



Member Newsletter

AIB Group Defined
Contribution Scheme

October 2021

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1. Trustee message

Welcome to your latest Scheme newsletter, keeping you up to date with Scheme developments and wider pensions news.

Unusual times

The COVID-19 pandemic continues to dominate our lives as the vaccination programme rolls out. Uncertainty is the prevailing theme, but our role as Trustee remains the same – to monitor the Scheme’s development and to make any changes we feel are necessary to protect the Scheme and the best interests of members.

We are pleased to report that, despite 2020 and 2021 to date being a period of significant market volatility, the Scheme’s investments have performed strongly. There was a pronounced fall in markets in March 2020 due to the global spread of COVID-19 and members would have seen this reflected in the valuation of their Retirement Accounts. However, this was followed by a sustained recovery and members who remained invested throughout the period would have participated in this recovery. The Scheme’s default Lifestyle Strategy, which is for members who do not want to make active investment decisions, is designed with such periods of market turbulence in mind and has benefited from the market recovery. Further periods of market turbulence which by their nature are not predictable, can be expected.

You’ll find a handy snapshot of the Scheme’s headline performance numbers on page 5. For more details go to www.planforlife.ie to access the recently posted 2020 Trustee Annual Report & Accounts.

Looking to the future

Defined Contribution (DC) is an evolving market and, as Trustee, we are conscious that there is a continuing need to innovate and bring to our members the benefit of the latest in international best practice and thinking.

In this newsletter, you will find information on some investment and communications initiatives that the Trustee has pursued during 2020. Chief among these is the decision to appoint LGIM Managers (Europe) Limited (LGIM) as the Scheme’s Investment Manager in place of State Street Global Advisors Ireland Limited.

Who are LGIM?

LGIM is part of the Legal & General Group (L&G Group), a leading global financial services company, headquartered in the UK, which has been in operation for 185 years. L&G Group is one of the UK’s higher-rated companies for financial strength, with Standard & Poor’s and Moody’s currently rating their long-term debt as A and A2 respectively. As at 30 June 2021, LGIM managed €1.5 trillion in assets on behalf of savers, retirees and institutions worldwide.

Why LGIM?

In choosing the Scheme's new investment manager, the Trustee was influenced by LGIM's capabilities in three key areas:

1. Flexibility and innovation – the ability to meet members current and future investment needs.
2. Investment Charges – the availability of reduced fees for members without sacrificing potential investment performance.
3. Responsible Investment – a manager with a strong commitment to responsible investment and rising to the challenge of a rapidly changing world.

Go to page 6 of this newsletter for more details.

Your feedback

We hope you find this newsletter useful. If you have suggestions for items it would be useful for you to see featured in future issues, or you have any questions about anything mentioned in this issue, or about your Scheme benefits, please contact the Aon Pension Administration Team using the details below.

Norbert Bannon – Chairman

On behalf of the Trustee of the AIB Group Defined Contribution Scheme



Contact Us

You can contact the Pension Administration Team in Aon at:



