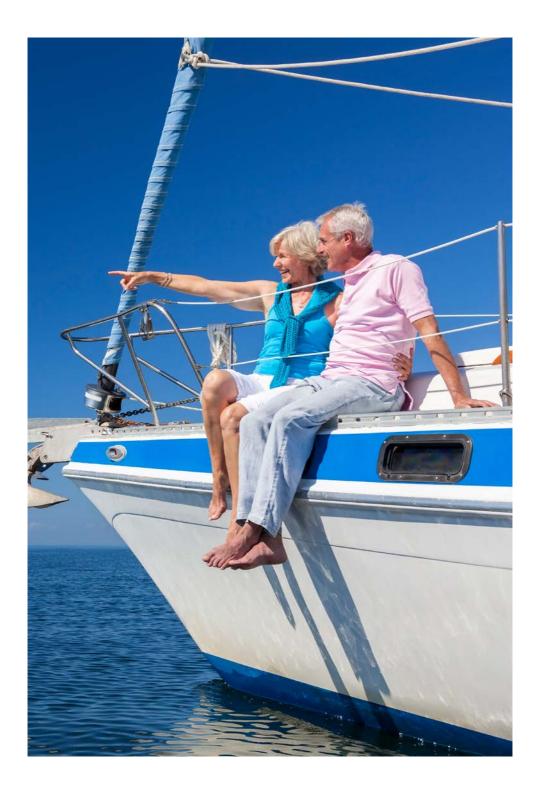


A Guide to

Executive Pensions

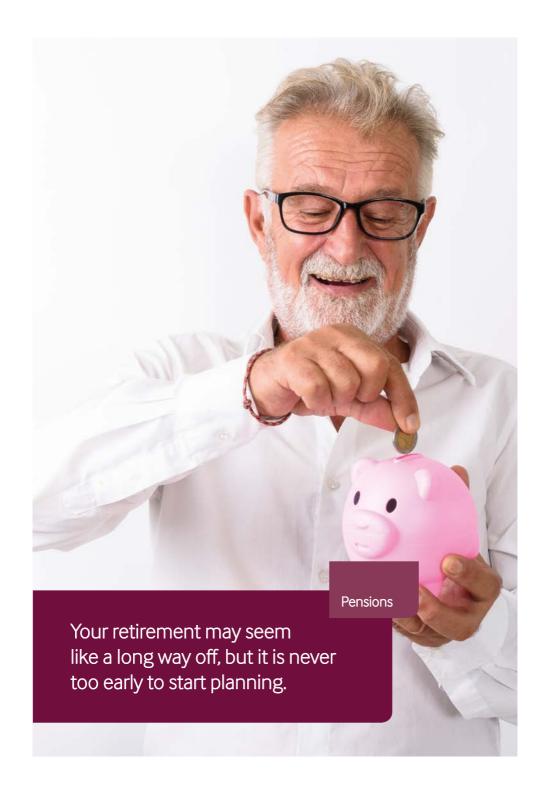






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Why should I plan for my retirement?

Your retirement may seem like a long way off, but it is never too early to start planning. Smart planning for your retirement will ensure that when you do retire you can maintain the standard of living you have become used to.

While you may be entitled to a State Pension at retirement, the age at which you can access this pension has been increased: it will not be paid until age 68 for people who were born on or after the 1st of January 1961.

And even if you do get the full State Pension, at €243.30 per week currently, it's designed to cover the basic necessities of life only and will be a sharp drop from your annual salary. Bearing this in mind you will need a plan to supplement the State Pension payment. There are a number of options available to you. If you are an executive at a company or are considered a key employee, your employer may set up an Executive Pension for you.



