An Employer's Guide to Group PRSAs

Bank of Ireland Life

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* Subject to Revenue limits and approval.

** Assumes higher rate taxpayer claiming income tax relief of 40%.
Subject to Revenue limits and approval.

Warning: If you invest in this product you may lose some or all of the money you invest.
Warning: This product may be affected by changes in currency exchange rates.
Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: If you invest in this product you will not have any access to your money until your retirement date.

Introduction

Helping your employees plan for a comfortable retirement

Employee benefits are becoming increasingly important in attracting and retaining the best people. A good pension plan can form an important part of any remuneration package in actively encouraging employees to consider a long term future with your company.

While there is a legal requirement to provide employees with access to some form of pension provision (standard PRSA), you are not required to make a contribution on behalf of an employee.

Instead of just providing a standard PRSA facility, many employers are now taking the opportunity to set up some form of company pension plan to help their employees save for retirement.

There are two company pension plan options available to employers, a defined contribution Group Retirement Plan or Group PRSA arrangement, both of which are available from Bank of Ireland Life.

This brochure will explain how a Group PRSA arrangement works, your obligations as an employer and the benefits available to you and your employees.

Why Bank of Ireland Life's Group PRSA?

A Group Personal Retirement Savings Account (PRSA) arrangement is a cost effective straightforward way of providing your employees with retirement benefits and can facilitate the payment of both employer and employee contributions. In many cases employers will contribute a fixed percentage of an employee's salary and employees will then match this figure facilitated by payroll deductions.

Your advisor in your Bank of Ireland branch will guide you through the setting up process, helping you decide the contribution level that best suits you, and assist your employees in selecting appropriate investment funds.

Bank of Ireland Life has a strong performance record and years of experience in managing company pensions.

A Group PRSA is a tax efficient, flexible way to plan for your employees' retirement.

Extensive benefits for both you and your employees

Benefits to the employer

- **A valuable employee attraction and retention tool**
  Bank of Ireland Life's Group PRSA arrangement is a tax efficient way of rewarding your employees for their service. Employers who make a contribution to their employees' PRSA benefit from the valuable staff incentive, recruitment and retention advantages it provides.

- **Tax relief**
  You also benefit from tax relief on any contributions that you make to your employees' PRSA as these can normally be fully offset against Corporation Tax as a business expense.

- **Protection options**
  In addition to Bank of Ireland Life's Group PRSA arrangement, you can also avail of additional protection benefits such as life cover* and disability cover** which can be set-up independently of the Group PRSA arrangement.

- **Pension Schemes Online (PSOL)**
  Bank of Ireland Life's Pension Schemes Online service is a password-protected website which enables you to easily monitor your company's Group PRSA. You and your employees can view up to date information on their pension, including contributions paid to date, individual fund values and fund choice.

As an employer, your responsibilities are kept to a minimum and centre primarily on the deduction and remittance of contributions.

* Life cover benefits must be set up under trust through a separate arrangement with the employer. Trustee training is not required for life plans.

** Disability cover is a separate policy set up between an employer and Bank of Ireland Life.

Benefits to the employees

- **Investment options**
  Your employees have the option of choosing from a wide range of pension investment funds. Included in this range of funds is Ireland's longest running pension lifestyle fund, IRIS, which invests each employee's fund according to their age and term to retirement.

- **Tax relief**
  Employees can currently avail of generous income tax relief on their contributions, no tax is payable on any growth during the term of the PRSA and on retirement some of the fund may be taken as a tax free retirement lump sum.†

- **Retirement options**
  On retirement your employees can choose from four options in terms of how they wish to benefit from their retirement fund. See the **Retirement Options** section for further information.

- **Pensions Schemes Online (PSOL)**
  Your employees can also avail of Bank of Ireland Life's Pension Schemes Online service, which will provide them with up to date information on their PRSA.

Setting up a Group PRSA plan couldn't be easier

You can set up your Group PRSA arrangement to suit both your own and your employees' needs. Your advisor in your Bank of Ireland branch will support and guide you through this process including:

- Deciding the level of company and employee contributions to be paid.
- Completion of the appropriate paperwork to appoint Bank of Ireland Life as your PRSA provider.
- Communications and consultation with employees to explain details of the Group PRSA arrangement and the answering of any questions they may have.

