For Financial Broker or
Advisor use only

Pension solutions for your clients

A comparison of options

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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. At Zurich, we can streamline these arrangements and reduce 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.

Within this guide, we compare the most common 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 Zurich Trustee Services Ltd (ZTSL)
- Group DC Trust Plan

	PRSAs	Executive Fusion with ZTSL	Group DC Trust Plan
Contract Basis	Employee owns the individual PRSA contract.	One-man DC policy held under an Individual Scheme / Trust for the benefit of the employee and his/her dependants.	Group DC Policy with Individual Member Accounts held under Group Trust for the benefit of the employee and his/her dependants.
Trust Requirement	None.	Established under trust using a Letter of Exchange.	Established under Group Trust. Trust arranged by Zurich Life or own external Trust Deed and Rules.
Trustees	None.	Yes - only Zurich Trustee Services Ltd.	Yes - Employer, Named Individuals or Corporate (or combination)
Trustee Training	None.	Not for Employer (Zurich Trustee Services Ltd as Trustees).	Yes, all Trustees (all directors if Employer is Trustee).
Trusteeship Fees	None.	Yes – €5 per member per month.	Yes – varies, depending on Trustees.
Employer Control	As the contract is with the employee, the employer may have difficulty in replacing the PRSA provider, although he is allowed to do so once he provides a deduction facility for an alternative provider. Employees have the right to start / stop, increase / decrease contributions at any time.	ZTSL, the Employer and the member have the option to wind-up the scheme at any time. Employer can decide when to allow contribution amounts to be altered.	If acting as trustee the employer may replace the scheme provider at any time. Employer / Trustees can decide when to allow contribution amounts to be altered.

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Scheme Audit	Where an Employer provides a PRSA Deduction Facility Arrangement for Employees, there is no requirement for the PRSA arrangement to be audited.	Each individual policy is regarded as a separate scheme in its own right – as such for executive pension plans there is no legal requirement for annual audited accounts to be produced. However, the Pensions Authority are entitled to audit schemes at any time regardless of the number of members.	Where there are 100 or more scheme members (including active and deferred pension members) annual audited accounts in respect of the scheme are required to be produced. The Pensions Authority is entitled to audit schemes at any time regardless of the number of members.
Charges	Maximum charges of 5% entry charge and 1% of fund apply to Standard PRSAs. Non-standard PRSAs are allowed to have charges greater than the maximum applying to Standard PRSAs.	No maximum charges apply.	No maximum charges apply.
Employer Contributions	Employer need not contribute. Employer contributions are tax deductible.	Employer must make a 'meaningful contribution' to the arrangement e.g. 10% of overall costs. Employer contributions are tax deductible.	Employer must make a 'meaningful contribution' to the arrangement e.g. 10% of overall costs. Employer contributions are tax deductible.
Employer Contribution - Benefit-in-Kind implications	Although treated as a taxable BIK for Employees it is not subject to PAYE in the normal way (due to the tax relief limits) but the employee is still responsible for ensuring that the correct tax is paid.	Not treated as a BIK for the employee and not taxable.	Not treated as a BIK for the employee and not taxable.
Employer Maximum Contribution	The Employee Contribution limits shown below and the Earnings Cap **apply to the total of employer and employee contributions** for tax relief purposes.	No overall limits apply to contributions by an employer, provided maximum allowable benefits are not potentially exceeded.	No overall limits apply to contributions by an employer, provided maximum allowable benefits are not potentially exceeded.
Employer USC and PRSI charge on Employer Contribution	The employer contribution to a PRSA is treated as a taxable BIK. However, the contribution is not taxed under PAYE and thus not chargeable to PRSI (both Employer and Employee share).	No (as employer contribution not treated as a BIK).	No (as employer contribution not treated as a BIK).

