ADDITIONAL VOLUNTARY CONTRIBUTIONS
(AVC)
EXPLANATORY BOOKLET

2010 EDITION

NATIONAL UNIVERSITY OF IRELAND, MAYNOOTH VOLUNTARY CONTRIBUTION SCHEME

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NATIONAL UNIVERSITY OF IRELAND, MAYNOOTH

VOLUNTARY CONTRIBUTION SCHEME (AVCs)

("The AVC Plan")

What are Additional Voluntary Contributions (AVCs)?

The AVC Plan is designed to enable you to secure extra pension or gratuity benefits by making additional voluntary contributions (AVCs) to the AVC Plan.

Who can join the AVC Plan?

You can join the AVC Plan if you are included in a retirement benefits scheme of the University (the **"Main Scheme"**).

Membership of the AVC Plan is **voluntary**.

What is the AVC Plan?

The AVC Plan is **totally separate** from the Main Scheme. It is designed to be approved by the Revenue Commissioners as an "exempt approved scheme" under the Taxes Consolidation Act, 1997 and is a **Defined Contribution Scheme** for the purposes of the Pensions Act, 1990. It will be registered with the Pensions Board within one year of its commencement and the Pensions Board registration number will be stated in the AVC Plan's annual report.

It is administered in accordance with a Trust Deed and Rules by an independent professional trustee, Irish Pensions Trust Limited appointed by the University. It allows you to pay AVCs in addition to your ordinary contributions under the Main Scheme.

Should you have any queries about your individual situation you should discuss them with the H.R. Department, National University of Ireland, Maynooth, Co. Kildare.

Features of the AVC Plan

- AVCs qualify under current tax law for full tax relief at your highest rate and, if deducted from your salary, full relief against PRSI.
- AVCs therefore provide an extremely advantageous method of saving for your retirement.
- The aim of AVCs is to supplement benefits payable under the Main Scheme.
- You may also use your AVCs to set up an Approved Retirement Fund (see below) when you retire.

- You can contribute as much as you wish (up to the Revenue limits set out below).

- Once you join the AVC Plan, contributions are deducted automatically from your salary each pay period and invested by the Trustees through Irish Life Assurance plc.

- The University does not contribute towards your AVCs.

Investment

The assets of the Plan are completely separate from those of the University and AVCs are currently invested with Irish Life Investment Managers. The investment options available to you are outlined in a separate investment alternatives leaflet.

Please note that the Trustees are not liable for any poor investment returns arising from their compliance with members' directions.

How much can I contribute?

You can contribute up to between 15% and 40% of your gross taxable earnings from the University, depending on your age (see table below), each year less your normal contributions (if any) under the Main Scheme, and less any contributions you are making to purchase extra years of service.

Age	Maximum contribution (as a % of remuneration)
Under 30	15%
30 – 39	20%
40 – 49	25%
50 – 54	30%
55 – 59	35%
60 or over	40%

You may have to contribute a lesser amount if your estimated benefits are likely to exceed the Revenue limits outlined on page 4.

Note: remuneration for the purposes of tax relief on contributions is capped, currently at €150,000 (tax year 2009).

How do I pay contributions?

- Your AVCs will be deducted from salary monthly or weekly.

- Special once off payments may also be made.

- You may vary your AVCs each year if you wish, subject to the age-related limit above.

How do I receive tax relief?

- Your regular AVCs are allowed against your highest rate of income tax and your rate of PRSI contributions (including the 4% Health Levy).

- Relief is automatic since your AVCs are deducted from your salary each pay period before tax and PRSI is calculated.

- Tax relief on special contributions must be obtained through inclusion in your tax returns. There is no Health Levy relief on special contributions.

- If you have paid less than the maximum allowable in the previous year, you may spread the tax relief back to that previous year by paying a contribution before 31 October in the following year. You must make an individual claim to your tax office for this tax relief.

EXAMPLE

		€50 per month gross	€11.50 per week gross
Rate of income tax	**Rate of PRSI/Levies**	**Net Contribution Per Month**	**Net Contribution Per Week**
20%	8%	€36.00	€8.28
41%	8%	€25.50	€5.86

What top-up benefits can I receive?

If you pay AVCs, you may top up the following benefits on retirement:

- your pension
- your tax free cash sum gratuity
- your spouse's pension
- pension increases on both your own and your spouse's pension in the course of payment.

