The Law Society of Ireland Pension and Life Assurance Scheme

Member explanatory booklet
2020 Edition

Applicable to Members who joined the Society prior to 1 January 2009 and joined the Scheme prior to 30 September 2010

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 Directors 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 Pension and Life Assurance Scheme ('the Scheme') 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 Scheme as described in the following pages and keep this booklet in a safe place for future reference.

The Scheme has been set up on a defined benefit basis and it is a Defined Benefit Scheme for the purposes of the Pensions Act 1990.

How it works

On retirement, two main factors will determine the level of your benefits:

- your *Final Pensionable Salary* when you retire, and
- your *Pensionable Service* (the length of time you have been a member of the Scheme).

In summary, the Scheme offers:

- Financial planning for retirement.
- A pension on retirement with the option of cash in lieu of part of your pension.
- 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.
- Benefits on death in service.
- A spouse's/civil partner's pension on your death before and/or after you retire.

The Scheme is an integrated scheme meaning it is one that takes account of State Pension (Contributory) in designing the overall pension package. An integrated scheme looks at the State Pension (Contributory) as part of the total pension package. Both the *Society* and employees make pay-related social insurance (PRSI) contributions and these in turn entitle Scheme members to Social Welfare benefits.

Integration is used as a means of taking into account the benefits payable under the Social Welfare system to calculate:

- The amount of occupational pension required so that the combined pension from both sources is at the level being aimed for in designing the Scheme; and
- The level of contributions payable by the Member towards the cost of his/her occupational pension.

Getting to know the Scheme

Who can join?

This section of the Scheme is closed to new entrants. Employees who join the *Society* after 1 January 2009 or employees who joined the Society before 1 January 2009 but did join the Scheme before 30 September 2010 are not eligible for membership of this section of the Scheme.

It is not a condition of employment that employees of the *Society* become members of the Scheme when eligible.

If you have joined the Scheme you may with the consent of the Society and the Trustees opt to cease to be a member for retirement benefits. If you opt to do so your admission for death in service benefits will be unaffected. However, you will lose out on the valuable retirement benefit available to full members and the contributions which would otherwise have been payable by the *Society* will not be available to you in any other form. For these reasons the *Society* encourages all eligible employees to remain in the Scheme for retirement benefits.

To formalise your request to cease to be a member for retirement benefits you should complete the Waiver form (in the Your forms section).

note(s): You may be asked to undergo a medical examination prior to joining the Scheme or at a future date when your benefits increase. If such an examination is required you will be advised of the details.

It may be necessary to restrict the amount of your death benefits on medical grounds. You will be notified if such a restriction applies in your case.

Evidence of your date of birth will also be required. If you are married or in a civil partnership, you must also produce your marriage certificate or civil partnership registration and spouse's/civil partner's birth certificate (and other *Dependants'* birth certificates, if applicable). Please keep the Trustees/*Society* informed of any change in your marital status by contacting the Director of Human Resources.

The legal perspective

The Scheme is approved by the Revenue authorities as an exempt approved plan 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 *Society*. The Scheme has been registered with the Pensions Authority (Registration Number: PB 3399). 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 Scheme is governed by a Trust Deed and is administered by the Trustees according to the Rules. The Trustees are responsible to the members for the operation of the Scheme. This booklet aims to give you an overview of your various benefit entitlements. It replaces any previous communication in respect of your benefits under the Scheme. 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.

The benefits as described in this booklet assume that the Scheme continues on an ongoing basis, however:

- Changes in legislation and other circumstances may make it necessary or desirable to amend the Trust Deed and Rules. The Society may amend the Scheme at any time (with the consent of the Trustees).
- Defined benefit pension plans are required to meet certain solvency requirements which are assessed on an annual basis. In the event of the Scheme not meeting solvency requirements, your benefits may be reduced.
- In some circumstances the Society could reduce or, in the extreme, terminate its contributions to the Scheme which would affect your benefits. However, if this should happen the fund would be used to secure benefits on behalf of members in accordance with the Pensions Act 1990 (as amended).

