A GUIDE TO YOUR PENSION SCHEME

Your pension scheme is one of the most important and valuable benefits the Company offers you.
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1. INTRODUCTION

Welcome to the First Active Pension Scheme

As a Non-Contributory member of the Scheme you and your family will be entitled to:

- a pension when you retire;
- a cash sum on your retirement (optional);
- Dependants’ pensions on your death in service or after retirement;
- a lump sum on your death in service.

The opportunity also exists for you to pay voluntary contributions to build up higher benefits.

All of the benefits payable under the Scheme are in addition to your entitlements under the State Scheme.

The Scheme is designed to accommodate permanent employees during periods of part-time working. Contributions and benefits are calculated on a pro-rata basis.

This handbook explains in simple terms the basic features of the Scheme. However it is only a guide and the formal Trust Deed and Rules, which govern the Scheme, will always prevail in the event of any special or complex situations arising.

The Scheme is considered a defined benefit scheme for the purpose of the Pensions Act, 1990.

How the Scheme is run

The Scheme is set up as a trust. This means that its assets are completely separate from First Active and may only be used to provide benefits for the Scheme’s members.

The Trustees include Company appointees and Trustees elected by the members. Each trustee has a duty to act in the best interest of Scheme members.

The Trustees are assisted in carrying out their responsibilities to members by independent professional advisers including the actuary, auditor, solicitor and investment manager.

The Scheme is designed to ensure that, at all times, it qualifies as an exempt approved pension scheme under Chapter 1, Part 30 of the Taxes Consolidation Act 1997.

The Scheme is a defined benefit scheme; this means that your pension will be based on your service and earnings leading up to the time you commence to receive benefit from the Scheme. All of the retirement benefits are funded and contributions are made in line with the recommendations of the Scheme’s actuary. Accounts are audited annually. Bank of Ireland Asset Management Limited was appointed as the new investment manager in March 2003. The death in service benefits are arranged through an insurance policy.

You can receive further information relating to the Scheme by contacting Mary Mullen, Scheme Secretary, at:

First Active plc, First Active House, Central Park, Leopardstown, Dublin 18
KEY DEFINING TERMS

**Company**
The First Active plc and such Subsidiaries and Associated Companies as are admitted to the Scheme.

**Normal Pension Date**
The last day of the month in which your 65th birthday occurs.

**Salary**
Annual basic salary on 1 January each year (converted to its full-time equivalent if you are a part-time employee) excluding bonuses, commission, overtime and any other fluctuating emoluments.

**Final Pensionable Salary**
*Salary* averaged over the last 3 years immediately prior to the date of your retirement or leaving service, excluding your *Salary* at 1 January immediately preceding your *Normal Pension date*.

**Pensionable Service**
Complete years (and months) of full time Scheme membership. Periods of part time Scheme membership will be included on a pro-rata basis.

**Spouse**
The person who at your death was your legal wife or husband and to whom you were married at the date of your retirement or leaving service.

The Trustees have discretion to direct payment of part or all of the spouse benefits payable under the Scheme to another financial dependant if you are separated from your spouse or if you do not leave a spouse.

**Qualifying Child**
A child who is under the age of 18.

**Qualifying Service**
Your period of service as a member of this Scheme plus any period of pensionable service in a previous employer’s pension scheme from which a transfer value has been paid to this Scheme.
2. MEMBERSHIP REQUIREMENTS

Is proof of Age and Marital Status required?
Yes. No pension or death benefit will be paid until satisfactory evidence of age and marital status has been produced. In addition it will be necessary to advise the Pension Administrator if a change occurs in your marital status.

Is evidence of health required?
In most circumstances, no. In the case of the death in service benefits the insurance company does, however, have certain medical requirements that need to be satisfied. You will be notified of any such requirements or restrictions imposed by the insurance company.

May I transfer benefit from a previous scheme?
Yes, your previous scheme will inform you of the transfer value that is available and the Pension Administrator will then advise you of the extra benefits it would secure for you in the Scheme.

How much do I contribute?
You are not required to make any contribution towards the cost of providing your benefits.

How much does the Company contribute?
The Company meets the full cost of providing the benefits payable for Non-Contributory Members and the expenses of managing the Scheme.

May I pay Additional Voluntary Contributions (AVCs)?
Yes, you may also pay voluntary contributions under the Scheme to secure extra benefits at retirement.

3. BENEFITS ON RETIREMENT

When do I normally retire?
At your Normal Pension Date – see Key Defining Terms.

