Personal Retirement Savings Accounts

Policyholders Guide

Irish Life
Corporate Business

Bigger thinking. Better futures.

Stay up to date with your pension savings!

We offer a number of great online tools to keep you informed about your investments

Visit our website

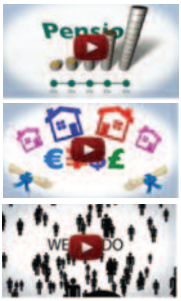
www.irishlifecorporatebusiness.ie

For information about all our products, services and market updates as well as a pension calculator and a comprehensive document download centre.

Investment Centre

www.irishlifecorporatebusiness.ie/investment-centre

The investment centre at the Corporate Business website offers a wealth of information about our investment funds and strategies.



Pension information videos

Watch our videos from the Irish Life Corporate Business website www.irishlifecorporatebusiness.ie

- What is a pension?
- How much to contribute?
- Investment Strategies explained

Pension Planet Interactive

www.pensionplanetinteractive.ie

Pension Planet Interactive is your central personal online pension information tool.

It gives scheme members, employers and advisers access to their relevant pension detail.

Fund Centre App

This new app from Irish Life Corporate Business brings you quick access to fund information such as performance and monthly fund factsheets.

Irish Life Corporate Business

About us

Established in Ireland in 1939, Irish Life is now part of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations.

Great-West Lifeco and its subsidiaries, including The Great-West Life Assurance Company, have a record for financial strength, earnings stability and consistently high ratings from the independent rating agencies. The Great-West Life Assurance Company has an AA rating for insurer financial strength from Standard & Poor's.

Information correct as of 1st January 2014. For the latest information, please see www.irishlifecorporatebusiness.ie.

Contents

Introduction

1

What is a Pension Plan?

A pension plan is an arrangement which is established to provide an individual with an income when they are no longer earning a regular income from employment i.e. when the individual retires.

A pension plan is one of the most valuable benefits you are likely to have in your lifetime.

The importance of having a Pension Plan

Have you ever wondered what you might do when you stop working? Let's face it we all have! The reality is however, that the majority of us will need to save a significant amount just to maintain our existing standard of living in retirement. With advances in modern medicine and improved standards of living, people are generally living longer and can look forward to 20 or 30 years in retirement. This is a long time in which to enjoy the finer aspects of life. Work priorities can be replaced with relaxing, enjoying new hobbies and spending more time with family and friends.

Whatever your goals, one thing is for certain, you will wish to maintain the standard of living that you enjoyed while you were working.

Nobody wants to feel restricted or impoverished in retirement but this may be the reality for many people if they do not take the time and make an effort to adequately plan for their retirement.

The importance of adequate retirement benefits

When you start saving to a Personal Retirement Savings Account (PRSA), it's important that you take the time to understand the level of retirement benefits which are likely to become available to you and your dependants under your PRSA plan. The reality is that although some expenses may decrease in retirement others, such as electricity bills, heating bills and medical expenses, may actually increase as you get older.

Only you can decide exactly how much money you will need during retirement. Chances are that you will need more than you think if you want to maintain your current lifestyle. Ask yourself what percentage of your current salary you would need to live comfortably on in retirement?

Preparing for retirement - means start saving now!

Everyone wants to enjoy a financially secure retirement, so it is important that you begin planning for it now. When you start preparing as early as possible, you'll find it easier to build up a fund that can provide you with the type of lifestyle you are looking forward to enjoying in retirement.

If you are in your 20s or 30s, the easiest way to establish your PRSA is to start small and build your fund gradually. So, whenever you get a pay rise, commit to putting part of the increase into your PRSA, before you get used to spending it.

If you are in your 40s or 50s when you begin saving into your PRSA, you will naturally have more ground to make up, so you should commit yourself to saving a higher amount.

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

Personal Retirement Savings Accounts

2

What is a Personal Retirement Savings Account?

A Personal Retirement Savings Account (PRSA) is a type of pension plan which offers flexibility, convenience and value for money. Employees can make monthly savings and they are also free to make once-off contributions which go towards their Standard PRSA Plan (Revenue limits apply).

A PRSA plan is a contract between an individual and an authorised PRSA provider in the form of an investment account. This contract is provided through a policy with Irish Life Assurance plc who is an authorised PRSA provider.

How do PRSAs work?

A PRSA pension plan allows you to save into your Irish Life Corporate Business Standard PRSA plan for retirement with monthly or once-off contributions. Your PRSA can also be invested in whatever investment fund you choose. Tax relief may be available on contributions and is not automatically guaranteed. Any tax relief you may qualify for will be subject to Revenue Limits (see page 18 & 19). The funds built up will become available when you retire or when you reach age 60.

