

National University of Ireland, Maynooth Pension Plan

GENERAL EMPLOYEES

Explanatory Booklet 2004

MERCER

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Introduction

The National University of Ireland, Maynooth Pension Plan ("the Plan") has been established by the University to help you enjoy financial security in your retirement and provide benefits in the event of your death.

The overall benefits package compares favourably with that offered by similar institutions and it is reviewed regularly to ensure that it maintains this position. You should familiarise yourself with the main provisions of the Plan as described in the following pages and then keep this booklet in a safe place for future reference. If you have any queries about aspects of your benefits, or need clarification on any point, please contact the Personnel Officer, National University of Ireland, Maynooth.

The Plan is a defined benefit scheme for the purposes of the Pensions Acts 1990-2002. All benefits provided by the Plan are funded and contributions are paid in accordance with the recommendations of the Plan Actuary. The Trustees have fully insured the lump sum benefits payable on the death of a member.

The main benefits of the Plan include:

- a pension on retirement,
- the opportunity to exchange part of your pension to receive a tax free cash payment on retirement,
- protection for your dependants on death in service or in retirement, and
- full tax relief on any contributions you make to the Plan.

This booklet aims to give you an overview of your various Plan entitlements. There are other more formal documents (Trust Deeds, policies etc.) which give legal backing to your benefits and which you may, if you wish, examine at any reasonable time by contacting the Personnel Officer, National University of Ireland, Maynooth.

NOTE:

The information in this booklet is based on the current understanding of tax regulations and legislation in force at the time of publication.

Who's Who

Trustees	Mike O'Malley Ed Madden Jacinta Prunty Niall McKeith Marie-Therese Power Thomas Kenny Irish Pensions Trust Limited
Actuary	Paul McMahon, FIA Mercer Human Resource Consulting Limited
Consultant/Administrator	Mercer Human Resource Consulting Limited Charlotte House Charlemont Street Dublin 2
Investment Managers	Irish Life Investment Managers Limited Dresdner RCM Global Investors Limited
Insurer	Irish Life Assurance plc
Auditors	Deloitte & Touche Chartered Accountants & Registered Auditors Earlsfort Terrace Dublin 2
Solicitors	McCann Fitzgerald Solicitors 2 Harbourmaster Place IFSC Dublin 1
Enquiries	Personnel Officer National University of Ireland, Maynooth Maynooth Co. Kildare

Terms Used

You may find it useful to refer back to this page as you read through this booklet. Certain terms are used throughout the booklet, and are defined as follows:

Term	Definition
University	National University of Ireland, Maynooth.
Beneficiaries	Dependants together with any other relatives either by blood or marriage.
Dependants	Any of the following: <ul style="list-style-type: none"> a. Your spouse. b. Your Dependent Children c. Any person who, before your death, was wholly or partly dependent on you for the ordinary necessities of life or the sharing of living expenses.
Dependent Children	Your children under 18 years of age or who are in full-time education or are apprenticed. There is no age limit if the child is mentally or physically handicapped.
Normal Retirement Date	Your 65th birthday.
Salary	Your annual rate of basic salary.
Pensionable Salary	Your annual rate of basic salary multiplied by the Ratio if you are a part-time employee, less a deduction in respect of Social Welfare benefits. The deduction will be approximately equal to twice the maximum annual rate of the State Retirement Pension payable to a single person at age 65.
Final Pensionable Salary	Your Pensionable Salary at your Normal Retirement Date or date of earlier retirement.
Pensionable Service	The total number of complete years and additional complete months of continuous service with the University prior to retirement or leaving service. If you are a part-time employee, each period during which you are such an employee will be divided by the Ratio and only the resulting fraction will be taken into account. Pensionable Service is subject to an overall maximum of 40 years.

Term	Definition
Qualifying Service	<p>The total of every period of service as a member of:</p> <ul style="list-style-type: none"> a. this Plan for retirement benefits, and b. any other plan of any employer other than the University from which a transfer of assets has been received by the Plan.
the Ratio	<p>is the fraction A/B, where</p> <p>A is the number of hours in each year that a full-time employee in the same category is required to complete, and</p> <p>B is the agreed number of hours in each year that a part-time employee is required to complete in accordance with any prior agreement with the University.</p>



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Joining the Plan

Who can join the Plan?

