

AIB pensions

Saving for your retirement



These products are provided by Irish Life Assurance plc.

Why do you need to start your pension now?

Happier, healthier... living longer

You are likely to spend a quarter of your life in retirement.

That's a very long time to cover your day-to-day expenses without a regular income, never mind paying for things like travel, study or hobbies that you will have time to enjoy because you're not working.

The early bird.....

The younger you start, the lower the on-going cost and the easier it is to provide the level of pension that you will need in retirement.

Did you know?

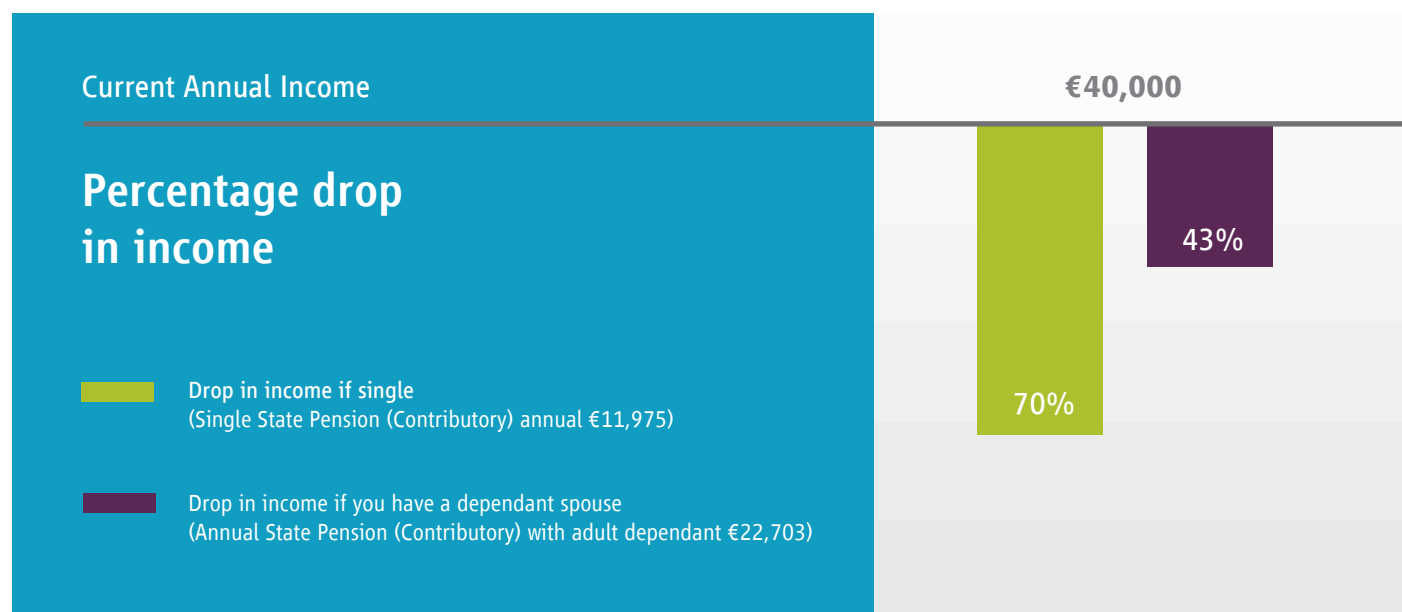
The average person retiring tomorrow aged 65 years has a life expectancy of between 20 – 23 years.

(Source: Pension Board, 2011)

Avoid the big drop!

The current single State Pension (Contributory) is just under €12,000 a year, or €230 a week. Could you live on that in retirement?

Let's assume you currently earn €40,000 a year. Below is a look at your percentage drop in income if you are relying solely on the single State Pension (Contributory).