The aim of a PRSA is to provide you with a pension fund at retirement. From this fund, you have a number of choices in terms of what form of retirement benefits you take. These benefits can be taken in the same way as a personal pension plan. Please section 6 of this booklet for more details.

Standard PRSAs offer a more flexible type of retirement provision for people who want a flexible way to save for their future.

Who can take out a PRSA?

Anyone can take out a PRSA!

Further details of the terms and conditions and investment product information in respect of Irish Life Corporate Business PRSAs can be viewed at **http://www.irishlifecorporatebusiness.ie/consumer-protection-code**

Contributions

3

How are my contributions invested?

Contributions which are paid into your PRSA are invested in what is called a 'fund'. The purpose of this fund is to ensure that the money has an opportunity to accumulate growth – usually called an investment return. The fund when you come to retirement, subject to economic conditions, should therefore be larger than just the sum of the contributions paid into the fund i.e. the fund is then made up of the total amount of contributions plus the investment growth (less any applicable charges).

Contributions can be made by deduction from your wages or salary by the company payroll. They are very flexible and can be fixed or varied and can stop and start without any penalty.

The minimum annual contribution to a PRSA is €300. There is also a salary cap of €115,000 p.a. for tax relief purposes on contributions (January 2014). The entitlement to tax relief is not automatically guaranteed.

What should I consider when deciding on my investment options?

There are a few essential issues that you should consider when deciding on your investment options:

- How much time do you have to save and invest before retirement?
- How much risk are you comfortable with?
- How much money will you need when you retire?
- What combination of benefits are you going to take when you reach retirement?

Over the years you will have invested a large amount of money into your PRSA; therefore it makes sense to understand what your investment options are and make informed choices which will bring you increased financial benefits when you reach retirement.

Irish Life Corporate Business offers a wide range of funds, ranging from straightforward cash funds (low risk funds) to equity funds (high risk funds) which are effectively invested in shares in the stock market. They are called high risk because, unlike a secure cash fund, these markets are unpredictable – they can offer very high returns but they can also give you a return less than the amount you invested, if the stocks do not perform well.

Factors which influence the size of your retirement fund:

1. The amount contributed to your PRSA fund each month. The bigger the contributions, the bigger the pension is expected to be.
2. The performance of the investment fund in which your PRSA is invested.
3. The length of time the investment has to grow before retirement.
4. The PRSA charges.

Obviously the more you contribute to your PRSA, the bigger the fund is likely to be, but choosing the right investment fund to suit your situation and appetite for risk will help you get the optimum return on your investment.

What are my investment options?

Equities

Equities are also known as company shares. There are varying levels of risk & possible return associated with different company shares depending on factors such as, the company's expected performance, the economy's expected performance, the industry's expected performance, etc.

The higher the level of risk associated with a share or an industry sector etc, the higher the potential gain or loss on the investment.

With a low risk share the return is also expected to be lower, as potentially, there is more certainty involved in investing into it.

Gilts or Bonds

These are loans to governments or large companies which are generally available for a specified length of time and associated with a specified rate of return. The amount of risk attached is therefore lower than with shares. However, they can fall in value if interest rates rise.

Property

Pension funds can invest in offices and commercial property. The risks and return can vary depending on the rent gained on the property and the appreciation or depreciation of the underlying asset.
A property fund may not be as liquid as an equity fund. For example, it is not as easy to buy and sell property as it is to trade in and out of the other assets.

Cash

Leaving funds in cash deposit form is very low risk but the return is also low due to the high level of certainty involved and low interest rates. The potential downside here is that returns could be so low that the value of the money is eroded by inflation over a period of time.

What is the Fund Manager's role?

The Fund Manager's job is to collect different combinations of assets into a fund in order to offer different levels of potential risk and return to pension investors. The overall fund is divided into units. The price of the units reflect the value of the assets in the fund.

This is known as a unit-linked fund. As a result members don't have to choose specific shares to invest in. Investing in a range of assets helps spread the risk so that investors are not over-exposed to fluctuations in individual shares.

Allowing all PRSA members to pool their contributions into one fund provides certain advantages. It means that members will receive better value. For example, the fund will pay lower charges for purchasing shares than if each individual member had to purchase shares in their own name.

What investment funds are available to me?

Investment Funds

One of the first decisions that you will need to make is whether to invest your PRSA contributions in an actively managed fund or an indexed/passively managed fund.

Active Fund Management

Within an active managed fund, the fund manager undertakes research and makes decisions on what stock or shares the funds should invest in, based on their own view of economic conditions. The aim of the Fund Manager is to out-perform the average manager.

Actively managed funds will contain both market risk and fund manager risk. Market risk is present because the fund is invested in equities and there is also a level of manager risk due to the fact that the fund manager makes all of the investment decisions. Therefore, the level of risk associated with actively managed funds is generally higher than indexed/passively managed funds.

