

# CIÉ Pension Proposal 2025

## Context for 1951 Scheme Members:

The following Proposal was negotiated across a number of months between the CIÉ Group and the Trade Union Group. The discussions were facilitated by HR Consultants Mr. Sean Walsh, former Head of Industrial Relations in Irish Rail, and Mr. Ultan Courtney, former Chair of Dublin Bus.

Both parties, in acknowledging the inherent risk involved in schemes this large, agreed to engage in a process to ensure the sustainability of the CIÉ Pension Schemes, whilst ensuring no reduction to the pension benefits for members of both Pension Schemes and providing long overdue increases for CIÉ pensioners.

## **Current Active Members (Employees) 1951 Superannuation Scheme**

Arising from this agreement, there will be **no change** to the agreed pension entitlements of all Staff in service prior to the date of implementation across all the CIÉ Group of Companies, inclusive of CIÉ, Dublin Bus, Bus Éireann and Iarnród Éireann, except for benefit improvements as noted below.

A new (best in class) Defined Contribution Scheme for new employees, comparable with other commercial semi-states is proposed.

1. The Government is supportive of the proposal to protect the benefits for current employees within the existing Schemes, and this will be confirmed in a Letter of Support.
2. Additional benefits are proposed:
  - Retire earlier than they may have planned with improved benefits.
  - No deduction from the Death in Service Lump sum for Spouses and Children's i.e. lump sum will be paid at full value.
  - The Death in Service maximum benefit will be increased from 1.5 times to 2 times salary.

Additionally current claims (e.g. reduction in working week, consolidation of shift pay) for additional pensionable pay will be dealt with by the Operating Companies through the normal Industrial Relations processes and, if agreed, will be considered pensionable on a defined contribution basis.

3. Additional optional opportunities are proposed for members who may wish to:
- Opt for an Enhanced Transfer Value, taking the lump sum value of their benefit to the DC Scheme
  - Opt to 'park' their Defined Benefits accrued and move to Defined Contribution for future service.
  - Opt to cease paying DB contributions having reached maximum service and contribute to the DC Scheme.

Further detail is set out in the Appendix below.

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4. Pension increases
- All pensioners who retired before 31/12/2022, who qualify for increases, will receive pension increases, as set out below.
  - Active members who have not yet retired (i.e. future pensioners) will benefit from a Pension Increase Protocol based on objective criteria.

## Pensions in Payment (Pensioners)

Whilst the prevailing economic conditions in the period from 2008 to 2016 were determining factors:

- The inability of CIÉ Group of Companies to award Pay increases for staff employed by CIÉ, Dublin Bus, Bus Eireann or Iarnród Eireann, from 2008 to 2016
- Staff at CIÉ Group of Companies had cost cutting measures applied to their Salaries
- The significant downturn in the Country's Finances between 2008 and 2016

However, central to both parties agenda was the absolute necessity for an increase for former colleagues.

**Pension in payments (current Pensioners) will, on acceptance of the Proposal, receive the following increases on all CIÉ Pensions up to a maximum of €30,000, i.e. The proposed increases will be capped at a maximum of the first €30,000.**

Those Pensioners that retired on or before the 31<sup>st</sup> of December 2020

- 5% increase

Those Pensioners that retired in the Year on or before the 31<sup>st</sup> of December 2021

- 4% increase

Those Pensioners that retired in the Year on or before the 31<sup>st</sup> of December 2022

- 3% increase

### **Active members (future pensioners)**

Additionally, and applying similar criteria adopted by other Semi State organisations, future annual pension increases will be targeted by the two DB schemes. The principle of a pension increase protocol has been agreed and will be established with the Trustees whereby such increases will be paid once certain objective funding criteria are attained each year.

## **Appendix 1 – Further detail**

### **1. Funding and benefit security**

The most recent actuarial valuations triggered a review of contributions paid into the Schemes. This review concluded that:

- Member contributions remain unchanged
- The inherent risks of the schemes due to their size relative to group finances could not be addressed solely through company contributions and that a Letter of Support from Government was advised.
- While welcoming the Letter of Support, company contributions will continue at levels consistent with the upper end of the contribution limits for the Schemes.

### **2. Enhanced transfer value – an option which may suit some members**

This option will be available to current scheme members who are employees of the Group, rolled out on a phased basis.

The Schemes will pay an enhanced transfer value calculation for employees who opt to move to the Defined Contribution Scheme, whereby the transfer value will be set based on economic factors. The resulting transfer values will be substantially higher than the transfer value currently payable for many members.

Members who are interested in this option will be provided with financial advice so that they can determine if the option suits them.

### **3. Option to park existing DB benefit and move to DC**

Existing members have the option to park DB benefits and move to the DC Scheme. This will particularly benefit those with 40 years' service who are currently still required to contribute (allowing additional retirement benefits to accrue on a DC basis)

While we expect the majority of existing employees to remain in their current scheme, they will have an option to join the defined contribution pension scheme for future service if they wish. Such members will retain entitlement to pension increases provided he/she remains in the service of the Group until NRA.

## **4. Early retirement option**

Early retirement option offered to existing staff and members of the 1951 Scheme for an agreed application period of 3 months from the date of implementation, with a 2-year window to release, applicable to those aged 55 or over and with over 35 years' pensionable service on the implementation date. Those members will have the option to retire early with no actuarial reduction and half prospective service to NRA (age 60).

In addition to this measure, 1951 members who currently may apply for retirement if they attain 60 before 31<sup>st</sup> December 2030 will not have any levy deduction.

## **5. New employees**

A 'best in class' defined contribution scheme will be established for new employees. New employees in the DC Scheme will have a Death in Service lump sum of 2 times salary and a spouses' and children's pension.

## **6. Review of Anomalies**

A joint committee will be established, with an agreed terms of reference, which will review any perceived anomalies for current employees within the existing schemes.