Irish Life PRSA

The retirement savings plan that puts you in control

Irish Life

product snapshot

Irish Life PRSA

Aim		To build up a fund to help provide for your retirement.
Risk		Low to high depending on option or mix of options chosen.
Time period	60-75	Normally between ages 60 and 75.
Jargon-free		Yes.

Plain English

Irish Life recently received the 'Best at Plain English' Award over the 30 years of the Plain English Campaign. The Plain English Campaign lobbies Governments and companies world-wide to remove jargon and give clear and concise information. We were chosen ahead of 12,000 other organisations from 80 countries for this award.

All information, including the terms and conditions of your plan, will be provided in English.

Irish Life PRSA

The retirement savings plan that puts you in control

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Introduction

The Personal Retirement Savings Account that puts you in control

Everybody knows that it makes sense to plan for retirement. Yet many people put off starting a pension because they think pensions may be confusing or hard work. We can offer you the solution – an easy-to-understand pension plan which puts you in control while offering you great choice.

When it comes to planning for your retirement, choosing the best approach is not a decision that you should take lightly. It could be one of the biggest investment decisions you'll ever make. Planning for retirement can involve replacing your standard of living for 20 or 30 years. So, it's important that you choose a pension plan that exactly fits your needs and can get the best results for you.

Another reason to start your pension is that there are very generous tax benefits given for people who save for retirement. In fact, within limits, you can get full tax relief on every euro you invest. And yet many people still put off starting a pension and so put off saving tax.

Two great benefits of an Irish Life PRSA

Choice

When it comes to investing your pension, we have brought together a wide range of investment options to give you great choice and quality. With the help of your financial adviser, you can choose the range of funds most likely to fit your risk profile. Our range of funds offers every type of investor a solution to their retirement planning needs.

Control

You are likely to invest in a retirement plan for many years, so it is important that you are kept up to date and in control of your PRSA – with our PRSA plan you will be. To make sure you have total control of your PRSA we allow you increase or stop paying regular contributions, make one-off contributions and switch funds (depending on certain restrictions) at any stage at no cost. We'll send you statements every year and you have access to the value of your PRSA plan at all times by calling our Customer Information Line on 01 704 1111 or by logging on to our Customer Self Service at www.irishlife.ie.

In other words, our PRSAs puts you in control of one of the biggest and most important investment decisions you will probably make.

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PRSAs in brief

PRSAs in brief

PRSA stands for 'Personal Retirement Savings Account'. It is a contract between you and a PRSA provider, such as Irish Life. PRSAs make it easier to save for retirement because they offer value for money, flexibility and convenience.

Whether you are an employee, self-employed or between jobs, a PRSA helps you save for retirement. And if your employment status changes or you move to a new employer, you may be able to bring your PRSA with you. You can also use your PRSA to add to the pension benefits already available from your job. You can do this by paying additional voluntary contributions (AVCs) into your PRSA. We have designed a guide called 'AVCs and your PRSA - A guide for members of Occupational Pension Schemes'. This booklet will help you understand the options available if you are a member of a pension scheme at work and want to boost the benefits under it, depending on Revenue limits, by paying AVCs. Some restrictions may apply and we recommend you read the guide along with this booklet before you make a decision to invest in a PRSA for this purpose.

How PRSAs work

Contributions

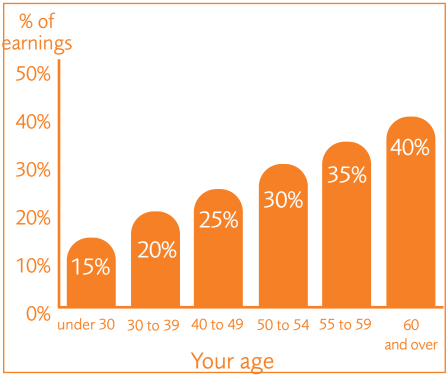
You invest either regular contributions or one-off contributions, or both. Most people choose regular contributions because it is easier and smoothes out the cost. If you are an employee and are not in a pension plan at work, your employer could also contribute to your plan.

Tax relief

You may then be entitled to tax relief on your contributions. It would be nice if you could save unlimited amounts into your PRSA and get tax relief, but because the tax breaks are so good, the Government puts limits on them. You can pay as much as you like. However, you are not guaranteed income tax relief, but you will generally get tax relief on contributions up to the percentage of net relevant earnings shown on page 7.

If you are an employee, these limits include any contribution your employer may make.

If you contribute more than these amounts, or if you contribute during a period when you are unemployed, you may be entitled to carry forward tax relief for future years.



These levels were correct in March 2010

We define earnings as follows.
For self-employed people, earnings are defined as 'net relevant earnings'. Net earnings means your income during a tax year, less allowances or losses and also certain charges and deductions such as mortgage interest for which you can claim tax relief.

For employees, we define earnings as salary including overtime, bonuses and benefits-in-kind (in other words, perks that do not take the form of a salary).

Relief is not available on net relevant earnings which are more than €150,000 (March 2010), and include contributions to other approved pension arrangements, such as retirement annuity contracts, other PRSAs and employee contributions to occupational pension schemes (including AVCs).

Also, certain occupations may get tax relief of 30% of earnings, no matter how old you are. In general, these tend to be professional sportspeople who earn their income from that occupation, such as athletes, boxers, footballers, golfers, jockeys and so on.

If your personal contributions are taken from your bank account, you can apply to your Inspector of Taxes to have your tax credits adjusted to reflect your pension contributions. If your contributions are taken from your salary you will receive immediate tax relief. Any employer contributions will receive tax relief in the year the contribution was made.

You will have to pay tax on pension income when you retire and withdraw amounts from it.

Growth

We then invest your contributions (less any contribution charge) in a fund where any growth achieved will not be taxed until you take your benefits.

Retirement fund

Finally, you'll hopefully have built up a big enough fund for your retirement. Normally, you can take your benefits between the ages of 60 and 75, but there are certain exceptions. We explain these on pages 34 and 35. At that stage, you'll have a number of choices in terms of what you want to do with that fund.

