

Pension solutions for your clients

From individual executives to large corporates



Zurich Pension Solutions – increasing member security while reducing the burden faced by employers

In advising any company on their pension arrangements a fundamental concern for you as the advisor will be the security of the members' investments and the governance that surrounds that security. The primary question that should be asked is whether the body providing the scheme governance has both the expertise to do so and the capital resources to meet any unforeseen problems. That's why your clients should consider Zurich Life and Zurich Trustee Services Ltd (ZTSL) to provide governance solutions for their pensions.

When you're faced with recommending a pension solution for an employer, there are a number of factors to consider. These include:

- Will it be a contract or trust based arrangement? Contract-based pension schemes are individual contracts between the member and the pension provider, whereas in trust based arrangements a trustee is appointed using the trust deed and rules of the scheme.
- Will the employer want to take on the role of trustee or appoint a professional trustee company such as ZTSL?
- How much investment choice is required?
- Will the employer want greater contribution freedom and differing retirement options for certain staff members?

For many companies, their pension arrangements have evolved over time with an array of different pension contracts. For new start-ups the range of options can be overwhelming. Regardless of the type of company involved most pension arrangements require significant ongoing governance.

Where there are trustee requirements, these require considerable resources, expertise and time - time that most employers would rather put into the day to day running of their business.

Solutions from Zurich

Zurich streamlines these arrangements and reduces the administration burden for employers. So whether a company is a corporate company with a large number of employees, or a growing business with a small number of key executives, Zurich Life can provide the right solution. This guide outlines four solutions so you can find the right one for your client:

- ✓ **Personal Retirement Savings Accounts (PRSAs)** - for a group of employees or an individual
- ✓ **Executive Fusion Plans** with ZTSL
- ✓ **Group Fusion Plan** - a bundle of PRSAs and Executive Fusion Plans administered as a group
- ✓ **Group DC Trust Plan** with ZTSL



Personal Retirement Savings Accounts (PRSAs)

Ideal for mobile employees

How does it work?

A PRSA is a retirement vehicle based upon a contractual relationship between an individual and the PRSA provider, removing the need for a pension trust to be established. This reduces the obligations on employers. PRSAs are available to all employees whether they are in full or part time employment and also to the self-employed. For employees they can be used either as a main pension provision or a means of making contributions in addition to other employer arrangements. A Zurich Group PRSA is a collection of individually owned PRSAs administered by Zurich as a single scheme.

Using PRSAs as the vehicle for providing employee pensions is ideally suited to companies that do not wish to take on the duties and responsibilities that trust based schemes impose on employers. An employer can pay into a PRSA (although there is no obligation to do so) but once the employer pays the contributions, the ownership of the monies passes to the employees for their eventual use. There can be no return of contributions to the employer from a PRSA, unlike with DC schemes.

Why recommend a PRSA to an employer?

- ✓ A PRSA is a flexible, low-cost, transparent pension that employees can take with them if they change their job or employment status.
- ✓ If the company workforce is mobile
 - PRSAs are a better match to employee needs
 - The company need only be concerned about current employees
- ✓ No employer contribution necessary
- ✓ No requirement for Trusteeship as a contract is established between the employee and the PRSA provider
- ✓ The employees have greater ownership of their retirement assets - there is no vesting period so they own the assets from day one
- ✓ When an employee leaves service there is no residual duty on the employer to maintain any record or liability with regard to the PRSA entitlement of the former employee

Why choose Zurich?

- ✓ Zurich is a market leader in PRSAs.
 - We can bundle individual PRSAs to capture most of the efficiencies of being administered as a group
 - We allow for many different means of premium collection to fit in with payment patterns of the employer
- ✓ Zurich has a wide range of funds within the Standard PRSA range so that funds options and charges are straightforward and simple to understand

Group PRSA – a typical example

NewTech Ltd is a software company specialising in gaming apps. It is a subsidiary of a US company that has a policy of using only contract based retirement provision. Employees move into and out of employment or contract every few years. The company offers flexible benefits with the employees having a menu of benefits including health care and extra holidays along with a choice of pension contributions.

A Group PRSA is an ideal solution for NewTech Ltd as it is a contract based arrangement with no Trust requirements for the company. The PRSA is owned by the employee so they have full control of it should they move to another company.



