

Retirement Conversations

When 'at' retirement
becomes 'in' retirement



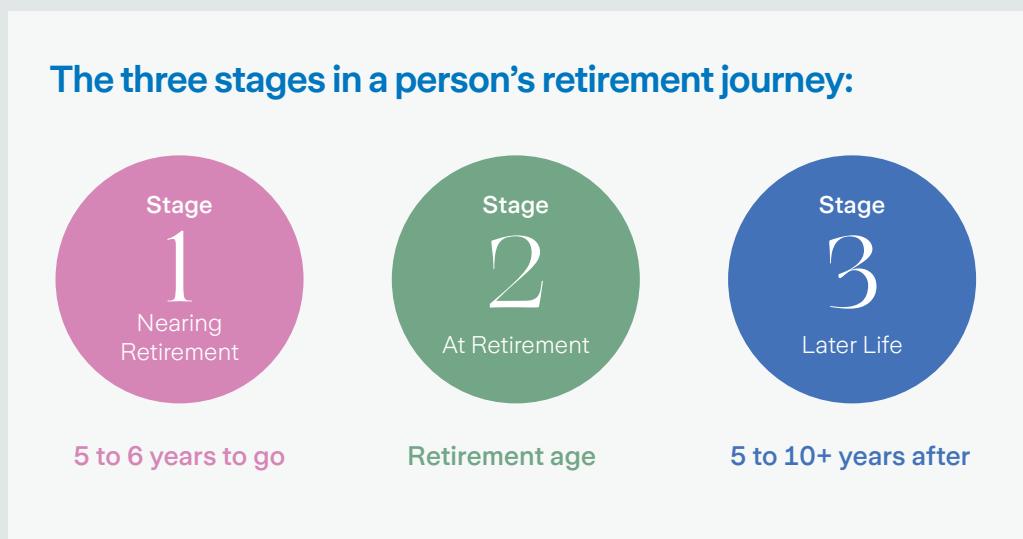
Let's have a conversation about advice 'At Retirement'

'At Retirement' advice in Ireland is undergoing a change. It's no longer just about helping your client pick a one-off product when they retire.

Now, it's a more complex process that continues through retirement and could continue up until and after your client has passed away.



At Zurich, we are at the forefront in planning for the new reality of continuing ‘In Retirement’ advice. We recognise that as customers make different retirement income choices, the requirements and processes to support this also needs to change.



Each stage of retirement brings different challenges and opportunities. But one element connects them all and this is the continuing need for professional advice from you. In this guide we will highlight many of the key questions that advisors should consider during the different stages of the retirement journey.

To support you as an advisor, we have suite of

- Online tools
- Reports
- Innovative retirement investment strategies
- Customer supports and guides

