

Personal Lifestyle Strategy (PLS) Defined Contribution Pension

Irish Life Corporate Business

Volatility Risk



The Personal Lifestyle Strategy (PLS) is an exciting and innovative pension investment solution for members of Defined Contribution schemes.

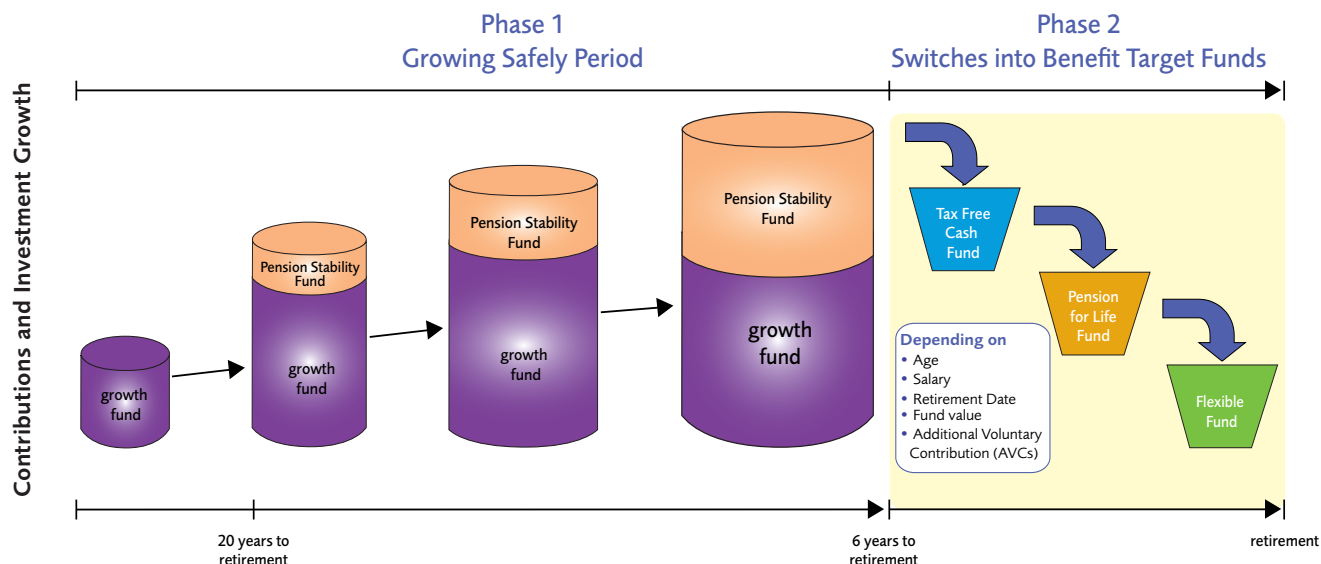
PLS is designed to meet two very important needs for pension scheme savers:

- 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 the Safe Pension Fund). This helps to protect your pension fund against volatile markets.



PHASE 2 Switches into Benefit Target Funds

Phase 2 moves your pension fund into funds that will be most suitable for how you are most likely to use your pension savings upon reaching retirement.

You might for example be taking a lump sum benefit, purchase a pension for life 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.

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 lump sum benefit.	Risk Rating 1
The 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 3
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 are available on www.irishlife.ie/corporatebusiness/

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

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. These factors include the amount you are contributing, the age you started contributing, if you are paying Additional Voluntary Contributions (AVCs), investment performance and when you plan to retire.

Priority	1	2	3
Retirement Benefit	Tax Free Lump Sum (TFLS)	Annuity/Pension for life	Approved Retirement Fund (ARF)
Funding Targets	<p>We will target a lump sum of either a maximum of 1.5 times final remuneration (subject to having the relevant length of service) or 25% of the pension fund value, whichever lump sum option is greater.</p> <p>We will also place a cap of €575k on this benefit. This €575k 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 €200k effective from December 2005. A taxable lump of €375k, 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.</p> <p>This funding target allows for a minimum guaranteed income of €18k 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 €6k 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>

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.

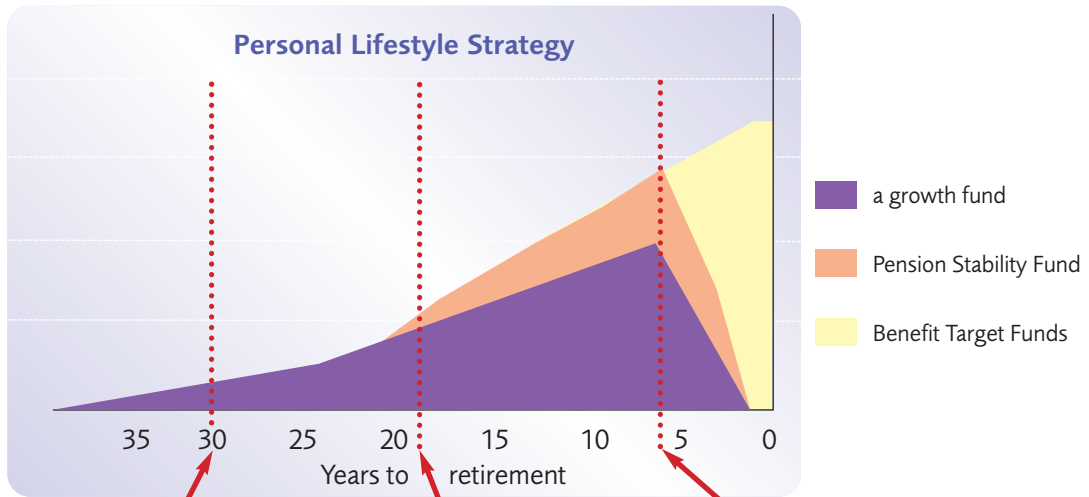
From age 45 we will switch a small percentage, about 3% each year, of your accumulated fund into the Pension Stability Fund. The switches take place on a monthly basis. When you reach age 59 and you are 6 years away from retirement, 60% of your pension will be invested in a growth fund and 40% in the 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%

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



Phase 1: Growing Safely










 <p>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.</p>	 <p>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.</p>	 <p>Mark is age 59 with 6 years until retirement and has €300,000 saved in his pension fund. He will have €180,000 invested in a growth fund and €120,000 in the Pension Stability Fund.</p>
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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 on a different salary, service length, fund size and may or may not have made Additional Voluntary Contributions (AVCs).

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.

 <p>John Retires at age 65 with a fund size of €120,000. He may be able to use all of this to purchase a tax-free lump sum. He will be switched into 1 fund only:</p> <p style="text-align: center;"></p>	 <p>Jane Retires at age 65 with a fund of €180,000. She may be able to use this fund to purchase a tax-free lump sum and a pension. She will be switched into 2 funds:</p> <p style="text-align: center;"> + </p>	 <p>Mark Retires at age 65 with a fund of €350,000 including AVCs. He may be able to purchase a tax free lump sum, a pension of 25% of salary and the balance may be invested in an ARF for future flexible income. He will be switched into 3 funds:</p> <p style="text-align: center;"> +  + </p>
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All the above examples are for illustration purposes only. Revenue limits will apply to all retirement benefits.

Keeping PLS up to date

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

Irish Life Corporate Business is continuously striving to offer services which are up to date and appropriate. 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 following this review. The latest review has taken into account any changes introduced as a result of the Finance Act 2011. 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.

Switches into the PLS are free of charge. Please note that restrictions may apply to some switches out of your existing funds if you join PLS.

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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