



life



Executive Pension Life Cover

Scheme rules for company pensions

Rules for Company Pensions

The main purpose of **the scheme** is to provide benefits for the **member's dependants** if the **member** dies before **normal retirement age**. Except as otherwise provided in **the rules**, benefits cannot be assigned.

The benefits payable under **the scheme** will be provided by means of an assurance or assurances, to be issued by AIB life.

CONTENTS

1.	DEFINITIONS	4
2.	HOW DOES THE SCHEME WORK?	9
3.	SCHEME BENEFITS	13
4.	TRUSTEE DUTIES AND POWERS	18
5.	WINDING UP THE SCHEME	22
6.	CONTACTING US	24

SECTION 1

DEFINITIONS

This section defines some of the words and phrases we use in this document. These words and phrases are shown in bold and listed below together with an explanation of their meanings in relation to the rules. Words in the singular also include the plural and vice versa.

Administrator

Means for the purposes of Chapter 1 Part 30 of the Taxes Consolidation Act 1997 the **trustee** of **the scheme** or such other person or persons as may be appointed by the **trustee** with the consent of the Revenue Commissioners.

Application

Means the initial application made by the **employer** to the **life office** together with any further applications under **the scheme**.

Approved Retirement Fund (ARF)

Means a fund managed by a **Qualifying Fund Manager** and which complies with the conditions of Section 784B of the **TCA** for this type of fund.

Dependant

Means the **member's** spouse, civil partner, child under the age of 18 or under the age of 25 and still receiving full-time education or vocational training, or any other person who depends financially on the **member** as determined by the **trustee**.

Employer

Means any company or firm or individual named as employer on the **Letter of exchange** and **policy schedule** or as subsequently endorsed to the **Letter of exchange** or **policy schedule**.

Final remuneration of the member

Final Remuneration is the rate of remuneration payable to the **member** at the date of the **member's** death or such other amount and date prior to the **member's** death as the Revenue Commissioners will permit.

Letter of exchange

Means the **letter of exchange** by which **the scheme** is established.

Life Office

Means AIB life or where AIB life agrees in writing, any other life office authorised to carry on life assurance business in Ireland.

Member (also known as the life covered in the Policy Schedule)

Means an employee of the **employer** who is eligible for membership and is included in **the scheme**. For this purpose, employee is a member of staff or director of the **employer** to whom the **letter of exchange** is addressed.

Normal Retirement Age

The **member** will have a normal retirement age, which will be between age 60 and 70 or any other age agreed from time to time by the Revenue Commissioners. This will be shown in the **application**.

Pensions Act

Means the Pensions Act, 1990 and includes any amendments to it or any regulations made under it.

Policy

Means the policy taken out under Rule 2.1 in respect of the **member**.

Policy Schedule

The policy schedule included in your welcome pack which shows the specific details of the **policy** as at the **start date**.

Qualifying Fund Manager

As defined in Chapter 2, Part 30 of the **TCA**. AIB life is a qualifying fund manager.

Renewal Date

Means the anniversary of the **policy start date**.

Retained Pension Benefits

Means pension benefits provided for the **member** and includes:

- a. pensions relating to previous employments, whether deferred or already in payment, including any part of a deferred pension which is commutable,
- b. the annuity equivalent of retirement lump sums received or receivable, including any already received in commutation of pension,
- c. pensions received or receivable under contracts approved under Chapter 2 or 2A, Part 30 of **TCA**, and
- d. pensions relating to qualifying overseas pension plan (under Sections 787M and 787N **TCA** 1997) whether deferred or already in payment, including any
- e. part of a deferred pension which is commutable,

Provided that benefits (a), (b), (c) and (d) may be ignored if the total from the same employment does not exceed €330 per annum. This limit may be changed by Revenue in the future.

The Rules

Means this Scheme Rules for Company Pensions document and any amendments or additions to them.

