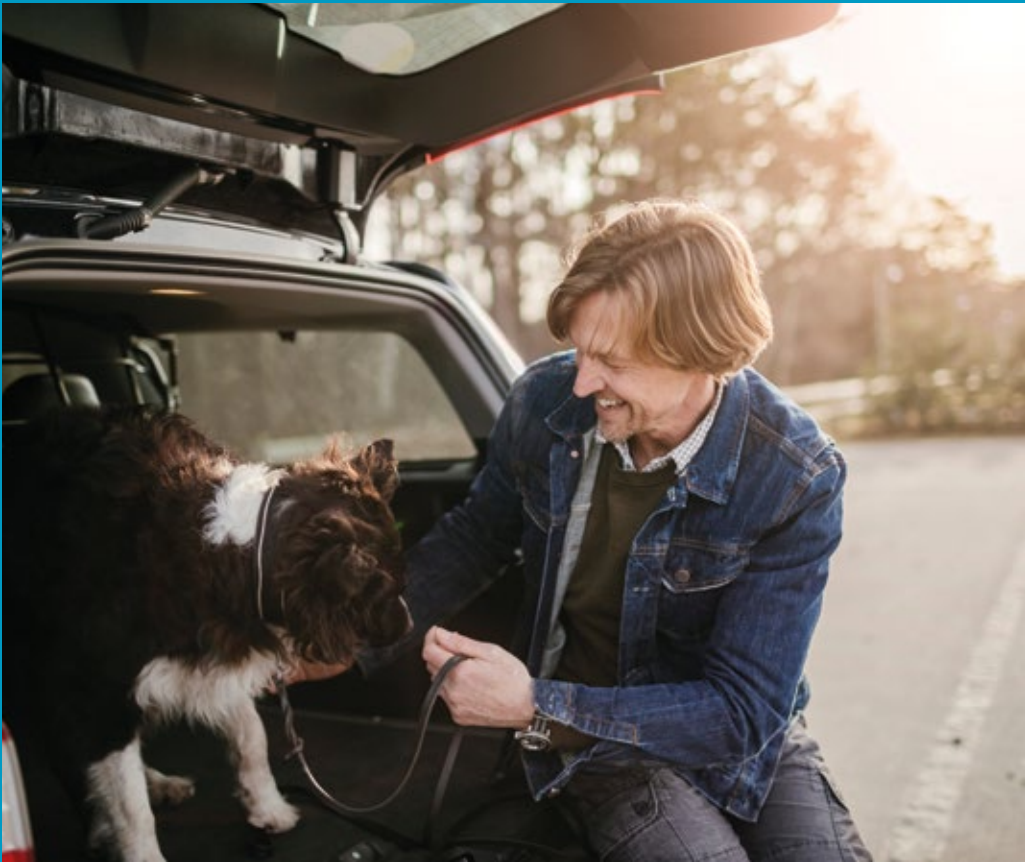


Your AVC Scheme Update



Your AVC

Scheme Update

Welcome to your Additional Voluntary Contribution (AVC) Scheme Update.

This is designed to ensure that you have the information you need to make the most of your AVC, so it's important to spend time reading this; along with your enclosed Benefit Statement.

This year, there are some important updates that you need to be aware of – such as:

✓ **Introduction of Additional Superannuation Contribution (ASC)**

See pages 6 and 7 for more information

✓ **Bespoke Funds and Strategies**

A range of new funds and strategies, that are bespoke for Cornmarket AVC members, will also be available to you soon. See page 4 for more information

✓ **New Charging Structure**

A new charging structure is being introduced which will see no charge for each regular contribution that you make. See page 7 for more information

✓ **AVC Fund Returns**

Enclosed you will find useful updates on how some of your Scheme's AVC funds are performing.

For everything else, check out our 'All about AVCs' section on pages 12 & 13 which covers all of the AVC resources available to you via our website and our mobile app, MyCornmarket.

Dedicated Consultants

Your dedicated UCD AVC Scheme consultants are Jane Furniss and Simon Spendlove. If you can't find the information you're looking for enclosed or online, please don't hesitate to email us on ucd@cornmarket.ie.

