The Law Society of Ireland Defined Contribution Plan

Member explanatory booklet

2020 Edition

Contents

2020 Edition

note(s): The Some terms explained section at the back explains the terminology used throughout the booklet, please refer to this as you read. For ease of understanding, these defined terms are highlighted in *italics*.

If you have any queries about your benefits, or need clarification on any point, please contact the Director of Human Resources, the Law Society of Ireland, Blackhall Place, Dublin 7.

The information in this booklet is based on the *Society's* understanding of tax regulations and legislation in force at the time of publication. If any significant changes occur in the future you will be advised.

Your retirement scheme

Have you ever thought about what you'll do when you stop working? When you reach *Normal Retirement Date* (age 65), what do you want to spend time doing – travelling, indulging in your hobbies, spending time with your loved ones? Or do you simply want to maintain the lifestyle you had before retiring? Whatever your goals, your pension will probably play a major part in helping you achieve them. This booklet aims to explain how your retirement plan works – covering both the benefits you can expect when you finish working with the *Society* and the potential benefits your *Dependants* may receive.

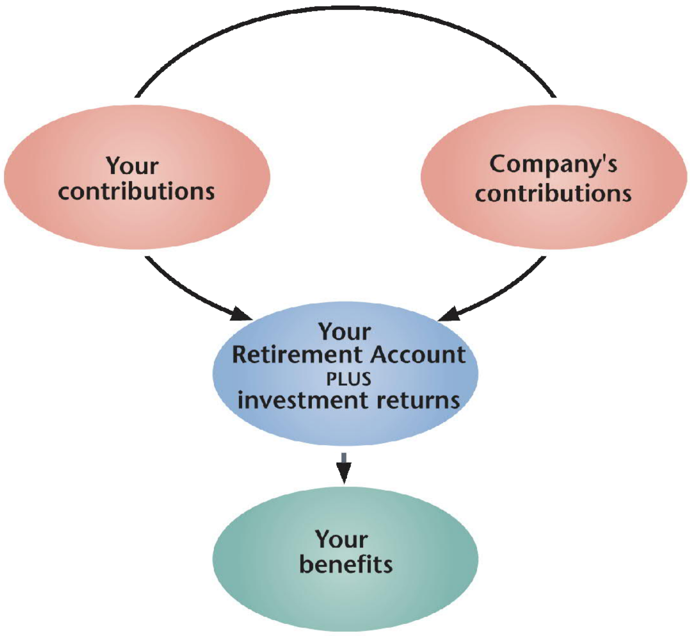
Your membership of The Law Society of Ireland Defined Contribution Plan ('the Plan') is an important and valuable part of the package of benefits you receive from the *Society*. You should familiarise yourself with the main provisions of the Plan as described in the following pages and keep this booklet in a safe place for future reference.

The Plan has been set up on a defined contribution, or money purchase basis and it is a Defined Contribution Scheme for the purposes of the Pensions Act 1990. This means that your contributions, together with those paid by the *Society* on your behalf, are invested in your name (your *Retirement Account*). At retirement, the accumulated value of your *Retirement Account* is used to secure benefits for you and your *Dependants*.

How it works

To help build your income for the future, both you and the *Society* will pay into your *Retirement Account*. You will choose how to invest the money in this account and the accumulated value of the fund you have built up will be used to provide your benefits at retirement.

The greater the contributions paid while you are working, and the greater the investment returns achieved, the higher your ultimate retirement benefits will be.



On retirement, two main factors will determine the size of the pension you can purchase:

- how much a pension costs when you are ready to buy one, and
- how much you have in your *Retirement Account* to spend.

Unfortunately, you cannot influence the price of a pension – that is determined by market forces, particularly interest rates. You can, however, play an important part in building up your *Retirement Account* by saving more e.g. by paying Additional Voluntary Contributions (AVCs), and investing wisely.

In summary, the Plan offers:

- Financial planning for retirement.
- A pension on retirement with the option of cash in lieu of part of your pension.
- The option of a Dependant's pension on death in retirement.
- Full tax relief on your own contributions up to Revenue approved limits.
- Convenience due to contributions being deducted at source and tax relief given through the net pay arrangement.

Getting to know the Plan

Who can join?

All employees of the *Society* who are members of the *DB Scheme* are eligible for membership of the Plan.

When am I eligible?

All *Hybrid Members* are eligible for inclusion in the Plan on 1 January 2012 or if later the date they join the *Society*.

It is a condition of employment that *Hybrid Members* become members of the Plan when eligible.

All employees who are not *Hybrid Members* are eligible for inclusion in the Plan on 1 January 2012 but only for the purpose of paying Additional Voluntary Contributions (AVCs).

It is not a condition of employment that employees who are not *Hybrid Members* become members of the Plan when eligible.

How do I join?

To formalise your membership of the Plan and your choice of investment fund(s) you must complete the enclosed Membership application form (in the Your forms section).

The Some terms explained section explains the terminology used throughout the booklet and please refer to this as you read. If you have any queries about your benefits, or need clarification on any point, please contact the Director of Human Resources.

The legal perspective

The Plan is approved by the Revenue authorities as an exempt approved scheme under Chapter 1 of Part 30 of the Taxes Consolidation Act 1997. It is established under irrevocable trust and its assets are entirely separate from those of the *Company*. The Plan has been registered with the Pensions Authority (Registration Number: PB 265435). The Pensions Authority can be contacted at Verschoyle House, 28/30 Lower Mount Street, Dublin 2. (Telephone: (01) 613 1900, email: info@pensionsauthority.ie, website: www.pensionsauthority.ie).

The Plan is governed by a Trust Deed and is administered by the Trustees according to the Rules. This booklet aims to give you an overview of your various benefit entitlements. There are other more formal documents (Trust Deeds, policies etc.) which give legal backing to your benefits and these documents will overrule this booklet should a question of interpretation arise. You can, if you wish, examine this formal documentation at any reasonable time by contacting the Director of Human Resources.

