



STATUTORY INSTRUMENTS.

S.I. No. 175 of 2013



OCCUPATIONAL PENSION SCHEMES (FUNDING STANDARD
RESERVE) REGULATIONS 2013

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RESERVE) REGULATIONS 2013

I, JOAN BURTON T.D., Minister for Social Protection, in exercise of the powers conferred on me by section 5 and section 44 (amended by section 29 of the Social Welfare and Pensions Act 2012 (No. 12 of 2012)) of the Pensions Act, 1990 (No. 25 of 1990), hereby make the following Regulations:

Citation and Commencement

1. (1) These Regulations may be cited as the Occupational Pension Schemes (Funding Standard Reserve) Regulations 2013.

(2) These Regulations apply to funding standard reserve certificates whose effective date falls on or after the commencement of these regulations.

Definitions

2. In these Regulations:

“Act” means the Pensions Act 1990;

"collective investment undertaking" means—

- (a) an investment undertaking within the meaning assigned to it in section 739B of the Taxes Consolidation Act, 1997 (No. 39 of 1997),
- (b) a unit trust which neither is, nor is deemed to be, an authorised unit trust scheme (within the meaning of the Unit Trusts Act, 1990 (No. 37 of 1990)),
- (c) an undertaking for collective investment in transferable securities (within the meaning assigned to it by Council Directive 85/611/EEC [Note O.J. L375, 31.12.1985, p.3] of 20 December 1985) situate in another Member State, or
- (d) a common contractual fund within the meaning of section 739I(1)(a)(i) of the Taxes Consolidation Act, 1997 (No.39 of 1997) (inserted by section 44 of the Finance Act 2005 (No. 5 of 2005) and as amended by section 45 of the Finance Act, 2006 (No. 6 of 2006));

"insurance policy" means an insurance policy or contract of assurance issued by any person who is the holder of an authorisation—

- (a) granted under the European Communities (Life Assurance) Framework Regulations, 1994, (S.I. No. 360 of 1994), or under the European

*Notice of the making of this Statutory Instrument was published in
“Iris Oifigiúil” of 31st May, 2013.*

Communities (Life Assurance) Regulations 1984 (S.I. No. 57 of 1984) and still in force, or

- (b) granted by the authority charged by law with the duty of supervising the activities of insurance undertakings in a Member State other than the State in accordance with Article 4 of Life Insurance Directive 2002/83/EC or any Directive which repeals or replaces it, including where applicable Directive 2009/138/EC.

“Member State” means a Member State of the European Communities.

Assets prescribed under section 44(2)(a)(iv)

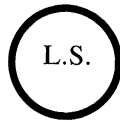
3. The following assets are prescribed for the purposes of section 44(2)(a)(iv) of the Act:

- (a) bonds guaranteed by a Member State as to:
- (i) principal;
 - (ii) interest (if any);
 - (iii) the premium on redemption (if any); and
 - (iv) other types of payment arising under the bond (if any).
- (b) bonds created and issued by the:
- (i) Central Bank of a Member State;
 - (ii) European Bank for Reconstruction and Development;
 - (iii) European Investment Bank;
 - (iv) International Bank for Reconstruction and Development;
 - (v) International Finance Corporation;
 - (vi) International Monetary Fund;
 - (vii) European Stability Mechanism;
 - (viii) European Financial Stability Facility; or
 - (ix) European Financial Stabilisation Mechanism.
- (c) euro-denominated bonds, in respect of which as at the effective date of the funding standard reserve certificate (the effective date) where the bond has a maturity date:
- (i) less than 10 years later than the effective date, the annual investment yield does not exceed 3% per annum more than the annual investment yield on the 1.5% Bund of 2013 (2023), or

- (ii) more than 10 years later than the effective date, the annual investment yield does not exceed 4% per annum more than the annual investment yield on the 3.25% Bund of 2010 (2042).
- (d) collective investment undertakings or insurance policies but only in respect of the proportion of the underlying investments within those arrangements that comprise assets specified in section 44(2)(a)(i), (ii) or (iii) of the Act or paragraph (a), (b) or (c) of this article.
- (e) policies or contracts of assurance which are issued by an undertaking within the meaning of the Insurance Act 1989 and which are designed to provide the sums payable to the scheme in respect of some or all of the benefits in relation to a person who, under the scheme is receiving benefits, or has reached normal pensionable age.

Percentage prescribed under section 44(2)(a)

4. For the purposes of section 44(2)(a) of the Act the percentage prescribed by the Minister under “A” shall be 10 per cent.



GIVEN under my Official Seal,
27 May 2013.

JOAN BURTON,
Minister for Social Protection.

EXPLANATORY NOTE

(This note is not part of the Instrument and does not purport to be a legal interpretation.)

The size of the funding standard reserve for a defined benefit scheme depends on the nature of the assets held by the scheme in question. The greater the amount of lower risk assets held, the lower the reserve requirement. Section 44(2)(a)(i),(ii) and (iii) of the Pensions Act specifies certain assets which have the effect of reducing the funding standard reserve requirement. These are bonds issued under section 54(1) of the Finance Act 1970, bonds issued by another EU Member State and cash deposits with one or more credit institutions. Section 44(2)(a)(iv) of the Pensions Act gives the Minister for Social Protection power to prescribe other assets as having the same funding standard reserve requirement reducing effect on the ground that they offer a similar degree of security to those assets identified above. These Regulations prescribe additional asset classes which have the effect of reducing the funding standard reserve requirement.

These regulations also change the risk reserve requirement to 10%.

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