The An Post and An Post Trade Union Group AVC Retirement Benefit Scheme

Scheme Introduction Booklet

Presented by

Underwritten by

Contents

Introduction

The An Post and An Post Trade Union Group AVC Retirement Benefit Scheme (the 'AVC Scheme') provides employees of An Post with the opportunity to make extra provision for retirement through an Additional Voluntary Contribution (AVC) Retirement Benefit Scheme provided by Zurich Life Assurance plc ('Zurich Life').

This booklet explains how the AVC Scheme with Zurich Life works and answers many of the questions you may have. It is important that you familiarise yourself with the contents to ensure you understand the benefits and conditions of the AVC Scheme.

Halligan Insurances and Zurich Life are dedicated to providing you with a first-class service over the years ahead. If you have any queries or require information about individual entitlements that are not answered in this booklet, you can:

email the Administrators at ZCP2@zurich.com

or

Call Halligan Insurances at (01) 799 2987

You should review your AVC Scheme periodically with Halligan Insurances as your consultant, to ensure the benefits remain appropriate, given any changes in your personal circumstances.

Summary of the AVC Scheme

Background

In 2002, An Post and the An Post Trade Union Group launched the AVC Scheme for employees that are members of the An Post Main Superannuation Scheme, (the 'Main Scheme'). Zurich Life is the provider for and underwriter of the AVC Scheme. Halligan Insurances was appointed as the consultant for the AVC Scheme.

This booklet outlines the main features of the AVC Scheme.

The main benefits

The AVC Scheme provides members with the potential for the following:

- Additional lump sum payment on retirement, all or part of which may be tax free
- Additional pension benefits in retirement
- Extra death-in-service benefits
- Extra death-in-retirement benefits
- Valuable tax relief on contributions
- An opportunity to invest in an Approved Retirement Fund (ARF) - this gives the option of a further taxable lump sum on retirement, subject to the conditions outlined in FAQs on pages 11 – 14.

In summary

An Post and the An Post Trade Union Group established the AVC Scheme to provide staff with the opportunity to make extra savings for their retirement in a convenient and tax-efficient manner.

- Any contributions you make (up to certain limits) will receive full income tax relief, which is granted at source so you do not have to worry about claiming it back.
- At retirement, you may be able to take part of your accumulated fund as a tax-free cash lump sum.
- You have a say in how your money is invested.
- The AVC Scheme can enhance your benefits if you retire early.
- The AVC Scheme is completely voluntary. You decide if you wish to join the plan and how much you wish to contribute.
- An Post contributes towards the Main Scheme but not to the AVC Scheme.
- The AVC Scheme benefits are provided through an AVC policy in your name, taken out with Zurich Life, and the actual benefits will depend on whatever the AVC Investment Account has accumulated for you under this policy.
- The AVC Scheme is a "Defined Contribution" scheme under the terms of the Pensions Act, 1990.
- The AVC Scheme is registered with the Pensions Authority. The registration number is PB142291.
- The AVC Scheme has been approved by the Revenue Commissioners under the Taxes Consolidation Act 1997. The Revenue approval number is SF15431. This entitles members to a number of tax benefits, such as tax relief on AVC contributions.
- An Post, with the consent of the Trustees, shall have the power to amend the provisions of the Declaration of Trust or the rules of the AVC Scheme provided that such amendment does not prejudice the treatment of the AVC Scheme as an exempt approved plan for the purpose of Part 30, Chapter 1, Taxes Consolidation Act 1997.
- Zurich Life reserves the right to amend the terms and conditions contained in the Policy Document, in the circumstances described in the Policy Document, a copy of which is available on request.

General information

Eligibility

Who is eligible to join the AVC Scheme?

In order to join, you must be employed by An Post and be a member of the Main Scheme.

If you are in the process of joining the Main Scheme, you may not join the AVC Scheme until you have been accepted into the Main Scheme.

Membership of the AVC Scheme is completely voluntary, and membership is not a condition of your employment.

Constitution of the Scheme

Providing scheme information

Members, prospective members, their spouses, other scheme beneficiaries and any authorised trade union may have access to various documents constituting the AVC Scheme.

The documents in question are the following:

- the Trust Deed (the AVC Scheme is established under trust);
- the rules of the AVC Scheme; and
- any document that amends, supplements or supersedes either of the above documents.

The Trustees of the AVC Scheme will make a copy of any of these documents available within a reasonable timeframe for inspection to members, prospective members, their spouses, other scheme beneficiaries and any authorised trade union.

The Pensions Authority has defined the content of the information to be provided to members. The information must be provided to every member within two months of their becoming a member.

If you have any queries, or require further information, please contact Zurich at Halligan Insurances on details given on page 1.

Aims of the AVC Scheme

The AVC Scheme is designed with two distinct aims in mind:

Increase your pension and/or lump sum

The AVC Scheme is of particular interest to members that have non-reckonable years for pension purposes. You may, for example, find you have non-reckonable years for pension purposes because of one of the reasons below:

- Starting employment with An Post after age 25
- Being employed in a non-pensionable capacity for a period
- A career break or other unpaid break in service
- Years spent job-sharing

The AVC Scheme will also be of interest to members that have non-pensionable earnings, e.g. overtime. No benefits accrue under the Main Scheme in respect of these earnings, but the Revenue maximum benefits are based on total earnings, although fluctuating earnings are averaged over a number of years prior to retirement.