Changes in legislation and other unforeseen circumstances may make it necessary or desirable to amend the Trust Deed and Rules. The *Society* and the Trustees may amend the Plan at any time. In some circumstances the *Society* could reduce or, in the extreme, terminate its contributions to the Plan. However, if this should happen the units already secured by your *Retirement Account* would be fully protected. Information on any changes to the Plan will be made available as per the disclosure requirements of the Pensions Act 1990 (as amended).

Statement of Risk

Under the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006, Schedule B, Section 17, a statement concerning the condition of the Plan, in particular concerning the financial, technical and other risks associated with the Plan and their distribution must be disclosed.

Under law, the Trustees are required to describe the condition of the Plan and the risks associated with the Plan, and disclose these to members.

As the Plan is a "defined contribution scheme", where contribution levels are set down but the ultimate proceeds of those contributions cannot be forecast with certainty, it is not possible to provide a guarantee in relation to the level benefits that will be received on retirement. The value of your pension is dependent on the amount of contributions paid, investment returns earned, charges deducted and the cost of buying annuities. The very nature of the Plan means that there are financial and operational risks borne by the member. In brief, the following risks have been identified, amongst others:

- Investment returns may be poorer than expected, or the cost of purchasing an annuity when you retire may be higher than expected. In such circumstances, the benefits payable from your *Retirement Account* may be less than you were expecting. It is particularly important for you to monitor this risk in the period close to retirement.

- The administration of the Plan may fail to meet acceptable standards. The Plan could fall out of statutory compliance, the Plan could fall victim to fraud or negligence or the projected benefits communicated to members could differ from what will actually be payable.

- The fund managers made available for your *Retirement Account* may underperform relative to other fund managers, or the funds in which your contributions are invested may underperform relative to other funds available.

- There may be regulatory or legislative changes that will restrict the level or type of benefits you may receive and how they are taxed.

Apart from the last item, which is outside the control of the Trustees, the Trustees are satisfied that they are taking all reasonable steps to protect the members from the effects of these risks. For example, a range of funds is made available so that members can take control of their own investment risk. Experienced professional advisers and administrators are employed to minimise compliance and administrative risks. However, it is not possible to guard against every eventuality and, in particular, it may be appropriate for you to take some investment risk with your *Retirement Account* with the aim of maximising your benefits.

Who's Who

Trustees	Mary Ann McDermott Simon Murphy Rory O'Neill Michael Quinlan
Investment Managers	New Ireland Assurance Company plc 87-89 Pembroke Road Dublin 4
Consultants	Mercer (Ireland) Limited Charlotte House Charlemont Street Dublin 2
Administrators	New Ireland Assurance Company plc 87-89 Pembroke Road Dublin 4
Information	Director of Human Resources The Law Society of Ireland Blackhall Place Dublin 7

Your contributions

Does retirement seem like a far-off destination? Or could it be closer than you think? Saving money regularly over your working years into your *Retirement Account* helps provide you with a decent income when you retire – in short what you (and, if you are a *Hybrid Member*, the *Society*) contribute during your working life, plus the returns made on investing these savings, helps to pay for your lifestyle after you retire. This section looks at what you, and the *Society*, regularly pay into your account, tax relief on your contributions, transfers from other plans and how you can increase your pension with 'Additional Voluntary Contributions'.

How much do I pay?

If you are a *Hybrid Member* you pay 5% of your *Salary* each year which will be invested in your *Retirement Account*.

If you are not a *Hybrid Member* you are not required to pay contributions to the Plan.

How much does the *Society* pay?

If you are a *Hybrid Member*, the *Society* pays a contribution of 10% of your *Salary* into your *Retirement Account*.

If you are not a *Hybrid Member* the *Society* does not pay any contribution on your behalf.

If you are a *Hybrid Member* note the definition of *Salary* in the Some terms explained section for the purpose of both your own and the *Society's* contributions.

Is tax relief available on my contributions?

Any contributions you make to the Plan (including AVCs) will qualify for tax relief at your marginal income tax rate up to the maximum specified limits in the table below (which are inclusive of any pension contributions you pay to the *DB Scheme*). As your contributions will be deducted directly from your *Salary* before tax, this tax relief will be credited to you automatically.

Age	% of Earnings
29 years, or under	15%
30 - 39 years	20%
40 - 49 years	25%
50 - 54 years	30%
55 – 59 years	35%
60 years+	40%

The Finance Act 2011 introduced the Universal Social Charge (USC) and amended the rules with regards to relief for PRSI. With effect from 1 January 2011, the USC and PRSI are calculated before any deduction for pension contributions. As a result, contributions to your pension will not have the effect of reducing the USC or PRSI liability due.

You have no tax liability in respect of the *Society*'s contributions paid on your behalf.

note(s): For tax purposes these contributions are subject to a maximum earnings limit of €115,000 (in 2020) based on current legislation.

Example - Employee + *Company* contributions

Eddie Example has an annual *Salary* of €24,000. Eddie's monthly *Salary* is therefore:

€24,000	÷	12	=	€2,000

Eddie makes a monthly pension contribution of 4% of monthly *Salary*:

5%	x	€2,000	=	€100

The net cost per month is:

Income tax rate	**20%**	**40%**
Gross monthly contribution	€100.00	€100.00
Less income tax relief	€20.00	€40.00
Net reduction in take home pay	**€80.00**	**€60.00**

The *Company* contribution on Eddie's behalf is 10% of monthly *Salary*:

10%	x	€2,000	=	€200

Therefore, a total of €300 is being invested in Eddie's *Retirement Account* each month.

Can I transfer in assets from another pension plan?

The Plan may accept transfers in from other similar pension arrangements. If you have a pension entitlement from previous employment you should obtain:

- details of your leaving service options, and
- a contact name and address that further information may be requested from in order to comply with Revenue requirements.

If assets are transferred in from another pension plan, the money will be invested in your *Retirement Account* in the same proportions as you choose for your current contributions unless you instruct otherwise.

Can I contribute more to the plan to increase my benefits?

