Mercer | ZURICH | NEW IRELAND

welcome to brighter

managing your benefits

Speakers: Alan Carter

Aspire Webinar Series

A business of Marsh McLennan

Your pension

Your savings when you retire

Your savings from previous employers

Agenda

This presentation does NOT offer personal financial advice

What we'll cover today

Welcome: this presentation is for everyone

You received an invitation to this webinar because some, or all, of your pension savings are in an Aspire Pension Plan

- Your plan may be administered by:
  - Mercer
  - Zurich
  - New Ireland
- Your savings may be in:
  - A Defined Contribution Plan
  - An Additional Voluntary Contribution Plan (which lets you save more to a Defined Benefit Plan)
  - A former employer's plan

If your main pension is a Defined Benefit plan

- You can make Additional Voluntary Contributions (AVCs) to boost your income in retirement

If you left an employer, but still have savings in their pension plan

- You can't pay more into plans of employers you have already left
- You may be able to contribute to:
  - a current employer's pension plan
  - a Personal Retirement Savings Account (PRSA)

your

pension

Where will your income come from in retirement?

Your sources of benefits

Your company pension Plan	State Pension	Former employers' pension plans	Personal savings and private income

Finding out more about your entitlements

Your Pension Benefit Statements	Department of Social Protection	Contact your former plan administrators	Your bank account and other records

! **Standard Fund Threshold Limit of €2 million across all Irish pension arrangements increasing on a phased basis to €2.8 million from 2026 – 2029.**

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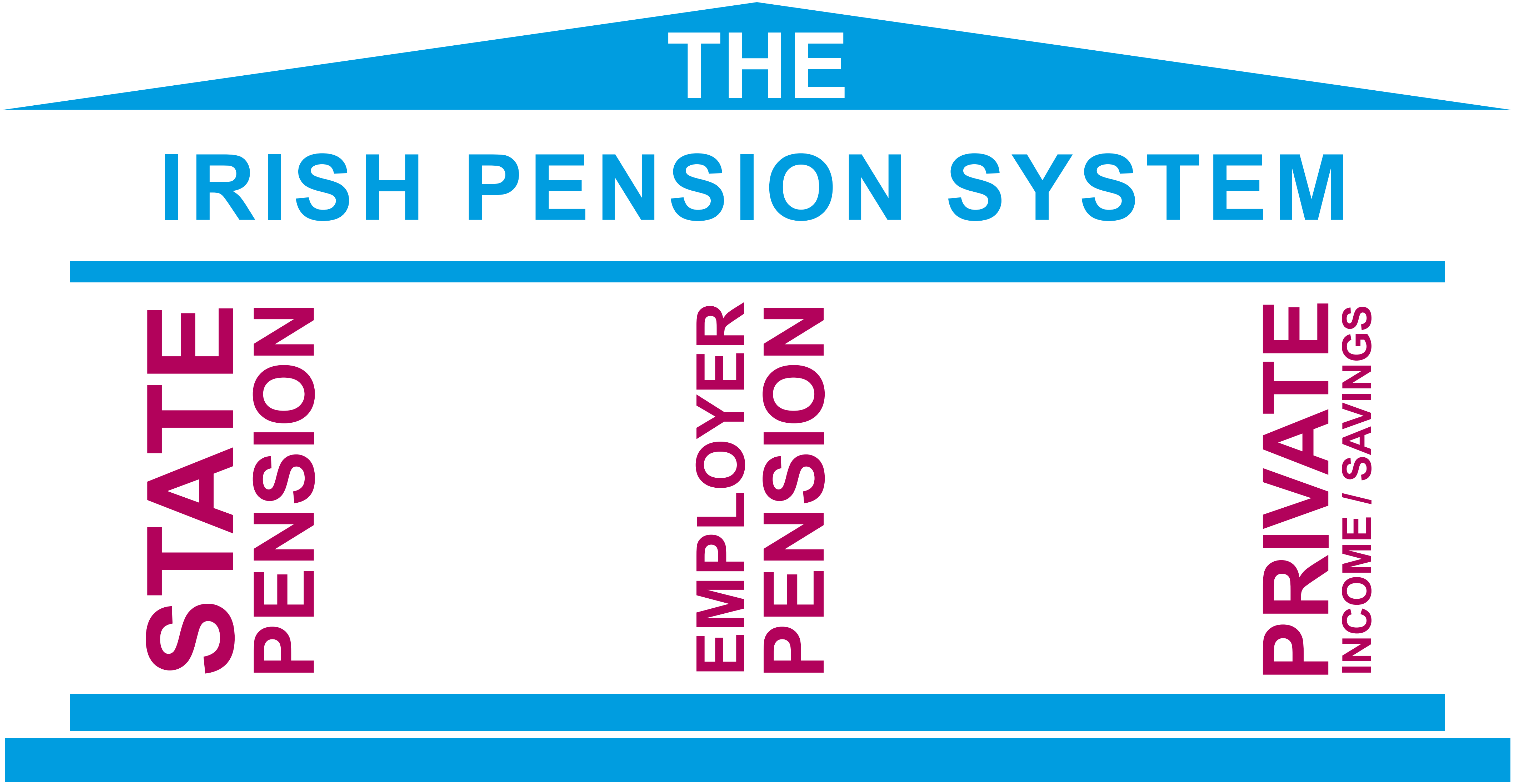
THE
IRISH PENSION SYSTEM
STATE PENSION
EMPLOYER PENSION
PRIVATE INCOME / SAVINGS

THE IRISH PENSION SYSTEM

STATE PENSION

EMPLOYER PENSION

PRIVATE INCOME / SAVINGS

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€277.30
per week

roughly
€14,419
per year

A business of Marsh McLennan

The State Pension

Levels of contributory state pension

From January 2024, you can claim your State pension anytime between the age of 66 and 70. Additional PRSI contributions can help you qualify or increase your personal rate. However you cannot exceed the current maximum of 2080 contributions (40 years).

