

WHY IS IT SO IMPORTANT TO KEEP YOUR SALARY UP TO DATE AND ENSURE IRISH LIFE HAVE THE RIGHT SALARY HELD ON FILE FOR YOU?

Take responsibility now and ensure your salary figure is right 

Introduction:

This document has been prepared to inform and outline to you:

- ✚ How you can find out what salary information Irish Life hold for you and where they get this data.
- ✚ How your salary figure is used when investing your pension fund, especially in the six years prior to your retirement date and therefore, why it is important to ensure Irish Life have the right salary information on file for you.
- ✚ If you reduce your hours of work and therefore your salary, in the 10 years prior to your retirement, why you should engage with Irish Life.
- ✚ How to update your salary information and what documentation you will be required to provide to Irish Life.

How can you find out what salary information Irish Life hold for you on file?

You can find out what salary Irish Life hold for you:

- ✚ Via the Irish Life Member Portal, if you are registered. You can simply log on to <https://www.pensionplanetinteractive.ie/empower/login> and see what salary figure Irish Life have for you on file.
If you have not yet registered for the Irish Life Member Portal, but would like to, simply email fedvol@irishlife.ie with your full name, personal email address, DOB, and mobile number and ask Irish Life to send you a link to register for the Member Portal.
- ✚ Refer to your Pension Benefit Statement – Page 1 will outline what salary figure Irish Life hold for you.
- ✚ You can request Irish Life to advise you of the salary figure they hold for you by emailing fedvol@irishlife.ie You will be required to advise them of your full name, postal address, personal email address and DOB to validate who you are.



Where do Irish Life get your salary information?

Every year a data renewal exercise is carried out where your employer forwards information about each member to Irish Life. Information shared by your employer with Irish Life includes your updated salary as at the 1st January every year.



How is your salary figure used if you are invested in the default fund, EMPOWER Personal Lifestyle Strategy (PLS) – (note 96% of the membership of the Pension Scheme are invested in the Default fund, so this information is important to read and understand):

In the 6 years prior to a member retiring, the Scheme’s default investment strategy, known as the EMPOWER Personal Lifestyle Strategy (PLS), will move a member’s pension fund into an investment mix that is most appropriate to maximise their tax-free lump sum and accordingly, match the most likely way a member will draw down their pension fund at retirement. This phase is known as the “Benefit Matching” Phase.

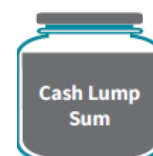


Members can draw down their tax-free cash lump sum in the following ways:

- (a) Based on a maximum of 1.5 times a member’s final salary (subject to having the relevant length of service, i.e., 20 years, at normal retirement age i.e., age 65);
or
- (b) 25% of the member’s pension fund value.

SALARY
or
25%

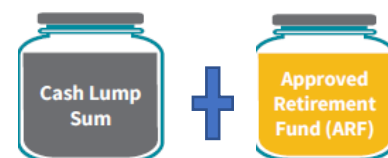
Whichever tax-free cash lump sum option is greater after carrying out the above calculations*, PLS will invest this amount in cash and the balance will either be invested in the EMPOWER Annuity Objective Fund or the EMPOWER ARF Matching Fund. ***It is critical therefore that Irish Life have accurate salary information for you when doing the above calculations.***



If a member’s cash lump sum is greater based on (a) calculation above, the balance of a member’s pension fund, except for any Additional Voluntary Contributions (AVCs) a member has paid, must be used to purchase an annuity/income for life. Hence the balance of the member’s fund will be invested in the EMPOWER Annuity Objective Fund.





If a member’s cash lump sum is greater based on (b) calculation above, the balance of the member’s pension fund will be invested in the EMPOWER ARF Matching Fund.



This “Benefit Matching” Phase of PLS aims to use members individual details to maximise their tax-free lump sum and therefore, the most likely way a member will draw down their pension fund at retirement. Irish Life therefore need members’ information to be accurate and up to date, including a member’s salary, date they joined service, retirement age, AVCs and if they have any other pension funds. Accordingly, members need to ensure their details are accurate and up to date by viewing their details via the member portal or review their Pension Benefit Statement and engage with Irish Life if any details need updating.