Alternatively, if you simply want to retire at some stage between the ages of 60 and 65, you may find that you will not have 40 years of pensionable service by the time you retire. The AVC Scheme provides a convenient way to increase your pension benefits and provide a tax-free cash lump sum at retirement, subject to Revenue maximum limits.

Simply, the AVC Scheme allows you to accumulate a fund of money to enhance your Main Scheme benefits. The contributions paid to your AVC Investment Account, together with the investment returns it makes, accumulate over the years with considerable tax benefits.

At retirement, this money may be used, within certain limits determined by the Revenue Commissioners (and subject to the conditions outlined on pages 14 & 15), to do any of the following:

- "top-up" your lump sum with an additional lump sum all or part of which may be tax free;

and/or

- provide a pension in addition to any you may be entitled to under the Main Scheme. As with your pension under the Main Scheme, any AVC pension will be taxed as earned income;

and/or

- invest in an ARF which allows you flexibility in terms of making withdrawals from the fund as you need them, subject to the conditions outlined on pages 14 and 15. Withdrawals from an ARF are also taxable as earned income.

Provide improved benefits for your family

The Main Scheme and Spouses' & Children's Scheme provide certain benefits for your family in the event of your death. These benefits are less than the maximum benefits allowed under Revenue regulations. Whether or not you have non-reckonable years for pension purposes or have non-pensionable earnings, the AVC Scheme provides a convenient and affordable way to provide additional benefits to help fill in the "gap" up to the maximum limits allowed by Revenue.

Maximum entitlements

What are the Revenue maximum entitlements at retirement?

Revenue maximum benefits

The aggregate benefits payable to an employee retiring at normal retirement age after 40 or more years' service with the same employer, when expressed as an annual amount payable for life and taking into account any benefits paid as lump sums, should not exceed two thirds of the person's final remuneration.†

Scheme maximum benefits

In common with many public sector schemes, the Main Scheme does not express the benefits on retirement as a pension of which part may be commuted, but as one that gives all members a lump sum of a specified amount plus a separate non-commutable pension.

Your maximum entitlements at retirement under the Main Scheme are as follows:

Gratuity of 1.5 x pensionable earnings (subject to a minimum of 40 years' pensionable service)

and

Pension of 0.5 x pensionable earnings (subject to a minimum of 40 years' pensionable service)

If you have some non-pensionable earnings (e.g. overtime) you will be able to increase your retirement benefits above those provided by the Main Scheme. This increase in benefits is subject to the Revenue maximum described above.

† Maximum pension fund and tax-free cash lump sum.

The first €200,000 can be taken tax-free and a further €300,000 can be taken at the standard rate of income tax (currently 20%). Any excess over this total amount of €500,000, if taken, will be liable to income tax at the individual's marginal rate along with Pay Related Social Insurance (PRSI) and the Universal Social Charge (USC).

Calculating non-reckonable years for pension purposes

How do I calculate how much service will be non-reckonable for pension purposes at retirement?

You can use the AVC Scheme to provide an additional pension and/or lump sum at retirement to "top-up" your benefits under the Main Scheme, if you will have less than 40 years of pensionable service by the time you retire.

Service of various kinds must be taken into account when adding up just how many years of pensionable service you will have at retirement age.

Your annual pension benefit statement from the Main Scheme will show your projected service at retirement.

You should contact the An Post Pensions Administration Department if you have any questions about this area.

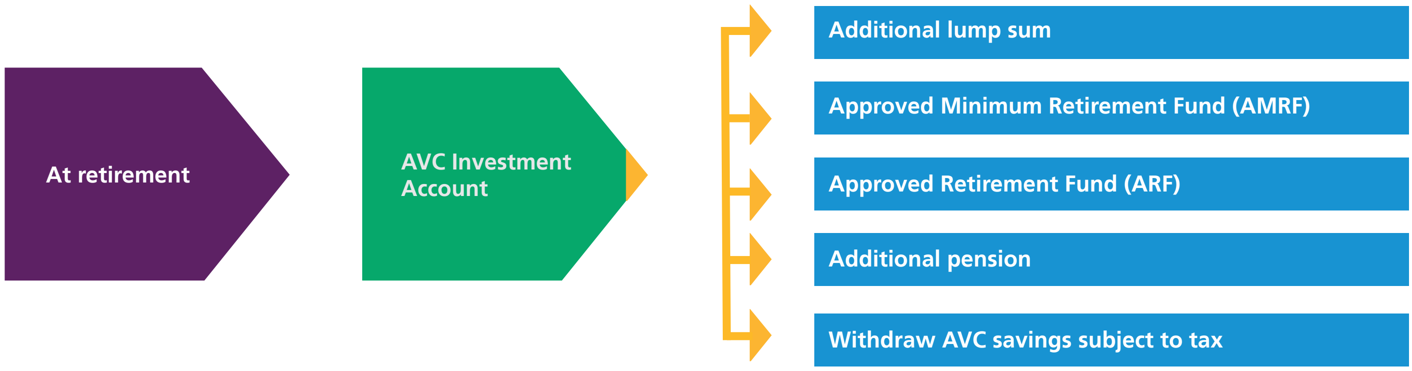
Details of the AVC Scheme

What benefits does the AVC Scheme offer me?

