An tÚdarás Pinsean
The Pensions Authority

Personal Retirement Savings Accounts (PRSAs)

A consumer and employers' guide to PRSAs

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1. Introduction

The Pensions Authority (the Authority) is the statutory body that supervises compliance with the requirements of the Pensions Act, 1990, as amended (the Act), by trustees of occupational pension schemes and trust RACs, PRSA providers, registered administrators and employers. The Authority also provides guidance and information to these stakeholders on their duties and responsibilities and advises the Minister for Social Protection on pension matters.

This is a guide on using PRSAs to save for retirement. It provides useful information for consumers and employers.

This guide shows you how to research, apply for and monitor your PRSA. We hope it helps you to understand PRSAs and make informed choices about your pension options. It describes employers' legal obligations with regard to PRSAs. It includes many frequently asked questions that should help employers to understand their responsibilities in this regard.

In this guide you will see certain terms in bold print. These are words or expressions commonly used in relation to pensions or which have a specific definition under the Act. You will find an explanation of any of these terms in the glossary of terms at the end of this guide**.**

PRSAs are private individual pension savings accounts. They are designed to give people a flexible way to save for retirement, to be owned by individuals (regardless of employment status) and to be transferable from job to job. They are available from a variety of PRSA providers.

If employers do not operate an **occupational pension scheme** or if certain restrictions apply to their scheme, by law they must ensure that their employees have access to at least one Standard PRSA.

2. PRSA basics

What is a PRSA?

A PRSA is a personal pension plan that you take out with an authorised PRSA provider.

It is an investment account that you can use to save for your retirement. You can make regular and/or lump sum contributions to your PRSA and, assuming you pay income tax, you get income tax relief on the contributions you make, within certain limits set down by Revenue. Income tax relief is given at your marginal (highest) income tax rate.

A PRSA provides benefits at retirement based on the amount of contributions paid in and the investment returns earned on those contributions.

What are the benefits of a PRSA?

PRSAs are flexible; you can increase, decrease or stop your contributions at any time without any charge or penalty.

PRSAs are portable; you can carry your PRSA from job to job or transfer it to another PRSA provider without any charge or penalty.

PRSAs give you more choices at retirement; for example, you can continue making contributions after you retire, while also receiving a pension income.

As a PRSA contributor, you will receive regular information to allow you to monitor its performance and its suitability to your needs.

PRSA contributions are eligible for tax relief, within certain limits.

Who can take out a PRSA?

PRSAs are available to you regardless of your job or employment status. You can get a PRSA if you are a part-time or casual employee, a highly paid professional, self-employed, a homemaker, a carer, a jobseeker, a contractor, an employer, an employee or a partner in a partnership.

You can continue to contribute to a PRSA after you retire, as long as you are not aged 75 or over.

Can I hold a separate personal pension and a PRSA at the same time?

Yes, but the contributions to both are added together when calculating your maximum tax relief, which is dependent on your age.

If I am a member of an occupational pension scheme, can I take out a PRSA?

Yes, a member of an employer-sponsored pension scheme may also take out a PRSA.

Who contributes to my PRSA?

You contribute to your PRSA. If you are an employee, your employer may also contribute but is not obliged to do so.

Is my PRSA risk free or backed by any Government guarantee?

No, your PRSA is not risk free or backed by any Government guarantee. Like other personal pensions, your PRSA is an investment account that provides for your retirement. This means that the value of your PRSA can increase or decrease, depending on the performance of your PRSA's investment funds.

3. PRSA providers and products

What is a PRSA provider?

Investment firms, insurance companies and credit institutions may apply to the Authority to become an authorised PRSA provider.

Who regulates PRSAs?

The Authority and Revenue are jointly responsible for approving PRSA products. The Authority supervises the activities of PRSA providers in relation to their approved products and monitors compliance with PRSA legislation. The Central Bank of Ireland is responsible for the prudential supervision of PRSA providers and the supervision of the sales process of approved PRSA products.

Where can I find a list of authorised PRSA providers and approved PRSA products?

A list of authorised PRSA providers and their approved PRSA products is available here.

What types of PRSA are available?

There are two types of PRSA – a Standard PRSA and a Non-Standard PRSA. The main differences between them concern charges and investment options.

Standard PRSA

A Standard PRSA has maximum charges of 5% on the contributions paid and 1% per year on your PRSA fund value. Apart from **temporary cash holdings**, Standard PRSAs can only be used to invest in **pooled funds**, also known as managed funds. A Standard PRSA may not be marketed or sold if purchasing it is conditional on also buying some other product, such as life assurance.

Non-Standard PRSA

A Non-Standard PRSA does not have maximum limits on charges and allows investments in funds other than **pooled funds**.

Can PRSA products be suspended or withdrawn?

