EIRCOM SUPERANNUATION FUND

ACTUARIAL VALUATION REPORT
AS AT 31 MARCH 2022

11 November 2022

welcome to brighter

Certification

This is a report to the Trustees of the eircom Superannuation Fund ("the Fund") on the actuarial valuation of the Fund as at 31 March 2022. The previous actuarial valuation had an effective date of 31 March 2019.

I confirm that I hold a current Scheme Actuary Certificate that authorises me to complete this valuation.

I have complied with relevant actuarial standards issued by the Society of Actuaries in Ireland and current at the date of signature, namely ASP PEN-1, ASP PEN-3 and ASP PA-2.

The valuation meets the requirements of Clause 18 of the Trust Deed and of section 56 of the Pensions Act, 1990.

The main purpose of the valuation is to set out the Target Funding Level at the valuation date and contribution recommendation for the period to the next valuation. It also sets out various disclosure requirements, including the Fund's Statutory Funding Level, required by the technical actuarial standards identified above.

The valuation uses data supplied to me by the Trustees, the Fund's administrators and investment advisers. I have relied on the accuracy of this data without detailed audit. However, I have taken sufficient steps to satisfy myself that the data is suitable for the purposes of this valuation.

This report is prepared for sole and exclusive use by the Trustees and Company in relation to the financial management of the Fund. Other parties may only rely upon the valuation with my prior agreement.

Fund Actuary:	**Liam Quigley**
Scheme actuary certificate number:	P044
Qualification:	Fellow of the Society of Actuaries in Ireland
Signature:	
Date of signing:	11 November 2022

Contents

1 Summary and Recommendations

This section contains a summary and the key results and recommendations of the valuation of the Fund as at 31 March 2022.

The main purposes of the valuation are as follows:

- To set out the Target Funding Level at the valuation date and to recommend an Employer Contribution Rate for the period to the next valuation.
- To confirm if the Fund satisfied the statutory Funding Standard and Funding Standard Reserve at the valuation date.
- To set out other information specified in actuarial standards of practice.

Funding Level at This Valuation Date

The Target and Statutory Funding Levels at the valuation date were as follows:

€ millions	Funding Target	Statutory Funding[1]
Fund Resources	4,790[2]	4,752
Total Liabilities	4,750[3]	3,455
Excess/(Shortfall)	40	1,297
Funding level %	101%	138%

[1] Funding Standard and Funding Standard Reserve

[2] Includes both invested assets and future contributions

[3] Includes both past and future service liabilities

The Fund satisfied the Funding Standard and the Funding Standard Reserve at the valuation date with a comfortable excess.

On an ongoing basis, the Fund's Resources exceeded the value of the Fund's Total Liabilities by €40 million, which represented a Funding Level of 101%. On the basis of this outcome, I consider the Fund's Resources to be in balance with its liabilities at the valuation date and that it is reasonable to carry the excess forward to the next valuation.

Valuation Recommendations

This section contains the main recommendations emerging from the valuation.

Contribution Rates

Following discussion between the Company and Trustees in relation to the valuation results, it was agreed that the employer's contribution rate would be set at a rate of 8.5% of Net Pensionable Remuneration for the period to the next valuation. I am happy to recommend this rate to the Trustees.

This recommendation covers the period from the valuation date to the effective date of the next valuation i.e. 31 March 2025.

Net Pensionable Remuneration is defined in Appendix C. Employee contributions are in addition to the above Employer contributions.

Contributions should be paid regularly throughout the year.

Benefits and Discretionary Powers

There have not been any changes to the Scheme rules since the previous valuation. However, there have been a number of significant developments in relation to benefits, including the following:

- Discretionary pension increases of 1.4% in line with the provisions of the Pay Accord have been paid since the previous valuation.
- The Company and Trustees have agreed to forego recovery of the remaining unfunded component of the Pensions Levy.
- The Company implemented two pay agreements, which had the effect of increasing the liabilities of the Fund in respect of remaining employed members. The Company and Trustees agreed that, in light of the Fund's robust financial condition identified in this valuation, these additional liabilities (c€24 million) could be funded from the Fund's Resources and they have therefore been included in the value of liabilities in this valuation.
- A supplementary benefit increase of 1% was agreed between the Company and Trustees on foot of this valuation outcome since the valuation date but the impact is reflected in the value of the liabilities in the valuation. The proposed increase will be applied as a 1% increase to the benefits of retired and deferred members and a 1% increase to the Pensionable Pay of remaining employed members. All increases to pensions and deferred benefits are subject to Ministerial approval which at the time of completing this report had been requested but not yet granted.

With regard to discretionary powers, the Company has, under the rules of the Scheme, a discretionary power to award increases on benefits. The funding policy adopted includes provision for capped increases in line with the Pay Accord (set out in Appendix C). The position regarding the payment of discretionary increases would need to be reviewed if the Fund's financial position was to deteriorate.

Risk Management

The Trustees have over an extended period adopted a diligent and progressive approach to the management and containment of investment risk. At this valuation date, just over 80% of the Fund's investments were held in defensive asset classes. This strategy is expected to deliver a reasonably stable funding level over time. Notwithstanding this, I recommend that investment strategy is reviewed from time to time to ensure it remains appropriate to the circumstances of the Fund.

As a result of the funding level, it might be reasonable to conclude that the Fund is not heavily reliant on the sponsor for financial support. Nonetheless, I consider that it would be prudent for the Trustees to engage with the sponsor from time to time to discuss the ongoing funding level of the Fund and the requirement for regular ongoing company contributions.

Individual Calculations

The Fund provides transfer values to members on request. These values are determined using the standard transfer value basis prescribed by the Pensions Authority. The Trustees should review the basis periodically to ensure that it remains appropriate to the circumstances of the Fund.

Post Valuation

Since the valuation date, market conditions have been particularly volatile, with falls in asset values combined with increases in bond yields. Notwithstanding the level of change experienced, as at the date of signing this report, I do not believe that post valuation events would have compromised the conclusions in this valuation.

While the latest effective date of the next valuation must be within three years of this valuation date, the financial position of the Fund may need to be reviewed if a significant event occurs which materially affects either the financial position of the Fund or the Trustees' funding policy.

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Ongoing Valuation Results

This section sets out the Target Funding Level at the valuation date. It also contains an analysis of experience since the last valuation.

Ongoing Funding Objective, Method and Assumptions

The Fund's liabilities on an ongoing basis consist of obligations to make pension and other benefit payments to current and potential future beneficiaries. The primary funding objective of the ongoing valuation is to ensure that the Fund has sufficient assets to meet benefit payments as they fall due.

The Trustees also have a minimum funding objective, which is to ensure that the Fund has sufficient assets to meet the statutory Funding Standard and Funding Standard Reserve from time to time. This objective has the potential to become the primary objective in circumstances where the Fund does not meet the standard. As the Fund's assets comfortably exceed the standard, its importance is largely for compliance and statutory reporting purposes.

These objectives have not changed since the last valuation.

