

# Funding after accessing benefits



## About Diarmuid

Diarmuid has been a director of an engineering firm for 29 years. He was 60 a few years ago and retired his pension benefits valued at €1,430,000, took a lump sum and availed of the ARF option. He has continued to work in the company and now wants to know if there's any further scope to add to a company pension. He also has a personal pension valued at €370,000.



## The calculations

|   |   |
|---|---|
| Diarmuid's final salary when he accessed his pension benefits at 60   | €60,000   |
| As he had more than 10 years service when he accessed his benefits, he was entitled to a pension of 2/3rds of his final salary                                | €40,000   |
| This means Diarmuid could have had a pension fund in excess of €2 million   | $€40,000 \div 1.5\%^* = €2,666,666$               |
| Taking into account his previous benefits and the maximum allowable pension fund of €2 million, the company can still make a pension contribution of €200,000 | $€2,000,000 - (€1,430,000 + €370,000) = €200,000$ |

\*Based on current open market annuity rates. Joint life, married, escalating at 3%, 5 year guarantee period.

## Outcome



- The company set up a new Executive Pension and made a pension contribution of €200,000
- The scheme was retired immediately in the same manner as his previous pension fund had been accessed

Laws and tax rules may change in the future. This information is based on our understanding of Revenue rules in November 2019.



## Benefits

### Diarmuid:

- Diarmuid can look forward to a better retirement, knowing that he has availed of the full retirement fund available to him through his years of service with his company

### The company:

- Tax efficient transfer of company money into personal ownership
- Pension contribution can be offset against corporation tax

### Adviser

- Max funding gives you another opportunity to provide your clients with real value. Your expertise can help customers build a better future
- You strengthen your relationship with your clients as both the company and Diarmuid benefit from the solution

## Technical Solutions Team

### Do you have customers that would benefit from this opportunity?

The Technical Solutions team are available for all your queries on extracting cash from companies and turning it into personal wealth through company pension contributions. Talk to them about personalised solutions for your clients.

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