



**Get
Retirement
Ready!**

Welcome to Fórsa's Get Retirement Ready Webinar We'll be starting soon

- ✓ We can't hear or see you, so please ask questions using the Q&A option.
- ✓ We will answer as many questions as we can throughout the webinar.



Superannuation and Retirement

Brought to you by Cornmarket's Retirement Planning Service

Dedicated Financial and Retirement Planning Teams for our Public Sector clients

Before
Retirement

At
Retirement

In
Retirement

What we will cover today

1.

**The pension
landscape in
Ireland**

2.

**Superannuation
Schemes**

3.

**Spouses' and
Children's
Scheme**

4.

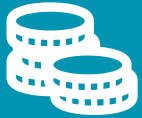
**What you
need to know**

**Superannuation
is the retirement
pension scheme
for the
Public Sector**

What is Superannuation?



Superannuation Benefits



Lump Sum

**Tax-Free &
Paid Once**



Pension

**Taxed &
Paid for Life**



Spouse & Child Benefit

**Payable
on Death**



What you need to know:

1 What scheme you are a member of

2 What years' service you have

3 What is your pensionable salary

4 Will you get an old age pension

Years' Service

Full time
work

Job
sharing

Added
years

Transferred
service

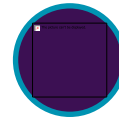
Purchased
years

Split Service = Split Benefits



How is Pensionable Salary Calculated?

Annual salary at
date of retirement



Average of pensionable
premia & allowances
(from the best 3 consecutive years
in the last ten years)

Annual salary

€50,000

Pensionable emoluments

€10,000

Pensionable Salary

€60,000

Four Superannuation Schemes



PRE APRIL 1995
D1/B1



APRIL 1995
A1



APRIL 2004
A1



JANUARY 2013
A1



How Pension calculations work



Marie is retiring at age 60

€60,000 Pensionable Salary

40 years of service

Marie's Pension is: €30,000

$$\frac{1}{80} \times 40 \times \text{€60K} = \text{€30,000}$$



How Lump Sum calculations work



Marie is retiring at age 60

€60,000 Pensionable Salary

40 years of service

Marie's Lump sum: €90,000

Tax free!