The Scheme

Means the occupational pension scheme set up by the **letter of exchange** and governed by **the rules**. It is named in the **letter of exchange** as 'the scheme'. The main and only purpose of the scheme is to provide benefits for the **member's dependants** if the **member** dies before **normal retirement age**. The scheme is established for that one person only and that person will always be the only **member**.

Scheme Year

Means the period from the **renewal date** in any year to the date immediately preceding the next following **renewal date**, both dates inclusive or such other period as the **trustees** may, with the approval of the Pensions Authority as required under Section 55 of the **Pensions Act**, decide from time to time.

Service

Means the **member's** employment either with the **employer** or with previous **employers** as the context requires. The service may be in the past or projected to a future date, as the context requires.

Start date

Means the date on which the **letter of exchange** is signed by the **employer** and from which **the scheme** begins.

TCA

Means the Taxes Consolidation Act, 1997 and includes any amendments to it or re-enactment.

Trustee(s)

Means the **employer** or other person(s) appointed as the trustee(s) of **the scheme**.

SECTION 2

HOW DOES THE SCHEME WORK?

This section sets out details of the operation of the scheme.

2.1 Commencement and continuation of the scheme

a. If the employer is appointed as the trustee

On or after the **start date** of the scheme, the **trustee** will take out a **policy** with the **life office** and may, at a later date, change that **policy** or take out a further **policy** or **policies** with the **life office** for the benefit of the **member's dependants**.

b. If an Independent trustee is appointed as trustee

On or after the **start date** of the scheme the **employer**, on behalf of the **independent trustee** who will be the legal owner, will take out a **policy** with the **life office** and may, at a later date, change that **policy** or take out a further **policy** or **policies** on behalf of the **trustee** with the **life office** for the benefit of the **member's dependants**. Any expenses incurred by the **trustee** in connection with **the scheme** will be met by the **employer**.

c. The policy will pay out a lump sum to the trustee if the member dies while in service of the employer, provided the policy is in force at the time of death and a valid claim is made.

- d. The **policy** will be subject to the terms and conditions provided to the **trustees** by the **life office**.

2.2 Eligibility

An employee or director of the **employer** shall be eligible for inclusion in **the scheme** at the **employer's** discretion. The employee or director to be nominated for inclusion in **the scheme** shall be selected by the **employer** at commencement of **the scheme**. **The scheme** is established for that one person only and that one person will always be the only **member**. The **member** shall comply with any requirements of the **employer** for inclusion in **the scheme** and provide any particulars that may be required by the **trustee** to administer **the scheme**.

2.3 Premiums

The **employer** will pay all premiums under any **policy** effected under **the rules**. The initial premium payable is shown on the **policy schedule**. The premium is a fixed amount unless an indexation or annual increase option applies to the **policy**, or if changes are made to the **policy**. Cover amounts can be amended in the future in line with the **employer's** wishes.

2.4 Revenue Commissioners' approval and maximum benefits

The scheme is a retirement benefits scheme as defined by Chapter 1 of Part 30 of the **TCA**, capable of being approved by the Revenue Commissioners as an exempt approved scheme.

The scheme may be established by way of a retirement benefits product as defined by Section 772A of the **TCA** unless premiums exceed the percentage of remuneration limits set out in the **TCA**, in which circumstances individual approval will be required and obtained from Revenue when **the scheme** is established.

The scheme will be registered with the Pensions Authority and the Authority will allocate a Pensions Authority reference number when **the scheme** is approved by Revenue. It is an occupational pension scheme for the purposes of the **Pensions Act**.

The **trustee** shall have the power to deduct from the proceeds of any **policy** any taxes or other deductions for which they are legally responsible. The **trustee** will not provide any benefit under **the scheme** that would go over the maximum benefit allowed, or conflict with requirements of the Revenue Commissioners. The **trustee** will reduce any benefit to ensure it does not exceed the maximum approvable benefits permitted and does not conflict with the Revenue requirements. The **trustee** must comply with any undertaking given to the Revenue Commissioners.

