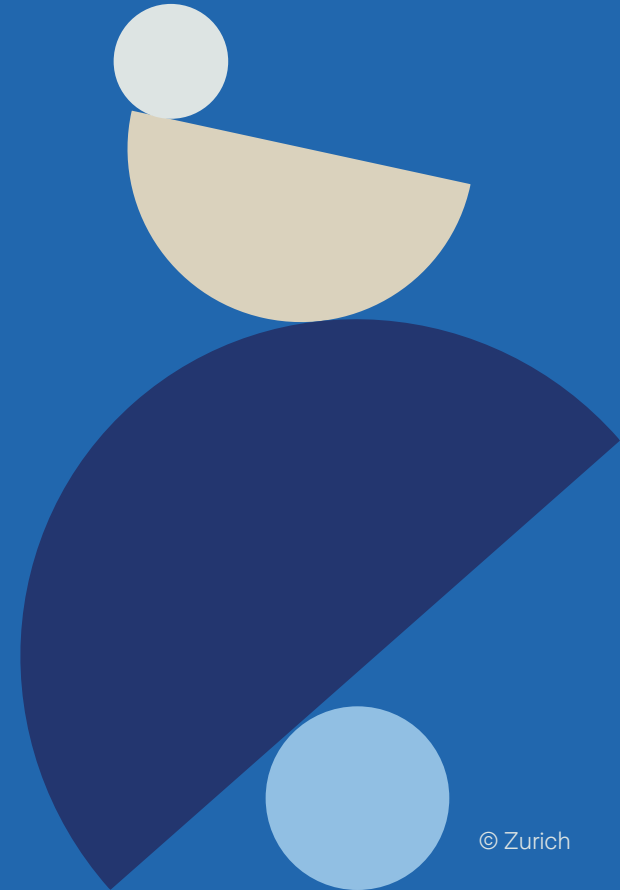


PRSAs – the opportunities from a much-changed landscape



Pitch perfect time for PRSAs

New Rules and the opportunities created

How the current economic scene fits

Larger Premiums lead to larger pension pots – the implications and advice needed.

Multiple PRSA – Why?

- ✓ Inheritance
- ✓ Taxation
- ✓ Flexibility
- ✓ Good planning

PRSAs & Redundancy

Other Topics of Interest



Opportunities to explore



Cash rich
company



Already
accessed
Executive
Pensions



Investment
Company



Lower
Salaries

Husband & wife - business owners who pay themselves €40,000 per annum each

- Funded exec pensions to age 70, attained last year – close to €1m and took benefits at max age for exec pension
- They continue to run, own and work in the family business
- Under previous rules they were finished funding unless took out a new PRSA but under age related limits – 40% of €40,000 - €1,333 per month
- **New rule** – they can both put another €1m into PRSA from the business as still on the payroll



Investment Company:

