



# AIB

# Hybrid Pension Arrangements

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# Why the need for change

- The Union used the National Wage Agreement clause on pension provision to initiate a claim. The Bank engaged with employee representatives to review the AIB pension provision in the Republic of Ireland
- An Independent Tribunal recommended the Hybrid arrangements



# Why the need for change

- DC member contributions were voluntary (the Bank contributed 8%)
- The DB scheme was closed for 10 years
  - Increasing contributions required to maintain a maturing scheme
  - Potential inflexibility in future investment strategies



# Hybrid highlights

- It utilises the existing DB and DC Schemes (no new scheme!)
- DB benefits are integrated with the State benefits up to a Cap with DC benefits above the Cap
- Members contribute 5% of pensionable salary
- The Bank contributes as required to the DB Scheme and 10% of salary above the Cap to the DC Scheme



# Hybrid highlights

- The Deductive (integration) is 1.5 times the Single Person's Contributory State Retirement Pension
- Pensionable Salaries, the Cap and the Deductive are all reset on the Annual Renewal Date each year (1<sup>st</sup> June)
- Existing DC members had the option to join the Hybrid arrangements while all new staff from 1<sup>st</sup> December 2007 join the Hybrid arrangements
- There was no default option i.e. all DC members had to complete an Option Form stating whether they wished to opt in or not



# Hybrid Pension

DB Pension of Pensionable Salary (up to the Cap)  
by 60ths (from 1<sup>st</sup> December 2007)

Plus

DC Pension on Salary above the Cap

Pensionable Salary = Salary up to the cap less the Deductive



# Main challenges

The timelines were largely out of the control of the Pensions Department



# Main challenges

## Communications

- Explaining the details to members
- Finding the best way to deliver the message
- Finding terminology, explanations and examples that are clear and concise but will also withstand retrospective examination
- Providing actual examples and figures for comparisons
- Designing a number of different documents and distributing large amounts of literature



# Main challenges

## Administration/Systems

- Rewiring the systems to meet the new requirements
- Testing an unused system with no room for delays
- Distributing to, receiving from and recording the option forms completed by DC members