$$\frac{3}{80} \times 40 \times \text{€60K} = \text{€90,000}$$

Pre April 1995



PRE APRIL 1995

Normal Retirement Age (NRA): 60



APRIL 1995



APRIL 2004



JANUARY 2013



1.
PRE-APRIL
1995

Pension

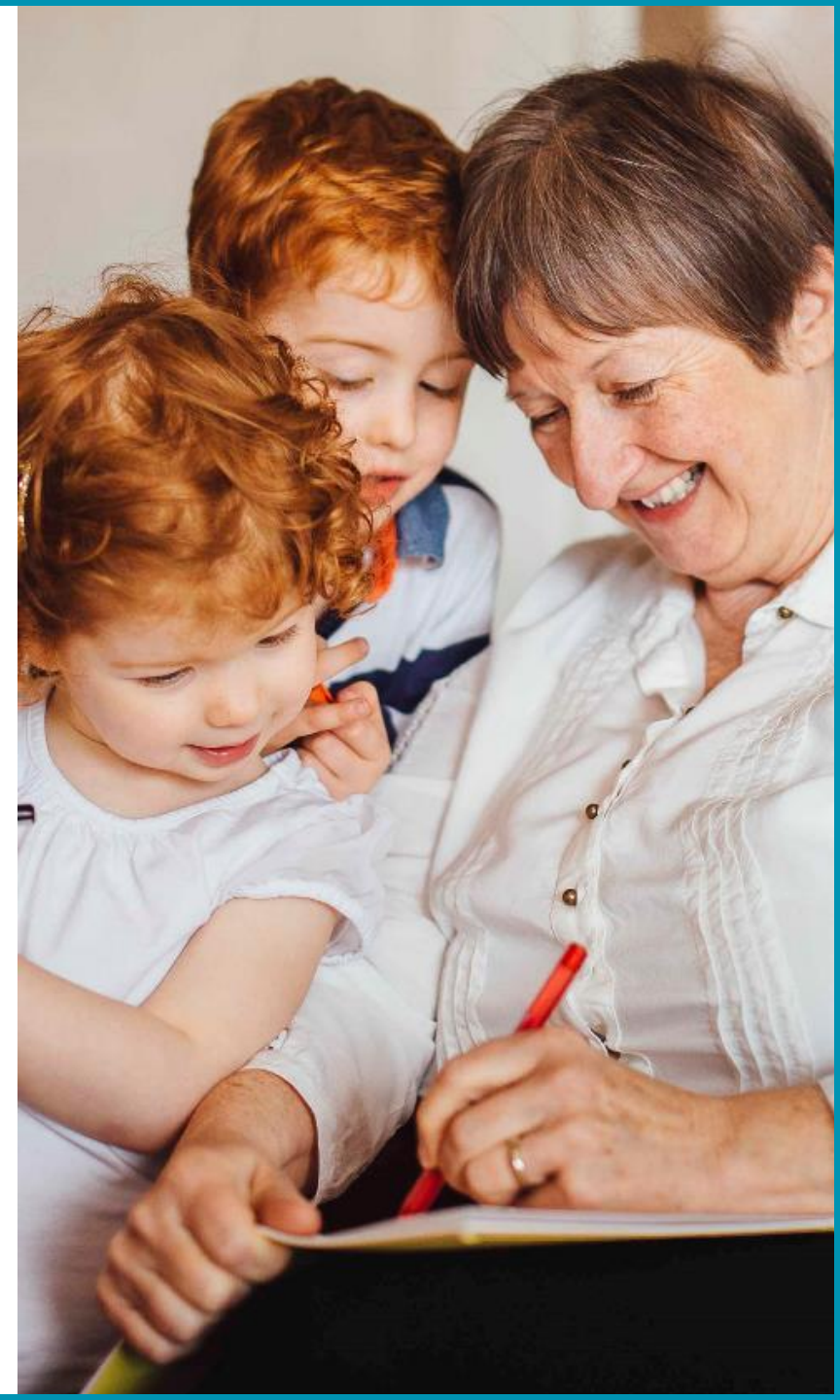


Jean is retiring at age 60

€60,000 pensionable Salary

30 years of service

Jean's pension is: €22,500



1.
PRE-APRIL
1995

Lump Sum



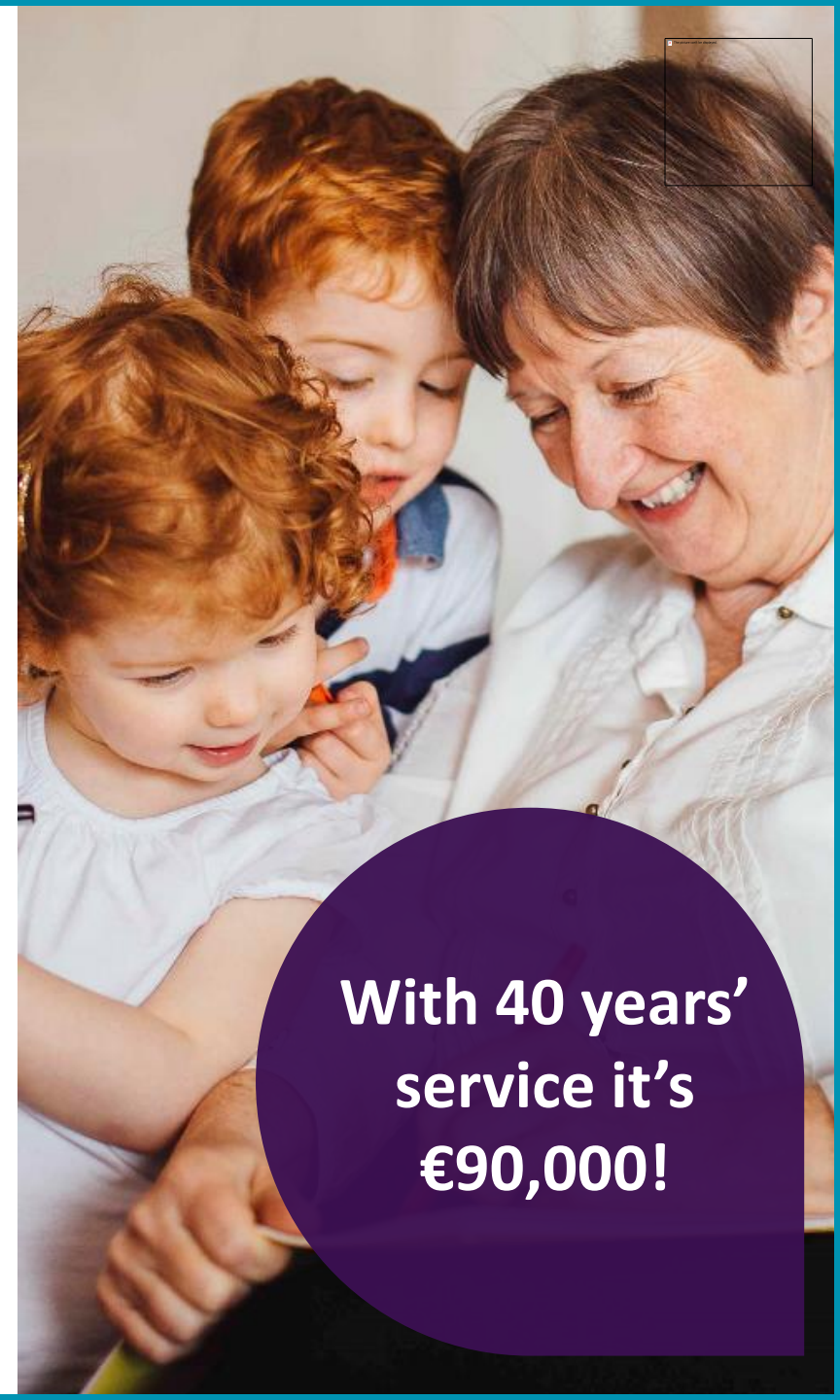
Jean is retiring at age 60

€60,000 Pensionable Salary

30 years of service

Jean's Lump Sum: **€67,500**

With 40 years' service it's **€90,000!**



Post April 1995



PRE APRIL 1995



APRIL 1995



APRIL 2004



JANUARY 2013

Normal Retirement Age
(NRA): 60



2.
APRIL
1995

Pension



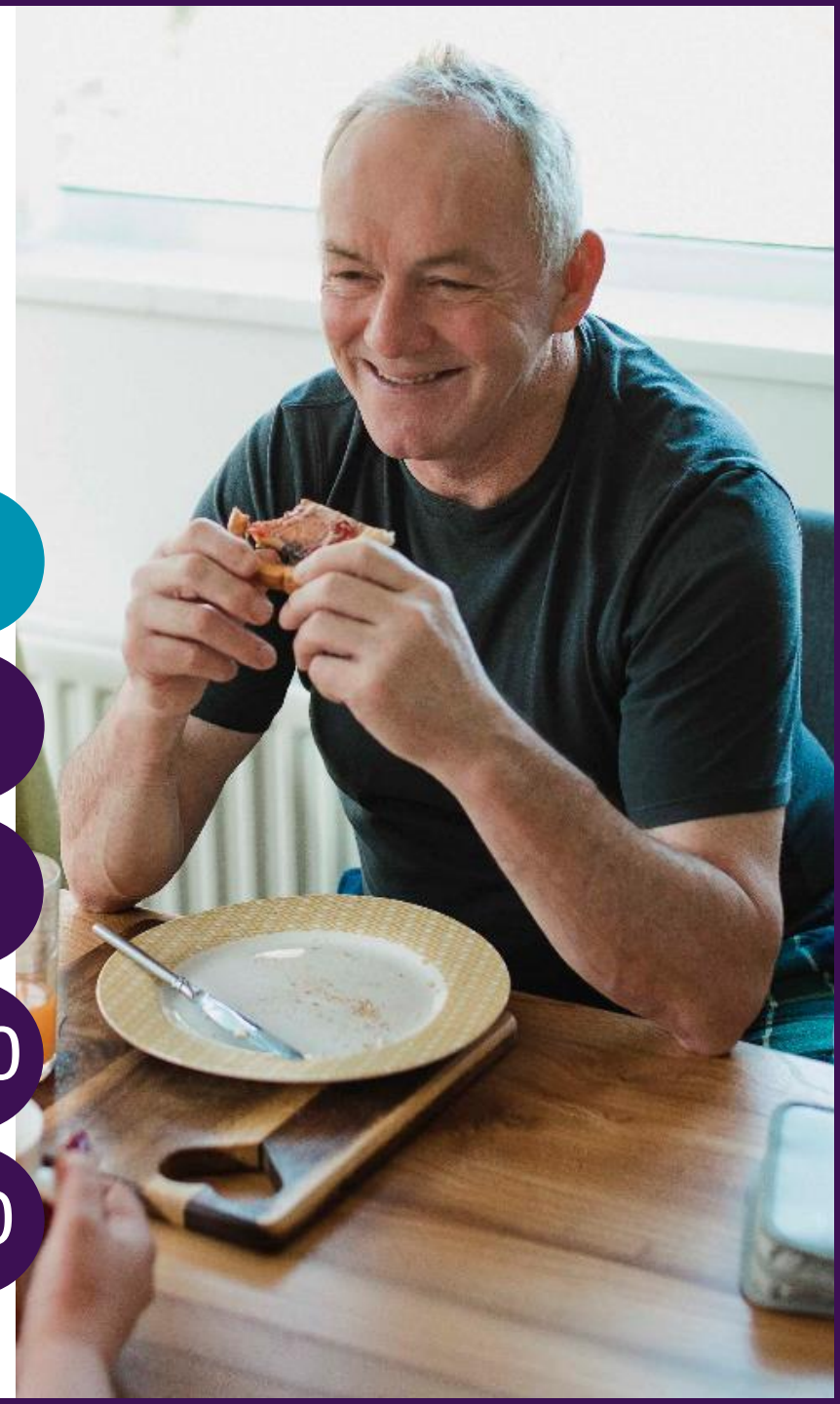
John is retiring at age 60

€60,000 Pensionable Salary

30 years of service

John's pension is: €12,800

Supplementary pension is: €9,700



2.
APRIL
1995

Lump Sum



John is retiring at age 60

€60,000 Pensionable Salary

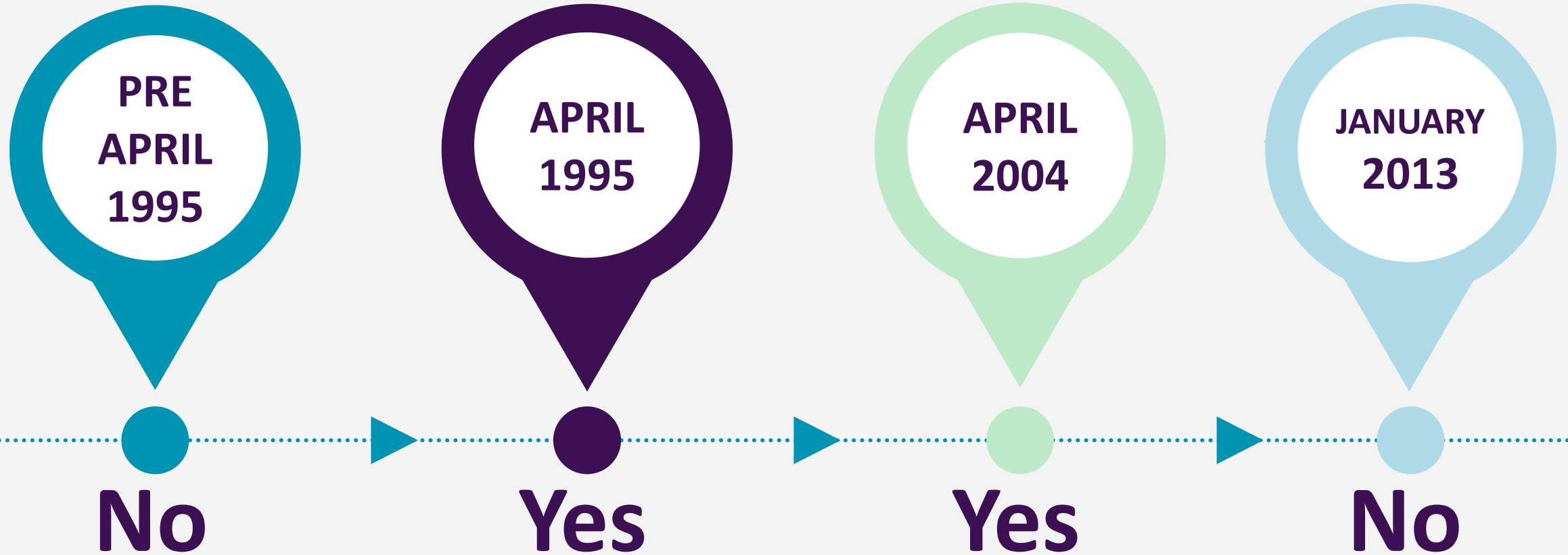
30 years of service

John's lump sum is: €67,500

If John had
40 years service
his Lump Sum
would be
€90,000



Supplementary Pension?



What is Supplementary Pension?

