Investing your Retirement Account

AIB Group Defined Contribution Scheme

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Investment Warnings

This document is intended for information purposes only and does not constitute investment advice. Investment in any particular fund or funds described in the booklet may not be suitable for all members. You may wish to obtain independent financial advice prior to choosing which funds to invest in. All fees and charges incurred in seeking independent financial or investment advice are at the member's expense.

Although great care has been taken in selecting the investment funds made available to members, you should be aware that you bear the risk of incurring a loss due to the performance of the funds you are invested in (whether the Trustee has followed your direction or, in the absence of such direction, your Retirement Account has been invested in the default option), and the Trustee will not be liable for any such loss.

Any objective or target will be treated as a target only and should not be considered as an assurance or guarantee of performance of an investment fund or any part of it. An investment fund's objectives and policies include a guide to the main investments to which the investment fund is likely to be exposed but the investment fund is not necessarily restricted to holding these investments only. Subject to an investment fund's objectives, the investment fund may hold any investment and utilise any investment fund techniques, including the use of external insurance funds, securities lending and derivatives, permitted under the current regulatory rules by which investment of the fund is governed.

Some funds invest in a particular market, with the investment manager for that fund choosing the assets. You may prefer to choose specialist funds like this if you are familiar with investing (and the risks it involves), or if you are familiar with that market or how the fund might behave.

If you invest in overseas funds, changes in currency exchange rates may affect the value of your investments. Some funds in regions where markets are still developing (often called emerging markets) may be especially volatile, with dramatic falls and rises in value.

Some funds have the ability to use derivatives in order to reduce risk or to manage the fund more efficiently. For example, derivatives may be used to gain exposure to specific asset classes or securities. Derivatives' exposure is managed by the underlying managers to avoid excessive exposure to any single issuer. Some cash or deposit funds may invest in different types of short-term debt securities and commercial paper. As a result, these funds can be more volatile than ordinary cash investments and may rise and fall in value. This means the value of your capital - the original amount you invested - is not guaranteed.

Warning: The value of your investment may go down as well as up, is not guaranteed and you could get back less than you have invested.

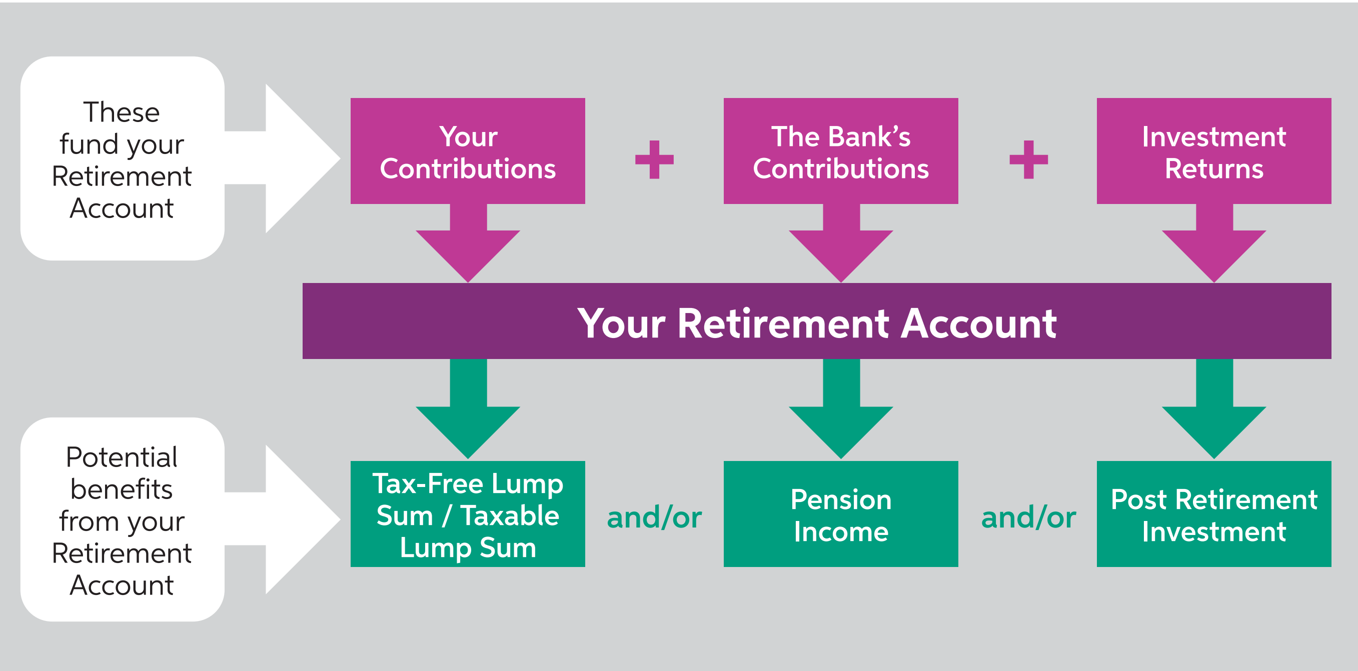
Warning: These funds may be affected by changes in currency exchange rates.

Warning: Past performance is not a reliable guide to future performance.

