

Trivial Pensions

Pension Advisory Services

What is a Trivial Pension?

This is an option available to clients who have very small pension funds at retirement and allows them take the balance of their fund after the retirement lump sum as a taxable lump sum.

What is the Trivial Pension Limit?

There are two ways a trivial pension can be provided:

Option A

Where the value of **all** the client's pension funds after the payment of the retirement lump sum is less than **€30,000** then the client can take the balance of the fund as a once off taxable payment.

Option B

If the total benefits payable from the relevant employment to a member does not exceed **€330** a year then the balance of the fund can be taken as a taxable lump sum. In this case the calculation must be done before the retirement lump sum is taken and should be based on a single life annuity rate with no escalation.

This option is also available to those with personal pensions and PRSAs and is calculated based on the client's total personal pension and PRSA benefit from the same period of employment or self-employment.

What tax is due on the Trivial Pension?

Under both options (a) and (b) above the client is entitled to their maximum retirement lump sum. However the balance of the fund is treated differently depending on which option the trivial pension is paid under.

Option A

If the trivial pension is paid under this option then the balance of the fund will be subject to income tax and the Universal Social Charge.

Option B

If the trivial pension is paid under this option then the balance of the fund will be subject to income tax at a rate of 10%.

Please Note: The information contained in this document are based on Irish Life's understanding of legislation and Revenue practice as at March 2019 and may change in the future. While great care has been taken to ensure the accuracy of the information contained in this document, Irish Life cannot accept responsibility for its interpretation nor does it provide legal or tax advice.