First of all, you can take a part of your fund totally tax-free. The amount of this will depend on Revenue limits and your job status at the date you take your benefit. Depending on your circumstances you can use the rest of your fund to:

- buy an income for life;
- leave your fund in your PRSA plan and continue as an investment until a later date; or
- take as a cash lump sum.

You will need to pay tax on each of the above options.

We explain your retirement options more fully on pages 22 to 26.

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Why should I choose an Irish Life PRSA?

Irish Life PRSAs help you build up a fund for your retirement. We've brought together a wide range of the best options available, which gives you more choice and control over your retirement. This section outlines six reasons for choosing an Irish Life PRSA.

1. Wide range of funds

With our PRSAs you have a choice of funds which track the performance of bonds, shares and property shares. Our wide range of funds allows you and your financial adviser to build a portfolio of funds that meets your needs. For details on all our funds, please read your Fund Guide booklet.

2. Reduced entry charge

An entry charge is a charge you pay on every regular or one-off contribution you make. You will find details of the entry charge on your regular contributions on the leaflet at the back of this booklet. If you stay invested in your PRSA for five years, we will reward your loyalty by reducing this entry charge. From year six on, the entry charge on your regular contribution will reduce by 0.5% (if there is an entry charge on your plan).

3 Keeping track of your money

Our service does not stop once you've bought your pension. Every six months we will send you a statement of account and an investment report to let you know how your pension is doing. Once a year we'll also send you a more detailed statement (called a 'statement of reasonable projection') to help you continually assess your retirement plans. As well as this, you can check the value of your fund all day, seven days a week by registering to Customer Self Service at www.irishlife.ie or by phoning our Customer Information Line on 01 704 1111.

4 Smoothing you into retirement

Our PRSAs offer two different strategies which will take account of the need for security as you get closer to retirement. These strategies are called the Lifestyle Option and the Default Investment Strategy. We have described them fully on pages 16 to 21.

5 You know your savings are in safe hands

More people trust us with their pension money than anyone else. And no other company pays out more pension benefits to Irish people every day of every year.

This is especially important if you're investing for 20, 30 or even 40 years. We have put together a range of 'building blocks' for you that cannot be beaten in the market. All you need to decide is when you want to retire and what kind of benefits you'd like to build up. Your financial adviser will help you build a personalised investment plan that will get you there.

6 You're not tied to rigid contributions

We have designed our PRSAs to be flexible so that your pension can adapt to your changing circumstances. You're not locked into decisions that you make today. If you want to make regular contributions, you can choose your level of contribution and you have the option to increase or reduce it. You can add one-off contributions to your plan at any time or, if you prefer, make these payments each year instead of regular contributions. You can even take a break in payments if you need to. If you want to make a one-off contribution, you can. However, if you started your PRSA by paying one-off contributions, you will not be able to pay regular contributions into that plan.

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Your investment options

Irish Life PRSAs offer a wide range of funds because everybody has different needs and views on how they would like to invest their pension contributions.

Once you've decided to invest for your retirement in an Irish Life PRSA plan, there are some important decisions you need to make before you look at the investment options available.

- How do I decide how much I need to put in?
- How do I decide where to invest my money?

How do I decide how much I need to put in?

If you've decided to invest for your retirement in an Irish Life PRSA plan, your first question will be how much should I put in? Because our PRSA is simply a tax-efficient savings plan for retirement, the amount you should put in will depend on a number of different things. Below are two of the main questions you should consider.

- How much income will I need for retirement?
- How long will I be saving for?

How much income will I need for retirement?

Most people will use their PRSA to replace some or all of their income when they have retired. So, the first thing you should do is to look at your outgoings to decide how much you need to aim for. Remember that some of your outgoings will be gone or reduced by the time you retire. For example, your mortgage might be paid off and any children might have grown up and left home. Also, you should qualify for the State Pension (contributory) from age 66. So taking all this into account, you might need to replace only part of your current income.

How long will I be saving for?

The longer you have to build up a retirement fund (in other words the earlier you start your pension), the less you'll have to invest every month between now and when you retire. Most people will retire between 60 and 65, although many people hope to retire earlier than that. With an Irish Life PRSA, you don't need to decide on a date now. However, having an idea of when you'd like to retire will help you plan.

Your financial adviser can help you answer these questions by considering your income now, your expected income when you have retired, your age and your financial circumstances. This will help you decide on the contributions you need to make to provide the income you want.

How do I decide where to invest my money?

After you've chosen how much to pay into your PRSA plan, the next important decision will be where should you invest your money.

There is a wide range of funds available for you to choose from. The fund that is right for you depends on:

- the amount of risk you are willing to take;
- how much time you have until you retire; and
- whether you want to invest in an investment strategy where the funds have already been decided.

Generally funds that offer the highest potential for growth have the biggest ups and downs. You can switch to a higher-risk or lower-risk investment fund. Your financial adviser will help you decide what is best for you.

1 The amount of risk you are willing to take

Depending on which fund you invest in, its value can fall as well as rise over the period of the investment. By choosing a low-risk investment, you are protecting the amount you invest but the potential for large gains is lower than if you choose a higher-risk investment. Higher-risk investments, such as shares do not protect the amount you invest but you could gain significantly, especially over the long term. In the past, shares tended to perform better than other types of investments over the long term. However, shares are generally riskier than other types of investments and may not do as well as other investments but they could also do much better. If you invest in these types of investments (or share-based funds), you should realise that in wanting a higher return, you could lose some or all of the value of your investment.

Think about how you feel about the risks associated with investing. Everyone's situation is different, and everyone handles risk differently. With the help of your financial adviser, you are the best person to decide how much risk you are comfortable with.

2 How much time you have until you retire

Think about how long you have before you plan to retire. For example, if you are not planning to retire for another 15 to 20 years, you may be able to accept more risk than if you want to retire in five years. This is because there is more of a chance for high-risk funds to perform better than others over long periods of time. You can also expect to ride out any ups and downs that the stock market may experience.

