



Members'

Newsletter

July 2020

**eircom Main Superannuation
Scheme 1988**

**eircom Spouses' and
Children's Contributory
Pension Scheme 1988**



eir

1. Message from the Chairmen

Welcome to the first newsletter for members of the eircom Main Superannuation Scheme 1988 and the eircom Spouses' and Children's Contributory Pension Scheme 1988 (together called the 'Scheme' in this newsletter). In this and following editions, we aim to keep you up to date on relevant Scheme matters. We intend to issue a newsletter annually, but additional newsletters may be issued from time to time where there is something important to communicate to members.

The Scheme is funded through the eircom Superannuation Fund and the eircom No. 2 Superannuation Fund. The Trustee Annual Report and Accounts for each Fund will be available to members later this year.

The Trustees of both Funds acknowledge that Covid-19 has had a very significant impact on our Scheme members and their families. The Trustees have carefully monitored the impact of the pandemic on the Scheme and have taken steps, where appropriate, to ensure that all member services, including benefit claims and pension payments, continue to be paid without interruption and that the Scheme remains financially robust.

The Scheme is a large, mature defined benefit pension scheme and the overriding objective of the Trustees of both Funds is to pay benefits to members.

The Trustees manage and monitor the financial position of the Scheme with the support of professional advisors, including its actuaries. Formal valuations are carried out every three years and updates between these valuations are provided to the Trustees on an ongoing basis.

The Trustees have taken steps to ensure that all pension payments continue to be paid without interruption and that the Scheme remains financially robust

The most recent formal valuation of the eircom Superannuation Fund was carried out at 31 March 2019, while the most recent formal valuation of the eircom No. 2 Superannuation Fund was carried out at 1 October 2018. Robust plans are in place to continue to pay benefits into the future. Further detail on each Fund's financial situation is outlined in section 3.

In the 2019 Trustee Annual Reports we reported to you that the Scheme's administration and secretarial services were being outsourced to professional providers. These services successfully transitioned and both Funds continue to be fully compliant with all statutory and regulatory requirements.

The recent Covid-19 lockdown has impacted the working arrangements of all our service providers, many of whom are now working from home while also managing childcare duties and other challenges. The Trustees of both Funds engaged with the service providers to ensure that services would continue to be delivered. The Trustees acknowledge and thank all the service providers (listed in section 7 of this newsletter) for continuing to deliver during these difficult times.

Brian Duncan
Chairman, eircom Superannuation Fund

Ray Lawlor
Chairman, eircom No. 2 Superannuation Fund

Please note: All figures in this newsletter are provisional and unaudited, pending the completion of the 2020 Trustee Annual Report and Accounts for each Fund.



2. How the Scheme operates

The Scheme is funded through the eircom Superannuation Fund and the eircom No. 2 Superannuation Fund. Each Fund is set up under trust and overseen by a Board of Trustees. The assets of each Fund, which are ring-fenced and completely separate from eir and each other, are used to provide benefits for members and their dependants.

A breakdown of the Scheme's membership and how it has changed over the year is set out in the following table:

	31 March 2019	31 March 2020	Change
Active members (members who are currently in service with eir)	1,663	1,539	-124
Deferred members (members who are former employees of eir)	4,020	3,344	-676
Pensioners (those in receipt of benefits from the Scheme)	10,630	11,213	+583
Total	16,313	16,096	-217

The eircom Superannuation Fund's investment strategy focuses on increasing the security of member benefits. It does this by moving out of assets like equities and property into government bonds, as investment conditions allow

3. Financial update

The change in asset values* for each Fund over the year to 31 March 2020 were as follows:

	eircom Superannuation Fund (€ million)	eircom No. 2 Superannuation Fund (€ million)
Asset value at 31 March 2019	4,291	162.4
Contributions	13	Nil
Benefits paid	(146)	(76.3)
Investment income	75	0.5
Change in investment values	80	(2.3)
Asset value at 31 March 2020	4,313	84.3

* All asset figures in this newsletter are in draft and are subject to audit. The full set of audited accounts and the Trustee Annual Report for the year ended 31 March 2020 for each Fund will be made available to members on request and provided to recognised trade union(s) later this year, in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006-2013.

