

A man and a woman are standing on a grassy hillside with large, light-colored rock formations in the background. The man is on the left, wearing a light-colored sweater and dark trousers, smiling and holding the woman's hand. The woman is on the right, wearing a patterned cardigan over a white top, also smiling. The background shows a vast landscape with rolling hills and a clear sky.

**AIB Retirement**

# AIB Personal and Executive Pensions

Saving for your retirement

**This product is provided by Irish Life Assurance plc.**

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AIB has chosen Irish Life, Ireland's leading life and pensions provider, to provide its customers with a range of pension, protection, investments and savings products. As well as offering advice when you take out a plan, AIB will also help you with any questions about your plans and offer you a financial review every year in return for the fee AIB receive from Irish Life.

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## AIB Pensions



Aim

To build up a fund to help provide for your retirement.



Risk

Low to very high depending on the option or mix of options you choose.



Funds Available

Twenty eight.



Time Period

Normally between age 60 and 75 for personal pensions and between age 60 and 70 for executive pensions.



Jargon-free

Yes.

All information including the Terms and Conditions of your plan will be provided in English.

The information and figures quoted in this booklet were correct as of February 2014 but may change.

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



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# Introduction

This booklet will give you details of the benefits available on AIB pension plans. It is designed as a guide that allows us to explain the product to you in short and simple terms. There will be more specific details and rules in your Terms and Conditions booklet which you should read carefully.

## **This booklet outlines all you need to know about AIB pension plans:**

- AIB Personal Pension
- AIB Bond for personal pension
- AIB Executive Pension
- AIB Bond for executive pension

If you decide to take out an executive pension plan the trustee (usually the employer) will need certain information. We have outlined this at the back of this booklet. The content of this booklet is based on current

law and requirements of the Revenue Commissioners which may change at any time during the lifetime of your plan.

If you take out an AIB Executive pension plan, you and the trustee should read this booklet. Our contract will be with the trustee.

## **Our service to you**

### **Putting you first**

We are committed to providing excellent customer service to you at all times from the moment you apply right throughout the life of your plan. When you ring us, you will get straight through to our AIB service team, based in Ireland, who will be on hand to listen to your queries and help you when you are looking for answers. Below is just a sample of the services we offer.

### **You can change your mind**

We want to make sure that you are happy with your decision to take out your pension plan. If after taking out this plan you feel it is not suitable, you can cancel it within 30 days from the day we send you your welcome pack. We will refund any regular contributions you have made. We will return any single contributions or transfers, less any fall in investment values during the period and in line with Revenue rules.

### Keeping it simple – clear communication

Because financial products can be complicated and difficult to understand, we are committed to using clear and straightforward language on all our communications to you. As a result, we work with the Plain English Campaign to make sure all our customer communications meet the highest standards of clarity, openness and honesty.

### Keeping you up to date

We are committed to keeping you informed about your plan. Because of this, every year we will send you a statement to keep you up to date on your plan details.

### Online services

We have a range of online services available for you. You can check the details of your plan online by visiting [www.myonlineservices.ie](http://www.myonlineservices.ie). You will need a PIN, which you would have received when you started your plan. If you have lost your PIN or need a new one, contact our AIB service team on 1890 719 390.

Our online services help you keep up to date, at any time, with how your plan is performing. You can:

- View the current value of your plan;
- Change your choice of fund;
- View your annual benefit statements; and
- Use our information service - weekly investment market updates, fund information and fund prices.

You can also phone our automated Customer Information Line on 01 704 1111, to obtain a current value, access our weekly market update and to change your PIN.

### How to contact us

If you want to talk to us, just phone our AIB service team on 1890 719 390. They can answer questions about your plan.

Our lines are open:

8am to 8pm Monday to Thursday

10am to 6pm Friday

9am to 1pm Saturday.

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

You can also contact us in the following ways:

**Email:** [aibserviceteam@irishlife.ie](mailto:aibserviceteam@irishlife.ie)

**Fax:** 01 704 19 00

**Write to:** AIB service team, Irish Life, Lower Abbey Street, Dublin 1.

**Website:** [www.aib.ie/lifeandpensions](http://www.aib.ie/lifeandpensions)

Plus, you can contact your AIB Financial Adviser in your local branch.

## Any problems?

If you experience any problems, please call your AIB Financial Adviser or contact our AIB service team. We monitor our complaint process to make sure it is of the highest standard. We hope you never have to complain. However, if for any reason you do, we want to hear from you.

If, having contacted our AIB service team, you feel we have not dealt fairly with your query, you can contact The Financial Services Ombudsman, The Office of the Pensions Ombudsman or the Pensions Board depending on the type of plan and complaint you have. Full contact details are available on pages 45, 48, 53 and 54.

## We have designed AIB pension plans for:

- People who want to take out a personal pension plan; and
- Employers who want to provide pension benefits for their most important employees through an executive pension arrangement.

### Personal pension plan

Personal pensions are designed for people who don't have a pension scheme through work and who want to contribute themselves. As a result, this suits people who are self-employed or have no pension scheme through their work. Please read pages 46 to 48 for answers to some of the most common questions about personal pensions.

### Executive pension plan (including AVCs)

Executive pensions are designed for people in employment whose employer wants to make a contribution. The employer may sometimes ask that you also pay into the plan. These contributions are called employee contributions.

These are not additional voluntary contributions (AVCs). There are limits to how much the employer and employee can contribute. An executive pension plan is set up by trustees (usually your employer) on your behalf.

The trustee will own the plan and tell us what to do in terms of the scheme. You can choose the investments but if your employer is trustee you should pass your instructions to them. They will then tell us.

If you want to make contributions yourself into the company pension arrangement, you can add AVCs to the company plan. The main difference between AVCs and employee contributions is that AVC funds have extra retirement options (see page 39). Employee contributions and AVCs will boost your retirement fund. You can access your retirement fund when you retire.

Please read pages 49 to 54 for answers to some of the most common questions about executive pensions. Your AIB Financial Adviser can give you more detailed information, including a personal quotation.





# AIB pension plans

AIB pension plans help you build up a fund for your retirement. Everybody knows that it makes sense to plan for retirement. Yet many people put off starting a pension because they think pensions are confusing or hard work.

AIB pension plans can offer you the perfect solution – an easy-to-understand pension plan which puts you in control while offering you great choice.

**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.**



## Suitability snapshot

Below we have set out some important points for you to consider to help you decide if this plan is suitable for you. If you are in any doubt, you should contact your AIB Financial Adviser.

### AIB pension plans might suit you if you:

- ✓ are looking for a long term investment plan to provide for your retirement
- ✓ don't need access to your money before age 60 (or until you retire)
- ✓ are happy with the charges on this plan and accept that the value of your fund could fall as well as rise
- ✓ have at least €750 a month to invest (personal pension)
- ✓ have at least €150 a month to invest (executive pension)
- ✓ would like to take advantage of the tax relief available on pension contributions. You understand that when you retire, your pension benefits (after the retirement lump sum) are taxed as income.

### AIB pension plans might suit not you if you:

- ✗ are looking for a short term investment plan that will not be used for retirement
- ✗ need access to your money before age 60 (or before you retire)
- ✗ are not happy with the charges or choice of funds available in this plan
- ✗ have less than €750 a month to invest (personal pension)
- ✗ have less than €150 a month (executive pension)
- ✗ are not currently paying income tax and cannot take advantage of the tax relief available on pension contributions.

# What are the charges?

AIB pensions offer you great value for money, giving you a straightforward pension solution with very competitive charges.

Contribution charges

**Table 1 – contribution charge on regular contributions**

Regular contribution each year	Contribution charge	Percentage of contribution invested	Reduced contribution charge after 5 years*	Percentage of contribution invested after 5 years
Less than €9,000	5 %	95 %	4.5 %	95.5 %
€9,000 to €11,999.99	3.75 %	96.25 %	3.25 %	96.75 %
€12,000 or more	3 %	97 %	2.5 %	97.5 %

\*Reduced contribution charge after five years.

As shown in table 1 above, after your pension has been in place for five years, we will reduce the contribution charge by 0.5 %.

**Table 2 – contribution charge on one-off contributions**

One-off contribution	Contribution charge	Percentage of contribution invested
Less than €12,500	4 %	96 %
€12,500 to €24,999.99	3.25 %	96.75 %
€25,000 or more	2.5 %	97.5 %

There is no contribution charge on funds transferred into your AIB pension from other approved pensions.

## **If your regular contributions change in the future**

If you change your regular contributions in the future, this may change the contribution charge you pay.

### **Increased regular contribution**

If you increase your regular contribution, and this results in your regular contribution going into a higher band (as shown in table 1), the contribution charge for the higher band will apply to all of your increased contribution.

For example, if your regular contribution is €8,000 a year, the contribution charge is 5 %. If you increased your regular contribution to €10,000, it would go up into the higher band and the contribution charge would be 3.75 % on €10,000.

### **Reduced regular contribution**

If you reduce your regular contribution, and this results in your regular contribution going into a lower band (as shown in table 1 on page 8), the contribution charge for the lower band will apply to all of your reduced contribution.

For example, if your regular contribution is €10,000 a year, the contribution charge is 3.75 %. If you reduce your contribution to €8,000, it would go down into the lower band and the contribution charge would be 5 % on €8,000.

## **Yearly fund charge**

Over the term of your plan, we take a monthly charge from the value of your investment fund. The full list of funds and charges are highlighted on page 11.

### **Government levies**

We will take any Government levies due and pass them direct to the Revenue Commissioners. These levies will be taken from your fund.

### **Other charges**

The Pensions Board charges a fee every year for executive pensions. This charge is currently €8 but could change in the future. We will take this charge every year from executive pensions. The Pensions Board do not currently charge a fee on personal pensions.

## What is my AIB pension plan likely to be worth when I retire?

This example shows the estimated future values of an AIB Executive pension plan based on a 35 year old who plans to retire at age 65 and is paying €500 a month, increasing at 3 % a year. This is a sample case.

Year	Expected value €
1	€5,799
2	€12,016
3	€18,679
4	€25,801
5	€33,405
10	€79,797
15	€142,816
20	€227,596
25	€339,746
30	€487,056

**Warning:** These figures are estimates only. They are not a reliable guide to the future performance of this investment.

**Note:** We assume an investment return of 4.9 % a year before deductions and investment in the Multi-Asset Portfolio Fund 4 which has a yearly fund charge of 1.5 %.

