PENSIONS
INVESTMENTS
LIFE INSURANCE

Irish Life

GROUP PERSONAL RETIREMENT SAVINGS ACCOUNTS COMPARED TO DEFINED CONTRIBUTION PLANS

EMPOWER ACCESS

THIS DOCUMENT IS INTENDED AS A DISCUSSION DOCUMENT FOR COMPANIES AROUND THEIR OPTIONS FOR PROVIDING PENSION BENEFITS FOR THEIR EMPLOYEES. THIS DOCUMENT SHOULD NOT BE DISTRIBUTED TO EMPLOYEES.

	STANDARD PERSONAL RETIREMENT SAVINGS ACCOUNT (PRSA)	DEFINED CONTRIBUTION (DC) PLANS
Structure	Individual contract that is set up between the employee and Irish Life, facilitated by the employer.	DC plans are company sponsored pension plans set up under Trust by the employer.
Eligibility	Employers must put a Standard PRSA in place for employees who don't have access to a company pension plan.	Entry restrictions due to waiting periods may apply.
Contributions	Employers are not required to make contributions but can do so if desired.	The employer must contribute to the plan (minimum of 1/10th of total annual contributions) or pay for the cost of setting up the plan and cost of ongoing death benefits.
Maximum Contributions	Standard Employee and Employer contributions and top ups are combined for the purposes of maximum tax relief limits (see table on page 3). This can limit the total overall level of contributions into a PRSA for a member.	Only contributions from the employee, including Additional Voluntary Contributions (AVCs) are counted for the purposes of maximum tax relief limits (see table on page 3). As the Employer contributions are in addition this gives greater scope for a member to build a larger pension fund under a DC plan.
Member Refunds	This only applies if the employee has not been contributing to the plan for at least two years and the value of the fund is less than €650.	If a member leaves service and has less than 2 years pensionable service they may opt to take a refund based on the fund value built up through their personal contributions and any AVCs. (They will not be entitled to the Employer fund in this instance).
Vested Rights (entitlement to the Employer contributions)	Employees have full rights to the fund accrued. Employers are not entitled to a refund of employer contributions if an employee leaves service.	Employees are entitled to a preserved benefit if they leave service after completing 2 years of pensionable service in the scheme for retirement benefits. Pensionable service is service in the DC plan plus any service transferred in from other pension plan.
Fund Investment Choice	Standard PRSAs have a restricted fund choice. Investment is only allowed in 'pooled funds'.	Offer a wider fund choice than Standard PRSAs. Smoothed funds such as the Capital Protection Fund*(see end of page 2) are available.

Please see notes on page 2.

	STANDARD PRSA	DEFINED CONTRIBUTION (DC) PLANS
Redundancy payment	Where an employee receives a tax free redundancy payment this does not effect his scope to take a Tax Free Cash Lump Sum under a PRSA.	Where an employee receives a tax free redundancy payment this may reduce the scope to take a Tax Free Cash Lump Sum under a DC Plan.
Retirement Age	Employees can access their PRSA fund from age 60 onwards (even if working for the same employer at the time). They may also early retire from age 50 onwards.	The DC scheme rules will set a 'Normal Retirement Age'. You may early retire from age 50 onwards with the Trustees agreement. You can not access retirement funds while you are working for the same Employer.
Retirement Options	1. Take a maximum immediate cash lump sum of up to 25% of your retirement fund. AND THEN 2. Invest the next €63,500*** of the pension fund in: - An Approved Minimum Retirement Fund (AMRF) or - Purchase an annuity to provide a pension income for life. OR If the member have a guaranteed lifetime income of at least €12,700*** a year (including any State benefit applicable), they can 3. Take the balance as a taxable lump sum OR Transfer the balance to an Approved Retirement Fund (ARF).	1. Take a maximum cash lump sum of up to 1.5 times salary, subject to 20 years of relevant or pensionable service, in addition to having worked to normal retirement age. AND THEN 2. The balance of the pension fund must be used to buy a pension income for life/annuity. AND THEN 3. If the employee has paid extra amounts into an AVC fund, they also have the option to use the proceeds from their AVC to purchase an ARF (Approved Retirement Fund) or an AMRF (Approved Minimum Retirement Fund). AVCs can also be used to buy a pension for life/annuity. In addition, DC members also have the same retirement options as PRSA holders.
Charges	Maximum charges allowed of 5% of contributions and 1% p.a. of the fund. Less flexibility to reduce charges at group level.	No formal cap on charges. However, charges can be higher or lower than allowed under a Standard PRSA.
Risk benefits	A separate life assurance scheme needs to be established to meet the costs of risk benefits.	DC plans can provide retirement and death benefits in one package.
Trustee training	No Trustees required.	Employer is required to organise training for all of the Trustees within six months of appointment and every two years thereafter.
Trustee Reports	No Trustee Report required.	Full annual Trustee Report and Audited Accounts required if greater than 100 members.
Employer/Trustee responsibility	Employer is not responsible for the investment performance of the PRSA.	The Trustees are not responsible for member Investment choices once they have provided a strong Default option and provide the members with sufficient information to assist them with their fund choices.
Compliance requirements	Compliance burden falls mainly on the PRSA provider. The employer's involvement is limited to providing payroll deduction facility, remittance of deducted contributions and allowing PRSA providers reasonable access to excluded employees for the purpose of setting up PRSA contracts.	Substantial compliance requirements fall on the Trustees amongst which are mandatory appointment of Registered Administrator and disclosure of information.More details are available on the Pensions Authority website **www.pensionsauthority.ie**.

Notes:
*Restrictions may apply to switches out of this fund. This fund is closed to lump sum contributions and transfer values.
**The lifetime limit for tax free lump sum is €200,000 effective from December 2005.
***These amounts may change (up or down) as specified by the Government. The amounts quoted are correct as at February 2016.

AGE	MAXIMUM % OF ANNUAL EARNINGS ALLOWABLE FOR TAX RELIEF
Under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60 and over	40%

Note: Employees may qualify for tax relief on their own pension contributions. The percentage of members contributions that you can claim tax relief on are shown in the table above. This includes any regular employee contributions and Additional Voluntary Contributions. Any contribution in excess of regular employee contributions will be treated as Additional Voluntary Contributions. The maximum earnings limit for tax relief on pension contributions for 2016 is €115,000. In the case of PRSAs the entitlement to tax relief is not automatically guaranteed.

Please note that in a PRSA the age related limits above are inclusive of any Employer contribution.

Please refer to our website **www.irishlifecorporatebusiness.ie** for details on the standard fund threshold allowable for tax relief purposes.

The complete terms and conditions of Corporate Business PRSAs and Defined Contribution plans are available in the relevant policy documents.

Information correct as at March 2016.

PENSIONS
INVESTMENTS
LIFE INSURANCE

Irish Life

CONTACT US

PHONE: 01 704 20 00
FAX: 01 704 19 05
E-MAIL: code@irishlife.ie
WEBSITE: www.irishlifecorporatebusiness.ie
WRITE TO: Irish Life Assurance plc, Lower Abbey Street, Dublin 1

3779cb (Rev 3-16