self invested

Your guide to your Complete Solutions Self-Invested Fund

Complete Solutions

Irish Life

more options for your future

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.

Complete Solutions Self-Invested Fund

This fund is available on our Complete Solutions range of plans and allows you to move some, or all, of your pension fund into a fund where you are the fund manager.

Your guide to your

Complete Solutions Self-Invested Fund

Your pension fund will probably be one of the largest assets you will build up during your life. Because of this, it will be one of the biggest investment decisions you will ever need to make.

Traditional pension plans offer a wide range of funds run by investment fund managers. These funds vary both in the risk they take on, and the type of assets they invest in, and, meet the needs of most investors. But it is not surprising that as funds get larger, some investors want more of a 'hands-on' approach to managing their pension fund.

We have developed the Self-Invested Fund which allows you to do just this. This fund is available on our Complete Solutions range of plans and allows you to move some, or all, of your pension fund into a fund where you are the fund manager.

This guide describes, in more details, how the Self-Invested Fund works and you should read it with your Complete Solutions product booklet.

Throughout this guide we refer to 'you'. Who we mean by 'you' depends on what we are talking about.

For personal pensions, approved retirement funds and approved minimum retirement funds, 'you' refers to the investor.

For company pension plans, 'you' may refer to either the member of the pension scheme or the trustees of the scheme, depending on what we are referring to.

The trustees of a company pension scheme are the legal owners of the pension plan. Because of this, we can only take instructions from the trustees. If we are referring to receiving instructions, 'you' refers to the scheme trustees.

Depending on the scheme rules, the decision on what assets the pension scheme invests in lies with either the trustees or the member. The Complete Solutions booklet explains who has this responsibility under our standard 'one-man' scheme rules. Where we use 'you' in terms of choosing an investment, we are referring to whoever has this responsibility.

Contents

1 An introduction to our Self-Invested Fund

What is it?

Our Self-Invested Fund is a fund you can add to your Complete Solutions plan (either from the beginning or from a later date) that allows you to choose the assets your pension fund is invested in.

Once set up, your Self-Invested Fund becomes another investment option on your plan, but one which is unique to you. You do not have to invest all your pension fund in your Self-Invested Fund. You can split it between your Self-Invested Fund and the other investment funds we offer on Complete Solutions. But you must have at least €50,000 to open a Self-Invested Fund.

Before we introduced the Self-Invested Fund, parts of the pension market were either restricted in what they could invest in or could only widen their choice by setting up their own self-administered pension scheme. However, setting up your own self-administered scheme means that you also have to take on board the administrative burden of running that scheme.

The beauty of the Self-Invested Fund is that it allows you to combine the convenience of a traditional pension plan with the freedom and flexibility of choosing the assets that your pension invests in.

You choose the investments, we take care of the administration. Depending on the type of arrangement you have this can include setting-up the scheme, getting Revenue approval, registering the scheme with the Pensions Board, keeping any records, accounting for the investments and helping you meet your legal obligations.

You can add the Self-Invested Fund to any of the following plans.

- Complete Solutions Personal Pension Plan
- Complete Solutions Company Pension Plan
- Complete Solutions Investment Only Plan
- Complete Solutions Approved Retirement Fund
- Complete Solutions Approved Minimum Retirement Fund

Where can the fund invest?

We will run the Self-Invested Fund and will hold the assets you choose. We will act on your instructions but for legal and practical reasons we can only hold investments which meet certain conditions.
The broad investment categories which we will hold are as follows.

- Individually selected property in Ireland and the UK
- Mortgages with named institutions
- Deposit accounts with named institutions
- Publicly-quoted stocks, shares and Government bonds
- Other regulated assets such as unit trusts and other collective instruments

We will go into detail on each of these later on in this guide. Due to regulations, you are not allowed to hold any of the following types of asset in your fund.

- Shares in Irish Life & Permanent plc
- Derivatives
- Unlisted securities
- Physical commodities
- Limited partnerships
- Traded endowments
- Policies issued by insurance companies

Who might the fund be suitable for?

There is no doubt that the investment freedom that the Self-Invested Fund offers will appeal to many, particularly if you are the type of person who likes to take control of your investments or sees pensions as a very tax-efficient way of investing. However, the Self-Invested Fund will not be suitable for everyone. When deciding whether it is suitable for you, you should consider three aspects of the fund.

Investment advice

With freedom comes responsibility. The important thing to remember with a Self-Invested Fund is that you are responsible for choosing the investment you ask us to hold. We will check the asset out to make sure that it is allowed. But, other than that, we will not assess the quality of the investment and how it could perform.

Because of this, a Self-Invested Fund is more suited if you have investment experience or access to an adviser who will give you advice on each type of investment that you are considering.

In particular, trustees of company pension schemes have an obligation under the Pensions Act to make sure that arrangements are in place to give them relevant investment advice on how scheme assets are invested.

Spreading your fund (diversification)

Diversification is a familiar term to most investors. In the most general sense, it can be summed up with the phrase, 'Don't put all of your eggs in one basket.'

One of the main advantages of investing your pension in a large investment fund is that your money is pooled with that of other investors which allows the fund to spread the risk. Holding a small number of assets in a Self-Invested Fund carries a higher risk. As a result, you should consider how you could spread the investments in your fund.

The cost of a Self-Invested Fund

All investment funds cost money to run and there are costs when buying and selling assets. In most cases, larger funds will benefit from 'economies of scale'. Depending on the type of assets you hold, if you have a smaller Self-Invested Fund, or deal quite often, the costs associated with your Self-Invested Fund may be relatively higher than a larger pooled fund.

When can I add the fund to my policy?