* Please note that under current Revenue rules the overall maximum lump sum that can be taken tax free from all pension funds a member has is €200,000.

For further information on the how the default investment fund, PLS, works, and the different ways to draw down your pension fund, please read the following booklets which are available on www.fedvol.ie (click on pensions tab):

-  PLS Flyer
-  Investment Choice Member Guide



If I reduced my hours of work in the final 6 years of retirement, can a higher salary from previous years be used to calculate my tax-free lump sum?

Yes, if you reduced your hours of work and therefore your salary, over the years prior to your retirement date, Irish Life can use the greater of:

- (i) (a) Basic remuneration over any 12-month period of the five years preceding your date of retirement, plus:
 - (b) the average of any fluctuating emoluments over three or more consecutive years ending on the last day used in (a) above.
- (ii) The average of the total emoluments for any three or more consecutive years ending not earlier than ten years before your date of retirement.
- (iii) The rate of basic pay at your date of retirement or at any date within the year ending on that date plus the average of any fluctuating emoluments calculated as in (i) above.



Irish Life pension projections, included on your Pension Benefit Statement and Member Portal, assume you will be retiring on your normal retirement date i.e., your 65th birthday – what happens if you don't intend on retiring on this date?

Please note that if you intend to retire earlier or later than your normal retirement age i.e., age 65, you must advise Irish Life by sending an email to fedvol@irishlife.ie and include your scheme and member number for reference. Your scheme and member number can be found on your Member Portal or Pension Benefit Statement. This information is required so Irish Life can identify your pension details they hold for you and accordingly, adjust your date of retirement and possibly the funds you are invested in to reflect your new retirement date.



Why do I have to disclose to Irish Life details regarding my Other Pension Benefits (OPBs):

It is important you disclose to Irish Life if you have any Other Pension Benefits (OPB), to establish if it will have an impact on drawing down your pension fund from this Scheme. There is a limit of €200,000 on the cumulative total of all tax-free lump sums taken by an individual from all pension arrangements since 7th December, 2005. Irish Life therefore need to be informed if you have received any other pension benefits, prior to them calculating your tax-free lump sum allowed when drawing down your retirement benefits from this Scheme.

Case Studies below will show you how these member's lump sums were calculated and where their pension fund was invested during the final 6 years to retirement – illustrating the importance of having the correct salary notified to Irish Life.

CASE STUDY 1: ALEX

	Salary	€40,000	Alex's lump sum entitlement at retirement: Salary & Service Route: €60,000 ← 25% Pot Route: €15,000
	Service	20 years	
	Projected DC Pot	€60,000	

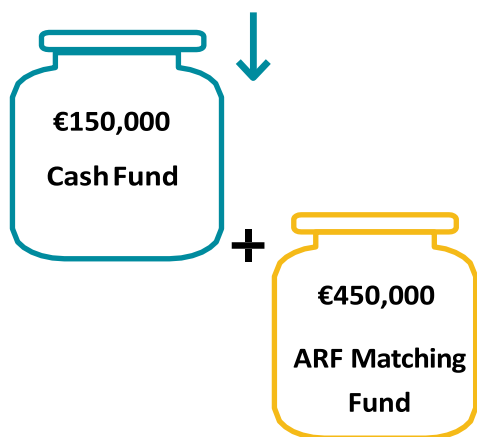


Alex wants to be invested appropriately to maximise his cash lump sum. In this case, the maximum cash lump sum is more favourable when calculated based on **salary and service** i.e., 1.5 times his final salary and he has 20 years' service.

During the last 6 years before retiring, Alex's pension fund will automatically move into the EMPOWER Cash Fund, as this is the most suitable fund for how Alex is most likely to draw down benefits.

