

Defined Benefit

Irish Life - Pensions Made Easy



Irish Life
Corporate Business

Bigger thinking. Better futures.

Pension Investment Management
Service Policy Document

Draft

Please read this document carefully and keep it safe in your policy pack as it describes the terms and conditions of your Annuity and you will need to refer to it in the future.

Irish Life

Assurance plc

(Incorporated in the Republic of Ireland)

CHIEF OFFICE, IRISH LIFE CENTRE, LOWER ABBEY STREET, DUBLIN 1.

PENSION INVESTMENT MANAGEMENT SERVICE POLICY

GROUP POLICY NO. **XXXXX**

WHEREAS THE TRUSTEES (hereinafter called the "Trustees") of **XXXXXXXX** (hereinafter called the "Scheme") have requested Irish Life Assurance plc (hereinafter called the "Company") to manage certain aspects of the Scheme. NOW THIS POLICY WITNESSES that the Company have agreed to manage those aspects of the Scheme as requested subject to the terms and provisions hereof and of any other policies issued by the Company in respect of liabilities arising under the Scheme (hereinafter called "associated policies"). This Policy shall include the General Provisions Conditions and Endorsements hereinafter set forth.

This Policy issued out of the Ordinary Branch of the Company and the Ordinary Branch Fund together with the Capital Stock shall alone be answerable for any claim made under it. In the event of extraordinary circumstances beyond the control of the Company such as industrial disputes, war, riot, crime, pandemic, serious illness affecting a large number of staff, an act of God or an act of Government, the Company may be prevented from fulfilling its obligations or from doing so in a timely manner. If this happens, the Company is not liable for any loss, damage or inconvenience caused.

IN WITNESS WHEREOF I having been duly authorised on behalf of the Company so to do have hereunto set my hand this **XXX** day of **XXXXXXXX XXXX**.

GENERAL PROVISIONS AND CONDITIONS

1. Definitions

- (a) The “*Panel of Funds*” consists of the Pension European Equity Fund, Pension Fixed Interest Fund, Pension Forestry Fund, Pension International Cash Fund, Pension International Property Fund, Pension Irish Equity Fund, Pension Irish Property Fund, Pension Japanese Equity Fund, Pension Long-Term Cash Fund, Pension Managed Fund, Pension North American Equity Fund, Pension Pacific Equity Fund, Pension Short-Term Cash Fund, Pension UK Equity Fund, the Pension Venture Capital Fund, Pension Active Fund, Pension Consensus Fund, Secured Performance Fund, Pension Protection Fund and the Pension Indexed Eurozone Equity Fund of the Company. Details of the composition of the Funds and a copy of the rules governing their operation is contained in the Appendix hereto which shall be deemed to form part of the Policy. The Company may include any other Fund or Funds in the Panel of Funds from time to time. The Company reserves the right to withdraw any Fund or Funds from the Panel of Funds provided that any allocations thereto prior to the date of such withdrawal shall be unaffected.
- (b) “*Fund*” means a fund in the Panel of Funds.
- (c) “*Contribution*” shall mean any money/securities received by the Company for the purpose of investment under this Policy. A Contribution shall be of such amount or value and payable at such intervals as is agreed between the Company and the Trustees.
- (d) The “*Administration Deduction*” means any Administration Deduction set by the Company from time to time which deduction shall take into account the services excluding investment services being provided in respect of the Scheme by the Company.
- (e) “*Investment Contribution*” means the Contribution less any Administration Deduction owing to the Company.
- (f) “*Unit Allocation Date*” means the date on which Units may be allocated to this Policy in accordance with the Company’s practice at the relevant time.
- (g) “*Fund Pricing Date*” means the date as the Company so determines, but not less frequently than once in each calendar month, on which Unit prices are set in accordance with the Fund rules appended hereto.
- (h) The terms “*Unit*”, “*Offer Price*” and “*Bid Price*” shall be interpreted by reference to the rules regulating the Funds set out in the Appendix hereto.

- 2. Investment** - On the Unit Allocation Date coincident with or next following receipt by the Company of the Contribution the Company will allocate to this Policy at Offer Price the number of Units which are equal in value at their respective Offer Prices to the Investment Contribution less any monies due to the Company by the Trustees under any associated policies.