Under legislation, we also have to assume that your contributions increase by 3 % each year. In reality, if you choose this option, contributions will increase by 5 % each year (or in line with the consumer price index if this is higher).

The investment term is 30 years and the number of monthly contributions we have assumed is 360.

The figures in this table take account of the government pension levy which is payable. The table of benefits assumes that the plan starts in February 2014. The pension levy will be deducted as at the end of June in 2014 and 2015.

The figures shown take account of the Pensions Board yearly charge of €8. Please see page 9 for details.

## What funds are available?

	Fixed Fund charge	Estimated level of variable charge	Total charge
Multi Asset Portfolio Fund 2	1.00 %	0.15 %	1.15 %
Multi Asset Portfolio Fund 3	1.00 %	0.15 %	1.15 %
Multi Asset Portfolio Fund 4	1.00 %	0.15 %	1.15 %
Multi Asset Portfolio Fund 5	1.00 %	0.15 %	1.15 %
Multi Asset Portfolio Fund 6	1.00 %	0.05 %	1.05 %

### Funds only available with Lifestyle Options

Stability Fund	1 %
Annuity Fund	1 %
ARF Fund	1 %

### Other Funds

Global Cash Fund	1 %
Pension Protection Fund	1 %
Indexed Euro Corporate Bond Fund	1 %
Consensus Cautious Fund	1 %
Consensus Fund	1 %
Consensus Equity Fund	1 %
Indexed Irish Equity Fund	1 %
Indexed European Equity Fund	1 %
Indexed Japanese Equity Fund	1 %
Indexed North American Equity Fund	1 %
Indexed Pacific Equity Fund	1 %
Indexed UK Equity Fund	1 %

Indexed European Property Shares Fund	1 %
Managed Portfolio Fund 1 (Foundation)	1 %
Managed Portfolio Fund 2 (Base)	1 %
Managed Portfolio Fund 3 (Core)	1 %
Managed Portfolio Fund 4 (Intermediate)	1 %
Managed Portfolio Fund 5 (Dynamic)	1 %
Managed Portfolio Fund 6 (Aggressive)	1 %

These funds are explained in detail in the Fund Guide section on page 18.

You can switch your contributions from one fund to another at any time if you decide you want a lower risk or higher risk investment. There is no cost for this – all you need to do is tell us. You should read the fund descriptions carefully before choosing to switch funds. This is because some funds may have a switching delay period or you may have to pay a charge for leaving the fund.

## What investment strategies are available?

We have two investment strategies for you to choose from – the Annuity Lifestyle Option and the ARF Lifestyle Option. We also have a number of funds for you to choose from if you don't want to invest in any investment strategy.

### Lifestyle option strategies

Our lifestyle option strategies involve gradually moving your investment into a mix of low and medium-risk funds as you move closer to retirement. It is generally recommended that the Multi Asset Portfolio Funds (MAPS) form part of the lifestyle option but you can choose your own funds if you prefer. The percentage invested in each fund at any time depends on how long you have left to your retirement date.

# The Annuity Lifestyle Option

If you are more than 25 years from your chosen retirement date, we fully invest your contributions in the Multi Asset Portfolio Funds or the funds of your choice.

Between 25 years to six years before you retire, we will switch 2 % of your fund into the Stability Fund every year.

When you are six years before retirement, 60 % of your fund is invested in your fund choice and 40 % in the Stability Fund. At that date, we gradually switch the total fund and future contributions into the Global Cash Fund and the Annuity Fund until one year before your retirement.

For the last year your fund is entirely in the Global Cash Fund (25 %) and Annuity Fund (75 %). This strategy will suit you if you aim to buy an annuity with your retirement fund.

The table below shows how your investment is automatically switched between funds in the Annuity Lifestyle Option. If, for example, you take out an AIB pension and you have 18 years to retirement, we will at first invest 84 % of your contributions in your own choice of funds and 16 % in the Stability Fund. The contributions will gradually switch over the rest of the term as shown on the table below.





## The ARF Lifestyle Option

If you want to invest your retirement fund in an Approved Retirement Fund (ARF) when you retire, you can choose our ARF Lifestyle Option. This is identical to our Annuity Lifestyle Option except that instead of switching into the Annuity Fund, you will switch into the ARF Fund. As with the Annuity Lifestyle Option, you can invest in the Multi Asset Portfolio Funds or choose your own funds.

We do not recommend the lifestyle option strategies if you want to invest in low-risk funds. This is because with those strategies your investment is gradually moved into a mix of low-risk and medium risk funds.

The current risk and volatility levels associated with your chosen funds and the other funds in the lifestyle options are outlined further on in this booklet. You should ensure that you are happy with the risk and volatility levels of the funds you will be invested in throughout the lifetime of your plan. All funds can rise and fall in value.

You can switch out of a lifestyle option strategy at any time.

The percentage invested in each fund at any one time depends on the term you have to go to your retirement date. If your retirement fund is automatically moved into less risky funds, such as cash, and stock markets rise in the years leading up to your retirement, this could lead to your retirement fund being less than it could have been.

Please note that the lifestyle switching process is automated and will commence once you have selected lifestyle and are less than 25 years to retirement. This could take up to 5 working days to commence from the start date of your plan. You will be fully invested in your own choice of funds until this switch happens.

## Other investment options

If you do not choose to invest in any of these strategies, you can choose any one, or a combination, of the other funds available (up to 10 funds) that we describe in the Fund Guide section. If you choose your own funds, we will not automatically switch your funds into more secure funds as you get nearer retirement.

However, at any stage over the term of your contract, you can ask to switch funds into more secure funds, or in to one of our strategies described above. These switches are free.

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

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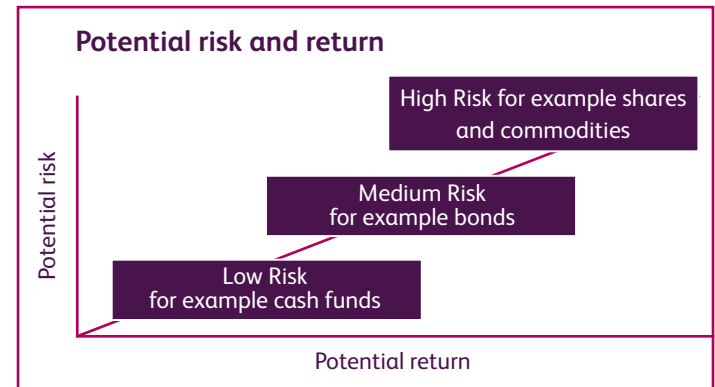


# Choosing the right fund mix

There are a wide range of funds for you to choose from. The fund that is right for you depends on the amount of risk you are willing to take and how long you want to invest for.

## Amount of risk

- Lower-risk funds aim to protect your investment from large falls in value, but the potential for large gains is lower than if you choose a higher-risk fund.
- Higher-risk funds, such as those investing in company shares, do not aim to protect your investment from large falls in value, but you do have the potential to gain much more, especially over the long term. If you invest in these types of fund, you should realise that, in wanting a higher return, you need to accept that the value of these funds can move up and down, sometimes by large amounts.



## How long you want to invest for

If you are investing in a pension plan it is important to consider how long you have left until you retire. If you are many years away from retirement you may be able to accept more risk than somebody who is quite close to retirement.

## Volatility scale and risk levels

To help you choose between funds we rate the possible level of ‘volatility’ of each fund on a scale of 1 to 7 (volatility refers to the potential ups and downs that a fund may experience over time).

A fund with a risk level of 1 is very low risk and a risk level of 7 is very high risk. You should remember that risk and potential return are closely linked. In other words, investments which are higher risk tend to have higher returns over the long term, but can also experience higher falls.

Our volatility scale assumes that all investments are held on a long-term basis. If an investment is held for a short term, it will usually have a greater level of risk than the volatility scale shows. You can usually reduce the level of risk attached to an investment by diversifying (splitting the investment ‘eggs’ between different ‘baskets’) and leaving the investment where it is for a longer period of time. (In other words, the longer you hold volatile investments for, the less volatile the returns become).

Our volatility scale can change. Therefore the volatility ratings in this booklet may not be the most up-to-date ratings. Please visit our website [www.aib.ie/lifeandpensions](http://www.aib.ie/lifeandpensions) to see the most up-to-date volatility scale.

Think about how you feel about the risks associated with investing. Everyone’s situation is different and everyone handles risk differently. Together with your AIB Financial Adviser you can decide which level of risk you are open to.

In the Fund Guide section we have set out the full range of investment funds available. We divided these into high-risk funds with the potential for high returns, medium-risk funds with the possibility of medium return, and low-risk funds with low potential for returns.



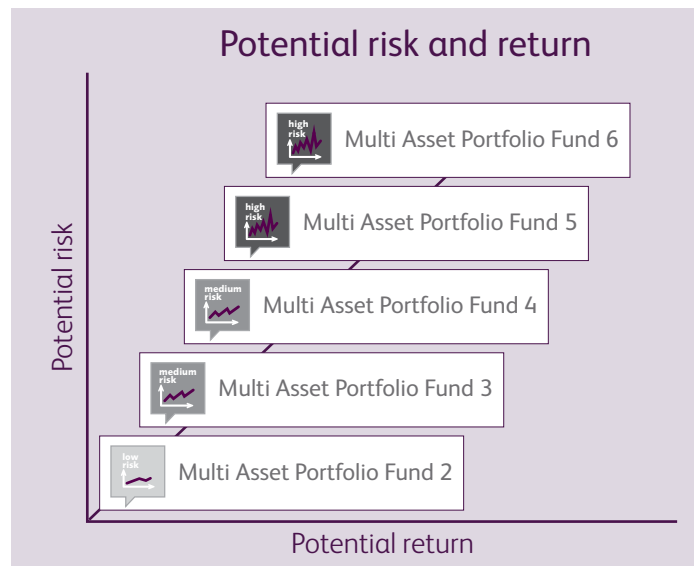


# Fund Guide

## Multi Asset Portfolio Funds (MAPS)

Historically, the best returns over longer periods come from investing in a wide-range of shares and other 'growth' assets. However, alongside possibly higher returns these types of assets usually bring higher risk and so your investment may rise and fall in value over short periods.

What is needed is an investment in growth assets, but also in other assets deliberately chosen to try to reduce these swings in value. Also, at times of severe market movements, like we have seen over the last few years, the best course of action might be to temporarily move out of growth assets and into lower risk assets like cash.





