

The Surplus Opportunity

A new pensions landscape

LCP Ireland Pensions Accounting Briefing
November 2026

Contents

p3 Introduction

p4 Executive Summary

p5 Section 1: Unpacking Irish PLCs

p9 Section 2: Analysing Irish Semi-States

p12 Section 3: What are the options for deploying surplus?

p18 Appendix A: Assumptions benchmarking

p23 Appendix B: Companies and methodologies used

For further information, please contact Conor Daly in our Dublin office, or alternatively the person who normally advises you. For further copies of the briefing, please download a copy from our website at www.lcpireland.com, contact us on +353 (0)1 614 4393 or email enquiries@lcp.com

This briefing may be reproduced in whole or part, without permission, provided prominent acknowledgement of the source is given. The briefing is not intended to be an exhaustive analysis of companies' accounting disclosures. Although every effort is made to ensure that the information in this briefing is accurate, Lane Clark & Peacock Ireland Limited accepts no responsibility whatsoever for any errors, or the actions of third parties. Information and conclusions are based on what an informed reader may draw from each company's annual report and accounts. None of the companies have been contacted to provide additional explanation or further details.

View a full list of our services at www.lcpireland.com.

© Lane Clark & Peacock Ireland Limited 2026

Welcome to LCP Ireland's annual Accounting for Pensions Briefing 2026.



Conor Daly
Partner

Welcome to LCP Ireland's annual Accounting for Pensions Briefing 2026. This year's report analyses the pension accounting disclosures of some of Ireland's most significant companies with large defined benefit schemes: fourteen large listed companies which we refer to as the "Irish PLC cohort", alongside a selection of major semi-state organisations with significant pension arrangements. For the purposes of this report, "semi-state organisations" refers broadly to state-sponsored bodies, including state-owned companies and other public-sector entities operating independently of government departments.

The story of Irish defined benefit pension schemes over the past two decades has been one of significant change. When LCP Ireland first published its Accounting for Pensions Briefing in 2009, average funding levels were 81%, and pension deficits posed a significant challenge for many organisations.

Since then, funding positions have improved considerably. Despite periods of low interest rates, a global pandemic, elevated inflation and geopolitical uncertainty, many Irish defined benefit schemes have emerged in a stronger financial position than would have seemed possible just a few years ago.

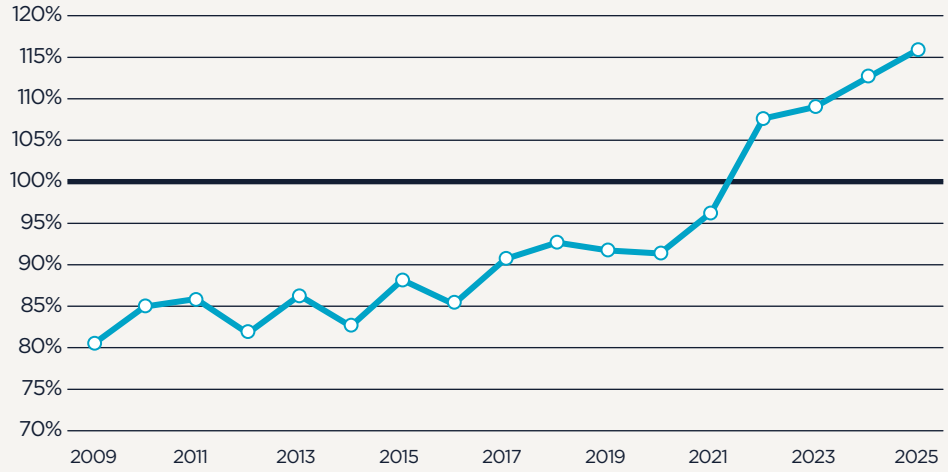
This sixteenth edition of LCP Ireland's Accounting for Pensions Briefing reflects a market at a notable turning point. Over the last seventeen years, many schemes have made significant progress in achieving strong funding levels, while also de-risking in an increasingly uncertain world. We have chosen to centre this report on 'The Surplus Opportunity' as companies shift conversations from deficit funding and contribution negotiations to using actuarial surpluses in a manner that provides benefits for both the sponsor and scheme members. With median funding levels reported exceeding 115%, in this report we explore how surpluses have arisen, what options are available for using surplus and the challenges and opportunities they present.

Executive summary

The total aggregate pension scheme surplus disclosed in the accounts of the entities analysed has risen to €3.9bn, marking a fourth consecutive year of positive funding. The median reported funding level of the schemes analysed exceeds 115%. Although outcomes remain highly scheme-specific, many sponsors and trustees are now able to shift their focus from addressing immediate funding pressures to making more strategic, long-term decisions.

The average reported funding level also exceeded 115% and the graph below shows a steady improvement in recent years.

Average IAS19 funding level for sample of Irish PLCs and semi-states at financial year-ends



For some schemes, improved funding levels may present opportunities to enhance benefit security and reduce investment and longevity risk. They may also allow sponsors to reassess contribution requirements, consider pension increases or progress towards an insurer transaction. For other schemes, maintaining a surplus as a buffer against future market volatility may remain the most appropriate approach.

A reported accounting surplus does not necessarily translate into funds that can be readily accessed or deployed. The practical options available will depend on a range of factors, including scheme rules, trustee powers, funding requirements, tax considerations, accounting treatment and the cost of securing benefits with an insurer.

Ultimately, the priority for sponsors is to convert improved funding strength into a clear, resilient and sustainable long-term strategy—one that balances member security and financial flexibility with the scheme's long-term funding target and preferred endgame.

The emergence of larger surpluses should broaden the options available to sponsors, enabling them to manage pension costs and risks more effectively while continuing to support good outcomes for scheme members.

With median funding levels now above 115%, many Irish defined benefit schemes have moved from managing deficits to considering how best to use surpluses. Companies and trustees should be discussing how to protect these gains and put surpluses to work for the benefit of both members and sponsors.



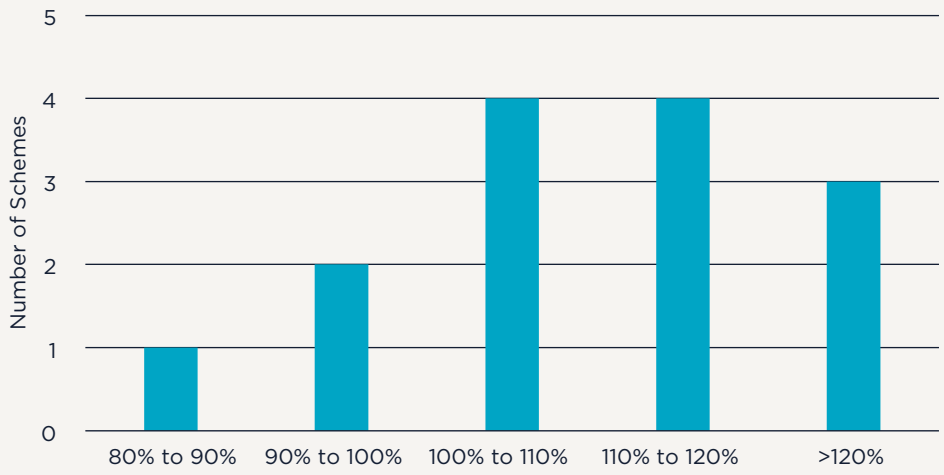
Conor Daly
Partner

SECTION 1:

