# prsa... standard

the no-fuss PRSA

Ref: 1% & 5%

Irish Life

## product snapshot

| PRSA STANDARD | | |
|---|---|---|
| Aim | | To build up a fund to help provide for your retirement |
| Risk | | Low to high depending on fund choice |
| Funds Available | 3 | Three |
| Time Period | 60 75 | Normally between ages 60 and 75 |
| Jargon Free | | Yes |

## Our guarantee to you

There is no financial jargon in this booklet and everything you need to know is written in an upfront and honest way. The paper in this booklet came from a managed forest.

Plain English

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

# PRSA *standard*

## the no-fuss PRSA

# Contents

1

# Introduction

# Your complete retirement plan

Everybody knows that it makes sense to plan for retirement. For one thing, the alternative is the State pension (contributory), which won't go far. For another, 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.

Having said that, choosing the best approach is not a decision that you should take lightly. Planning for your retirement is one of the biggest investment decisions you'll ever make. It 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.

And yet many people put off starting a pension and so put off saving tax. Often, this is because pensions are seen as confusing or hard work. This has all changed with our PRSA *standard*.

PRSA *standard* is the type of plan that makes it easy to build for retirement. Firstly, it's a standard PRSA - a pension plan that makes it easier to save for retirement. Secondly, it is backed by the experience and expertise of Irish Life, Ireland's leading pension provider.

This booklet will explain:

- what PRSA *standard* is all about;
- how it helps you plan for retirement;
- what your options are; and
- how PRSA *standard* invests your money to make the most of it.

Saving for retirement has never been this easy. Everyone deserves an easy and worry-free route to the best retirement they can afford. Our PRSA *standard* is a new style PRSA that makes saving for retirement easy. There are 3 easy steps.

- Decide when you want to retire.

- Decide how much of an income you want to aim for in retirement.

- Start paying into your PRSA *standard* and relax because you've taken the first step.

And because we have more pensions experience than anyone else, you have the strength and expertise of Ireland's top pension provider on your side.

# Is this plan suitable for me?

## Suitability snapshot

| Who might find this plan suitable? | Who is less likely to find this plan suitable? |
|---|---|
| ✔ You are looking for a long-term investment plan to provide for your retirement. | ✘ You do not need a pension arrangement to provide for your retirement. |
| ✔ You have at least €300 a year to invest. | ✘ You have less than €300 a year to invest, |
| ✔ You don't need to access to your fund before age 60 (until you retire). | ✘ You need to access to your fund before age 60 (before you retire). |
| ✔ You are happy with the charges on this plan (which are outlined on page 12). | ✘ You want a plan which has more fund options but may have higher charges as a result. |
| ✔ You are happy with the choice of funds available in this plan and you understand that the value of your fund could fall as well as rise. | ✘ You are not happy with the choice of funds available in this plan. |
| ✔ You would like to take advantage of the generous tax relief available on pension contributions. You understand that when you retire, your pension benefits (after the tax free lump sum) are taxed as income. | ✘ You are not currently paying income tax, and cannot take advantage of the generous tax relief available on pension contributions. |

2

# PRSAs in brief

# PRSAs in brief

PRSAs are 'Personal Retirement Savings Accounts'. They are 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. This is done by paying additional voluntary contributions 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.

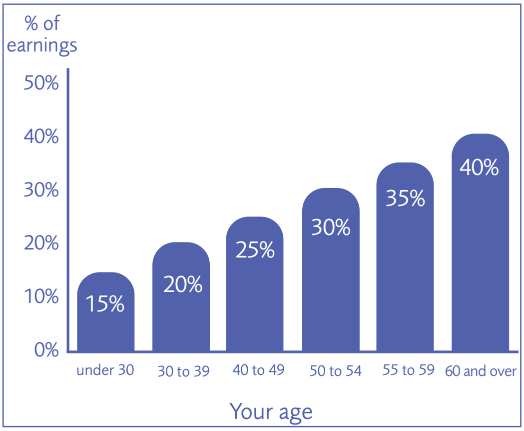
If you are an employee and are not in a pension plan at work, your employer could also contribute to your plan.

## 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. While entitlement to income tax relief is not automatically guaranteed, you will generally get tax relief on contributions up to the percentage of net relevant earnings shown on page 9.

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 are correct as at June 2009

**Earnings are defined 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, earnings are defined 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 (June 2009), and include contributions to other approved pension arrangements, such as retirement annuity contracts, other PRSAs and employee contributions to occupational pension schemes (including AVCs). The Government may change earning limit every year in line with an earnings index.

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 may 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 that grows totally free of tax.

## 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 explained on pages 30 and 31. 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 free of tax. 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;
- take as an investment; or
- take as a cash lump sum.