† Under current Revenue rules a retirement lump sum of up to 25% of the fund maximum of €200,000 can be taken tax free and any balance up to €500,000 will be subject to Income Tax at the standard rate. Any amount paid out in excess of €500,000 will be taxed at your employee's marginal rate and will also be subject to PRSI and the Universal Social Charge. Any tax-free retirement lump sums taken on or after 7th December 2005 will count towards these limits.

Tax Benefits

Tax relief for you and your employees

Both you and your employees can enjoy considerable tax relief on contributions made to a Group PRSA arrangement, subject to Revenue limitations.

Employer tax advantages

- Your payments to the employees' PRSA can normally be fully offset against Corporation Tax as a business expense. The net cost of a company contribution of €1,000 is effectively €875.* This makes a Group PRSA arrangement a tax efficient way of rewarding employees.

Employee tax advantages

- Unlike other savings methods, under current legislation any gains to your employees' pension fund will not be subject to Income Tax and Capital Gains Tax.
- At retirement, up to 25% of your employee's accumulated fund can be taken by the employee in the form of a retirement lump sum.**
- If an employee makes a contribution to the PRSA arrangement, they also can benefit from Income Tax relief of up to 40% (subject to Revenue maximum limits). In the case of regular contributions, deductions will be taken directly from the employee's gross salary, thereby allowing Income Tax relief at source.

	20% Tax Payer	40% Tax Payer
Gross monthly pension contribution	€100	€100
Less Income Tax relief	€20	€40
Net cost of pension contribution to the employee	€80	€60

* Based on 12.5% Corporation Tax rate for non-manufacturing companies.

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The maximum pension contributions that an employee will be entitled to income tax relief on, in any tax year, are based on age, total earnings, and include the employer contributions as follows:

Age at the end of tax year	Percentage of Earnings that you and your employees can contribute to their PRSA and obtain tax relief
Under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60 and over	40%

Earnings refers to a person's total taxable remuneration. An earnings cap applies to pension contributions for tax relief purposes. The earnings cap is currently €115,000, however this figure may change in the future. Contributions paid above age related percentages are treated as Benefit in Kind (BIK).

There is a limit on the maximum fund that can be built up on retirement. This is currently €2,000,000, and it is known as the Standard Fund Threshold (SFT). This figure includes all of your pension funds, including the capital value of any retirement benefits drawn down since 7th December 2005. Where the relevant limit is exceeded, the excess in your pension funds at retirement will be liable to a once off Income Tax charge. Pensionable Income will also be subject to Income Tax at draw down.

Investment Options

Tailor made investments to suit their needs

What are my employees' investment options?

Because the way a person's money is invested is such an important factor, Bank of Ireland Life offers a range of funds for employees to choose from. The following funds are available through our Standard PRSA contracts:

Lifestyling

- IRIS (Default Investment Strategy)*
- Passive IRIS*
- Pension Indexed Eurozone Long Bond Fund

Very Low Risk

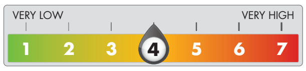
- Pension Cash Fund

Low to Medium Risk

- PRIME 3

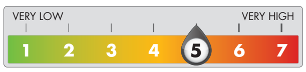
Medium Risk

- Income & Growth Fund
- Pension Gilt Fund
- PRIME 4



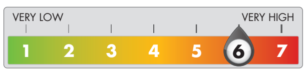
Medium to High Risk

- KBI Pension Managed Fund
- Pension Ethical Managed Fund
- Pension Evergreen Fund
- Pension Managed Fund
- Pension Passive Multi-Asset Fund
- PRIME 5



High Risk

- Indexed All Equity Fund
- Pension Equity Fund
- Pension International Equity Fund
- PRIME Equities
- World Index Fund (Hedged)
- World Index Fund (Unhedged)



* Additional IRIS and Passive IRIS options aimed at individuals who want to purchase an annuity or take a cash lump sum are also available.

