

PENSIONS AUTHORITY UPDATE

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The Pensions Authority



An tÚdarás Pinsean
The Pensions Authority

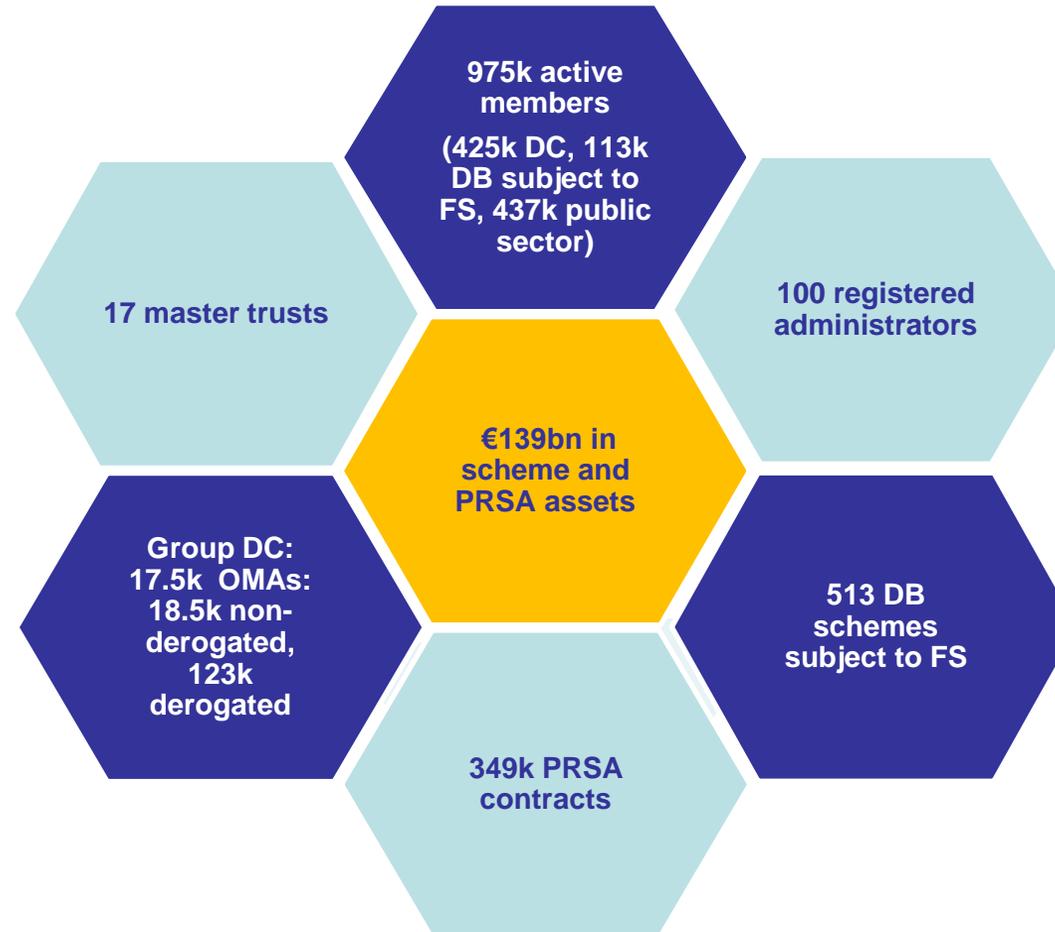


Agenda

- Landscape snapshot
- Consolidation and master trusts
- DB update
- Risk
- Critical reviews
- Supervisory focus and updates
- Key messages from the Pensions Authority



The pensions landscape



Approximate figures based on most recent data



Consolidation

- Over 150,000 plus OPS in Ireland – majority are small one member arrangements (OMAs)
- Achieving value for money challenging and effective supervision
- Consolidation – Government Roadmap 2018-2023
- Consolidation – Pensions Authority strategic objective 2022-2024
- Intense wind up and transfer activity ongoing