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

Your retirement options are explained more fully on pages 20 to 23.

# 3

# Why choose PRSA *standard*

**PRSA** *standard* is simply a PRSA that helps you build up a fund for your retirement. What's different about **PRSA** *standard* is that we have done all the work in choosing and arranging the best options for you. This section outlines six reasons for choosing **PRSA** *standard*.

## 1 Charges

### Entry charge

There is an entry charge of 5% on each regular or one-off contribution you pay.

### Fund charge

The fund charge is 1% every year and is deducted from your fund value every month. This covers the costs of managing your investment funds.

Please see your Preliminary Disclosure Certificate, which will outline the effect of these charges on a typical PRSA. You do not have to pay an entry charge on any transfers you make from approved pension plans into your PRSA.

## 2 Giving something back as your fund grows

As your fund gets bigger, the charge for managing that fund reduces to:

- 0.95% when it reaches €150,000;
- 0.90% when it reaches €250,000; and
- 0.85% when it reaches €500,000.

This means that there are lower charges when your fund needs it most. And with maybe 20 or 30 years of payments and tax-free growth, you'd be surprised at how fast your fund will grow. If there are any changes to the charging structure, we will give you two months notice.

## 3 Keeping track of your money

Our service does not stop once you've bought our 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

PRSA *standard* takes account of your circumstances and need for security as you get closer to retirement. It does this by switching your fund into more secure funds in the five years before your chosen retirement date. This feature is called the Default Investment Strategy and is outlined on pages 16 and 17.

## 5 You know your savings are in safe hands

Because your money is invested with us, you know it's 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 PRSA *standard* 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. You will not be charged if you alter the contribution in any way.

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 contribution into that plan.

# 4

# The PRSA *standard* plan

# So how exactly will PRSA *standard* work?

If you've read the section on PRSAs, you'll have an idea of how PRSA *standard* works. In the next section, we'll look at the following in more detail.

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

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

- 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 in retirement. So, the first thing 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. 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, the less you'll have to invest every month between now and retirement. Most people will retire between 60 and 65, although many people hope to retire earlier than that. With PRSA *standard*, you don't need to decide on a date now, but having an idea of when you'd like to retire will help you plan.

Your financial adviser can help you answer the questions above by considering your income now, your  expected income at retirement, your age and financial circumstances. This will help you decide on the contributions required to provide the desired income based on all these factors.

## Comparing the options

Once your financial adviser has helped you decide where you stand on all these questions, they can help you build your personalised investment plan using any combination of the funds shown on page 16.

We have divided the fund options into high-risk funds with the potential for higher returns, medium risk funds with the potential for medium-return and low-risk funds with lower potential for returns. We have also rated the potential level volatility and return for each fund on range of 1 to 7. Volatility refers to the potential ups and downs that a fund may experience. A fund with a volatility rating of 1 is very low risk, such as the Cash Fund. A fund such as the Consensus Fund can be high risk and so we have rated it as a 5 out of 7.

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 can decide how much risk is right for you.

## Low-risk funds

Volatility **1**

### Cash Fund 1

This fund invests in deposits, money placed in financial accounts, and short-term investments on international money markets. It is aimed at getting the best return while keeping your investment secure.

## Medium-risk funds

Volatility **3**

### Pension Protection Fund 3

This fund invests in long-dated Irish Government securities to protect the buying power of your retirement fund. Although returns can rise and fall, they tend to rise when interest rates fall, and fall when interest rates rise. This makes it an attractive fund the nearer you get to retirement if you plan to buy an annuity with your pension fund and so protect your fund value in line with interest rates.

## High-risk funds

Volatility **5**

### Consensus Fund 5

This fund is Ireland's most popular fund, currently managing €4 billion in assets (April 2009). Its success is based on an approach which combines the wisdom of the main investment managers in Ireland. The fund matches the investments they make in equities, property, bonds and cash. The Consensus Fund aims to provide performance that is consistently in line with the average of all funds in the market.

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

# Default investment strategy

### Default Investment Strategy

The Default Investment Strategy (DIS) is an automatic switching tool that gradually moves your pension between certain funds during the term of your plan, and as you get nearer your chosen retirement age.