# Multi Asset Portfolio Funds using our Dynamic Share to Cash™ Model

## Range of Funds from Low to High Risk

RISK RATING	2 CAREFUL	3 CONSERVATIVE	4 BALANCED	5 EXPERIENCED	6 ADVENTUROUS
FUND NAME	MULTI ASSET PORTFOLIO 2	MULTI ASSET PORTFOLIO 3	MULTI ASSET PORTFOLIO 4	MULTI ASSET PORTFOLIO 5	MULTI ASSET PORTFOLIO 6



There are five different versions of the Multi Asset Portfolio Funds to suit different attitudes to risk. These range from lower risk, where there is a large portion of the fund in cash and bonds, to higher risk where most of the fund is invested in shares. So if you are a low risk or high risk investor, there is a fund that may suit you.

The split of each fund is outlined on page 22.

Based on your attitude to risk, you will have a risk rating between 1 (Safety First) and 7 (Very Adventurous). Each of our Multi Asset Portfolio Funds is designed for a specific risk rating, so Multi Asset Portfolio 3 is suitable for someone with risk rating 3 (Conservative).

We will manage these funds to this risk rating throughout. This means that Multi Asset Portfolio 3 will always be managed to a risk rating of 3 and you don't have to worry about switching your fund, if your attitude to risk doesn't change.

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## Multi Asset

As the name suggests, the Multi Asset Portfolio Funds invest in a wide range of assets. We recommend that you diversify your investment by not putting all your ‘eggs in one basket’ and these funds allow you to do just that. The assets that are available on these funds are outlined and explained below. The split across each of these asset classes is determined by the risk rating of your fund.

ILIM have designed the Multi Asset Portfolio Funds and the Dynamic Share to Cash (DSC) model, so you are getting the benefit of their expertise. ILIM will monitor and review the asset splits and the factors behind the DSC on a regular basis and ensure that each Multi Asset Portfolio Fund is managed to the original risk rating.

Cash	Bonds	Shares	Minimum Volatility Shares	Alternatives
Bank deposits and short term investments in domestic or multinational money markets.	A bond is a type of loan given to a company or a government. If you loan money to a government they aim to give you your money back after the set timeframe and you will also receive a fixed interest rate.	Investing in shares means investing in companies on the stock market. Within the funds are allocations to Developed Market Shares and Emerging Market Shares.	This is an index of those shares which have historically shown lower volatility than Developed Market Shares. Volatility refers to the idea that a share price moves up and down regularly and sharply.	Each Multi Asset Portfolio Fund has an allocation to an Irish Life fund, which uses alternative strategies to invest in shares, bonds, commodities and other financial instruments, and is currently managed by four international fund managers.

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## Dynamic Share to Cash (DSC) Model



Our DSC model is exclusive to our Multi Asset Portfolio Funds. This innovative model uses a multi-factor approach to identifying long-term stock market trends and movements. The advantage of having the DSC is it aims to reduce the amount invested in Developed Market Shares and increase the amount in cash when it identifies greater potential for stock market falls. As importantly, when the DSC identifies greater potential for stock market recovery, it will move back out of cash and into Developed Market Shares.

This innovative solution is a market first in Ireland and ILIM have spent two years developing and testing this model. It is important to note that the DSC looks at long-term movements and trends in the market and is not designed to react to one-off or short-term jumps or shocks. The fund split on page 22 shows the minimum and maximum amount that each Multi Asset Portfolio Fund can hold in Developed Market Shares. Please see page 24 for more details on how the DSC works.

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## The Multi Asset Portfolio Fund splits

As mentioned there are five Multi Asset Portfolio Funds available to suit different attitudes to risk. The table below shows the split of each of the funds. This range of funds means that there is a fund available regardless of your particular risk appetite.

FUND NAME	MULTI ASSET PORTFOLIO 2	MULTI ASSET PORTFOLIO 3	MULTI ASSET PORTFOLIO 4	MULTI ASSET PORTFOLIO 5	MULTI ASSET PORTFOLIO 6
RISK RATING	2 CAREFUL	3 CONSERVATIVE	4 BALANCED	5 EXPERIENCED	6 ADVENTUROUS
BONDS	42 %	35 %	15 %	0 %	0 %
ALTERNATIVES EXTERNAL MANAGERS	25 %	25 %	25 %	25 %	10 %
MINIMUM VOLATILITY SHARES	10 %	15 %	25 %	15 %	0 %
EMERGING MARKET SHARES	0 %	2 %	5 %	10 %	50 %
DEVELOPED MARKET SHARES RANGE	0-5 %	0-13 %	0-30 %	0-50 %	0-40 %
CASH RANGE	18-23 %	10-23 %	0-30 %	0-50 %	0-40 %



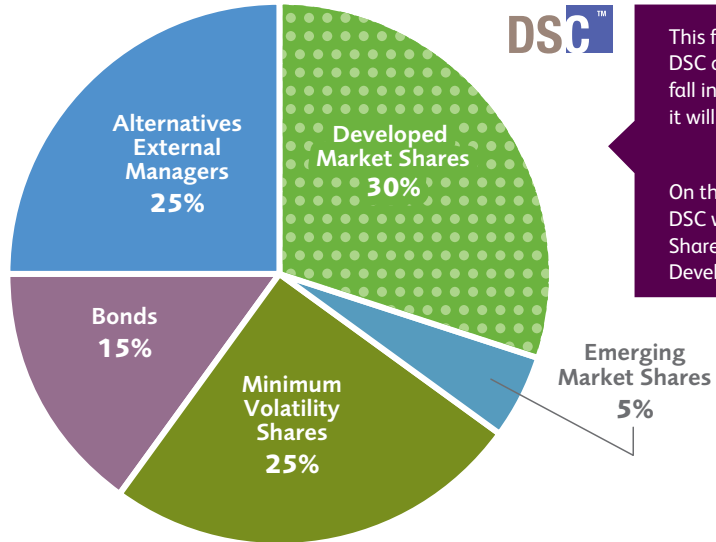
You can see from the table the portion of each fund invested in Cash and Developed Market Shares can vary within a pre-defined range. The exact amount of Cash and Developed Market Shares is determined by our Dynamic Share to Cash (DSC) Model.

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So, for example, Multi Asset Portfolio 4 is split as follows:



This fund has a maximum of 30 % invested in Developed Market Shares. However the DSC can reduce this to as low as 0 % if the factors indicate a greater potential for a fall in markets. As the DSC reduces the amount invested in Developed Market Shares, it will increase the amount invested in Cash, again to a maximum of 30 % .

On the other hand, if the factors indicate a greater potential for market growth, the DSC will reduce the amount in Cash and increase the amount in Developed Market Shares. However, this fund would never target an investment of more than 30 % in Developed Market Shares.

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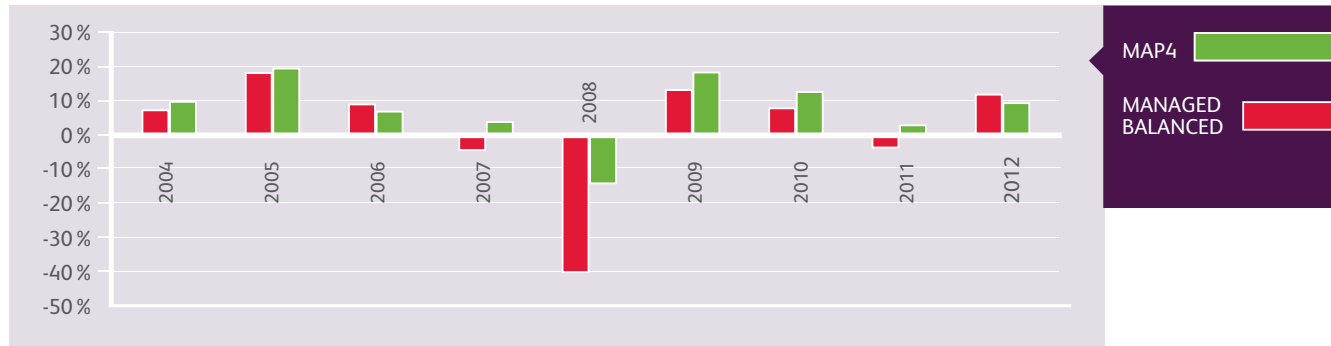
## How the Dynamic Share to Cash model works

The DSC is driven by a number of key factors. Among these are:

- How stock markets move over long periods of time,
- How company earnings are changing; and
- How more general market factors like oil prices and bond yields are changing.

Based on how these factors are moving over time, the DSC will determine what portion of each fund to hold as shares and what to hold as cash within the ranges outlined on page 22.

Since all of the factors on which the DSC is based are available going back over a number of years, it is possible to show how the DSC would have worked in the past. The graph below shows how Multi Asset Portfolio 4 (MAP4) compares to the average Managed Balanced Fund since 2003. The MAP4 uses the DSC as outlined above, whereas the Managed Balanced Fund doesn't use this model.



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

**Warning: These figures are estimates only. They are not a reliable guide to future performance of this investment.**

**Warning: Past performance is not a reliable guide to future performance.**

**Warning: This product may be affected by changes in currency exchange rates.**



### The 2008 Credit Crunch:

As the graph on the previous page shows, during 2008, the Managed Balanced Fund fell nearly 40%. Because the DSC available on MAP4 would have reduced the amount of the fund invested in shares and increased the amount in cash, it would have fallen by 13% in the same year. So although MAP4 would still have fallen in value, it was not the severe drop seen on the Managed Balanced Fund.

### 2012 Strong Market:

During 2012, the Managed Balanced Fund grew by 14%, while the MAP4 would have grown by just under 10%. The DSC tries to identify long-term trends in the market and increases and decreases share and cash content in response. For this reason MAP4 may have amounts invested in cash so it might not reach the full growth potential as seen in this instance.

**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 figures are estimates only. They are not a reliable guide to future performance of this investment.**

**Warning: Past performance is not a reliable guide to future performance.**

**Warning: This product may be affected by changes in currency exchange rates.**



## Multi Asset Portfolio Fund 2

(Volatility 2)

This fund is invested in a range of assets. It has a high proportion invested in cash and bonds (both government and investment-grade corporate bonds). The fund has approximately 25 % invested in an Irish Life fund, which uses alternative strategies to invest in shares, bonds, commodities and other financial instruments and is currently managed by four international fund managers.

Since this is a low risk fund it has a small allocation to shares. The fund can have a maximum target allocation of 5 % invested in Developed Market Shares. The Dynamic Share to Cash Model (DSC) is used to move money between Developed Market Shares and Cash. The remaining share portion is invested in low volatility shares. This asset mix will be rebalanced regularly to ensure that this fund stays at a low risk rating. For more information on the Multi Asset Portfolio Funds and the DSC please see [www.aib.ie/lifeandpensions](http://www.aib.ie/lifeandpensions).