Refund of excess proceeds

If the proceeds of **the scheme** cannot be wholly applied in providing benefits which do not exceed the maximum permitted, the excess proceeds shall be paid to the **employer**.

2.5 Pensions Act

The **scheme** is governed by the **Pensions Act**. The **trustee's** duties will be regulated by, and carried out, according to the **Pensions Act**. In particular the **trustee** must:

- i. register **the scheme** with the Pensions Authority and pay any fee that may be required in connection with registering it;
- ii. give information in relation to **the scheme** to any person entitled to receive it; and
- iii. provide certain information in relation to **the scheme**, as required under the **Pensions Act**.

SECTION 3

SCHEME BENEFITS

This section sets out the benefits provided by the scheme.

3.1 Benefits if a member dies in service

If a **member** dies in **service** and a valid claim is made against the **policy**, the **dependants** will be required to provide any evidence and information the **trustee** may require. The **trustee** will then direct the **life office** to use the proceeds to provide some or all of the benefits as outlined below.

A lump sum amount:

The lump sum amount, after taking into account all other lump sums provided on death under other retirement benefits schemes of the **employer** or from schemes relating to other employments, except only such amounts as the Revenue Commissioners will permit to be ignored, must not exceed:

- four times the **final remuneration of the member**; or
- €6,350;

whichever is greater.

In addition, the total value of the **member's** own contributions on any plan may be paid with or without interest.

A pension or an Approved Retirement Fund (ARF):

In addition to any lump sum provided, an approved scheme may provide a pension or transfer of benefits into an **ARF** for a **dependant**. These benefits should not exceed the maximum total benefits that could have been provided for the **member** assuming the deceased had continued **service** up to **normal retirement age** (defined in section 3.4 '*Maximum benefits*'). The calculation should take into account all corresponding benefits under other retirement benefits schemes of the **employer** or from schemes relating to other employments or from contracts approved under Chapter 2 or 2A, Part 30 of the **TCA**, except only such amounts as the Revenue Commissioners will permit to be ignored.

If a pension is provided in the form of an annuity, it would be on the life of the **dependant** (not a child) of the **member** and/or an annuity in respect of any of the **member's** children. Any annuity must be bought (as the **trustee** directs) from a **life office**.

3.2 Payment conditions on lump sum benefit:

The lump sum will be held or paid and applied accordingly as the **trustee** decides, within two years after the **member's** death. The **trustee** must pay the lump sum to the **member's** legal personal representatives or pay or apply all or any part of the lump sum in the following ways:

- For the benefit of any one or more of the **member's** spouse, civil partner, children or **dependants**, and if there is more than one, in such shares as the **trustee** shall in their absolute discretion decide; or
- For the benefit of any one or more persons (whether or not incorporated) who are entitled to any interest in the **member's** estate under their will; or

- For the benefit of any one or more persons (whether or not incorporated) whose names and details have been given to the **trustee** in writing as a person who the **member** wishes the **trustee** to consider as a possible recipient of any benefit when the **member** dies.

3.3 Payment conditions on children's annuity:

A children's annuity will be paid as the **trustee** determines to any one or more of the **member's** children, or, the **trustee** can pay it to the person who the **trustee** believes is best suited to support and look after the children. After the payment is made the **trustee's** responsibility ends. A children's annuity will end when:

- the child reaches 18, or 25 if they are in full-time educational or vocational training; or
- the child dies

whichever is earlier.

3.4 Maximum benefits

The main purpose of **the scheme** is to provide benefits for the **member's dependants** if the **member** dies before **normal retirement age**. If the **member** reaches **normal retirement age**, the **member** will not be entitled to any benefits.

