



# ITC PRSA 1-2-3

BROCHURE

# ITC PRSA 1-2-3

ITC PRSA 1-2-3 (Personal Retirement Savings Account) are web-enabled, flexible, cost-effective pension plans brought to you by Independent Trustee Company Limited (ITC). We offer non-standard PRSAs that allow you to take control of both the investments and costs associated with your retirement. Investment performance can be monitored 24/7 via the Client Portal App.

Now, more than ever, the PRSA is a tool you can use, regardless of your employment, to invest in a wide range of asset classes in a tax efficient manner and with added flexibility on how benefits are taken at retirement.

## Your future. Our focus.

### Is ITC PRSA 1-2-3 suitable for me?

If you agree with any of the following statements, ITC PRSA 1-2-3 may be suitable for you:

- I am a self-employed professional or a sole trader
- I am an employee or proprietary director
- I want to decide the level and frequency of contributions
- I am looking for control over my pension investments
- I want a broad investment choice
- I want to have total transparency on charges
- I want to avail of significant tax benefits
- I want flexibility on how I take my benefits at retirement
- I may want to invest in property and live off the rental income

Ultimately, it is a matter for you and your advisor to decide if ITC PRSA 1-2-3 is suitable for you.

### Why should I choose ITC PRSA 1-2-3?

#### SECURITY

Your pension assets are held in trust on your behalf. This means that they are completely segregated from our assets, other pension assets and your company/employer's assets.

#### CHOICE

You can choose from a wide variety of investments sourced from a wide variety of domestic and/or international investment providers. You can invest in residential and commercial property both in Ireland and the UK.

#### CONTROL

You create a personal investment portfolio that fits your individual appetite for risk, your budget and your retirement target. You decide when to start and stop or increase and decrease contributions to suit your circumstances. You can monitor your ITC PRSA 24/7, either via your PC or by downloading the ITC Client Portal App to your phone or tablet (iOS/Android).

#### TRANSPARENCY

The on-going cost of your PRSA is fully transparent and depends on your investment strategy, which you control. You can monitor your PRSA 24/7 on your phone/ tablet via the ITC Client Portal App (iOS/Android) or on your PC. Half-yearly investment reports and projections will be uploaded to facilitate your retirement planning.

#### FLEXIBILITY

Your needs and circumstances shape the investment strategy, the level and timing of contributions. Your PRSA is portable so that you can continue to use it even if you change employer or occupation. You have the flexibility to plan how your eventual retirement benefits are taken, to suit your circumstances.



## How do I contribute to ITC PRSA 1-2-3?

ITC PRSA 1-2-3 allows you to control the frequency and level of your contributions.

You can make contributions to your PRSA regularly (monthly, quarterly, bi-annually or annually) by direct debit, cheque or electronic credit transfer. There are limits on the level of income tax relief that is available on contributions to a PRSA as indicated in the table on the right.

You can make once-off contributions at any time, which may include transferring the values from existing pension arrangements. Your employer can also make regular or once-off contributions to ITC PRSA 1-2-3 on your behalf (subject to the limits in the table on the right).

This flexibility allows you stop or start and increase or decrease your contributions to reflect your changing circumstances without any penalty.

## How much can I contribute to ITC PRSA 1-2-3?

You may contribute as much as you wish to the PRSA. However, PRSA contributions can qualify for income tax relief against relevant earnings, so you may wish to tailor your contributions to avail of the tax relief available in that year. Note that under the current legislation contributions made, in excess of the tax relief available, can be carried forward to future years.

The maximum relief you can claim against relevant earnings in respect of all personal pension contributions in a year is:

Age in tax year	Contribution as % of net relevant earnings <sup>1</sup>
Under 30	15%
30 - 39	20%
40 - 49	25%
50 - 54	30%
55 - 59	35%
Over 60	40%

<sup>1</sup> Net Relevant Earnings: earnings from a self-employed trade or profession assessable under Schedule D or remuneration from an office or employment assessable under Schedule E subject to a cap of €115,000 which may increase at a rate determined by the Minister for Finance.

Your employer may also contribute to your PRSA. Your employer's contribution is treated as Benefit in Kind (i.e. as taxable income) but is added to your personal contribution for the purposes of determining potential tax relief. You may be able to claim tax relief on the contribution up to the individual age related limits.