You can increase your *Retirement Account* by increasing your own contributions through Additional Voluntary Contributions (AVCs) which are then invested in your choice of investment funds. Indeed you are strongly encouraged to consider making such contributions to build up your *Retirement Account*. As AVCs are an important long-term financial commitment, you are advised to read this section carefully and to seek further information, if required, before coming to any decisions. Further information is available from the Director of Human Resources.

What are the advantages of making AVCs?

The main advantages of making AVCs include:

- A tax-efficient long-term savings vehicle
- Full tax relief on contributions, subject to Revenue limits
- A range of investment options, with tax-free accumulation of investment returns
- An opportunity to secure additional benefits at retirement – you can increase your retirement income, take a greater lump sum or withdraw your AVCs in cash less tax
- Flexible payment options.

Are there any disadvantages of making AVCs?

There are a few points which you should bear in mind before making AVCs:

- AVCs represent a long term financial commitment designed to increase your retirement benefits. Therefore, it is a requirement of the Revenue Commissioners that AVCs cannot be cashed before retirement (except in limited circumstances should you leave the *Society* with less than two years' *Qualifying Service*).
- You cannot borrow back any of your contributions or use them as collateral for a loan.

How much can I contribute?

As per the table at the beginning of this section, there are limitations on your combined contributions in terms of Revenue tax relief.

Can I increase or decrease my AVCs if my financial situation changes?

You may commence/change the amount of AVCs you make at any time by completing the appropriate form in the Your forms section and returning it to the Director of Human Resources.

Where will my AVCs be invested?

Investment details are provided in the Your investment choices section.

What will happen when I retire?

When you retire, the accumulated value of your AVCs will be available to increase your benefits from the Plan and the *DB Scheme*, subject to Revenue limits.

In what ways might I be able to increase my benefits?

How you choose to improve your benefits will depend on your personal circumstances such as your length of service, whether you have *Dependants*, and so on. You may use your AVCs in one or more of the following ways:

- To increase your pension from the Plan and the *DB Scheme*
- To increase your *Dependants*' pensions
- To provide for increases on your pension
- To increase or provide a tax-free lump sum
- To invest in an Approved Retirement Fund

Full details of these options will be available as you near retirement.

Are the benefits taxed?

Any extra pension arising from your AVCs is taxed when it is paid in the normal way under the PAYE system. However lump sum payments, within the Revenue limits, are payable tax free.

What are my benefits on leaving service and death?

The benefits available to you in respect of your AVCs on leaving service or on death are detailed in the Your Benefits section.

Your investment choices

Your *Retirement Account* is made up of your contributions plus, if you are a Hybrid Member, the *Society's* contributions plus the returns made from investing your savings. Over the years, you are investing a large amount of money in the Plan, so it makes sense to understand what your investment options are and make informed choices which will bring you increased financial benefits when you reach retirement. This section explores the road to retirement, the types of investment available, and will help you choose the right investment options for you.

What should I consider when deciding on my investment options?

There are a few essential issues that you should consider when deciding on your investment options:

- How much time do you have to save and invest for retirement?
- How much risk are you comfortable with?
- How much money will you need when you retire?
- What combination of benefits (cash, pension or ARF) are you going to take when you reach retirement?

How does the time I have to retirement affect my investment choices?

Unless you are reasonably close to retirement age, your *Retirement Account* is a long-term investment. The road to retirement (the number of years you have to save and invest) will typically be 20 to 30 years or more. During this time, the amount you save, the investment returns achieved, and the rate of inflation will have a significant impact on the buying power of your *Retirement Account*.

Your investment options

When it comes to investing your *Retirement Account*, there are four main types of investment:

Equities — This is a commonly used term for ordinary shares or stocks in a company. In essence, equity is a unit of ownership in a company. An equity fund will hold a basket of equities issued by a range of different companies. In general equities are likely to be volatile but over the longer term are expected, though not guaranteed, to generate better returns than Bonds or Cash.

Bonds — This is a security, issued by a government or company, making regular payments of interest and repayment of the original amount of the loan on a specified date or range of dates. A fixed income security or gilt is another word for a bond. A bond fund invests in a range of different fixed interest securities of differing types and maturities.

Property This asset type typically invests in a mixture of retail, office and industrial property. Property incurs significant buying and selling costs and is often illiquid (difficult to cash quickly). As a result, it is typically offered as part of a mix of assets in a managed fund.

Cash A cash fund will invest in short-term, liquid deposit instruments.

What risks do my investments face?

There are three main types of risk that you need to consider when making investment decisions:

- market risk,
- inflation risk, and
- liability risk.

Market risk

Most investment funds carry the warning that values can go down as well as up. This is known as volatility and different investment funds have different levels of volatility.

The more volatile categories – equities and managed funds – are expected, though not guaranteed, to produce the highest investment returns over the long term. There is a potential for loss from time to time due to swings in the stock market (known as market risk), however, an investor with a long time horizon can usually hope to ride out these fluctuations.

The less volatile fund types – cash and fixed interest – tend to be more stable, however, they are not expected to generate as much growth over the long term. They are therefore considered to be less suitable for a long-term investor (see inflation risk below).

Risk (volatility) and reward are linked; investment in the more volatile funds is expected, though not guaranteed, to generate better long-term returns.

Inflation risk

You need to aim to achieve a return that keeps up with or, ideally, outperforms inflation over the long term so that the purchasing power of your retirement savings are maintained or improved.

Equities and managed funds are considered to be the types of asset that are most likely to meet this objective (i.e., provide returns that exceed price inflation). By contrast, cash and fixed interest returns have no link to inflation and are likely to lead to the erosion of your retirement savings, particularly if inflation were to become significant.

Therefore, over the long term, “playing it safe” (investing in fixed interest and cash) can be costly relative to other options. While it is true that the less volatile fund types (e.g., cash and fixed interest) carry lower market risk, over the long term they are expected to provide lower returns than equities or managed funds. What’s more, these funds may not even grow at the rate of inflation. You can lose some of your buying power over time if your money doesn’t grow faster than inflation. Your aim when making long-term investment decisions should be to achieve growth that beats inflation.

Liability risk

The cost of an *Annuity* varies depending on long-term interest rates. Small changes in long-term interest rates tend to have a big effect on the amount of pension you receive when you retire. For example, a 1% change in long-term interest rates can change the cost of a pension by 10%-12%.

