Irish Life

Personal Lifestyle Strategy

Personal Retirement Savings Account

The Personal Lifestyle Strategy (PLS) is the Default Investment Strategy for Irish Life Personal Retirement Savings Accounts (PRSAs).

Investing your PRSA into PLS has two main benefits over the years of your pension savings:

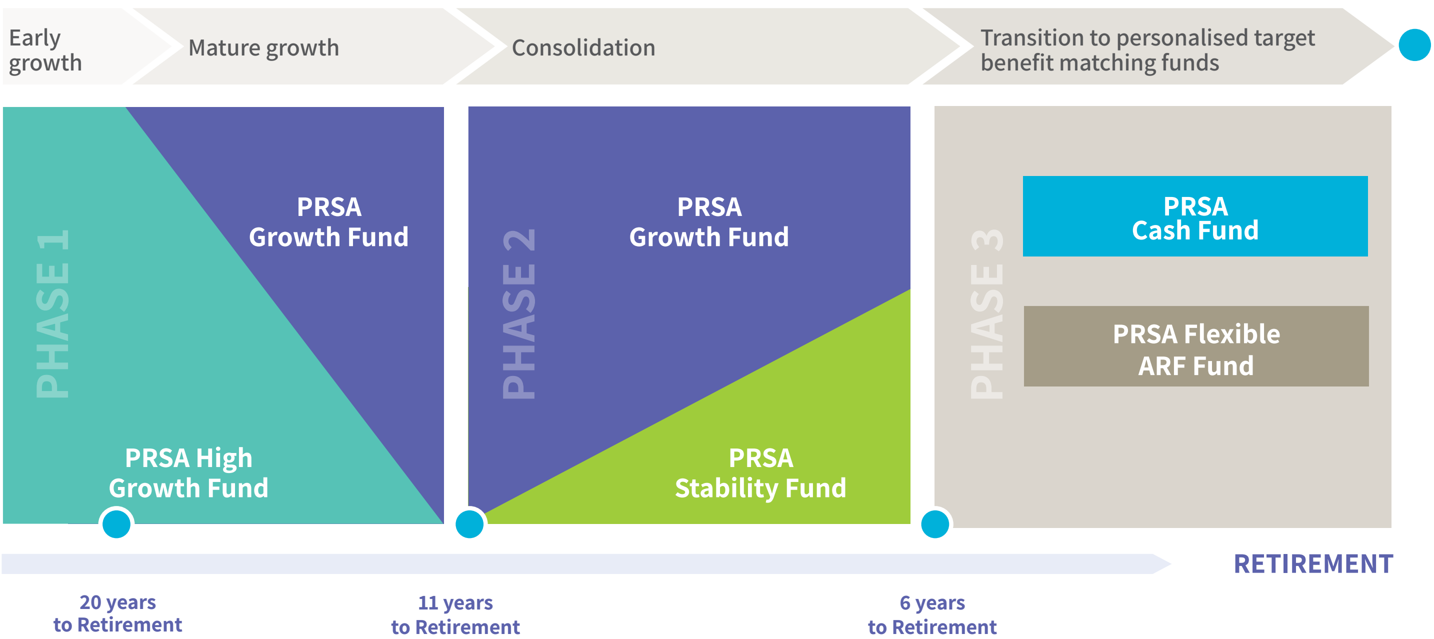
Managing Investment Risk

PLS helps protect your pension fund value against market fluctuations by switching you into lower risk funds as you get closer to your retirement date.

Personalised Fund Switches

PLS is different to other investment strategies because it adjusts to your own circumstances. It directs your investment into appropriate funds that best match the benefits that you are likely to take on your retirement.

The Personal Lifestyle Strategy consists of three phases which span the years of your pension savings. It starts from the moment you join the strategy up to your retirement date.



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PHASE 1

Growth Phase

Phase 1 puts you in funds suitable to achieve investment growth while at the same time balancing investment risk.

Initially you will be completely invested in the PRSA High Growth Fund. Then between 20 and 11 years from retirement your retirement savings will transition into the PRSA Growth Fund.

PHASE 2

Consolidation Phase

Phase 2 with 11 years to retirement we start to gradually move part of your fund into the PRSA Stability Fund.

This helps to protect your pension fund against volatile markets.

PHASE 3

Switches into Target Benefit Funds

Phase 3 moves your pension fund into funds that will be most suitable for how you are most likely to use your PRSA savings upon reaching retirement. You might for example take a lump sum benefit and keep part of your fund for a post retirement investment.

Depending on your individual circumstances we will switch your savings into investment funds that target the benefits most suitable to you.

