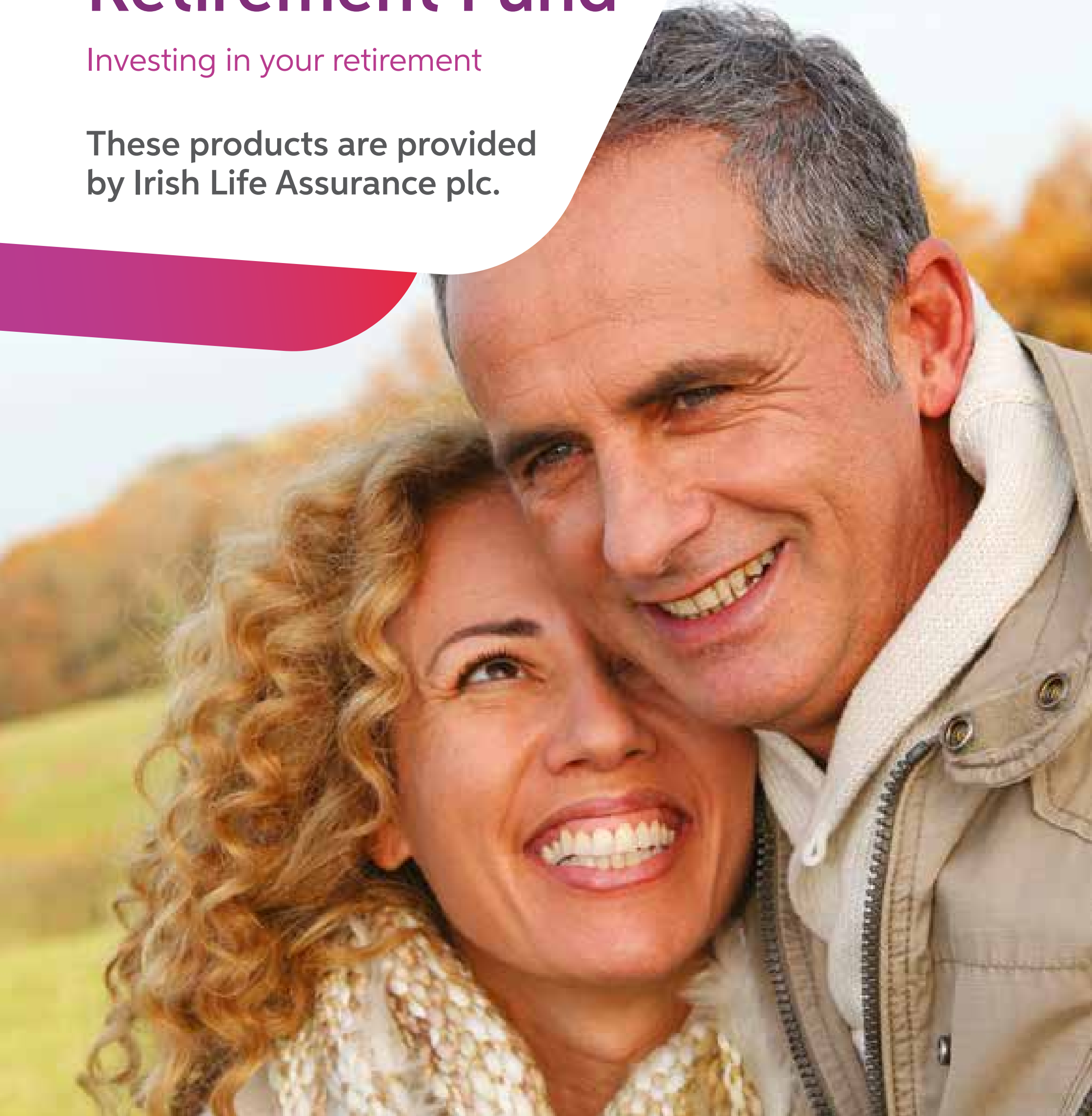
AIB Approved Retirement Fund and Approved Minimum Retirement Fund

Investing in your retirement

These products are provided by Irish Life Assurance plc.



PRODUCT SNAPSHOT

AIB APPROVED RETIREMENT FUND (ARF) AND APPROVED MINIMUM RETIREMENT FUND (AMRF)

Aim	To allow you to control your retirement..
Risk	Low to very high depending on the option or mix of options chosen.
Capital Protection	No.
Funds Available	Wide range of funds to choose from. Please see the Fund Guide section in this booklet for details.
Time Period	You can invest for as long as you like - we recommend five years or more.
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 are correct as at August 2017 but may change.

Please note: If you invest in this AMRF you will not have access to your initial investment amount until age 75. You can only make one withdrawal each year of up to 4% of the value of the AMRF.

COMMITTED TO PLAIN ENGLISH

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

ABOUT US

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. Irish Life is part of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations. 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.

Allied Irish Banks, p.l.c. is tied to Irish Life Assurance plc, for life and pensions business. This means that although AIB are distributing this product, the product information in this booklet has been written by Irish Life as product provider. If you choose this product, it will be provided by Irish Life. So, any reference to 'we' or 'us' refers to Irish Life. If you have any questions, your AIB Financial Advisor will be happy to help.

Information correct as of August 2017.
For the latest information, please see www.irishlife.ie

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 at Irish Life, based in Ireland. They are on hand to listen to your questions and help you when you are looking for answers.

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 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 with 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, which is provided by Irish Life Assurance plc. You will need a Personal Identification Number (PIN), which you receive when you start your plan. If you have lost your PIN or need a new one, contact our AIB service team at Irish Life on 1890 719 390.

My Online Services help you keep up to date, at any time, with how your plan is performing. You can:

- see the current value of your plan;
- view your annual benefit statements; and
- use our information service – view weekly updates on the investment market, fund information and fund prices.

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

SOLVENCY AND FINANCIAL CONDITION REPORT

Irish Life's current Solvency and Financial Condition Report is available on our website at www.irishlife.ie.

How to contact us...

If you want to talk to us, just phone our AIB service team at Irish Life 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

Fax: 01 704 1900

Write to: AIB service team, Irish Life
Irish Life Assurance plc,
Irish Life Centre,
Lower Abbey Street,
Dublin 1.

ANY PROBLEMS?

If you experience any problems, please call your AIB Financial Advisor or contact our AIB service team at Irish Life. 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. Our AIB service team at Irish Life contact details are across the page.

If, having contacted our AIB service team at Irish Life, you feel we have not dealt fairly with your query, 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
Website: www.financialombudsman.ie

CONTENTS

All information including the terms and conditions of your plan will be provided in English.

The information and figures quoted in this booklet are correct as at August 2017 but may change.

SECTION 1

INTRODUCTION

This booklet will give you details of the benefits available on the AIB Approved Retirement Fund (ARF) and Approved Minimum Retirement Fund (AMRF) 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.

Retirement is your time. It is the start of a new and exciting part of your life and you have the chance to enjoy the freedom it presents. You can control what you want to do and when you want to do it.

Until now, your investment goal was probably to save the biggest possible nest egg for your retirement by using a pension plan. When you retire, you will need to make sure that you use this retirement fund wisely. You want to give yourself financial security, so that you can get on with enjoying a very fulfilling retirement.