myaibpension@aon.ie

2. Performance snapshot

Assets under management

€1.3 billion

at 31 August 2021

35%

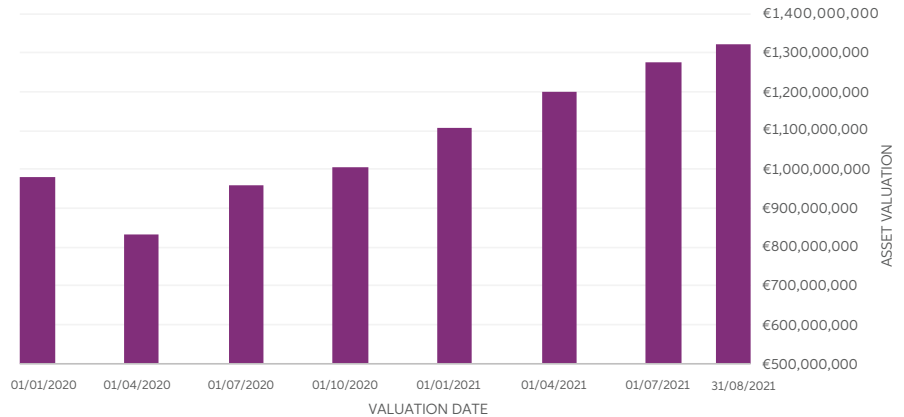


from January 2020 valuation

70%



from March 2020 market low due to global pandemic



Member returns – Freestyle Funds

Equity Fund	Diversified Growth Fund	Annuity Fund	Cash Liquidity Fund
<p>€714.4 million at 31 August 2021</p> <p>12 month performance to 31 August 2021:</p> <p>▲ 30.4%</p>	<p>€533.9 million at 31 August 2021</p> <p>12 month performance to 31 August 2021:</p> <p>▲ 18.2%</p>	<p>€16.6 million at 31 August 2021</p> <p>12 month performance to 31 August 2021:</p> <p>▼ 1.0%</p>	<p>€56.7 million at 31 August 2021</p> <p>12 month performance to 31 August 2021:</p> <p>▼ 0.7%</p>

Member returns – Lifestyle Strategies

Member Age	Cash Ready		Cash & Annuity Ready		Cash & ARF Ready	
	1 year	3 year	1 year	3 year	1 year	3 year
64	1.9%	1.2%	1.9%	4.5%	14.1%	6.1%
60	12.6%	5.8%	13.3%	5.9%	16.8%	7.2%
50	24.6%	12.2%	24.6%	12.2%	24.6%	12.2%
30	30.4%	13.9%	30.4%	13.9%	30.4%	13.9%

Returns as at 31 August 2021. Lifestyle strategy returns vary according to a member's age at a given point in time and elected de-risking strategy, i.e. Cash Ready, Cash & Annuity Ready or Cash & ARF Ready

3. Investment update

New Investment Manager

One of our duties as Trustee is to provide you with an appropriate range of investment options for your Retirement Account. We aim to do this by regularly reviewing the fund range we offer you and the investment structure through which this is delivered.

We have recently concluded an in-depth review of the pricing, investment range and investment structure of the Scheme with the assistance of our professional advisors. In doing so we have leveraged the scale of the Scheme and taken advantage of the evolving and competitive DC landscape in Ireland.

Following this review, your range of investment options will now be delivered through an investment platform operated by LGIM Managers (Europe) Limited (LGIM). With this move investments will change much more dynamically and will be easier to manage on your behalf. LGIM is also a leader in the DC innovation and communications space and will bring these capabilities to the Scheme for the benefit of members.

What the change means

The appointment of LGIM as the Scheme's new investment manager will mean the transition of your retirement savings from the current investment manager, State Street Global Advisors Ireland Limited (SSgA), to LGIM's investment platform. Your existing investment choices will map directly to the corresponding LGIM fund(s). The changes will happen automatically, and our aim is that the transition will take place from 18-20 October 2021. The Trustee will work to ensure that all transaction costs and risks are minimised. **No action is required on your part.**

? What do I need to do?

You don't need to do anything. The transition to the new investment manager, LGIM, will take place automatically.

However, we strongly encourage you to read the new 'Investing your Retirement Account' booklet and fund factsheets available on the Plan for Life website, www.planforlife.ie, to broaden your knowledge and understanding of the investment options available to you and to satisfy yourself that your investment strategy is appropriate.

There is also a Blackout Period while the transition is taking place.

Blackout period

While Aon are making these changes, you will not be able to make any amendments to your investment choices on the Scheme's pension website. It is also necessary for a freeze to be put on all other transactions during the blackout period, e.g. investing contributions, processing benefit payments etc. The blackout period is expected to run from 11 October to 27 October inclusive. Any instructions received by Aon after 5pm on Thursday, 7 October cannot be processed until after the blackout period ends.

As the investment objectives of the range of LGIM investment funds will be substantially similar to the SSgA investment funds, the Scheme's range of investment options is not changing. Even the names of the funds are staying the same. The Scheme's choice of Lifestyle Strategies is also unchanged.

