

Funding after age 70

About Jane



Jane, although not a director, has been an integral part of a successful business dealing with high net worth clients for many years. She's now aged 72 and still working for the company. When she was 65 she retired her pension benefits valued at €275,000, took a lump sum and availed of the ARF option. The company is now being sold and the directors want to acknowledge her service to the company by making an additional pension contribution of €800,000. Jane has no other pension benefits.

The calculations



Jane's final salary when she accessed her pension benefits at 65	€85,000
As she had more than 10 years service when she accessed her benefits, she was entitled to a pension of 2/3 of her final salary	€56,667
This meant Jane could have had a pension fund in excess of €2 million	$€56,667 \div 2.2\%^* = €2,575,773$
Taking into account Jane's previous benefits and the maximum allowable pension fund of €2 million, the company was able to make a contribution of €800,000 as there was plenty of scope to do so.	$€2,000,000 - €275,000 = €1,725,000$

*Based on current open market annuity rates. Joint life, married, increasing at 3%, guaranteed period 5 years.

Outcome



- The company set up an Executive Pension for Jane and paid a contribution of €800,000.
- The scheme was retired immediately and €800,000 was transferred to Jane's ARF.
- No further lump sum can be taken as Jane took one at age 65.

Laws and tax rules may change in the future. This information is based on our understanding of Revenue rules in November 2018.



Benefits

Jane:

- Jane's retirement is secure and she is rewarded for her years of service.

The company:

- 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.
- Jane has become a valuable new client.
- You've a stronger relationship with your existing client, the company.

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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