Yearly average PRSI contributions	Personal rate per week	Increase for qualified adult (under 66)	Increase for qualified adult (over 66)
48 or over	€277.30	€184.70	€248.60
40 - 47	€271.90	€175.80	€236.10
30 - 39	€249.30	€167.20	€233.90
20 - 29	€236.10	€156.60	€210.70
15 - 19	€180.70	€120.40	€161.40
10 - 14	€110.80	€73.40	€99.90

Change on the way?
If you reached pension age after September 2012, your pension rate can be calculated in 2 ways, using the average rule or the new Total Contributions Approach (TCA). The TCA calculation includes the Home caring Periods Scheme which may benefit people who spent time outside the paid workplace, while raising a family or in a caring role. From January 2025 there will be a 10 year transition to using only the Total Contributions Approach (TCA).

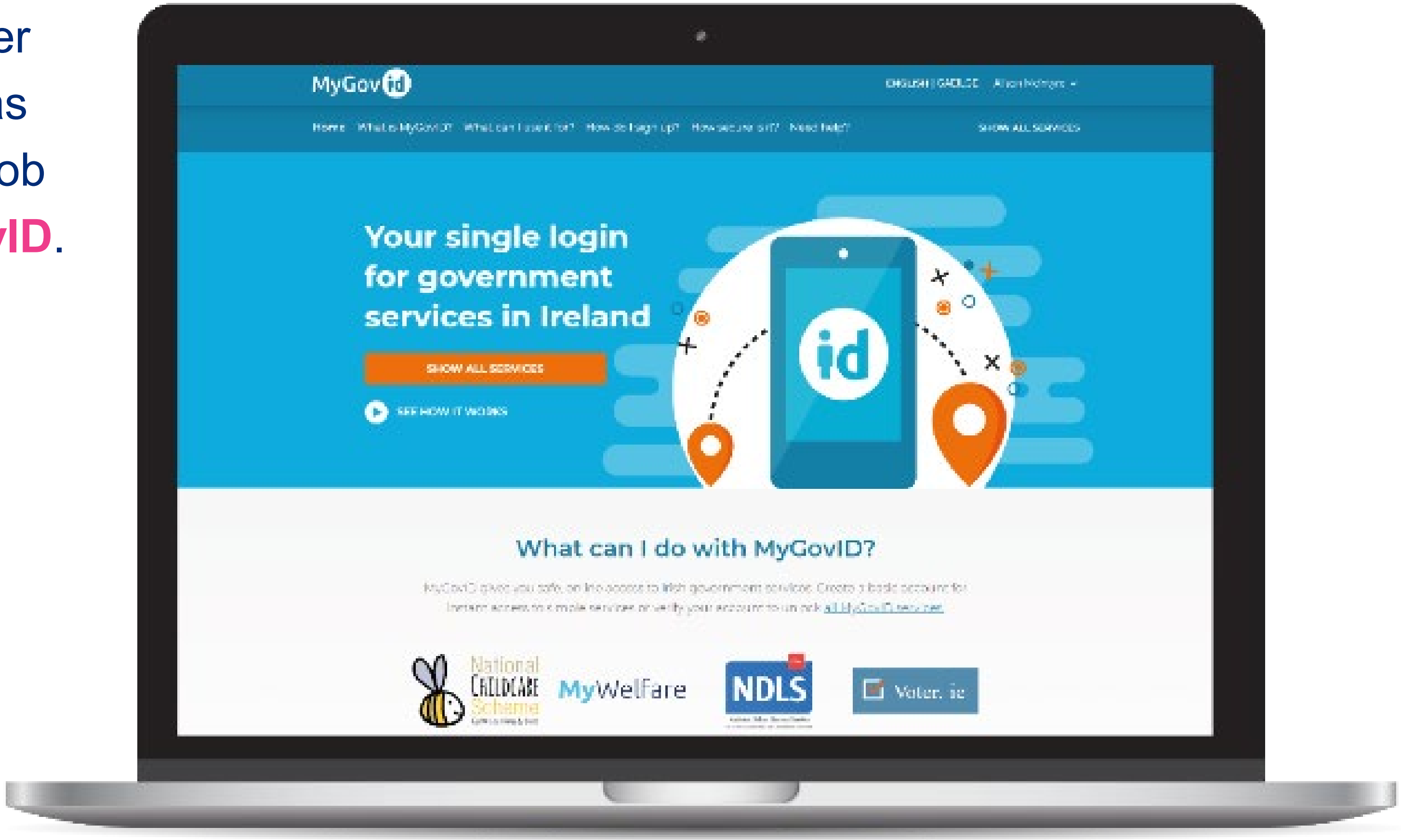
The Irish State Pension

Setting up a MyGovID

Setting up a MyGovID

To verify your PRSI record and for many other interactions with the Irish government such as voting, holding a drivers licence or claiming job seekers benefit, you will **now** need a **MyGovID**.