How the DC Scheme works

To help build income for your retirement, both you and the Bank will make regular contributions to your Retirement Account. You will choose how to invest this money and the value of the Retirement Account you build up will be used to provide you with retirement benefits. The greater the amount paid into your Retirement Account while you are working, and the better the investment returns achieved, the higher your benefits will be when you retire.

This document provides information about the investment fund options available to you. For more information on contribution rates and retirement benefit options, please refer to the separate Explanatory Booklet on the Defined Contribution (DC) Scheme 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.



This graphic is for illustrative purposes only and does not reflect actual market data. Values can fall as well as rise.

Understanding your investment needs

Before you begin to look at the choices you need to make for your Retirement Account, think first about what you aim to achieve. This means thinking about your situation and your long-term plans.

What will you need?

In retirement, some living costs are higher, others are lower. What you will need depends on your personal situation.

For example, do you have other potential sources of retirement income like a former employer's pension scheme or other income.

When are you likely to retire?

Knowing when you hope to retire will set the timeframe for your investments. This will then help you to design an investment approach that is appropriate for your situation.

For example, some types of investment can rise and fall in value quite sharply. If you need to use your Retirement Account to buy benefits in the next few years, the risk of a sudden fall may matter a great deal to you.

How would you like your investments to grow?

If you are aiming for a certain level of income after you retire, your priority may be to maximise the returns on your investments. Or, if other priorities (such as stability or security) come higher up your list, you may decide that keeping up with price inflation is a suitable aim for your investments.

What risks do you need to manage?

Investment, like life, is unpredictable and carries risk. The next section in this document looks at some of the main risks you need to be aware of when deciding how to invest your Retirement Account. Your attitude towards these risks is likely to change over time, and so should be managed and reviewed regularly.

Understanding risk

Your investment choice will partly depend on your attitude to certain risks. For some people, the risks associated with investments can be daunting, but they don't have to be. There are four main risks you need to be aware of when choosing how to invest your Retirement Account:

Investment Risk

This is the potential for your investments to fall, as well as rise, in value. As a general rule, risk and return are linked; so more volatile funds (like equity funds) have historically produced higher returns over the long-term. Less volatile funds (like cash) tend to be more stable but generally produce lower returns.

Capital Shortfall Risk

This is the risk that your Retirement Account value at retirement will not be worth enough to fund your retirement needs. Making sure that you are saving enough (through contributions), and earning an adequate investment return on those savings, is the key to managing this risk.

Benefit Matching Risk

This is the risk that your investments are not aligned with how you plan to take your benefits at retirement, and may therefore result in a lower income in retirement. For example, if you intend to purchase an annuity (pensions) to provide an income in retirement, part of this risk can be managed by investing in a bond fund which broadly moves in line with the cost of purchasing annuities. The Scheme's Lifestyle Strategy is specifically designed to manage this risk – for more details read pages 10 to 13.

Inflation Risk

If your investment returns are lower than inflation, the 'real' value of your Retirement Account goes down. In order to maximise your income in retirement you should aim to achieve an investment return that keeps up with, and ideally exceeds, long term inflation. Equity and Diversified Growth funds are most likely to achieve a return in excess of inflation.

What does risk mean for me?

Your approach to risk will depend on your personal circumstances. For example, if you have a long time until you retire, you can usually afford to take more risk, as your investments will have a longer time period to recover from any losses. However, if you only have a short period of time until you retire, it may not be appropriate to invest in funds that are classed as 'high risk', as your investments may fall in value and you may not have the time to make up these losses.

A fund's risk level is normally linked to the likelihood of larger gains and larger losses. The higher the probability of a larger gain or loss, the more volatile or high risk the investment. The higher the risk, the more likely the fund value will go up or down on a day-to-day basis and the larger these potential changes could be. Simply put - if you want to reduce your risk, you must be prepared to accept a lower return.

To help you select the funds that are appropriate for you, each Freestyle Fund has been given a risk rating, using a scale of one to seven, with one being the lowest risk and seven the highest risk. It's important to note that there is some investment risk for all of the funds — even those with a very low relative risk rating of one.

Understanding asset classes

There are many different types of investments, or asset classes. All funds invest in at least one asset type, and many invest in several. Understanding the different asset types puts you a step closer to making an informed decision.

Cash

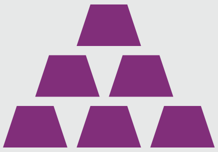
Cash or cash equivalent funds are generally more secure than other investment types, but typically offer low potential for growth. They can fall behind inflation over the long term. These funds will include bank deposits and other types of short term money market securities that reflect current Euro interest rates. In certain circumstances, such as low and negative interest rate environments, some cash securities can fall in value.

If you plan on taking a retirement lump sum at retirement, a cash fund is likely to be a suitable choice shortly before you retire for the part of your Retirement Account you intend to take as cash.

Bonds

A bond is a loan by a company or government, over a fixed period of time, that pays annual interest (coupon). Companies issue corporate bonds as a way to raise money. The level of interest payable depends on the creditworthiness of the company issuing the bond. Bonds issued by governments are considered less risky than corporate bonds because they have government backing. Governments with a high credit rating are the least risky.

Bonds tend to offer less potential for growth than equities over the long term, for example, but more potential for growth than cash. They also tend to move up and down broadly in line with annuity prices, so they're often used shortly before retirement if the aim is to buy an annuity. The capital value can rise and fall as bonds are traded on markets.