Real Members' AVC Returns

It's good to know that AVCs mean real value for money for Scheme members. In 2017, over 700 Cornmarket clients settled their AVC at retirement and below are their average values*. The figures speak for themselves:

What they invested

€32,000

Net amount

€53,000

Gross amount

€21,000

Tax relief invested
(assuming 40%)



What they got at retirement

€66,000

Total AVC value

€18,000

Taken as a tax-free lump sum

€46,000

Taxable balance
(majority invested in an ARF)

€2,000

Used to pay employer bills or
taken as part of the government
30% draw-down option prior to
retirement**.

*Source: Cornmarket, January 2018. Figures have been rounded to the nearest thousand and are based on 709 Cornmarket clients from two AVC Schemes. **The 30% drawdown option closed on 26th March 2016.

Warning: Past performance is not a reliable guide to future performance.



Great News

For all Public Sector Employees – the following was introduced on 1st January 2019

1. Additional Superannuation Contribution (ASC)

On 1st January 2019, the Pension Related Deduction (PRD) or 'pension levy' was replaced by a permanent pension contribution, the Additional Superannuation Contribution (ASC).

For most UCD employees this is good news, as the ASC is likely to be a smaller payment every payslip. Like the PRD, the ASC will qualify for tax relief at your marginal rate of tax. The ASC will also only apply to **pensionable** salary, whereas the PRD also applies to **non-pensionable** earnings.

The rate of ASC that you will pay depends on whether you are a member of the Single Public Service Pension Scheme or not. The rates payable are as follows:

Salary	Rate of ASC Payable in 2019	
	Pre-2013	Single Pension Scheme
Up to €32,000	Exempt	Exempt
€32,000 to €60,000	10%	6.66%
€60,000+	10.5%	7%

The rates payable from the 1st January 2020 will be as follows:

Salary	Rate of ASC Payable in 2020	
	Pre-2013	Single Pension Scheme
Up to €34,500	Exempt	Exempt
€34,500 to €60,000	10%	3.33%
€60,000+	10.5%	3.5%

Will this impact my AVC?

No. The ASC will be treated exactly like the PRD in that it will not be included in the age-related tax relief limits for pension contributions. The maximum contribution amount is calculated based on the age of the member at the time of contributing.

The contribution limits are listed as follows:

Age	Maximum monthly pension contribution, as a percentage of your salary*
Under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60 or over	40%

*Maximum salary of €115,000 allowed for tax relief purposes

For members of the UCD AVC Scheme – the following will be introduced in April 2019

2. Improved AVC Charging Structure

There will be **no charge** for each **regular contribution** that you make into your AVC from April 2019 (this is currently set at 4%). This means that you have more money going into your AVC each month, as every cent you contribute is invested in your AVC!

The charge on a **single premium** contribution will **be** 3% (this is currently either 3.5% or 2.5%).

3. New Funds and Strategies

Cornmarket's bespoke Public Sector Funds and Strategies will be available to the UCD AVC Scheme. These funds and strategies have Cautious, Balanced and Adventurous options to suit all investors. They also include an opportunity to select how much of your AVC fund will switch into the Cash Fund, in the years approaching your retirement. Please see Cornmarket.ie/your-avc-scheme for further details on the funds and strategies, and how they work.

4. Tiered Annual Management Charge (AMC)

The current structure of the Annual Management Charge (AMC) will change to a tiered structure which reduces the AMC by 0.25% on any amount between €40,000 and €140,000 and by a further 0.25% on any amount greater than €140,000.

For example, a member with **€150,000** in their AVC and a 1% AMC, would currently pay €1,500 each year. Under the new Tiered AMC, this member would pay €300 less each year:

Amount in AVC	AMC Charged
First €40,000	1%
Next €100,000	0.75%
Final €10,000	0.50%
Total AVC €150,000	Total AMC €1,200

Additional Change to AMC for Members invested in Guaranteed Funds

Guaranteed Funds – such as the Capital Protection Fund and Secure Performance Fund – have been closed to new investors for a number of years, however some members may still be invested in them.

From April 2019, there will be a small increase of 0.15% in the annual AMC on these funds. Please check your annual statement (enclosed) to see the funds/strategies you are invested in.

