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Mr Michael MacNamara
Secretary National Executive
ESB Retired Staff Association
Ebilou
Loughlinstown
Celbridge
Co Kildare.

Recd 15/08/16

12th August 2016

Reference: MPF Reserve and membership Information

Dear Michael,

Thank you for your correspondence dated 6th July 2016.

In the early 1990's the Trustees were advised to set-up a Special Long Term Reserve with the aim of subsidising subscription rates during the period when the average membership age is at its peak and this is what has been assumed in previous actuarial valuations.

As outlined in my previous correspondence in March 2016, the average Age is going up but is not yet at its projected peak. The Fund must have sufficient reserves at peak or the cost would be unsustainable for our policies. The Trustees responsibility is to manage the affairs of the Fund so as to ensure its continuing viability. The last actuarial valuation in 2012 projected that the peak will be between 2025 and 2040. The matter of the reserve was re-examined by the actuary in October 2015 and this didn't indicate any improvement in the projected membership. The next actuarial review will look at the position at the end of 2017. Despite our increased marketing efforts there was still a net loss of 341 members in 2015.

In setting subscription rates for each year, the Trustees intend to balance claims with income. In the event of an operating deficit for a given year, this has not been carried forward when determining subscription rates for the following year. At the end of 2014 claims exceeded income by €247,000 and in 2015 the deficit was over €1,363,000. Effectively, the Fund has been drawing from the Reserve to cover these losses, which in real terms has meant subsidising subscription increases for our members. Otherwise subscription rate increases would have been greater in 2015 and 2016.

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In relation to discounted subscription rates for retired members, Section 7 of the Health Insurance Act 1994 (as implemented by Section 5 of the 2001 Act and Section 2 of the Health Insurance (Amendment Act 2014) prohibits non community rated health insurance contracts. This means that insurers must charge all consumers, with certain limited exceptions (Children under 18, Young adults in the age range 18 – 25 and those buying health insurance for the first time at age 35 or over), the same net premium for a given level of cover regardless of age, sex and other risk factors.

As requested please find below the breakdown of the Fund's membership profile:

Age Grouping	Number of Members	Percentage
0 & <10	1020	4.5%
10 & <20	2202	9.7%
20 & <30	2399	10.7%
30 & <40	873	3.9%
40 & <50	1701	7.6%
50 & <60	4224	18.8%
60 & <65	2258	10.1%
65 & <70	2717	12.1%
70 & <75	1950	8.7%
75 & <80	1508	6.7%
80 & <85	1003	4.5%
85 & <90	473	2.1%
90 & <95	115	0.5%
95 or >	17.	0.1%

Please note that the vast majority of membership under 30 years of age is child associate members and under the rules of our licence must leave the Fund by 30 years of age at the latest.

I understand that this is a complex topic for members. Can I suggest that the regular meeting with the RSA convened by Joyce Farrell may be a suitable forum should any further clarification/information be required.

Yours Sincerely,

Belinda O'Conaill
Fund Manager

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