

LCP Radar –Pensions Authority increases its fees for some occupational pension schemes by 50%

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7 January 2022 The Minister for Social Protection, with the consent of the Minister for Public Expenditure and Reform, has approved revised Pensions Authority fees for occupational schemes with effect from 1 January 2022.

The Pensions Authority has said that increased fees are necessary to meet the Authority's staffing and IT costs arising from the implementation of the EU IORP II Directive and the implementation of forward-looking risk-based supervision.

Fee structure

	Fee per member for schemes with 500 or less active members	Flat fee for schemes with 501-1000 active members	Fee per member for schemes with 1001 plus active members
Old fees (2021)	€8.00	€4,000	€4.00
New fees (2022)	€12.00	€6,000	€6.00
Increase	50%	50%	50%

* No changes were made to PRSA fees.

LCP comment

The fees for occupational pension schemes have increased by 50%. While this is a considerable increase and well ahead of inflation, the May 2021 Pensions Authority Fee Consultation had caused significant consternation amongst trustees when it suggested a fee of up to €0.112 per €1,000 of scheme assets. By way of example, this would have resulted in a fee for a scheme with 1,000 actives and assets of €500m increasing from €4,000 pa to €56,000 pa.

Notwithstanding the increase, there was no further insight into per-scheme fees that had been proposed in the consultation. The Authority had suggested that this type of fee could be brought in from 2024 to reflect their experience that smaller schemes require proportionally more work from a regulatory perspective and as an "*explicit incentive for consolidation*". Therefore further increases may be introduced later.

It is also interesting to note that the fees apply to schemes with active members only. It appears that frozen schemes are still exempt from regulatory fees. This is surprising as the Authority had noted in its consultation that "*there are a number of such schemes with assets of hundreds of millions of Euro that require ongoing oversight but pay no fees.*"

Even with the above increases, it looks like the Pensions Authority may be still somewhat short of income, based on the revenue requirements outlined in the May 2021 consultation. Trustees should therefore be prepared for further increases including the possibility of asset based fees, which would appear to be the approach preferred by the Pensions Authority.

More details can be accessed at

https://www.pensionsauthority.ie/en/news_press/news_press_archive/pensions_authority_publishes_occupational_pension_schemes_fee_rates_for_2022.html

How can LCP help?

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If you would like to find out more about how LCP can help trustees and sponsors of pension arrangements, or if you have any questions on this update, please contact [Roma Burke](mailto:roma.burke@lcpireland.com) at roma.burke@lcpireland.com or the LCP partner who normally advises you.

Note of Work

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