The Fund(s) in respect of which Units will be allocated will be selected on the basis of the agreement between the Company and the Trustees regarding investment under this Policy generally or on the specific instructions of the Trustees.

The Company will from time to time supply the Trustees with details of the Units standing allocated to this Policy.

- 3. Switching of Funds** - On the basis of the agreement between the Trustees and the Company regarding investment under this Policy generally or on the specific instructions of the Trustees, Units of any Fund or Funds which have been allocated to the Policy may be encashed, subject to the provisions of paragraph 4 on the basis that the cash value thereof shall be immediately reapplied in the allocation of Units of another Fund or other Funds on such terms as shall be agreed between the Company and the Trustees provided that the Company reserves the right to refuse a switch from any fund into the Secured Performance Fund.

- 4. Encashment of Units** – Any or all of the Units allocated to the Policy may be encashed on the instructions of the Trustees subject to any restrictions imposed by law, by the Revenue Commissioners or by any other statutory authority and subject also to the provisions hereinafter appearing. Once the Trustees give an instruction to encash Units (whether under the terms of this paragraph 4 or under the terms of paragraph 5), any alteration introduced by the Company under paragraph 5 after the date of instruction or which gave rise to such instruction under paragraph 5 shall not apply to such units:

- (a) Following instructions from the Trustees, and subject to the provisions of the remainder of paragraph 4, encashment shall, at the direction of the Trustees, take the form of payment in cash to the Trustees and / or the allocation of Units in another Fund to the Trustees (subject to the rules of that Fund) and / or the transfer of ownership to the Trustees of a portfolio of securities as chosen by the company representative of, and mirroring, in so far as is practicable the make up of the assets of the Funds and the underlying funds. At the request of

the Trustees, the Company shall advise them of the securities which would be included in such portfolio before a decision to encash in this format is made.

- (b) Unless otherwise agreed by the Company the Units shall be encashed on the Fund Pricing Date coincident with or next following the date of receipt of the relevant notice by the Company subject to the provisions of sub-paragraphs (d) and (e) hereof
- (c) Units shall be encashed at the Bid Price prevailing on the date of encashment or on such other terms as are agreed between the Trustees and the Company.
- (d) Subject to the overriding requirement of reasonableness in times of severe market conditions the Company reserves the right to restrict the number of Units of all Fund(s) which may be encashed at any one time by requiring such encashment to be
 - (i) spread over a period not exceeding 3 years in the case of a Unit, the value of which is determined directly or indirectly through an underlying fund by holdings in property or forestry assets.
 - (ii) spread over a period not exceeding 3 months in the case of all other Units.

Note: The instruction to encash by way of a transfer of ownership to the Trustees of a portfolio of securities, representative of and mirroring in so far as is practicable the make up of the underlying assets of the Funds, shall be accepted by the Company without a period of spread but only in relation to that proportion of the value of a Unit determined directly or indirectly through underlying funds, by holdings in assets other than property or forestry assets.

- (e) The Company reserves the right to place limitations on the proportion of Units of the respective Funds which remain allocated to the Policy after encashment.
- (f) The Company shall not be responsible to enquire into or see to the application of any money paid to the Trustees.
- (g) The Company may agree with the Trustees to advance cash to the Trustees on a date other than a Fund Pricing Date in which event such cash together with a settlement for early payment shall be recovered at such later date and in such manner as the Company determines or as agreed between the Trustees and the Company prior to such advance.
- (h) The Company reserves the right to adjust the bid price on the encashment of units in the Secured Performance Fund if, in the judgement of the Company, this encashment is for reasons other than normal demographic reasons for disinvestment. The adjusted bid price will reflect the value of the underlying assets of the Secured Performance Fund.

5. Alterations - The Company reserves the right to vary from time to time the terms and provisions of this Policy, which variations shall be notified to the Trustees. In the event that the Company shall alter [and for the purposes of this paragraph "alter" shall not include an "immediate adjustment" pursuant to Paragraph 10] the terms and provisions of this Policy pursuant to this Paragraph the Trustees shall have the right, for a period of two calendar months after the date of the notice, to encash all Units allocated to the Policy on the basis of the Policy as it was before the alterations subject to the provisions of paragraph 4 of this Policy. For the avoidance of doubt, the Trustees shall have no right to encash Units pursuant to this Paragraph in the event that the Company shall make a immediate adjustments to the terms of this Policy pursuant to Paragraph 10.