Unpacking Irish PLCs

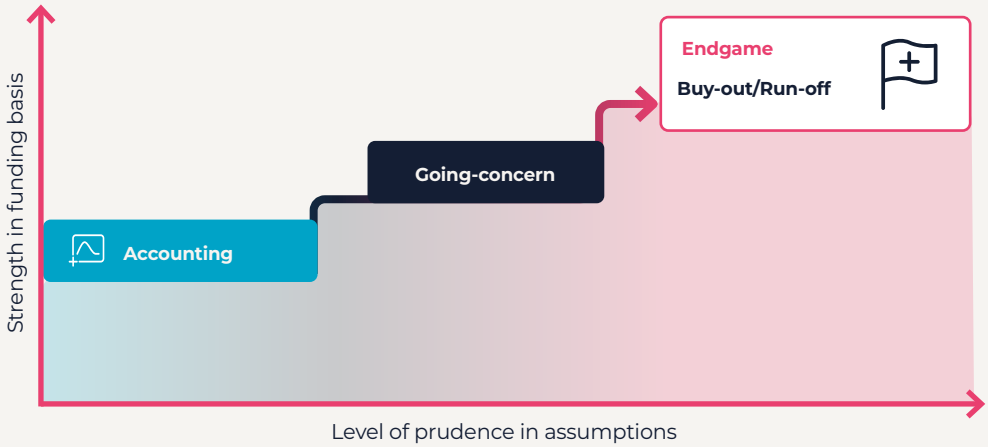
The PLC cohort is, overall, in a strong funding position, with a median funding level of approximately 112%. However, this varies significantly across the schemes analysed, with funding levels ranging from 88% to 186%. Several schemes reported funding levels above 115%, indicating substantial accounting surpluses, while three remained below the 100% level.

Funding levels of sample Irish PLCs at financial year-end 31 December 2025



While this shift to accounting surpluses is positive, in many cases they represent a best-estimate picture of what schemes' future liabilities may look like. Ultimately, the strength of the surplus is linked to the strength of the assumptions that underpin it and the relative risk level of the assets. **Not all surpluses are equal.** An accounting surplus does not necessarily mean that surplus is available on other funding measures or can be accessed by the sponsor. Independent advice is key to determine the true extent of any surplus and the options available.

Irish pension funding: path to endgame



How did these surpluses arise?

The estimated aggregate surplus for the cohort of Irish PLC DB pension schemes was €2.1bn as at year-end 2025.

The current strength of many Irish pension schemes has been shaped by a long journey since the global financial crisis. In the years following 2008, falling interest rates and prolonged central bank easing increased the value placed on long-term pension liabilities, while weaker asset returns and a challenging economic position put pressure on funding positions.

The subsequent period brought further disruption, including the COVID-19 pandemic in 2020, followed by elevated inflation and the rapid rise in interest rates from 2022 onwards. Although these developments increased market volatility, rising yields and strong asset performance created opportunities for schemes to lock in improved funding positions through more defensive asset allocations.

As a result, many schemes are now in a more secure financial position than would have been expected a decade ago. The route to improved funding has not been uniform, and current surpluses remain sensitive to market conditions, benefit commitments and the extent to which assets are aligned with liabilities.

Liability profile

LCP analysed these disclosures through a model scheme to gain a view of what an average scheme might look like. The projected cashflow profile of the model scheme suggests that Irish PLC DB pension schemes are mature. Pensioner payments dominate near-term cashflows and are expected to decline steadily over the following decades. Cashflows relating to active and deferred members remain a significant component of the overall benefit profile and are expected to peak in the mid-2040s.

The average liability duration for the PLCs analysed was 14 years, with schemes ranging from 9.5 to 16 years. This relatively short duration highlights the importance of endgame planning in scheme lifecycles.

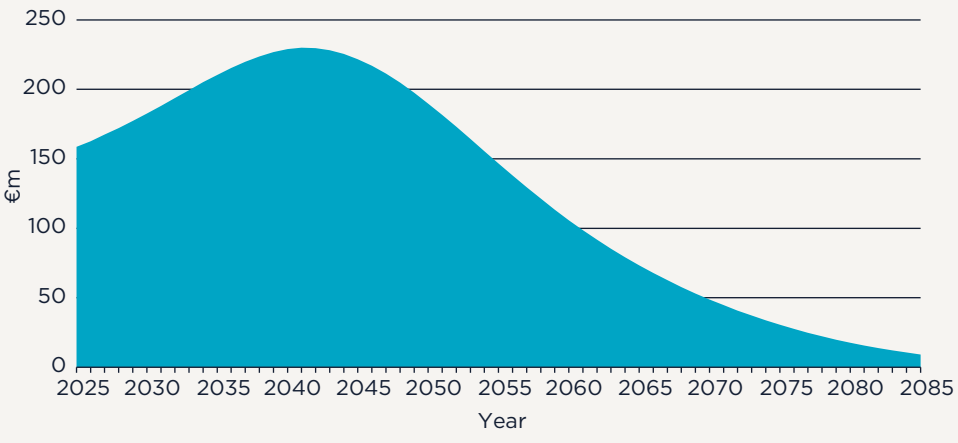
Of the PLC schemes analysed, 10 remain open to accrual, while 4 do not.

Higher bond yields and strong asset performance have transformed funding positions, allowing many schemes to build surpluses and reduce investment risk. These gains are significant, but not guaranteed; protecting them will be just as important as achieving them.



Martin Haugh
Partner

Model average scheme future pension cashflows for Irish PLCs



Predicted funding level for year to date for model PLC scheme

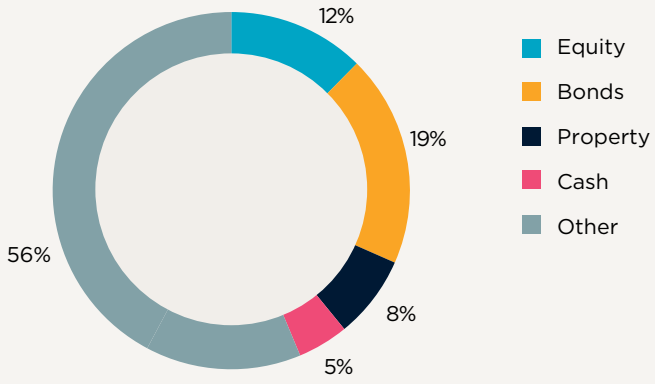


Rolling our PLC model scheme forward from 31 December 2025 to 30 September 2026 indicates a further improvement in funding levels over the year. Funding levels began at approximately 115% and increased during the first quarter despite being volatile. By the end of September, the estimated funding level had increased to c120%. While there were periods of short-term volatility, the overall trend was consistently positive. Rising bond yields combined with continued strong market performance were the key drivers in this improvement.

Asset allocation

The estimated average asset allocation for the cohort of Irish PLC DB pension schemes as at year-end 2025 is shown in the chart below. These are calculated based on a weighted average.

Weighted asset allocation of PLCs



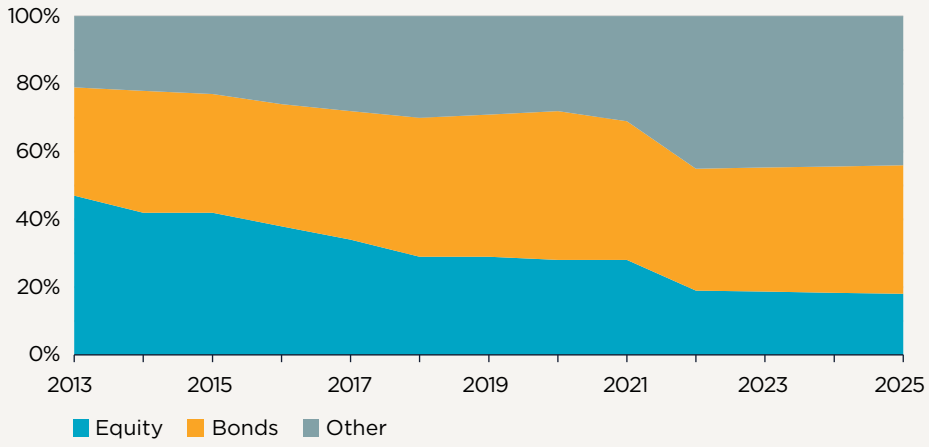
The size of the "other" asset category highlights the limitations of current disclosure requirements.