Further investment options are available through our non-standard PRSA contracts.

Default Investment Strategy – IRIS

While it is important to offer a choice of funds, some employees may not wish to make an investment decision. To cater for this it is necessary for a Standard PRSA to have a default investment strategy. If an employee does do not select an investment fund then their contributions will automatically be invested in the default investment strategy.

The default investment strategy for Bank of Ireland Life's Standard PRSA contract is the **IRIS Fund**.

Individual Retirement Investment Strategy (IRIS)

IRIS is Bank of Ireland Life's lifestyling investment strategy. A lifestyle investment strategy is an investment strategy that is **specifically designed for pension investors**.

This strategy recognises that your employee's investment needs will be different depending on their term to retirement. It is designed to match their changing investment needs by automatically selecting an appropriate level of risk depending on their retirement year – a higher level of risk when they are far from retirement and want their fund to potentially grow, and a lower level of risk as they near retirement and want to safeguard their fund against strong short term market fluctuations. They don't have to take any action as this happens automatically within the fund.

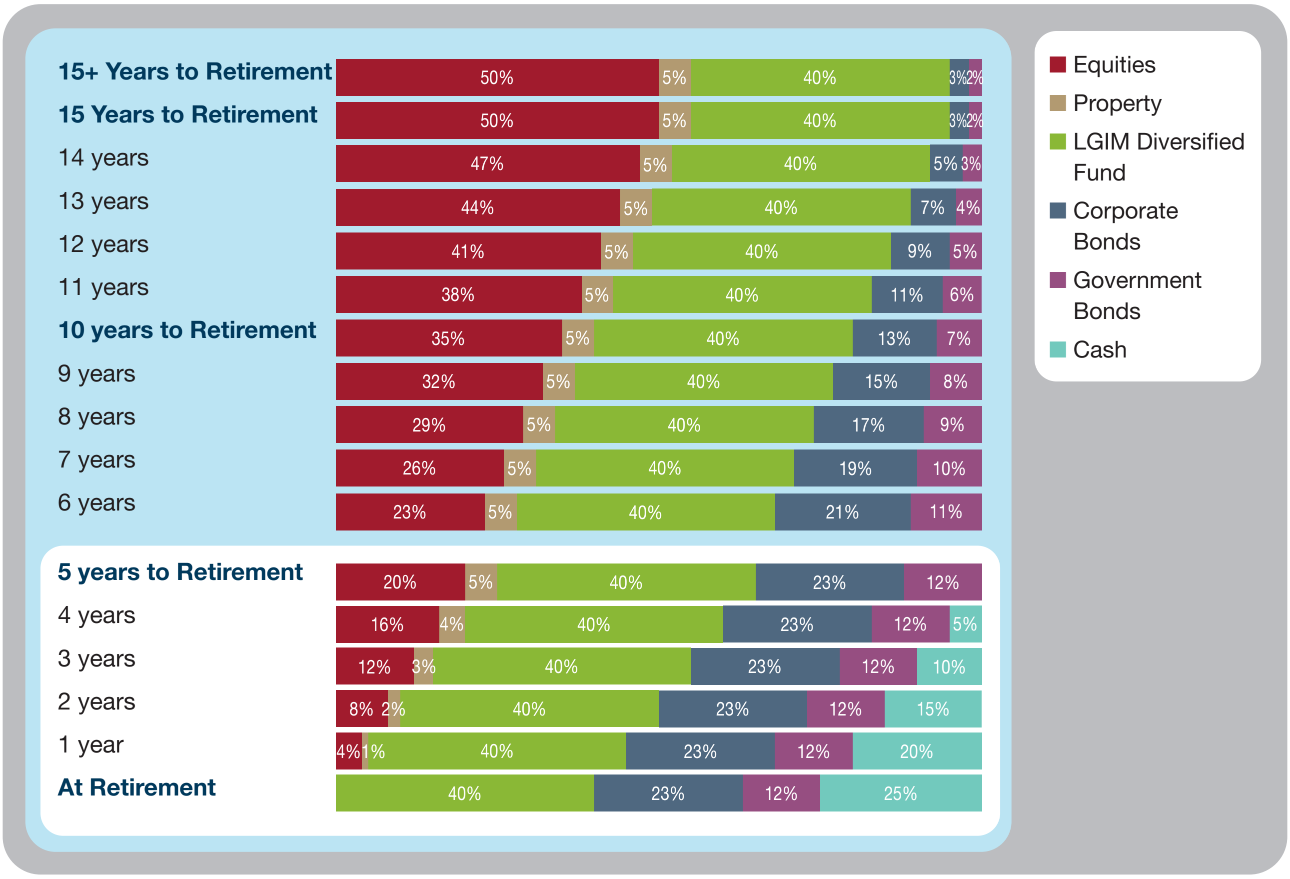
IRIS uses a unique target date fund approach which means that an employee can stay in the one fund throughout their retirement journey.

