

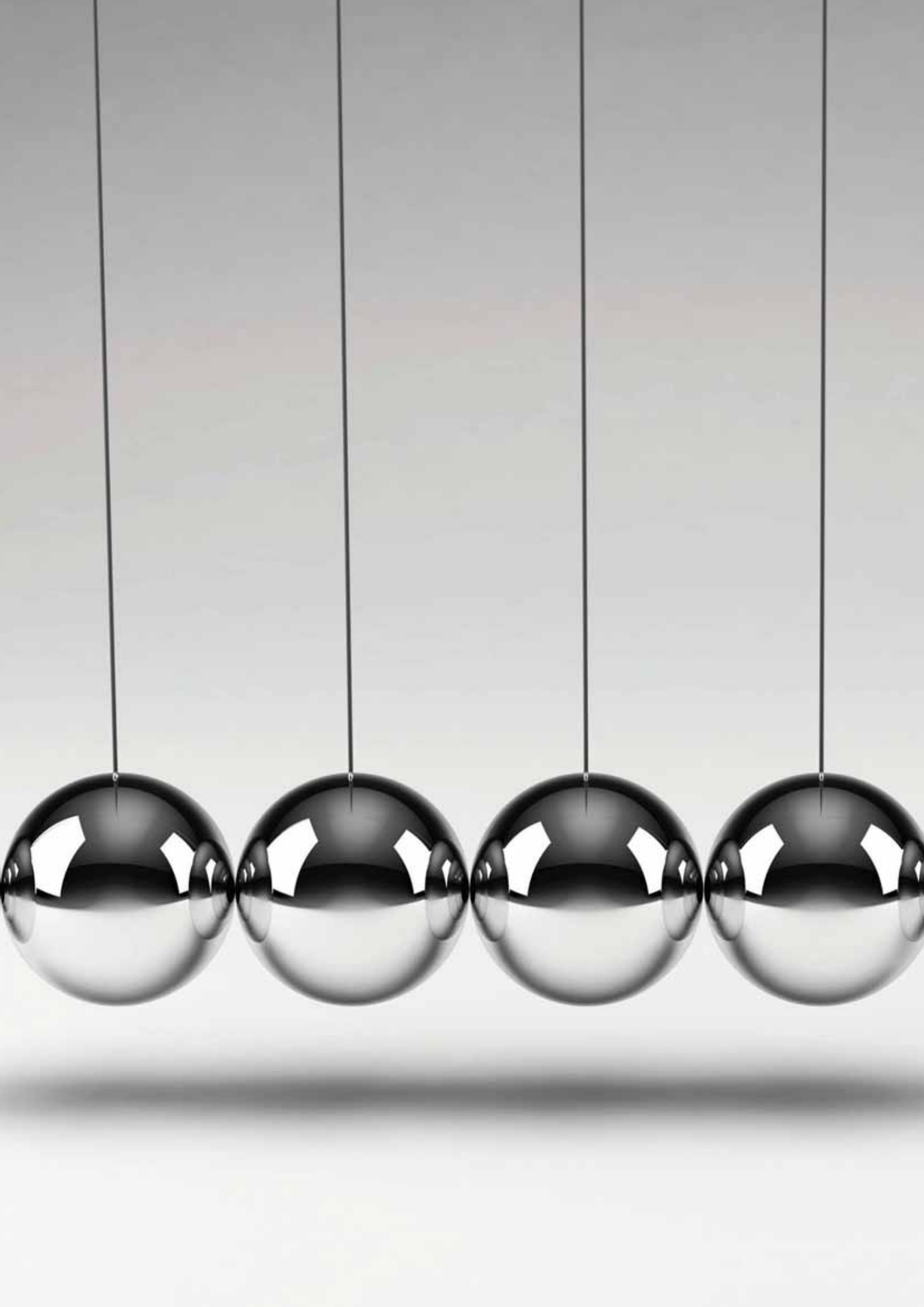
Zurich HelpPoint®



# Fusion

Employer Brochure

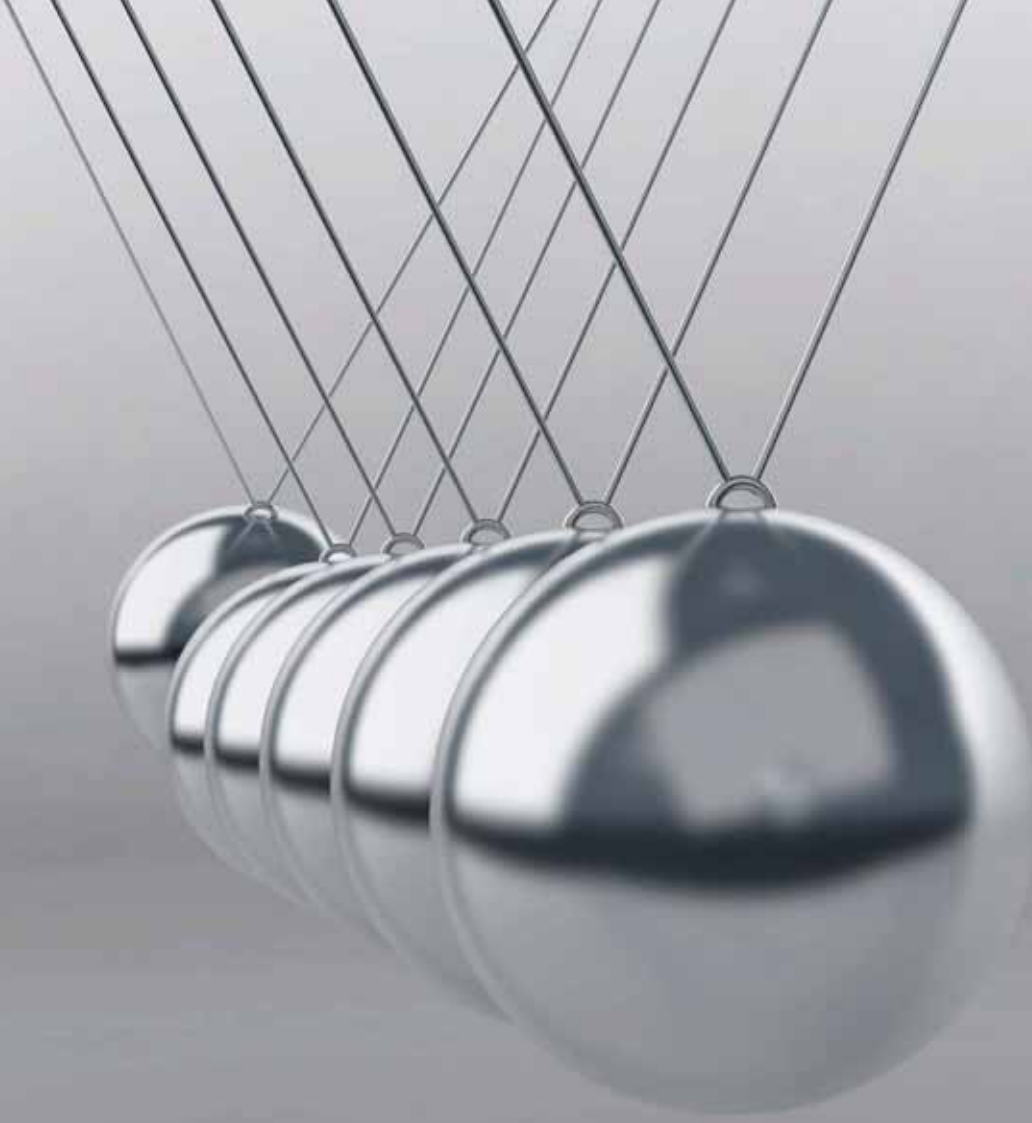




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This brochure is designed as a quick reference to the main features of the plan. For full details of any individual cover or any other aspect of the plan, you should consult the Policy Document & Scheme Rules, which are definitive in all matters of interpretation and entitlement to benefit. In the event of any conflict between this brochure and the Policy Document & Scheme Rules, the provisions of the latter will prevail.



## **Taking the hassle out of pension scheme provision**

No matter what the size of your company may be, administration hassles can often distract you from the main focus of your business. And pension administration can be amongst the biggest of these challenges.

Zurich Life offers you a solution through Fusion, an innovative pension plan, specifically tailored to your needs and those of your employees.

Fusion gives you and your employees ultimate flexibility - access to both Personal Retirement Savings Accounts (PRSAs) and individual executive arrangements. It can accommodate any sized company from one employee to one thousand. The executive arrangements have the flexibility of PRSAs, as far as legislation allows. At the same time you, the employer, can still make contributions up to the maximum allowed under executive arrangements.

