PENSIONS
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Irish Life

TRUSTEE TRAINING WORKBOOK

YOUR ONE-MEMBER COMPANY PENSION SCHEME WITH IRISH LIFE

COMMITTED TO PLAIN ENGLISH

There is no financial jargon in this booklet and everything you need to know is written in an upfront and honest way.

The information in this booklet is correct as of February 2019 but may change.

CONTENTS

SECTION 1

INTRODUCTION

The purpose of this guide is to support you in understanding your duties as a trustee and also understanding how we support you with these duties. But first, let's give some background on what a trustee is and what is expected of them.

All company pensions schemes must be set up under a trust, with a trustee appointed to look after the assets for the benefit of the member (in other words, the employee).

The duties and responsibilities of trustees are set out under trust law, the Pensions Act 1990 and other relevant legislation, and can vary depending on the size of the scheme. There are fewer duties for one-member occupational pension schemes than for larger schemes. And, if the scheme is set up through an insurance company, many of the trustee duties are carried out by the insurance company to support the trustee.

TRUSTEE TRAINING

Since February 2010, employers who have set up a company pension scheme must arrange training for the trustees of their pension scheme. This is to make sure that trustees understand their role and their pension scheme. For one-member company pension schemes set up through us, the employer is usually appointed as trustee. This means that the employer, as trustee, must carry out trustee training (this includes training all directors of the company).

Please note
We have made every effort to make sure this booklet covers all your responsibilities and that it helps you fulfil your trustee training requirements.

WHAT LEVEL OF TRAINING IS NEEDED?

Training is needed simply to help trustees understand their pension scheme and their role in the scheme. As such, the training is described as 'appropriate' training in the legislation.
The Pensions Authority's website includes a training course for trustees. It covers all types of scheme, both large and small, and so some of the information is not relevant to one-member scheme trustees - the duties of a trustee of a one-member scheme are not the same as for larger schemes, so you may prefer a training programme which focuses on one-member trustee responsibilities only.

We have designed this booklet to cover the duties and responsibilities of a trustee of an **Irish Life one-member defined contribution (DC) company pension scheme** and we believe it is suitable for this level of trustee training.

More importantly, it also outlines where we might be able to help you meet your obligations.

When you and all the directors in your company have read and understood all of the contents, we'd suggest that you sign and date page 22 to show that you have done so. You should keep it safe in your files as evidence that you have completed a trustee training programme.

SECTION 2

BENEFITS OF A ONE-MEMBER COMPANY PENSION SCHEME

Most people plan to one day retire and stop working altogether. As a result, it makes sense to plan for retirement, and most people will want to add to their State Pension with an extra pension of their own. One-member company pension schemes allow employers to contribute generously towards pension benefits for their directors and key personnel in a very tax efficient way.

There are enormous benefits to taking out a company pension plan.

THE VERY GENEROUS CONTRIBUTION LIMITS FOR TAX RELIEF

For example, the Revenue Commissioners currently allow an employer and employee to claim tax relief on total contributions to a pension plan of up to 76% of the employee's earnings (for a 40-year old married male employee planning to retire at 65).

Employees can claim income tax relief on contributions to a pension scheme, within certain limits.

Employers can claim corporation tax relief on the contributions they make to an employee's pension, again within certain limits.

The employee does not have to pay benefit-in-kind on contributions by the employer.

These rates change depending on the age of the employee and whether they are married or not.

Income tax relief is not guaranteed. To be eligible to claim relief, your employees' income must be taxable under Schedule E. Any contributions taken from their salary will receive immediate income tax relief.

Employer regular contributions will receive corporation tax relief in the year the contribution is paid. Corporation tax relief on employer single contributions may have to be spread forward to future tax years, depending on the amount.

TAX-FREE GROWTH OF THE FUND

To encourage people to pay into pension schemes, the State does not tax the growth in their fund. However, people will have to pay tax on their pension income in retirement.