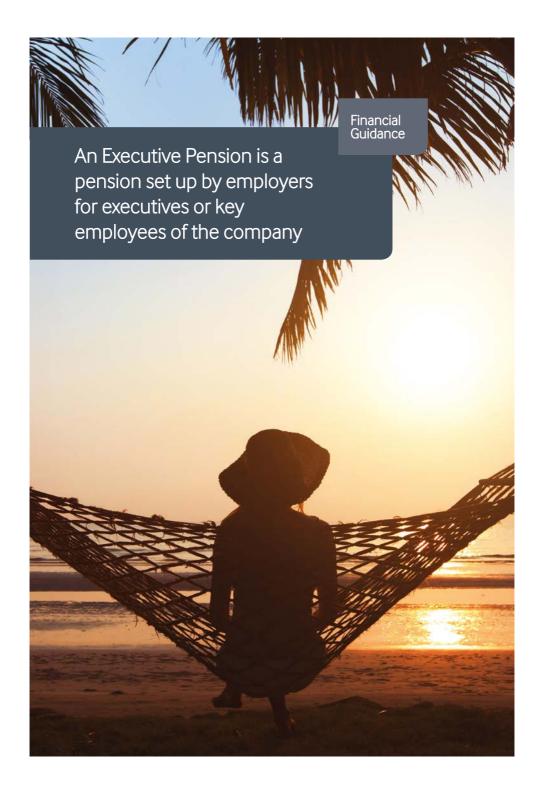
What is an Executive Pension?

An Executive Pension is a pension set up by employers for executives or key employees of the company. The pension is set up under a trust and typically the employer will act as the trustee.

With an Executive Pension both employees and employers can make contributions. The ultimate value of your pension plan will depend on the contributions you and your employer have made over the years and the investment return the funds have achieved in your Executive Pension.

Not only does an Executive Pension provide you with a long-term plan for your retirement, it is also a tax efficient way for you to set aside money for when you retire as well as being a tax efficient way for your employer to provide you with employee benefits. In addition to employer contributions you may be able to contribute up to 40% of you income (depending on your age) into your Executive Pension and claim tax relief.

Your PSC Financial Planning partner will talk to you about your expectations for retirement and your personal circumstances. In understanding what you hope to achieve we can offer you helpful advice in deciding if an Executive Pension is a suitable plan for you.





Getting the Right Advice?

PSC Financial Planning are experts in financial matters and will work with you to understand your retirement goals and objectives, and help you create a plan to meet those goals.

When you engage the services of PSC Financial Planning, you are not only gaining access to a wealth of knowledge and experience in Financial Planning matters, but you may also engage the huge breadth and depth of knowledge offered by the PSC team as a whole. This includes accountants, tax consultants, payroll experts and corporate finance experts to name but a few. Each financial planning decision has an impact on your overall financial wellbeing so its hugely beneficial to have access to so many layers of financial expertise in one place.

Why PSC Financial Planning?

Choosing the right option for your retirement can be a daunting task. Your PSC Financial Planning adviser will be able to explain the choices available to you in simple language allowing you to make an informed decision.

Your PSC Financial Planning expert will get to know you, your personal and financial circumstances, retirement plans and your attitude to and capacity for risk - products like Executive Pensions, contain a certain level of risk that you need to be aware of.

Your PSC Financial Planning partner will guide you through the process of setting up your Executive Pension and help you to make sense of charges, tax reliefs and benefit options. We will advise and assist you in developing a well-researched and structured investment strategy for your Executive Pension compatible with your attitude to and capacity for risk and designed to achieve your goals as far as possible.

Ultimately, PSC Financial Planning will help to ensure you choose the product best suited to you.



How much can my company contribute to an Executive Pension for me?

There is a restriction on the maximum level of pension an Executive Plan can provide for a member on retirement. This restriction has a knock-on effect on the maximum level of tax-deductible contributions your company can make to your Executive Pension.

The maximum ordinary annual contribution which the Revenue will allow as a deduction for Corporation Tax in the year of payment depends on a number of factors:

- The level of Schedule E remuneration you take and have taken from your company.
- How long you have been drawing Schedule E remuneration from your company.
- The level of retirement funds you have already accumulated or taken.
- The Normal Retirement Age (NRA) at which you expect to take your retirement benefits. (This can be between your 60th and 70th birthday.)
- The multiplier factor Revenue allows for converting retirement fund to pension at the assumed Normal Retirement Age.

Your company can also make special or once-off contributions, but tax relief on these may be required by Revenue to be spread over a period of years (up to a maximum of five years).

