

# IRISH PENSIONS

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# First reporting under new ECB & EIOPA Statistical Reporting Regulations will go live in 2019



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The European Central Bank (ECB) passed a new Regulation affecting occupational pension funds in the Eurozone countries on 26 January 2018. The European Insurance & Occupational Pensions Authority (EIOPA) also passed new reporting requirements for pensions funds in April 2018. Irish Pension Funds subject to detailed reporting are required to make their first submissions by 9<sup>th</sup> December 2019. They will make their first report based on quarter 3 2019 information. The first returns due for smaller Pension Funds subject to reduced reporting will be based on the information contained in their 2019 annual report. Trustees, Registered Administrators and Investment Managers should start

planning now so that they will be able to submit the required returns in Q4 2019.

## Background to the new ECB Regulation

The ECB is responsible for the Eurosystem, the central bank system of the euro area. In order to safeguard the Eurosystem, the ECB requires detailed statistical information about the financial system. The introduction of statistical reporting requirements for pension funds represents an important set of data required by the ECB. You can find further background on how the Regulation was introduced in a previous article in Irish Pensions Magazine, Winter 2017.

## What changes were made following the public consultation

The ECB launched a public consultation in July 2017. 13 different bodies in Europe made representations on the existing draft. Comments were submitted by the IAPF and by Mercer Ireland. PensionsEurope, to whom the IAPF is affiliated, also made a submission. The ECB made a number of changes to their original proposal following the submissions. These changes included

- Putting back the first reporting dates
- Allowing a phasing-in period
- The derogation for smaller Pension Funds from detailed reporting was raised from €10m to €25m of total assets
- Reduced requirement for security-by-security reporting
- Clarification on what is meant by the term Pension Manager and the requirement to provide data to Reporting Agents in good time

## The new ECB Regulation

The formal title of the new Regulation is “Regulation (EU) 2018/231 of the European Central Bank of 26 January 2018 on statistical reporting requirements for pension funds (ECB/2018/2)”.

## What Pension Funds will be required to report?

The Regulation is mandatory for all Pension Funds based in Ireland. The Trustees of Pension Funds are primarily responsible for ensuring that the statistical reporting is completed within the time limits.

It was recognised that the Irish pension market has a large number of small Pension Funds. In order to relieve the burden on small Pension Funds, the Central Bank of Ireland requested a derogation from detailed reporting in the Regulation. The derogation allows for Pension Funds to report reduced data where their total assets are less than €25million or the number of members is fewer than 100, based on their last annual data submission. However, there is an over-ride that detailed data must be collected for 75% of total assets in Ireland, for 2019. This rises to at least 80% of total assets by 2022. It is possible that some Pension Funds with less than €25 million in assets

may be required to report detailed information. The Central Bank of Ireland, in conjunction with The Pensions Authority, have published the list of which Pension Funds fall into either detailed or reduced reporting.

### When are the first reports due?

There are different timescales depending on whether a pension fund qualifies as either a detailed reporter or as a reduced data reporter.

### Quarterly reports - detailed reporters

Detailed reporters must return asset data within the following quarter. The timescale is an initial 10 weeks for the first report for Q3 2019, reducing each year until the reports must be made within 7 weeks in 2022.<sup>1</sup>

What information		By When
Q3 2019 Q4 2019	Assets	10 weeks after quarter end e.g. 9th December 2019 and 10th March 2020
Q1 - Q4 2020	Assets	9 weeks after quarter end e.g. 2nd June 2020
Q1 - Q4 2021	Assets	8 weeks after quarter end e.g. 26th May 2021
Q1 - Q4 2022 & thereafter	Assets	7 weeks after quarter end e.g. 19th May 2022

<sup>1</sup> Each of the dates given is an approximation. The exact dates will be confirmed by the Central Bank of Ireland in due course.

## Annual reports – detailed reporters

	What information	By When
Full year 2019	Liabilities and membership data	Year end + 20 weeks e.g. 19th May 2020
Full year 2020	Liabilities and membership data	Year end + 18 weeks e.g. 6th May 2021
Full year 2021	Liabilities and membership data	Year end + 16 weeks e.g. 22nd April 2022
Full year 2022 & thereafter	Liabilities and membership data	Year end + 14 weeks e.g. 11th April 2023

All Pension Funds that are required to make detailed reports will use these dates for both quarterly and annual submissions

## Annual reports – reduced data reporters

Full year 2019	Annual balance sheet and membership data	Year end + 20 weeks e.g. 19th May 2020
Full year 2020	Annual balance sheet and membership data	Year end + 18 weeks e.g. 6th May 2021
Full year 2021	Annual balance sheet and membership data	Year end + 16 weeks e.g. 22nd April 2022
Full year 2022 & thereafter	Annual balance sheet and membership data	Year end + 14 weeks e.g. 11th April 2023

## What quarterly data and annual data must be reported?

Pension Funds reporting detailed data have very comprehensive reporting requirements.

### Quarterly reports – full reporters

Detailed Quarterly Requirements	Examples of items/attributes
Assets by type of holding and counterpart sector	Investment funds Deposits Debt Securities Loans Equities Pension fund reserves Financial derivatives Other accounts receivable/payable
Security by security asset information <sup>2</sup>	ISIN code Number of units Price Securities purchased/sold Currency Changes in market/nominal value Sector Issuer country

<sup>2</sup> This requires the securities at the item by item level and does not require underlying investment information. The 'look-through' approach is only an EIOPA requirement.

