



FINANCE ACT 2014 PENSION ADVISORY SERVICES

The Finance Act 2014 was signed into law by the president on 23rd December 2014. Below is a short reminder of the changes for pensions.

ARF and Vested-PRSAs

From 1 January 2015 the minimum income distribution on ARFs and vested PRSAs will be

- 1) For clients from year turning age 61 to age 70 a rate of 4% applies
- 2) From the year clients turn age 71 a rate of 5% applies

Where total value of ARFs and vested PRSA exceeds €2m, a rate of 6% still applies to all clients from the year they turn 61.

Clients aged between 61 and 70 who receive their ARF/vested-PRSA by way of an automatic balancing payment in December will see their distribution change from 5% to 4% in December 2015. Such clients do not have to contact us, unless they wish to take a higher level of income.

However, any such clients who specifically requested an income of 5% pa will continue to receive an income based on 5% of the ARF/vested-PRSA value, unless they request a change to their withdrawal.

AMRFs

New AMRF rules allow one withdrawal per year of up to 4% of the current AMRF value with effect from 1 January 2015

- 4% AMRF drawdown is not compulsory
- Only one AMRF withdrawal a year will be permitted
- We do not have an automatic income facility on AMRFs, and this has not changed
- There was a change in the final legislation that withdrawal is based on 4% of the AMRF value as at the date of the withdrawal (was originally to be based on 4% of value as at 1 February)
- The 4% optional withdrawal applies only to AMRFs. This option does not apply to the restricted fund within a vested PRSA.
- There is no longer an option to withdraw the growth from an AMRF.

Excess over SFT/PFT

The tax on excess over the €2m SFT or an individual's PFT to be changed from a specified rate of 41% to the "higher rate" from 1 January 2015. Which means that from 1 January 2015 the tax on any excess over the SFT or PFT will reduce to 40%.

Company Pension requirement for payslip

One payslip or P60 is required to verify the member's salary in respect of all new one member company pension schemes and company pension term assurance. The P60 or payslip should be printed from the employer's payroll system. An accountant's letter or a handwritten P60 will not be acceptable. While not a Finance Act change, Revenue has introduced this with effect from 1 January 2015.