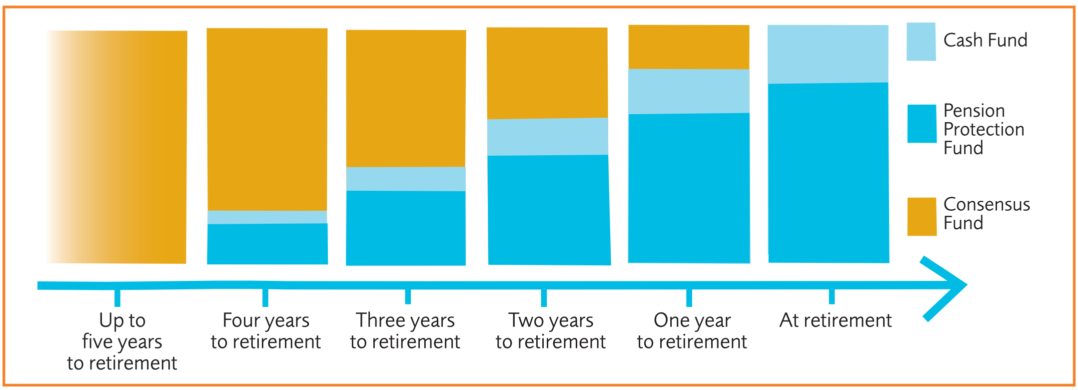
If the Default Investment Strategy is chosen, we will invest your money in the Consensus Fund (high risk) until you are near your chosen retirement age.

When you are five years away from your chosen retirement date, we will gradually switch your fund from the Consensus Fund into a mix of the Pensions Protection Fund (medium risk) and Cash Fund (low risk). We switch one-tenth of the fund every six months, until six months from your chosen retirement date when we invest all your fund in the Cash Fund and the Pension Protection Fund.

The Default Investment Strategy (DIS) described above is intended to meet the needs of a typical contributor and invests through pooled unit-linked funds, the underlying assets of which will provide for diversification, liquidity, transparency of charges and frequent valuation and pricing. We will review this strategy at least every five years.

The Default Investment Strategy 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.**

Table of investment split between the funds in the Default Investment Strategy



## Other investment options

If you do not choose to invest in the Default Investment Strategy, you can choose any one, or a combination, of the other three funds available – the Consensus Fund, the Cash Fund and the Pension Protection Fund. You must let us know in writing if you do not want to invest in the Default Investment Strategy. If you choose your own choice of funds we will not automatically switch your funds into more secure funds as you near retirement. However, at any stage over the term of your contract, you can ask to switch funds into the Default Investment Strategy at no cost.

## General information on funds

If you have chosen to invest in a fund that invests in shares, we may use the shares in that fund for the purpose of securities lending in order to earn an additional return for the fund. While securities-lending increases the level of risk within a fund it also provides an opportunity to increase the investment return.

At any stage we can change the range of fund options that are available. We may decide to close access to certain funds entirely. In this case you will have the option to switch out of these funds into any other funds that are open at the time. We may also restrict the option to switch into, or invest top-up contributions in these funds also. We will give you one month's notice before we make this change.

## Switching

You can switch your contributions from one fund to another at any time if you decide you want a lower-risk or higher-risk investment. There is no charge for switching funds but switching into or out of certain funds carries certain conditions – see the description of the funds in this section.

# 5

# Your options when you retire

With PRSA *standard*, 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 free of tax

- 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 but this depends on the number of years service at retirement. If this is less than 20 years, the taxfree lump sum will be scaled back.

Let's take an example:

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

**After you've taken your tax-free fund, you have two main options, which we discuss below.**

### A You can buy a pension

You can use the rest of the fund to buy a pension (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, such as 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 a pension, the pension is treated as a normal income so you will have to pay income tax on it. 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 approximately 50%. If for example, your employer's scheme provides you with 150% of final salary as a tax-free lump sum and a pension of 30%, your AVC fund can be used 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 main 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 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 of your fund as cash if you'd like. However, any withdrawals that you make from your PRSA will be taxed like a normal income).
- Use your fund to buy a pension 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 a pension 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.

The effect of leaving your fund invested in your PRSA is that your fund becomes an ARF or an AMRF.

**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 a 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 ARF value.

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 less) 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 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 close to it), 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 to 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 consider 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.

## Option 3
## Taking the remaining fund as taxable cash

Before you can take this option you need to have a guaranteed income of €12,700 a year or leave €65,000 in your PRSA or an AMRF. You will have to pay income tax at your highest rate and any levies payable at that time on the amount.

# 6

# Great service

# How will I know how my PRSA *standard* is doing?

As a pension plan is a major long-term investment, we make sure that we will keep you informed about your PRSA *standard* 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 phoneline all day, seven days a week to check the value of your PRSA *standard*. 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 pension is doing and detail 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.

- We have developed a great range of online services which will help you keep up to date with how your plan is performing, day or night. 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 require.

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 | | ✔ |

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

# 7

# Your questions answered

## Am I eligible to take out this plan?

You can take out this plan if:

You are a resident 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 additional voluntary contributions (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.