6. Information - The Trustees shall give the Company all such information as the latter may reasonably require from time to time to enable it to provide all the services which the Company is to provide in respect of the Scheme and the Company shall not be liable as a result of any error, inaccuracy or omission in any such information.

7. Revenue Approval - If the Scheme shall cease to be approved by the Revenue Commissioners under Section 774 of the Taxes Consolidation Act, 1997 or any amendment or re-enactment thereof for the time being in force the Company shall have the right to refuse to accept any further Contributions after the date of withdrawal of approval and the Company shall also have the right to modify the terms of this Policy and the amount of the benefits payable under this Policy with effect from the date of withdrawal of such approval.

The Trustees shall supply to the Company such evidence of approval of the Scheme by the Revenue Commissioners as the Company may from time to time require including signed statements or certificates by the actuary to the Scheme to the effect that the Scheme is or continues to be approved under Section 774 of the Taxes Consolidation Act 1997 or any amendment or re-enactment thereof for the time being in force and/or that the Contribution(s) is (are) not of such amount(s) as to prejudice the said approval of the Scheme.

8. Cessation of Contributions - The Company shall be entitled to decline to accept any Contributions hereunder and, subject to a period of at least three months notice, to encash all Units allocated to the Policy, subject to the provisions of paragraph 4, the proceeds of which encashment shall be paid to the Trustees.

In the event of cessation of Contributions under this paragraph or otherwise the Company shall have the right to encash any Units allocated to the Policy in discharge of any money due to it by way of Administration Deduction, minimum fees or expenses or otherwise under this or any associated policies.

- 9. Arbitration** - All disputes or differences whatsoever which shall at any time arise between the Company and the Trustees concerning this Policy shall be referred to a single arbitrator to be agreed upon by the Company and the Trustees or in default of agreement to be nominated by the President for the time being of the Incorporated Law Society of Ireland in accordance with and subject to the provisions of the Arbitration Act 1954 or any statutory modification or re-enactment thereof for the time being in force.
- 10. Taxation** - If the basis of taxation of the Company at any time is such that the Company is chargeable to any tax directly or indirectly in relation to any element of the operation of this Policy, the Company shall be entitled to make immediate adjustment to the terms of this Policy as it shall deem equitable in the circumstances. For the purpose of this paragraph taxation shall mean income tax, corporation tax, capital gains tax, stamp duty, value added tax and/or any other tax and/or levy.
- 11. Currency** - Contributions payable to and benefits arising under this Policy shall be Euro or in such other form as so agreed to by the Company and Unit prices shall be denominated in Euro.
- 12 Non - Assignability** - Any benefits under this Policy shall not be capable in whole or part of assignment.

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APPENDIX

COMPOSITION OF CERTAIN FUNDS

- (a) The Pension European Equity Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide*. The investment of the fund will largely consist of securities quoted on recognised stock exchanges in Continental Europe.
- (b) The Pension Fixed Interest Fund shall consist of holdings owned by the Company of Government stocks, debentures, loans, preference shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide*.
- (c) The Pension Forestry Fund shall consist of holdings of interests owned by the Company directly or indirectly in forestry, woodlands, parks, plantations, copses, timber and lumber, land, freehold or leasehold property, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide. The investments of the fund will largely consist of units in the Irish Forestry Unit Trust, a trust established by deed in 1994 for the purpose of investment in forestry assets by tax-exempt investors.
- (d) The Pension International Cash Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide*. The primary purpose of this fund is to provide exposure to non-Irish currencies for the Pension Managed Fund.
- (e) The Pension International Property Fund shall consist of holdings of interests owned by the Company in freehold or leasehold property, stocks, shares and other securities in companies engaged in property investment, property management or property development, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide*. The investments of the fund will largely consist of high quality properties in Britain, Continental Europe and the United States of America.
- (f) The Pension Irish Equity Fund shall consist of holdings owned by the Company of ordinary stocks , shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide. The investment of the fund will largely consist of securities quoted on the Irish Stock Exchange..
- (g) The Pension Irish Property Fund shall consist of holdings of interest owned by the Company in freehold or leasehold property, stocks, shares, and other securities in companies engaged in property investment, property management or property development, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide. The investments of the fund will largely consist of high-quality properties in Ireland.
- (h) The Pension Japanese Equity Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide*. The investments of the fund will largely consist of securities quoted on the Japanese stock exchange.
- (i) The Pension Long-Term Cash Fund shall consist of holdings owned by the Company of short-term gilt-edged securities, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide*.
- (j) The Pension North American Equity Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide*. The investments of the fund will largely consist of securities quoted on the stock exchanges on the North American continent.
- (k) The Pension Pacific Equity fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide*. The investments of the fund will largely consist of securities quoted on the stock exchanges of Pacific Basin countries or of unit funds invested in securities quoted on these Stock Exchanges.
- (l) The Pension Short-Term Cash Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide*. The primary purpose of this fund is to provide a means of managing equity in the Pension Managed Fund.
- (m)The Pension UK Equity Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the