DC Consolidation metrics – 2023 Q1 baseline

17,500

Group schemes
Current: 45% Frozen: 55%

18,500

Non-derogated OMAs

123,000

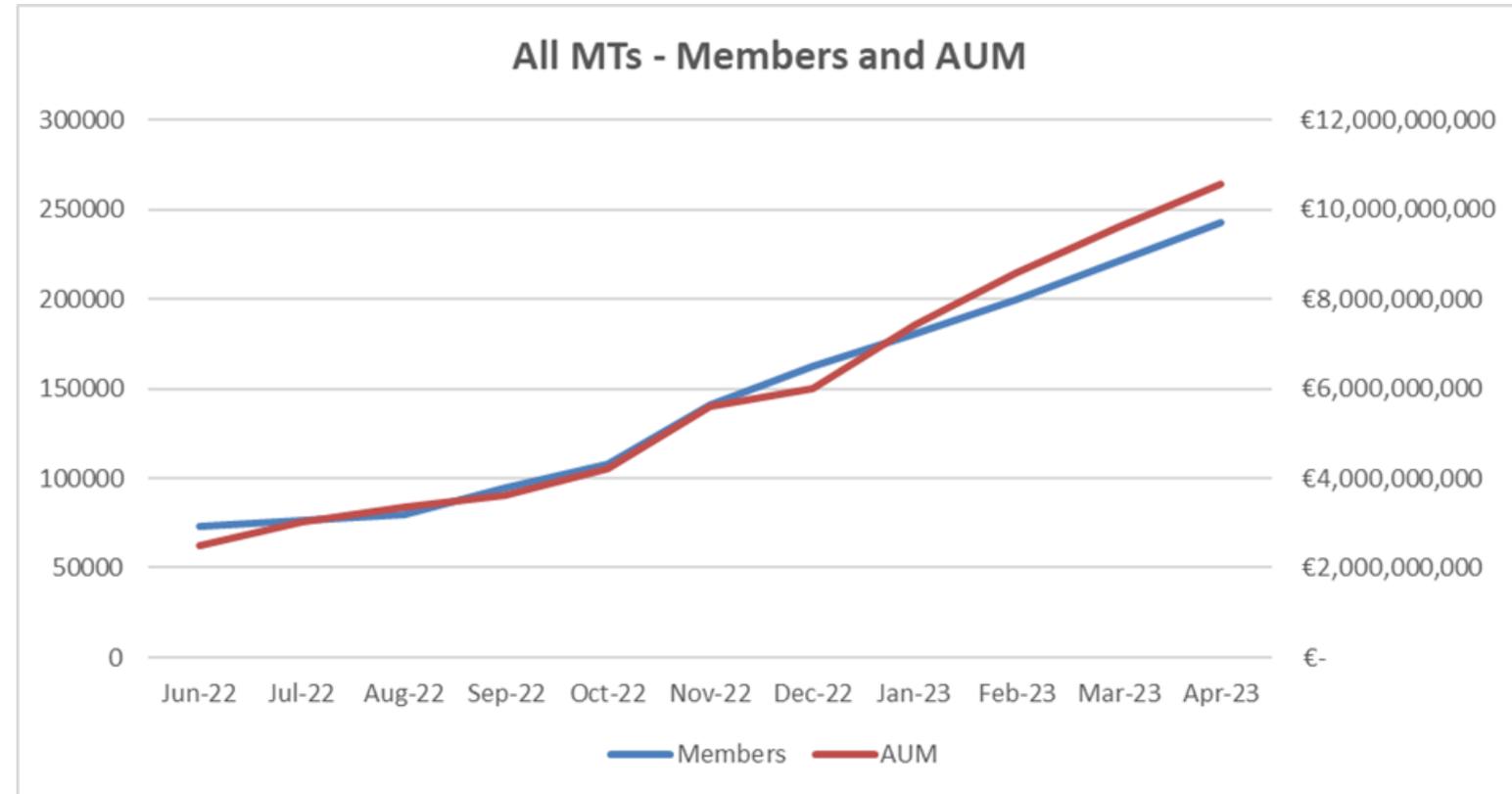