Subject to the overall limits imposed by the Revenue, you can choose from a variety of benefits using your accumulated AVC Investment Account:

- An additional lump sum on retirement, all or part of which may be tax free.
- An option to invest some or all of the proceeds of your AVC in an ARF, subject to the conditions outlined on pages 14 and 15.
- Provide additional retirement/pension income through the purchase of an annuity.
- Provide additional lump sum and pension benefits on early retirement.
- Provide additional benefits for your spouse and/or dependent children if you die in service (based on the value of your AVC accounts) or during retirement.

A decision on what retirement benefits you actually take does not have to be made until your retirement.



How does the AVC Scheme work?

Contributions to the Scheme are deducted at source from your salary. Your contributions are invested by Zurich Life in your own personal AVC Investment Account. The various charges associated with your AVC Scheme are set out on page 7.

The contributions you make in to your AVC Investment Account will be eligible for tax relief at your current rate of tax up to a maximum of 40% of your earnings (capped at €115,000) each year depending on your age. This reduces the net cost of your pension contribution considerably.
In addition, the pension funds in which you invest your contributions benefit from tax-free growth*, unlike most other savings methods which may be liable for tax. This means the tax-free investment growth made on your AVC Investment Account can be reinvested to generate higher future returns.

How much should I contribute to the AVC Scheme?

How much you can contribute depends on your needs. Before you make any decisions, it is important that you meet with Halligan Insurances to assess whether the AVC Scheme is suitable for you, given your own particular circumstances. They will explain the benefits of the AVC Scheme. They will also help you assess the number of years' service under the Main Scheme you are likely to have by retirement age, given your employment history to date. In many cases, it may be necessary to seek further information on your employment history from An Post.

On the basis of the information you supply about your employment history, your financial planner will calculate the likely shortfall in your pension benefits at retirement. Having agreed how many of the non-reckonable years for pension purposes benefits you hope to make up through the AVC Scheme, Halligan Insurances will then estimate the appropriate level of contribution you need to make to the AVC Scheme in order to fund for those non-reckonable years for pension purposes.

An Post contributes towards the Main Scheme but not to the AVC Scheme. Any contributions towards the AVC Scheme are voluntary and will be made by you alone.

This estimate will be made on the basis of certain assumptions about factors such as:

- investment returns
- salary rises
- cost of purchasing an annuity*

* An annuity is a regular income paid by a life insurance company to a person in return for a lump sum paid to that life insurance company.

Halligan Insurances will also give you an AVC illustration. This shows the pension benefits that your recommended AVC contribution may provide should the underlying assumptions be met in practice.

Should you decide to contribute an amount less than the recommended level, you may do so but your AVC Investment Account will of course be reduced.

Are my contributions eligible for tax relief?

The AVC Scheme is a very tax-efficient way for you to save for your retirement because of the following:

Your contributions are tax-deductible

Investment returns earned in your AVC Investment Account are essentially free of tax (but are subject to the Pension Levy)

You may be able to take part or all of your AVC Investment Account (subject to Revenue limits) as a tax-free cash lump sum

The AVC Scheme is particularly attractive because of the tax relief on your AVC contributions. Contributions up to the maximum Revenue limits may be offset against your income tax bill at your marginal rate of tax. This means that you do not pay income tax on that part of your salary going towards your AVC.

The example below shows how much you can save in tax by investing in the AVC Scheme.

Please note that there is no relief on PRSI or the USC.

Details of the AVC Scheme *continued*

Monthly income tax savings on a gross contribution of €100 per month			
	Gross contribution per month	**Net Outlay per month**	**Tax Saving per month**
Tax @ 40%	€100	€60	€40
Tax @ 20%	€100	€80	€20

If I will have 40 years' pensionable service at retirement, is the AVC Scheme of any benefit?

The simple answer is 'Yes'. You can use your AVC Scheme (subject to Revenue limits) to do any of the following:

- provide an extra lump sum on retirement, if you have any non-pensionable earnings;

  and/or

- build up a fund to be invested on retirement in an ARF, with the option to take an extra taxable cash lump sum on retirement, subject to the conditions outlined on pages 14 and 15;

  and/or

- provide an extra pension on retirement;

  and/or

- provide extra benefits for your family should you die in service, based on the value of your AVC Investment Account and subject to Revenue limits;

  and/or

- provide extra benefits for your family should you die in retirement. Your AVC Scheme may be used to fund for an additional spouse's pension upon your death in retirement.

Can I vary my contributions?

Yes, you may increase or decrease your AVC contributions over the years ahead. This is subject to the maximum contribution limits set out on page 8.

There is currently a €10 per week minimum AVC contribution.

What happens if I stop contributing?

In general, if you stop contributing to the AVC Scheme but continue working with An Post, your AVC Investment Account will remain invested until you retire. Your AVC Investment Account should continue to grow with tax-free investment returns over the years. At retirement, you are free to choose the benefits you want, based on the amount of money in your AVC Investment Account at that time, subject to Revenue limits.

What are the charges on the AVC Scheme?