The changing face of retirement and the need for advice

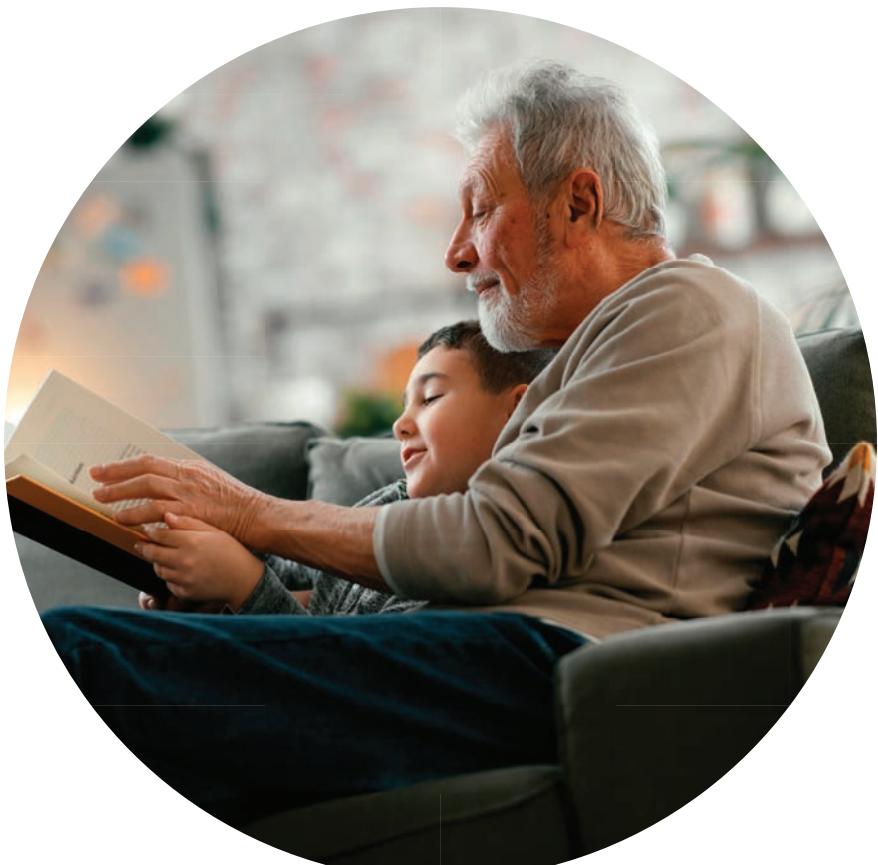
Like many developed countries Ireland is facing significant population challenges. While we currently have one of the youngest populations in Europe, the number of people aged 65 or over is now the fastest growing demographic in the country.*

Increased longevity and better medical care are transforming 'old-age' and Ireland is now predicted to have between 1.5 and 1.6 million people over the age of 65 by 2046.*

Of course this is good news but it is not without its challenges. Old age is being transformed; retirement is now seen as bringing a whole new lease of life, an opportunity to kick start new learnings and opportunities. The days of the 'carriage clock' retirement already seem outdated.

Changes in personal retirement expectations are matched by changes in retirement planning. Annuity rates have fallen over the last 15 years and for many retirees they are no longer the only option. The rise in popularity of Approved Retirement Funds (ARF) as a more flexible retirement vehicle is obvious and they are now an integral part of the client retirement conversation.

What is clear about retirement is that it is becoming one of the most important financial decisions a person will make and one that should not be made without proper advice. Choosing an annuity is a once in a lifetime decision. Choosing an ARF is the continuation of a life of investing - people should not make a decision on either route without first seeking financial advice.

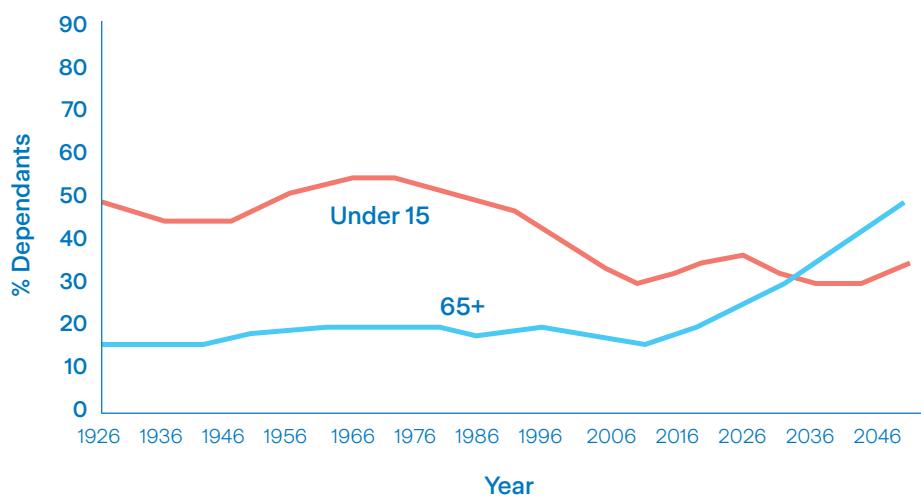


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Old age is being transformed; retirement is now seen as bringing a whole new lease of life.