3 Whether you want to invest in an investment strategy where the funds have already been decided

We have designed two lifestyle options and two default investment strategies for you to choose from. Your decision will be based on whether you want to choose an investment strategy we have designed or a strategy where you choose the investment funds until you come close to your chosen retirement date. You also need to be happy with the funds chosen under these strategies. Your decision will also be based on whether you plan to buy an annuity with your pension fund when you retire or continue to invest your pension funds in similar unit-linked funds after you retire. You can find more details on these options on pages 16 to 21.

Warning: The value of your investment may go down as well as up.

Fund Descriptions

You will find a list of funds available under your plan on the leaflet at the back of this booklet and in your terms and conditions booklet. You will receive this booklet when you take out your plan.

You should also read our Fund Guide booklet which gives a description of the funds available on your plan and outlines the level of risk and 'volatility rating' which apply. You should read it with this booklet.

Our investment strategies

Together with the list of funds described in the Fund Guide booklet, we also offer a choice of investment strategies – default investment strategies and lifestyle options.

Default investment strategies

The default investment strategies (DIS) are an automatic switching tool that gradually move your pension fund between certain funds during the term of your plan, and as you get nearer your chosen retirement date.

If you choose to invest in one of our default investment strategies, we will invest your contributions in funds we have chosen during the term of your contract. There are two different strategies - the Default Investment Strategy (Annuity) and the Default Investment Strategy (ARF).

The Default Investment Strategy (Annuity) is suitable if you plan to buy an annuity with your pension fund at your chosen retirement date. **If you do not tell us your investment choice, we will invest your money in this strategy.**

The Default Investment Strategy (ARF) is suitable if you plan to invest your retirement fund in an Approved Retirement Fund after your chosen retirement date.

The default investment strategies described in this section are designed to meet the needs of typical contributors who are planning to buy an annuity or invest in an ARF when they retire. They invest in pooled unit-linked funds. The assets which are invested in these funds will spread risk, can be cashed in quickly and are valued often. Using this strategy, the charges are also very clear.

Before choosing either strategy, you should be aware that the funds in which they invest can rise and fall in value and have different levels of risk. We explained this in the description of each fund in this booklet and your Fund Guide booklet.

Default Investment Strategy (Annuity)

This strategy is suitable if you plan to buy an annuity with your pension fund at your chosen retirement date. Your contributions will be invested in funds we have chosen and this fund selection automatically changes each year depending on the number of years you have left to your chosen retirement date.

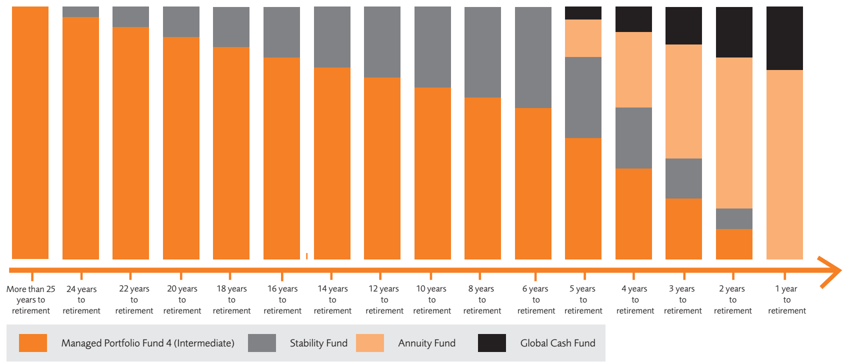
If you are more than 25 years from your chosen retirement date, your contributions are fully invested in the Managed Portfolio Fund 4 (Intermediate). Between 25 years and six years before you retire, we will switch 2% of your fund and future contributions into the Stability Fund every year. When you are six years before retirement, 60% of your fund is invested in the Managed Portfolio Fund 4 (Intermediate) and 40% in the Stability Fund. At that date, we gradually switch the fund and future contributions into the Global Cash Fund and the Annuity Fund until one year before you retire. For the last year your fund is entirely invested in the Global Cash Fund (25%) and Annuity Fund (75%).

If, for example, you take out this PRSA and you have 18 years to retirement, we will invest about 84% of your contributions in the Managed Portfolio Fund 4 (Intermediate) and about 16% in the Stability Fund, as shown in the table below. The gradual switching process for the rest of the term will continue as shown.

By choosing the Default Investment Strategy (Annuity) you should be aware that the funds we have chosen could fall in value, some more than others, during the term of your plan. This approach tries to make sure that your fund does not experience major changes in value as you get nearer your chosen retirement date.

The purpose of the Default Investment Strategy (Annuity) is mainly to produce a retirement income by buying an annuity rather than taking your retirement fund as gradual payments. For a description of funds in the Default Investment Strategy and their risk profiles, please see page 21 and your Fund Guide booklet. You can switch out of the Default Investment Strategy at any time. There is no charge for any of the automatic switches. The following table represents the automatic switching sequence of the Default Investment Strategy (Annuity).

Default Investment Strategy (Annuity)



Default Investment Strategy (ARF)

This strategy is suitable if you want to invest your retirement fund in an Approved Retirement Fund (ARF) after your chosen retirement date. We will invest your contributions in funds we have chosen. This fund selection automatically changes each year depending on the number of years you have left to your chosen retirement date.