Derogated OMAs
Current: 55% Frozen: 45%



Master trusts – AuM and members

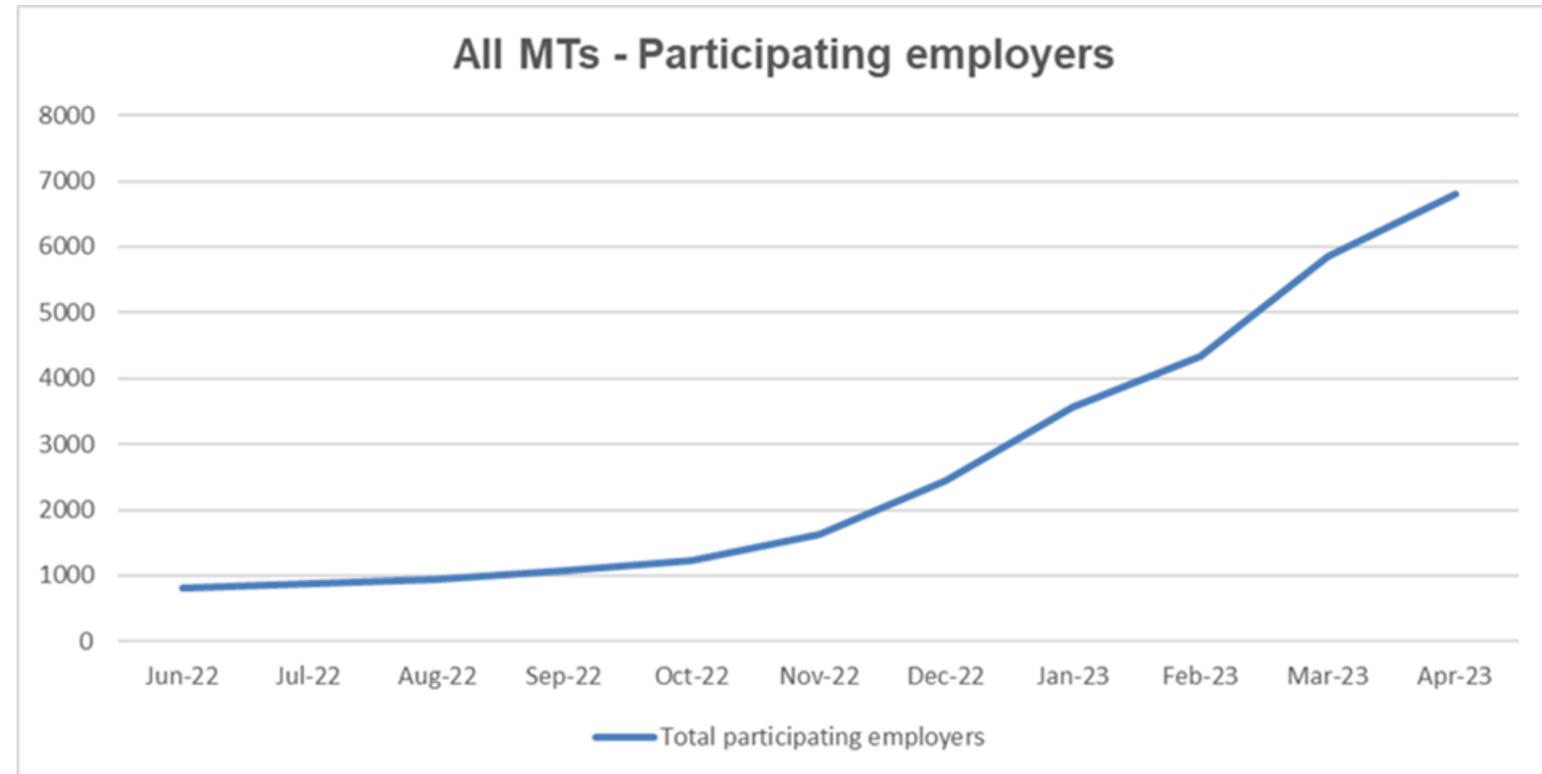
Members
(active and
deferred): 243k
at end of April
2023