This fund is subject to incentive fees, see page 35 for more information.



## Multi Asset Portfolio Fund 3

(Volatility 3)

This fund is invested in a range of assets. It has a significant proportion invested in cash and bonds (both government and investment-grade corporate bonds). The fund has approximately 25 % invested in an Irish Life fund, which uses alternative strategies to invest in shares, bonds, commodities and other financial instruments and is currently managed by four international fund managers.

Since this is a medium risk fund it has an allocation to shares. The fund can have a maximum target allocation of 13 % invested in Developed Market Shares. The Dynamic Share to Cash Model (DSC) is used to move money between Developed Market Shares and Cash. The remaining share portion is invested in low volatility shares, with a very small allocation (approximately 2 %) to emerging market shares.

This asset mix will be rebalanced regularly to ensure that this fund stays at a medium risk rating. For more information on the Multi Asset Portfolio Funds and the DSC please see [www.aib.ie/lifeandpensions](http://www.aib.ie/lifeandpensions).

This fund is subject to incentive fees, see page 35 for more information.

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## Multi Asset Portfolio Fund 4

(Volatility 4)

This fund is invested in a range of assets. It has approximately 15 % invested in bonds (both government and investment-grade corporate bonds). The fund also has approximately 25 % invested in an Irish Life fund, which uses alternative strategies to invest in shares, bonds, commodities and other financial instruments and is currently managed by four international fund managers.

Since this is a medium risk fund it has an allocation to shares. The fund can have a maximum target allocation of 30 % invested in Developed Market Shares. The Dynamic Share to Cash Model (DSC) is used to move money between Developed Market Shares and Cash.

The remaining share portion is invested in low volatility shares with a small allocation (approximately 5 %) to emerging market shares.

This asset mix will be rebalanced regularly to ensure that this fund stays at a medium risk rating. For more information on the Multi Asset Portfolio Funds and the Dynamic Share to Cash Model please see [www.aib.ie/lifeandpensions](http://www.aib.ie/lifeandpensions).

This fund is subject to incentive fees, see page 35 for more information.



## Multi Asset Portfolio Fund 5

(Volatility 5)

This fund is invested in a range of assets. It has approximately 25 % invested in an Irish Life fund, which uses alternative strategies to invest in shares, bonds, commodities and other financial instruments and is currently managed by four international fund managers.

Since this is a high risk fund it has a high allocation to shares. The fund can have a maximum target allocation of 50 % invested in Developed Market Shares. The Dynamic Share to Cash Model (DSC) is used to move money between Developed Market Shares and Cash.

The remaining share portion is invested in low volatility shares with an allocation (approximately 10 %) to emerging market shares.

This asset mix will be rebalanced regularly to ensure that this fund stays at a high risk rating. For more information on the Multi Asset Portfolio Funds and the Dynamic Share to Cash Model please see [www.aib.ie/lifeandpensions](http://www.aib.ie/lifeandpensions).

This fund is subject to incentive fees, see page 35 for more information.

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## Multi Asset Portfolio Fund 6

(Volatility 6)

This fund is invested in a range of assets. It has approximately 10% invested in an Irish Life fund, which uses alternative strategies to invest in shares, bonds, commodities and other financial instruments and is currently managed by four international fund managers.

Since this is a high risk fund it has a high allocation to shares. The fund can have a maximum target allocation of 40% invested in developed market shares. The Dynamic Share to Cash Model (DSC) is used to move money between Developed Market Shares and Cash.

The fund also has an allocation (approximately 50%) to emerging market shares. This asset mix will be rebalanced regularly to ensure that this fund stays at a high risk rating.

For more information on the Multi Asset Portfolio Funds and the Dynamic Share to Cash Model please see [www.aib.ie/lifeandpensions](http://www.aib.ie/lifeandpensions).

This fund is subject to incentive fees, see page 35 for more information.

**For more information on the Multi Asset Portfolio Funds and the Dynamic Share to Cash Model please see [www.irishlife.ie](http://www.irishlife.ie).**

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## Other fund options

As well as the MAPS funds there are other funds for you to choose from. Outlined below is the risk rating and description of each of these fund.

## Other funds available

### Low risk funds

Volatility 1

- Global Cash Fund

Volatility 2

- ARF Fund
- Stability Fund

### Medium risk funds

Volatility 3

- Consensus Cautious Fund
- Indexed Euro Corporate Bond Fund
- Managed Portfolio Fund 1 (Foundation)
- Managed Portfolio Fund 2 (Base)

Volatility 4

- Annuity Fund
- Consensus Fund
- Managed Portfolio Fund 3 (Core)
- Managed Portfolio Fund 4 (Intermediate)
- Pension Protection Fund

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## High risk funds

### Volatility 5

- Consensus Equity Fund
- Indexed North American Equity Fund
- Indexed UK Equity Fund
- Managed Portfolio Fund 5 (Dynamic)

### Volatility 6

- Indexed European Equity Fund
- Indexed European Property Shares Fund
- Indexed Japanese Equity Fund
- Indexed Pacific Equity Fund
- Managed Portfolio Fund 6 (Aggressive)

### Volatility 7

- Indexed Irish Equity Fund

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## Funds designed to be used with Lifestyle Options

The following funds are specifically designed to be used with the portfolio funds above as part of our lifestyle option investment strategies.

### Low risk funds

#### ARF Fund (Volatility 2)

This fund is largely made up of bonds and cash which currently account for about 70 % of the fund, with the rest in shares and alternatives (for example emerging market shares). This fund aims to provide moderate returns.

#### Stability Fund (Volatility 2)

This fund invests mostly in bonds and cash with a small amount in shares. This is different to a standard managed fund which has a higher proportion of shares in it. This fund aims to provide moderate returns with low levels of ups and downs.

### Medium risk funds

#### Annuity Fund (Volatility 4)

This fund invests in long-term Eurozone government bonds. The aim of the investment is to pay for an annuity when you retire.

## Other available funds

We also have 19 other funds from which you can build your own mix of funds to be used with or without the lifestyle option investment strategies.

### Low risk funds

#### Global Cash Fund (Volatility 1)

This fund invests in bank deposits and short-term investments on international and domestic money markets. It is intended to be a low-risk investment, but you should be aware that this fund could fall in value. This could happen if, for example, a bank the fund has a deposit with cannot repay that deposit, or if the fund charge is greater than the growth rate of the assets in the fund.

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## Medium risk funds

### Consensus Cautious Fund (Volatility 3)

The Consensus Cautious Fund is a managed fund, where currently 65 % of the assets are invested in the Consensus Fund and 35 % track the performance of short term Eurozone government bonds. The Consensus Cautious Fund aims to give mid-range levels of return with lower levels of ups and downs.

### Indexed Euro Corporate Bond Fund (Volatility 3)

This fund invests in investment-grade Euro corporate bonds which become due for payment at different times. The fund aims to track the performance of the Merrill Lynch EMU Large Cap Corporate Bond Index. By providing access to a wide range of companies who issue bonds, the fund aims to provide long-term returns which are greater than can be achieved by investing in cash or government bonds. This fund is suitable for investors who want a reasonable return with less risk than share based investments.

### Managed Portfolio Fund 1 (Foundation) (Volatility 3)

This portfolio fund is currently invested in the Consensus Cautious Fund (see above for description). It provides access to cash, bonds and equities, and sometimes to alternative assets such as property.

### Managed Portfolio Fund 2 (Base) (Volatility 3)

This portfolio fund is currently invested 70 % in the Consensus Cautious Fund (see across the page for description) and 30 % in the Consensus Fund (see below for description). It provides access to cash, bonds and equities, and sometimes alternative assets such as property.

### Consensus Fund (Volatility 4)

This fund is Ireland's most popular fund, currently managing over €5.3 billion in assets. Its success is based on an approach which combines the wisdom of the main investment managers in Ireland. The fund matches the investments they make in shares, property, bonds and cash. The Consensus Fund aims to provide performance that is consistently in line with the average of all pension managed funds in the market.

### Managed Portfolio Fund 3 (Core) (Volatility 4)

This portfolio fund provides access to cash, bonds and equities as well as alternative assets such as property. The fund is currently invested 70 % in the Consensus Fund (see above for description) and 30 % in the Consensus Cautious Fund (see across the page for description).

### Managed Portfolio Fund 4 (Intermediate) (Volatility 4)

Most of this portfolio fund is invested in a diversified mix of global equities, with some bonds and other types of asset such as property. This fund is currently invested 80 % in the Consensus Fund (see above

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for description) and 20 % in the Consensus Equity Fund (see below for description).

**Pension Protection Fund (Volatility 4)**

This fund invests at least 75 % in long-term European government bonds. The balance of the fund may be affected by worldwide interest rates. Currently this fund is fully invested in long-term Eurozone government bonds and cash.

**High risk funds**

**Consensus Equity Fund (Volatility 5)**

This fund aims to give good growth by investing in the Irish and international shares that the Consensus Fund invests in. By taking the average investment that all managers are making, the Consensus Equity Fund avoids the risks associated with relying on the decisions of just one fund manager. Managing assets this way removes the risk associated with some managers making poor decisions.

**Indexed North American Equity Fund (Volatility 5)**

This fund concentrates on North American equities. The fund’s aim is to match the average return of all the shares that make up the FTSE North America Index.

**Indexed UK Equity Fund (Volatility 5)**

This fund concentrates on UK equities. The fund’s aim is to match the average return of all the shares that make up the FTSE UK Index.

**Managed Portfolio Fund 5 (Dynamic) (Volatility 5)**

Most of this portfolio fund is likely to be invested in global equities, with some bonds and other types of asset such as property. This fund is currently invested 20 % in the Consensus Fund (see page 32 for description), 70 % in the Consensus Equity Fund (see across page for description) and 10 % in the Indexed Pacific Equity Fund (see page 34 for description).

**Indexed European Equity Fund (Volatility 6)**

This fund concentrates on European equities. The fund’s aim is to match the average return of all the shares that make up the FTSE Europe Ex UK Index.

**Indexed European Property Shares Fund (Volatility 6)**

This fund invests in shares of European property companies. The companies are all structured as Real Estate Investment Trusts (REITs). REITs are an effective, low cost way to invest in property. REITs generally contain borrowings of approximately 50 % (the amount can vary) and so are more risky than investing in property, which does not have any borrowing associated with it. The fund tracks the EPRA / NAREIT Europe

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Ex UK Liquid 40 Index which invests in listed property companies across mainland Europe.