IRIS is a suitable approach for your employees who intend to take a retirement lump sum and invest in an Approved Retirement Fund (ARF) with the balance of the fund. Additional IRIS options aimed at individuals who want to purchase an annuity or take a cash lump sum are also available. The asset mix of these options will differ to the asset mix of the IRIS default option only in the five years before their retirement year.

A key benefit is that your employees don't have to make any complicated decisions about what funds to invest in, or when they should switch to investing in lower risk assets. This is taken care of for them within the IRIS strategy.

Important note: If an employee switches out of either IRIS or Passive IRIS then the Lifestyling strategy will cease to apply and contributions will not be automatically switched back into either of these pension funds at a later date.

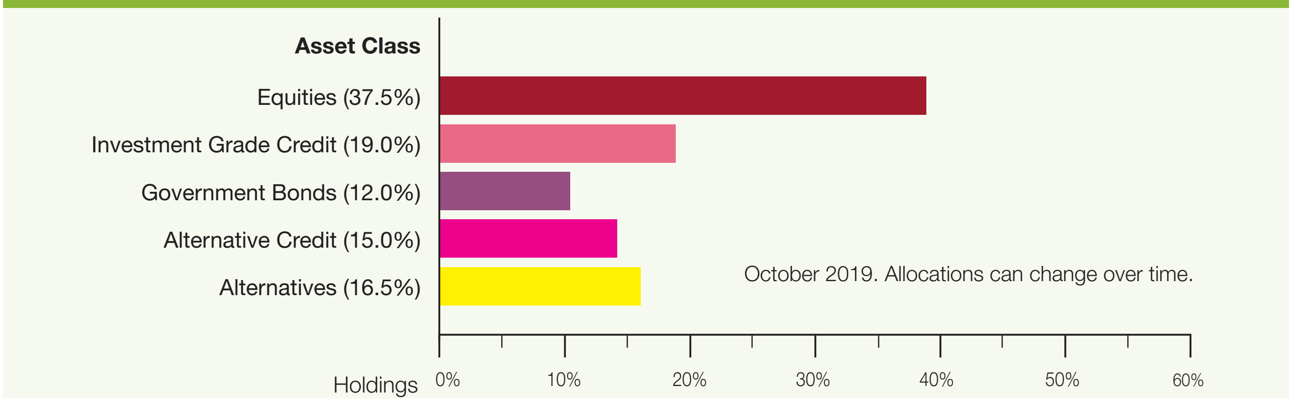
The chart below illustrates how the asset mix of IRIS automatically changes over the 15 years leading to retirement.



A closer look at the asset mix of the LGIM Diversified Fund

40% of the IRIS asset mix is made up of the LGIM Diversified Fund which is designed for long-term pension investors seeking pure market exposure. The LGIM Diversified Fund combines significant equity investment with exposure to a number of other asset classes and provides enhanced risk management characteristics when compared to an equity only strategy.

LGIM Euro Diversified Fund



Warning: The value of your investment may go down as well as up.
Warning: This fund may be affected by changes in currency exchange rates.
Warning: If you invest in this fund you may lose some or all of the money you invest.

Passive IRIS

Passive IRIS gives your employees access to the benefits of the target date strategy used in IRIS but without any of the perceived risks of choosing a single investment manager.