Details of the method and assumptions on which the valuation is based are set out in the Appendices. These were fully discussed with the Trustees prior to completing the report. The Trustees have agreed that the methodology and assumptions employed contain an adequate degree of prudence and are appropriate for the purpose of this valuation. In summary the key financial assumptions are as follows:

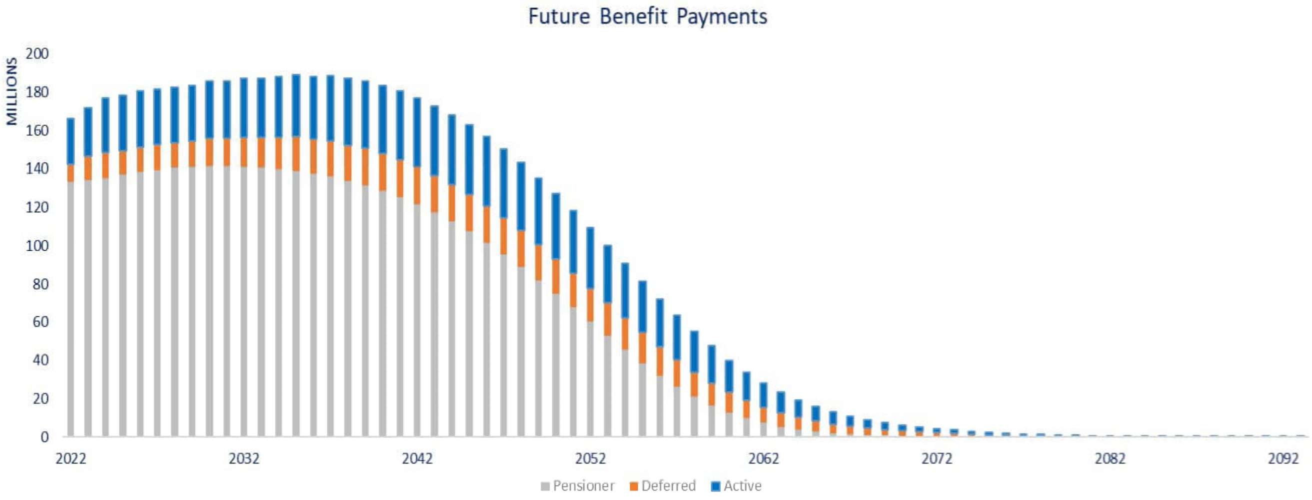
	This Valuation	Previous Valuation
Discount Rate*	Composite Rates Single equivalent rate c1.49% p.a.	1.87% p.a.
Expected Returns		
- Bond Return	Swap Curve +0.15%	Net YTM on Defensive Asset Portfolio
- Growth Return	Swap Curve +3.15%	As above +3.00%
Investment Strategy	The current allocation to growth investments will be maintained until 2029 and migrate entirely to the Fund's defensive asset strategy at that time	Prevailing investment strategy maintained indefinitely

	This Valuation	Previous Valuation
Benefit Increases**	HICP Swap Curve Single equivalent rate c2.5% p.a.	1.41% p.a.

* Actual assumptions are based on Swap curve plus yield premia, this rate is the estimated single equivalent rate.
** Allowance for promotional salary increases is also included – see Appendix E.

Projected Benefit Cash flows

The chart below sets out the Fund's projected future benefit cashflows. The projections have been undertaken on the basis of the assumptions set out in Appendix E.



The important points to note in relation to these projections are as follows:

- Projected cash flows total €6,026 million. This compares with the Fund's Resources (accumulated assets plus anticipated contributions) at the valuation date of €4,790 million. It is anticipated that the shortfall can be financed by returns on the Fund's invested assets.
- The cash flows are projected to peak at c€189 million pa by 2035, before slowly tapering off thereafter.
- The average duration of the benefit cash flows is approximately 15 years.

Past Service Funding Level

The table below contains a breakdown of the Fund's accrued liability and funding level:

	This Valuation € m's	Previous Valuation € m's
Fund Value	**4,756**	**4,291**
Accrued Liabilities		
Active members	905	941
Deferred members	503	885
Pensioners	3,256	2,321
Provision for expenses	34	27
Levy	-	(21)
All members	4,698	4,153
Surplus / (Deficit)	58	138
Funding level %	101%	103%

In the last valuation, it was anticipated that a 0.5% increase due under the Pay Accord for 2018 would be withheld as part of the process of recovering the remaining balance of Pension Levy payments that the Fund made between 2011 and 2015. However the Trustees, following consultation with the Company, reversed this decision and the cost was instead absorbed by the Fund.

As the Fund has an excess of assets to liabilities measured on this basis there is no amortisation contribution required.

All benefits and future expenses are funded from the Fund's resources. The valuation includes an allowance to meet the cost of administration expenses that are paid from the Fund.

The liabilities outlined above includes the liabilities associated with the recent pay agreements as well as the additional benefit increase of 1% agreed between the Trustees and the Company.

Future Service Funding Level

The following table outlines the future service liability based on the method and assumptions set out in Appendix E, along with the present value of future contributions of 15.3% of Net Pensionable Remuneration (6.8% employees and 8.5% employer):

	This Valuation	Previous Valuation
	€m	€m
Future Service Liabilities	**52**	**79**
Future Contributions		
Member Contributions (6.8%)	15	26
Employer Contributions (8.5%)	19	32
Total Future Contributions	**34**	**58**
Excess/(Shortfall)	(18)	(21)
Funding Level	65%	73%

The value of regular contributions payable to the Fund, €34 million as outlined above, fell short of the value of liabilities attributable to the future service of current employees. The shortfall is broadly equivalent to additional annual contributions of the order of 8.5% of Net Pensionable Remuneration. However, the Trustees have agreed that the shortfall, to the extent that it relates to service in the period until the next valuation date, can be funded from the Fund's surplus of assets to accrued liabilities.

Total Service Funding Level

Combining both the accrued and future service positions above the overall financial position of the Fund may be summarised as follows:

	This Valuation	Previous Valuation
	€m	€m
Fund Resources	4,790	4,358
Total Service Liability	4,750	4,232
Excess / (Shortfall)	40	126
Funding Level	101%	103%

On the basis of this outcome, the Fund's assets and its Total Service Liability could be considered to be broadly in balance. I recommend that the "Excess" identified above is carried forward to the next valuation.

Reconciliation of Change in the Target Funding Level

The previous valuation results may be compared to those arising at the current exercise on the Target Funding Level basis as follows:

	Funding Target	Assets	Excess/(Shortfall) Gain/(Loss)
	€m	€m	€m
Opening Value	**4,232**	**4,358**	**126**
Expected Interest / Return	228	234	6
Levy Reversal	21	-	(21)
Pension Payments	(411)	(411)	-
Accord increases vs Assumed	(90)	-	90
Transfers Out	(124)	(111)	13
Mortality Experience	(21)	-	21
JCC Agreements	24	-	(24)
Excess Return on investments	-	720	720
Change in assumptions	844	-	(844)
Exceptional one-off 1% pension & deferred pension increase	37	-	(37)
Exceptional one-off 1% increase in pensionable pay	10	**-**	(10)
Value at end of period	**4,750**	**4,790**	**40**

Overall the funding level has remained broadly stable since the previous valuation. The following are the key items of inter-valuation experience:

- Significant market movements resulted in higher asset and liability values.
- Some aspects of experience were positive, including lower than expected actual inflation and benefit inflation together with positive experience from mortality and member movements.

