PENSIONS
INVESTMENTS
LIFE INSURANCE

Irish Life

PENSION INVESTMENT PRODUCT INFORMATION

AUGUST 2015

CAPITAL SECURITY AND THE RISK THAT SOME OR ALL OF THE INVESTMENT MAY BE LOST

As part of your pension product you will be investing in pension investment funds.

These pension investment funds will invest in different assets classes such as equities, bonds, cash or property. Each of these asset classes has different characteristics but they all carry an amount of investment risk. The return that you will receive will vary and can be negative or positive. This means that your capital is not secure and that you may receive less than the amount of your original investment in the product.

Some funds, such as the Capital Protection Fund, that are offered on certain products, provide a commitment from Irish Life Assurance of no negative return if held until retirement.

- **Limitations on the sale or disposal of the product**
- **Restrictions on access to funds invested**
- **Restrictions on the redemption of the product**

There are strict limitations on when you can take benefits from your pension. You can use your pension fund to provide benefits on the following occasions:

- When you retire.
- For an employer sponsored PRSA its age 50 provided you leave service.
- If you die before retirement – a benefit will be payable to your dependants.

You cannot access your pension fund before this. There are no restrictions on the redemption of your pension product on these occasions, however, the form of the benefits that you can take (cash, pension and so on) will be based on a number of factors such as your accumulated fund value, your length of service, age at retirement and Revenue limitations. In certain circumstances, restrictions may apply to switches from certain investment funds within your pension product.

Switches out of the Capital Protection fund may be subject to a reduction in value to reflect underlying investment market conditions.

Switches from funds which hold assets that are not immediately saleable, such as property, may have a deferral period imposed before the switch can be processed.

THE IMPACT, INCLUDING THE COST, OF EXITING THE PRODUCT EARLY

You may not exit the product earlier than those occasions outlined above, however, you may transfer the proceeds to an alternative pension product with a different pension provider. In this case the following restrictions or penalties may apply:

- Transfers from Personal Retirement Bonds (PRBs) may be subject to an exit penalty. The maximum exit penalty that may be imposed is 4% of the value of PRB in the first four years of the contract.
- Transfers out from the Capital Protection fund may be subject to a reduction in value to reflect underlying investment market conditions. This reduction in value, called a market value adjustment (MVA) is applied to protect those clients that remain in the fund. The MVA will reduce the value paid out to be in line with the actual underlying market value of the assets backing the fund at that time.

WHAT IS AN MVA?

The MVA effectively reduces the amount available to transfer. What we call a normal 'demographic exit' from the fund includes changing job, taking early retirement, retirement due to ill health and redundancy. We pay these exits without applying an MVA. Other reasons for withdrawing money from the fund, non-demographic exits, will receive the current price after we have applied the MVA.

THE MINIMUM RECOMMENDED INVESTMENT PERIOD

There is no minimum recommended investment period for investing in your pension.

THE RISK THAT THE ESTIMATED OR ANTICIPATED RETURN ON THE INVESTMENT PRODUCT WILL NOT BE ACHIEVED

Depending on which fund you choose, the value of your investment can fall as well as rise over the term of your investment. Generally funds that offer the highest potential for growth have the biggest ups and downs. If you choose lower risk funds you are aiming to protect your savings from large falls but the potential for gain is lower than if you choose higher risk funds.

Volatility refers to the potential ups and downs that a fund may experience over time. We rate the possible level of volatility for each of our funds on a low, medium and high risk basis. These ratings can be seen on the fund flyer.

Volatility is a measure of how the fund return (how the fund performs) is different from the average return of that fund over a period of time. So, the bigger the difference from the average return, the riskier the fund.

You should remember that risk and potential return are closely linked. In other words, investments which are higher risk tend to have higher returns over the long term. Our volatility scale assumes that all investments are held on a long term basis and are therefore calculated over 10 years. If an investment is held for a short term, it will usually have a greater level of risk than the volatility scale shown.

THE POTENTIAL EFFECTS OF VOLATILITY IN PRICE, FLUCTUATION IN INTEREST RATES, AND/OR MOVEMENTS IN EXCHANGE RATES ON THE VALUE OF THE INVESTMENT

You can't plan financially without understanding investment risk. Many people, when they hear about 'risk', think automatically about the chance of being defrauded or not getting all their money back. This 'capital' risk is important, but it isn't the only type.

Other types of risk involve uncertainty and unpredictability. When you make an investment, it can be difficult to say with any certainty what you'll get back when you finally cash it in. Share prices fluctuate, interest rates vary, and inflation is a risk too. Just concentrating on capital risk and ignoring these other risks can mean you take too cautious an approach.

Understanding risk means identifying your own attitude to risk and identifying the different types of risk. Then you can pick up tips for minimising the chances of things going wrong.

SOME SIMPLE RULES

- The greater return you want, the more risk you'll usually have to accept.
- The higher return you want from your investments, the greater the chance of losing some or all of your initial investment (your capital).
- Pensions are a long-term investment so the longer you can wait before you need to cash in your investments, the more risk you can afford to take.
- If you're saving over the short-term it's wise not to take much capital risk. So what you are investing for and when you'll need access to your money will have a big impact on what types of investments are right for you.
- If you are investing for the long-term you can afford to take more risk.
- Investing in share-based assets has proved to be the best way for providing growth that outstrips inflation. There is a risk attached but, when you invest over the long-term, there is more time to recover your losses after a fall in the stock market.

The only fund that is available to pension members that offers a commitment of no negative return is the Capital Protection Fund. This commitment is provided by Irish Life and is not guaranteed by any third party.

Warning: If you invest in these funds you may lose some or all of the money you invest.

Warning: The value of your investment may go down as well as up.

Warning: The value of the fund may be affected by changes in currency exchange rates.

Warning: Past performance is not a reliable guide to future performance.

Security Lending: The assets in certain funds (except the cash funds) 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.

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4408cb (Rev 8-15)