All employees of the University who are General Catering Staff, Domestic and Maintenance Staff Employees and who are not eligible for, nor a Member of, any other pension arrangement of the University are eligible for membership of the Plan.

Note:

Part-time employees are eligible for inclusion in the Plan. The benefits described in this booklet will be modified in their case to reflect the part-time nature of their employment.

When do I join?

You will be eligible for inclusion for death in service and retirement benefits on the day you first satisfy the eligibility requirements above.

Note:

Employees will automatically become members of the Plan when eligible, unless they instruct the Personnel Officer that they wish to opt out of the Plan.

How do I join?

On qualifying for the Plan, you must complete the enclosed Application Form, which should then be returned to the Personnel Officer.

Notes:

You may be asked to undergo a medical examination prior to joining the Plan or at a future date when your benefits increase. If such an examination is required you will be advised of the details.

It may be necessary to restrict the amount of your death benefit on medical grounds and you will be notified if such a restriction applies in your case.

Evidence of your date of birth will also be required. In addition to their birth certificate, married members will need to produce their marriage certificate and spouse's birth certificate.



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Paying for Benefits

How much do I pay?

You are not required to contribute to the Plan.

How much does the University pay?

The University pays the entire cost of your Plan benefits at a rate recommended by the Actuary. Part of the University contribution pays for death in service benefits. The balance is invested in a fund from which pensions and other retirement benefits are paid.

Is it possible to contribute more and increase my Pension?

Under certain circumstances you may increase your pension and other retirement benefits by paying Additional Voluntary Contributions (AVCs). The Member's Guide to Additional Voluntary Contributions is available on request to the Personnel Office.

Is there any tax relief on contributions?

Any contributions you make, up to the age-related limits shown below (or such higher amount permitted by the Revenue Commissioners), are currently eligible for full relief at your marginal income tax rate. PRSI relief may also be available. As contributions will be deducted directly from your salary before tax and PRSI, these reliefs will be credited to you automatically.

The maximum contribution rate (as a percentage of total pay) on which you can receive tax relief is currently determined as follows:

Age	Rate
<30	15%
30-39	20%
40-49	25%
50 years or over	30%

For tax relief purposes these contributions are currently limited to earnings up to a maximum of €254,000 in any tax year.

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Retirement Benefits

What is my Pension?

If you retire at Normal Retirement Date, your Plan Pension will be:

$$\left[\frac{1}{80} \right] \times \left[\text{Final Pensionable Salary} \right] \times \left[\text{Pensionable Service} \right]$$

Your Plan pension will not be less than €198 per annum. It is payable for at least 5 years and for your life thereafter.

What benefits will I receive from the State?

In addition to the pension benefits from the Plan you may be entitled from age 65 to a State Pension, subject to you meeting certain qualifying conditions. The maximum standard rate of the State Pension payable for the tax year 2004 is €8,699.60 p.a.

An additional supplement for your spouse/partner, known as a Qualified Adult Supplement, may also be payable. In the tax year 2004 this Supplement is €5,798 p.a. (where the dependant is under age 66) and €6,718.40 p.a. (where the dependant is over age 66). This Supplement is subject to an income test and will not be payable if your spouse/partner's income or capital exceeds levels set each year by the Department of Social and Family Affairs.

May I retire early?

With the consent of the Trustees and the University you may retire early at any time on grounds of incapacity due to ill-health or injury or on or after your 50th birthday.

Your pension will be calculated using the formula above, based on your Pensionable Service to, and your Final Pensionable Salary at, the date of your actual retirement. Your annual pension is then reduced to allow for a longer payment period (i.e. the additional years between the date of your early retirement and your Normal Retirement Date).

Can I take any part of my Pension in cash?

When you retire you will, subject to the consent of the Trustees and the University, have the option to exchange a portion of your pension for an immediate tax-free cash sum of up to:

$$\boxed{1.5} \times \boxed{\text{Final Pensionable Salary}}$$

This is approximately equal to the maximum cash sum permitted by the Revenue and is only allowed if you have at least 20 years' service at Normal Retirement Date, with reduced amounts available for shorter periods.