www.mygovid.ie



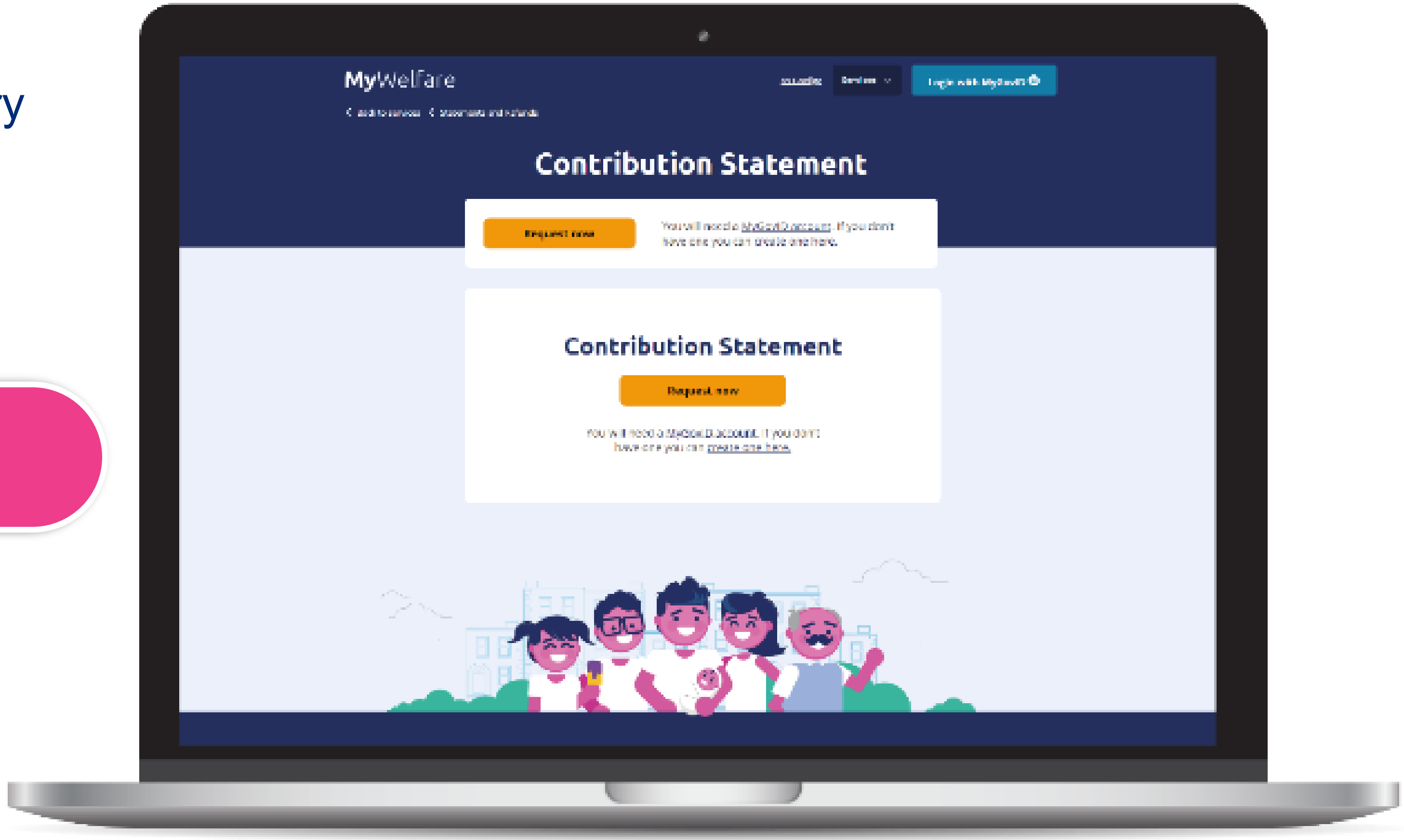
The Irish State Pension

Accessing your PRSI records

Accessing your PRSI records

Using your **MyGov ID**, you can log into MyWelfare, and view your contribution history or request a digital statement.

www.services.mywelfare.ie



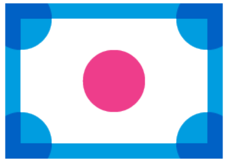
THE IRISH PENSION SYSTEM

STATE PENSION

EMPLOYER PENSION

PRIVATE INCOME / SAVINGS

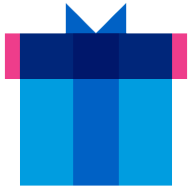
Private income in retirement



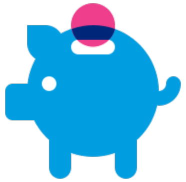
Company shares

Private investments

Rental income



Inheritance / Windfall



Bank savings

Your savings go further in your pension plan

Saving in a pension plan Vs private savings

Imagine you have a **€5,000** bonus
(after USC and PRSI) you want to use to save for the future.

Why not just pay it into an investment policy?

€4,646
invested **outside**
a pension

-7%

€8,200
invested **inside**
a pension

+64%

An explanation of how we reached these figures is outlined in the Appendix

THE IRISH PENSION SYSTEM

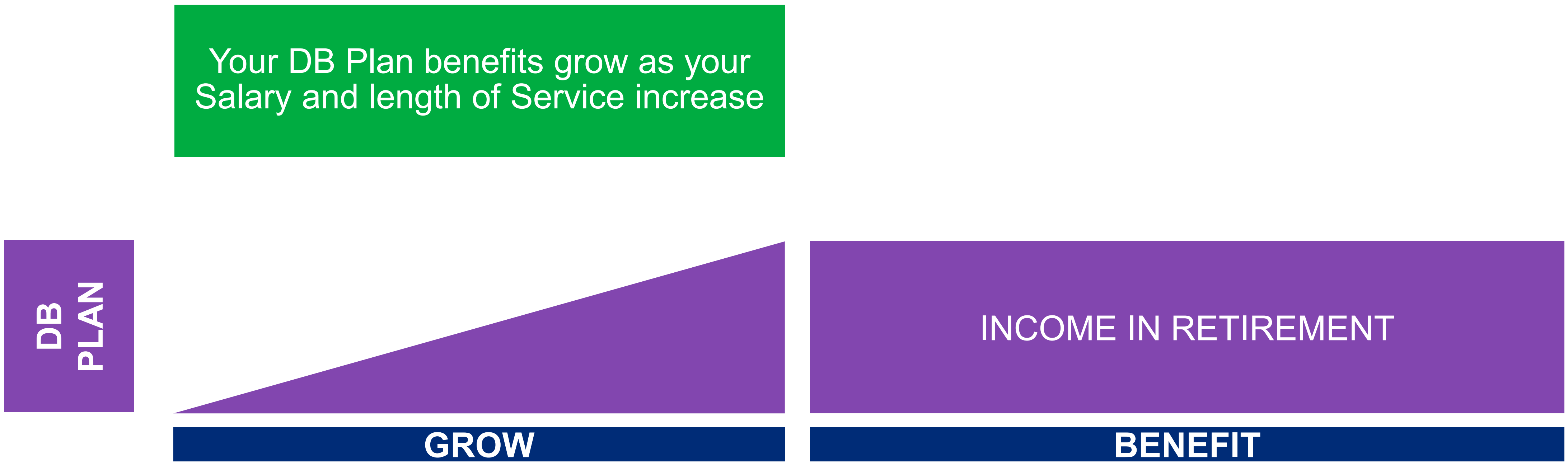
STATE PENSION

EMPLOYER PENSION

PRIVATE INCOME / SAVINGS

The easiest way to save for retirement is through the Plan

How a Defined Benefit (DB) pension plan works



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The easiest way to save for retirement is through the Plan