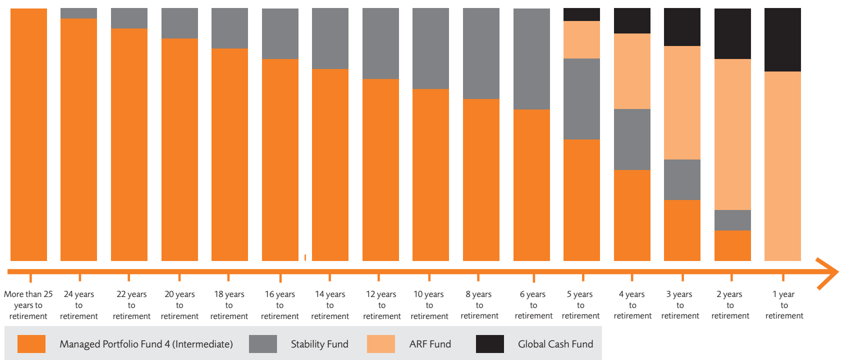
If you are more than 25 years from your chosen retirement date, your contributions are fully invested in the Managed Portfolio Fund 4 (Intermediate). Between 25 years and six years before you retire, we will switch 2% of your fund and future contributions into the Stability Fund every year. When you are six years before retirement, 60% of your fund is invested in the Managed Portfolio Fund 4 (Intermediate) and 40% in the Stability Fund. At that date, we gradually switch the fund and future contributions into the Global Cash Fund and the ARF Fund until one year before your retirement. For the last year your fund is entirely in the Global Cash Fund (25%) and ARF Fund (75%).

If, for example, you take out this PRSA and you have 18 years to retirement, we will invest about 84% of your contributions in the Managed Portfolio Fund 4 (Intermediate) and about 16% in the Stability Fund, as shown in the table below. The gradual switching process for the rest of the term will continue as shown.

By choosing the Default Investment Strategy (ARF) you should be aware that the funds we have chosen could fall in value, some more than others, during the term of your plan.

The purpose of the Default Investment Strategy (ARF) is mainly to provide a retirement fund that you can gradually take money from rather than buying an annuity. For a description of funds in the DIS (ARF) and their risk profiles, please see page 21 of this booklet and your Fund Guide booklet. You can switch out of the Default Investment Strategy at any time. There is no charge for any of the automatic switches. The following table represents the automatic switching sequence of the Default Investment Strategy (ARF).

Default Investment Strategy (ARF)



Lifestyle Option

The lifestyle options are investment tools that allow you to choose your own mix of funds. This strategy also gradually moves your pension between less risky funds during the term of your plan.

There are two different strategies – the Annuity Lifestyle Option and the ARF Lifestyle Option. The Annuity Lifestyle Option is suitable if you plan to buy an annuity with your pension fund at your chosen retirement date.

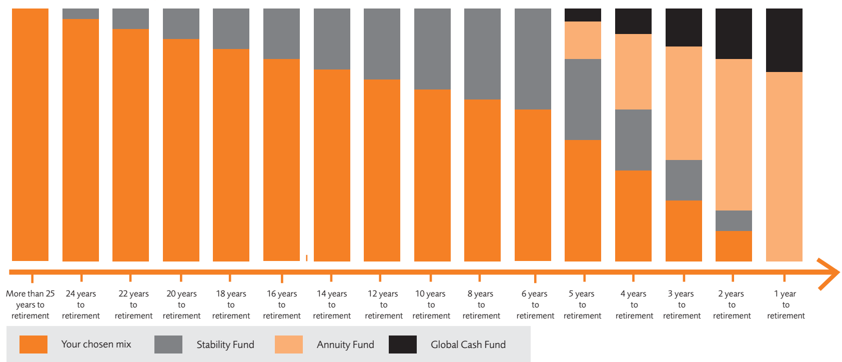
The ARF Lifestyle Option is suitable if you plan to invest your retirement fund in an Approved Retirement Fund after your chosen retirement date.

Annuity Lifestyle Option

If you choose the Annuity Lifestyle Option, you can either choose your own funds or choose from our six Portfolio Funds which are described in your Fund Guide booklet.

This is different from the default investment strategies where the funds are set for the full term. If you are more than 25 years from your chosen retirement date, we fully invest your contributions in the funds or Portfolio Funds of your choice. Between 25 years to six years before you retire, we will switch 2% of your fund into the Stability Fund every year. When you are six years before retirement, 60% of your fund is invested in your chosen funds and 40% in the Stability Fund. At that date, we gradually switch the fund and future contributions into the Global Cash Fund and the Annuity Fund until one year before your retirement. For the last year your fund is entirely in the Global Cash Fund (25%) and Annuity Fund (75%). The following table represents the automatic switching sequence of the Annuity Lifestyle Option.

Annuity Lifestyle Option



ARF Lifestyle Option

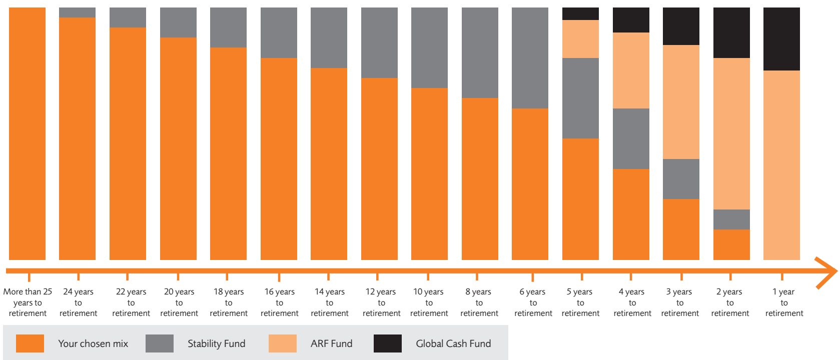
If you choose the ARF Lifestyle Option, you can either choose your own funds or choose from our six Portfolio Funds which are described in your Fund Guide booklet. This is different from the default investment strategies where the funds are set for the full term. If you are more than 25 years from your chosen retirement date, we invest all your contributions fully in the funds or Portfolio Funds of your choice. Between 25 years to six years before you retire, we will switch 2% of your chosen funds into the Stability Fund every year. When you are six years before retirement, 60% of the fund is invested in your chosen funds and 40% in the Stability Fund. At that date, we will gradually switch the fund and future contributions into the Global Cash Fund and the ARF Fund until one year before your retirement. For the last year, your fund is entirely in the Global Cash Fund (25%) and ARF Fund (75%).

The table below represents the automatic switching sequence of the ARF Lifestyle Option.