This also means that the level of expected returns or losses may be greater. There is the potential for higher returns but there is also more potential risk associated with the returns over time.

Indexed Fund Management

To avoid the risk of choosing a fund manager whose funds perform below the rest of the market, pension funds can be invested in indexed managed funds (also called passively managed funds). With indexed managed funds, the fund manager does not choose which shares to invest in. Instead the fund

manager replicates the returns of a particular benchmark index, (e.g. FTSE 100), by investing in shares in the same proportion as they are contained within the index.

This means that the performance of the fund will always be very similar to the performance of the rest of the market and close to the average performance of other fund managers.

The Irish Life PRSA Consensus Plus Fund is one example of an indexed managed fund.

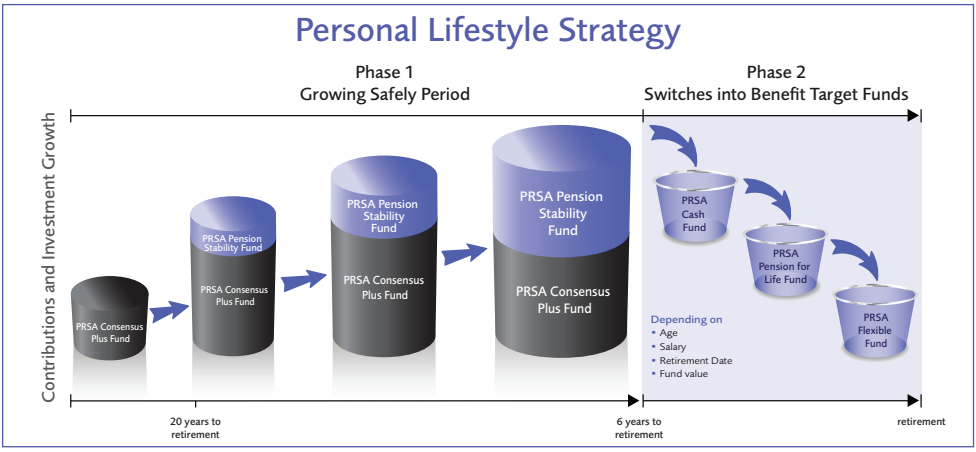
Default Investment Strategy

Unless you request otherwise, we will invest your money in line with the Default Investment Strategy, which is our Personal Lifestyle Strategy for PRSAs.

The Personal Lifestyle Strategy for PRSAs is designed to meet the important needs for pension scheme members: it initially invests in assets that are expected to achieve a return that is greater than inflation. It helps protect your pension fund value against market movements as you get closer to your retirement date and it also directs your investment into appropriate funds that best match how you are likely to take your benefits on your retirement.

The strategy consists of two phases which span the years of your pension savings.

Phase 1, the Growing Safely Period, represents the early and middle years of pension saving. Phase 1 initially invests your pension fund in the PRSA Consensus Plus Fund. With 20 years to retirement we start to gradually move part of your pension fund into the PRSA Pension Stability Fund. This helps to protect your pension fund against volatile markets. With 6 years to go the fund will be invested 60% in the PRSA Consensus Plus Fund and 40% in the PRSA Pension Stability Fund.



Phase 2 Over the next 5 years, your PRSA fund is gradually moved into funds suitable for how you are most likely to use your pension savings upon reaching retirement. The first target is 25% of the fund into the PRSA Cash Fund. Next, any available funds up to that amount estimated to buy a pension of 25% of salary are targeted to the PRSA Pension for Life Funds. Any remaining funds are targeted to the PRSA Flexible Fund.

Depending on your individual circumstances we will switch your savings into investment funds that target the benefits most suitable to you. With one year to go before your retirement date the fund switches are completed and you have reached your benefit target funds.

The Default Investment Strategy does not intend to be free from risk or volatility but we believe that it represents a good compromise between maximising investment returns in the early and middle years of pension saving and providing security in the years immediately before retirement to protect the fund which has been built up.

The mixture of funds and the timing of fund switches in the Default Investment Strategy are reviewed from time to time by the PRSA Actuary, in order to ensure that the strategy continues to suit current investment conditions. Therefore, the period of switching is subject to review.

This strategy will also be reviewed on a regular basis to look at such areas as regulatory changes or to review the investment funds used. The strategy will automatically be updated as a result of any such changes.

Other Fund Choices

Should you choose not to invest in the Default Investment Strategy, you can invest in any of the available PRSA funds, subject to a maximum of 5 funds.

Some of the more popular funds we offer include:

A Low Risk

PRSA Cash Fund

The Cash Fund invests 100% in cash and short-term deposits and aims to give investors a stable and predictable return.