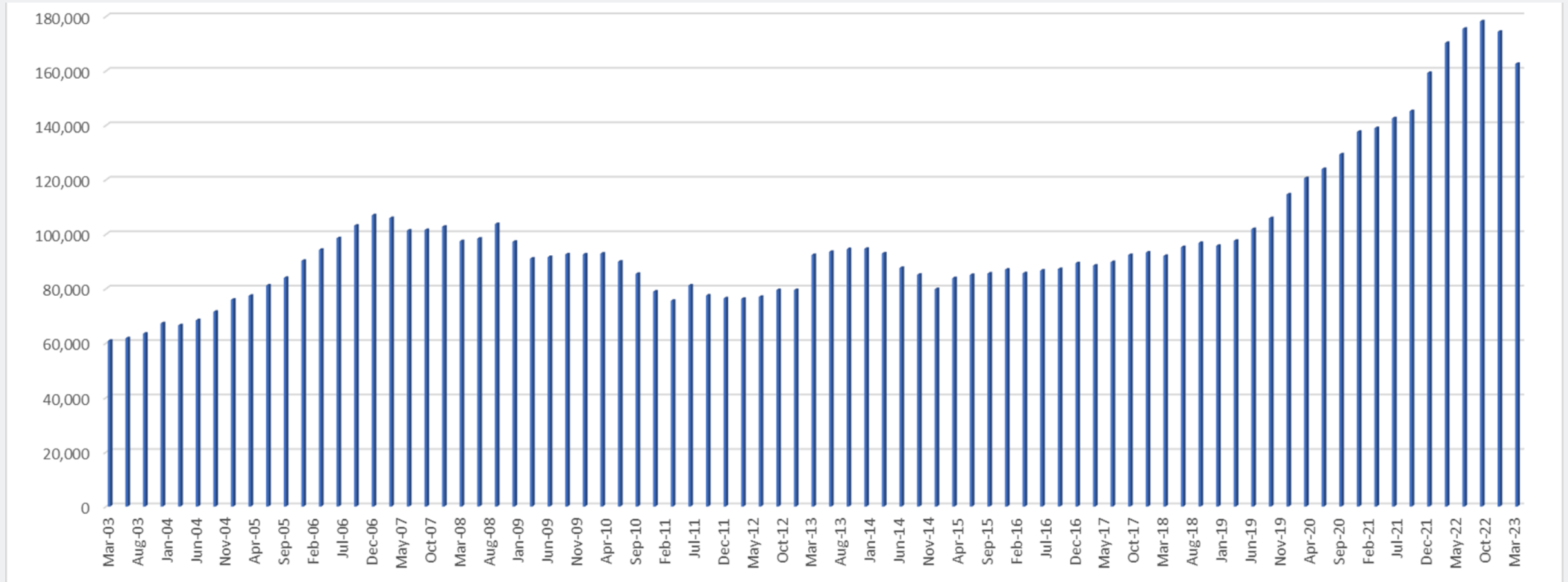
Client holds a number of rental properties within a holding company with rent role remitted back to the holding Ltd Co

This would be classed as an Investment Company – these were clearly excluded from funding through Executive Pensions

No such exclusion from a PRSA so once 20% director is drawing Schedule E income from that company they can now open up pension funding through a PRSA.



SME deposits have seen record growth



SMEs are defined as enterprises with fewer than 250 employees and whose annual turnover does not exceed €50 million and/or whose annual balance sheet does not exceed €43 million. This is the standard EU definition of an SME



Tax relief on entry

- Corporation Tax Relief for Ltd Company employer
- Marginal Relief for self employed making contribution for employee



Tax free growth

- Enjoy the magic of compounding long term performance



Tax free lump sum on maturity

- But what about the balance?

- All aware of the benefits of corporation tax relief for Limited Company on a PRSA contribution on behalf of an employee:
 - business expense and relief can be claimed in the year in which paid.
- But what of sole traders?
 - referrals from accountants and solicitors who can't have limited liability for their main practice.
 - Can be forced to take a large incomes as drawings and pay the relevant marginal tax rate.
- A sole trader can make a PRSA contribution for bona fida member of staff and new rules allow substantial contributions.
- Tax relief on employer contribution effectively at marginal rate of tax.

Get customers to think differently about saving

Double a cent



What would you prefer?
€1,000,000 today
or
1c doubled every day
for **30 days**?

| | | | |
|----|---------|----|---------------|
| 1 | €0.01 | 16 | €327.68 |
| 2 | €0.02 | 17 | €655.36 |
| 3 | €0.04 | 18 | €1,310.72 |
| 4 | €0.08 | 19 | €2,621.44 |
| 5 | €0.16 | 20 | €5,242.88 |
| 6 | €0.32 | 21 | €10,485.76 |
| 7 | €0.64 | 22 | €20,971.52 |
| 8 | €1.28 | 23 | €41,943.04 |
| 9 | €2.56 | 24 | €83,886.08 |
| 10 | €5.12 | 25 | €167,772.16 |
| 11 | €10.24 | 26 | €335,544.32 |
| 12 | €20.48 | 27 | €671,088.64 |
| 13 | €40.96 | 28 | €1,342,177.28 |
| 14 | €81.92 | 29 | €2,684,354.56 |
| 15 | €163.84 | 30 | €5,368,709.12 |