Passive IRIS is passively managed (except for the direct property element and cash, which are actively managed). The equity element tracks the performance of a leading global index (with 75% currency hedging).

Passive IRIS is a suitable approach for your employees who intend to take a retirement lump sum and invest in an Approved Retirement Fund (ARF) with the balance of the fund. Additional Passive IRIS options aimed at individuals who want to purchase an annuity or take a cash lump sum are also available. The asset mix of these options will differ to the asset mix of the IRIS default option only in the five years before their retirement year.

A key benefit of Passive IRIS is that your employees don't have to make any complicated decisions about what funds to invest in, or when they should switch to investing in lower risk assets. This is taken care of for them within the Passive IRIS strategy.

Visit **fundcentre.bankofireland.com** for up to date fund information.
Fund prices/performance are updated regularly.

Retirement Options

Taking benefits

It is possible for an employee to draw down their PRSA benefits at any stage between age 60 and 75. An employee can continue working even though benefits have been taken from the PRSA.

It is also possible for an employee to draw down benefits from their PRSA from age 50 onwards but to do this they must have actually left service.

When an employee first draws down their PRSA fund, it is possible to take up to 25% of the fund as a retirement lump sum. The balance of the fund can be taken in a number of different ways (see options below), but in each case income tax, PRSI and/or USC may be payable on any withdrawals.

Option 1
They can use their entire fund to buy a pension (called an annuity), which provides a regular secure income paid for the rest of their life.

Option 2[†] [*]
The employee could invest their PRSA fund in an Approved Retirement Fund (ARF) which allows them – subject to certain conditions – to invest their fund as they see fit and draw down an income on either a regular or ad-hoc basis.*

Option 3[†] [*]
A further option would be to take the remainder of the PRSA fund as a taxable lump sum and simply pay Income Tax and USC where applicable in the year the employee draws down their PRSA fund.*

Option 4[†] [*]
After drawing down up to 25% of the fund as a retirement lump sum the balance of the fund can remain in the PRSA until age 75 and withdrawals made up to age 75 subject to certain restrictions.

† Please note that very detailed terms, conditions and restrictions apply to all of the listed options. There may also be tax implications depending on which option is selected. Employees should speak to an advisor before deciding which option(s) to select.

* In order to take taxable cash or invest in an ARF an employee must have a specified income for life of €12,700 a year. If they don't, they will have to invest €63,500 in an Approved Minimum Retirement Fund (AMRF) or an annuity or combination of both or retain €63,500 in their PRSA. If their retirement fund (after lump sum) is less than €63,500 (2018 figures), then the whole amount must be used in this way.

Which option is best for my employees planning for retirement?

Your employees don't have to choose which option suits them best now. The important thing is that they have built up a sufficient fund to enable them to enjoy their retirement.

We recommend that your employees speak to an advisor in their Bank of Ireland branch when thinking about retiring and he/she will advise on the options available.

Protection Options

Additional benefits for your employees

You can opt to provide protection benefits for employees. This can include life cover, disability cover and premium protection cover.

Life cover

A life assurance benefit can be provided for your employees. Depending on the age profile of your workforce, this can be a relatively inexpensive benefit to provide and will be highly valued by your employees.

Most life cover policies will simply provide a lump sum payment on death. Under current Revenue guidelines it is possible to provide a lump sum of up to 4 times a person's salary on death. It is also possible to provide additional benefits for an employee's dependants.

Life cover benefits must be set up under trust through a separate arrangement with the employer.

Disability cover (income protection)

The objective of disability cover is to provide an income after an initial period, to an employee who is unable to pursue their normal or a similar occupation as a result of long term illness or injury, while not engaged in any other occupation.

A typical disability benefit would be two thirds of a person's salary less the benefit typically provided by the State.

Premium protection cover

This benefit is designed to pay your employee's pension contributions plus life cover premiums (if any) after an initial period should they be unable to work due to illness or injury. Any AVC contributions your employee is making will not be covered under this benefit.

Disability cover and premium protection cover are provided under a separate arrangement with the employer.