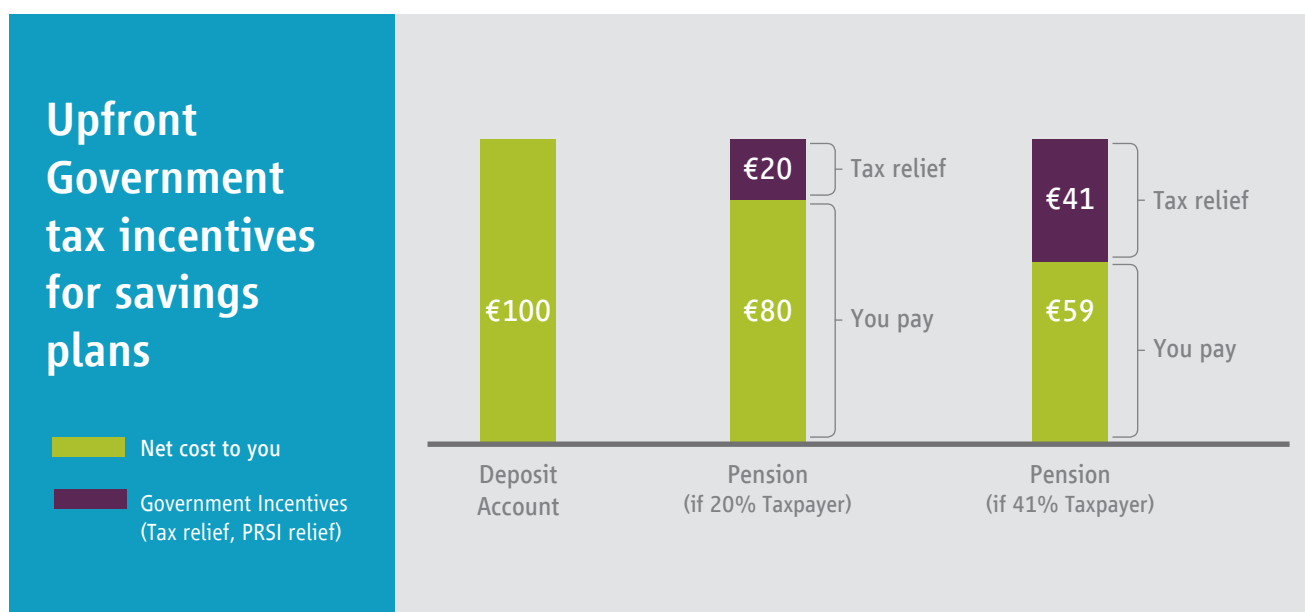
So, if you earned an annual income of €40,000 and were planning to rely solely on the single State Pension (Contributory), you would be taking a **drop in income of 70% of your current salary, or a yearly drop of €28,025.**

(Source: Amarach Research, August 2011)

What tax relief will you get on your pension?

1. Income tax relief on contributions

Saving for retirement in a pension plan allows a top rate taxpayer to get €41 income tax relief on a pension contribution of €100. That's a real cost of just €59 - almost half the cost as if you saved using a deposit account.



Tax relief is not guaranteed and rates used are current as at March 2012. 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 Universal Social Charge (USC), PRSI (if applicable) and any other charges or levies on any withdrawal you make.

2. Income tax relief on investment return

Your contributions are invested in pension funds, which are exempt from Irish tax. This means pension funds benefit from being able to invest the non-taxed returns to generate higher future returns. Pension benefits paid in retirement are subject to income tax and other levies.

3. Retirement lump sum

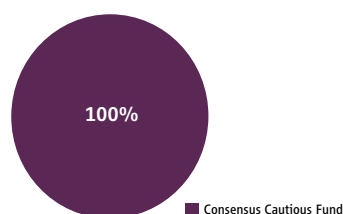
Everyone has the option to take 25% of the fund as a retirement lump sum. Please talk to your AIB Financial Adviser about tax relief and to find out how much you can take tax free.

Why choose us to help you provide for

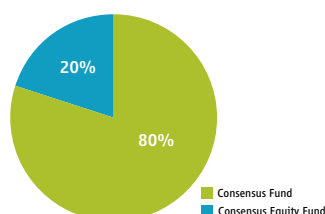
1. Great range of funds

Our pensions offer a choice of top-quality funds to meet your needs.

