

S.613/6

Circular Letter S.9/2001

| June 2001

AN ROINN COMHSHAOIL

AGUS RIALTAIS ÁITIÚIL

DEPARTMENT OF

THE ENVIRONMENT AND

LOCAL GOVERNMENT

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## Annual Pension Benefit Statements for all Pension Scheme Members

A Chara

The attached correspondence between this Department and the Department of Finance is being circulated to bodies under this Department's aegis for information.

The correspondence refers to new requirements for all occupational pension schemes in relation to the provision of annual pension benefit statements and indicates that public sector pension schemes are being allowed a transitional period within which to become fully compliant.

The Department of Finance have requested that bodies examine their current information systems with a view to ascertaining whether they would be capable of providing automatic annual pension benefits statements to all scheme members and to bear the new requirements in mind when commissioning any changes to information systems during the transition period. Local authorities will be aware that the Superannuation Scheme Management System for the Local Government Superannuation Scheme (see circular letter S.6/2001) has a facility for producing benefit statements. However, this can only be done if the relevant member and service information is entered for each member of the Scheme.

It should be noted that ultimate responsibility for complying with the new requirements will rest with each individual local authority.

Mise le meas



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To each local authority and body to which the LGSS applies





An Roinn Airgeadais  
Department of Finance

Office of the Minister

P18/75/99  
Your ref. S.613/6

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11 May 2001

Mr A Cronin  
Personnel Officer  
Department of the Environment and Local Government

Dear Mr Cronin

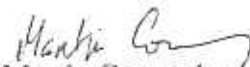
**Annual Benefit Statements for all Pension Scheme Members**

I refer to your letter of 22 February 2001 in connection with the above matter.

There would be no objection to our correspondence to date being issued to all relevant bodies for information. Regardless of this correspondence, ultimate responsibility for complying with the Department of Social, Community and Family Affairs Guidelines will rest with your Department and bodies under its aegis in respect of certain pension schemes. This Department's legal responsibility is limited to the Civil Service schemes and we will be subject to the same administrative burdens, with possibly even greater demands being made on those responsible for private sector schemes.

A steering group to address any Commission Report recommendation specifically would be inadvisable at present. Various interests would exploit such an initiative as an indication that the Report could be considered as a series of single-issue items for rejection, negotiation or acceptance. This would be totally at variance with the statement by our Minister in the Press Release of 31 January 2001.

Yours sincerely

  
Martin Conneely  
Pensions Section

*cc Mr Damien Smyth, Superannuation Section, Dept. of H*  
*E. 1-1-2*

Our ref: S 613/6  
Your ref: P18/75/99

22 February 2001

Mr Martin Conneely  
Pensions Section  
Department of Finance  
73-79 Lower Mount Street  
Dublin 2

**Annual Benefit Statements for all Pension Scheme Members**

Dear Mr Conneely

I refer to your letter of 30 November 2000 and previous correspondence regarding the above matter.

This Department did not decide not to circulate your Department's letter of 15 December 1999 to bodies under its aegis. As indicated in our letter of 5 January 2000, we did not feel it would be appropriate to circulate your letter to the bodies under the Department's aegis without some indication that the issues concerned were being addressed centrally and that the necessary resources would be made available to ensure the requirements could be met.

Provided you have no objection, we will issue our correspondence to date to all relevant bodies for information. However, we are still strongly of the view that some form of centralised approach is necessary. While accepting that the Government has yet to make formal decisions on the recommendations contained in the final report of the Commission on Public Service Pensions, the recommendation at paragraph 25.5.4 of the report would support this view. There would appear to be a compelling case for establishing a steering group along the lines suggested in the penultimate paragraph of my letter of 5 January 2000 to address this issue specifically. For example, the Local Government Computer Services Board has recently upgraded the Computer System for the Local Government Superannuation Scheme and the upgrade includes a facility for producing benefit statements from database entries. The sharing of this and any other similar developments in other areas of the public service within the structure of a steering group to the benefit of all public sector pension schemes would appear to be obvious.

Yours sincerely

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A Cronin  
Personnel Officer

**25.4.16** As outlined above, the Commission believes that a move to a centrally coordinated information and management system is necessary to address the various deficiencies which we have identified. However, we would emphasise that local input and responsibility on the part of departments and organisations would be essential to ensure the success of the new system.