Taxation on Pension Funds



| Scenario's-Over 65 | Pension Fund | Gross Lump Sum | Net Lump Sum | ARF |
|--------------------|--------------|----------------|--------------|---------------|
| Pay 10% Income Tax | €1,017,061 | €254,265.25 | €243,412.20 | €762,795.75 |
| Pay 15% Income Tax | €1,534,136 | €383,534.17 | €346,827.33 | €1,150,602.50 |
| Pay 20% Income Tax | €2,150,000 | €500,000.00 | €440,000.00 | €1,650,000.00 |

Source: Zurich, Sept 2023. Assumes that pension fund is held by one party who is married. Assumes Husband and Wife both in receipt of maximum rate of State Pension Contributory (€13,795.60). Taxation applied based on Zurich's understanding of Income Tax, USC and relevant credits exemptions available as at September 2023

Let's look at some scenarios

A tale of two customers

Customer A

At retirement:

Pension Pot of €1,500,000

- Lump sum of €375,000 (pay €35,000 in tax)
- ARF of €1,125,000

Income generated from ARF

- 4% income = €45,000
- Total income (state pension, etc) = € 72,591.20

- Customer A pays approx. 15% Income tax

Customer B

What if they don't need circa €72,000 income and paying income tax of close to €11,000?

At retirement – same funding scenario – but consider:

Splitting PRSA into 2 pots:

€280,000 & €1,220,000.

Mature **PRSA Pot 1** of €280,000 – TFC €70,000 & ARF of €210,000.

- 4% income = €8,400
- Total income (state pension, etc) = €35,991.20
- Customer B pays no Income Tax
- **PRSA Pot 2** of €1,220,000 can be split into more PRSAs to maintain the lowest tax rate for as long as possible.

On death

If we have the one ARF for €1.125m and client were to pass away?

Spouse

- pay income tax on drawdown if "steps into shoes"
- take taxable lump sum and pay significant tax bill

If no spouse

- children and the normal ARF inheritance rules based on age.
- If kids >21 then 30% of the value of the ARF in tax - €402,600 in tax

Multiple PRSA – those PRSAs not yet crystallised pass to estate tax free



Traditional Approach

One ARF of €1,125,000 and taking income and paying income tax – approx. 15%

On death passes to spouse and pays marginal rate of income tax

Multiple PRSA

One PRSA of €280,000 and mature and paying no income tax and another PRSA of €1,220,000

On death a tax-free lump of uncrystallised PRSA of €1,220,000 paid to spouse

Potential very large tax saving on income drawdown and also on death prior to 75

Redundancy – the need for pension awareness

Certain sectors seeing a rise in redundancy

- Tech/Pharma/Consultancy

89% increase in number impacted by redundancy

Over 7,500 people in 6 months to June 2023 (above H2 22)