Multi-Asset

Multi-asset or mixed funds are a mix of various asset classes. Since not all asset classes perform well or poorly at the same time, by diversifying across a range of asset classes, the fund manager actively aims to achieve growth with less volatility than with equities alone. These funds are more time-consuming to manage, so they usually have higher management charges compared with passive funds. Active management and passive management are defined in the glossary at the end of this document.

Examples of multi-asset funds are diversified growth funds, absolute return funds and managed funds.

Equities (Public Markets)

Equities are shares in a company, which can be bought and sold on a publicly quoted stock market. The shareholder owns part of the company, and the value of the investment will rise and fall depending on economic conditions, market conditions, and how well the company is doing.

Historically, equities have achieved higher long-term growth than other types of investments. That said, equity prices can rise and fall quickly, and sometimes dramatically.

Private Markets

Private market assets include private equity, private debt, private infrastructure and private real estate investments.

Unlike listed equities and bonds, these asset classes are not traded on a stock exchange and are illiquid, or semi-liquid, in nature.

Due to the additional risk of tying up capital for a period of time, private market assets offer the potential for higher long-term returns than traditional asset classes. This is often referred to as the 'illiquidity premium'.

These assets are actively managed and complex and consequently have higher management charges.

What type of investor are you?

Some people make their own decisions while others want to leave the decision-making to the professionals. Read the profiles below to determine the type of investor you are.

You can request a change to your investments on the secure area of the DC Scheme 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.

Lifestyle Strategy Investor – "Help me do it"

If you don't have the time, desire, or knowledge to take an active role in your Retirement Account, this may be the option for you. Investing in the Lifestyle Strategy helps take some of the guesswork out of investing.

This strategy adopts a dynamic allocation to the equity and diversified growth funds in the early years, aiming to deliver real long-term growth, while automatically increasing the allocation to less-risky assets as you near normal retirement age. This is a hands-off approach, so it's likely to be suitable if you don't want to make regular investment decisions.

Important!

The Lifestyle Strategy is the Default Strategy for the DC Scheme. If you do not make an investment decision, your contributions will automatically be invested here.

You cannot invest in the Lifestyle Strategy and one or more of the Freestyle Funds at the same time. If you choose the Lifestyle Strategy, you must invest in it 100%.

The Freestyle Funds can be mixed with each other.

Freestyle Investor – "Manage my funds myself"

If you want more control over your investments, and would like to take a more hands-on approach, investing in one or more of the Freestyle Funds may be suitable for you. This approach leaves you free to choose funds from all of those available in the DC Scheme.

If you want to take a more hands-on approach, it is important that you take the time to read this document and fully understand the characteristics of the Freestyle Funds. Keep a close eye on how your chosen investments are performing and consider the associated risks, particularly in the lead-up to retirement, having regard to how you intend to take your benefits at retirement.

Lifestyle Strategy – how it works

The Lifestyle Strategy automatically moves your Retirement Account to the appropriate investment funds as you age. The objective is to allow your Retirement Account to grow while you are younger by investing in higher risk, higher potential return funds; and gradually move your Retirement Account to lower risk investment funds as you age, considering how you plan to take your benefits at retirement. There are two phases to the Lifestyle Strategy.

1. Growth Phase

The Growth Phase applies until 7 years before normal retirement age. During this phase, you are invested in a mix of investment funds which aim to achieve growth but with the risk profile reducing gradually with age. You'll find a chart which illustrates how the Growth Phase works on page 11.

At first you will be invested entirely in the Equity Fund until you are 22 years from your normal retirement age. You will then be gradually switched (via quarterly adjustments) from having 100% in the Equity Fund to having 100% in the Diversified Growth Fund over a period of 15 years. At this point, the Lifestyle Strategy enters its second phase, Pre-Retirement.

