

DC Default Strategy

AIB Case Study

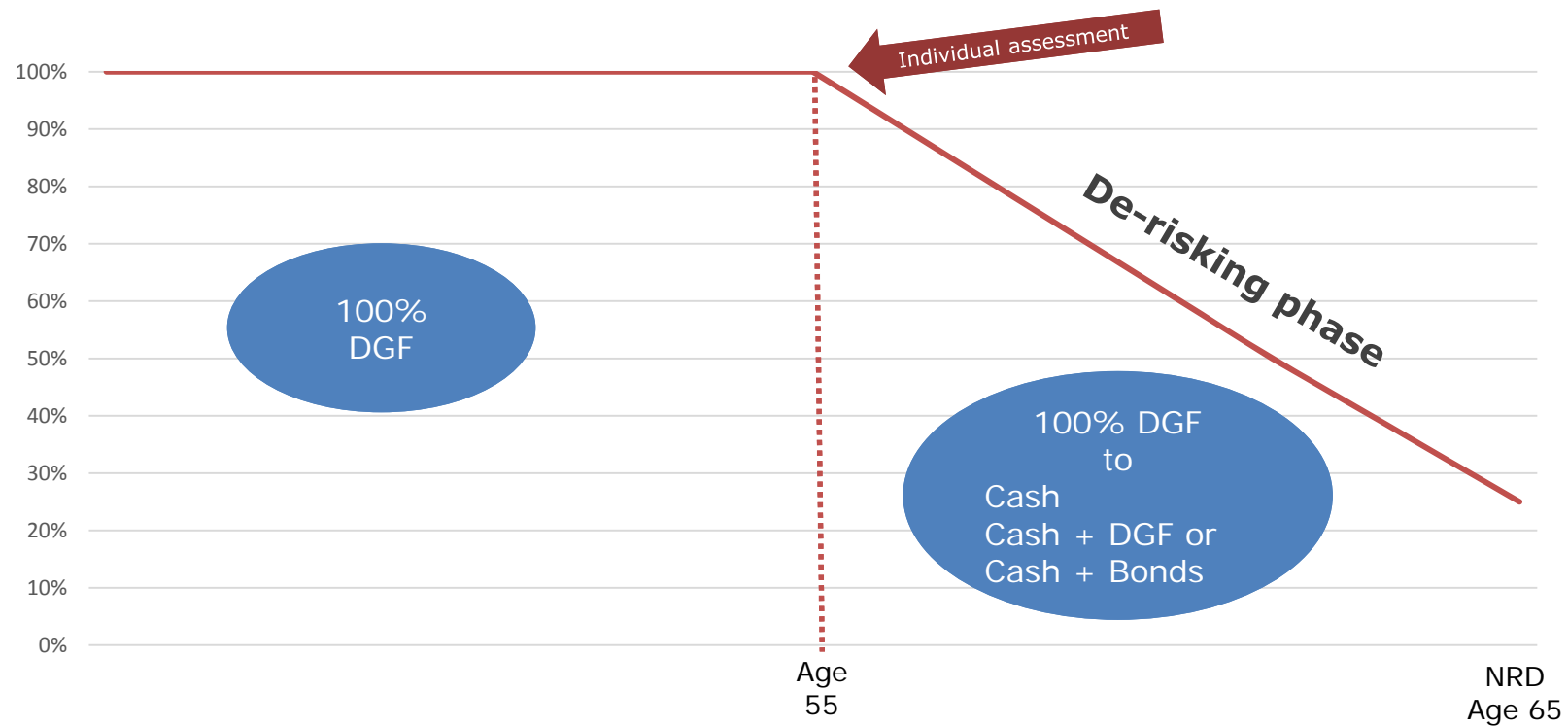
presented by

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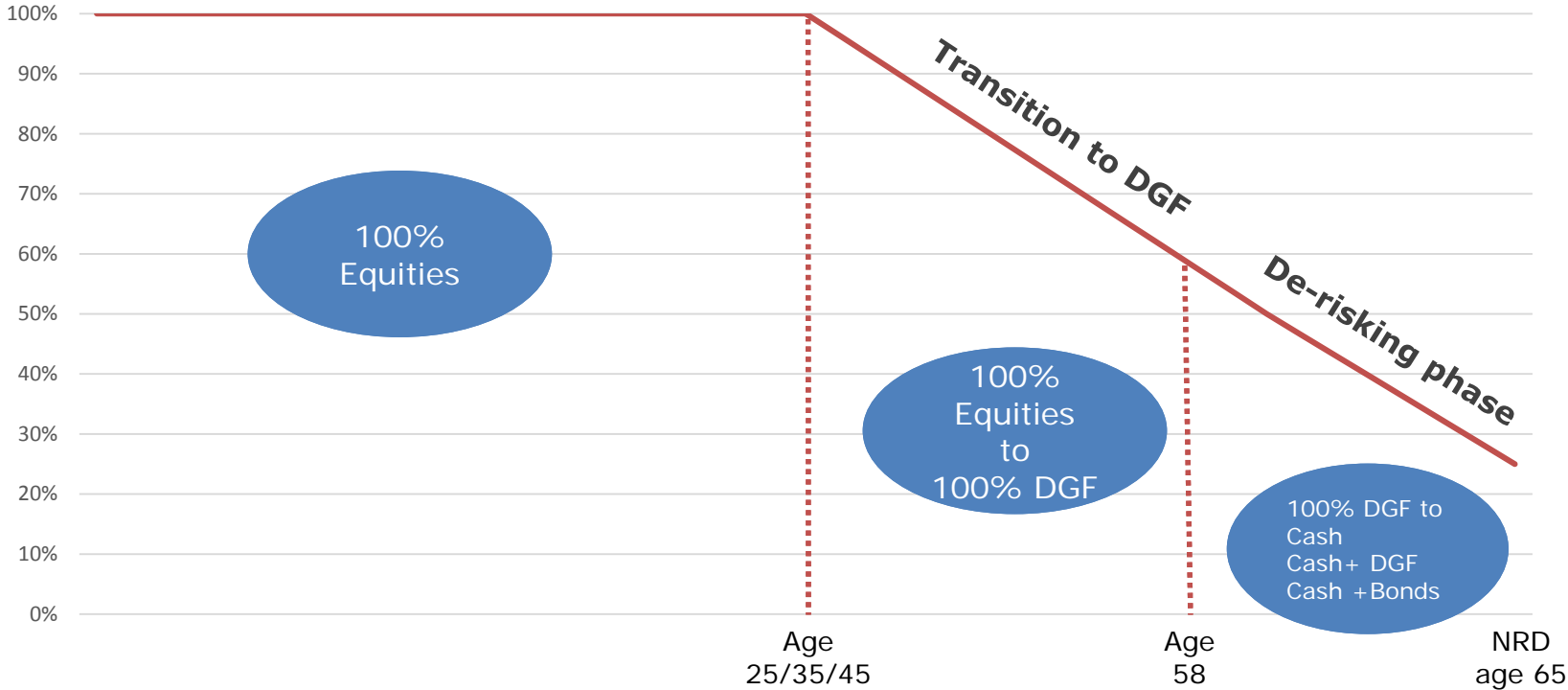
Previous Default Strategy



Review of Default Strategy

- The DGF had met its objective of CPI + 4%
- But concern about lower future returns
- Two options considered
 - Increase the risk return mix of the DGF to chase the required level of returns, or
 - Change the structure of the Lifestyling
- Structured approach favoured
 - Facilitating risk appetite where it can be afforded

