

Let's have a conversation about...

The differences between an Annuity and an ARF

An annuity converts the money in your retirement fund into a guaranteed income payable until you die. The amount of income paid is fixed on the date you buy the annuity. However on death, there will be little or no return for your dependants unless you purchased a spouses/dependants pension and/or had a guaranteed period.

An ARF (Approved Retirement Fund) allows you to preserve, manage and control your retirement fund. You can invest your money into suitable assets and decide how much taxable income you want to withdraw each year, subject to the minimum withdrawal once you are aged 61 or over. Unlike an annuity, it does not provide any guaranteed income but any balance in your ARF on death is payable to your dependants.

	Features of an Annuity	Features of an ARF
Income for life	This offers an income for life which is guaranteed.	No guaranteed income for life, subject to withdrawals (minimum 4%/5%*) annually.
Flexibility	No flexibility, you cannot make changes to your annual income, once annuity purchased.	Flexibility to withdraw how much you wish to annually, subject to the minimum of 4%/5%*.
Potential for future growth?	None, you are locked into a set annuity rate fixed on date of investment with no potential for growth. If you have selected a fixed rate of escalation on your annuity then it will increase by that amount each year.	You might benefit from future growth if your fund is invested in suitable assets, though the value of your fund could also drop.
Potential for fund to be drained?	None. A annuity provides you with a guaranteed income for life.	Without careful planning and management, the fund in an ARF could be depleted depending on your withdrawals and investment strategy.
When death occurs?	Income stops when you die (assuming single life annuity). There's likely to be little or no payment to your dependants.	Any funds left in an ARF may be left to your dependants / estate (subject to applicable tax rates on death).

*Note

In the year an ARF policy holder turns 61, it is compulsory to withdraw a minimum of 4% of fund.

In the year they turn 71 this increases to 5% per annum.

If the ARF is greater than €2,000,000 then the minimum withdrawal is 6%.

For more information visit www.zurich.ie or talk to your Financial Broker or Advisor.

Warning: The value of your investment may go down as well as up.

Warning: If you invest in this product you may lose some or all of the money you invest.

Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, A94 X9Y3, Ireland.

Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie

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

The information contained herein is based on Zurich Life's understanding of current Revenue practice as at November 2021 and may change in the future.

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