The Cash Fund can be used to protect the value of members' funds against market movements. For members who are close to retirement it is particularly useful for that element of the fund that will be taken as a tax-free lump sum.

These funds are intended to be low risk investments but investors should be aware that the funds could fall in value. This could happen if, for example, a bank the fund has a deposit with cannot repay that deposit, or if the fund

charges are greater than the growth rate of the assets in the fund.

Fund Risk

This is a very low risk fund. While there will be a very low level of volatility in fund returns, there is also only a very low potential for gains. It is suitable for investors who are very close to retirement or have a very low appetite for risk.

B Medium Risk

PRSA Flexible Fund

The PRSA Flexible Fund is mainly invested in bonds, with some investment in cash, equities and alternative assets such as emerging markets equity and corporate bonds.

The PRSA Flexible Fund is suitable for those who will accept some volatility in the investment performance and want reasonable potential for growth.

Fund Risk

This is a medium risk fund which can have some level of volatility. The potential return from the fund will also be medium. It is suitable for investors who will accept some level of risk.

C High - Medium Risk

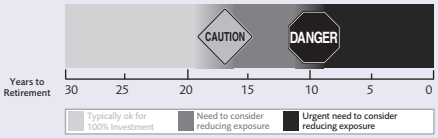
PRSA Consensus Plus Fund

The Consensus Plus Fund is a passively managed fund that aims to provide performance that is consistently in line with the average of all managed funds in the Irish marketplace. The assets of this fund are predominantly invested on a consensus basis, replicating the average asset allocation of the Irish fund management industry. The remainder of the fund is invested in other assets to help improve the investment diversity of the fund.

It is suited to those investors who want long-term managed fund growth with reduced manager and stock selection risk.

The fund is considered a high risk fund for short-term investors e.g. 10 years or less. However, generally the longer investments are held the less volatile they become, so the fund is considered medium risk for longer term pension investors, especially if used as part of a Lifestyle Strategy.

Fund Risk



This is a high risk fund which can have a high level of volatility. Therefore it may not be suitable for investors who have less than 10 years to retirement. The fund is most suitable for long term investment.

Fund Switches

- You can switch your money into a different fund at any time.
- Fund switches are free of charge.
- When switching from one fund to another you must send a written confirmation to us.

Please note that if you choose to switch out of the Default Investment Strategy, your fund and any future contributions are no longer invested in this strategy and therefore no automatic switching of funds as part of the strategy will apply.

We publish weekly PRSA prices and produce a monthly PRSA fund return flyer for all our PRSA funds. These are available on our website: **www.irishlifecorporatebusiness.ie**

Warning: If you invest in this product you will not have any access to your money until you retire.

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

Warning: These funds may be affected by changes in currency exchange rates.

Securities Lending: The assets in these funds may be used for the purposes of securities lending in order to earn an additional return for the fund. While securities lending increases the level of risk within the fund it also provides an opportunity to increase the investment return.

Tax advantages

4

Tax advantages of paying into a PRSA

PRSAs are an extremely tax-efficient method of saving. The Government provides workers with tax relief at their highest tax rate as a way to encourage pension saving. In other words, if your income levels categorise you into the higher income-tax bracket, then you will receive tax relief at that rate. Likewise, if your income levels categorise you into the lower rate tax-bracket only, then this is the rate at which you receive the tax relief.

How tax relief works

When you contribute to a PRSA, the net cost or the 'real' cost to you isn't as high as you would initially think.

*A €100 contribution to a PRSA actually costs you €80 if you pay tax at 20% and €59 if you pay tax at the top rate of 41%.

When you decide how much you need to contribute to your PRSA to provide you with a comfortable retirement, your payroll area will arrange all the rest. What this means is that if you decided to save €100 a month into your PRSA, your payroll department will arrange for that amount to be paid into your PRSA directly from your salary. They will also calculate and apply the tax relief that you are entitled to. Your take-home pay will be reduced by your contributions minus the tax relief and your tax bill will be reduced by the tax relief applied.

*For example, for every €100 you contribute, your take-home pay will be reduced by €59 (if you pay tax at 41%). This means that should you contribute €300 a month, your take-home pay will only go down by €177.

Some examples are shown overleaf.

*The figures shown in these examples are based on tax rates as at 1st January 2014.

*The entitlement to tax relief is not automatically guaranteed.

Deductions from your salary will be made through the PAYE system.

Benefit In Kind

Any employer contributions made to a PRSA on behalf of employees are treated as a benefit-in-kind.

As the contributions do not qualify for relief from the Universal Social Charge (USC), a charge of the amount of the employer contributions by the relevant USC rates is due, typically a total of 7%.

For example, for every €100 your employer contributes to your PRSA, you will be liable for USC of €7.

Examples of income tax relief

Contributions invested in your PRSA may get full tax relief.

