

RE: Implications for a Pension Scheme Member on their Pension Contributions and Life Cover if they remain in employment after age 65 years

The Trustees note that in some instances employers are facilitating members of the pension scheme working beyond age 65, which is a decision each employer has discretion on at local level. However, if a member is working beyond age 65, the following points regarding the cessation of employer and employee pension contributions into the Pension Scheme and also the cessation of the member's life cover at age 65 years is critical to know and understand.

Can a member of the National Federation's Pension & Life Assurance Scheme remain in employment after their Normal Retirement Date i.e., 65 years?

Yes, a member can remain in service after their Normal Retirement Date only with the written consent of the Employer.

In this situation **no further employer or employee pension contributions** can be submitted to the National Federation's Pension Scheme and the member's **life assurance cover will also cease at age 65 years**. It is extremely important that employees are aware of these facts.

Can a member defer the drawdown of their pension if he/she decides to work beyond age 65?

Yes, a member can defer the drawdown of their retirement benefits under the National Federation's Pension Scheme i.e., not drawdown their pension benefits on their normal retirement date (i.e., 65th birthday). It is advisable however, that the member engages with their Irish Life Advice Team point of contact to discuss their retirement options, their proposed dates for drawdown of their pension fund and the investment fund they are invested in.

Can a member drawdown their retirement benefits and continue to work with their employer beyond age 65?

Yes, a member can drawdown their retirement benefits on their normal retirement age i.e., 65 years and continue to work beyond age 65 and receive a salary from their employer.

It should be noted that any pension income or withdrawals from an Approved Retirement Fund (ARF) will be subject to tax, in addition to their salary. The member should therefore seek financial / tax advice in relation to the tax implications on the different incomes they will now be in receipt of.

Can a member make Additional Voluntary Contributions (AVCs) into their pension fund if he / she decides to work beyond age 65?

A member **can make Additional Voluntary Contributions (AVCs)**, subject to Revenue maximum limits, into their pension fund if they work beyond age 65 with their employer and if the member decides:

- ✓ Not to drawdown their pension fund at age 65.
- ✓ To drawdown their lump sum (based on salary and service to a maximum of 1½ times salary) but defers the drawing down of the balance of their pension fund as a pension for life (annuity) until they eventually retire.

A member **cannot make Additional Voluntary Contributions (AVCs)** into their pension fund if they work beyond age 65 if the member does the following with their pension fund at age 65:

- ❖ Drawdown their entire pension fund at age 65 by taking 1½ times salary and purchases a pension for life (annuity) with the balance of their pension fund.
- ❖ Drawdown their pension fund at age 65 by taking 25% of their fund and investing the balance in an Approved Retirement Fund (ARF).

If the member wishes to make AVCs into their pension fund while they continue to work after age 65 years, and they satisfy the above terms, the member should contact their Irish Life Advice Team point of contact to:

- (a) Discuss their intention to submit AVCs to ensure it is the right decision. Alternatively, the member can seek their own independent financial advice.
- (b) Obtain from their Irish Life Advice Team point of contact relevant bank details for remitting the member's AVCs. It will be the member that submits the AVCs directly to Irish Life and not through payroll as the employer may not be aware of what the member did, or will do, with their pension fund at age 65 to determine if the member is eligible to make AVCs after age 65.

Details of your [Irish Life Advice Team point of contact](#) is [available here](#).

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and Mr. James Skehan (Professional Trustee).

Implications for a Pension Scheme Member on their Pension Contributions and Life Cover if they remain in employment after age 65 years

A member can remain in service after their Normal Retirement Date only with the written consent of the Employer.

7% Employer Pension Contributions

- Employer Pension Contributions (6.35%) will cease.
- Death in Service and Admin Contribution (0.65%) will cease.

5% Employee Pension Contributions

- Employee Pension Contributions (5%) will cease.

Additional Voluntary Contributions (AVCs)

It depends on what a member does with their pension fund at age 65 that will determine if they can or cannot continue to make AVCs into their pension fund.

Member Can Make AVCs if:

- ✓ The member decides not to drawdown their pension fund at age 65.
- ✓ The member decides to drawdown their lump sum (based on salary and service to a maximum of 1½ times salary) but defers drawing down the balance of their pension fund as a pension for life (annuity) until they eventually retire.

Member Cannot make AVCs if:

- ❖ The member drawdowns their entire pension fund at age 65 by taking 1½ times salary and purchases a pension for life (annuity) with the balance of their pension fund.
- ❖ The member drawdowns their pension fund at age 65 by taking 25% of their fund and invests the balance in an Approved Retirement Fund (ARF).

If a member is eligible and wishes to submit AVCs at age 65, while continuing to work with their employer, they should:

- Discuss their intention to submit AVCs with their [Irish Life Advice Team point of contact](#) to ensure it is the right decision. Alternatively, the member can seek their own independent financial advice.
- Obtain from their Irish Life Advice Team point of contact relevant bank details for remitting the member's AVCs. It will be the member that submits the AVCs directly to Irish Life and not through payroll.