Company, and such other investments or assets as the Company may decide*. The investments of the fund will largely consist of securities quoted on the London Stock Exchange.

- (n) The Pension Venture Capital Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide. The investments of the fund will largely consist of units of the ICC Venture Capital Fund, a limited partnership established by partnership agreement in July 1994 for the purpose of investment in companies requiring venture capital.
- (o) The Pension Managed Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide.*
- (p) The Pension Active Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide.*
- (q) The Pension Consensus Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide. The asset allocation of this fund will be dictated by the average asset allocation of the published pooled fund survey of Irish pension fund managers. Stock selection is designed to replicate the major world indices.
- (r) The Secured Performance Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide. The asset allocation of this fund will be dictated by the average asset allocation of the published pooled fund survey of Irish pension fund managers. Stock selection is designed to replicate the major world indices.

At the start of each calendar year a rate of return is declared for the Secured Performance Fund for that calendar year. This rate of return is guaranteed for that calendar year and it will never be a negative rate. This rate of return accrues to the Secured Performance Fund on a daily basis. The declared rate of return is based on an average of the preceding 3 years' 10 year gilt yields, adjusted by the surplus or deficit in the fund, which surplus or deficit is spread over 5 years.

- (s) The Pension Protection Fund shall consist of holdings owned by the Company of Government stocks, debentures, loans, preference shares, cash on deposit, units of any internal or external unit fund forming part of the assets of the Company, and such other investments or assets as the Company may decide*.
- (t) The Pension Indexed Eurozone Equity Fund shall consist of holdings owned by the Company of ordinary stocks, shares, cash on deposit and such other investments or assets as the Company may decide. In particular, the fund proposes to use stock index futures primarily to manage cash flows within the fund to minimise the index tracking cost. The stock selection of this fund is designed to replicate the Dow Jones Euro STOCK index. This index may be changed if, in the opinion of the fund manager, a better benchmark index emerges.

THE GENERAL RULES GOVERNING THE OPERATION OF CERTAIN PENSION BUSINESS RELATED INTERNAL UNIT FUNDS

Rule 1:

The "*Company*" shall mean Irish Life Assurance plc.

The "*Valuers*" shall mean the firm or firms of valuers from time to time appointed by the Company being firms of established practice in the valuation of the appropriate types of investment.

The "*Auditors*" shall mean the firm or firms of auditors from time to time appointed by the Company, being established firms of Chartered Accountants.

Rule 2:

- (a) Each Fund and all assets relating thereto shall be and shall remain in the absolute beneficial ownership of the Company and shall form part of the Company's Life Assurance Fund.
- (b) Each Fund shall consist of one or more categories of unit each category of unit being as determined by Board Resolution of the Company. Within a Fund each unit of a category shall be of equal value to each other unit of the same category.

* including commitments by the Company to underwrite any issue or offer for sale of securities or financial futures on traded options contracts entered into by the Company.