- The decisions taken to absorb the remaining unfunded element of the Pension Levy as well as the cost of the JCC Agreement and the additional once off benefit increase of 1% utilised some of the Fund's excess resources.

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Statutory Funding Level

The Fund satisfied the Funding Standard and the Funding Standard Reserve requirements at the valuation date. The table below contains a breakdown of the Fund's statutory funding obligations at the current and previous valuation dates.

	All amounts in €m's	
Funding Standard	**This Valuation**	**Previous Valuation**
Fund Value	4,752	4,289
Funding Standard Liabilities		
Expenses	5	5
Retired Members	2,953	2,453
Employed and Deferred Members	497	1,199
Total	3,455	3,657
Excess Assets Available to provide for Funding Standard Reserve	1,297	632
Funding Level	138%	117%
Funding Standard Reserve		
Excess Assets	1,297	632
Funding Standard Reserve ("FSR")		
Asset Allocation Component	17	38
Interest Rate Component	(61)*	4
Total	0**	42
Surplus/(Deficit)	1,297	590
Funding Level	138%	116%

Notes:

* The interest rate sensitivity in the assets exceeds that of the Funding Standard, giving rise to the negative outcome shown.

** The overall Funding Standard Reserve cannot be less than zero.

I have completed and uploaded an electronically signed Actuarial Funding Certificate and Funding Standard Reserve Certificate to the Pensions Data Register operated by the Pensions Authority and a copy of each is shown in the Appendices.

4 Discontinuance Funding Level

The Fund rules provide for the discontinuance of the Fund in certain circumstances, including circumstances where the company terminates its liability to contribute. This section sets out some of the considerations that might arise if such an eventuality were to come to pass.

Subject to the minimum requirements of the Pensions Act, the selection of an appropriate valuation basis for the Fund's discontinuance liabilities is generally a matter for the Trustees to determine having taken advice from the Fund Actuary. A broad range of factors may be relevant to this decision including market parameters that impact on the valuation of pension benefits, the extent of the available resources (including invested assets and potential additional contributions) relative to the liabilities, the nature and scale of the liabilities attributable to particular member cohorts and the conclusions from consultations between interested parties.

The Funding Standard could be regarded to be a discontinuance liability. However, for non-pensioners, benefits are calculated on the standard transfer value basis, which for many members is inadequate to provide the Fund benefit. The actual discontinuance liability could exceed this by a considerable margin.

As a full consideration of all of the relevant factors is beyond the scope of the valuation, it is not a requirement to include an estimate in the report. However, any such measure would include the cost of buying out pensioners with an insurance company. For active and deferred members, the liability is commonly determined on a prudent transfer values basis reflecting current economic conditions. Alternatively, the Trustees may consider settling the entitlements of non-pensioner members by purchasing deferred annuities in the market place, which would be expected to increase the cost by a material amount. However, there is no liquid market in deferred annuities currently in Ireland.

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Risk & Sensitivity Analysis

This section identifies the key financial and demographic risks that could give rise to volatility in the Fund's financial condition. It also illustrates this potential for volatility by including a sensitivity analysis on both the ongoing and statutory funding levels. This analysis focuses on key financial and demographic risks. Other risks, including operational and compliance risks, are beyond the scope of this valuation.

Main Financial Risks

The key risks that could give rise to this volatility in Fund's financial position include:

- Market Risk on growth investments
- Credit risk on bond investments
- Interest and inflation risk on the liabilities
- Currency mismatching to the extent that assets are invested in currencies other than Euro.

The Fund's allocation to defensive assets contains to a large degree its exposure to financial risks but clearly it does not eliminate these risks entirely. Further, investment risks and opportunities can change and evolve from time to time with markets, economic and political developments. Therefore, I recommend that investment strategy be kept under review to ensure that it remains appropriate for the Fund's circumstances.

Other Risks

Irrespective of the policy chosen in respect of investment risks, other risks that could impact on the Fund's financial position but which cannot be readily hedged, will most likely remain. The Trustees would need to be aware of these residual risks and consider what, if any, action is appropriate in their circumstances to manage them. These risks include:

- Exposure to Irish consumer price inflation or general salary inflation,
- Demographic factors including mortality, ill-health and family statistics,
- Regulatory, legislative or statutory guidance change that could adversely impact on the liabilities and funding level
- The strength of the sponsor's covenant.

Ongoing Valuation Sensitivities

It is likely that experience will differ from the assumptions and it is important to understand the possible effect on the funding position. In this section, we demonstrate the sensitivity of the Fund's primary funding objective to some of the more significant assumptions made.

The assumptions to which the valuation results are most sensitive are as follows:

- **Interest Rates:** The assumed rate(s) of interest used to discount future benefit payments. We have shown the impact of a **reduction of 0.25% in interest rates**. We have assumed the reduction will directly impact on the valuation discount rate and on the value of the Fund's defensive assets.
- **Inflation:** The assumed rate of benefit inflation resulting from revaluation and pensionable salary increases. We have shown the impact of **a 0.25% increase in inflation expectations** on both the Fund's liabilities and on its defensive investments.
- **Growth Assets:** The market value of the Fund's growth assets. We have shown the impact of **a once off reduction of 20% in the value of growth investments.**

The table below reflects the impact on the primary funding objective in each scenario.

All amounts in € millions				
Sensitivity	**Funding Target**	**Fund Value**	**Surplus / (Deficit)**	**Funding Level**
Funding Objective	4,750	4,790	40	101%
Interest Rate -0.25%	4,938	4,940	2	100%
Inflation +0.25%	4,914	4,922	8	100%
Growth Assets -20%	4,750	4,615	(135)	97%
Economic Valuation	5,057	4,790	(267)	95%

With regard to changes in interest rates and inflation expectations, while both asset and liability values are sensitive to these rates, the funding level in each case remains reasonably stable, demonstrating the value of hedging interest and inflation rates.

A significant fall in the value of growth investments would adversely impact the funding level. However, the funding level would be expected to remain reasonably strong even if a materially adverse event were to occur.

I have adopted a composite discount rate of c. 1.09% for the purpose of determining the economic value of the liabilities. This rate was set by reference to Euro Interest Swap rates, with no premium applied.

Two of the scenarios shown would give rise to a shortfall in the Fund's Resources. However, even in these scenarios the Funding Level would remain reasonably robust. The options available to the Trustees to address such a shortfall would include:

- Pursuit of a slightly higher investment yield into the future.
- Containment of the payment of future discretionary pension increases
- Subject to the agreement of the employer, the payment of additional future contributions

Statutory Funding Sensitivities

We have set out below the level of cover of the Fund's Statutory Funding Obligations under a range of scenarios relating to long-term interest rates and changes in the value of growth assets. For the purpose of this analysis, we have assumed that the standard transfer value basis set by the Pensions Authority remains unchanged although the possibility remains that the basis would be changed if some of the more extreme scenarios come to pass.

