

Funding after age 70

About Keith



Keith retired at age 70 from a manufacturing company. He worked there for over 10 years and in that time was a key contributor to the company's success. He worked hard, did a lot for his company but never really gave much thought to saving for his retirement. Now age 74, Keith's former employer wants to reward him for his help in making the business so successful. The company has surplus cash in the company accounts and want to make a pension contribution of €120,000 for past service. Keith is not married and his only other pension benefit is a PRSA valued at €14,000.

The calculations



Keith's final salary at age 70	€42,000
As he had more than 10 years service at age 70, he was entitled to a pension of 2/3 of his final salary	€28,000
This means Keith could have had a pension fund of €636,363	$€28,000 \div 4.4\%^* = €636,363$
Taking into account his existing PRSA, the company can make a contribution of €120,000 to an Executive Pension	$€636,363 - €14,000 = €622,363$

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

Outcome



- The company set up an Executive Pension for Keith and made a contribution of €120,000.
- The scheme was retired immediately and Keith was able to take a **tax free lump sum** because he never accessed benefits relating to this employment.
- Keith's pension pot has been increased giving him a greater income in retirement.

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



Benefits

Keith:

- Keith is rewarded for his years of service and can look forward to a more financially comfortable retirement.

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.
- You've gained a new client.

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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