Integrated Members
Members who joined the scheme after 1995 i.e. those who pay Class "A1" PRSI will be afforded a once off option to move to the new Defined Contribution (DC) scheme during the last quarter of 2011. The option to move to the DC will be entirely voluntary and those members availing of this option will cease to pay contributions into the DB Scheme including the current 2% deficit contribution. For members who exercise this option, where applicable, the 2% allowance paid for the Pay Pension & Change agreement will also cease from 31st December 2011. ESB service will be reckonable for optional service related contributions.

New Staff
As and from 1st January 2011, all new recruits to ESB will be required to join the new Defined Contribution Scheme. See separate document for details of the new Defined Contribution Scheme. External experience will be reckonable for optional service related contributions.

General
To continue to manage the risks within the Scheme and maintain the benefits, the parties are committed to:

- Meet in circumstances of sustained high price inflation, to discuss and agree a mechanism to contain any impacts on the scheme.
- Ensure all future deals and agreements (new) that potentially impact negatively on the fund will require a pre-funding agreement that fully addresses any associated funding issue.
- A joint review of the operation of portfolio reviews and MD22 with the aim of standardising the process/rules. It is expected that the completion date for this review will be 31st December 2010.
- Ensuring that the scheme, in paying discretionary benefits (including increases in pensions in payment), continues to satisfy the terms of any funding proposal agreed with the Pension Board.

Purchase of Service
On the 31st December 2011 all past service will be preserved.

Moving to a Career Average basis of calculation requires changes, so a transition arrangement is being put in place, with new arrangements where appropriate from 1st January 2012. This proposal preserves the option for members to purchase service/ benefits (Apprentice Service, Pre Scheme Service, Notional Service/ Benefits) both before and after the introduction of CARE.

5. Market Influence and Investment Risk
The Actuarial Valuation as at 31/12/2008 was carried out at a very low point in the market cycle. It was expected that the market would to some extent rebound and the parties agreed at an early stage in these negotiations that any improvement in the schemes assets would be factored into the solution. During 2009 the return on the scheme assets has been favourable. The Scheme return has outperformed its target by €260m in 2009. The fund has continued to perform strongly in the opening months of 2010. This market bounce was anticipated, as historically there has been a large market recovery in the immediate period after a crash. However, a sustained out-performance cannot be relied upon.

The long term target return on the fund will be reduced on a phased basis over a 10 year period from 7% pa to a maximum of 6.25% pa. (based on the real investment return assumption in the 2008 Valuation). This Derisking will increase the security of benefits and leave the schemes assets less exposed to market volatility. The Derisking move is facilitated by the proposals. The manner in which the Derisking takes place will be addressed by the Trustees.