YOUR RETIREMENT OPTIONS INTRODUCTION:

As your retirement date approaches it is important for you to fully understand the different options available to you and that you make the right decision based on your own particular circumstances. The purpose of this summary is to outline the different ways you can draw down your pension fund at retirement, and how your retirement claim will be handled from start to finish.

OTHER PENSION BENEFITS:

Other pension benefits can impact how you can take your benefits and can include:

a) If you are already in receipt of a pension;
b) If you have previously received a retirement lump sum; or
c) If you have a pension benefit entitlement from a previous employer's scheme or from when you were self-employed.

It is important that you provide details of the other pension benefits to the Irish Life Member Advisor who you are dealing with, as these will need to be taken into account when working out your retirement benefit options from the National Federation Pension Scheme.

IRISH LIFE ADVICE TEAM:

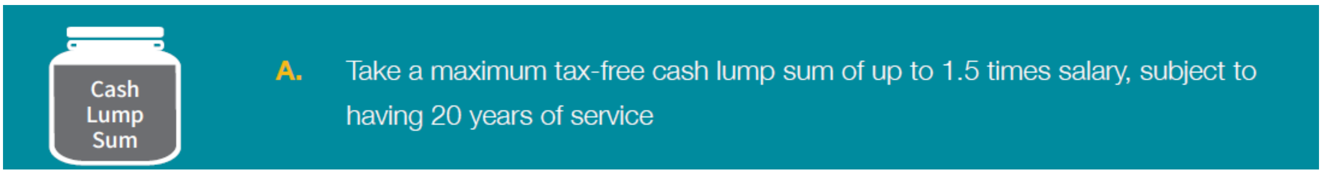
Your Irish Life Advice Team contact will be able to assist you in explaining the different retirement options that are available to you. Irish Life will arrange for the payment of whatever lump sum that you are entitled to and decide to take and, if you wish, can arrange for an Approved Retirement Fund (ARF) to be set up for you (Refer to Option 2 below).

Contact details for your Irish Life Advice Team are available on www.fedvol.ie then click on the pensions tab. You can also obtain your own independent financial advice.

OPTION 1: TAKE ALL OF YOUR PENSION FUND AS CASH

Depending on the size of your pension fund, you may be able to take the entire pension fund as a lump sum, this can arise in two situations:

A: Take a maximum lump sum of 1.5 times your salary, subject to being 65 years when you retire and having completed 20 years' service.



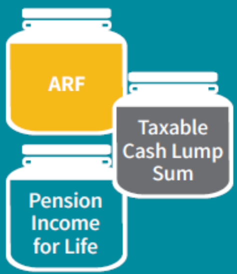
B: If after taking your maximum lump sum, you can take the balance of our fund as a taxable lump sum if it is <u>less than €30,000</u>. It is important to note that if you have other pension funds, this €30,000 limit is an overall limit that applies across all your pension funds, not just this pension fund.

B. The balance of your pension fund (if less than €30,000) can be taken as a taxable cash lump sum

OPTION 2: LUMP SUM AND APPROVED RETIREMENT FUND (ARF)

Another option available to you is to take a lump sum based on 25% of your pension fund value. With the balance of your pension fund, you can either invest in an ARF or take the fund as a taxable lump sum if it is <u>less than €30,000.</u> It is important to note that if you have other pension funds, this €30,000 limit is an overall limit that applies across all your pension funds, not just this pension fund.

A. Take a maximum cash lump sum of up to 25% of your pension fund



B. You may use the balance of your fund to:

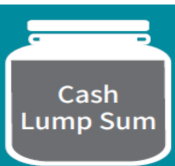
- Invest in an ARF
- Take a taxable cash lump sum
- Buy a pension (income for life/annuity)

This Lump Sum and ARF option can be arranged with Irish Life by your Irish Life Advice Team point of contact or alternatively you can seek your own independent advice.

OPTION 3: LUMP SUM AND ANNUITY

Annuity:

If you have decided to take a lump sum based on salary and service, then the balance of your fund, <u>if greater than</u> €30,000 must be used to purchase an annuity (pension/ income for life). If after taking your maximum lump sum, you can take the balance of your fund as a taxable lump sum if it is <u>less than €30,000</u>. However, if you have other pension funds, this €30,000 limit is an overall limit that applies across all your pension funds, not just this pension fund.



A. Take a maximum cash lump sum of up to 1.5 times salary, subject to having 20 years of service

B. The balance of your pension fund (excluding any AVC value) must be used to buy a pension (income for life/annuity)

An exception to this requirement is if you have contributed any Additional Voluntary Contributions (AVC's), you do not have to purchase an annuity with this AVC amount, you also have the option to use this part of your pension fund to invest in an ARF or take as taxable cash.