Executive Fusion Plans with ZTSL

Ideal for key executives

How does it work?

Executive Fusion Plans are executive pension plans with ZTSL as trustees. Executive Fusion Plans are ideally suited when an employer needs flexible pension arrangements for its key executives. With Zurich Trustee Services Ltd (ZTSL) acting as trustee for the executive arrangements, the significant legislative burden associated with traditional executives' schemes is removed.

Why recommend Executive Fusion Plans to an employer?

- ✓ Executive Fusion Plans remove the increasing burden of trusteeship from the employer as ZTSL takes it all on.
- ✓ If the employer acts as trustee (very common in executive arrangements), the sale, closure or dissolution of the company could potentially cause issues relating to the distribution of the pension scheme assets. With Executive Fusion Plans this is not an issue as ZTSL are the Trustees and can be depended on for proper execution whether this is in one or in twenty years' time.
- ✓ Members benefit from the full Revenue contribution limits available under executive pension arrangements, which are not available under PRSAs.
- ✓ The full range of Zurich investment options is available under the Executive Fusion Plan arrangement.
- ✓ On retirement, executive pensions have greater flexibility in how they take their retirement benefits - taking their Tax Free Lump Sum based on Salary & Service or alternatively taking 25% of their fund.



Executive Fusion Plans – a typical example

Bricks Ltd is a busy small sized property company with a number of key owner executives. The company owners are looking to put a flexible pension scheme arrangement in place for themselves but want few administrative requirements.

The Zurich Executive Fusion solution suits them perfectly as the owner or the executives can benefit from the contribution flexibility of executive pension arrangements. As the trusteeship burden is also removed completely this frees up the owners time to allow them to concentrate on running their business.



“The pensions landscape in Ireland is probably going to change significantly over the next few years. At the heart of this change will be the issues of governance and trusteeship with a heightened focus on both. Trustees need to ask themselves are they adequately prepared and informed to continue acting in their role?”.

Niall Fitzgerald, Business Development Director - Pensions



Group Fusion Plan – a bundle of PRSAs and Fusion Executive Plans

Ideal for SMEs

How does it work?

A Group Fusion Plan is a bundle of both PRSAs and Executive Fusion Plans administered as one group scheme. A Group Fusion Plan offers employers the ultimate flexibility. It gives them the choice of mixing PRSA arrangements for regular employees and Executive Fusion Plans for key staff – all administered as a single group scheme.

Why recommend a Group Fusion Plan to an employer?

- ✓ It offers the flexibility of both PRSAs and Executive Fusion Plans to employees, thereby benefitting from both arrangements, while minimising the administrative and trusteeship burden.
- ✓ The Revenue contribution limits which may impact key employees with higher salaries under PRSAs won't be an issue with Group Fusion as those members can opt for Executive Fusion Plans.
- ✓ If there is no independent Trustee appointed to the pension scheme, the sale, closure or dissolving of the company could cause issues relating to the distribution of the pension scheme assets. With Group Fusion arrangements, this is not an issue as ZTSL are the Trustees of the assets in Executive Plans and the employee is the contract owner for PRSAs.
- ✓ On retirement, those with Executive Fusion Plans have flexibility in how they take their retirement benefits. They can choose between taking their Tax Free Lump Sum based on Salary & Service and taking out an annuity with the remaining fund, or alternatively taking 25% of their fund as a Tax Free Lump Sum and investing the remaining fund in an ARF/AMRF.

Group Fusion Plan – a typical example

Process Ltd is a small to medium sized Engineering company with a number of directors, and approximately 30 employees, some of whom are highly paid associate directors. The directors are looking to put a pension scheme arrangement in place for the company, including themselves. They are also planning to match any contributions paid in by the employees to incentivise participation.

The Group Fusion Plan suits them perfectly as the directors can take out Executive Fusion Plans allowing higher contribution rates, and the majority of the employees, including the support staff on lower salaries, will be provided with PRSAs.

From a scheme administration point of view it's straightforward as Zurich manages it all as one single scheme. Finally, as with all our solutions the Trusteeship burden is also removed completely allowing the directors to concentrate on running their firm.