The most important decision you will have to make is what to do with your retirement fund.

When you retire, you can usually take a 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. Then, if you meet certain conditions, you may be able to choose what you want to do with the rest of your fund. You can:

a) use it to buy a pension for life (that is, a regular income for the rest of your life also know as annuity);

b) re-invest it in an AMRF or ARF; or

c) take the rest of the fund as taxable cash.

This booklet will give you more information on AMRFs and ARFs and will show you how they are different to buying an annuity.

We explain about annuities in a separate booklet, you can ask us for a copy of this.

You should talk to your AIB Financial Advisor about the taxable cash option.

You should consider all options carefully as there are advantages and disadvantages to these options, depending on your investment approach and where your priorities lie in terms of goals and investment risk during your retirement.

Please see the Fund Guide section to see the funds available on your AIB ARF and AMRF plan.

APPROVED RETIREMENT FUNDS AND APPROVED MINIMUM RETIREMENT FUNDS

WHAT IS AN ARF?

An ARF is a special investment fund which can give you flexibility in terms of how you use your retirement fund. With an ARF you manage and control your retirement fund and can invest it in a wide range of different investment funds. You can also make withdrawals as you need them. And because you own your fund, you can leave it to your dependants when you die.

Before you invest in an ARF, you must meet one of the conditions below (unless you have inherited an ARF or AMRF from your spouse or registered civil partner).

- You must set aside €63,500 in an AMRF until you reach 75; or
- You must buy a pension for life (annuity) with this money (€63,500); or
- You must have a guaranteed pension income for life of €12,700 a year.

These limits may change in the future.

The Finance Act 2006 requires that you withdraw a minimum amount from your ARF every year. This minimum amount is currently 4% from the year you turn 61 (or 60 if your birthday is 1st January) and 5% from the year you turn 71 (or 70 if your birthday is 1st January) where the total value of your ARFs and Vested PRSAs is less than €2,000,000 (6% otherwise for those aged 61 and above). If the withdrawals you have made during the year are less than this, we will pay you the balance at the end of the year. This withdrawal will reduce the value of your fund. Depending on investment returns it is possible that these withdrawals could result in your fund reducing to zero before you die, the plan would then end.

WHAT IS AN AMRF?

You must take out an AMRF if you have chosen the ARF route but do not have a guaranteed pension income for life of at least €12,700 a year already in place or have not used €63,500 to buy a pension for life. See the ARF section on page 5.

The main difference between an AMRF and an ARF is that, until you are 75 years old or you become in receipt of the required guaranteed pension income from other sources, you are not required to make a minimum withdrawal from an AMRF each year.

Example of how an AMRF and ARF work together

Your retirement fund	€500,000
Retirement lump sum (for example, 25%)	€125,000
Rest of investment	€375,000
Invest in an AMRF (if you do not have a guaranteed pension income for life of €12,700 a year)	€63,500
Invest the rest in an ARF	€311,500

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

You can buy a pension for life (annuity) with the fund at any stage during the term of your ARF or AMRF plan.

There are more details on ARFs and AMRFs in the Withdrawals and Your questions answered sections.

SUITABILITY SNAPSHOT

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

This AIB ARF might suit you if you: if you:	This AIB ARF might not suit you if you:
✔ are happy with the charges on this plan and accept that the value of your fund could fall as well as rise;	✘ are not happy with the charges on this plan and do not accept that the value of your fund could fall as well as rise;
✔ are happy with the choice of funds available on this plan;	✘ are not happy with the choice of funds available on this plan;
✔ would like to take a regular withdrawal on your ARF up to certain limits and understand that all withdrawals (including those required under the Finance Act 2006) will reduce the level of your fund;	✘ want a regular income guaranteed to last you for life and are not comfortable with the possibility that your fund could run out before you die;
✔ have a guaranteed pension income for life of €12,700 or have €63,500 to set aside for an AMRF or annuity;	✘ don't have a guaranteed pension income for life of €12,700 or have €63,500 to set aside for an AMRF or annuity;
✔ want to pass on the money in your ARF/ AMRF to your family when you die.	✘ want to take out a pension for life (annuity) when you retire.

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

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

SECTION 3

CHOOSING THE RIGHT FUND MIX

There are a wide range of funds available for you to choose from.

The fund that is right for you depends on:

- the amount of risk you are willing to take; and
- the amount of control you want on where your pension invests

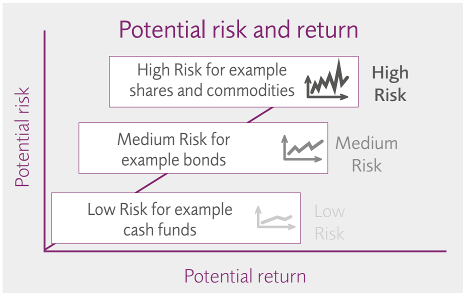
You can choose from bonds, shares and property funds. Your AIB Financial Advisor will discuss what funds suit you.

AIB ARF and AMRF offer a wide range of investment options, because everyone has different needs and views on how they would like to invest.

Where, and how you invest will depend on the following:

1. THE AMOUNT OF RISK YOU ARE WILLING TO TAKE

Depending on which fund or asset you invest in, its value can fall as well as rise over the investment period. By choosing lower-risk investments, you are aiming to protect your initial investment from large falls. However, the potential for large gains is lower than if you choose a higher-risk investment.



Higher-risk investments such as company shares do not aim to protect your initial investment from large falls, but you do have the potential to gain much more, especially over the long term. If you invest in these types of investments, or share based funds, 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.

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.irishlife.ie/aib/fund-prices-performance.html 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 Advisor you can decide which level of risk you are open to.

2. CHOICE OF INVESTMENTS

We have brought together a number of different types of funds which invest in property, shares, commodities (such as oil and gas) or fixed-interest bonds. You can choose to invest in funds run by some of the most successful fund managers in the world such as Irish Life Investment Managers (ILIM) and external fund manager Fidelity Worldwide Investment.

Or you can choose to invest in our 'indexed' managed funds which aim to track the performance of particular stock markets. These funds are likely to suit most people investing in an ARF or AMRF.

Think about how much investment experience you have and to what extent you want to be involved in the detailed investment decisions of your fund. Are you comfortable choosing the individual assets your fund invests in or are you happy to leave this to a fund manager?

COMPARING THE OPTIONS

Once your AIB Financial Advisor has helped you decide where you stand on all these questions, they can help you build your personalised investment plan using any combination of the funds outlined.

If your ARF grows at a lower rate than the level of withdrawals you are taking, your original investment will be reduced

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

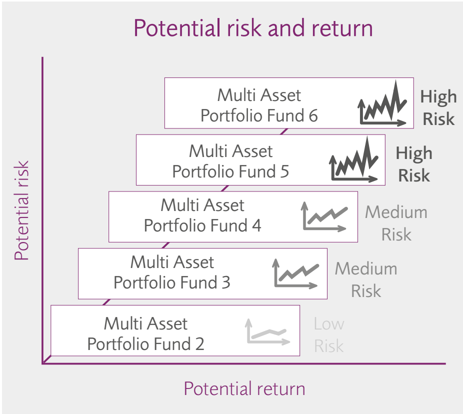
SECTION 4

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.