An additional pension –
paid only until
you receive the
State Pension



You could have multiple sources of income in retirement

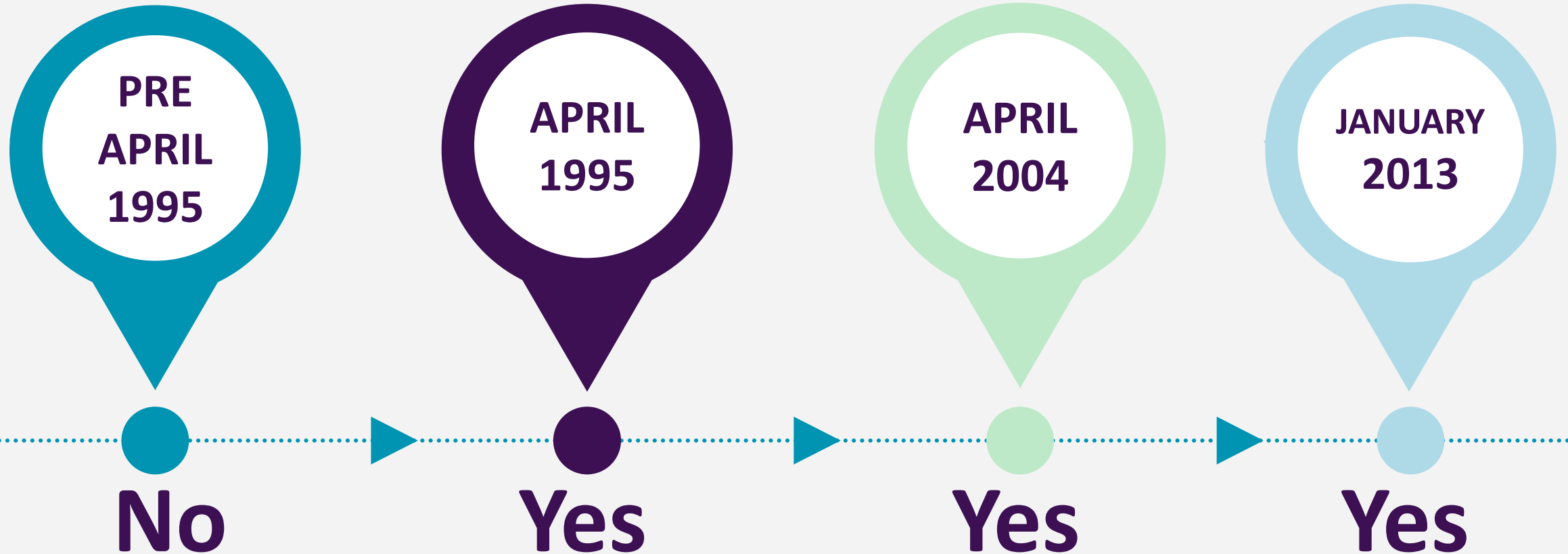
**Superannuation /
Pension &
Lump Sum**

**Job Seekers'
Benefit**

**Supplementary
Pension**

Old Age Pension

State Pension



What could you get?

€12,956 annual State Pension
(€248.30 per week)

**+ €10 per
week at
age 80**

**When you reach
State Pension age**

**NOW
66**

The move to 67/68 has
been deferred pending
“Pension Commission” findings
due end of June 2021.

April 2004 – January 2013



PRE APRIL 1995



APRIL 1995



APRIL 2004



JANUARY 2013

Normal Retirement Age (NRA): 65

Cost Neutral Early Retirement

**Retire earlier than
your normal
retirement age**

**With a reduction
in your
Superannuation
Benefits**

**Up to 11 years
earlier!**



Paul is retiring at age 53

Salary: €60,000
Service: 30 Years
Scheme: Pre April 1995

Normal % amount **Cost Neutral**

Pension

€22,500

71%

€ 15,975

Lump Sum

€67,500

87.2%

€ 58,860



Death in Service Benefit

- ✓ Your family / estate will receive a tax free lump sum
- ✓ Between 1 and 1½ times your Pensionable Salary

Spouse's Pension

- ✓ Paid for life
- ✓ Half of your pension

Children's Pension

- ✓ Paid up to age 16 or 22
- ✓ 1/3 of spouse's pension
(up to a max. of 3 children)



Understanding Your Pension

Brought to you by Cornmarket's Retirement Planning Service

Additional Voluntary Contributions

Warning:

If you invest in this product you may lose some or all of the money you invest.

Warning:

This product may be affected by changes in currency exchange rates.

Warning:

The value of your investment may go down as well as up.

Warning:

If you invest in this product you will not have any access to your money until you receive your Superannuation Benefits.



Additional Voluntary Contributions (AVC)

1.

**What is an
AVC?**

2.

**All about
tax relief**

3.

**Drawdown
options for
your AVC**

4.

**Is a Lump
Sum AVC
for you?**

So what is an AVC?

It is an **Additional Voluntary Contribution (AVC)** you can make towards your retirement benefits, like a shortfall in your Lump Sum.



Why take out an AVC?

1 Early retirement



2 Shortfall in service



3 Over 40 years' service



4 Non pensionable earnings (overtime)



5 Revenue maximum pension



6 Make the most of tax relief



Pay LESS tax now + Have MORE money in retirement

Contribution

€100

Less Tax Relief*

€40

Real cost to you

€60

*assuming tax relief at 40%

How much can you contribute?

There
are limits

Age	Maximum % of Salary
Under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60+	40%

Average Cornmarket AVC values

In 2020, over
1,000
Cornmarket
clients settled
their AVC at
retirement*



€27,000 invested



€18,000 tax relief (assuming 40%)



€16,000 investment growth



€61,000 at retirement

*Source: Irish Life, January 2021. Figures have been rounded to the nearest thousand and are based on 1090 Cornmarket clients from four AVC Schemes.

Warning: Past performance is not a reliable guide to future performance.

How an AVC fills a Lump Sum shortfall*

Mary is retiring with a salary of **€60,000** and has:

- ✓ 32 years' service
- ✓ AVC fund **€100,000**

€90K
40 years' service Lump Sum

€18K
from AVC

€72K
Actual Lump Sum

An AVC fills the gap!

Tax free!

*Source: Cornmarket, 2021. Based on the Revenue maximum Tax Free Lump Sum available at 40 years & 32 years of actual service.



By investing in an AVC...

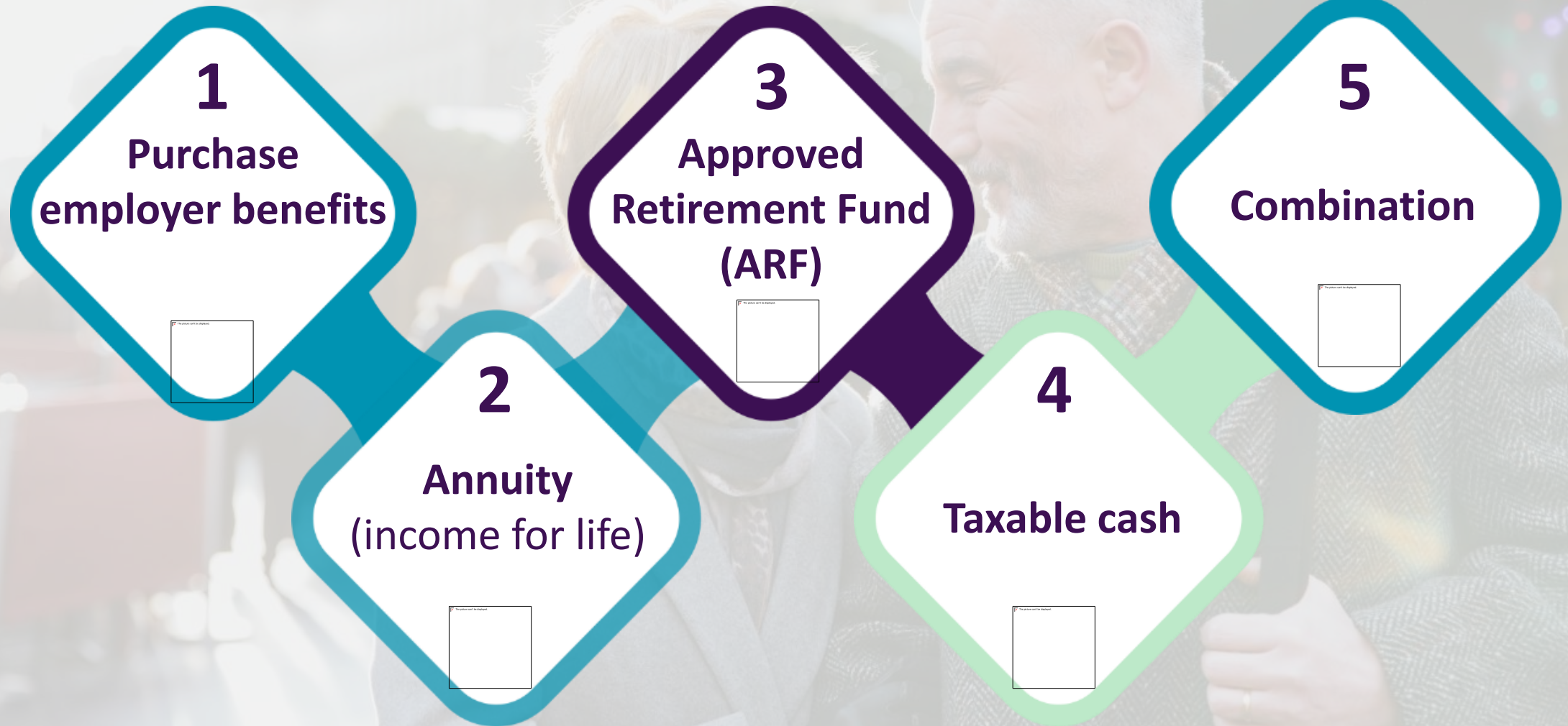
You could work for 32 years

and get the exact same
Tax Free Lump Sum as
someone who worked for
40 years...