Information on any changes to the Scheme 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 Scheme, in particular concerning the financial, technical and other risks associated with the Scheme and their distribution must be disclosed.

In a “defined benefit” scheme, the main risk is that there will be a shortfall in the assets (for whatever reason) and the *Society* will not be willing or able to pay the necessary contributions to make up the shortfall. If that occurs, members may not get their anticipated benefit entitlements. Some of the reasons why a shortfall could arise are as follows (this list may not be exhaustive):

- The assets may grow more slowly than expected, or even fall in value, depending on the performance of underlying markets and the securities chosen.
- Similarly, the liabilities may grow faster than expected due to higher salary or pension increases, or due to unfavourable movements in interest rates, or due to mortality and other elements of the Scheme’s experience varying from the assumptions made.
- The administration of the Scheme may fail to meet acceptable standards. The Scheme could fall out of statutory compliance, the fund could fall victim to fraud or negligence or the benefits communicated to members could differ from the liabilities valued by the actuary.

If the Scheme were to wind up and the assets were insufficient to meet benefits due, the law specifies that members’ AVCs and then pensioners have first call on the assets of the fund before benefits can be paid to those who have yet to reach *Normal Retirement Age*.

The Trustees are satisfied that they are taking all reasonable steps to protect the members from the effects of these risks, including:

- Professional investment managers have been appointed to manage the Scheme's investments, the Scheme holds a range of diversified assets and there is regular monitoring of how these investments are performing.

- An actuarial valuation of the Scheme is carried out at least every three years to assess the financial condition of the Scheme and determine the rate of contributions likely to be required to meet the future liabilities of the Scheme. In addition, an annual review of the solvency position is carried out of the Scheme on the assumption that it is wound up. If the Scheme is found to be insolvent, the Trustees are required to complete a funding proposal for submission to the Pensions Board with the objective of returning the Scheme to solvency.

- The Trustees have access to experienced professional advisers and administrators to assist with the proper running of the Scheme.

However, it is not possible to guard against every eventuality. For example, the *Society* may cease to trade, go into liquidation or may for other reasons decide to cease its liability to contribute to the Scheme. In this event, the fund may be wound up, future accrual of benefits may cease and accrued entitlements would be discharged from the available assets (which may or may not be sufficient to discharge member benefit expectations, as outlined above). Also, it is necessary to take some investment risk and other risks in order to manage the affordability of the Scheme benefits and the capacity of the *Society* to meet this commitment.

Who's Who

Trustees	Mary Ann McDermott Simon Murphy Rory'O'Neill Michael Quinlan
Investment Managers	Irish Life Investment Managers Limited Beresford Court, Beresford Place Dublin 1 Standard Life Investments Limited 90 St Stephens Green Dublin 2 Invesco Global Asset Management DAC St John Rogerson's Quay Dublin 2
Insurers	Utmost Navan Business Park Athlumney Co Meath
Auditors	Deloitte Earlsfort Terrace Dublin 2
Consultants	Mercer (Ireland) Limited Charlotte House Charlemont Street Dublin 2
Actuaries	Mercer (Ireland) Limited Charlotte House Charlemont Street Dublin 2
Administrators	Mercer (Ireland) Limited Charlotte House Charlemont Street Dublin 2
Information	Director of Human Resources The Law Society of Ireland Blackhall Place Dublin 7

Your retirement benefits

Have you thought about your income when you retire? Do you know how much you will need to maintain your current lifestyle? Your *Final Pensionable Salary* and *Pensionable Service* are key factors when working out your retirement income from the Scheme. You also have the option to increase your retirement income by paying more as Additional Voluntary Contributions (AVCs). This section outlines the benefits that are available on retirement through your participation in the Scheme.

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* and the Trustees, you may retire early if you are over age 50, or at any time if you are in ill health or disabled (see What if I want to retire before *Normal Retirement Date*? later in this section). In exceptional circumstances you may also be allowed to defer your retirement beyond your *Normal Retirement Date* (see What if I want to keep working after *Normal Retirement Date*? later in this section).

What will I receive from the Scheme?

