

Members' Newsletter

November 2023

eircom Defined Benefit Schemes

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Message from the Trustees

Welcome to the 2023 Members' Newsletter for the eircom Main Superannuation Scheme and the eircom Spouses' and Children's Contributory Pension Scheme (together called the 'Scheme'). This newsletter updates you on the Trustees' work over the past year.

Member benefits are funded by the eircom Superannuation Fund ('Superannuation Fund') and the eircom No. 2 Superannuation Fund ('No. 2 Fund').

- The Superannuation Fund is responsible for benefits earned from 1 January 1984. In 2022, the Actuary confirmed to the Trustees that the Fund has sufficient assets to meet its statutory Funding Standard liabilities and has a stable surplus on a going concern basis.
- The No. 2 Fund is responsible for benefits earned before 1 January 1984. This Fund is exempt from the Funding Standard and receives quarterly funding from the Minister for Finance to provide for benefit payments. Market movements therefore do not affect the No. 2 Fund.

Superannuation Fund resilient in challenging market conditions

The past 12 to 18 months have been challenging from an investment perspective. Higher inflation, and the consequent rise in interest rates, resulted in a sharp correction in investment markets during 2022. The Russian invasion of Ukraine, which drove energy and commodity prices higher, contributed to this market weakness. Further unsettling events included former UK Prime Minister Truss's autumn mini-budget and banking shocks in the US and Switzerland.

The Superannuation Fund has shown its resilience in the face of these market challenges. The outcome for the Superannuation Fund was a sharp fall in asset values at the end of the year. However, this was matched, in line with expectations, by a similar fall in Fund liabilities due to the high levels of protection built into the Fund's investment strategy.

The Superannuation Fund continues to meet and significantly exceed the minimum reserves required on a statutory basis. The No. 2 Fund

receives regular funding from the Minister for Finance and is therefore immune from the effects of interest rate, investment, and inflation movements.

2023 pension increase

In line with the Pension Accord, the Trustees are pleased to report that a pension increase of 2% has been agreed by the company and has received Ministerial approval. The increase will be backdated to 1 July 2023.

Governance and sustainability

New legislation, which is designed to support the sustainability, governance and efficiency of Irish pension schemes generally, came into effect in 2022. The Superannuation Fund is required to meet the new standards, while the No. 2 Fund is exempt. Despite this, the No. 2 Fund adopted relevant elements of the new standards which, together with the Superannuation Fund's full adoption, underpin and reinforce the Trustees' commitment to the highest standards of governance and stewardship.

As reported to you last year, the Trustees of the Superannuation Fund established two new functions, Internal Audit and Risk Management, to help oversee the Scheme's internal control and risk management frameworks. These roles have integrated well into the Scheme's governance structure and are in addition to the role of the Scheme Actuary, who provides advice to the Trustees on funding and valuation matters. The Board committees: Audit & Risk, Communications, and Member Benefits, continue to support the Trustees, as well as their advisors, service providers and independent auditor.

Trustee Board changes

Jim Browne retired as a Trustee of the Superannuation Fund in December 2022. The Superannuation Fund Trustees would like to thank Jim for his dedication and hard work over many years. During the year, Ian McArdle joined as a Trustee of the Superannuation Fund and Henry O'Mara joined as a Trustee of the No. 2 Fund. Ian is the Deputy General Secretary of the Communication Workers Union. The Minister for Finance appointed Henry, who previously worked with the

Department of Public Expenditure and Reform (now the Department of Public Expenditure, National Development Plan Delivery and Reform), to the No. 2 Fund. Their fellow Trustees wish both well in their new roles.

The Trustees hope that you find this newsletter interesting and informative. The Trustees value

the continued support received from eir and its staff, as well as the Trustees' advisors and service providers.

The Trustees

eircom Superannuation Fund and eircom No. 2 Superannuation Fund

Please note: All figures in this newsletter are provisional and unaudited, pending the completion of the 2023 Trustee Annual Report and Accounts for each Fund.

Membership

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

	31 March 2022	31 March 2023	Change
Active members (members who are currently in service with eir)	1,141	1,036	-105
Deferred members (members who are former employees of eir)	1,993	1,587	-406
Pensioners (those in receipt of benefits from the Scheme)	12,304	12,530	+226
Total	15,438	15,153	-285



Financial update

The Scheme comprises two Funds, the eircom Superannuation Fund and the eircom No. 2 Superannuation Fund. Each Fund is set up under trust, with its own Trustee Board, which means that assets are held completely separate from eir.

Superannuation Fund

The eircom Superannuation Fund holds assets for the benefit of the members and their dependants. These assets are used to provide benefits in retirement, on death, or on leaving the Scheme in respect of service from 1 January 1984.

