NEW IRELAND ASSURANCE

Trustee Training Guide
For Executive Pension Plan

Contents

Appropriate Trustee Training

This Executive Pension Plan Trustee Training Guide has been prepared by New Ireland Assurance Company plc (New Ireland) to assist trustees of New Ireland's Executive Pension Plans satisfy the requirement for pension scheme trustees to be appropriately trained.

This Guide takes into account that the duties and responsibilities of a one member arrangement are not necessarily as demanding as those of a group scheme. In addition New Ireland currently assist trustees in carrying out many of the duties that are the responsibility of a trustee as part of its insured service e.g. provision of information, investment of contributions, payment of benefits etc.

Legal requirement for Trustee Training

1. With effect from 1st February 2010 all trustees, including the trustees of an Executive Pension Plan, must undergo what is described in legislation as "appropriate trustee training". Failure to comply with this duty can result in an on-the-spot fine of €2,000 per trustee as well as having to undergo appropriate trustee training.

2. For Trustees appointed before 01/02/2010, the initial training needed to be completed before 01/02/2012, while for new trustees the training will need to be completed within 6 months of their appointment. All trustees must repeat their training every 2 years.

3. Where individual trustees have been appointed, it will be necessary for each trustee to complete the training.

4. Where a company is acting as the trustee, then it will be necessary for all the directors of that company to complete the training.

5. The employer must arrange for the trustees to receive appropriate training. Failure to arrange the training can result in prosecution.

What is appropriate Trustee Training?

The Pensions Authority have approved the booklet approach to trustee training for Executive Pension Plans. We believe you will have completed appropriate training if you fully read and understand this Trustee Training Guide.

At the back of this booklet you will find a Declaration which you should sign and date when you have read and understood the contents of this Guide. You may need to produce proof to the Pensions Authority in the future that you have read and understood this booklet so please remember to keep your signed declaration in a safe place.

Trusteeship

One of the many advantages of setting up an Executive Pension Plan for a director or key staff member is to avail of the tax benefits attaching to such a plan. Under current legislation a Revenue approved plan provides for:

- tax-free investment growth*,
- corporation tax relief on the employer's contributions,
- no benefit-in-kind for the member in respect of the employer contributions; and
- income tax relief on any member contributions

* In 2011 the Government introduced a levy of 0.6% p.a. on the value of pension fund assets as at June for the four years 2011 to 2014. This levy has been increased to 0.75% for 2014. It has also been extended to 2015 when the levy will reduce to 0.15% p.a.

What is a trust?

A trust is a legal arrangement under which property is held, managed and controlled by chosen individuals or in some cases companies who act as trustees, for the benefit of the beneficiaries, in this case, members of the plan. The trust ensures that the pension plan's assets are kept legally separate from the employer's business assets, thereby affording greater security to the member of the plan. A trustee may also be a beneficiary.

In the case of a New Ireland Executive Pension Plan "the property" is the value of the contributions paid by the employer and employee and invested in a policy with New Ireland Assurance, which becomes the pension fund or assets of the plan.

Parties to a trust

The employer sets up the trust and appoints the trustees.

A beneficiary is any person entitled to a benefit from the plan now or in the future - essentially the member and his/her dependants.

The trustees may be individuals, a company or generally an employer, but acting in a separate capacity, who hold the plan in trust for the beneficiaries. If there are individuals acting as trustees there must be a minimum of two. An Irish Company can usually act as sole trustee – provided this is permitted by the company's Memorandum and Articles of Association (which should be checked before a company becomes a trustee).

As a trustee, Trust Law and Pensions Law require you use the property for the benefit of the beneficiary and not for your own benefit. You are in charge of the Pension Plan and are responsible for ensuring that it is run properly and the member's benefits are secure. New Ireland will assist you in this regard.

Who cannot be a trustee?

The Pensions Act, 1990 does not allow the following individuals to act as trustees

- An undischarged bankrupt
- Someone who has made an arrangement with their creditors and has not discharged their obligations
- Someone convicted of an offence involving fraud or dishonesty
- Someone not allowed to form or promote a company for a period of time
- Someone who is a director of a Company and that Company is any of the above

Your duties as a trustee

Your duties as a trustee fall into three main categories

- General duties under Trust Law
- Specific duties under the Pensions Act, 1990, the Taxes Consolidation Act 1997 and other legislation
- Duties under the plan's own Letter of Exchange and Rules

The Pensions Act, 1990 is the overriding legislation for pension schemes and its provisions must apply even if they conflict with the plan's own Letter of Exchange and Rules.