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

MULTI ASSET PORTFOLIO FUNDS - DYNAMIC INVESTMENT SOLUTIONS

Range of Funds from Low to High Risk

FUND NAME	MULTI ASSET PORTFOLIO 2	MULTI ASSET PORTFOLIO 3	MULTI ASSET PORTFOLIO 4	MULTI ASSET PORTFOLIO 5	MULTI ASSET PORTFOLIO 6
RISK LEVEL	LOW		MEDIUM		HIGH

Our investment managers, Irish Life Investment Managers (ILIM) have developed 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 Multi Asset Portfolio Funds are designed to provide peace of mind for you as an investor.

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, as the graphic shows above, the target market for Multi Asset Portfolio Fund 3 is someone with risk rating 3 (Conservative).

Our investment managers will manage these funds to this risk rating throughout. This means that Multi Asset Portfolio Fund 3 will 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.

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

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

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

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MULTI ASSET

As the name suggests, the Multi Asset Portfolio Funds invest in a wide range of assets. Investing in a range of assets increases the diversification of each Multi Asset Portfolio Fund. 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. Greater diversification also aims to reduce the volatility of the fund, which is a measure of the extent the fund value moves up and down in value.

The assets that are available in these funds are outlined and explained below. The split across each of the asset classes determines the risk rating of your fund.

Our investment managers will continually monitor and review these assets and may change them over time. For the actual Multi Asset Portfolio Fund mix, see the latest factsheets at www.irishlife.ie/aib/fund-prices-performance.html

Cash & Bonds	Shares	External Managers	Other Assets
• Cash • Government Bonds • Corporate Bonds	• Global Shares	Part of each Multi Asset Portfolio Fund invests in a fund with a dynamic blend of specialist alternative funds managed by asset managers other than ILIM. Underlying investments are across a range of traditional and alternative asset classes.	As markets change and new opportunities arise ILIM may invest in other asset classes, for example property.

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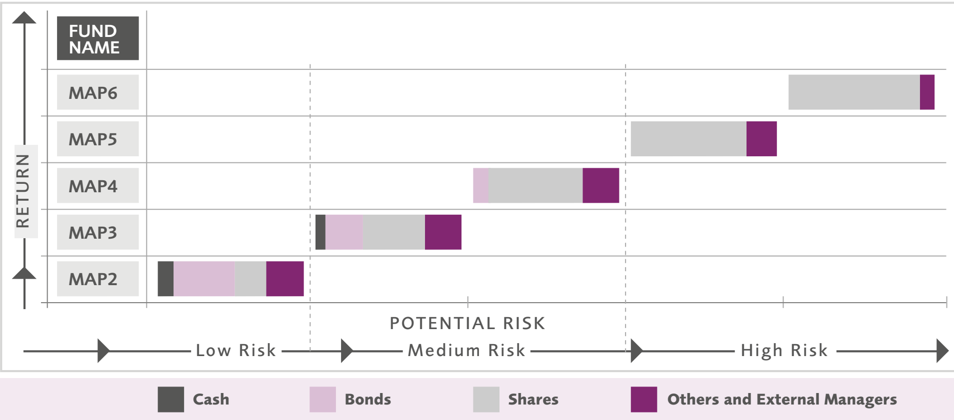
Warning: This product may be affected by changes in the currency rates.

THE MULTI ASSET PORTFOLIO FUND SPLITS

As mentioned there are five Multi Asset Portfolio Funds available to suit different attitudes to risk. The graph below which is a guide only, shows the broad asset mix of each of the five funds. As you can see the lower risk fund Multi Asset Portfolio 2 (MAP2) has a very high percentage in bonds and cash which are traditionally less volatile assets. The higher risk fund Multi Asset Portfolio 6 (MAP6) is predominantly invested in shares, which are traditionally more volatile than bonds or cash but have historically given better long-term returns.



For the actual Multi Asset Portfolio Fund mix, see the latest factsheets at www.irishlife.ie/aib/fundprices-performance.html

EXPERTLY MANAGED BY IRISH LIFE INVESTMENT MANAGERS

Our world class investment managers have designed the Multi Asset Portfolio Funds (MAPS) and the Dynamic Share to Cash (DSC) model, so you are getting the benefit of their expertise.

Our investment managers will monitor and review the asset splits and the DSC on a regular basis to ensure that each Multi Asset Portfolio Fund is managed to its original risk rating.

Our investment managers will also rebalance each of the Multi Asset Portfolio Funds every quarter.

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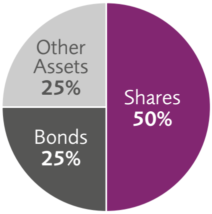
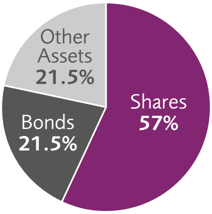
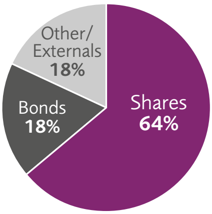
WHAT DOES REBALANCING MEAN?



We start with this pie-chart, which shows a fund with 50% in shares, 25% in bonds and 25% in other assets.



If, over the course of a year, shares grew in value by 20%, while bonds and other assets both fell in value by 10%, then, without rebalancing, the second pie-chart shows the new split of the fund. Here 57% of the fund is now invested in shares.



If the same thing happened for a second year, we would end up as shown in the third pie-chart, with nearly two-thirds of the fund invested in shares, compared to the 50% we started with. This could mean that the fund is no longer suitable for the investor who chose to invest in the original mix. If the original mix of 50% shares, 25% bonds and 25% other assets is most suitable for an investor, they will not want to see their fund drift away from this mix over time.

This change in asset split can be avoided by regularly rebalancing the fund to ensure that it stays in line with its intended split. Our investment managers rebalances each of the Multi Asset Portfolio Fundson a quarterly basis and this means that each fund will not drift over time and will remain suitable for each investor as shown on page 14. This means that you don't have to worry about a fund becoming a higher risk rating than the one you originally invested in.

DYNAMIC SHARE TO CASH (DSC) MODEL

The DSC model is used on all five Multi Asset Portfolio Funds. This innovative model uses a multi-factor approach to identify long-term stock market trends and movements. These include:

- Changes in stock market valuations over time,
- Whether company earnings are getting better or worse; and
- How more general market factors like oil prices and bond yields are changing.

Based on how the above factors move over time, the DSC will determine what portion of each fund to hold as shares and what to hold as cash.

The advantage of having the DSC is that it aims to reduce the amount invested in Global 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 Global Shares. This innovative solution is a market first in Ireland.

Take the graph on page 14 for example; a part of the allocation to shares could be replaced by cash depending on the DSC. 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 DSC currently applies to Global Shares, although ILIM continually review this and, in time, a similar process may apply to other assets.

