



Annuity and approved retirement funds

Your options explained

Standard Life 

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How can I access my pension fund?

Many people find it hard to decide which option to go with when they're ready to access their pension funds. This guide explains the retirement options available to you and outlines the pros and cons of investing in an approved retirement fund versus purchasing an annuity.

What are my options?

On retirement, you can take a cash lump sum and with the balance, subject to Revenue rules you can:

- ▶ buy a guaranteed taxable pension income for the rest of your life (an annuity) or
- ▶ invest in an approved minimum retirement fund (AMRF) or
- ▶ invest in an approved retirement fund (ARF) or
- ▶ take the entire pension fund as taxable cash or
- ▶ choose a combination of these options

You can invest in an ARF or AMRF or buy an annuity from any provider.

“I’ve worked hard for my pension, now I’m looking forward to deciding what to do with it.”

Your options explained

Cash lump sum

In general you are entitled to up to 25% of your pension fund as a lump sum. If you are an employee and a member of an occupational scheme your lump sum may be calculated differently.

There's a lifetime limit to the amount of tax free cash lump sum you can take from all of your pensions (from 7 December 2005). The first €200,000 will be tax free, the next €300,000 will be taxed at 20% and anything more than €500,000 will be treated as income and taxed under the PAYE system.

Annuity

What's an annuity?

An annuity converts the money in your pension fund into a guaranteed income for the rest of your life. You can choose to have your annuity income stay the same or automatically increase each year.

You can also choose for your spouse/civil partner to carry on being paid some or all of the income after you die.

The choices you make will affect the income you get, for example, the more you want your spouse/civil partner to be paid after your death, the lower your income will be.

Approved retirement funds

What's an approved (minimum) retirement fund?

An approved minimum retirement fund (AMRF) allows you to invest up to €63,500. You can only withdraw a single payment each year, of up to 4% of your AMRF.

What's an approved retirement fund?

An approved retirement fund (ARF) allows you to leave your pension fund invested and adjust income to suit your needs. You must withdraw a certain percentage each year from your ARF:

- ▶ 4%, if you're 60 years of age or over for the full tax year, or
- ▶ 5%, if you're 70 years of age or over for the full tax year, or
- ▶ 6%, if you've a combined ARF and vested PRSA assets of €2million or more, and aged 60 or over for the full tax year.

Any withdrawals from an AMRF or ARF are treated as income and are taxed under the PAYE system.

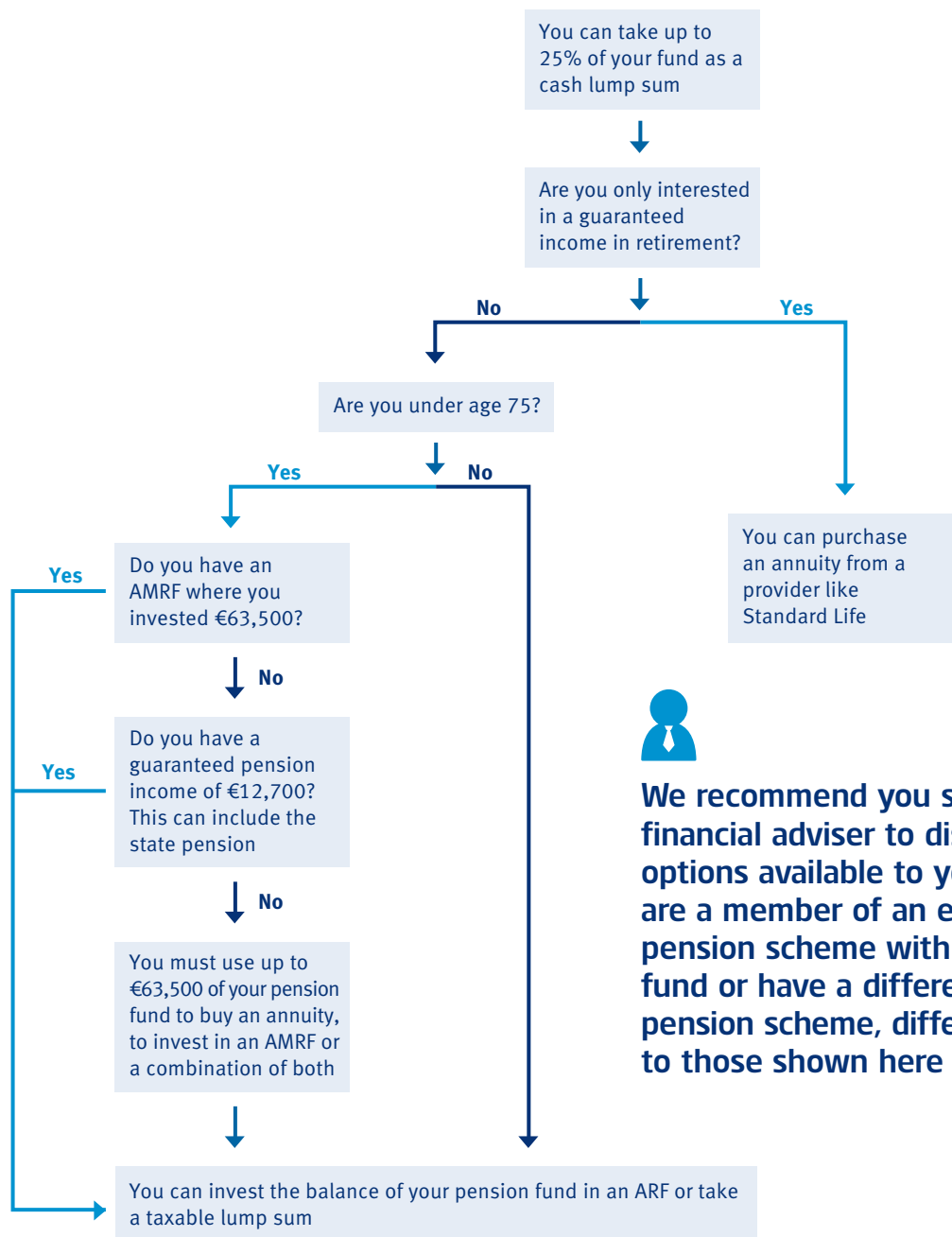
With an AMRF and ARF, you can leave the funds to your dependents subject to tax.