## Annual reports – full reporters

Detailed Annual Requirements	Examples of items/attributes
Liabilities by type of holding & counterpart sector  Country breakdown – assets and liabilities	Loans received  Debt securities issued  Equity  Technical reserves  Financial derivatives  Other accounts receivable/payable
Member numbers	Broken down across  Active  Deferred  Retired

## Annual reports – reduced data reporters

Reduced Annual Requirements	Examples of items
Limited Balance Sheet Information	At minimum, total assets broken down into  Debt securities  Equity  Investment fund shares/units  Other accounts receivable/payable
Member numbers	Broken down across  Active  Deferred  Retired

## Who will collect the information?

The Regulation is legally binding on all Pension Funds and Pension Managers in Ireland. The term “Pension Manager” refers to the Trustees of Pension Funds. The Regulation also provides responsibilities for “Reporting Agents”. In Ireland, the Reporting Agent role will most likely be filled by the Registered Administrators of the Pension Fund.

## How will the data be submitted?

The Central Bank of Ireland and the Pensions Authority are currently working on the process through which data will be submitted for their respective collections. It is most likely that the XBRL (eXtensible Business Reporting Language) file format will be used to collect the required data from pension funds reporting detailed information. Sample XBRL templates are available on the EIOPA website<sup>3</sup>. Once confirmed, both institutions will contact Reporting Agents with additional information.

## What happens if a Pension Scheme doesn't make the required returns within the time allowed?

If Trustees fail to report or report incorrect information or report in the wrong format then there is a potential for a fine for each breach under existing ECB regulations (2533/98).

## The new EIOPA statistical requirements

The ECB Regulation is not the only new reporting requirement for Pension Funds in 2019. In April 2018, the European Insurance & Occupational Pensions Authority (EIOPA) published “Decision of the Board of Supervisors on EIOPA’s regular information requests towards NCAs regarding provision of occupational pensions information”, reference EIOPA-BoS/18-114. The reporting requirements are approximately equal for most Pension Funds although there are some additional requirements e.g. Pension Funds with assets over €1billion have to report the ‘look through approach’ on their asset holdings. The ECB and EIOPA have been working to investigate the feasibility for common reporting templates that consolidate the statistical and supervisory data requirements.

<sup>3</sup> <https://eiopa.europa.eu/regulation-supervision/insurance/reporting-format/data-point-model-and-xbrl>



## What are the IAPF doing to help?

The IAPF have been working closely with the Central Bank of Ireland, the Pensions Authority, the ECB and PensionsEurope. Our aim is to raise awareness of the new collections, achieve clarity on what needs to be reported, how it should be reported and when. The Central Bank and Pensions Authority have indicated that they are willing to host industry workshops in early 2019.

## What should you be doing to prepare?

The Pension Fund's Registered Administrator and Investment Managers will be mostly responsible for preparing for and implementing the new collections. RA's with small number of Pension Funds may be able to continue to compile the required data in spreadsheets. RA's with more than a few Pension Funds that are required to submit detailed returns may need to invest in their systems so that the process becomes as automated as possible. This will require close integration and co-operation with Investment Managers so that Investment Managers provide data in the required format, that can be loaded automatically into the RA's systems.

Unfortunately, all of this will come at a cost as RAs seek to recover the additional costs of collating and reporting on both an annual and quarterly basis. It is likely that this cost will have to be paid by Trustees and ultimately either Scheme Members or Sponsoring Employers.

Trustees should be including preparations for the new collections as an agenda item for Trustee meetings in 2018 and 2019 and ask for updates on preparations from their RA and Investment Manager. Trustees should also ensure that the provision of detailed information on a timely basis from Investment Managers is included as part of the Investment Managers services.

## Where can you go for further information?

For more information regarding the ECB requirements, please see the Central Bank of Ireland website [here](#).

If you have any queries on the ECB Regulation, please contact the Central Bank of Ireland at [stats\\_pensions@centralbank.ie](mailto:stats_pensions@centralbank.ie)

For more information regarding the EIOPA requirements, please see the Pension Authority website [here](#).

If you have any queries on the EIOPA collection, please contact the Pensions Authority at [pensionsdata@pensionsauthority.ie](mailto:pensionsdata@pensionsauthority.ie)

Tom Gilligan chairs the Regulation and Administration Working Group which is a subdivision of the Benefits Committee. Tom provides consultancy services in pensions compliance, data protection and related areas. ■

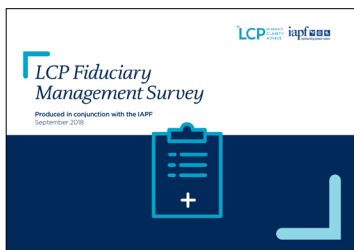
With thanks to RAWG members.



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## LCP IAPF FIDUCIARY MANAGEMENT SURVEY SEPTEMBER 2018



LCP Ireland, in conjunction with the IAPF, conducted a survey on Fiduciary Management. Whilst currently this market is relatively small, it is expected to grow to €10-12b in size. The decision to move to fiduciary management involves many factors. The results show the perspectives of both fiduciary managers and pension schemes and are now available [here](#).

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