Assets under
mgmt. (AuM):
€10.6bn

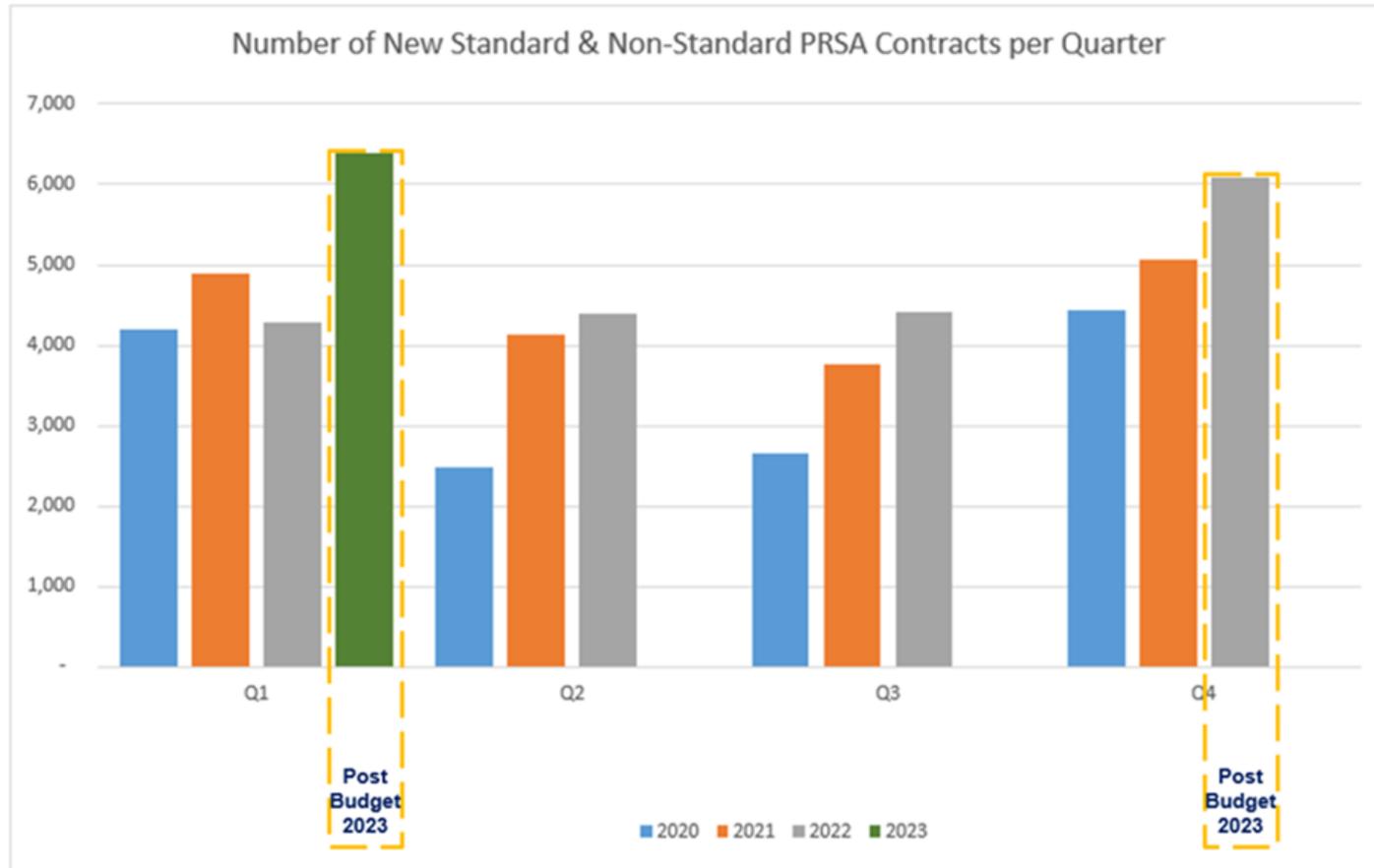


Master trusts – AuM and members