The **TCA** specifies that a pension or an amount transferred into an **ARF**, should not exceed the maximum total benefits that could have been provided for the **member** assuming the deceased had continued **service** up to **normal retirement age**. For this reason the maximum total benefits at **normal retirement age** are outlined in this section.

Where a lump sum is paid out or funds are transferred to an **ARF**, the maximum pension, as described below, must be reduced by the equivalent pension value of the lump sum taken and/or the funds transferred to an **ARF**. The pension equivalent of a lump sum taken or funds are transferred to an **ARF** from a defined contribution scheme is determined by application of the annuity rate used to determine the balance of the pension.

The maximum pension that could be provided for a **member** at **normal retirement age** is 2/3rds of **final remuneration of the member**, calculated in one of two ways:

- i. 1/60th of the **final remuneration of the member** for each year of **service** with the same **employer** to a maximum of 40 years **service** (ignoring all **retained pension benefits**); or
- ii. Where a **member's** number of completed years of **service** with the **employer** is less than 40, they can fund for a pension of 2/3rds of the **final remuneration of the member** over a shorter period, using the uplifted scale of benefits outlined in the table below. Under this scale a maximum pension of 2/3rds of the **final remuneration of the member** can be provided for any **member** who has completed at least ten years **service** with the **employer** at **normal retirement age**. Any corresponding benefits to which the **member** is entitled under other retirement benefit schemes of the **employer** and any **retained pension benefits** must be taken into account.

Table 1

Completed years Service	Maximum pension (fraction of final remuneration of the member)
1	4/60ths
2	8/60ths
3	12/60ths
4	16/60ths
5	20/60ths
6	24/60ths
7	28/60ths
8	32/60ths
9	36/60ths
10 plus	40/60ths

Revenue can change these fractions in the future.

Fractions of a year can be taken into account in both calculation methods (i and ii). For example, a **member** who has completed 5 years and 6 months would be entitled to take a maximum pension of 22/60ths of final salary using the uplifted scale.

3.5 Family law and pensions

The scheme benefits are payable in accordance with **the rules of the scheme**. However, if the **member** is involved in a separation, divorce, dissolution of a civil partnership or ending of a relationship with a qualified cohabitant, a Pension Adjustment Order may be granted by the Court which directs the **trustee(s)** to pay all or part of the benefits payable under this scheme on the **member's** death, to persons named in the Pension Adjustment Order. A Pension Adjustment Order issued by the Court will override **the rules of the scheme**. There is no option to establish an independent benefit within **the scheme**.

SECTION 4

TRUSTEE DUTIES AND POWERS

This section sets out the duties and obligations of the trustee.

4.1 The Trustee as Administrator

The **employer** hereby declares itself as **trustee** of **the scheme** and **administrator** of **the scheme** for the purposes of the **TCA**, unless the **employer** appoints as **trustee(s)** and **administrator(s)** an organisation or individual(s) named as **trustee(s)** on the **letter of exchange** or supplementary **letter of exchange**. The **trustee** confirms that it will hold the benefits of **the scheme** under irrevocable trusts in accordance with the terms of the **letter of exchange** and **the rules**.

The **trustee** hereby appoints AIB life as **registered administrator** for the purposes of the **Pensions Act**. AIB life agrees to prepare, on behalf of the **trustee**, the annual pension benefit statement for the **member**. Annual **trustee** reports and audited accounts are not required for schemes where the only benefit under **the scheme** is a death benefit in the event that the **member** dies before **normal retirement age**.

The **trustee** or AIB life can choose to terminate this appointment by giving at least 90 days written notice to the other party. This 90 day notice period may only be reduced where both parties agree to it, or if required by legislation.

4.2 Alteration

The **trustee** may at any time and from time to time, subject to the written consent of the **life office** and the **employer**, alter **the scheme** rules, but no such alteration shall result in a reduced value of benefits as a consequence of the alteration compared to the value immediately prior to the alteration.