This list summarises your main trustee duties

- Act in accordance with your plan's Letter of Exchange and Rules
- Act in the best interest of beneficiaries
- Act impartially, honestly, responsibly and prudently
- Keep records
- Obtain professional advice where needed
- Maintain confidentiality
- Be aware of conflicts of interest
- Pay benefits promptly
- Collect and remit contributions promptly
- Provide annual benefit statements to and answer information requests from beneficiaries

The Taxes Consolidation Act 1997 deals with the tax aspects of the pension plan and the benefits it may provide.

Pension Plan Documents

One of your first duties as a trustee is to familiarise yourself with the Letter of Exchange and Rules.

An Executive Pension Plan is established by a written Letter of Exchange where the employer notifies the employee concerned that a pension plan is being set up for him or her. The Letter of Exchange will record the employer's name, the names of the trustees and the date the trust started.

In addition to the Letter of Exchange there is a set of Rules, which govern such matters as contributions and benefits payable and also sets out your trustee powers.

With a New Ireland plan the pension policy is generally the only asset in the plan. The policy document will contain information, which is specific to your plan. If there is life cover in place on the member's life, New Ireland will have issued a separate term assurance policy document.

Trustee Liability

Trust law is there to protect trustees who carry out their duties and who act carefully and diligently at all times. As a trustee you can be sued for breach of trust if you act outside of the powers provided in the Letter of Exchange and Rules or you fail to carry out your duties. However, all trustees can be sued in respect of the actions of one trustee.

Trustee Meetings

The Pensions Authority Trustee Handbook recommends that the Trustees of a pension plan should meet at a very minimum of once a year. Minutes should be kept of any issue relating to the pension plan.

Investment

A member's ultimate retirement benefits depend heavily on investment decisions made. Under a New Ireland Executive Retirement Plan, the trustees can offer the member the option of 'member's investment choice'. The member can select from the full range of investment funds made available by the trustees.

Where the member chooses his/her own investment fund(s), you, as a trustee have a statutory indemnity in relation to fund performance provided the plan allows for member choice and subject to the member being provided with **sufficient information to allow them make an informed decision.**

There is a range of funds available under the plan which cater for different attitudes to risk. The range includes funds ranging from low risk to very high risk.

New Ireland provide, through their website and on request, booklets and other information on the funds available for investment. It is important that the member has access to up-to-date information on New Ireland's Investment funds, available on our website. The latest fund performance details and asset allocations can be found in the Investment Centre of the New Ireland website, the address of which is
fundcentre.newireland.ie
Members should talk to their broker or Financial Advisor about their investment choice.

Default Investment Strategy
For any member who does not choose or does not want to choose an investment fund, contributions are invested in the current default investment fund under the Executive Pension Plan.

Typically, it will be a Lifestyle Investment strategy such as IRIS or Passive IRIS. The asset allocation applicable to the member charges as the member approaches retirement but this option may not be suitable if the member wants to invest in an Approved Retirement Fund (ARF).

Member Communication

One of the many ways in which the Pensions Act protects a member is to ensure that specified documents and information on the plan and its operation are made available to the member on a regular basis.

Some information must be made available for inspection, some must be given automatically and some must be provided on request. It is not only a member who has a legal entitlement to information, in certain circumstances information must also be made available to a member's spouse, and other beneficiaries.

New Ireland assists you by providing the specified documents.

Disclosure of Information:

- on joining the plan;
- annually after joining;
- on request;
- on leaving service;
- on retirement;
- on death;
- when a Pension Adjustment Order (PAO) is sought; and
- on scheme wind-up.

When the plan is set up, New Ireland will issue the trustees with a member booklet, a Statement of Reasonable Projection (SORP) and a Benefit Statement to be passed to the member. Up-to-date copies of these documents are available on request.

Each year we will issue you with an Annual Benefit Statement which includes a Statement of Reasonable Projection which you should pass to the member.

You should notify us if the member leaves employment, retires or dies. We will issue you with a Statement of Reasonable Projection, details of the benefits payable and the options available. You should then pass these on to the member/beneficiaries as appropriate.