Other investment options

If you do not choose to invest in any of these strategies , you can choose any one, or a combination, of the other funds available (up to 10 funds) that we describe in your Fund Guide booklet. If you choose your own funds, we will not automatically switch your funds into more secure funds as you get nearer retirement. However, at any stage over the term of your contract, you can ask to switch funds into more secure funds, or in to one of our strategies described above. This switch will be free.

ARF Lifestyle Option



The funds available within our investment strategies

The following is a description of funds within our investment strategies. For a description of all the other funds available to you please read your Fund Guide booklet.

Stability Fund (Medium risk, Volatility 3)

The Stability Fund invests mostly in bonds and cash with a small amount in shares. This is different to a standard managed fund which has a higher number of shares in it. This fund aims to provide moderate returns with low levels of ups and downs.

Annuity Fund (Medium risk, Volatility 3)

The fund invests in long-term Eurozone government bonds. The aim of the fund is to match the assets that annuities are invested in.

ARF Fund (Medium risk, Volatility 3)

The fund is largely made up of fixed-income securities and cash which currently account for about 70% of the fund, with the rest in shares and other alternatives (for example commodities). This fund aims to provide moderate returns but has lower volatility than an all equity fund.

Global Cash Fund (Low risk, Volatility 1)

This fund invests in bank deposits and short-term investments on international money markets. It is intended to be a low risk investment, but you should be aware that this fund could fall in value. This could occur if, for example, a bank the fund has a deposit with cannot repay that deposit, or if the fund charge is greater than the growth rate of the assets in the fund.

Managed Portfolio Fund 4 (Intermediate) (High risk, Volatility 6)

This fund is invested in the Consensus Fund and the Consensus Equity Fund. Most of the portfolio will be invested in a wide mix of shares worldwide, with a small amount in bonds and other types of asset such as property. This fund is currently made up of 80% Consensus Fund and 20% Consensus Equity Fund.

These descriptions were correct in March 2010.

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Your options when you retire

One of the benefits of PRSAs is that you will have a number of options when you retire, including taking part of your pension fund as a tax-free lump sum. You don't need to decide now what you're going to do - you can make your decisions closer to retirement when you have a better idea of how you'd like to spend the money you've built up.

The options you'll have are as follows.

Tax-free cash

The amount of your tax-free lump sum will depend on whether you are self-employed or a member of an occupational pension scheme.

- If you are self-employed, or an employee but not a member of an occupational pension scheme, you can take a quarter of the fund totally tax-free.

- If you are a member of an occupational pension scheme at work and have contributed AVCs into your PRSA, the tax-free lump sum from your PRSA will depend on the tax-free lump sum given to you under your main scheme.

  The maximum amount between the two pension plans is 150% of your final salary. However, this depends on the number of years service you have when you retire. If this is less than 20 years, the tax-free lump sum will be reduced.

Let's take an example:

If your employer's scheme provides you with 100% of your final salary as a tax-free lump sum, you can use your AVCs to provide the other 50% (as long as you have the number of years needed to cover this).

After you've taken your tax-free fund, you have three options.

A You can buy an annuity;

B You can invest the rest of your fund; or

C You can take what is left of the fund as taxable cash.

We discuss these options below.

A You can buy an annuity

You can use the rest of the fund to buy an annuity (in other words, a regular income which will be paid for the rest of your life). Usually, this means that you pay your pension fund over to us (or another insurance company if you'd prefer) and we'll guarantee to pay you a regular amount every month while you're still alive.

You can also choose other options, for example having the income increase each year, or having part of it paid to your husband or wife after you've died. You don't have to make any of these decisions until you actually retire.

If, when you retire, you do decide to buy an annuity, the pension is treated as normal income so you will have to pay income tax and any levies (government charges) due at that time. Also, because it is a pension for you, you cannot cash it in, change it to a lump sum, or transfer it to someone else in the future.

If you are a member of an occupational pension scheme and you have paid AVCs into a PRSA, the amount of pension you can choose from your AVC fund depends on the amount you will get from your main scheme. The maximum pension allowed between the two plans is 66.67% of your final salary based on at least 10 years' service when you retire.

Let's take an example:

If you take a tax-free lump sum of 150%, the maximum pension reduces to about 55%. If, for example, your employer's scheme gives you 150% of your final salary as a tax-free lump sum and a pension of 35%, you can use your AVC fund to buy up to 20% of your final salary as a pension.

B You can invest the rest of your fund

After taking your tax-free lump sum, you can continue to invest the rest of your pension in a fund that you can manage and control during your lifetime, and then leave to your family when you die. Depending on your circumstances, you will have two options for investing your pension fund.

Option 1
Leave your funds in your PRSA

If you can show that you are guaranteed to receive an income for life of at least €12,700 a year, you can leave the rest of your pension fund in your PRSA. It will be treated as if it is an Approved Retirement Fund (ARF). Leaving your fund in your PRSA allows you to do the following.

- Decide where you want to invest your money.
- Make withdrawals from your fund as and when you need them. (In fact, you could take all your fund as cash if you'd like. However, any withdrawals that you make from your PRSA will be taxed like normal income.)
- Use your fund to buy an annuity later on, rather than when you retire or transfer to a separate ARF.

Minimum amount in your PRSA

If you do not have a guaranteed retirement income of at least €12,700 a year when you retire, you must keep at least €63,500 in your PRSA or buy an annuity with the same amount. At age 75, this restriction stops. At this stage, you can take all of your money (as income) or leave it invested. Your fund stays invested in your PRSA and will work the same as an ARF or an AMRF described below but you may not have to take a minimum regular income every year.

> **Warning: The income you get from this investment may go down as well as up.**

Option 2
Invest in an Approved Retirement Fund (ARF) which you can choose

Instead of leaving your fund invested in your PRSA, you can invest the rest of it in an ARF or Approved Minimum Retirement Fund (AMRF) of your choice. Then you can make withdrawals from your ARF when you need them. However, any withdrawals that you make from your ARF will be taxed like normal income. If you do not take an income, or take an income below a minimum level, you will have to take a minimum regular income each December of 3% of the value of the ARF.

You can still use your fund at any time to buy an annuity.

