

Guide to completing the Company Pension Retirement Options and Claim Form

The Retirement Options Request and Claim form, (ILA8478 (REV07-18)), can be used to request retirement options and to claim retirement benefits from Company plans, AVC plans, PRSA AVC plans and Personal Retirement Bonds.

There are a number of new questions on the form and this guide explains why this information is required.

Please do not submit the form for a claim until all required information is available.

What should be completed if only Retirement Options are required?

- Complete Sections 1 to 5 on the form.

The backup documentation for employment details, PAYE earnings and other pensions is not required at this stage. However, if the final details for the retirement claim are different to those on which the options were based, the available retirement lump sum and options may change.

What should be completed for a Retirement Claim?

- Complete Sections 1 to 8 on the form.
- The form must be signed by the Member.
- The trustee must sign the form at Section 7. If the employer is trustee, the employer should sign. If DTS or ITS are trustee, Irish Life will liaise with them directly to get the form signed. This section is not required for PRSA AVC plans or Personal Retirement Bonds.
- Include all relevant backup documentation as set out in the checklist on pages 1 and 2.

Section 3: Service and Salary Details

What is meant by 'breaks in PAYE earnings'? Why is this information needed? (Question 3)

A break in PAYE earnings is any period of time where the member took unpaid leave, for example a career break or a sabbatical. It is also common that directors might not take PAYE earnings in the early years of a business or during a downturn. Any period of time where the member did not receive PAYE earnings from the company cannot be included as service for pension purposes.

Why are details needed if the member had periods of part-time employment? (Question 3)

When calculating the member's Revenue maximum benefits, periods of part-time employment are considered proportionately along with periods of full-time employment.

If the member had any period of part time employment, then we need to know the start and end dates of the part-time employment, the number of hours worked as a part-time employee and the corresponding full-time hours. This will allow us convert the member's part-time service into its full-time equivalent.

What is a 20% director? (Question 4)

A 20% director is someone who, in the last three years in this employment,

- on their own, owns and controls more than 20% of the voting rights in the company,
- or
- together with shareholding held by their spouse, registered civil partner and/or minor children owns and controls more than 20% of the voting rights in the company.

The member is a 20% director if they meet the shareholding requirement above, even if they are not actually a director of the company.

Why does Irish Life need to know the percentage shareholding the member personally holds? (Question 4)

A member can be a 20% director even if they personally hold little or no shareholding in the company.

For example, if the member has 1% shareholding and their spouse has 20% shareholding, then the member is a 20% director as their combined shareholding in the company exceeds 20%, i.e. 21%.

In general, it is a requirement that 20% directors must dispose of their shareholding if they take early retirement (retire before Normal Retirement Age). However, this requirement to dispose of shareholding does not apply if the 20% director's personal shareholding is 1% or less.

What is final salary? (Question 5)

To ensure that maximum pension funding limits are not breached and to provide the member with the highest retirement lump sum, it is important to determine the member's highest salary in the years prior to retirement.

For 20% Directors: Final salary must be calculated using the average of the total PAYE earnings for any three or more consecutive years ending not earlier than 10 years before the date of retirement (or date of leaving service if earlier). Therefore 20% Directors should complete 5b) of Section 3 only.

For Members who are not 20% Directors: The Revenue allow 3 different ways of calculating final salary – see below. The member, with their financial adviser, can calculate the highest figure using one of the 3 options below and complete either 5a) or 5b) of Section 3 as appropriate. If the member wants Irish Life to calculate which option provides the highest salary figure, both 5a) and 5b) should be completed.

- i) (a) Basic PAYE salary in any 12 month period of the five years before the date of retirement (or date of leaving service if earlier)

Plus

(b) the average of any variable PAYE payments (e.g. bonus /commission) for any three or more consecutive years ending on the last day used in (a) above.
- ii) The average of the total PAYE earnings for any three or more consecutive years ending not earlier than 10 years before the date of retirement (or date of leaving service if earlier).
- iii) The rate of basic PAYE salary at the date of retirement (or date of leaving service if earlier) or at any date within the year ending on that date plus the average of any variable PAYE payments calculated as in (i)(a) above.

Section 4: Other Pension Benefits

This section contains the Benefit Crystallisation Event (BCE) Certificate which must be completed for every pension retirement claim. The information provided in this section is used to ensure the member's benefits are within the overall Revenue maximum limits as well as assessing benefits against the standard fund threshold (SFT).

If there is not enough space in Section 4 to detail all information, please provide details on a separate sheet. Copies of letters the member received confirming any other benefits paid can be sent to Irish Life, in particular for Defined Benefit or Public Sector schemes.

Section 6: Retirement Options

Section 6 Part A: Retirement Lump Sum

Bank details are needed to allow Irish Life pay the member's retirement lump sum directly into their bank account. To facilitate this please provide bank details in Section 6(A) and include a copy of a recent bank statement. Please ensure there is a date on the bank statement or transactions that are within the last 6 months.

Section 6 Part B: Retirement Options – Balance of Fund

The options available with the balance of the fund after the retirement lump sum are set out in this section. More details of these options are available in the booklet 'Your Retirement Options' on www.Irishlife.ie. Select the option required and provide the required additional documentation or application forms.

Section 6 Part B: Taxation - How are tax credits assigned?

To assign tax credits, the member should contact their local tax office when the claim form is ready to be sent to Irish Life. Ask the tax office to assign credits on a cumulative basis to the appropriate Irish Life tax number for the selected option.

For taxable cash, a trivial payment or setting up an AMRF or ARF with Irish Life, the tax number is **4820009C**. For an Annuity with Irish Life, the tax number is **0087900D**.

Section 7: Trustee Declaration

The trustee declaration should be signed for retirement claims on Company and AVC Pension plans where the employer is the Trustee.

If DTS or ITS are trustee of the plan, the claim form should be returned to Irish Life with this section unsigned and Irish Life will arrange for appropriate signatures.

If the employer is trustee, this should be signed by a person duly authorised to sign for and on behalf of the employer.

If the employer is trustee and the company is in liquidation, the appointed liquidator takes over the duties of the employer and should sign the claim form.

This declaration does not need to be completed if retirement benefits are being claimed from PRSA AVC plans or Personal Retirement Bonds.

Section 8: Member Declaration

This is a declaration that the answers to all of the questions are true and correct. It is also a declaration that information in Section 4 about all other pension benefits is correct in accordance with Section 787R(4) of the Taxes Consolidation Act 1997. This declaration must be signed and dated in all cases.

Please Note: The information contained in this document is based on Irish Life's understanding of legislation and Revenue practice as at August 2018 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.