CASE STUDY 2: CHRISTINE

	Salary	€75,000	Christine's lump sum entitlement at retirement: Salary & Service Route: €112,500 25% Pot Route: €150,000 ←
	Service	20 years	
	Projected DC Pot	€600,000	

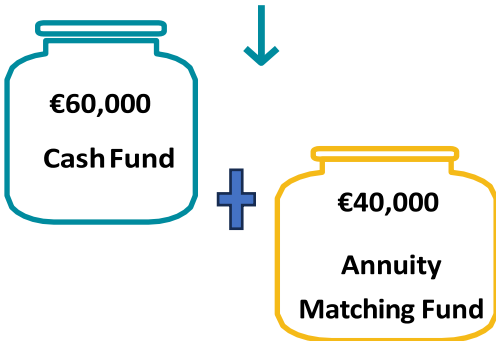


Christine wants to be invested appropriately to maximise her cash lump sum and have the balance of her pension fund targeted at an ARF purchase. In this case the **25% of her pension fund** option gives a higher cash lump sum and facilitates her purchasing an ARF.

During the last 6 years before retiring, Christine's pension fund will automatically move into the EMPOWER Cash Fund and EMPOWER ARF Matching Fund, as these are the most suitable funds for how Christine is most likely to draw down her benefits at retirement.

CASE STUDY 3: DAVID

	Salary	€40,000	David's lump sum entitlement at retirement: Salary & Service Route: €60,000 25% Pot Route: €25,000
	Service	20 years	
	Projected DC Pot	€100,000	



In David's case, the maximum cash lump sum is more favourable when calculated based on **salary and service** i.e., 1.5 times his final salary and he has 20 years' service. During the last 6 years before retiring, David's pension fund will automatically move into the EMPOWER Cash Fund and the EMPOWER Annuity Matching Fund, as these are the most suitable funds for how David is most likely to draw down benefits.


If David's salary advised to Irish Life only reflected his basic salary of €40k, but his total salary was €60,000 if his premium pay was included, this would facilitate David getting €90k as a cash lump sum as opposed to €60k calculated above i.e., 1.5 times full salary. If Irish Life were provided with David's total salary, then PLS would invest more of his pension fund in the cash fund, giving a truer reflection of how David is most likely to draw down his benefits at retirement. It is crucial that members' salary declared accurately reflect their total earnings, i.e., include premium payments, especially in the final 6 years prior to a member retiring, when PLS enters into the "Benefit Matching" Phase as explained above.

How to update your salary information and what documentation you will be required to provide to Irish Life:

The Trustees encourage all members, especially those who will be retiring within the next 6 years, to ensure their total salary figure, including premium payments, held by Irish Life is up to date. If you reduced your working hours, especially in the last 10 years prior to retirement, it is critical you ensure Irish Life are aware of these salary fluctuations.

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For an accurate calculation of your tax-free lump sum in your retirement quote, Irish Life will need evidence of your highest salary figure as follows:

-  If your salary figure at date of retirement is your highest salary figure over the 10 years prior to your retirement, you will need to forward proof of this salary figure via a P60, payslip, details from Revenue or similar, to Irish Life.

- ✚ If at retirement, *your salary was higher at any time during the 10 years prior to your retirement*, a minimum of 3 years' consecutive earnings within the last 10 years of employment, (the 3 consecutive years of earnings should include the year of your highest salary figure), will need to be provided to Irish Life.

Your proof of salary figure i.e., P60, payslip, details from Revenue or similar, should be emailed to fedvol@irishlife.ie

Advice is Available to all Members of the Scheme:

The above information is very technical so please engage with your Irish Life Advice Team point of contact who can advise you on what salary can be used to calculate your tax-free lump sum and they can also discuss with you what is the best way to draw down your pension benefits at retirement that would suit you best – remember everyone is different so don't compare yourself to your friend or colleague. Contact details for your Irish Life Advice Team point of contact is available on www.fedvol.ie (click on pensions tab).



Alternatively, you can seek your own independent financial advice.