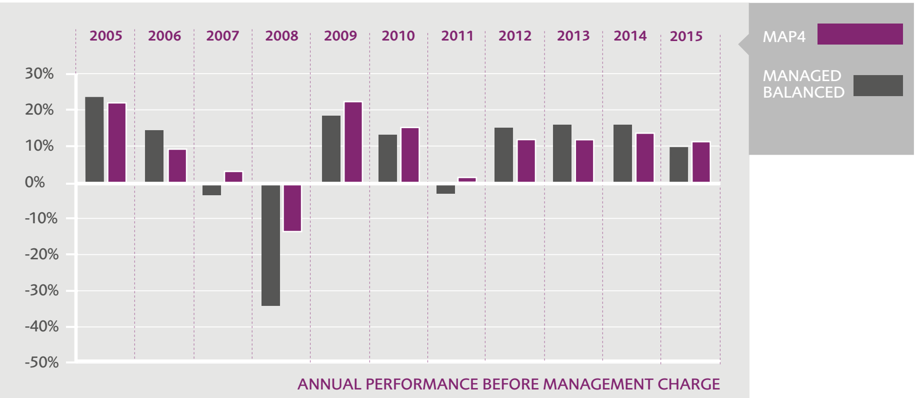
Since all of the factors on which the DSC is based are available going back over a number of years, it is possible to show how the DSC would have worked in the past.

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

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

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

The graph below shows how Multi Asset Portfolio 4 (MAP4) compares to the average Managed Balanced Fund since 2005. The MAP4 uses the DSC as outlined previously, whereas the Managed Balanced Fund doesn't use this model.



THE 2008 CREDIT CRUNCH:

As the graph above shows, during 2008, the Managed Balanced Fund fell nearly 35%. 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 nearly 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 AND 2013 STRONG MARKET:

During 2012 and 2013, the Managed Balanced Fund grew by slightly more than MAP4. This is due to the higher proportion of shares in the Managed Balanced Fund but this higher proportion would usually mean greater volatility and a greater chance of large falls as seen in 2008.

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.

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FUND DESCRIPTIONS

IMPORTANT:

This applies to all Multi Asset Portfolio Funds listed below:

In addition to regular rebalancing of the fund's assets, the Dynamic Share to Cash (DSC) Model will operate on a portion of the fund. For this portion of the fund, the DSC model determines the level of investment in cash and shares. The DSC model looks at long term movements and trends in the market to determine factors such as the potential for stock market falls. Where this analysis identifies, for example, greater potential for stock market falls, the amount invested in shares will be reduced and the amount invested in cash increased in the portion of the fund to which the DSC applies. A similar process may in the future apply to other assets. 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 oneoff or short term jumps or shocks.

Funds that are managed by external asset managers are subject to incentive fees (see page 25). See page 24 for information on external managers. Part of this fund may borrow money to invest in property (see page 26).

LOW-RISK

Multi Asset Portfolio Fund 2
(Volatility **2**)

This fund can invest in a range of assets such as bonds, shares, property, cash and specialist funds managed by external managers. This is a low risk fund for careful investors, which aims to have a small allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a low level of exposure to such asset classes. For the current asset mix of the fund please see www.irishlife.ie/aib/fund-prices-performance.html

MEDIUM-RISK

Multi Asset Portfolio Fund 3
(Volatility **3**)

This fund can invest in a range of assets such as bonds, shares, property, cash and specialist funds managed by external managers. This is a low to medium risk fund for conservative investors, which aims to have a significant proportion invested in cash and bonds and a lower allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain an appropriate level of exposure to such asset classes. For the current asset mix of the fund please see www.irishlife.ie/aib/fund-prices-performance.html

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

Multi Asset Portfolio Fund 4
(Volatility **4**)

This fund can invest in a range of assets such as bonds, shares, property, cash and specialist funds managed by external managers. This is a medium risk fund for balanced investors, which aims to have a moderate allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a medium level of exposure to such asset classes. For the current asset mix of the fund please see www.irishlife.ie/aib/fund-prices-performance.html

HIGH-RISK

Multi Asset Portfolio Fund 5
(Volatility **5**)

This fund can invest in a range of assets such as bonds, shares, property, cash and specialist funds managed by external managers. This is a medium to high risk fund for experienced investors, which aims to have a relatively high allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a relatively high level of exposure to such asset classes. For the current asset mix of the fund please see www.irishlife.ie/aib/fund-prices-performance.html

Multi Asset Portfolio Fund 6
(Volatility **6**)

This fund can invest in a range of assets such as bonds, shares, property, cash and specialist funds managed by external managers. This is a high risk fund for adventurous and very adventurous investors, which aims to have a high allocation to higher risk assets such as shares and property. This asset mix will be reviewed and rebalanced regularly to maintain a high level of exposure to such asset classes. For the current asset mix of the fund please see www.irishlife.ie/aib/fund-prices-performance.html

For more information on the Multi Asset Portfolio Funds and the Dynamic Share to Cash Model please see www.irishlife.ie.

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

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

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

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 fund.

Here are the full range of investment funds available. We divided these into high risk funds with the potential for higher returns, medium risk funds with the possibility of medium return and low risk funds with lower potential for returns.

FUNDS AVAILABLE

LOW RISK FUNDS

Volatility 1

Global Cash Fund

Volatility 2

Indexed Euro Short Dated Bond Fund

MEDIUM RISK FUNDS

Volatility 3

Consensus Cautious Fund

Indexed Euro Corporate Bond Fund

Volatility 4

Pension Protection Fund

HIGH RISK FUNDS

Volatility 5

Consensus Fund

Indexed Commodities Fund

Volatility 6

Consensus Equity Fund

Pension Property Fund

Property Portfolio Fund

Fidelity Global Special Situations Fund

Indexed European Equity Fund

Indexed World Equities Fund

Volatility 7

Indexed Emerging Market Equity Fund

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

You can choose any combination of up to 10 funds. This section gives a description of each of the other funds available to you.

LOW-RISK

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.

Indexed Euro Short Dated Bond Fund
(Volatility **2**)

The assets of this fund are invested in short-dated government bonds issued in euro. The aim of this fund is to achieve consistently higher returns than cash. The fund aims to track the performance of the Merrill Lynch EMU 1 to 5 year government bond index.

MEDIUM-RISK

Consensus Cautious Fund
(Volatility **3**)

The Consensus Cautious Fund is a managed fund, where 65% of the assets are currently invested in the Consensus Fund and 35% track the performance of short term eurozone government bonds. For more details on the Consensus Fund, please see across the page. 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. 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 if you want a reasonable return with less risk than share based investments. The fund aims to track the performance of the Merrill Lynch EMU Large Cap Corporate Bond Index.

Pension Protection Fund
(Volatility **4**)

Currently this fund invests largely in long-term Eurozone government bonds and cash. The balance of the fund may have direct or indirect exposure to global interest rate markets. The aim of this fund is to pay for an annuity when you retire.

This fund should broadly follow the long-term changes in annuity prices due to interest rates, i.e. if long-term interest rates fall, the value of this fund will increase to roughly compensate for the rise in annuity prices. Long-term interest rates are just one of the main factors that determine the cost of an annuity and there will be times when the fund will not track annuity prices closely and no guarantee can be given in relation to such movements.

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HIGH-RISK

Consensus Fund
(Volatility **5**)

This fund is one of Ireland's most popular funds, currently managing over €5.4 billion. 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.