Yes, the Authority, in consultation with Revenue, can suspend or withdraw a PRSA product if a PRSA provider:

- requests it,
- has stopped trading for more than six months, or
- has failed to meet its statutory obligations.

What happens if my PRSA product is suspended or withdrawn?

Your PRSA provider must write to you informing you that its product is being suspended or withdrawn. If the product is withdrawn, the PRSA provider must immediately arrange to transfer your PRSA assets to another provider. You will continue to pay into your PRSA as normal, but through the new provider.

The Authority must publish a notice of a product's withdrawal in at least one national newspaper within 28 days of the withdrawal.

4. Employers' obligations to provide access to a PRSA

Which employers must offer PRSAs?

All employers are required to enter a contract with a PRSA provider to provide access to at least one Standard PRSA for all 'excluded employees'.

An employee is considered an 'excluded employee' if:

- their employer does not offer an **occupational pension scheme**, or
- they are included in an **occupational pension scheme** for death-in-service benefits only, or
- they are not eligible to join the company's **occupational pension scheme** or will not become eligible to join the scheme within six months from the date they began work there, or
- they are included in an **occupational pension scheme** that does not permit the payment of **additional voluntary contributions (AVCs)** by the members.

Does an employer have to contribute to PRSAs on behalf of their employees?

Employers may contribute to employees' PRSAs but are not obliged to do so.

What must an employer do to provide access to a Standard PRSA?

An employer must:

- enter into a contract with a PRSA provider (there is no charge for doing this),
- notify 'excluded employees' that they have a right to contribute to a Standard PRSA,
- allow the PRSA provider or intermediary reasonable access to 'excluded employees' at their workplace,
- allow reasonable paid leave of absence, subject to work requirements, so that 'excluded employees' can set up a Standard PRSA,

- make deductions from payroll at the request of employees and remit these to the PRSA provider (employers cannot charge for deducting and remitting contributions),

- advise employees in writing (normally on their payslip) at least once a month of their total contribution including the employer's contribution, if any.

If an employer has a small workforce of less than five employees, is access to a Standard PRSA still necessary?

Yes, all employers, regardless of the size of their workforce, must provide access to a Standard PRSA if those employees fall into the category of 'excluded employees'.

If an employer has a number of part-time, fixed-term contract and seasonal employees, is access to a Standard PRSA for these employees still necessary?

Yes, all employees, whatever their status, must be given access to a Standard PRSA if they fall into the category of 'excluded employees'.

Does an employer have to provide access to a PRSA even though there is an occupational pension scheme in place?

No, provided all employees – including full-time, part-time, seasonal, temporary, contract or casual employees – are eligible to join the scheme for pension benefits within six months of joining employment and the scheme permits the payment of **additional voluntary contributions (AVCs)**.

Even if there is only one excluded employee, the employer must provide them with access to a Standard PRSA.

What about additional voluntary contributions (AVCs)?

If an employer has an **occupational pension scheme** that does not allow employees to make **additional voluntary contributions** (**AVCs)**, they must make a Standard PRSA available, either as part of the existing **occupational pension scheme** (this requires an amendment to the scheme rules) or as a separate **AVC** scheme.

If an employer enters into a contract with a PRSA provider, must their employees who want a PRSA take it out with that provider?

No, an employee can go to any authorised PRSA provider, but an employer is not obliged to make deductions from payroll for that employee. If an employee goes to another provider, they make their PRSA contributions directly, by direct debit or cheque.

Does an employer have to give any advice to employees in relation to PRSAs?

No, but the employer must allow their PRSA provider or intermediary reasonable access to their employees to brief them on PRSAs.

Does an employer have any responsibility for the investment performance of PRSAs?

If your employer provides you with access to a Standard PRSA, your employer is not responsible for the investment performance of your PRSA.

Does the on-the-spot fine regime apply to employers?

Yes, employers may be subject to an on-the-spot fine if:

(a) they fail to respond to a request by the Authority to furnish information about their provision of access to a Standard PRSA for 'excluded employees', and

(b) they do not provide at least once a month a statement to employees showing employee contributions deducted and employer contributions paid in the previous month.

5. Getting my PRSA

Where can I get a PRSA?

To get your PRSA, you must enter into a contract with an authorised PRSA provider. Authorised PRSA providers can include investment firms, insurance companies and credit institutions. You can get a list of authorised PRSA providers and their approved PRSA products here and request the relevant brochures from the various PRSA providers. There is no charge for signing up with a PRSA provider.

If your employer provides access to a PRSA, you could contact your employer for more information.

PRSAs are also available indirectly through agents, typically insurance brokers or financial advisers authorised to sell PRSA products on behalf of the PRSA providers.

Where do I get my PRSA documents?

