



Bille na bPinsean (Leasú) (Trédhearcacht i Muirir), 2021
Pensions (Amendment) (Transparency in Charges) Bill 2021

Mar a tionscnaíodh

As initiated



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**BILLE NA bPINSEAN (LEASÚ) (TRÉDHEARCACHT I MUIRIR), 2021
PENSIONS (AMENDMENT) (TRANSPARENCY IN CHARGES) BILL 2021**

Bill

entitled

An Act to provide for greater transparency in relation to charges that may be imposed in the administration of pension schemes, for that purpose to amend the Pensions Act 1990, and to provide for related matters. 5

Be it enacted by the Oireachtas as follows:

Amendment of Pensions Act 1990

1. The Pensions Act 1990 is amended by the insertion of the following section after section 59H: 10

“Information to be provided to scheme members

59L. (1) In this section, ‘statement of the impact of charges’ means a statement prepared by trustees of a scheme for a scheme member which specifies— 15

(a) the level of benefit which could reasonably be expected at a specified date or dates to be payable under the scheme based on the value of the assets held on behalf of the member at the date of the statement and using such assumptions as to future contributions and investment returns as may be prescribed, 20

(b) the number and amount of charges that will or may be made under the scheme in the following 12 months, expressed—

(i) in cash terms,

(ii) as a percentage of the contribution to be paid by the member in the following 12 months, and 25

(iii) as a percentage of the value of the assets held on behalf of the member at the date of the statement,

(c) the anticipated reduction in yield, being the difference, expressed in cash terms and as a percentage figure, between—

(i) the level of benefit referred to in paragraph (a), and 30

(ii) that level of benefit if no charges were made in relation to the administration of the scheme,

and

- (d) a table illustrating, in relation to the level of benefit referred to in paragraph (a), a comparison between the anticipated reduction in yield that results from—
 - (i) the cumulative impact of the charges under the scheme, and 5
 - (ii) a prescribed range of alternative charges.
- (2) The trustees of a scheme shall furnish to a scheme member a statement of the impact of charges—
 - (a) on the entry of the member into the scheme, and annually thereafter (and a statement under this paragraph shall be in printed and no other form), 10
 - (b) within not more than 7 days of being requested by the member to do so, and
 - (c) within 7 days of any increase in the number or amounts of charges that may be made under the scheme. 15
- (3) As regards a person entering a scheme as a member, the rules of the scheme shall not be enforceable against the person until a period of 15 days has elapsed from the date on which the trustees have given to the person a statement of the impact of charges in accordance with subsection (1)(a). 20
- (4) The Minister may, by regulations—
 - (a) require trustees to provide a statement of the impact of charges to members on the happening of a prescribed event other than one referred to in subsection (1), and
 - (b) prescribe the form and contents of a statement of the impact of charges, including content consisting of— 25
 - (i) warnings for the benefit of potential or actual scheme members,
 - (ii) advice for potential or actual scheme members on the importance of making adequate financial provision for retirement and of obtaining appropriate financial advice in that regard, and 30
 - (iii) a statement of the value, at the date of the preparation of the statement, of the old age (contributory) pension, within the meaning of Chapter 12 of Part II of the Social Welfare (Consolidation) Act 1993, as a percentage of earnings of a typical employee calculated in such manner as may be prescribed. 35
- (5) In this section, ‘charges’ includes—
 - (a) fees, levies or penalties imposed on a scheme member,
 - (b) fees, levies or penalties imposed or made on or in relation to any 40