Consensus Equity Fund
(Volatility **6**)

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 the managers make, the Consensus Equity Fund avoids the risks associated with relying on the decisions of just one fund manager. Managing assets in this way aims to remove the risk associated with some managers making poor decisions.

Indexed Commodities Fund
(Volatility **6**)

The Indexed Commodities Fund aims to track the performance of the overall commodities markets (oil, gas and so on). It currently tracks the Goldman Sachs Light Energy Index. In the past, commodities have given similar levels of returns to shares over the long-term. However, they tend to behave differently to all other assets. For example, previously, commodities have often given good returns at times when stock markets or property markets have not. For this reason commodities are often good to invest in if you have already invested in shares and bonds. This may help reduce the overall risk over the long term. This fund does not invest in physical commodities but invests in financial instruments that are linked to the price of these. Please see 'Important information' for information on the risks associated with this fund.

The Indexed Commodities Fund invests in financial instruments linked to the price of commodities. The counterparty to these financial instruments is currently Goldman Sachs International but this could change in the future. Counterparty risk is the risk that Goldman Sachs International cannot pay what they owe. This could mean that you receive less than the amount invested in the fund.

Pension Property Fund
(Volatility **6**)

This fund invests in a wide range of Irish retail, office and industrial property that could provide a good income from rent and aims to increase your investment through capital appreciation. In certain circumstances we may need to delay switches, withdrawals or transfers out of this fund and delays may be significant.

Please read the 'Important information' for more information on property in general.

Property Portfolio Fund
(Volatility **6**)

This fund invests in a wide range of property investment markets which currently include Ireland, the UK and Europe. Irish Life Investment Managers choose and manage a mix of direct and indirect investments in property across these markets.

Parts of this fund will also borrow money to invest in property. In certain circumstances we may need to delay switches, withdrawals or transfers out of this fund and delays may be

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significant. Please read the section 'Important information' for more details.

Fidelity Global Special Situations Fund
(Volatility **6**)

Fidelity manages this fund which can invest anywhere in the world in any mix of companies. The fund manager looks for stocks that meet conditions such as companies going through a restructuring phase or where specific industries are going through major change. This fund is likely to have higher levels of ups and downs than some other funds which invest in worldwide shares.

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

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

Indexed World Equities Fund
(Volatility **6**)

ILIM has designed this fund to achieve returns in line with world equities. The fund tracks the FTSE World Index and benefits from ILIM's ability to track equity indices in an efficient and cost-effective way. The fund is suitable for someone looking for global diversification when it comes to investing in shares.

Indexed Emerging Markets Equity Fund
(Volatility **7**)

ILIM has designed this fund to perform in line with emerging market share returns. The fund aims to do this efficiently and in a cost-effective way by tracking the performance of the MSCI World Emerging Markets Index. The fund invests in share markets in some of the fastest-growing countries in the world, including China, Brazil, India and South Korea. The emerging market economies are becoming increasingly important parts of the world economy.

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

IMPORTANT INFORMATION ABOUT AVAILABLE FUNDS

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

1. 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 a fund is invested

Delayed transactions will be based on the value of the units at the end of the notice period. Delay periods can be significant depending on the nature of the underlying assets.

2. 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. It is likely to be significant for the percentage of any fund invested in property (see page 26 onwards).

3. EXTERNAL MANAGERS

Irish Life offer a number of funds where some or all of the assets within the fund are managed by companies (external managers) other than Irish Life Investment Managers (ILIM), for example, funds managed by Fidelity. There will be charges taken from these funds by both us and these external fund managers. For those funds that are managed by external fund managers, it is important to note the value of any investment placed with these managers may be affected if any of the institutions with whom we place money suffers insolvency or other financial difficulty. Our commitment is to pass on the full value of the assets we receive from the external manager for your plan. Our commitment is restricted to the amounts we actually receive from the external manager.

If you invest in funds managed by an external fund manager, it is likely that the way your investment performs in those funds using our products will be slightly different from the performance of the external manager funds themselves. This could be due to factors such as the time needed to move your investment into their funds and any changes in the values of currencies. (Please see the Currency section on page 25).

Where funds are managed by external fund managers, the investments may be legally held in countries other than Ireland. You should be aware that where a fund is domiciled will impact on how it is regulated.

4. VARIABLE FUND CHARGES

In general, we will only increase the charges when there is an increase in the costs of dealing with the investment and will give you notice of the increase.

However, the charges on some of our funds are variable which means they can be higher or lower than the charges shown on page 32. The charges on a fund may also vary if that fund can invest in a range of other funds.

Since fund charges vary between funds, the overall fund charge will vary depending on the weighting of individual investments in each fund. Also, if the charges on individual funds change, the overall fund charge will vary as a result.

Where the charges on a fund can vary we have shown, in the table on page 32, the estimated level of the variable charge. The charges shown reflect our best estimate of the charges we expect the fund will have to pay over the long-term. However, the actual charges can vary from the amounts shown.

The factors that may cause the level of variable charges to be higher or lower than that shown are outlined in your terms and conditions booklet.

The actual level of the variable charges may be higher or lower than this depending on the factors outlined in your Customer Information Notice or your terms and conditions. If you receive a Customer Information Notice, for the purposes of the table of benefits and charges, we have used an estimated average level of variable charges for each of the funds. However, these are for example only and are not contractually standard charges.

5. INCENTIVE FEES

An incentive fee may be deducted by some fund managers if they achieve certain investment returns on the funds they manage. Depending on the particular fund, circumstances in which an incentive fee may be paid to a fund manager include the following:

- If the investment returns exceed a certain level 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 AIB Financial Advisor 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

6. CURRENCY

Funds investing outside the Eurozone

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 in which the fund invests are valued in their local currency. This can increase or reduce your returns depending upon how those local currencies are performing compared with the euro. Some funds which invest in assets outside of the Eurozone may try to manage the risk related to movements in exchange rates. The cost of trying to protect against currency movements will be charged to the fund on an ongoing basis. Changes in exchange rates during the investment term in funds which are not protected against currency movements may have a negative effect on the value of these funds and the expected investment returns.

Equally, some fund managers will not try to manage the risk related to movements in exchange rates and the value of your investment will be fully exposed to exchange rate movements.

UK Property

The UK property investments are valued in sterling. However, we aim to protect the value of your investment in these funds against movements between sterling and the euro.

European Property

Some of the European part of the Property Portfolio Fund may be invested in countries that are outside the eurozone area. The European fund managers may try to protect the fund against changes in exchange rates. However there may be times when they decide not to.

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

7. PROPERTY

This section is applicable if you are invested in a property fund or a fund with a high percentage invested in property assets.

The property cycle – selling costs and delays

The property market reacts more slowly than stock markets and tends to follow more of a cycle. It can rise or fall for longer periods in a more consistent way than the stock market does. This is partly because it takes more time and costs more to buy and sell properties than it does to buy or sell other assets like shares.

As a result, if there are more investors who want to cash in their investments than there are new investors, we may need to make the following changes so that all investors pay their fair share of the costs that the funds have to pay.

