

PERSONAL LIFESTYLE STRATEGY

PERSONAL RETIREMENT SAVINGS ACCOUNT

The Personal Lifestyle Strategy (PLS) is the Default Investment Strategy for Irish Life Corporate Business Personal Retirement Savings Accounts (PRSAs).

Investing your PRSA into PLS has two main benefits over the years of your pension savings:



MANAGING INVESTMENT RISK

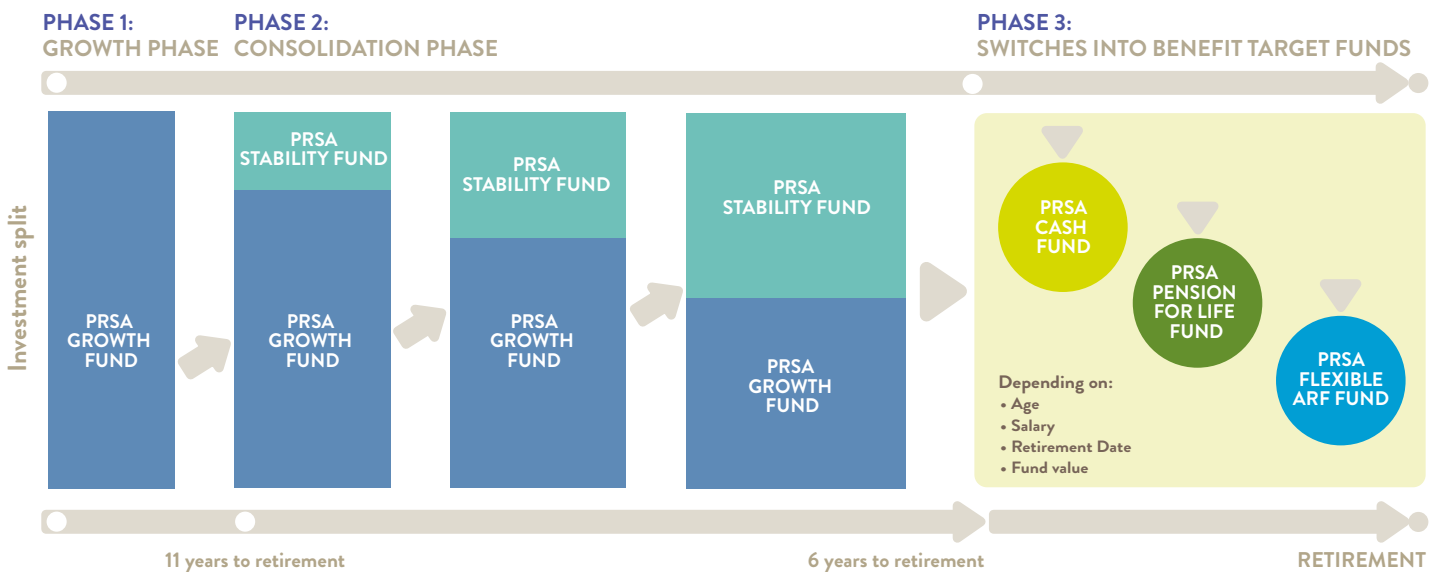
PLS helps protect your pension fund value against market fluctuations by switching you into lower risk funds as you get closer to your retirement date.



PERSONALISED FUND SWITCHES

PLS is different to other investment strategies because it adjusts to your own circumstances. It directs your investment into appropriate funds that best match the benefits that you are likely to take on your retirement.

The Personal Lifestyle Strategy consists of three phases which span the years of your pension savings. It starts from the moment you join the strategy up to your retirement date.



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

PHASE 1

GROWTH PHASE

Phase 1 puts you in funds suitable to achieve investment growth while at the same time balancing investment risk.

Initially you will be completely invested in the PRSA Growth Fund.



PHASE 2

CONSOLIDATION PHASE

Phase 2 with 11 years to retirement we start to gradually move part of your fund into the PRSA Stability Fund.

This helps to protect your pension fund against volatile markets.



PHASE 3

SWITCHES INTO BENEFIT TARGET FUNDS

Phase 3 moves your pension fund into funds that will be most suitable for how you are most likely to use your PRSA savings upon reaching retirement. You might for example take a lump sum benefit, purchase a pension for life (annuity) or keep part of your fund for a post retirement investment.

Depending on your individual circumstances we will switch your savings into investment funds that target the benefits most suitable to you.