Coverage of Liabilities					
	Current	Interest Rate	Growth Asset	Downside Scenario	Upside Scenario
Return on growth assets	N/A	0%	-20%	-20%	+20%
Change in Interest Rates	N/A	-0.5%	0%	-0.5%	+0.5%
FS Coverage	138%	137%	133%	133%	143%
FS +FSR Coverage	138%	137%	133%	133%	143%

The scenarios demonstrate that the Fund is well protected against the impact of changing interest rates and could also absorb a material level of volatility in the value of the Fund's growth investments.

Appendix A Membership Data

The membership data was obtained from records maintained by the Fund's registered administrators, Aon.

I have relied on the accuracy of the data without detailed audit but undertaken some reasonableness checks on this data and I have no reason to doubt its accuracy in any material respect. These checks do not however provide a guarantee in this regard.

The Fund is closed to new entrants.

The table below contains a summary of the membership data at the current and previous valuation date.

Active Members	**Previous Valuation**	**Current Valuation**
Number	1,658	1,141
Total Pensionable Salaries (€000's pa)	79,641	57,785
Net Pensionable Remuneration (€000's pa)	75,071	53,596
Average age	56.9	58.6
Average past pensionable service	36.4	35.2
Deferred Members		
Number	3,772	1,988
Total deferred pensions (€000' pa)	29,728	13,115
Total deferred gratuities (€000's)	58,775	26,187
Average age	54.9	54.4
Pensioners		
Number	10,691	12,155
Total pensions payable (€000's pa)	108,641	130,007
Average age	69.1	70.0

The membership data indicates a general aging and maturing of the membership. The number of employed members has declined by 31% and the Pensionable Payroll has also reduced since the last valuation. In aggregate, the overall membership stands at 15,284 at this valuation compared to 16,121 at the last valuation.

The following is a reconciliation of the membership data as at the valuation date with membership figures at the previous valuation date.

	Active Members	Deferred Members	Pensioners[1]
Number at last valuation	**1,658**	**3,772**	**10,691**
Left Service	(108)	108	-
Retired	(325)	(1,610)	1,935
Transferred Out[2]	(72)	(232)	-
Deaths	(12)	(57)	(777)
New Beneficiary	-	-	302
Adjustment	-	7	4
Number at current valuation	**1,141**	**1,988**	**12,155**

[1] Excludes 34 non-member spouses' pensions in payment (PAO cases)

[2] Includes Trivial Lump Sum Payments

Appendix B Asset Information

I have determined the value of the Fund by reference to Fund's audited accounts supplied by the Trustees. These accounts include allowance for known material current assets and liabilities. The Fund's net assets was confirmed in the accounts to be €4,756 million at the valuation date.

€m	
Investments	4,754
Net Current Assets	5
Current Liabilities	(3)
Net Assets	4,756

The Fund's Net Assets include within current assets €4 million of employer contributions receivable. These contributions are excluded from the Funding Standard assessment. Therefore, the Fund's value at the valuation date, for the purposes of the Funding Standard assessment, was taken to be €4,752 million.

The Fund's resources on which the ongoing valuation is based was €4,790 million. In addition to the Fund's Net Assets outlined above, this value incorporates the value of future anticipated employer contributions at the rate agreed with the Trustees and also the value of future anticipated employee contributions at the rates set out in the Fund's rules:

€m	
Net Assets	4,756
Value of future anticipated contributions	34
Fund resources – Ongoing Valuation	4,790

Contributions and Returns

The Employer contribution rate recommended at the last valuation was 8.5% in respect of future service benefits, subject to the agreed floor of €8.5 million pa. The Employer has paid contributions in line with this recommendation.

The Fund recorded a return of 7.3% p.a. in the period between the previous and current valuations.

Investment Policy

The Fund's investments comprise of:

- A portfolio of defensive assets comprising sovereign and corporate fixed interest instruments together with interest and inflation hedging instruments. The objective of this component of the Fund is to provide a relatively secure base from which the contractual obligations of the Fund can be provided.

- A diversified growth portfolio containing equity, property and other growth investments. The objective of the growth portfolio is to enhance the yield on the portfolio with a view to generating sufficient returns to provide for benefits, including future pension indexation, at a sustainable cost.

The Trustees have a dynamic de-risking process in place designed to further transition the Fund's growth assets to fixed interest holdings in a systematic manner as opportunities arise. The Trustees continue to monitor the funding level with a view to capturing further de-risking opportunities as they arise.

The table below contains the current distribution of the Fund's invested assets and a comparison to last valuation.

Asset Class	Current Valuation	Previous Valuation
Defensive Assets	80.5%	77.0%
Growth Assets	19.5%	23.0%
Grand Total	**100%**	**100%**

The assumed rate of investment return is derived by reference to the current and intended future investment strategy. If the investment strategy is changed, outside the parameters of the de-risking framework, then this could lead to a change in the Fund's financial position

The Fund's assets, to the extent that they are invested in defensive assets, could be regarded to be broadly matched to the liabilities. The Fund's substantial allocation to these assets would be expected to provide a stable foundation for the Fund and limit volatility in the funding level.

It follows that growth assets are generally not be considered to be matched to the form and incidence of the liabilities. There is also a currency mismatch to the extent that any of the assets are denominated in currencies other than Euro and are not hedged to Euro. The most significant implication of mismatching is that changes in the value of the liabilities may not be counterbalanced by equivalent changes in the value of the assets. On the basis of the allocation above this applied to just 19.5% of the Fund's assets.

Other matters to note in relation to the assets

The Trustees can accept transfer values into the Fund from other approved pension arrangements at the request of individual members. The benefit provided to members who bring transfer values into the Fund is a credit for additional years of pensionable service. This is not a frequent or material occurrence.

Deferred members have the option of settling their entitlement from the Fund by availing of a transfer value to an alternative approved pension arrangement. The transfer value payable is determined in accordance with the provisions of actuarial guidance related to the calculation of standard transfer values.

Members can, depending on their potential service, pay additional contributions to purchase additional years of Pensionable Service. The incidence of purchase of additional years of pensionable service is limited.

Appendix C Benefits

The Fund generally provides the standard range of Public Service pensions and death benefits.

The Fund was established to provide for the benefits of the eircom Superannuation Scheme, 1988 and the eircom Spouses' and Children's Contributory Pension Scheme, 1988 related to pensionable service completed after 1 January 1984 ("Vesting Day"). These arrangements are collectively referred to as "the Scheme" in this report. A summary of Scheme benefits, on which the valuation is based, is included below. There have been no changes to benefits since the last valuation.

The Minister for Finance has responsibility for the provision of standard Scheme benefits related to pensionable service completed before 1 January 1984 ("Vesting Day") and these benefits have not been considered as part of this valuation.

Subject to receiving the necessary consents set down in the rules, the payment of pension increases in the future is governed by the Pay Accord agreed between the company and member representatives. While the Pay Accord has been in existence for a number of years, it was reviewed relatively recently and was left unchanged from its original format. Under the Accord pension increases are due as at 30 June in each year and are calculated as the lowest of the three criteria below:

1) The % increase in actual pay awarded, OR
2) The % increases in consumer prices in the year as measured by the Consumer Price Index (CPI) published by the CSO for the prior year to 31 December, OR
3) 2.50%

I have assumed for the purposes of the ongoing valuation that increases on benefits will continue to be provided in the future in line with the terms of the Pay Accord.