Approved Minimum Retirement Fund (AMRF)

If you do not have a guaranteed retirement income of at least €12,700 a year when you retire, you must invest €63,500 in an AMRF (or the rest of your fund if it is less than this amount) or buy a pension with the same amount. The difference between this and an ARF is that you cannot take any of the money you invested in your AMRF until you reach age 75. Instead, you can only take money from the growth your investment in the AMRF fund makes (and you will have to pay income tax and levies on it).

At age 75, your AMRF becomes an ARF.

Whether you decide to take money from the fund within the PRSA or transfer to an ARF, it is important to remember that the value of your fund may be reduced over time if the level of income is high and the investment return is not high enough to maintain this.

When you die, any money left in your fund will pass through your personal representatives to your estate. Your husband or wife may have the option of continuing to invest in a separate ARF. Again, you can make all of these choices when you retire (or when you are close to retiring), and your financial adviser can help you decide what is best for you.

What is most important is that you make sure you have a reasonable fund when you retire so you can make these choices. If you do not have a guaranteed income that will maintain your current standard of living during retirement, we recommend that you think about buying a pension before choosing to draw an income from your PRSA or invest in an ARF. All of these options and limits are based on current laws and regulations, which could change in the future.

C Taking what is left of the fund as taxable cash

Before you can take this option, you need to have a guaranteed income of €12,700 a year or leave €63,500 in your PRSA or an AMRF. You will have to pay income tax at your highest rate and any levies due at that time.

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Great service

How will I know how my PRSA is doing?

As a pension plan is a major long-term investment, we make sure that we will keep you informed about your PRSA and how it's doing so that you can review it regularly. We're here to give you the information you need when you need it.

- You can phone our dedicated line all day, seven days a week to check the value of your PRSA plan. The number is 01 704 1111.
- Every six months we will send you a statement of account and an investment report. These will let you know how your PRSA is doing and show:
  - what you've paid;
  - what it's worth; and
  - how the funds have done.

  Once a year we'll also send you a more detailed statement (called a 'statement of reasonable projection') to help you review your plan.
- If you need to talk to us, we're here to answer questions about your plan. Just phone 01 704 1010 from 8am to 8pm Monday to Thursday, 10am to 6pm on Fridays, or from 9am to 1pm on Saturdays. If you want advice about your pension planning arrangements, you can also talk to your financial adviser.

In the interest of customer service we will record and monitor calls.

- We have developed a great range of online services which will help you keep up to date, day or night, with how your plan is performing. Why not check it out by logging on to www.irishlife.ie. If you prefer, you can call our Customer Information Line on 01 704 1111. The choice is yours, depending on the services you want.

Services available 24 hours a day, seven days a week

	Phone 01 704 1111	Online www.irishlife.ie
Up-to-date investment values	✔	✔
Projected values		✔
Fund prices and fund performance		✔
Switch between funds		✔
Weekly investment market update	✔	✔
Change your PIN	✔	✔
Customer Service forms		✔

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Your questions answered

Am I eligible to take out this plan?

You can take out this plan if:

You are a resident (you live permanently) in Ireland and you are between the ages of 18 and 75; and

- you are self-employed or in a job which is non-pensionable; or
- you are a member of an occupational pension scheme and want to pay AVCs into a PRSA to boost your retirement benefits (see note 1) ; or
- you are unemployed.

Note 1. If you plan to pay AVCs into your PRSA, we recommend you also read our guide called 'AVCs and your PRSA - A guide for members of Occupational Pension Schemes'. Certain restrictions apply and we outline these in the guide.

You cannot pay AVCs into defined - benefit occupational pension schemes through your Irish Life PRSA plan.

What charges apply to my PRSA?

Entry charge: There is a charge on each regular or one-off contribution you pay. We call this the entry charge. You do not have to pay an entry charge on any transfers you make from approved pension plans into your PRSA.

Fund charge: We take the fund charge deducted from your fund value every month. This covers the costs of managing your investment funds.

We explain both of these charges clearly in the separate leaflet at the back of this booklet. Please see your Preliminary Disclosure Certificate which shows how the charges affect a typical PRSA.

What payment options do I have?

You can choose between making regular contributions, adding a one-off lump sum at any stage or paying contributions separately. Most people tend to pay regularly. You can pay:

- regular contributions by direct debit (every month, every three months, every six months or every year);
- one-off contributions by cheque; and
- if you are an employee, by having your contributions taken from your salary. If you are not in an occupational scheme at work, any employer contributions will be added to your personal contributions. If you start your PRSA by paying one-off contributions, you will not be able to pay regular contributions into that PRSA.

  If you are a member of an occupational pension scheme at work, it is not possible for your employer to contribute to your PRSA as contributions can only be paid by you as AVCs.

Can my employer take contributions from my salary?

Yes. Your employer can take contributions from your salary whenever you are paid. This could be every week, two weeks or month. We will then take this contribution from your employer's bank account. Your plan will be a monthly-paid plan and we will collect contributions from your employer every month.

For example, if you are paid weekly and decide to make a regular contribution of €60, we multiply €60 by 52 (weeks in a year) and divide it by 12 (months in a year). We will then set up your plan for €260 every month. We will collect this from your employer's bank account every month by direct debit. As a result, at certain times, your employer may hold deductions from your payroll in their bank account for a short period before they send them to us and we invest them in your plan. We invest contributions on the day we receive them.

What is the minimum amount I can contribute?

The minimum amount you can contribute by direct debit is €300 a year.

What is the maximum amount I can contribute?

You can contribute regularly into your plan up to the following limits.

- €5,000 if you pay it each month;
- €7,500 if you pay it every three months;
- €15,000 if you pay every six months; or
- €30,000 if you pay it each year.

You can pay more than these amounts and they will be treated as one-off contributions each year. One-off contribution charges are shown in the leaflet at the back of this booklet. Please read pages 6 and 7 to find out about tax relief and limits.

Can I change the amount I pay, or even stop paying for a while?