How much will my pension then be?
If you have been a full-time employee throughout your period of membership, your annual pension will be calculated using the following formula:

\[ \frac{2}{3} \times \text{Final Pensionable Salary} \]

If you have had periods of part-time employment with First Active, the above pension will be reduced by the ratio of your actual Pensionable Service to the Pensionable Service you would have completed if you had remained in full-time employment throughout your period of membership.

Examples of pension calculations are set out in Normal Retirement Pension and Lump Sum Examples.

Your pension will be payable for life, in addition to any State pension to which you may be entitled.

Please note that your pension may be restricted in order to comply with Revenue limits if you have completed less than ten years service at Normal Pension date or if you have retained pension benefits from a previous employer or periods of self-employment.

May I retire early?
You may retire early with the consent of the Company after attaining age 50. You may also choose to retire once you have reached age 60 and completed 40 years of Pensionable Service.
How much is the early retirement pension?

Your pension will be calculated as shown overleaf, but will then be reduced by:

- the ratio of your completed Pensionable Service to the Pensionable Service you would have completed if you had remained in service to Normal Pension Date; and

- an early retirement reduction to allow for the longer period during which it will be paid to you.

In considering the possibility of early retirement you should keep in mind that the State Retirement Pension is not payable until age 65.

When I retire may I exchange part of my pension for a lump sum?

You may exchange part of your personal pension for a cash sum, which is tax free under current legislation.

The Revenue will always permit the payment of a minimum lump sum of 3/80ths × your Salary for each year of your Pensionable Service.

The maximum cash sum, which can be paid at Normal Pension Date, will be approximate to 1.5 times your Salary provided you have completed at least 20 years of Pensionable Service.

An exchange of personal pension for a lump sum will not affect the level of dependants’ pensions payable on your death after retirement.

Examples of lump sum calculations are included in Normal Retirement Pension and Lump Sum Examples.

Other options available on retirement

You may give up part of your pension to provide an additional pension for your Spouse or other dependant, commencing on your death (in addition to the pension described in the Benefits on Death After Retirement section).

If you have paid AVCs, you will have additional options in relation to your accumulated AVC fund. These options are outlined in the Membership Requirements section.
4. BENEFITS ON DEATH AFTER RETIREMENT

What pension benefits are payable on death after retirement?

Pensions are paid to a surviving Spouse or to your Children.

How much is the spouse’s pension?

The annual amount of the Spouse’s pension is equal to 2/3rd of the annual pension you were entitled to on your retirement date, adjusted to take into account any increases granted on your pension but ignoring any pension exchanged for a lump sum or to secure a dependant’s pension as described in the Benefits on Retirement section.

The Spouse’s pension will commence immediately on your death and is payable for life.

If your Spouse is significantly younger than you, the Spouse’s pension may be reduced as advised by the actuary to make allowance for the expected longer duration of payment.

If your Spouse subsequently dies leaving Qualifying Children, the Spouse’s pension will continue for as long as there remains at least one Qualifying Child.

The Spouse’s pension will also be payable to your Qualifying Children if you have no Qualifying Spouse at your date of death.

Example of Spouse’s Pension calculations are set out in the Death After Retirement Examples.

Is a lump sum payable?

If you die within 5 years of retirement, the balance of the instalments of your pension for the remainder of the 5 year period will be paid in the form of a lump sum to your estate.
5. BENEFITS ON DEATH IN SERVICE

What benefits are payable on death in service?

- A lump sum.
- A pension to your Spouse or Qualifying Children.

How much is the lump sum?
The lump sum payable is four times your Salary.

Examples of lump sum payments are set out in Death in the Service Example.

To whom is the lump sum payable?
The Trustees have discretion to pay the lump sum to your Spouse, to certain relatives, to a dependant, to your personal representatives or to a person nominated by you. The Trustees can best exercise this discretion if they know your wishes. Accordingly you are advised to complete the Expression of Wish Form when you join the Scheme and to keep it up to date.

How much is the Spouse’s pension?
The annual amount of the Spouse’s pension is equal to 2/3rd of the annual pension you would have received had you remained in service until your Normal Pension Date with no change in your Pensionable Salary and no change in the number of hours you were working.

The Spouse’s pension will commence immediately on your death and is payable for life.

If your Spouse is significantly younger than you, the Spouse’s pension may be reduced as advised by the actuary to make allowance for the expected longer duration of payment.

The Spouse’s pension will also be payable to your Qualifying Children if you have no Qualifying Spouse at your date of death.

Examples of Spouse’s Pension calculations are set out in the Death in Service Examples.
6. BENEFITS ON LEAVING SERVICE

What benefits are available if I leave service?