4.3 Appointment and removal of a Trustee

The power of appointing new or additional **trustees** or removing **trustees** of **the scheme** and of the trusts established here, shall be vested in the **employer**. That is unless the **employer** is liquidated or is unable or unwilling to carry out their responsibilities as outlined in **the rules**. In this case it will be possible for the relevant **life office** to exercise the power of appointing new or additional or removing **trustees** of **the scheme** if it considers it to be in the best interests of the **member**.

Where there are no **trustees** or the **trustees** cannot be found, the Pensions Authority may, if it considers it desirable to do so, appoint a new **trustee** or **trustees** in accordance with Section 64 of the **Pensions Act 1990**.

The High Court may, on application to it by the Pensions Authority by petition, make an order for the removal of a **trustee** and the appointment of a new **trustee** in accordance with Section 63 of the **Pensions Act 1990**.

A body corporate may act as sole **trustee** or with one or more other **trustees**, but if each **trustee** is an individual then the number of **trustees** shall be at least two.

4.4 Resignation of a Trustee

A **trustee** may resign from the position of **trustee**. If the last remaining **trustee** resigns then the **employer** shall use the power vested in them to appoint a **trustee** and notify AIB life accordingly of any appointment. If the **employer** does not appoint a **trustee** then the **employer** will automatically be appointed as **trustee**.

4.5 Additional Trustee Powers

The **trustee's** powers will include, but not be limited to:

- make arrangements in relation to administration of scheme as they see fit;
- offer and agree to such terms and generally act in such a way as appears to them to be fair and just in relation to the purpose of **the scheme** and its proper and efficient administration;
- make all necessary arrangements for dealing with receipts and payments under **the scheme** and may authorise that cheques be drawn or endorsed by such one or more of the **trustee(s)** or by such other person (if any) as they may appoint for the purpose and may give, vary or revoke instructions as to the custody and disposal of any policies and securities and as to the signature of proposal forms and certificates of membership and the giving of receipts and discharges in connection with **the scheme** on behalf of the **trustee(s)** and every such receipt and discharge shall be as valid and effective as if it were given by the **trustee(s)**;
- subject to Section 61B of the **Pensions Act** and with the prior approval of the **employer** to give such guarantees, indemnities and undertakings as they may require in connection with the exercise of their powers under **the rules**.

No decision of the **trustee** will be invalidated by reason of the **trustee** having a direct or personal interest in the result of any such decision or in the exercising of any such power provided that such **trustee** had disclosed any such interest to the other **trustees** (if any) and to the **employer**.

SECTION 5

WINDING UP THE SCHEME

This section gives details of how the scheme may be wound up.

5.1 Winding up the scheme

The **scheme** shall be wound up where one of the following applies:

- the **member** decides that **the scheme** shall be wound up; or
- the **employer** decides that **the scheme** shall be wound up;
or
- an order is made or resolution is passed to wind up the **employer** and no person agrees under section 5.1 to take over **the scheme**; or
- a New Employer who takes over the business of the **employer** does not agree under section 5.1 to take over **the scheme**; or
- the **policy** is cancelled and not replaced.

Within 12 weeks after a decision to wind up the pension scheme has been made or the date on which the **trustee** first becomes aware or ought reasonably to have been aware that an event has occurred which requires **the scheme** to be wound up, notification must be sent to the **member** (or other persons entitled to receive benefits under **the scheme**) and the Pensions

Authority that a decision has been made, or an event has occurred, to wind up **the scheme**.

If **the scheme** is wound up, the **policy** will end in accordance with the **policy** conditions.

SECTION 6

CONTACTING US

We're always on hand to help.

To speak to AIB life:



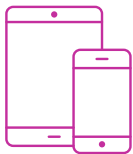
AIB life, PO Box 8172, Blackrock, Co. Dublin, Ireland



Email: hello@help.aiblife.ie



or Call: 01 912 4455 | Mon – Fri, 08:00 - 18:00



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