

Pensions Training

Company Pensions & Trustee Obligations

- Company Pensions
- Trusts
- Trustees
- Trustee Obligations
- Trustee Training
- Irish Life Solution

Trusts

- An arrangement where assets are controlled by a person (Trustee)
- For the benefit of others (beneficiary)



- Company Pensions are required to be set up under irrevocable trust in order to gain tax benefits
- Benefits of Trusts
 - Keeps trust pension assets separate from the assets of the company
 - Pension scheme secure from creditors of the company in the event of liquidation

Different ways of setting up a pension trust

Letter of Exchange

- One man Schemes
- One per member
- Part of application form
- Signed by Employer & Employee
- Retail Business

Trust Deed / Declaration of Trust

- Group Schemes
- Master Trust
- Corporate Business

- The Letter of Exchange is part of the Executive Pension application form
- This is the legal document that sets up the trust
- It must be signed by both the employer and the employee

2007 Onwards–Changes to Letter of Exchange Irish Life

■ Pre 2007

- ❖ Trustee had power to make investment decisions for member

■ Since 2007

- ❖ Endorsement sent to Trustees
- ❖ Allows member to make investment decision

➤ Now applies on all new Executive plans set up with Irish Life

Company Pensions

■ Generous tax reliefs available

- Relief on Employer & Employee Contributions
- No BIK on Employer Contribution
- Tax Free Growth On Fund
- Tax Free Lump Sum

Trustees

- The employer
- Individuals (min of 2 required)
 - need home addresses for Pensions Board
- Corporate trustees e.g. professional trustee company

Trustee Obligations

- Trustees have general requirement to act prudently and in the best financial interest of the beneficiaries
- Trustees of Pension Schemes have duties under
 - Trust Law
 - The Pensions Act 1990
- In reality on one-member pension schemes the life office carries out most of the obligations that fall on trustees

Trustee Training

Amendment in the Pensions Act

- Who does this effect?
- When does requirement apply?
- What is covered by trustee training?
- Options

- Trustees of all Company Pension schemes
 - No exemption for one-member insured schemes
- Employer acts as trustee on most schemes
 - Typical on one-member schemes set up by Letter of Exchange
- Where the employer as a corporate body is the trustee
 - Training applies to 'All Directors'
- Where individuals have been appointed as Trustees
 - They will need to undertake training

- Where the employer is not trustee
 - Employer does not have to complete the training, but
 - Has to arrange training for the trustees

- An employer is not required to arrange appropriate training for:
 - A pensioner trustee (approved by Revenue)
 - A professional trustee (in business of providing trustee services)
- Such trustees must still undertake regular training but employer not responsible
- Where the employer is a joint trustee with a pensioner or professional trustee, employer must still do trustee training
- Employer does not have to organise training for trustee of a death benefit only scheme

When does this requirement apply ?



Irish Life

- Legislation commenced 1st February 2010
- Existing Trustees
 - Must undertake training within 2 years
 - So they have until **31st January 2012**
- New Trustees
 - Must undertake training within 6 months of appointment
- Where Employer is Trustee and a new director is appointed
 - Director will require trustee training within 6 months
- After initial training
 - Ongoing training required at least **every 2 years**

- Where an employer does not provide regular training, it has breached the Pensions Act
- Where a trustee fails to undertake the required training the Pensions Board have the power to apply an on-the-spot fine of €2,000

- Training is not specified by legislation but should be **'appropriate'**
- Pension Board FAQ says trustees to receive training on the duties and responsibilities of trustees generally including:
 - Pensions Act and associated Regulations
 - Taxes Consolidation Act and Revenue Practise
 - Pension provision of the Family Law Act
 - Employment Law
 - EU "IORPS" Directive

- The Pensions Board e-learning system
(on-line and free of charge)
(9 modules – 45 minutes a module)

Is this 'appropriate' training
for one man DC schemes?

6. investing a scheme's assets
7. administration and accounting
8. member communication
9. managing problems

Irish Life Solution

Employer Remaining as Trustee

Trustee Training Workbook

- Appropriate for training for Irish Life 1 man DC scheme
- Short Booklet with important actions for Trustees
- Support from Irish Life



Employer Remaining as Trustee

New Clients

- Trustee Workbook issued with Welcome Pack
- Annual Benefit Statement – will refer to ongoing training
- Workbook available online at www.irishlife.ie

Existing Clients

- Annual Benefit Statement will inform existing trustees of obligations and refer to the booklet
- Workbook is available online at www.irishlife.ie

If the employer does not want to act as trustee

- Irish Life have an option of two independent trustees
- Where an independent trustee is appointed
 - The employer does not have to undergo trustee training
 - The employer is still responsible for paying contributions due to the pension scheme to Irish Life, including any contributions deducted from employees' salaries.

- Irish Life is Fund Manager and Registered Administrator
- Conflict of interest to also act as trustee
 - Administration Services
 - Investment Principles

The information and tax rates contained in this presentation are based on Irish Life's understanding of legislation and Revenue practice as at April 2014 and may change in the future. While great care has been taken to ensure the accuracy of the information contained in these slides, Irish Life cannot accept responsibility for its interpretation nor does it provide legal or tax advice.

Irish Life Assurance plc is regulated by the Central Bank of Ireland