The consequent reduction in your annual pension will depend on a number of factors, such as your age at retirement. At normal retirement age the reduction factor for males will be 1/9th of the tax-free lump sum taken, so that their annual pension will be reduced by €100 for every €900 taken in this form. For females the reduction will be 1/10.2, so that their annual pension will be reduced by €100 for every €1,020 taken as a tax-free cash lump sum.

If you are retiring due to circumstances of very serious ill-health you may be able to exchange your entire pension for cash, although tax would be payable on the amount in excess of the normal limits referred to above.

Can I exchange part of my pension to provide for a Dependant?

In addition to the tax-free cash option, you may choose to provide a pension for a nominated Dependant. This would be paid after your death in retirement for the lifetime of the chosen Dependant. This option must be chosen and notified to the Trustees in writing before your Normal Retirement Date and will of course require you to give up part of your own pension.

How is my Pension payable?

Your pension will be paid monthly in advance, and is payable for the rest of your life. The initial payment is made on the first day of the month following your retirement.

The pension is payable throughout your lifetime and is guaranteed for 5 years. This means that if you die within 5 years of your pension commencing, a lump sum equal in value to the balance of the payments you would have received will be paid to your Beneficiaries or estate.

Will my Pension increase?

There is no commitment to increase pensions from the Plan during payment. The Rules do, however, allow the Trustees to review pensions in payment on a periodic basis and, where the University approves, to provide discretionary increases. Details of any discretionary increases will be provided in the annual report from the Trustees.

Death Benefits

What happens if I die before Normal Retirement Date while still an employee?

If you die in service before your Normal Retirement Date there will be available an amount equal to four times your Salary at the date of your death.

This amount will be used to make provision for your Dependants in such proportions as the Trustees and the University may decide and is usually payable in cash form. Any part of the death benefit not payable as a cash sum will be applied to provide pensions for any one or more of your Dependants as the Trustees and the University should decide. If you die without any Dependants the full death benefit would be paid to your estate.

You may indicate to the Trustees of the Plan whom you might wish to receive this benefit. To make your wishes known please complete the attached Wishes/Nomination Form provided at the back of the booklet and give it, in a sealed envelope, to the Personnel Officer to be opened in the event of your death. Though, legally, your wishes cannot be binding on the Trustees and the University, they will give them due consideration.

Lump sum death benefits are not subject to income tax. Under current legislation, however, benefits paid directly to a Beneficiary other than a spouse may be liable to capital acquisitions tax.

What happens on death after retirement?

As previously noted, your pension is guaranteed for a minimum period of 5 years and if you die during the first 5 years of retirement the payments due for the remainder of the five years may be continued for the remainder of the five years, or a lump sum equal to the balance of 5 years' instalments may be paid. This would be used to make provision for your Beneficiaries or paid to your estate in such proportions as the Trustees and the University will decide.

In addition, if you were married before your 65th birthday or date of retirement (if earlier), your spouse will be paid a pension from the date of your death equal in total to:

$$\boxed{66\frac{2}{3}\%} \times \boxed{\text{Plan Pension}^*}$$

* i.e., your pension before you exchange any part of it for a tax free cash payment.

The spouse's pension will be payable for your spouse's life.

Leaving Service

Do I keep my benefits if I leave the University?

Your benefits on leaving service are governed by the Rules of the Plan and the preservation requirements of the Pensions Acts 1990-2002. Your options on leaving will depend on your number of years of Qualifying Service. Your benefits are as follows:

A. Less than two years' Qualifying Service

If you have less than two years' Qualifying Service completed, you may choose to:

- Take a refund of the value of your own contributions, less tax
- or
- Leave your own contributions invested in the Plan, and receive a deferred pension payable from your Normal Retirement Date. (This deferred pension will be calculated based on the value of your own contributions)
- or
- Transfer the value of your own contributions to a new employer's approved pension plan or to an approved buy-out bond/a Personal Retirement Savings Account (PRSA).