A long bond fund is affected by long-term interest rate changes in a similar way to *Annuity* prices, and provides the best available investment match for changes in *Annuity* costs.

Conclusion

Market risk is most marked in equity related investments (equity and managed funds) where stock markets can be volatile over the short-term. The existence of inflation risk however means that it is necessary to take market risk in order to outperform inflation over the longer term.

For the investor with a long time horizon, short-term market fluctuations are likely to be less important; there is generally sufficient time for market values to recover and achieve their long-term expected returns. For the investor with a shorter time horizon until retirement the effect of swings in the stock market is potentially more problematic: there may not be sufficient time for the value of their retirement savings to recover before the assets are disinvested to buy a pension. Therefore, for the investor who is close to retirement, the less volatile investment categories (fixed interest and cash) may be more suitable as they can protect assets from potential short-term losses in the equity markets, or from unfavourable movements in interest rates.

Based on the above, you can see that the appropriate investment strategy changes as a member approaches retirement. Using this information the appropriate investment strategy is summarised under the question entitled How do I choose the right investment option for me?.

How much money will I need when I retire?

Only you can decide exactly how much money you will need during retirement. Chances are that you will need more than you think if you want to maintain your current lifestyle.

As a member of the *Plan*, every year you will receive a Statement of Reasonable Projection (SORP). The purpose of the SORP is to provide you with an estimate of the pension benefits that you may receive from the Plan when you retire. This may help you to consider how much money you would need to fund your desired level of pension. How much will you need to save and how much investment growth will be required to achieve these objectives? If you set goals, you can measure your progress as you move towards retirement.

How do I choose the right investment option for me?

The Plan provides you with a variety of investment funds from which to choose – as well as the option not to choose. You as a member are permitted to choose the investment fund options you wish to invest in and may direct the Trustees accordingly. Please note the Trustees are not liable for any poor investment returns that occur and the Plan rules include a provision that the Trustees are not liable for poor investment returns as a result of investments made by the Trustees as a result of directions from members. The Trustees may in certain circumstances decide to switch your *Retirement Account* to a different fund. You will be notified if this occurs.

There are many issues that you should consider when deciding how to invest such as past performance, expected volatility of returns and short-term and long-term expectations for performance for each fund type. When planning your investment choice, however, you need to review how close you are to retirement and the expected volatility of each fund, particularly if you are likely to retire shortly. The table below shows the general return and risk characteristics for each of the Fund types available.

Fund	Investment characteristics	
	Returns	**Volatility**
Equity Fund	Highest expected long-term returns. Expected to outperform inflation.	Highest volatility over short to medium term. There are no guarantees that expected long term returns will be achieved.
Managed/Multi Asset Fund	Good expected long-term returns. Expected to outperform inflation.	Medium to high volatility over short to medium term but balanced asset mix means it is not as volatile as an Equity Fund.
Fixed Interest/Bond Fund	Moderate long-term returns. Not designed to match inflation	Medium volatility – value will decrease in a rising interest rate environment. Volatility tends to mirror fluctuations in pension costs (long bond fund in particular).
Cash Fund	Low long-term returns Will not match inflation	Low volatility – value will not go down.

If you would prefer NOT to take an active role in making investment decisions, the *Lifestyle Option* is the default option and your contributions will be invested in this fund unless you make an active selection.

The Summary of investment funds section provides a guide to more specific information on your fund choices. Please review them carefully, as you will need to decide what proportion of your contributions will be invested in the various funds.

How are the funds managed?

The four fund choices and the *Lifestyle Option* are managed by the Investment Managers. Details of historic fund performance will be available from the Investment Managers.

While the Trustees and the *Society* have taken great care in selecting the investment options that are available to you, they cannot accept responsibility for any loss which may be incurred as a result of poor performance of the funds. The Trustees regularly monitor the investment manager and the performance of the investment funds. In certain circumstances, the Trustees may deem it necessary to switch both existing assets and or new contributions to a new investment manager. You will be notified if any such change is planned. The Trustees may also decide to switch your *Retirement Account* to a different investment fund. You will be informed if this occurs.

How do I indicate my investment choices?

You can indicate your investment choices by completing the Membership application form in the Your forms section.

Can I switch funds?

Switching funds as a result of a short-term drop in value can lock in losses – and can be at odds with your long-term investment goals. Sticking with your choice may give your investment the time to recover – and even increase in value – particularly if you have a long time to go until you retire. If you would like to switch your existing funds and/or future contributions, you may do so at any time. The first six switches in any one year are free but subsequent switches may incur a charge.

What charges are made?

The investment manager deducts investment management charges from your contributions. A competitive charging structure for the Plan has been negotiated. This is summarised in the table below.

Fund	Bid offer spread	Fund management charge
Lifestyle Option	0% of new contributions	0.65% of the fund a year
Managed/Multi Asset Fund	0% of new contributions	0.65% of the fund a year
Equity Fund	0% of new contributions	0.65% of the fund a year
Fixed Interest/Bond Fund	0% of new contributions	0.65% of the fund a year
Cash Fund	0% of new contributions	0.65% of the fund a year

note(s): A bid offer spread is an up-front charge deducted from new contributions. No bid offer spread applies to any fund and as a result, contributions are fully invested.

A fund management charge is a percentage of the fund deducted from the value of the fund each year. These fees are allowed for in the unit pricing mechanism.

Example – Fund management charge

Ivor's *Retirement Account* amounts to €10,000. At a rate of 0.65% per annum the fund management charge is this year therefore:

€10,000	x	0.65%	=	€65

Is there a service available to help me select appropriate funds?

Yes. This investment option has been chosen by the Trustees as the "default" option. If you do not choose any other fund in which to invest your contributions, then these will be invested using the *Lifestyle Option*.

The objective of this investment strategy is to move your *Retirement Account* from a medium/high risk fund to lower risk funds as you approach retirement. Under the *Lifestyle Option*, contributions for younger members will be invested in a high proportion of equities. This strategy aims to achieve real returns when you have some time until your *Normal Retirement Date*.

