

Tech Talk

30% AVC Withdrawal Deadline is **Thursday 24 March 2016**

In this issue:

We highlight the fast approaching deadline for applicants to make a once-off 30% withdrawal from their AVCs and outline the issues which may affect the payments of these benefits.



As you may be aware the 2013 Budget permitted individuals, who supplement their retirement benefits by making AVCs, be allowed a once-off option to withdraw up to 30% of the current value of their AVCs, for three years from 27th March 2013 (the date of the passing of the Finance Act 2013) until 26th March 2016.

The option applies to:

- Additional Voluntary Contributions under an Occupational Pension Scheme.
- PRSA Additional Voluntary Contributions.
- Buy-out Bonds with an AVC element (for that AVC element only).

In order to process these payments we will require receipt of a completed 30% AVC Withdrawal Form by **Thursday 24 March 2016**. This is due to the fact that our offices are closed on 25 March 2016 for the Easter holidays

*Please see next page
for more details.*

Please note that where an AVC policy is held under trust and the Trustees are the legal owners of the policy we will require a Trustee signature on the claim form. This will be the case for AVCs paid into an Occupational Pension scheme but would not apply to Buy-out Bonds and PRSA AVCs which are not held under trust. In these cases only the signature of the Member/ Policy Owner is required.



Mike Ainsworth
Head of Technical Services

Taxation

The withdrawal amount is taxable as Schedule E emoluments under PAYE. Payments are not liable to PRSI or USC. Zurich Life is required to deduct tax at the higher rate (currently 40%) unless we have received from Revenue a Tax Credit Certificate for the client for the year of payment. Therefore where applicants are submitting a request to withdraw funds on this basis, please ensure that they contact their local Revenue Office to arrange a Tax Credit Certificate by quoting reference number **2975867FH**.

Under Revenue legislation we are unable to process tax credit certificates received after the withdrawal amount has been issued to the applicant. Any claim for adjustment of the tax deducted should be addressed to the Revenue Commissioners.

Pension Adjustment Order (PAO) on "AVCs"

Where an AVC fund is subject to a PAO, both parties to the order may exercise the option independently in respect of their respective "share" of the AVCs. In effect, it is deemed that there are two separate AVC funds, and the value is determined on the basis that the designated benefit under the PAO was payable at the time the AVC access option is exercised.

Where benefits are subject to a PAO then applicants should contact their Trustee or Administrator for further instructions. We will be unable to progress any instruction under this application until the PAO has been reviewed and processed.

Got a technical query?

Talk to a member of our Technical Services team on **01 209 2020** or email **techsupport@zurich.com**

Zurich Life Assurance plc

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

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

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