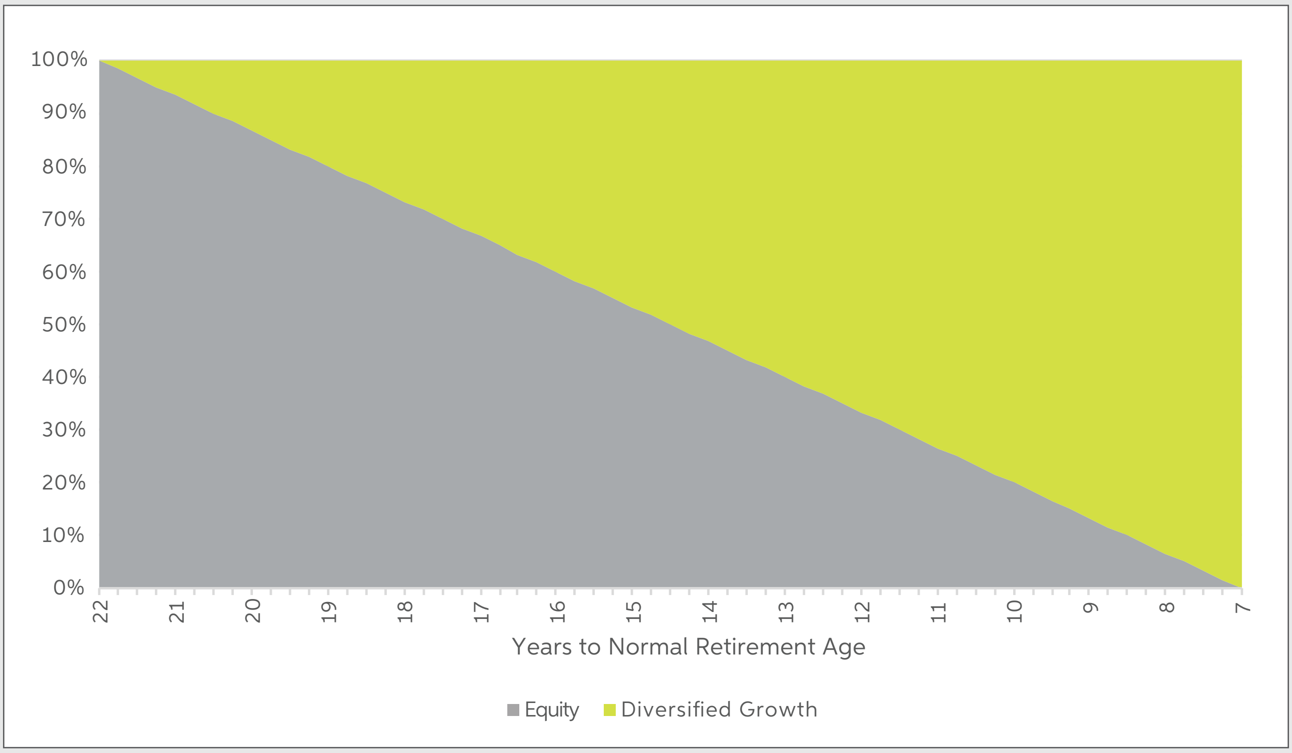
2. Pre-Retirement Phase

The Pre-Retirement Phase begins within 7 years of your normal retirement age. At this time, you will be matched to one of three options based on what we believe you are most likely to do with your Retirement Account at normal retirement age. The Aon Pension Administration team will write to you with the option chosen for you by default and you can accept or change that option. Aon will keep you updated annually.

We will project the value of your Retirement Account at your normal retirement age and consider any other pension benefits you may have from other AIB schemes in Ireland. We will also look at Revenue rules. Based on this information, we will assume how you are most likely to use your Retirement Account. We will then select the option that adjusts your Retirement Account as closely as possible to match how you are most likely to take your benefits to support you in retirement, i.e. one of the following:

- **Lifestyle Option 1: Cash Ready** – most of your Retirement Account is expected to be taken in cash benefits therefore the investments near retirement will be de-risked to 100% in the Cash Liquidity Fund. You'll find a chart which illustrates how Lifestyle Option 1 works on page 12.
- **Lifestyle Option 2: Cash and Annuity Ready** – your Retirement Account is expected to be taken as a mixture of cash and annuity benefits. Within Lifestyle Option 2, there are three different cash / annuity ratios. The one we choose for you depends on the likely mix of cash / annuity that we expect you to take at retirement. These are (a) 50% Cash Liquidity Fund / 50% Annuity Fund, (b) 25% Cash Liquidity Fund / 75% Annuity Fund and (c) 75% Cash Liquidity Fund / 25% Annuity Fund. You'll find a chart which illustrates how Lifestyle Option 2(a) works on page 12.
- **Lifestyle Option 3: Cash and ARF Ready** – your Retirement Account is expected to be taken as a mixture of cash and Approved Retirement Fund (ARF) benefits therefore the investments near retirement will be de-risked to 25% in the Cash Liquidity Fund and 75% in the Diversified Growth Fund. You'll find a chart which illustrates how Lifestyle Option 3 works on page 13.