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Employee USC and PRSI charge on Employer Contribution	The employer contribution to a PRSA is treated as a taxable BIK. However, the contribution is not taxed under PAYE and thus not chargeable to PRSI (both Employer and Employee share). Employer contributions to a PRSA no longer attract a USC charge for the employee.	No (as employer contribution not treated as a BIK).	No (as employer contribution not treated as a BIK).
Employer USC and PRSI relief on Employee Contributions	None.	None.	None.
Employee USC and PRSI relief on Employee Contributions	None.	None.	None.
Earnings cap	Earnings cap of €115,000 applies to the total of **employer** and **employee** contribution in 2016.	Earnings cap of €115,000 only applies to **employee's** personal limits in 2016. No earnings cap applies to employer contributions.	Earnings cap of €115,000 only applies to **employee's** personal limits in 2016. No earnings cap applies to employer contributions.
Employee Maximum Contribution	The **earnings cap** and the following limits apply to the **total of employer and employee** contributions for tax relief purposes: Up to age 29: 15% of earnings Age 30 to 39: 20% of earnings Age 40 to 49: 25% of earnings Age 50 to 54: 30% of earnings Age 55 to 59: 35% of earnings Over 60: 40% of earnings	The **earnings cap** and the following limits apply to an **employee's** personal (Employee and AVC) contributions for tax relief purposes: Up to age 29: 15% of earnings Age 30 to 39: 20% of earnings Age 40 to 49: 25% of earnings Age 50 to 54: 30% of earnings Age 55 to 59: 35% of earnings Over 60: 40% of earnings	The **earnings cap** and the following limits apply to an **employee's** personal (Employee and AVC) contributions for tax relief purposes: Up to age 29: 15% of earnings Age 30 to 39: 20% of earnings Age 40 to 49: 25% of earnings Age 50 to 54: 30% of earnings Age 55 to 59: 35% of earnings Over 60: 40% of earnings
Tax relief at source on Employee Contributions if deducted under 'Net Pay Arrangement'	Yes.	Yes.	Yes.
Retirement Age	Normally age 60 to 75. Early Retirement from age 50 for employees. Anytime due to ill-health.	Normally age 60 to 70. Early Retirement from age 50 for employees. Anytime due to ill-health.	Normally age 60 to 70. Early Retirement from age 50 for employees. Anytime due to ill-health.

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Retirement benefits	Depends on accumulated fund. After retirement lump sum option is selected, the balance can be used to avail of different retirement options (i.e. AMRF/ARF, annuity, taxable cash) or the balance can remain in the PRSA – known as a Vested-PRSA – until age 75 when it must be transferred to an ARF or Annuity.	Depends on accumulated fund. Depending on the Retirement Lump Sum option selected, the balance can be used to avail of different retirement options (i.e. AMRF/ARF, annuity, taxable cash).	Depends on accumulated fund. Depending on the Retirement Lump Sum option selected, the balance can be used to avail of different retirement options (i.e. AMRF/ARF, annuity, taxable cash).
Retirement Lump Sum	25% of accumulated fund (unless PRSA is being used as an AVC PRSA in which case the Retirement Lump Sum must follow the rules of the Main Occupational Pension Scheme to which it is linked).	Option to take the greater of:- (1) Maximum of 150% of 'final remuneration' if 20 years service with employer at Normal Retirement Age. A reduced percentage applies for shorter service, retained benefits or on early retirement. Residual fund must be used to purchase annuity – except AVC which can go to AMRF/ARF, or (2) 25% of the accumulated fund.	Option to take the greater of:- (1) Maximum of 150% of 'final remuneration' if 20 years service with employer at Normal Retirement Age. A reduced percentage applies for shorter service, retained benefits or on early retirement. Residual fund must be used to purchase annuity – except AVC which can go to AMRF/ARF, or (2) 25% of the accumulated fund.
Taxation of Retirement Lump Sum	Up to €200,000 (inclusive of any tax-free lump sum paid since 7th Dec 2005) = Exempt from Tax. From €200,000 to €500,000 = Standard rate (currently 20%) no reliefs and no credits allowed. Over €500,000 = Marginal rate – taxed under PAYE system, plus USC and PRSI.	Up to €200,000 (inclusive of any tax-free lump sum paid since 7th Dec 2005) = Exempt from Tax. From €200,000 to €500,000 = Standard rate (currently 20%) no reliefs and no credits allowed. Over €500,000 = Marginal rate – taxed under PAYE system, plus USC and PRSI.	Up to €200,000 (inclusive of any tax-free lump sum paid since 7th Dec 2005) = Exempt from Tax. From €200,000 to €500,000 = Standard rate (currently 20%) no reliefs and no credits allowed. Over €500,000 = Marginal rate – taxed under PAYE system, plus USC and PRSI.
Maximum Retirement Fund (Standard Fund Threshold – SFT) – See Note 1	€2 million in 2016.	€2 million in 2016.	€2 million in 2016.
Maximum Retirement benefits – See Note 1 below	No benefit limits apply to retirement benefits. Where a joint-life annuity is purchased, the spouse's pension cannot exceed 100% of contributor's pension.	Maximum pension of 2/3rds of final salary if ten years of service with employer. Spouse's pension of 100% of member's pension at Normal Retirement Age. Reduced maxima on early retirement.	Maximum pension of 2/3rds of final salary if ten years of service with employer. Spouse's pension of 100% of member's pension at Normal Retirement Age. Reduced maxima on early retirement.