If you would like more information on any of these protection benefits, please speak with your advisor in your Bank of Ireland branch.

PRSA Plan Details and Communications

Making it easy to track your fund

A PRSA is a long term investment and your employees will need to review their plan regularly to ensure it is on target to provide the retirement fund they will need. We recommend that your employees review their PRSA at least once per year, and especially if their circumstances change.

Group PRSA Communications

Statements of Reasonable Projection

Every year and at any time on request, your employees will receive a Statement of Reasonable Projection which will also contain a projected future value assuming their existing level of contribution continues to be paid.

Statements of Account

Every six months, your employees will receive a Statement of Account showing the amount paid to date, how the PRSA has performed and the current value.

Pension Schemes Online (PSOL)

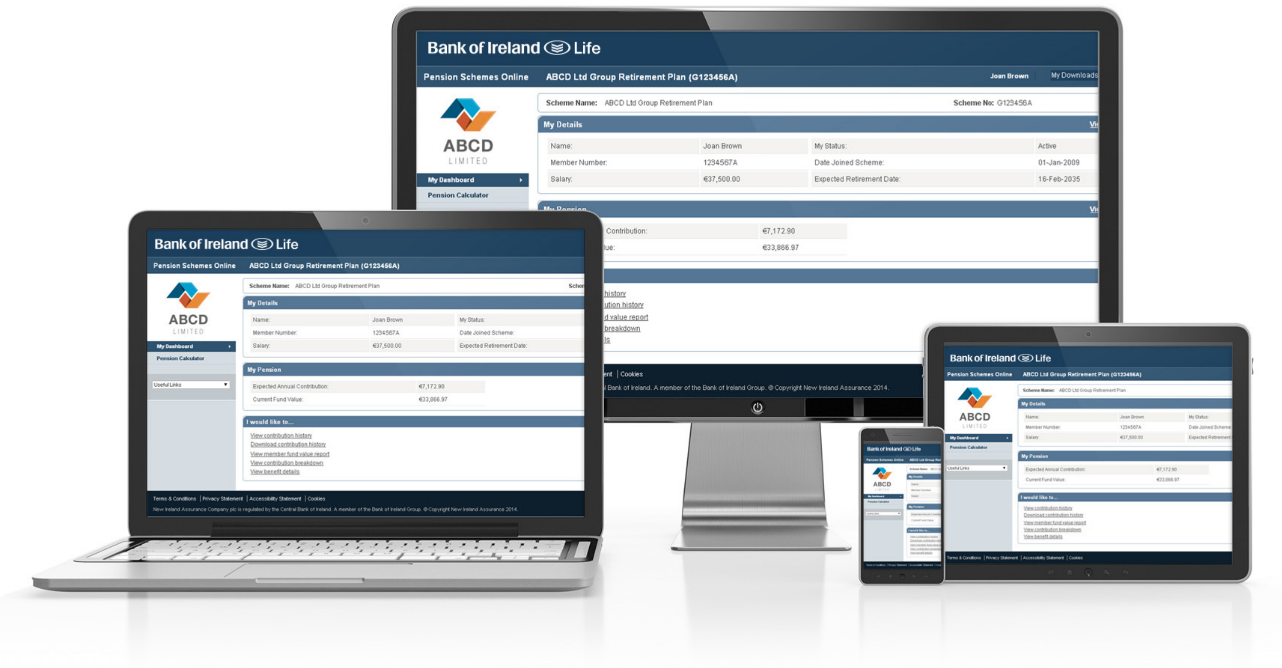
Bank of Ireland Life's Pension Schemes Online is a password protected website that gives you access to your scheme's information including membership details, payment histories and members' pension accounts. Because our Pension Schemes Online service is interactive, you can also use the website to update members' salaries, or even notify us when a member is leaving service.

Employer benefits

- Access to your scheme details online
- Enables you to view your employees' up to date pension account details
- Ability to update your employees' salary details in a more efficient manner
- Easily allows you to notify us when an employee leaves service
- You can view information on the payment history of the scheme

Employee benefits

- Provides your employees with up to date information on their pension accounts, such as contribution history, fund value and fund information.
- It's easy to use.
- Online access seven days a week.