Remember: It is not generally advisable to accumulate retirement benefits in excess of a limit referred to as the Standard Fund Threshold, which is currently €2 million. Benefits accumulated in excess of this limit are subject to an additional penal tax charge at retirement.



Employee Contributions / AVC's

As well as paying employee contributions, employees can also pay AVC's (additional voluntary contributions) to supplement their retirement benefits from the company pension.

Employees will get income tax relief on their employee and AVC contributions (but not PRSI / USC) against their remuneration from that employment only, within limits as follows:

Age	Percentage of Salary that can be paid to a pension and claimed for tax relief
Under 30	15%
30 to 39	20%
40 to 49	25%
50 to 54	30%
55 to 59	35%
60 to 69	40%

Note that 'remuneration' for this purpose is subject to an earnings limits of €115,000.

- Employee contributions can be backdated for income tax relief purposes to the previous year if paid before 31st October (or mid-November if paying and filing online through ROS)
- Where all of the income tax relief cannot be obtained in that year (e.g. because
 of the % limits), the excess can be carried forward to the following year for
 income tax relief purposes.

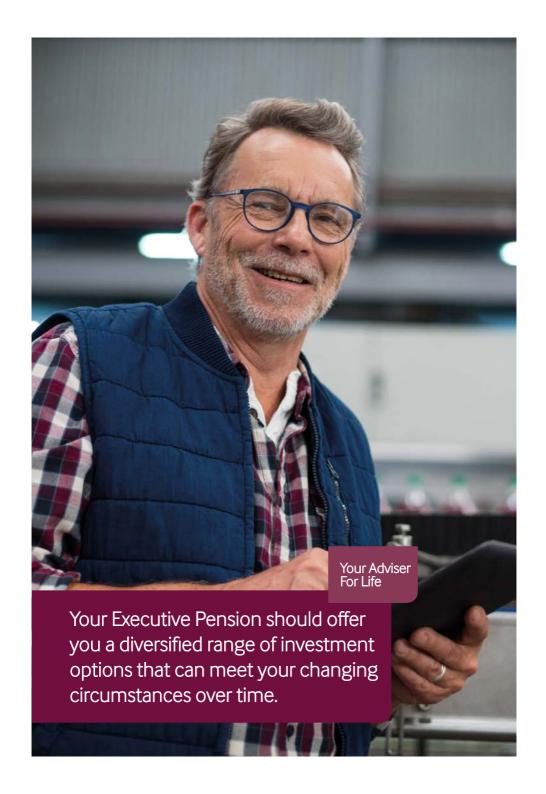


What are the tax benefits of an Executive Pension?

An Executive Pension is an extremely tax efficient way to provide for your future retirement for a number of reasons:

- Your company's contributions to the plan are deductible for Corporation Tax as
 a business expense. Corporation Tax relief on large once-off contributions may
 be required by Revenue to be spread over a number of years (max. five years).
- Your company's contributions to the plan are not subject to a benefit-in-kind charge in your hands for income tax purposes. This means you will not have to pay income tax, PRSI or the Universal Social Charge (USC) on your company's contributions to your plan.
- Your plan enjoys tax free investment growth, which means that any growth achieved on your investment is yours to enjoy in retirement.
- At retirement you can take part of the accumulated fund as a lump sum
 which may be partially or fully tax free, depending on the value of your fund
 at that time and how many other lump sums you have taken from other
 pension arrangements since December 7th 2005.

PSC Financial Planning can outline the tax benefits of an Executive Pension and can also help you to meet any Revenue obligations in the setting up of an Executive Pension.





How do I decide where to invest my Executive Pension Plan?

You may be relying on your Executive Pension to provide an important source of income in retirement, so it's vital that you invest it wisely.

There are many options available to you, from low and high risk funds investing in particular types of assets to managed or mixed funds investing in a spread of assets and self-directed funds where you choose the funds or assets in which you invest.

Your Executive Pension should offer you a diversified range of investment options that can meet your changing circumstances over time. Any choice you make should be based on the level of investment risk you are comfortable with and should take into account your financial circumstances and goals. It is important to understand that the value of your Executive Pension can fall as well as rise, depending on which funds or assets you invest in.