Where the PRSA is set up to facilitate Additional Voluntary Contributions (AVC) in addition to an occupational or statutory scheme, the relevant limit set out in the previous table applies to the combined total of contributions to the AVC PRSA and any other contributions you make to your occupational or statutory pension scheme.

## Can I transfer my existing pension?

ITC PRSA 1-2-3 can facilitate transfers from existing PRSAs, personal and occupational pension plans. ITC PRSA 1-2-3 is a Qualifying Recognised Overseas Pension Scheme (QROPS). This means that it can receive transfers from certain UK pension arrangements. There is no contribution charge applicable for transferring existing pensions to your ITC PRSA. However, you should ensure you are fully aware of any charges that may be levied on early surrender from other pension contracts.

You should also be aware of the impact a transfer may have on any additional protection benefits that may exist under such contracts (e.g. Death in Service cover, Permanent Health Insurance) as your PRSA cannot provide protection benefits. It may also take your current provider some weeks to complete a transfer.

## What investments can I make?

With ITC PRSA 1-2-3, you can invest your pension funds in the manner you feel is most appropriate to your investment strategy and risk profile. With our unit trust structure, you have the ability to invest in

cash, bonds, equities, property or any other asset class or combination. This allows you to create a personal investment portfolio for your retirement.

It must be noted that any investment within a PRSA has to be checked and passed by ITC in advance for adherence with investment rules for the PRSA prior to any investment taking place.

As you control the assets of your PRSA, you also control your portfolio's level of risk. You have the option to invest in lower risk investments such as cash or government stocks, or in higher risk investments such as specialist/sectoral equities.

Ideally, you should aim to achieve a spread of your investments across a number of asset classes and investment managers to provide you with a well-diversified portfolio. It is essential that you seek independent investment and financial advice that takes account of your individual circumstances. Prior to any investment in the PRSA, ITC must conclude a legal agreement with the investment provider/product producer, as provided for by the Pensions Act 1990 (as amended). Not all investment products are suitable for PRSAs.

If you do not elect to create your own personal investment portfolio, we will apply the Default Investment Strategy to your PRSA.

## Default Investment Strategy.

The Default Investment Strategy for ITC PRSA is the Morningstar "Moderately Cautious" Global Allocation Portfolio Strategy. You will be automatically invested in Morningstar "Moderately Cautious" Global Allocation Portfolio Strategy if you do not make an investment decision when taking out this PRSA.

The Morningstar Global Allocation Portfolio will be invested as follows:

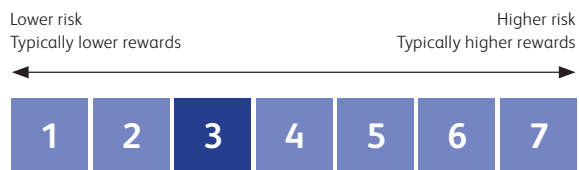
- 80 % Global Allocation Morningstar Defensive Fund
- 20 % Global Allocation Morningstar Growth Fund



This will be subject to regular rebalancing to maintain the split between the two funds.

### Global Allocation Morningstar Defensive Fund

The aim of the Defensive Fund is to preserve capital, minimise risk and provide a modest level of capital growth over a long-term investment horizon. As at 20 February 2017, the risk categorisation of the fund is as follows:

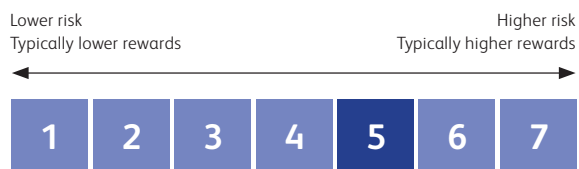


The Defensive Fund is in category 3 because of the range and frequency of price movements (volatility) of underlying investments by the fund. The risk and reward category may shift over time and is not a target or guarantee.

The Defensive Fund is a “fund of funds” which principally will invest in investment funds which follow indices which are traded on major stock exchanges (ETFs), along with other investment funds which follow indices (passive funds) whose value is linked to various asset types, including global real estate globally traded shares and to a lesser extent, locally traded shares.

### Global Allocation Morningstar Growth Fund

The aim of the Growth Fund is to achieve capital growth over the long-term investment horizon. As at 20 February 2017, the risk categorisation of the fund is as follows:



The Growth Fund is in category 5 because of the high range and frequency of price movements (volatility) of underlying investments by fund. The risk and reward category may shift over time and is not a target or guarantee.