That's 8 years longer!

Warning: The value of your investment may go down as well as up.

What options do you have for the rest of your AVC?



1

**Purchase
employer
benefits***



€82,000 AVC



**Superannuation
NSP's**

2

**Annuity
(income for life)**



€82,000 AVC



**Additional pension
€3,000 per annum***

Warning: The value of your investment may go down as well as up.

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3

**Approved
Retirement Fund
(ARF)***



€82,000 AVC



**Withdrawal as
required****

Warning: The value of your investment may go down as well as up.

Warning: This product may be affected by changes in currency exchange rates.

Warning: If you invest in this product you may lose some or all of the money you invest.

*Requirement for ARF – guaranteed income of €12,700 p.a. **May be subject to tax, PRSI and USC.

3

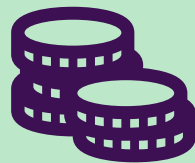
**Approved
Retirement Fund
(ARF)***

Tax Treatment of ARF's

- ✓ **Withdrawals are taxed as income**
- ✓ **Imputed distribution 4% or 5%****

4

Taxable cash*



€82,000 AVC



**Payment made net of
Tax & USC****

5

Combination*



€82,000 AVC



ARF**

Taxable Cash**
Employer options
Pension

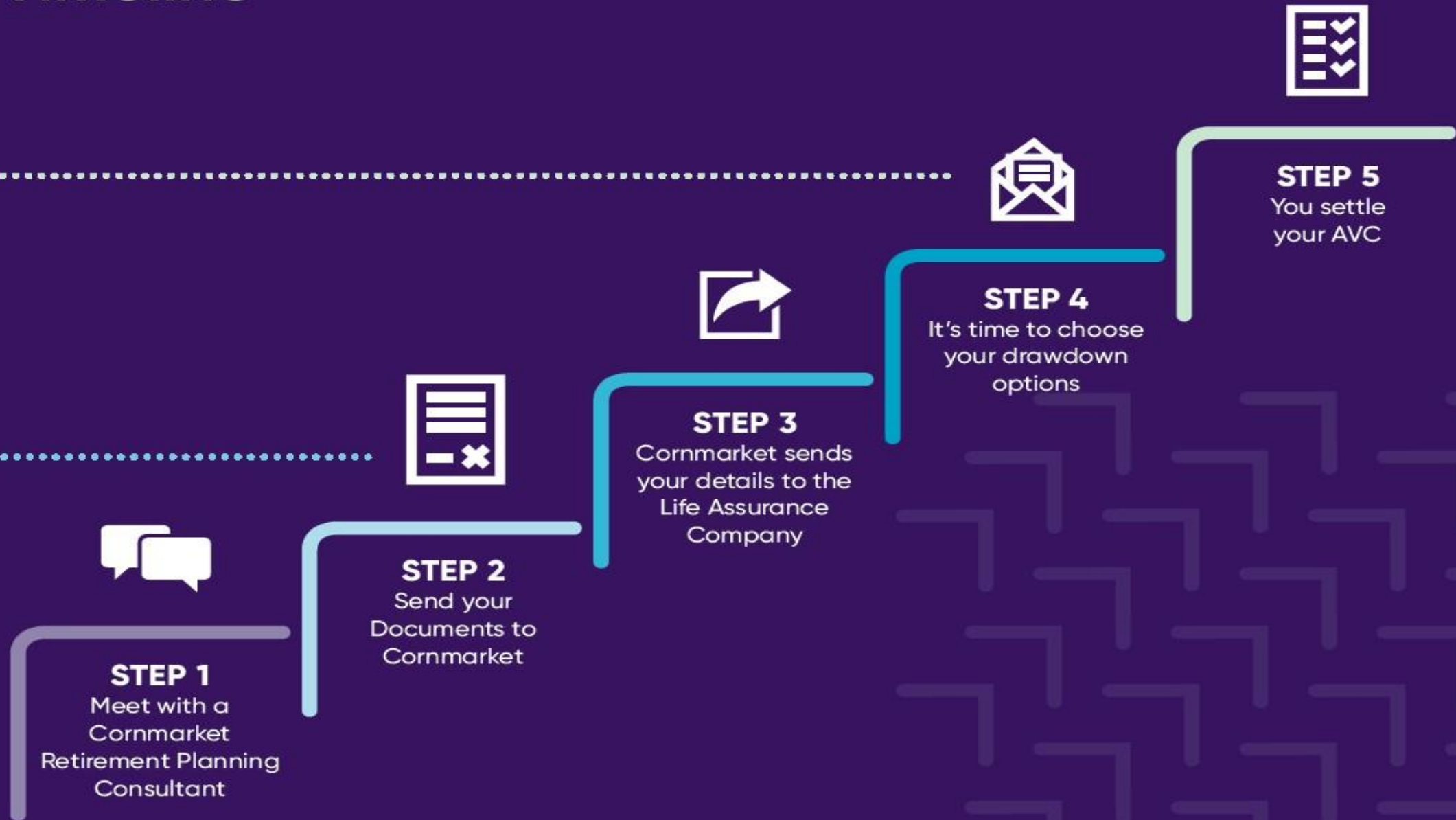
*May be subject to tax, PRSI , USC **Requirement for ARF, Taxable Cash - guaranteed income of €12,700 p.a

Overview of the 5 Step Timeline

In Retirement

At Retirement

Before Retirement



Don't have an AVC?

A photograph of a middle-aged couple walking together outdoors. The woman on the left has short blonde hair and is wearing a grey coat and a patterned scarf, smiling broadly. The man on the right has grey hair and a beard, wearing a green herringbone jacket and a patterned scarf, also smiling. They are in a festive outdoor setting with blurred buildings and lights in the background.

A Lump Sum AVC may be for you!

What is a Lump Sum AVC?

It's a "Last Minute"/Single Premium contribution you can make to maximise your tax free lump sum at retirement!

Warning: The value of your investment may go down as well as up.

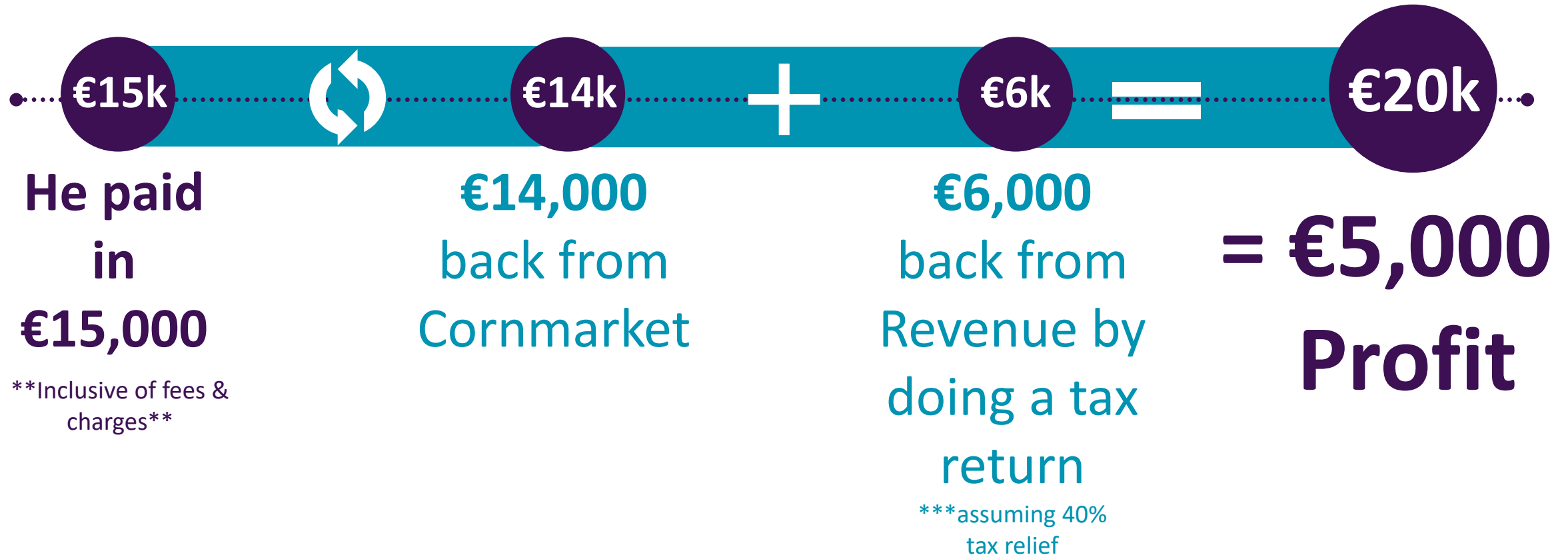
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Warning: If you invest in this product you may lose some or all of the money you invest.

Warning: If you invest in this product you will not have any access to your money until you receive your Superannuation Benefits.

Example*

John did a Lump Sum AVC



*Source Pensions Authority Pension Calculator, January 2021. Figures have been rounded to the nearest thousand **€595 fee plus 4% contribution charge. An annual management charge will also be applied by the insurance company. The typical charge is 1% per annum. The €595 fee only applies if you are not already a member of the AVC Scheme.