If you invest PLS then all of your pension contributions must be invested in this strategy, you cannot select other funds and have the PLS features outlined here.

Which investment funds are used in PLS?

Risk Rating 1

The **PRSA Cash Fund** is a low risk fund which invests in bank deposits.

It will be used for your likely lump sum benefit.

Risk Rating 2

The **PRSA Stability Fund** is invested in a mix of assets such as bonds, shares, property and cash. It also features several risk management mechanisms.

This is a low risk fund which aims to have a small allocation to higher risk assets such as shares and property.

Irish Life Investment Managers monitors and rebalances the fund regularly and may change the mix over time.

Risk Rating 3

The **PRSA Flexible ARF Fund** is a mix of assets such as bonds, shares, property and cash.

It also features several risk management mechanisms.

It will be used for the part of the fund that may be transferred to an Approved Retirement Fund (ARF).

Risk Rating 4

The **PRSA Growth Fund** is a mix of assets such as bonds, shares and property.

It features several risk management mechanisms and may invest in cash from time to time.

This is a medium risk fund, which aims to have a moderate allocation to high risk assets such as shares and property.

Risk Rating 5

The **PRSA High Growth Fund** is a mix of assets such as bonds, shares and property.

This is a medium to high risk fund, which aims to have a relatively high exposure to high risk assets such as shares and property.

It features several risk management strategies and may invest in cash from time to time.

Source: Irish Life Investment Managers.

The standard annual fund management charge for each fund used in PLS is 1.00% per year.

Details of these funds are available on **www.irishlifeemployersolutions.ie**

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Securities Lending: The assets in these funds (except the PRSA Cash Fund) may be used for the purposes of securities lending in order to earn an additional return for the fund. While securities lending increases the level of risk within the fund it also provides an opportunity to increase the investment return.

What benefits will I be saving for?

Based on current Revenue rules your pension fund will be used to purchase one or more of the retirement benefits listed below. The level of benefits that you will be able to purchase will depend on a number of factors:

> The amount you are contributing.

> The age you started contributing.

> Investment performance.

> And when you plan to retire.

Priority Retirement Benefit	1 Tax Free/Taxable Lump Sum	2 Taxable Lump Sum	3 Approved Retirement Fund (ARF)
Funding Targets	We will target a lump sum of 25% of the pension fund value as an immediate cash lump sum at retirement. We will also place a cap of €500,000 on this benefit. This €500,000 cap is based on Revenue limits and is made up of: > A maximum lifetime limit tax-free cash lump sum of €200,000 effective from December 2005. > A taxable cash lump sum of €300,000, subject to the standard rate of tax (currently 20%).	After you have taken your maximum allowable tax free lump sum of 25% of your retirement savings and where the balance of your savings at retirement are €30,000 or less, current revenue rules allow you to take the balance of your retirement savings as taxable cash.	Where the balance of your savings at retirement are in excess of €30,000, the balance of your retirement savings can be transferred to a post retirement investment fund (Approved Retirement Fund or vested PRSA, subject to certain conditions).

Any income you receive from pensions or as income drawn down from an Approved Retirement Fund will be subject to income tax when being paid.

Under current revenue rules where the balance of the retirement savings are taken as cash, the payment is liable to income tax and the universal social charge. If under 65, PRSI is also charged. The quantum of retirement benefits from all sources must be taken into account for the purpose of calculating the €30,000 limit.

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How does PLS work in detail for an individual PRSA holder?