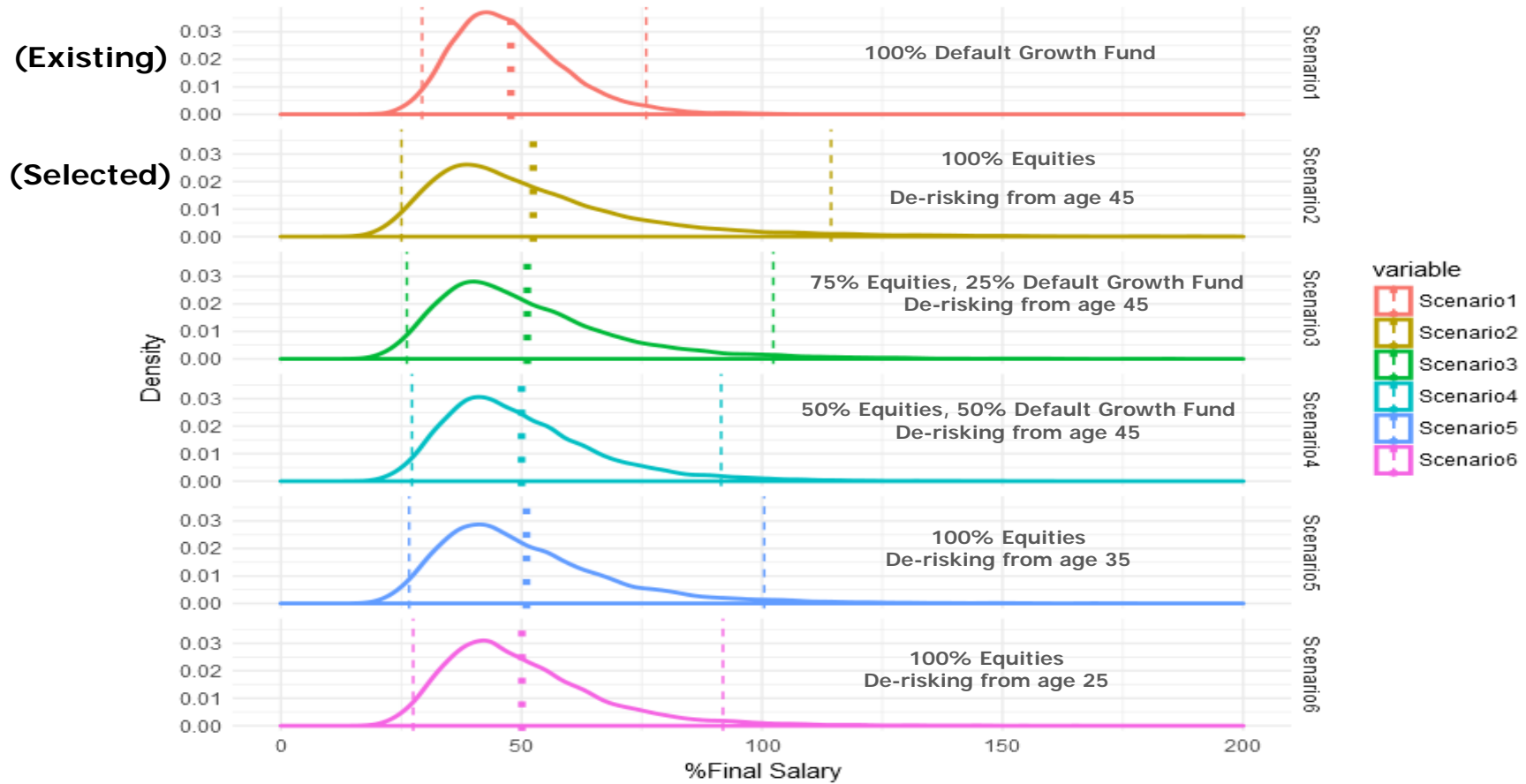
Revised Default Structure Considered



Options Considered

#	Age 25 - 45	Transition to DGF from age 45 - 58	At age 58	De-risking 58 - 65	At age 65
1	100% DGF	No transition	100% DGF	Linear transition starting at age 58	25% Cash 75% DGF
2	100% Equities	Linear transition starting at age 45	100% DGF	Linear transition starting at age 58	25% Cash 75% DGF
3	75% Equities 25% DGF	Linear transition starting at age 45	100% DGF	Linear transition starting at age 58	25% Cash 75% DGF
4	50% Equities 50% DGF	Linear transition starting at age 45	100% DGF	Linear transition starting at age 58	25% Cash 75% DGF
5	100% Equities	Linear transition starting at age 35	100% DGF	Linear transition starting at age 58	25% Cash 75% DGF
6	100% Equities	Linear transition starting at age 25	100% DGF	Linear transition starting at age 58	25% Cash 75% DGF

Replacement Ratios (excluding State Pension) for Scenarios 1-6



New Default Structure

