

23rd September 2026

Dear Chief Executive Officer,

Dear Compliance Officer,

Thematic Review on Member Statements and/or Pension Benefit Statements

1.0 Introduction

The Malta Financial Services Authority (referred to herein as the “**MFSA**” or “**the Authority**”) is issuing this Dear CEO Letter to communicate the key observations arising from its thematic review of Member Statements and Pension Benefit Statements issued by Retirement Scheme Administrators (“RSAs”).

The purpose of this communication is to share the Authority's observations with the wider market, highlight areas where supervisory concerns have been identified, and set out the Authority's supervisory expectations with a view to promoting consistent compliance with the applicable provisions of the Retirement Pensions Act, the Pension Rules and any other applicable regulatory requirements.

Whilst individual feedback has already been communicated to the RSAs that participated in the thematic review, the Authority considers that the observations and expectations outlined in this letter are relevant to all RSAs. Accordingly, all RSAs are expected to consider the contents of this letter, assess whether their existing practices meet the standards expected by the Authority, and take appropriate action where enhancements are considered necessary.

2.0 Background and Methodology

The MFSA aims to ensure that licenced service providers comply with the applicable rules and regulations, thereby supporting a fair, honest and transparent financial market. This helps strengthen member protection which would, in turn, boost confidence in the local financial market. To this end, the Authority's supervisory activities are aimed at achieving high compliance standards with the supervised licenced entities using diversified tools such as onsite inspections, off-site work, thematic reviews and other targeted supervisory interventions.

Thematic reviews are an essential tool for the Authority in assessing the current market conditions including current or possible emerging market risks. The Authority regularly undertakes thematic reviews as part of its risk-based supervisory framework. Such reviews allow the Authority to assess industry-wide practices, identify common areas of non-compliance and communicate supervisory expectations to the market.

This letter outlines the main findings arising from the Thematic Review and outlines the Authority's supervisory expectations in respect of the issuance of Member Statements and/or Pension Benefit Statements.

An RSA is responsible for the overall operation of a Retirement Scheme and is required to perform all duties associated with the ordinary day-to-day administration of such scheme. In this context, the MFSA has carried out a Thematic Review aimed at assessing RSAs' adherence to the Pension Rules, relating to Member Statements and Pension Benefit Statements.

The thematic review encompassed an assessment of the Member Statements and/or Pension Benefit Statements, and where applicable, included a review of the supporting documentation such as transaction histories, client account statements, end of year statements and fee schedules.

At the time of this review, there were 11 licenced RSAs and 45 Retirement Schemes. Out of 45 Retirement Schemes, 41 were Personal Retirement Schemes and 4 were Occupational Retirement Schemes. For the purpose of this thematic review, the MFSA reviewed a sample of 5 RSAs, representing 45% of the licenced

RSAs. The said RSAs administered 13 Personal Retirement Schemes between them in year 2024, representing 32% of the licenced Personal Retirement Schemes of which 12 schemes are member directed schemes, whilst the remaining scheme is a non-member directed scheme. A total of 155 Member Statements were reviewed in this regard. In addition, 2 of the RSAs also administered an Occupational Retirement Scheme, representing 50% of the licenced Occupational Retirement Schemes and in this regard, a total of 45 Pension Benefit Statements were also reviewed. The sample was selected using a risk-based and proportionate approach to provide reasonable assurance of coverage whilst ensuring consistency across participating RSAs. Although the review was conducted on a representative sample, the Authority considers that the observations outlined in this letter may be indicative of wider industry practices and should therefore be considered by all RSAs irrespective of whether they formed part of the thematic review.

This review was carried out for the reporting year 2024, however similar thematic reviews may take place in the future, should the need arise.

In preparation for the thematic review, a formal communication was sent to the selected RSAs seeking a complete member list for the Retirement Schemes under their administration. In addition, details of each member's account value as at 31st December 2023 and 31st December 2024, as well as information relating to the appointed investment manager and/or investment advisor were also requested.

Following receipt of the requested information, the Authority selected a sample representing 2.5% of the total member population submitted by the selected RSAs. This sampling approach was adopted to ensure consistency and maintain a level playing field across all participating RSAs.

Thereafter, the Authority formally notified the selected RSAs of their inclusion in the thematic review and requested the submission of supporting documentation, including copies of the Member Statements and Pension Benefit Statements issued to the sampled members in respect of the 2024 reporting period.