Your PRSA provider provides you with your documents. If you do not receive all of the documents outlined below, you should contact your provider and request them. The documents are listed below and described in more detail in Appendix 1.

- Application form – to apply for a PRSA.
- Contract – outlines the terms and conditions of your PRSA.
- Cooling off notice – cancellation within 30 days.
- Preliminary disclosure certificate – sample benefits that can reasonably be expected from a PRSA.
- Statement of Reasonable Projection – projection outlining the benefits that you can reasonably expect from your PRSA, based on certain assumptions.
- PRSA certificate – outlines the contributions you have agreed to pay and the contribution method you will use.
- Investment report – the investment performance of the funds in which your PRSA is invested.

- Statement of account – outlines the contributions paid into your PRSA and the transfer value of your PRSA at the date of the statement.

- Certificate of comparison – if you are a member of an **occupational pension scheme** and are transferring your benefits into a PRSA.

- Disclosure declaration – if your new PRSA will replace an existing **PRSA** contract or a **Retirement Annuity Contract.**

- Non-Standard PRSA declaration – if you are investing in a Non-Standard PRSA.

Do I need to hold on to my PRSA documents?

Yes, you should retain all PRSA documents for your own records and as evidence of your contributions. You will need the contract and the PRSA certificate to draw a pension income from your PRSA. If you are self-employed or paying contributions directly into your PRSA, you will need the PRSA certificate and a statement of account to avail of tax relief.

You should also let a solicitor, friend or relative know where you keep your PRSA documents in case you become seriously ill or die.

Can I cancel my PRSA after signing a contract with a provider?

After you sign a PRSA contract, you have a cooling-off period of 30 days from the date you are given the statement of reasonable projection. During this time, you can cancel your PRSA.

If you cancel within the cooling-off period, you normally get a full refund of contributions you made to your PRSA. You may be charged if you paid single contributions and a loss incurred as a result of investment market volatility during the cooling-off period.

6. Contributing to my PRSA

Is there a minimum amount that I must contribute to my PRSA?

Yes, but PRSA providers cannot impose a minimum contribution to your PRSA greater than:

(a) €300 per year, and

(b) €10 per electronic transaction, or

(c) €50 per transaction for other methods of payment.

Is there a maximum amount that I can contribute to my PRSA?

You can contribute as much as you like to your PRSA, as long as you meet the minimum contribution levels. However, the amount of tax relief you can get on contributions depends on your age and earnings.

Must I make regular contributions?

No, you do not have to make regular contributions to your PRSA. However, if you are arranging your PRSA through an employer's scheme, you will usually make monthly payments. If you are paying directly into your PRSA, most PRSA providers allow you to pay monthly, quarterly, half-yearly and yearly. Some PRSA providers allow you to pay weekly. You can also make additional top-up contributions to a PRSA at any time.

How can I pay my contributions?

This is at the discretion of your PRSA provider. Most PRSA providers accept regular contributions by direct debit, and lump sum payments or transfers by cheque or Electronic Funds Transfer. If you are an employee, your employer may arrange to deduct your monthly contributions from your salary and remit these to the PRSA provider on your behalf.

How flexible can my contributions be?

You are free to stop, start, increase and decrease your contributions at any time, although your PRSA provider may require prior notice of a change. You cannot be charged for changing, stopping or restarting your contributions.

Most PRSA providers have an indexation option that allows you to increase your regular contributions in line with inflation each year.

What happens if I don't pay my contributions?

You can stop your contributions at any time without being charged or penalised for doing so. However, this will reduce the pension benefits you may expect at retirement. If you do not pay contributions for two years or more and the value of your PRSA fund is €650 or less, your PRSA provider can terminate your PRSA and give you a refund of the value of your account. Your PRSA provider must give you three months' written notice before terminating your PRSA.

Are there any rewards or bonuses if I pay my contributions?

Some PRSA providers apply bonus units or lower charges if your contributions are over a certain level, you consistently meet your monthly contributions, or you retire at the date initially specified when you signed your contract. If you invest part or all of your PRSA in certain funds, you may also receive bonuses on and after retirement.

What happens if I change jobs?

If your new job allows you to become a member of an **occupational pension scheme**, you may transfer your PRSA into that scheme. Alternatively, if your new job is not pensionable or you become self-employed, you can continue to contribute to your PRSA.

What must an employer do with their employees' PRSA contributions?

An employer must, if requested, deduct employees' contributions from payroll and send them, along with employer contributions, if any, to the PRSA provider within 21 days of the end of the month in which the contributions were deducted. An employer cannot make any deduction from this payment.

What information must an employer give regarding PRSA contributions?