Alternatively you may decide to transfer your AVCs to an Approved Retirement Fund or "ARF". This is an investment vehicle specifically designed for the investment of AVCs after retirement. Subject to maintaining a certain minimum amount in an Approved Minimum Retirement Fund or having a minimum pension, your AVC fund can be placed in the ARF free of tax. Any investment growth in the ARF is not taxed within the fund (other than tax on any notional drawdown, see below). You can withdraw money from the ARF as you wish (subject to income tax at your marginal rate). 3% of the value of your ARF will be deemed to be withdrawn each year and taxed at your marginal rate even if you do not actually withdraw any money. Any actual withdrawal you make is deducted from the imputed 3% distribution.

An ARF forms part of your estate on death and is inherited according to your will or the intestacy rules.

You have a further option to take the value of your AVCs in cash (which may be subject to income tax depending on the level of cash taken, see limits below).

The amount of AVCs you decide to pay and investment income less any expenses incurred under the AVC Plan determine the accumulated value of your AVC Fund with which you can top up the benefits. Bear in mind, however, that your total benefits under the AVC Plan and the Main Scheme combined cannot exceed the following limits imposed by the Revenue Commissioners at your normal pension date:-

Your Pension	2/3rds of "final remuneration" (generally annualised salary at date of retirement plus fluctuating earnings over last three years) subject to at least 10 years service with the University. A reducing scale applies if your service is less than 10 years.
Tax Free Cash Gratuity	In part exchange for pension, you may take up to 1.5 times "final remuneration" subject to at least 20 years service with the University. A reducing scale applies if your service is less than 20 years.
Spouse's Pension on Death in Retirement	This is limited to the maximum pension you are permitted by the Revenue to receive.
Pension Increases	Either up to the increase in any year of the Consumer Price Index from the date of retirement, or a flat rate up to 3%.

Note: More restrictive limits apply to early retirement.

If you transfer your AVCs to an ARF, the amount you can take in that form is still restricted to the capital value of these limits less the value of any ordinary benefits under the Main Scheme.

When your interest in the AVC Plan is applied to top up or provide one or more of the above benefits such benefits will be applied outside of the AVC Plan and you will cease to be a member of the AVC Plan.

What happens if I die before Normal Pension Date?

If you die in service before Normal Pension Date, the value of the fund accumulated by AVCs paid up to the date of your death less expenses incurred under the AVC Plan will be paid in the same manner as the death gratuity is payable under the Main Scheme.

What happens if I leave service before Normal Pension Date?

If you leave the service of the University before Normal Pension Date, you will receive an options form in connection with the Main Scheme. Whatever leaving service option you choose under your Main Scheme (e.g. deferred pension, early retirement or ill-health early retirement as applicable) will be the option that applies under the AVC Plan. Your leaving service options are set out in your Main Scheme Explanatory Booklet and you should read this carefully.

How are my AVCs invested?

Your AVCs are applied to an individual account and will be invested in a tax exempt fund where they will accumulate until benefits are to be paid.

The increased benefits that can ultimately be provided by your AVCs will depend upon the following

Your total AVCs paid

The rate of investment return – note the value of your AVCs can go up or down

The term of years during which your AVCs are invested

The expenses incurred under the AVC Plan

Note: the expenses incurred under the AVC Plan include management and administration costs and investment charges. Further details of the expenses associated with the AVC Plan can be found in the separate Investment Options Leaflet.

What happens if I obtain a Divorce or a Judicial Separation?

In the event that you obtain a Divorce or a Judicial Separation after joining the AVC Plan a Court application for a Pension Adjustment Order in respect of your retirement benefits, or contingent benefits payable on your death, may be made. Further information about the operation and impact of Pension Adjustment Orders may be obtained from the Pensions Board by writing to The Pensions Board, Verschoyle House, 28/30, Lr Mount Street, Dublin 2.

Changing or Discontinuing the AVC Plan

While the University has every intention of continuing the AVC Plan it has, as a matter of business prudence, the power under the Trust Deed with the approval of the Trustees to change, or unilaterally, to discontinue the AVC Plan at any time. No amendment can be made which would prejudice approval of the AVC Plan by the Revenue Commissioners.

What if I have a complaint?

There is an internal procedure under the Scheme to resolve any dispute or complaint from a member or other beneficiary of the Scheme. All queries should be addressed in writing to the H.R. Department, National University of Ireland, Maynooth, Co. Kildare. If you are not satisfied with the results of the internal dispute resolution procedure you will have the right to apply to the Pensions Ombudsman, 36 Upper Mount Street, Dublin 2.