Lifestyle Strategy – Growth Phase



Note on underlying funds and charges

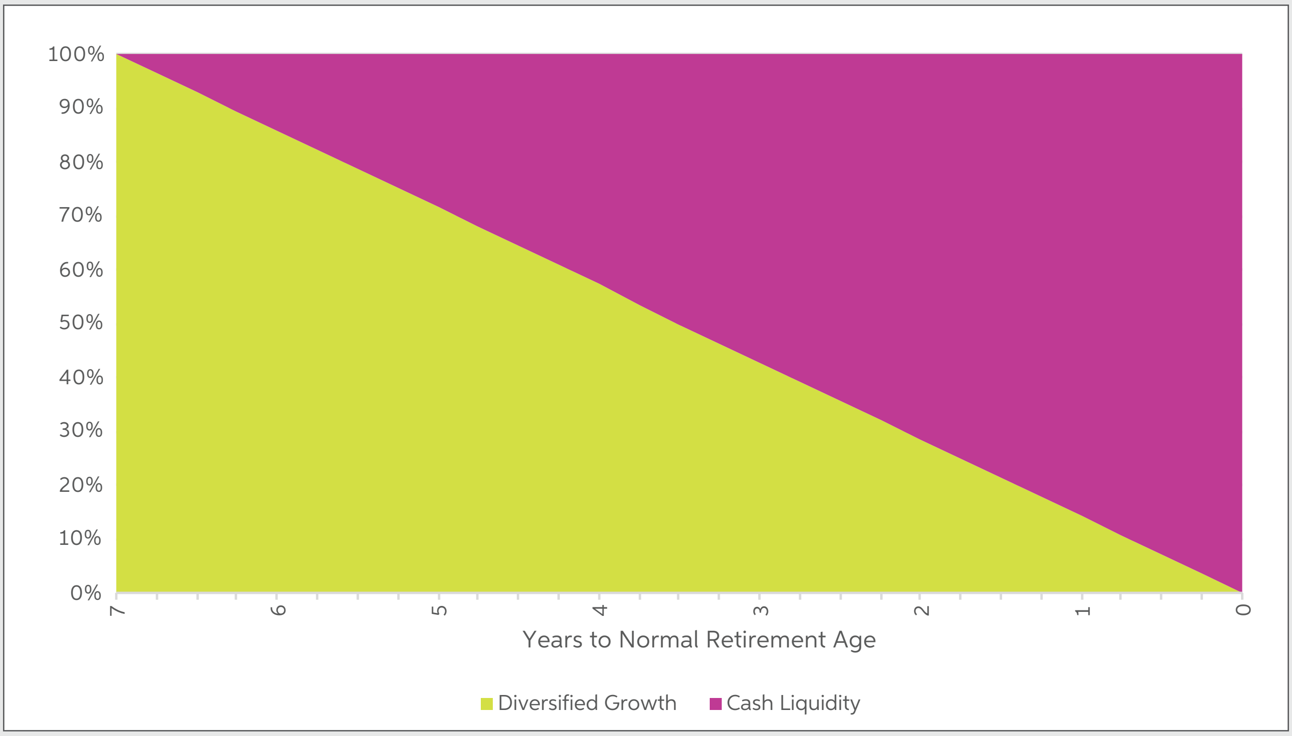
At the time of issuing this document, the four funds which the Lifestyle Strategy invests in at different ages are equivalent to the four investment funds available under the Freestyle route. However, the Trustee can decide to change the funds used in the Lifestyle Strategy at any time. If material changes are made to any of the underlying funds in the Lifestyle Strategy, the Trustee will write to inform you of the change and the impact on charges.

Investment charges for the Lifestyle Strategy will vary over the lifetime of the investment depending on your age and fund mix at any given time.

Lifestyle Strategy – Pre-Retirement Phase

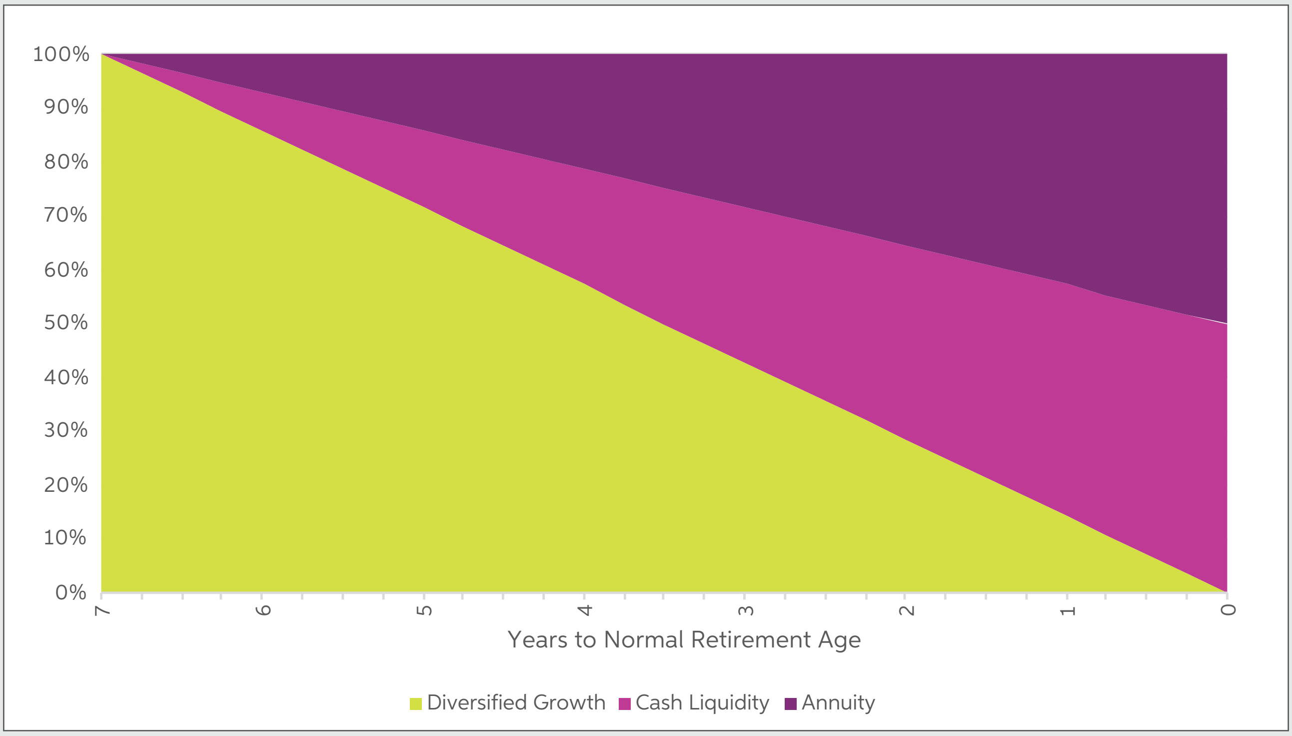
Lifestyle Option 1: Cash Ready

With the Cash Ready option, the ultimate target is 100% in the Cash Liquidity Fund at normal retirement age.



