

# Your payments explained

Plain and simple



We understand that you may have some questions about your payment.

The aim of this flyer is to explain your payment in the simplest terms possible and address any questions you may have.

We have included

- Top ten Frequently Asked Questions
- A Practical Guide to Your Payslip
- Steps you should take to make sure future payments are taxed correctly
- PAYE Modernisation



# YOUR QUESTIONS ANSWERED

## Question 1.

### Why am I receiving this payment?

A minimum withdrawal must be taken from Approved Retirement Funds (ARFs) each year. This is called the imputed distribution payment.

This requirement also applies to Vested PRSAs.

A vested PRSA is:

- a PRSA where the PRSA customer has taken their retirement lump sum and left the rest of their fund invested in the PRSA;
- a PRSA where benefits have been paid from the main scheme (in the case of a PRSA where additional voluntary contributions (AVCs) have been paid);

Or

- a PRSA where the customer has reached age 75

You may have chosen to make a yearly withdrawal from your Approved Retirement Fund (ARF) or Vested PRSA.

### Vested PRSAs after age 75

From age 75, you will not be able to make withdrawals from your vested PRSA. As required we will continue to deduct income tax and universal social charge (USC) from your vested PRSA as if you had made a withdrawal. However, we will not be allowed make payments to you. If you want to continue to access your pension fund after age 75, you should speak to your financial adviser.

## Question 2.

### What is the minimum withdrawal amount?

The current minimum withdrawal is 4% per annum of the value of your fund from the year you turn 61 (or 60 if your birthday is 1st January) and 5% from the year you turn 71 (or 70 if your birthday is 1st January). This will be calculated based on the value of your funds on 1 December each year. If you have requested a higher amount previously, then the higher amount will continue to be paid.

This applies to all Approved Retirement Funds (ARFs) and Vested PRSAs.

You will have to appoint a nominee Qualified Fund Manager (QFM) if the total value of your ARFs and vested PRSAs is more than €2,000,000. If your total value is more than €2,000,000, the minimum withdrawal is 6%. The nominee QFM is responsible for making sure a withdrawal of 6% is taken from the total value of your vested PRSAs and ARFs.

It is your responsibility to tell us if you have other ARFs and vested PRSAs with a total value of more than €2,000,000.

From 1 January 2022, the Approved Minimum Retirement Fund (AMRF) was abolished and as a result all AMRFs were converted to Approved Retirement Funds (ARFs). This means that the minimum draw down requirement applies as outlined above.

### Question 3.

#### Is this withdrawal liable for tax?

**Yes.** Any payment from an ARF or Vested PRSA is retirement income and is treated like normal income. This means that you are liable to pay income tax, the Universal Social Charge (USC), PRSI (if this applies) and any other charges or levies due at the time of your payment.

### Question 4.

#### What rate of tax have I paid?

Irish Life is obliged to deduct income tax at the highest rate (currently 40%) on all imputed distribution payments.

However, if we have received an up to date RPN (see question 7) for this year, we will have applied this against your payment.

Your payslip will show what tax details we have received from the Tax Office and which have been applied. We have included in this flyer a practical guide to explaining your payslip.

Your standard rate cut off point is the level of income you can receive and pay tax on at the lower rate (currently 20%). Anything above this level is liable to tax at the higher rate (currently 40%).

Your tax credits are then used to reduce the level of tax calculated on your payment.

### Question 5.

#### Why am I paying PRSI?

Not everyone pays PRSI. If you are over 66 you are not liable to pay PRSI.

PRSI must be deducted on all payments from an ARF or Vested PRSA

if you are under age 66. The rate of PRSI due is 4% of the overall payment amount.

### Question 6.

#### Why am I paying USC?

The Universal Social Charge or USC, is calculated based on the full payment amount. Depending on your personal circumstances, individual rates may apply. However, we need to be advised of these individual rates by Revenue in order to apply them. This is advised to us on your RPN to us in the form of your tax cert.

If we have not been advised by the Tax Office of the rates of USC to use, we will have deducted it at a rate of 8%.

Full medical card holders and those over 70 may pay USC at reduced rates. However, this needs to be confirmed on your tax cert. If you are paying USC at a reduced rate and your total income for the year is €60,000.00 or more then you need to contact the PAYE Helpline in relation to this, as the reduced USC rate may not apply leaving an underpayment of USC. Irish Life is obliged to act on the RPN (tax Cert) provided by Revenue.

## Question 7.

### How do I Assign Tax Credits?

Irish Life will request an RPN (Revenue Payroll Notification, formerly called tax certificate) directly from Revenue. This is automatically done when your payment is being processed. Depending on your individual circumstances, the payments from Irish Life may be subject to tax (tax refers to Income Tax, Universal Social Charge (USC) and Pay Related Social Insurance (PRSI) where applicable).

#### What information do I require if I need to contact Revenue to allocate my tax credits and rate bands?

The quickest and easiest way to do this is through myAccount, Revenue's online service. You will need to register for myAccount first. Alternatively, you can contact Revenue's PAYE Help Line on 01 7383636.

Ensure that you provide Revenue with your correct PPSN.

You must also provide Revenue with the correct Irish Life Tax Reference Number. If you do not provide the Irish Life Tax Reference Number, it may result in you overpaying tax.

#### What to do if you have more than one source of taxable income.

You may have income from another source such as an occupational pension or employment. In this case, your tax credits and rate bands may already be allocated against these other income sources. This may result in your Irish Life pension being taxed at the higher rate of tax and USC.

You may wish to reallocate or divide your tax credits and rate bands between your Irish Life pension and your other income sources. The quickest and easiest way to do this is through myAccount, Revenue's

online service. Alternatively, you can request a reallocation of your tax credits and rate bands by contacting the PAYE Helpline at 01 7383636.

