

Personal Lifestyle Strategy (PLS) Additional Voluntary Contributions (AVCs)

Irish Life Corporate Business

Volatility Risk



The Personal Lifestyle Strategy (PLS) is an innovative new pension investment solution for members of Additional Voluntary Contribution (AVC) schemes.

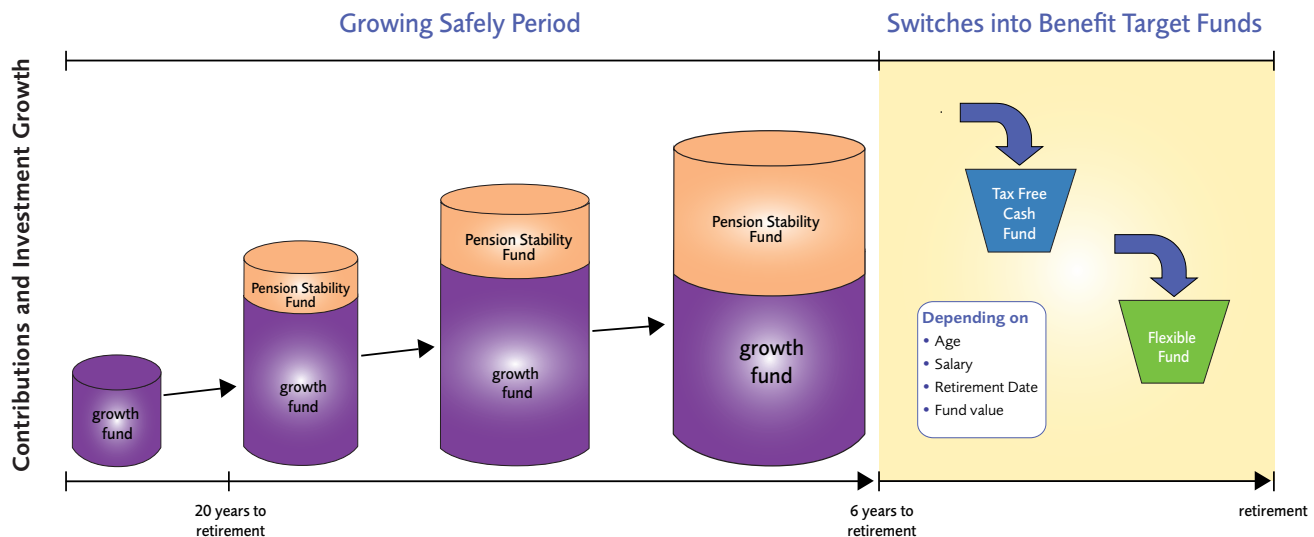
PLS is designed to meet two very important needs for pension scheme savers:

- It helps protect your pension fund value against market fluctuations as you get closer to your retirement date and
- It directs your investment into appropriate funds that best match the benefits that you are likely to take on your retirement.

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

How does the Personal Lifestyle Strategy work?

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



PHASE 1 Growing Safely Period

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 a growth fund, typically the Consensus Fund.

With 20 years to retirement we start to gradually move your fund into the Pension Stability Fund (previously called Safe Pension Fund). This helps to protect your AVC fund against volatile markets.



PHASE 2 Switches into Benefit Target Funds

Phase 2 gradually moves your AVC fund into funds that will be most suitable for how you will use your AVC savings upon reaching retirement.

We expect you will want to take as much of your fund as tax free cash at retirement as Revenue will allow and keep the remainder invested.

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

With 1 year to retirement you will be 100% invested in your target fund(s).



Which investment funds are used in PLS?

The **Consensus Fund** invests mainly in international equities with some holdings in bonds, cash and property. It aims to achieve returns that are consistently in line with the average of all pension managed funds in the Irish marketplace.

Risk Rating
5

The **Pension Stability Fund** (previously called the Safe Pension 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
2

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

Risk Rating
1

The **Flexible 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
3

Details of these funds will be available on www.irishlife.ie/corporatebusiness/

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

How does PLS work in detail for an individual member?

If your retirement age is 65 you will be 100% invested in a growth fund (e.g. the Consensus Fund) until you reach age 45.

From age 45 we will switch a small percentage, about 3% each year, of your accumulated fund into the Pension Stability Fund. The switches take place on a monthly basis. When you reach age 59 and you are 6 years away from retirement, 60% of your pension will be invested in the Consensus Fund and 40% in the Pension Stability Fund. If your pension plan has a different retirement age then the switching will start 20 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. The graph on the next page looks at some sample members at different ages.