If you retire at *Normal Retirement Date*, your Scheme pension will be:

$$\boxed{\frac{1}{60}} \times \boxed{\textbf{\textit{Final Pensionable Salary}}} \times \boxed{\textbf{\textit{Pensionable Service}}}$$

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 (on or after 7 December 2005). This limit is currently set at €2,000,000 for 2020.

Will I also receive benefits from the State?

In addition to the pension benefits from the Scheme, you will be entitled to a State Pension payable from State Pension Age, subject to meeting certain qualifying conditions. An additional supplement for your spouse/partner, known as a Qualified Adult Supplement, may also be payable. This supplement is subject to an income test and will not be payable if your spouse/partner's income or capital exceeds levels set each year by the Department of Employment Affairs and Social Protection. State Pensions are revised from time to time and with effect from March 2019 were payable at the following levels to a fully qualified person:

note(s): Under the Social Welfare and Pensions Act 2011, the State Pension Age (currently 66) will increase to 67 in 2021 and 68 in 2028.

Member type	State Pension	Increase for Qualified *Dependant*	Total State Pension
Single Member	€12,911.60 p.a.		€12,911.60 p.a.
Family Member with *Dependant* under 66	€12,911.60 p.a.	€8,600.80 p.a.	€21,512.40 p.a.
Family Member with *Dependant* over 66	€12,911.60 p.a.	€11,570.00 p.a.	€24,481.60 p.a.

The Department of Employment Affairs and Social Protection website provides up-to-date details of the level of these benefits and eligibility rules: www.welfare.ie. Another useful source of information on benefits legislation is the Department of Finance website www.budget.gov.ie.

note(s): The payment of a State Pension is dependent on the eligibility rules at the time.

What is my total pension?

From State Pension Age, your overall pension will therefore come from two primary sources: the Scheme and the State.

Scheme Pension + **State Pension** = **Total Pension**

Example - Sample retirement benefits

Valerie Veteran is nearing *Normal Retirement Date* (age 65) and she is examining her options on retirement. She has 30 years of *Pensionable Service*. Her *Salary* is €40,000. The current State Pension (for 2020) is €12,911.60 and therefore, Valerie's *Pensionable Salary* is:

€40,000 - (**1.5** x **€12,911.60**) = **€20,633**

When averaged over the past three years, Valerie's *Final Pensionable Salary* is €20,000.

Based on the above information, Valerie's pension payable from *Normal Retirement Date* will be:

30/60 x **€20,000** = **€10,000 each year**

In addition, she will receive the State Pension in full at age 66. In 2020 terms, this gives her a total pension of:

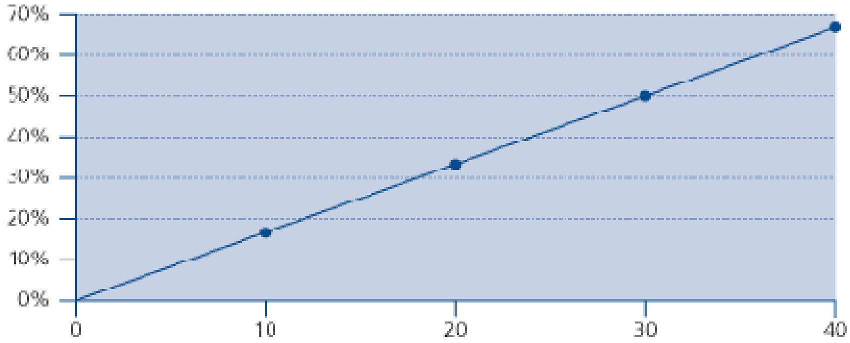
Scheme Pension (at 65)	=	**€10,000 each year**
State Pension (at 66)	=	**€12,912 each year**
Total Pension	=	**€22,912 each year**

This equates to 57% of Valerie's pre-retirement *Salary* of €40,000.

As you can see from the example above your Scheme benefits on retirement at *Normal Retirement Date* are dependent on your *Final Pensionable Salary* and *Pensionable Service*.