We have seen increased allocation in recent years to liability-driven investment (LDI). LDI aims to reduce funding volatility by investing in assets that respond to changes in interest rates and inflation in a similar way to the scheme's liabilities and has now become a very significant allocation for many schemes.

LDI investments are not required to be separately disclosed in company accounts and are therefore often included under "other" in asset allocation summaries. It would be helpful

for readers of company accounts if such assets were explicitly carved out in asset allocation summaries. The remaining "other" assets include infrastructure, diversified growth funds, real return funds, private credit, asset-backed securities and other pooled investment vehicles. While the classification of LDI and growth assets under "other" assets makes it difficult to assess asset allocations in detail, the overall picture suggests a continued trend towards lower-risk, liability-matching investment strategies.

Average, unweighted, company-level asset allocation of PLCs



The asset allocation profile above clearly shows this shift towards a more defensive investment strategy over the last decade. Equity allocations have fallen significantly from around 50% in 2013 to less than 20% in 2025, while bond allocations have increased from roughly 30% to 40%, with allocations to other assets almost doubling, increasing from 20% to over 40%. This transition reflects a reduction in overall investment risk as scheme funding levels have improved and trustees have increasingly focused on protecting surplus positions rather than maximising returns. The asset allocations in the above graph are not based on a weighted average, which explains the difference in allocation in 2025 between the two graphs.

The asset allocation trends observed across the PLC schemes in our study closely mirror those reported by the Pensions Authority for the wider Irish DB pension landscape. According to the Pensions Authority statistics publication, schemes have steadily de-risked their investment strategies over the last decade, with equity allocations falling from 42% of assets in 2013 to 17% by YE2024. This reduction has been accompanied by a significant increase in bond holdings. The trend outlined above for the PLC scheme cohort is therefore consistent with the wider DB market and illustrates a clear shift away from return-seeking assets towards investments better aligned with managing pension scheme risks and liabilities.

Strategic considerations

1. Trustees and sponsor finance directors should begin to consider their ultimate endgame strategy and how this might look to meet their preferences. Given the pace of market development and the wide range of options, having a clear strategy is an important foundation of overall scheme strategy.
2. Factor accounting considerations into strategic reviews. More information on some of the potential accounting implications is included in Section 3 of this report.
3. Consider your pensions reporting and messaging to the market – are there any opportunities that are currently being missed?

Stronger funding positions give trustees an opportunity to reassess how much investment risk their schemes need to take. Asset allocation should reflect each scheme's long- term objectives, balancing protection of the surplus with the returns needed to support future benefits.



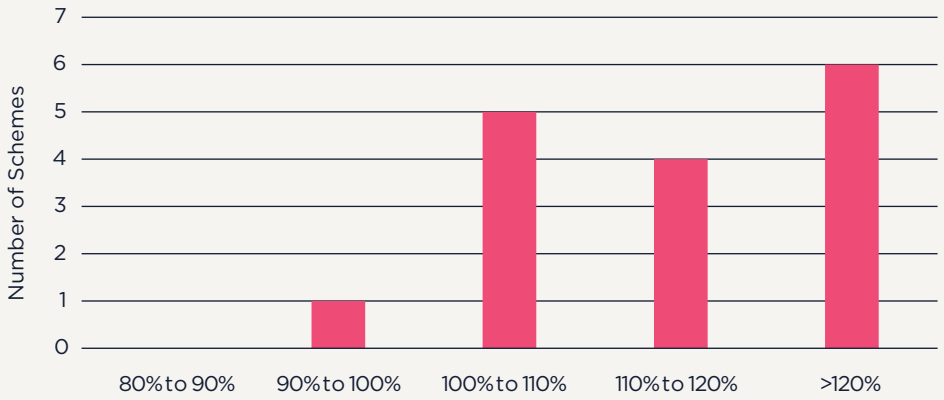
Oliver Kelly
Head of Investments

SECTION 2:

Analysing Irish semi-states

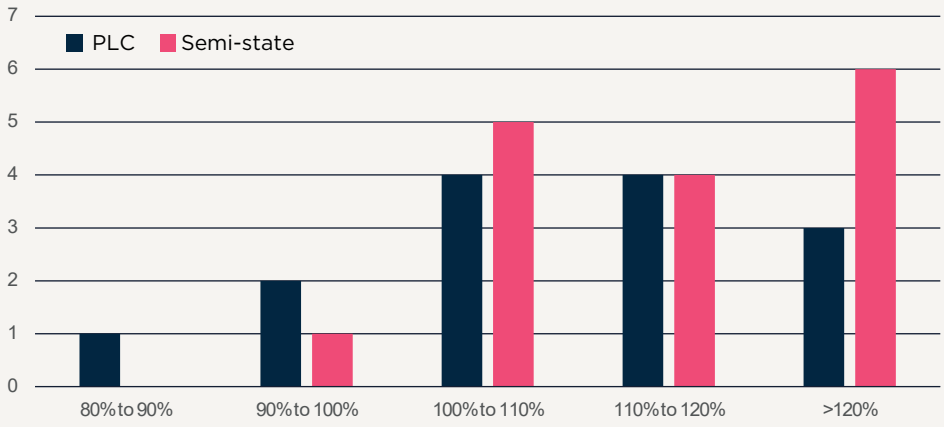
The semi-state cohort remains in a strong overall funding position, with an aggregate surplus of €1.8bn and a median funding level reported of approximately 116% among the schemes analysed. This nevertheless varies across the organisations reviewed, ranging from 95% to 157%. Several schemes reported funding levels of 120% or more, while only one organisation remained below the 100% level.

Funding levels of sample Irish semi-states at financial year-end 31 December 2025



The funding level distributions for PLC and semi-state pension schemes appear broadly similar (with PLCs showing a slightly lower average funding level). This aligns with the similar journey through strong financial market performance and higher bond yields observed by both semi-state schemes and the Irish PLC cohort.

Comparison of PLC and semi-state funding levels



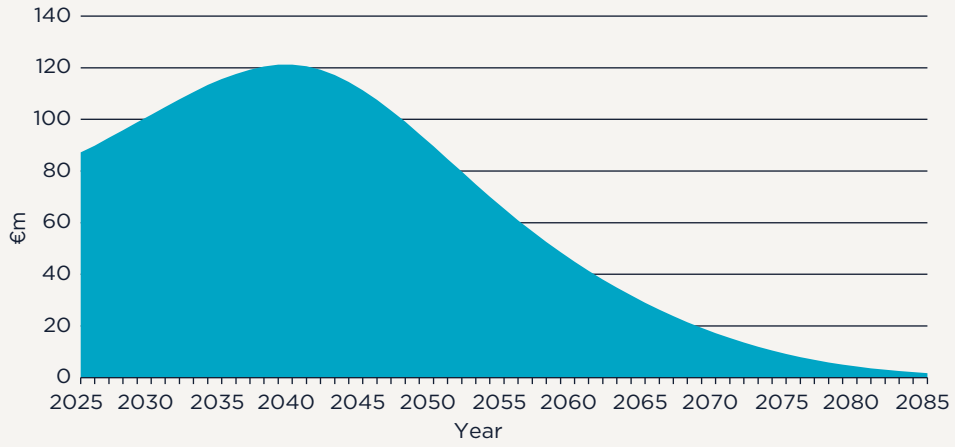
Liability profile

Reported liability durations across the semi-state schemes reviewed range from 11 years to 23 years. While there is overlap between the two cohorts, some semi-state schemes exhibit materially longer durations than Irish PLCs. Of the semi-state schemes analysed, 14 remain open to accrual while 2 do not.