How a Defined Benefit (DB) pension plan works

Your DB Plan benefits grow as your Salary and length of Service increase

You can choose to take the full income in retirement, or to take a cash lump sum in exchange for part of your regular income

Mercer

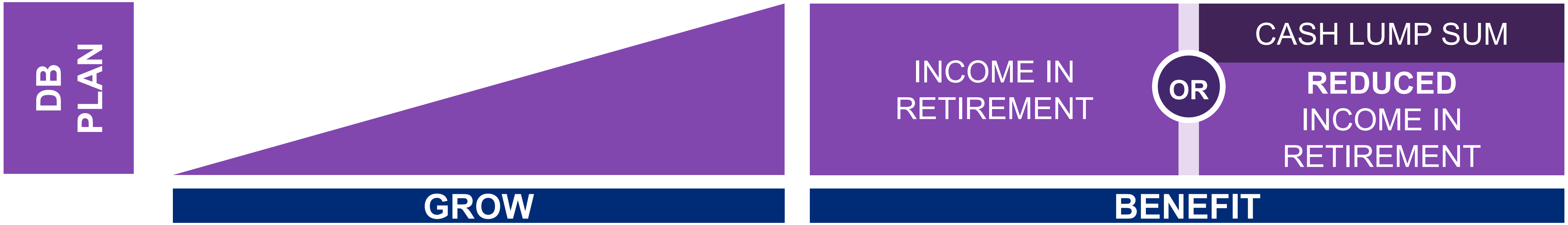
The easiest way to save for retirement is through the Plan

How a Defined Benefit (DB) pension plan works

PROBLEM: To get your lump sum from your DB Plan, you have to give up retirement income

Your DB Plan benefits grow as your Salary and length of Service increase

You can choose to take the full income in retirement, or to take a cash lump sum in exchange for part of your regular income



The easiest way to save for retirement is through the Plan

How a Defined Benefit (DB) pension plan works

PROBLEM: To get your lump sum from your DB Plan, you have to give up retirement income

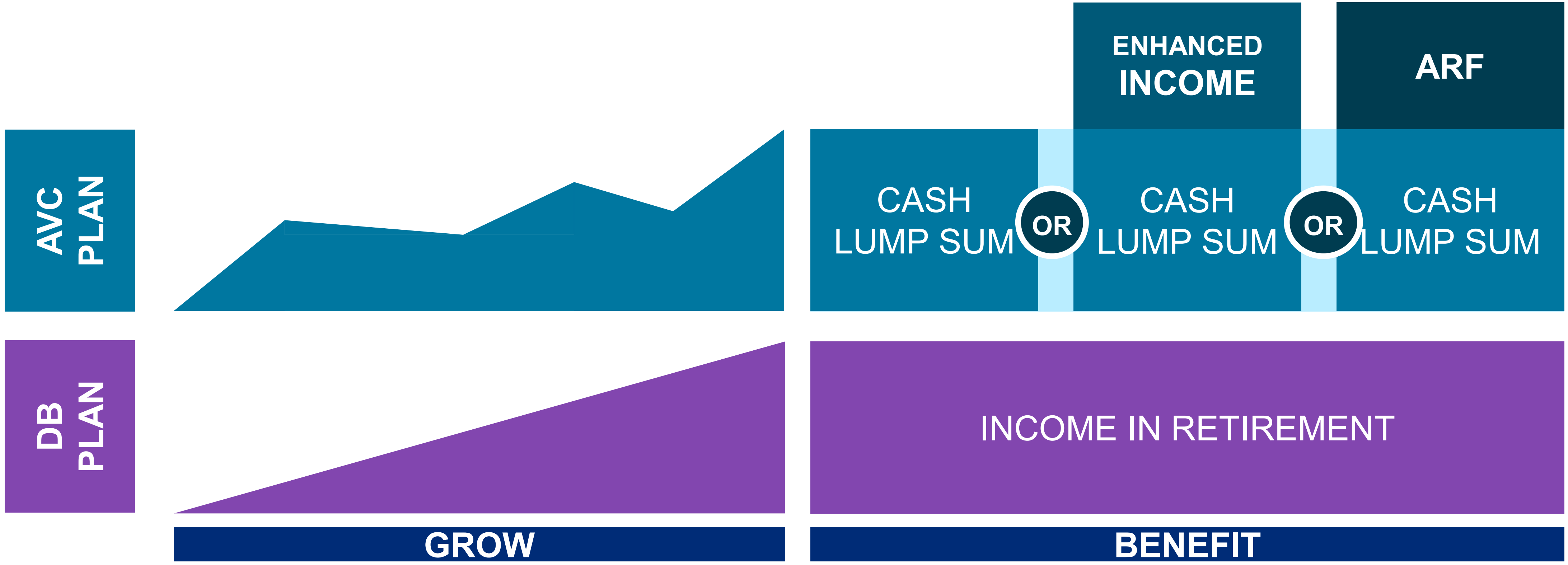
SOLUTION: Take your lump sum from the AVC Plan, and take your full income from DB Plan

Mercer

The easiest way to save for retirement is through the Plan

How a Defined Benefit (DB) pension plan works

Any excess over Revenue maximum tax free lump sum can be taken as extra income, or invested in an Approved Retirement Fund (ARF)



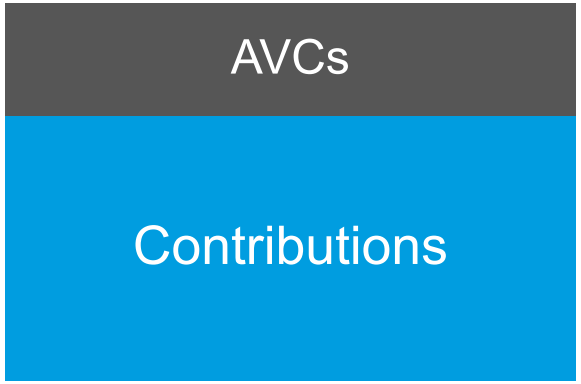
How your pension plan works

How a Defined Contribution (DC) pension plan works

Contribute

Any contributions paid by you or your employer are invested in your secure, personal Retirement Account