If you pay tax at 41%		If you pay tax at 20%
€100	Total Investment to your pension	€100
-€41	Less tax saved	-€20
€59	Net cost to you	€80

Limits on pension saving

It would be great if you could save unlimited amounts into your PRSA and still receive tax relief, but because the tax breaks are so good, the Government have established limits. These limits are based on your income and they are subject to a **maximum earnings limit. The table below displays the percentage of your income that you can receive tax relief for when contributing to a PRSA. There are also limits on the benefits that may be provided at retirement.

Relief on your pension contributions

Age	Maximum % of earnings allowable for tax relief on your pension contributions***
Under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60 and over	40%

****includes employer & employee contributions*

*Tax Relief is available on annual contribution of €1,525 paid, even if this exceeds the normal income based limit. If an individual pays more than the tax relief limit allowed in that year, he/she can carry forward the excess to future tax years and possibly have it offset against relevant earnings (within limits imposed by the Revenue). Contributions to Retirement Annuity contracts and to PRSAs are aggregated when calculating the maximum tax relief. **The maximum earnings limit from 2014 is €115,000. The earnings limit is subject to change. There is no maximum payment that can be made, but you may only claim tax relief within the above limits. There are also limits on the benefits that may be provided. Under current legislation, the maximum pension fund allowable for tax purposes is €2.0 million (this maximum amount includes any pension benefits already taken together with pension benefits yet to be taken). Any fund in excess of this amount will be liable to a once-off income tax charge at the top rate of tax (currently 41%) when it is drawn down on retirement. This limit is subject to change. Please note: The Revenue Commissioners have also placed limits on the total amount that can be contributed by you and your employer to your PRSA. However, if you are concerned by these limits please consult your financial advisor for further details.*

Your questions answered

5

"What happens if …"

I am unable to work due to ill health?

If you are forced to retire early on the grounds of ill health (permanent incapacity which prevents you from carrying on in your occupation or any other occupation for which you are suited or trained) you can draw on your PRSA immediately regardless of your age.

Irish Life will not however, pay the amount or value of any PRSA assets on the grounds of permanent incapacity without obtaining appropriate supporting evidence.

I want to retire early?

The earliest that you can avail of benefits is on your 60th birthday. However, if you are working for an employer and you retire on or after age 50 you can avail of your benefits immediately. If you stop paying into your PRSA for more than 2 years and the value of the fund is less than €650, you may be permitted to avail of the fund at that stage (subject to certain conditions).

I die before I retire?

Should you die before you reach retirement age your accumulated PRSA fund will be made payable to your estate as a lump sum.

I want to add life cover to my policy?

Standard PRSAs cannot offer life protection or other benefits as part of the product, nor can standard PRSA literature mention or promote other products outside the PRSA plan.

How much should I save to my PRSA?

When you start saving to a PRSA , you need to make a decision on how much you need to save into it as the amount that is contributed, combined with the investment growth, will determine the size of the fund you will receive in retirement. This in turn will influence your standard of living after you retire.

If you will not have another form of income in retirement apart from your pension, then the general rule of thumb is to aim for a pension that is equal to about half of your current salary allowing for your state pension entitlement.

However, the State pension that you should be entitled to at retirement will be also paid in addition to your own pension.

When aiming for a particular level of pension in retirement, the amount you need to save right now will depend on how close you are to retirement.

The table overleaf highlights the estimated total percentage of salary that will need to be saved into your PRSA, based on age, in order to take a cash lump sum of 25% of your fund and then purchase a pension which will equal 25% or 33.3% of your salary when you retire. This percentage can be made up of your contributions as well as your employer's contribution (if applicable). When you start preparing as early as possible, you'll find it easier to build up a fund that can provide you with the type of lifestyle you are looking forward to enjoying in retirement.

If you put off saving for your pension, the cost may become prohibitive and you may have no option but to settle for an inadequate pension. Please note that the State Pension is paid in addition to your own PRSA.

Should you wish to retire earlier than 65 years of age, it is expected your contributions would need to be greater than the percentages displayed in the tables overleaf.

Retiring at age 65

Start contributing at age	% of contributions per year of salary required for a lump sum of 25% of the total PRSA fund and a pension of approx. 25% of salary	% of contributions per year of salary required for a lump sum of 25% of the total PRSA fund and a pension of approx. 33.3% of salary
25	19%	25%
30	22%	29%
35	26%	34%
40	31%	42%
45	39%	52%
50	53%	70%
55	79%	105%
60	156%	208%

Note Assumptions: *These illustrations assume an investment return of 5.4% per annum up until 20 years before retirement.*

The assumed rate of return for the next 19 years decreases monthly, starting at 5.4% and reducing to 3.13%. This reduction reflects the gradual movement in asset mix initially from the PRSA Consensus Plus Fund towards 60% in the PRSA Consensus Plus Fund and 40% in the Pension Stability Fund and then to the PRSA Cash Fund, PRSA Pension for Life Fund and PRSA Flexible Fund as targeted by the Default Investment Strategy.