If you have completed two years of Qualifying Service (see Key Defining Terms) you have the following options:-

• to receive a deferred pension payable from Normal Pension Date calculated as in the Benefits on Retirement section but based on your Pensionable Service and Final Pensionable Salary at the date of leaving service

or

• to have the actuarial value of the deferred pension transferred to a new employer’s scheme or to a qualifying pension policy with a life assurance company (called a Personal Retirement Bond).

If you have completed less than two years of Qualifying Service you will not be entitled to any benefit other than in respect of any AVCs you have been paying under the Scheme.

Will the deferred pension increase before payment commences?

Yes. Your deferred pension will be increased each year by 4% or by the increase in the Consumer Price Index if less.

What happens if I die before normal retirement date while entitled to a deferred pension?

A lump sum will be payable, equal to the value of your deferred pension entitlement.
7. OTHER THINGS YOU SHOULD KNOW

Pension increases
All pensions in payment will be increased each year by the percentage increase in the Consumer Price Index over the previous 12 month period, subject to a limit of 5%. Pension increases are applied at 1 January each year.

Assignment of benefits
You may not assign or otherwise dispose of your benefits under the Scheme.

Revenue Commissioners’ limits
There are certain maximum levels of benefit that may be provided under the Scheme in order that it can be approved by the Revenue Commissioners. If you are affected, you will be notified accordingly.

Amendments to Scheme Rules
The principal employer (First Active plc) has the power to amend the Trust Deed and Rules of the Scheme subject to the consent of the Trustees.

Payment of pensions
Pensions are paid in much the same way as pay. They are paid by monthly instalments in advance directly to a bank account. Pension payments are regarded as ‘earned income’ for tax purposes and thus tax and other statutory levies will be deducted from your pension and those of your dependants under normal PAYE procedures.

Pensions Board
The Scheme has been registered with the Pensions Board. Its registration number is PB 27001.

Judicial Separation / Divorce
In the event of judicial separation or divorce an application to the Court for a pension adjustment order in respect of the retirement or death benefit payable to or in respect of a married member may be made by his/her spouse. Further information about the operation and impact of pension adjustment orders may be obtained from the Pensions Board (Verschoyle House, 28-30 Lower Mount Street, Dublin 2, tel.: 613 1900). Where a pension adjustment order has been granted, the benefits under the Scheme will be allocated in accordance with the Court’s directive to the Trustees.
Pension Levy

What is the background to the pensions levy?
The Government introduced a temporary stamp duty levy on the assets of pension schemes in 2011. The levy amounted to 0.6% of the value of assets in each of the years from 2011 to 2014 (inclusive). The Trustees are legally obliged to arrange payment to the Revenue before 25 September each year. The Finance Act in 2013 increased the 2014 levy amount due from 0.6% to 0.75% and introduced a further levy in 2015 of 0.15%.

What assets does the pensions levy apply to?
The levy applies to all assets held and all private pension arrangements in Ireland have been impacted.

How does the Trustee make a decision on the levy?
There is a statutory mechanism under the legislation which allows Trustees to pass the levy on to members. The legislation does not oblige them to do this and the Trustee needs to make a decision on the passing on of each year’s levy. They will seek actuarial and legal advice before making any decision. It is not a decision that the Trustee takes lightly and as part of this decision they also consider the Trust Deed and Rules, the financial position of the Bank as well as the future funding of the Scheme.
How is the levy calculated?
For defined contribution assets, the levy reduction is 0.6% of the assets as at 30 June for 2011, 2012 and 2013, 0.75% for 2014 and 0.15% for 2015.

For defined benefit arrangements, the levy reduction in benefits may be lower than the respective 0.6%, 0.75% or 0.15% if a Scheme is in deficit (but cannot be higher). Where a reduction is applied, the Actuary will calculate the reduction percentage by allocating the assets uniformly across the membership category using the ongoing funding approach.

How is this administered and show on my benefit statement?
For active members the reduction is expressed as a percentage of Full Time Pensionable Salary and will be shown on their benefit statement. For deferred and current pensioners, an upfront reduction to the deferred pension and pension is made. A recovery of overpayments may need to be made in the case of pension payments if there is a delay between the levy deduction from the assets and the decision to pass on the levy to members.

Is anybody exempt from the levy reduction?
In some very limited circumstances, there are some benefits which cannot be reduced as a result of the pension levy as a result of the wording of the legislation. This includes spouse’s pensions in payment, ex spouse benefits under a Pension Adjustment Order and children’s pensions in payment.
8. NORMAL RETIREMENT PENSION AND LUMP SUM EXAMPLES

**Full-Time Employee**

You retire at age 65. Your Salary at retirement is €27,000. Your *Final Pensionable Salary* is €26,000.