Your AVC Scheme is designed to maximise the return on your AVC contributions from the outset so the charges involved are kept to a minimum. The charges are designed to ensure the following:

- You are provided with professional advice when taking out your AVC Scheme and topping up your AVC Scheme subsequently.
- Your AVC contributions are administered efficiently and invested profitably.
- Your AVC Scheme is regularly reviewed in the light of your changing requirements, and you are kept up-to-date on its progress.
- At retirement, your AVC Investment Account (subject to its value) is used to provide you with the benefits you want.

Contribution and management charges

Halligan Insurances and Zurich Life apply charges to cover the cost of administration, investment management, reviews of your AVC Scheme and other administrative duties. Your contributions are invested to buy units in the investment fund of your choice. The price of these units changes in line with the progress of the underlying investment of the funds. An annual management charge of 0.85% per annum is levied on each investment fund. There is also a monthly policy fee of €2 which can be expected to increase in line with inflation.

Zurich Life has agreed to give the Trustees twelve months' notice of any review or proposal to increase these charges. Any such increase in charges will be agreed with the Trustees. These charges will be deducted by Zurich Life from your AVC Investment Account.

Bid offer spread

The bid offer spread is the difference between the bid and offer prices of each unit fund and is 5% of the offer price for your policy.

The bid offer spread may be changed as a result of changes in legislation. Zurich Life will inform you in writing before any change in the bid offer spread is made.

The bid offer spread is offset by an allocation rate of 105.25%. This is the percentage of each contribution used to purchase units in the investment funds.

Important Note: The net effect of the bid offer spread and allocation rate is that all of your contributions are available for investment.

Other charges

Zurich Life will deduct the amounts of Government stamp duty and levies, if any, from your AVC Investment Account.

Zurich Life will not charge for alterations to your policy unless otherwise specified.

What is the maximum amount I can contribute to the AVC Scheme?

There are Revenue limits on the amount you can contribute to your AVC Scheme. The maximum AVC contribution you may make is limited to the following:

The level needed to provide the maximum benefit entitlements allowed by the Revenue.

An annual contribution limit based on your age and salary, taking into account any contributions you may be making to:

- the Main Scheme;
- the Spouses' & Children's Scheme;

- the Purchase of Notional Service Scheme/ Added Years Scheme;
- the AVC Scheme;
- the purchase of any other service with An Post or any other AVC scheme.

This means that if you are not a member of the Purchase of Notional Service Scheme and not currently purchasing any other service, the maximum percentage of salary you may contribute to your AVC, assuming you are a Class D (lower) PRSI payer, is as outlined in the table below.

The maximum AVC contribution rates for employees paying Class A (higher) PRSI will be at least as high as those presented below.

You can contribute to the AVC Scheme by way of a lump sum contribution or regular contributions (or both). In either case, the amount of the tax relief on your total AVC contributions will be restricted by the limits outlined above.

Maximum AVC contribution limit					
		Non-contributory		**Contribution to Main Scheme (5%)**	
Age	Total personal contribution limit (as a % of net relevant earnings)	Member of Spouses' & Children's Scheme	Not a member of Spouses' & Children's Scheme	Member of Spouses' & Children's Scheme	Not a member of Spouses' & Children's Scheme
Under 30 years of age	15%	13.5%	15%	8.5%	10%
At least 30 and under 40 years of age	20%	18.5%	20%	13.5%	15%
At least 40 and under 50 years of age	25%	23.5%	25%	18.5%	20%
At least 50 years and under 55 years	30%	28.5%	30%	23.5%	25%
At least 55 years and under 60 years	35%	33.5%	35%	28.5%	30%
60 years and over	40%	38.5%	40%	33.5%	35%

Net relevant earnings (i.e. gross salary plus overtime, benefits-in-kind, etc.) are subject to a ceiling of €115,000 in 2021 for the purpose of calculating tax relief. For individuals earning in excess of the ceiling of €115,000, their scope for making AVC contributions will be lower. If you would like advice in this area you should contact Halligan Insurances.

Details of the AVC Scheme *continued*

Who manages the investment of my contributions?

As your benefits at retirement depend upon the amount in your AVC Investment Account at that time, the emphasis is on maximising the investment return on your contributions. Zurich Life has been chosen to manage the investment of your AVC contributions because of its experience in this area and the wide range of investment funds it offers, with Halligan Insurances acting as Consultant. Unit prices in the funds are not guaranteed and may fall as well as rise.