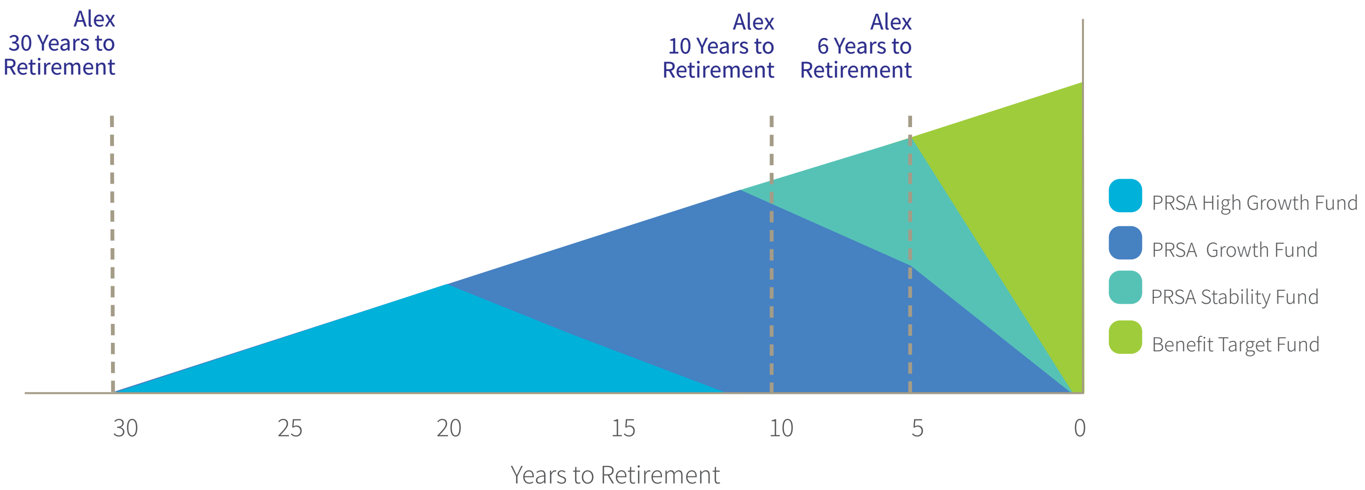
If your retirement age is 65 you will be 100% invested in the PRSA High Growth Fund until you reach age 45. Between age 45 and 54 we will switch a small percentage, about 11% each year, of your accumulated savings to the PRSA Growth Fund so that at age 54 you will be 100% invested in the PRSA High Growth Fund. From age 54 we will switch a small percentage, about 10% each year, of your accumulated fund into the PRSA Stability Fund.

The switches take place on a monthly basis. When you reach age 59 and you are 6 years away from retirement, 50% of your pension will be invested in the PRSA Growth Fund and 50% in the PRSA Stability Fund. If your pension plan has a different retirement age then the switching will start 11 years from that retirement date. During the 6 years before your retirement, your fund is then directed into target funds to match your likely retirement benefits.

The following table gives an overview of the funds you will be invested in over the years of your pension saving.

	Years to Retirement	PRSA High Growth Fund	PRSA Growth Fund	PRSA Stability Fund	Target Benefit Funds
Growth Phase					
Early Growth	Up to 20	100%	0%	0%	0%
Mature Growth	Up to 11	0%	100%	0%	0%
Consolidation Phase	6	0%	50%	50%	0%
Switches into Target Benefit Funds	5	0%	40%	40%	20%
	4	0%	30%	30%	40%
	3	0%	20%	20%	60%
	2	0%	10%	10%	80%
	1	0%	0%	0%	100%
	0	0%	0%	0%	100%

This graph shows the funds a member may be invested in throughout their time saving for retirement.



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PHASE 1 - Growth Phase		PHASE 1 - Growth Phase		Phase 2 - Consolidation Phase	
Alex Age 35 30 years to retirement		Alex Age 55 10 years to retirement		Alex Age 59 6 years to retirement	
Investment		Investment		Investment	
PRSA High Growth Fund	100%	PRSA Growth Fund	90%	PRSA Growth Fund	50%
		PRSA Stability Fund	10%	PRSA Stability Fund	50%

PHASE 3 - SWITCHES INTO TARGET BENEFIT FUNDS

This is the phase when PLS really matches your personal circumstances! PLS recognises that everyone is unique and will retire on a different salary, service length, fund size. Based on your personal details submitted to us, over the last six years prior to your retirement PLS will switch your pension savings into one, two or three different funds that best fit how you are likely to take your benefits at retirement.

When our sample PRSA holder John comes to retirement, he could have a number of different options how to take his benefits. PLS will switch him into different funds that are best suited to his retirement options.

Retirement option	Retirement option
Tax-free lump sum /taxable cash.	Tax-free lump sum with the balance invested post retirement for future flexible income.
Alex retires age 65	Alex retires age 65
Fund Switch - 1 Fund	Fund Switch - 2 Funds
PRSA Cash Fund	PRSA Cash Fund
	PRSA Flexible ARF Fund

All the above examples are for illustration purposes only. Revenue limits will apply to all retirement benefits.

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Keeping PLS up to date

To make sure PLS can work best to suit your personal circumstances we need your information, including your retirement age. Please inform us of any changes as soon as possible.

Irish Life is continuously striving to offer services which are up to date and appropriate. We are committed to ensuring that PLS stays up to date and relevant. We will review the strategy regularly, so that it will automatically change over time to take account of changes in retirement regulations and investment opportunities. When these reviews are carried out, you as a PRSA holder using PLS automatically benefit from the changes.

For more information and if you wish to use the Personal Lifestyle Strategy please contact your Financial Advisor. Details of the funds used in EMPOWER PLS are available on **www.irishlifeemployersolutions.ie**

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Information correct as at October 2021.

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