The switching of investment funds within the *Lifestyle Option* will occur gradually each year. Thus, the switching will occur over the 15 years prior to your *Normal Retirement Date*; the aim being that your entire *Retirement Account* is invested in the Cash and Managed Funds prior to retirement. Similarly, the investment of ongoing contributions would also be changed to reflect the investment split of your *Retirement Account*.

The aim is to have your *Retirement Account* invested 25% in the Cash Fund and 75% in a Managed Fund at retirement. Typically, you would be able to receive approximately 20% to 30% of your *Retirement Account* as a tax free lump sum and would use the remainder to invest in an Approved Retirement Fund. This distribution would be suitable as the expectation is that you would continue to invest 75% of your fund in retirement.

note(s): You can elect to make use of the *Lifestyle Option* through the Membership application form in the Your forms section.

If you wish to take advantage of the *Lifestyle Option* you must commit 100% of your *Retirement Account* and any future contributions to the service.

If you choose to adopt the *Lifestyle Option* during the 15 year period prior to retirement, then your existing funds will be allocated in accordance with the strategy in the *Lifestyle Option* at that time.

You may elect to opt in, or out of the *Lifestyle Option* at any time by completing and returning the Investment switch form in the Your forms section and returning it to the Director of Human Resources.

Your benefits

While it may seem like your pension and your retirement plan is all about saving money and contributing to your *Retirement Account*, there are certain advantages which come as part of your pension package. This section outlines the benefits that have been secured for you through your participation in the Plan, as well as covering benefits available if you were to leave the *Society* or if you die before reaching retirement age.

When can I retire on pension?

In normal circumstances you will retire on your 65th birthday, being your *Normal Retirement Date*.

With the consent of the *Society*, you may retire early if you are over age 50, or at any time if you are in ill health or disabled. In exceptional circumstances you may also be allowed to defer your retirement beyond your *Normal Retirement Date*.

note(s): You must retire from the Plan and the *DB Scheme* at the same time.

What benefits will I receive on retirement?

On retirement, you can decide to use the accumulated value of your *Retirement Account* to provide one, or more, of the following benefits:

a. A tax free lump sum

This can be paid up to the limit set by the Revenue Commissioners. The maximum cash sum available for those retiring at *Normal Retirement Date* with more than 20 years' *Society* service completed is approximately 150% of final pay, subject to a ceiling imposed by the Revenue.

It should be noted that the Finance Act 2011 introduced a lifetime limit of €200,000 for tax free retirement lump sums. Any tax free retirement lump sums taken on or after 7 December 2005 will count towards this limit. Amounts between €200,000 and €500,000 will be taxed at the standard income tax rate, currently 20%. Amounts in excess of €500,000 will be taxed at the individual's marginal tax rate and will include the Universal Social Charge (USC).

b. A personal pension

This will be paid to you in monthly instalments and will continue for as long as you live. Within the pension you can incorporate a guarantee that it will be payable for a minimum period of 5 to 10 years.

c. An Approved Retirement Fund (ARF) / Approved Minimum Retirement Fund (AMRF)

These Funds give you the opportunity to continue to invest all or part of your *Retirement Account* in a tax-efficient way after you retire, with the added flexibility to withdraw cash as required.

d. A pension for your *Dependants*

In addition to a personal pension you can provide a pension for your spouse or for another *Dependant*. This pension would commence immediately after your death and be paid for the lifetime of your *Dependant*.

It should also be noted there is a limit on the total capital value of pension benefits in a lifetime for tax relief purposes where benefits come into payments for the first time. This limit is currently set at €2,000,000 (for the 2020 year).

How much will these pensions be?

The amount of any personal pension, or of any *Dependant's* pension, will depend on the cash available in your *Retirement Account*, the type of pension you decide upon, and market *Annuity* rates at the time of your retirement. It should be noted that market *Annuity* rates tend to fluctuate in line with changes in interest rates generally. Higher interest rates mean that the cost of buying an *Annuity* is cheaper than when interest rates are lower (and vice versa).

What are Approved Retirement Funds (ARFs)?

As previously advised ARFs give you the opportunity to continue to invest your *Retirement Account* in a tax-efficient way after you retire, with the added flexibility to withdraw cash as required. Qualifying fund managers offer a choice of ARF investments ranging from bank deposit accounts to unit linked funds.

Based on current legislation, a minimum withdrawal will be applied to ARFs, for tax purposes. The level of withdrawal is 4% p.a. from age 60 to age 70 and 5% p.a. after age 70 – these levels apply to ARFs where the holder is over 60 for the whole of the tax year.

The investment return on an ARF is exempt from tax for as long as it remains within the fund. You can withdraw cash from an ARF whenever you wish, subject to the terms offered by the fund manager. Withdrawals are subject to income tax and PRSI, which will be deducted at source by the fund manager.

An ARF can be left as an inheritance on your death, subject to certain tax limitations, depending on your relationship with the person who inherits the ARF.

Minimum income restriction

You must have a total pension of at least €12,700 per annum (Plan pension and *DB Scheme* pension plus State Pension, plus any other pension income you may have), in order to invest in an ARF. If your total pension does not meet this minimum requirement, you may still be able to invest in an ARF if you:

a. Use a portion of your *Retirement Account* to purchase an extra pension, bringing your total pension income up to the required level

   or

b. Set aside €63,500 in an Approved Minimum Retirement Fund (AMRF). An AMRF is a special type of ARF which is designed to safeguard a portion of your retirement fund. While you cannot withdraw any of the amount which has been set aside until you reach age 75, you may withdraw any income it generates.

Any balance remaining in your Retirement Account can be put into an ordinary ARF from which withdrawals can be made at any time.

You should contact the Director of Human Resources to discuss prior to electing this option at retirement.

Will my pension increase in retirement?

You can incorporate an allowance for future pension increases into the purchase of your pension. These options will be explained to you prior to your retirement and at that time you may choose a particular option.

Will my pension be secured?

When you retire the Trustees will secure all pensions by buying an appropriate *Annuity* from a reputable insurance company.