The Growth Fund will principally invest in investment funds which follow indices which are traded on major stock exchanges (ETFs), along with other

investment funds which follow indices (passive funds) whose value is linked to various asset types, including global real estate globally traded shares and to a lesser extent, bonds.

Both sub funds may also invest in liquid investments such as bank deposits and short-term debt instruments which may be fixed or floating rate instruments, including commercial paper, floating rates notes, certificates of deposit, freely transferable promissory notes and debentures.

The Default Strategy may not be suitable for all PRSA Contributors. Our Default Strategy is purposely set as “moderately cautious” (ESMA 3/4), as we assume that contributors who do not select their own investment strategy to be cautious by nature. In line with the overall prevailing retirement choice for clients of ITC, the Default Strategy is aimed at Contributors who ARF their benefits. The Default Strategy may not be suitable for contributors who intend to purchase a monthly pension and/or a lump sum at retirement with the value of their ITC PRSA. An annual management charge of 1 % based on the value of the fund is charged in addition to the ITC annual management charge for the PRSA.

## What are the charges?

### Contribution Charge:

There is no contribution charge applied to transfers in or contributions.

### Annual Management Charge:

In normal circumstances we apply an annual management charge based on the value of your PRSA as outlined in the table below:

Combined Transfer In & Initial Contribution Total		ITC PRSA 1	ITC PRSA 2	ITC PRSA 3
From	To	AMC %	AMC %	AMC %
€ 0	€49,999.99	2.00	2.00	2.00
€50,000.00	€99,999.99	1.50	1.50	1.50
€100,000.00	€499,999.99	1.00	1.00	1.00
€500,000.00	€999,999.99	1.00	0.50	0.70
€1,000,000.00	+	0.75	0.40	0.60
All transfers / contributions regardless of value		ITC PRSA 1 - LEAP	ITC PRSA 2 - LEAP	ITC PRSA 3 - LEAP
		AMC %	AMC %	AMC %
		1.50	1.25	1.00

The specific charge which applies to your PRSA will be confirmed at the point of sale based on transfers and contributions you are making at that time.

#### Other Charges:

Further charges may be applied in respect of particular investments made within your PRSA. You will be notified of these charges at the time of investing by the promoter/asset manager of the investment.

#### Example:

The PRSA contributor decides to invest in a property syndicate, which has an annual fund management charge of .50% of the value of the assets levied by the promoter / asset manager. At the end of the year, the net asset value of the investment is €260,000. ITC will apply a 1% annual fund management charge to the €260,000 net asset value. The .50% annual fund management charge is applied by promoter/asset manager to the €260,000 net asset value.

## What happens at retirement?

Typically, you can draw on your PRSA benefits at any time after 60 and before 75 years of age. You will not have to physically retire to get your benefits; once you have passed the age of 60 you can draw on the fund and keep working if you choose. On retirement, the main PRSA benefits are as follows:

- You can choose to take up to 25% of your fund as a lump sum. Subject to Revenue limits, up to €200,000 of the lump sum may be taken free of tax, and a further €300,000 may be taken at 20% tax.
- Having taken the tax-free lump sum there are a number of options for the remaining balance:
  1. Invest the balance in an Approved Retirement Fund (ARF) subject to certain conditions.
  2. Withdraw the balance in cash at your current income tax rate, subject to certain conditions.
  3. Use the balance to purchase an annuity for you or your spouse.
  4. Leave the balance in the PRSA and defer drawdown of benefits and / or continue contributions, up until age 75.

The value of your PRSA at retirement will depend on the contributions made and the investment return achieved on these contributions. If the value of your PRSA contains Additional Voluntary Contributions (AVCs), your benefit options may be determined by the rules of your occupational pension scheme.

We would recommend that you seek independent financial advice prior to retirement in order to choose benefits options suitable to your individual circumstances.

## What happens if I die?

If you die before you retire, your PRSA fund will be transferred to your estate, but your heir(s) may have to pay inheritance tax before receiving it. If you die after retiring, the benefits available to your heir(s) will depend on the pension options you choose at retirement.

## What do I do next?

Please contact your financial advisor, or alternatively Call us on:

**(01) 6611 022**

or visit our website:

[www.independent-trustee.com](http://www.independent-trustee.com)

This brochure is a brief description of ITC PRSA 1-2-3. Please read and retain the PRSA Terms & Conditions included with this document for more information.