**Indexed Japanese Equity Fund (Volatility 6)**

This fund concentrates on Japanese equities. The fund’s aim is to match the average return of all the shares that make up the FTSE Japan Index.

**Indexed Pacific Equity Fund (Volatility 6)**

This fund concentrates on Pacific equities, which includes countries such as Singapore, South Korea and Australia. The fund’s aim is to match the average return of all the shares that make up the FTSE Pacific Ex Japan Index.

**Managed Portfolio Fund 6 (Aggressive) (Volatility 6)**

Most of this fund is invested in a mix of global equities. This fund is currently invested up to 85 % in the Consensus Equity Fund (see page 33 for description) and 15 % in the Indexed Pacific Equity Fund (see above for description).

**Indexed Irish Equity Fund (Volatility 7)**

This fund concentrates on Irish equities. The fund’s aim is to match the average return of all the shares that make up the ISEQ Index.

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## Important information about available funds

This section gives you information about tax, currency and other important information relating to investing in our funds.

### Delay periods

In certain circumstances we may need to delay switches, withdrawals or transfers out of a fund. The circumstances in which we may delay a switch, withdrawal or transfer can include the following.

- If a large number of customers want to take money out of the same fund at the same time
- If there are practical problems selling the assets in which the fund invested

The amount then switched, withdrawn or transferred will be based on the value of the units at the end of the delay period.

## Incentive Fees

An incentive fee may be deducted by some external fund managers from the Multi Asset Portfolio Funds if they achieve certain investment returns on the funds they manage. Depending on the particular fund, circumstances in which an incentive fee may be deducted by the external manager include the following:

- If the investment return is positive in any calendar quarter.
- If the investment returns exceed a certain level each year.
- If the investment returns achieved in a particular year are greater than the previous highest investment return.
- If the returns achieved by these funds exceed the performance of a benchmark fund.

Where an incentive fee is deducted this will be reflected in the unit price of the fund. Please contact your financial adviser for details of the exact nature of the incentive fee applying to a particular fund.

For more information on Incentive fees please see [www.irishlife.ie](http://www.irishlife.ie).

### Reducing the value of the fund

When there are more customers moving out of a fund than making new investments in it, we may reduce the value of the units in the fund. This is to reflect the percentage of the costs associated with buying and selling the assets of the fund. The reduction in the value of the affected assets will be different for each fund.

## Currency

Funds that invest outside of the Eurozone carry a risk related to currency. This is because the funds are priced in euro but the assets that are invested outside the Eurozone are valued in their local currency. This can increase or reduce your returns depending upon how those local currencies are performing compared to the euro.

For example, the Indexed UK Equity fund aims to track the performance of the FTSE UK Index. These shares are bought in pounds sterling. The value of the Indexed UK Equity Fund will be affected by how the shares of the companies perform and any movements in the euro and sterling exchange rate. If, for example, there has been no change in the value of shares in sterling, but sterling falls in value against the euro, the Indexed UK Equity Fund would fall in value. Obviously, in the same circumstances, a rise in the value of sterling would result in an increase in the value of the Indexed UK Equity Fund.

**Warning: This product may be affected by changes in currency exchange rates.**

## Counterparty Risk

It is important to note that the value of investments with any fund manager may be affected if any of the institutions with whom money is placed suffers insolvency or any other financial difficulties. Where a fund is managed by an external fund manager, the value of your units will reflect the value of the assets recovered from that manager. Irish Life will not use any of its assets to make up any shortfall.

## Tax

The personal income tax relief you may be entitled to is explained on pages 46 and 49. Under current Irish tax rules, the growth of all pension funds, is not taxed until the benefits are taken. However, if your chosen fund invests in assets outside Ireland, the fund may have to pay tax on these investments. We will take tax on income or profits if this is necessary under the tax rules of the country the assets are held in. In some instances, withholding tax or other taxes may apply, depending on the tax rules of the country. We will take any tax due from the fund, and this is reflected in the returns of the fund. If tax legislation and practice changes during the term of your plan, we will amend this in the fund value as a result. This information is based on current tax law, which could change in the future.

## General Information

If you have chosen to invest in a fund that invests in shares or bonds, the assets in that fund may be used for the purpose of securities lending which aims to earn an extra return for the fund. Although this increases the level of counterparty risk within a fund, it provides an opportunity to increase the return. We can change the range of funds we offer, and we may decide to stop giving access to certain funds. In this case you can switch out of those funds into any other funds that are open at the time. We may also restrict the option to switch to, or invest top-up contributions in, any funds. We will give you one month's notice before we make this change.



# Your options when you retire

## What retirement age can I choose?

### Personal pension

You can decide to take your retirement benefits at any time between the ages of 60 and 75, whether you have stopped working or not.

### Executive pension

You can normally decide to take your retirement benefits at any age between 60 and 70. However, if your employer and the scheme trustees agree, you can retire early from the age of 50.

## Your options

You can use the money you have built up in your pension fund in a number of different ways, depending on whether you have built up a fund through contributions into a personal pension, AVCs or an executive pension.

## Retirement lump sum

You can take part of your pension fund as a retirement lump sum. You may be able to take some or all of this retirement lump sum tax free.

Everyone has the option to take 25 % of the fund as a retirement lump sum.

The balance of the fund can then be used for one or more of the following:

1. Buy a pension for life
2. Invest in an Approved Retirement Fund (ARF) or Approved Minimum Retirement Fund (AMRF)
3. Take as a taxable cash sum

If you have an executive pension, instead of taking 25 % of the fund as a retirement lump sum, you can choose to take a retirement lump sum of up to one-and-a-half times your final salary, depending on the length of time you have actually been employed. The balance of your pension must be used to buy a pension for life.

However your AVC fund can be used for one or more of the following:

1. Buy a pension for life
2. Invest in an ARF or AMRF
3. Take as a taxable cash sum

As mentioned, you may be able to take some or all of your retirement lump sum without paying any tax. The maximum tax free amount you can receive is €200,000. Retirement lump sums between €200,000 and €500,000 will be subject to standard rate income tax (currently 20%). Any retirement lump sums greater than €500,000 will be taxed as income at your marginal rate. The Universal Social Charge (USC), PRSI (if applicable) and any other taxes or government levies will also be deducted. Both the €200,000 and €500,000 limits include all retirement lump sums you have received since 7 December 2005.

Your AIB Financial Adviser can give you more information about what you are entitled to.

## 1. Buying a pension for life

With the rest of the fund (if any), you can buy a pension (a regular income paid to you for the rest of your life also known as an annuity). You can choose from a number of different types of pensions, including the following:

- A pension paid to you for at least five or 10 years. This means that if you die during this period, we will continue to pay the pension to your dependants up to the end of the five or 10-year period.

- A pension which will increase. This means your pension increases each year, to take account of inflation, when it is being paid.
- A pension for your spouse, registered civil partner or dependant. If you die before your spouse, registered civil partner or dependant, we will pay a pension to them until they die.
- Annuity investment protection option which means that when you die any remaining money not paid will be paid to your estate. This option is only available if you take your retirement lump sum as 25 % of the fund or with your AVC fund.

The type of pension you choose will affect the amount of income your pension fund can provide. When you retire you can decide whether to use your pension fund to buy a pension from us or another insurance company. Your pension is treated as income so you will have to pay income tax at your highest rate on withdrawal, the USC, PRSI (if applicable) and any other taxes or government levies due at that time.

## 2. Investing in an ARF

An ARF is a personal investment fund from a qualified manager that you can manage and control during your lifetime, and leave to your family when you die. Depending on your circumstances, you will have two main options for reinvesting your pension fund.

### ARF

If you can show that you are receiving a guaranteed pension income for life (from other sources) of at least €12,700 a year, you can reinvest the rest of your pension fund in an ARF. An ARF gives you a choice of how you use your fund.

You can:

- decide where you want to invest your money choosing from a wide range of investment options;
- make withdrawals from your fund as and when you need them. You will be taxed on all withdrawals from your ARF fund; and
- use your ARF to buy a pension (annuity) at any time.

The money you invest in an ARF may be reduced if the level of income you take is high and the investment return is not high enough to maintain this, or is lower than expected. When you die, any money left in your ARF will pass to your estate. Under the Finance Act 2006, the qualifying fund manager must take tax from the ARF assuming you had taken a certain income each year. We explain this fully in a booklet specifically on ARFs which you can ask us for.

### AMRF

If you do not have a guaranteed pension income for life of at least €12,700 a year, you must invest €63,500 (or the rest of the fund, whichever is lower), in an AMRF, or buy a pension with the same amount.

You can use your AMRF to buy a pension at any time. You can only make withdrawals from any growth made on the fund. Once your AMRF becomes an ARF you can then make withdrawals from the original amount invested. You will be taxed on all withdrawals from your AMRF and ARF. Your AMRF will become an ARF when one of the following happens (whichever happens first).

- You start receiving a guaranteed pension income for life of €12,700 a year from other sources

- You reach age 75.

It is your responsibility to let us know if your income changes.

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

## 3. Taking your pension fund as taxed cash

After taking your maximum retirement lump sum, you may be able to take the rest of the fund as a cash sum. There are certain legal restrictions on taking up this option. If you can show that you are guaranteed to receive a pension income for life (from other sources) of at least €12,700 a year, you may take the rest of your pension fund as cash. You will have to pay tax on this at your highest rate of income tax and any other tax due at that time.

If you are not guaranteed a pension income for life of at least €12,700 you must invest €63,500 (or the rest of the fund, whichever is lower) in an AMRF, or buy a pension with the same amount. You can take any fund left as cash, which you will pay tax on.

These limits may change over time.

### Your open-market option

You can choose to buy your pension income (an annuity) from any pension provider. This is called an 'open-market option'. If you move to another provider, you may get a higher or lower pension income. Once you know what type of pension interests you, you can compare the different levels of income on offer. Your AIB Financial Adviser can



help you with this and you can also see the National Consumer Agency website [www.nca.ie](http://www.nca.ie).

It is also possible to buy an ARF or AMRF product from a qualified fund manager other than us.

### **Maximum pension fund**

The maximum pension fund allowed at retirement from all sources for tax purposes is currently €2,000,000. This is called the standard fund threshold (SFT). Any fund more than €2,000,000 will be taxed at the higher rate for income tax (currently 41 %). This tax is taken from the pension fund before your retirement benefits are payable.

