Irish Life

Retirement Options & Non-Resident Clients

This is not a customer document and is for Financial Advisers only.

Summary

Irish Life Assurance (Irish Life) is not authorised to conduct business outside of Ireland. Irish Life is only licenced to transact life insurance business in the Republic of Ireland (ROI). Therefore, existing clients in pre-retirement pension plans with Irish Life who want to buy a new product at retirement cannot do so if they are non-resident at that time.

Options available to existing clients who are non-resident at retirement

Taxable Lump Sum:

- Clients who take a 25% retirement lump sum from their pension at retirement can receive the balance as a once off taxable lump sum payment.
- For clients taking a retirement lump sum based on a salary & service from a company pension, AVC, PRSA AVC or PRB, the balance can be taken as a once off taxable lump sum where the value of all the individual's Irish pension funds after the payment of the retirement lump sum is less than €30,000 (that is, under the trivial pension option).
- This option is available to clients who are non-resident at the point of retirement.
- The taxable lump sum is subject to income tax, PRSI (if applicable) and Universal Social Charge (USC).

Annuities:

- Annuities can be offered as a continuation option of an existing Irish Life Personal Pension, PRSA or Personal Retirement Bond (PRB).
- Annuities can be offered as a new contract for clients in Irish Life one-member company pension plans, provided the trustees are available and resident in Ireland.
- Annuities can be offered as a continuation option to the member if the trustees of the Irish Life one-member company pension are not available or are not resident in Ireland.
- Irish Life cannot offer an annuity to existing Irish Life ARF or vested PRSA non-resident clients.

ARFs:

- Irish Life cannot offer a new ARF to any non-resident client, even where the funds are coming from an existing Irish Life pension plan.

Vested PRSA:

- It is possible for an existing Irish Life PRSA to be continued as a vested PRSA.
- Irish Life cannot subsequently offer an annuity or an ARF to the non-resident vested PRSA client.

Open Market Option – transfer from another provider

- Irish Life cannot accept an open market annuity or ARF in respect of any non-resident client for any pension funds with another provider.

FREQUENTLY ASKED QUESTIONS

What is the general residency requirement to set up new plans with Irish Life?

- Irish Life is only licensed to transact life insurance business in the Republic of Ireland (ROI).
- Irish Life cannot sell, market, or solicit its products outside of ROI.
- This means that Irish Life can only deal with clients who are habitually resident in ROI and who are physically present in ROI at the point of sale.

Does this rule also apply to plans set up as part of a retirement claim from an Irish pension plan?

Yes, the same rules apply to all pension plans.

Can an ARF be set up for non-resident client from a company pension plan if the trustees of the pension scheme are resident in ROI?

No, Irish Life cannot establish an ARF for a non-resident member of a company pension scheme even where the investment is coming from company pension scheme trustees resident in ROI.

What additional requirements apply where a client with an existing Irish Life Assurance - Retail pension plan is taking out an Annuity under a continuation option?

It is possible for Irish Life to offer an annuity as a continuation option to an existing personal pension, PRSA or PRB customer who is non-resident, subject to the customer accepting an endorsement to their existing plan in advance of taking the continuation option.

What annuity options are not allowed?

- Non-resident clients with existing ARFs or vested PRSAs cannot use those funds to purchase an annuity with Irish Life.
- Non-resident clients with another pension provider cannot set up an annuity with Irish Life.

What other retirement options are available?

- **Taxable lump sum payment**
  This option is available where the client took a 25% retirement lump sum.
- **Trivial Pension Options**
  1. Available where the total value of all the client's Irish pension plans after the retirement lump sum is less than €30,000, or
  2. Available where the total benefits payable from the pension scheme / employment do not exceed €330 per annum. This calculation is done based on the full value before the retirement lump sum is paid and using single life annuity rates with no escalation.
- **Transferring overseas prior to claiming retirement benefits**
  This option is subject to a number of conditions, see below.

What conditions apply on a transfer to an overseas pension arrangement?

Company pension schemes and PRSAs can be transferred overseas at the request of the member/contributor provided the conditions below are met.

1. The benefits provided by the overseas arrangement are 'relevant benefits' as defined in Section 770 of the Taxes Consolidation Act 1997.

   > 'relevant benefits' means any pension, lump sum, gratuity or other like benefit –
   >
   > a) given or to be given on retirement or on death or in anticipation of retirement, or, in connection with past service, after retirement or death, or
   >
   > b) to be given on or in anticipation of or in connection with any change in the nature of the service of the employee in question,
   >
   > but does not include any benefit which is to be afforded solely by reason of the death or disability of a person resulting from an accident arising out of his or her office or employment and for no other reason.'

2. The overseas arrangement has been approved by the appropriate regulatory authority for the country concerned
3. A fully completed Revenue Overseas Transfer Declaration

For transfers within the EU:

- The overseas arrangement must be an Institution for Occupational Retirement Provision (IORPs) within the meaning of the EU Pensions Directive. This effectively means that the overseas arrangement must be an occupational pension scheme.
- The scheme administrator must be resident in an EU Member State.

Transfers within the EU may still be allowed if the overseas arrangement is not IORPs. However, prior Revenue agreement is required.

For transfers outside the EU (including the UK):
The transfer can only be paid to a country where the client is currently employed or resident.

Tax due on overseas PRSA transfers:
Any PRSA that does transfer overseas will be liable to income tax, PRSI and USC under Section 787G of the Taxes Consolidation Act 1997. This tax is deducted before the transfer is paid.

Personal Retirement Bonds (PRB):
PRBs can transfer to the United Kingdom if the conditions above are met. PRBs cannot be transferred to any other overseas country.

Personal Pensions:
Personal pensions cannot be transferred to an overseas pension arrangement.

Notes:

- Irish Life is not authorised to conduct business outside of Ireland. Those authorised by the appropriate authority in the overseas country may give advice on the pensions or investments in that country.
- The requirements for overseas transfers may change as a result of the EU Directive IORP II.

Have the Pensions Authority issued any guidance on transferring to an overseas arrangement?

The Pensions Authority previously issued guidance to remind members of the importance of obtaining financial advice as part of making a decision to transfer pension savings overseas and to raise awareness of some of the potential risks to consider, including:

- uncertainty of taxation consequences
- potentially higher and non-transparent costs
- dealing with unregulated intermediaries
- difficulty obtaining legal redress should it become necessary
- no longer having the protection of Irish regulation

Can the overseas pension arrangement accept a transfer from an Irish pension arrangement?

This is a question for those responsible for managing the overseas arrangement. They would have to ensure that their scheme / plan can facilitate a transfer from Ireland and that the Revenue Commissions (or other relevant authority) in their country has no objection to the transfer.