

Funding Standard

[Introduction](#)

[Which Actuarial Funding Certificate to use](#)

[Funding Proposals](#)

[Intervaluation Requirements](#)

[Section 49\(3\) Applications](#)

Introduction

Under the Funding Standard provisions of the Pensions Act, 1990, as amended (“the Act”), defined benefit schemes (excluding certain schemes primarily in the Public Sector) are required to prepare and submit to the Board actuarial funding certificates at 3 yearly intervals.

The purpose of the actuarial funding certificate is to enable the scheme actuary to certify whether or not, if the scheme had wound up at the effective date of the certificate, its assets would have been sufficient to meet its liabilities. A certificate must be submitted to the Pensions Board no later than nine months after its effective date.

If the scheme could not have met its liabilities a funding proposal must be submitted to the Board.

Which Actuarial Funding Certificate to use

The first actuarial funding certificate having an effective date after the 1st day of June 2002 in respect of a relevant scheme which came into operation prior to the 1st day of June 2002 shall be prepared on a Schedule BA certificate.

The next and subsequent certificates should be prepared using either a Schedule BB certificate or a Schedule BC certificate, depending on the effective date;

- where the effective date is on or before 22 September 2005 a Schedule BB certificate should be used;
- where the effective date is after 22 September 2005 a Schedule BC certificate should be used.

The first actuarial funding certificate prepared in respect of a scheme which comes into operation on or after 1 June 2002 shall be prepared using either a Schedule BB or Schedule BC certificate, depending on the effective date as set out above.

Note: Where a Schedule BC certificate is submitted to the Board, the effective date of the following certificate shall be no more than 3 years later.

Hard copies of the above certificates can be requested from the Regulation Unit of the Pensions Board. Alternatively, the certificates can be downloaded at the bottom of the page.

Funding Proposals

Where a funding certificate is prepared which certifies that the scheme does not satisfy the Funding Standard as at the effective date of the certificate, a funding proposal must be submitted to the Board along with the certificate to which it relates.

Such a proposal must be designed to put the scheme in the position that it could reasonably be expected to meet its liabilities no later than the effective date of the next actuarial funding certificate, i.e. within 3 years, or by such later date specified by the Board under s49(3) of the Act. A funding proposal must be agreed and signed by the scheme actuary, the sponsoring employer and the scheme trustees.

Intervaluation Requirements

Each trustee annual report in respect of a scheme must include a statement from the scheme actuary as to whether or not the scheme would have satisfied the Funding Standard at the last day of the reporting period. If that statement is negative the scheme must prepare and submit an actuarial funding certificate to the Board within 12 months of the end of the reporting period. If that certificate shows that the scheme does not satisfy the Funding Standard a funding proposal will also be required.

Where a funding proposal is already in place in respect of a scheme, either a 3 year proposal or a longer term proposal under s49(3) of the Act (see below), the trustee annual report must include a statement from the actuary as to whether or not that proposal would have been on-track at the last day of the reporting period; i.e. whether it was still expected to meet its objective of satisfying the Funding Standard at the effective date of the next actuarial funding certificate or by the later date specified by the Board if applicable.

Where the funding proposal is certified by the actuary to have been on-track at the last day of the reporting period this constitutes a positive statement and no further action is required.

Where the proposal is certified as being off-track at the last day of the reporting period, this constitutes a negative actuarial statement and the scheme must prepare and submit an actuarial funding certificate and revised proposal to the Board within 12 months of the end of the reporting period in which the negative statement was made. The effective date of the certificate can be any date between the last day of the reporting period and the day before the last day of the subsequent reporting period.

If the revised proposal is envisaged to cover a period in excess of 3 years, a new/further application to the Board under s49(3) of the Act will be required (see below).

In all circumstances, including cases where a funding proposal remains on-track, the requirement to prepare and submit actuarial funding certificates every 3 years continues to apply.

Section 49(3) Applications

Under Section 49(3) of the Pensions Act, the Board, on application to it by the trustees, can specify a date later than the effective date of the next actuarial funding certificate by which the scheme could reasonably be expected to satisfy the Funding Standard where a funding proposal is being put in place. In effect this allows schemes to prepare funding proposals which are designed to meet the standard over a period of longer than 3 years. Due to the nature of specifying a later date there are various requirements which apply in order for the Board to consider an application. These are set out in the Board's Guidelines on Section 49(3) Applications (revised effective from January 2009) which can be downloaded at the end of the page.

The application form to be used when making an application to the Board is also available below. Please note that the application form must be submitted to the Board electronically to the following address: s49applications@pensionsboard.ie ; and must also be signed by the scheme actuary and trustees and sent in hard copy, along with the draft funding proposal, to: Regulation Unit, The Pensions Board, Verschoyle House, 28-30 Lower Mount Street, Dublin 2.

Where an application under Section 49(3) has been granted and a later date specified, the Intervaluation Requirements set out above continue to apply.