Your Retirement Options
Personal Pensions & PRSA's

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If you decide to take retirement benefits you have the following options:

1 STEP

Your Retirement Fund

Take up **to 25%** as a retirement lump sum*

2 STEP

Now you need to decide what you would like to do with the remainder of your fund.
Do you want to retain the fund or do you want a guaranteed income for life?

Income

Retain the fund

3 STEP

Income for Life
you can use the remainder of the fund to buy an income for life (Annuity).

Invest in an ARF
You can invest the remainder of your fund in an ARF.

AND/OR

Taxable Cash
You can take the remainder of your fund as taxable cash.

* Maximum Lump Sum 25% with up to €200,000 tax free.

Your Retirement Options
ARF vs Annuity Options

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Buying a Pension or Investing in an ARF

Advantages & Disadvantages of Each Option

Buying an Annuity

Advantages	Disadvantages
▪ You are buying certainty/security. Peace of mind of a regular income for life – as long as the institution/scheme paying the annuity stays solvent.	▪ Annuity rates are coming off historic lows.
▪ You are guaranteed to be paid a known pension for the rest of your life.	▪ Loss of access to capital. You no longer have a pension fund invested, which you have control over.
▪ No investment risk. The only risk is the risk of the life company/provider defaulting.	▪ Lack of flexibility. You cannot change the level of your pension once you take it out.
▪ You may build in a guaranteed payment period, or a dependant's pension, etc.	▪ Your pension will stop when you die, unless you have built in a dependant's pension and/or a guaranteed payment period.
▪ If you choose an equity-linked pension, you have the potential to achieve a higher level of income.	▪ If you choose an equity-linked pension, your income could go down as well as up.
	▪ You cannot reverse an annuity once set up.

Investing in an ARF

Advantages	Disadvantages
▪ You have control over your pension fund and can draw additional amounts as and when required.	▪ You are taking on investment risk - which can be reduced and diversified depending on your fund choice.
▪ You can invest in a wide range of assets, with the potential for your pension fund to continue growing (tax free).	▪ Your pension fund could run out if returns from investment markets are poor, or if you live longer than expected.
▪ When you die, the balance of your fund passes to your spouse/estate.	▪ Ongoing and regular advice required to operate ARF.
▪ Option to defer purchasing an annuity. You can decide at a later stage to use your ARF to purchase an annuity.	▪ An initial poor performance at outset can adversely impact on the long-term sustainability of your fund when the annual income is factored in.
▪ Full access to your fund at any point (subject to income tax).	