**Pension**

Your personal pension is:

\[€26,000 \times \frac{2}{3} = €17,333 \text{ per annum}\]

**Lump Sum**

Your tax-free lump sum could be as high as:

\[€27,000 \times 1.5 = €40,500\]

If the rate of exchange that applies to you is €9 lump sum per €1 pension you would need to give up:

\[€40,500 \div 9 = €4,500 \text{ per annum of your personal pension.}\]

Your residual personal pension would then be:

\[€17,333 - €4,500 = €12,833 \text{ per annum.}\]

**Part-Time Employee**

You retire at age 65 having completed 32 years membership of the Scheme and you are working 21 hours per week.

Your Salary at retirement is €16,200

Your equivalent full-time Salary is €16,200 \(\times \frac{35}{21} = €27,000\)

Your *Final Pensionable Salary* is €26,000.

Your employment history is as follows:

8 years full-time = 8 years
14 years at 15 hours per week = 6 years \(14 \times \frac{15}{35}\)
10 years at 21 hours per week = 6 years \(10 \times \frac{21}{35}\)
Total *Pensionable Service* = 20 years

As you will have completed 20 years *Pensionable Service* out of a total of 32 years membership of the Scheme, your 2/3\(^{rd}\)s pension will be reduced by the ratio 20/32.

**Pension**

Your personal pension is:

\[€26,000 \times \frac{2}{3} \times \frac{20}{32} = €10,833 \text{ per annum.}\]

**Lump Sum**

Your tax-free lump sum could be as high as:

\[€16,200 \times 1.5 = €24,300\]

If the rate of exchange that applies to you is €9 lump sum per €1 pension you would need to give up:

\[€24,300 \div 9 = €2,700 \text{ per annum of your personal pension.}\]

Your residual personal pension would then be:

\[€10,833 - €2,700 = €8,133 \text{ per annum.}\]
9. DEATH AFTER RETIREMENT EXAMPLES

Full-Time Employee
As in Normal Retirement Pension and Lump Sum Examples your personal pension at retirement was €17,333 per annum and with subsequent increases had risen to €19,800 per annum before your death.

Spouse’s Pension
The Spouse’s pension payable would be:

\[ €19,800 \times \frac{2}{3} = €13,200 \text{ per annum} \]

even if you had exchanged part of your pension for a lump sum as described in Normal Retirement Pension and Lump Sum Examples.

Part-Time Employee
As in Normal Retirement Pension and Lump Sum Examples pension at retirement was €10,833 per annum and with subsequent increases had risen to €12,600 per annum before your death.

Spouse’s Pension
The Spouse’s pension payable would be:

\[ €12,600 \times \frac{2}{3} = €8,400 \text{ per annum} \]

even if you had exchanged part of your pension for a lump sum as described in Normal Retirement Pension and Lump Sum Examples.
10. DEATH IN SERVICE EXAMPLES

**Full-Time Employee**

Your Salary at the date of your death is €27,000.

**Lump Sum**
The lump sum payable would be:

\[ €27,000 \times 4 = €108,000. \]

**Spouse’s Pension**
The Spouse’s pension would be calculated as:

\[ €27,000 \times \frac{2}{3} \times \frac{2}{3} = €12,000 \text{ per annum.} \]

**Part-Time Employee**

Your Salary at the date of your death is €16,200 and you are working 21 hours per week. Your equivalent full-time Salary is

\[ €16,200 \times \frac{35}{21} = €27,000 \]

You joined at age 33 and your age at death is 55 having completed 14 years of Pensionable Service (including periods of part-time service on pro-rata basis). Remaining Pensionable Service to Normal Pension Date is \[ 10 \times \frac{35}{21} = 6 \]

As you would have completed 20 years Pensionable Service by Normal Pension Date out of a total of 32 years membership of the Scheme, your \( \frac{2}{3} \text{rds} \) pension would be reduced by the ratio \( 20/32 \).

**Lump Sum**
The lump sum payable would be:

\[ €16,200 \times 4 = €64,800. \]

**Spouse’s Pension**
The Spouse’s pension would be calculated as:

\[ €27,000 \times \frac{2}{3} \times \frac{20}{32} \times \frac{2}{3} = €7,500 \text{ per annum.} \]
11. FURTHER INFORMATION

Further information about the Scheme and your benefits can be obtained from Pension Services who can be contacted as detailed below:

Pension Services
Depot Number 190
The Royal Bank of Scotland Group
City Link House
4 Addiscombe Road
Croydon, CR9 5PB
United Kingdom

**Helpline:** 1 800 245 971

**Fax:** +44 20 8256 3081

**Email:** firstactivepensions@rbs.co.uk