The No. 2 Fund is sponsored by the Minister and will move to a 'pay-as-you-go' arrangement shortly. This means that the Minister will start to pay monies to the Fund on a scheduled basis in respect of benefits to be paid

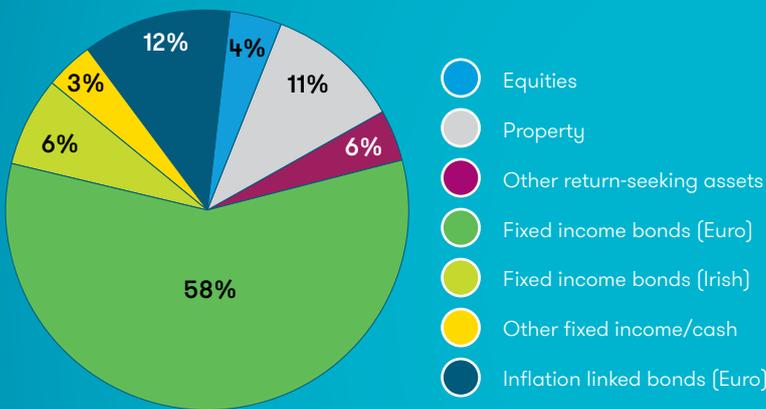
3.1 eircom Superannuation Fund

The eircom Superannuation Fund assets increased from €4,291 million to €4,313 million over the year to 31 March 2020, after taking account of total benefits paid out of €146 million.

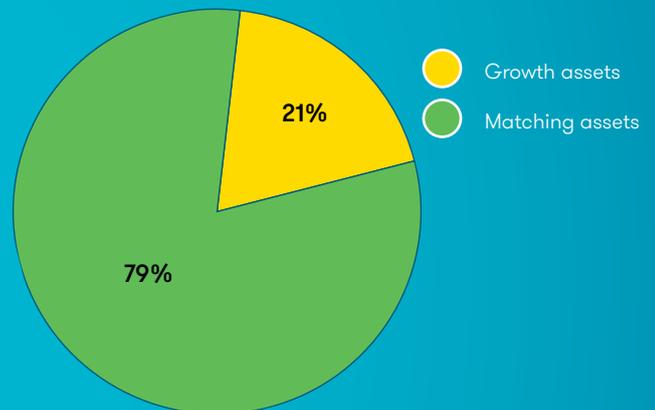
The Fund is large and mature. Over recent years, investment strategy has focused on increasing the security of member benefits while also maintaining prudential control over running costs. The Trustees have done this by moving out of growth-seeking assets (such as equities and property) into assets which more closely match the Fund liabilities (such as government bonds and cash), as investment market conditions have allowed. This proactive strategy of risk reduction has materially contributed to the strong financial position of the Fund.

The Fund’s strategic asset mix of 79% in matching assets and 21% in growth assets is illustrated below.

Investments at 31 March 2020



Asset mix at 31 March 2020

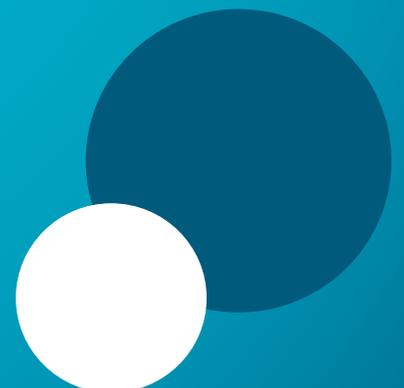


3.2 eircom No. 2 Superannuation Fund

The eircom No. 2 Superannuation Fund is sponsored by the Minister for Finance and Public Expenditure and Reform. The assets reduced over the year to 31 March 2020 from €162.4 million to €84.3 million, largely reflecting benefits of just over €76 million paid out of the Fund.

