

# Pension Life Cover

Protect your family's income and benefit from full tax relief

## Why consider Life Cover?

You work hard to provide a certain standard of living for your family, not only to cover the essentials such as the mortgage and all the bills, but also to make sure your lifestyle is comfortable. It's important to protect your family's standard of living. If you were to die before retiring, many of the same bills would be rolling in, but your family's income would be drastically reduced.

Life cover will give your family a lump sum that can be used to boost the income they get from the state and other earnings and so help ease the financial pressure. What's more, in the same way the government gives tax relief on pensions, they also give tax relief on life cover, if it is set up under a special arrangement called 'Pension Life Cover'. Because of the availability of this tax relief 'Pension Life Cover' offers excellent value for money.

## What is Pension Life Cover?

Pension Life Cover is life cover that pays your dependents a specified lump sum if you die during the term of the plan. The advantage of this type of cover is that it costs you less, because if you are eligible, you can claim tax relief on your contributions, up to certain limits.

You pay a regular amount of money into your Pension Life Cover plan. Your contribution provides the level of life cover you need until the date chosen for your retirement. Your financial adviser can help you decide how much cover you need. No value will attach to your Pension Life Cover plan.

## What will a Pension Life Cover plan cost?

The cost of life cover depends on the following:

- The level of cover you need.
- Your age and sex, and whether or not you smoke.
- The age at which you want your cover to end.
- Your state of health.
- Whether you choose the inflation protection option.
- Whether you want the cover to be able to continue after you retire.

## Who can take out Pension Life Cover?

There are two different types of Pension Life Cover Plan available.

Depending on your employment status you may be eligible to take out either Personal Pension Life Cover or Company Pension Life Cover.



**Irish Life**

# Personal Pension Life Cover

You are eligible to take out Personal Pension Life Cover if:

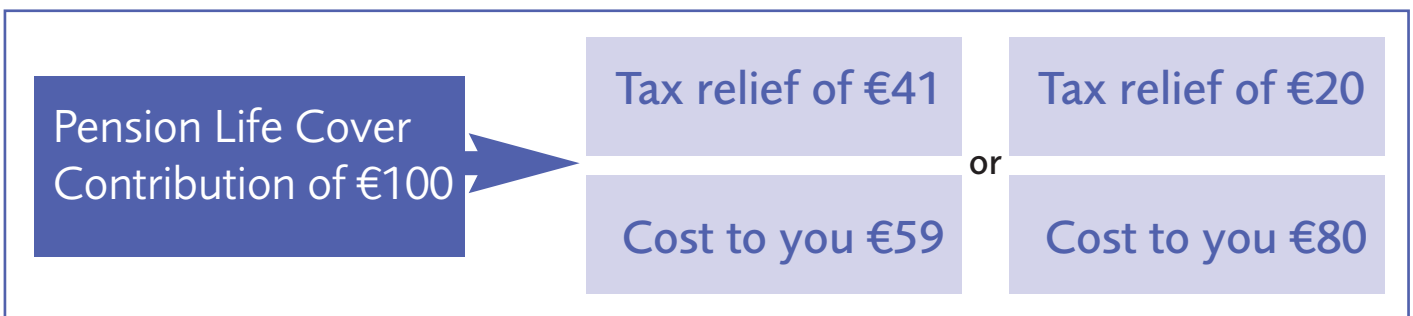
- You are self-employed (paying tax under schedule D Case I or II): or
- You are in non-pensionable employment. This means that you are an employee who pays tax under the PAYE system, are not in a company pension plan and your employer will not contribute to this plan.

## How long can the cover last for?

Your cover can be for a term of between 5 and 40 years and you must choose a term that ends no later than your 75th birthday.

## Tax relief on contributions:

If you are eligible to take out Personal Pension Life Cover you can claim relief up to the limits shown below. If you are paying income tax at the higher rate (currently 41% as at December 2009) then a contribution of €100 could cost you €59 after tax relief or €80 if you pay tax at the lower rate (currently 20% as at December 2009).



## How much cover can I have?

There is no overall limit on the amount of life cover you can have. However the maximum contribution you can claim tax relief on depends on your age, as set out below.