## **25.5 Information technology and scheme communication**

**25.5.1** In our view, the most pressing requirement is to plan the introduction of a computerised pensions administration system for the recording of pensionable service, pensionable pay and allowances, and other relevant pension data. The introduction of such a system would be necessary to ensure the accuracy of information on benefit entitlements communicated to individual employees. It would also be crucial in the introduction of greater transparency in the accounting for pension costs and in the establishment of the Public Service Pension Fund

**25.5.2** It would be essential that the system be capable of sharing data between the major public service employers. A single central database which could be regularly updated by the various Pension Support Units would be one possible approach. The new system should also be capable of catering for the greater flexibility in public service employment, particularly the wider prevalence of part-time and temporary employment, and the increasing range of options for job-sharing, work-sharing, term time, career breaks, etc.

**25.5.3** The system would be operated across every public service employer. Its introduction would be a specialised task, requiring the coordination of the individual requirements of a range of departments and public service employers, including Health Boards, hospitals, local authorities, VECs, third level bodies, and non-commercial state-sponsored bodies.

**25.5.4** The Commission recommends the development of a specialised, computerised pensions administration system, and that introduction of the new system should be overseen by the interdepartmental committee and implemented by the PSPO, with appropriate expert assistance.

**25.5.5** We consider that the task of putting in place a system capable of meeting the needs of a modern, flexible and transparent pensions administration structure would be considerable. The accompanying costs for such a project would be sizeable, particularly if, as will almost certainly be the case, outside consultancy advice is required.

**25.5.6** Consistent with our recommendations in relation to pension flexibility, we recommend the implementation of an active policy of pension scheme communication, involving the provision of user-friendly documentation, an annual statement of pension entitlements, and a statement of the options available to public servants to improve their overall level of benefits and to plan for their retirement (including information on SPEARS).

## **25.6 Appeals mechanism**

**25.6.1** We have discussed in Section 4.3 the arrangements which apply to appeals in relation to pension benefits. While most schemes have an appeal mechanism in place, questions arise as to their effectiveness, due to the fact that personnel who are involved in processing an appeal will often be those who advised on how to handle the case in the first instance.



An Roinn Airgeadais  
Department of Finance

P18/75/99

Your ref. S.613/6

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30 November 2000

Mr A Cronin  
Personnel Officer  
Department of the Environment and Local Government

Dear Mr Cronin

### **Annual Benefit Statements for all Pension Scheme Members**

I refer to your letter of 5 January 2000 and reminder in connection with the above matter.

The purpose of this Department's circular letter of 15 December 1999 was to inform Departments and associated Offices and bodies of recent developments regarding the provision of annual benefit statements to members of pension schemes and the fact that public sector schemes would not be subject to the full rigour of the changes for a number of years and to alert Departments and associated Offices and bodies of the need to examine whether their current information systems could cope. By implication, it was also intended to alert those commissioning any changes in information systems during the transition period to take the impending requirements into account.

The new requirements are not at the behest of this Department - as was pointed out in the letter of 15 December 1999, they arise from Regulations made by the Minister for **Social, Community and Family Affairs**.

The Commission on Public Service Pensions presented its Report to our Minister very recently and, as you surmised, it does address the issue of information technology and scheme communication. However, the recommendations will have to be considered by the Government, following which it is envisaged under the **Programme for Prosperity and Fairness** that a Working Group of public service unions, relevant Government Departments and appropriate bodies would be established to advise on implementation of relevant Government decisions. Against such a background, we do not feel it would be appropriate to give any indications regarding a centralised approach or resources.

In the light of the above, we would hope that your Department would reconsider its decision not to circulate the circular letter. It would be regrettable if the Offices and State bodies under the aegis of your Department were not kept aware of developments, were not in a position to provide feedback on any deficiencies in existing systems and were making changes to existing systems without being aware of the advisability of ensuring that any changes to systems take account of the new requirements. We feel it would be particularly regrettable not to let the Local Government Computer Services Board know of the contents of the circular letter.

Apologies for the delay in replying.