You can pay extra contributions known as AVCs



Choose how much to contribute

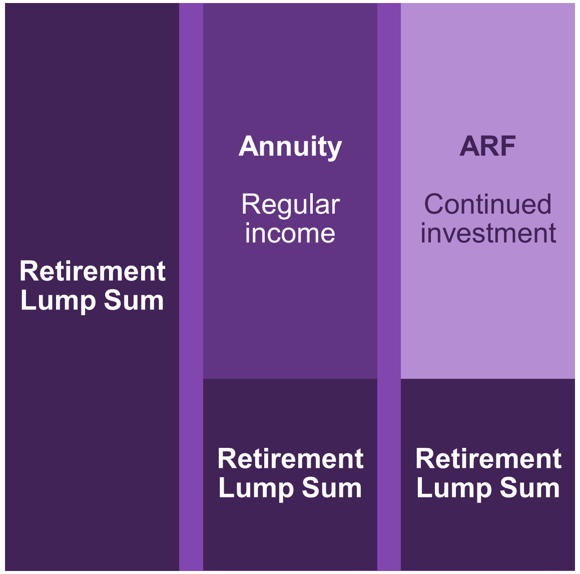
Grow

Your Retirement Account is invested with the aim of growing in value

Decide how you want to invest

Benefit

The value of your Retirement Account is used to fund your choice of benefits



Select your target benefits

WANT MORE?

Check out this video:

http://bit.ly/HowThePensionPlanWorks

CLICK ME OR SCAN ME

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Your Pension Benefit Statement