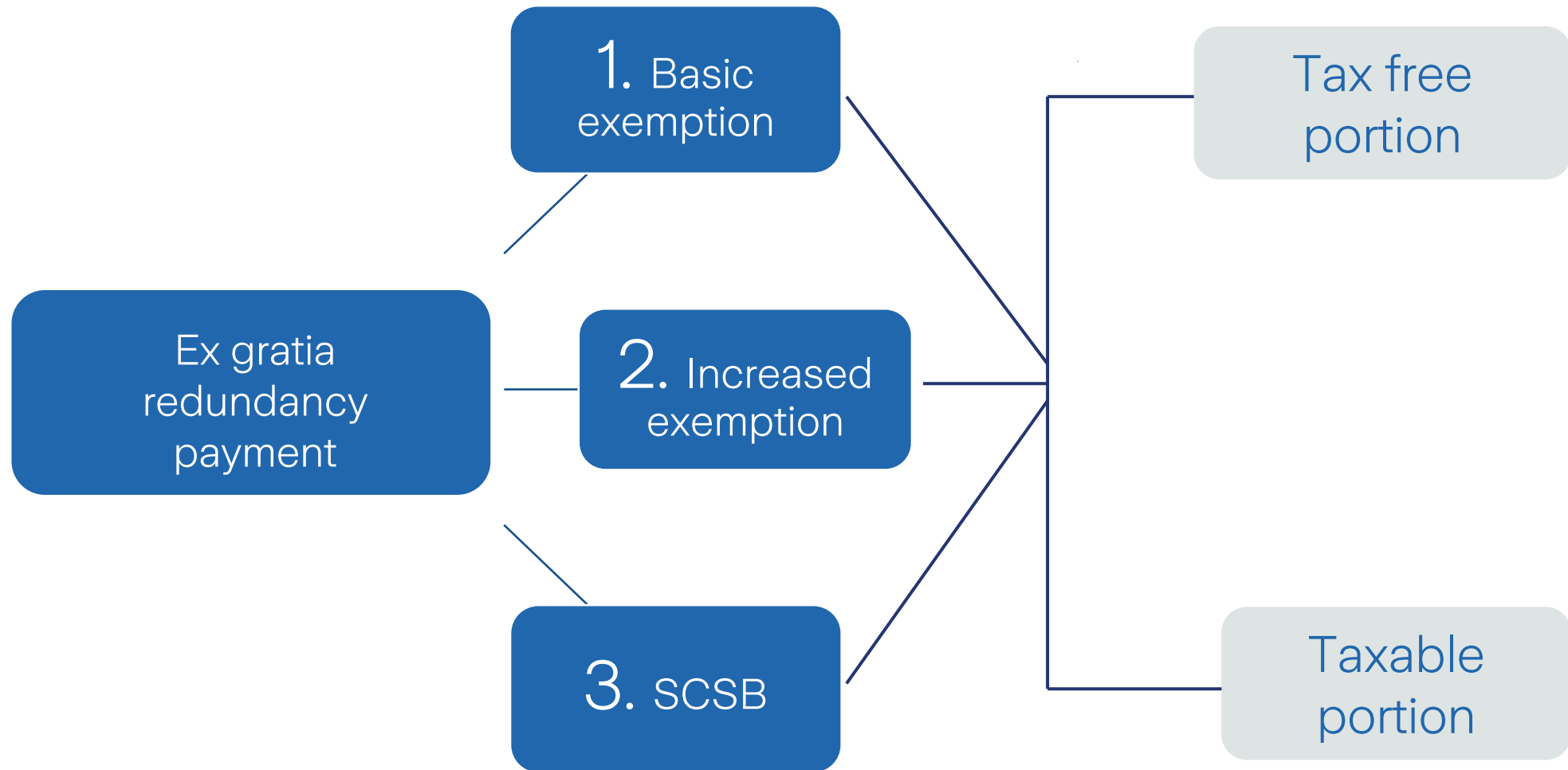
Employers also affected

- 68% increase in closures from 65 to 109 over the same period.

Clients need to aware of the relationship between pension and redundancy payments



Redundancy – 3 calculation options



Redundancy – PRSA considerations

- Generally the SCSB calculation gives the highest tax free amount for the redundancy payment
- But the rules refer to the waiver of tax free cash from an occupational pension scheme.
- PRSA is not currently regarded as occupational pension scheme so not waived in calculation of SCSB
- Assets in a PRSA may allow the SCSB calculation and 25% of the PRSA as tax free cash.

Zurich – Number 1 in the PRSA market



Largest and most established PRSA provider in Ireland

Great pricing options – a suitable structure to suit everyone

Wide range of fund options including the Prisma range

OnlineApply – ideal for Pension Season

A trusted & recognisable brand in Ireland



What else is on our mind?

AE - 100%
participation in
existing
schemes

Max funding
for PRSAs?

COBC

MyAccount
certificates
upload

Outperformance – the REAL reason people choose Zurich



No.1 for Investment Excellence
2014, 2015, 2016, 2017,
2018, 2019, 2021, 2022

Source: Zurich and MoneyMate, July 2023. Performance figures quoted are from fund inception date of 1/11/1989 until 03/07/2023. Annual management fees apply; the fund growth shown above is gross of any annual management charge. Returns are based on offer to offer performance and do not represent the return achieved by individual policies linked to the fund.

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Thank you

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