If you want to add the Self-Invested Fund immediately, you can add it to your Complete Solutions plan when you first take it out. However, as it makes sense to have built up a reasonably large fund before you consider a Self-Invested Fund, you may not need a Self-Invested Fund immediately. So, it is possible to add a Self-Invested Fund to your plan at a later date when you are ready.

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

What are the charges on my Self-Invested Fund?

Your Complete Solution pensions plan is subject to charges which are outlined in your Complete Solutions booklet and the plan's terms & conditions. When you invest in the Self-Invested Fund, additional charges and expenses will apply depending on what you ask us to invest in and the level of transactions you carry out. These charges expressed are current charges (January 2007) and may change from time to time to reflect increases in expenses. They will in any case increase annually on 1st January in line with growth in the Consumer Price Index (CPI) during the previous 12 months. Other new charges may arise and you are advised to check the current charges before you decide to transact.

2

Complete Solutions – meeting your changing needs

We have designed the Complete Solutions plans to be flexible and to meet your changing needs as you move through the different stages of your working life. The Self-Invested Fund is an extension of this idea and can give you the freedom and control you need, when you need it. The following example will show you how adaptable Complete Solutions can be.

Starting a pension

Brian, aged 32, is a senior employee in a small distribution company. Brian has no pension in place so his company decide to take out a Complete Solutions company pension plan for him and will contribute €1000 a month into it.

At this stage Brian doesn't want to take on too much risk and is happy to invest all of his pension in the passively managed Irish Life Consensus Fund.

Becoming a director

When Brian is 37 he is made a director of the company. The company increase his contributions to his Complete Solutions plan to €2,500 a month and Brian decides to be a bit more aggressive in this investment policy. After consulting his financial adviser, Brian changes his investment mix to:

- 50% in the Global Opportunities Fund;
- 25% in the Bloxham High Yield Fund; and
- 25% in the Fidelity European Opportunities Fund.

Taking an active role in investment decisions

Over the next seven years the company performs very well and in addition to increasing regular contributions as Brian's earnings increase, it also makes occasional one-off contributions to Brian's pension. When Brian reaches 44 his pension fund is worth €500,000 and he wants to take a more active role in managing how it is invested. He then decides to add a Self-Invested Fund to his company pension plan.

Brian wants his pension fund to buy an apartment and choose some of his own stocks and shares. To make sure he spreads the risk, he also wants to invest in some of the Complete Solutions investment funds. Brian consults his financial adviser and asks us to do the following.

- Leave €200,000 in Irish Life's Global Opportunities Fund.
- Open up a Self-Invested Fund and move the other €300,000 into it. In his Self-Invested Fund he asks us to:
    - borrow €200,000 over 15 years and buy an apartment he has chosen for €400,000 (including costs and stamp duty); and
    - with the other €100,000 set up an advisory stockbroker account with a stockbroker he has chosen.

Brian's company is now contributing €3,000 a month and has asked that €1,500 of this is paid into the Self-Invested Fund to help meet the mortgage repayments. €1,500 will be invested in the Global Opportunities Fund.

Managing your pension fund until you retire

Over the next number of years the company continues to make both increasing regular and more one-off contributions into Brian's pension. Brian actively trades shares in the stockbroking account, asks us to buy another apartment and invests part of his fund in the Complete Solutions range of investment funds. By the time he reaches 60 his overall pension fund is valued at €2,500,000 and is made up of:

- €500,000 in the Irish Life Global Opportunities Fund;
- €250,000 in the Irish Life UK Property Fund;
- €250,000 in the Bloxham High Yield Fund; and
- €1,500,000 in his Self-Invested Fund. This is made up of:
  - two apartments valued at €1,200,000 (no borrowings as these loans have been paid off); and
  - stocks and shares worth €300,000 held in a stockbroking account.

Pension fund after retiring

Brian wants to retire at 60 and is entitled to take 25% of his pension fund as a tax-free lump sum and invest the rest in an approved minimum retirement fund and an approved retirement fund.

He would like to cash-in his stockbroking account and part of his investment funds to take his 25% tax-free cash. He wants to hold on to the two apartments and continue to invest in the investment funds in his AMRF and ARF.

We pay Brian €625,000 by cashing-in his shares and cancelling units in his investment funds.

Brian then sets up a Complete Solutions AMRF and ARF with a Self-Invested Fund for the rest which is €1,875,000. We move the two apartments into the Self-Invested Fund attached to his Complete Solutions ARF and invest the rest of his fund in investment funds as he asks. As a result, Brian's AMRF and ARF are made up of the following.

- €225,000 held in the Irish Life Global Opportunities Fund
- €225,000 held in the Irish Life UK Property Fund
- €225,000 held in the Bloxham High Yield Fund
- €1,200,000 held as two apartments in his Self-Invested Fund.

Whenever Brian needs to take funds from his ARF, he can take them from the investment funds held in his ARF rather than having to sell the apartments.

3

How does my Self-Invested Fund ...?

In this chapter we will explain how you can select investments for your Self-Invested Fund. We have different sections explaining how your Self-Invested Fund can:

- invest in individually selected property
- take out a loan
- hold cash
- buy stocks and shares
- invest in other assets

How does my Self-Invested Fund invest in individually selected property?

The ability to hand-pick a property investment for your pension fund had, up to very recently, only been available to a small section of the pensions market.

The Self-Invested Fund option changes all that. Now a personal or company pension plan or an approved retirement fund can invest directly in property.

In this section we will explain:

- the types of property your pension can invest in;
- the process involved in your pension actually buying a property; and
- some practical considerations.

What type of property can my Self-Invested Fund invest in?

There are generally three sets of conditions that you must take into account when looking at investing in property.

