



QUESTIONS & ANSWERS

Incentivised Scheme for Early Retirement (ISER)

Impact on Additional Voluntary Contributions (AVCs)

Frequently Asked Questions	
What scope remains for paying Additional Voluntary Contributions (AVCs) for members who remain employed in the public sector?	Current age related tax relief limits apply and normal pension date is used when calculating scope available.
In respect of AVCs how do I calculate maximum benefits allowable at retirement?	Calculations are based on existing 'early retirement' rules so key considerations are length of service and final remuneration. Additional information is contained in the Revenue Pensions Manual, Chapter 9.
When can any tax-free lump sum entitlement related to AVCs be paid?	Unlike the superannuation tax-free lump sum – the majority of which is paid at normal retirement age – the AVC lump sum is paid at point of retirement subject to usual Revenue limits.
What options do I have at retirement for funds which are not payable as a tax free lump sum?	At retirement they can be: <ul style="list-style-type: none"> ■ used to purchase additional pension ■ transferred to an AMRF* or ARF* ■ paid as a taxed payment ■ used to secure additional benefits related to added years / notional service pension

*AMRF: Approved Minimum Retirement Fund *ARF: Approved Retirement Fund

PSEU ISER Example

Mary, age 53 and retiring from Department of Social and Family Affairs in 2009 with 23 years' service, has a current salary of €45,000 per annum. The revenue limit for tax free cash in this case is €51,750.

Mary's actual gratuity from the State will be €38,812, of which she will get 10% – or €3,881 – on retirement, and the balance of €34,931 at her earliest normal retirement date of her 60th birthday. Therefore she has scope to invest €12,938 in a Last Minute AVC.

As she is on the higher rate of tax and the B1 rate of PRSI, Mary invests €12,938 and receives an income tax and PRSI rebate of €5,679.

Summary

Invests	€12,938
Plus tax and PRSI relief	€5,679
Less set up fees @5%	€647
Net Gain	€5,032

Contact Marsh today for more information, including the benefits of Last Minute AVCs

Freephone **1800 781 783** visit www.marsh.ie/future
or email vgs.team@mmc.com

Warning: The value of your investment may go down as well as up.