



*PRSA APPLICATION PROCESS*

## Introduction

This document outlines some of the relevant considerations when preparing for the submission of an application to become a PRSA provider.

## The PRSA application process

To become a PRSA product provider, the Pensions Authority & Revenue must first grant their approval for all PRSA products being offered. The Pensions Authority will base their decision to grant or refuse approval on the basis of the application form submitted.

The application is largely a self-certification process whereby the Directors of the company and the PRSA Actuary certify that all aspects of Part X of the Pensions Act and associated regulations will be met.

The information required in the application form includes the following;

- Product specification including
  - Charges
  - Distribution Channels
  - Default Investment Strategy
- Organisation Chart
- Business profile
- Contractual arrangements in place
- Application fee
- An Actuarial Certificate
- Directors Certificate

The Pensions Authority (the “Authority”) is obliged to respond to an application within 3 months of receipt.

It is our experience that the Authority generally take the full 3 months to consider an application. If there are any queries or issues with the application, the Authority can extend the 3 month period from the date of receiving a response to queries.

The application will also be sent to Revenue, but they will generally respond via the Pensions Authority and will not delay the process, subject to the provider having the necessary Central Bank regulatory approval.

### PRSA Product

The PRSA product must meet the requirements of Part X of the Pensions Act. A product specification will need to be submitted to the Pensions Authority. The specification will provide an overview of the product, paying particular attention to:

- Charges being deducted, to ensure compliance with legislation
- Method and timing of payment
- Method of distribution
- Funds on offer
- Default investment strategy which must be in place (even for a non-standard PRSA).

The PRSA Actuary will provide assistance with regards to the product and fund offering to ensure it meets the requirements of Part X.

### Director & PRSA Actuary Certification

The directors and PRSA Actuary will be required to certify that the PRSA product meets the requirements of Part X. The Pensions Authority therefore expect that processes, procedures, systems etc are largely in place prior to the application being submitted. The certification is therefore quite comprehensive.

### Check list

The following is a list of documentation likely to be required:

- Preliminary Disclosure Document (PDC)
- Marketing literature
- Application Form
- Article 3(5) – replacement policy
- Product Spec
- Marketing material
- Procedures manual

The following is a list of system produced documentation likely to be required:

- Post Sale Statement of Reasonable Projection (SORP)
- Annual SORP
- Ad hoc SORP requests

- 6 monthly statement of account
- 6 monthly investment report
- Three month reports to Pensions Authority
- Three month returns to Pensions Authority
- Maximum funding checks
- Tax receipt certs
- Options on retirement

An appropriately robust administration system will therefore need to be in place which preferably generates the system documentation above. In house administration systems are acceptable.

#### **Actuarial Guidance**

The Pensions Act requires PRSA providers to follow any guidance produced but the Society of Actuaries in Ireland (SOAI). This guidance will prescribe how illustrations of maturity values provided to PRSA contributors should be calculated for the PDC, initial and annual SORP documents and will allow for product charges and assumed growth rates prescribed by the SOAI.

#### **Contractual Requirements**

Wealth Options are required to enter into a contractual arrangement with the following parties

- PRSA Actuary
- Custodian (unless the Authority grants approval to Wealth Options to fulfil this role)
- Auditor (but there is no actual role for the auditor)
- Investment Manager
- Administrator (unless Wealth Options can fulfil this role)

#### **Prior meeting with the Pensions Authority**

It would be best practice to meet with the Pensions Authority prior to submitting an application for product approval. At the meeting the Pensions Authority will generally outline what is expected when granting approval and provide the application form to the provider.

### Pensions Authority Fees

- Initial Fee: €20,000 plus €5,000 for any additional products.
- Annual Fee: €2,000 per product plus 0.05% of assets under management

### Annual certification - PRSA Actuary

There is a requirement under current legislation for the PRSA actuary to certify the PRSA product and provider each year. This involves a review of the PRSA contracts held over the year. Typically the review would focus on the following;

- Documentation was issued correctly and on time,
- All charges deducted were correct and in accordance with product design,
- The default investment strategy was followed,
- The products and the provider continue to be compliant with all aspects of the Act and Regulations

To carry out the review, the PRSA actuary requires full access to all files held by the provider in respect of its PRSAs.

The review occurs around December - February every year. Certification is submitted to the Pensions Authority by the following 31 March.

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