**Warning: This document is based on our understanding of current Revenue Law and Practice which is subject to change without notice.**

**Warning: The value of your investment may go down as well as up. You may get back less than you put in.**

## Terms & Conditions

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## INTRODUCTION

### WHAT IS A PERSONAL RETIREMENT SAVINGS ACCOUNT?

A Personal Retirement Savings Account (PRSA) is a contract designed to give you an income on your chosen retirement age. It will provide a lump sum to your estate if you die before retirement. The PRSA is a contract with us to hold the retirement savings on your behalf.

ITC PRSA 1-2-3 are 3 Non-Standard PRSA Contracts. That they are “non-standard” means that your choice of investment is extended in comparison to the options available in a Standard PRSA. In fact, ITC PRSA 1-2-3 is designed to provide you with one of the largest choices of investments in the market place. The focus of the design is to provide you with a tax efficient way of saving. ITC PRSA 1-2-3 can also be described as self-invested. The self-invested PRSA leaves it open for you and your financial advisor to agree an investment strategy that is most suitable for you, subject to observing the relevant PRSA legislation.

You will find details of the contract in these Terms & Conditions, in the Application Form and in our Terms of Business. Additional rules may apply, principally if there is a change in legislation or to facilitate efficient management. We will notify you of any changes at the earliest given opportunity. Contributions to ITC PRSA 1-2-3 must be paid in Euro, unless specifically agreed with us beforehand. Similarly, we will pay out benefits in Euro unless specifically agreed with us beforehand. If there is a legal dispute, the laws of the Republic of Ireland will apply.

### HOW DOES ITC PRSA 1-2-3 WORK?

You are free to make contributions to your PRSA. We do not prescribe any contribution plan or dates. Where you do not indicate a particular investment, the contributions will be invested in our Default Investment Strategy ('DIS'). You can read more about the DIS in the relevant section of these Terms & Conditions. Alternatively, you can choose to have contributions invested in a deposit account, pending investment options that suits you.

### WHEN WILL BENEFITS BE PAID?

You can normally take a benefit from a PRSA when aged between 60 and 75. In certain circumstances, you can take your benefits before then, such as:

- On retirement from employment at age 50 or over, or
- At any time in the event of serious ill-health.

In the case of retirement due to serious ill-health, you must be very ill and deemed to be permanently unable to work.

### HOW ARE BENEFITS PAID?

We will pay benefits in the manner chosen by you. You or your chosen dependants are entitled to receive the benefits of your ITC PRSA 1-2-3, except death benefits. We will pay death benefits to your executors or administrators.

### HOW TO CONTACT US?

You can write to us about your ITC PRSA 1-2-3 at this address:

PRSA Administration  
Independent Trustee Company Limited  
Harmony Court  
Harmony Row  
Dublin 2

You may also choose to phone us at (01) 661 1022.

You may contact us through our website at:  
[www.independent-trustee.com](http://www.independent-trustee.com)

### COOLING-OFF PERIOD

If, after taking out your ITC PRSA, you change your mind, you may cancel it by signing and returning the cancellation notice, issued with your Statement of Reasonable Projection, as per below. Your PRSA is established when your fully completed application pack has been accepted by us.

If we receive your cancellation notice and original PRSA Certificate within 30 days of the establishment of your PRSA and after you have received our Statement of Reasonable Projection, we will cancel your contract and your contribution will be refunded to you. You should note that it may take some time to realise some types of PRSA investment funds. You should contact your financial advisor before you cancel your ITC PRSA.



## COMPLAINTS:

We will do our best to solve any complaint you may have and we operate an internal complaints procedure. Complaints should be addressed to:

Independent Trustee Company  
Complaints Officer  
Harmony Court  
Harmony Row  
Dublin 2

If you are not satisfied that a complaint has been properly dealt with, you may refer your complaint to the Financial Services and Pensions Ombudsman at the following address:

Financial Services and Pensions Ombudsman  
4th Floor  
Lincoln House  
Lincoln Place  
D02 VH29

You can log on to [www.fspo.ie](http://www.fspo.ie) for further information. The decisions of the Financial Services and Pensions Ombudsman may be appealed to the High Court.

## FAMILY LAW DISPUTES:

If you are involved in a judicial separation or divorce, a Pension Adjustment Order may be granted by the Courts. This means that the benefits of your ITC PRSA 1-2-3 may be split between spouses. You should contact your solicitor for further information.

## Section 1 - Definitions:

This section defines some of the terms we use in these Terms & Conditions.