Notice periods (delays)

In certain circumstances, we may delay switches, withdrawals or transfers out of a fund. This is referred to as the 'notice period'. This may be because there are a large number of customers wishing to switch into or out of the fund at the same time, or if there are practical problems buying or selling the assets within the fund or if an external manager who is responsible for the investment of any part of the fund imposes such a delay. Delayed transactions will be based on the value of units at the end of the period when the transaction actually takes place.

Due to the high cost and time involved in buying or selling properties, a delay of this sort is most likely to happen if you are invested in a property fund (or a fund with a high proportion of property or property related assets). The length of any delay will depend on how long it takes us to buy or sell the assets in the fund. A significant delay would be likely to apply in this situation, depending on the nature of the underlying assets. Once you have given us notice that you want to switch, withdraw or transfer out of a fund, you cannot change your mind during any notice period.

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 to reflect the percentage of the costs associated with buying and selling the assets of the fund. The reduction is likely to be most significant for the percentage of any fund invested in property.

For those funds invested in property, the actual reduction will depend on the percentage of property in the fund and the actual costs involved in having to sell properties within that fund. If a reduction in value were to apply today, we estimate this rate could possibly be in the region of 10%, assuming that the fund has a high percentage invested in property. To arrive at this rate, we have estimated the selling costs that might apply. It is possible that the reduction in value could be higher or lower in the future and could take place in stages. Funds with a lower property asset mix will have a lower reduction rate. The reduction for any part of a fund invested with fund managers may happen at a different time to the reduction for the rest of the fund.

Access to cash

Funds that invest in property usually need to keep some cash to hand because it normally takes time to buy and sell properties. However, from time to time, the level of cash in the funds can rise if the fund manager cannot find the quality of property investments that they are looking for. If this happens, the fund manager may increase the level of indirect property investments until they find the right properties for these funds.

Using borrowings

In the description of funds on pages 21 to 23 we have shown the funds which are likely to include borrowing as part of their investment strategy. The amount borrowed will vary and you should contact us to find out the current amount borrowed within the fund you are interested in. This will help you assess the level of risk, which increases as borrowing increases.

Funds which invest in the European property markets are invested in indirect property investments through other fund managers.

Part of the UK Property Fund and Irish Property Fund is also invested in indirect property investments. This means that rather than buying properties directly, we invest your money with other fund managers. For example, we may invest in a fund which itself invests directly in property. These managers may use money invested in their funds to borrow extra money. As a result, the amount of property in these funds can increase which, in turn, increases the possibility for growth. This is one of the main attractions of these indirect property funds. You will have the chance to get higher returns if the value of the property paid for by the loans is higher than the cost of repaying the loans.

However, borrowing in this way also increases the possible risks for the fund. It can mean greater losses if the property falls in value.

The value of indirect property investments will reflect the total value of the properties in the fund but with the value of the loans and the interest due taken off. The example across the page shows how a property fund works if it usually invests in a mix of direct and indirect properties.

Amount of investment	€100,000
Amount invested directly in property	€75,000
Amount indirectly invested in property	€25,000
Amount borrowed by indirect funds	€75,000
Amount invested in indirect property with borrowings	€100,000
Total amount invested in property including borrowings	€175,000

In this example:

- 25% of the investment is invested indirectly in property; and
- for every €1 invested indirectly in property, €3 is borrowed. Please note that the level of borrowing will vary from fund to fund.

When referring to funds with borrowing, the term 'loan-to-value' is often used. This is the loan amount divided by the value of the property, and in the above example is 75%. The loan to value ratio changes, based on the value of the indirect properties at any given time so this percentage will vary regularly.

What happens if property falls in value?

That part of the fund linked to indirect property investments will fall in value by a greater amount because of the level of borrowing. The following are examples:

- If the value of the indirect properties fall by 10% and the indirect fund borrowed €3 for every €1 invested, the actual fall in value of the indirect part of the investment would be 40%.
- If the value of the indirect properties fall by 10% and the indirect fund borrowed €2 for every €1 invested, the actual fall in value of the indirect part of the investment would be 30%.
- If the value of the indirect properties fall by 10% and the indirect fund borrowed €1 for every €1 invested, the actual fall in value of the indirect part of the investment would be 20%.

For any particular fund the amount invested indirectly in property by the external fund manager may be higher or lower than shown above. The level of borrowing within that part of the fund invested indirectly in property will also change over time. The higher the amount of the loan compared to the amount invested in property, the greater the potential returns. However, the level of risk will be higher.

Property Funds

The Pension Property Fund and the Irish and UK parts of the Property Portfolio Fund will invest in property funds which Irish Life Investment Managers (ILIM) manage. These property funds invest directly in commercial properties. However the UK part of the Property Portfolio Fund also invests in indirect property investments (external fund managers) and they may use borrowings to increase the amount of property that they invest in. ILIM will actively manage the mix of property investments to take advantage of opportunities in the UK and Irish property markets. In the future, ILIM may choose to invest in property in Europe.

8. TAX

Some funds invest totally or partly in property or other assets outside of Ireland and the fund may have to pay tax on these investments. For any investments in overseas assets, tax will be taken on income or profits if this is outlined under the domestic tax rules of the relevant country. In some instances, withholding or other underlying taxes may apply, depending on the tax rules of that country. We will take any tax due from the fund and this is reflected in the fund performance. If tax legislation and practice changes during the term, 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.

9. 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. 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.

10. 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 in order to earn an additional return for the fund. While securities lending increases the level of counterparty risk within a fund it provides an opportunity to increase the investment return. The fund manager may keep some or all of the revenue from securities lending for themselves.

At any stage we can change the range of fund options that are available. We may decide to stop giving you access to certain funds entirely. In this case you can switch out of these funds into any other funds that are open at the time. We can also restrict the option to switch into, or invest top-up contributions in any funds.

We may also change the manager who manages a particular fund in the future. In various fund descriptions, we explain the asset split that currently applies. The fund manager can change this asset split at any stage in the future. You can contact us for up-to-date information on your funds at any time or visit our website www.irishlife.ie.

SECTION 5

WITHDRAWAL OPTIONS

Before investing in an ARF so that you can take regular withdrawals you should consider the main points about annuities and ARFs.

ANNUITY OPTION

If you choose to buy an annuity with your pension fund you are changing your retirement fund into a regular income guaranteed to last you for life. It does not matter if returns from investment markets are poor or if you live for a long time because you will be paid an income for as long as you live. You can't withdraw your money and there is no cash-in value once you have bought the annuity.

ARF OPTION

If you invest in the AIB ARF with your pension fund, you have the option of taking regular withdrawals from that fund. You can withdraw between 4% and 15% of your value of your fund every year. This withdrawal may not be paid for life because, as your fund can fall as well as rise, the withdrawals you take could reduce your fund quicker than expected if market conditions are poor. It is possible that your fund could run out before you die.

The withdrawal or income from an ARF or an annuity is subject to any tax due at the time.

REGULAR WITHDRAWAL OPTION

You can choose to take a regular withdrawal of between 4% and 15% of the fund you have built up each year. We can pay this to you every month, every three months, every six months or every year. You can decide whether you want your withdrawal to be paid by cheque through the post or to your bank account direct.