As a nation we are getting older and by 2046 the 65+ dependency ratio could double what it was in 2011***



* Source: Central Statistics Office, Population and labour force projection 2017-2051, June 2018.

** Projected dependency ratio i.e. ratio of those aged >65 to those aged 15-64. Source: Central Statistics Office, Population and labour force projection 2016-2046, April 2013.

Nearing Retirement – 5 to 6 years to go

The key to a successful ‘In Retirement’ strategy is to start planning it many years before the actual date. Five to six years before retirement is actually the best time to have a good conversation with your clients about their retirement plans.

There are a wealth of useful needs analysis tools and calculators that you can call on to help paint a realistic picture of what your client’s retirement will look like. Most of these will inevitably (and in many cases correctly) recommend that your client increases the amount they are saving to give them the best chance of having an adequate pot of money at retirement.

To de-risk or not!

Another element of the pre-retirement conversation will revolve around de-risking in the years leading to retirement. Traditionally, retirement savers would move from higher risk investments into lower risk options in the years approaching retirement. It was important to shield a customers savings from market volatility before the purchase of an annuity.

However, if the conversation with a client is suggesting that an ARF might be the planned route for retirement, then the de-risking asset mix also needs to change. ARF investors are going to remain invested post retirement, so it makes sense to have a pre-retirement de-risking strategy take this into account.

Zurich’s Personalised GuidePath Investment Strategy gives the advisor and client full flexibility to tailor the de-risking mix in the final five years before retirement. So for customers who will choose an ARF, their mix of assets can be fully tailored to match this.

Regular communication is essential

Conversations about risk, investment strategies, planned retirement dates and client goals should form the basis of regular communications between you and your clients. Retirement investing is rapidly becoming a lifelong journey, a continuation of saving through working life into retirement.