How will these pensions be paid?

Your pension will be paid by monthly instalments from the 1st of the month coinciding with, or immediately following, the date of your retirement. Payments will continue as long as you live.

How will my pension and benefits be taxed?

Under current legislation, pensions, including *Dependants*' pensions, are liable to tax in the same way as wages/salaries under the PAYE system. Cash sums taken instead of pension and lump sums paid on death are normally free of income tax. Your contributions to the Plan will qualify for full tax and PRSI relief, subject to Revenue limits. Furthermore, you have no tax liability in respect of the *Company*'s contributions paid on your behalf.

Can my benefits under the Plan be used to obtain a loan?

No. You can neither use your benefits for this purpose nor assign them to a third party. If you attempt to do so you may lose your right to benefits.

Are my benefits subject to external controls?

Yes. Your benefits under the Plan are subject to maximum limits imposed by the Revenue Commissioners and to the requirements of the Pensions Act 1990 (and any subsequent amendments).

Your retirement and death benefits could also be subject to a Pension Adjustment Order (PAO) in the event of judicial separation or divorce. These orders are secured under the Family Law Act 1995 and the Family Law (Divorce) Act 1996. Further information about the operation and impact of Pension Adjustment Orders may be obtained from the Pensions Authority.

What if a dispute arises regarding the payment of benefits?

The Trustees have established an Internal Dispute Resolution Procedure (IDR) to deal with certain complaints or disputes made by actual, or potential, *Beneficiaries* in relation to the Plan. Please contact the Director of Human Resources for further details. The Trustees will endeavour to resolve any dispute but in the event they are unable to do so, the complaint or dispute may be submitted to the Financial Services and Pensions Ombudsman for review at The Office of the Financial Services and Pensions Ombudsman, Lincoln House, Lincoln Place, Dublin 2 (website: www.pensionsombudsman.ie)

Should you have any queries in relation to your benefits from the Plan, please contact the Director of Human Resources for further details

Benefits if you die before retirement

What happens if I die before *Normal Retirement Date* while still an employee?

If you die in service before your *Normal Retirement Date* a lump sum benefit will be payable equal to the value of your *Retirement Account*.

The lump sum will be paid to your *Beneficiaries* or your estate as the Trustees decide. Alternatively, the Trustees may apply part or all of the amount to provide benefits in pension form for your *Dependants*.

To make your wishes known to the Trustees, please complete the form provided at the back of the booklet and give it, in a sealed envelope, to the Director of Human Resources to be opened in the event of your death. Though, legally, your wishes cannot be binding on the Trustees, they will, of course, be strongly influenced by them.

note(s): The Revenue may limit the amount of these benefits payable as a lump sum. The current limit is four times your final remuneration plus your own contributions. This limit applies to all pension schemes of the *Society*.

Benefits if you die after retirement

What happens if I die after retirement?

Benefits payable to your *Dependants* on your death after retirement will depend on the options you selected at retirement. If you have selected a pension for your spouse/*Dependant*, these benefits will become payable on your death. If you take your whole retirement benefit as a cash sum, and/or a pension for yourself, no additional benefit will be payable on your death after retirement.

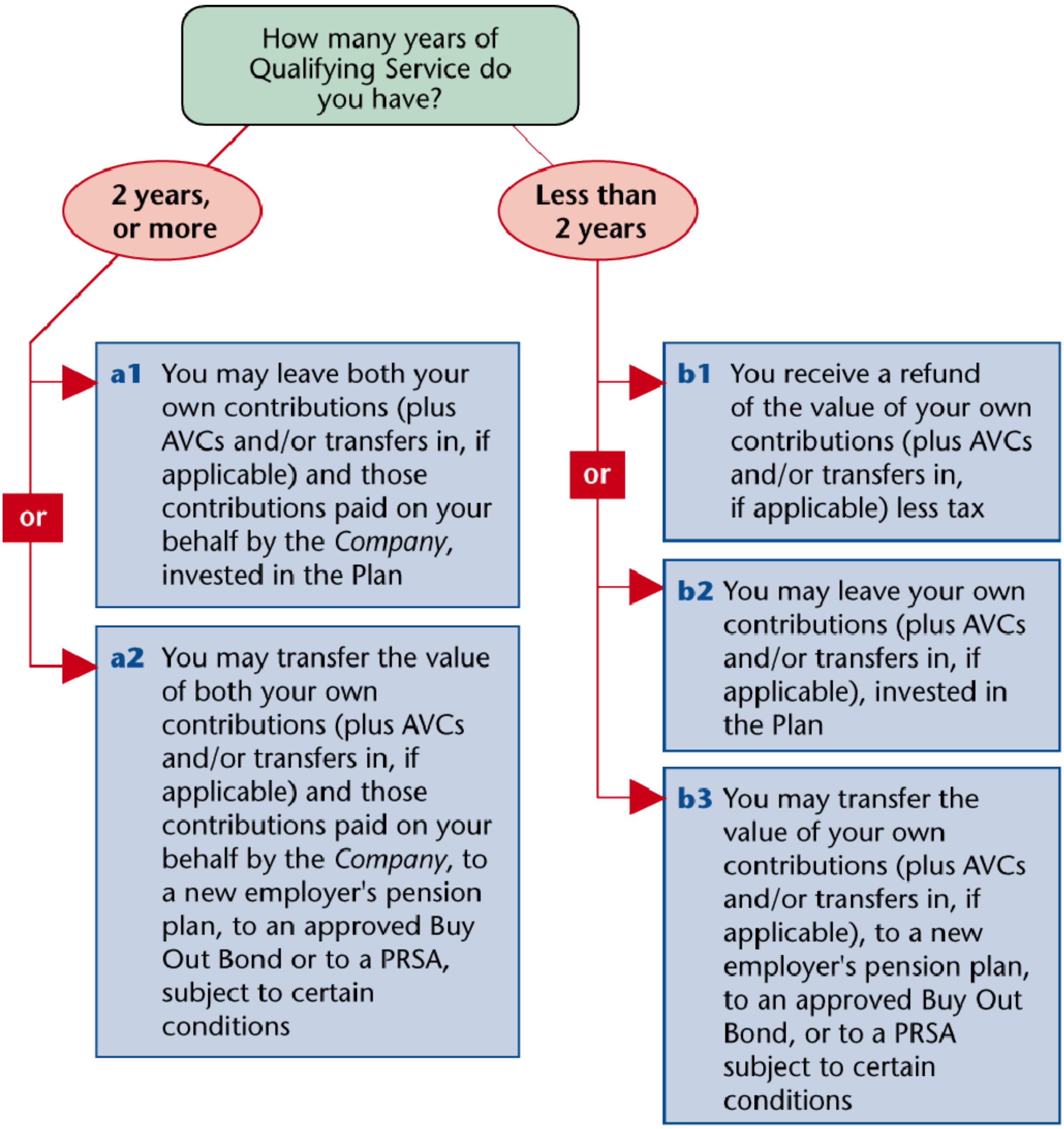
If you take a pension and elect for this to be guaranteed for, say five years and you die within five years after retirement, a lump sum will be paid equal to the total of five years' pension payments less any pension payments you had already received.