- Firstly, the Revenue Commissioners have rules on what types of property they allow in a pension fund.
- Secondly, in most cases your Self-Invested Fund will need to borrow some money to buy the property (except for ARFs and AMRFs where borrowing is not allowed). Lenders will generally place their own conditions on the types of property they will lend on.
- And finally, as we will have to administer your Self-Invested Fund for you, we will have a few practical considerations as to what types of property we will invest in.

Revenue conditions

- The Revenue Commissioners insist that all property transactions are done at 'arm's length' and that neither you or anyone connected to you is a 'connected' person. This means that neither you, nor anyone connected to you, can buy, sell, rent, use or live in the property.
- In terms of company schemes these rules include anyone connected to the trustee, member or employers.
- You should ask your financial adviser for a detailed description of these terms.

- You cannot use your pension fund to buy any property from your employer or allow your employer to rent any property your pension fund owns.
- You cannot use your pension fund to buy property or land for development purposes.

Before we will buy a property we will ask you to sign a declaration that these Revenue conditions have been met. If we have to borrow to buy the property, additional Revenue conditions apply to that loan. We explain these in the section 'How does my Self-Invested Fund take out a loan'.

Lender's conditions

Any lending to a pension fund to buy property must be done on a 'non-recourse basis'. This means that if the lender needs to ask us to pay the loan off early, they can only have access to the value of the property. They cannot take the other assets of the pension fund or your personal assets. This means that lenders may place extra conditions on the type of property they are willing to lend on.

You should also read the section on 'How does my Self-Invested Fund take out a loan' for extra information.

Our conditions

For practical reasons we will only allow your fund to invest in residential or commercial property in either the UK or Ireland where we can put in place a suitable 'full-service' agent to manage the property.

We will not invest in property that may cause special problems in terms of management or legal liability. These include, but are not limited to, nursing homes, public houses, petrol stations, garages, holiday accommodation and caravan parks. We will allow nearly completed or 'off plans' property but we will want more information on the specifics of each property before we agree to buy.

The process of buying a property

Buying property, whether personally or through a pension fund, can involve quite a bit of co-ordinating to make sure that your fund invests in the property you want. Lenders, vendors, solicitors, estate agents, valuers and engineers may all need to be involved. However, our aim is to work with you to make sure that investing in a property through your Self-Invested Fund is as simple as possible.

The first thing to understand is that we, and not you personally, will be buying the property. This means that you will not be acting on your own. We buy the property to be linked to your Self-Invested Fund using the investments and borrowings (if applicable) in that fund. We will work with you at every stage of the process.

For us to buy a property you will need to set up a pension plan as we cannot put down any deposits or pay any expenses until we have set your policy up and you have lodged funds into your Self-Invested Fund. And, we cannot enter into a contract to buy a property unless we are sure that there is enough money in your pension plan, and loans approved, to complete the sale.

We have outlined below how the process of buying property will work.

step 1

Finding a property

Once you have found a suitable property, you should contact us. We will send out a property-assessment questionnaire. This questionnaire will help us decide if the property is suitable for your Self-Invested Fund.

The questionnaire will cover:

- a description of the property you are considering;
- the estimated purchase and rental valuations;
- financial estimates – in other words, the purchase price, the amount of your pension fund you will be using, loan amount, stamp duty, fit-out costs, legal costs and so on;
- whether the property meets the Revenue's conditions; and
- solicitor's details (the solicitor is acting on our behalf). However, we have a panel of approved solicitors and you can choose which one you would like us to use.

When we receive the filled-in questionnaire, we will review how suitable the property is. We may ask you for additional information if we need it. If we consider that it is not suitable, we will let you know why.

When you are negotiating with an agent for a property you want us to buy you may be asked for a refundable booking deposit. A booking deposit cannot be paid from the Self-Invested Fund. Any booking deposit paid by you is between yourself and the agent and will be outside of the pension contract. It does not in any way bind or commit Irish Life to buying the property. Should you need a refund of your booking deposit you must deal directly with the agent.

You should never enter into a contract with the person selling as this will not be binding on us. We will be buying the property and only we can enter into a binding contract with the person selling. We will not enter into a binding contract until full due diligence has been completed.

step 2

Loan approval (if this applies)

If you ask us to borrow to complete a purchase, we can apply for a loan once we have confirmed the property's suitability and you have taken out a Complete Solutions Plan.

We will be the borrowers on any loan and so loan applications will be made in our name. However, as it will ultimately be your pension contributions that will be used to repay the loan, the lenders will need financial information about you personally (or your company if you are investing through a company pension plan).

We will have a panel of lenders from which you can choose who you want us to deal with. Once you have chosen a lender, and given us the information they need, we will send them a loan application.

You should read the section 'How does my Self-Invested Fund take out a loan' for extra information on the borrowing process.

step 3

Pre-purchase due diligence

Once we have received loan approval (if necessary), we will prepare a formal property purchase quotation and approval form.

The quotation will set out:

- the total estimated costs of buying the property;
- a breakdown of costs, including legal and other buying costs;
- the minimum you must have in your Self-Invested Fund before we will ask solicitors to start the buying process;
- a loan repayment schedule;
- the minimum pension contributions you will need to make to repay the loan;
- confirmation that the funding you need is within the Revenue's maximum funding limits;
- confirmation of the property manager and an idea of costs; and
- confirmation that the property will need to be fitted out.

The approval form will:

- explain the risks associated with borrowing in your Self-Invested Fund;
- outline any specific requirements or obligations a lender might have placed on the loan;

- confirm the solicitor you want us to use (chosen from a panel of solicitors we have approved);
- give us permission to instruct your chosen solicitor; and
- give us permission to take buying costs and deposits from your Self-Invested Fund.