Fund Name	Fund Description	Indicative Equity Range (% of the value of the fund)
Dynamic	The Zurich Life Dynamic Fund is an aggressively managed fund with a high equity content that aims to achieve long-term capital growth and income through investment in a well-diversified global portfolio of quality equities and equity-based financial instruments. It may also include from time to time some bonds issued by governments, supranational bodies and other investment grade corporate and non-sovereign bonds and/or bond based financial instruments.	75% - 100%
Performance	The Zurich Life Performance Fund is a high risk/return fund holding a wide range of global equities and equity-based financial instruments offering real growth opportunities. It may also include bonds issued by governments, supranational bodies and other investment-grade corporate and non-sovereign bonds and/or bond based financial instruments.	65% - 90%
Balanced	The Zurich Life Balanced Fund seeks to achieve growth through capital gains and income from a well-diversified portfolio of global equities and equity-based financial instruments. This fund will also invest in bonds issued by governments, supranational bodies and other investment grade corporate and non-sovereign bonds and/or bond-based financial instruments.	50% - 75%
SuperCAPP	The SuperCAPP Fund is an investment fund that is designed to smooth out the fluctuations of the stockmarket and deliver a consistent, inflation beating return in all market conditions. The SuperCAPP Fund aims to deliver a regular return to customers that is in line with the return you may get from prevailing medium-term interest rates. It pays a regular annual dividend and, once you have been invested in the fund for five years or longer, you may also qualify for a special dividend that is payable when you encash your investment. In certain circumstances, such as a period of sustained market underperformance, encashment values may be reduced by the application of a Market Level Adjustment (MLA). The fund is managed prudently and Zurich Life does not expect to apply an MLA other than in exceptional circumstances. However, an MLA may be applied if the Appointed Actuary judges it necessary to balance the interests of all policyholders in the SuperCAPP Fund. An MLA will not be applied on death or at the normal retirement age.	20% - 40%

Most employees, when joining the AVC Scheme, choose to avail of the "Automatic Investment Strategy" offered by Zurich Life, which is called PensionSTAR. Its aim is to maximise investment growth in the earlier years, whilst emphasising security and the preservation of your AVC Investment Account's value in the years approaching retirement.

How does the Automatic Investment Strategy work?

Maximising the returns on your AVC Investment Account is vital if you are to get the most from your AVC Scheme. This is where the Automatic Investment Strategy comes in.

When making an investment, it is never possible to be certain of the rate of return that will be made over the years ahead – this is especially so because there is usually a trade-off between risk and return. Investments in low-risk funds, such as guaranteed funds, normally give low returns, whereas investment in funds with a higher level of risk – such as managed funds – can be expected to give a higher return over the longer term. However, the value of investments in a managed fund will tend to fluctuate over the years.

The Automatic Investment Strategy is a personalised investment strategy that offers aggressive investment in the early years, while you still have many years to go to retirement. This is followed by a more cautious strategy as you approach retirement.

If you select the Automatic Investment Strategy, PensionSTAR, this will automatically redirect regular contributions and switch units between funds at pre-agreed future dates. At present, Zurich Life would invest your AVC contributions as outlined in the table below:

Years to go to retirement:	At least 25 years	At least 15 but less than 25 years	At least 10 but less than 15 years	Less than 10 years
Target fund:	Dynamic	Performance	Balanced	SuperCAPP

With ten years to go to retirement, your AVC Investment Account unit holdings will gradually be switched into the SuperCAPP Fund. The key advantage to this approach is that the fund-switching strategy on your AVC Scheme is done on a sensible basis. This strategy is more aggressive at the start of the term, and gradually becomes less aggressive and more cautious as you approach retirement age. The SuperCAPP Fund maintains an exposure to equities as retirement approaches and does not rely solely on cash/bonds.

What if I do not want to avail of the Automatic Investment Strategy?

Members that would prefer to take a more active role in the investment strategy underpinning their AVC Scheme may forego the benefits of the Automatic Investment Strategy and choose instead to invest directly in a range of individual funds.

Please bear in mind that for members not availing of the Automatic Investment Strategy, decisions in this case rest with the individual member. If you would like advice on this area, you should contact Halligan Insurances for full details.

Warning: The value of your investment may go down as well as up.
Warning: This product may be affected by changes in currency exchange rates.
Warning: If you invest in this product you may lose some or all of the money you invest.

Frequently asked questions

What happens to my AVC if I leave An Post?

If you resign, the Revenue insists that the benefits from your AVC Scheme be treated in the same way as your Main Scheme benefits:

If you have at least two years' service as a member of the Main Scheme, on leaving service, you will be entitled to a preserved benefit. Your AVC Investment Account will be left to accumulate until retirement. Alternatively, you may be entitled to transfer the value of your AVC Investment Account to another pension arrangement, subject to Revenue regulations.

If you are not entitled to a preserved benefit under the Main Scheme (i.e. if you have less than two years' service as a member of the Main Scheme), you must take a refund of the value of your AVC Investment Account when you resign. This refund will be subject to tax at the standard rate, under current Revenue regulations.

What happens if I die in service?

The value of your AVC Investment Account with Zurich Life at the date of your death will be paid out to your estate.

What happens to my AVC at retirement?

On retirement, your AVC Investment Account is used to "buy" your chosen benefits in retirement, subject to Revenue limits. You do not have to make a final decision about how you want to take your retirement benefits until you reach retirement. It is important, however, that you plan ahead so that the amount in your AVC Investment Account will be adequate to buy your preferred choice of benefits.

Your choice of benefits

- **Lump sum**

You can take a lump sum from your AVC Scheme to "top-up" your Main Scheme lump sum, subject to Revenue limits, all or part of which may be tax free.

- **Annuity**

An annuity, is a very popular retirement choice as it offers peace of mind. An annuity guarantees to pay you a secure income for the rest of your life, no matter how long you live. You cannot pass any remaining fund on to your family when you die. However, you can choose to purchase a spouse's annuity, which becomes payable upon your death in retirement. You also have the option of choosing an annuity that increases at a fixed rate each year.