We advise that you speak to a tax adviser as the information given is only a guideline and does not take account of your personal circumstances.



# Your questions answered

## Can I have more than one pension plan?

Yes, if you are eligible for a personal pension, you can have a number of plans. The Revenue Commissioners will add up all the contributions and you will get tax relief up to a certain limit. If you are eligible for company or AVC contributions, you may have more than one plan but you cannot contribute above a certain limit.

## Can I use my pension plan as security for a loan?

No. You cannot transfer the rights to your pension plan to a lending agent because pension plans cannot legally be assigned.

## Can I cancel a pension?

If, after taking out this plan, you feel that it is not suitable, you may cancel it by writing to us at:

AIB service team  
Irish Life Assurance plc  
Lower Abbey Street  
Dublin 1.

If you do this within 30 days of the date we send you your Welcome Pack (or a copy), we will cancel the plan. We will refund any regular contributions you have made. We will return any single contributions or transfers, less any fall in investment values during the period and in line with Revenue rules.

If you decide to permanently stop making contributions at any stage, you can make the plan 'paid-up'. This means that the value of your pension fund stays invested without you or the company making more contributions. When you reach retirement age you can use this fund to buy a pension. If you stop your contributions for any reason, the effect will be the same as if you made your plan paid-up. Before cancelling, you should be sure that you have made other arrangements for your retirement. You should contact your AIB Financial Adviser for more details.

## How can I pay?

You can choose to make regular contributions. You can pay by direct debit (every month, every three months, every six months or every year), or by cheque every year.

- If you are paying by direct debit, the smallest regular contribution

amount is €750 a month (Personal pension) and €150 a month (Executive pension) and the largest is €50,000 a year.

- If you are paying by cheque, the smallest contribution amount is €3,000 a year, and the largest is €50,000 a year.

You can also invest a lump sum at any time. (You can do this instead of, or as well as, making regular contributions). If you start off with just a lump sum, you can't add regular contributions at a later date. The smallest one-off contribution you can invest is €500 if you already have a plan in place or €3,000 if it is your first contribution.

### Can I change my contribution level?

You can increase your contributions at any time. You can also reduce your contribution to the minimum allowed or take a break from making contributions if you want to. However, you need to remember that reducing (or stopping) your contributions will affect the value of your pension fund when you retire.

To help you to decide whether you need to increase your pension benefits, we will send you a statement each year showing:

- the contributions you have made;
- the value of your fund; and
- an estimate of the pension you will receive when you retire.

We recommend that you review your level of benefit each year.

### Can I protect my contributions against inflation?

Yes, when you take out your plan, you can choose to have your contributions increase with inflation. If you choose this option, the contribution will increase each year in line with:

- the consumer price index; or
- 5 %;

whichever is higher.

### Do I have to pay tax on my pension?

Under current law, when you retire you can take some of the fund as a retirement lump sum. You will have to pay standard rate income tax on any retirement lump sums between €200,000 and €500,000.

Any amounts over €500,000 will be taxed as income at your marginal rate. The USC, PRSI (if applicable) and any other taxes or government levies will also be taken. You will have a number of options as to how you can use the rest of your pension fund, and how you are taxed will depend on which one you choose.

- If you choose to buy a pension for life (annuity), your income will be taxed as income in the normal way and will include any tax due at that time.
- If you have the option to invest in an ARF, or AMRF, you will have to pay tax on any withdrawals that you make.

Under current law, the maximum pension fund allowed for tax purposes is €2,000,000. The relevant maximum will apply to the total of all pension funds you may hold. You will pay tax on any amount over this as a one-off income tax charge at the 41 % rate when you take it when you retire. (The 41 % figure is current in but may change).

## What is a personal fund threshold?

If you have a Personal Fund Threshold Certificate issued from the Revenue, your maximum pension fund at retirement may be more than €2,000,000. You should contact your AIB Financial Adviser or our AIB service team for more details.

## What happens if I have to retire early because of ill health?

If you have to retire early because of ill health, and you apply for and get Revenue approval, you can take your pension benefits immediately. However, your pension may be low because your contributions are stopping at an earlier age and the pension will have to last longer as you will be retiring earlier.

## What is the minimum term?

The minimum investment period on AIB personal and executive pensions is two years. However, there is no minimum investment period for bond plans.

## Family law and pensions

If you are involved in a legal separation, divorce, dissolution of a civil partnership, or ending a relationship with a qualified cohabitant, a

court application for a pension adjustment order (for the retirement or death benefits we pay under this plan) may be made. You can get more information on how a pension adjustment order works from your solicitor or the Pensions Board.

**Write to:** The Pensions Board, Verschoyle House,

28-30 Lower Mount Street, Dublin 2

**Lo-call:** 1890 656565

**Email:** [info@pensionsboard.ie](mailto:info@pensionsboard.ie)

## What happens if I die before I retire?

If you have a personal pension and die before you retire, we will pay the value of your pension fund to your dependants. If you have an executive pension plan, we will pay this value to the trustees of your pension plan (usually your employer). They will then pass the benefits to your dependants, according to the rules of your scheme. As with any inheritance, your dependants may have to pay inheritance tax on any benefits we pay them.

## Pension Life Insurance

The value of your fund may not be enough to provide for your dependants when you die, particularly in the early years when the value of the fund is low. Pension Life Insurance is life cover that you can take out and which will pay your dependants a guaranteed lump sum if you die during the term of the plan. The advantage of this type of life cover is that, if you are eligible, you can claim tax relief on your contributions. This is a separate standalone product. If you want more information on this product your AIB Financial Adviser can give you full details.

## Questions about personal pensions

### Am I eligible to take out a personal pension plan?

As tax relief is available on contributions into the plan, up to certain limits, you must meet certain conditions to be eligible to take out a personal pension plan.

- You must be legally responsible for paying tax in Ireland (this means Irish tax is due on any profits or earnings you make).
- Your income must be 'earned' – this means that you can't use money you've made from rent, dividends from shares or returns you've made on investments.

Basically, you can only use the money you've earned from your job.

- To be eligible to take out a personal pension plan, your income must be taxable under schedule D (case 1 or 2) or schedule E if you are in 'non-pensionable employment'. Schedule D (case 1 or 2) income is profits from a trade or profession, and usually applies if you are self-employed or working as a sole trader. Schedule E income includes earnings from employment and benefits-in-kind. 'Non-pensionable employment' is where you work for someone else but there is no pension scheme for you to join.

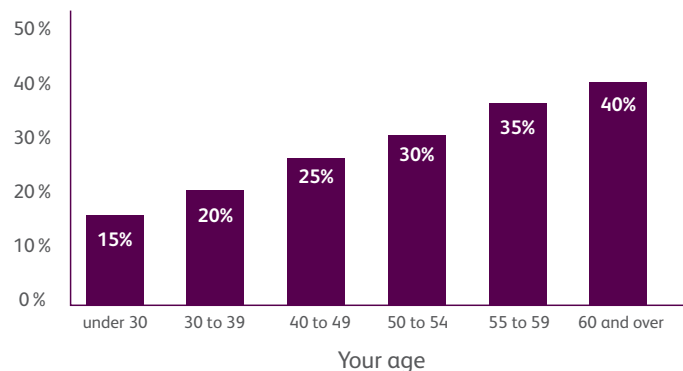
### How much should I invest in my pension plan?

The amount of money you should invest in your pension plan depends on:

- your age;
- how much money you want when you retire;
- what benefits you've already built up; and
- when you'd like to retire.

If you want to retire quite soon with large retirement benefits, you will need to contribute more than someone who has longer to go to retirement and who doesn't want as much. The Government has set certain limits for income tax-relief purposes.

Your AIB Financial Adviser will be able to recommend a level of funding based on your needs. You can get income tax relief on up to the percentage of your earnings shown below.



## Earnings are defined as follows.

For self-employed people, earnings are defined as 'net relevant earnings'. Net relevant earnings means your income during a tax year, less allowances or losses and also less certain charges and deductions such as mortgage interest for which you can claim tax relief.

For employees, earnings are defined as salary including overtime, bonuses and benefits-in-kind (in other words, perks that do not take the form of a salary).

Income tax relief is not available on earnings which are more than €115,000.

## Claiming income tax relief

Tax relief is not guaranteed and rates used in this booklet are current. To claim tax relief, you can apply to your Inspector of Taxes to adjust your tax credits. Contributions deducted from salary will receive immediate tax relief. If you are self-employed, you must include your pension contributions in your self assessment tax returns in order to get income tax relief. To be eligible to claim income tax relief, your income must be taxable under Schedule E or Schedule D (case I or II). Pension income in retirement is subject to income tax, the USC, PRSI (if applicable) and any other taxes or government levies on any withdrawal you make.

Income tax relief is not available on net relevant earnings which are more than €115,000 including contributions to other approved pension arrangements. For certain occupations you may get tax relief of 30 % of your earnings, no matter how old you are. In general, these tend to be professional sportspeople who earn their income from that occupation.

## Are there any age restrictions on a personal pension plan?

You must be between age 18 and 73 (next birthday) to invest in a personal pension plan. You can take the benefits at any age between 60 and 75, or earlier in certain circumstances.

## What happens after I apply for my plan?

After we assess your application, we will send you:

- your Terms and Conditions booklet (which outlines the standard terms of your contract with us); and
- your plan schedule and customer information notice (which outlines the specific details of your particular investment with us).

It is important that you read the details of your plan to make sure it meets your needs. Remember that a pension plan is a long-term commitment.

You have 30 days after we send you this information to cancel your plan. If you decide to do this, we will refund any regular contributions you have made, depending on Revenue rules. We will also refund any one-off contributions or transfers you make, less any reduction in investment values during the period.

## What happens if I take out a personal pension plan and then am no longer eligible?

You will no longer be eligible if you do not earn an income that is taxable in Ireland or if you move into a pensionable job. If this happens, you can continue contributing but cannot claim tax relief.

## Can I take money out of my pension?

You cannot take money out of your pension before you reach 60 unless you have to retire early because of ill health. You can transfer your plan to another approved personal pension plan with another insurance company or to a PRSA. Depending on the funds you have chosen, there may also be a delay in moving your fund. Please see the Fund Guide section for more details.

## Do I have to retire to get my pension?

You do not need to retire to get your pension. You can take your pension at any time from age 60 and continue to work. You can retire because of ill health at any time. However, the Revenue Commissioners must agree and you must take your pension immediately.

