



ABC Company Pension Scheme (defined benefit)

Leaving service options letter

We understand that you are leaving/left service on 31 January 2015 - this letter outlines what your options are in relation to your benefits under the scheme.

1. Your personal details

Name	Scheme number
Address	Date you joined the scheme
Date of birth	Normal retirement age
Civil/marital status	Scheme service to date
Gender	Current pensionable salary
Pensions Authority reference number	Pension adjustment order (PAO) ¹
Member reference number	

2. Rights and options available²

▶ **A refund of your contributions**

As you have less than two years scheme service, you can opt to have the contributions you made to the scheme paid back to you. You are not entitled to a refund of the contributions your employer has made. The refund amounts to [insert value] before taxation. This is the sum of all contributions you have made to the scheme.

▶ **Leave your benefits in the scheme**

You may retain your benefits in the scheme until retirement. You will not be able to continue to contribute to the scheme and no further contributions will be made on your behalf.

Your benefits at [insert valuation date] are outlined below:

A pension at normal retirement age of

€13,333 a year

or

A portion of this may be taken as a tax free lump sum at retirement instead.

The maximum tax free lump sum would be €30,000 resulting in a lower pension of €10,000 p.a.

These benefits are payable on [insert date]. It is possible to opt for a lower lump sum in favour of a higher yearly pension.

If you die after retirement, your survivor will receive a pension of €6,667 a year.

▶ **Use your benefits to retire immediately³**

You may use your benefits to retire immediately. Please contact [insert name and contact details] for details on early retirement options.

▶ **Transfer your benefits to your new employers occupational pension scheme⁴**

You may transfer your benefits of [insert transfer value] to another scheme operated by your new employer.

▶ **Transfer your benefits to a buy-out bond (BOB)⁴**

You may transfer your benefits of [insert transfer value] to a buy-out bond (BOB) in your own name. BOBs are single contribution policies taken out with an insurance company. You will not be able to make contributions to the BOB after the transfer.

▶ **Transfer your benefits to a PRSA⁴**

You may transfer your benefits of [insert transfer value] to a PRSA in your own name. If the value is greater than €10,000 you will need a certificate of benefit comparison showing the advantages and disadvantages of transfer to a PRSA. Please note providers may charge a fee for preparing the certificate.

For further details on any other rights and obligations please contact [insert name/title and address].

To select any of the benefit options above please complete the 'option selection form' and forward to [insert name, address and any other contact details].

3. Important notes⁵

Additional details about your scheme:

- ▶ Your scheme: [insert name and address]
- ▶ Your scheme trustees: [insert name and address]
- ▶ Benefits are paid by: [insert name and address]
- ▶ Provision for increases⁶: There is no provision in the rules of your scheme to increase your pension in retirement. [or] Increases to pensions in retirement are applied each year in line with the change in consumer price inflation, subject to a cap of x% a year. These increases are provided for under the rules of the scheme and are not discretionary. [or] There is provision in the scheme rules to increase pensions in payment at the trustees discretion. Granting of increases will depend on the scheme's solvency and ongoing funding level.

Calculation methods:

- ▶ Your current pensionable salary is calculated by deducting 1.5 times the maximum single rate of State pension (contributory) from your salary to get your pensionable salary. The deduction is therefore €17,963.40 (i.e. State pension X 1.5).
- ▶ Your pension at normal retirement age is calculated as $1/60^{\text{th}}$ of your pensionable salary multiplied by your scheme service, i.e. $1/60 \times \text{€}40,000 \times 20$ years.
- ▶ Your maximum tax-free lump sum at normal retirement age is calculated as $3/80^{\text{ths}}$ of your pensionable salary multiplied by your scheme service, i.e. $3/80^{\text{ths}} \times \text{€}40,000 \times 20$ years.
- ▶ Your reduced pension is calculated as your pension at normal retirement age less the lump sum paid, divided by a commutation factor (a number used to calculate the amount of annual pension you give up in return for a lump sum benefit) of 9, i.e. $\text{€}13,333 - (\text{€}30,000/9)$.⁷
- ▶ Your survivor's pension is calculated as 50% of your pension entitlement.
- ▶ The value of your benefits on transfer is calculated on the basis that you left employment on [insert date]. This value reflects a reduction of [insert value] because the scheme is currently underfunded.
- ▶ The Pensions Act provides that preserved benefit in a DB scheme be revalued annually by the lesser of an amount specified by the Minister for Social protection or 4%. This revaluation has not been factored into the calculation of the figures under leave your benefits in the scheme.

Risk statement:⁸

This scheme is funded by contributions paid by the employer and by scheme members. Actuarial advice will have been obtained when setting those contributions. However, there is no guarantee that the scheme will have sufficient funds to pay the benefits promised. It is therefore possible that the benefits payable under the scheme may have to be reduced. If the scheme is wound up and there is a deficit, the employer may not be under an obligation to fund the deficit or, even if the employer is under such an obligation, they may not be in a position to fund the deficit.

Further information in relation to this risk statement may be obtained from the trustees or [insert contact name and details].

4. Option selection form²

Name

Member reference number

Please indicate which option you are choosing and return form to [insert name, address and any other contact details].

1. A refund of my contributions

This is only possible if you have less than two years scheme service.

1.

2. Leave my benefits in the scheme

You should ensure that your employer is kept up to date with any changes to your contact details.

2.

3. Use the benefits accumulated in the scheme to retire immediately

Please contact [insert name and contact details] for further details.

3.

4. Transfer my benefits to my new employer's scheme

Please provide details of the new scheme/employer.

4.

5. Transfer my benefits to a buy-out bond

Please provide details of the buy-out bond.

5.

6. Transfer my benefits to a PRSA

Please provide details of the PRSA.

6.

Signature:

Date:

¹ If a PAO has been received in respect of a member's benefits this must be stated and, if so, either a statement of the effect of the PAO or details as to where further information relating to the effect and operation of the PAO on the benefits to or in respect of the member may be obtained.

² Only those options available to the member should be listed in the options letter/form. For example, for members who do not have the option to retire immediately, that option should not be included. Likewise, members with more than 15 years scheme service should not be presented with the option to transfer to a PRSA and so on.

³ If there is an option to have alternative benefits payable immediately, state so and provide the relevant details

⁴ A member of a scheme may not be entitled to a transfer payment if they fail to exercise the entitlement within two years (or such longer period as may be provided for by the scheme or determined by the trustees of the scheme) after the date of the termination of the relevant employment concerned. Providers may wish to advise members of a time limit within which they must request a transfer.

⁵ If any benefits are payable under the rules of the scheme in addition to those specified under 'leave your benefits in the scheme' the amount and the calculation method should be provided. If any transfer payment has been effected or any amount has been paid by the trustees of the scheme without the consent of the member, provide the name and address of the scheme to which the transfer payment or any amount has been paid or of the undertaking with whom the policy or contract of assurance has been entered into on behalf of the member may be obtained.

⁶ State the provisions under which benefits may or will be increased and the extent to which such increases are dependent on the exercise of discretion or that there are no provisions to increase benefits. Examples are given in this section for assistance but providers should amend to reflect the particular scheme.

⁷ In this example we have used a commutation factor of 9 however there are other ways this may be determined and the calculation used should be specific to the scheme.

⁸ This risk statement may be modified if the trustees are of the reasonable opinion that any part of the statement could not apply to the scheme or that the modifications will better explain the nature and effect of the matters referred to in the statement.