Analysing Irish semi-states
continued

LCP also considered a model semi-state scheme by reference to the disclosures for this cohort.

Model scheme average future pension cashflows for Irish semi-state



Year to date

Predicted funding level for year to date for model semi-state scheme



Rolling the model forward from 31 December 2025 to 30 September 2026 shows that the scheme has remained in a consistently strong funding position throughout the year. Funding levels began at 115% and increased steadily throughout the year, reaching approximately 117% by the end of September. Again, key drivers would have been the rise in bond yields and strong performance of growth assets.

For semi-state organisations, stronger funding positions bring an opportunity to review how pension arrangements support both members and the organisation's long-term plans. Decisions on surplus should balance today's improved position with the need to meet benefit commitments and manage future pension costs.

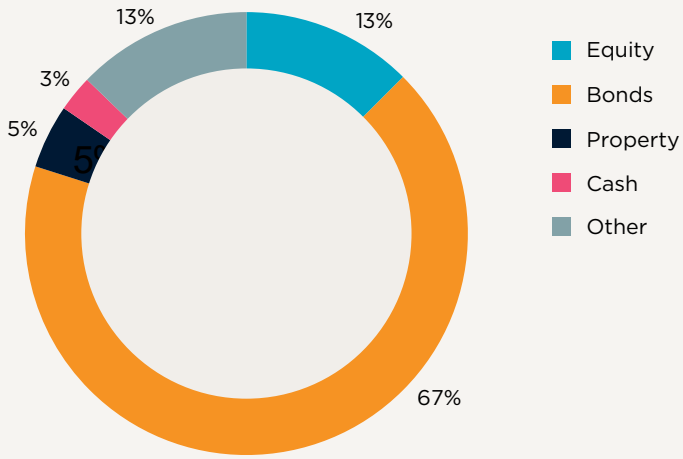


John Lynch
Partner

Asset allocation

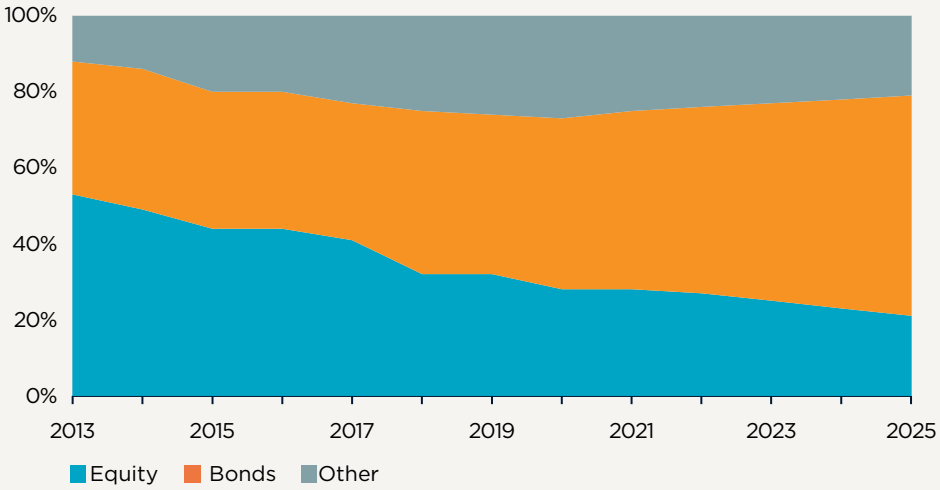
The estimated average asset allocation for the cohort of Irish semi-states as at year-end 2025 is shown in the chart below.

Weighted asset allocation of semi-states



LDI investments are not required to be separately disclosed in company accounts and therefore often included under "other" in asset allocation summaries. None of the semi-state schemes reviewed disclosed LDI holdings separately. While we would expect a proportion of assets classified under 'other' to comprise of LDI investments, semi-state organisations have had a much lower appetite for LDI. "Other" assets also include investments in infrastructure, diversified growth funds, real return funds, and investment funds, among others.

Development of asset allocation for Irish semi-states (unweighted)



Over the past decade, both PLC and semi-state schemes have shifted away from equities towards more defensive assets. Equity allocations in semi-states have fallen from over 50% in 2014 to approximately 20% in 2025, while bond allocations have risen from roughly 35% to 60%. The average allocation to bonds (60%) for semi-states is materially higher than the PLC scheme cohort (40%), again pointing to a preference for more traditional forms of de-risking via physical bonds rather than LDI.

SECTION 3:

What are the options for deploying surplus?

Irish pension schemes have spent much of the last two decades managing deficits. Today, many sponsors find themselves considering how best to use their newfound surplus efficiently. The emergence of meaningful surpluses creates opportunities, but also raises important questions around ownership, accessibility and strategic use. The next decade of Irish DB pensions may be defined less by funding recovery and more by surplus utilisation.

Scheme rules lottery

Before considering how surplus can be deployed, it is important to recognise that funding level alone does not determine the options available.

While a strong actuarial surplus may create opportunities for both sponsors and members, the options available will depend heavily on the scheme's governing trust deed and rules, trustee powers and objectives, and the applicable legislative framework. As a result, two schemes with similar funding positions may have very different options available to them. The Pensions Act 1990 contains limited provision on the use of scheme surplus, leaving the trust deed and rules as a core determinant of the options available to trustees and sponsors alike. This "scheme-rules lottery" means that understanding a scheme's governing documentation is often just as important as understanding the size of the surplus itself.

Applying surplus effectively

Some schemes within the PLC and semi-state cohorts have used improved funding positions to undertake de-risking activities, strengthen benefit security and address legacy funding or benefit issues.

Within the PLC cohort, schemes have taken a range of steps to protect funding gains and reduce risk. These include transferring pensioner liabilities to insurers through buy-in and buy-out transactions, increasing allocations to liability-driven investment and fixed-income assets, and implementing journey plans that progressively reduce investment risk as funding levels improve. We have also observed schemes adopting lower-risk funding and investment targets and restructuring portfolios to align assets more closely with expected liability cashflows. Collectively, these actions demonstrate a growing focus on protecting improved funding positions, reducing exposure to market volatility and interest-rate risk, and increasing certainty around the achievement of long-term endgame objectives.

Within the semi-state cohort, improved funding positions have supported measures aimed at strengthening benefit security and resolving long-standing funding and benefit issues. These have included restoring suspended pension increases once funding positions had recovered and reaching agreement on legacy issues through arbitration and engagement with stakeholders. Although these developments differ from the transaction-led de-risking activity more commonly seen in the private sector, they demonstrate a continued focus on improving scheme resilience, supporting member outcomes and strengthening the long-term security of pension benefits.

The existence of a material surplus provides an opportunity for sponsors to step back and take a fresh look at the scheme's long-term objectives and, where appropriate, its endgame strategy. Previous plans and timelines should be revisited with the scheme trustees, taking account of new opportunities and market developments and reflecting the scheme's improved funding position and reduced risk profile.

In the next section we explore these different options in more detail.

The emergence of pension surpluses brings new choices, but also new responsibilities. Employers and trustees need a clear framework for deciding how surplus can be used fairly, while maintaining the scheme's resilience and protecting members' benefits.