An employer must advise their employees and the PRSA provider in writing at least once a month of the total amount deducted from the employee's salary and, if appropriate, the total amount paid by the employer on behalf of their employees in the preceding month. An employer can do this using whatever salary documentation is normally provided to their employees (for example, a payroll slip).

Can I transfer occupational pension scheme benefits to a PRSA?

You can only transfer your occupational pension scheme benefits to a PRSA if the scheme is being wound up or you are leaving that employment.

If you have paid **AVCs** to an **occupational pension scheme**, those may be transferred to a PRSA at any time.

Are there disclosure requirements concerning transfers from occupational pension schemes to PRSAs?

Yes, transfers cannot be accepted by PRSA providers unless the member has been given a certificate comparing potential benefits from the **occupational pension scheme** and the PRSA, and a written statement as to why a transfer to a PRSA would or would not be in their interest.

There is no discretion in the legislation to waive this requirement for a certificate of comparison. However, it is exempted in the following cases:

- where the transfer value is under €10,000, or
- represents a refund of contributions, or
- the accrued benefits to a member whose employment related to the **occupational pension scheme** is less than two years and who has no preserved benefit, or
- where the scheme is in wind-up.

The above requirement also applies to transfers from **AVCs** to PRSAs.

Can refunds from occupational pension schemes be transferred to PRSAs?

Employees who are entitled to a refund of contributions on leaving a job can transfer the contributions to a PRSA without a tax charge instead of taking the refund.

7. PRSA tax reliefs

How much tax relief do I get on contributions to a PRSA?

The maximum amount of tax relief you can get depends on your age and your earnings.

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

If you are a sports person or a professional who usually retires at an earlier age than the norm, you can get tax relief on 30% of your net relevant earnings regardless of your age. Relief is given at your marginal (higher) tax rate, but there is no relief in respect of PRSI and the Universal Social Charge (USC). Employer PRSA contributions are added to your actual contributions to determine if the above limits are reached.

For everyone, there is a maximum annual amount of earnings for which tax relief is given. This is currently €115,000. This figure is adjusted from time to time by the Minister for Finance.

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.

A taxpayer is entitled to tax relief on a contribution of €1,525 even if this exceeds the normal income-based limit.

Can employees claim tax relief on their PRSA contributions?

Yes, employee contributions paid to a PRSA are subject to tax relief on the same basis as outlined above.

What about additional voluntary contributions paid to a PRSA?

Employees in **occupational pension schemes** may pay **AVCs** into a PRSA. The normal limits for tax relief purposes, as outlined above, apply to the total employee contribution. Any contributions an employee pays to an **occupational pension scheme** need to be taken into account when determining the amount of PRSA contributions eligible for tax relief.

How does this work?

When an employer deducts qualifying PRSA contributions from employees, the net pay arrangement will apply. This means that income tax will be calculated based on employees' wages or salaries net of PRSA contributions, so no income tax is paid on money being paid into the PRSA by the employee (within Revenue limits). An employer will be able to operate the net pay basis as long as they hold a PRSA net pay certificate.

Does an employer get tax relief on any contributions they make to an employee's PRSA?

Yes, contributions paid by employers are fully deductible for corporation tax purposes. Contributions paid by the employer are treated as a benefit-in-kind. Employees are entitled to income tax relief on these contributions subject to the limits on tax relief outlined above.

Does an employer get PRSI relief on any contributions an employee makes to a PRSA?

No, contributions paid by employees are not deductible for employer **PRSI** purposes.

Are PRSA investments taxed?

No, tax is not charged on the investment income or capital gains earned by PRSAs. However, income tax may be levied on pension benefits taken from a PRSA after retirement.

Is there a maximum amount of pension fund that can be built up?

Individuals have a maximum lifetime limit on the amount of their retirement benefits from all sources (except State pensions).

The limit (known as the Standard Fund Threshold (SFT)) is currently €2m, 25% of which (i.e., €500,000) is the maximum amount an individual can take in cash lump sums.

If an individual exceeds the lifetime limit on the amount of their retirement benefit (and had not previously applied to Revenue for a higher personal limit), the excess value is taxed up-front at the top rate of income tax and may, in addition, be subject to income tax in payment.

More information on the tax rules relating to PRSAs is available on the Revenue website www.revenue.ie.

8. Investing my PRSA

What happens to my contributions once they are put into my PRSA?

Your PRSA contributions are invested in one or more of a range of funds. The value of your PRSA can increase or decrease, depending on the performance of these funds.

In what types of assets will my PRSA invest?

Your PRSA fund is typically invested in company shares (equities), bonds issued by governments (sovereign bonds), bonds issued by companies (corporate bonds), property and cash. Your PRSA provider must give you information in relation to the types of assets in which your PRSA is invested.

Who decides how I invest my PRSA?