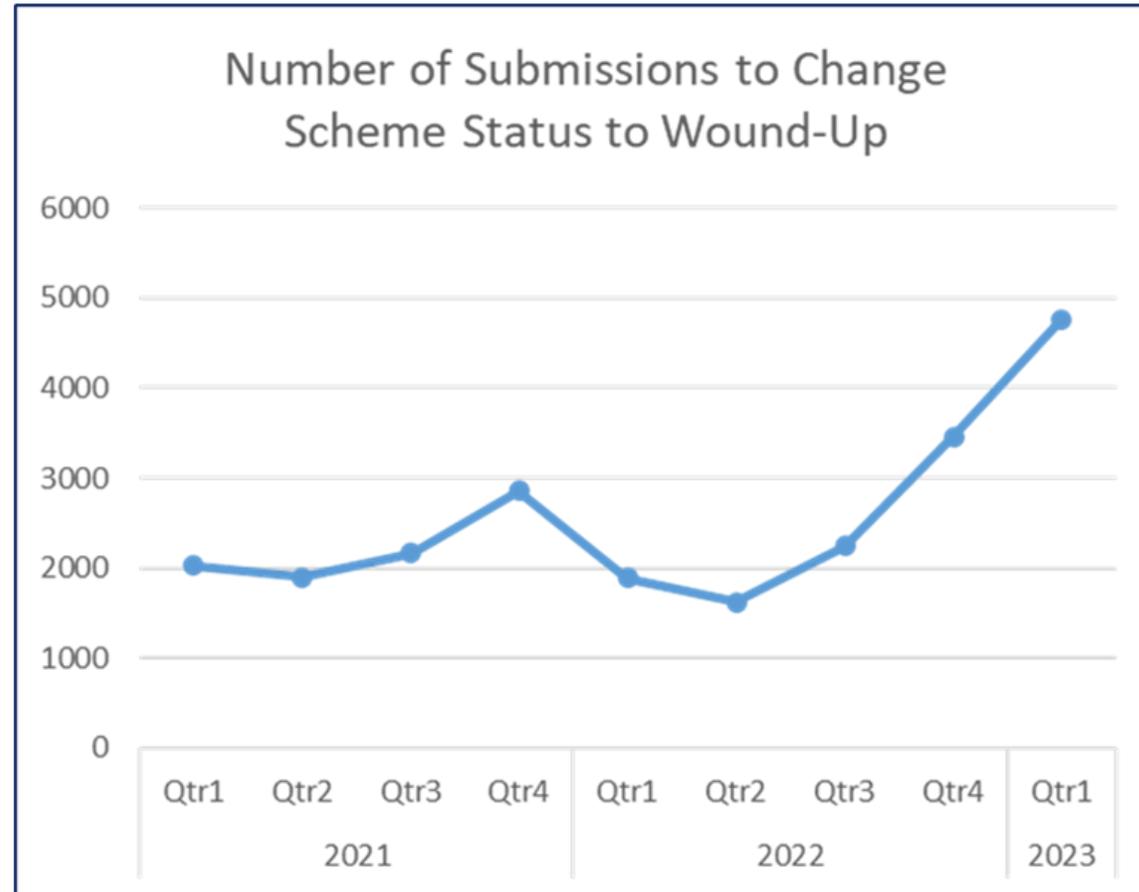
Participating
employers:
6,810 at end of
April 2023