If you don't make a decision on how to invest your money, your Executive Pension may be automatically invested in a default fund, which may or may not be suitable for your circumstances.



How PSC Financial Planning can help with your Executive Pension investment choice

Your PSC Financial Planning adviser will get to know you, your financial needs, attitudes to and capacity for investment risk and ultimate goals. We will guide you through the basic elements of investing – risk and return, diversification and your own attitude to risk – and ensure you understand what's at stake.

With help from your PSC Financial Planning expert you can create a diversified range of investments within your Executive Pension. This means you can spread your money in a way that suits your needs and is in line with your risk and return expectations and how you expect to take your benefits at retirement.

When can I take benefits from my Executive Pension?

You can access your Executive Pension at Normal Retirement Age, which can be set at any age between 60 and 70. You can draw on the plan and continue to work at the company if you choose. You can also access your Executive Pension on ill health retirement at any age.

In addition, from age 50 onwards, you can access your Executive Pension on early retirement from your company. However, you should note that Revenue usually require directors who own and control more than 20% of the voting rights in a company to dispose of their shares in the company and to cease all involvement with the company in order to draw on their Executive Pension benefits before Normal Retirement Age.







How can I take benefits from my Executive Pension?

You will have a number of options when it comes to taking your retirement benefits from your Executive Pension.

With the accumulated fund, you have two options: you can take a lump sum of up to 25% of your fund or you can take a lump sum amounting to 1.5 times your final salary at the company (provided you have worked for the company for over 20 years).

Lump sum amount (25% of fund)	Rate of tax
Up to €200,000	Tax free
Next €300,000	Standard rate (currently 20%)
€500,001 and over	Marginal rate (currently 40%) plus PRSI and USC

If you take a lump sum of 25% of your fund, you can either buy an annuity with the remaining balance or invest it in an Approved Retirement Fund (ARF). If you take a lump sum of up to 1.5 times your salary, you must purchase an annuity with the remaining balance.

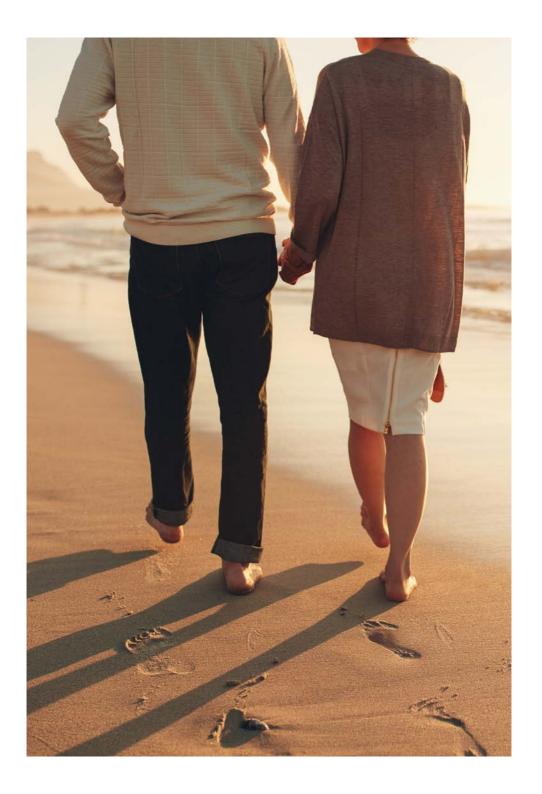


What happens if I die before I draw on my Plan?

If you die before drawing on your Executive Pension, the value of your plan is payable in full to your estate, up to a limit of four times the level of your final salary from the company at that time.

Any balance is currently required to be used to buy an annuity for your surviving spouse or partner and/or other dependants.

Remember: You can add additional life cover to your Executive Pension; your company's contributions for this cover are also deductible for Corporation Tax as a business expense.





PSC Accountants & Advisors provide the following services:

- Accounting
- Audit
- Taxation
- Book keeping
- Business start ups
- Payroll
- Value Added Tax
- Relevant Contract Tax
- Company Secretarial
- Corporate Finance, Recovery & Insolvency
- Budgets & Cashflows
- ▼ Financial Planning

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