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## **Ireland establishes guidelines for master trusts**

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By Editorial Staff      Thu, Aug 2, 2018

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Ireland's pensions regulator has launched an inquiry into the future regulation of "defined contribution (DC) master trusts" with a view to encouraging consolidation in the sector. Master trusts are similar to the open multiple employer plans that are the subject of legislative proposals in the U.S.

In a document published this week, and reported by *IPE.com*, the Pensions Authority warned that there were "far too many pension schemes that are delivering poor outcomes for members. The Authority would like to see a smaller number of larger schemes to provide for future saving."

Ireland's government is exploring several pensions and welfare reforms, including changes to the state pension, new protections for defined benefit plans and participants, and the introduction of automatic enrollment. The Pensions Authority is seeking public comment on its proposed reforms by 5 October.

The Pensions Authority said it expected the number of DC master trusts operating in Ireland to increase. The regulator just published proposed requirements for master trusts, their backers and their trustees. For instance, each master trust must have a trustee board, the majority of whose members must be independent from the plan, its owner and any service providers.

The board must put forward a "detailed and comprehensive" three-year business plan for the master trust, showing income and expenditure forecasts and demonstrating that the trust "has a reasonable prospect of being viable under all scenarios."

The trustee board - which should be set up as a "designated activity company" - must be "sufficiently capitalized", the Pensions Authority said, with access to enough cash for two years of operations without additional injections. The regulator did not specify a figure for this, but said it planned to review each master trust's financial position annually.

"Given their potential scale and inherent complexity, the Authority will consider master trusts to be in the highest risk category for supervision and specific reporting requirements

will be in place,” the regulator stated.

Other proposed requirements for master trusts included written policies on engagement with members and employers, conflicts of interest, transparency of charges, and winding up the trust.

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