MINIMUM WITHDRAWAL AMOUNTS

The Finance Act 2006 introduced an obligation on all qualifying fund managers to take tax from ARF funds every year as if you had taken a minimum withdrawal. So, if you decide not to take a regular withdrawal or if you take a regular withdrawal which is less than this minimum withdrawal amount, we have to take any tax due at the time from your fund as if you had. Each December, we will review any regular withdrawals you have taken during the year. If you haven't taken any regular withdrawals, or if the withdrawals you have taken are lower than the minimum withdrawal amount, we will pay you the minimum withdrawal amount less income tax, PRSI, the Universal Social Charge (USC) and any other taxes or government levies due at the time. We will only take the minimum withdrawal amount from your ARF from the year you turn 61 (or 60 if your birthday is 1st January).

The current minimum withdrawal amount is 4% of the value of your fund from the year you turn 61 (or 60 if your birthday is 1st January) and 5% of the value of your fund from the year you turn 71 (or 70 if your birthday is 1st January) at the end of each year. Currently if the total value of your ARFs and Vested Personal Retirement Savings Accounts (PRSAs) are more than €2,000,000 (and you are aged 61 or over) then you must withdraw at least 6% of the value of your ARFs every year. It is your responsibility to let us know if you have other ARF and vested PRSAs with a total value of more than €2,000,000. This could change in the future.

We will pay this amount to you less any tax due by cheque in December of each year. Or, if you ask, we will pay it into your bank account. You can choose to take a higher withdrawal than this amount, as explained in the 'Regular withdrawal option' section on page 29.

AMRFs are not covered by this rule. However, when you reach age 75 or meet the guaranteed pensions income for life requirement, your AIB AMRF becomes an ARF and your fund will be treated in the same way as explained under 'Minimum withdrawal amounts'.

LUMP-SUM WITHDRAWALS

You can also take one-off lump sums out of your ARF. The smallest amount you can take is €350 and the value of the investment after the withdrawal must be €1000. You will have to pay tax on any withdrawals you make.

With your AIB AMRF, you can only make one withdrawal each year of up to 4% of the value of the AMRF at that time. The smallest amount you can take is €350 and the value of the investment after the withdrawal must be €1,000. You will have to pay tax on any withdrawal made and the withdrawal may be subject to an early withdrawal penalty. Please remember that taking a lump sum withdrawal will reduce the value of your fund.

We will apply the single contribution exit charge to any lump sum withdrawals from your AIB ARF or AMRF. See page 31.

IMPORTANT INFORMATION

The annuity option pays a known income for life, no matter how long you live. This is especially important if your pension fund is your only form of income when you retire. Investing in an ARF means that you have control of your money, but there is more risk with this option.

In making withdrawals, you should remember the following points.

- Making regular withdrawals may reduce the value of your ARF, especially if investment returns are poor or you choose a high rate of withdrawal (or both). It is possible that your fund could run out before you die.
- Regular withdrawals over a long period may use up all of your ARF.
- The higher the level of regular withdrawal you make, the higher the chances are that you will use up your ARF in your lifetime.
- If your pension fund will provide your only or main source of income after you retire, you should consider investing some or all of it in an annuity so you have an income for life.
- If your fund runs out before you die you will not receive any further payments from this plan.

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

SECTION 6

CHARGES

This section will show the charges applying to your AIB ARF and AIB AMRF plans.
The charges are the same for both plans.

SINGLE CONTRIBUTION EXIT CHARGE

If you take your money out more than five years after you put it in, we will pay you your fund value (after tax).

However, if you want to take any money from your plan in the first five years, you will have to pay the following exit charge on the fund value.

Years 1 to 3	5%
Year 4	3%
Year 5	1%

The exit charge applies for five years from the start date of your investment. You can make more than one investment into the same plan at different times. The charge applies to each separate investment. For example, if you make an extra investment during year three and you cash in all your investment during year four, we will take a 5% charge from your extra investment. However, we will take a 3% charge from your initial investment amount.

You can take a regular withdrawal from your AIB ARF without the exit charge applying of up to 15% of your original investment every year. This exit charge does not apply on death.

YEARLY FUND CHARGE

We take the following charges each year to cover the cost of managing your plan.

	Fixed charge	Estimated average level of variable charge	Total average estimated fund charge each year
Global Cash Fund	1%	-	1%
Indexed Euro Short Dated Bond Fund	1%	-	1%
Multi Asset Portfolio Fund 2	1%	0.15%	1.15%
Indexed Euro Corporate Bond Fund	1%	-	1%
Pension Protection Fund	1%	-	1%
Consensus Cautious Fund	1%	-	1%
Multi Asset Portfolio Fund 3	1%	0.15%	1.15%
Multi Asset Portfolio Fund 4	1%	0.15%	1.15%
Consensus Fund	1%	-	1%
Multi Asset Portfolio Fund 5	1%	0.15%	1.15%
Consensus Equity Fund	1%	-	1%
Fidelity Global Special Situations Fund	1%	0.95%	1.95%
Indexed Commodities Fund	0.80%	0.20%	1%
Indexed European Equity Fund	1%	-	1%
Indexed World Equities Fund	1%	-	1%
Pension Property Fund	1.25%	-	1.25%
Property Portfolio Fund	0.80%	1.10%	1.90%
Multi Asset Portfolio Fund 6	1%	0.05%	1.05%
Indexed Emerging Market Equity Fund	1%	-	1%

SECTION 7

YOUR QUESTIONS ANSWERED

AM I ELIGIBLE TO INVEST IN AN ARF?

Whether you can invest in an ARF or an AMRF depends on what type of pension plan you already have. The option to invest in an ARF or an AMRF will apply if you are using the funds from one or more of the following contracts.

Personal pension plan

The option to invest in an ARF or AMRF is available if you have a personal pension. If you took out your pension plan when you were self-employed, a sole trader, a partner, or you worked for a company that did not have a pension scheme, you most likely have a personal pension plan.

Company pension plan

If you have a defined contribution company pension plan you may be able to invest in an ARF or AMRF at retirement. If you have a defined benefit company pension plan you will only be able to invest the Additional Voluntary Contributions (AVCs) portion of your plan in an ARF or AMRF.

Additional Voluntary Contribution (AVC) plan

If you contributed extra amounts to top up your company pension plan, you can invest the money built up in your pension fund from your AVC in an ARF or AMRF.

Personal Retirement Savings Account (PRSA)

ARF and AMRF options are available using the fund built up in a PRSA. However, there is the option to leave your fund under your PRSA and apply the same rules as if it were an ARF or an AMRF. For example, you can make withdrawals from your PRSA fund whenever you want. You may not have to move your funds from a PRSA to take advantage of ARF-type benefits.

Whether you decide to move your fund from a PRSA to an ARF or AMRF depends on whether the ARF or AMRF offers different options. For example, what investment choices do you have in that new product (in other words, is it different from your existing PRSA)? You should also consider the charges under the new product versus the existing charges under your PRSA. There may be more considerations you should discuss this choice with your AIB Financial Advisor.

Personal Retirement Bonds (PRB)

The option to invest in an ARF or AMRF is available if you have a PRB or a Buy Out Bond.

