

EMPLOYER / EMPLOYEE PENSIONS V/S PRSA'S & PERSONAL PENSIONS

| | EMPLOYER/EMPLOYEE PENSION | PRSA | SELF EMPLOYED PERSONAL PENSION |
|--|--|---|---|
| Early Retirement / Retirement Ages | 50-70 (up to 75 under 1999 Finance Act rules for controlling directors) | 60-75 (from 50 if related to employment on a PAYE basis) | 60-75 |
| Income Tax Relief Available | Available at marginal rates | Available at marginal rates | Available at marginal rates |
| PRSI Relief | Available at marginal rates | Not Available unless in PAYE employment (schedule E) Employment levies still apply on employers contributions. | Not Available unless in PAYE employment (schedule E) but health levy relief available in Schedule D or E |
| Max Tax Free Lump Sum | 1.5 x final salary (25% of fund on new rules @ age 60 minimum for controlling directors) | 25% x Fund | 25% x Fund |
| Max Personal Contribution (effective from year 2006 onwards) | Up to age 30 15% Up to age 40 20% Up to age 50 25% Up to age 50 30% Up to age 55 35% Over age 60 40% Employee earnings cap €150,000 for employee contributions (from 2009) | % of Net Relevant Earnings Up to age 30 15% Up to age 40 20% Up to age 50 25% Up to age 50 30% Up to age 55 35% Over age 60 40% An earnings cap of €150,000 for employee contributions (from 2009) | % of Net Relevant Earnings Up to age 30 15% Up to age 40 20% Up to age 50 25% Up to age 50 30% Up to age 55 35% Over age 60 40% An earnings cap of €150,000 for employee contributions (from 2009) |
| Max Company / Employer's Contribution | Typically between 15% - 500% of salary in addition to employee's contribution No earnings cap currently applies to employer contributions | Included in maximum contribution rates shown above | Not Available |
| Trustees Required | Yes | No | No |
| Changing Pension Fund Manager | Available | Available | Available |
| Ownership of fund on retirement | Available for 5% + directors | Available | Available |
| Death in service / PHI benefits | Usually available under same scheme if insured | Insured separately | Can sometimes be 'bundled' with same policy. |
| Ill Health Retirements | Available | Only Available subject to a restrictive definition of disability | Only Available subject to a restrictive definition of disability |
| Self directed plan | Available | Available | Available |
| Self Administered Plan | Available | Not Available | Not Available |

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Summary of retirement options

| Personal Pension | Tax Free cash | | Other options | | |
|------------------------|---------------|------------------|---------------|------------|------------|
| | 25% of fund | 1.5 times salary | Annuity | ARF & AMRF | Taxed Cash |
| Self employed | v | X | v | v | v |
| Employee | v | X | v | v | v |
| 5% Director | v | X | v | v | v |
| Company pension | | | | | |
| Employee | X | v | v | X | X |
| 5% Director | v | X | v | v | v |
| or 5% Director | X | v | v | X | X |
| AVC | | | | | |
| Employee | X | v | v | v | v |
| 5% Director | v | X | v | v | v |
| or 5% Director | X | v | v | v | v |
| Buy Out bond | | | | | |
| Employee | X | v | v | X | X |
| 5% Director | v | X | v | v | v |
| or 5% Director | X | v | v | X | X |
| PRSA | | | | | |
| Self employed | v | X | v | v | v |
| Employee | v | X | v | v | v |
| 5% Director | v | X | v | v | v |

If you are a director with more than a 5% shareholding in the company and you choose to take one and a half times salary tax free, the balance of your pension must be used to buy an annuity. You can still choose any of the options for your AVC fund. (exception may apply in the case of a self administered pension fund).

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