The valuation does not contain any explicit provision for discretionary benefits other than pension increases as outlined above.

C.1 Benefits on Retirement

Members may retire at any time between age 60 and 65 or earlier in circumstances of ill-health.

In the case of employees not fully insurable under the Social Welfare Acts, the pension at Normal Retirement Age is 1/80th of Pensionable Remuneration (inclusive of pensionable allowances) for each year of Pensionable Service. In the case of employees who qualify for Social Welfare Pension, the

Scheme Pension is 1/80th of Net Pensionable Remuneration per year of Pensionable Service. Net Pensionable Remuneration means the amount by which Pensionable Remuneration exceeds twice the annual rate of Old Age (Contributory) Pension payable to a single person without dependents. Pensionable Remuneration includes basic pay at the rate in force at the point of retirement (or earlier leaving service) plus the average over three years of pensionable allowances.

In addition, on normal retirement there is a lump sum retirement gratuity equal to 3/80ths of Pensionable Remuneration for each year of Pensionable Service subject to a maximum lump sum of 1½ times Pensionable Remuneration.

In the event of premature retirement due to ill-health, having completed at least 5 years' service, a pension and lump sum become payable and are calculated in the same manner as for normal retirement based on (Net) Pensionable Remuneration and Pensionable Service at the date of retirement. Credit is given for additional years of Pensionable Service depending on actual Pensionable Service and age at the date of retirement.

The Company has discretion to pay temporary supplementary pensions to a limited number of Active Members who are fully insured under the Social Welfare Acts and who retire directly from employment prior to age 65 but do not qualify for State Invalidity Pension, Unemployment Benefit or Disability Benefits. The incidence of payment of this benefit is difficult to predict but in any event is not expected to be material and therefore is not directly provided for within the valuation.

C.2 Benefits on Death

In the event of death prior to retirement, a gratuity equal to 3/80ths of Pensionable Remuneration for each year of Pensionable Service is payable, subject to a minimum of one times and a maximum of 1½ times Pensionable Remuneration. In addition, a spouse's pension becomes payable equal to one half of the pension that the member would have received from the Scheme had he survived in service to age 65 based on his (Net) Pensionable Remuneration at the date of death.

On the death of a retiring member, a spouse's pension is payable equal to one-half of the deceased member's pension.

In addition to the above spouse's pension, children's pensions are payable at the rate of one-third of the spouse's pension for each child subject to a maximum of 3 children. If no spouse's pension is payable, the children's pensions are at an increased rate and, expressed as a proportion of the spouse's pension that would have been payable are two-thirds in respect of 1 child and the whole in respect of two or more.

C.3 Leaving Service

On leaving service with less than two years of service, a refund of member’s contributions less tax at 20% is payable.

On leaving service before age 60 with more than two years of service a preserved pension and lump sum are granted based on Pensionable Service and (Net) Pensionable Remuneration at the date of leaving and are increased during deferment in line with increases granted to pensions in payment.

C.4 Members Contribution

Members contribute at the following rates each year:

- Retirement Benefits 5.3% of (Net) Pensionable Remuneration
- Spouse’s and Children’s Benefits: 1.5% of (Net) Pensionable Remuneration

C.5 Benefit Developments since the previous valuation

There have been a number of significant developments in relation to benefits since the last valuation. These are as follows:

- Discretionary pension increases in line with the provisions of the Pay Accord have been paid since the previous valuation.
- The Company and Trustees have agreed to forego recovery of the remaining unfunded component of the Pensions Levy.
- The Company implemented a number of exceptional pay agreements which had the effect of increasing the liabilities of the Fund in respect of remaining employed members. The Company and Trustees agreed that these additional liabilities (c€24 million) would be funded from the surplus identified in this valuation.
- A supplementary benefit increase of 1% was agreed between the Company and Trustees on foot of this valuation outcome since the valuation date but the impact is reflected in the value of the liabilities in the valuation.

Appendix D Statutory Funding

The Fund must satisfy both the Funding Standard and the Funding Standard Reserve requirement set out in the Pensions Act to meet the statutory funding regime. Failure to do so will result in a requirement to prepare a funding proposal to address the shortfall.

Funding Standard

A scheme satisfies the statutory Funding Standard (FS) if, in the opinion of the actuary, the assets are greater than the prescribed value of the liabilities. The outcome is confirmed in an Actuarial Funding Certificate prepared by the Fund Actuary and submitted to the Pensions Authority through their online Pensions Data Register portal.

The assets, net of any self-investment or concentration of investment beyond prescribed limits, are taken into account at the net realisable value described earlier.

The value of liabilities includes a priority allowance for the estimated expenses of administering a wind up together with the value of contractual benefits. The contractual benefits valued are as follows:

- Benefits secured by AVCs.
- The pensions in payment and associated contingent pensions.
- The deferred benefits payable to, and in respect of, former members to which these members became entitled on leaving service.
- The deferred benefits notionally payable to, and in respect of, active members if they had left service on the effective date.
- Any contractual increases on benefits in payment or in deferment. Pension and other benefit increases awarded prior to the assessment date are part of each member’s contractual entitlement. However, discretionary increases that may be awarded in the future are not contractual entitlement and are therefore excluded.

The basis of valuation of these expenses and benefits is as follows:

- The expenses of administering a wind up are assumed to amount no more than €2 million.
- The liability in respect of pensioners is the estimated cost of purchasing annuities on a bulk basis from a life office. We estimate annuity purchase rates by reference to publicly available data from the insurance companies and our experience of the market. However, as this is a dynamic market, there is some uncertainty relating to the true bulk annuity buy out cost.
- The liability in respect of active and deferred members is the sum of the standard transfer values payable in respect of these members. Standard transfer values have been determined in accordance with the minimum transfer value basis prescribed by the Pensions Authority.

The Pensions Act contains complex rules relating to the order in which certain components of members' deferred benefits are settled in a wind up. A precise breakdown of the liability, which is only relevant in an actual wind up when a scheme is under-funded, is beyond the scope of the valuation.

Funding Standard Reserve

Schemes need to hold, or have access to, sufficient assets to cover the existing statutory Funding Standard liabilities together with a risk reserve (Funding Standard Reserve) to satisfy the statutory funding regime. The Funding Standard Reserve is the sum of the following two parts:

1. 10% of the Funding Standard liability less 10% of the assets that are denominated in Eurozone sovereign debt, cash or other prescribed assets, and

2. The increase in the Funding Standard liability associated with a reduction in long-term interest rates of 50 basis points, less any corresponding increase in the value of the fund.

The Fund's capacity to satisfy the Funding Standard Reserve requirement is confirmed in a Funding Standard Reserve Certificate. This Certificate is completed by the Fund Actuary in tandem with the Actuarial Funding Certificate.