You must sign and return this approval form to us, and make sure you have the minimum amount in your Self-Invested Fund we asked for, before we can continue with buying the property.

step 4

Buying the property

We will then appoint the solicitor and instruct him or her to go ahead with the purchase. The solicitors costs will be taken from your Self-Invested Fund and you should be aware the legal costs can be incurred, and taken from the fund, even if it ends up not buying the property.

The solicitor will check the property's title and prepare contracts. We will only give the solicitor instructions to enter into a contract if we are satisfied that the Self-Invested Fund has enough funds in place to meet all possible payments.

It is usual to pay a 10% non-refundable deposit when we sign the contract. It is also usual for the contracts to say we have to complete the purchase of the property. If this is the case, your Self-Invested Fund will need enough cash in it to cover this 10% plus the balance of any investments your fund is investing plus any extra costs before contracts can be signed.

For example, say you told us to buy a new apartment that costs €500,000. A 10% non-refundable deposit of €50,000 needs to be paid when we sign contracts. We also have loan approval for 70% of the purchase price.

The extra costs or allowances might be:

Stamp duty at 7%	€35,000
Fit-out costs	€20,000
Legal fees	€ 3,000
Repayments held for lender	€ 9,000
First year's management fees	€ 2,000
Total extra costs	**€69,000**

(Some lenders might insist that your fund holds at least six months' repayments in cash at all times.)

To complete the sale we will have to be satisfied that there is total funding available for the purchase price and the extra expenses.

Purchase price	€500,000
plus extra expenses of	€ 69,000
Total finance needed	*€569,000*
Loan approval	€350,000
Total amount needed from your fund	**€219,000**

So, for us to enter into a binding contract, we will need confirmation that there is €219,000 available in your Self-Invested Fund and not just the €50,000 needed for the 10% deposit.

To have enough funds available to complete a purchase, you may need to transfer pension funds you have with other providers into your Self-Invested Fund. This can take time and we cannot enter into a contract to buy a property until the funds are actually in your Self-Invested Fund. You should organise to have this money transferred as soon as possible.

When the solicitor is happy that everything is in order, we will release the 10% non-refundable deposit. On completion we will release the rest of the funds and take ownership of the property.

step 5

Managing your property once we have bought it

Once we have bought the property for your Self-Invested Fund we will appoint the agreed agent. We will have managers for residential and commercial property and we will deal direct with the agent on the day-to-day management of the property. This agent will generally be responsible for:

- marketing the property and checking suitable tenants;
- arranging tenancy agreements;
- collecting rent ;
- daily maintenance, repairs and contact with tenants;
- supervising refurbishments;
- keeping to health-and-safety requirements;
- providing valuations each year; and
- making sure there is enough insurance in place.

The management agent will send the rent direct to us and we will credit the rent to your Self-Invested Fund. We will also arrange to pay expenses (such as repairs and maintenance), fees (such as management agent fees) and any loan repayments out of your Self-Invested Fund.

The property manager will also organise any work that needs to be carried out. We will take the costs from your Self-Invested Fund. We will agree set limits with our property manager. These may vary but would typically be as set out in the table below.

Our property managers may also advise certain refurbishment work to improve the marketability of the property. We would follow the same guidelines in relation to approving this work.

You can also ask us to carry out refurbishment work. We would charge the costs to your Self-Invested Fund. The Revenue do not allow pension funds to take part in property development. For example, pension funds cannot buy land, build apartments on it and sell them on.

Sample Property Expenditure Limits

Financial limit	Quotes needed	Expense approved by
Up to €250	None	Property Manager
€250 to €999	One quote	Us
€1000 to €2,999	Two quotes	Us
€3000 and over	Two quotes	Us (after letting you know)

Property-related charges and expenses

We will take ongoing charges and expenses for property held in your pension fund from your Self-Invested Fund. These will include our charges as well as those from third parties.

Our charges

- ### Buying the property

  If you ask us to buy a property in your Self-Invested Fund, we will carry out due diligence on the property, instruct solicitors and buy the property. We currently charge an administration fee of €1000 for doing this. We will take this charge from your Self-Invested Fund as soon as we have signed a legally-binding contract.

- ### Selling the property

  If you ask us to sell a property in your Self-Invested Fund, we will tell an estate agent and solicitor to sell the property. We currently charge an administration fee of €500 for doing this. We will take this charge from your Self-Invested Fund as soon as the sale proceeds have been paid into your fund.

- ### Property administration each year

  If we are holding properties in your Self-Invested Fund, we currently charge a fee of €200 a year for each property to cover ongoing property-related administration.

Other expenses

Due to the nature of investing in property, you will have to pay extra expenses. Typical expenses include the following.

- ### Stamp duty

  We pay this when we buy a property. The rate of stamp duty for investors in Irish residential property depends on the value of the property.

Properties under €127,000	0
Properties between €127,000 and €190,500	3%
Properties between €190,501 and €254,000	4%
Properties between €254,001 and €317,500	5%
Properties between €317,501 and €381,000	6%
Properties between €381,001 and €635,000	7.5%
Properties over €635,000	9%

The rate of stamp duty on commercial property in Ireland is 9% on properties over €150,000.

In the UK, you do not pay stamp duty on property purchases under £125,000 (€186,475) for residential property and £150,000 (€223,770) for commercial property. Above these thresholds, the stamp duty is:

1% up to £250,000 (€372,950) ;
3% between £250,001 (€372,951) and £500,000 (€745,900) ; and
4% over £500,000 (€745,900) .

These rates were correct on January 2007.
Sterling conversion rate used £1=€1.4918

- ## Legal fees

  The fees and legal expenses of the solicitors you ask us to instruct to handle buying or selling the property will be paid for out of the Self-Invested Fund. We will let you know what the solicitor is planning to charge before we instruct them.

- ## Estate Agent's fees

  If we sell a property, we will appoint an estate agent to handle the sale. The estate agent's fees would be paid out of the Self-Invested Fund.

