



AIB Retirement Options

Helping you make the right retirement choice



These products are provided by Irish Life Assurance plc.

Getting the most out of your retirement

You have worked hard to save for your retirement. Deciding what to do with your pension fund is one of the most important decisions you will have to make.

What options do I have when I retire?

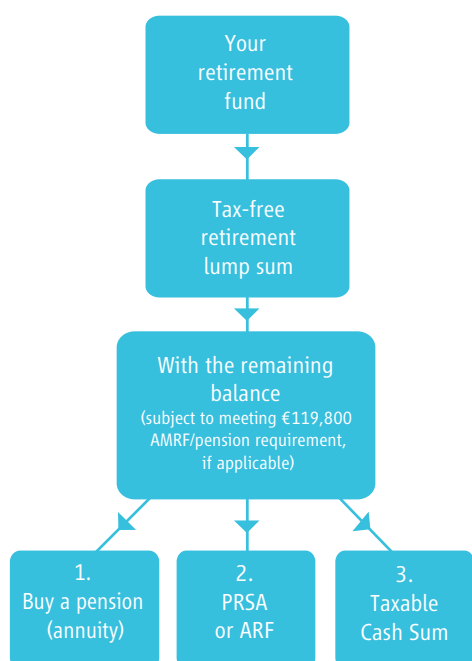
You may be able to take part of your pension fund as a retirement lump sum. You may be able to take some or all of this retirement lump sum tax free. Most people have the option to take 25% of the fund as a tax free lump sum.

With the rest of your fund you have the following options:

Option 1: Buy an annuity

Option 2: Re-invest in an Approved Retirement Fund (or remain invested in your PRSA)

Option 3: Take your pension fund as taxable cash.



Now is a good time to sit down with your AIB Financial Adviser. AIB has qualified staff in branches available to answer your queries, review your needs and make recommendations on how to make the most of your finances in retirement.

Your options at retirement

Option 1 Buy an annuity (a pension for life)

An annuity is a regular income paid to you for the rest of your life. An annuity suits those who have a low appetite for risk and want certainty of income in retirement.

With an annuity you can also choose from a number of different types of pensions, including the following:

Minimum Payment Period

A pension paid to you for at least five to ten years. This means that if you die during this period, your pension will continue to be paid to your dependants up to the end of the five or 10-year period.

Escalating Pension

A pension which will increase. This means your pension increases each year, to take account of inflation, when it is being paid.

Dependants Pension

A pension for your spouse, registered civil partner or dependant. If you die before your spouse, registered civil partner or dependant, your pension will be paid to them until they die.

Investment Protection

Instead of selecting the minimum payment period option, the annuity investment protection option can be chosen. This means that any remaining money not paid to you before you die can be paid to your spouse, registered civil partner or dependant. (This option is not available to everybody, contact your AIB Financial Adviser for more information).

The type of pension you choose will affect the amount of income your pension fund can provide.

Once you take out an annuity, you cannot cash it in or change any of the features on the annuity.

Your pension is treated as income so you will have to pay income tax at your highest rate, Universal Social Charge, PRSI (if applicable) and any other charges or levies (tax) applicable at that time.



Option 2

Invest in an Approved Retirement Fund (or remain invested in your PRSA)

An ARF is a special investment fund which can give you flexibility in terms of how you use your retirement fund.

Control

You manage and control your retirement fund

Fund Choice

You can invest it in a wide range of different investment funds.

Withdrawals

You can make withdrawals as you need them. You will have to pay tax due at that time. The money you invest in an ARF may be reduced if the level of withdrawals you take is high and the investment return is not high enough to maintain this, or is lower than expected.

When you die

You own your fund, which means you can leave it to your dependents when you die.

You can open an ARF if you:

- already have a guaranteed annual pension of at least €18,000,
- have at least €119,800 to buy an annuity, or
- have set aside at least €119,800 in an AMRF. (The main difference between an ARF and an AMRF are the restrictions on withdrawing your AMRF fund. With an AMRF you can only withdraw any gains made over and above the original investment amount.)

If you have a PRSA you can choose to keep your retirement fund in the PRSA and use it as an ARF/AMRF similar to the options above.

Warning: The income you get from this investment may go down as well as up.

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

Option 3

Take your pension fund as taxable cash

After taking your retirement lump sum, you may take the rest of the fund as cash. You will have to pay tax on this at your highest rate of income tax and any other tax due at that time.