Growth in PRSA contracts

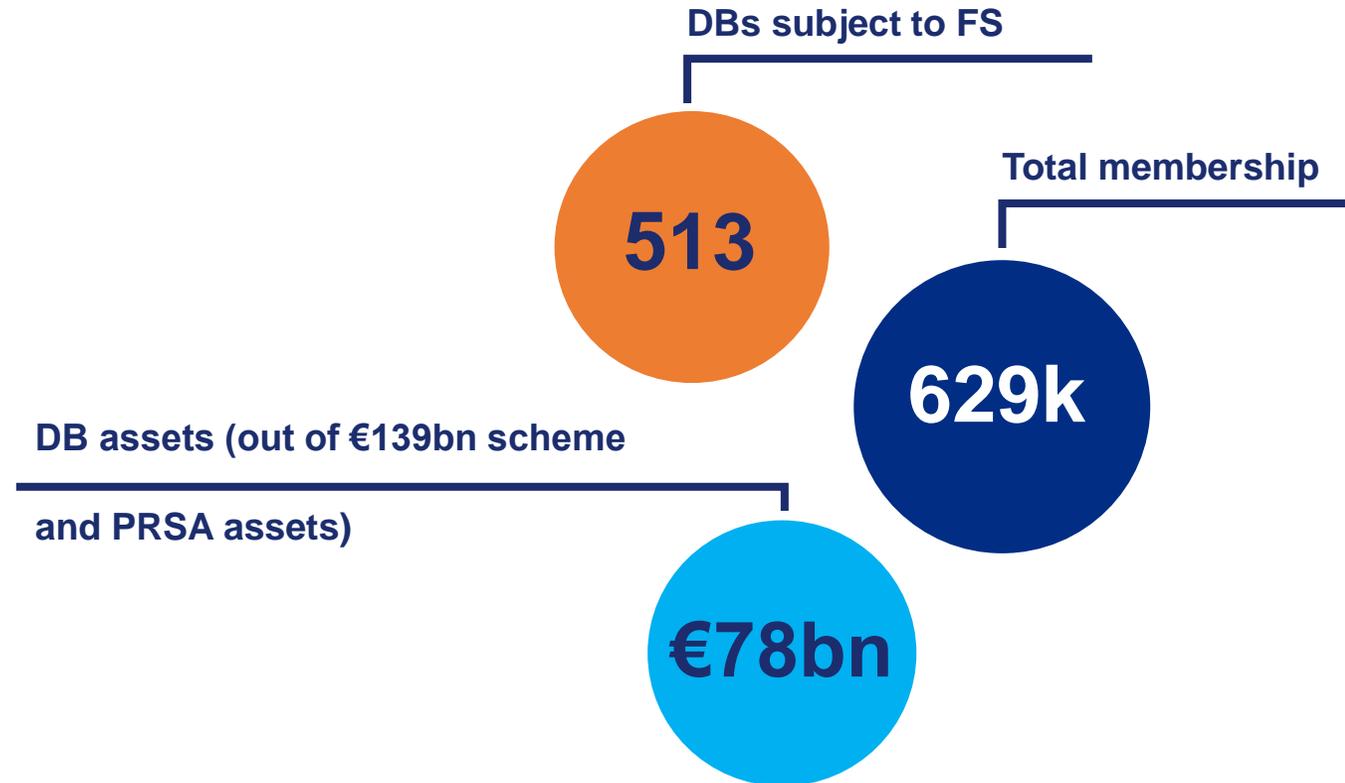


Increase in wind-up activity



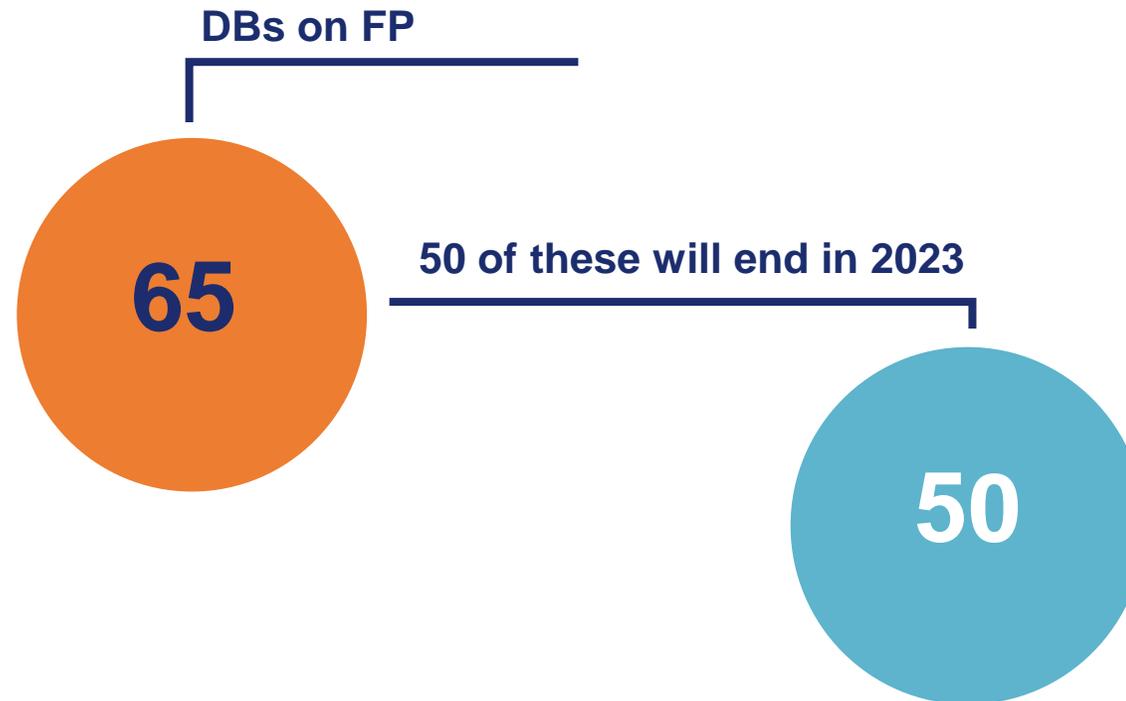
DBs subject to Funding Standard

- Most DB schemes closed to new entrants and future accrual
- Majority of DB schemes have significant pensioner liabilities