- ## Property management agent fees.

  We will instruct a manager to manage properties held in Self-Invested Fund. We will let you know what the property manager is planning to charge before we instruct them.

- ## Insurance

  We will arrange for insurance to be put in place for all properties we hold in pension funds. We will take the cost of this insurance from your Self-Invested Fund.

- ## Valuations

  We will arrange for each property to be valued once a year. We will take the cost of these valuations from your, Self-Invested Fund.

- ## Repairs and maintenance

  There will be day-to-day expenses to keep the property marketable and for it to keep to health-and-safety standards. Our property manager will organise any work that needs to be carried out and we will take the costs from your Self-Invested Fund. We will have various approval limits governing what approval is needed before work can be carried out and costs taken from your fund. We will tell you what these are before we appoint the property manager.

How does my Self-Invested Fund take out a loan?

It is possible for your Self-Invested Fund to borrow against assets held in it.

As we run your fund for you and hold all assets on your behalf, any borrowing is in our name and must be arranged through one of our panel of approved lenders.

You should bear in mind that the following Revenue rules apply to borrowing in an approved pension plan.

- All borrowing must be on a 'non-recourse basis'. This means that the lender can only take back the particular mortgaged asset and cannot touch other assets in the fund or your personal assets.
- All loans must be arranged on a 'capital and interest basis'. No interest-only loans are allowed.
- The maximum loan term is 15 years and you must repay all loans by your normal retirement date.
- Approved retirement funds and approved minimum retirement funds are not allowed to borrow money.

As well as the Revenue rules, most lenders have certain conditions you need to be aware of.

- Because the loans are non-recourse the lenders are likely to lend up to 70% of the purchase amount.
- Although we will be the borrower, the lender will need to underwrite your financial situation to make sure that you will be able to maintain the necessary pension contributions which will ultimately repay the loan.
- If we are taking out the loan through a company pension, the lender will also need to underwrite the company accounts as it will be the company who will be making the ongoing pension contributions that will be used to repay the loan.
- The lender is also likely to insist that your Self-Invested Fund has enough cash in it to cover up to six months' repayments at all times. This is to make sure you can keep up the repayments or pay other expenses if the property is empty for any length of time.

Applying for a mortgage

Once you have chosen a suitable property, you can choose one of our panel of lenders who you want us to apply to.

We will give you the appropriate lender's documents. You should fill these in and return them to us with all the information they ask for (in other words, copies of accounts, bank statements and so on). If you have any questions or need help applying for the loan, the lender, or your financial adviser, may be able to help you.

When we have everything we need, we will finalise the application and send it to the lender for approval.

If loan approval is not granted we will tell you why. If it is granted, we will include the terms of the loan in the property quotation and approval form in step 3 of the process described on page 14.

Although we are the borrower, we will also ask you to sign the approval form agreeing to the terms of the loan.

Monitoring loan repayments

Part of the loan agreement will be that you continue to make enough pension contributions to pay the loan repayments. There may also be conditions to keep a minimum amount of cash in the fund at all times.

We will monitor your fund to make sure that it meets these obligations. If the cash in your account falls below set limits or you do not continue to make pension contributions, we will contact you to discuss the most appropriate course of action. This may be for you to make extra contributions, or for us to renegotiate the terms of the loan with the lender or for us to sell the property.

Mortgage-related charges and expenses

Our charges

- **Loan application fee**

  If you ask us to borrow, we will complete a loan application, in our name, to a lender you have chosen. We currently charge a loan application fee of €500 for doing this. We will take this from your Self-Invested Fund as soon as a loan offer has been accepted.

Other fees and expenses

When organising finance you may also have to pay other expenses.

- **Valuation report**

  The lender is likely to ask for a report on the value of the property before approving a loan. We will take the cost of this report from your Self-Invested Fund

- **Structural survey**

  Occasionally a lender may ask for a structural survey of a property to be carried out. We will take the cost of this survey from your self-invested fund.

- **Loan arrangement fee**

  Some lenders will charge an arrangement fee. If they do, it will be set out in the loan offer and we will tell you about it. Usually you can pay this fee up front, out of your fund, or add it to the loan amount.

How does my Self-Invested Fund hold cash?

We have designed your Self-Invested Fund to give you access to a wide range of investment options to increase your pension fund. However, there will be times where you may want to hold funds in a secure, liquid form while you are considering your investment options.

If you need to do this, you have a number of options.

- **Hold cash in your Self-Invested Fund**
  If you make contributions into your Self-Invested Fund and do not give us any investment instructions, we will hold the fund in a non-interest-bearing cash account in your Self-Invested Fund. And if you instruct us to sell any assets in your fund, we will hold the sale proceeds in a non-interest-bearing cash account until we receive your further instructions.

- **Invest in a deposit account within your Self-Invested Fund**
  We have arrangements with some deposit-taking institutions who will offer a range of deposit terms. You can tell us to invest your funds with one of these institutions.

- **Switch out of your Self-Invested Fund**
  You can switch funds, held in your Self-Invested Fund's cash account, into the Cash Fund available on your Complete Solutions plan. Then when you are ready to invest, you can switch the funds back into your Self-Invested Fund. There is no switching charge for switching into or out of the Complete Solutions Cash Fund.

Deposit charges and expenses

Our charges

- We currently do not charge for setting up a deposit account for you or for switching into or out of the Complete Solutions Cash Fund. The Cash Fund does have a management charge each year which is described in the your Complete Solutions product booklet.

How does my Self-Invested Fund invest in stocks and shares?

You can choose stocks and shares that are traded on the main international stock exchanges.

The following types of stocks and shares are allowed.