Detailed below is a graph which shows the effects that your *Pensionable Service* has on your expected Scheme pension at *Normal Retirement Date*. This graph excludes the State retirement benefits.

Estimated Scheme pension as a % of *Final Pensionable Salary* at *Normal Retirement Date*



note(s): This graph assumes that the Scheme continues on an ongoing basis and is not subject to circumstances as outlined under the Getting to know the Scheme section.

What options are available on retirement?

On retirement, in exchange for a part of your pension, you can decide to take one, or more, of the following benefits:

- A tax free lump sum

  When you retire, subject to Trustees and *Society* approval, you will have the option of exchanging part of your pension for an immediate tax-free cash sum up to the maximum permitted by the Revenue, which is approximately 1.5 times your final total pay if you have at least 20 years' service at age 65 with reduced amounts available for shorter periods and early retirement.

  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).

  Your annual pension will be reduced if you take this option. The reduction in your annual pension will depend on a number of factors, such as your age at retirement and the interest rate environment when you retire. Full details will be given to you as you approach retirement.

- A pension for your *Dependants*

  In addition to the tax-free cash option, you may choose to provide a pension for a nominated *Dependant*. This would be paid after your death in retirement for the lifetime of the chosen *Dependant*. This option must be chosen before, or at, your *Normal Retirement Date*. Your annual pension will be reduced if you take this option. Further details will be given to you as you approach retirement.

Example - Sample retirement benefits with a tax free lump sum

Valerie Veteran would like to take a tax free lump sum. She has 30 years of *Pensionable Service*. Her *Final Pensionable Salary* at *Normal Retirement Date* is €20,000. Her tax free lump sum is:

30 x **3/80** x **€20,000** = **€22,500**

Valerie must give up part of her pension in exchange for the tax free lump sum. The current exchange rate for females is €1 of pension for €9 lump sum. This means that her *Society* pension will be reduced as follows:

€10,000 - (**€22,500** ÷ **9**) = **€7,500 per year**

She will continue to receive the State Pension in full at age 66. In 2020 terms, this gives her total benefits of:

Scheme Pension (at 65)	=	**€7,500 each year**
State Pension (at 66)	=	**€12,912 each year**
Total Pension	=	**€20,412 each year**
Plus		
Tax free lump sum	=	**€22,500**

note(s): Please note that the rate to exchange pension for a lump sum varies by age and gender. The current rate (2020) at *Normal Retirement Date* is 9:1 for males and females. The rate will vary if you retire before *Normal Retirement Date*.

What if I want to retire before *Normal Retirement Date*?

With the consent of the *Society* and the Trustees, you may retire early from age 50 or at any time if you are in ill health. Please note that consent may be withheld depending on the solvency funding position of the Scheme.

If you are granted consent and you decide to retire early, your pension will be calculated using the formula in What will I receive from the Scheme? based on your *Pensionable Service* to, and your *Final Pensionable Salary* at, the date of your actual retirement. Your annual pension is then reduced to allow for a longer payment period (i.e., the additional years between the date of your early retirement and your *Normal Retirement Date*).

What if I want to keep working after *Normal Retirement Date*?

In exceptional circumstances you may also be allowed to defer your retirement beyond your *Normal Retirement Date* and receive your choice of one of the following benefits:

1. Defer your benefits until actual retirement age, at which point they will be increased to allow for late payment.

2. Take your benefits at *Normal Retirement Date* and continue to work.

3. Take your lump sum at *Normal Retirement Date* and defer your residual pension until actual retirement age, at which point your pension will be increased to allow for late payment.

Please note that any increases applied to reflect late payment of benefits are determined by the Trustees on the advice of the actuary to the Scheme.

How will these pensions be paid?

Your pension will be paid by monthly instalments and is payable for the rest of your life. The initial payment is made from the date of your retirement (or another date decided upon by the *Society* and notified to you).

Does my pension increase?