“..and it's good to know that the value of your ARF policy can be left to your family when you're gone.”



How do I decide what my options are?

Your options at retirement depend on the type of pension fund you have. If you have a personal pension or PRSA, the decision tree below tells you how you can take your retirement benefits.



We recommend you speak to a financial adviser to discuss the options available to you. If you are a member of an employer's pension scheme with an AVC fund or have a different type of pension scheme, different options to those shown here may apply.

Annuity - things to think about

Advantages

- ▶ It gives you a guaranteed income for life
- ▶ There is a wide choice of benefit options available in the market, to suit your own circumstances
- ▶ Simple and easy to understand

Disadvantages

- ▶ Once you purchase an annuity you can't cash it in
- ▶ The income stops when you (and your partner with a joint life annuity) die so there is no funds to leave to your dependents
- ▶ You are locked into an annuity rate and can't benefit from any investment growth
- ▶ You choose how your annuity income is paid at the start so there's no flexibility

Why choose a Standard Life annuity?

Standard Life is a leading long-term savings and investments company. Headquartered in Edinburgh and operating internationally, we've been in Ireland since 1834 and have been helping generations of Irish customers plan for their future.

Your policy is protected

Your policy is covered by the UK's Financial Services Compensation Scheme. **This covers 90% of the value of your claim** – with no upper limit.

There's no equivalent Irish compensation scheme⁺.

⁺ See page 14 for more information

We'll look after your policy

Standard Life will pay your annuity income directly to your bank account and will deduct and pay the appropriate tax to Revenue.





Approved retirement funds - things to think about

Advantages

- ▶ You can leave your remaining fund to dependents, subject to tax
- ▶ Income flexibility – income is not guaranteed but you have more flexibility over when you take your money from your pension fund. You can increase and decrease the amount* you take to suit your changing circumstances. For example, you can increase your income during times of ill health to cover medical expenses
- ▶ Any investment growth in your ARF grows tax free until you make a withdrawal
- ▶ You have more control and choice with an ARF with access to a wide range of investment options

* Regular withdrawals on an ARF are usually subject to a maximum amount, for example 5% of the value each year.

Disadvantages

- ▶ The money in your ARF could run out while you're still alive leaving you with no regular income. The regular withdrawal can also fall in value
- ▶ ARFs can be complicated and so need ongoing review and attention
- ▶ Each year, you must withdraw a certain percentage from your ARF:
 - ▶ 4%, if you're 60 years of age or over for the full tax year, or
 - ▶ 5%, if you're 70 years of age or over for the full tax year, or
 - ▶ 6%, if you've combined ARF and vested PRSA assets of €2million or more, and aged 60 or over for the full tax year.

Why a Standard Life approved retirement fund?

Global Investment expertise

Standard Life Investments manage the majority of our funds. Headquartered in Edinburgh, they are global active asset managers, employing more than 1,100 talented professionals*.

* Source: Standard Life Investments, 31 December 2014

Your policy is protected

Your policy is covered by the UK's Financial Services Compensation Scheme. **This covers 90% of the value of your claim** – with no upper limit.

There's no equivalent Irish compensation scheme⁺.

⁺ See page 14 for more information

You have choice and flexibility

You can choose from a wide range of funds. You also have the option of deposits, direct property and stockbroking**.

**Execution-only



We'll provide regular information on your policy and if you need help at any stage, call us on (01) 639 7080

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.