- Shares in publicly-quoted companies.
- Fixed-interest securities issued by EU governments.
- Debenture stock and other loan stock.
- Permanent interest-bearing shares.
- Exchange-traded funds.

Your Self-Invested Fund can invest either fully or partly in these assets through a stockbroker or through our 'execution-only service.'

Stockbrokers

You can appoint one of the stockbrokers we have chosen to act for you on either a 'discretionary' or 'advisory' basis. A discretionary basis means that you tell us to give the appointed stockbroker an amount of money from your fund and the stockbroker will then make decisions on your behalf without the need for you to get involved each time. An advisory basis means that the stockbroker will give you advice on which investments to link to your fund. However, you make the final investment choice.

Appointing a stockbroker

If you want to use a stockbroker, you can appoint one of our approved stockbrokers.

You will need to complete an Investment Instruction form asking us to open up an account with your preferred stockbroker and telling us how much you want us to invest with them. We will then open up the account and link it to your Self Invested Fund.

However, you should note that as these funds are part of your pension plan, we will hold the account in our name and we will keep them separate from any personal funds you may have with that stockbroker. You can give dealing instructions direct to the stockbroker, but any instructions to add money to, or take money from, the account must be made through Irish Life.

Your chosen stockbroker will then contact you directly to discuss your individual investment needs.

Execution-only instruction

We also provide an execution-only service where we give no advice but will place orders to buy and sell stocks and shares, to be linked to your fund, when you tell us to.

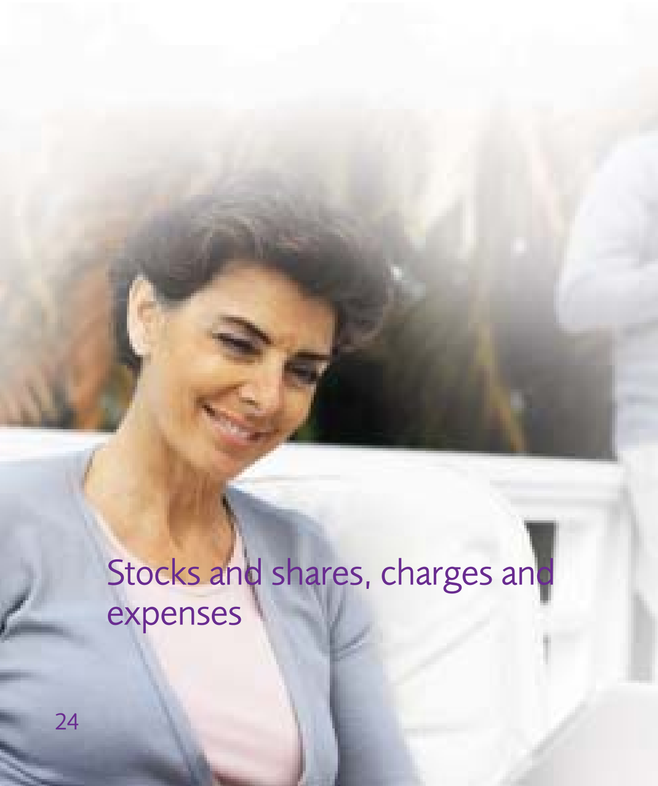
Stocks and shares, charges and expenses

If you use this service, we will place the trades through NCB stockbrokers. The minimum trade we will place is €5000.

Assets your Self-Invested Fund is not allowed to hold

Because of regulations you are not allowed to hold any of the following types of asset in your fund.

- Shares in Irish Life & Permanent plc
- Derivatives
- Unlisted securities
- Physical commodities
- Limited partnerships
- Traded endowments
- Policies issued by insurance companies



Our charges

- We currently do not charge for setting up your first stockbroker account . However, if you set up a second account we will charge €500.
- We currently do not charge for placing execution-only instructions.

Other expenses and charges

When dealing in stocks and shares you will have to pay other expenses from your fund. Typical expenses would include the following.

- **Stamp duty**
  You currently need to pay stamp duty of 1% on the price of buying Irish shares; 0.5% of the price of buying UK shares. There is no stamp duty payable on the purchase of shares from most other countries.

- **Execution-only stockbroking charges**
  We place execution-only trades with NCB stockbrokers. Their charge is currently 0.25% of the value of the trade (with a minimum charge of €100).

- **Stockbroker charges**
  When you ask us to set up a stockbroker account, we will let you know how much the stockbroker plans to charge before we set up the account. This may be a fixed percentage of the fund each year you have in the account or a percentage of the value of trades you carry out.

- **Other charges**
  There may be other charges you need to pay such as bank charges or settlement charges.

How does my Self-Invested Fund invest in other assets?

Within the Complete Solutions plans we have put together a wide range of world-class investment options. These include property funds, cash funds and a wide range of share-based funds managed by a number of highly successful fund managers such as Irish Life Investment Managers, Bloxham, Fidelity and PI Investment Managers.

However, there are many other funds and collective investments available in the market. Through your Self-Invested Fund you can ask us to invest your pension fund in some of these funds.

If you do so, we will first assess the investment to see if it meets all conditions. This assessment will not cover the quality of the investment you have asked us to place your Self-Investment Fund in. It is your responsibility to make sure that the merits of the particular investment are suitable for your needs.

You will need to let us know what fund you want to invest in and, if possible, give us a prospectus.

For more unusual funds, or funds set up for specific purposes, we may need extra information to complete the assessment.

If the investment is allowed, we will deal direct with the fund manager to organise placing the investment with them. If it does not, we will let you know why.

The minimum we will place in any investment is €5000.

Other assets charges and expenses

Our charges

- We currently charge €50 for carrying out each instruction to invest in a collective investment.