- **Approved Retirement Fund (ARF)**

An ARF is an investment fund that allows you flexibility in terms of how you use your AVC Account at retirement. You can:

- Decide where you want your money invested from a choice of different funds
- Make withdrawals from your ARF as you need them
- Withdraw the total amount of the ARF Account
- In the event of your death, your ARF passes in a tax-efficient manner to your spouse and dependants

At retirement, you can invest some or all of your AVC Investment Account in an ARF, subject to eligibility conditions.

Specified income:		**Specified investment:**
You must have a guaranteed lifetime income of €12,700 per year	OR	You must have invested €63,500 in either an Approved Minimum Retirement Fund or an annuity (or combination of both)

An AMRF is very similar to an ARF. The differences are (i) you can only make a one off withdrawal of max 4% per annum of the AMRF fund value (subject to same PAYE/PRSI/USC as ARF) and (ii) AMRFs are not subject to "imputed distributions". An AMRF becomes an ARF at age 75 or on your death, if you die before age 75.

Any investment returns earned on money you invest in an ARF accumulate tax-free, making them a very attractive investment. Withholding taxes may be deducted at source from dividends received on investments held in an ARF. Where these taxes cannot be reclaimed, the income of the fund is reduced accordingly.

Withdrawals can be made from the ARF at any time, and all withdrawals are taxed at your marginal rate of income, PRSI (if applicable) plus USC. The Finance Act imposes "imputed distributions" on ARFs. This means tax will be deducted from your ARF based on assumed/notional ARF withdrawal rate of 4% of the fund where the ARF holder is 60 years of age or older for the whole of the tax year. The rate is 5% where the ARF holder is aged 70 years or more for the whole of the tax year (or 6% where the total value of your ARF(s) and vested PRSAs (Personal Retirement Savings Accounts) exceeds €2 million once over the age of 60 or older for the whole of the tax year).

Any actual income or encashment taken from the AMRF and ARF during the year will be deducted from the deemed withdrawal for the purpose of calculating tax/USC/PRSI. If the actual withdrawal equals or exceeds the deemed withdrawal then no further tax/USC/PRSI is payable in relation to that particular year. For tax efficiency purposes it is advisable to take an income from your ARF at least equal to the 4%/5%/6% deemed withdrawal each year.

- **Approved Minimum Retirement Fund (AMRF)**

If you are receiving a guaranteed income for life in retirement of less than €12,700 each year, or have not used €63,500 to buy an Annuity, you will not be allowed invest all of your AVC Investment Account in an ARF, but may instead invest €63,500 (or your AVC fund value if lower) in an AMRF. You can only have one AMRF at any one time.

An AMRF is very similar to an ARF. The differences are (i) you cannot make a withdrawal from the capital of your AMRF under any circumstances before age 75 except to purchase an annuity, and (ii) AMRFs are not subject to 'imputed distributions'. You can draw on the accumulated investment growth at any time you wish and this is subject to income tax and USC. An AMRF becomes an ARF at age 75 or on your death, if you die before age 75.

Full details of ARF and AMRF options are available from Halligan Insurances. Your AVC Scheme is flexible enough to take account of your changing circumstances, and none of these decisions need be made before retirement.

If I buy an annuity, will it be payable for a guaranteed period?

The annuity you buy can be "guaranteed" to be paid for a specified period, regardless of whether you die before that period runs out.

Example:

If you use your AVC Investment Account to buy an annuity pension with a five-year guarantee, your pension is paid for the rest of your life. However, should you die within the first five years of retirement, your pension will continue to be paid to your estate for the balance of the five-year guaranteed period. If you die after the five-year guaranteed period has run out, your pension will end at the date of your death.

Do I have to buy my annuity/ A(M)RF from Zurich Life?

No. Upon retirement, your AVC Investment Account becomes available to provide additional pension benefits from either Zurich Life or another provider.

What happens if I retire early because of illness?

If you retire on grounds of ill-health, your AVC Investment Account will be used to help fill in any pension and gratuity benefit shortfalls you may have, subject to Revenue limits.

What happens if I take a career break or other unpaid break in service?

You should contact Halligan Insurances as soon as you are certain you are going to take a career break. Your AVC contributions will cease as soon as your salary stops. While you are on your career break, your AVC Investment Account may continue to grow, enjoying returns earned by the investment funds you have chosen.

What happens when I return from a career break or other unpaid break in service?

Upon returning to your job, you should contact Zurich Life to arrange for your AVC contributions to start again.

You should consider increasing your AVC contribution to do the following:

- Make up for additional "non-reckonable years for pension purposes" resulting from your career break.
- Take account of the AVC contributions missed while on your career break.

For these reasons, it is important that you contact Halligan Insurances, prior to taking your career break, to discuss your options.

How are my contributions collected?

Your contributions are deducted from your salary. When taking out your AVC Scheme, you complete the "salary deduction instruction" section of your application form, authorising An Post to deduct contributions from your salary.

How do I claim my tax relief if I pay for my AVC Scheme by salary deduction?

Regular contributions to your AVC will be deducted from your salary, before income tax is paid. So you get relief against income tax as a result. However, you will not get relief against PRSI or the USC.

Do I get tax relief on a lump sum contribution?