C. If you have chosen to contribute extra pension amounts as AVCs, you also have the option to use the proceeds from your AVC fund to:

> Invest in an Approved Retirement Fund (ARF)

> Take a taxable cash lump sum

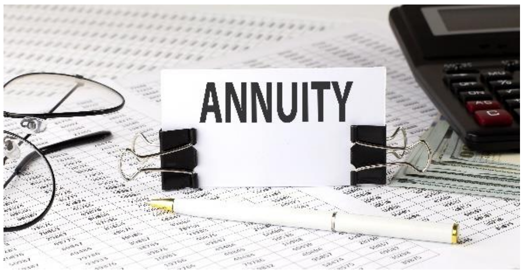
Note: ***All benefits taken at retirement are subject to Revenue rules and limits.***

In the situation above i.e., processing your lump sum and annuity – the Trustees will arrange the set-up of your annuity, this is to ensure that you get the most competitive annuity (pension/ income for life) in the market at time of your purchase. This can't be done by Irish Life as they can only offer an Irish Life annuity. Therefore, the Trustees engage an independent broker (Moneybutler in Galway) to check the annuity rates from the 4 different companies that offer annuities i.e., Irish Life, Aviva, New Ireland and Zurich. Moneybutler will then arrange for the Trustees to set up the annuity for you with the company offering the best annuity rate.

Annuity Purchase:

As part of this annuity purchase process, Moneybutler will carry out a review to establish:

a) What type of annuity suits you best?
b) Whether you could qualify for an enhanced annuity.
c) Which insurance company is offering the best annuity rates to match your requirements?



Different Types of Annuities:

There are a number of different types of annuities that can be set up for you and Moneybutler will go through the different features with you. The following is a brief summary:

a) You can opt for a level annuity or a lower initial amount, but which will increase each year in line with inflation or by a fixed percentage e.g., 3% each year. The problem with the increasing annuity is that the initial income paid to you will be considerably less than a level annuity and it will take many years for the increasing annuity to "catch-up" with the level annuity.

b) You can opt for a single life annuity or one that will continue e.g., at 50%, 2/3rds or 100% to your spouse, civil partner or another financial dependent following your death. Most retirees, unless they are single, will opt for an annuity (known as joint life) that will continue to be paid to their selected partner following their death. An example of this is for the annuity to continue at either 50% or 2/3rds of your own annuity for the remainder of their life. If you select the joint life option, this will result in a lower monthly income for you compared to selecting the single life option due to a lower annuity rate being applied.

c) Most retirees will also include a feature whereby the pension will continue to be paid for a guarantee period, of either 5 or 10 years, at the full rate from the date the annuity starts. If you select a guarantee period i.e., 5 or 10 years, the monthly income you will receive (albeit minimal) will be reduced as the annuity rate applied will be slightly lower compared to an annuity rate that doesn't include a guarantee period.

If you have decided on a joint life annuity and you die within the guarantee period, (b) above, then your partner's pension will start at the end of the guarantee period.

Example:

You retire in 2022 on a pension of €5,000 per annum, with a 50% dependent's pension and a 10-year guarantee.

a) You die after 3 years payments of €5,000 have been paid.
   - There is still 7 years left in the 10-year guarantee period, accordingly, €5,000 will continue to be paid for a further 7 years after your death. The annuity will then reduce to €2,500 per annum i.e., the 50% dependent's pension will then commence.

b) You die after 15 years payments of €5,000 have been paid.
   - The annuity will continue to be paid to your dependent, but at the rate of €2,500 per annum as the 10-year guarantee period has expired and therefore the 50% dependent's pension will commence immediately following your death.

Enhanced Annuity:

You may qualify for an enhanced annuity i.e., a higher income if one of the following applies to you:

a) Lifestyle factors such a smoking or obesity.
b) A health condition such as diabetes or high blood pressure.
c) A serious condition such as heart disease or cancer.

Best Annuity Rate:

Having discussed the type of annuity that suits you best and established if you qualify for an enhanced annuity or not, Moneybutler will then research the market to identify the most competitive annuity rate and will complete the paperwork to set up the annuity.

Documentation you need to finalise your Retirement Claim:

The following documents / information will be required to process your retirement claim:

- A fully completed Option Selection Form signed by you. You will also need to complete a form called "Other Pensions Plans Declaration Form".
- A copy of your driving license or passport.
- If a payment is being made to your personal bank account, a copy of a bank statement (dated within the last 6 months) showing your address, IBAN and BIC details.
- If you have selected the annuity option and you have chosen a Dependent's (Spouse's / Civil Partner) pension, you will need to provide a copy of photo ID for your Dependent (Spouse's / Civil Partner) and a copy of your marriage certificate.
- On receipt of all requirements, Irish Life will pay any lump sums to your bank account and arrange for the funds to be sent to the chosen provider for the set up of the annuity and/or ARF.

Note: Members are strongly encouraged to engage with their Irish Life Advice Team Point of Contact and discuss their retirement options. The Advice Team contact details are available on www.fedvol.ie (click on pensions tab). Alternatively, you can also obtain your own independent financial advice.