Revenue will then provide access of your available tax credits and rate bands to Irish Life which will be used when calculating tax on your payment.

Further information can be found on [www.revenue.ie](http://www.revenue.ie).

## Question 8.

### I think I've paid too much tax. How do I claim it back?

If you think you've paid too much tax, you need to contact the PAYE Help Line. They will then assess this payment in line with your personal tax circumstances and issue any refund if due. Contact details for the PAYE Help Line can be found at the back of this booklet.

## Question 9.

### My payment has been transferred to my bank account. When can I access this money?

Your payment has been transferred to your bank account by Electronic Fund Transfer and is immediately available for you to access.

### Question 10.

#### **I've received this payment by cheque. Can I get it paid directly to my bank account next year?**

Of course. The quickest, easiest and safest way for you to receive your payment is by Electronic Fund Transfer directly to your bank account. Once the money is transferred to your account, you can access it immediately. This means, you won't experience any postage delays and it saves you the trouble of having to visit your local bank to lodge a cheque and waiting for it to clear.

From 2023, all payments will need to be paid by Electronic Fund Transfer (EFT). You will need to send us details of the bank account you would payments to be paid to. Please submit a copy of your Bank Statement dated within the last 6 months. The Statement should show your Name, Address, BIC, IBAN, Bank Branch and Address. Payments can only be made to an Account in your name or an Account held jointly by you. You can do this by writing to us or by sending us an e-mail.

# A PRACTICAL GUIDE TO YOUR PAYSLIP

**Irish Life**

Lower Abbey  
Dublin 1  
Telephone 01  
Fax 01 704 19

**Private & Confidential**  
Name  
Address 1

**Client number:** XXXXXX  
**Payment date:** XX 20XX

This is your unique customer reference number and should be quoted in all correspondence.

This is your plan number from where the gross amount is being paid.

This is the tax/levy deduction in this payroll period.

Plan number	Amount	Deductions in total	
XXXXXXXX	XXX.XX	PAYE	XXX.XX
		PRSI	XXX.XX
		USC	XXXX

Total gross payment this period

**Gross Payment for PAYE** XXX.XX      **Total Deductions** XXX.XX      **Net payment** XXX.XX

Detail	Cumulative	Message box
Pay period XXXXXX	Gross of XXX.XX	Details of revisions to your plan(s) are on the reverse of this payslip
Tax credit X	Tax credit X	
Cut off X	Cut off X.XX	
PPS No X	PAYE XXXX.XX	
PRSI Class X	PRSI XXX	
Tax Status XXX		

**This payment is only payable to the person named above.**  
Irish Life Assurance plc is regulated by the Central Bank of Ireland

This shows the payroll period in which the payment is made.

Net Payment – this is the net payment amount you have received

Tax Credits – these are the tax credits you have assigned to Irish Life for this payment

Cut Off – this is the amount of standard cut off point you have assigned to Irish Life. Any payment you receive over this level will be liable for tax at the higher rate.

This section shows the tax and other deductions you have paid.

# PAYE MODERNISATION

On 1 January 2019, the PAYE system went through the most significant reform since its introduction in 1960. Irish Life is required to calculate and report customer income payments and deductions as they are being paid. Previously, this was done at the end of the tax year. This change makes it easier to deduct and pay, at the right time, the correct amounts of:

- Income Tax.
- Pay Related Social Insurance (PRSI).
- Universal Social Charge (USC).
- Local Property Tax.

## What are the benefits for me?

- Simplified Revenue online services.
- Maximise use of your entitlements.
- Automatic end of year review by Revenue.
- Real time accurate information.
- Transparency.

## Will I receive a P60 for income received during the 2022 tax year?

No. Under the new PAYE system, the requirement to issue P60s has been removed. Instead, Revenue will issue an End of Year Statement, which will be available to you in myAccount on the Revenue website.

## If I cash in my plan will I receive a P45?

No. Under the new PAYE system, the requirement to issue P45s has been removed. The date of cessation will be provided to Revenue when the payment is made to you and the details submitted to Revenue.



## Do I need to do anything?

**Yes**, you should register for myAccount with Revenue so you can: -

- Easily allocate tax credits to ensure the correct amount of tax is deducted.
- Irish Life's tax reference number is 4820009C should you wish to allocate available tax credits.
- See details of payments that you received from all sources.
- Access your end of year statement.

**For more information on PAYE Modernisation visit: [www.revenue.ie](http://www.revenue.ie)**

**You can still contact the PAYE Help Line by phoning 01 7383636.**

# IMPORTANT

The steps you should take to make sure future payments are taxed correctly.



To make sure that your future payments are taxed in line with your own personal circumstances you should:

1. Register for myAccount on the Revenue website [www.revenue.ie](http://www.revenue.ie).
2. If you are unable to register for myAccount, contact the PAYE Help Line.
3. Give them your PPS number
4. Explain that you are receiving a payment from Irish Life
5. If you have any unused or available tax credits or standard rate cut off points that can be allocated to Irish Life, give them our tax registration number 4820009C.
6. We will retrieve any tax credits available directly from Revenue when your payment is ready to be processed.







## Contact us

Phone: 01 704 1010  
8am to 8pm Monday to Thursday  
10am to 6pm on Fridays  
9am to 1pm on Saturdays

Fax: 01 704 1900

Email: [customerservice@irishlife.ie](mailto:customerservice@irishlife.ie)

Website: [www.irishlife.ie](http://www.irishlife.ie)

Write to: Irish Life Assurance plc, Irish Life Centre, Lower Abbey Street, Dublin 1.

In the interest of customer service we will record and monitor calls.

Irish Life Assurance plc, Registered in Ireland number 152576, VAT number 9F55923G.

Irish Life Assurance plc is regulated by the Central Bank of Ireland.



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