If you invest in PLS then all of your pension contributions must be invested in this strategy, you cannot select other funds and have the PLS features outlined here.

WHICH INVESTMENT FUNDS ARE USED IN PLS?

Risk Rating

1



The **PRSA Cash Fund** is a low risk fund which invests in bank deposits. It will be used for your likely lump sum benefit.

Risk Rating

2



The **PRSA Stability Fund** is mainly invested in bonds, with some investment in cash, equities and alternative assets. It aims to help protect your pension fund against market movements.

Risk Rating

3



The **PRSA Flexible ARF Fund** is mainly invested in bonds with some investment in cash, equities and alternative assets. It will be used for the part of the fund that may be transferred to an Approved Retirement Fund (ARF).

Risk Rating

4



The **PRSA Pension for Life Fund** invests in government bonds. It is designed for the portion of your fund that may be used to purchase an annuity.

Risk Rating

4



The **PRSA Growth Fund** is predominantly invested in international equities with some holdings in bonds, cash and property. This is a medium risk fund for balanced investors, which aims to have a moderate allocation to higher risk assets such as shares and property. The fund objective is to achieve returns managed within a range of volatility.

The standard annual fund management charge for each fund used in PLS is 1.00% per year.

Details of these funds are available on www.irishlifecorporatebusiness.ie

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

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

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

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

Securities Lending: The assets in these funds (except the PRSA Cash Fund) 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.

WHAT BENEFITS WILL I BE SAVING FOR?

Based on current Revenue rules your pension fund will be used to purchase one or more of the retirement benefits listed below. The level of benefits that you will be able to purchase will depend on a number of factors:

- the amount you are contributing
- the age you started contributing
- investment performance
- and when you plan to retire.

PRIORITY

1

2

3

RETIREMENT BENEFIT	TAX FREE/TAXABLE LUMP SUM	ANNUITY/PENSION FOR LIFE	APPROVED RETIREMENT FUND (ARF)
Funding Targets	<p>We will target a lump sum of 25% of the pension fund value as an immediate cash lump sum at retirement.</p> <p>We will also place a cap of €500,000 on this benefit. This €500,000 cap is based on Revenue limits and is made up of:</p> <ul style="list-style-type: none"> A maximum lifetime limit tax-free lump sum of €200,000 effective from December 2005. A taxable lump of €300,000, subject to the standard rate of tax (currently 20%). 	<p>Based on our research we recommend that a person should target a replacement income of at least 25% of their final remuneration in addition to any State Pension entitlement.</p> <p>This funding target allows for a minimum guaranteed income of €12,700 per year from the age you retire to the age you receive the State Pension.</p> <p>From the State Pension age, the income you get from your private pension will then target a minimum of €700 per year. So this private pension would be available in addition to any State Pension entitlement.</p>	<p>Any remaining eligible contributions that are not used to fund the lump sum benefit or a pension for life can be transferred to an ARF, (subject to certain conditions). An ARF is a post retirement investment fund from which you can draw down income.</p>

Any income you receive from pensions or as income draw down from an Approved Retirement Fund will be subject to income tax when being paid.

HOW DOES PLS WORK IN DETAIL FOR AN INDIVIDUAL PRSA HOLDER?