Zurich Life acts as PRSA provider and also arranges trusteeship for the executive arrangements. The PRSAs and executive arrangements are administered as a group plan - reducing the administration burden for you.

# Advantages of Fusion

Fusion is designed with both employers and employees in mind

## Employers

Fusion reduces the potential risks facing employers and pension scheme trustees because the trustee role is taken over by Zurich Life. In addition, the trust deed and rules have been specifically designed to minimise any residual risk to the employer.

This means that:

- directors of a company do not need trustee training.
- employers are not liable for potential Pensions Board trustee fines.
- there is no need to be mindful of the significant legislation under the Pensions Act for trustees.
- employers avoid liability for poor investment design.

Administration is simplified because individual arrangements are brought together in one group plan. The costs of running the plan are contained in the employee's retirement account so the employer's only outlay is the amount they contribute on behalf of the employee. Fusion has the added benefit that no audit fees are payable.

## Employees

- The trust documentation gives each employee the power to wind-up their individual arrangement, meaning that he or she has ultimate control of the arrangement.
- Employees can choose between PRSAs and trust arrangements as best suits their individual needs.
- Transfers between occupational pension arrangements and PRSAs may not require costly certificates of comparison.

# Trustee responsibilities

## Why you should think twice before becoming a trustee

Frequently, the employer or an employer company acts as trustee for occupational pension plans. The following are some of the main responsibilities of trustees:

- Ensure that the scheme complies with nearly 500 pages of pension legislation.
- Implement and adhere to all the terms of the trust document.
- Ensure that the funds of the scheme are invested in an appropriate manner.
- Ensure that all membership and scheme records are maintained in a proper manner.
- Provide information to members as required under the Pensions Act.
- Undergo trustee training every two years. Where an employer company acts as trustee, each director of the company is required to do this training.
- Ensure the appropriate investment strategies are available and that members are presented with material to inform them of any choices they have to make.

You should also note that the Pensions Board fines trustees who neglect their responsibilities.







## Investment opportunities

If employees are happy making their own pension investment decisions, and want to choose from a range of funds investing in a variety of assets, geographical areas and sectors, then Zurich Life's Matrix range of funds provides an excellent choice.

However, if employees are not comfortable making investment decisions, they can select a Default Investment Strategy, which automatically changes their pension fund to a lower-risk portfolio as retirement approaches. This strategy is available under both occupational pension plans and PRSAs.





## Default Investment Strategy

The Default Investment Strategy (DIS) is an automatic mechanism that gradually transforms a pension fund from a higher-risk portfolio to a lower-risk portfolio, as they come closer to retirement. It offers some protection from the impact of a stock market crash prior to retirement. If an investment preference is not selected, then the Default Investment Strategy will automatically be chosen.

The DIS is designed to fulfil the reasonable expectations of a typical investor who is saving for retirement. It operates in different ways, depending on whether the employee wants to fund for an annuity or an Approved Retirement Fund (ARF).

## If an employee intends on purchasing an annuity at retirement

In the five years approaching retirement, all monies invested in the Dynamic, Performance and Balanced Funds are switched into the Active Fixed Income Fund. Eventually the fund will be invested 100% in the Active Fixed Income Fund. Because of the investments held by the Active Fixed Income Fund, its price is expected to fall and rise broadly in line with the cost of annuities.

Number of Years to Retirement	Contributions Into	Reward / Risk Profile
At least 25	Dynamic Fund	High
At least 15, but less than 25	Performance Fund	High
At least 5, but less than 15	Balanced Fund	Medium
Less than 5	Active Fixed Income Fund	Moderate

## If an employee wants to invest in an ARF at retirement

In the five years approaching retirement, all monies invested in the Dynamic and Performance Funds are switched into the Balanced Fund. Eventually the fund will be invested 100% in the Balanced Fund. The Balanced Fund is an investment choice typical of clients investing in an ARF.

Number of Years to Retirement	Contributions Into	Reward / Risk Profile
At least 25	Dynamic Fund	High
At least 15, but less than 25	Performance Fund	High
Less than 15	Balanced Fund	Medium

# Zurich Life Matrix Range of Funds

The Zurich Life Matrix range of funds offers employees a wide investment choice across a variety of assets, geographical areas and sectors.