Reasons why you may need a Lump Sum AVC

- You are short service
- You have over 40 years' service
- You have non-pensionable earnings
- You have experienced a reduction in pay



Reduction in Pay in the last 10 years?

Step 1: Ask your employer
to fill out our form

Step 2: We use our
'dynamisation' calculator

Step 3: You find out if you're
due extra tax free cash!

To set up a Lump Sum AVC

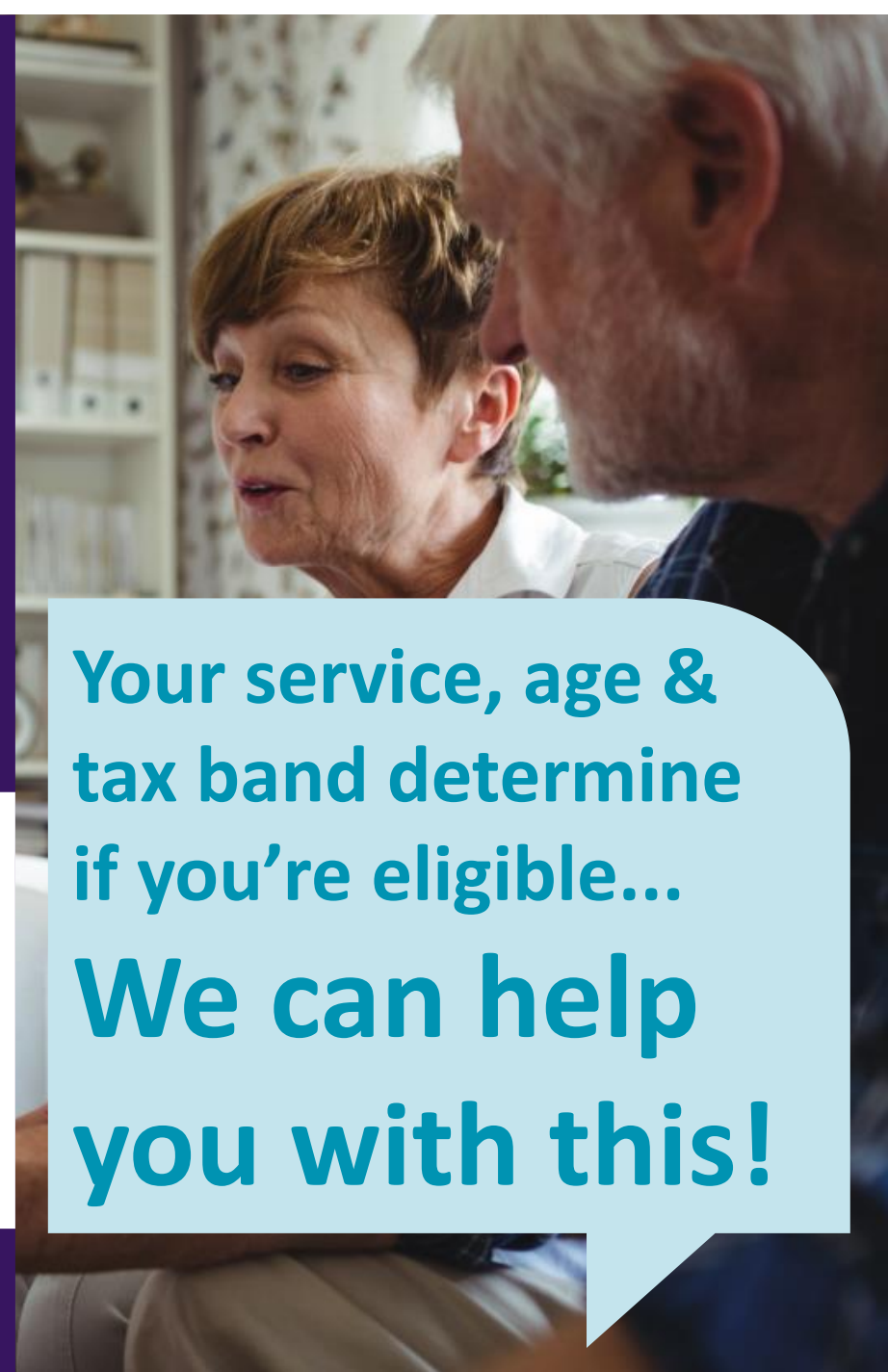
Meet with a Cornmarket expert **BEFORE** you retire



It takes approx. 6-8 weeks to set up a Lump Sum AVC

Your service, age & tax band determine if you're eligible...

We can help you with this!



A photograph of a family of four taking a selfie outdoors. An older man with a white beard is holding a smartphone. A young girl in a pink hat is sticking her tongue out. A woman is smiling, and an older woman is kissing her on the cheek. They are all wearing winter coats. The background shows trees and a blurred outdoor setting.

