Frequently Asked Questions – Regular Wages Scheme (RWS)

1. How does this proposal impact existing members?

The proposed changes will ensure that all promised benefits and contributions for existing members of the RWS Scheme are maintained. The proposed changes allow for increases to certain benefits and additional options for members.

2. What benefits are in the proposal for existing members?

The benefits depend on your service and your age.

- Existing members will continue to accrue benefits related to final salary and service as they do currently i.e. **there is no change for existing members.**
- Members may "park" their accrued defined benefits and move to a defined contribution scheme, should they wish to. If availing of this option, the member should seek independent financial advice.
- Any members who opt to join the DC scheme can also choose to transfer their defined benefits to that scheme on an enhanced basis (Enhanced Transfer Value), should they wish to. If availing of this option, the member should seek independent financial advice.
- The current arrangement, where spouse's and children's contributions up to retirement are deducted from Death in Service lump sums, will cease. The spouse's (and any children's) pension will still be increased to the level it would have reached at retirement but without the deduction of these "future" contributions. This protects members' families when they need it most.
- The Death in Service maximum benefit will be increased from 1.5 times to 2 times salary.
- The lump sum multipliers will increase for all members.
  The lowest level currently is 154 times the weekly pension for retirement with less than 20 years membership and before age 66. This will increase to 166 times the weekly pension for retirement with less than 20 years membership and before Normal Retirement Age.
  The highest level will increase from 325 times the weekly pension to 351 times (i.e. 125% of Annual Salary up to 135% of Annual Salary).

	Current		Proposed	
Scheme Membership at date of retirement	**Multiple of weekly rate of pension on retirement before age 66**	**Multiple of weekly rate of pension on retirement at age 66**	**Multiple of weekly rate of pension on retirement before NRA**	**Multiple of weekly rate of pension on retirement at or after NRA**
Less than 20 years	154	164	166	177
20 years	194	204	210	220
21 years	201	211	217	228
22 years	208	218	225	235
23 years	214	224	231	242
24 years	223	233	241	252
25 years	231	241	249	260
26 years	239	249	258	269
27 years	245	255	265	275
28 years	255	265	275	286
29 years	263	273	284	295
30 years	268	278	289	300
31 years	277	287	299	310
32 years	288	298	311	322
33 years	295	305	319	329
34 years	302	312	326	337
35 years	308	318	333	343
36 years and over	315	325	340	351

3. What happens to new employees?

New employees will join a defined contribution (DC) scheme, comparable to that available in other semi-states.

Members will be permitted to choose the rate of pensionable salary at which they will contribution to the New DC Scheme on commencing service. The tiered rates are as follows:

Member Contribution Choice	Employee rate	Employer rate	Total Contribution
Tier 1*	0%	2%	**2%**
Tier 2**	2%	4%	**6%**
Tier 3***	4%	6%	**10%**
Tier 4	5%	7%	**12%**
Tier 5	6%	9%	**15%**
Tier 6	7%	12%	**19%**

* minimum rate for first two years of service

** minimum rate for more than two years but less than five years of service

*** minimum rate after five years of service

While an employee may choose any contribution rate on joining service, if they chose Tier 1, they may contribute at this minimum Tier 1 rate for a maximum of two years' service and, if they elect to contribute at Tier 1 rates, will automatically move to Tier 2 for years 3, 4 and 5 of service. After five years of service the minimum employee contribution rate will be Tier 3 contribution rate, being an employee contribution rate of 4% and 6% from his or her employer.

If an employee elects Tier 4, 5 or 6 contribution rates they may elect to reduce or increase their rate of contribution with the frequency permitted under the New DC Scheme's rules, but an employee may not reduce their contribution rate to a rate below either Tier 2 rates if they have two or more years of service or Tier 3 rates if they have five or more years of service. If an employee elects to change their contribution rate there will be a corresponding reduction or increase in the employer rate of contribution.

Any employee who has a Pensionable Salary of less than €20,000 will automatically be included in Tier 1 and can remain there, at their choice, as long as their Pensionable Salary remains below €20,000 (or such higher level as agreed in the future by the Trustees).

4. If I'm an existing DB scheme member, can I join the DC scheme?

Yes, however, as with anything related to financial planning, you must take independent professional advice before making any decision.