Group DC Trust Plan with ZTSL as Trustee

“A corporate solution for corporates - full DC arrangements are ideal for established companies with large employee numbers”

Ideal for larger schemes

How does it work?

A Group DC Trust Plan with ZTSL is a group Defined Contribution scheme where ZTSL have been appointed as Trustees. There is no trusteeship burden placed on the employer. This arrangement is administered as one group scheme and this minimises the administrative burden on the employer.

Why recommend a Group DC Trust Plan to an employer?

- ✓ Streamlined and efficient administration. Although there's some set up administration requirements for the employer, Zurich keeps this to a minimum and takes care of all the ongoing administration.
- ✓ There are fewer employer requirements when new members join. The employer doesn't need to provide employer documentation or P60s as would be the case with an executive arrangement.
- ✓ The trustee burden is removed completely from the employer. ZTSL will take care of all trustee requirements.
- ✓ The employer has more control under a Group DC Trust Plan arrangement than under a Group PRSA scheme. For example, the employer can decide when to permit contribution amounts to be altered (e.g. at scheme renewal date only).



A Group DC Trust Plan with ZTSL – a typical example

Private Hospital Ltd is a long established health care company that is setting up a defined contribution plan to supersede its defined benefit plan. The plan will be for all new employees and for the future service of the 150 members of the defined benefit plan. The directors intend to grow their business steadily over the coming years. They want to offer a competitive benefits package to their employees to help with their growth strategy but they don't have the time or resources to manage it themselves or to deal with the burden of trusteeship.

The Group DC Plan with ZTSL acting as Trustees is an ideal solution as the administration and trusteeship is kept to a minimum.



The growing burden of Trusteeship – is ZTSL the solution?

“Trustees who are members of the board or senior executives of the company may have a conflict of interest between their duties to the company and to their responsibility towards the members of the pension scheme. Appointing a professional trustee avoids such potential conflicts”

Who is Zurich Trustee Services Limited?

Zurich Trustee Services Limited (ZTSL) is a professional corporate trustee company with a wealth of knowledge and currently acts as trustee for a wide number of national and multinational companies.

What are the responsibilities of a Trustee?

The role of pension scheme trustee is both complex and challenging with trustees responsible for complying with an ever increasing amount of statutory regulation, in addition to fulfilling onerous duties. Indeed it is likely that statutory regulation will increase for trustees over the coming years. Many employer/company directors do not have pension and trustee experience which makes it difficult to carry out their role as a trustee effectively. This can leave them exposed to risk unnecessarily.

Did you know that pension scheme trustees are responsible for ensuring the following...

- ✓ the scheme complies with approximately 500 pages of pension legislation
- ✓ the scheme funds are invested appropriately
- ✓ all records are maintained in a proper manner
- ✓ all directors (including those based overseas) must undergo trustee training every two years
- ✓ the appropriate investment strategies are available to members and that members are presented with material to inform them of any choices they have to make
- ✓ information is provided to members as required under the Pensions Act

Trustees who neglect their responsibilities may be subject to fines and/or other sanctions from the Pensions Authority.

The benefits of appointing ZTSL

- ✓ By appointing ZTSL (Zurich Trustee Services Limited) as trustee the potential risk facing employers and pension scheme trustees is reduced.
- ✓ A professional trustee company adds value and offers a sense of security to the employer and employee as ZTSL have the knowledge and expertise to carry out this role effectively.
- ✓ A trustee is personally liable for a breach of trust or failure to comply with pension legislation – ZTSL carries this risk and responsibility.
- ✓ Although it's not something that a company may foresee, if an employer (acting as trustee) was dissolved it could cause issues relating to the legal ownership of the scheme assets if there is no independent Trustee appointed. This issue won't arise where ZTSL are acting as Trustees.
- ✓ ZTSL will manage the relationships of the scheme with the Pensions Authority, the Revenue Commissioners and Pensions Ombudsman.
- ✓ When ZTSL are acting as Trustees investment decisions are monitored by them. They will write out to members who are within 10 years of retirement asking them to review their investment funds, specifically if their chosen funds are high risk.