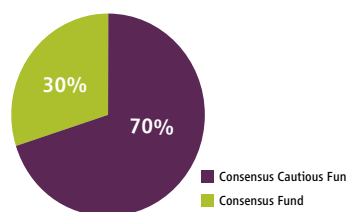
Managed Portfolio Fund 1 (Foundation)



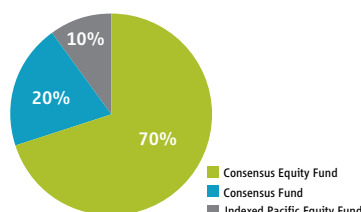
Managed Portfolio Fund 4 (Intermediate)



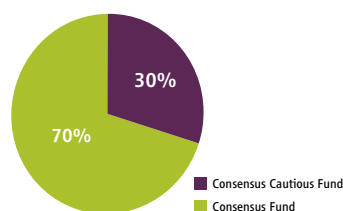
Managed Portfolio Fund 2 (Base)



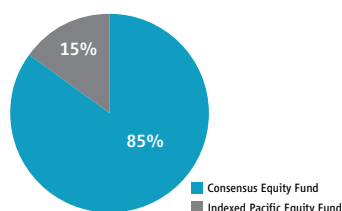
Managed Portfolio Fund 5 (Dynamic)



Managed Portfolio Fund 3 (Core)



Managed Portfolio Fund 6 (Aggressive)



Please see your product booklet for more information on the funds available.

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

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

These descriptions are correct as of March 2012.

2. Control

You will have 24 hour access to your plan details online by logging onto www.aib.ie/lifeandpensions and clicking on My Online Services or by calling our Customer Information Line on 01 704 1111.

your retirement?

3. Smoothing you into retirement

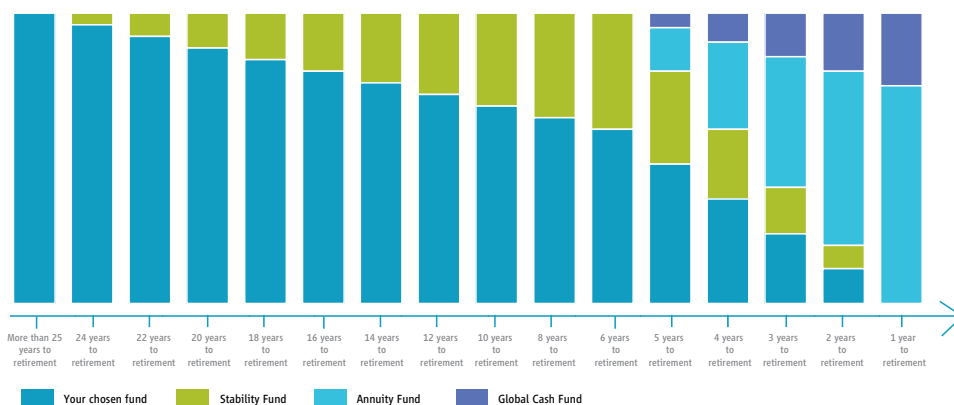
Our lifestyleing options will help smooth you into retirement by aiming to reduce the risk of the funds you are invested in as you approach retirement.

As part of our financial review process, we will always recommend the Annuity Lifestyle Option along with our recommended fund mix. This assumes that you intend buying an annuity (a pension for life) with your pension fund at retirement and slowly moves your pension into funds that match the underlying assets that an annuity invests in. This aims to reduce the uncertainty about what level of an annuity you can expect in retirement.

The Annuity Lifestyle Option can also be used where you choose your own mix of funds. However, if you select low risk funds, choosing the Annuity Lifestyle Option may increase the risk of your funds initially before reducing the risk again as you approach retirement. For example, if you choose to invest 100% in Global Cash, then Lifestyle switches will increase the level of risk of your funds.

The following chart represents the automatic switching of the Annuity Lifestyle Option

Annuity Lifestyle Option



We recommend you read your product booklet for full details on this option.

We also have an ARF Lifestyle option, which may suit you if you want to invest your retirement fund in an ARF when you retire. It is identical to our Annuity Lifestyle option except that instead of switching into the Annuity Fund, you will switch into the ARF Fund.

4. Flexible contributions

You can increase or reduce your contribution and you can even take a break in contributions if you need to. If you want to make a one-off contribution, you can. If you started your pension plan by paying one-off contributions, you will not be able to make regular contributions into that plan.

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

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



Financial advice - 4 easy steps

Before deciding to invest, we would always recommend that you complete a financial review. This review takes you through the following steps.

