

Retirement Planning Questionnaire for Employers

The purpose of this questionnaire is to ascertain your attitude as an employer to a number of key issues relating to retirement savings provision for your employees; to help you in the decision-making process; and to help your Financial Advisor in making recommendations to you with regard to putting a retirement savings arrangement in place.

It is recommended that you complete this questionnaire with your Financial Advisor.

Employer Details

Name of Employer

Address

Contact Name

Telephone Number Fax Number

Email Address

Total number of employees (including full-time, part-time, permanent and temporary employees)

Total number of employees for which new retirement savings provision is being considered

Key Issues Regarding Retirement Savings Provision for Employees

Trust Requirement/Contract Ownership

While a trust arrangement with trustees (usually the employer) is necessary under defined contribution schemes, it does not apply to PRSA arrangements, as the individual PRSA contracts are owned by the individual employees.

Are you, as employer, prepared to act as trustee of a defined contribution pension scheme? YES ☐ NO ☐

If NO, (i) would a group of individual employees/directors be prepared to act as trustees? YES ☐ NO ☐

(ii) would the company be prepared to appoint outside independent trustees and to pay their ongoing costs? YES ☐ NO ☐

Do you feel that in general your employees would prefer to hold their retirement savings contracts in their own names or to have their retirement savings held in trust for them and their dependants? Own Name ☐ In Trust ☐

Employer Control

If for any reason you, the employers, are not happy with the performance of the defined contribution scheme provider, and if you also act as trustee of the scheme, you will be able to replace the provider at any time. Under PRSAs, where the contract is between the provider and the individual employee, replacing the provider may cause you quite an amount of difficulty. In addition, employees have the right to start/stop, increase/decrease their PRSA contributions at any time. Under a defined contribution scheme, the employer can decide when to permit contribution amounts to be altered (e.g. at scheme renewal date only).

Does your company wish to be able to keep a level of control regarding the appointment and the replacement of the retirement savings provider? YES ☐ NO ☐

Does your company wish to keep control over when pension contributions can be altered? YES ☐ NO ☐

Scheme Audits

Where there are 100 or more scheme members (including active members and deferred pension members) defined contribution scheme trustees are required to produce audit accounts in respect of the scheme. In addition, the Pensions Board is entitled to audit an occupation pension scheme at any time irrespective of the number of members. There is no requirement for PRSA arrangements to be audited.

Is your scheme likely to include 100 or more members? YES ☐ NO ☐

If YES, are you prepared to pay the cost of producing audited accounts? YES ☐ NO ☐

Employer Contributions

While there is no obligation on you as the employer to make contributions to the employees' PRSA plans, you must make a "meaningful contribution" (10% of overall cost, at a minimum) to a defined contribution scheme.

Does your company intend making contributions on behalf of employees? * YES ☐ NO ☐

If YES, at what level? % of salary

Other basis

* Employers are entitled to Employer's PRSI Relief (usually 10.75%) on employees' contributions to occupational pension schemes and PRSA contracts, where these contributions are deducted under the "net pay arrangement".

Contribution Limits

If the combined employer and employee PRSA contributions exceed the maximum allowable total contributions, the employee will be liable for benefit-in-kind taxation on any excess.

For tax relief purposes the maximum allowable total contributions to PRSAs are as follows:

Ages	% of Net Relevant Earnings	
Up to 29	15%	
30 to 39	20%	
40 to 49	25%	
50 to 54	30%	[In addition, an index-linked earnings limit of €275,239 (2008) applies.]
55 to 59	35%	
60 and over	40%	

The same limits apply for the employee contributions only under a defined contribution scheme.

The employer contributions to a defined contribution scheme are treated as a separate payment and there is no benefit-in-kind tax liability on them.

Is it likely that the combined employee and employer contributions will exceed the maximum figures for tax relief purposes? YES ☐ NO ☐

Risk Benefits

While risk benefit costs cannot be deducted from PRSA contributions, they can be deducted from defined contribution scheme contributions. The result of this is that if risk benefit cover is to be provided in conjunction with a PRSA arrangement, the employer will have to provide this on a separate group policy basis and possibly meet the full cost.

Do you have risk benefit cover under a separate group policy in place for employees at present?

YES ☐ NO ☐

If NO, do you intend providing risk benefit cover for employees?

YES ☐ NO ☐

If you do provide risk benefit cover, are costs to be paid separately by the company?

YES ☐ NO ☐

If you were to put a PRSA deduction facility in place, would it be proposed to extend the deduction facility to cover the payment of Section 785 life cover premiums to enable your employees to pay for life assurance cover for themselves?

YES ☐ NO ☐

Leaving Service

Under PRSA arrangements, employees are entitled to bring the full value of the fund with them to their next employment on leaving employment at any stage.

Under defined contribution schemes, the employee does not have to be given this benefit under the scheme rules until two years 'qualifying service'* have been completed. If on leaving employment within two years of joining a defined contribution scheme the employee wishes to receive the value relating to his/her own contributions in cash, this value is subject to 20% tax.

* Qualifying service means the period spent as a member of the scheme. Service related to benefits transferred into the scheme also counts as qualifying service.

Does your company wish to recover the portion of the employee's pension fund relating to the employer's contributions if the employee leaves service within two years of joining the arrangement?

YES ☐ NO ☐

Tax-free Cash

Under PRSAs, 25% of the accumulated fund is available as a tax-free lump sum on retirement. Under defined contribution schemes, employees who have completed 20 years' service are entitled to receive up to 150% of their final earnings as a tax-free lump sum at their normal retirement age. Which arrangement is likely to provide the greater tax-free amount will depend on a number of factors including the employee's earnings at retirement age, the contribution levels being paid, the number of years over which contributions have been paid, the number of years the employee has been employed by the employer, and the investment growth earned by the funds.

In your opinion, are the employee's earnings likely to be such, and their individual service likely to be great enough, that the tax-free cash available under a defined contribution scheme is likely to exceed 25% of the accumulated fund?

YES ☐ NO ☐

Retirement Options

Under PRSA arrangements, the employees will be entitled to exercise the full range of retirement options [i.e. Annuity Purchase, Approved Retirement Funds (ARFs), and/or taxable cash] on the balance of the accumulated fund, after taking their tax-free cash (see above).

Under defined contribution schemes, only the monies accumulated by way of AVCs are entitled to the full range of retirement options. The monies accumulated by way of the employer's contributions and the employee's ordinary contributions have to be used to purchase an annuity.

The tax-free cash (as above) may be taken from either the AVC portion of the fund or the portion applying to the employer's contributions and employee's ordinary contributions.

In your opinion, will the employees generally wish to avail of the full range of retirement options in relation to the entire fund, instead of having an annuity purchased on their behalf at retirement?

YES ☐ NO ☐

Investment Choice

The range of investment choice available under defined contribution schemes is likely to be greater than under PRSA arrangements. However, in both cases, a default investment strategy is available.

In your opinion, do your employees generally have an understanding of investment markets?

YES ☐ NO ☐

Will your employees generally be happy to invest contributions in a default investment strategy designed for the typical investor?

YES ☐ NO ☐

Employee Input

Provided that there are no 'excluded employees' arising as a result of putting a defined contribution scheme in place, the decision regarding whether retirement savings should be provided through a PRSA salary-deduction arrangement or a defined contribution scheme is at your discretion as the employer. However, you may wish to include the employees in the decision-making processes both with regard to the type of arrangement and with regard to the provider(s) involved.

To what degree do you wish the employees to have an input in the retirement savings decision process?

None ☐ Limited ☐ Total ☐

Signature of
Financial Advisor

X

Date

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Signature of
Employer

X

Date

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