Retired Members' Life Cover Plan

**Get Life
Cover in
retirement!**

**Preferential
entry or
medical
questions**



Pension Planning is **COMPLEX** – LET US HELP

**Review your Pension
and Lump Sum**

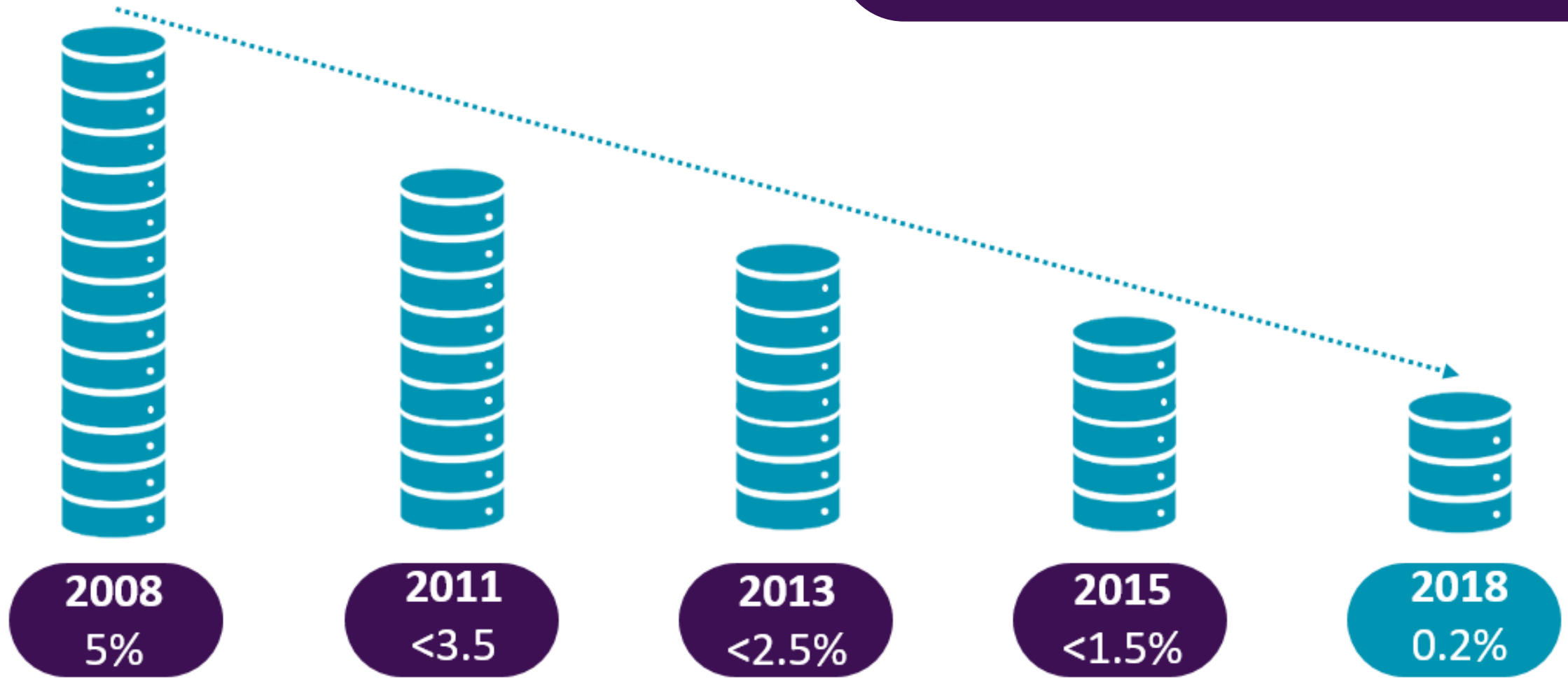
**Options on drawing
down your AVC**

Lump Sum AVC



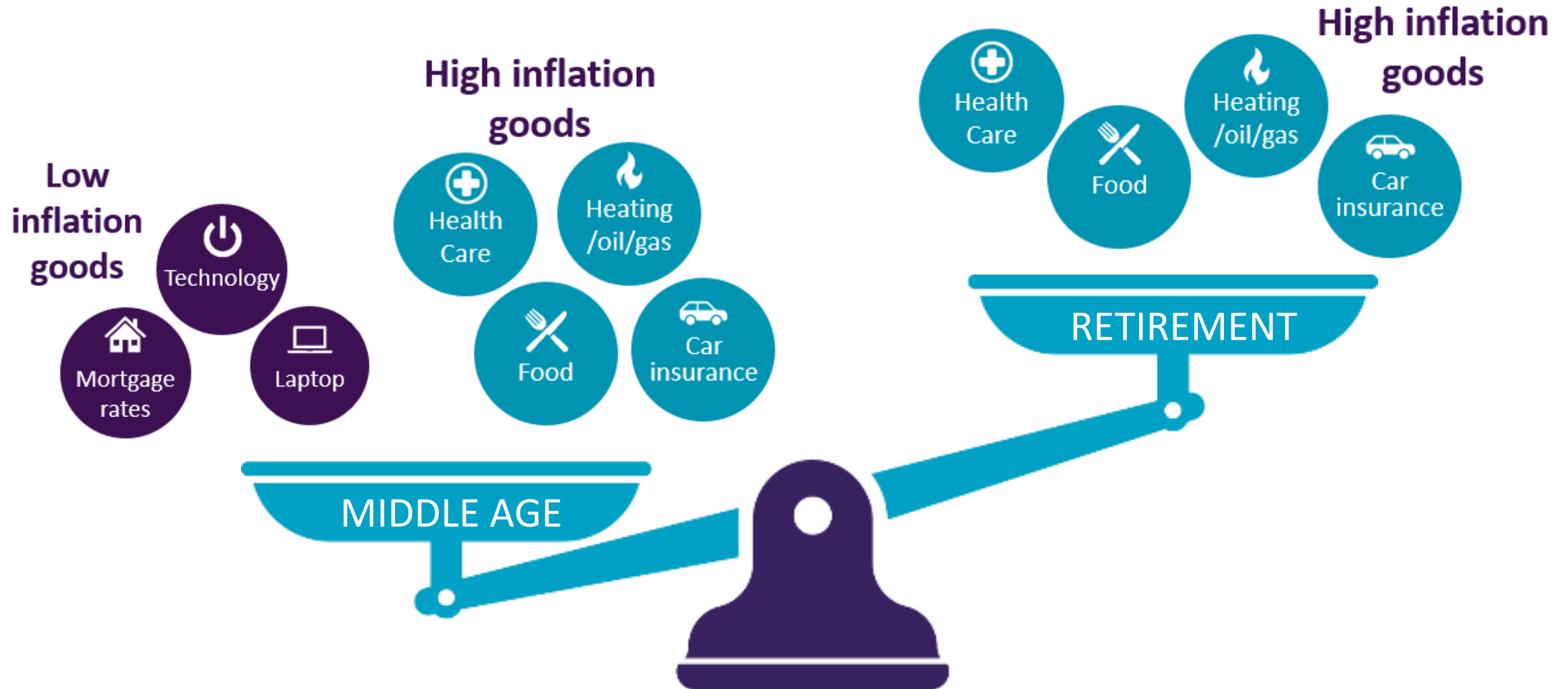
Make the most of your money in retirement

Falling interest rates



*Source: moneyguideireland.com, July 2019, *Historic Interest Rates on Savings in Ireland*

Inflation is based on a basket of goods



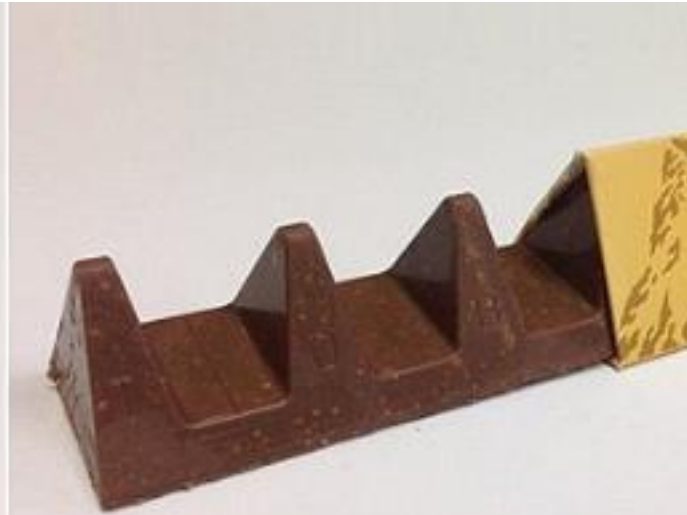
What do these have in common?



SHRINKFLATION!



OLD = 400g



NEW = 360g

Inflation over time

€100,000

€60,000

€48,000

1 YEAR

10 YEARS

15 YEARS

The value of
your money
goes down



The cost of
living is going
up

Will you have enough money for the retirement you want?

Average
retirement age

60*

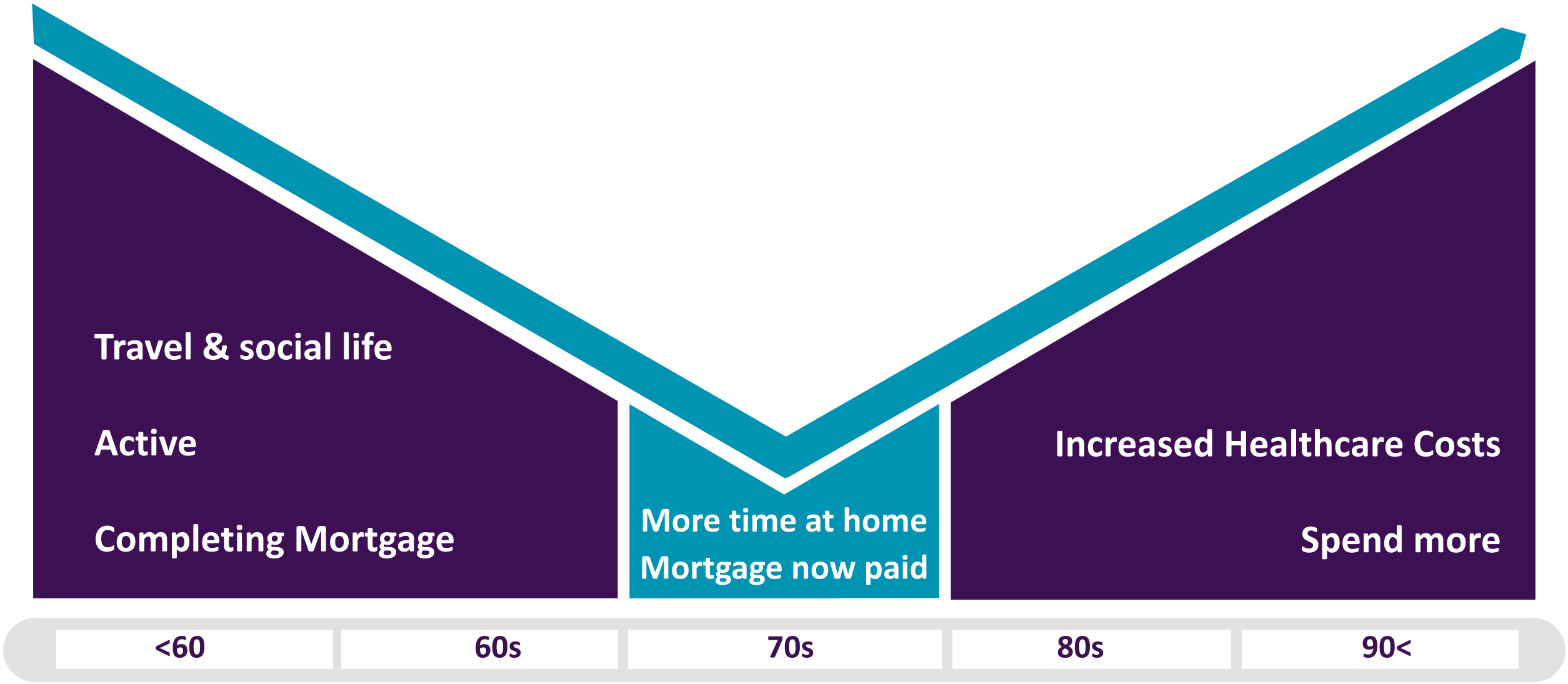
Life
expectancy

85**

NOT 10 YEARS IN RETIREMENT...

20-30 YEARS PLUS!

Need to plan for when your expenses go back up



Your money in retirement

Emergency
cash?

KNOWN

Lump Sum
Home
Holiday
Car

UNKNOWN

Healthcare
Inheritance
Family costs

Where should you keep your money?