Yours sincerely

  
Martin Conneely  
Pensions Section

S. 613/6

5 January 2000

Ms Simonetta Ryan/Ms Sarah Kyne  
Pensions Section  
Department of Finance  
73-79 Lower Mount Street  
Dublin 2

Dear Ms Ryan/Ms Kyne

### **Annual Pension Benefit Statements for all Pension Scheme Members**

I refer to your letter of 15 December 1999 in connection with the above matter.

The provision of annual benefit statements to all members of pension schemes will have major implications for all public service pension schemes. In so far as this Department is concerned the schemes concerned are the Civil Service Pension Scheme (covering staff of the Department), the Local Government Superannuation Scheme (covering staff of local authorities, health boards and certain education institutions) and a number of pension schemes for staff of the State bodies under the Department's aegis.

Since the implications are common to all schemes, there is a compelling case for addressing the issues concerned on a centralised basis. For example, it would appear that an IT system developed on a service wide basis would reduce costs and ensure standardisation. It is suggested that as a first step CMOD should be asked to look at this. The development of centralised and/or standardised data systems for recording the service of public service pension scheme members is, I understand, an issue that the Commission on Public Service Pensions may be addressing in the context of its final report. There may be a case, therefore, for awaiting this report before any definitive action is taken.

The production of automated pension benefit statements will have implications for staffing resources, even with an IT based system. For example, service data will have to be verified and entered in the system. It is likely also, certainly in the initial few years, that benefit statements will give rise to significant additional queries from members about their entitlements. Therefore staffing levels in pensions sections will have to be increased in the short to medium term at least. I




understand that public service pension resources is another issue that the Pensions Commission may be addressing.

To summarise, it is the view of this Department that there are core issues involved here which affect all public service pension schemes and should be addressed in a co-ordinated centralised manner. Perhaps it would be advisable to set up a steering group with representatives of the Government Departments which are mainly affected by the new measures. This group should be chaired by your Department and should include CMOD.

This Department does not feel it would be appropriate to circulate your letter to the bodies under its aegis without some indication that the issues concerned are being addressed centrally and that the necessary resources will be made available to ensure the requirements can be met.

Yours sincerely

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A Cronin  
Personnel Officer



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Ref. P18/75/99

15 December 1999

Dear Personnel Officer

**Annual Pension Benefit Statements for all Pension Scheme Members**

At present any pension scheme member is entitled to a detailed statement of their personal pension entitlements annually on request. This entitlement is a statutory one under Section 54 of the Pensions Act 1990 - 1996 and the associated Disclosure Regulations (S.I. No 215 of 1991 and 349 of 1998 made by the Minister for Social Community and Family Affairs). In practice most scheme members do not look for a benefit statement unless they are close to retirement, are about to transfer to another employment or, more recently, are involved in proceedings under the Family Law Act 1995 or 1996.

One of the recommendations of the National Pensions Policy Initiative Report to the Minister for Social, Community and Family Affairs in May 1998 was that personal benefit statements should be provided *automatically* to all pension scheme members annually. This recommendation, which was accepted by Government, will be formally instituted in new Disclosure Regulations, being prepared by the Pensions Board, which are almost complete. The requirement will have statutory force. It will apply to private sector schemes immediately but it has been agreed that initially most public sector schemes will provide more generalised statements based on grades. This will be provided for in the Regulations but is being done with the agreement that all public sector schemes will be fully compliant within a specified time scale (possibly five years).

All Departments, Offices and bodies under their aegis will need to examine their information systems, now, to see what will be required to enable them to produce an annual benefit statement for each member. The statement will include all service accrued to a specified (recent) date, pensionable salary and a calculation of pension payable if the member were to serve to normal retirement age.

Please ensure that this letter is circulated to the relevant sections of your Department (including the IT section) and to the bodies under your aegis.

If you have any comments or queries on this matter please contact either of the undersigned.

Simonetta Ryan/Sarah Kyne  
Pensions Section,  
Department of Finance

(email [simonetta\\_Ryan@finance.irlgov.ie](mailto:simonetta_Ryan@finance.irlgov.ie) or [sarah\\_kyne@finance.irlgov.ie](mailto:sarah_kyne@finance.irlgov.ie))

**To: All Personnel Officers**