Accumulated PRSA portfolio means your ITC PRSA's value at a point in time. We calculate this as: the number of units bought in the Custody Trust X the investment price of the units of the Custody Trust.

Annual management charge is the charge you pay us every year or part thereof as your PRSA provider. The annual management charge is set out in ITC PRSA 1-2-3 fee schedule. Note that separate additional charges may apply to investments that you elect to make through your PRSA.

Annuity is a guaranteed retirement income secured with a life assurance company payable until death.

Application Form means the application form for ITC PRSA 1-2-3, to include all accompanying documentation or relevant information.

Approval ITC PRSA 1-2-3 is approved by the Pensions Authority and the Revenue Commissioners under Part X of the Pensions Act, 1990 and Chapter 2A, Part 30 of the Taxes Consolidation Act 1997.

Approved Minimum Retirement Fund ('AMRF') is a fund which is managed by a Qualifying Fund Manager and operated according to the conditions of Chapter 2, Part 30 of the Taxes Consolidation Act 1997.

Approved Retirement Fund ('ARF') is a fund managed by a Qualifying Fund Manager and operated according to the conditions of Chapter 2, Part 30 of the Taxes Consolidation Act 1997.

Chosen retirement date is the date on which the Accumulated PRSA portfolio will normally be made available to buy retirement benefits.

Custody Trust is a close-ended umbrella unit trust which was established under Declaration of Trust dated the 24th April 2014. The Custody Trust is approved as tax exempt by the Revenue Commissioners. We are the sole Trustee.

Dependent is your spouse or child or any other person who depends on you financially.

Declaration of Trust means the provisions set out in the Declaration of Trust of 24th April 2014 and the supplemental deed establishing each Sub-fund

Fund assets mean the assets owned by each Sub-fund.

Fund charges Depending on your chosen investment strategy, there may be fund charges and expenses payable to the provider of fund assets or financial products. These are deducted by the fund provider and will affect the value of your units. You can request information on the fund charges from the provider. In section 4 below, we have outlined the current fund charges of some investment funds.

Investment date is the date on which a contribution is received by us.

Investment contribution means the percentage of the contribution that we invest for you.

Investment product means a financial product, account, bond, deposit, fund or instrument, which is owned by your PRSA. We have contractual arrangements with all product providers.

Series Trust The Custody Trust is made up of a number of sub-funds, known as series trusts. A series trust is established in respect of each PRSA portfolio. This ensures that the investment is ring-fenced against other investments and entirely separate from us as your PRSA provider.

Unit Each series trust contains a number of identical units. We calculate the value of each unit by referring to the net value of the fund assets after deductions for costs and expenses.

Vested PRSA Means a PRSA where the retirement benefits have been accessed.

**Section 2 - Contributions:**

This section describes the way in which you can make contributions to your ITC PRSA 1-2-3.

2.1 You are free to make contributions whenever it suits you or your financial circumstances. You are not obliged to make contributions in accordance with a prior specified payment schedule. If you are an employee and your employer is making contributions, the split of contributions between employer contributions and employee contributions must be indicated when making the contribution. If no indication is made we will treat the contribution as an employee contribution.

2.2 We can accept contributions from any of the following payment methods:-

- Cheque
- Electronic transfer

2.3 When we receive a contribution from you or your employer we will buy units in the Custody Trust. The initial unit price is €1. The Trustee will invest in your chosen investment product. We use the unit investment price of each series trust on the day we receive the contribution to calculate the number of units, which we will place in your ITC PRSA. The investments may be subject to liquidity requirements (approximately 10% of the current asset value) to ensure the ability to provide for the efficient payment of pension benefits in appropriate circumstances and to allow for the

payment of fees and discharge of expenses.

2.4 Transfers from another pension scheme; This contract can, subject to legal restrictions, accept transfers from other PRSAs or other exempt approved schemes, such as occupational pension schemes or personal pension schemes. For the transfer from an occupational pension scheme to take place, it may be necessary to provide us with a Certificate of Benefit Comparison and a Written Statement, as defined under the Pensions Act. The documentation must be completed by your appointed financial advisor. Where a transfer payment is made up of additional voluntary contributions paid under an occupational pension scheme, we may have to pay out the benefits in respect of the transfer in line with the main scheme pension. We will add units to your PRSA portfolio in respect of the transfer value, based on the investment price of units on the close of the day we receive the transfer.