In early 2021, the Fund is expected to be fully depleted and at that point it will move to a ‘pay-as-you-go’ arrangement as agreed with the Minister, meaning that the Minister will start to pay monies to the Fund on a scheduled basis in respect of benefits to be paid.

The future financial requirements of the eircom No. 2 Superannuation Fund are due to be met by the Minister, once the Fund is depleted in early 2021.





The Actuary has confirmed that the eircom Superannuation Fund met its statutory requirements at 31 March 2020, even taking account of the impact of the Covid-19 crisis

4. Covid-19

The Covid-19 pandemic will likely have a significant and long-term impact on our society and economy. From a financial perspective, the pandemic has caused significant uncertainty in financial markets around the world.

The Trustees of both Funds have been carefully overseeing, managing and, where appropriate, reducing investment risk for many years. As referred to earlier, the eircom Superannuation Fund's assets are primarily invested in high-quality, long-dated government bonds, which means that this Fund is much less exposed than many other pension schemes when stock markets fall.

The Actuary has reported to the Trustees that the eircom Superannuation Fund continued to have sufficient assets to meet its statutory Funding Standard obligations at 31 March 2020. The future financial requirements of the eircom No. 2 Superannuation Fund are due to be met by the Minister, once the Fund is depleted in early 2021.

5. Pension increases

Under the Trust Deed and Rules, pension increases for pensioner and deferred members are granted by eir, subject to approval by the Minister for Climate Action, Communication Networks and Transport and the Minister for Finance and Public Expenditure and Reform.

The eircom Defined Benefit Pensions Accord (the 'Accord') sets out the framework for how increases are considered by the company each year. An increase of 0.5% was granted in 2019¹. This increase is awaiting Ministerial approval at the time of writing and will be backdated to the date of award, if approved.

Accrued benefits for active members are increased in line with pensionable salary increases, as determined by the Accord.

The Trustees of both Funds have been overseeing, managing and reducing investment risk for many years

¹ In 2018, an increase of 0.4% was granted in respect of pensions in payment and deferred pensions. However, as previously advised to pensioners in December 2019, this is only payable in respect of service accrued prior to 1 January 1984 (i.e. the part of the Scheme benefits funded by the eircom No. 2 Superannuation Fund). This part of the increase is due to be implemented shortly and will be backdated to the date of the award. The remaining part of the increase was withheld to offset the Government Pension Levy. The Trustees of the eircom Superannuation Fund have confirmed that 2018 is the last increase to be withheld on foot of the levy.

6. Member updates

2020 Annual Benefit Statements

Annual Benefit Statements will be issued in September to all active members (i.e. members who are still in company employment). The benefit statement sets out individual benefits in accordance with the Scheme rules and regulatory requirements. Please check your information and contact the Administration Team if any corrections are needed.

Benefit statements are available for deferred members who are former employees of eir on request from the Pension Administration Team (email: airpensions@aon.ie or phone the eir Pensions Helpline 1800 492 492).

Member booklet

The member booklet sets out the key Scheme details as well as details of how benefits are calculated. The booklet is being updated by the Administrator and will be available later this year. If you would like access to the booklet when it is available, please email airpensions@aon.ie or phone the eir Pensions Helpline 1800 492 492.

2020 Annual Accounts and Trustee Annual Report

The full set of audited accounts and a Trustee Annual Report for each Fund for the year ending 31 March 2020 will be available to members by December this year. Please send a request to airpensions@aon.ie or phone 1800 492 492 if you wish to receive a copy of the report and accounts.

Changes to Revenue's PAYE system

Revenue has made several changes to the PAYE system and P60s are no longer issued. From January 2020, if you are in receipt of a pension, you will be able to access an Employment Detail Summary (EDS) for 2019 and subsequent years in PAYE Services on the myAccount section of www.Revenue.ie.

The EDS contains income and deduction details from each of your employment(s) or pension(s) for 2019. You can download or print the document and use it as proof of income, where required.

