

Solvency Test for payment of pension increases from 2014

The solvency level under the Ongoing Actuarial Valuation is 100% or greater after allowing for payment of the proposed pension increase.

3. Staff Remuneration

Current staff

It is agreed that a pay freeze will apply up to 31st December 2011. No catch-up increases will follow. The freeze will not apply to normal increments and promotions.

The current non pensionable PACT 3% Allowance (paid in June) will be replaced in 2012 by a 3% pensionable Conversion Allowance. This allowance reflects the impact of the changes on employees and it will be paid as a lump sum on an annual basis in June.

New Staff

The end of year PRR/CCR 3% Payment and PESP Cashless payroll allowance (0.98%) will continue to apply to current members of staff but will no longer apply to new recruits from 1st January 2011.

4. Managing Schemes Liabilities and Risk Control

Managing Liability and Risk represents a major challenge for the scheme going forward. With Liabilities of approx. €5bn small percentage changes in benefits can have a very significant impact on the overall value of the liabilities.

All Serving Members

A Career Average Revalued Earnings (CARE) defined benefit structure is being introduced for all existing scheme members from 1st January 2012. Both parties believe it is a more equitable basis for calculating future pension accrual. Its introduction facilitates derisking of the assets and gives greater certainty to the schemes benefits.

Under the CARE proposal the scheme remains a defined benefit scheme:

- All accrued pension benefits (pension and lump sum) up to 31st December 2011 will be preserved and annually increased by CPI+1% up to the member's retirement from the scheme.
- Pension accrued in each future year from 1st January 2012 will continue to be 1/80th of pensionable earnings in that year, and it will be increased annually by CPI+1% up to the member's retirement from the scheme.
- The pension lump sum accrued in each future year from 1st January 2012 will continue to be 3/80ths of pensionable earnings in that year, and it will be annually increased by CPI+1% up to the member's retirement from the scheme.
- A member's pension and lump sum at retirement will be the total of the indexed annual accruals and the indexed pre- CARE benefits.
- The maximum number of years for accrual will be 40 and the "Best 40" will count for pension and lump sum purposes.

Retirement age

For current members of the scheme there will be no change in optional retirement age (60 years). The compulsory retirement age for all under the scheme will be the applicable State Retirement Age.

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