If you are in a Guaranteed Fund, you have the option to move to a non-guaranteed fund which may have a lower AMC. However, it's important to note that if you do you will:

- not be able to switch back into that fund **and**
- no longer have a guarantee that your investment will not fall in value

Cost Neutral Early Retirement

Are you thinking of retiring earlier than you originally expected?

Cost Neutral is a retirement option that allows you to retire early with immediate payment of pension benefits. The pension and once-off lump sum paid by your employer are reduced to take into account the earlier and longer payment of benefits. As a Public Sector employee, the earliest you can retire is generally 10 years prior to your normal retirement age e.g. **from age 50** for those who joined the UCD Pension Scheme before 1st April 2004 and **from age 55** for those who joined (or re-joined) from that date onwards.

UCD Pension Reduction

The tables used to calculate the reduction in pension payments are shown **on the following page**. The table which applies to you is dependent on which of the UCD Pension Schemes you are a member of. The earlier you retire from your normal retirement age, the greater the reduction.

Can an AVC help me?

When determining your maximum retirement benefits, Revenue includes your non-pensionable earnings such as overtime. The UCD Pension Scheme does not take non-pensionable earnings into account. If you retire at your normal retirement age, an AVC can help you to reach the maximum lump sum Revenue will allow (i.e. 1½ times salary for members with more than 20 years of service). If you retire under Cost Neutral Early Retirement, the amount that Revenue allows will reduce in line with your salary and service history.

Example using Cost Neutral tables on page 10

Aoife started her career before 1st April 2004, is paying D1 PRSI and is now retiring at age 53 - **7 years before** her normal retirement age. She is retiring on a salary of €60,000 with 30 years' service. The change that Aoife will see in her entitlements due to Cost Neutral Early Retirement is outlined in this table. If you plan to retire under Cost Neutral Early Retirement, it is really important that you review your retirement plans regularly to ensure that they are still on track.

	Normal Retirement	Cost Neutral
Pension	€22,500	€15,975
Tax-Free Lump Sum	€67,500	€58,860
Tax-Free Lump Sum Shortfall	€22,500	€14,100
Total Tax-Free Lump Sum	€90,000	€72,960

Pre 1st April 2004

Age at your last birthday	Pension	Lump sum
50	62.4%	82.2%
51	65.1%	83.9%
52	67.9%	85.5%
53	71.0%	87.2%
54	74.3%	88.9%
55	77.8%	90.7%
56	81.6%	92.4%
57	85.7%	94.3%
58	90.1%	96.1%
59	94.8%	98.0%

1st April 2004 - 31st December 2012

Age at your last birthday	Pension	Lump sum
55	58.2%	82.4%
56	61.1%	84.0%
57	64.1%	85.6%
58	67.4%	87.3%
59	71.0%	89.0%
60	74.8%	90.7%
61	79.0%	92.5%
62	83.6%	94.3%
63	88.5%	96.1%
64	94.0%	98.0%

From 1st January 2013

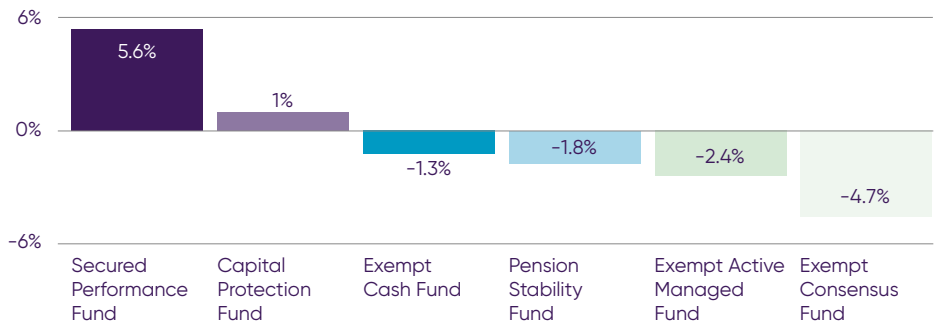
On 1st January 2013, the Single Public Service Pension Scheme was introduced. All members of this Scheme are entitled to retire under Cost Neutral from age 55. Below are the Cost Neutral figures for Single Pension Scheme members.