B. More than two years' Qualifying Service

If you have more than two years' Qualifying Service completed, you may choose to:

- Take a full deferred pension. The full deferred pension is calculated based on your Pensionable Service to, and Final Pensionable Salary at, your date of leaving the University. (In this case, any deferred pension will be revalued each year by 4%, or the increase in the Consumer Price Index, whichever is less)

or

- Transfer the value of your deferred pension benefits to a new employer's approved pension plan or to an approved retirement bond/a PRSA.

NOTE: If you contribute to the Plan and leave the *University* as a result of redundancy having completed less than 2 years' Qualifying Service, in addition to having the option of a refund of contributions, you may also avail of the options set out in B. above, i.e. a full deferred pension or an equivalent transfer value.

Deferred pensions are generally payable from your Normal Retirement Date. You may, however, apply to receive a lower pension from an earlier date.

If you choose to transfer the value of your deferred pension benefits, you must also transfer any Additional Voluntary Contributions (AVCs).

When can I take a cash refund?

Under the Pensions Acts 1990-2002 you may only receive a refund of the value of your own contributions, and AVCs, if you leave having completed less than 2 years' Qualifying Service. Tax is deducted from all refunds, currently at a rate of 20%.

What happens if I die after leaving service?

If you die before your deferred pension becomes payable and you have no Dependents, the value of your deferred pension at the time of your death is payable to your estate.

If you are married when you left service, your spouse will receive a pension of 66 2/3% of your deferred pension when you die, provided that payment of your deferred pension had commenced prior to your death.

Additional Information

Taxation

Pensions are treated as earnings for tax purposes, and are subject to tax and other statutory deductions in the same way as salary payments. Cash sums taken instead of pension and lump sum death benefits are normally free of income tax.

Your contributions to the Plan qualify for full tax and PRSI relief subject to the Revenue limits.

Restrictions

You may not use your Plan benefits as security for a loan, nor may you assign them to a third party. If you attempt to do so you may lose your right to benefits.

Plan Constitution

The Plan is approved by the revenue authorities as an exempt approved scheme under the Taxes Consolidation Act 1997. It is established under irrevocable trust and its assets are entirely separate from those of the University. All benefits provided by the Plan are funded. The Trustees have fully insured the lump sum benefits payable on the death of a member.

The Plan has been registered with the Pensions Board (Registration Number: PB43719) and is a defined benefit scheme for the purposes of the Pensions Acts 1990-2002.

The Plan is set up under a Trust Deed and Rules, and is administered by Trustees according to the Rules. The Trust Deed and Rules are technical, legal documents which this booklet aims to summarise clearly. If any difference of interpretation should arise the formal documents, which are available for inspection, must be followed.

Amendments and Termination

Changes in legislation and other unforeseen circumstances may make it necessary or desirable to amend the Rules. The University and the Trustees can amend the Plan at any time. In some circumstances the University could reduce or, in the extreme, terminate its contributions to the Plan. However, if this should happen the benefits accumulated to that date on your behalf would be protected to the extent that they had been secured by contributions already paid.

Legislation

The Plan must comply with the relevant provisions of the Taxes Consolidation Act, 1997. It is also governed by the requirements of the Pensions Acts 1990-2002.

Your retirement and death benefits could be subject to a Pension Adjustment Order in the event of judicial separation or divorce. These orders are secured under the Family Law Act 1995 and the Family Law (Divorce) Act 1996. Further information about the operation and impact of Pension Adjustment Orders may be obtained from the Pensions Board.

Application for Membership

National University of Ireland, Maynooth Pension Plan

Please complete this form and return it to the Personnel Officer to commence your inclusion in the Plan.

Name _____	Employee Number _____
Date of Birth _____	Date of Joining Pensionable Service _____

Spouse's details (if applicable)	
Name _____	Date of Birth _____

I hereby apply for membership of the Plan, and I authorise the deduction of a contribution in accordance the terms of the Plan from each payment of my Salary.

I confirm that my instructions are as set out above and will remain in force until further notice.

Signature _____	Date _____
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Name _____	Name _____
Address _____ _____ _____	Address _____ _____ _____
Relationship _____	Relationship _____
Proportion _____	Proportion _____
Name _____	Name _____

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