Subsequently, the MFSA undertook a comprehensive assessment of the information obtained and a formal communication was thereafter issued to each RSA setting out the relevant regulatory requirements and any identified shortcomings.

The Authority may re-engage with these entities at a later date, applying the same assessment criteria in order to evaluate whether the identified shortcomings have been satisfactorily rectified.

3.0 Key Findings

The following section sets out the key issues identified by the Authority in respect of Member Statements and/or Pension Benefit Statements.

3.1 Personal Retirement Schemes - Member Directed Schemes

Regulatory Requirements and Guidelines

In line with SLC B.8.5(e) of the Pension Rules for Personal Retirement Schemes, as a minimum the Retirement Scheme Administrator shall provide the member with the following information in relation to the Member's account on an annual basis and upon ad-hoc request of the Member, during the relevant period:

- i. the underlying investments and their respective value;
- ii. any contributions into the Scheme, if applicable;
- iii. any retirement benefits paid, if applicable;
- iv. the name of the investment manager and/or Investment Advisor, if applicable;
- v. all applicable charges, commissions and fees incurred by the Member;
- vi. in addition to paragraphs (i) to (v), the member is to be informed of the availability of online access, which provides real time information of the investments held in the Member account.

Key Findings

During its thematic review, the Authority identified that 1 RSA did not issue the 2024 Member Statements to all its members and also failed to notify the Authority of the matter. Furthermore, another RSA informed the Authority of the non-issuance of the relevant Member Statements and indicated that the issue would be rectified within a couple of months. However, upon review of the statements which this RSA eventually issued, the Authority noted that the said statements were not issued in line with the Pension Rules.

A total of 114 Member Statements were reviewed for member directed Personal Retirement Schemes. In this regard, the Authority observed the following:

- 80% of the Member Statements did not include a dedicated section outlining member's underlying investments;
- 25% of the Member Statements did not include information about contributions made;
- 70% of the Member Statements did not reflect all applicable charges, commissions and fees incurred by the member;
- 80% of the Member Statements did not identify the investment manager and/or the investment advisor; and;
- 78% of the statements did not include any information, or did not contain a dedicated section, on material changes to the member's account, such as suspension of funds, drastic all in investments.

Figure 1 below provides a summary of the findings set out above, illustrating the proportion of member statements that complied with, and did not comply with, the respective disclosure requirements.

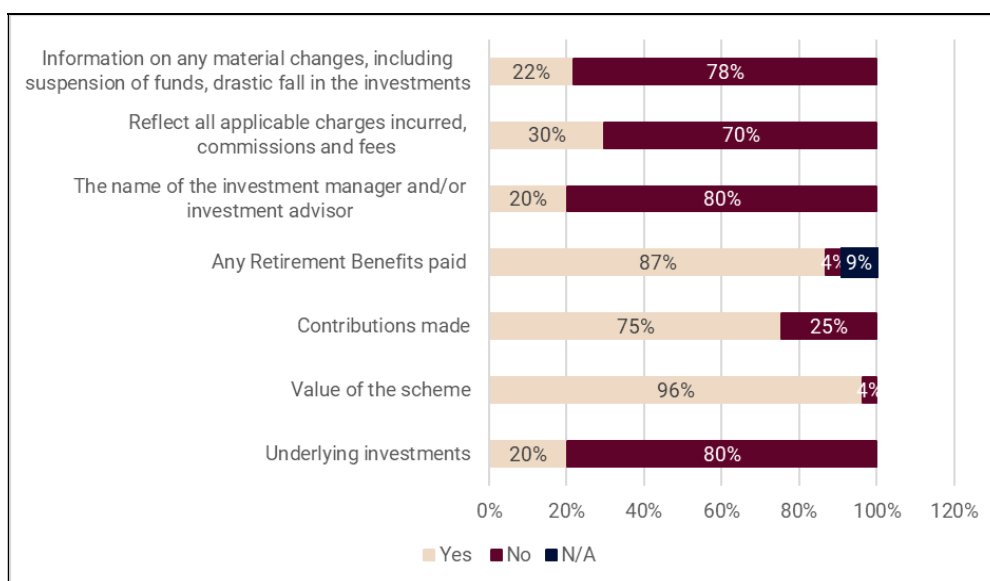


Figure 1

3.2 Personal Retirement Schemes - Non-Member Directed Schemes

Regulatory Requirements and Guidelines

In line with SLC B.5.1.4 of the Pension Rules for Personal Retirement Schemes, the Retirement Scheme Administrator shall provide a statement to the Member, on an annual basis and upon ad-hoc request of the Member, noting his individual entitlements and also provide the Member with brief particulars of the situation of the Scheme. The statement shall contain, as a minimum, the following information:

- any contributions into the Scheme, if applicable;
- any retirement benefits paid, if applicable; and

- c) all applicable charges incurred.

