Irish Life

Your retirement options

A guide from Irish Life

A better life with Irish Life

About us

Established in 1939, Irish Life Assurance plc is one of Ireland's leading life and pension companies. We are part of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations.

How to find your way around

All information including the terms and conditions of your plan will be provided in English.

The information and figures quoted in this booklet are correct as at March 2025 but may change.

1. Introduction

Retiring can be daunting enough without worrying what to do with your pension fund. You have worked hard to save for your retirement, so it's important that you take some time to consider your options.

We have designed this booklet to help you decide what your next step with your pension fund should be. This booklet will look at the different types of pension plans and the retirement options available to each type of pension. We also compare the advantages and disadvantages of each option to help you with this important decision.

You can also visit our Retirement Hub at irishlife.ie/pensions for more content including some tips about retirement.

We recommend you get financial advice about your retirement options before you make any decisions.

2. When can I retire?

When you can take your retirement benefits will depend on the type of pension plan you have.

Personal pension

If you have a personal pension plan, you can take your retirement benefits at any age between 60 and 75. You do not actually have to retire and stop working. As soon as you reach age 60, you can take your benefits and continue working.

If you do not take retirement benefits before your 75th birthday your personal pension will automatically become a vested Retirement Annuity Contract (RAC). You will have 30 days from your 75th birthday to fill in a benefit crystallisation event (BCE) certificate, or income tax at the higher rate (currently 40%) will be taken from the fund and paid to Revenue.

If your personal pension becomes a vested RAC, you will have no access to your pension benefits. If you want access to your pension fund after age 75, you should speak to your financial broker or adviser about your options before your 75th birthday.

There are some circumstances when you can take your benefits before age 60. You can take your benefits if:

> you are seriously ill and due to your ill health you have to permanently give up work (see the note below); or

> you work in a specific occupation where it is normal to retire before 60. These include professional sportspeople, pilots and fishermen.

Personal Retirment Savings Account (PRSA)

If you have a PRSA, you can take your retirement benefits at any age between 60 and 75. You do not actually have to retire and stop working. As soon as you reach age 60, you can take your benefits and continue working.

If you do not take retirement benefits before your 75th birthday your PRSA will automatically become a vested PRSA. If that happens no retirement lump sum will be available. You will have 30 days from your 75th birthday to fill in a benefit crystallisation event (BCE) certificate, or else income tax at the higher rate (currently 40%) will be deducted from the fund and paid to Revenue.

There are some circumstances when you can take your benefits before age 60. You may take your benefits if:

> you are seriously ill and due to your ill health you have to permanently give up work (see the note below); or

> you work in a specific occupation where it is normal to retire before 60. These include professional sportspeople, pilots and fishermen; or

> if you are an employee, you can take your benefits from the age of 50 if you retire from all employment. If you own or control more than 20% of the shares in the company, you will also have to sell those shares so you can retire early. This option does not apply if you are self-employed, a sole trader or a partner.

If you are a member of a company pension scheme at work and have paid Additional Voluntary Contributions (AVCs) into your PRSA, your options are set out in Sections 6 and 7.

Company Pension or Personal Retirement Bond (PRB)

If you are a member of a company pension scheme or have a PRB, you can take your retirement benefits at your normal retirement age. This will have been set by the scheme trustees between ages 60 and 70.

There are some circumstances when you can take your benefits before your normal retirement age. You may take your benefits if:

> you are seriously ill and due to your ill health you have to permanently give work (see the note below); or

> you stop working, and the trustees of your pension scheme and your employer agree, you may be able to take early retirement from age 50. If you own or control more than 20% of the shares in the company, you will also have to sell those shares so you can retire early.

Additional Voluntary Contributions (AVCs)

If you are a member of a company pension scheme, you may have paid additional voluntary contributions (AVCs). Your company pension scheme, AVC and PRSA AVC will be linked and the retirement age will be the same for all.

You must take your benefits from your AVCs and PRSA AVCs at the same time as you take your benefits from your company pension.