There is no absolute guarantee for the provision of increases to pensions from the Scheme during payment but that the Society is fully committed to paying increases on an annual basis, save in the most exceptional circumstances. The rate of such increases when granted will be equal to the rate of increase in the Consumer Price Index, or 3% per annum compound, whichever is less. Following consideration of the results of the 2018 actuarial valuation, the Society decided to fund for increases equal to 60% of inflation (with inflation capped at 3% per annum) and will review the position again at the next actuarial valuation in 2021. The Trustees and the Society have an annual review process in place before the Society decides whether to approve increases. Details of any discretionary increases will be provided in the annual report from the Trustees and you will be notified of any increase applying to the pension.

Can I transfer in assets from another pension plan?

The Scheme 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.

Transfers in are invested on a defined contribution basis. This means that the money received is invested in a fund and the benefits will be determined when you draw down your benefit. If you wish to transfer assets in from another pension plan, please contact the Director of Human Resources.

How will my 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 with income tax, and other relevant charges being deducted.

Cash sums taken instead of pension, up to the lifetime limit of €200,000, are free from income tax and other relevant charges. Lump sums paid on death are normally free from income tax and may be dependent upon the relationship of the recipient to the member.

Can my benefits under the Scheme 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 Scheme 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 Scheme. 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, Lincolm Place, Dublin 2 (website: www.pensionsombudsman.ie).

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

Paying for your benefits

How much do I pay?

When you join the Scheme for retirement benefits, you pay 8% of your *Pensionable Salary* each year towards the cost of your benefits (or such other amount as the Society may determine and notify to you).

These contributions will continue until the date of your retirement, leaving service or death.

How much does the *Society* pay?

The *Society* pays the balance of the cost of your retirement benefits at a rate recommended by the actuary to the Scheme.

In addition the *Society* pays the full cost of your death in service benefits.

The actuary to the Scheme carries out an actuarial valuation of the fund at least every three years and an annual solvency check, to review the contributions that could be expected to meet the fund's future needs. Following an actuarial review, it may be necessary to adjust contribution levels. You will be notified if this has an impact on your contributions.

Is tax relief available on my contributions?

Your contributions to the Scheme will qualify for tax relief at your marginal income tax rate, subject to Revenue limits. As your contributions will be deducted directly from your *Salary* before tax, this tax relief will be credited to you automatically.

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.

Example

Eddie Example has an annual *Pensionable Salary* of €15,000. Eddie's monthly *Pensionable Salary* is therefore:

€15,000 ÷ **12** = **€1,250**

Eddie makes a monthly pension contribution of 8% of monthly *Pensionable Salary*:

8% X **€1,250** = **€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**

Enhancing your benefits

Is it possible to increase my retirement income?

You may increase your retirement income by paying Additional Voluntary Contributions (AVCs). AVCs are invested in a choice of different funds with varying levels of risk and returns. The accumulated value of your AVC fund is then available to provide additional benefits at retirement, leaving service or death. Further details of AVCs are in a separate leaflet which will help you make your choices. Please contact the Director of Human Resources for further information on AVCs.

How much can I contribute?

For tax relief purposes, the maximum amount you can contribute is dependent on your age. Any contributions you make will be eligible for tax relief at your marginal income tax rate up to the maximum amount specified in the table below (based on Revenue rules at the time of publication, 2020). The rates specified in the table below are inclusive of your normal employee contributions. Any regular AVCs will be deducted directly from your *Salary* before tax, and therefore tax relief will be credited to you automatically.

As set out above (“Is tax relief available on my contributions?”), AVCs will not have the effect of reducing your USC or PRSI liability due.

You may need to apply for tax relief on once off lump sum AVCs. Please contact the Director of Human Resources for further information on this.

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, or over	40%

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

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 to 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.

What options will I have with my AVCs at retirement?

There are a few options available to you at retirement:

- Take your AVCs in lump sum form, up to Revenue limits (see page 10 for details)
- Buy an annuity with your AVCs up to Revenue limits
- Invest your AVCs in an Approved Retirement Fund (ARF), or Approved Minimum Retirement Fund if you are not eligible for an ARF
- Take your AVCs in lump sum form subject to tax (only available if you are eligible for an ARF)
- A combination of the above options.

