

For financial advisers only

On the 5th and 6th December 2011, the Minister for Public Expenditure and Reform, Brendan Howlin and the Minister for Finance, Michael Noonan, unveiled this year's budgetary measures. We have captured all of the relevant changes below.

Revenue limits - unchanged

Fund thresholds (applicable to the value of funds on 7 December 2010)	
Standard Fund Threshold (SFT)	€2,300,000
Maximum pension lump sum	€575,000
of which the maximum tax free lump sum is (the remaining lump sum is taxable at the standard rate)	€200,000
Capitalisation factor for valuing defined benefits	20

Earnings for tax relief limits	
Earnings limit for 2011 and 2012	€115,000

Age related contribution limits	% of net relevant earnings
Under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60-75	40%

Maximum occupational contributions as a percentage of salary per annum				
Age	Retirement age 60		Retirement age 65	
	Male	Female	Male	Female
30	72%	67%	54%	49%
35	86%	80%	63%	58%
40	108%	100%	76%	69%
45	144%	133%	95%	86%
50	216%	200%	126%	115%

2011 product rules

Approved Retirement Fund regime	
Approved Minimum Retirement Fund requirements (Formula - weekly rate of State Pension (Contributory) x 52 x 10)	€119,800
Specified income test (Formula - weekly rate of State Pension (Contributory) x 52 x 1.5)	€18,000 pa
Imputed distribution rate for 2010 onwards	5%

ARF withdrawal			
Age	Income tax	PRSI	USC
To age 66	41%	4%	7%
66-69	41%	0%	7%
70+	41%	0%	4%

ARF - tax treatment on death		
Fund to	CAT	Income tax
Spouse's ARF	No	Yes [^]
Child under 21	Yes	No
Child over 21	No	20%
Others	Yes	Yes

PRSA - drawdown regime	
Maximum lump sum	25%
Minimum balance to be retained during drawdown (If client does not have specified income of €18,000 pa)	€119,800
Imputed distribution	Not applicable
Tax treatment of death benefits	Same as ARF

2012 product rules (changes highlighted)

Approved Retirement Fund regime	
Approved Minimum Retirement Fund requirements (Formula - weekly rate of State Pension (Contributory) x 52 x 10)	€119,800
Specified income test (Formula - weekly rate of State Pension (Contributory) x 52 x 1.5)	€18,000 pa
Imputed distribution rate for 2012 onwards	5% up to €2m 6% on values over €2m

ARF withdrawal			
Age	Income tax	PRSI	USC
To age 66	41%	4%	7%
66-69	41%	0%	7%
70+	41%	0%	4%

ARF - tax treatment on death		
Fund to	CAT	Income tax
Spouse's ARF	No	Yes [^]
Child under 21	Yes	No
Child over 21	No	30%
Others	Yes	Yes

PRSA - drawdown regime	
Maximum lump sum	25%
Minimum balance to be retained during drawdown (If client does not have specified income of €18,000 pa)	€119,800
Imputed distribution	5% up to €2m 6% on values over €2m**
Tax treatment of death benefits	Same as ARF

2012 tax rates unchanged from 2011

Standard rate of income tax		20%	
Higher rate of income tax		41%	
Bands		Tax credits	
Single	€32,800	Single	€1,650
Married - 1 income	€41,800	Married	€3,300
Married - 2 incomes	€65,600	PAYE employee	€1,650
PRSI			
Class M		0%	
Class S0		4%	
Class S1		4%	
Class S2		4%	
State Pension (Contributory)			
Personal rate		€230.30 per week	
Personal rate + qualifying adult under age 66		€383.80 per week	
Personal rate + qualifying adult over age 66		€436.60 per week	

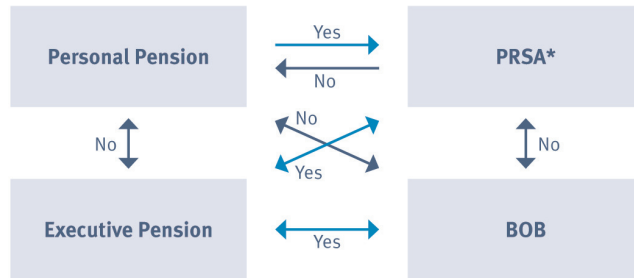
2012 tax rates changed from 2011

Universal Social Charge	2011	2012
Income up to €10,036	2%	0%
€10,036 to €16,016	4%	4%
Income over €16,016	7%	7%
DIRT	27%	30%
(on interest bearing accounts)		
Exit tax	30%	33%
(deducted every 8 years and from any withdrawal, surrender or death claim)		
Capital Gains Tax	25%	30%
(the first €1,270 of an individual's annual gain is exempt)		
Capital Acquisitions Tax	25%	30%
(the tax exempt thresholds range from €250,000 for gifts to children to €33,208 for gifts to relatives to €16,604 for gifts to anyone else)		

^Income tax is only payable on drawdown

** The value of all PRSA contracts must be taken into account.

Pension transfers



*PRSA transfer restrictions

Transfers from occupational to PRSAs can only be executed where:

- ▶ The individual has had less than 15 years qualifying service and
- ▶ The transfer is less than €10,000.

If the transfer value is over €10,000 then a 'certificate of benefits comparison' is required. Please contact the Pension Solutions team for details of where and how these can be obtained.

If the transferring scheme is being wound up, the requirement for a certificate is removed.

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