If you want to, you can increase your contributions, reduce your contributions or take a break from making payments at any time. Reducing your contribution could change the entry charge relating to your regular contribution. Please carefully read the separate leaflet included at the back of the booklet.

Also, you should note that the estimated value of your pension fund, which we include in the 'statement of reasonable projection' of your welcome pack when you take out an Irish Life PRSA plan, is based on the contribution level that you agreed to pay when you started the plan. So if you reduce or stop your contributions, it will reduce the value of your pension when you retire. If you are going to miss any contributions, you should contact your financial adviser or our Customer Service Team.

Can I transfer my existing pension funds into this PRSA?

You can transfer any existing pension funds from approved retirement annuity contracts, PRSAs and occupational pension schemes into your PRSA. You can also transfer funds from pension arrangements overseas. We will not add an entry charge to that transfer contribution. You should think carefully about transferring funds from one plan to another. Some restrictions apply to transfers from occupational pension schemes and arrangements from overseas.

Do my contributions increase with inflation?

When you take out your plan, you can choose to have your contributions increase with inflation. If, like most people, you choose this option, your contribution will increase each year in line with the Consumer Price Index (a measurement of inflation), or by 5% if this is higher. If your employer takes your contributions from your salary, this option is not available.

How do I get tax relief on my PRSA contributions?

If we take your personal contributions from your bank account, you can apply to your inspector of taxes to have your tax credits adjusted to reflect your pension contributions. If your contributions are paid from your salary you will receive immediate tax relief. Any employer contributions will receive tax relief in the year the contribution was made.

Can I cancel my plan?

If, after taking out this plan, you feel that it is not suitable, you may cancel it by writing to us at: Irish Life Assurance plc, Lower Abbey Street, Dublin 1.

If you do this within 30 days of the date you receive your statement of reasonable projection, we will cancel the plan. We will refund any regular contributions you have made. We will refund any one-off contribution or transfers received less any fall in value due to market conditions and in line with Revenue rules. After the 30 days are over, you do not have the option to cancel your plan and get a refund if it the plan is not suitable. You can stop contributing to your plan at any time, but you will not usually be able to take the benefits from your plan before you reach age 60.

Minimum term

There is no minimum term on this PRSA plan.

Can I stop paying into my plan?

If you decide to stop making contributions, your pension fund stays invested and continues to grow tax-free. Obviously, the value of your fund when you retire will be lower at retirement than if you had continued paying. Before stopping payments, you should be sure that you have made other arrangements for your retirement. You should contact your financial adviser for more details.

Is there any limit on the size of my pension fund or my tax-free cash?

For tax purposes, the maximum pension fund you can have is €5,418,085 (March 2010) from all sources. If you have pension funds over this amount, you may have to pay tax and you should consult your financial adviser. The overall tax-free cash from all your pension arrangements can't be more than €1,354,521 (March 2010). Any lump-sum payment over this limit will be taxed at the marginal rate of tax.

Do I have to pay tax on my pension?

Under current law, when you retire you can take some of the fund as a tax-free lump sum. We explain how much of a tax-free lump sum you can take on pages 23 and 24. You will have a number of options as to how you can use the rest of your pension fund. The tax you pay will vary depending on which one you choose. If you choose to buy a pension for life, your income will be taxed as income in the normal way.

If you invest in an ARF or continue to invest in your PRSA as an ARF, you will have to pay income tax and levies on any withdrawals that you make.

When is the earliest I can take my pension and do I have to retire?

If you are self-employed, you can take your benefits from age 60. You do not have to retire to take your pension benefits. Some occupations, such as pilot, fisherman, jockey, professional rugby player and so on, allow you to retire earlier.

If you are an employee and you are not a member of an occupational pension scheme, you can take your benefits at any time after your 50th birthday. If you do this between age 50 and 60, you must retire from your job. If you take benefits from age 60, you do not have to retire and you can continue to work while enjoying the benefits from your PRSA.

If you are a member of an occupational pension scheme at work and have paid AVCs into a PRSA, your retirement age must be the same as the retirement age under your pension scheme at work. We will pay benefits in line with your main scheme. You will need the permission of the trustees of your work scheme to take your benefits. This may mean that you will need to retire so you can take benefits before the scheme's normal retirement age.

If you are sick, it is possible to take benefits earlier than shown above. See further on for more details.

What happens if I stop working?

If you stop working but do not plan to begin taking benefits, you can either:

- stop contributing to the plan (perhaps until you start working again); or
- continue to contribute to the plan. If you continue to contribute, tax relief on the contributions may have to be carried forward to when you have earnings in the future.

What happens if I have to retire early because of ill health?

If you have to retire early because of ill health (that is, you are permanently unable to carry out your own occupation or any occupation of a similar nature for which you are trained to do so because of mental or physical condition), you can take your pension benefits immediately. However, your pension may be low because your contributions are stopping at an earlier age and the pension will have to last longer as you will be retiring earlier. If you retire early because of ill health, you must give us medical evidence to support this.

The definition of ill health in Section 787k of the Taxes Consolidation Act 1997 is you are "permanently incapable through infirmity of mind or body of carrying out your own occupation of a similar nature for which you are trained or fitted".

What happens if I leave employment?

If you are self-employed and paying into a PRSA and then move into a job which has a pension scheme, your contributions into your PRSA should either stop or become AVCs linked to your main scheme. The way you make your payments could change (in other words, from direct debit to your employer taking them from the payroll) and you should contact your financial adviser or Irish Life.

If you are employed in a job which does not have a pension scheme and then you become self-employed, you can continue your contributions as normal. If you move into a job which has a pension scheme, your contributions into your PRSA should either stop or become AVCs linked to your main scheme. The way you make your payments could change (for example, from direct debit to your employer taking them from the payroll) and you should contact your financial adviser or Irish Life.

If you are a member of an occupational pension scheme and are paying AVCs into PRSAs but leave that job, your contributions can continue but they will become 'ordinary' contributions unless you join another job with a pension scheme. This may mean changing the way you make your payment (for example, from your employer taking payments from the payroll to direct debit from your own bank account).
If you move from a job which has an occupational pension to another job with an occupational pension, the payroll system may change from your old employer to a new employer. We can only do this if you let us know immediately about this change.