2.5 Ceasing to make contributions

You can, at any time, stop paying contributions. In this case, your ITC PRSA will continue on in-force and annual management charges will continue to apply. You can choose to start paying contributions again at any time. If your contributions are being deducted from your salary, your employer must be told if you wish to stop contributions in order to make the necessary change to your payroll deduction.

2.6 Tax Relief

The amount of tax relief on the contributions to your PRSA depends on your age.

Age in tax year	Contribution as % of net relevant earnings
Under 30	15%
30 - 39	20%
40 - 49	25%
50 - 54	30%
55 - 59	35%
60 or over	40%

For everyone, there is a maximum annual amount of earnings for which tax relief is given. In 2011, this was reduced to €115,000. If you make contributions,

but do not get tax relief on them because you exceed the tax relief limits or are not working, you can apply for tax relief on these contributions in the future. Contributions made by your employer are added to your personal contributions for the purposes of calculating the maximum tax relief.

### Section 3 - Retirement benefits:

This section will outline the conditions for drawing your retirement benefits.

3.1 You can use your accumulated fund to provide retirement benefits at the earliest of the times set out below:

3.1.1 Your 60th birthday, or other chosen retirement date that you have advised us of in writing.

3.1.2 If you are an employee and you are retiring early from your job the first of the month, after your 50th birthday, after you tell us in writing that you wish to retire early and draw down retirement benefits.

3.1.3 If you are not an employee, the first day of the month, after your 50th birthday after you provide us with evidence that your job is one in which people usually retire before their 60th birthday.

3.1.4 The first day of the month after you give us evidence of your disability and that you tell us that you wish to reclaim early retirement due to ill health. You must provide medical evidence to show you are in serious ill health in order to take benefits prior to your 60th birthday. The medical evidence must show that you are permanently incapable, through infirmity of mind or body, of carrying on your current occupation or any occupation of a similar nature for which you are trained or fitted.

3.1.5 Benefits transferred to ITC PRSA 1-2-3 under the Recognised Overseas Pension Scheme regime operated by HM Revenue & Customs are in no circumstances available for drawdown until you reach age 55.

3.2 You can also at a later stage decide to defer the drawdown of your retirement benefits. However, the benefits must be taken by age 75. At age 75 your ITC PRSA will be wound up.

3.3 In all circumstances, you must advise us in writing of your wish to take your benefits. You should

always seek the assistance of a financial advisor. Your accumulated PRSA portfolio will remain invested with us until you decide to take your retirement benefits, you have attained age 75 or until death benefits are paid. All benefits can be paid out in any member country of the European Union. They will be paid net of taxes and transaction charges, if any. It is possible to take either full or partial benefits and continue to pay contributions.

### What benefits are available?

#### 3.4 Tax-free lump sum

3.4.1 You can, under current rules, take a lump sum of up to 25% of your accumulated PRSA portfolio on retirement. Up to €200,000 of the totality of all your pension lump sum benefits may be taken tax free, while the remainder of your pension lump sum, if any, (totalling between €200,000 and €500,000) currently will be taxed at 20%. You and your financial advisor must ensure that there is sufficient liquidity in your PRSA portfolio to allow for the payment of your lump sum. You can only take a lump sum once from your PRSA. You do not have to take a lump sum or you may choose only to take part of a lump sum. Under Revenue rules, payment of the lump sum or part payment of the lump sum cannot be deferred. The balance of your fund must be used to provide one of the following options:

#### 3.5 Approved Retirement Fund

3.5.1 If you have pension income for life from other sources of €12,700 per year, the balance of your accumulated PRSA portfolio can be used in either of the following ways:

- It can be invested in an Approved Retirement Fund, for the purpose of providing a retirement income for life
- It may be taken as a taxable lump sum.
- It can remain in the PRSA.

3.5.2 If you do not have a pension income for life at a minimum of €12,700, then €63,500 must;

- remain in the PRSA, or
- be invested in an Approved Minimum Retirement Fund, or
- be applied in the purchase of an annuity.

The balance of your accumulated PRSA portfolio can then be;

- invested in an Approved Retirement Fund, or
- taken as a taxable lump sum, or
- remain in the PRSA.

Benefits transferred under the Recognised Overseas Pension Scheme framework (QROPS), operated by HM Revenue & Customs, cannot be drawn down as a taxable lump sum

3.5.3 If you are aged 60 for the whole of the tax year but not 70, 4% of the funds invested in an Approved Retirement Fund or Vested PRSA is deemed to be drawn down and are subject to income tax. If you are 70 for the whole of the tax year 5% of the fund is subject to income tax. If your Fund exceeds €2 million in value 6% of the fund is taxed in this manner, no matter what age you are. The tax is payable every year.