Potential Return/Risk	Fund	Available for PRSA/ Occupational Contracts		
Low return/risk	Secure	Advice PRSA	Standard PRSA	Occupational
	Deposit Plus (Series 2)			Occupational
Moderate return/risk	SuperCAPP	Advice PRSA		Occupational
	Cautiously Managed	Advice PRSA	Standard PRSA	Occupational
	Active Fixed Income	Advice PRSA	Standard PRSA	Occupational
	Inflation-linked			Occupational
Medium return/risk	Balanced	Advice PRSA	Standard PRSA	Occupational
	Long Bond	Advice PRSA	Standard PRSA	Occupational
	Diversified Assets			Occupational
	Active Asset Allocation			Occupational
High return/risk	Eurozone Equity	Advice PRSA	Standard PRSA	Occupational
	International Equity	Advice PRSA	Standard PRSA	Occupational
	Dividend Growth	Advice PRSA	Standard PRSA	Occupational
	Dynamic	Advice PRSA	Standard PRSA	Occupational
	Performance	Advice PRSA	Standard PRSA	Occupational
	Global Select			Occupational
	European Select			Occupational
	Asia Pacific Equity			Occupational



Potential Return/Risk	Fund	Available for PRSA/ Occupational Contracts		
High return/risk	American Select			Occupational
	UK Index			Occupational
	Japan Index			Occupational
	Europe ex-UK Index			Occupational
	Earth Resources			Occupational
Higher return/risk	5★5 Global	Advice PRSA	Standard PRSA	Occupational
	5★5 Europe	Advice PRSA	Standard PRSA	Occupational
	5★5 Asia Pacific	Advice PRSA	Standard PRSA	Occupational
	5★5 Americas	Advice PRSA	Standard PRSA	Occupational
	Irish Equity	Advice PRSA		Occupational
	TopTech 100	Advice PRSA		Occupational
	Global Commodities			Occupational
	India Equity			Occupational
	Green Resources			Occupational
	Gold			Occupational
	Australasia Property			Occupational
	Europe (ex-UK) Property			Occupational
Risk at your discretion	Personal Portfolio	Advice PRSA		Occupational

**Warning: The value of investments may go down as well as up. Investments may be affected by changes in currency exchange rates.**



# Information given to employees

## Executive Pensions

### Statement of reasonable projection

At the beginning of the contract and every year thereafter, your employees will receive a statement of reasonable projection, helping them estimate their fund at retirement. These projections are not a guarantee of the value of their retirement fund at retirement and the eventual value of the funds may vary substantially, depending on future contributions and future investment returns.

### Annual benefit statement

Every year, your employees will receive a statement detailing the current value of their pension plan.

### Investment report

Every year, your employees will receive a statement detailing the investment performance of their funds.

## PRSAs

### Statement of reasonable projection

At the beginning of the contract and in every calendar year thereafter, PRSA holders will receive a statement of reasonable projection, helping them estimate their fund at retirement. These projections are not a guarantee of the value of their retirement fund at retirement and the eventual value of the funds may vary substantially, depending on future contributions and future investment returns.

### Statement of account

PRSA holders will receive a statement every six months informing them of the contributions made over the previous six months. They will also be told the value of their PRSA assets at the end of this period. These statements may be required by their Tax Inspector.

### Investment report

PRSA holders will receive an investment report every six months which outlines the investment performance of their funds.



## Why choose us?

### Unique Fusion concept

Fusion is an innovative concept – one that incorporates the different pension needs of each individual employee, streamlines the administration and reduces the potential risks facing the employer.

### Strength and security

In a world of financial uncertainty it is good to deal with a company you can trust. Zurich Financial Services Group is one of the world's largest financial companies. It is an internationally trusted name that is highly-rated for financial strength (AA-\*) and stability.

\* Source: Standard & Poor's (12th December 2011)

### Service excellence

We are committed to the provision of excellent customer service. We have won a number of industry service awards, including the Professional Insurance Brokers Association 'Broker Service Award of Excellence' for eight years in a row, and we are fourteen times winner of the Irish Brokers Association 'Service Excellence Award'.

### Web access

We are a leading provider of information online. Our Client Centre at [www.zurichlife.ie](http://www.zurichlife.ie) offers online access to information regarding benefits and contributions together with up-to-date fund information.





## More detail

Fusion brings together two types of individual pension arrangements, under one group administered plan.

Different types of pension are best suited to different employees. For example, PRSAs may be suitable for certain staff members, while executive pension contracts may be better suited for other staff.

Under Fusion, Zurich Life can accommodate these different types of pension, while streamlining your administration needs.