A RETIREMENT LUMP SUM

On retirement, part of the pension fund can be taken as a lump sum free of tax within overall lifetime limits. The lump sum could be up to 1.5 times the employee's final salary (based on having 20 years' service). Your employees also have an option to take 25% of the fund as a tax-free lump sum. The maximum lump sum someone can receive tax-free from all sources is €200,000. Any lump sums greater than €200,000 will be taxed.

AN INCOME IN RETIREMENT

With the rest of the fund, the employee can buy a pension that will be payable for life. Other options may be available depending on the lump-sum option chosen and whether the employee is receiving a guaranteed pension income for life of €12,700 a year. Options may include investing in an Approved Retirement Fund (ARF), Approved Minimum Retirement Fund (AMRF), or taking a taxable cash sum.

Any pension benefits are treated as income. Pension income in retirement has income tax taken at the highest rate when the person makes a withdrawal. Universal Social Charge (USC), Pay Related Social Insurance (PRSI) (if this applies) and any other charges or levies (tax) that apply at that time will also be taken.

As with all investments, the final benefits available to the member will depend on a number of factors such as the contribution paid, investment growth and the fees and charges that apply to the plan.

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

Warning: If you invest in this product, you will not have access to the money until age 60 and/or you retire.

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

SECTION 3

INFORMATION ABOUT TRUSTS

WHAT IS A TRUST?

A trust is an arrangement where assets are controlled by a person (called a 'trustee') who has a duty to look after those assets for the benefit of the member and dependants (called the 'beneficiaries'). It is possible for the same person to be both a trustee and a member.

WHAT IS YOUR PENSION TRUST?

For a company pension to be approved as a tax-free arrangement, it must be set up in trust. Your one-member company pension scheme was set up in trust using a trust document, called a 'letter of exchange', which was completed with your original application form. When this was done, you became a trustee for this scheme.

WHAT ARE THE BENEFITS OF A TRUST?

The main advantage of the trust is to make sure that the benefits of the pension plan are kept totally separate from the company and are kept safe for the member and their beneficiaries (the people who will benefit from the scheme).

A SUMMARY OF YOUR ROLE AS TRUSTEE

As a trustee, your role is to make sure the scheme meets the law and the scheme rules. However, you are not expected to be an expert on pensions and you are not expected to carry out the day-to-day administration of the scheme – this is normally left to us as your insurance plan provider.

You must:

- act in the best interest of the member and beneficiaries (for example, the member's husband, wife or registered civil partner);
- act carefully and attentively;
- use care and utmost good faith in carrying out your duties;
- get professional advice when needed;
- make sure all benefits are paid to the member and beneficiaries;
- be aware of possible conflicts of interest; and
- keep detailed minutes of all trustee meetings and record all decisions made.

You must make sure that any information you receive as trustee is treated in the strictest confidence and is used only for the purpose of the pension scheme. You must always follow the scheme rules that we issue with each one-member scheme.

You must be aware of and record possible conflicts of interest particularly as you are both employer and trustee and each has different obligations. On a regular basis you should think about any conflicts that might arise between employer and member on contributions, investment decision, payment of benefits on retirement or on death.

If you act in a way that does not meet the scheme rules or trust law, or if you act without due care and attention or not in good faith, this is called a 'breach of trust' and is a serious matter. However, as a trustee, you are assumed to have acted carefully and in good faith unless the opposite can be shown. Trust law protects trustees who carry out their duties and who act attentively and in good faith.

WHO CAN'T ACT AS A TRUSTEE?

You can't act as trustee if you:

- are an undischarged bankrupt;
- have made a composition (An agreement under which creditors accept a part payment of their claims as the final settlement) or arrangement with your creditors and have not discharged your obligations under that composition or arrangement;
- have been convicted of an offence involving fraud or dishonesty; or
- are restricted from becoming involved in forming or promoting a company for a period of time.

If any of the directors of the employer are not allowed to act as trustee of the scheme due to any of the above, the employer is not allowed to act as trustee.