## What payment options do I have?

You can choose between making regular contributions, adding a one-off lump sum at any stage or paying them 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.

Please note 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 Additional Voluntary Contributions.

## Can contributions be deducted from my salary by my employer?

Yes. Your employer can take contributions from your salary whenever you are paid. This could be every week, fortnight or month. We will then take this contribution from your employer's bank account. Please note that 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). Your plan will then be set up for €260 every month and we will collect this from your employer's bank account every month by direct debit.

Therefore, at certain times, deductions made from your payroll may be held in your employer's bank account for a short period before they are sent to us and invested in your plan. Contributions are invested 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?

There is no maximum amount you are allowed to contribute.Please refer to pages 8 and 9 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. You will not be charged for these options. However, the estimated value of your pension fund, which will be in the 'statement of reasonable projection' of your welcome pack when you take out a PRSA *standard*, is based on the contribution level that you agreed to pay when you started the plan.

So remember that reducing (or stopping) your contributions 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 Department.

## Can I transfer my existing pension funds into this PRSA?

You can transfer 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. No entry charge will be applied to that transfer payment. You should think carefully about transferring funds from one plan to another. Some restrictions apply to transfers from occupational pension schemes and overseas arrangements.

## 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 contributions are deducted from your salary, this option is not available.

## 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.

## 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 (as at June 2009) from all sources. If you have pension funds in excess of this amount there may be tax implications and you should consult your financial adviser. The overall tax free cash from all your pension arrangements can't exceed €1,354,521 (as at June 2009). Any lump sum payment in excess of this limit will be taxed at the marginal rate of tax. The Government may change these limits every year in line with an earnings index.

## 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. How much of a tax free lump sum you can take is explained on page 20. You will have a number of options as to how you can use the rest of your pension fund, and 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 Approved Retirement Fund or continue to invest in your PRSA, you will have to pay income tax 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 allow earlier retirement, such as air-pilots, fishermen, jockeys, professional rugby players, singers and so on.

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 (unless you are a member of an occupational pension scheme at work). 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 whilst 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 and 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 in order to take benefits before the schemes normal retirement age.

If you are sick, it is possible to take benefits earlier than outlined below. See further on.

## 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 do 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 incapable through infirmity of mind or body of carrying out your own occupation or any occupation of a similar nature for which you are trained or fitted".*), 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.

** Source: Section 787K of the Taxes Consolidation Act 1997.*

## What happens if I leave employment?

If you are self-employed whilst paying into a PRSA and subsequently move into a job which has a pension scheme, your contributions into your PRSA either should cease or become additional voluntary contributions linked to your main scheme. The way you make your payments could change (i.e. from direct debit to payroll deduction) and you should notify your financial adviser or Irish Life.

If you are employed in a job which does not have pension scheme and subsequently 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 either should cease or become additional voluntary contributions linked to your main scheme. The way you make your payments could change (for example from direct debit to payroll deduction) and you should notify 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 your mode of payment from payroll deduction to direct debit from your personal account.

If you move from an occupational pension job to another occupational pension job, the payroll system will change from the old employer to a new employer. We can only do this if you inform us immediately of this change.

It is important that we keep a record of your employment history in order to pay out the correct benefit to you at retirement. So 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. 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 *standard*?

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

- your occupation is one that typically has an earlier retirement age;

- you have to retire early because of ill health
- you are a member of an occupational pension scheme at work and are paying AVCs into your PRSA, 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 prior to your request 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, Irish Life has the right to request that you transfer your fund to another approved pension scheme or start to pay contributions again. We will notify you in writing of this. If we don't hear back from you within 3 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 we would advise that you 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, 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, the funds can be transferred to an Approved Retirement Fund in their name. In all other cases, the PRSA is wound up and the proceeds are passed 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 we would advise that you 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 funds are transferred to an ARF in your husband's or wife's name, no income tax liability will need to be paid. 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 benefit. You can also transfer your assets to an approved occupational pension scheme if you are a member of that scheme and where the trustees are willing to allow this. Transfers may also be allowed to approved pension arrangements outside the state. No charge is applied to transfers out of the PRSA unless you are in a fund that restricts the movement of funds before agreed dates. For more information on this please read your Terms and Conditions.

## Family law and pensions

If you go through a legal separation or divorce, a court application for a pension adjustment order (for the retirement or death benefits we pay under this plan) may be made for your husband or wife. 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 poor administration of your PRSA 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
Web: www.pensionsombudsman.ie

The Pensions Ombudsman will investigate the matter for you. Both you and we can appeal 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 process 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 *standard* 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 June 2009.

This product has been approved by the Pensions Board and the Revenue Commissioners - it's reference number is APP/K/935/S.

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## Contact us

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