



## **Report on Pension Charges in Ireland 2012**

The Department of Social Protection published the above report in October 2012 and invited comments and observations by email from interested parties.

The Society of Actuaries in Ireland responded as follows:

“Thank you for providing an opportunity to comment on the 'Report on Pension Charges in Ireland 2012'.

### *Statements of Reasonable Projection*

We note the following reference (on page 200) to the Society of Actuaries in Ireland ("Society"):

*“Earlier in the chapter, the requirement in the Statements of Reasonable Projection to comment on the “effect of charges” was outlined. However, while guidance is available (through the Society of Actuaries in Ireland), the methodology outlining how this is done is not prescribed in regulation. Therefore there may not be a consistent approach to the interpretation and presentation of this information. This should also be considered in the review of the regulations.”*

The comment that "guidance is available" is a reference to Actuarial Standard of Practice (ASP) Pen-12, Statements of Reasonable Projection - Occupational Pension Schemes and Trust RACs, issued by the Society, which includes details of the methodology to be used to determine the effect of charges. The comment is perhaps misleading as it could be construed as suggesting that complying with the ASP is optional, whereas (with some limited exceptions) the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 (S.I. No. 301 of 2006) and the Trust RACs (Disclosure of Information) Regulations, 2007 (S.I. No. 182 of 2007), as applicable, require that Statements of Reasonable Projection be prepared in accordance with the ASP.

### *Disclosure of charges and other information*

We welcome the report's emphasis on the need for improved disclosure of information on pension arrangements. Changes in the disclosure frameworks should address, not only the issue of charges, but also the need for better quality information on other features of the arrangement, in particular the risks inherent in different types of investment. We urge early action in this regard. We are currently finalising some work on good disclosure principles and we would welcome an opportunity to discuss this with the Department of Social Protection, the Pensions Board and the Central Bank of Ireland.”

7<sup>th</sup> February 2013