5. What does Enhanced Transfer Value (ETV) mean?

If you choose to join the DC scheme you will have the option to transfer your existing pension benefits from the DB scheme on an enhanced transfer value basis. Such transfers involve the Actuary placing a Euro value on your defined benefits, called a "transfer value". Instead of calculating this in the standard way (a statutory minimum transfer value), it would be a considerably higher value and an ETV would be paid to your new DC pension arrangement. This would allow an individual to manage their retirement finances independently.

Individuals can apply for an ETV and will be offered independent financial advice to assist them with their decision making process.

6. How can I get financial advice?

It is critical that employees receive independent financial advice from a suitably qualified advisor and this will be provided by an advisor who is familiar with this scheme.

7. What are the next steps on implementation of the proposal? Who votes on the proposal?

Comprehensive briefings will take place in the coming weeks across the CIÉ Group of Companies, supported by a dedicated website; details to follow.
As with all terms and conditions which are negotiated on a collective basis, TUG members will be balloted by their respective Union.

8. When do these changes come into effect?

Subject to the agreement of all stakeholders (the TUG via a ballot of their members, the Board of CIÉ, and the approvals of the relevant Ministers).

9. What were the objectives of the TUG? Were these achieved? How?

The stated objectives of the TUG were to protect and enhance existing member benefits, and to provide for an increase for pensioners.

10. What were the objectives of CIÉ? Were these achieved? How?

CIÉ's objective was to ensure sustainable and affordable pension provision for staff into the future, while providing for an increase to pensioners.

11. Why doesn't the company just pay more into the Schemes?

CIÉ has always maintained an appropriate funding level for both Schemes, as recommended by the Scheme Actuary. The Schemes now meet the required Statutory Funding Standard.

- Employer contributions to the schemes have increased significantly from a level of €28.68m in 2007 prior to the financial crash, as follows:

Year*	Employer contribution
2008	€40.38m
2011	€46.21m
2014	€44.68m
2017	€47.56m
2020	€55.61m
2023	€66.32m

*Each of the years shown is a triennial valuation year - the other years followed the same trajectory.

12. Why should I vote yes?

A yes vote will ensure:

- Your existing benefits will be secured.
- Additional benefits and options will be secured.
- A long-awaited increase for retired colleagues will be provided

13. What happens to pensioners?

The proposals allow for a much-needed increase for pensioners.

Pensioners with a pension of up to €30,000 (or the first €30,000 is the pension is above this level), who retired on or before 31/12/20, will receive a 5% increase.

Pensioners with a pension of up to €30,000 (or the first €30,000 is the pension is above this level), who retired during 2021, will receive a 4% increase.

Pensioners with a pension of up to €30,000 (or the first €30,000 is the pension is above this level), who retired during 2022, will receive a 3% increase.

This increase will be funded by the Group and will not be a liability of the schemes.

Furthermore, the proposals allow the Schemes to target future annual increases for pensions and a pension increase protocol will be agreed with the Trustees of each scheme.

14.Why is pension reform needed?

The current size of the liabilities of the CIÉ Pension schemes is c.€2.7 billion, which is much larger than the economic size of the group. If no changes are made, the liabilities are forecast to grow to €4 billion in the next 10 years. This is clearly an unsustainable position.

The proposed changes will manage the liabilities into the future and protect the benefits for existing members and provide a pathway to Pensioner increases.
The cost of providing pensions has increased significantly in recent years as a result of prevailing low interest environment, increasing life expectancy, increasing salaries and the high level of recruitment currently taking place.

In the wake of the financial crash in 2008, every other comparable scheme was either closed or had its benefits significantly reduced.

15.I've heard that the Schemes are 'fully funded' – is that not the case?

When people use the term "fully funded" they are referring to the Minimum Funding Standard, which includes the Risk Reserve, and is also known as the Statutory Funding Standard. This measures the ability of the scheme to pay **the minimum payment** required under the Pension Act at a point in time "were the fund to be wound up".

For a current employee this would be considered by most to be way below the true value of his/her accrued pension. Saying a scheme is "fully funded" means essentially that it meets the minimum financial criteria to be wound up (i.e. it has assets equal to the minimum accrued liabilities, plus a risk reserve) – it is not a prudent measure of the real value of the Scheme's liabilities. This valuation does not take account of future service, future salary increases or increases to pensions.

The recent High Court judgement relating to the 1951 Scheme means that the "solvency" rule in the RWS is now more onerous on both parties. The judgment stated that the Statutory Funding Standard must now be met ***"at all times"*** and must also include future benefits. The judgment also confirmed that the solvency obligation is unequivocally a shared burden with employees.