Your Age	Maximum amount you can claim tax relief on*
If you're under 30	Up to 15% of your net relevant earnings
If you're 30 to 39	Up to 20% of your net relevant earnings
If you're 40 to 49	Up to 25% of your net relevant earnings
If you're 50 to 54	Up to 30% of your net relevant earnings
If you're 55 to 59	Up to 35% of your net relevant earnings
If you're 60 and over	Up to 40% of your net relevant earnings

\*These percentages are capped at an earnings limit of currently €150,000 (December 2009) and include contributions to other approved pension arrangements

# Company Pension Life Cover

You are eligible to take out Company Pension Life Cover if:

- You are an employee and your employer will pay at least 1/10th of the contribution to your Pension Life Cover plan.

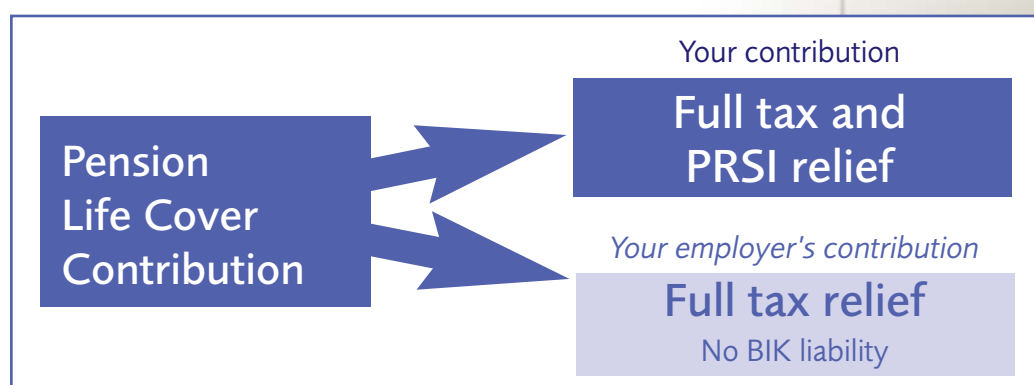
Although your company must pay the minimum set out above they can pay any amount up to the full contribution.

## How long can the cover last for?

Your cover can be for a term of between 5 and 40 years and you must choose a term that ends no later than your chosen retirement age. This will be between age 60 and 70.

## Tax Relief

The amount your employer pays is a tax-deductible business expense for them. Your own personal contributions are tax deductible within the limits shown in the table on the opposite page. Your contributions may be deducted from your salary by your employer before you are taxed and tax relief is therefore immediate. You can also benefit from PRSI relief.



## How much cover can I have?

The maximum life cover you can have is four times your salary, plus allowances for a spouse's pension. Your financial adviser can tell you how much this will be in your case. The limit on life cover includes any benefit you have through your pension and any AVC plan.



# Extra Options

## Inflation protection option

Whatever level of Pension Life Cover you choose to take out at the start of your plan, it is important to understand that inflation will erode the real value of your cover over time. If you want to increase your cover in the future you will have to apply for a new policy, which could be subject to medical underwriting. The inflation protection option offers you a way of protecting the real value of your life cover against the effects of inflation.

- If you choose this option, your level of life cover will increase by 5% every year to protect against the effects of inflation. Your payment will go up by 8% each year to reflect the extra cover and the fact that you are older. This will happen automatically, regardless of the state of your health.
- You have to pay an extra charge for this option. That charge will be included in the contribution if you choose this option.

## Guaranteed cover again

- When you take out Pension Life Cover you can take a 'Guaranteed cover again' option. This allows you to extend your cover, at any stage throughout the term of your plan, provided all premiums due have been paid. And, you do not have to provide any new evidence of health. This option will apply to a maximum life cover sum assured of €5 million, across all of the policies you have with us.
- You can only choose the 'Guaranteed cover again' option at the start of your plan. You must be between 20 and 60 years old to choose this option.
- You pay an extra charge for this option. This charge will be included in the contribution you will be quoted, if you choose this option.
- If you take this option your contribution will change when you convert to the new plan. The change in contribution will reflect your age at that time and the term of the new plan.

### Please note:

Tax rates are current as at December 2009. If your personal contributions are deducted 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 deducted from your salary you will receive immediate tax relief. Any employer contribution will receive tax relief in the year the contribution was made. Spouse's pension income is subject to income tax on withdrawal.