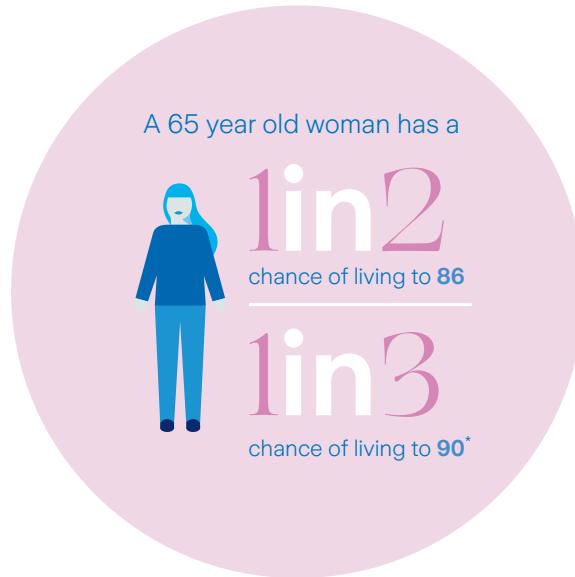
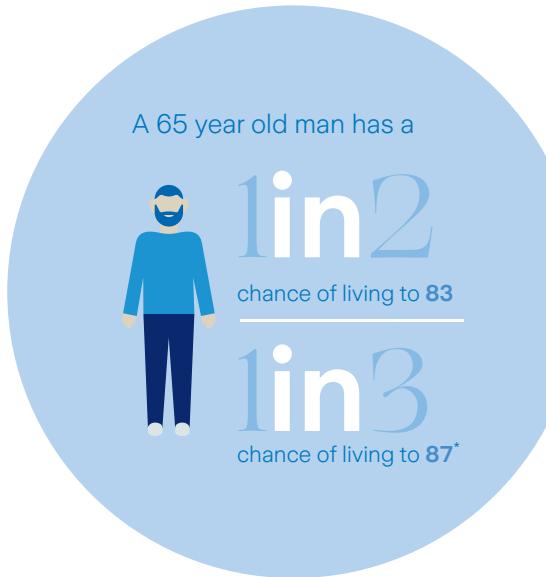
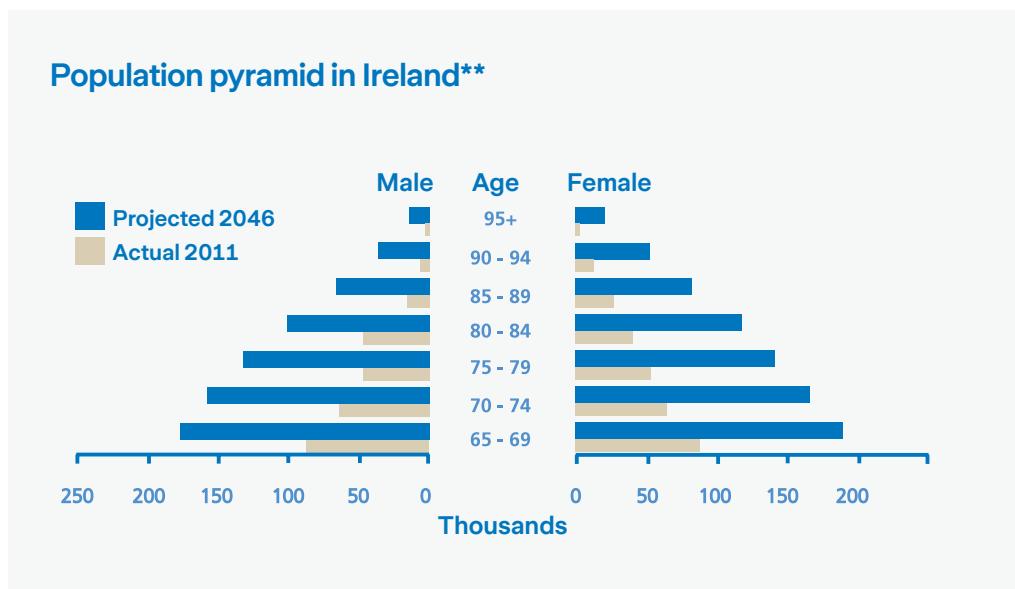


Some considerations with customers

- Accumulation is still key – but they need to think about retirement plans at least five years beforehand.
- Consider the most appropriate investment strategies to suit actual retirement plans.
- Start to position the different retirement routes – Annuity or ARF.
- Recommend meeting regularly to ensure all plans are on track.

Moving towards the 100-year life – a challenge for advisors

It is predicted that some children born today will live to 100 and while, for todays retirees, 100 years is still the exception rather than the norm, an average 65 year old today can expect to live for over 20 years in retirement.* Life expectancy has been steadily increasing for decades and while this means that people are living longer in retirement, it masks the type of retirement people expect.





ARFs continue to rise in popularity

We are also seeing a shift in how people will fund their retirement. As defined benefit schemes (leading to guaranteed income for life through a pension) become a rarity, more and more people will rely on the defined contribution (DC) model. The DC model, coupled with the perception poor annuity rates for younger retirees will lead to an even greater number of people using flexible ARF products to provide their retirement income.

This shift in the provision of retirement income will bring challenges for advisors and customers. While an annuity might provide a lower income at outset than an ARF, it does have the advantage of providing a guaranteed income for life. With an ARF, there is the risk of exhausting the pot of money due to poor management of withdrawals or poor investment performance.

Some considerations with clients

- Make life expectancy an important part of the retirement conversation – consider using Zurich's Retirement Drawdown Calculator to help position it.
- If going the ARF route, make sure to build in a process of regular ongoing reviews to ensure careful management of the pot of money.

* Source: Central Statistics Office, 2016. Irish Life Tables No. 17.

** Source: Central Statistics Office, Population and labour force projection 2016-2046, April 2013

At Retirement – the important decisions

Deciding between cash, annuity or an ARF – or a combination of all three is the single most important decision someone will face at retirement. And it is most certainly not one that should be made without proper advice.