Transfer values

If you are a deferred member and considering transferring your benefits out of the Scheme, it is important that you get independent financial advice to ensure that you understand the implications of any transfer and the risks and costs involved. A list of authorised advisors can be found at www.centralbank.ie. Transfer value payments are not guaranteed and are subject to prevailing economic conditions at the time of payment.

Change of circumstances

The Trustees, on behalf of the Scheme, will be carrying out an exercise later this year to check pensioner details. This is an important governance exercise for the Scheme and member cooperation is appreciated.

It's also important for all members to keep their personal details up to date. If your circumstances have changed (for example, your address or if you need to notify the Trustees of a bereavement or any other important family matter), you should notify the Administrator at airpensions@aon.ie or phone the eir Pensions Helpline 1800 492 492.

7. Governance

The Trustees of the eircom Superannuation Fund are appointed by the company and comprise four representatives nominated by eir and four nominated by the authorised trade unions. At 31 March 2020, the Trustees were:

Brian Duncan (Chairman), Jim Browne, Paul Callan, John Clarke (appointed 2019), John Dunleavy (appointed 2019), Jim Foley, Brian Loughran and Frank O'Brien.

Mick Scully and Gerry (Patrick) Nolan stepped down as Trustees of the eircom Superannuation Fund in 2019, having been appointed in 2006 and 2013 respectively. The Trustees wish to acknowledge their significant contribution to the Fund's stewardship and wish them both well in their future endeavours.

The trustee appointment process for the eircom No. 2 Superannuation Fund is different to the eircom Superannuation Fund. The Minister for Finance and Public Expenditure and Reform appoints two Trustees, while the company appoints six Trustees, four of whom are nominated by the authorised trade unions and two by eir. At 31 March 2020, the Trustees were:

Ray Lawlor (Chairman), Jim Browne (appointed 2019), Brendan Clahane, Kevin Conlon, Jim Foley, Michael McKeown, Frank O'Brien and Paul O'Rorke.

Joe Maher retired as Chairman of the eircom No. 2 Superannuation Fund in December 2019, having taken up the role in 1999. The Trustees wish to acknowledge Mr Maher's dedication to the Scheme and his very significant and longstanding contribution. We wish him well in his retirement.

Both Funds are supported by an in-house Investment, Accounting and Treasury team comprising Ciaran Naughton, Patrick Kirby and Oisín Parsons.

Principal service providers to the Scheme

Registered Administrator

Aon Solutions Ireland Ltd
Manager Joe Bracken

Fund Actuaries

eircom Superannuation Fund
Liam Quigley FSAI, Mercer Ireland Ltd

eircom No. 2 Superannuation Fund
Sean O'Donovan FSAI, Mercer Ireland Ltd

Fund Secretary

Roma Burke, Lane Clark & Peacock Ireland Ltd

Independent Auditors

Duignan Carthy O'Neill, Chartered
Accountants and Registered Auditors

Legal Advisors

McCann Fitzgerald, Vincent & Beatty

Key contacts

Joe Bracken

Manager
Pension Administration Team
Aon Solutions Ireland Limited
5th Floor, Block D, Iveagh Court
Harcourt Road, Dublin 2

Investment Advisors

Mercer Ireland Ltd and Bannon Commercial
Property Consultants Ltd (Property)

Custodian

Northern Trust

Principal Investment Managers

Irish Life Investment Managers Ltd, PIMCO
Europe Ltd, Irish Property Unit Trust, Irish Forestry
Unit Trust (eircom Superannuation Fund only),
Insight Investment Management (Global) Limited
(eircom Superannuation Fund only)

Roma Burke

Scheme Secretary
Lane Clark & Peacock Ireland Ltd
Office 2, Grand Canal Wharf
South Dock Road
Dublin 4

If you have a question about the Scheme or your benefits, please contact the Administration Team.
Email: eirpensions@aon.ie Phone: 1800 492 492.

Errors and omissions excepted. This newsletter does not form part of your terms and conditions of employment.
All figures quoted in this newsletter are provisional.