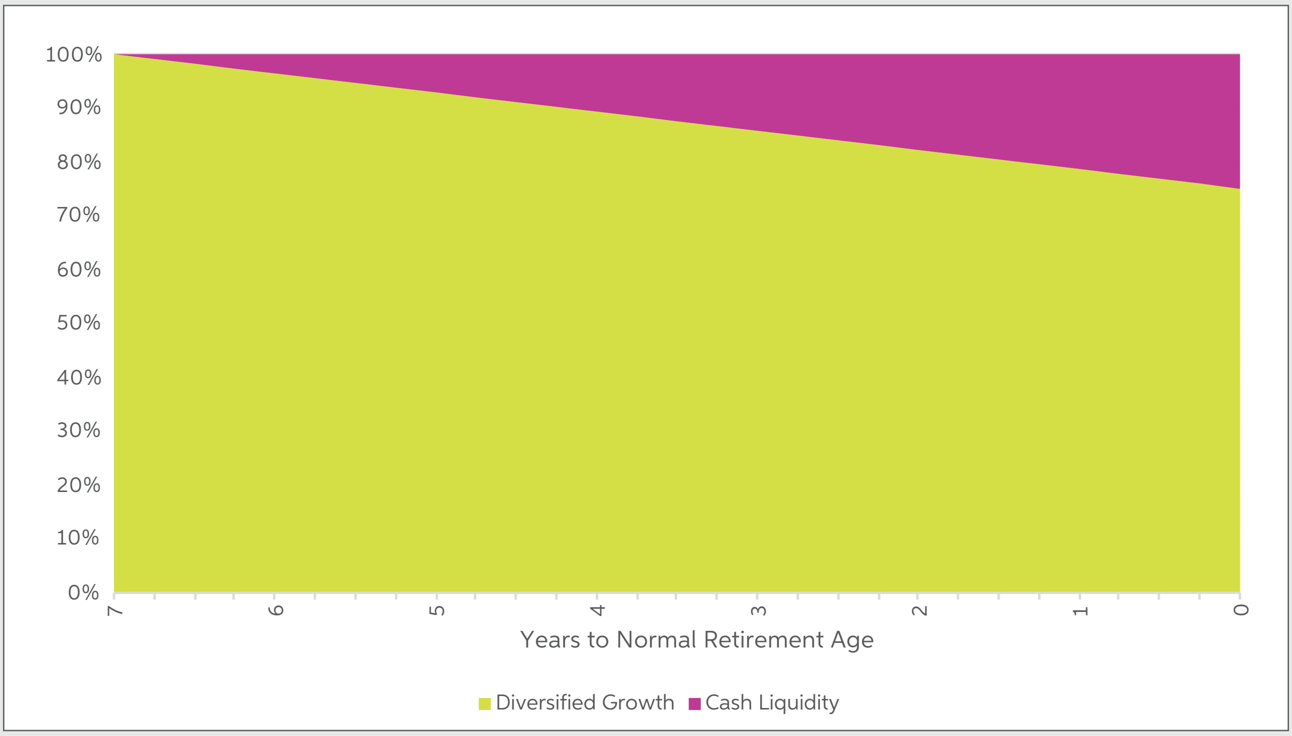
Lifestyle Option 2: Cash and Annuity Ready

With the Cash and Annuity Ready option the ultimate target depends on the likely mix of cash / annuity we expect you to take at normal retirement age. The chart below illustrates option 2(a), 50% Cash Liquidity Fund and 50% Annuity Fund. There are two other Cash and Annuity Ready options, 2(b) and 2(c) which are described on page 10.



Lifestyle Option 3: Cash and ARF Ready

With the Cash and ARF Ready option the ultimate target is 25% in the Cash Liquidity Fund and 75% in the Diversified Growth Fund at normal retirement age.



Freestyle Funds

With Freestyle, you can mix and match investment funds as you wish. Details of the investment funds available to members are outlined below. Fund factsheets providing more detailed information on the asset mix and performance and the Annual Management Charges (AMCs) of each investment fund are available on the DC Scheme website www.planforlife.ie. The risk scales below are a quick reference guide to how risky each fund is in general.

	CASH LIQUIDITY FUND	ANNUITY FUND
	1 2 3 4 5 6 7 (**1** highlighted) Lower Risk ←→ Higher Risk	1 2 3 4 5 6 7 (**5** highlighted) Lower Risk ←→ Higher Risk
Objective:	Provide a stable investment return in line with short term Euro money market rates. This is not a capital guaranteed fund.	Seeks to match the cost of purchasing an annuity on retirement.
Invests in:	Short-term, euro-based assets issued by governments, high quality banks and companies.	Primarily long dated (>15 years) high grade fixed interest bonds issued by French, German and Dutch governments.
Risk Profile:	This is a low risk investment fund. Fluctuations in value should be minor. The fund is likely to deliver very low or no return and unlikely to keep pace with inflation (so the 'real' value of your investment may be eroded over time). This is **NOT** a capital protection fund. The return from this fund could be negative while deposit interest rates are low or negative.	This is a high risk fund for those who do not intend to purchase an annuity at retirement, as increases in bond yields will result in capital value losses. The fund has a lower risk rating for those who do intend to purchase an annuity at retirement as falls in value will not reduce the pension purchasing power of the remaining fund, in broad terms, as annuity prices will typically fall by the same margin. This fund may not keep pace with inflation.
May be suitable for you if:	You are approaching your retirement date and you want to take part of your Retirement Account as a cash lump sum on retirement.	You are approaching retirement age and intend to use a portion of your Retirement Account to purchase a pension.