### 3.6 Annuity contract

3.6.1 If you do not wish to invest your Accumulated PRSA Portfolio in an Approved Retirement Fund, you can choose to buy an annuity from a Life Assurance Company. The annuity may be a single or joint life annuity with or without a guarantee period.

### 3.7 Your PRSA contract as a retirement fund

3.7.1 You can choose to continue your PRSA contract even after retirement. The accumulated PRSA portfolio may be used as a retirement fund. This means that you can draw down an income from the PRSA - subject to legal limits. Draw downs from your PRSA contract is subject to income tax for the year of assessment in which you receive it.

### 3.8 Transfer of your policy

3.8.1 You may transfer your accumulated PRSA portfolio to another PRSA provider. You also have the choice of transferring your portfolio to another exempt approved scheme, such as an occupational pension scheme, of which you are a member. The scheme provider must be able to receive a transfer value and all parties involved must agree to it.

## Section 4 - Exempt Unit Trust and Unit Prices:

4.1 All your PRSA contributions will be invested in the Custody Trust, which is a unit trust. This makes it straightforward to calculate the value of your PRSA portfolio. This trust arrangement also offers better security of funds as the Custody Trust is ring fenced from

other investments and from ITC's own funds. Your PRSA will own the Custody Trust units. ITC will, as trustees of the Custody Trust, invest in assets as agreed between you and your financial advisor.

4.2 We work out the investment price of units in all of the series trusts held by your PRSA contract, by using the market value of the assets of the fund and deducting the management charge and expenses.

4.3 The market value of the assets of the fund is computed once every year. Some assets are valued every 3 or 6 months. Please contact us for further details of the frequency of valuation of the fund assets.

### 4.4 Annual Fund Management charges

Our current charges in relation to investment options are outlined in the following table:

Combined Transfer In & Initial Contribution Total		ITC PRSA 1	ITC PRSA 2	ITC PRSA 3
From	To	AMC %	AMC %	AMC %
€ 0	€49,999.99	2.00	2.00	2.00
€50,000.00	€99,999.99	1.50	1.50	1.50
€100,000.00	€499,999.99	1.00	1.00	1.00
€500,000.00	€999,999.99	1.00	0.50	0.70
€1,000,000.00	+	0.75	0.40	0.60
All transfers / contributions regardless of value		ITC PRSA 1 - LEAP	ITC PRSA 2 - LEAP	ITC PRSA 3 - LEAP
		AMC %	AMC %	AMC %
		1.50	1.25	1.00

The fund provider will update you on charges of your chosen investment and details as to when charges and expenses are levied.

### 4.5 Switching funds

You may at all times choose to buy units in other funds in respect of future contributions. If you choose to switch investments already made into other funds, the fund assets may have to be liquidated prior to the switching taking place. In any event, we need written confirmation in order to do this. We do not charge for processing investments but there may be legal fees and expenses within the fund that will have to be discharged. These legal fees and expenses will be disclosed in advance and may affect the unit price.

4.6 All investments are undertaken as fund investments where we act as trustees. As trustees, we cannot accept orders or instructions. We will treat directions to us as requests to trustees. Such requests are subject to trustee discretion and will be processed subject to practical or legal difficulties being solved.

4.7 We may choose to delay any investment if there are practical or legal difficulties in realising the assets in the original fund. Where an investment is delayed, we will carry out the request based on unit prices at the end of the delay period.

#### 4.8 What is the Default Investment Strategy?

If you are not comfortable with making investment decisions, the Default Investment Strategy (DIS) may be appropriate for you. If you do not elect to create your own personal investment portfolio, we will invest your assets in the DIS. The DIS is designed to fulfil the reasonable expectations of a typical investor for the purposes of saving for retirement. We will write to you explaining that you are invested in the DIS and suggest that you consult your financial advisor to ensure the DIS is appropriate for your needs. You can exit the DIS at any time by advising us in writing and confirming an alternative investment.

4.9 The Default Investment Strategy (DIS) for ITC PRSA 1-2-3 is the Morningstar “Moderately Cautious” Global Allocation Strategy.

We reserve the right to change the Default Investment Strategy and will write to you in advance if we do so. We can accept no responsibility for the return achieved by the Default Investment Strategy.