	Years to Retirement	a growth fund (e.g. Consensus Fund)	Pension Stability Fund	Benefit Target Fund
Growing Safely Phase	Over 20	100%	0%	0%
	6	60%	40%	0%
Switches into Benefit Target Funds	5	48%	32%	20%
	4	36%	24%	40%
	3	24%	16%	60%
	2	12%	8%	80%
	1	0%	0%	100%
	0	0%	0%	100%

Keeping PLS up to date

PLS can only work based on the data that we are given. This includes salary, date you joined service and your retirement age. We should be informed of any changes as soon as possible.

For PLS to work in the best way possible, we will review it on a regular basis to ensure that it is meeting its objectives. The review will cover such areas as

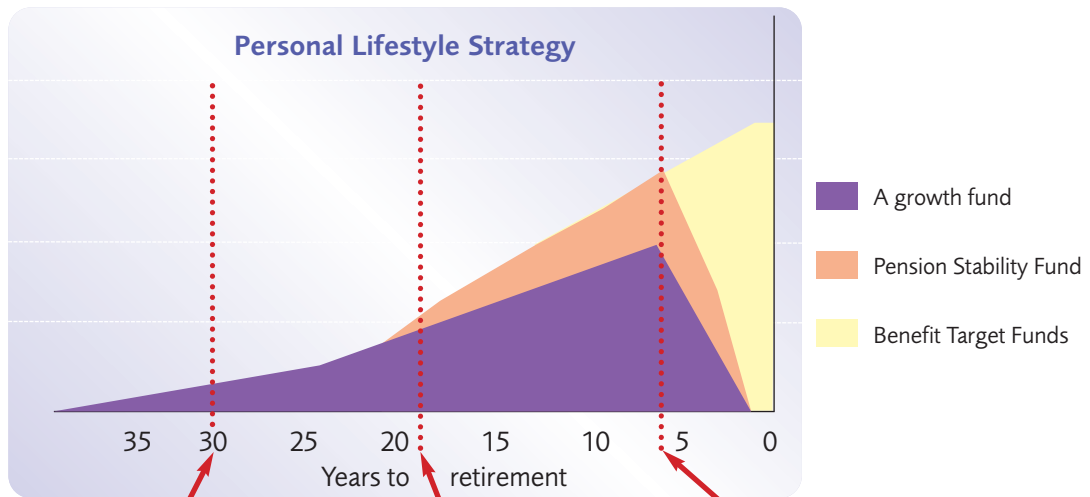
- Future regulatory changes.
- Review asset splits of the funds used with PLS.
- Review fund splits at different ages.
- Review the funds used with the Growing Safely period and the switching into Benefit Target Fund periods.

Any changes will be communicated to Trustees, Financial Advisers and all our member literature will be updated.


Please note that restrictions may apply to switches out of your existing funds if you join PLS.

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


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




Phase 1: Growing Safely



John
is age 35 and has 30 years until retirement. He has €10,000 saved in his pension fund.
At this stage all the pension will be invested in a growth fund.



Jane
is age 46, with 19 years before retirement and has €50,000 saved in her pension fund.
At this stage she will have €48,500 (97%) invested in a growth fund and €1,500 (3%) invested in the Pension Stability Fund.




Mark
is age 59 with 6 years until retirement and has €200,000 saved in his pension fund.
He will have €120,000 invested in a growth fund and €80,000 in the Pension Stability Fund.

Phase 2: 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 with a different salary, service length and 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 the funds that best fit how you are likely to take your benefits at retirement.



John
Retires at age 65 with a fund size of €80,000.
He may be able to use all of this to purchase a tax-free lump sum.
He will be switched into 1 fund only:

€80,000
Tax Free
Cash Fund




Jane
Retires at age 65 with a fund of €150,000.
She may be able to purchase a tax free lump sum and the balance may be invested in an ARF for future flexible income.
She will be switched into 2 funds:

€120,000
Tax Free
Cash Fund

+

€30,000
Flexible
Fund



Mark
Retires at age 65 with a fund of €250,000.
He may be able to purchase a tax free lump sum and the balance may be invested in an ARF for future flexible income.
He will be switched into 2 funds:

€120,000
Tax Free
Cash Fund

+

€130,000
Flexible
Fund

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

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

These funds may engage in securities lending to earn returns.

For more information and if you wish to use the Personal Lifestyle Strategy please contact your Financial Adviser.
All fund flyers are available on www.irishlife/corporatebusiness/

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