Appendix E Ongoing Valuation Method and Assumptions

Overview

A funding valuation is a snapshot of a scheme's estimated financial condition at a point in time; it does not predict it's ability to pay benefits in the future and does not provide any guarantee of future financial soundness. Over time, the total cost of a scheme will depend on a number of factors, including the amount of benefits paid and the period of time over which they are paid, scheme expenses and the amount earned on any assets invested to pay benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

Because modelling all aspects of a situation is not possible or practical, we use summary information, estimates, or simplifications of estimates to facilitate the modelling of future events in an efficient and cost-effective manner. We may also exclude factors or data that, if used, in our judgment, would not have significantly affected our results. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results.

Valuations primarly impact on the timing of when benefit costs are funded. If the costs recognized over a period of years are lower or higher than necessary, for whatever reason, normal and expected practice is to adjust future expense levels with a view to funding the entire cost over time.

Ongoing Funding Objectives

The primary objective of the ongoing valuation is to ensure the Fund has sufficient assets to meet these payments as they fall due. This objective is the same as that employed in the previous valuation.

The Fund's Trust Deed specifies that each of the Employers shall pay to the Trustees "such contributions as the company thinks fit to determine to be payable by such employer the amount thereof to be not greater than the actuary certifies to be properly payable by such employer (having regard to the persons employed by it) and to be necessary to ensure the solvency of the fund taking due account of the financial arrangements agreed with the Minister for Finance regarding the provision of benefits in respect of pensionable service prior to 1 January 1984".

Separately, the Scheme rules provide that the Company shall pay to the Trustees "a percentage of the Remuneration of all such Members where such percentage is the rate recommended from time to time by the Fund Actuary".

The provisions relating to the Company contribution outlined above are at odds in terms of identifying precisely the company's obligation to contribute to the Fund. There may also be a practical limit to what the Company can reasonably afford, and would be prepared to pay.

The statutory funding regime provides a practical base line in terms of both a target funding level and contribution rate. In circumstances where the Fund fails to satisfy the requirements, the Trustees must develop a Funding Proposal to address the shortfall.

Beyond the constraints of the statutory funding regime, funding policy is largely discretionary and this valuation has been undertaken in the context of the following:

- The Trustees have developed an investment policy designed to deliver a particular rate of investment return over time, which has been reflected in the valuation. Future changes in investment policy are dependent on achieving gains in the funding level beyond what is expected.

- While the investment policy contains a risk of volatility or underperformance the valuation makes no direct allowance or provision for this.

- Future benefit inflation is driven by the terms of the Pay Accord.

- All benefits and future expenses are funded from the Fund's resources. The valuation includes an allowance to meet the cost of administration expenses that are paid from the Fund.

Valuation of ongoing liabilities

The Fund's liabilities on an ongoing basis consist of obligations to make pension and other benefit payments to current and potential future beneficiaries.

The value of these liabilities is determined by firstly projecting the benefits payable in the future. Projected benefit outflows are then capitalised by discounting the projected cash flows at a suitable discount rate or rates. Discount rates equivalent to the yield on the Swap curve are used to determine the 'economic' value of the liabilities while discount rates that reflect an allowance for the expected return on the fund are used to determine the funding objective.

Determining the future contribution rate

The primary valuation outcome has been determined by comparing the value of the Fund's resources with its Total Service Liability. The Fund's resources consist of the accumulated fund, future anticipated contributions and investment returns. Its Total Service Liability is the value of future anticipated benefit payments to current and future beneficiaries coupled with a reserve for expenses. The valuation will show either an excess of assets to liabilities or a shortfall for consideration by the Trustees who must then decide what actions or opportunities result from this outcome.

The valuation identifies the cost of future service benefits for current employees and considers how this compares with the level of regular contributions payable from both the company and the members. Consideration is given as to how any shortfall can be financed.

The valuation will compare the Fund's accumulated assets with the value of the Accrued Service Liability and considers whether any additional actions arise as a result of the outcome not addressed above.

Where appropriate the valuation report will contain a recommendation in relation to the future contribution requirement or other matters related to the operation of the Fund. Any contribution recommendation will reference the amount or rate of contribution and the period over which it is payable.

From a technical perspective, the cost of future service benefits has been determined using the attained age method of funding. Under this approach, the value of benefits related to future years of pensionable service is determined by reference to each member’s age at the valuation date and is then expressed as a level percentage of the Net Pensionable Payroll over the remaining working lifetime of employed members. This approach is unchanged from the previous valuation.

Looking to the future, the funding level could be volatile from one valuation to the next reflecting the degree to which the nature of the assets differs from the liabilities. It is unclear how a scenario where a valuation called for a significant increase in contributions would unfold and it is possible that benefits would have to be contained to address future funding shortfalls where additional contributions could not be secured.

Valuation Assumptions

To prepare the valuation report, assumptions are used in a forward looking financial and demographic model to present a single scenario from a wide range of possibilities; the results based on that single scenario are included in the valuation. The future is uncertain and the Fund’s actual experience will differ from those assumptions; these differences may be material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely 'correct' and many alternative projections of the future could also be regarded as reasonable.

The Risk and Sensitivity Analysis provides an indication of the degree to which results would be different if you substitute alternative assumptions within the range of possibilities for those utilized in this report.

Assumptions may be changed from one valuation to the next because of changes in mandated requirements, Fund experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

The valuation uses both financial and demographic assumptions, which are set out below. A market based approach has been used in setting the assumptions for the purposes of the ongoing valuation. This is then compared to the market value of assets and so the assets and liabilities are measured in a consistent manner.

Except where noted otherwise, the assumptions are unchanged from the previous valuation.

The main statistical assumptions adopted are outlined below.

Mortality Assumptions

We have allowed for membership mortality using the following standard tables

	This Valuation	Previous Valuation
Pre & Post-retirement mortality		
Table	S3PMA/S3PFA M Tables	S2P Tables
Mortality Improvements	CMI 2019 [1.5%]	CMI 2016 [1.5%]
Life Expectations from age 65		
Male (born in 1957)	22.6	22.7
Female (born in 1957)	24.3	24.6
Male (born in 1977)	24.2	24.5
Female (born in 1977)	26.1	26.5

Promotional Salary Increases

I am advised that salary increases resulting from incremental progression or grade changes are pensionable under the Pay Accord and it is therefore appropriate to continue to include an allowance for these increases in the funding basis. The assumption adopted at this valuation is in line with that the previous valuation.

Age	Male	Female
25	6.7%	5.8%
35	2.4%	1.6%
45	1.3%	0.6%
55	0.7%	0.3%

Retirement

Serving staff who are members of the Fund can elect to retire at any time, having attained age 60 while deferred benefits automatically commence at age 60. At the last valuation, it was anticipated that the future retirement pattern of serving staff would mirror the distribution of ages at which members attain the maximum allowable pensionable service credit of 40 years, under the rules of the Scheme. The assumption adopted at this valuation is in line with that the previous valuation.

Age	% Actives Retiring in normal health
60	40%
61	33%
62	33%
63	33%
64	33%
65	100%

Ill-Health Retirement

I have allowed for a small proportion of the members in service to retire as a result of ill-health at the same rates adopted for the previous valuation.