SECTION 4

OVERVIEW AND GOALS

AT THE END OF THIS WORKBOOK, YOU SHOULD UNDERSTAND THE FOLLOWING.

- What your role as a trustee involves.
- What information needs to be given to members.
- What responsibilities you have about paying contributions to us.
- Your role in providing information about investment options and making investment decisions.
- Your responsibility in paying benefits to members.
- Your role in making sure that the pension is run properly.

At the end of the workbook there is a recap of the main points which you should make sure that you understand.

SECTION 5

PROVIDING INFORMATION TO MEMBERS

YOUR ROLE AS TRUSTEE

You have to give the member certain information during the term of the scheme.

You must provide information:

- when the scheme starts;
- every year;
- when the member leaves employment;
- when the member retires;
- when the member dies;
- when a pension adjustment order is made (the pension adjustment order is used to split the pension benefits between the member and their former husband, wife or registered civil partner or qualified cohabitant);
- when the scheme is wound up. (A scheme is wound up if the employer decides that the scheme will end, or if the employer is wound up, or taken over, and no one agrees to take over the pension scheme); and
- You should have a risk management system in place and consider the likelihood and impact of any risks facing the pension scheme. This includes strategies, processes and a risk register to record all scheme risks. The greatest risk for a typical DC scheme and its members include, fraud, investment, managing costs, administration, regulatory requirements and communications.

HOW WE SUPPORT YOU

We produce the following information.

When the scheme starts

We issue the scheme rules, product booklet, plan schedule and terms and conditions to you for the member. This is in line with the information required.

Every year

We automatically send you a benefit statement each year and a Statement of Reasonable Projection which you should give to the member.

It is important that you tell us when one of the following events takes place so we can support you by issuing the information needed.

- When the member leaves employment;
- When the member retires;
- When the member dies;
- When a pension adjustment order is made; or
- When the scheme is wound up.

SUMMARY

You need to:

- make sure that the member receives all documents we have sent you about their pension plan;
- tell us when a member leaves employment, retires, dies or there is a pension adjustment order;
- tell us if there is a decision to end (wind up) the scheme. You must also tell us if the employer is to be wound up, or is taken over;
- make sure the member's contact details are kept up to date and inform us of any change of address; and
- you should identify the greatest risks to the scheme and ensure you are satisfied that exposure to any risk is controlled properly.

SECTION 6

CONTRIBUTIONS

YOUR ROLE AS TRUSTEE

The trustee must make sure, as far as possible, that contributions are paid to the scheme when they are due.

Generally the employer has to make sure that their contributions are paid to the trustee within 21 days of the end of the month in which they are due.

If contributions are taken from the employees' salaries, the employer must pay these to you within 21 days of the end of the month in which they have been taken.

HOW WE SUPPORT YOU

If contributions are paid by direct debit: Our contract is set up to take the total regular contributions direct from the employer's bank account. So as long as the contributions are in that bank account, we will take the total as they become due.

If for some reason contributions cannot be collected, we will write to you to let you know.

If contributions are paid by cash each year: We will send a letter before the due date to remind you of the agreed pension contribution. If we do not receive the contributions, we will write to you after the due date to let you know we will invest contributions in the selected fund when we receive them.

An employer who takes any money from the salary of an employee must give the employee and you a statement at least once a month confirming (for the previous month or since the last statement):

- the amount taken from the employee's salary and paid to the pension scheme; and
- the amount of the employer contribution paid to the pension scheme for the employee.

All contributions to the scheme should be within the certain limits set by the Revenue Commissioners.

You must report any material payment failures to the Pensions Authority within a reasonable time frame, but no later than three months after the first incidence.

You must also inform the employee of any material payment failure.

HOW WE SUPPORT YOU

Generally this requirement to provide the statement is met if the employer shows on the employee's payslip the total amount paid into the pension scheme by both the employer and employee.

We carry out a check to make sure that contributions are within the Revenue Commissioners limits when the scheme starts, when the contribution is increased or with any one-off contributions are paid.