Step 1

FINDING OUT ABOUT YOU

Here we ask about your family situation, your home, your job and your plans for the future. At this part of the meeting we also discuss your existing financial arrangements.

Step 2

IDENTIFYING YOUR GOALS AND NEEDS

Next we ask you to think about your financial needs now and in the future. For pensions we will help you to work out how much you will need to live on when you are retired.

Step 3

YOUR APPETITE FOR RISK

Here we will ask you to answer some questions, which will help us understand what funds we should recommend for you. We will categorise you into a risk profile between 1 (Safety First) and 7 (Very adventurous).

The funds we recommend will also depend on how long it is to your chosen retirement date. The closer you are to retirement, the lower the risk level of funds we recommend for you.

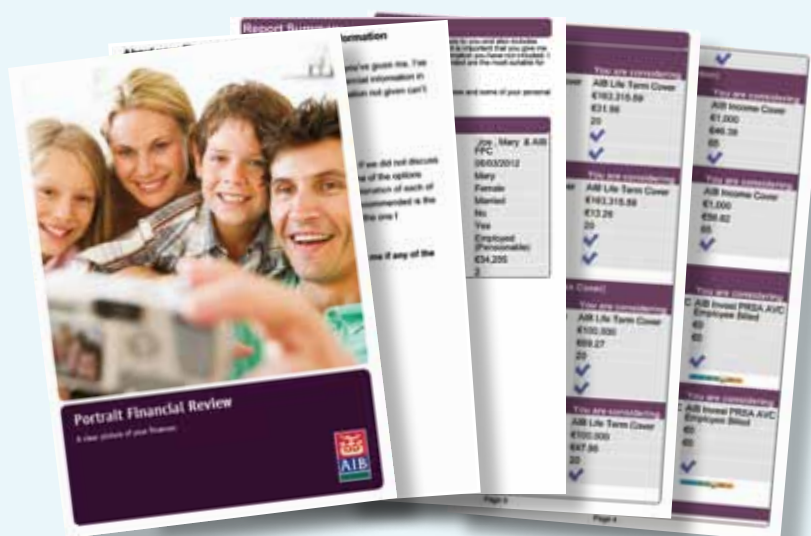
Step 4

CONSIDER YOUR OPTIONS

Now we draw up a recommendation on the type of pension and the choice of funds that suit your personal needs.

SUMMARY REPORT

After your Financial Review you will receive a personalised report outlining what you discussed in the meeting and complete details of all the recommendations made. We can only base any recommendations on the information you give us.



AIB and Irish Life - a great partnership

AIB – sound advice to help you secure your future

- ✓ Extensive branch network to serve customers across the country
- ✓ Team of highly trained, experienced Financial Advisers
- ✓ Personalised recommendations that meet individual customer needs

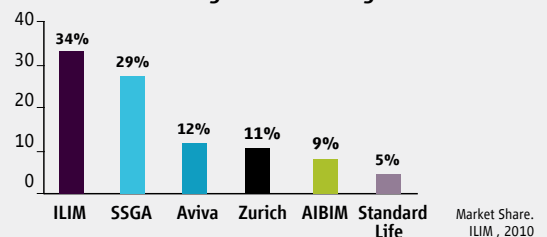
AIB has chosen Irish Life, Ireland's leading life and pensions provider, to provide our customers with a comprehensive range of pension, protection, investment and savings products.

Since 1939, Irish Life has helped generations of Irish people to protect what matters most to them. As Ireland's biggest life and pension company, they have the expertise and strength to help AIB provide you with solutions for your long-term financial needs.

Irish Life - strength and experience

- ✓ The Consensus Fund, available through AIB is Ireland's most popular fund (€5.2 billion invested)
- ✓ Irish Life Investment Managers are a top quartile performer over 10 years – pension managed fund
- ✓ Irish Life Investment Managers manage most money for Irish people (over €32 billion)
- ✓ Irish Life has over 1 million customers

ILIM – Ireland's largest Asset Managers



- ✓ 7 of the 10 biggest Irish companies have pensions with Irish Life
- ✓ 6 of the 10 biggest US companies have pensions with Irish Life

Source: AIB, Irish Life, Irish Life Investment Managers, Irish Life Corporate Business, January 2012.