Your leaving service benefits

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

Your benefits on leaving service are governed by the Rules of the Scheme and the preservation requirements of the Pensions Act 1990 (as amended). Your options on leaving will depend on whether you have more or less than two years' *Qualifying Service*.

If you have completed less than two years' *Qualifying Service*

A1 You may receive a refund of the value of your own contributions (including any AVCs), less tax.

or

A2 You may transfer the value of your own contributions (including any AVCs) to a new employer's pension plan or to an approved *Buy Out Bond* or *PRSA* (subject to certain conditions).

If you have completed two or more years' *Qualifying Service*

B1 Choose to take a deferred pension. Your deferred pension will be calculated based on your *Pensionable Service* to, and *Final Pensionable Salary* at, your date of leaving the *Society* and will be payable from your *Normal Retirement Date*.

note(s): During deferment, the deferred pension will generally increase each year at 4% or the increase in the Consumer Price Index, whichever is less, subject to Ministerial order.

or

B2 Transfer the value of your deferred pension benefits to a new employer's approved pension plan or to an approved *Buy Out Bond* or *PRSA* (subject to certain conditions).

What happens if I die after leaving service?

If you were married or in a civil partnership when you left service, your spouse/civil partner will receive a pension of 50% of your deferred pension when you die.

Benefits for your *Dependants*

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:

4 x ***Salary*** + **The value of your AVCs (if any)** = **Lump Sum**

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 Wishes 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 taken into consideration.

Example – Lump sum death in service benefit

Penny Pension, a *Single Member*, dies in service at age 45. Penny's *Salary* at 1 January prior to her death was €30,000. Her AVCs paid into the Scheme at the time of her death were €5,000. The benefit available is therefore:

(4 x €30,000) + €5,000 = €125,000

Will my *Dependants* be paid a pension?

If you are married or in a civil partnership at the date of your death and have notified the *Society* of your marriage/civil partnership, your spouse/civil partner will be paid a pension equal to:

50% X **Scheme Pension Expectation**

note(s): In this case your "Scheme Pension Expectation" is based on your *Final Pensionable Salary* at the date of your death and the *Pensionable Service* you would have completed to your *Normal Retirement Date.*

Alternatively, in certain circumstances, the Trustees may decide to pay a similar pension to a *Dependant* other than your spouse/civil partner.

If no spouse's/civil partner's pension is payable and there are *Dependent Children*, the pension which would have been payable to a spouse/civil partner will be paid to your *Dependent Children*.

If your spouse/civil partner is more than 10 years younger than you, the spouse's/civil partner's pension may be reduced, taking your spouse's/civil partner's age into account.

note(s): Lump sum death benefits are not subject to income tax but under current legislation, benefits paid directly to a *Dependant* other than a spouse/civil partner are liable to Inheritance Tax. If you require information on how this tax may operate in your case, please contact the Director of Human Resources.

Death benefits are subject to maximum limits imposed by the Revenue Commissioners.

The lump sum and spouse's/civil partner's pension are insured by the *Society* and therefore all entitlements are paid by the Insurance Company rather than from the Scheme's assets.

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

If you die in service after your *Normal Retirement Date* and before the payment of any benefits from the Scheme, your benefits will be calculated as if you had retired on the day preceding death.

Benefits if you die after retirement

Your pension is guaranteed for a minimum of five years. If you die during the first five years of retirement, the payments due for the remainder of the five years may be continued to your *Dependants* for the remainder of the five years, or may be paid as a lump sum to your *Dependants* or estate.

In addition, if you were married or in a civil partnership before you retired, your spouse/civil partner will be paid a pension from the date of your death (or from the expiry of the five year guarantee period if later) equal to:

50% X **Scheme Pension**

note(s): In this case your Scheme pension is calculated before you exchange any part of it for a tax-free cash payment, including any pension increases granted to you since the date of your retirement.

Alternatively, in certain circumstances the Trustees may decide to pay a similar pension to a *Dependant* that is not your spouse/civil partner.

As previously noted, you may give up part of your pension to provide a pension for a nominated *Dependant* on your death in retirement. This option must be selected before your *Normal Retirement Date*.

