

# THE SOCIETY OF ACTUARIES IN IRELAND

## Sample Risk Register for Pension Schemes

The sample risk register overleaf has been prepared to help pension scheme trustees and sponsoring employers, with the assistance of their actuarial advisers, to identify the various risks inherent in pension schemes and to manage these risks effectively.

Also included at the end of this document is a sample explanatory table that sets out how *impact ratings* and *likelihood ratings* of “high”, “medium” and “low” in a risk register might be interpreted. Thus, for example, a risk that could have a financial impact greater than 15% of assets or liabilities, and that might be expected to occur occasionally during the lifetime of the scheme, could be considered to have a high impact rating and a medium likelihood.

As suggested by the explanatory table, a “traffic light” system can be used to identify the current status of the scheme in relation to various risks.

Persons considering using the sample risk register and explanatory table (as adapted for the particular scheme in question) may also find it useful to read the paper “Pension risk: Risk management for pension schemes” (<http://bit.ly/PensionRisk>), prepared by a Society of Actuaries in Ireland Working Party in November 2009.

### Disclaimer

The attached sample risk register and explanatory table are indicative only and should be adapted to suit the circumstances of the particular pension scheme under consideration. This may include adding risks that are not included in the sample risk register. The Society of Actuaries in Ireland makes no warranties or representations regarding the appropriateness of the sample risk register or explanatory table to any particular pension scheme.

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## Sample risk register

Type of Risk	Risk	Impact rating	Likelihood rating	Risk level	Control	Mitigation	Owner
Financial	Employer default on contributions	M/H	M	Amber	Eliminate deficit over x years; Matching investment strategy	Monitor share price and credit rating; Ongoing discussion	Trustees
Financial	Investment losses	H	M	Red	Maximum x% equity, well diversified	Monitor investment strategy & performance	Trustees
Financial	Liability increases	M	M	Amber	Monitor liabilities regularly	Fund liabilities conservatively	Company/Trustees
Financial	Theft of assets	L	L	Green	Assets with custodian	Annual review of controls	Trustees
Financial	Failure of third party provider	L	L	Green	Diversified providers; Segregated accounts	Monitor security of providers	Company/Trustees
Operational	Maladministration	L	L	Green	Registered administrator	Annual review/Trustee training	Company/Trustees
Operational	Breach of Trust	L	L	Green	Professional advisers	Trustee training	Trustees
Operational	Operational disaster	L	L	Green	Back -up procedures	Business recovery plan	Company/Trustees
Compliance	Change in law	L	M	Amber	Legal adviser	Annual review	Company/Trustees

## Sample explanatory table

Impact rating	Assessment		Likelihood rating	Description	Indicators		Risk level traffic light	Impact/Likelihood rating
High	Financial impact > 15% assets/liabilities		High	Might occur each year	Has occurred in the last three years		Red	At least one High
Medium	Financial impact between 5% and 15% assets/liabilities		Medium	Might occur occasionally during scheme lifetime	Has occurred at least once		Amber	Not Red or Green traffic light
Low	Financial impact < 5% assets/liabilities		Low	Not likely to occur	Has not occurred		Green	Both Low