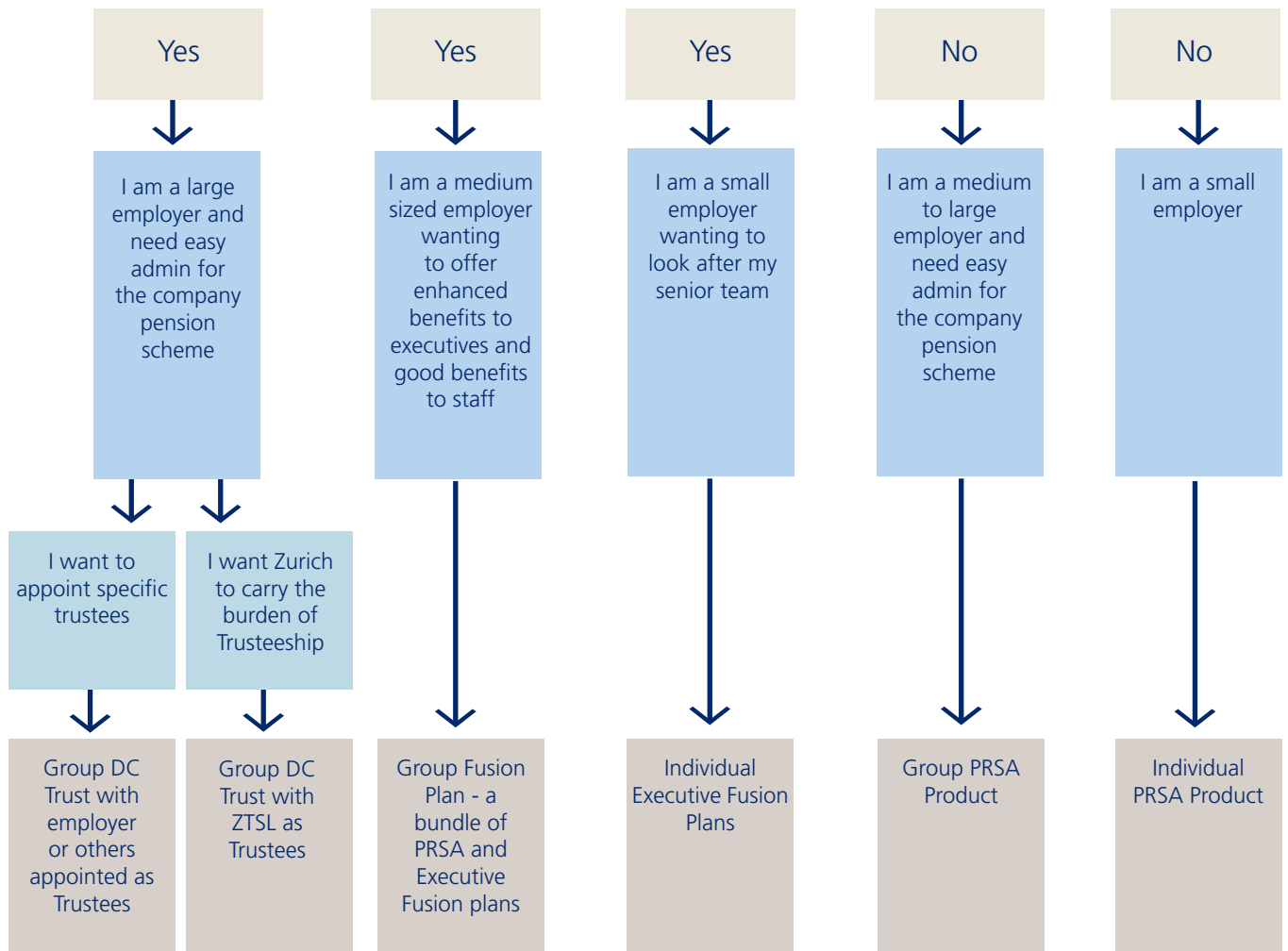


Brendan Johnston, Director, ZTSL

“By appointing ZTSL as the professional trustee for pension arrangements, you will be removing the burden of risk from the employer – allowing them to concentrate on what’s best for their business”

Employer Decision Tree

I am planning to make contributions in addition to member's own contributions



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Warning: The value of your investment may go down as well as up.
Warning: This product may be affected by changes in currency exchange rates.



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