End 2014	End 2013	Change
Total number of contracts	226,605	215,892	10,713
Standard PRSA contracts	169,000	161,834	7,166
Non-Standard PRSA contracts	57,605	54,058	3,547
Total assets:	€4.66 billion	€3.99 billion	€0.67 billion



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