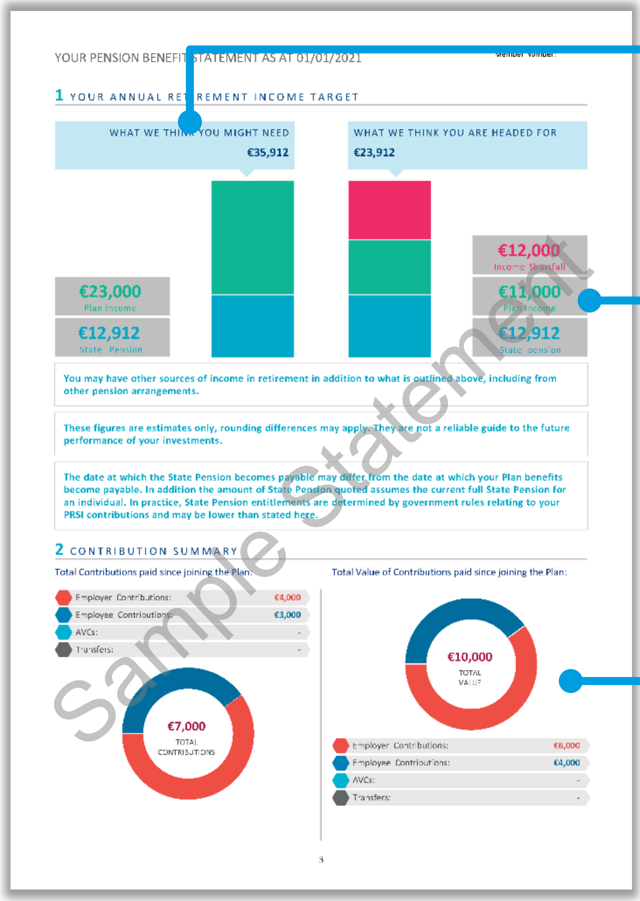
Sample of statement

Personal details on file for you

Years to retirement

Current value of your pension savings

Projected value of savings at retirement



Your projected income needs in retirement

Your estimated income in retirement

The money paid into your plan during statement year

Your Pension Benefit Statement

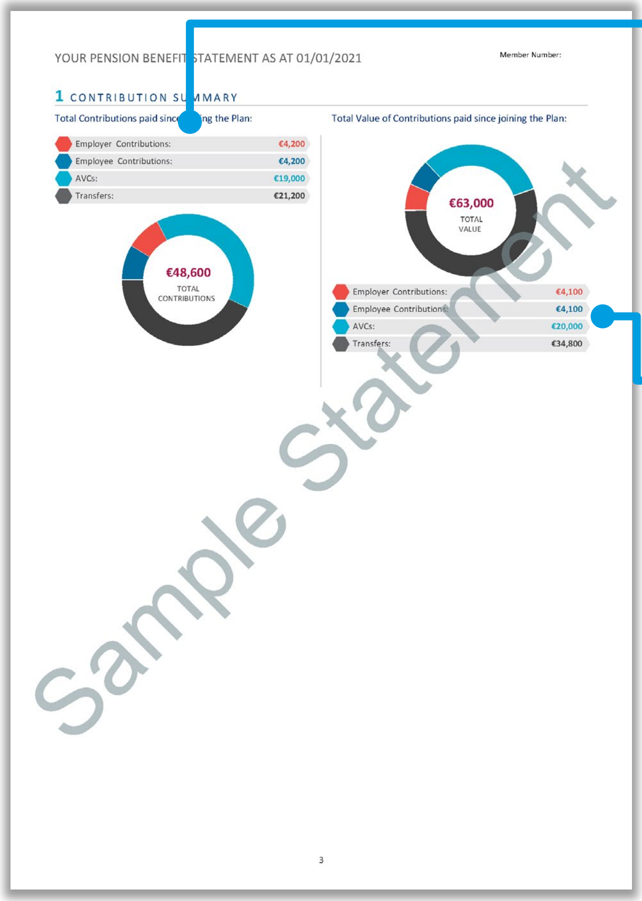
Sample of statement

Personal details on file for you

Years to retirement

Current value of your pension savings

Projected value of savings at retirement



The money paid into your account

Current value of your contributions

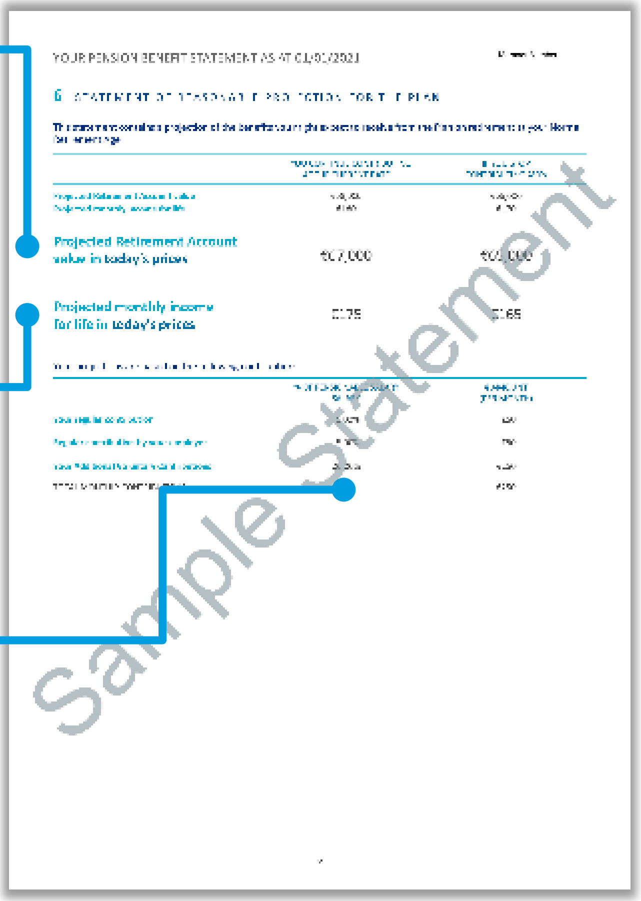
Your Pension Benefit Statement

Sample of statement

Projected value of your Retirement Account

Your projected monthly income for life

Your contribution rates



your savings when

you retire

Selecting your benefits

Your benefits from the Plan

Retirement Lump Sum

- A once off cash payment
- Tax free up to Revenue limits*
- Can be combined with an Annuity and/or ARF

Annuity

- A regular income
- Guaranteed for your life
- Options for partner's pension / guarantees
- All income is subject to normal income tax rules
- Not inheritable

ARF

- Income on demand
- Continued tax free investment
- Could run out
- All income is subject to normal income tax rules
- Inheritable

Taxable cash

- A once off cash payment
- Taxed
- Available in very limited cases

*Sourced from Revenue.ie October 2023

Options available for different pensions from same employment

Defined Benefit Pension

- Defined Benefit Pension **and/or**
- Retirement Lump Sum

Additional Voluntary Contributions (AVCs)

- Retirement Lump Sum
- Annuity
- ARF
- Taxable Lump Sum

Defined Contribution Pension

- Retirement Lump Sum
- Annuity
- Possibly an ARF
- Taxable Lump Sum

Your options at retirement

Can I boost my retirement benefits by saving more?

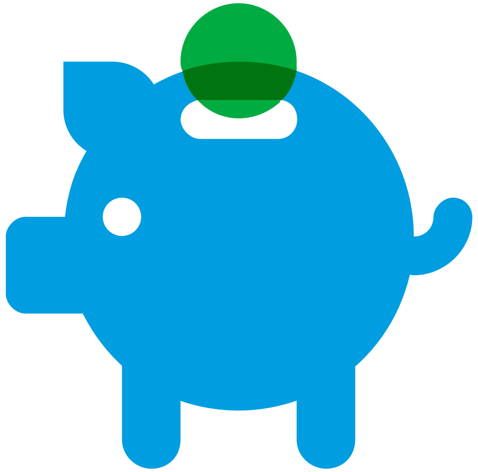
Only available if you are still in that employment.

Additional Voluntary Contributions (AVCs) are the extra amounts you can pay into your Retirement Account above your Regular Ordinary Contributions

- You can make regular AVCs
  - Income tax relief is applied at source through payroll

and/or

- You can make a once-off AVC payment at any time
  - Often used to maximise your tax savings for the year
  - You can reclaim income tax relief when making your tax return or via a Form12 which is available in PAYE Services through myaccount on www.revenue.ie



! It makes sense to maximise any employer-matched contributions **before** making AVCs

Your savings go further in your pension plan

Tax relief on your AVCS

With Standard Rate Income Tax Relief

20%

€80

How much would it cost YOU to make an AVC worth

€100

With Higher Rate Income Tax Relief

40%

€60

The pension option

Why put extra money in a pension?

60 year old, higher rate taxpayer, contributing €5,000 per annum in AVCs for 5 years

€5,000
Total
AVCs

=

€2,000
Tax relief

€3,000
Cost in take
home pay

X 5

€25,000
AVCs

Your savings go further in your pension plan

Contributing too much?

Standard Fund Threshold

- Currently **€2.0m (due to change during 2026-2029)**
- At retirement, penalty tax is payable on any excess above the SFT (currently 40%)
- In limited circumstances offsets against this tax may be available

SFT applies to all pension benefits:

- Current pension plan
- Benefits from previous employers
- Personal Retirement Saving Accounts
- Pensions already in payment
- Potentially includes pensions built up in Ireland but now held abroad

Other tax issues

- You do not benefit from income tax relief on contributions above the limit for your age
- AVCs may not be beneficial if you are likely to be on the same income tax rate in retirement
  - www.Taxcalc.ie
- Lifetime Retirement Lump Sums over €200,000 are subject to tax

If any of these issues might affect you may wish to seek **financial advice**

Think you might move country?

> Won’t I lose my money if I leave Ireland?

Wherever you retire, you can benefit from the plan

- **DON’T WORRY** – the contributions you pay into the plan can always be paid to you in another country
- You **may** be able to transfer your pension savings to another country (depending on local legislation)
- You **may** be able to transfer pension savings from another country into your pension here in Ireland

What happens to your money if you leave

Irish State Pension

- Your Irish State Pension can be paid to you anywhere in the world
- Your eligibility for a State Pension eligibility in other countries depends on their regulations when you retire
- If you are an **Outgoing Worker**, you will also be entitled to receive a refund of the contributions the employer has made to the Plan on your behalf
- It may be possible to “transfer” your benefit from one country to another
  - The local pension authorities where you retire should contact the countries you were previously resident in to check to see if a transfer is possible
  - If not, you should receive separate pensions from each country

An **Outgoing Worker** is someone who either:

- Joined their organisation on or after 13 September 2023 and whose previous employment was in another EU Member State and was an active member of a pension scheme relating to that employment. **OR**
- Leaves their organisation after 13 September 2023 and whose immediate next employment is in another EU Member State.