Other expenses and charges

- **Investment charges**
  Each investment you ask us to invest in will have its own set of charges. These may include an initial charge (as a percentage of the investment), an ongoing yearly charge (expressed as a percentage of the investment), and fixed charges. Before instructing us to invest in any fund, you should get a prospectus from the fund manager and make sure that you fully understand the fund's charges.

4

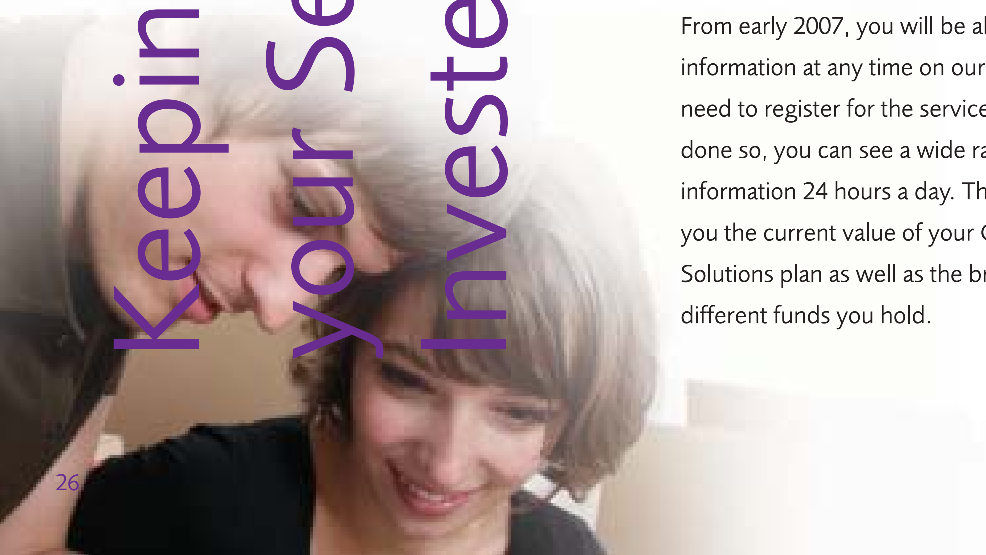
Keeping track of your Self-Invested Fund

The beauty of the Self-Invested Fund is that it allows you to get on with making investment decisions with your fund while we handle the administration.

We will be keeping records of:

- the assets you hold;
- the transactions you make;
- the cash which has moved into and out of your fund; and
- the charges and costs taken.

From early 2007, you will be able to see this information at any time on our website. You will need to register for the service. Once you have done so, you can see a wide range of information 24 hours a day. The site will give you the current value of your Complete Solutions plan as well as the breakdown of the different funds you hold.



'On-line' Services

This service will be available early in 2007 and will give you an overview of your Complete Solutions plan. It will:

- give a current value of your plan;
- give a breakdown of what funds you are invested in and how much is in each;
- allow you to track the performance of each of our funds; and
- allow you to switch between funds and say where future contributions are to be invested.

When you have a Self-Invested Fund we will usually need time to sell assets before we can move money out of the fund. This means that there will be a time delay between when you ask us to switch funds and us actually moving the cash. The length of this time delay will depend on how long it will take to sell the assets.

Self-Invested Fund valuation and accounts

You can also see your Self-Invested Fund accounts on-line. This way you can keep track of any rent you receive on property, mortgage repayments we have made, expenses and other incomes and outgoings for your fund.

We update cash flow every day and revalue assets every month (depending on the latest available valuation).

This means that if your Self-Invested Fund receives a contribution, rent or pays an expense, this will be shown on the accounts the next day. The value of the assets we show will always be based on their valuation on the first of the month. If the value of an asset changes during the month, we will not reflect it until the first of the following month.

You should be aware that these values are only a guide. The actual value of your Self-Invested Fund will depend on the price that each asset can actually be sold at. This could be lower or higher that the value we have used.

If at any time you have a specific question about your Self-Invested Fund, you can call your financial adviser or our special Self-Invested customer service line on 01 704 1831. We will record or monitor calls to help improve customer service.

5 Things you need to know about your Self-Invested Fund

How do I set up my Self-invested Fund?

The Self-Invested Fund is available on our Complete Solutions range of pension plans.

These are:

- Complete Solutions Personal Pension Plan;
- Complete Solutions Company Pension Plan;
- Complete Solutions Investment Only Plan;
- Complete Solutions Approved Retirement Fund; and
- Complete Solutions Approved Minimum Retirement Fund.

When you take out your Complete Solutions plan, you can choose to add your Self-Invested Fund at that stage. Or, you can invest in our range of investment funds initially and add your Self-Invested Fund at a later stage.

If you are adding the fund at the beginning, you should fill in the appropriate section of the application form. If you are adding it at a later date, you will need to fill in a form asking for the fund be added at that stage.

When you set up the fund, you should say how you would like your Self-Invested Fund invested. If you are appointing a stockbroker to manage your fund for you, you should include the stockbroker nomination form. If you want us to invest in a particular fund, you should give us instructions.

If you do not give us any instructions, we will hold your fund in a non-interest-bearing cash account in your Self-Invested Fund until we get instructions to invest.

Are there any minimum contributions needed?

Setting up a Self-Invested Fund

You will need at least €50,000 to set up a Self-Invested Fund. The value of your fund can fall below €50,000. However, if it does, you should remember that the fund charge we will take from your fund each year will be based on the assumed minimum value of €50,000.

Adding to a Self-Invested Fund

Depending on the rules of your Complete Solutions plan, you can pay either regular or single contributions to your Self-Invested Fund at any time. There is no minimum on the amount you can add. However, you should remember that the minimum amount we will place an investment order for is €5000.