Warning: If you invest in this product you will not have any access to your money until age 60 and/or you retire.

Note: We would need medical evidence before we can pay an ill-health retirement claim.

3. What options are available when I retire?

There are four options available when you retire. These will depend on your personal circumstances and the type of pension you have. We have dedicated a section in this booklet to the retirement options available for each type of pension. In this section we discuss each option in general.

Retirement lump sum

At retirement everybody has the option of taking a retirement lump sum, unless you have previously waived this option.

Most people take the maximum amount allowed under this option. The level of retirement lump sum you can take will depend on the type of pension plan you have and your personal circumstances. The level of retirement lump sum which may be available under each type of pension plan is explained in the 'What are my options?' sections.

The current maximum retirement lump sum you can receive tax-free from all your pension plans is €200,000. You will have to pay standard-rate income tax (currently 20%) on retirement lump sums between €200,000 and €500,000. Any retirement lump sums greater than €500,000 will be taxed at your marginal rate. The Universal Social Charge (USC), Pay Related Social Insurance (PRSI, if this applies) and any other taxes or government levies which apply at that time will also be due. Both the €200,000 and €500,000 limits include all retirement lump sums you have received since 7 December 2005.

Your financial broker or adviser can give you more information about what you are entitled to.

Buy a pension for life (Annuity)

When you hear people talking about a pension, this is what they usually mean. A pension for life, also known as an annuity, is a regular income paid to you for the rest of your life. Your regular income stops when you die unless you choose an option which continues this payment. You can see more details on these options below. You will have to pay income tax at your highest rate, the Universal Social Charge (USC) and any other taxes or government levies due at that time on any pension income you receive.

There are a number of extra options available (set out below). Your financial broker or adviser can help you decide which options best suit your needs.

> A pension paid to you for at least five years or 10 years. This means that if your die during this period, we will continue to pay the pension to your dependants to the end of the five- or 10-year period. This is called the guaranteed period.

> A pension which will increase. This means your pension increases each year, to take account of inflation, when it is being paid. For example, your payments may increase by 3% or 5% each year, depending on maximum permitted limits.

- A pension for your husband or wife, registered civil partner or dependant. This means that when you die, we will pay a pension to them until they die.
- You can arrange for your income to be paid every month, every three months, every six months or every year.
- You may qualify for an enhanced annuity based on information on your lifestyle and medical history (and that of your dependant if this applies). Enhanced annuities offer a higher income than standard annuities because they work on the basis that, if you have a medical condition, you'll have a shorter life expectancy than somebody in a better state of health. Irish Life does not offer an enhanced annuity product.

You don't have to make any of these decisions until you actually retire. You should discuss these options with your financial broker or adviser. The option you choose will affect the cost of the pension income for life and the level of income you will receive.

In the past, some pension plans offered a Guaranteed Annuity Rate at retirement. This can be a very valuable option. The type of annuity available is generally set and any changes mean you would lose the guarantee. You should check your contract to see if you have this guarantee. If you do, you should compare the guaranteed rate with current annuity rates on the market.

Reinvesting your pension fund

With certain types of pension plans you may be able to reinvest some or all of your pension fund in an Approved Retirement Fund (ARF) and withdraw money as you want, depending on certain restrictions.

If you have a PRSA, you can continue investing in your PRSA after you take your retirement lump sum. Your PRSA will become a vested PRSA and will be treated the same as an ARF.

If you decide to continue investing in the PRSA as a vested PRSA or transfer to an ARF, it is important to remember that the value of your fund may be reduced over time if the level of withdrawals is high and the investment return is not high enough to maintain this.

When you die, any money left in your fund will pass to your estate through your personal representatives. Your husband, wife or registered civil partner may have the option of continuing to invest in a separate ARF.

What is an ARF?