These figures also allow for the government pension levy of 0.75% in 2014 and 0.15% in 2015, assuming that contributions start in January 2014. The pension levy will be deducted at the end of June in each of the years 2014 and 2015.

Salary/contribution growth of 3% per annum is also assumed.

These rates are for illustration purposes only and are not guaranteed. Actual investment growth will depend on the performance of the underlying investments and may be more or less than illustrated.

This illustrated income is assumed to be paid monthly in advance, payable for life (and payable for at least a minimum of 5 years regardless)and increasing by 2% per annum during payment.

This table is based on annuity rates calculated in line with the Actuarial Standards of Practice - PRSA 2.

Warning: Past performance is not a reliable guide to future performance.

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

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

Are PRSAs transferable?

PRSAs are very flexible; a PRSA fund with one financial institution may be transferred to another PRSA fund with another institution without any penalty or charge. If you change jobs, or become self-employed, you can leave your PRSA where it is (but you cannot keep paying into it). You can transfer the value of your PRSA into a new PRSA (for example, an individual PRSA with Irish Life) and then continue making contributions.

What charges apply to a PRSA?

The charges for PRSAs cannot be defined in monetary terms but can only be expressed as a percentage of the fund value and/or percentage of contributions. The maximum for a Standard PRSA is capped each year at 1% p.a. of the fund value (management charge) and 5% of each contribution. Irish Life reserve the right to apply any other charges that may arise as a result of changes to taxation by the Revenue Commissioners or any other changes to legislation.

Your Preliminary Disclosure Certificate will detail the product's specific charges. The Policy Terms and Conditions will also detail these specific charges. Irish Life commit to giving 2 months prior notification of any increase to charges.

What are my employer's obligations?

Your employer is permitted to contribute to your PRSA but they are not obliged to do so. However they must put a Standard PRSA in place for any employees who want to save for their retirement and do not have access to their company pension plan with certain exceptions (e.g. company pension schemes are allowed to have a waiting period of up to 6 months). You can choose whether or not to invest in this Standard PRSA. Your employer must then remit any contributions to Irish Life.

Employers must:

- Notify any employees who do not have access to a pension scheme of their right to contribute to a Standard PRSA.
- Allow a PRSA provider reasonable access during working hours to employees in order for them to open a PRSA.
- Deduct any contributions you wish to pay to your PRSA from your salary and forward to the PRSA provider. This must be carried out within 21 days of the end of the month in which the contribution was deducted from salary.
- Notify you on a monthly basis of the contribution that was deducted (this could be indicated on your payslip) and forward that amount to Irish Life.

An employer is not obliged to:

- Contribute to the your PRSA but they can do so if they wish to.
- Give any advice regarding PRSAs to their employees but they must allow a PRSA provider reasonable access to the employees in order to brief them on the PRSA.

Retirement benefit options

6

What will I get at retirement?

PRSA Benefit Options

It is important to understand that PRSAs do not guarantee a particular level of pension. Instead, they aim to build up a fund which becomes accessible upon retirement.

The PRSA fund can be drawn on at any stage between the age of 60 and 75. All benefit limits are subject to tax rules as they apply at that time and are subject to change. Employees can take early retirement benefits at or after the age of 50.

Please note that it is necessary that an employee leaves service before they are permitted to take early retirement benefits.

Cash lump sum

The maximum cash lump sum that can be taken tax free is 25% of your pension fund with the following restrictions:

- This is a lifetime limit (from 5th December 2005) and so will apply to a single lump sum or where you are in receipt of lump sums from more than one pension product.
- The maximum tax-free lump sum that can be taken is the lower of 25% of your pension fund or €200,000.
- If the value of 25% of your pension fund is greater than €200,000, the excess over €200,000, up to an additional €300,000 can be taken, taxed at the standard rate, currently 20%.

The total benefit that can be taken as an immediate lump sum is therefore €500,000. Individuals with a personal fund threshold may take additional lump sum benefits above €500,000 up to a total of 25% of the pension fund (for more information on personal fund thresholds please refer to page 18 of this booklet). In this case, any lump sum amount taken in excess of €500,000 is taxed at the individual's marginal rate of tax (including Universal Social Charge and PRSI charges).

PRSA Benefit Options after you have taken your cash lump sum

Will you have a guaranteed income each year for life of €12,700 when you retire?

- Then you must use enough of the proceeds to buy an annuity so that you have a guaranteed income of €12,700 per annum or else use the entire proceeds to purchase an annuity.