There are certain legal restrictions on taking up this option. For example, you must be able to show that you are guaranteed to receive a pension income for life (from other sources) of, currently, at least €18,000 a year. If you are not guaranteed that retirement income, you must invest €119,800 (or the rest of the fund, whichever is lower) in an AMRF, or buy a pension with the same amount.

The right retirement choice... Annuity or ARF?

To help you make your decision, below is a brief comparison of Annuities (pensions for life) and Approved Retirement Funds (ARF).

Annuities	ARFs
Certainty...	
<ul style="list-style-type: none"> ✓ You know you will receive a pension for life, no matter how long you live. ✓ You know the amount your pension will be every year. This may make it easier to budget your finances. 	<ul style="list-style-type: none"> ✗ You are taking on investment risks. This means that your initial capital could go down as well as up. ✗ By making withdrawals from your fund there is a high risk that your fund may not provide an income to you for the rest of your lifetime – your fund may run out before you die.
Flexibility and Control...	
<ul style="list-style-type: none"> ✗ You cannot change the options under your pension once you take it out ✗ Your pension fund no longer exists because you have changed it into an income for life 	<ul style="list-style-type: none"> ✓ You have total control over your pension fund during your retirement. ✓ You can choose the level of withdrawals you want to make each year, however you must take a minimum withdrawal of at least 5% of the value of your fund each year from the year you turn 61.
On death...	
<ul style="list-style-type: none"> ✗ Your pension will stop when you die, unless you have built in investment protection, a dependant's pension or a minimum payment period. Adding these will result in a smaller pension. 	<ul style="list-style-type: none"> ✓ When you die, the fund value remaining at that date passes to your estate.
Eligibility...	
<ul style="list-style-type: none"> ✓ Anyone with a pension can access an annuity option at retirement 	<ul style="list-style-type: none"> ✗ You will have to take out an Approved Minimum Retirement Fund or buy an annuity if you don't have a guaranteed pension income of €18,000 per annum already.

These warnings only apply to the ARF/AMRF where applicable:

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

Warning: If you invest in an AMRF you will not have access to your initial investment until age 75.

Warning: The income you get from this investment may go down as well as up.

We recommend you speak to your AIB Financial Adviser before you make any decisions. This is only a brief guide - the full product booklet should be read for further information.

AIB and Irish Life - a great partnership

AIB – sound advice to help you secure your future

- ✓ Extensive branch network to serve customers across the country
- ✓ Team of highly trained, experienced Financial Advisers
- ✓ Personalised recommendations that meet individual customer needs

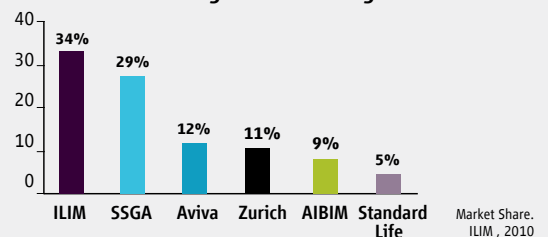
AIB has chosen Irish Life, Ireland's leading life and pensions provider, to provide our customers with a comprehensive range of pension, protection, investment and savings products.

Since 1939, Irish Life has helped generations of Irish people to protect what matters most to them. As Ireland's biggest life and pension company, they have the expertise and strength to help AIB provide you with solutions for your long-term financial needs.

Irish Life - strength and experience

- ✓ The Consensus Fund, available through AIB is Ireland's most popular fund (€5.2 billion invested)
- ✓ Irish Life Investment Managers are a top quartile performer over 10 years – pension managed fund
- ✓ Irish Life Investment Managers manage most money for Irish people (over €32 billion)
- ✓ Irish Life has over 1 million customers

ILIM – Ireland's largest Asset Managers



- ✓ 7 of the 10 biggest Irish companies have pensions with Irish Life
- ✓ 6 of the 10 biggest US companies have pensions with Irish Life

Source: AIB, Irish Life, Irish Life Investment Managers, Irish Life Corporate Business, January 2012.



Terms and conditions apply. If you have any questions, please contact your AIB Financial Adviser in your local branch or call the AIB service team at Irish Life on 1890 719 390. In the interest of customer service, Irish Life will record and monitor calls. Please refer to the product book for further information.

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