

ESB RETIRED STAFF ASSOCIATION

ESTABLISHED 1974

NATIONAL EXECUTIVE COMMITTEE

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Ms. Belinda O'Conaill,
Manager, ESB Medical Provident Fund,
27 Lower Fitzwilliam Street,
Dublin 2

Ebilou,
Loughlinstown,
Celbridge
Co. Kildare

6th July 2016

Dear Belinda,

My letter to you dated 15th October 2015, your response dated 1st December 2015 and other recent correspondence refer.

In my letter of 15th October 2015 I made reference to the setting up of an "Age Reserve" which was set up with a view to protecting Fund members against subscription increases when the age profile of the membership increased in later years and with a view to holding those funds in reserve for the "rainy day".

While current reserves stand at €41 million with a statutory requirement to hold €9 million the "Age Reserve" has been subsumed into overall reserves. Having spoken to Trustees who previously held office, ESBRSA believe that the "Age Reserve" was set up for a specific purpose and at some point in time a decision was made to include that reserve in overall reserves. I would appreciate if you could check historical records and let me know when this happened and why, and can the surplus of current reserves over the statutory minimum be regarded as an "Age Reserve" for the purposes of subsidising subscription increases for older members.

ESBRSA are also aware that in previous years a discounted subscription rate applied to retired members. Can you also please advise when and why this practice was discontinued.

Your response dated 1st December 2015 stated that the Fund Actuary has advised that the timing of the use of the reserves should be when peak ageing in the Fund will occur i.e. between 2025 and 2040. Given that a large proportion of our members are in the 70+ age bracket and many are

80+ I'm sure you will understand the reaction of our membership when the Actuary's findings were presented to them.

The Fund celebrated its 60th anniversary last year and many of those members referred to in the previous paragraph contributed, during that 60-year period, to building up the reserves that currently stand at €41m and it would be a travesty of the highest order to deny them any benefit from those reserves.

I would appreciate if you could furnish me with a detailed breakdown of the Fund's membership profile in 10 year blocks up to age 60 and in 5 year blocks thereafter. This would be useful for ESBRSA to assess the full implications of the Actuary's decision.

Once we receive the details of the membership age profile and have time to digest this information it would be useful to have a meeting to discuss this issue rather than engage in further correspondence.

I look forward to hearing from you regarding the above.

Yours sincerely,

Michael MacNamara,

Secretary National Executive,

ESB Retired Staff Association