Age	Male	Female
45	0.19%	0.40%
50	0.37%	0.92%
55	0.66%	1.86%

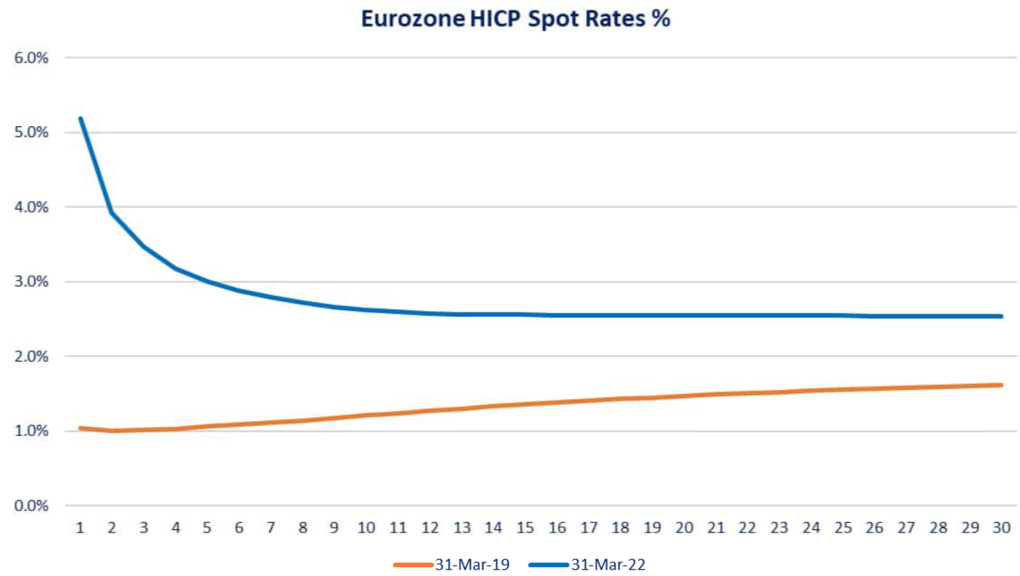
Withdrawals

This assumption relates to those members of the Fund who leave service with an entitlement to a deferred pension. I have assumed that the incidence of members in service leaving service will be at the following sample rates:

Age	Male	Female
45	1.40%	3.38%
50	0.58%	1.22%
55	0.00%	0.00%

Future Price and Benefit Inflation

The assumed future rate of price inflation is a key determinant of future benefit inflation. We have assumed that future price inflation will follow the Eurozone HICP swap curve. The chart below sets out the shape of future anticipated inflation rates. The rates shown are "spot" rates, which reflect the annualised rate of inflation to that point in time.



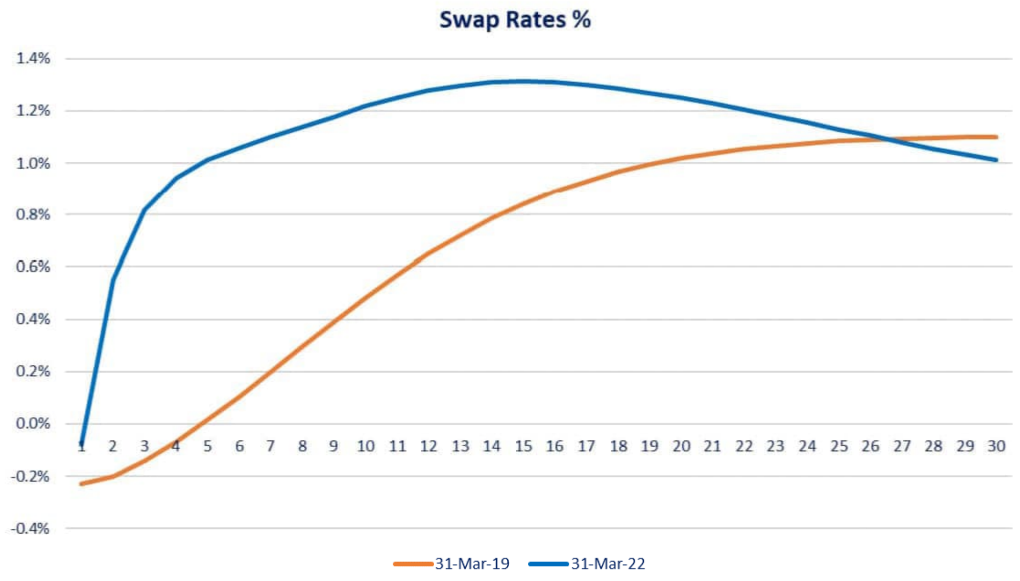
As mentioned price inflation is a key input to the assumed rates of benefit inflation. The table below summarises the rates of price and benefit inflation adopted in this valuation compared to the last.

	This Valuation	Previous Valuation
Price Inflation	HICP Swap Curve (single equivalent rate c2.5% p.a.)	1.41% p.a.
Benefit increases*	Price inflation	1.41% p.a.
*Allowance for promotional salary increases is also included		

Discount Rates

One of the critical assumptions underpinning the valuation results is the anticipated return on the Fund's investments over time, net of anticipated investment management expenses. In the valuation, this is reflected in the discount rates that are used to determine the present capitalised value of the future benefit and contribution cash flows. In this section we set out how the various discount rates employed have been derived.

Market yields are a key input to the determination of discount rates. The chart below compares swap rates at the date of the valuation with the corresponding rates at the previous valuation:



In this valuation, the discount rates have been modelled by reference to the current and a projected future asset allocation. This approach is the same as that adopted in the last valuation.

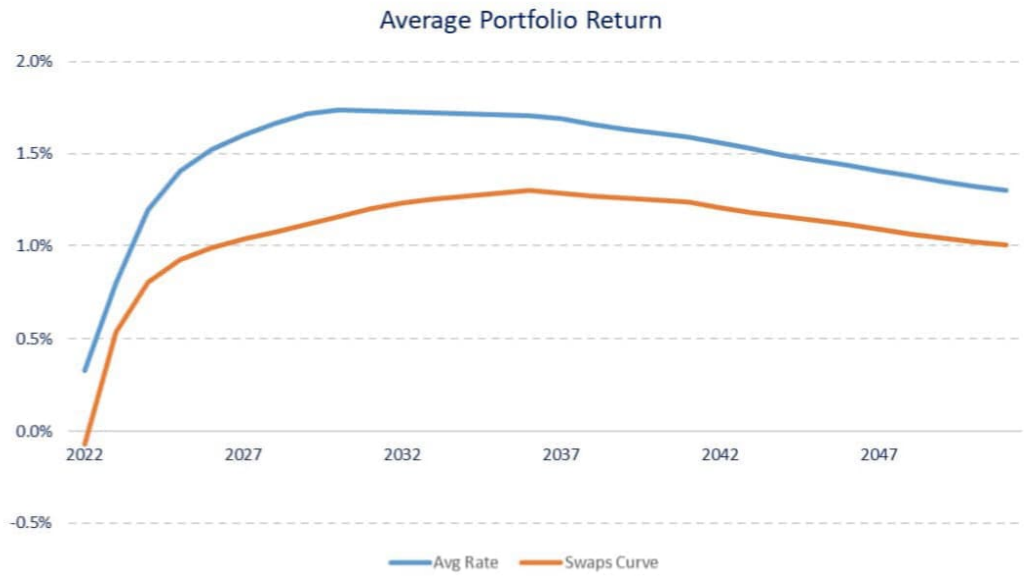
The Trustees continue to monitor the funding level with a view to capturing de-risking opportunities as they arise.