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AMRF / ARF available – See Note 2 below	Yes. Imputed Distribution applies to ARF (from tax year following 60th birthday). No Imputed Distribution on AMRF.	Yes, if member has opted to take 25% of the Fund as a Retirement Lump Sum (or this relates to AVC funds). Imputed Distribution applies to ARF (from tax year following 60th birthday). No Imputed Distribution on AMRF.	Yes, if member has opted to take 25% of the Fund as a Retirement Lump Sum (or this relates to AVC funds). Imputed Distribution applies to ARF (from tax year following 60th birthday). No Imputed Distribution on AMRF.
Vested PRSA Option	Yes – Subject to €63,500 (for 2016) ring-fenced in Vested-PRSA (AMRF) if unable to meet Specified Income Requirement of €12,700 p.a. Imputed Distribution applies to the Vested-PRSA's for amounts in excess of the Vested-PRSA (AMRF) amount (from tax year following 60th birthday). No Imputed Distribution on Vested-PRSA (AMRF) amount.	No	No
Additional Life Cover	Cannot be attached to PRSAs. May be arranged on separate policy basis.	The costs can NOT be deducted from pension scheme contributions, but it is possible to arrange on separate policy basis.	Costs can be deducted from pension scheme contributions. Can also be arranged on separate policy basis.
Death Benefit	In the event of death (prior to payment of the Retirement Lump Sum), the capital that has accumulated in the PRSA will be payable to the PRSA-holder's estate, with the normal rules regarding liability to Capital Acquisitions Tax arising on the distribution of the capital from the estate applying. In the event of death (after payment of the Retirement Lump Sum), the capital remaining within the PRSA will be treated as if it had been invested in an ARF for taxation purposes.	On death-in-service before NRA a lump sum not exceeding four times the deceased employee's final remuneration may be provided. The lump sum may be paid to the employee's legal personal representatives or a nominated beneficiary, or distributed at the discretion of the employer, trustee or administrator. A refund of the employee's own contributions (with or without interest) may be paid in addition to any other lump sum. Balance of Fund can be used to provide a spouse's / dependant's pension.	On death-in-service before NRA a lump sum not exceeding four times the deceased employee's final remuneration may be provided. The lump sum may be paid to the employee's legal personal representatives or a nominated beneficiary, or distributed at the discretion of the employer, trustee or administrator. A refund of the employee's own contributions (with or without interest) may be paid in addition to any other lump sum. Balance of Fund can be used to provide a spouse's / dependant's pension.

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Preserved benefit	Employee entitled to bring full value of PRSA with him/her on leaving employment.	The normal vesting periods are available - from immediate vesting of benefits to the Statutory two Years. Employers seeking to have a different vesting arrangement should contact Zurich Life.	The normal vesting periods are available – from immediate vesting of benefits to the Statutory two Years. Employers seeking to have a different vesting arrangement should contact Zurich Life.

Notes

1. Clients who had funds greater than €2 million on 1 January 2014, greater than €2.3 million on 7 December 2010, or greater than €5 million on 7 December 2005 had the opportunity to apply to the Revenue Commissioners for a Personal Fund Threshold (PFT) based on the value of their pension benefits at that date.

   If the higher amount was accepted by Revenue then a Personal Fund Threshold Certificate would have been issued confirming the amount agreed. Amounts in excess of this figure are taxed in full at retirement based on the higher rate of tax, currently 40% on the chargeable excess (and then again when the fund is drawn down as income – annuity or ARF).

2. In order to invest in an ARF you must invest a Specified Amount of €63,500 in an AMRF or in an annuity or in a combination thereof, or have a guaranteed lifetime income of at least €12,700 p.a., or have reached 75 years of age.

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Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

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The information contained herein is based on Zurich Life's understanding of current Revenue practice as at January 2016 and may change in the future.
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