Yes, tax relief for lump sum AVC contributions is given by way of adjustment of the employee's tax credit certificate by applying directly to the Revenue. If the aggregate contributions (member contributions to the Main Scheme together with AVC contributions – regular and lump sum) exceed the annual tax relief limits based on the employee's age (and earnings cap, if applicable), then income tax relief will be given on a spread forward basis.

If a lump sum AVC contribution is paid after the end of the year, but before the following 31 October, income tax relief may be allowed in the previous year provided an election to do so is made by the individual on or before the 31 October. Taxpayers filing returns under the Revenue Online System (ROS) may avail of the extended filing date to make an election and pay a lump sum AVC contribution.

The date for making elections for contributions made in the year of retirement may be extended in certain circumstances.

You should talk to Halligan Insurances if you need further advice in this area.

How is my eligibility to fund for pension and gratuity through the AVC Scheme assessed?

It is important that you provide an accurate picture of your employment history and years of pensionable service to date when completing your AVC application form. You will be provided with an illustration of the likely shortfall in pension entitlements on the basis of this information. The amount you may contribute to your AVC Scheme is then calculated. If, therefore, the information you supply is inaccurate or if your situation changes in the future, as far as years of service are concerned, you may either "underfund" or "overfund".

Underfunding

Under estimating the likely shortfall in pension entitlements at retirement might result in a contribution level that is too little to "buy" the pension and gratuity benefits you require.

This may happen, for instance, should you go on a career break after you have taken out your AVC Scheme. In such situations, upon returning to work, you should contact Halligan Insurances so that your contribution can be recalculated to take account of:

a. The AVC contributions that you missed when on the career break.

b. The additional non-reckonable years for pension purposes that resulted from the career break.

You should bear in mind, however, that because of the maximum limits placed by the Revenue on the amount you can contribute to your AVC Scheme (see table on page 11), many members will find that, in practice, they are restricted from investing enough in their AVC Scheme to make up all their entitlements.

Overfunding

Over estimating the likely shortfall in pension entitlements at retirement might result in an AVC contribution level that is too high. The result would be that your AVC Investment Account at retirement is too large, e.g. having provided your maximum pension and gratuity entitlements, there is still a surplus remaining in your AVC Investment Account.

In such circumstances, you must take a refund of the surplus. Income tax, USC and PRSI will be deducted from the amount you receive.

What happens if I change my retirement plans?

When joining the AVC Scheme, you indicated what age you hoped to retire at. However, your plans for retirement may change over the years. You may decide that you wish to retire at an earlier or later date than that which you had in mind when initially joining your AVC Scheme.

Should you change your planned retirement date, it is very important that you contact Halligan Insurances or Zurich Life. A change in your chosen retirement date may have consequences in areas such as the following:

- overfunding;
- underfunding;
- investment strategy.

If you are retiring later than originally planned

Should you decide to continue working for some extra years, you will have less non-reckonable years for pension purposes at retirement than you had originally anticipated on joining the AVC Scheme.

This will of course mean that the amount you need to make up through your AVC Scheme is considerably reduced.

As a result you may want to follow one of the courses of action below:

- Reduce your AVC contributions
- Stop your AVC contributions altogether
- Use the surplus in your AVC Investment Account that is not used to maximise your pension and gratuity at retirement, to do one of the following:
- provide an additional pension for your spouse;

and/or

- invest in an ARF;

and/or

- refund to you a lump sum, less income tax and PRSI.

Please bear in mind that all of this is subject to Revenue rules regarding maximum contribution limits and maximum entitlements at retirement.

If you are retiring earlier than originally planned

Alternatively, if you have brought forward the date at which you originally planned to retire, say from age 65 to age 60, you may find that you are in danger of "underfunding". Again, it is important that you contact Zurich Life or Halligan Insurances to assess the effect this will have upon your AVC Scheme.

Investment strategy

The Automatic Investment Strategy, PensionSTAR, underpinning your AVC Scheme (see page 10) should ensure a more aggressive investment approach in the early' years, whilst placing the emphasis on security in the last few years prior to your chosen retirement date. **Should you change your chosen retirement date, this will have an impact upon which investment strategy is most suitable for you.** For instance if you are availing of the Automatic Investment Strategy and had originally planned to retire at age 65, but now wish to retire at age 60, the Automatic Investment Strategy will now be "out of sync." with your revised plans for retirement. **In such cases, it is important that you contact Halligan Insurances or Zurich Life.**

Likewise, if you are not availing of the Automatic Investment Strategy, your change of retirement plans must be considered in the light of the advisability of switching to investment in the less volatile pension funds. **Bear in mind that if you are not availing of the Automatic Investment Strategy, decisions in this area rest with you.**

Are reviews of my AVC Scheme necessary?

Yes. Because your AVC Scheme may be a vital element in ensuring your financial security during retirement, you should remember that the benefits provided by your AVC Scheme at retirement may be affected by factors in the future such as the following:

- Changes in your retirement plans, e.g. your chosen retirement date
- Salary rises, fluctuations in annuity rates and the performance of the AVC investment funds
- Career breaks, marriage, death of a spouse and other changes in your personal circumstances
- Changes in Revenue rules and practice

It is important, therefore, that you take the time to read the information contained in this booklet and any AVC review documentation that may be sent to you periodically. This will help ensure that your AVC benefits remain appropriate in the light of changes in any of the relevant factors.

How do reviews work?

