Irish Life

You've got the pension. Now it's time to make a plan.

How to get the best out of your pension

Next steps for your pension

You've made a great start at retirement planning with your pension. But it's important to keep checking how your savings are progressing, and whether your plan will stand the test of time.

Most of us are likely to spend far longer than our parents in retirement, because on average we're living longer. Twenty years or more of leisure time needs some planning for!

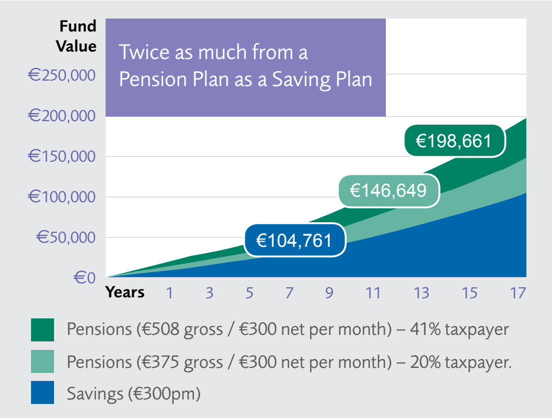
Don't count on the State, count on yourself

The ordinary State Pension (Contributory) for a single person is currently just €11,975 a year. That's actually below the minimum wage. And if you think that's hard, the reality is that it will probably be worth even less by the time you retire. With more and more pensioners supported by fewer and fewer people in work, the sums just don't add up.

Three things you should keep on doing

1. Keep income tax relief working for you

None of us like paying tax. That's why for most people, a pension will normally beat even the best performing standard savings account. For example, supposing you saved €300 into a savings plan. If you put that amount into a pension instead it would be equivalent to investing €375 per month (with 20% income tax relief optional) or €508 per month (with higher 41% rate income tax relief). By the time you retire you could receive twice as much:



So, with 41% tax relief your pension fund would be almost double your savings fund for the same monthly investment. The graph assumes: 100% of your contribution is invested, 1% fund charge, 6% fund growth, indexation at 3%, no plan fees. For the savings plan we have assumed a 33% exit tax is paid. For pension plan we have deducted the Pension Levy. On retirement 25% of the pension investment can be taken as a tax free lump sum, the remaining investment you withdraw is subject to income tax at your highest rate.

Warning: These figures are estimates only. They are not a reliable guide to the future performance of this investment.

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

Warning: If you invest in this product you will not have access to your money until age 60 and/or you retire.

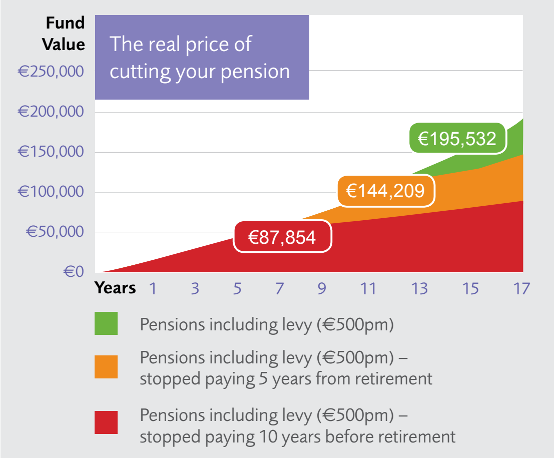
Warning: If you invest in this product you may lose some or all of the money you invest.

Income tax relief is not guaranteed. To be eligible to claim to income tax relief, your income must be taxable either Schedule E or Schedule D (case I or II). To claim income tax relief, you can apply to your Inspector of Taxes to adjust your tax credits. Contributions deducted from salary will receive immediate tax relief. If you are self-employed, you must include your pension contributions in your self assessment tax returns in order to obtain income tax relief. Pension income in retirement is subject to income tax at your highest rate on withdrawal, Universal Social Charge, PRSI (if applicable) and any other charges or levies ("tax") applicable at that time.

2. Keep on checking

A pension is a long term investment. Just like other investments, it pays to make regular checks to know what you can expect from your investment when you retire. It's your plan, and only you can decide what kind of a retirement to aim for.

3. Keep up the good work



Stop your pension contributions 5 years before retirement and you miss out on a 35% larger pension pot.

Stop 10 years before you miss out on a whopping 122% increase.

For these figures we have assumed: 100% of the contributions are invested, the fund will grow by 6%, there is a 1% fund charge, contributions will increase by 3% a year and there are no plan fees. For these figures we have deducted the Pension Levy. Pension income in retirement is subject to income tax.

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How to avoid the next financial crisis

Irish Life offers a very practical solution called Lifestyling. This could be suitable if you want to invest in high-risk or medium-risk funds over the term of your pension plan but want to move gradually into a mix of medium-risk and low-risk funds as you get nearer retirement. Ask your Pension Adviser for details.

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What happens when you retire

Tax free retirement lump sum

Most people choose to take 25% in the form of the retirement lump sum, of which the first €200,000 is tax free up to certain limits. The other 75% can be used to provide you with an ongoing pension income (an annuity).

Regular income and other choices

Most people take an annuity, which provides a regular monthly income in retirement. Alternatively, you can choose to re-invest your retirement fund. Please note pension income in retirement is subject to tax.

Talk to your Pension Adviser for details of all the available options.

About Irish Life

Irish Life is Ireland's leading pensions provider with over €34 billion of funds currently invested. Every year we pay out more pension benefits to Irish people than anyone else, apart from the State. As an Irish company we're focussed on meeting the needs of people in Ireland.

Make sure you've a real retirement plan.
Talk to your Financial Broker or Adviser today.

Information is correct as of September 2012
unless stated otherwise but can change afterwards.

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