ARE THERE ANY RESTRICTIONS TO INVESTING IN AN ARF?

To invest in an ARF, you must be able to show the Revenue Commissioners that you have a guaranteed pension income for life from other sources of at least €12,700 a year.

Examples of the types of guaranteed pension income for life that the Revenue Commissioners will accept include:

- State Pension benefits;
- any pensions paid from occupational pension schemes;
- an annuity guaranteed for life which you have bought with the proceeds of another pension fund.

If you do not have a guaranteed pension income for life of €12,700 a year, you must invest the first €63,500 (or the balance of the fund if less) in an AMRF or buy an annuity for the same amount.

These limits may change in the future.

An AMRF is similar to an ARF, except that there are restrictions on what you can take from the fund. You may only make one withdrawal each year from an AMRF of up to a maximum of 4% of the value of your funds at that time. You will have to pay tax on any withdrawal and the withdrawal may be subject to an early withdrawal penalty. You also can buy an annuity with the fund at any stage during the term of your AMRF plan.

This 4% restriction applies until one of the following happens (whichever is first):

- You start receiving a guaranteed pension income for life from other sources, (currently €12,700 a year), or
- You reach age 75.

At this stage your AMRF will become an ARF and you can make withdrawals from your plan. You will have to pay tax on all withdrawals from your ARF or AMRF.

WILL I HAVE ACCESS TO MY MONEY?

Yes. You can make withdrawals from your AIB ARF as often as you need to. Restrictions apply to withdrawals from your AIB AMRF, as outlined on page 29. If you move your money less than five years from the start of your investment, we will take an exit charge.

CAN MY FUND RUN OUT BEFORE I DIE?

Yes. Your fund can run out before you die. This will happen if the withdrawals (including those required under the Finance Act 2006) you take are greater than the growth of your fund. This can happen quicker than expected if market conditions are poor.

HOW MUCH OF MY INVESTMENT IS INVESTED?

We will invest at least 100% of your investment amount. The percentage of your fund invested will be on your plan schedule. Please speak to your AIB Financial Advisor for more details.

WILL I HAVE TO PAY TAX ON MY AIB ARF/AMRF?

Yes, you will have to pay tax on any withdrawals from your ARF or AMRF.

WHAT HAPPENS TO MY FUND IF I DIE?

One of the main differences between an ARF/AMRF and an annuity is that with an ARF or AMRF you own your retirement fund.

This means that when you die, you can leave the funds in your ARF or AMRF to your next of kin or other beneficiaries.

When you die, we will pay 100.1% of the value of your AIB ARF or AMRF plan. If you leave the funds to your spouse or registered civil partner, they can transfer the funds to an ARF in their name. In all other cases, we pass the funds to your estate.

WHAT ABOUT TAX IF I DIE?

If your funds are transferred to an ARF in your spouse or registered civil partner's name, there is no income tax or capital acquisitions tax (CAT) due.

If you leave your funds to anyone else, they may have to pay income tax or CAT depending on who they are and their circumstances.

If your estate has to pay income tax, we will deduct this before paying the proceeds of your fund to your estate.

Table A - Summary of the tax rules after you die if the ARF or AMRF was set up from the proceeds of your pension fund (based on current rates).

ARF or AMRF inherited by	Income tax due	Capital Acquisitions Tax due?
Surviving spouse or registered civil partner	None if transferred into an ARF in the spouse or registered civil partner's name. PAYE is due on any future withdrawals.	No
Your children if 21 or over	Yes, at a rate of 30%	No
Your children if under 21	None	Yes. They can inherit up to to €310,000 each without paying CAT. Then they must pay CAT at 33% on any inheritance over this.
Anyone else (including surviving spouse or registered civil partner if benefit paid out as a lump sum)	Yes, at deceased's tax rate at the time of death (either 20% or 40%)	Yes. They can inherit up to a certain amount depending on their relationship to you. Then they must pay CAT at 33% on any inheritance over this.

Table B - Summary of tax rules that apply:

- after your death, if you inherited the proceeds of an ARF from your spouse or registered civil partner; or
- if your spouse or registered civil partner dies after inheriting the ARF from you. (Based on current rates)

ARF inherited by	Income tax due	Capital Acquisitions Tax due?
Your children if 21 or over	Yes, at a rate of 30%	No
Your children if under 21	None	Yes. They can inherit up to to €310,000 each without paying CAT. Then must pay CAT at 33% on any inheritance over this.
Anyone else	Yes, at a rate of 30%	Yes. They can inherit up to a certain amount depending on their relationship to you. Then they must pay CAT at 33% on any inheritance over this.

WHAT LEVEL OF POTENTIAL RETURNS CAN I EXPECT TO RECEIVE?

It is important to realise that the value of ARF or AMRF investments will go up and down and that there is the possibility that, at any time, the value of your AIB ARF or AMRF can be lower than your initial investment. Any returns shown are examples only and are not a guide to future performance. Any returns will depend on investment and economic conditions at the relevant time in the future.

WHO IS MY PLAN PROVIDED BY?

Your plan is provided by Irish Life Assurance plc. Your terms and conditions will set out the details of your contract with us. This booklet tells you about our ARF and AMRF and answers the questions that you may have. It is only meant to be a guide to help you understand your investment and does not give all the details of your plan. These details will be in your plan schedule.

We will include more specific details and rules in your plan terms and conditions, which you should also read carefully.

CAN I CANCEL MY PLAN?

You have 30 days after we send your Welcome Pack to cancel your plan. If you decide to do this, we will return any contributions you have made in line with Revenue rules, less any reduction in investment values during the period. The information in this booklet is based on our understanding of current law, tax and Revenue practice. Your application form, terms and conditions and schedule will be your legal contract with us. The contract will be governed by Irish law. The Irish courts are the only courts that are entitled to hear disputes.

FAMILY LAW AND PENSIONS

If you go through a separation, divorce, dissolution of a civil partnership or ending of a relationship with a qualified cohabitant, a court application for a property adjustment order may be made for the benefits paid under this plan. If a property adjustment order has been granted on your plan you must let us know. You can get more information from your solicitor.

EUROPEAN COMMUNITIES (DISTANCE MARKETING OF CONSUMER FINANCIAL SERVICES) REGULATIONS 2004

If a financial service or product is provided on a 'distance basis' (in other words, with no face-to-face contact), we have to give you certain information. We have included this information under various headings in this booklet, in the customer information notice at the back of this booklet, in the terms and conditions booklet and in your terms of business letter. All information (including the terms and conditions of your plan) will be in English.

GLOSSARY

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)

These are extra contributions you can pay into your PRSA or company pension to add to the pension benefits already available from your company pension scheme.

ANNUITY OR 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 into 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 approved minimum retirement fund. These limits may change in the future.

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.

VESTED PRSA

A vested PRSA is

- a PRSA where the PRSA customer has taken their retirement lump sum and left the rest of their fund invested in the PRSA;
- a PRSA where benefits have been paid from the main scheme (in the case of a PRSA where additional voluntary contributions (AVCs) have been paid); or
- a PRSA where the customer has reached age 75.

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.

Visit **www.aib.ie**
or Drop in to any branch.

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