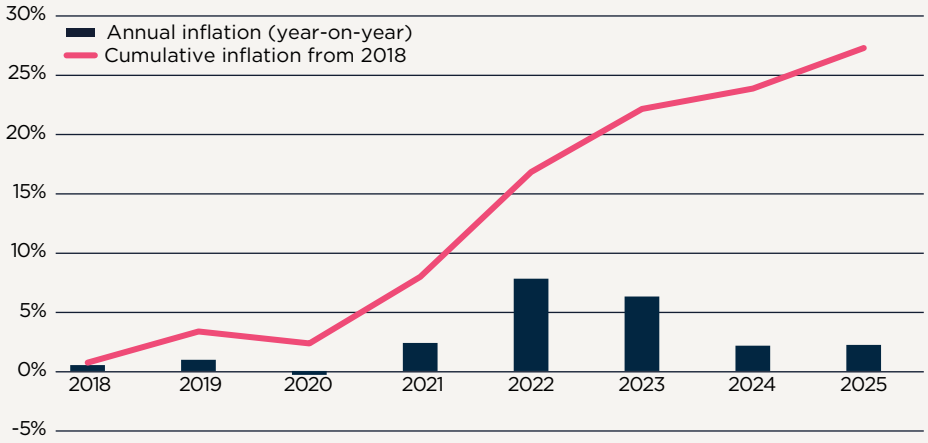
Martin Haugh
Partner

How can sponsors use surplus in Ireland?

Augmentation and pension increase strategy

For schemes with a surplus, benefit enhancements through pension increases or augmentation can provide a direct way of improving member outcomes.

CPI inflation from 2018 to 2025



An augmentation or discretionary pension increase permanently increases the liabilities to be funded. Even where an increase is expressly one-off, repeated awards may also create member expectations and should be considered within a clear long-term policy.

Therefore, care should be taken on the impact of such discretionary pension increase awards on company accounts. The cost of such increases would generally need to run through the profit and loss and full provision would also need to be made in respect of any increases deemed to result in a constructive obligation. The employer should seek independent advice on financial and accounting impact of such increases.

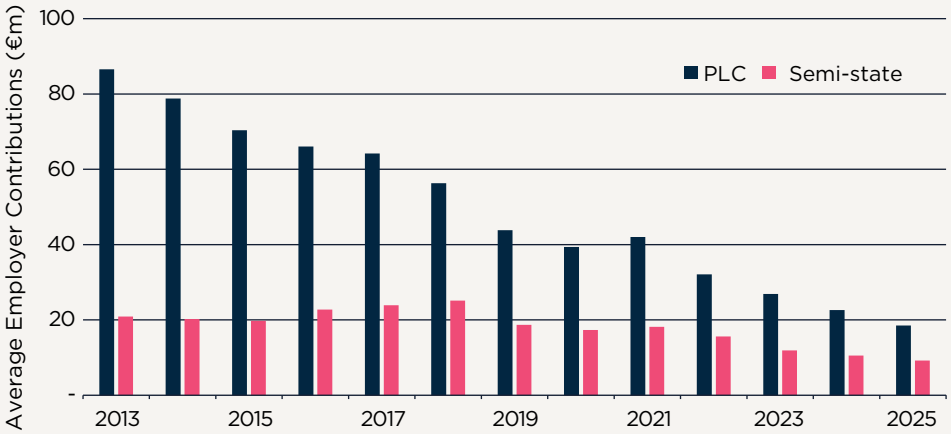
Between 2018 and 2025, cumulative CPI inflation was around 27%. A pension that remained fixed over this period would therefore have lost approximately 21% of its purchasing power. Put another way, a pension of about €1,270 in 2025 would have been needed to purchase the same basket of goods as €1,000 in 2018. We are therefore seeing an increased use of surplus to provide discretionary increases to pensions in payment.

Reduce or suspend contributions

Sponsors may seek to reduce, suspend or cease pension contributions. This typically occurs when a scheme reaches a funding position where the scheme is expected to be self-sufficient on a prudent basis. As funding levels across Irish pension schemes have improved in recent years, contribution reductions and suspensions have become increasingly common. For schemes open to future accrual, there is evidence of surplus being used to meet the cost of ongoing accrual. Note in such cases, the cost of that accrual would still be reflected in profit and loss in the company's accounts, even where the employer makes no corresponding cash contribution.

What are the options for deploying surplus?
continued

Employer contribution adjusted for inflation



This chart highlights the substantial decline in inflation-adjusted employer contributions over the past decade, particularly among PLCs. Contributions from the PLC cohort have fallen from around €86m in 2013 to less than €20m by 2025, reflecting the significant improvement in funding levels experienced by many schemes over this period. Semi-state schemes present a different pattern, with contributions remaining relatively stable and even increasing up to 2018 before beginning a steady decline. This may reflect longer funding recovery plans, differing sponsor objectives, or a greater focus on maintaining contribution stability. Overall, the chart illustrates how strengthening scheme finances have allowed many employers to reduce pension funding commitments, freeing up capital for other corporate or operational priorities.

Enhancing the transfer value basis

This involves offering members a more generous cash transfer value than the scheme would normally provide. At present, many schemes calculate transfers on the Minimum Funding Standard assumptions.

Where a scheme has surplus, sponsors and trustees may wish to review whether the current transfer-value basis remains appropriate. This could involve providing improved transfer values for all leavers or a once-off enhanced incentive to transfer out of the scheme and removing the ongoing funding liability at a reduced cost. Over recent years, many schemes have offered these enhanced transfer values as part of a one-off exercise to de-risk the scheme as part of a move towards a more definitive endgame, such as buy-out.

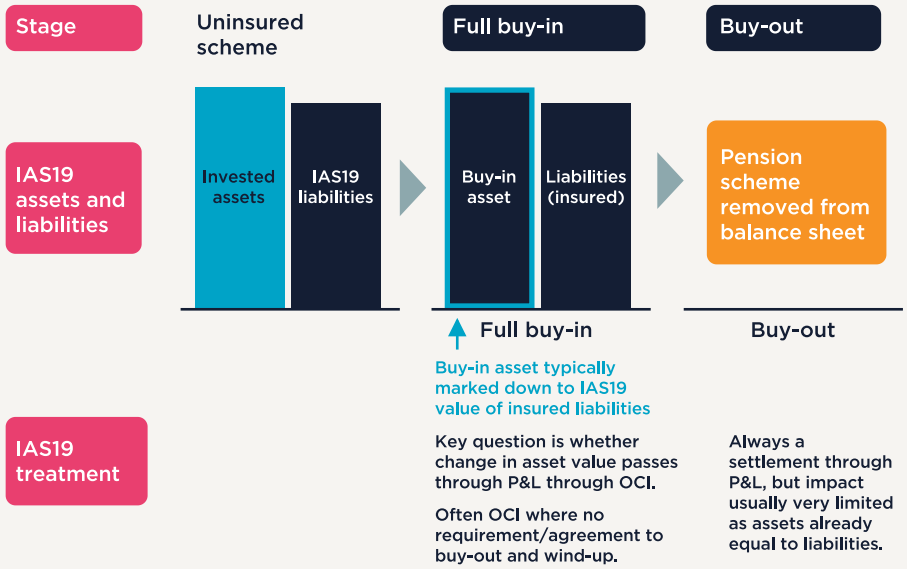
Transferring risk to an insurer

Many schemes in recent years have completed insurance transactions where they have transferred pensioner liabilities to an insurer through a bulk annuity transaction. The existence of a funding surplus may open up such options for trustees and sponsors. Again, care needs to be taken by the sponsor to understand the potential financial impact of such an exercise as the accounting treatment can differ greatly depending on whether the transaction is structured as a buy-in or buy-out.

Insurance buy-ins and buy-outs

Removing risks in relation to a pension scheme through insurance typically involves two stages:

- a 'buy-in' where an insurance contract is purchased by the scheme that covers the scheme's liabilities; and
- a 'buy-out' where insurance policies are allocated to individual members and the scheme wound-up.



Deferred annuities

Deferred annuity transactions are an emerging and rapidly developing area of the Irish pension risk transfer market.