! **The laws and administrative practices of the country you retire in may override this information and may change over time. Mercer are not international State pension experts. We provide this information for guidance purposes only. It does not constitute advice.**

your savings from

previous employers

Other pensions from different employments

- Pensions relating to different employments can be drawn at separate times
- Defined Contribution pensions from previous employments
  - Up to 25% Retirement Lump Sum with balance of funds to provide an annuity/ARF or taxable lump sum
  - Potential for higher lump sum in certain cases under salary and service with balance of funds (excluding AVCs) to purchase an annuity
  - If waived right to lump sum on leaving then no retirement lump sum option
- Request an **Options Statement** from the administrator of your previous plan to understand options
- Retirement Lump Sum could impact amount available from DB scheme
- PRSAs/Personal Pensions or RACs have option of 25% Retirement Lump Sum with balance of funds to provide an annuity/ARF or taxable lump sum

Considerations Before Transferring

Before deciding to transfer pension benefits

1

Exit/Penalty charges

Any potential exit/penalty charges from your previous pension plan arrangement.

2

Guarantees/ Early Retirement

Any guarantees in your previous pension plan arrangement that you would forego as a result of transferring out.

As a deferred member of your previous employer pension Plan, you could take early retirement from age 50.

3

Type of Plan arrangement

The type of pension plan arrangement your previous employer offered you i.e. is it a defined contribution pension or defined benefit pension plan.

4

Annual management charges

The annual management charges associated with the investment fund options in your previous pension arrangement compared to the Plan.

5

Investment fund range

The range of investment funds in your previous pension plan arrangement versus those available in the Plan.

! **You should consider taking financial advice before electing to make a transfer payment from your previous employer's pension plan.**

Considerations Before Transferring

Is your previous plan a Defined Benefit Plan?

Note: transferring in from a Defined Benefit pension plan

It is important to note that there may be far bigger implications to transferring out of a Defined Benefit pension plan. In a Defined Benefit plan, you do not build up a Retirement Account – rather you build up the right to a certain level of income in retirement for every year you worked with that employer.

There are very significant implications to transferring out of a Defined Benefit pension plan.

You should not transfer out of a Defined Benefit pension plan without first obtaining independent financial advice.

! **You should consider taking financial advice before electing to make a transfer payment from your previous employer's pension plan.**

Transfer option for Defined Benefit Pension

- You **may** have option to transfer the value of your Defined Benefit pension to a Defined Contribution arrangement in lieu of receiving benefits from the DB pension scheme
  - Transfer values can be paid to a Defined Contribution scheme or personal arrangement (Personal Retirement Savings Account/Personal Retirement Bond)
- Different options after transfer e.g.
  - Lump sum of up to 25% of transfer value
  - Balance of fund can be invested in an ARF

John’s transfer option

TRADITIONAL OPTIONS

FULL DB PENSION
€13,000 p.a.

OR

REDUCED DB PENSION
€10,000 p.a.
DB LUMP SUM €30,000

PRB

TRANSFER OPTIONS

APPROVED RETIREMENT FUND
€320,000

OR

ANNUITY
€10,000 p.a.

OR

APPROVED RETIREMENT FUND
€240,000
LUMP SUM €80,000

OR

ANNUITY
€7,500 p.a.
LUMP SUM €80,000

Who is likely to be interested in the transfer option?

MORE LIKELY TO REMAIN IN DB SCHEME	MAY WANT TO TRANSFER
Benefits under the DB scheme expected to be higher than transfer option	Want flexibility over timing of pension income or control over investment
Satisfied with the DB pension structure	Higher tax-free lump sum potential – 25% lump sum or large % commuted
Prefer not to have the responsibility of investment decisions	Health issues and shorter life expectancy/Inheritability of pension
Prefer to avoid risk of out-living retirement savings	Using it to control tax exposure to pension limits

Difficult decision and requires expert advice before undertaking.

Overseas transfers

Transferring pension savings from another country to your current workplace pension plan, are accessed on a case-by-case basis, due to the differences in the laws governing pensions from country to country.

If you do decide you wish to make a transfer from an overseas pension plan to your current workplace pension plan, you should **contact the administrator of the overseas plan in the first instance**.

!

If you are thinking about transferring your pension savings, it will be important that you receive financial advice before drawing your benefits due to the different tax rules which apply in different countries.

Benefits of pension consolidation

What are the potential advantages?

1. **Simplified management**
2. **Potential cost savings**
3. **Improved retirement planning**
4. **Simplified processing of retirement benefits**

How pension benefits consolidation works

Managing all requirements and receiving a transfer payment from the previous pension plan administrator usually takes up to 6-8 weeks to complete, upon receipt of all transfer requirements.

Overseas pension plan transfers can take longer due to additional regulatory requirements. All overseas transfers are accessed on a case-by-case basis.

Once the transfer has been completed, you will be able to view this transfer in on Mercer OneView, Zurich Connect or MyPension365.