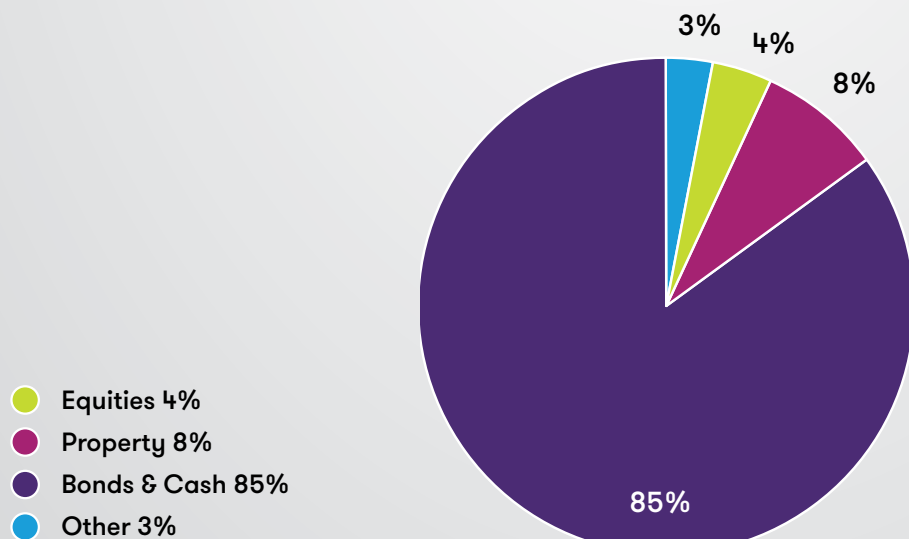
Over the year to 31 March 2023, the Fund's assets decreased from €4.756 billion to €3.9 billion, taking account of contributions received, benefits and expenses paid out, and investment returns. Despite the decline in asset values, the Superannuation Fund enjoyed a positive year as, due to rising interest rates, the value of liabilities fell by more than the fall in asset values. The Superannuation Fund Actuary reported to the Trustees that, as at 31 March 2023, the Fund's assets exceeded its liabilities, measured by reference to the statutory Funding Standard.

The change in asset values for the Superannuation Fund over the year to 31 March 2023 is summarised below:

eircom Superannuation Fund	(€ millions)
Asset value at 31 March 2022	4,756
Contributions received	8
Benefits and expenses paid	(164)
Investment return*	(700)
Asset value at 31 March 2023**	3,900

* After taking account of investment expenses. ** 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 2023 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 (as amended).

Asset mix at 31 March 2023



No. 2 Fund

The eircom No. 2 Superannuation Fund administers benefits for members and their dependants in retirement, on death, or on leaving the Scheme in respect of service accrued before 1 January 1984. The No. 2 Fund moved to a ‘pay-as-you-go’ arrangement in early 2021. Funding is received on a regular basis from the Minister for Finance to fund benefit payments. The Trustees acknowledge the co-operation and support of the Minister for Finance and the Department of Public Expenditure, NDP Delivery and Reform in administering these arrangements.

Triennial Actuarial valuations

Under pension legislation, both the Superannuation Fund and the No. 2 Fund are required to undergo formal actuarial valuations at least once every three years. The most recent formal valuations were carried out at 31 March 2022 (Superannuation Fund) and 1 October 2021 (No. 2 Fund).

2022 Superannuation Fund valuation

The Superannuation Fund Actuary confirmed that, in his view, the Fund’s resources were adequate to provide for the liabilities at the

valuation date, 31 March 2022. Contributions are required for benefits that have not yet been earned by members who are still in employment with the company. The Trustees reported to you in the last newsletter that company contributions of 8.5% of pensionable salaries, in addition to member contributions, effective from 1 April 2022, had been agreed. These contributions have been paid in line with the requirements.

2021 No. 2 Fund valuation

The No. 2 Fund was established in 1999 and received advance funding of €1.016 billion to pay for the benefits earned prior to 1 January 1984 in respect of all staff who transferred from the former Department of Posts and Telegraphs to Telecom Éireann on 1 January 1984.

The No. 2 Fund moved to a ‘pay-as-you-go’ arrangement in early 2021. Funding is received on a regular basis from the Minister for Finance to fund benefit payments. On an annual basis, the Fund Actuary prepares a report on the financial condition of the Fund for the Trustees and the Minister.

Pension increases

Under the Trust Deed and Rules, eir grants pension increases for pensioner and deferred members, subject to approval by the Minister for the Environment, Climate, Communications and Transport, and the Minister for Finance.

The 2010 eircom Defined Benefit Pensions Accord (the ‘Accord’) sets out the framework for how eir considers increases each year. This is an agreement between eir and the Trade Union Alliance.

In line with the Accord, eir sought approval for a pension increase of 2% payable from 1 July 2023. The Trustees have now received confirmation that the Minister for the Environment, Climate, Communications and Transport, with the concurrence of the Minister for Finance, has authorised this increase. The Trustees will arrange for the increase to be processed for all eligible pensioners in February 2024. Any arrears from 1 July 2023 will also be paid.



Member updates

2023 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 2023 will be available to members by the end of the year.

2023 Pension Benefit Statements

Pension Benefit Statements have been issued to all active members (i.e. members who are still in eir's employment) and will be made available online to all deferred members (former employees of eir) before the end of the year. The Pension Benefit Statement sets out individual benefits in accordance with the Scheme rules and regulatory requirements. It is important to check your information and contact the Administration Team if any corrections are needed.