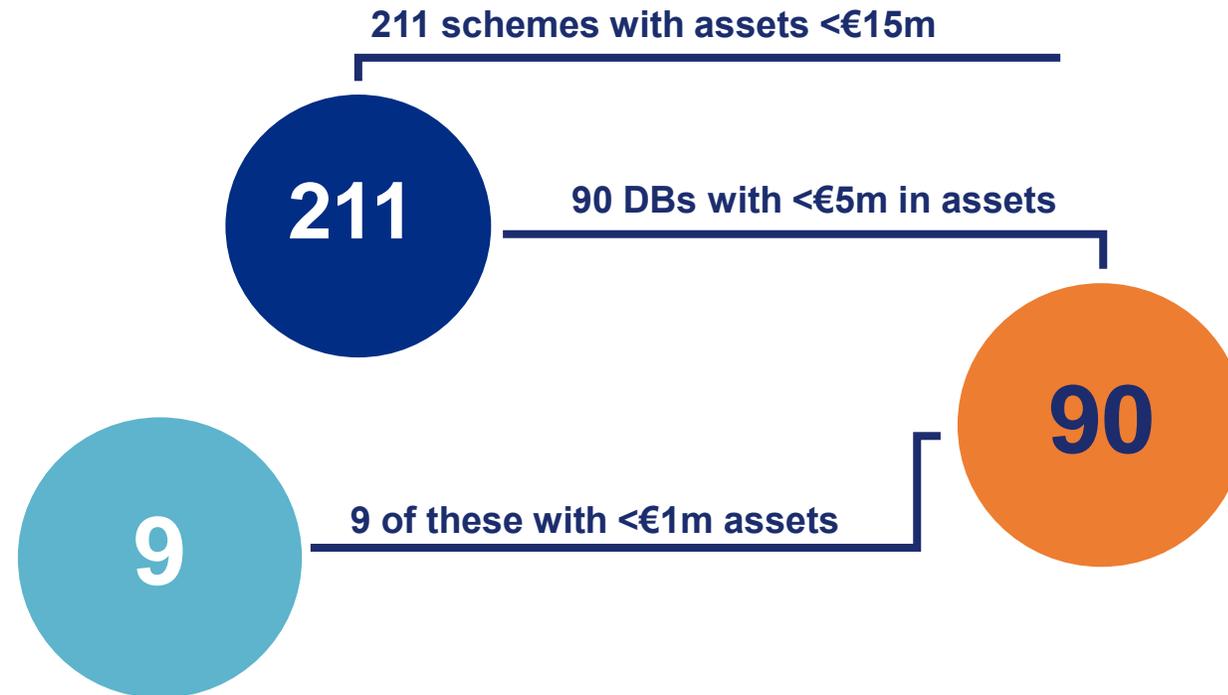
Funding Proposals

- Overall solvency likely to have improved
- Real value eroded by inflation
- Ongoing and active SSR focus required



Small DB schemes

- Less ability to pool risk
- Increased compliance
- Comply or wind up



Risk

- Risk and effective system of governance
- Risk management function – active and ongoing
- Own-risk assessment (ORA)
- Role of risk management key function holder (KFH)
- Authority 2023 survey on scheme management risk capabilities
- EIOPA / EU Commission market survey on risk culture in Irish schemes



Critical reviews

- Code of Practice requirement
- Deep dive assessment of investment and administration services
- Every three years (or sooner if necessary) – April 2024
- May trigger change in service provider
- Key trustee responsibility, needs to be structured, thorough and result in reasonable outcomes – subject to PA review

Supervisory focus

- Comply or consolidate – DC
- Comply or wind up – DB
- Non-derogated OMAs under close supervision
- Ongoing engagement with MTs
- Formal supervisory review process (SRP) programme to commence in 2024

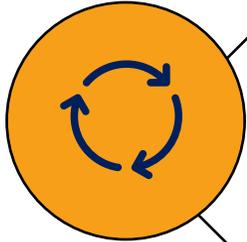
Supervisory updates

- Risk survey – June
- Risk conference – 11 October
- ORA guidance – October

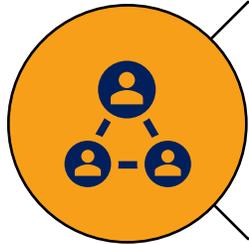
- Business plans guidance for master trusts – Q4



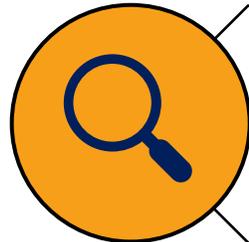
Key messages



Pensions OPS landscape in transition – growth of MTs, cessation of OMAs.
Authority's focus is compliance and consolidation.
Emphasis on trustee responsibility and ownership.



Ongoing engagement with MTs.
Concerns over smaller DB.
Low tolerance for smaller non-compliant schemes.
Particular focus on risk and risk culture.



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

QUESTIONS