It is common for customers to take the maximum tax-free cash and then make a decision about how they are going to provide their regular income.

Options available with the pension fund

A

Take a retirement cash lump sum.

+

B

Use the residual fund to provide a regular income.

A

The retirement lump sum

Retirees are entitled to take a cash lump sum from their retirement fund if they wish. The lump sum is calculated based on the type of pre-retirement pension contract and is tax free up to a maximum lifetime limit of €200,000. The next €300,000 of any lump sum is taxable at 20%. Anything over that €500,000 in total will be taxable at the retiree's marginal rate of income tax, USC (Universal Social Charge) and PRSI (Pay Related Social Insurance), (if applicable).

Cash Lump Sum	Tax Rate
Up to €200,000	Tax free
Next €300,000	Taxable at 20%
Over €500,000	Taxable at marginal rate of income tax, USC and PRSI (if applicable)

Cash flow modelling can help plan income options

Helping customers to map out their income needs in retirement is key support that you can provide. Simple cash flow models – whether in excel or via specialist software – will help you paint a realistic picture of retirement income. You should incorporate all sources of income, such as savings, investments, State Pension and any other assets. By having a full picture, you can then start to make recommendations on how to drawdown pension income.

B

Options with the balance of the fund

- 1 Purchase of an annuity and/or
- 2 invest in an ARF or
- 3 Vested PRSA



Interactive client supports

Retirement Drawdown Calculator and report

Helping a client to decide how they are going to take their retirement income is a key part of the retirement process.

What option to recommend will depend on a number of different factors which include (but are not limited to):



The size of the retirement pot



What is the customer's state of health and predicted life expectancy?



What is the customer's attitude to risk

Zurich's Retirement Drawdown Calculator is a useful support for helping you position the best route for retirement income. This online tool will highlight to you and your client the different income options and the risks associated with both.

Retirement Drawdown Calculator

The purpose of this calculator is to look at the different options available at retirement. The calculator compares the relative income and benefits of an investment in an Approved Retirement Fund (ARF) with those of an Annuity. Summary figures will be shown below and you have the option of creating a personalised PDF report.

You can choose to run the calculator using any of our five Prisma Funds, the Balanced fund or the Global Targeted Returns fund (Invesco). You can also choose to use one of our RetireRight investment strategies.

Personal Details

Date of Birth:

Investment Details

Investment Amount:

Investment Choice: N/A

Income per Annum:

Min: 4% (N/A) - Max: 10% (N/A)

Income Escalation:

I understand that the information provided is a guide only and is based on certain important assumptions

Indicates required field *



Simple to use and navigate!

Comprehensive report highlighting everything that your client needs to know.



RetireRight

An innovative retirement investment strategy

It's well-known that investing before retirement is very different to investing after retirement. Some considerations for advisors to think about when looking at ARF investment options is finding the right balance between risk and reward and, also, whether investment risk should be reduced for clients as they get older.

A solution built on Prisma

Zurich has a reputation for excellence in developing investment strategies from PensionStar to the award winning Personalised GuidePath*. Zurich's RetireRight is a unique innovative way of managing ARF investments once a person retires. It is built on Zurich's market leading Prisma Funds and it offers three investment options, each one catering to clients with different risk appetites. As a person gets older, it will automatically transition their ARF investment from higher risk assets into lower risk assets over a 15 year period, helping to balance income requirements with the need to preserve the capital in later life.

Each RetireRight option will gradually move money from its starting point (in the Prisma 5, Prisma 4 or Prisma 3 Fund) into the Prisma 2 Fund over a 15 year period beginning when they reach age 75. The initial starting fund is dependent on which RetireRight option is selected at outset.

From the start, fully invested in the Prisma 5, Prisma 4 or Prisma 3 Fund until age 75.*

From age 75, gradual de-risk into the Prisma 2 Fund over a 15 year investment period to age 90.