A deferred annuity is an insurance contract that secures a member's future pension benefits before retirement. Previously only pensions in payment could be secured via a bulk annuity contract. Under a deferred annuity transaction, an insurer assumes responsibility for paying future pension benefits from a specified future date, typically retirement. The policy is purchased in advance of benefits coming into payment, allowing trustees and sponsors to lock in the cost of providing those benefits and transfer investment, longevity and other demographic risks to an insurance company.

Stronger funding positions and the emergence of deferred annuities are opening up new opportunities for trustees to secure members' benefits with insurers. For many schemes, the focus is now on whether and when to take this step, balancing the opportunity to lock in greater security with other potential uses of surplus.



John Lynch
Partner

What are the options for deploying surplus?
continued

The growing interest in deferred annuities is reflected in recent activity within the Irish market. The Greencore Group Pension Scheme recently completed a €165 million full-scheme bulk annuity (i.e. transfer to an insurance company), fully securing the benefits of more than 1,000 members. Significantly, this was the first full-scheme pension bulk annuity completed in Ireland, marking an important milestone in the development of the domestic risk transfer market. The transaction demonstrates that large-scale insurance solutions are now a viable option for Irish pension schemes and is expected to pave the way for further buy-outs and deferred annuity transactions as an increasing number of schemes reach their funding and endgame targets.

How can LCP help you?

We provide an integrated, end-to-end service designed to help trustees and sponsors achieve stronger, more sustainable outcomes. Our multidisciplinary approach brings together specialist expertise across funding, investment, and pension risk transfer, ensuring that each aspect of a scheme's strategy is considered in the round. As schemes move into stronger funding positions, we can also help trustees and sponsors understand the resilience and accessibility of any surplus and decide how it should be managed or utilised in line with their objectives. Combined with our extensive experience of endgame planning, we help clients assess and deliver the most appropriate route for their scheme, whether that involves a long-term run-off strategy or transferring risk to a third party, such as an insurer.

Final remarks

The Irish defined benefit pensions landscape has entered a new phase. After years spent navigating funding deficits, market volatility and regulatory change, many schemes are now operating from a position of strength, with funding levels that would have seemed unlikely only a decade ago. The challenge facing sponsors and trustees is no longer simply how to fund benefits, but how best to use and protect the surplus that has been created. Some key considerations in making these decisions include:

- Scheme rules and governance
- Funding resilience
- Endgame implications
- Member outcomes and fairness
- Tax and accounting considerations

Pension schemes are finding themselves with an unprecedented range of opportunities to make use of their emerging surpluses. The principal options available to trustees and sponsors are illustrated below.

1. Adopt a Run-on Strategy

Retain the scheme and pay benefits as they fall due, rather than transferring all liabilities to an insurer.

Attractive for well-funded schemes wishing to stay flexible, use surplus to support members or the sponsor, and avoid locking in the full cost of an immediate buy-out.

2. Augmentation and Pension Increase Strategy

Use part of a surplus to improve benefits, particularly for pensioners whose pensions have limited inflation protection.

This may help support members' purchasing power, subject to scheme rules, affordability and the scheme's longer-term funding strategy.

3. Reduce or Suspend Contributions

May be possible when a scheme has a sufficiently robust surplus and no immediate need for further funding from a sponsor.

Can release cash for other business priorities, while maintaining appropriate buffer to protect members' benefits and support the chosen endgame strategy.

4. Enhance Transfer Value Terms

Enhanced transfer values can improve member choice while potentially reducing long-term scheme risk.

Well-funded schemes may be better positioned to offer attractive transfer terms without weakening funding security.

5. Insurance Transactions

Progress towards a buy-out: Use a scheme's strong funding position to secure members' benefits with an insurer, either in stages through buy-ins or through a full buy-out.

Deferred Annuities: May allow sponsors to secure benefits for all members including those not yet retired.

6. Wind Up

A surplus may enable a scheme to meet the cost of a full buy-out and wind-up, transferring benefits to an insurer and providing members with individual policies or secured benefits.

Once all benefits, expenses and statutory requirements have been met, any remaining surplus may potentially be returned to the sponsor, subject to the scheme rules, trustee agreement, tax and legal requirements.

The schemes most likely to succeed in this evolving environment will be those that combine strong governance, clear strategic objectives and a well-defined endgame plan, ensuring that today's surplus becomes tomorrow's lasting advantage.

APPENDIX A

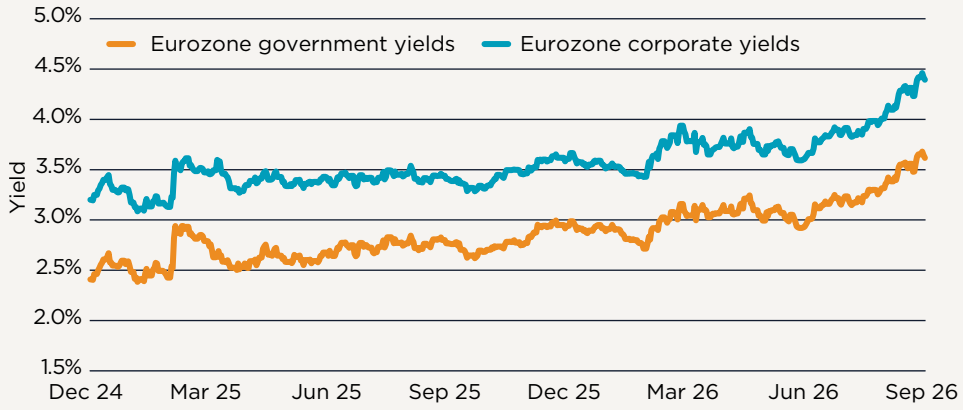
Assumptions benchmarking

Assumptions play a fundamental role in shaping the reported position of a defined benefit pension scheme. Small differences in the assumptions adopted can have a significant impact on liability values, funding levels and accounting disclosures. In this section, we analyse the assumptions used across our studied schemes to identify emerging trends, highlight areas of consistency and variation, and provide insight into how schemes are responding to an evolving economic and demographic environment.

Discount rates

Discount rates remain the most significant financial assumption used in measuring defined benefit pension liabilities. Small movements in the rate can have a material effect on reported obligations and, consequently, on the accounting position presented in company financial statements. Under IAS 19, discount rates are determined by reference to market yields at the reporting date on high-quality corporate bonds denominated in euro, with maturities consistent with the estimated duration of the obligations.

Eurozone 10 year bond yields from Q1 2025 to Q3 2026



Government bond yields have risen sharply across the US, UK, Germany, France and Japan, reflecting high government borrowing, reduced central bank support, inflation uncertainty and competition for investor capital from significant AI-related corporate debt issuance. As the US Treasury market is the world's largest and most influential sovereign debt market, higher Treasury issuance and yields can also put upward pressure on borrowing costs elsewhere.

The chart also shows a broad upward trend in Eurozone corporate bond yields over the most recent period, with yields reaching or approaching multi-year highs. For investors, higher yields improve expected future returns and make corporate bonds more attractive relative to other assets. From a pension scheme perspective, higher corporate bond yields will result in higher discount rates and a lower value placed on liabilities. As a result, higher corporate bond yields can result in increased surpluses depending on the movement in scheme asset values over the same period. Sponsors should seek independent advice to understand the risk for accounting values in any proposed investment strategy.