Short

Less
than
1 year

Current account

Medium

1-5 years

**Post
Office**

**Credit
Union**

Bank

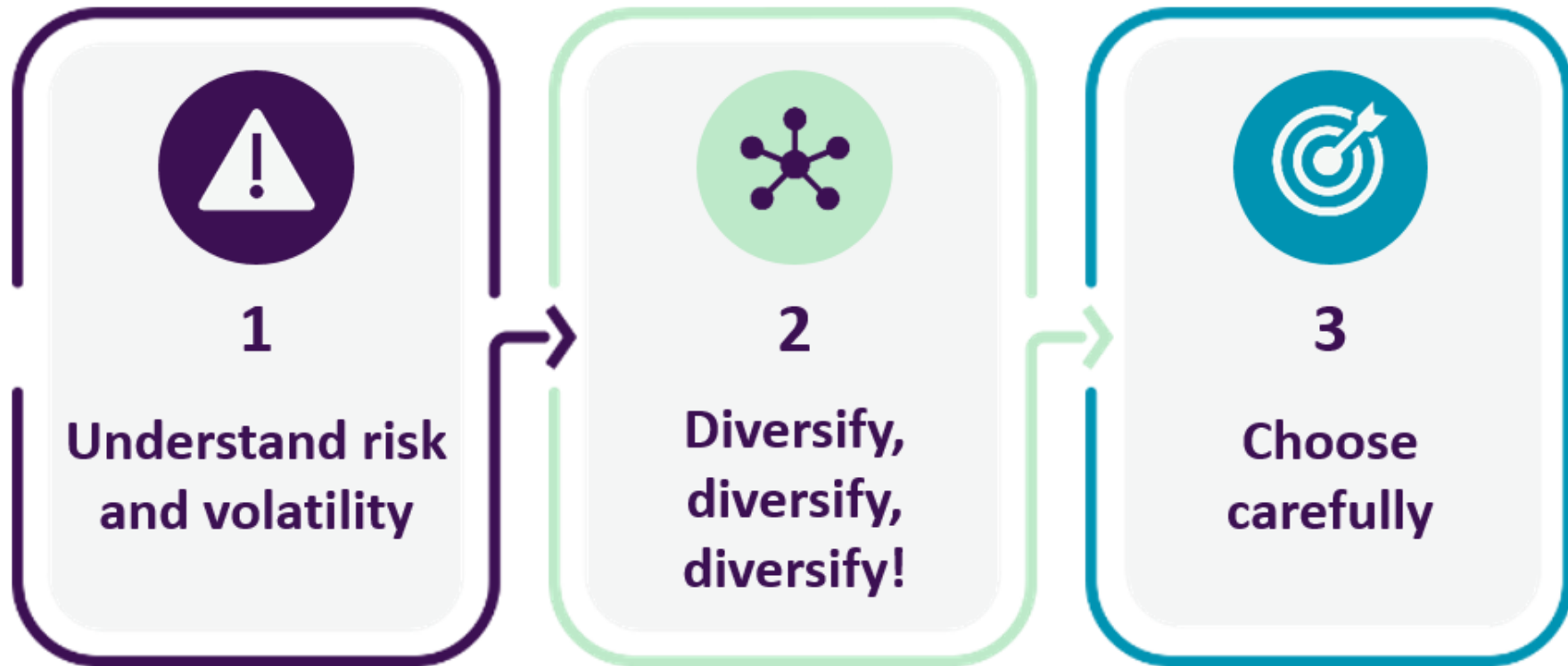
Long

5 years +

**Insurance
Company**

**Investment
Plan**

3 key points for long term Investing!



3 key points for long term Investing!



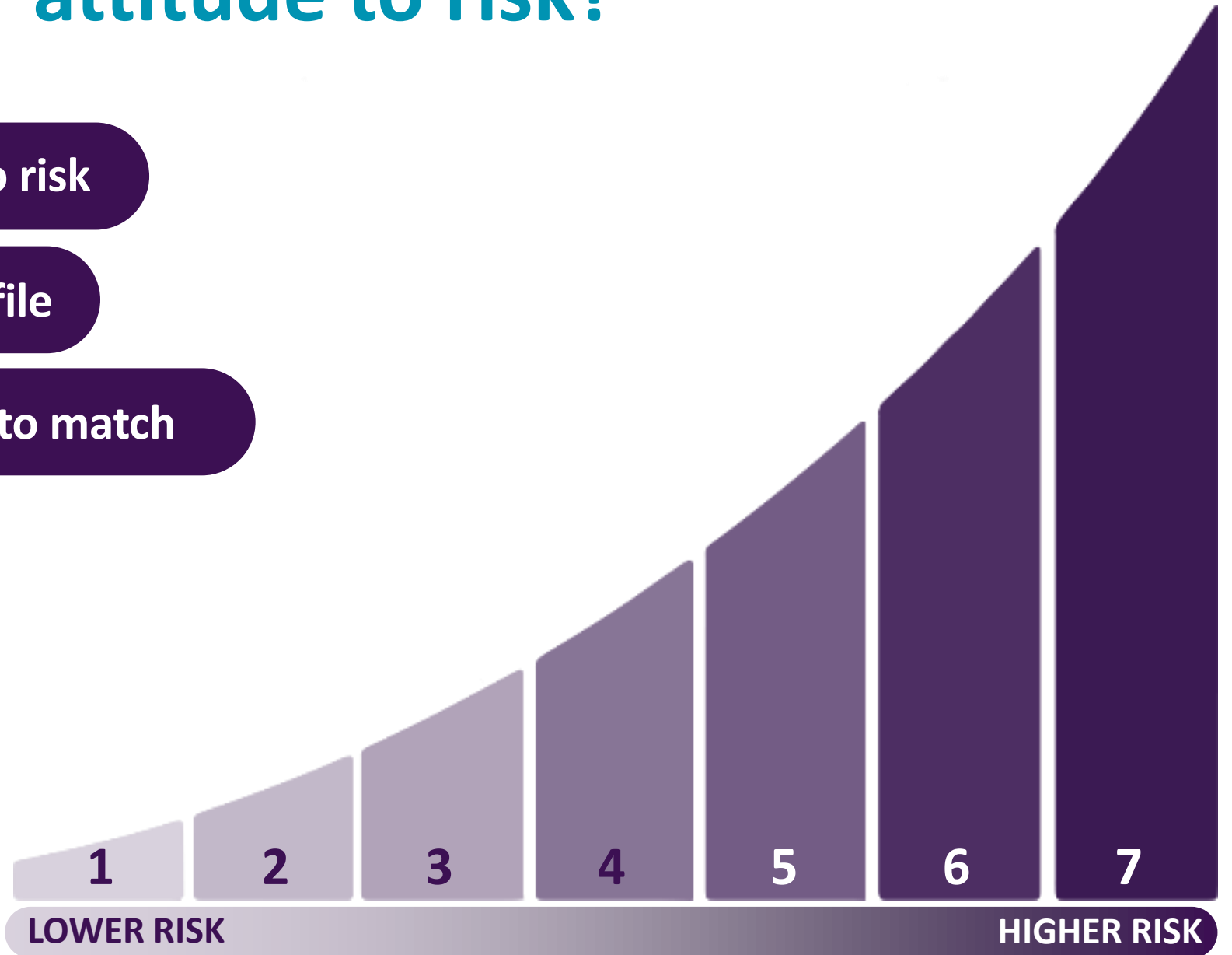
Do you know your attitude to risk?

Step 1: Identify your attitude to risk

Step 2: We create your risk profile

Step 3: We advise investments to match

Most of our retirement clients like cautious investments



Economic cycles 1993-2019*

Every 4.7 years
on average**

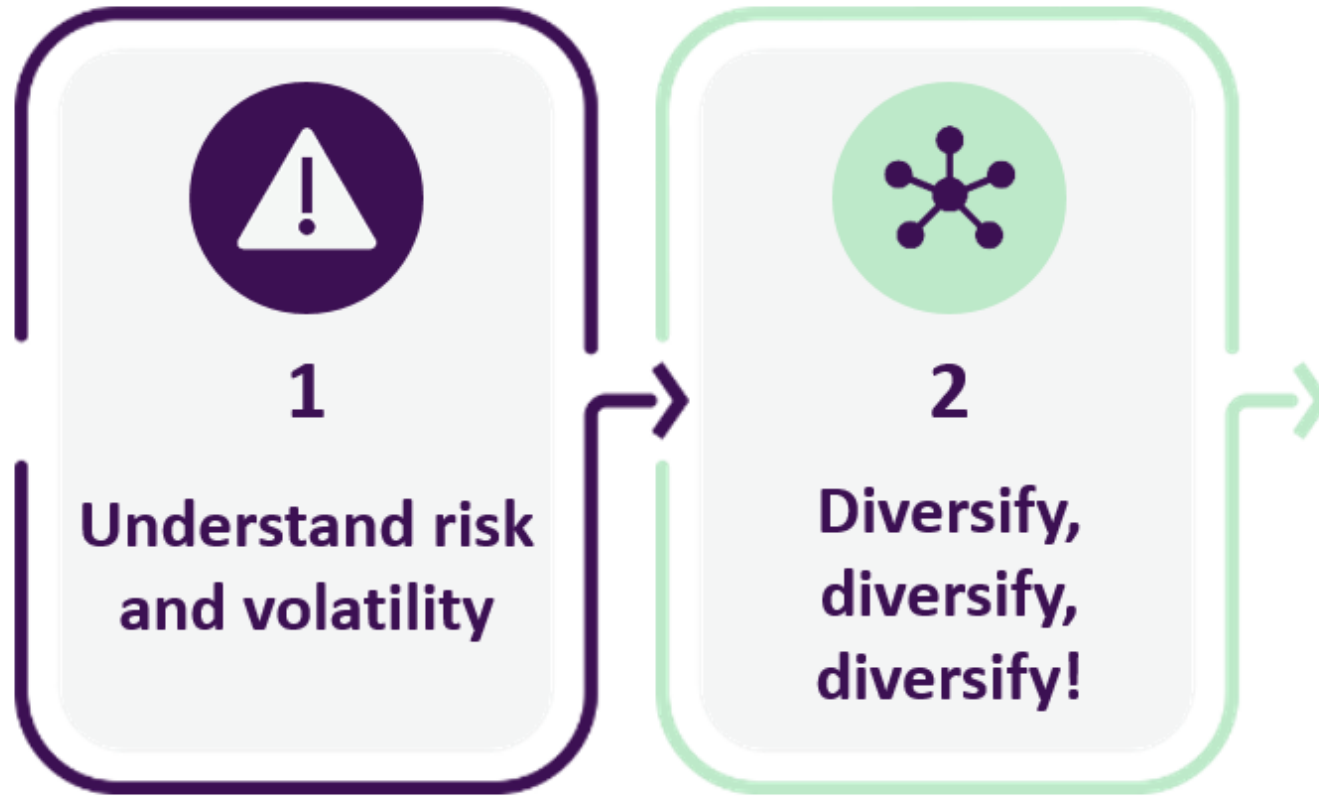
It's not about *timing*
the market, it's about
time in the market...