Benefits if you leave service

What happens if I leave service before *Normal Retirement Date*?

Your benefits on leaving service are governed by the Rules of the Plan and the preservation requirements of the Pensions Act 1990 (as amended). Your options on leaving will depend on whether or not you have 2 or more years of *Qualifying Service*.

Leaving service options



Can I take a cash refund of my pension contributions?

Under the Pensions Act 1990 (as amended) you may only receive a refund of the value of your own contributions (including AVCs) if you leave service having completed less than two years of *Qualifying Service*.

What happens if I die after leaving service?

If you die before your deferred pension becomes payable, the value of your *Retirement Account* at the time of your death is payable to your estate.

Some terms explained

Throughout the booklet certain expressions have been used which, for the purpose of your benefits, have the following meanings:

Annuity means a life assurance product which, beginning at retirement, pays you a guaranteed income (i.e., a pension) for the rest of your life. The income may be level or may escalate either at a fixed rate or in line with increases in the Consumer Price Index. It may be a single life *Annuity*, which only pays out while you are alive, or it may be a joint life *Annuity*, providing a Spouse's Pension if you predecease your spouse.

Beneficiaries means your *Dependants* and any other relation either by blood or marriage.

Buy Out Bond is a pension bond into which you can transfer your *Retirement Account* if you leave service.

the Cap means €45,500 and may be increased at the discretion of the *Society*.

the Society means the Law Society of Ireland and any associated company admitted to the Plan.

DB Scheme means The Law Society of Ireland Pension and Life Assurance Scheme.

DB Scheme Salary means the lesser of your basic annual salary or wages excluding overtime, commission, bonuses or any other fluctuating emoluments and the *Cap*.

Dependants are any of the following:

- your spouse,
- your *Dependant Children*, or
- any person who, at the time of your death, was financially dependent on you.

Dependant Children means your children under 18 years of age (or under 23 years of age if still in full-time education). There is no age limit for a child who is either mentally or physically handicapped.

Hybrid Member means an Employee who joins the *Society* after 1 January 2009 or an employee who joined the *Society* before 1 January 2009 but did join the *DB Scheme* before 30 September 2010.

Lifestyle Option means the fund varies the asset mix of the investment in line with the term to retirement. The longer the term to retirement, the higher proportion invested in equities. As retirement approaches, the allocation to equities reduces and cash increases.

Normal Retirement Date means your 65th birthday.

PRSA means a Personal Retirement Savings Account which is established and approved in accordance with the requirements of Part X of the Pensions Act 1990 (as amended). A *PRSA* is a contract between an individual and an authorised PRSA provider in the form of an investment vehicle.

Qualifying Service means service completed as a member of the Plan for retirement benefits. Similar service completed in another *Company* plan, or in another plan from which a transfer value has been paid to the Plan, will also be counted as *Qualifying Service*.

Renewal Date means 1 January each year.

Retirement Account means the accumulated value, taking into account investment returns earned, of the contributions which have been paid by the *Society* on your behalf, together with your own contributions (if any) and any Additional Voluntary Contributions (AVCs) you may decide to pay. The account may include any transfer payment to the Plan to which you are entitled as a result of a previous employment or a *PRSA* you may have taken out. The benefits available to you from the Plan on retirement, leaving service or death will depend on the value of your personal *Retirement Account* at that time.

Salary means your basic annual salary or wages excluding overtime, commission, bonuses or any other fluctuating emoluments less *DB Scheme Salary*.

note(s): if you have *Dependants*/*Beneficiaries* as defined above you are advised to complete the Wishes form at the back of this booklet. Your wishes are an important guide to the Trustees whether or not you have *Dependants*/*Beneficiaries*.

Summary of investment funds

This section includes information on the fund choices. The specific funds offered by New Ireland are set out below.

Fund description in booklet	New Ireland Fund
Equity Fund	Pension Indexed All Equity S6 RP
Managed/Multi Asset Fund	Pension Passive Multi Asset Fund
Bond/Fixed Interest Fund	Indexed Eurozone Long Bond (6)
Cash Fund	Pension Cash Fund
Lifestyle Option	Passive IRIS Retirement Fund (ARF)*

*The Passive IRIS Retirement Fund has a range of dates which will target your specific retirement date.

Further information on each of the funds is available in the fund factsheets. These are available on the New Ireland website www.newireland.ie under the fund centre.

Your forms

This section contains all the forms you need:

- Membership application form
- Additional Voluntary Contributions form
- Investment switch form
- Wishes form

Membership application form

The Law Society of Ireland Defined Contribution Plan

If you are a *Hybrid Member* you must complete this form to confirm your membership and to notify the Trustees of your investment choices. Please use black ink and BLOCK CAPITALS throughout. You should return this form to the Department of Human Resources.