	DIVERSIFIED GROWTH FUND	EQUITY FUND
	1 | 2 | 3 | **4** | 5 | 6 | 7 Lower Risk ⟷ Higher Risk	1 | 2 | 3 | 4 | **5** | 6 | 7 Lower Risk ⟷ Higher Risk
Objective:	Through asset diversification, seeks long term growth with lower volatility than a 100% equity fund.	Seeks to track as closely as possible the returns of the benchmark.
Invests in:	Asset classes include, but are not limited to, equities, alternatives, absolute return funds, bonds, cash.	100% in world equities including emerging markets.
Risk Profile:	This is a medium risk investment fund. Values will fluctuate in line with market movements (and can go up and down) but will be less risky than an equity type investment. In periods of rising equity markets, this fund may not perform as strongly as equities as it invests across a range of asset classes (however, it shouldn't fall as much as equities when equity markets are falling).	This is a high risk investment fund. Values can go up and down substantially in the short-term.
May be suitable for you if:	You aim to spread your investments to help protect the value of your investments when markets are risky. You want the growth of your Retirement Account to match or out-pace inflation over time and/or you plan to continue investing post retirement in an ARF.	You are more than 10-20 years from retirement age. You are willing to ride out stock market risk to maximise potential long-term return. You want the growth of your Retirement Account to match or out-pace inflation over time.

Investment switching and charges

How do I make changes to my investment choices?

You can make changes to your investment choices up until your normal retirement age by logging on to the secure area of the DC Scheme website www.planforlife.ie. Click the Login button on the home screen of the Plan for Life website to access the secure area, then go to My Pension on the toolbar, select Switch Funds and follow the on-screen 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.

Are there any restrictions on when, or how often, I can switch my investments?

There is no limit on the number of investment switches that you can request in a year. However:

- There are periods in every month when the Aon Pension Administration Team must temporarily suspend the processing of individual switch instructions from members. This is due to scheduled large-scale activities such as monthly contributions, quarterly lifestyle rebalancing or bulk investment switch exercises. These temporary periods are referred to as Blackout Periods and they are kept to the shortest timeframe possible. If your instruction is received during one of these Blackout Periods, it cannot be processed until after the system reopens.
- It is normal to be concerned if you see the value of your Retirement Account declining during periods of market turbulence. But remember that 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. Also, 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.

How long will it take to process my investment switch request?

There can be a perception that investment switches occur instantly (like buying or selling an individual share or stock). However, this is not the case. At minimum, it will take 3 to 5 working days from submitting your switch instruction to completion of the transaction. This timeline will be even longer if there are any Blackout Periods in place (see earlier paragraph) or there are other factors in play such as the involvement of multiple investment managers. More details on the switching process may be found in the secure area of the DC Scheme 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.

INVESTMENT CHARGES

Annual Management Charges (AMCs) cover the costs and fees of investment management and are calculated and deducted from each fund. AMCs will vary according to the mix of managers and investments underlying a particular fund. You should refer to the fund factsheets, which are issued quarterly (via the DC Scheme website www.planforlife.ie), for up-to-date information on each fund's underlying investments and AMCs.

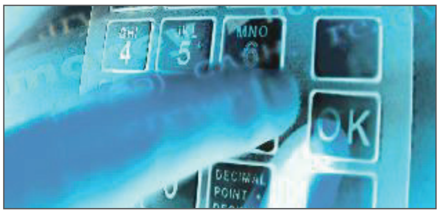
Total Expense Ratios (TERs) include additional fund expenses that are necessary for the management of the portfolio but are not covered by the fund manager's AMC. Most investment funds have to pay fees, for example, for custodians, auditors, lawyers, trustees, and valuers involved in the day-to-day operation of the funds. These fees are taken from the underlying funds and are reflected in the value of your investment. These costs can change from time to time and are reviewed on a yearly basis. The AMC plus the additional fund expenses make up the overall fund charge, which is called the Total Expense Ratio (TER).

All investment charges are paid by members by way of adjustment to the unit price of each fund.

Reviewing your investments

It is good practice to keep your investments under regular review, in particular if you are choosing your own funds (Freestyle) or if you are close to retirement.

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. Resources available to help you to understand and monitor your investments are set out below.



DC Scheme Website (www.planforlife.ie)

Register on the secure area of the DC Scheme 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. If you need any help with this, supports are available at www.planforlife.ie

Information available on the DC Scheme 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.

Pensions Authority (www.pensionsauthority.ie)

Pension calculator
The calculator allows you to estimate the contributions you should be paying to your Retirement Account to provide your target pension in retirement.

Investment risk profiler
Understanding your attitude to risk is one of the fundamental issues you need to consider before deciding where to invest your pension contributions. The profiler on the Pensions Authority website is designed to provide you with some insight into your general attitude to risk.