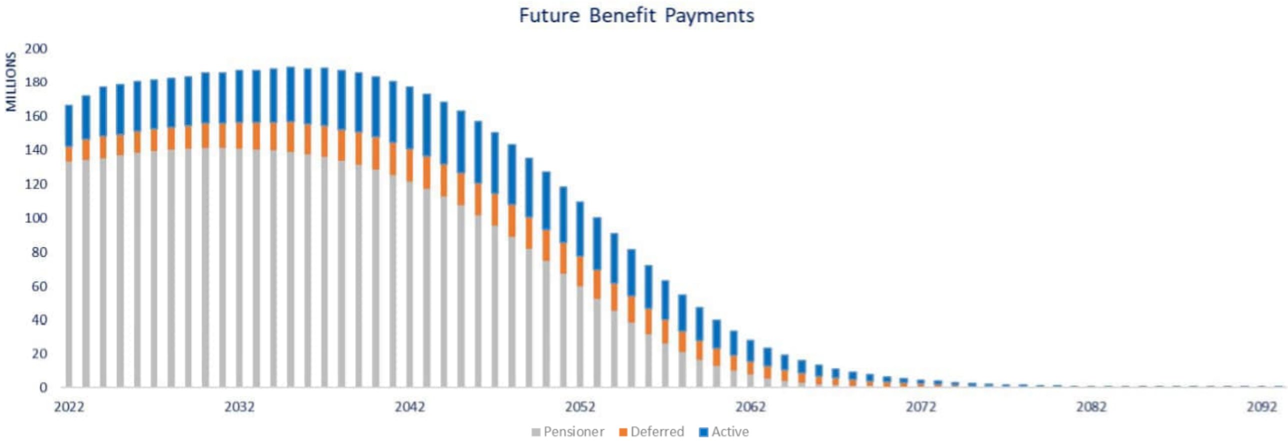
We have made the following assumptions in constructing the anticipated future return on the portfolio:

- The Fund's defensive asset allocation will achieve a return that is 0.15% per annum in excess of the yield on the Swap curve.
- The Fund's growth assets will achieve a return of 3.15% per annum in excess of the yield on the Swap curve.

With regard to the Fund's investment strategy, we have assumed that the current allocation to growth investments will be maintained until 2030 and migrate entirely to the Fund's defensive asset strategy at that time.

We have combined the above yield and allocation assumptions to calculate the anticipated yield on the Fund's investments at various time horizons. The first chart below shows the spot yield curve together with the discount rates used to value projected cash flows in all future years. The second chart shows the expected future benefit payments from the Fund in €Ms. This approach is adopted for all future years and is summed to give the accrued and prospective funding target with a weighted average discount rate of approximately 1.49% p.a.





Economic Valuation

For the purpose of determining the 'economic' value of the liabilities we calculated the weighted average discount rate based on 100% investment in Euro Interest Swap rates as at the valuation date. The weighted average discount rate used to discount the cash flows in this case is 1.09% p.a..

Appendix F Certificates

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BD

Article 4

ACTUARIAL FUNDING CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED UNDER THE PROVISIONS OF SECTION 42(1) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: Eircom Superannuation Scheme / Fund

SCHEME COMMENCEMENT DATE: 31/12/1990

SCHEME REFERENCE NO.: PB43815

EFFECTIVE DATE: 31/03/2022

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 31/03/2019

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the resources of the scheme, which are calculated for the purposes of section 44(1) of the Act to be €4,752,000,000.00, would have been sufficient if the scheme had been wound up at that date to provide for the liabilities of the scheme determined in accordance with section 44(1) of the Act which, including the estimated expenses of administering the winding up of the scheme, amount to €3,455,000,000.00, and

(2) €0.00 of the resources of the scheme referred to in paragraph (1) comprise contingent assets, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act.

I, therefore, certify that as at the effective date of this certificate the scheme satisfies the funding standard provided for in section 44(1) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature: Liam Quigley **Date:** 10/11/2022

Name: Mr Liam Quigley **Qualification:** FSAI

Name of Actuary's: Employer/Firm Mercer (Ireland) Limited **Scheme Actuary Certificate No.** P044

Submission Details

Submission Number: SR3013394 **Submitted Electronically on:** 10/11/2022

Submitted by: Liam Quigley

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BE

Article 4

FUNDING STANDARD RESERVE CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED PURSUANT TO SECTION 42(1A) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: Eircom Superannuation Scheme / Fund

SCHEME COMMENCEMENT DATE: 31/12/1990

SCHEME REFERENCE NO.: PB43815

EFFECTIVE DATE: 31/03/2022

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 31/03/2019

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the funding standard liabilities (as defined in the Act) of the scheme amount to €3,455,000,000.00,

(2) the resources of the scheme (other than resources which relate to contributions or a transfer of rights to the extent that the benefits provided are directly related to the value of those contributions or amount transferred (DC resources)), calculated for the purposes of section 44(1) of the Act amount to €4,752,000,000.00,

(3) €3,287,000,000.00 , of the amount referred to in paragraph (2) (subject to a maximum of an amount equal to the funding standard liabilities) is invested in securities issued under section 54(1) of the Finance Act 1970 (and known as bonds), securities issued under the laws of a Member State (other than the State) that correspond to securities issued under section 54(1) of the Finance Act 1970, cash deposits with one or more credit institutions and such other assets (if any) as are prescribed under section 44(2)(a)(iv) of the Act,

(4) the amount provided for in section 44(2)(a) of the Act (Applicable Percentage x ((1) minus (3)) is €17,000,000.00,

(5) the amount provided for in section 44(2)(b) of the Act, being the amount by which the funding standard liabilities of the scheme would increase if the interest rate or interest rates assumed for the purposes of determining the funding standard liabilities were one half of one per cent less than the interest rate or interest rates (as appropriate) assumed for the purposes of determining the funding standard liabilities less the amount by which the resources of the scheme (other than DC resources) would increase as a result of the same change in interest rate or interest rates is -€61,000,000.00,

(6) the aggregate of (4) and (5) above amounts to €0.00, and

(7) the additional resources (as defined in the Act) of the scheme amount to €1,297,000,000.00, of which, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act, €0.00 comprises contingent assets and €0.00 of such contingent assets comprise an unsecured undertaking.

I therefore certify that as at the effective date of the funding standard reserve certificate, the scheme does hold sufficient additional resources to satisfy the funding standard reserve as provided in section 44(2) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature:		**Date:**	11/11/2022
Name:	Mr Liam Quigley	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Mercer (Ireland) Limited	**Scheme Actuary Certificate No.**	P044

Submission Details

Submission Number: SR3013456

Submitted Electronically on: 11/11/2022

Submitted by: Liam Quigley

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