Your personal details

Title Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Other ______

Surname ______ **Forename** ______

Address
______
______
______

Daytime telephone number ☐☐☐☐☐☐☐☐☐☐

Date of birth ☐☐ ☐☐ ☐☐☐☐

Gender Male ☐ Female ☐

PPS number ☐☐☐☐☐☐☐ ☐☐

Marital status Single ☐ Married ☐ Other ______

Your investment choices

I would like all regular contributions on my behalf to be invested as follows: (please tick **A** or **B** as appropriate)

A ☐ **Lifestyle Option (Passive IRIS)**

OR

B ☐ **Personal choice option** (please indicate your investment choice below)

Fund	**Proportion**
Multi Asset Fund	%
Equity Fund	%
Fixed Interest/Bond Fund	%
Cash Fund	%
Total	**100%**

In the absence of an investment decision your contributions will be invested in the default fund.

Your contributions to the Plan

Additional voluntary contributions are any contributions made by you. You can change the rate of contributions by advising the Department of Human Resources, subject to Revenue limits.

Additional voluntary contributions may be made in multiples of 1% of *Salary* and will be deducted from your *Salary* before tax. The Plan booklet outlines the maximum that you may contribute to the plan (in addition to any employer contributions). Your total contributions will be invested according to the instructions overleaf.

I wish to make additional voluntary contributions of ______ % **of my *Salary*.**

Your declaration

Are you entitled to pension benefits under any pension Plan in respect of service with a previous employer?

Yes ☐ If yes, please supply details **No** ☐

I authorise you to deduct the relevant employee pension contributions from my *Salary* and to invest these and any contributions paid by the *Society* on my behalf according to the instructions detailed on this form.

The *Society* and Trustees will treat all information concerning you and your *Dependants* as confidential. It may be used for both *Society* and Plan purposes. The persons to whom the data may be disclosed will include administrators, auditors, professional advisers, insurance companies and other organisations in connection with the administration of the Plan and the business of the *Society*.

Signature

Date

A copy of your completed form is available from theDepartment of Human Resources on request.

Employer information (to be completed by employer only)

Please sign and date this form prior to returning to Mercer (Ireland) Limited and complete the additional information if necessary.

Annual Salary

Date joined *Society*

Occupation of employee

Employee number

Date joined Plan

Part time hours (if applicable)

Part time hours as a % of full-time working week

Location

Plan

Additional information (if applicable)

Signature (on behalf of *Society*)

Date

Name (BLOCK CAPITALS)

Contact telephone number

Additional Voluntary Contributions form

The Law Society of Ireland Defined Contribution Plan

You must complete this form and return it to the Department of Human Resources to authorise the deduction of additional voluntary contributions (AVCs) from your pay. Please use black ink and BLOCK CAPITALS throughout.

Your personal details

Name ____________________ **PPS number** ☐☐☐☐☐☐☐ ☐☐

Your additional voluntary contributions

Additional voluntary contributions are any contributions made by you. You can change the rate of contributions by advising the Department of Human Resources, subject to Revenue limits.

Please refer to the Your Contributions section for further information.

Additional voluntary contributions may be made in multiples of 1% of *Salary* and will be deducted from your *Salary* before tax. The Plan booklet outlines the maximum that you may contribute to the plan (in addition to any employer contributions). Your total contributions will be invested according to the instructions below.

I wish to make additional voluntary contributions of ____ % **of my *Salary*.**

Your AVC investment choices

I would like my AVCs to be invested as follows: (please tick either **A**, **B** or **C** as appropriate)

A **In the same proportions as my regular contribution investments**

OR

B **In the proportions as laid out below:**

Fund	Proportion
Multi Asset Fund	%
Equity Fund	%
Fixed Interest/Bond Fund	%
Cash Fund	%
Total	**100%**

OR

C **Lifestyle Option (Passive IRIS)**

In the absence of an investment decision your contributions will be invested in the default fund.

Your authorisation

I authorise the deduction of AVCs from my *Salary* commencing: ☐☐ ☐☐ ☐☐☐☐

Signature ____________________ **Date** ☐☐ ☐☐ ☐☐☐☐

Investment switch form

The Law Society of Ireland Defined Contribution Plan

Should you wish to change the funds your contributions are invested in, or reallocate the proportions your contributions are invested (subject to Revenue Limits), you must complete this form and return it to the Department of Human Resources to authorise the changes to your investment choices. Please use black ink and BLOCK CAPITALS throughout.

Your personal details

Name

PPS number

Your investment choices

(please tick **A** or **B** as appropriate)

A **Personal choice option** (please indicate your investment choice below)

I would like all of my existing funds to be invested as follows:

Multi Asset Fund	%
Equity Fund	%
Fixed Interest/Bond Fund	%
Cash Fund	%
Total	**100** %

AND

I would like all future contributions made on my behalf to be invested as follows:

Multi Asset Fund	%
Equity Fund	%
Fixed Interest/Bond Fund	%
Cash Fund	%
Total	**100** %

B **Lifestyle Option (Passive IRIS)**

I would like all of my existing funds AND future contributions to be invested in the default fund.

Your authorisation

I confirm that my instructions above replace any previous instructions and will remain in force until further notice. I note that the trustees have an overriding right to switch my existing funds and/or future contributions.

Signature

Date

Wishes form

The Law Society of Ireland Defined Contribution Plan

When completed, this form should be placed in a sealed envelope marked Wishes Form showing your name, the *Company*'s name and addressed to the Department of Human Resources, for the attention of the Trustees to be opened only in the event of your death. Please use black ink and BLOCK CAPITALS throughout.

Your personal details

Name	PPS number

Your beneficiaries' details

In the event of my death in service, I request that my death in service benefit be distributed as follows:

Name		**Address**	
Relationship			
Proportion	%		
Name		**Address**	
Relationship			
Proportion	%		
Name		**Address**	
Relationship			
Proportion	%		
Name		**Address**	
Relationship			
Proportion	%		
Name		**Address**	
Relationship			
Proportion	%		

Please note that the total of your proportions must equal 100%.

If you have more *Beneficiaries* please feel free to attach copies of this form.

I have a total of ______ ***Beneficiaries*** **and have attached** ______ **additional sheets**

Your authorisation

I understand that my wishes, while they will be taken into account, are not binding on the Trustees.

Signature	Date