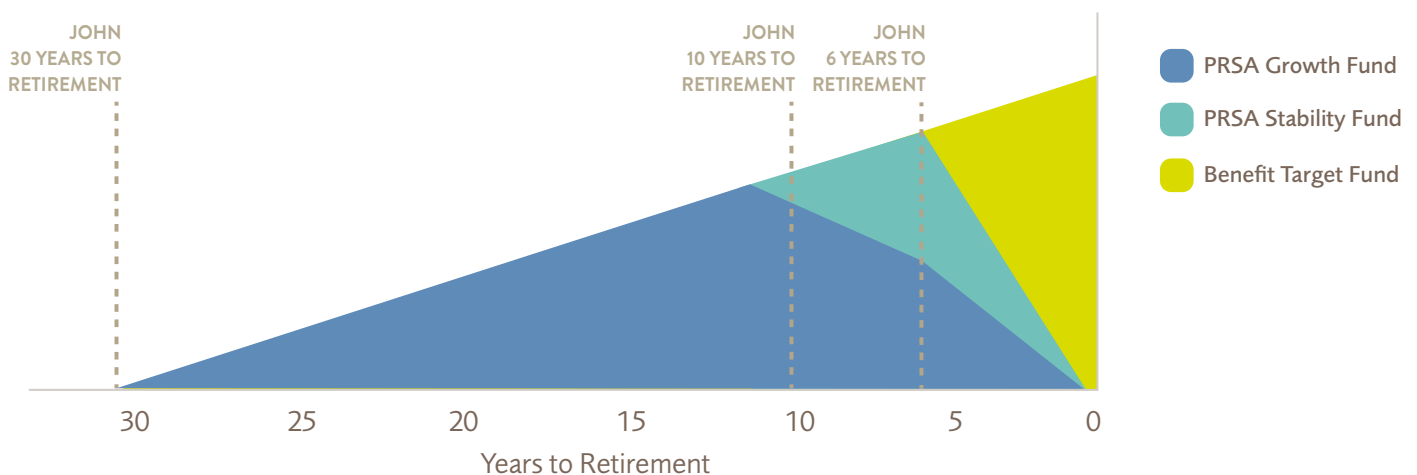
If your retirement age is 65 you will be 100% invested in the PRSA Growth Fund until you reach age 54. From age 54 we will switch a small percentage, about 10% each year, of your accumulated fund into the PRSA Stability Fund.

The switches take place on a monthly basis. When you reach age 59 and you are 6 years away from retirement, 50% of your pension will be invested in the PRSA Growth Fund and 50% in the PRSA Stability Fund. If your pension plan has a different retirement age then the switching will start 11 years from that retirement date. During the 6 years before your retirement, your fund is then directed into target funds to match your likely retirement benefits.

The following table gives an overview of the funds you will be invested in over the years of your pension saving.


	YEARS TO RETIREMENT	PRSA GROWTH FUND	PRSA STABILITY FUND	BENEFIT TARGET FUND
Growth Phase	Up to 11	100%	0%	0%
Consolidation Phase	6	50%	50%	0%
Switches into Benefit Target Funds	5	40%	40%	20%
	4	30%	30%	40%
	3	20%	20%	60%
	2	10%	10%	80%
	1	0%	0%	100%
	0	0%	0%	100%

This graph shows the funds a PRSA holder may be invested in throughout their time saving for retirement.



PHASE 1 - GROWTH PHASE

30 years to retirement



INVESTMENT
100% PRSA Growth Fund

PHASE 2 - CONSOLIDATION PHASE


10 years to retirement



INVESTMENT
90% PRSA Growth Fund
10% PRSA Stability Fund

PHASE 2 - CONSOLIDATION PHASE

6 years to retirement



INVESTMENT
50% PRSA Growth Fund
50% PRSA Stability Fund


PHASE 3 - SWITCHES INTO BENEFIT TARGET FUNDS

This is the phase when PLS really matches your personal circumstances! PLS recognises that everyone is unique and will retire on a different salary, service length, fund size. Based on your personal details submitted to us, over the last six years prior to your retirement PLS will switch your pension savings into one, two or three different funds that best fit how you are likely to take your benefits at retirement.

When our sample PRSA holder John comes to retirement, he could have a number of different options how to take his benefits.

PLS will switch him into different funds that are best suited to his retirement options.


PURCHASE OPTION
Tax free lump sum and a pension



FUND SWITCH
2 funds

- PRSA CASH FUND
- PRSA PENSION FOR LIFE FUND

PURCHASE OPTION
Tax free lump sum, a pension of 25% of salary and balance may be invested post retirement for future flexible income.



FUND SWITCH
3 funds

- PRSA CASH FUND
- PRSA PENSION FOR LIFE FUND
- PRSA FLEXIBLE ARF FUND

All the above examples are for illustration purposes only. Revenue limits will apply to all retirement benefits.

KEEPING PLS UP TO DATE

To make sure PLS can work best to suit your personal circumstances we need your information, including your retirement age. Please inform us of any changes as soon as possible.

Irish Life Corporate Business is continuously striving to offer services which are up to date and appropriate. We are committed to ensuring that PLS stays up to date and relevant. We will review the strategy regularly, so that it will automatically change over time to take account of changes in retirement regulations and investment opportunities. When these reviews are carried out, you as a PRSA holder using PLS automatically benefit from the changes.

For more information and if you wish to use the Personal Lifestyle Strategy please contact your Financial Adviser.

Details of the funds used in PLS are available on www.irishlifecorporatebusiness.ie.

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