If your spouse/civil partner is more than 10 years younger than you, the spouse's/civil partner's pension may be reduced, taking your spouse's/civil partner's age into account.

note(s): Death benefits are subject to maximum limits imposed by the Revenue Commissioners.

Do my *Dependants'* pensions increase?

There is no absolute guarantee for the provision of increases to pensions from the Scheme during payment but that the Society is fully committed to paying increases on an annual basis, save in the most exceptional circumstances. The rate of such increases when granted will be equal to the rate of increase in the Consumer Price Index, or 3% per annum compound, whichever is less. Following consideration of the results of the 2018 actuarial valuation, the Society decided to fund for increases equal to 60% of inflation (with inflation capped at 3% per annum) and will review the position again at the next actuarial valuation in 2021. The Trustees and the Society have an annual review process in place before the Society decides whether to approve increases. Details of any discretionary increases will be provided in the annual report from the Trustees and your Dependants' will be notified of any increase applying to their pension.

Some terms explained

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

Beneficiaries - *Dependants* together with any other relatives, either by blood or marriage.

Buy Out Bond - is a pension bond into which you can transfer the value of your deferred Scheme benefits if you leave service.

Society - the Law Society of Ireland and any associated company admitted to the Scheme.

Dependants - any of the following:

- Your spouse or civil partner.
- Your *Dependent Children*.
- Any person who, before your death, was wholly or partly dependent on you for the ordinary necessaries of life or the sharing of living expenses.

Dependent Children - your children under 18 years of age, and those children who are over 18 and under 23 who are in full-time education or are apprenticed. There is no age limit if the child is mentally or physically handicapped.

Final Pensionable Salary - the annual average of your *Pensionable Salary* in each of the three years before retirement or leaving service.

Normal Retirement Date - your 65th birthday.

Pensionable Salary - your *Salary*, less a deduction in respect of Social Welfare benefits. This deduction will be equal to 1.5 times the maximum annual rate of the State Pension payable to a single person.

Pensionable Service – your total number of complete and continuous years and months of service as a member of the Scheme (after you were eligible for full membership) before *Normal Retirement Date*, earlier retirement or leaving service, subject to a maximum of 40 years.

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.

Qualifying Service - the total of every period of service as a member of the Scheme and every other plan of the *Society* for retirement benefits, and every plan of any employer other than the *Society* from which a transfer of assets has been received by the Scheme (excluding concurrent service).

Salary - means your basic annual *Salary* or wages excluding overtime, commission, bonuses or any other fluctuating emoluments. Your *Salary* will be determined once a year on 1 January.

Your forms

This section contains all the forms you need:

Waiver form

Wishes form

Waiver form

The Law Society of Ireland Pension and Life Assurance Scheme

You have the option to opt out of the Scheme for retirement benefits. While you will not receive any of the pension benefits of the Scheme you will continue to be covered for death in service benefits. If you do not wish to be included in the Scheme for retirement benefits please complete the attached form and return it to the Department of Human Resources. Please use black ink and BLOCK CAPITALS throughout.

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 authorisation

Having received details of the Scheme and been a full member of the Scheme, I hereby confirm that I wish to opt out of the Scheme for retirement benefits.

I understand that my pension benefits will be affected. The *Society* will not make any further pension contributions on my behalf and I as an employee will not be able to make any further pension contributions. However, I understand that I will continue to be covered for death in service benefits.

I also understand that I may re-join the Scheme at a later date subject to the discretion of the Trustees/*Society*.

I confirm that my instructions are as set out above and will remain in force until further notice.

Signature

Date

Wishes form

The Law Society of Ireland Pension and Life Assurance Scheme

When completed, this form should be placed in a sealed envelope marked Wishes Form showing your name, the *Society*'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 lump sum death in service benefit be distributed as follows:

Name
Relationship
Proportion %
Address

Name
Relationship
Proportion %
Address

Name
Relationship
Proportion %
Address

Name
Relationship
Proportion %
Address

Name
Relationship
Proportion %
Address

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