Fusion offers a choice between PRSAs and individual occupational pension contracts and the table below outlines the differences between the two arrangements.

	Individual Occupational Contracts	PRSAs
Contract basis	Individual contract held under trust for the benefit of employee and his/her dependants.	Employee owns the contract.
Trust requirement	Must be established under trust. Trust arranged by Zurich Life.	None
Employer contributions	Employer must make a ‘meaningful contribution’ to the arrangement e.g. at least 10% of total contributions for each employee.  Employer contributions are tax deductible.  No benefit-in-kind implications.	Employer need not contribute.  Employer contributions are tax deductible.  If employer contributions bring the total contributions above the limits shown below, excess contributions are treated as a benefit-in-kind in respect of employee. At present employees pay USC on employer contributions.
Contribution limits	The following limits apply to an employee’s personal contributions for tax relief purposes:  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 Age 60+                    40% of earnings  No overall limits apply to contributions by an employer, provided maximum allowable benefits are not potentially exceeded.  Income tax relief at source on employee contributions if deducted under ‘Net Pay Arrangement’.	The following limits apply to the total of employer and employee contributions for tax relief purposes:  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 Age 60+:                    40% of earnings  Income tax relief at source on employee contributions if deducted under ‘Net Pay Arrangement’.

	Individual Occupational Contracts	PRSAs
Earnings cap	Earnings cap of €115,000 applies to employee's personal limits in 2012. No earnings cap applies to employer contributions.	Earnings cap of €115,000 applies to contribution limits in 2012.
Maximum benefits *	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 maximum on early retirement.	No limits apply to retirement benefits. Where a joint-life annuity is purchased, the spouse's pension cannot exceed 100% of contributor's pension.
Tax-free cash at retirement #	Either: 25% of accumulated fund; OR maximum of 150% of 'final remuneration' if 20 years' service with employer at Normal Retirement Age. Reduced percentages for shorter service or on early retirement.	25% of accumulated fund
Taxable cash	Amounts in excess of €200,000 can still be taken at retirement. An additional amount of €375,000 can be taken, which is taxed at the lower rate of income tax (currently 20%).	Amounts in excess of €200,000 can still be taken at retirement. An additional amount of €375,000 can be taken, which is taxed at the lower rate of income tax.
Retirement benefits	Depend on accumulated fund. If 25% of tax-free cash is taken, client has the option of an A(M)RF, annuity or taxable cash. If tax-free cash is related to salary/service, then an annuity must be taken.	Depend on accumulated fund.  After tax-free cash is taken, the balance can be used to avail of different retirement options (i.e. A(M)RF, annuity, taxable cash, remain in PRSA).
A(M)RF available	Yes	Yes
Preserved benefit	The default vesting option is for <b>immediate vesting</b> of benefits. Employers seeking to have a different vesting arrangement should contact Zurich Life.	Employee entitled to bring full value of PRSA with him/her on leaving employment.

\* The maximum maturity value of an employee's pension fund is capped at €2.3 million in 2012. Amounts in excess of this figure are taxed in full at the higher rate of tax, currently 41%.

# The maximum amount of tax-free cash that can be taken is €200,000 in 2012.

## About us

Zurich Life Assurance plc is a member of Zurich Financial Services group, a leading multi-line insurance provider with a global network of subsidiaries and offices in Europe, North America, Latin America, Asia-Pacific and the Middle East, as well as other markets. Founded in 1872, Zurich Financial Services group is headquartered in Zurich, Switzerland. It employs approximately 60,000 people serving customers in more than 170 countries.

As one of Ireland's most successful life insurance companies, we offer a full range of Zurich Life Pension, Investment and Protection products. Our investment team, based in Blackrock, Co. Dublin, is responsible for funds under management of approximately €10.9 billion, of which pension assets amount to €6.1 billion (as at 30th September 2011).

We are committed to the provision of excellent customer service. We have won a number of industry service awards, including the Professional Insurance Brokers Association 'Broker Service Award of Excellence' 2010, for eight years in a row, and we are fourteen times winner of the Irish Brokers Association 'Service Excellence Award'.

We are a market leader in providing policyholder information online through our innovative website, [www.zurichlife.ie](http://www.zurichlife.ie)





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

Intended for distribution within the Republic of Ireland.

The information contained herein is based on Zurich Life's understanding of current Revenue practice as at December 2011 and may change in the future.