Key Findings

A total of 41 Member Statements were requested for non-member directed Personal Retirement Schemes. In this regard, the Authority observed that the statements provided by a specific RSA did not include the information required under the Pension Rules for Personal Retirement Schemes as follows:

- The majority of the statements provided by this RSA did not clearly provide information on the contributions made;
- 100% of the statements provided by this RSA did not include information on all the applicable charges, commissions and fees incurred; and
- The majority of the statements provided by this RSA did not include information on the retirement benefits paid.

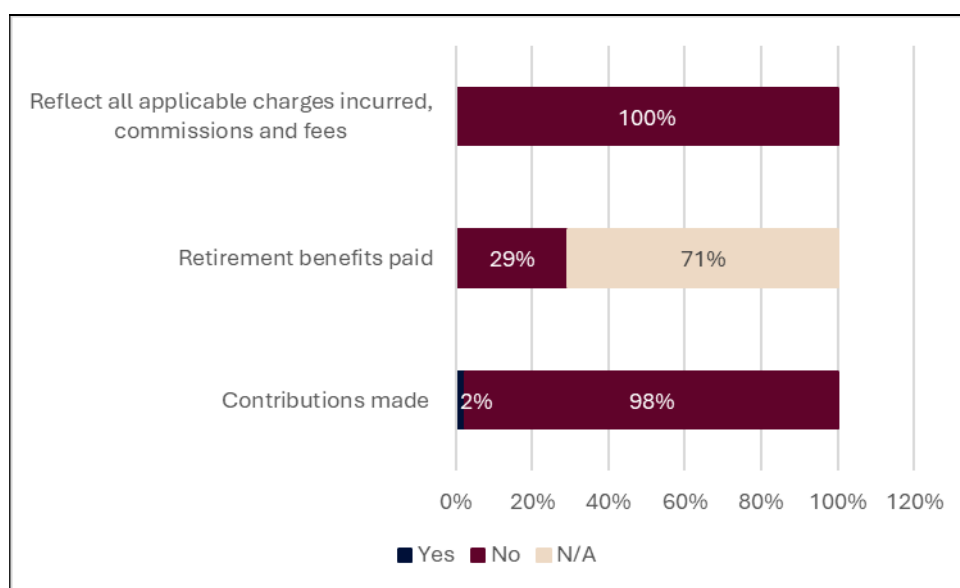


Figure 2

Figure 2 provides a summary of the above findings, illustrating the extent to which the reviewed statements failed to meet the required disclosure requirement.

3.3 Occupational Retirement Schemes

Regulatory Requirements and Guidelines

In line with SLC B.6.3 and B.6.4 of the Pension Rules for Occupational Retirement Schemes, the Retirement Scheme Administrator shall in relation to a Scheme, draw up a concise document, containing key information, including information on fees and charges, for each member, taking into consideration the Act, regulations and Pension Rules issued thereunder, and relevant social, labour and tax law.

Key Findings

A total of 45 Pension Benefit Statements were reviewed for Occupational Retirement Schemes. The Authority observed that a specific RSA provided statements to its members, however these statements did not include all the information required under the Pension Rules for Occupational Retirement Schemes. The Authority identified the following shortcomings:

- The term “Pension Benefit Statements” was not included;
- The exact date to which the information referred was not disclosed;

- A full breakdown of costs deducted by the RSA during the reporting period was not provided. In certain instances, **not all** charges, commissions and fees incurred by the member were disclosed;
- No indication was provided of the statutory retirement age, the Scheme's assumed or estimated retirement age, or the retirement age selected by the member;
- Information relating to the RSA, its contact details, and the identification number of the member's pension entitlements was not included;
- The required disclosures were not fully provided.

In addition, all 45 Pension Benefit Statements reviewed, did not include a section outlining material changes occurring during the reporting period, nor did they provide details on where any additional supporting documentation could be obtained.