You do. It is your PRSA, and you choose the type of funds you want to invest in and/or the strategy to be followed. All PRSAs must have a **default investment strategy**. If you choose not to make an active investment decision your PRSA fund will be invested in accordance with the **default investment strategy**. Your PRSA provider will also give you a choice of investment funds outside this strategy and you can choose to invest in any of those instead.

What is a default investment strategy?

A default investment strategy is the automatic strategy that is applied to your PRSA unless you specify otherwise in writing. It usually involves investing in a collection of investment funds aimed at meeting the reasonable retirement savings expectations of a typical contributor. The default investment strategy for each individual PRSA is based on general good investment practice in saving for retirement although, like all investments, it is not risk free.

Should anything influence the choice of investment funds for my PRSA?

You (and your investment adviser, if applicable) should consider how long it will be until you retire, how much you expect in pension income and how much risk you are prepared to take in relation to your investment. Generally, as you approach retirement, your investment in higher-risk funds should decrease.

What level of risk is associated with my PRSA?

The level of risk associated with your PRSA will depend on the type of investment strategy you choose. This is why it is important to decide on the level of risk you are comfortable with when taking out your PRSA.

In the **default investment strategy**, most of your PRSA fund is likely to be invested in higher-risk funds in the early-to-mid years of your working life, moving to middle-risk funds in later years and lower-risk funds as you near retirement.

Can I change or switch between investment funds after I sign the contract with my PRSA provider?

Yes, you can transfer between funds or move future contributions into a different fund. Some PRSA providers require a minimum balance in your PRSA before you can transfer between funds. There may also be a limit on the number of times a year you can switch between funds without charge.

How do I know how well my investment fund is performing?

Every six months, your PRSA provider must send you an investment report that outlines the performance of the funds in your PRSA.

9. Getting my PRSA benefits

When can I take an income from my PRSA?

You can normally start taking your benefits when you are aged between 60 and 75. You may be able to take your benefits earlier, for example, if you retire from an employment at age 50 or over, or if you can no longer work because of a serious illness or disability. However, you cannot use your PRSA as security for a loan or assign it to someone else.

What documentation do I need to get my PRSA benefits?

You will need your PRSA certificate and contract, your birth certificate and Personal Public Service Number (PPSN). You may also need to provide evidence of ill-health if you are retiring earlier than normal for medical reasons.

What will my PRSA fund consist of at retirement?

Your PRSA fund at retirement will consist of the total contributions paid by you (and your employer, if any) and the investment return earned on those contributions, less the PRSA provider's charges.

What options do I have at retirement?

You can take a lump sum at retirement of 25% of your PRSA fund's value. This lump sum is currently tax free up to a maximum of €200,000 and taxed at 20% between €200,001 and €500,000 with any balance over this amount taxed at the marginal rate and subject to the USC.

With the remainder of your PRSA fund, you can:

- use the balance to buy an annuity, or
- take in cash (subject to income tax), or
- leave the remaining funds in your PRSA and withdraw from them at any time before age 75, subject to Revenue requirements (this is called a vested PRSA), or
- transfer the balance to an approved retirement fund (ARF), subject to Revenue requirements.

Do I have to take all my PRSA benefits at retirement?

No, you can take gradual benefits from your PRSA and continue to make PRSA contributions. However, you must take your PRSA benefits at age 75 and stop any contributions before that age.

What happens if I die before I retire?

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.

What happens if I die after I start to take my PRSA benefits?

This depends on the pension option you choose at retirement. You can get more information from the Revenue website at www.revenue.ie.

Can I transfer my PRSA fund to another pension arrangement if I change jobs?

As a PRSA is essentially your personal pension plan, you can normally bring it from job to job and from employment to self-employment or vice versa. You can transfer your PRSA benefits to an **occupational pension scheme** or another PRSA without charge.

10. PRSA charges

What are the charges for Standard PRSAs?

The charges for Standard PRSAs are capped, but Standard PRSA charges can still vary among PRSA products and different PRSA providers. The important point is that Standard PRSA charges cannot be increased above the upper limits set out in legislation throughout the lifetime of a Standard PRSA contract. These upper limits are:

- a maximum charge of 5% of each contribution you pay, and
- a maximum charge of 1% of the value of your PRSA fund each year.

What are the charges for Non-Standard PRSAs?

Charges on Non-Standard PRSAs are not capped and vary among PRSA products and PRSA providers, often depending on the way in which your money is invested and the amount of money you invest. There are fewer investment restrictions with Non-Standard PRSAs. The Authority has developed a section ‘Investment: risk and reward’ on its website which you may find useful in deciding how to invest your retirement savings.

Can my PRSA provider change its charges?

Yes, a PRSA provider can change its charges provided it is allowed for in its PRSA contract. The PRSA provider must give two months’ notice of any increase in charges and must also provide you with an updated Statement of Reasonable Projection outlining these charges within seven days of the changes coming into effect.

