



# Is DC up to the Job ?

**David Harney**

**Chief Executive Corporate Business**



**Irish Life**



# What's the Report Card ?

- Is it as good as the public sector ?
  - ✓ Gratuity = 150% x salary
  - ✓ Pension = 50% x salary



# Targets

Salary

**Lump  
Sum**

Pension

**DC Pension  
(SW = 12k)**

30k

**45k**

15k

**3k**

60k

**90k**

30k

**18k**

90k

**135k**

45k

**33k**



# Salary 30k – Target 3k

Contributions

Fund Growth

Outcome

Low

Low

3k 

Low

High

5k 

High

Low

5k 





High

High

9k 







# Salary 60k – Target 18k

| Contributions | Fund Growth | Outcome   |
|---------------|-------------|---|
| Low           | Low         | 6k     |
| Low           | High        | 11k    |
| High          | Low         | 11k    |
| High          | High        | 18k  |



# Salary 90k – Target 33k

| Contributions | Fund Growth | Outcome   |
|---------------|-------------|---|
| Low           | Low         | 9k     |
| Low           | High        | 16k    |
| High          | Low         | 17k    |
| High          | High        | 27k  |



# Conclusions

- DC works for lower earners
- DC may fall short for higher earners

## *Challenge*

- 10% → 15% → 20% if low fund growth



# Build into DC Plan Design

*Normal Contribution*

| <b>Employee</b> | <b>Employer</b> |
|-----------------|-----------------|
| 5%              | 10%             |

*Buffer Contribution  
(from age 40)*

| <b>Employee</b>                                     | <b>Employer</b>                                     |
|---|---|
| + 3%<br><i>* Max increase of 1% in<br/>any year</i> | + 3%<br><i>* Max increase of 1% in<br/>any year</i> |



# Just Around The Corner .....





**Thank You**

**David Harney**

**Chief Executive Corporate Business**



**Irish Life**