4.0 MFSA Expectations

Whilst the specific observations identified varied between RSAs, the thematic review highlighted a number of recurring issues across the sector. In particular, the Authority observed weaknesses relating to governance arrangements, quality assurance processes, regulatory interpretation and oversight over the preparation and issuance of Member Statements and Pension Benefit Statements.

The Authority also noted that a number of observations extended beyond isolated disclosure omissions and reflected broader weaknesses in the processes and controls established to ensure compliance with the applicable Pension Rules. In particular, shortcomings relating to incomplete disclosures, inaccurate or inconsistent information, and delays in issuing statements demonstrate the importance of implementing robust governance arrangements and effective review mechanisms prior to the issuance of member communications. In addition, the omission of mandatory information, incomplete disclosures or delays in issuing such statements may adversely affect members' understanding of their retirement benefits and undermine the regulatory objective of promoting transparency and member protection. In view of the above, the Authority expects the RSAs to maintain accurate, complete and up-to-date records supporting the preparation of Member Statements and/or Pension Benefit Statements.

In addition, the Authority expects RSAs to ensure that the process leading to preparation and issuance of Member Statements and Pension Benefit Statements is sufficiently robust to ensure that such documents contain all information prescribed by the Pension Rules. This process should be subject to appropriate oversight and be supported by documented policies, effective internal controls and adequate quality assurance procedures capable of identifying and addressing deficiencies before such statements are issued to members and beneficiaries.

Furthermore, the Authority would also like to refer RSAs administering Occupational Retirement Schemes to Section 3.0 of the [Circular](#) issued by the MFSA on 11th May 2020, which includes draft Pension Benefit Statement templates that RSAs may wish to adopt or use as a reference when preparing their Pension Benefit Statements.

In light of the observations arising from this thematic review, the Authority expects all RSAs to ensure full compliance with the requirements set out in the Pension Rules and any other guidance, circulars or communication issued by the MFSA governing the preparation and issuance of Member Statements and Pension Benefit Statements. All communication issued to members and/or beneficiaries must be clear, accurate, concise, transparent and member-focused, enabling members and/or beneficiaries to understand their retirement savings and make informed decisions. Accordingly, all information relating to a member's retirement plan must be disclosed fully, accurately, transparently, and in plain language.

In summary, the Authority expects all RSAs to:

- ensure that Member Statements and Pension Benefit Statements are issued;
- ensure that all mandatory disclosures prescribed under the Pension Rules are complete, accurate, clear and presented in a manner that is readily understandable by members and beneficiaries;

- establish and maintain robust governance, oversight and quality assurance arrangements governing the preparation and issuance of such statements;
- maintain accurate, complete and verifiable records supporting all information disclosed to members;
- periodically review their policies, procedures and internal controls to ensure continued compliance with the applicable regulatory framework; and
- undertake a gap analysis against the observations contained in this Dear CEO Letter and implement timely remedial action where deficiencies or areas for improvement are identified.

5.0 Way Forward

This Dear CEO Letter is intended to communicate the Authority's key observations and to clearly set out its supervisory expectations to the wider market. All RSAs, including those not directly included within the scope of the thematic review, are expected to consider the observations outlined in this communication, undertake their own gap analysis against these expectations, and implement any enhancements necessary to strengthen their governance, controls, processes, and practices to ensure ongoing compliance with the applicable regulatory framework and the Authority's supervisory expectations.

The Authority will continue monitoring this area through its ongoing supervisory activities, including thematic reviews, off-site supervisory work and onsite inspections. Where material or recurring deficiencies are identified, the Authority will consider the use of its supervisory and regulatory powers where appropriate and proportionate.

The Authority expects all RSAs to consistently demonstrate compliance with these requirements and standards. Failure to do so may result in regulatory action. These expectations are consistent with the overarching obligation of SLC B.4.1.3 of the Pension Rules for Service Providers to act fairly, honestly, professionally, and in the best interests of their members and beneficiaries at all times.

The Board of Directors and senior management remain ultimately responsible for ensuring that appropriate systems, controls and governance arrangements are in place to achieve ongoing compliance with the applicable regulatory framework. Accordingly, the Authority expects that this Dear CEO letter is brought to the attention of the Board of Directors and Senior Management of the RSAs.

Should you require any further clarification on the above, please do not hesitate to contact Conduct Supervision on csupensions@mfsa.mt.

Yours Sincerely,
Malta Financial Services Authority

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