SUMMARY

You need to:

- pay the employers contributions to us within 21 days of the end of the month in which they become due;
- pay the employees' contributions to us within 21 days of the end of the month in which they were taken;
- show the employer and employee contributions paid into the scheme on a monthly payslip;
- you should ask your payroll department to check their payroll records against the annual benefit statement to ensure the contributions are correct; and
- report any material payment failures to the Pensions Authority no later than 3 months after the first instance.

SECTION 7

INVESTMENT INFORMATION AND DECISIONS

Your investment duties as a trustee depend on whether your scheme rules allow the member to choose their own investments.

For our one-member schemes which have been set up since 1 May 2007, the scheme rules allow the member to choose where to invest the contributions.

For our one-member schemes set up before May 2007, the scheme rules allowed the trustee to make investment decisions.

In 2007 an endorsement was issued to all trustees of schemes set up before May 2007 which would change the scheme rules to allow the member to decide where to invest.

But, you must have agreed to this change. If you are not sure if you signed this endorsement, please contact us and we will let you know. If you did not sign the endorsement, but want to allow the member to make the investment decision, let us know and we can issue you with a suitable endorsement.

(A) SCHEME RULES WHICH ALLOW THE MEMBER MAKE THE INVESTMENT DECISION

YOUR ROLE AS TRUSTEE

You need to:

- invest the assets under the scheme in line with the scheme rules (under the scheme rules you can only invest in our plans);
- give the member enough information to help them to make their investment decision; and
- give any information the member asks for in relation to their investment options as soon as possible.

If the member chooses the investment option, it is very important that you record this decision and let us know.

If the member does not select the investment option, it is very important that you record this decision. As trustee, you must choose the investment option and let us know.

HOW WE SUPPORT YOU

The investment fund options for the plan are outlined in the product booklet or fund guide. The benefit statement we send you each year contains information on how the contributions are invested and reminds the member to seek investment advice on a regular basis.

If the member wants to get information about their investment, you can contact:

- us direct – see the back cover for contact details; or
- your financial adviser.

Or, you can:

- log on to our website at www.irishlife.ie. If you or the member need help making the investment decision, you should also talk to your financial adviser.

We can only accept instruction from you (the trustee), as to how the scheme's assets will be invested.

SUMMARY

You need to:

- make sure that the member has enough information about the investment options available to them under the scheme;
- make sure you give the member investment information as soon as possible if they ask for it;
- tell us which funds the member has chosen if they have done this for themselves;
- record the member's decision if they have not chosen the investment funds themselves and let us know about it; and
- check that the contributions have been invested in line with the member's instructions. You can do this by comparing the information in the annual benefit statement against the member's instructions.

If the member makes an investment decision, your role is to make sure they have the necessary information they need to make an informed decision. Remember that the amount of information a member needs to make an informed decision might be different from person to person. You are not expected to be an investment expert. If you, or the member, have any concerns when making an investment decision, you should talk to your financial adviser.

(B) SCHEME RULES WHICH ONLY ALLOW YOU TO MAKE THE INVESTMENT DECISION

YOUR ROLE AS TRUSTEE

You must make the investment decision on behalf of the member. You need to tell us when this decision is made or if it changes.

You need to:

- make sure the scheme's assets are invested properly;
- make sure that your investment decision takes account of the possible risk and possible return of the investment as a whole;
- make sure that the scheme is invested mostly on regulated markets (property is an example of an unregulated market and it is important to make sure that investment in property is below approximately 50% of the total value of the fund); and
- make sure that the scheme investments are properly diversified.

HOW WE SUPPORT YOU

We will accept instruction from you (the trustee) as to how the scheme's assets will be invested. We issue scheme rules as part of your pension arrangement which provide for the scheme to be invested in an Irish Life pension plan. The investment fund options for your plan are outlined in your product booklet or fund guide. The benefit statement we send you each year contains information on how the contributions are invested and reminds the member to seek investment advice on a regular basis. If you want to get more information about investment options and the risk level of each fund under the plan, you can contact:

- us direct – see the back cover for contact details; or
- your financial adviser.