- pooled fund held for the purposes of a scheme and on or in relation to any pooled fund held within such a pooled fund,
- (c) the net proceeds of the process commonly known as stocklifting (involving the sale of assets with an agreement for repurchase) of the assets held (including those held within any pooled fund and any pooled fund held within such a pooled fund) for the purposes of a scheme that do not accrue to the scheme members, 5
 - (d) the proceeds of any rounding of unit prices of the pooled funds held for the purposes of a scheme and on any pooled fund held within those pooled funds that do not accrue to the scheme members, 10
 - (e) any deductions from the assets to meet the costs of auditors or trustees, including such deductions from the assets of the pooled funds held for the purposes of a scheme and from any pooled fund held within those pooled funds, 15
 - (f) any value-added tax on the charges,
 - (g) the costs of transactions in investments (including transactions of investments held within any pooled fund and any pooled fund held within those pooled funds) that are incurred in excess of those that would be incurred on a competitive arm's length basis, 20
 - (h) any reduction in the interest rate received on deposits or investment return obtained on other assets below that which would be obtainable on a competitive arm's length basis from other comparable deposits or assets,
 - (i) any deduction from the scheme assets or a contribution for the benefit of the trustees, any intermediary, including an investment business firm authorised under the Investment Intermediaries Act 1995, or a member firm authorised under the Stock Exchange Act 1995, or the employer, 25
 - (j) the charges on any insurance contract held as a scheme asset that would be included within illustrations of projected benefits produced in accordance with the Life Assurance (Provision of Information) Regulations 2001 (S.I. No. 15 of 2001), 30
 - (k) such amounts in respect of such other matters as may be prescribed, but does not include— 35
 - (i) any stamp duty or other similar turnover taxes or levies imposed by or under any enactment that have been charged or made in relation to the purchase or sale of investments,
 - (ii) any irrecoverable withholding taxes on investment income,
 - (iii) any fees or levies imposed by or under any enactment that are deducted from the assets of the scheme member or from the assets of the pooled funds held for the purposes of the scheme 40

- and from any pooled fund held within those pooled funds,
- (iv) the costs of transactions in investments (including those held within any pooled fund and any pooled fund held within those pooled funds) that are incurred on a competitive arm's length basis, 5
 - (v) the costs of routine property maintenance and collection of rents due in respect of property investments (including those held within any pooled fund and any pooled fund held within those pooled funds) incurred on a competitive arm's length basis
 - (vi) where an insurance contract is held as a scheme asset, any deductions made solely for the purposes of smoothing the investment returns allocated to individual policies, 10
 - (vii) such amounts in respect of such other matters as may be prescribed.
- (6) (a) The Pensions Authority shall, in every annual report and in such other report as it considers necessary, report upon its monitoring and supervision of the operation of this section, and on related developments. 15
- (b) The Pensions Council shall—
- (i) within 18 months of the coming into operation of the *Pensions (Amendment) (Transparency in Charges) Act 2021*, and 20
 - (ii) not less than once every five years thereafter,
- report its opinion to the Minister, together with such recommendations as it considers appropriate, on the reasonableness, transparency and competitiveness of the charges to which this section applies; the Minister shall as soon as may be cause a copy of a report under this paragraph to be laid before both Houses of the Oireachtas.”. 25

Short title, collective citation and construction and commencement

2. (1) This Act may be cited as the Pensions (Amendment) (Transparency in Charges) Act 2021. 30
- (2) This Act and the Pensions Acts 1990 to 2018 may be cited together as the Pensions Act 1990 to 2021 and shall be construed together as one Act.
- (3) This Act comes into operation three months after its passing.

Bille na bPinsean (Leasú) (Trédhearcacht i Muirir), 2021

BILLE

(mar a tionscnaíodh)

dá ngairtear

Acht do dhéanamh socrú maidir le trédhearcacht níos mó i ndáil le muirir a fhéadfar a fhorchur i riaradh scéimeanna pinsean, chun na críche sin, do leasú Acht na bPinsean, 1990, agus do dhéanamh socrú i dtaobh nithe gaolmhara.

*An Teachta Ged de Nais a thug isteach,
12 Bealtaine, 2021*

Pensions (Amendment) (Transparency in Charges) Bill 2021

BILL

(as initiated)

entitled

An Act to provide for greater transparency in relation to charges that may be imposed in the administration of pension schemes, for that purpose to amend the Pensions Act 1990, and to provide for related matters.

*Introduced by Deputy Ged Nash,
12th May, 2021*