At least every five years, Zurich Life will carry out a full review of your AVC Investment Account. The purpose of this review is to assess whether you are contributing the correct amount necessary to ensure that your estimated AVC Investment Account at retirement will be sufficient to provide the benefits you want.

Reviews take into account factors such as the following:

- The actual level of salary increases you have already experienced since taking out your AVC Scheme
- The investment performance achieved on your AVC contributions to date
- The value of your AVC Investment Account
- The contributions paid and return on this investment
- The cost of purchasing an annuity at retirement

Changes in your personal circumstances, retirement plans and other relevant factors that you have notified to Halligan Insurances or Zurich Life

Other factors, such as changes to the AMRF guaranteed lifetime income requirements/AMRF investment amount

Building on all this information, a revised estimate is made of the amount likely to be in your AVC Investment Account at retirement on the basis of certain assumptions about factors such as the following:

The level of future salary rises

As you are contributing a fixed amount to your AVC Scheme, you should consider increasing this each time you receive an increase in your salary. Zurich Life will contact you each year to suggest a contribution increase.

The investment returns on your contributions

The higher the investment return, the greater the growth in the value of your AVC Investment Account.

The estimated annuity rate at retirement

The annuity rate determines the amount of pension you can buy with your AVC Investment Account at retirement.

Thereafter, a change in the level of your AVC contribution may be suggested to ensure you do not "overfund" or "underfund".

How can I stay in touch with how my AVC Scheme is performing?

Regular reviews

At least every five years, your AVC Scheme will be reviewed. At these reviews you will receive an update on the performance of the investment funds in which your AVC contributions are invested and other information of relevance to your AVC Scheme.

At these reviews, you will receive information on the 'current value' and 'projected value' for your AVC Scheme. The current value is the accumulated value of the contributions you have made to date, allowing for investment growth on your AVC Investment Account and the deduction of charges attaching to your AVC Scheme.

Of more importance, however, is the **projected fund value** at retirement. This represents the estimated amount that will be available in your AVC Investment Account upon retirement to provide you with the additional retirement benefits you want.

It is important that you take the time to read this information and respond to any review questionnaires you may be sent from time to time, in order to ensure that your AVC Scheme continues to take account of your changing retirement plans.

Online web access

Information on your AVC Scheme can be accessed live from the Zurich Life website using your own unique log-on details and PIN.

Annual statement

In addition, each year you will receive an annual statement detailing the progress of your AVC Scheme. This will be sent to all members accompanied by the following:

an information bulletin highlighting any important developments in the area of pensions and AVCs;

and

an investment update that provides an update on how the AVC investment funds are performing.

Additional information

Pension Adjustment Orders

In the event of a judicial separation, divorce or dissolution of civil partnership under the Family Law Acts, an application may be made to the court for a Pension Adjustment Order, in respect of the retirement or contingent benefits payable to or in respect of yourself. Such an order could entitle your spouse or former spouse to some part of your benefits under the AVC Scheme. For further information, please contact Zurich Life or the An Post Pensions Administration Department or the Pensions Authority.

Internal Disputes Resolution (IDR) Procedure

The Pensions Act, 1990 (the Act), as amended, requires that all pension schemes have an internal disputes resolution (IDR) procedure. The purpose of the procedure is to give actual or potential beneficiaries a formal basis for raising complaints or disputes with the AVC Scheme Trustees. Zurich Life as administrators hope to resolve most complaints and disputes. However, if an individual is dissatisfied with the outcome it is open to the complainant to bring forward their complaint or dispute to the Pensions Ombudsman, who may then decide to investigate the matter.

A copy of the An Post and An Post Trade Union Group AVC Retirement Benefit Scheme IDR Procedure is available from the Trustees, Zurich Life or the An Post Pensions Administration Department. Disputes should be sent to:

An Post AVC Scheme Specialist Support Team Group Business Administration Department

Zurich Life Assurance plc,

Zurich House, Frascati Road, Blackrock,
Co. Dublin.

Phone: (01) 799 2987

Email: zcp2@zurich.com

Web: www.zurich.ie

Queries

Halligan Insurances and Zurich Life are dedicated to providing you with a first-class service over the years ahead. If you have any queries or require information about individual entitlements that are not answered in this Member Information Booklet, you can email the administrators at zcp2@zurich.com or write to the consultant, Halligan Insurances or to your An Post AVC Scheme Administrator in Zurich Life at the following addresses:

Halligan Insurances

William Norton House, 575 North Circular Road, Dublin 1.
Phone: (01) 879 7100
Email: info@halligan.ie
Web: www.halligan.ie

An Post AVC Scheme Specialist Support Team Group Business Administration Department

Zurich Life Assurance plc,
Zurich House, Frascati Road, Blackrock, Co. Dublin.
Phone: (01) 799 2698
Email: zcp2@zurich.com
Web: www.zurich.ie

The Trustees of the An Post and An Post Trade Union Group AVC Retirement Benefit Scheme are:

- Pillar Two Pension Trustees Limited
- Alan McGeehan
- Eleanor Nash
- Niall Phelan
- Sean McDonagh
- Patrick Kenny
- Norma Marnane

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The information contained herein is based on Zurich Life's understanding of current Revenue practice as at May 2021 and may change in the future.

Intended for distribution within the Republic of Ireland.