- (c) The Company shall maintain the records of each Fund so that the portion of that Fund associated with each category of unit is at all times identifiable. One such portion shall differ from another solely by reason of the differences between the number of units of each category in issue and differences between the Management Charges levied against the fund in respect of each category of unit.
- (d) The Company shall be entitled at any date to add a further category of unit or further categories of unit.
- (e) The Company may from time to time create or cancel units in a fund. Except as provided in (f) below, no units shall be created in a Fund unless there shall at the same time be added to that Fund assets of amount such that all unit prices are unaffected. No assets shall be withdrawn from a Fund otherwise than for the purpose of meeting the costs of managing, maintaining and valuing the assets of the Fund, charges and taxation liabilities or for the purpose of reinvestment, unless at the same time units of one or more categories are cancelled the number or numbers of units so cancelled being such that all unit prices are unaffected.
- (f) The Company may at any time create units within a Fund without adding any assets thereto but only if at the same time units of one or more categories are cancelled, the number or numbers of units so cancelled being such that all unit prices are unaffected.
- (g) Each Fund shall be credited with all income relating to the assets of the Fund after all charges and outgoings due (including the costs of managing maintaining and valuing the assets of the Fund), and a deduction for taxation in accordance with Rule 4 when applicable.
- (h) The Company may from time to time procure cash or foreign currency for any Fund by means of borrowings on such terms as they shall decide and may use part of the assets of that Fund as security for any or all such borrowings, and such borrowings shall be considered a debt against that Fund.

Rule 3: Fund Valuations:

- (a) The Company shall at such times as it may determine, but not less frequently than once in each month, effect a Valuation of the assets relating to each Fund.
- (b)
 - (i) The Maximum Valuation of each Fund shall be the amount of money which in the opinion of the Valuers it would cost to purchase the investments of the Fund (net of all borrowings) multiplied by the Initial Sales Charge Factor (as provided in (ii) below) and the Minimum Valuation of each Fund shall be the net amount of money which in the opinion of the Valuers would be received if the investments of the Fund (net of all borrowings) were realised each valuation being reduced by such amount as the Company shall in its absolute discretion consider appropriate to provide a reserve against all expenses, taxes and other fiscal impositions for or to which the Company or the Fund may be or become liable and which have not previously been taken into account. For the purpose of the valuations, the cost of purchasing a unit of any of the Company's internal unit funds or the net amount of money that would be received if such unit were realised shall be determined by reference to the net assets ultimately underlying that unit fund.
 - (ii) The Initial Sales Charge Factor applying at any time shall be as determined from time to time by Resolution of the Board of Directors of the Company and may differ from Fund to Fund and within a Fund from one category of unit to another.

Rule 4: Taxation:

If the basis of taxation of the Company at any time is such that the Company is chargeable to tax directly or indirectly in relation to any of the Funds governed by these Rules, the Company shall be entitled to adjust the amount of each Fund as it shall deem appropriate. For the purpose of these Rules taxation shall mean income tax, corporation tax, capital gains tax or any other tax or levy.

Rule 5: Management Charges:

- (a) The Company shall be entitled to deduct for its own benefit from each Fund a monthly management charge in respect of each category of unit. These charges shall be deducted on the last occasion in each calendar month on which the Company shall cause the Fund to be valued. Appropriate credit will be given in determining these charges for any management fee or charge received by the Company in respect of units held by each Fund in any of the Company's Internal Unit Funds.
- (b) The monthly management charge applying at any time shall be as determined by Board Resolution of the Company and may differ from Fund to Fund and within a Fund from one category of unit to another.

Rule 6: Unit Prices:

- (a) The prices of units of each category of each Fund shall be expressed in terms of an Offer Price and a Bid Price.
- (b) The Offer and Bid Prices of units of each category of unit of each Fund shall be determined by the Company in conformity with the following conditions and subject to certification by the Auditors that the prices accord with the Rules:
- (i) the Offer Price shall not exceed the Maximum Valuation of the Fund multiplied by the proportion of the Fund associated with the category of unit in question and divided by the number of such units in issue, with the addition of a rounding up adjustment not exceeding one per mille.*
- and
- (ii) the Bid Price shall not be less than the Minimum Valuation of the Fund multiplied by the proportion of the Fund associated with the category of unit in question and divided by the number of such units in issue, less a rounding down adjustment not exceeding one per mille.*

* For Funds established after 1st December 1992 the rounding adjustment shall not exceed one per cent.

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Please Note: Every effort has been made to ensure that the information in this publication is accurate at the time of going to press. Irish Life Assurance plc accepts no responsibility for any liability incurred or loss suffered as a consequence of relying on any matter published in or omitted from this publication. Readers are recommended to take qualified advice before acting on any of the matters covered. November 2012.

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Contact us

phone: 01 704 2000

fax: 01 704 1905

e-mail: code@irishlife.ie or salessupport@irishlife.ie

website: www.irishlife.ie/corporatebusiness/

write to: Irish Life Corporate Business, Lower Abbey Street, Dublin 1



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