PENSIONS
INVESTMENTS
LIFE INSURANCE

Irish Life

YOUR OPTIONS AT RETIREMENT

The graph below shows the four options you can have when you retire. These will depend on your personal circumstances and the type of pension you have. Your financial broker or adviser can help explain these options and help you choose the best options for you.

Your Total Pension Fund

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Retirement lump sum (depending on your pension plan)

With the remaining balance of your fund, you can choose:

Certainty First

Buy a pension for life (otherwise known as an annuity)

Flexibility First

Invest your fund in an Approved Retirement Fund (ARF), Approved Minimum Retirement Fund (AMRF) or vested Personal Retirement Savings Account (PRSA).

Mixed Option

A mixture of certainty and flexibility - using some of your fund to buy a pension for life and some to invest in an ARF / AMRF or vested PRSA.

Taxed Cash Lump Sum

Take a taxable cash lump sum

Retirement Lump Sum

You can take a retirement lump sum, some or all of which may be tax free. The amount depends on the type of pension plan you have.

Certainty First

Buy a pension for life (otherwise known as an annuity)

When you hear people talking about a pension this is what they usually mean. A pension for life is a regular income paid to you for the rest of your life. Unless you choose an option to continue it, this income will stop when you die. This means it cannot be passed on to your husband, wife, registered civil partner or dependants. There are other options, just speak to your financial broker or adviser. You have to pay income tax at your highest rate, Universal Social Charge (USC) and any other taxes or government levies due at the time on any pension income you get.

Flexibility First

Invest in an ARF/AMRF or vested PRSA

After taking out your retirement lump sum, you can reinvest the rest of your pension fund if your pension plan allows it. Below we explain how you can do this.

APPROVED RETIREMENT FUND (ARF)

You can invest the rest in an ARF if you have a guaranteed pension for life of €12,700 per year.

You can make withdrawals from your ARF when you need to but you have to pay tax on withdrawals. Regular withdrawals reduce the value of the ARF and it might run out while you are still alive. You have to take a minimum withdrawal each year from your ARF. If you die an ARF can be passed to your husband, wife, registered civil partner or estate.

APPROVED MINIMUM RETIREMENT FUND (AMRF)

If you don't have the guaranteed pension income of €12,700 per year for an ARF, you must invest €63,500 in an AMRF.

Or else, if you have less than €63,500 in your pension fund, you must invest the rest in an AMRF or buy a pension with the same amount. The main difference between an AMRF and an ARF is that you are not required to make a minimum withdrawal from an AMRF each year. You may make one withdrawal each year from an AMRF of up to 4% of the value of your funds. You will have to pay tax on any withdrawal.

VESTED PRSA

Leave your fund in a vested PRSA if you have an existing PRSA plan.

If you don't have a guaranteed pension income for life of €12,700 or €63,500 invested in an AMRF, you will need to keep a minimum of €63,500 in your vested PRSA. This is a restricted fund. You can't make any withdrawals below this amount. You can make withdrawals above this amount until you're 75. When you turn 75, you can't withdraw anything else from your vested PRSA. We still have to deduct income tax and the USC as if you have taken the minimum withdrawal, but we can't make any payments to you. If you want access to your pension after 75 you should speak to your financial broker or adviser before your 75th birthday.

Please Note: If you invest in an AMRF you will have limited access to your investment until age 75. You can only make one withdrawal each year of up to 4% of the value of the AMRF.

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

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

Warning: The income you get from this investment may go down as well as up.

For any withdrawals from an ARF, AMRF or vested PRSA, you pay income tax at your highest rate, the USC, Pay Related Social Insurance (PRSI, if this applies) and any other taxes or government levies due at the time on all withdrawals.

Mixed Option

You also have the option to take out both an annuity and a vested PRSA or ARF/AMRF. You can use part of your funds to buy an annuity, and invest the rest of it in a vested PRSA or ARF/AMRF.

Take as a taxable Cash Sum

Depending on the type of plan you have, you may be able to take the rest of your fund, in one go after the retirement lump sum. You will need to pay income tax at your highest rate, the USC, PRSI (if this applies) and any other taxes or government levies applicable on this lump sum at the time.

YOUR OPEN-MARKET OPTION

You can choose to buy your pension income (an annuity) from any pension provider. If you move to another provider, you may get a higher or lower pension income. When you know what type of pension interests you, you can compare the different levels of income on offer. Your financial broker or adviser can help you with this or you can visit the Competition and Consumer Protection Commission at www.consumerhelp.ie. It is also possible to set up an ARF or AMRF from a qualified fund manager other than us.

Any advice you get is based on the information you give your financial broker or adviser. So it's important that the information you give is correct. If your circumstances change let your financial broker or adviser know as their advice to you might change. This is only a guide to your options.

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