### **Section 5 - Contributions and charges:**

This section deals with the amount of the contributions that we will place in the Custody Trust on your behalf and the charges you will have to pay.

5.1 The management charges will be set out in ITC PRSA 1-2-3 Fee Schedule provided to you at the outset of the contract.

5.2 Every 3 months we deduct a management charge of  $\frac{1}{4}$  of the annual management charge of your accumulated PRSA portfolio. We deduct this charge from the investment price on the last day of the 3 month period. Charges levied from investment platform or other service providers may be levied more frequently. The total Annual Management Charge will however remain as disclosed to you.

5.3 The total amount of your committed initial contribution and transfers, determines your rate of annual management fees. Accordingly, in order to make your ITC PRSA as cost effective as possible you should commit to a high level of contributions and transfers when you set up your PRSA.

5.4 If the cost of administering your ITC PRSA increases unexpectedly we may need to change the annual management fees. We will, at least 2 months before we alter the charges, send you a notice to your last known address or email address explaining the change and your options and provide you with a statement of reasonable projection.

5.5 In addition to our charges, there may be other charges particular to your choice of investment imposed by your relevant investment providers such as contribution and annual management charges. These will be outlined to you at the time you make your investment decision. These charges will be deducted on each of your investments by the relevant investment providers. You may also incur transaction charges and certain other third party charges such as;

- Custodian fees
- Legal Fees
- Trading expenses
- Incidental charges

These charges will also be outlined at the time you make your investment decision and deducted by the relevant investment providers.

### **Section 6 - Communication:**

This section deals with the type and frequency of communication you can expect from us in relation to your ITC PRSA. All communication may be uploaded to your ITC Client Portal which can be accessed via your PC, phone or tablet (iOS/Android).

6.1 We will issue you with a Statement of Reasonable Projection within 7 days of your PRSA's date of entry. The Statement of Reasonable Projection will outline the benefits that you can reasonably expect from your PRSA, based on certain assumptions. A further Statement of Reasonable Projection will be provided on an annual basis.

You can request a Statement of Reasonable Projection at any time and we will issue this within 7 days of your request. You will also receive a Statement of Reasonable Projection if any changes are made to



our charges. We shall give prior notification of at least 2 months of any change in charges proposed to be made under your PRSA contract.

6.2 You will receive a PRSA Certificate after you open your PRSA, which outlines the contributions you have agreed to pay and the contribution method you will use. If you are self-employed, you will need this certificate to avail of tax relief. If you are an employee, you should give this certificate to your employer and keep a copy for yourself. All PRSA contributors will need this certificate to get their benefits.

6.3 If you do not elect to create your own personal investment portfolio, we will invest your assets in the DIS. We will write to you explaining that you are invested in the DIS and suggest that you consult your financial advisor to ensure the DIS is appropriate for your needs.

6.4 Within the first 6 months of the PRSA contract's date of entry and at 6 month intervals thereafter, you will receive a Statement of Account and Investment Report. The Statement of Account outlines the contributions paid into your PRSA by you (and your employer, where applicable) and the value of your PRSA at the date of the statement. The Investment Report outlines the investment performance of the funds in which your PRSA is invested.

6.5 We will communicate with you should our approval be withdrawn and state that you may need to transfer your PRSA to another provider.

### **Section 7 - Approval:**

In this section we will outline the main consequences of regulatory approval which are relevant to your PRSA Contract.

7.1 ITC PRSA 1-2-3 is the name of 3 Personal Retirement Savings Accounts, all approved by the Revenue Commissioners and the Pensions Authority under Part X of the Pensions Act 1990 and Chapter 2A, Part 30 of the Taxes Consolidation Act 1997.

7.2 We cannot accept additional contributions into this account if your PRSA contract is no longer treated by the Pensions Authority or the Revenue Commissioners as an approved Personal Retirement Savings Contract.

7.3 We will write and tell you about any changes made to your PRSA contract to ensure that we adhere

to requirements of the Pensions Authority and the Revenue Commissioners and how benefits may be affected.

7.4 If tax laws or any other relevant laws change after the start date, we will, if necessary, alter the terms and conditions of the PRSA contract. We will advise you of any changes and what your options are.

### **Section 8: Law**

The PRSA contract will be governed by Irish Law and the Irish courts are the only courts entitled to hear disputes.

**Warning: The value of your investment can fall as well as rise.**

**Warning: This document is based on our understanding of current Revenue Law and Practice which is subject to change without notice.**

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