

Investment Risk, Fees and Charges Checklist

Questions to ask about how investment risk,
fees and charges affect your pension



An Bord Pinsean -
The Pensions Board

Authority for Pensions

Whether you are planning to start a pension, are a member of an occupational pension scheme or have a personal pension, you should understand how your pension works.

This checklist will help you engage with your pension. The questions posed here are to help and prompt you to seek out more information where you do not understand things about your pension.

The checklist will show you:

- how company pension schemes and personal plans operate
- how benefits are calculated on retirement
- where investment risk, fees and charges can affect your benefits on retirement.

What type of pension do you have?

1. Do you know what type of pension you have or are contributing to?
 - a. are you a member of a defined benefit scheme?
 - b. are you a member of a defined contribution scheme?
 - c. are you a member of a hybrid scheme?
 - d. do you have a Personal Retirement Savings Account (PRSA)?
 - e. do you have a Retirement Annuity Contract (RAC)/Personal pension?
 - f. are you a member of a Civil Service/Public Sector (defined benefit) pension scheme?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Different types of pensions

- **A defined benefit pension scheme** provides a defined level of pension benefit at retirement usually based on your years of service and your earnings at retirement. Benefits can be affected if your pension scheme is not fully funded.
- **A defined contribution pension scheme** the value of which on retirement is determined by the level of contributions paid, the investment return achieved and the fees and charges where applied.
- **A hybrid pension scheme** is one which is neither a full defined benefit nor a full defined contribution scheme, but has some characteristics of each.
- **Personal Retirement Savings Accounts (PRSAs)** are private pension plans set up between you and an authorised PRSA provider. PRSAs are a type of defined contribution scheme, the value of which on retirement is determined by the level of contributions paid, the investment return achieved and the fees and charges where applied.
- **Retirement Annuity Contracts (RACs)** are private pension plans set up between you and an RAC provider. RACs are a type of defined contribution scheme, the value of which on retirement is determined by the level of contributions paid, the investment return achieved and the fees and charges where applied.
- **Public Sector Pension Schemes** are pension schemes available to civil servants and public sector workers. Benefits from these schemes are either paid directly from the state or are partly funded by the state and may require some level of contribution from the member. Benefits are determined by the amount of years' service with the scheme and the members' final pensionable salary as defined by the scheme.

Further information

For further general information you should visit www.pensionsboard.ie and read the booklet 'What are my Pension Options?' which gives more details about company/occupational pension schemes, PRSAs and RACs. Civil and public servants should visit www.cspensions.gov.ie

Investment risk and funding questions for defined contribution schemes, PRSAs and RACs

- 2. Does your employer make a contribution on your behalf to your pension?
- 3. Do you know how much your employer contributes?
- 4. Do you know how your pension contributions are invested?
i.e. what fund(s) are your contributions invested in.
- 5. Do you understand that different investment performances can affect your final benefit on retirement?
- 6. Do you understand how the level of investment risk affects your pension?
The level of risk varies with the type of fund your contributions are invested in.
- 7. Have you asked your trustees, pension provider about the investment performance of your fund lately?
- 8. Have you asked your trustees or pension provider what the investment risk plan for your pension is as you near retirement?
In other words what plan is in place to start moving your investments to more secure funds (cash/bonds) as you near retirement (i.e. starting within 10 years of your retirement).

Yes No

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Investment risk and funding questions for defined benefit schemes

- 9. If you are a member of a defined benefit scheme do you know the funding position of your scheme?
The trustees of your scheme are required to periodically examine the funding status of the scheme. Further information on this requirement is outlined in the Pensions Board booklet *'Pension Scheme Funding and Restructuring'*.

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------

Information you should receive

- 10. If you are a member of your company's pension scheme were you notified about or did you get a copy of the scheme annual report?
Information that must be included in your pension scheme's annual report is outlined in the Pensions Board booklet *'What do you know about your pension scheme?'*
- 11. Did you get an annual benefit statement from your pension scheme?
Active members of defined contribution pension schemes will also be issued an annual Statement of Reasonable Projection (SRP) from the trustees of their pension scheme. An SRP must provide members of defined contribution schemes with estimates of what pension they may receive when they retire.
- 12. Did you get a statement of account, an investment report and a SRP from your PRSA provider?
Information that must be disclosed to you and outlined in your PRSA statement of account and Statement of Reasonable Projection is explained in the Pensions Board booklet *'Personal Retirement Savings Account (PRSAs) A Consumers Guide'*.
- 13. Where you do not understand the annual benefit statement or SRP you received, have you asked your trustees or pension provider to explain it in more detail to you?

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Questions to ask on fees and charges if you are a member of a defined contribution scheme or have a PRSA or an RAC

14. Have you asked your scheme trustees or pension provider to break down and total all the fees and charges that apply to your pension – such as the following?
- initial charges for joining the scheme/starting a pension
 - contribution charges
 - investment charges
 - charges for switching funds
 - monthly policy fees.
15. Did you know that if you have a PRSA you cannot be charged for the following?
- transfers to or from another pension arrangement
 - setting up or closing a PRSA
 - increasing your contributions
 - decreasing your contributions (however, this may depend on the charging structure of your PRSA)
 - stopping your contributions.

Yes No

Questions on adequacy

16. Are you satisfied that the levels of contribution you are making to your pension are adequate to meet your future needs in retirement?
- Visit the Pensions Calculator on www.pensionsboard.ie to explore your contribution options.
17. Do you make Additional Voluntary Contributions (AVCs) to your pension?
18. If you are a civil or public servant, have you asked your superannuation department (or your HR department) about your pension and the options of buying additional or notional years service (buying added years)?

Next steps

The Board recommends that when you request information on your pension do so in writing and keep a copy of the correspondence for your own records.

To get specific information about your:

- **Defined benefit or defined contribution scheme or AVCs**
consult the explanatory booklet you should have received from your scheme, then contact your employer and/or your trustees.
- **PRSA**
contact your PRSA provider.
- **Retirement Annuity Contracts (RAC)**
RACs are administered by the Insurance Industry so you should contact your RAC provider.
- **Civil/Public servants**
should contact the HR/Superannuation section of their relevant Department.
- **Pensions Board booklets**
are available to download from www.pensionsboard.ie



An Bord Pinsean -
The Pensions Board

Authority for Pensions

The Pensions Board
Verschoyle House
28/30 Lower Mount Street
Dublin 2

Tel: 01 613 1900
Fax: 01 631 8602
Locall Number: 1890 65 65 65
Email: info@pensionsboard.ie
Web: www.pensionsboard.ie