It is important that we keep a record of your employment history so we can pay out the correct benefit to you when you retire. Changing your job does not mean that you have to stop paying into your PRSA. It just means that you may have to change the way you pay your contributions and you should let us know as soon as possible if you change your job. There may be restrictions on paying AVCs into some occupational pension schemes. These are outlined in the Irish Life Guide on AVCs.

Can I take money out of my PRSA?

As discussed above, you can take your benefits when you retire, based on your occupation. See above. Generally this is from age 60. The exceptions are if

- your occupation is one that normally has an earlier retirement age;
- you have to retire early because of ill health; or
- you are a member of an occupational pension scheme at work and are paying AVCs into your PRSA. If this is the case, you have to take benefits at the same time.

It may be possible to cash in the value of your plan if it is €650 or less and you have not paid contributions into your PRSA in the two years before you ask to cash in. If the value of your fund is €650 or less and you do not pay any more contributions into it for two years, we can ask you to transfer your fund to another approved pension scheme or start to pay contributions again. We will tell you in writing about this. If we don't hear back from you within three months of this request, we could decide to automatically refund the value to you.

What happens if I die before starting to take my benefits?

We will pay the value of your pension fund to your estate. Your dependants may have to pay inheritance tax depending on who inherits the fund. Tax law changes over time and you should get independent tax advice on this.

What happens if I die after starting to take my benefits?

If you have taken your tax-free lump sum, and you have decided to continue investing through your PRSA as an Approved Retirement Fund (ARF), we will pay any value left in your PRSA to your estate. Your dependants may have to pay tax, depending on who inherits the funds. If you leave the funds to your husband or wife, we can transfer the funds to an ARF in their name. In all other cases, we will wind the PRSA up and pass the proceeds to your estate. If your estate has to pay income tax, we must take this before paying the proceeds of your fund to your estate. Tax law changes over time and you should get independent tax advice on this. Special rules apply to withdrawals from a PRSA after your death.

- Generally the amount paid out is treated as income for the year of your death.
- If we transfer funds to an ARF in your husband's or wife's name, they will not have to pay income tax. However, any further withdrawals will be taxed.

Can I move my money to another provider?

You can transfer your plan to another approved PRSA provider at any stage as long as you have not started taking your benefits. You can also transfer your assets to an approved occupational pension scheme if you are a member of that scheme and the trustees are willing to allow this. You may also be able to make a transfer to an approved pension arrangement outside the state.

We do not charge you for transferring out of the PRSA unless you are in a fund which restricts you from leaving before an agreed date. We may also set a delay period before a transfer can take place. You should check with your financial adviser if this applies to your chosen fund. Please also see the relevant fund description in this booklet, the attached leaflet and your terms and conditions document. These give you an idea of whether these restrictions could apply.

Family law and pensions

If you go through a legal separation or divorce, your husband or wife can apply to the court for a pension adjustment order (for the retirement or death benefits we pay under this plan). You can get more information on how a pension adjustment order works from the Pensions Board at the following address:

The Pensions Board
Verschoyle House
28/30 Lower Mount Street
Dublin 2.

Phone: 01 613 1900
Fax: 01 631 8602

Who should I talk to if I have any questions?

You should talk to your financial adviser or contact our Customer Service Team.

Who should I talk to if I have a complaint?

If you believe that you have suffered a financial loss as a result of your PRSA being poorly managed or if there is a dispute of fact or law, you should contact our Customer Service Team. As a PRSA provider, we must set up an "internal disputes resolution" procedure. You can ask us for a copy of this at any time. After writing to us with your complaint, we will make a decision on it and let you know. If you are unhappy with this decision, under Part XI of the Pensions Act, 1990 as amended, you can take your complaint to the Pensions Ombudsman at the following address.

The Office of the Pensions Ombudsman
36 Upper Mount Street
Dublin 2

Phone: 01 647 1650
Fax: 01 676 9577

Email: info@pensionsombudsman.ie
Website: www.pensionsombudsman.ie

The Pensions Ombudsman will investigate the matter for you. Both you and we can appeal against their decision to the High Court. For more information on your rights, please contact the Ombudsman's office.

If you have any other type of complaint, please contact our Customer Service Team. We will review your complaint and let you know the outcome. If you are not satisfied with this, we will let you know where you can go to take your complaint further.

The Pensions Ombudsman does not investigate every customer complaint. Sometimes complaints are dealt with by other industry regulators, such as the Pensions Board, the Financial Regulator or the Financial Services Ombudsman. Our Customer Service Department can let you know which regulator is most suitable for your complaint. However, the decision as to which office will deal with your complaint lies only with that office.

Who is my PRSA contract provided by?

Your contract is in the form of a plan and is provided by Irish Life Assurance plc. It sets out the details of your contract with us. This booklet is only meant to be a guide to help you understand your PRSA and does not give all the details of your plan. These details will be in your plan schedule. We will include more specific details and rules in your terms and conditions booklet, which you should also read carefully.

Your application form and plan will be your legal contract with us. The contract will be governed by Irish law. The Irish courts are the only courts that are entitled to hear disagreements. The information in this booklet is based on our understanding of current law, tax and Revenue practice as at March 2010.

Irish Life's PRSAs are approved by the Pensions Board and the Revenue Commissioners. The approval number of your PRSA is given on the leaflet included at the back of this booklet.

notes

Contact us

phone: 01 704 1010
8am to 8pm Monday to Thursday
10am to 6pm on Fridays
9am to 1pm on Saturdays
fax: 01 704 1900
e-mail: customerservice@irishlife.ie
website: www.irishlife.ie
write to: Irish Life Assurance plc, Lower Abbey Street, Dublin 1.

PEFC
PEFC/01-31-70
From sustainably managed forests -
For more info: www.pefc.org

Crystal Mark 19074
Clarity approved by Plain English Campaign

ILA 7652 (NPI 03-10)