*Data as of 31 July 2019. Source: MSCI, Thomson Reuters Datastream via jpmorgan.com, accessed April, 2020.

**Source: Forbes.com, October 2018, accessed: April 2020.

3 key points for long term Investing!



Diversification maximises your chances of being right!



Country



Industry



Company



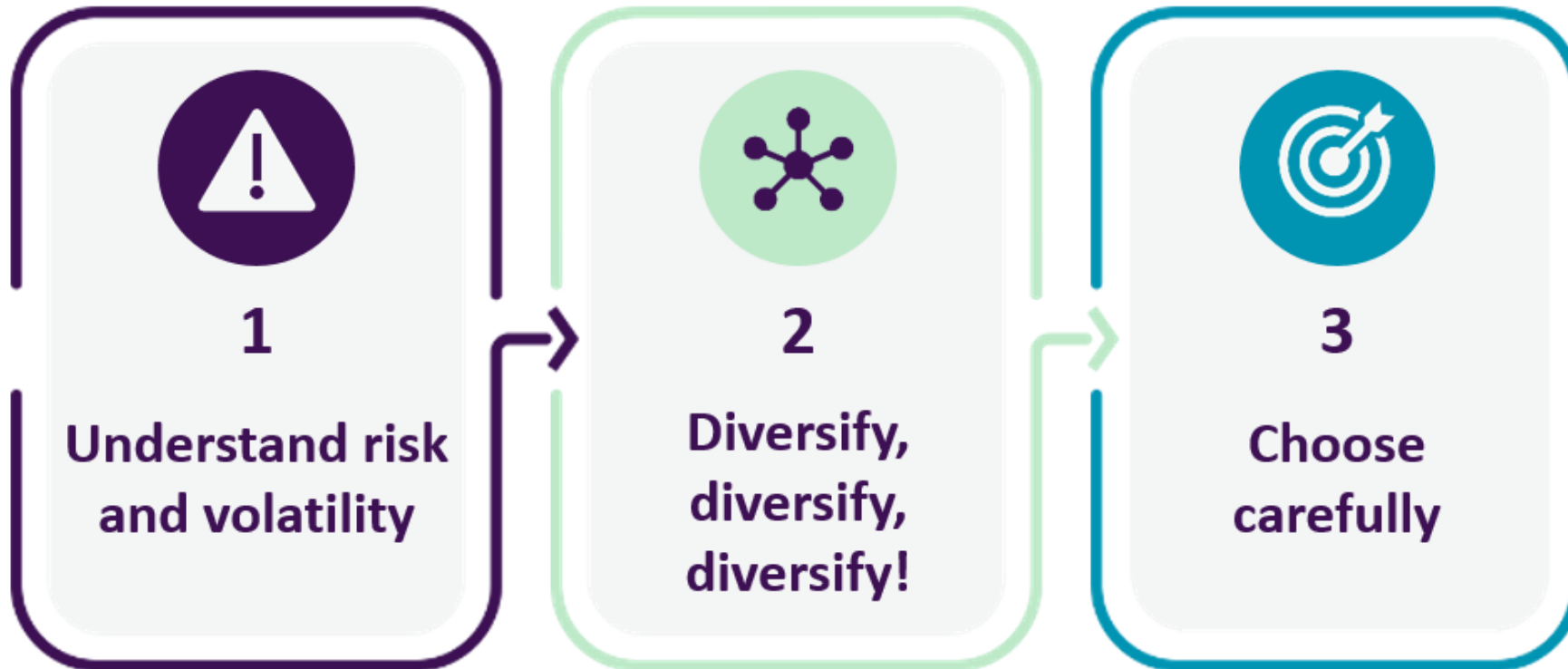
Fund
Manager



Asset
Class



3 key points for long term Investing!



Things to consider

1 Charges

AMC – Annual
Management Charge

Allocation Rates

2

Access to your money

Are there Exit Penalties?
Usually in the first 5 years

What suits you best?

3 Provider

Choose Carefully

Why Cornmarket?

An award winning broker

Range of assurer options



Why Cornmarket?

Our Investment Matrix Committee

Recommend funds

Review & monitors funds

Communicate key updates



This is unique
to
Cornmarket!

ESG – Where is your money invested?

Environmental

- Climate Change
- Natural Resources
- Pollution
- Waste

Social

- Human Capital
- Product Liability
- Stakeholder Opposition
- Social Opportunities

Governance

- Corporate Governance
- Corporate behaviour

Why Cornmarket?

Our working
relationship
with unions
& employers



Other Services



**Retired Members
Life Cover**



**Inheritance
Planning**



Savings



Car



Health



Home



Travel





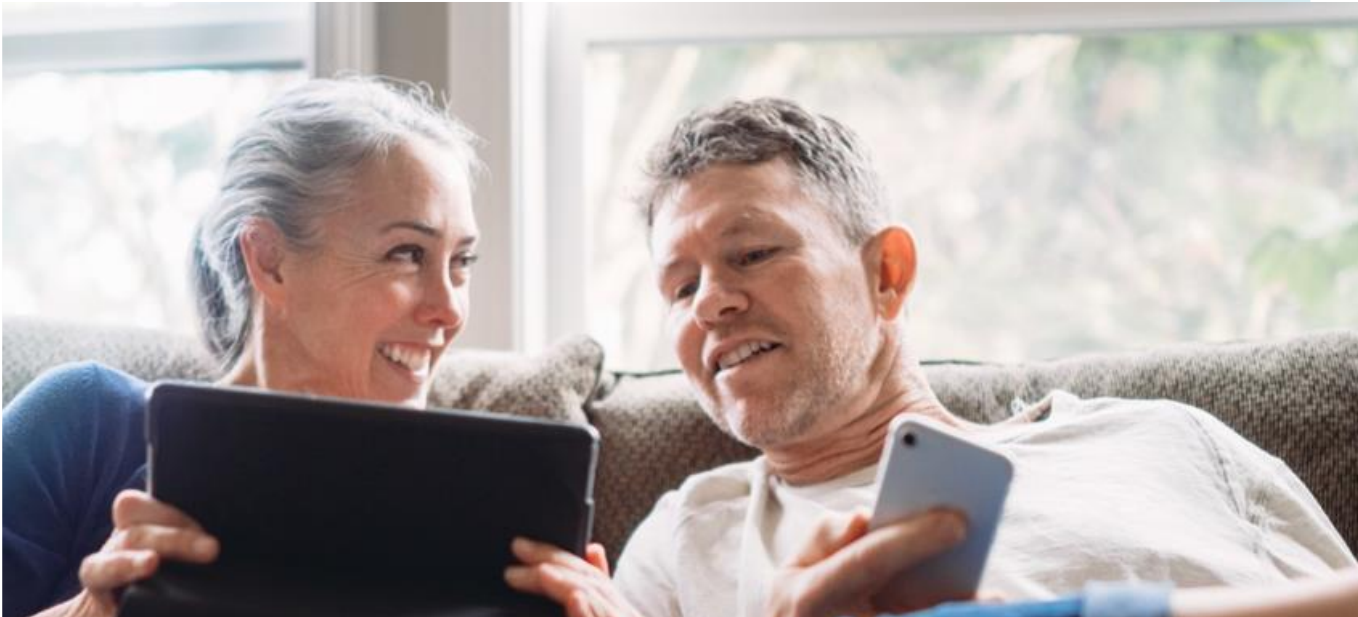
To sum up

Put a retirement plan in place

Don't lose to inflation - think long term

Meet with one of our experts!

Warning: The value of your investment may go down as well as up.



Thank you for watching

You will receive:

- A copy of our slides
- A recording of today's webinar

Book a FREE Retirement Planning appointment:

- ✓ Call **(01) 416 0228**
- ✓ or fill in our *'call me back'* form at **[Cornmarket.ie/retirement-planning-service](https://www.cornmarket.ie/retirement-planning-service)**

**Get
Retirement
Ready!**