The main differences are that the funds will now be managed by LGIM and the investment charges are lower. For information on the objective and asset allocation for each of the four Freestyle Funds, read the new LGIM fund factsheets on the Plan for Life website, www.planforlife.ie.

Investment charges

From 1 January 2021, investment manager fees are paid by members by way of adjustment to the unit price of each fund. The transition to LGIM as Scheme investment manager will result in lower investment charges being paid by members on all funds. The tables below provide a side by side comparison of the investment charges applying to the four Freestyle Funds before and after the transition to LGIM.

While charges are an important consideration for the Trustee, they are only one of a number of criteria which the Trustee takes into account when assessing value for money. There may be occasions where the Trustee determines that an increase in the investment charges borne by members is merited on the basis of accessing alternative asset classes and the prospect of improved member outcomes. You will be informed of any future changes to the Scheme's investment funds that result in an increase in charges.

Equity Fund

	Current (SSgA)	New (LGIM)
Annual management charge (AMC)	0.060%	0.025%
Total expense ratio (TER)	0.100%	0.065%

Diversified Growth Fund

	Current (SSgA)	New (LGIM)
Annual management charge (AMC)	0.480%	0.180%
Total expense ratio (TER)	0.500%	0.240%

Annuity Fund

	Current (SSgA)	New (LGIM)
Annual management charge (AMC)	0.100%	0.025%
Total expense ratio (TER)	0.130%	0.065%

Cash Liquidity Fund

	Current (SSgA)	New (LGIM)
Annual management charge (AMC)	0.080%	0.075%
Total expense ratio (TER)	0.130%	0.085%

Reviewing your investments

Read the 'Investing your Retirement Account' booklet on the Plan for Life website, www.planforlife.ie to broaden your knowledge and understanding of the investment options available to you.

It is good practice to review your investment choices regularly – whether you invest in funds on a Freestyle basis or as part of one of the Lifestyle Strategies – particularly as you get older, consider aligning your investment choices with how you intend to take your retirement benefits. You can change your investment options at any time by visiting the secure area of the Plan for Life website, www.planforlife.ie. To access the secure area, just click the Login button at the top of the Plan for Life home page and follow the instructions from there. Or if you are already registered for the secure area of the website and you are on the AIB network, use the [Single Sign-On link here](#). Remember that you will not be able to make any changes to your investments while the transition of investments to LGIM is ongoing (see Blackout Period on page 6 for details).

By law, no-one involved in running the Scheme can give you personal advice about your finances. If you are uncertain about whether the investment options you have chosen are still suitable or need any other help in making decisions about your retirement savings, you should take independent financial advice. Please remember that a financial adviser will charge you for providing advice, but they will discuss the cost of this with you before you use their services.

Market Volatility

It is normal to be concerned when you see the value of your Retirement Account declining, but some points to keep in mind are:

- Pensions are long term investments and, depending on how close you are to retirement age, you will generally have enough time to recover from short term market falls.
- Timing markets is extremely difficult to do. Selling out of markets when they are at a low point can risk crystallising any losses and cause you to lose out on any gains when markets do recover.
- It is good practice to keep your investments under regular review. However, it is generally advisable that any changes to your investment strategy are made because your long-term goals have changed, rather than as a reaction to short term market events.

4. Retirement support services

Retirement support services (RSS) is the outcome of a collaborative process between the Trustee and AIB to help support members in the run up to, and through, retirement. It is an initiative that we believe is a first for a DC scheme in Ireland. Mercer has been appointed as the Trustee's preferred broker for this service. RSS has four phases:

1

Pre-Retirement Support Phase

Delivered by Mercer through online seminars and pension knowledge guides/booklets. Is targeted at members within 10-15 years of retirement although younger members can also benefit from the material. An online seminar on the Scheme's Lifestyle Strategies was attended by almost 300 members in May 2021.

2

Decision Support Phase

Targeted at members within 12 months of retirement. Members have the opportunity to have a 30 minute phone call with Mercer to understand their retirement options. The retirement pack sent to members by Aon sets out details of how members can engage with this phase of RSS.