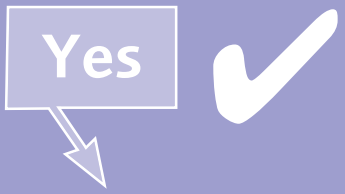
or

- Leave €63,500 in the PRSA 'post-retirement' or invest €63,500 in an Approved Minimum Retirement Fund (AMRF) or buy an annuity for life with that amount

and

- Leave any excess in the PRSA, or invest it in an Approved Retirement Fund (ARF) or take the rest as taxable cash.

ARFs, AMRFs and Post Retirement PRSA's are explained overleaf.



- Buy an annuity for life.

or

- Leave the fund in the PRSA taking withdrawals as you want.

or

- Invest in an ARF taking withdrawals as you want.

or

- take the rest as taxable cash.

Note: You will have to pay income tax on any income you receive either from an annuity or withdrawals from an ARF or AMRF or Post Retirement PRSA .

What is an ARF?

ARF stands for Approved Retirement Fund. An ARF is a tax-free investment fund held in your own name and managed by a Qualifying Fund Manager. Money can be transferred from one ARF to another if you have more than one.

An ARF is available if:

- You have a guaranteed lifetime income of at least €12,700* a year or
- You have a fund value in excess of €63,500*, the first €63,500 having been invested in an Approved Minimum Retirement Fund, can be invested in an ARF.

Please note:

• If the ARF's asset value is less than €2 million, every year 5% of the ARF's asset value as at 30th November is liable to income tax, Universal Social Charge and PRSI, if applicable. The 5% is inclusive of any income you actually take.

• If the ARF's asset value is greater than €2 million or if an individual owns more than one ARF, where the aggregate value of the assets in those ARFs exceeds €2 million, every year 6% of the ARF's asset value as at 30th November is liable to income tax, Universal Social Charge and PRSI, if applicable. The 6% is inclusive of any income you actually take.

This applies when the ARF owner is 60 years or over for the whole of the tax year and where an ARF is set up after 6th April 2000. Rates are applicable as at January 2014. These amounts and the valuation dates may change as specified by the Government.

**The Government have indicated that these limits may be reviewed in future Finance Acts.*

The amounts quotes are correct as at 1st January 2014.

One of the benefits of investing your retirement capital in an ARF is that, on death any balance becomes part of your estate. However, capital acquisitions or capital gains tax may apply (income tax may apply in certain circumstances), depending on who inherits your ARF capital.

What is an AMRF?

AMRF stands for an Approved Minimum Retirement Fund. It is similar to an ARF in many ways, except for the fact that you cannot make a withdrawal from your AMRF capital in any circumstance before the age of 75. You can however, draw on the accumulated investment growth at any time, as you wish. Money withdrawn from an AMRF is subject to income tax, the universal social charge and PRSI (if applicable). You can only have one AMRF at any time.

An AMRF becomes an ARF when you reach 75 or on earlier death or should your circumstances change and you are are in receipt of a specified income of €12,700.

Irish Life ARFs

Due to the imputed distribution requirements introduced by the Finance Act 2006, Irish Life will deduct a minimum withdrawal of 5% of the value of the ARF during December each year. This is automatically deducted from your ARF and paid to you net of income tax, PRSI (if applicable), Universal Social Charge (USC) and any other charges or levies (tax) due at the time on the withdrawals you make. This applies from the year you turn 61. Where the total value of your ARFs and vested PRSAs exceed €2 million then a withdrawal of 6% from your ARF must be made each year. It is your responsibility to let us know if you have other ARFs and vested PRSAs with a total value greater than €2 million. For more information please speak to your financial adviser.

Post-Retirement PRSAs

Once you have taken some benefits from your PRSA, any remaining PRSA fund is treated similarly to AMRFs and ARFs for deemed income tax each year.

- If you do not meet the minimum income requirement, then the value of your PRSA fund in excess of €63,500 is subject to the deemed distribution requirements.
- If you do meet the minimum income requirement, then the deemed distribution applies to the full value of the fund.

While contributing to the PRSA, you can keep track of the size of your fund through our **Pension Planet Interactive** online facility and regular benefit statements, which you will receive as a member of the PRSA.

Further details on these services are explained in section 7.

Our service to you

7

Information on your PRSA

Before you begin saving into an Irish Life PRSA you will receive a document called a **'Preliminary Disclosure Certificate'** which will outline information about your policy and the projected level of benefits in broad terms.

Within 7 days of starting the PRSA you will then receive a detailed year by year **projection of your contributions, fund growth, charges and your likely pension on retirement**.