Aon Pension Administration Team

Please contact the Aon Pension Administration Team for further information on your investment choices and your DC Scheme benefits generally.

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

T: 1800 806 133

E: myaibpension@aon.ie

Glossary of useful investment terms

Active Management
Active management aims for returns that are higher than a particular market index. To try and achieve this, the investment manager carries out research (of a specific company, for example) before deciding whether or not to buy individual shares or other types of assets. So active management allows the investment manager to pick and choose the investments they think will perform well. Actively managed funds offer the potential for higher-than-average returns, but with the risk of a return below the market index.

Additional Fund Expenses
Are costs that are necessary to the management of the portfolio, but not covered by the manager's AMC. Most investment funds have to pay fees, for example, for auditors, solicitors, trustees and valuers involved in the day to-day operation of the funds. These fees are taken from the underlying funds and are reflected in the value of your investment. These costs are regularly monitored and reviewed and can change.

Annual Management Charges (AMCs)
Is a percentage charge applied to each fund and represents the amount that will be deducted from the fund's value each year to cover managing the funds. The AMC will vary according to the mix of managers and investments underlying a particular fund. For example, if a manager is replaced the AMC may rise or fall depending on the revised selection of investment managers and investment funds. As an example, an AMC of 0.20% on an annual investment worth €1,000 would attract a charge of €2 for that year.

Approved Retirement Fund (ARF)
An ARF is a type of fund operated by certain authorised providers which allows you to choose between various investment options and gives you control over when and how you draw down your pension.

Asset Class
A group of investments that have similar characteristics. Common asset classes are equities, bonds, property, cash etc.

Benchmark
A standard against which the performance of a security, mutual fund or investment manager can be measured. Generally, broad market and market-segment stock and bond indexes are used for this purpose.

Bond
A security issued by a government or company that provides regular interest payments and a return of the initial capital on a fixed date or dates.

Capital Value Risk
This is the risk that your capital (the money you have invested) will fall in value and you will get back less than you put in.

Default Strategy
Is the fund that the Trustee has chosen for members who don't make an active fund or strategy choice. Any members who don't choose a fund or strategy will be automatically put into the Lifestyle Strategy. The Trustee has chosen this default fund as they believe that this can suit most members of the DC Scheme but it may not suit your particular circumstances. If you're in any doubt about whether a particular strategy or fund is suitable for you, you may want to talk to an independent financial adviser.

Derivative
Is a contract between two or more parties whose value is based on an agreed upon underlying financial asset, index, or security. Its value is determined by fluctuations in the underlying instrument. Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks. Derivatives can be used for efficient portfolio management and for risk reduction as well as for speculation.

Diversified / Diversification
Means spreading capital risk by investing in a range of different assets so that in the case of one asset type performing poorly, it won't impact the whole. Most funds use this approach to invest across a range of individual securities and avoid concentration in any single holding. Funds which use this approach across asset classes are often called multi-asset or diversified growth funds.

Equities

Are shares in the ownership of a company.

Freestyle Funds

These are the investment funds made available to members who wish to self-direct their investments rather than avail of the Lifestyle Strategy.

Fund Factsheet

A short document which provides useful information on an investment fund including its objective, asset allocation, historical performance and volatility.

Inflation

Over time, the prices of goods and services generally increase. In other words, the cost of living rises. Inflation is important to consider when making investment choices, because if returns fall below the level of inflation, the buying power of your Retirement Account falls.

Lifestyle Strategy

A Lifestyle Strategy automatically moves your Retirement Account to more appropriate investment funds as you age. The objective is to allow your Retirement Account to grow while you are younger by investing in higher risk, higher potential return funds; and gradually move your Retirement Account to more appropriate investment funds as you age, depending on how you plan to take your benefits at retirement.

Market Index

A market index is intended to represent an entire stock or bond market and thus track the market's changes over time.

Normal Retirement Age

The age when you are scheduled to retire and start receiving your retirement benefits.

Passive Management

This is a method of investment that tries to limit manager risk by following a market. Passive management aims for returns that are in line with a particular market index. To try and achieve this, the investment manager invests in broadly the same investments as the market, and in the same proportions, rather than selecting specific shares or securities that may or may not perform better.

Retirement Account

This is the individual account set up for you into which the contributions you and the Bank pay are held together with any funds you transfer in from any previous Revenue approved pension arrangements. Your Retirement Account is used to provide your pension benefits when you retire. The value of your Retirement Account depends on the amount of contributions paid in plus the investment returns gained less any investment charges.

Return

The investment return is the percentage change in the value of the investment over a given period of time. Positive returns increase the amount in your Retirement Account, negative returns will reduce it.

Risk

Refers to the potential drawbacks of different types of investment.

Total Expense Ratio (TER)

The sum of the Annual Management Charges (AMC) and Additional Fund Expenses is sometimes referred to as the Total Expense Ratio (TER).

Volatility

How easily and quickly investments can rise and fall in value. For example, equities can be very volatile, because their values can change rapidly and by large amounts.

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This document is current as of, and reflects government legislation in force at, October 2021 but is subject to change. For the most up-to-date information, please see the latest version of this document and other guides on the DC Scheme website. The Trustee of the DC Scheme at the date of publication is AIB DC Pensions (Ireland) Limited.

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