An ARF is a separate plan that allows you to continue investing after you retire. With an ARF, you manage and control your retirement fund and can invest in a wide range of different investment funds. You can also make withdrawals as you need them. On all withdrawals you make, you also pay income tax at your highest rate, the USC, PRSI (if this applies) and any other taxes or government levies due at the time. You can leave the rest of the fund to your dependants when you die.

Minimum withdrawal amounts

Each December, we will review any withdrawals you have taken during the year. If you haven't taken any withdrawals, or if the withdrawals you have taken are lower than the minimum withdrawal amount, we will pay you the minimum withdrawal amount less income tax at your highest rate, the USC, PRSI (if this applies) and any other taxes or government levies due at the time. From the year you turn 61 (or 60 if your birthday is 1st January) we are required to take tax from your ARF or vested PRSA as if you had taken a minimum withdrawal.

The current minimum withdrawal amount is 4% of the value of your fund from the year you turn 61 (or 60 if your birthday is 1 January) and 5% of the value of your fund from the year you turn 71 (or 70 if your birthday is 1 January) at the end of each year. Currently if the total value of your ARFs and vested PRSAs is more than €2,000,000, you must withdraw at least 6% of the value of your ARFs every year. It is your responsibility to let us know if you have other ARFs and vested PRSAs with a total value of more than €2,000,000. This could change in the future.

Making regular withdrawals may reduce the value of your fund, especially if investment returns are poor or you choose a high rate of withdrawal (or both). It is possible that your fund could run out before you die. The higher the level of regular withdrawal you make, the higher the chances are that you will use up your fund in your lifetime. If you do not have a guaranteed pension income that will maintain your current standard of living during retirement, we recommend that you think about buying a pension for life before choosing to draw an income from your vested PRSA or invest in an ARF.

Leave your funds in your PRSA

If you have a PRSA, you can take your retirement lump sum and leave the rest in your PRSA as a vested PRSA.

Your vested PRSA will be treated in a similar way as an ARF (see above).

Minimum withdrawal amount

The minimum withdrawal requirement as described across the page will apply to vested PRSAs in the same way as ARFs.

Warning: If you invest in this product you may lose some or all of your money you invest.

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

Warning: The value of your investment may go down as well as up.

Take as a taxable cash sum

Depending on the type of plan you have, you may be able to take the rest of your fund in one go (after the retirement lump sum). You will need to pay income tax at your highest rate, the USC, PRSI (if this applies) and any other taxes or government levies which apply to this lump sum at the time.

See the 'What are my options?' sections, which will show if this option is available to you.

Your open market option

You can choose to buy a pension for life from a pension provider other than us. This is called an open-market option. If you move to another provider, you may get a higher or lower pension income. You may also lose some of the options available to you under your pension plan (such as a guaranteed annuity rate) when you retire. Once you know what type of pension interests you, you can compare the different levels of income on offer. Your financial broker or adviser can help you with this and you can also visit the Competition and Consumer Protection Commission at www.consumerhelp.ie. It is also possible to buy an ARF product from a qualified fund manager other than us.