RetireRight > **5** > **2**

RetireRight > **4** > **2**

RetireRight > **3** > **2**

Later life – managing early activity to a slower lifestyle

Your clients will pass through a number of stages once they retire. They may be more active in the early years but inevitably, old age will catch up and they will naturally slow down.

The nature of your regular reviews and financial advice to them will also change as you take into consideration changes to their health, their current income levels, investment markets and the need for inheritance tax planning.

Changes to health and the personal circumstances

As your clients age, it will be natural that their circumstances change. You should factor this into any review meetings you have with your ARF clients as it could have a large bearing on their needs. This is particularly important as clients get older and may be looking for more simplicity and structure with their financial affairs.

Should a later life annuity be considered?

At retirement, many customers will discount the annuity option as offering poor value – they may prefer the inherent flexibility of the ARF option. But this doesn't mean that in later life an annuity may become a very viable proposition for the customer. Annuity rates increase with age and customers may prefer the certainty of income in later life that they provide. So as part of any ongoing review you should keep a watchful eye on annuity rates and possible changes to your client's attitude to risk, and if appropriate, explore the option of converting some (or all) their ARF to an annuity.

What annuity income would be paid today to somebody aged...

Age	Annual Income
65	€5,558.54
66	€5,702.85
67	€5,859.76
68	€6,030.35
69	€6,215.68
70	€6,416.94
71	€6,635.42
72	€6,872.68
73	€7,130.61
74	€7,411.61
75	€7,718.66



The advice you provide is important as many people's attitude to investment risk changes as they get older. A structured review of their investments is good practice once a year to make sure they are on target to deliver the required returns and are in line with their attitude to risk.

While **Zurich's RetireRight** investment strategy will automatically de-risk clients into the lower risk Prisma 2 fund over a 15 year period, investment conversations should always be a core part of customer reviews.

Inheritance tax planning and involving the extended family

Too often inheritance tax planning is left until it's too late. A part of any good review process should involve a discussion around planning for when your client has died – or has begun to lose some of their cognitive powers. A person's ability to process complicated information diminishes as they get older, so it's important that you broach this subject before it's too late. Conversations around inheritance tax in general should happen early – a Will should be drawn up in all circumstances. It may also be appropriate to raise the idea of appointing a power of attorney.

An up-to-date Will

As a Financial Advisor you understand the importance of having an up-to-date will in place. Before discussing Power of Attorney with a client it's essential that they take some time to sit down and decide what should happen to their estate after they pass away.

Discussing Power of Attorney

Power of attorney is a legal device in Ireland that can be set up by a person (the donor) during their life when they are in good mental health. It allows another specially appointed person (the attorney) to take actions on the donor's behalf if they are absent, abroad or incapacitated through illness.

If someone in Ireland is mentally incapacitated (for example, because of a progressive degenerative illness), all of their assets and property are normally frozen and cannot be used by anyone else unless they are jointly owned or, someone has power of attorney to deal with the property or money. Power of attorney is just one of the legal arrangements that a person can make during their lifetime, in the event they become incapacitated or unable to deal with their affairs.



Types of power of attorney

There are two types of power of attorney allowed under Irish law:

1

Power of attorney

A power of attorney can be specific (limited to a particular purpose, for example, sale of a property) or general (entitling the attorney to do almost everything that a person could do themselves). For example, it may allow the attorney to take a wide range of actions on the donor's behalf in relation to property, business, and financial affairs.

2

Enduring power of attorney

Perhaps more relevant for later life decision making, an enduring power of attorney also allows the attorney to make "personal care decisions" on the donor's behalf once they are no longer fully mentally capable of taking decisions themselves. Personal care decisions may include deciding where and with whom the donor will live and what rehabilitation he/she should get.

Your client will have a large degree of freedom in appointing an attorney and this can include a spouse, civil partner, family member, friend, colleague, etc. However, the procedure for creating an enduring power of attorney is much more complex than that for creating a general power of attorney.