Some PRSA providers reduce your contribution charge if your contributions are above a certain level. The annual fund management charge may also be reduced if the value of your fund exceeds a certain level or you retire on the retirement date initially specified in your PRSA contract.

What services do not incur charges?

Some of the services for which you cannot be charged include:

- setting up or closing a PRSA,

- cancelling your PRSA within the cooling-off period (a reduction in value may apply if you made single contributions and these incurred an investment loss),

- transferring other pension benefits to your PRSA (if a certificate of comparison is required, a fee may be charged),

- transferring your PRSA to another provider or to an **occupational pension scheme,**

- increasing your contributions,

- decreasing your contributions (although this may depend on the charging structure of your PRSA), or

- starting, stopping or restarting contributions.

11. Complaints

What if I have a complaint about my PRSA?

Depending on the type of complaint you have, a number of authorities can help. You can contact the PRSA provider, the Pensions Authority, the Financial Services and Pensions Ombudsman or the Central Bank of Ireland (see Appendix 2 for contact details).

How do I know who to contact?

PRSA provider

If you have a complaint about the management of your PRSA, you should initially contact the PRSA provider and try to resolve it directly.

The Pensions Authority

If you are unable to resolve the issue with your PRSA provider, you should contact the Pensions Authority, which can assist you in resolving the complaint.

The Financial Services and Pensions Ombudsman

The Financial Services and Pensions Ombudsman is an officer appointed under the Financial Services and Pensions Ombudsman Act, 2017, whose functions include the investigation and adjudication of complaints arising from the conduct of a pension provider involving alleged financial loss by an act of maladministration or any dispute of fact or law.

If you have followed the internal complaints procedure of your financial services provider and you are still not satisfied, the Financial Services and Pensions Ombudsman may be able to help you.

Central Bank of Ireland

The Central Bank of Ireland is responsible for the regulation of all financial services firms in Ireland. The Central Bank's role is to protect consumers, to help people make efficient and effective use of complaint procedures, and to assist and inform consumers where necessary. If you are unsure of where to go, any of the above organisations will point you in the right direction.

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12. Quick tips on PRSAs

- By law, your PRSA provider must give you detailed information in relation to your PRSA. If there is something you are not sure about, contact your PRSA provider and ask them to clarify.

- Take the time to carefully read the information you are given. Don't be afraid to ask your PRSA provider to explain the material you have been given if you don't understand it.

- When choosing your PRSA provider, shop around for rewards or bonuses for making contributions or retiring on the date initially specified in your contract.

- Be wary of mis-selling. If you are getting a PRSA through a broker, intermediary or other salesperson, ensure they offer a Standard PRSA as well as a Non-Standard PRSA. If they propose a Non-Standard PRSA, make sure they give you clear reasons, as there is no cap on charges with Non-Standard PRSAs. Seek independent financial advice where possible.

- If you are opting for a Non-Standard PRSA, ask your PRSA provider for a list of the cost differences between their Non-Standard PRSA and Standard PRSA products. Read and sign the Central Bank of Ireland's Non-Standard PRSA declaration before buying a Non-Standard PRSA and keep a copy of it.

- Be wary of promises of high investment returns. Past performance is never a guarantee of future returns and it is difficult, if not impossible, to predict how well an individual investment fund will perform.

- Be wary of substitution selling. If you are in long-term employment and already in an occupational pension scheme, you may not need a PRSA unless your employer is winding up the scheme or you are changing employment and your new employer doesn't offer a pension scheme. PRSAs are aimed primarily at people who have not made any pension provision.

- **Occupational pension schemes** may offer more benefits than PRSAs as your employer usually contributes to your scheme. Your employer can contribute to your PRSA but is not obliged to do so.

- You are free to stop your contributions at any time without being charged or penalised for doing so. If you do not pay contributions for two years or more and the value of your PRSA fund is €650 or less, your PRSA provider can terminate your PRSA and give you a refund of the value of your account. Your

PRSA provider must give you three months' written notice before closing your PRSA.

- Take note of the types of services for which you cannot be charged. If you find you are being incorrectly charged, contact your PRSA provider. If the outcome is unsatisfactory, contact the Pensions Authority, the Financial Services and Pensions Ombudsman or the Central Bank of Ireland, whichever is appropriate.

- For detailed information on tax relief and PRSAs, you should contact Revenue.

- Keep all your PRSA documents safely and let a solicitor, friend or relative know where they are.

13. Examples

Philomena, aged 28, freelance

Philomena McGovern, aged 28, is a freelance journalist who earns €50,000 per year. Due to the nature of her job, she is not in pensionable employment and has not made any pension provision to date.