Maximum Pension Fund

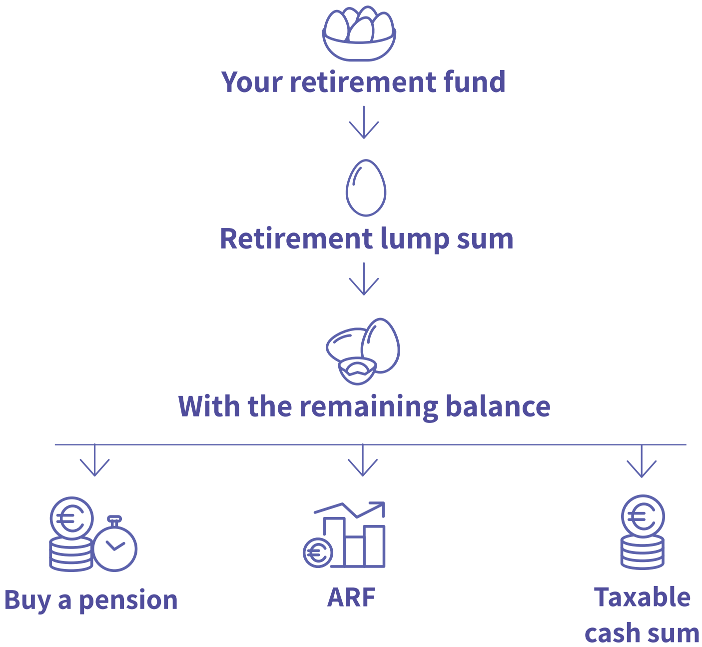
When you retire, the maximum pension allowed from all sources for tax purposes is €2,000,000. This is called the standard fund threshold (SFT). Any pension fund over €2,000,000 will be taxed at the higher rate (currently 40%). This tax is taken from the pension fund before your retirement benefits are paid. This maximum applies to the aggregate value of all pension provisions held by you. If you have pension funds over this amount, you should talk to your financial broker or adviser.

The only exception is if you hold a Personal Fund Threshold (PFT) issued in relation to pensions as at 1 January 2014 and certain prior dates. If you did receive a PFT certificate, you will need to send a copy of that certificate to your pension provider when you take your retirement benefits.

All limits set out in this section may change in the future.

4. What are my options if I have a personal pension?

YOUR OPTIONS WHEN YOU RETIRE



Retirement lump sum

With a personal pension you can take a retirement lump sum of up to 25% of your fund.

The rest of your fund

> Buy a pension for life.

or

> Invest in an ARF (taking withdrawals as you want).

or

> Take as a taxable cash sum.

You will have to pay income tax at your highest rate, USC, PRSI (if applicable) and any taxes or government levies on any pension income you receive or withdrawals from an ARF.

These limits may change in the future.

5. What are my options if I have a PRSA?

YOUR OPTIONS WHEN YOU RETIRE

Your retirement fund

↓

Retirement lump sum

↓

With the remaining balance

↓ **Buy a pension** ↓ **Vested PRSA or ARF** ↓ **Taxable cash sum**

If you have a PRSA AVC, please see sections 6 and 7 for your retirement options.

Retirement lump sum

With a PRSA you can take a retirement lump sum of up to 25% of your fund.

The rest of your fund

> Buy a pension for life.

or

> Leave the fund in your vested PRSA like an ARF (taking withdrawals as you want).

or

> Invest in an ARF (taking withdrawals as you want).

or

> Take as a taxable cash sum.

You will have to pay income tax at your highest rate, Universal Social Charge (USC), PRSI (if applicable) and any taxes or government levies on any pension income you receive or withdrawals from a vested PRSA or ARF.

These limits may change in the future.

6. What are my options if I have a company pension?

The options you have for your pension fund from a company pension will depend on whether you have a defined contribution or defined benefit company pension scheme.

Defined contribution company pension

Almost everyone in a defined contribution company pension scheme will have the option to choose from either option A or option B (explained in this section). The administrators of your company pension scheme will tell you what options are available to you.

Defined benefit company pension scheme

The options available will depend on the rules of your company pension scheme. Usually, you must take your retirement benefits under option A. The administrators of your company pension scheme will tell you what options are available to you.

Option A

↓

Retirement lump sum
of up to 1.5 x final salary

↓

Buy a pension for life

Retirement lump sum

The retirement lump sum available under a company pension plan will depend on your circumstances and how long you have been working for the company.

The maximum retirement lump sum allowed is 1.5 times (150%) your final earnings. To be able to take the maximum allowed, you will need to have worked with your current employer for between 20 and 40 years depending on your circumstances and any other pension benefits you may have.

The administrators of your company pension scheme will tell you the maximum retirement lump sum you can take based on your salary and service.

The rest of your fund

You must use the rest of your pension to buy a pension for life.

You will have to pay income tax at your highest rate, and USC and any other taxes or government levies which apply at that time, on any pension income you receive.