Creating an enduring power of attorney

Because the enduring power of attorney involves the transfer of considerable powers from your client to another person, there are a number of legal safeguards to protect them from abuses. The procedure for executing the enduring power of attorney is complex and requires the involvement of a solicitor and a doctor. The enduring power can only come into effect when certain procedures have been gone through and the courts have a general supervisory role in the implementation of the power.



Looking for more information?
Check out:

www.citizensinformation.ie
www.thinkahead.ie



Supporting you with your At Retirement proposition

Check out our range of supports and guides to help you.

Let's have a conversation about...

**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. You can choose to receive a guaranteed income for a fixed term or for life. You can also choose to receive a guaranteed income for life, with the option to withdraw a percentage of the money in your fund each year.

An ARF (Approved Retirement Fund) allows you to receive a guaranteed income for life, with the option to withdraw a percentage of the money in your fund each year. You can also choose to withdraw each year, subject to the minimum withdrawal since you are aged 65. You can withdraw a percentage of the money in your fund each year, or choose to withdraw a percentage of the money in your fund each year.

Features of an Annuity	Features of an ARF
Income for life	This offer is income for the rest of your life. The guaranteed income for life is payable for as long as you live.
Flexibility	Changes to your investment
Protected for future growth	Since you are invested into a fund, if it has increased in value, you will receive more when you withdraw your money.
Protected for future inflation	Protected for inflation. If inflation increases, your money will increase in value.
What should I invest?	Invest in a fund that suits your needs. There are many options available, including a pension fund, a unit trust or a managed fund.

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. Meaning, if you invest in a fund you could lose more or all of the money you invest.

ARF Vs Annuity

**Let's have a conversation about...
Life Expectancy**

In Ireland, life in most developed countries, life expectancy has improved significantly over the last 100 years. In 2010, a 65 year old man could expect to live to the age of 85.5 years, taking them over age 85. This is an improvement of almost a year since 2000, and a year since 1990. Women could expect to live 87.7 years.

Life expectancy in Ireland has increased by 38% over the last 90 years.

A 65 year old man has a 1 in 2 chance of living to 85. A 65 year old woman has a 1 in 2 chance of living to 87.5.

A 65 year old man has a 1 in 2 chance of living to 90. A 65 year old woman has a 1 in 2 chance of living to 92.5.

Life Expectancy

**Let's have a conversation about...
Longer life investment risk and your ARF**

When choosing an Approved Retirement Fund (ARF) your money is invested in a fund that suits your needs. You can withdraw a percentage of income you want to withdraw each year (subject to the minimum rules).

As your money is invested it is important to discuss investment risk with your Financial Advisor. You will be asked to complete a risk questionnaire to determine the level of risk you are willing to take. The higher the risk you are willing to take, the higher the potential return. The lower the risk you are willing to take, the lower the potential return.

Seek advice to understand your risk/reward profile.

With your Financial Advisor, you can access the online Zurich Risk Profiler, which will help you understand your risk/reward profile. Once you have completed the Risk Profiler, you will be categorised into one of the seven risk profiles. The seven risk profiles are: Conservative, Moderate, Moderate Growth, Growth, Aggressive Growth, Aggressive and Aggressive Plus.

Lower risk and reward

Higher risk and reward

Later life investing

Retirement Drawdown
Calculator

RetireRight Investment
Strategy for ARFs

For more information



Talk to your Broker Consultant



Visit our website at zurichbroker.ie

Warning: The value of your investment may go down as well as up.
Warning: Past performance is not a reliable guide to future performance.
Warning: If you invest in this product you may lose some or all of the money you invest.
Warning: This product may be affected by changes in currency exchange rates.
Warning: The income you earn from this investment may go down as well as up.

Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, 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 January 2026 and may change in the future.

Intended for distribution within the Republic of Ireland.

GR: 10005 Print Ref: ZL PB 1610 0126