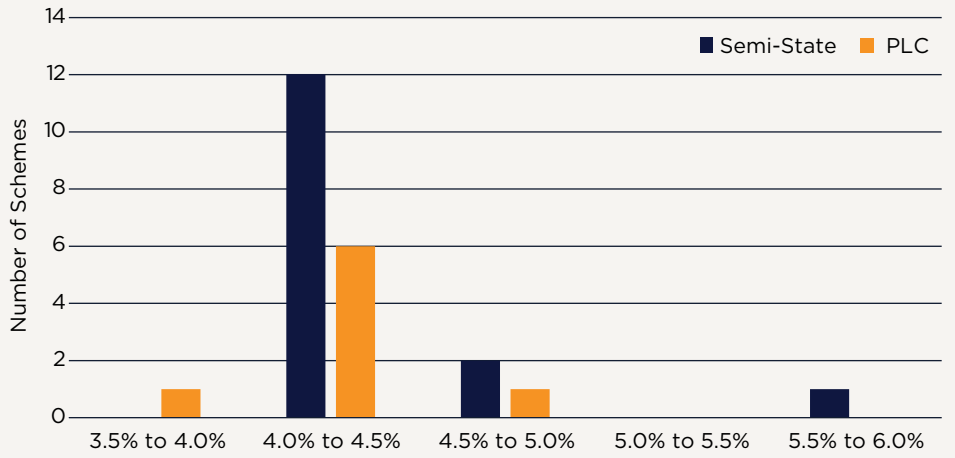
Higher bond yields have helped reduce reported pension liabilities, but discount rates remain a significant source of accounting volatility. Even small changes can materially alter the surplus shown in company accounts, underlining the importance of looking beyond the headline figure when assessing a scheme's financial strength.



Michael Monaghan
Consultant

Appendix A: Assumptions benchmarking
continued

Discount rates used 31 December 2025



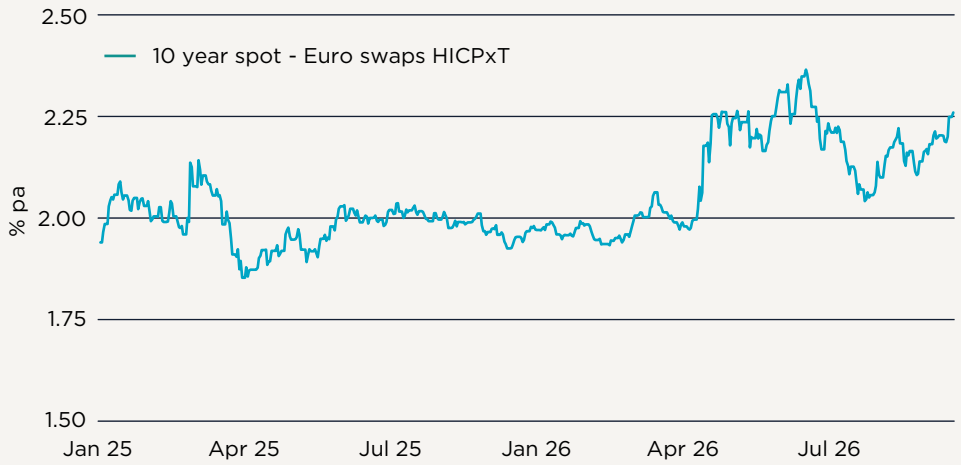
The majority of schemes analysed used discount rates between 4.0% and 4.5% as at 31 December 2025, indicating broad alignment in assumptions across the market. While a small number of schemes adopt higher rates, particularly within the semi-state cohort, there is no significant divergence in discount-rate practice between the two groups.

Financial assumptions are becoming more consistent, with the gap between the two cohorts continuing to narrow. This suggests that organisations are adopting increasingly similar views on the economic environment and are placing greater emphasis on funding stability, resilience and prudent assumption-setting than on seeking advantage through more aggressive actuarial assumptions.

Inflation assumptions

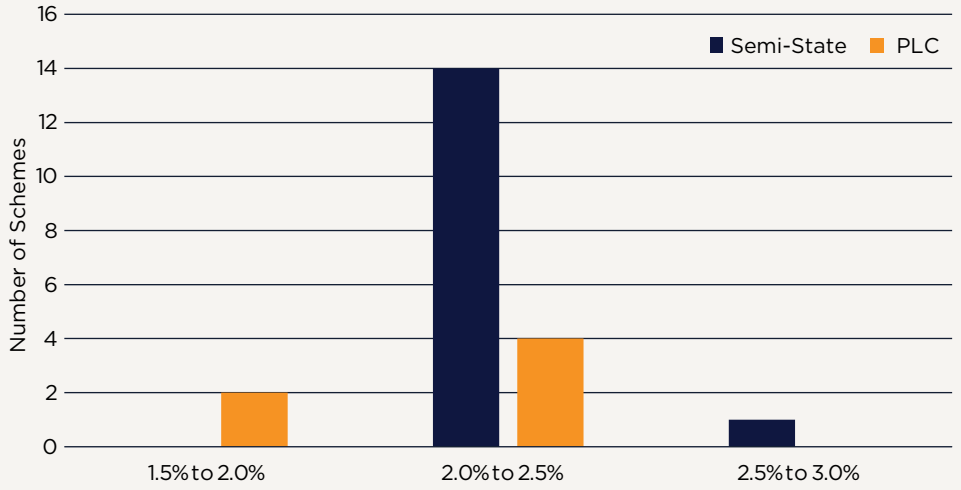
Inflation assumptions are an important factor in determining pension liabilities, reflecting expected future increases in prices over the lifetime of the scheme. Long term inflation expectations at the end of 2025 remained at a very similar level to the start of 2025. 2026 has seen much more volatility, and long term inflation expectations are currently sitting around 0.3% p.a higher than at the beginning of the year.

Market implied inflation



As at 31 December 2025, inflation assumptions are concentrated within a relatively narrow range, with the greatest number of schemes adopting assumptions between 2.0% and 2.5% pa. There are relatively few schemes adopting assumptions at either end of the observed range.

Inflation rates used 31 December 2025

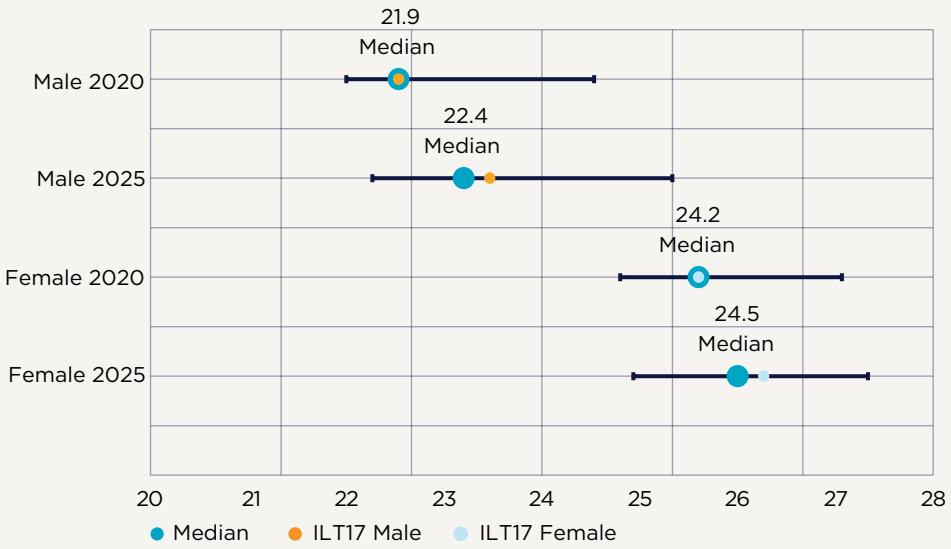


Life expectancy at retirement

A consistent picture emerges across the schemes reviewed: women are generally expected to spend longer in retirement than men. For schemes disclosing a retirement age of 65, female life expectancy assumptions at retirement typically range from around 23.7 to 25.5 years, compared with approximately 21.7 to 24.0 years for males. Median life expectancies increase from 21.9 years to 22.4 years for males and from 24.2 years to 24.5 years for females between 2020 and 2025.