Member Booklet

The member booklet sets out the key Scheme details, as well as details of how your benefits are calculated. The booklet also provides useful information about the benefits available under the Spouses' and Children's Scheme.

Confirmation of pension entitlements

For pensions in payment, the Trustees carry out a periodic exercise to confirm pension entitlements and update member records, including seeking current contact information as well as spousal/civil partnership details. The next exercise will commence in 2024 and, if you are contacted, it is important to return your completed form to Mercer, the Trustees' pensions payroll agent, within the timescales outlined. Erin International, the pension tracing company, is also assisting the Trustees.

Taxation of your pension

If you are in receipt of a pension, tax credits and deductions are applied to your pension payment in line with the details provided to Mercer by

Revenue. If you also receive income from any other source (including the State Pension), it is your responsibility to ensure that your tax credits are up to date and applied correctly.

Transfer values

If you have left service, but have not yet drawn down your pension, you may be considering taking a transfer value from the Scheme. There can be many reasons why a deferred member might seek a transfer value. It is important, however, to fully understand the implications as they relate specifically to your individual circumstances. **Once you take a transfer value, your Scheme benefits are extinguished forever. This cannot be undone.**

The Trustees, therefore, urge you to be cautious and think carefully before taking a transfer value. Make sure you are fully aware of all the implications, fees and charges before taking a transfer value. It is extremely important to get independent professional advice from an authorised financial advisor. A list of authorised financial advisors can be found on www.centralbank.ie.

Obtaining information

If you would like an electronic copy of the Trustee Annual Report and Accounts, Member Benefit Statement, or Member Booklet, or if you have a complaint or concern, please contact the Administrator at eirpensions@aon.ie or phone the eir Pensions Helpline at 1800 492 492.

2024 developments

The Trustees are pleased to advise that a new online member portal will be available for active members in 2024.

Governance

The Scheme is fully compliant with the requirements of the Pensions Act 1990 and with the regulations issued by the Pensions Authority. The Trustees of both Funds place very strong emphasis on making sure that the highest standards are applied at all times and have robust governance frameworks in place.

In line with the new legislative requirements, the Superannuation Fund appointed two new key function holders (KFH) for Internal Audit and Risk Management. The Internal Audit KFH carried out a review of the Fund's governance arrangements in 2023. The Trustees of the Fund are pleased to report that the Internal Auditor (Brían Gartlan of BDO) assigned a 'substantial' level of assurance for both the design and the operational effectiveness of the governance arrangements. The Superannuation Fund Trustees are now working with their Risk Management KFH to complete a comprehensive assessment of all risks facing the Fund. This is called an Own Risk Assessment.

The Superannuation Fund's Internal Auditor assigned a 'substantial' level of assurance for both the design and the operational effectiveness of the Fund's governance arrangements.

Trustee Boards

eircom Superannuation Fund

Michael Madden (Chairman), Paul Callan, John Clarke, John Dunleavy, Brian Loughran, Ian McArdle, Frank O'Brien and Una Stafford.

eircom No. 2 Superannuation Fund

Ray Lawlor (Chairman), Jim Browne, Áine Chambers, Brendan Clahane, Kevin Conlon, Brian Loughran, Henry O'Mara and Paul O'Rorke.





Principal service providers

Registered Administrator

Aon Solutions Ireland Ltd
Manager Joe Bracken

Pensions Payroll Agent

Mercer Ireland Ltd

Fund Actuaries

eircom Superannuation Fund
Liam Quigley FSAI, Mercer Ireland Ltd

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

Superannuation Fund Internal Audit KFH

Brían Gartlan, BDO Ireland

Superannuation Fund Risk Management KFH

Keith Burns, Align Advisory Ltd

Scheme Secretary

Anne Ledwidge, Lane Clark & Peacock Ireland Ltd

Independent Auditors

Duignan Carthy O'Neill, Chartered
Accountants and Registered Auditors

If you have a **question** about the Scheme or your benefits, please contact the Administration Team. Email eirpensions@aon.ie. Phone: 1800 492 492. For pension payroll queries, please contact the Mercer team. Email eirpensions@mercerc.com.

Key contacts

Administration Team

Joe Bracken, Manager, Pension Administration Team, Aon Solutions Ireland Ltd, 5th Floor, Block D, Iveagh Court, Harcourt Road, Dublin 2.

Legal Advisors

McCann Fitzgerald, Vincent & Beatty

Investment Advisors

Mercer Ireland Ltd (Liability Driven Investment) and Bannon Commercial Property Consultants Ltd (Property)

Custodian

Northern Trust

Principal Investment Managers

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

eircom No. 2 Superannuation Fund
Irish Life Investment Managers Ltd

Scheme Secretary

Anne Ledwidge, Lane Clark & Peacock Ireland Ltd, Office 2, Grand Canal Wharf, South Dock Road, Dublin 4.

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 and are subject to audit.