Philomena decides to take out a Standard PRSA. She initially pays 15% of her salary (€7,500 for the first year) into her PRSA, which is the Revenue maximum percentage for tax relief for an individual under age 30. This means Philomena can get full tax relief at her marginal rate of tax. Her contributions to her PRSA work out at €625 a month for the first year which, after tax relief, cost her only €375 a month. PRSA charges are deducted from her contributions. Philomena expects her earnings to increase in the future and chooses an indexation option so that her contributions automatically increase by 5% each year. By doing so, she hopes that inflation will not decrease the real value of her pension contributions.

Philomena does not always have a steady income but, with her PRSA, she can stop, restart and change her contributions at any time. If she decides to stop freelancing and work with a company, she can transfer her PRSA into that company's **occupational pension scheme** (if it has one). If the company does not provide a pension scheme, she can continue to contribute as normal to her PRSA.

Stephen, aged 45, self-employed

Stephen Smith, aged 45, is a self-employed IT consultant who earns €110,000 per year. Stephen would like to start a pension that allows him to invest in high-risk funds.

He opts for a Non-Standard PRSA as this offers him a greater choice of funds. He does not choose the **default investment strategy**. Instead, he gets independent financial advice and chooses the funds in which he would like to invest.

Before getting the Non-Standard PRSA, Stephen asks his PRSA provider for a list of cost differences between it and the Standard PRSA product. He also reads and signs the Non-Standard PRSA declaration.

Although Stephen can only get tax relief on 25% of his earnings because of his age, he contributes 30% of his earnings to his PRSA as he has not previously had a pension and wants to make up for lost time.

He invests his contributions in a number of high-risk funds but intends to change to low-risk funds about five years before he retires. He hopes that, by doing so, his PRSA funds will enjoy the growth that higher-risk funds have the potential to deliver, but he has the comfort of knowing his funds will be more secure in lower-risk funds as he nears retirement.

14. Glossary of terms

Additional voluntary contributions (AVCs): Additional contributions paid by a member of an occupational pension scheme in order to secure benefits over and above those set out in the rules of the scheme. Where an occupational pension scheme does not provide access to an AVC facility, a standard PRSA must be offered for this purpose.

Annuity: A guaranteed retirement income for life paid at stated intervals until a particular event (usually the death of the person receiving the annuity). Annuities are normally purchased from a life assurance company at retirement in return for a lump sum payment (from your pension fund).

Approved retirement fund (ARF): An Approved Retirement Fund (ARF) is a post-retirement investment fund into which you can transfer all or part of the balance of your retirement funds after you receive your tax-free lump sum. The ARF option is available to you if:

- you are a member of a defined contribution scheme,
- you hold a Personal Retirement Savings Account (PRSA),
- you hold a Retirement Annuity Contract (RAC) set up after 6 April 1999, or before this date if the insurance company permits these options,
- you are a member of a trust RAC,
- you are a member of a defined benefit scheme who meets the proprietary (5%) director test; otherwise, the ARF option is only available in relation to AVCs, or
- you hold a buy-out bond/personal retirement bond, the funds of which originate from a transfer from a defined benefit scheme or a defined contribution scheme.

Money transferred to an ARF is invested with a qualifying fund manager in any manner you choose. ARF funds accumulate tax free, i.e., tax is not charged on investment gains. However, like pensions, any withdrawal you make from your ARF is subject to income tax at your marginal rate, USC and PRSI (if applicable). You can draw down your ARF funds in a flexible manner. You can make regular and/or ad hoc withdrawals. A minimum withdrawal is assumed for tax purposes even if no withdrawal is made in any given year, i.e., you must pay income tax, USC and PRSI (if applicable) on a minimum specified percentage of your fund, known as the ‘imputed distribution’, each year.

For further information, contact your ARF provider or refer to the Revenue Pensions Manual available on www.revenue.ie.

Default investment strategy: An automatic investment strategy required by law to be applied under a PRSA contract unless the contributor indicates otherwise. The default investment strategy for each individual PRSA product is based on general good investment practice in saving for retirement and approved by the PRSA actuary. Trustees of a defined contribution scheme may specify a particular strategy as a default if they are offering members a choice of alternative strategies or funds.

Net relevant earnings: These are broadly defined as earnings from a trade or professional employment, less certain allowable expenses.

Occupational pension scheme: A pension scheme set up by an employer to provide retirement and/or other benefits for employees. It is sometimes called a ‘company pension scheme’.

Pension adjustment order: An order made following a decree of judicial separation or divorce whereby the court adjusts a member’s pension rights in favour of their spouse/civil partner/qualified cohabitant or a dependent child.

Pooled funds: Also known as managed funds, these are collective investment schemes in which investors’ money is pooled to buy a portfolio of assets, including government bonds, deposits, property and stocks.