## Who should I talk to if I have any questions or complaints?

If you have any questions about your pension, you should talk to your AIB Financial Adviser or contact our AIB service team. If you have a complaint and are not satisfied after contacting the above, you should write to:

AIB service team,  
Irish Life  
Abbey Street,  
Dublin 1

If you are still not satisfied, you can contact:

The Financial Services Ombudsman  
3rd Floor Lincoln House,  
Lincoln Place,  
Dublin 2.

**Lo-call:** 1890 88 20 90

**Fax:** 01 6620890

**Email:** [enquiries@financialombudsman.ie](mailto:enquiries@financialombudsman.ie)

**Website:** [www.financialombudsman.ie](http://www.financialombudsman.ie)



## Questions about executive pensions (and AVCs)

### Can my employer take out an executive pension for me?

As tax relief is available on contributions into the plan, up to certain limits, you must meet certain conditions to be eligible to take out any type of pension plan.

- You must be legally responsible for paying tax in Ireland (this means Irish tax is due on any profits or earnings you make).
- Your income must be ‘earned’ – this means that you can’t use money you’ve made from rent, dividends from shares or returns you’ve made on investments.

Basically, you can only use the money you’ve earned from your job. As well as meeting these conditions, to be eligible to take out an executive pension plan, you must have an income which can be assessed for income tax under Schedule E. This income would include salaries, bonuses, benefits in-kind and directors’ fees. In an executive pension plan, the company must contribute.

### Can I make contributions into the executive pension arrangement?

Yes. If you make contributions yourself into the executive pension plan you can make AVCs. If your employer requires you to pay a compulsory amount towards the arrangement these are ‘employee contributions’.

The limits on this page apply to both your AVCs and employee contributions.

The main difference between AVCs and employee contributions is that if you decide to take your retirement lump sum based on your salary and service with the company, your AVCs will give more options with the balance of the fund.

If you have any questions about this important aspect of pension planning you should speak to your AIB Financial Adviser.

### How much should I invest in my executive pension plan?

Remember that your employer must contribute. If you know how much your employer is going to pay, you can decide how much you want to pay as AVCs. Executive pension contributions are limited, they are based on your age and if you already have pension benefits from previous jobs. If you don’t have pension benefits from a previous job, your employer can pay the following for you.

#### Sample maximum contribution (% of salary)

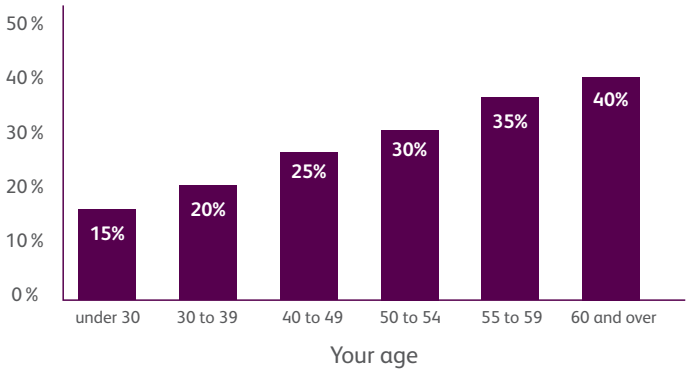
Current Age	% of salary
30	54 %
35	63 %
40	76 %
45	95 %

Note: The figures on page 49 assume:

- that the member will have completed at least 10 years' service when they retire;
- the member is a married male retiring at 65;
- existing pension benefits are not included in the above rates; and
- the rates are worked out using capitalisation factors published by the Revenue Commissioners.

These figures could change over time.

As an employee, you can make contributions up to the limits outlined below. Income tax relief is not available on earnings more than €115,000.



Any contributions you make will reduce the limits available to your employer. For example, if you are 35 and don't have any previous pension benefits, your employer can pay up to 63 % of your salary a year into a pension plan for you. If you also decide to pay into it and want to pay the maximum available to you, such as 20 % of your salary a year, your employer's contributions must reduce to 43 % (63 % less 20 %). It is important that you get advice on the amount you should be paying into your pension. You should also learn about the amount of pension benefits that will be available to you when you retire. If you have any questions on this, you should speak to your AIB Financial Adviser.

### Claiming income tax relief

Your employer gets corporation tax relief on any contributions the company makes towards a pension plan for employees (as long as the contributions are within the agreed limits). You can claim income-tax relief on contributions you make towards the pension plan, up to the limits described earlier. To be eligible to claim income tax relief your income must be taxable under Schedule E. Your employer will usually agree to take these contributions direct from your salary before tax. In this case, income tax relief is immediate. If contributions are taken from your net salary, you can apply to your inspector of taxes to adjust your tax credits.

### Are there any age restrictions on an executive pension plan?

You must be between age 18 and 68 (next birthday) to invest in an executive pension plan. You can choose a retirement age between 60 and 70. If you want to retire earlier, the maximum benefits you can take may be reduced.

## Are there any limits on contribution levels or benefits?

To make sure the Revenue Commissioners approve the plan, certain limits apply to contribution levels and benefits.

### Contribution limits

The maximum contribution that you, as an employee, can make that qualifies for personal tax relief in any tax year depends on your age. These limits are shown on page 49 and apply to your total contribution to your company pension plans (in other words, your AVCs and employee contribution). In an Executive pension plan, the company must contribute. The company can contribute as much as is needed to provide the maximum benefits.

### Benefit limits

The following limits apply to the combined benefits from your pension plans when you reach normal retirement age.

- The maximum pension is 2/3 of your salary. If you have less than 10 years employment with your company when you retire, your limits reduce, depending on the length of time you have actually been employed.
- The maximum retirement lump sum is one-and-a-half times your final salary. If you take a retirement lump sum, this reduces the pension you are allowed. If you have less than 20 years employment with your company when you retire, the limits for your retirement lump sum reduce, depending on the length of time you have actually been employed. You also have the option instead to take 25 % of the fund as a retirement lump sum. The maximum

lump sum you can receive tax free from all sources is €200,000. Any lump sums greater than €200,000 will be subject to income tax, please see page 39 for more information.

- The maximum dependant's pension, available when you die, is 100 % of your retirement pension. Any children's pension plus your dependant's pension must not be more than your own retirement pension.

There are also limits to:

- the rate at which your pension can increase while you are paying it;
- early retirement pensions; and
- pensions we pay to directors who directly or indirectly control more than 20 % of the voting rights in the company (20 % director).

Under current law, the maximum pension fund allowed for tax purposes is €2,000,000.

## What happens if I leave the company?

If you leave the company, there are a number of options available.

You can:

- make your pension plan 'paid-up' (leave the money in your pension plan);
- take a refund of your own contributions to the plan; or
- take a transfer value.

## Refunding contributions

You are entitled to a refund of your own (not your employer's) contributions if you have been in the executive pension less than two years (depending on certain conditions). This refund is only based on the fund built up by your contributions and is taxed at the standard tax rate which applies on that date. In this case, we return the fund built up by the company's contributions to the company.

They then have to pay corporation tax on this. 20 % directors do not have the option to take a refund of contributions.

## Transfer value

You can take a transfer value from the plan. You may be able to transfer the value to another pension scheme (depending on certain restrictions) for example, the pension plan of a new employer, a PRSA (depending on certain restrictions) or a personal retirement bond (a pension plan in your own name which gives you control over the fund).

## Is my pension protected if my company goes into liquidation?

The assets of your pension plan are totally separate from the assets of the company. In most cases, if a company goes into liquidation, the executive pension plan will be 'wound up'. The trustees of the pension plan are responsible for winding up the pension plan, according to the rules of the plan and current law. You have a number of options that are similar to those available to you if you leave the company, but they do depend on the terms which apply when the company is wound up. We have already described these options in the previous answer.

## Do I have to retire to get my pension?

Once you have reached retirement age, you do not need to actually retire to take your pension. If you stay working after your retirement age, you can:

- delay taking the payment until you retire;
- take the pension and retirement lump sum at your normal retirement age; or
- if you take your retirement lump sum based on your salary and service you can take your retirement lump sum at your normal retirement age and delay the pension until you retire. The option of delaying your pension until you retire is not available if you take 25 % of the fund as your retirement lump sum. See pages 38 to 41 for more details about your retirement options.

## Can I retire early?

If your employer and scheme trustees agree, you can retire at any time after you reach 50. However, this will reduce your pension benefits.

## What happens if I have to retire early because of ill health?

If the Revenue Commissioners, your employer and the trustee approve, you can retire early because of ill health and take your pension benefits immediately. The pension may be low because your contributions are stopping at an earlier age and the pension will have to last longer as you will be retiring early.

## Can I take money out of my AIB Executive pension?

In most cases you will only be able to access your company pension at your normal retirement age or if you retire early. Please see page 45 for more information on retiring early.

If you have paid AVCs to your company pension scheme, you can take a one-off withdrawal up to 30% of the value of your AVCs before 26 March 2016. If you decide to take a withdrawal which is less than 30% of the value of your AVCs, you will not be able to take another withdrawal.

You will have to pay income tax at your marginal rate if you take a withdrawal from your AVCs before retiring. We have to take income tax at the highest rate (currently 41%) from this withdrawal unless you give us a tax certificate before the withdrawal is paid.

Taking a pre-retirement AVC withdrawal will reduce the amount available to you when you retire. Before deciding to take a withdrawal from your AVCs, you should be sure that you have made other arrangements for your retirement. You should contact your AIB Financial Adviser for more information on this.

## Who should I talk to if I have a complaint?

If you have a complaint, please contact your trustee or our AIB service team. If you believe that you have suffered a financial loss as a result of poor administration of your scheme, or if there is a dispute about a fact or law, you should first talk to the trustee.

By law, the trustee has to set up and follow an internal disputes resolution procedure, which they must publish and make available to you.

You can find more information on this from the Pensions Ombudsman at:

The Office of the Pensions Ombudsman  
36, Upper Mount Street, Dublin 2.

**Phone:** 01 647 1650  
**Fax:** 01 676 9577  
**Email:** [info@pensionsombudsman.ie](mailto:info@pensionsombudsman.ie)  
**Website:** [www.pensionsombudsman.ie](http://www.pensionsombudsman.ie)

The trustee will investigate the matter for you. You can appeal against their decision to the Pensions Ombudsman. Both you and the trustee can appeal against the decision of the Pensions Ombudsman to the High Court.

You should contact the Pensions Board at the address below if you have any other complaints.

The Pensions Board  
Verschoyle House,  
28/30 Lower Mount Street,  
Dublin 2

**Phone:** 01 613 1900  
**Fax:** 01 631 8602

For all other questions, please contact our AIB service team and we will try our best to sort out the matter.