This means we will only carry out your instructions for investments of at least €5000. If, for example, you are paying in a contribution of €1000 a month, we will hold your regular contributions in a non-interest-bearing cash account in your Self-Invested Fund until there is at least €5000 in the account before carrying out your investment instructions.

What happens if I change my mind ?

When you first take out your Complete Solutions plan you have the right to cancel your policy within 30 days of the date we send you your terms and conditions. If you cancel within the 30 days, we will refund any regular contributions you have made and any single contributions (less any fall in value due to market conditions).

After this 30-day period you cannot cancel your plan and you can only access your pension fund in line with normal pension rules and regulations.

If you set up a Self-Invested Fund, and make contributions with the aim of investing in a particular asset, such as a property, and this transaction does not go ahead, you cannot then withdraw those contributions from your pension plan after the cooling off period. However, you can invest those contributions in an other asset or fund.

When will you start placing investments in my fund?

When you set up your Self-Invested Fund it will usually take five working days for your initial contribution to be cleared and paid into your fund. At this stage we will carry out any investment instructions you have given us.

You can give us other investment instructions at any time other than the last working day of the month. To carry out monthly valuations we suspend trading on this day. However, we will act on your instructions on the following working day.

We may restrict the types of investment instructions we will transact for the first 30 days a regular contribution policy is in force.

What are the charges?

We have set out, in the relevant sections of this guide, the various types of charges and expenses that could arise depending on the types of asset you have chosen for your Self-Invested Fund.

As well as these charges and expenses, there are charges related to your Complete Solutions plan which we describe in your Complete Solutions product booklet.

Do I need to keep cash in the fund?

A Self-Invested Fund is different to other investment funds as charges and costs must be paid for out of the fund. Because of this you will need to hold a minimum amount of your Self-Invested fund in cash.

The amount you will need to hold in cash may depend on the type of investments you are holding or the benefits on your plan. The following are examples where additional cash balances may be needed:

- if you have a mortgage the lender may look for a minimum cash balance;
- if you have an ARF and we need to deduct income tax;
- if you have risk benefits; or
- if you are buying a property and we have to pay fees and costs.

Unless there are specific conditions such as this, we recommend that you keep at least 3% of your fund in cash to cover charges and costs as they arise.

If we need to pay costs (including the costs of any risk benefits provided by your plan) or charges out of your fund and there is not enough cash, we will contact you for instructions as to what assets you would like us to sell to pay the costs and charges. If we do not get instructions, we will sell the easiest asset to cash within your fund first to release the cash.

Can I switch in and out of my Self-Invested Fund?

Once you have set-up your Self-Invested Fund it becomes another investment option linked to your Complete Solutions plan. You can invest part of your pension fund in your Self-Invested Fund and part in the other investment funds we offer. You can also switch money from any of the other funds into your Self-Invested Fund.

It is possible to switch funds out of your Self-Invested Fund into another fund. However, we will only do this for cash balances held. Depending on the type of assets you are holding there may be a time delay between when you give us instructions to switch and when we move money. This is because, when we receive your instruction to move money out of your Self-Invested Fund, we will have to sell assets from that fund.

If you are holding very marketable assets, such as shares, we may be able to do this within a few days. If you are holding other assets such as property, it may take us some time to sell the property. Because of this there could be a long delay before we can move money to another fund.

Similarly, when you need to leave the fund, to take benefits for example, there may also be delays while we sell assets.

Other risks you should be aware of

Depending on the type of assets you ask us to invest your pension fund in, you will be taking on various types of risks. You will be responsible for the investment risk your Self-Invested Fund takes on and so you should balance the possible risks and returns each investment might give.

We have included some of the risks which might, or might not, apply to the assets you ask us to link to your Self-Investment Fund.

The risk of spreading assets

The more assets a fund holds, the less it is exposed to the performance of a single asset. If you only hold a small number of assets, such as a single property, in your fund, the returns are likely to be more risky.

Gearing risk

Other than within the ARF or AMRF plans your fund can borrow to invest in assets such as property. (This is known as gearing).Gearing increases the risk associated with an investment. If the return from the asset is greater than the interest rate charged on borrowings, gearing increases returns. However, if the asset falls in value, or grows at a lower rate than the cost of borrowing, gearing will make your losses worse.

Interest-rate risk

If your fund has borrowed at variable interest rates to buy an asset, you will be exposed to movements in the interest rate.

Repayment risk

You may need to keep your pension contributions at a certain level to keep up mortgage repayments on a loan you have asked us to take out in your fund. If you stop making contributions, and your fund cannot meet the mortgage repayments, we may be forced to sell the assets and repay the loan.

If tenants fail to pay rent

If you ask us to buy property, your fund may rely on rent received to meet mortgage repayments. If the tenant in the property fails to pay, or if the property is unlet for any period of time, there may not be enough cash flow into your fund to meet the repayments. In that case we may be forced to sell the property.

Property developer risk

If you ask us to buy a property 'off the plans', we will enter into a contract to buy that property from the builder when it is finished. As such, your fund will be taking on project completion risks not usually associated with buying a property which has already been built.

Liquidity risks

If your fund is invested in property, or other assets not traded on an open market, there may be delays in selling the property or assets to pay for other assets or to make funds available to take benefits.

Tax risk

Different investments will be treated differently for tax purposes in your fund. The way assets are taxed may also change. Please consult your own tax advisers about this.

Costs and charges

Many investments and frequent dealing in smaller funds may result in high costs that may eat away at your investment returns.

Currency risk

You must pay your contributions and receive benefits in euro. You can hold your fund's assets and incomes in other currencies such as sterling or US dollars. If so, changes in exchange rates may have a negative effect on the value of the fund.

Warning: The value of your investment may be affected by changes in currency exchange rates.

We offer investment, protection, pension and savings products.

Contact us

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

ILA 5395 (NPI 01-07)