PRSI: A shortened name for Pay Related Social Insurance, whereby workers earning an income pay contributions to the Social Insurance Fund. In return, they are covered for certain benefits, such as a State pension.

Retirement Annuity Contract (RAC): An individual pension policy which can only be effected by individuals who are in non-pensionable employment or who have taxable earnings from a self-employed trade or profession. Also known as ‘personal pension plans’ or ‘personal pension contracts’.

Temporary cash holdings: Short-term deposits that are secure.

An tÚdarás Pinsean
The Pensions Authority

Appendix 1 – PRSA documents

Application form: To apply for a PRSA, request an application form from your chosen PRSA provider. Complete, sign and return it, remembering to provide proof of age and your Personal Public Service Number (PPSN) with your application form.

Contract: The contract outlines the terms and conditions of your PRSA. You can request a PRSA contract from a PRSA provider. You should read it before applying for a PRSA with that PRSA provider. You may need this document when applying for benefits.

Cooling off notice: If within 30 days you want to cancel your PRSA, you must sign a cancellation notice and return it with your original PRSA certificate. The cancellation notice is usually enclosed with the Statement of Reasonable Projection.

Preliminary disclosure certificate: The preliminary disclosure certificate outlines the sample benefits that can reasonably be expected from a PRSA, based on a number of assumptions. It outlines the PRSA's investment strategy, charges, tax relief arrangements, cooling-off period, risk factors and expected benefits. You should receive this before you apply for a PRSA as it may form part of the contract.

Statement of Reasonable Projection: The statement of reasonable projection outlines the projected benefits at retirement that you can reasonably expect from your PRSA, based on certain assumptions. You should receive it within seven days after you sign a PRSA contract and once a year after this and on request. You should also receive this statement if there is an increase in charges.

PRSA certificate: This certificate outlines the contributions you have agreed to pay and the contribution method you will use. You will receive it after you open your PRSA. If you are self-employed, you will need this certificate to avail of tax relief. If you are an employee and your contributions are to be deducted from your pay, 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.

Investment report: This report outlines the investment performance of the funds in which your PRSA is invested. You should receive an investment report every six months.

Statement of account: This statement outlines the contributions paid into your PRSA by you (and your employer, where applicable) and the transfer value of your PRSA at the date of the statement. You should receive a statement of account every six months. This document may be required by your local Inspector of Taxes.

Certificate of comparison: You need a certificate of comparison if you are a member of an **occupational pension scheme** and are transferring your benefits into a PRSA. This certificate compares the possible benefits of your **occupational pension scheme** with the possible benefits from the PRSA. You should get this certificate before transferring from an **occupational pension scheme** to a PRSA. You should also receive a written statement outlining the reasons why such a transfer is in your best interests. There may be a charge for providing this certificate.

Disclosure declaration: If your new PRSA will replace an existing PRSA contract or a **Retirement Annuity Contract**, you must be given a declaration before the initial statement of reasonable projection is issued. The declaration gives additional information, including the financial consequences of taking out the new PRSA.

Non-Standard PRSA declaration: You should read this document before you take out a Non-Standard PRSA. Your PRSA provider should give it to you, but it is also available directly from the Central Bank of Ireland. You must sign this declaration if you choose to invest in a Non-Standard PRSA. You should also keep a copy of it.

Appendix 2 – Useful addresses

Central Bank of Ireland
PO Box 559
New Wapping Street
North Wall Quay
Dublin 1
D01 F7X3
Tel: (01) 224 5800/0818 681 681
Email: enquiries@centralbank.ie
Web: www.centralbank.ie

Department of Social Protection
Social Welfare Services
College Road
Sligo
F91 T384
Tel: (071) 915 7100/0818 200 400
Email: state.con@welfare.ie (for State Pension (Contributory) queries)
Email: state.noncon@welfare.ie (for State Pension (Non-Contributory) queries)
Web: www.welfare.ie

Financial Services and Pensions Ombudsman
Lincoln House
Lincoln Place
Dublin 2
D02 VH29
Tel: (01) 567 7000
Email: info@fspo.ie
Web: www.fspo.ie

Financial Services (Pensions)
Large Cases Division
Office of the Revenue Commissioners
Ballaugh House
73-79 Lower Mount Street
Dublin 2
D02 PX37
Tel: (01) 738 3637
Email: lcdretirebens@revenue.ie
Web: www.revenue.ie

An tÚdarás Pinsean
The Pensions Authority

The Pensions Authority
Verschoyle House
28/30 Lower Mount Street
Dublin 2
D02 KX27
Tel: (01) 613 1900/0818 65 65 65
Email: info@pensionsauthority.ie
Web: www.pensionsauthority.ie