Standard mortality tables (eg the Irish Life Tables (ILT17)) show life expectancy at retirement age 65 for males and females based on the general population. Scheme-specific assumptions are often calibrated to the demographic characteristics and historic experience of the membership, which may differ from the population represented by the standard tables. Pension scheme members may have different socio-economic, occupational and lifestyle characteristics, resulting in different expected longevity outcomes. The assumptions may also incorporate allowances for future mortality improvements, whereas a headline life expectancy derived from a mortality table alone may not fully reflect the improvement model adopted.

Life expectancy 2020 vs 2025



While median life expectancy assumptions have increased modestly since 2020, the experience across individual companies has been more varied. When analysing the change in assumptions between 2020 and 2025, a broad trend towards longer assumed lifetimes for both males and females is apparent. However, the extent of change differs significantly between organisations. Several companies increased assumptions by one or more years while a small number of companies reduced their assumptions, particularly for males, illustrating the varying impact of scheme experience studies, updated mortality models and differing views on future longevity improvements.

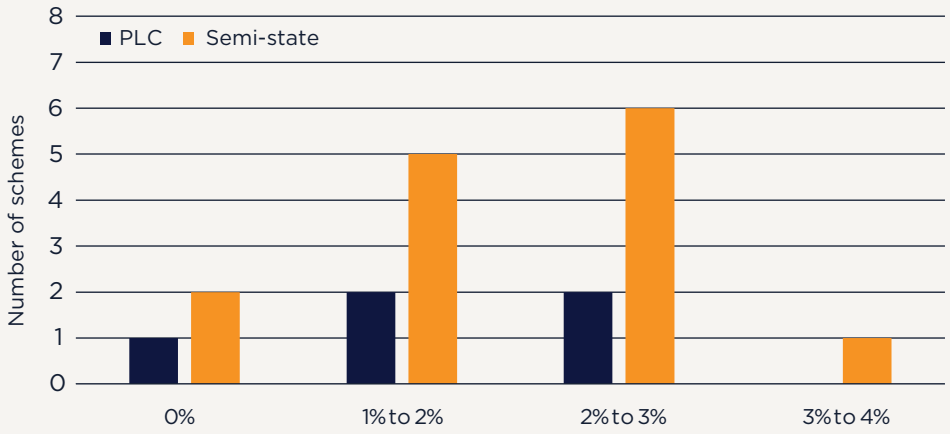
Pension increases

Pension increase assumptions within our analysed cohorts are generally consistent with long-term inflation expectations, with most schemes adopting rates of around 2.0% p.a to 2.5% p.a. Three schemes (two semi-states and one PLC) made no assumption for future increases to pensions in payment.

The level of assumed pension increases has a significant impact on the value of liabilities, and this is another key assumption to consider in assessing the pension scheme funding position.

The pension increase assumption is very dependent on the underlying benefit structure (e.g. whether increases are guaranteed or discretionary, fixed or inflation linked) and whether there is an established practice of granting such increases.

Pension increase assumptions as at 31 December 2025



Note that all Schemes in the 0% to 1% column report 0% pension increases

APPENDIX B

Companies and methodologies used

Companies used

Private Schemes		Semi-state schemes	
Company	**Year End**	**Company**	**Year End**
AIB	December	Central Bank of Ireland	December
Diageo	June	An Post	December
CRH	December	Ervia/Gas Networks Ireland	December
Kerry Group	December	Irish Aviation Authority	December
Aryzta[1]	December	Coillte	December
Smurfit Westrock	December	VHI	December
Glanbia	December	NTMA	December
Kingspan	December	CIE	December
Grafton	December	Eircom	December
C&C Group	February	AirNav	December
Irish Continental Group	December	DAA	December
DCC	March	EirGrid	September
Greencore	September	ESB	December
Bank of Ireland	December	The Shannon Airport Group	December
		Uisce Éireann	December
		RTÉ	December

[1]Aryzta has been excluded from our assumptions analysis due to material differences in approach in its disclosures

Methodologies used

This briefing analyses six large companies listed on Euronext Dublin, and eight public companies that are listed on other exchanges (London, New York and Swiss), but that operate significant defined benefit pension schemes in Ireland (Diageo, CRH, Aryzta, Smurfit Westrock, C&C Group, DCC, Grafton and Greencore). The briefing also analyses significant state/semi-state entities (where accounts were available). For the purposes of this report, "semi-state organisations" refers broadly to state-sponsored bodies, including state-owned companies and other public-sector entities operating independently of government departments. This definition also includes eircom, reflecting its origins as the State-owned Telecom Éireann and the public-sector heritage of its defined benefit pension arrangements.

We have excluded from our survey companies that had no evidence of significant defined benefit provision. The 2025 figures are as at the end of the company accounting periods ending in 2025. All figures shown were taken from pensions accounting disclosures unless otherwise stated. The assumptions for the discount rate and price inflation refer to those disclosed for the companies' main Irish or Eurozone schemes where available. We have converted the figures provided in pounds sterling or US dollars using the euro conversion rate applicable at each company's year-end. Where 2025 average figures are used, we have calculated them using a weighted average. The weights have been calculated based on schemes' total assets. In the case of inflation or discount rate averages, we have only included schemes that reported these values on 31 December 2025. Asset allocations are based on Irish or Eurozone schemes where disclosed. The surplus/(deficit) figures are before allowing for deferred tax. All figures shown have been calculated using unrounded numbers. Therefore, some metrics shown may differ from those calculated using the rounded figures.

Contact us

For further information, please contact one of us or the partner who normally advises you.



Conor Daly
Partner
conor.daly@lcp.com



John Lynch
Partner
john.lynch@lcp.com



Martin Haugh
Partner
martin.haugh@lcp.com



Oliver Kelly
Head of Investments
oliver.kelly@lcp.com



Michael Monaghan
Consultant
michael.monaghan@lcp.com



Daniel Sharpe
Analyst
daniel.sharpe@lcp.com



Ben Harrington
Analyst
ben.harrington@lcp.com

We would like to thank those from LCP who have made this report possible: Emily Morgan, Dara Burns

At LCP, our experts help to power possibility by navigating you through complexity to make decisions that matter to your business and to our wider society. We are powered by our desire to solve important problems to shape a more positive future. We have market leading capabilities across pensions and financial services, insurance, energy, health and analytics.

Lane Clark & Peacock Ireland Limited
Dublin, Ireland
Tel: +353 (0)1 614 43 93
enquiries@lcpireland.com

Lane Clark & Peacock LLP
London, UK
Tel: +44 (0)20 7439 2266
enquiries@lcp.uk.com

Lane Clark & Peacock LLP
Winchester, UK
Tel: +44 (0)1962 870060
enquiries@lcp.uk.com

This generic note should not be relied upon for detailed advice or taken as an authoritative statement of the law. If you would like any assistance or further information, please contact the partner who usually advises you.

About Lane Clark & Peacock Ireland Limited

Lane Clark & Peacock Ireland Limited is a subsidiary of Lane Clark & Peacock LLP, and is a company registered in Ireland with company number 337796 and VAT number IE6357796Q, and with registered office at Office 2, Grand Canal Wharf, South Dock Road, Dublin 4.

Directors: Martin Haugh, Conor Daly, Nicholas Clark (UK Resident) and Paul Marsland (UK Resident).

© Lane Clark & Peacock Ireland Limited 2026

https://www.lcp.com/en/important-information-about-us-and-the-use-of-our-work contains important information about LCP Ireland, LCP LLP and LCP Delta (including LCP Ireland's regulatory status and complaints procedure), and about this communication (including limitations as to its use).