3

Product Support Phase

In this phase, members can opt to appoint Mercer to provide financial advice regarding choosing an annuity or an approved retirement fund product. There is a fee involved for this phase which Mercer will explain. There are other financial advisors out there that you can talk to, so you don't have to go with Mercer for this service (but they might be more expensive as Mercer have agreed enhanced rates for Scheme members).

4

Post Retirement Support Phase

Members who opted to invest in an approved retirement fund through Mercer in the previous phase, will get ongoing financial advice from Mercer during retirement regarding the performance of the product, investment risk and tax management.

5. In the news



Staying scam savvy

Scam messages and phone calls have been on the rise and spotting these is becoming increasingly difficult. Many well-crafted communications will even fool the experts. As Trustee, we are committed to giving you the information you need to be aware of the warning signs. We also take every precaution and make all necessary checks before processing a request to transfer out of the Scheme. Remember:

- **Stop and think.** If something looks too good to be true, makes you worried or frightened, don't respond immediately. Stop and give yourself time to check if the request is real, ask for a phone number to ring the caller back or speak to a friend or relative before you act.
- Be aware of suspicious emails and texts.
- Don't click on links, share your bank details or personal information following unsolicited requests.

Communications

Plan for Life Website

Check out the new Plan for Life website at www.planforlife.ie. You'll find a wealth of information about the Scheme here without the need to login. For example, we've recently loaded some great videos about the Lifestyle Strategies to the website. If you want to view your Retirement Account details, just click the login button and you'll be prompted to enter your password in order to access the secure area.

Maximise your contributions

Active members, make sure that you aren't leaving pension money on the table! Are you paying the right contribution rate to get the maximum employer match from the Bank? You'll find more details about contribution rates, and how to change them, in the Member Explanatory Booklet in the secure area of the Plan for Life website.

If you are an active member and looking to maximise your tax relief, remember that the deadline for making lookback AVCs for 2020 is 31 October 2021.

Governance

IORP II Directive

The European Union (Occupational Pension Schemes) Regulations 2021 transposed Directive (EU) 2016/2341 (the IORP II Directive) into Irish law on 22 April 2021. The IORP II Directive provides for EU wide governance standards for pension schemes and it is the most significant pensions legislation published in Ireland in nearly 30 years. The Scheme has always been operated to the highest possible governance standards and, accordingly, the Trustee has already taken steps to ensure the implementation of the new IORP II requirements within the prescribed deadlines.

Trustee Annual Report 2020

The 2020 Trustee Annual Report and audited accounts is now available to view at www.planforlife.ie.

6. Key contacts

Trustee Board

As Trustee, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Scheme is progressing.

There were no changes to the Directors of the Trustee Company during 2020. At 31 December 2020, the Trustee Directors were:

- Norbert Bannon (Chairman)
- Mike Gogan
- Alan Hardie
- Ian Kelly
- Anne Maher
- Paul O’Callaghan
- Etain Ryan Lyons

Scheme Secretary

Caroline Rowan
Aon Solutions Ireland Limited
Block D, Iveagh Court
Harcourt Road
Dublin 2

Investment Advisor

Acuvest Limited
67 Merrion Square South
Dublin 2

Registered Administrator

AIB Staff Pensions
2 Heuston South Quarter
St John’s Road
Dublin 8

 pensions@aib.ie

Aon Pension Administration Team

AIB Irish Pension Schemes
Aon Solutions Ireland Limited
Hibernian House
Building 5200
Cork Airport Business Park, Cork

 myaibpension@aon.ie

Additional Guidance

Register for the secure area of the Plan for Life website by clicking the Login button at the top of the home page. Or if you are already registered for the secure area of the website and you are on the AIB network, use the [Single Sign-On link](#) here. If you need any help with this, supports are available on the Plan for Life website at www.planforlife.ie. Information available in the secure area of the Plan for Life website includes your Annual Benefit Statement, your retirement account value, your contribution history, online investment switching, investment fund information and the My Pension Planner modelling tool.

About this Document

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