



*Supporting
your pension
plan*

Bullet Commission Payments - Complete Solutions 1

Increasing the value of your regular premium pension business

In September 2010, Irish Life further strengthened our partnership approach by introducing 'The New Deal for Pensions'. Our aim was to help brokers achieve their short term income requirements while also delivering a stream of long term income on their pension business whilst at the same time maintaining customer value. Over 750 brokers are now using our bullet commission options and stand to double the amount of pension commission they earn as a result. These bullet payments are unique in the Irish marketplace and in addition to rewarding you, they also provide excellent value for your clients.

A quick recap - what are Bullet Commission Payments?



- 4 equal commission amounts payable at the start of years 1, 3, 5 & 7 of each pension policy you write.
- Followed by 0.25% fund based renewal commission from the start of year 9.
- 7 options are available through our Complete Solutions 1 (Personal & Company) regular premium pension contract, depending on the charging structure you require.

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

What are the key benefits of bullet payments ?

1. Earn double commission

On average you earn over 90%* more commission after 7 years and over 100%* more commission over the term of a policy set up under a Bullet Commission option than under a different commission option with an equivalent charging structure

2. Shorter earning period on payments

Typically introductory commission is earned over a 4 year period however each bullet commission payment has only a 2 year earning period

3. Payments are not upfront

All four bullet payments are paid up front at the start of months 1, 25, 49 and 73, thus providing a constant boost to your cash flow

4. Fund based renewal commission payable

From the start of year 9, we will pay 0.25% fund based renewal commission each year for as long as premiums continue to be paid on the policy. As the fund value increases over time, so too will the amount of fund based renewal commission

Bullet Commission Payments – A choice of great options

Option	Customer Allocation & Management Charge	Bullet Payments	Total Bullet Payments	Income from Year 9	Commission Profile Number
1	100% & 1%	4 x 7.5%	30%	0.25% p.a. FBR*	5927 – 100
2	99% & 1%	4 x 10%	40%	0.25% p.a. FBR	6017 – 100
3	98% & 1%	4 x 12.5%	50%	0.25% p.a. FBR	5926 – 100
4	97% & 1%	4 x 15%	60%	0.25% p.a. FBR	6016 – 100
5	100% & 1.25%	4 x 12.5%	50%	0.25% p.a. FBR	5929 – 100
6	99% & 1.25%	4 x 15%	60%	0.25% p.a. FBR	6018 – 100
7	98% & 1.25%	4 x 17.5%	70%	0.25% p.a. FBR	5928 – 100

* Fund based renewal

Notes on Bullet Commission Payments:

1. All of the options above assume investment in the Consensus Fund which has a fund charge of 0.75% p.a. Investment in a different fund could lead to a higher annual management charge.
2. The allocations above require a minimum contribution of €200 per month. For contributions below this, the net allocations are reduced by 2%.
3. The timing of the 4 bullet payments is based on a pension persistency rate of 87%. If your pension persistency is lower than this at the end of the second year of a policy written under one of the Bullet Commission options, the remaining 3 bullet payments will be deferred by one year but will still be paid in years 4, 6 & 8.

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

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

How bullet payments increase the long-term value of your business

A: How bullet payments increase the commission payable on an individual policy

Let's take a look at an example of one case set up with a customer allocation of 99% and a 1% management charge (option 2 on the next page) where the monthly contribution is €1,000. Typically this charging structure would pay 15% Initial & 1% Renewal commission while the equivalent "Bullet option" will pay 10% commission four times in the first seven years, followed by 0.25% fund based renewal commission from year 9.

Commission in year	1	2	3	4	5	6	7	Total by year 7	10	15	20	Total by year 20
Old Option 15% x 1%	€1,800	€120	€120	€120	€120	€120	€120	€2,520	€120	€120	€120	€4,080
Bullet Option 10% x 4%	€1,200	-	€1,200	-	€1,200	-	€1,200	€4,800	€374	€641	€982	€12,339

*These payments represent 0.25% of the projected fund value at that time - assuming 6% p.a. growth, this would equate to **3.1%** at year 10, **5.3%** at year 15 and **8.2%** at year 20 of the yearly premium and therefore would be more attractive than traditional premium based renewal commission.

The example above shows that after 7 years, the bullet commission option will pay **90% more commission (an extra €2,280)** than the 15% Initial & 1% Renewal commission profile. This difference increases to over **100% more commission (an extra €8,259)** after 20 years. And remember, your client is getting the exact same investment terms under both options.

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B: How bullet payments increase the commission payable on your pension book

Let's take a look at an example of €50,000 regular premium pension business being written each year, again comparing the commission payable if this business was set up on the 15% & 1% "Old option" commission basis and if it was set up on a 4 X 10% "Bullet option" basis.

Commission in year	1	2	3	4	5	6	7	Total by year 7	10	15	20	Total by year 20
Old Option	€7,148	€7,065	€7,151	€7,372	€7,685	€7,981	€8,247	€52,650	€8,897	€9,613	€10,036	€174,943
Bullet Option	€4,781	€4,544	€8,401	€8,208	€11,332	€11,175	€13,706	€62,146	€14,759	€17,845	€20,749	€285,759

- *These payments represent 0.25% of the projected aggregated policy fund values at that time
- A 10% lapse rate has been assumed
- 6% p.a. growth assumed

This example shows that after only 7 years, regular premium pension business set up on the 4 X 10% "Bullet option" basis will pay €9,497 more than if the same business was set up on the 15% & 1% "Old option" commission basis, **an increase of 18%**. Again, this difference increases further over a 20 year period to **€110,816, an increase of 63%**.

For more information on how Bullet Commission Payments can benefit you, please talk to your Account Manager today.

Strengths of Irish Life



- 7 of the 10 biggest Irish companies have pensions with us.
- 6 of the 10 biggest US companies have pensions with us.
- We manage most money for Irish people – over €34 billion.
- Over 700,000 customers rely on us for financial security.

(Source: Irish Life, Irish Life Investment Managers, September 2012)



Irish Life