If you have no other pension benefits and the total value of all your pension benefits, after taking your retirement lump sum, is less than €30,000, you may be eligible to take the rest of your fund as a one-off taxable payment. This is called the ‘trivial option’. For more information on this option, please speak to your financial broker or adviser.

If you paid AVCs into your company pension scheme or into a separate AVC scheme or PRSA AVC, you will have further options with your AVC funds. Please see section 7.

Option B

Retirement lump sum

You can take a retirement lump sum of up to 25% of your company pension and AVC fund.

The rest of your fund

Buy a pension for life

Invest in an ARF, taking withdrawals as you want

Take as a taxable cash sum

You will have to pay income tax at your highest rate, USC, PRSI (if this applies) and any taxes or government levies on any pension income you receive or withdrawals from a vested PRSA or ARF.

If you paid AVCs into your company pension scheme or into a separate AVC scheme or PRSA AVC, you will have further options with your AVC funds. Please see section 7.

These limits may change in the future.

7. What are my options if I have paid additional voluntary contributions (AVCs)?

You may have paid AVCs into your main scheme, a separate AVC plan or into your PRSA. The AVC fund will help to make up the shortfall between the maximum benefits you are allowed under your main scheme and what your main scheme actually provides. You must claim any AVC benefits at the same time you are claiming benefits from the main company pension scheme.

Retirement lump sum

The amount you can take as a retirement lump sum under your AVC will depend on the rules of your company pension plan. This will depend on your circumstances and how long you have been working for the company.

If you took a retirement lump sum based on your salary and service, the maximum retirement lump sum allowed is 1.5 times (150%) your final earnings.

The administrators of your company pension scheme will tell you the maximum retirement lump sum you can take based on your salary and service.

For example, if you are allowed 150% of your final earnings as a retirement lump sum and your company pension gives you 100%, you can use your AVC and PRSA AVC to make up the other 50%.

If you took 25% of your company pension plan as a retirement lump sum, you can also take 25% of your AVC and PRSA AVC funds as a retirement lump sum.

The rest of your fund

Your options with the rest of your AVC fund depend on whether you contributed your AVCs to your main scheme, to a separate AVC or to a PRSA AVC plan.

Option 1

If you contributed AVCs into your main scheme or a separate AVC plan

Buy a pension for life

Invest in an ARF, taking withdrawals as you want

Take as a taxable cash sum

Option 2

If you contributed AVCs into a PRSA plan

- **Buy a pension for life**
- **Leave the fund in your vested PRSA as an ARF** taking withdrawals as you want
- **Invest in an ARF,** taking withdrawals as you want
- **Take the rest as a taxable cash sum**

You will have to pay income tax at your highest rate, USC, PRSI (if this applies) and any taxes or government levies on any pension income you receive or withdrawals from a vested PRSA or ARF.

These limits may change in the future.

8. What are my options if I have a personal retirement Bond (PRB) or buy out bond (BOB)?

Personal Retirement Bonds (PRBs) also known as Buy Out Bonds (BoBs) are taken out by trustees of company pension schemes when an employee leaves service or when the pension scheme is wound up. They are personal contracts taken out in the employee's own name and provide retirement benefits in line with the original company pension scheme.

Option A

↓

Retirement lump sum

You can take a retirement lump sum of up to 1.5 x final salary

↓

Buy a pension for life

Option A

Retirement lump sum

The retirement lump sum available under a Personal Retirement Bond will depend on your circumstances and how long you were working for the company.

The maximum retirement lump sum allowed is 1.5 times (150%) your final earnings. To be able to take the maximum allowed, you will need to have worked with your employer for a minimum of the previous 20 years when claiming your benefits at normal retirement age. This maximum 1.5 times final earnings must take into account other pension benefits you may have.

Most people do not have the years of service with one employer to normal retirement age to qualify for the maximum 1.5 times of final earnings. Your pension provider will tell you the maximum retirement lump sum you can take based on your salary and service.