Usually 6-8 weeks

The Process

1. Contact the administrator of your previous plan
2. Request a transfer agreement/out form
3. Complete the transfer form
4. Return the transfer form to the administrator of your previous plan
5. Your administrator will liaise with the administrator of your previous pension plan on your behalf to arrange the transfer
6. Upon receipt of all transfer requirements and transfer funds, your transfer in will be invested
7. The transfer in payment is invested in line with your current investment selected in the Plan

next steps

Next steps

Where to find information or take action

Contact information	Mercer administered plans	Zurich administered plans	New Ireland administered plans
Quick link with all contact details	https://linktr.ee/Aspire_ContactMercer	https://linktr.ee/Aspire_ContactZurich	https://linktr.ee/Aspire_ContactNewIreland
Website	**Mercer OneView** www.merceroneview.ie	**Zurich Connect** www.zurich.ie/connect/ "yourcompanyname"	**MyPension365** id.mypension365.ie/employee/sign-in
Online query	https://bit.ly/JustAskMercer		
Email	https://bit.ly/JustAskMercer	aspire@zurich.com	MyPension365@newireland.ie
Call		+353 (01) 799 2941	+353 (0)1 523 9705
How to take action	**Mercer administered plans**	**Zurich administered plans**	**New Ireland administered plans**
Update your contact details	Contact Mercer JustASK	Contact Zurich helpline	MyPension365 or contact your employer
Reset your login details	Mercer OneView	Contact Zurich helpline	MyPension365 website
Check your policy value	Mercer OneView	Zurich Connect	MyPension365 website
Nominate/update your Do It For Me Target Retirement Date	Mercer OneView	Contact Zurich helpline	Email MyPension365
Check your current investment choices	Mercer OneView	Zurich Connect	MyPension365 website
Check the latest information on your Investment Options	Mercer OneView	Zurich Connect	MyPension365 website
Change your contribution rate	Mercer OneView*	Contact Zurich helpline	MyPension365 website
Change your Investment Options	Mercer OneView*	Zurich Connect	MyPension365 website
Take your retirement benefits	Contact Mercer JustASK	Contact JustASK helpline	Contact JustASK helpline

* Depending on the rules of your Plan, these decisions may be made via a form. If in doubt, check your member booklet.

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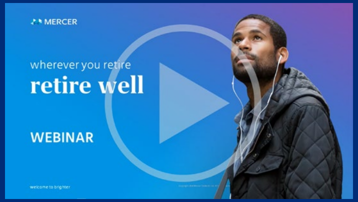
Where to find useful resources

https://linktr.ee/AspireInvestments	Resources to help you get the most from investing your pension savings
https://linktr.ee/AspireRetireInStyle	Newsletters and webinar recordings to help you plan for later life
https://linktr.ee/Aspire_AreYouSavingEnough	Guidance on how much to save for the standard of living you want
https://linktr.ee/Lump_Sum_AVC_NewIreland	Lump Sum AVC for New Ireland Administered plans
https://linktr.ee/Lump_Sum_AVC_Zurich	Lump Sum AVC for Zurich Administered plans
https://linktr.ee/Lump_Sum_AVC_Mercer	Lump Sum AVC for Mercer Administered plans

There are loads of great videos available: https://bit.ly/MercerAspireVideos

How Your Aspire Pension Plan Works

Webinar for ex-pats or people with pension entitlements in other countries



don’t let your savings just

float away!

THOUSANDS OF PENSIONS GO UNCLAIMED
because we cannot trace the pension scheme member

Register your permanent **PERSONAL EMAIL ADDRESS** we know you've got lots of

questions

If we can't get through them all today, contact:

https://bit.ly/JustAskMercer

welcome to

brighter

your

appendix

Your savings go further in your pension plan

Saving in a pension plan VS private savings

INVESTMENT OUTSIDE THE PLAN

Before income tax	Income tax @ 40%	Amount invested	Investment returns	Growth: subject to taxes	No tax free benefits	Income tax – none USC – none	Final value
€5,000	€2,000 tax €3,000 worth of take home pay	€3,000	100%	€1,354 tax €4,646 after growth and taxes	€4,646	€4,646	€4,646

INVESTMENT INSIDE THE PLAN

Before income tax	Income tax – none	Amount invested	Investment returns	Growth: free from taxes	Tax free lump sum	Income tax @ 20% USC @ 4%	Final value
€5,000	€2,000 tax relief €3,000 worth of take home pay	€5,000	100%	€10,000	€7,500 Taxable €2,500 Tax free	€1,800 tax €5,700 after income tax and USC €2,500 Tax free	€8,200

When you pay in	As your savings grow	When you take it out

An explanation of examples and assumptions is available in the appendix

Assumptions

Saving in a pension plan Vs private savings

- General assumptions
- The investor is single, male, age 51
- The lump sum available for investing has already been subject to USC and PRSI, but not income tax
- The investor will retire at age 66, and will no longer be subject to PRSI

- General investment assumptions
- For this example we compare investing through a pension plan with investing in an Insurance Bond as this is the closest equivalent investment vehicle. Other investment vehicles are available
- To focus on that tax advantages of investing in a pension we present simplified investment scenarios. We assume that the investments:
- Achieve the same level of growth (roughly 5% p.a. return after inflation and fees)
- Are subject to the same annual management charges
- Achieve 100% investment growth over 15 years

- Explanation of examples and assumptions:
- Investing in a pension
- We assume that the full value of the investment in the pension is eligible for income tax relief at 40%
- Investment growth on a pension savings is not subject to Capital gains tax
- Investment growth on pension savings is not subject to Exit tax
- You can take a tax-free Retirement Lump Sum (RLS) from your pension savings
- The exact value of the RLS you are eligible to take will vary, depending on your personal circumstances
- You may take a value equal to a Salary & Service calculation or 25% of the fund value
- We have assumed that the investor takes 25% of the value of their pension investment tax free
- The remaining 75% of the pension investment is subject to income tax and USC
- We assume that the investor's overall income will reduce in retirement, and that their income tax liability will drop to 20%. This is common but may not always be the case. Depending on your level of income, some of your income in retirement may be subject to the higher rate income tax (40%)
- We have assumed that USC is payable at the higher rate of 4%. Lower rates of USC may apply if you have a lower income.

- Investing in an insurance bond
- The investor pays income tax at the higher rate of 40% before their money is invested in the insurance bond
- Investment growth on Insurance Bond savings is not subject to Capital Gains Tax
- Investment growth on Insurance Bond savings is subject to Growth/Exit Tax of 41% every 8 years and on exit.
- The investor is not able to take advantage of a tax free retirement lump
- There is no ongoing income tax or USC liability on the Insurance Bond

It discusses specific pension arrangements that may not be relevant to members of other pension plans.

Mercer are not tax advisors. This material has been prepared for informational purposes only and does not constitute tax advice.

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