Corporate Business will provide you with the following various sources of information, allowing you to continually monitor your pension situation:

- **A PRSA net pay certificate** which you will need to pass on to your employer in order for them to pay your contribution through the net pay arrangement (your employer may already have received this from Irish Life).
- Detailed **policy terms and conditions**. You will then have another 30 days to decide whether you wish to continue with your PRSA or take a refund of your money.

When you are a member of an Irish Life PRSA, we will provide you with all the information you need in order to keep up to date on your PRSAs progress and make informed decisions on what choices work best for you.

In addition to this booklet, containing general information on the workings of your PRSA, Irish Life will provide you with the following various sources of information, allowing you to continually monitor your PRSA situation:

PRSA Benefit Statement

Every six months we will send you a statement outlining how much was paid into the PRSA over the last six months and the value of your PRSA at that point. You will also get an investment report on all of the funds your contributions have been invested in. Every year you will get a projection of your contributions, fund growth, charges and your likely pension on retirement.

Online information on your PRSA - www.pensionplanetinteractive.ie

Pension Planet Interactive is an easy to use online tool that gives you access to your PRSA information. It helps you manage your retirement planning more effectively and efficiently.

- key PRSA plan information
- your account value
- your transactions

- your fund selection
- fund price history
- documents such as benefit statements and correspondence in the document library
- retirement planning tools and information about investment choices.

Predicting your PRSA at retirement with Pension Prophet

www.pensionprophet.ie

Pension Prophet is a pension projection tool that will help you predict what level of retirement income you could have. It also allows you to run hypothetical calculations based upon your personal information, contribution rate, assets and expense assumptions. This will help you to determine your projected retirement fund, income and expenses and to create a PRSA which will help you to achieve your desired goals.

It is a graphic, easy-to-use projection tool which quickly displays the benefit of additional pension savings and the cost of delaying that saving. It also has a clever retirement income calculator which outlines typical day-to-day expenditure on different items and allows you to assess the amount of income that you may need in retirement.

Fund Centre App

This app provides you with the latest fund details, such as the fund returns and our latest monthly fund factsheets.

- Access fund performance in an overview table
- Check the price charting tool
- Add funds to your favorites in the app for quick access
- Search funds by fund name and fund codes
- See the price history and factsheets for PRSA funds.

Investment updates

Irish Life Corporate Business provides investment fund information every month on how particular funds are performing. These can be found in the investment centre of our website www.irishlifecorporatebusiness.ie

AIM Pension education

Work-site presentations

At Irish Life Corporate Business, we are aware that you need as much information on your PRSA as you can get, in order for you to fully understand your policy details and what level of contribution you need to carry on making in order to maintain your current standard of living in retirement. To address this need, we have developed the AIM initiative for pension education and awareness.

Our AIM Team will visit your workplace and give a presentation on your company PRSA. They will focus on helping you to understand how it works, the most efficient way to make savings and what fund size you should expect at retirement.

Contact Information

7

If you have any queries concerning your PRSA please contact:

Irish Life Corporate Business at:
Lower Abbey Street
Dublin 1
Tel (01) 704 2000
Fax (01) 704 1957
E-mail: code@irishlife.ie

Contact information for complaints

We endeavour to do our best do our best in order to resolve any complaint you may have. However, if you have a complaint and are not satisfied that we have dealt with the matter properly or adequately you may wish to refer the matter to the

Pensions Board at:
Verschoyle House
28/30 Lower Mount Street
Dublin 2
Tel (01) 613 1900

However, if the complaint concerns financial loss due to the mismanagement of your PRSA or if you are in dispute over a fact of law concerning the plan and you are not satisfied with the decision, you may refer the matter to the

Pensions Ombudsman at:
36 Upper Mount Street
Dublin 2
Tel (01) 647 1650

You may also refer your complaint to the

Financial Services Ombudsman at:
3rd Floor
Lincoln House
Lincoln Place
Dublin 2
Tel (01) 662 0899

Your policy is provided by Irish Life Assurance plc and will set out the details of your contract with us. This brochure is intended as a guide to help you to understand your Standard PRSA and does not give all the details regarding your policy. These details are included in your policy schedule. More specific details and rules will be included in your policy terms and conditions, which you should also read carefully.

Your application form and policy will be your legal contract with us. The contract will be governed by Irish law. The Irish courts are the only courts which are entitled to hear disputes.

The contribution and benefit limits, tax relief and other details set out in this booklet are based on our understanding of the law at the time that this booklet was prepared. When reading this booklet you should consider that the law can change at any time. This booklet is a general guide to these matters only; therefore you should always get expert advice when you make any decisions which may affect your benefits under the PRSA plan.

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Contact us

phone: 01 704 2000
fax: 01 704 1905
e-mail: code@irishlife.ie
website: **www.irishlifecorporatebusiness.ie**
write to: Irish Life Corporate Business, Lower Abbey Street, Dublin 1

Bigger thinking. Better futures.