



Busier than Ever
A review of 2007/8

Irish Institute of Pensions Managers
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Overview – the Numbers

- New Complaints: 2007 – 515 [+17%]
2008 - 737 [+43%]
- Cases Closed 2007 584 [+90%]
2008 643 [+10.1%]
- Determinations: 47- 35 upheld
- Mediated: 169 – 125 upheld
- Overall closures 643 - + 10.6%
- Cases on hand 448 - + 27%
 - NB: Staff 10 - + 0%

Mediation – the Preferred Option

- Mediation is faster than full investigation/ determination
- Determination invariably means someone is unhappy
- Many cases are closed by explanation
- Better communication would avert some of these



Complaint Handling

- Complaints may come to me because the complaint handling process has failed to resolve them
- Some firms are better than others at facing up to complaints
- Numbers can be misleading

Starting the Process

- Preliminary Examination
- Lots of complaints outside Terms of Reference
- Referrals to the Ombudsman, Financial Services Ombudsman, Pensions Board, DSFA Pensions, etc



Complaints – how we get them

- Complaints get to me in several ways:
 - Completion of IDR process, complainant not satisfied
 - Direct approach from complainant
 - Referral by Trade Union
 - Referral by Agency (CIMA, EPACE)

If no IDR, I consider whether to waive (private sector), or refer for IDR

Does IDR Work?

- We don't know!
- Public Service IDR works some of the time
 - Complaint handled satisfactorily & withdrawn
 - But many don't accept result and exercise their right to complain

But we only know about the ones we referred
No information on the IDR cases we haven't
seen

2009 – I Need your Help

- We would like to survey the market
- Enlist help from Administrators
- Survey on the Internet?

To try to identify the extent to which problems are solved by the IDR process, how well it works

IDR Problems

- Public Service IDR still takes too long
- Excessive reliance of Dep't of Finance
- Although the process can be deemed exhausted after three months have elapsed, I would prefer to have their input
- Some abuse of the time limits in the private sector



What We Have Learned

- Public Service Admin is uneven
 - Some Departments centralise, some don't
- Loss of expertise
- Reluctance of people to stay in Superannuation Section
 - Promotional criteria a problem here
- Specialist Staff means fewer problems
 - Need for recognition

What We have Learned - 2

- Old Chestnuts keep coming back
 - CWPS unpaid contributions
 - Mortality benefits not payable
 - Companies failing
 - High proportion of foreign workers
 - Complaints up from 35 in '07 to 101 in '08
 - Attempts to block investigation
 - Usually don't succeed
 - Target Benefits still cause problems

What we have learned, continued

- Investment – “proper investment”
- Disinvestment of AVCs and DC in winding-up
 - Can the trustee ever be right?
- Amalgamation of (DC) AVCs with DB fund
 - A considered decision, or just laziness?
- “Having regard to the nature and duration of the liabilities” is just a new way of saying something very old:

“The duty of a trustee is not to take such care only as a prudent man would take if he had only himself to consider; the duty rather is to take such care as an ordinary prudent man would take if he were minded to make an investment for the benefit of other people for whom he felt morally

bound to provide”. Learoyd -v- Whiteley, 1887

Investment and the member

- Many don't know (or forget) how their money is invested
- They should be reminded
 - Option statements
 - Annual Benefit statements?
 - Communications re winding-up
- Is it enough to name the fund, or should we be more specific?
- Do some employers/trustees offer too narrow a range of options?
 - Is “Lifestying” universally available?

SSIA Incentive

- A number of complaints in 2007/8
- Generally from Pensioners
- Most did not realise that, by buying a PRSA, they were bringing after-tax income back into the tax net
- Many did not understand incentive not intended for higher rate tax payers

Other Problems

- Failure to wind up promptly
- AVCs not administered with main scheme benefits
- Public service AVCS – pensionable -v- actual service
- Early Retirement – ill health and normal
 - Deferred beneficiaries given options previously
 - Last-minute AVCs now locked in

Litigation

- One appeal dismissed in 2007
- Three appeals ongoing....
- Prosecutions for obstruction of Investigations
- Enforcement of orders to furnish information
- Enforcement of Determinations

Not all complaints are serious - to start with

- Some should never get to my office, but escalate due to
 - Poor communication – both ways
 - Lack of knowledge of trustee duties
 - Failure to take complaint seriously
- And some were never serious in the first place
 - Failure to switch investment in less than 5 days
 - Thursday to Monday!!
 - The Great PO Robber