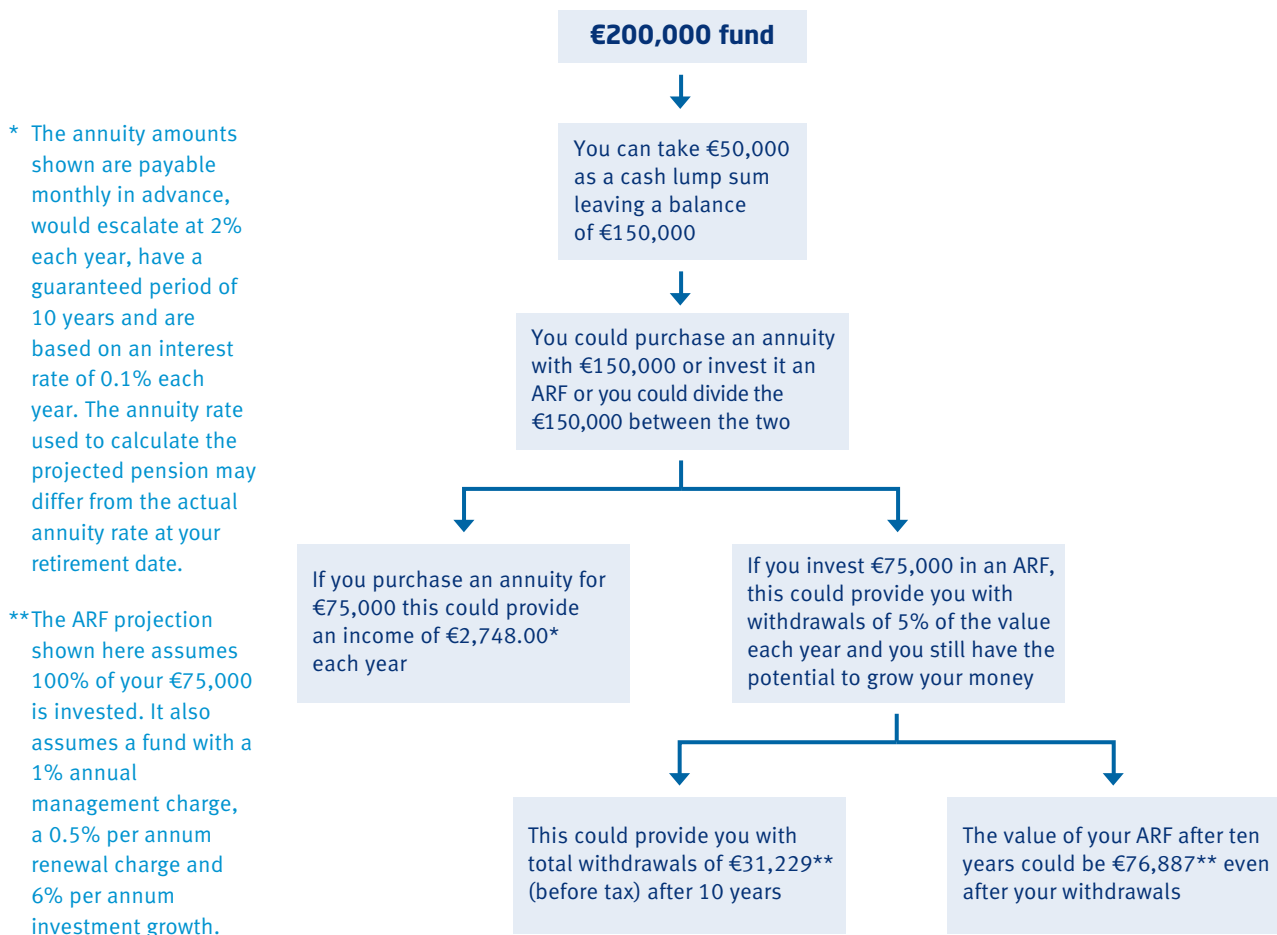
Warning: The income you get from this investment may go down as well as up.

ARF/annuity combination

After accessing up to 25% of your pension fund as a cash lump sum you can either invest the balance in an approved (minimum) retirement fund or an annuity.

It is worth pointing out that it is possible to get the best of both worlds. You can use part of your pension fund to invest in an ARF and part of your pension fund to purchase an annuity. This gives you the potential to grow some of your money in an ARF while having the flexibility to take withdrawals. You'll also have the comfort of a guaranteed income from your annuity.

For example:



This diagram assumes you are aged 70 and have a guaranteed income of €12,700 per annum or have €63,500 invested in an AMRF. We recommend you speak to your financial adviser for more information.

Warning: These figures are estimates only. They are not a reliable guide to the future performance of your investment.

Important things to consider

Your policy is protected

Standard Life in Ireland operates as a branch of our UK parent company. This means that any policies taken out since 1 December 2001 are covered by the FSCS in the event that Standard Life is in default.

So if you invest in a Standard Life pension or investment policy, **90% of the claim is covered**, without any upper limit.

For information on FSCS cover on investment options through the Synergy product range, see **Your policy is protected (FSCSFAQ)**.

You can find out more about the Financial Services Compensation Scheme at www.fscs.org.uk

There is no equivalent Irish compensation scheme.

Important information

Laws and tax rules may change in the future. The information here is based on our understanding of the situation in March 2015.

We recommend you get financial advice. You should not base your decision to invest solely based on the information in this guide.



You'll find more information in our Key Features documents (RIOTAKF1 or SYARFKF1)

Find out more

Talk to your financial adviser about how to plan for your future, they'll give you the information you need to get you started. Also, you can call us or visit our website.

(01) 639 7080

Mon-Fri, 9am to 5pm. Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

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