Or, you can:

- log on to our website at www.irishlife.ie.

If you need help making the investment decision, you should also talk to your financial adviser. You should contact us or your financial adviser if you are worried that the scheme does not currently meet these investment requirements, for example if more than 50% of the value is in property.

SUMMARY

You need to:

- You must make the investment decision yourself, as trustee. You must tell us of this decision;
- You must make sure the scheme's assets are invested properly, taking into account diversification, the percentage allowed in unregulated markets (for example, property), the possible risk and possible return of the plan as a whole; and
- check that the contributions have been invested in line with the your instructions. You can do this by checking the investment information in the annual benefit statement is correct.

Making an appropriate investment for your employee can be a difficult decision as you need to consider how long the member has until they retire. You are not expected to be an investment expert and if you are making investment decisions, you should get the advice of an investment professional. If you do not feel qualified to perform this role, it is possible to change the scheme rules to make it clear that the member can make the investment decisions if they want. You can contact us for information on how to do this.

SECTION 8

MAKING SURE MEMBERS RECEIVE BENEFITS

YOUR ROLE AS TRUSTEE

You must make arrangements for paying the benefits when:

- members retire;
- members leave employment;
- members die; or
- the scheme winds up.

If the member dies while in employment, it is up to you to decide who the benefits should be paid to.

When making this decision, you must act carefully and attentively, show care and utmost good faith, and be aware of possible conflicts of interest. You should get professional advice if necessary.

You must also keep to the principle of equal pension treatment as set out in the Pensions Act and employment law.

HOW WE SUPPORT YOU

We will help with paying benefits by telling you about the options available. For example, we will check that retirement benefits are within the limits that apply to pension benefits.

So that we can give you the appropriate information, you must let us know when the member is due to retire, or if they leave employment, or if the scheme is to be wound up or if the member dies.

Depending on the circumstances, we may need more information from you before we can confirm the options that are available. For example, we may need to know the member's earnings and details of any other pension benefits that the member has.

Under our scheme rules, it is up to you to decide who should receive a lump-sum benefit after the death of the member while in employment. This allows you to pay benefits in the way you decide is most appropriate based on the member's family circumstances.

YOUR ROLE AS TRUSTEE

You must not discriminate between potential beneficiaries for any reason that would break the principle of equal treatment. For example, you must not discriminate on the grounds of gender, nationality or religious beliefs.

The member may ask that you pay the benefits to a particular person in the event of their death. This is sometimes called a 'letter of wishes'. You do not have to follow a letter of wishes, but you can take it into account when making your decision. It might be sensible to ask members for a letter of wishes every now and then, and keep this on file.

HOW WE SUPPORT YOU

Possible beneficiaries include:

- the member's husband, wife or registered civil partner;
- the member's children;
- the member's dependants;
- a person (or people) entitled to any interest in the members assets under their will;
- the member's estate; or
- a person named by the member in a letter of wishes.

SUMMARY

You need to:

- tell us when a member leaves employment, retires or dies and give us any information we ask for to allow us make sure that benefits are paid; and
- act fairly and in good faith in distributing benefits if the member dies while in employment.

SECTION 9

MAKING SURE THE SCHEME IS ADMINISTERED PROPERLY

YOUR ROLE AS TRUSTEE	HOW WE SUPPORT YOU
An employer who sets up a company pension scheme must arrange for the trustees of that scheme (in other words, you) to receive suitable training. This training must be completed within six months of becoming a trustee and again every two years.	This booklet explains your duties as a trustee of a one-member company scheme with us.
You must keep up-to-date records about the scheme. The information should be correct and held securely.	We will keep records of each member and all contributions received and benefits paid and keep the information securely. This is based on the information you give us. You need to contact us if this information changes.
You must make sure that a registered administrator is appointed to provide the annual benefit statement to the member, and keep correct and satisfactory records of members to allow them do this.	Because you set up your scheme with us, we will act as registered administrator to provide the annual benefit statement.
You must register the scheme with the Pensions Authority and pay the prescribed annual fee when necessary.	We register the scheme with the Pensions Authority when the scheme is set up and take the fee from your plan and pay it to the Pensions Authority on your behalf.
If you have good reason to believe that assets have been stolen or there has been fraud, or we believe either will be attempted, you need to report this to the Pensions Authority in writing as soon as possible.	We cannot take on this responsibility. We will only pay benefits that are allowed under the scheme rules and legislation. We will only pay out funds from the scheme to provide benefits in line with your instructions.