Pension Schemes Online is a password protected website from Bank of Ireland Life, where you have instant access to up to date information about your Group PRSA arrangement.

Your Questions Answered

What charges will employees have to pay for a PRSA?
The maximum charges for a Standard PRSA are set out in legislation. There is a maximum annual management charge of 1% which is based on the value of the PRSA fund and there is a maximum premium charge of up to 5% on each premium paid.

If you have any questions in relation to the charges for Standard or Non Standard PRSAs please contact your advisor in your Bank of Ireland branch.

Once your employees have taken out their PRSA, is there anything else they should consider?
A PRSA is a long term investment and needs to be constantly reviewed to take account of changes in an employee's lifestyle.

It is essential that your employees review their PRSA regularly to ensure it is on target. We recommend a review with their financial advisor at least once a year and especially if any of the following happen:

- They are unsure whether their current contributions will maintain their standard of living when they retire
- They now have dependants
- They've received a bonus
- They want to retire early

What happens if an employee changes jobs?
You should notify us of this and ensure you cease the contributions for that employee. The employee will be issued with leaving service options. These will include options to move their PRSA to their new employer or to continue making their own contributions into their PRSA once employer contributions have stopped.

An advisor in their Bank of Ireland branch will be able to advise them of their options.

How do I update contributions?
In order to change the contirbutions you are paying at any time, you should contact your Bank of Ireland Life Administrator. If you have a new employee who wishes to set up a PRSA, you should contact your advisor in your Bank of Ireland branch who will be happy to meet with the new employee.

What happens if an employee dies before they retire?
If an employee dies before any retirement benefits have been taken, the PRSA fund will be paid in its entirety to their estate.

Your advisor in your Bank of Ireland branch will be happy to advise you on the taxation rules applying in such circumstances.

What should an employee do if they are not happy with their PRSA?

We want to be sure that a Bank of Ireland Life PRSA meets your employees' needs. On taking out a PRSA your employee will receive a Statement of Reasonable Projection (SORP) and their policy conditions.

If after receiving their SORP and policy documentation, your employee decides that it is not what they require, they can cancel it by writing to us. If they cancel within 30 days of the day the SORP was issued, their regular contributions will be fully refunded. Any single contribution paid to Bank of Ireland Life will be refunded less an adjustment for any downward movement in unit prices from the date of the account commencement to the date of cancellation.

If your employees have a complaint about their PRSA, Bank of Ireland Life will try to resolve it to their satisfaction. However, if the complaint is not resolved to their satisfaction they can refer it to the Financial Services and Pensions Ombudsman (FSPO). Details of the service provided by the Financial Services and Pensions Ombudsman (FSPO) may be obtained from www.fspo.ie or from Bank of Ireland Life.

The Financial Services and Pensions Ombudsman (FSPO) may be contacted at:
Lincoln House, Lincoln Place, Dublin 2. T: (01) 567 7000.

Next Steps

You are required by law to provide your employees with access to a suitable form of pension provision.

We recommend you speak with your advisor in your Bank of Ireland branch, who will ensure that you have all of the relevant information to make a considered and fully informed decision that best meets your needs and the needs of your employees.

To find out more about any aspect of a **Bank of Ireland Life Group PRSA arrangement** please contact your advisor in your Bank of Ireland branch.

Alternatively, phone

01 703 9500†

Or log on to

www.bankofireland.com

† Calls may be recorded for service, training, verification and analysis purposes.

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The information contained in this brochure is based on our understanding of current legislation and Revenue practice as at November 2019. The details shown relating to the funds and their composition are as at the date of this document unless otherwise stated and may change over time.

Terms and conditions apply. It is important to note that tax relief is not automatically granted, you must apply to and satisfy Revenue requirements. Revenue limits, terms and conditions apply. Your benefits at retirement may be subject to tax.

While great care has been taken in its preparation, this brochure is of a general nature and should not be relied on in relation to a specific issue without taking appropriate financial, insurance or other professional advice. If any conflict arises between this brochure and the policy conditions, the policy conditions will apply.

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