If you, as the trustee and owner of the plan, have a complaint, you should contact:

AIB service team  
Irish Life,  
Lower Abbey Street ,  
Dublin 1.

If you are not satisfied after contacting the above, you can contact:

The Financial Services Ombudsman  
3rd Floor Lincoln House,  
Lincoln Place,  
Dublin 2.

**Lo-call:** 1890 88 20 90  
**Fax:** 01 662 0890  
**Email:** [enquiries@financialombudsman.ie](mailto:enquiries@financialombudsman.ie)  
**Website:** [www.financialombudsman.ie](http://www.financialombudsman.ie)





# Information for the Employer/Trustee

**This section applies to executive pension plans.**



The AIB Executive pension plan is a contract with you, the trustee. The contract is provided by Irish Life Assurance plc, which is regulated by the Central Bank of Ireland.

The AIB Executive pension plan is a retirement benefit scheme as defined by Chapter 1 of part 30 of the Taxes Consolidation Act 1997. The contract details are in our Terms and Conditions booklet, the scheme rules (with Letter of Exchange), the plan schedule and the application form. The contract is governed by Irish law. The Irish courts are the only courts that are entitled to hear disagreements.

Our head office is at Lower Abbey Street, Dublin 1, Ireland.

The contract is a pension plan, which is used to invest contributions for retirement. The fund built up by the contributions will be available when the member retires to provide pension benefits in the form of a retirement lump sum, an annuity and possibly other options. We invest the contributions in units within a fund or funds the member chooses.

You, as the employer, do not choose the fund or funds. If a member does not choose any funds, then you as the trustee, will decide how to invest the contributions until the member says otherwise.

Each fund contains a number of identical units. We will work out the value of each unit by referring to the net value of the assets of the fund after deductions. A list of these funds is included in the Fund Guide



section of this booklet which you should read before you decide to invest.

The value of these units can fall and rise over the term of the plan. For executive pensions, if the employee dies before they retire, we will pay the value of the fund to you to pass on to their next of kin.

For executive pensions, the contract term depends on the retirement age you have chosen for the employee and which you will have given on the application. The member, if you agree, can change this date during the term of the plan but the Revenue must be told if they do this.

If you want to stop this contract, you can do so within 30 days of us sending you your Welcome Pack. If this happens, we will refund the contributions paid under the plan. If any single contributions or transfers have been made, we will refund these (less any reduction in the investment value over that period). Please write to us at the address shown on page 56 if you want to cancel your plan within the period shown. We strongly recommend that you contact your AIB Financial Adviser before you cancel the plan. You can stop contributions at any time. Any fund built up will stay with us until benefits can be taken or if you want to transfer the funds.

You can make contributions every month, every three months, every six months or every year by direct debit (usually from the company's account) or every year by cheque. You can also make single contributions by cheque. The contribution you want to pay at the start of the contract will be shown on your plan schedule.

You will find the charges which apply to this contract on pages 8 and 9

of this booklet. Your AIB Financial Adviser can give you a more specific quotation.

There are certain tax advantages to taking out an executive pension. You can use the employer contributions against the employer's liability to pay corporation tax in the company tax year in which contributions are made. However, this must keep within Revenue contribution limits. Employee contributions can count towards the employee's liability to pay income tax in the tax year in which they make their contributions. Again this depends on Revenue contribution limits. When the member retires, they may be able to take part of the fund as a retirement lump sum, within Revenue limits. Income tax is due on income from a pension (an annuity) or withdrawals made from ARF (and the AMRF gains) after retirement. There may be other taxes due at that time. If the member dies before they retire, we will pay the benefit to you as trustee and you must use this to provide benefits for the member's spouse, registered civil partner or dependents. Capital acquisition tax may be due depending on who will receive the benefits.

## **Irish Life as registered administrator**

You must appoint a registered administrator under section 59 of Part VI of the Pension Act, 1990 to provide various services such as the member's annual pension benefit statement. On entering into the plan, linked to your one-member company pension scheme, you as trustee will be appointing us to act as registered administrator of the scheme. We agree to act as registered administrator when we accept your application. You or we can choose to end this appointment by giving at least 90 days' written notice to the other.

This 90-day notice period may only be reduced if both you and we

agree, or if we have to do it by law. As part of our job of providing the annual pension benefit statement, you must make sure that you keep us regularly updated on member details; especially if these change since the date you apply to join the scheme.

## Contributions

Generally you have to make sure that you pay your contributions over to the pension scheme within 21 days of the end of the month in which they are due. If you take contributions from the member's salary, you must pay these over to the pension scheme within 21 days of the end of the month in which they have been taken.

If you take any money from the salary of a member, you must give the member a statement at least once a month confirming (for the previous month or since the last statement):

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

Generally, you will have met this requirement if you show on the member's payslip the total amount paid into the pension scheme by both you and them.

## Investment duties

Our scheme rules allow for the member to choose the investment strategy. If the member does not choose funds to invest in, then you as the trustee, must make the investment decision. We will only accept investment instructions from the member or from the trustee.

## Appointing a new trustee

You, as the employer, have the power under the scheme rules to appoint a new trustee.

## Trustee training

Employers who have set up a company pension scheme must arrange training for the trustees of their pension scheme unless a professional independent trustee has been appointed. This is to make sure that trustees understand their role and their pension scheme. For one-member company pension schemes set up through Irish Life, the employer is usually appointed as trustee. This means that the employer as trustee must receive trustee training and this includes all directors of the company. The training must be completed within six months of becoming a trustee and every two years after this. For more information on your trustee duties and how we support you please see our Trustee Training Workbook included in your Welcome Pack.

The Pensions Board also issue guidance on trustee duties and responsibilities. See their website [www.pensionsboard.ie](http://www.pensionsboard.ie).

## Who should I talk to if I have any questions or complaints?

If the employee believes they have suffered a financial loss as a result of the poor administration of the scheme, or if there is a dispute of fact or law, they must contact you first.

Under the Pensions Ombudsman Regulations 2003 (S.I. Number 397 of 2003) you must set up and follow an internal disputes resolution (IDR) procedure, which you must publish and make available to the

member if they ask. You can get more information from the Pensions Ombudsman's office at the following address.

The Office of the Pensions Ombudsman  
36 Upper Mount Street, Dublin 2.

**Phone:** 01 647 1650  
**Fax:** 01 676 9577  
**Email:** [info@pensionsombudsman.ie](mailto:info@pensionsombudsman.ie)  
**Website:** [www.pensionsombudsman.ie](http://www.pensionsombudsman.ie)

You must then issue a decision on the matter. The employee does not have to accept this decision and can take the matter to the Pensions Ombudsman. Both you and the employee can appeal against the decision of the Pensions Ombudsman to the High Court.

All other complaints, which you cannot settle, should be sent to the Pensions Board at:

Verschoyle House, 28/30 Lower Mount Street, Dublin 2.

**Phone:** 01 613 1900  
**Fax:** 01 631 8602

For any help, or for questions you may have, please contact our AIB service team.

If you, as the trustee and owner of the plan, have a complaint, you should contact:

AIB service team  
Irish Life,  
Lower Abbey Street ,  
Dublin 1.

If you are not satisfied after contacting us, you can contact:

The Financial Services Ombudsman  
3rd Floor Lincoln House,  
Lincoln Place,  
Dublin 2.

**Lo-call:** 1890 88 20 90  
**Fax:** 01 662 0890  
**Email:** [enquiries@financialombudsman.ie](mailto:enquiries@financialombudsman.ie)  
**Website:** [www.financialombudsman.ie](http://www.financialombudsman.ie)



# Glossary

## **Annuity / pension for life**

When you retire, you can use your retirement fund to buy an annuity. This is a guaranteed income from your pension fund after you retire. This income is paid on a regular basis for the rest of your life.

## **Approved retirement fund (ARF)**

When you retire, you can invest your retirement fund in a personal investment account called an approved retirement fund. You can withdraw money from the account when you need it.

## **Approved minimum retirement fund (AMRF)**

When you retire, if you do not have a guaranteed pension income for life of €12,700 a year, and you are not buying an annuity, you invest €63,500 from your pension fund into a personal investment account called an AMRF.

## **Additional voluntary contributions (AVCs)**

These are extra contributions you can pay into your executive pension (also available on PRSAs) to add to the pension benefits already available from your company pension scheme.

## **Bonds**

A bond is a type of loan given to a company or a government. For example, if a government wants to raise money, they can issue a bond. If you loan money to a government, you get your money back after a set time and you will also receive a fixed interest rate.

## **Commodities**

Raw materials or basic agricultural products that can be bought and sold in recognised markets. Examples of commodities include oil, gas, gold, wheat and cattle.

## **Equities/shares**

Investing in shares means investing in companies on the stock market. You then become a shareholder. For the purpose of the funds that invest in shares, as described in this booklet, we are the investor, so we are the shareholder. How those companies perform affects whether the price of units in the fund rises or falls.

## **Government bonds**

Bonds issued by governments. These governments regularly pay a fixed rate of interest for a set time, after which the initial investment is returned.

## **Indexed fund**

A fund that is index-linked, means it aims to track the performance of a particular stock-market index, rather than investing in specific shares that the manager believes will do better.

## **Inflation**

The rate at which the general level of prices for goods and services increases, and as a result, the buying power of money falls.

## **Unit-linked fund**

A unit-linked fund combines your money with money from other investors and buys units in a fund. The number of units you get depends on how much you invest and the price of the units at the time you buy.

## **Volatility**

The potential ups and downs that a fund may experience. The more volatile a fund is, the more likely it is to experience ups and downs that could have a significant effect on the value of your retirement fund.





At AIB we are taking steps to reduce our impact on the environment. Small changes, taken together, add up to a greener world.

Find out more at: [www.aib.ie/csr](http://www.aib.ie/csr)

## How to get in touch



**Call us** 1890 724 724



**Call into** any branch



**Click on** [aib.ie](http://aib.ie)

**If you have any questions, just ask.**



Terms and conditions apply. If you have any questions, please contact your AIB Financial Adviser in your local branch or call the AIB service team at Irish Life on 1890 719 390. In the interest of customer service, Irish Life will record and monitor calls. Irish Life Assurance plc, Registered in Ireland number 152576, Vat number 9F55923G.

Allied Irish Banks, p.l.c. is a tied agent of Irish Life Assurance plc, for life and pensions business.

Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Irish Life Assurance plc is regulated by the Central Bank of Ireland.