SUMMARY

You need to:

- do training such as this every two years; and
- report any suspected fraud to the Pensions Authority.

SECTION 10

OVERVIEW OF YOUR MAIN RESPONSIBILITIES

We've designed this booklet to cover your responsibilities as trustees and to show how we and your financial adviser can support you. Here is an overview of the main things you need to do as a trustee. On page 22 we list some extra support that is available to you if you need more help.

YOUR ROLE AS TRUSTEE

- Make sure that the member receives all documents we send you about their pension plan.
- Tell us when a member leaves employment, retires, dies or if there is a pension adjustment order, and give us any information we request to allow us make sure that benefits are paid.
- Tell us if there is a decision to end (wind up) the scheme. You must also tell us if the employer is to be wound up, or is taken over.
- Send on the contribution within 21 days of the end of the month in which you took the contribution.
- Pay us the full amount taken, plus any employer contribution.
- Show the amount taken and the employer contribution on the monthly payslip.
- consider risks such as errors, investment risk, contributions, fraud and conflict of interest. You should maintain a risk register.
- keep a record of all trustee decisions.

SCHEMES WHERE THE MEMBER CAN MAKE THE INVESTMENT DECISION

- You need to make sure that the member received the copy of the Fund Guide that outlines all of the fund choices available. You should also give the member access to the information available on www.irishlife.ie.
- If the member asks for investment information, you should make sure this is given as soon as possible.
- If the member has chosen a fund or funds themselves to invest their contributions in, you must tell us which fund or funds have been chosen.
- If the member does not choose a fund themselves, you must make the investment decision and tell us which fund or funds have been chosen.

YOU NEED TO

- Act fairly and in good faith in paying out benefits if the member dies while in employment.
- Undertake training every two years.
- Report any material failures or suspected fraud to the Pensions Authority.

SCHEMES WHERE YOU MAKE THE INVESTMENT DECISION

- You need to make the investment decision and tell us which fund or funds have been chosen.

As a trustee, you are not expected to have expert knowledge of the complicated aspects of running a pension scheme. That is why we and your financial adviser are there to help you. However, you should be aware that legislation is in place, and if necessary you should get professional advice on any matters which you do not understand.

FURTHER HELP

You can get more support from the Pensions Authority. In particular their Trustee Handbook provides detailed information on your duties as a trustee. The Pensions Authority has also published Codes of Governance for DC Schemes as well as a number of booklets on their website www.pensionsauthority.ie. For example, one booklet called 'So You're a Pension Scheme Trustee?' is a useful starting point for newly appointed trustees.

If there are any matters that you need more help with, you should contact your financial adviser or us.

TRUSTEE DECLARATION

We have read and understood the contents of this booklet:

Signature	
Name of Director	
Date	d d / m m / y y y y
Signature	
Name of Director	
Date	d d / m m / y y y y
Signature	
Name of Director	
Date	d d / m m / y y y y
Signature	
Name of Director	
Date	d d / m m / y y y y

Well done! You should now know what you need to know about the role of the trustee for your scheme. If you need more information, some suggestions are above in the Further help section.

- Please keep this guide in a safe place.
- Please note this training must be completed every 2 years.
- It might be useful to record this training in the minutes of any board meeting.

PENSIONS
INVESTMENTS
LIFE INSURANCE

Irish Life

CONTACT US

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In the interest of customer service we will record and monitor calls.

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ILA 7810 (REV 03-19)