Age at last birthday	Normal Retirement Age: 66 Years		Normal Retirement Age: 67 Years		Normal Retirement Age: 68 Years	
	Pension	Lump sum	Pension	Lump sum	Pension	Lump sum
55	69%	97%	67%	97%	64%	96%
56	71%	97%	69%	97%	66%	97%
57	73%	97%	71%	97%	68%	97%
58	76%	98%	73%	97%	70%	97%
59	78%	98%	75%	98%	72%	97%
60	81%	98%	78%	98%	75%	98%
61	84%	98%	80%	98%	77%	98%
62	86%	99%	83%	98%	80%	98%
63	90%	99%	86%	99%	83%	98%
64	93%	99%	89%	99%	86%	99%
65	96%	99%	93%	99%	89%	99%
66			96%	99%	92%	99%
67					96%	99%

AVC Fund Returns

This graph shows the returns of some of the most popular funds that members of your Scheme are invested in.

Statement period from 01/01/2018 to 31/12/2018



Source: Irish Life, January 2019



For details on the performance of the fund(s) you are invested in, please go to pensionplanetinteractive.ie

Warning: Past performance is not a reliable guide to future performance.

The importance of your retirement date

A number of AVC members select to invest their AVCs in an Investment Strategy. In most cases, Investment Strategies will move some or all of the capital invested into safer funds, as the member gets closer to their chosen retirement date.

Given this, it is important that we have your correct retirement date on file.

If you wish to confirm the date we have on our system, or if you need to update it, call us on **(01) 420 6766** or email ucd@cornmarket.ie.

Please note: if you have opted to select your own funds instead of investing in an Investment Strategy, your retirement date will have no effect on how your AVC is invested.

All about AVCs

Don't forget, you can access your AVC Member Guide at any time online at cornmarket.ie/your-avc-scheme
It contains full information on all of the below and lots more.

Tax relief

Your AVC contributions are eligible for tax relief. For example, if you pay income tax at 40%, for every €100 you invest in an AVC the actual cost to you is only €60.

Changing your contributions

You can increase, decrease, stop or restart your AVC contributions at any time. This is subject to the maximum contribution limit set by Revenue and the minimum contribution of €50 per month (or equivalent).

Value for money

For some members, the rate of tax that they'll pay when they retire will be the same as/higher than the tax relief they get on their AVC contributions while they're working.

In this case, an AVC may not be value for money, in relation to any of their AVC that will not be used to fund a tax-free lump sum.

Benefits at retirement

At retirement, you can use your AVC to buy the benefits you want; subject to Revenue rules. These can include taking a tax-free lump sum, investing in an Approved Retirement Fund (ARF), buying back 'missed years of service' and more.

How to draw down your AVC

Once you have confirmed your retirement date, your Cornmarket Retirement Consultant will take you through all the steps you need to take before you can draw down your AVC. You will also need to provide identification, your UCD Pension details and any pension, service or salary details that may be relevant. Your AVC can only be drawn down after you have retired and submitted all of the required details.

Warning: If you invest in this product you may lose some or all of the money you invest.

Warning: If you invest in this product you will not have any access to your money until you receive your Superannuation Benefits.

Please note: Superannuation Benefits refers to UCD Pension Benefits

Topping up & restarting your AVC

Creating your ideal lifestyle in retirement was a big part of your decision to start an AVC, along with funding for extra income to increase your retirement benefits.

Depending on how long ago you started your AVC, now could be a good time to top up your contribution amount.

Or if you've since stopped contributing to your AVC, there's no better time to restart than now!

See the enclosed form for more information.

There are 3 ways to top up or restart your AVC:

1. **Email your request to ucd@cornmarket.ie**
2. **Complete and return the enclosed form**
3. **Online at [Cornmarket.ie/top-up-your-avc](https://www.cornmarket.ie/top-up-your-avc)**

Warning: If you invest in this product you may lose some or all of the money you invest.

Warning: This product may be affected by changes in currency exchange rates.

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

Warning: If you invest in this product you will not have any access to your money until you receive your Superannuation Benefits.

Please note: Superannuation Benefits refers to UCD Pension Benefits

To arrange to meet and discuss your AVC
with a consultant, email **ucd@cornmarket.ie**

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