The rest of your fund

You must use the rest of your pension to buy a pension for life.

You will have to pay income tax at your highest rate' and USC and any taxes or government levies which apply at the time, on any pension income you receive.

If you have no other pension benefits and the total value of all your pension benefits, aftertaking your retirement lump sum, is less than€30,000, you may be eligible to take the rest of your fund as a one-off taxable payment. This is called the 'trivial option'. For more information on this option, please speak to your financial broker or adviser.

If you paid AVCs into your company pension scheme or into a separate AVC scheme or PRSA AVC, you will have further options with your AVC funds. Please see section 7.

Option B

Retirement lump sum

You can take a retirement lump sum of up to 25% of your Personal Retirement Bond and AVC fund.

The rest of your fund

Buy a pension for life

Invest in an ARF, taking withdrawals as you want

Take the rest as a taxable cash sum

You will have to pay income tax at your highest rate, USC, PRSI (if applicable) and any taxes or government levies on any pension income you receive or withdrawals from a vested PRSA or ARF.

If you paid AVCs into your company pension scheme or into a separate AVC scheme or PRSA AVC you will have further options with your AVC funds, please see section 7.

These limits may change in the future.

9. Your options - the advantages and disadvantages

Option	Main advantages	Main disadvantages
Retirement lump sum	You do not have to pay tax on your retirement lump sum up to a limit of €200,000. You will pay standard-rate income tax on any retirement lump sum between €200,000 and €500,000. These are lifetime limits. You can use a lump sum straight away for something you've always wanted. You can reinvest your lump sum to provide you with further income throughout your retirement.	You will have less funds available to buy a pension for life or re-invest if you take a retirement lump sum.
Pension for life	You have the security of a pension income for life. You can choose to pay your income to your husband, wife, registered civil partner or dependants if you die. You are not at risk from changes in investment markets as if you'd reinvested your fund. This income is set for life. You may be eligible for an enhanced annuity depending on your health.	Once you have a bought a pension for life, you cannot change your mind. Your income is fixed and you cannot change it. Once you die, your pension for life dies with you, unless you buy (a) a guaranteed payment period or (b) a pension for your husband, wife, registered civil partner or dependants.

Option	Main advantages	Main disadvantages
Leaving your funds in your vested PRSA	You do not need to take a new plan out, so there are no new charges. You can continue to have flexibility and control over your fund throughout your retirement. You can withdraw money from a vested PRSA at any time. You can choose to buy a pension for life. You can pass your PRSA fund on to your estate if you die after you retire.	You can only choose from the range of funds available under the original PRSA. Your income is not guaranteed and you could use up all your retirement fund. If your fund grows at a slower rate than you're withdrawing from it, your vested PRSA could run out. As you are continuing to invest, your fund may be open to ups and downs in the markets.
ARF	You have flexibility and control over your fund throughout your retirement . You can choose what funds you want to invest in and many companies allow you to change funds at any time. You can choose to buy a pension for life. You can withdraw money from an ARF at any time. You can pass your ARF on to your estate when you die.	Your income is not guaranteed and you could use up all your retirement fund. If your fund grows at a slower rate than you're withdrawing from it, your ARF will run out. As you are continuing to invest, your fund may be open to ups and downs in the markets.

Option	Main advantages	Main disadvantages
Taxable cash sum	You have direct access to a lump sum as soon as you retire.	Unless you have another source of income, you have no money to fund you throughout your retirement.

For ARF/vested PRSA products please note:

Warning: The value of your investment may go down as well as up.

Warning: If you invest in this product you may lose some of all of the money you invest.

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

Contact us

Phone **01 704 1010**
8am to 8pm Monday to Thursday
10am to 6pm on Fridays
9am to 1pm on Saturdays
Email customerservice@irishlife.ie
Website www.irishlife.ie
Write to Irish Life Assurance plc, Irish Life Centre, Lower Abbey Street, Dublin 1.

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