You should notify us as soon as you become aware a Pension Adjustment Order (PAO) is being sought in the case of judicial separation or divorce. New Ireland will assist you in ensuring the order can be implemented.

As soon as a decision is made to wind-up the plan, you should tell us immediately so that we can start the wind-up process.

Administration

New Ireland looks after the practical aspects of administering the plan and its day to day running, but it is important you are aware that as Trustees even though you can delegate these activities, the responsibility still remains with you.

Registered Administrator

New Ireland is the 'Registered Administrator' for its Executive Pension Plans and prepares Annual Benefit Statements for you to pass to the member.

Registration with the Pensions Authority

The Pensions Authority keeps a register of all occupational pension schemes. You have a duty to register your plan within a year and pay the appropriate annual fee.

New Ireland registers your plan and remits the appropriate fee on your behalf to the Pensions Authority. New Ireland will notify the Pensions Authority of any material changes to the plan of which it is aware. For example, changes in sponsoring employer / trustee, cessation of contributions.

Record Keeping

There are essentially two kinds of record keeping.

1. Trustee Records e.g. minutes of meetings, records of how decisions were reached. You should keep your own Trustee Records.
2. Administration Records – New Ireland keep the plan's administration records. You should retain a record of all correspondence to/from New Ireland.

It is important that we work as a team to ensure the plan is run as efficiently as possible for all concerned. The member is relying on us to administer their benefits correctly but we can only do so if we have up to date records.

Payment of Contributions

The Pensions Act has set deadlines for the remittance and investment of both member and employer contributions.

The employer must pay over to New Ireland:

- all contributions deducted from the member's salary, plus
- the employer's own contributions,
  within 21 days of the end of the month in which the deduction from salary was made or the employer contribution was due. No deduction can be made from the contributions before they are remitted to us.

The trustees must ensure that the contributions remitted are invested in accordance with the Rules of the plan and not later than 10 days after the latest day by which the contributions were due to be remitted.

The penalties, under the Pensions Act, for an employer who fails to remit contributions on time could be up to a €25,000 fine and/or 5 years in prison.

Contributions are generally paid by Direct Debit. If the direct debit fails, New Ireland will write and advise the employer of same.

If contributions are paid other than by Direct Debit New Ireland will write to the employer in advance of the due date setting out the amount due. If we do not receive the amount due we will write to the employer again after the due date.

The employer must also notify the employees of the deduction of employee contributions and remittance of employer and employee contributions – this is normally done via the employee's payslip.

We will invest the contributions in the policy, once we have received them, subject to us having all the information and documentation we require to do so.

Payment of Benefits
As trustee, you should ensure that beneficiaries are paid benefits promptly when due and do not have to go through unreasonable steps to get their benefits.

New Ireland deals with the practical aspects of calculation and payment of benefits as they fall due. It is still important, however, that you are aware of the benefits offered by the plan, the circumstances in which they are payable and to whom and how the payments are made.

The plan may provide for the payment of benefits in some or all of the following circumstances

- **Leaving Employment**
- **Death in Service**
- **Retirement**

Leaving Employment
In general if the member leaves employment before retirement age they can either:

- take a refund of the value of their own contributions - only if less than 2 years in the plan;
- leave their benefits (value of employer and employee contributions) in the plan until retirement; or
- transfer benefits to another suitable approved pension arrangement

A 20% director cannot take a refund of contributions.

If the member has two or more years' plan service then the value of their accumulated benefits (from employer and employee contributions) must be preserved for them. The preserved or paid-up benefit can remain in the plan and can only be drawn down in accordance with the Rules of the plan. Alternatively the member may wish to transfer the benefit to another suitable approved pension arrangement.

If requested a transfer can normally be made to one of the following pension arrangements

- New Employer's Plan
- Retirement Bond
- Personal Retirement Savings Account (PRSA)
- A suitable Pension Arrangement outside the State

Once the benefits have been transferred, the plan is automatically wound-up.

You should let New Ireland know if a member leaves employment, the employer ceases to trade or is taken over, or if a decision is made to wind-up the plan.

Death in Service
If the member dies before drawing benefits, the cash value of their pension fund is payable. If there is life cover in place on the plan an additional amount may also be payable.

The employer or trustee has discretion as to who gets the benefits. The payout can be used to provide a lump sum benefit, and/or a spouse's / civil partner / dependants pension.

The lump sum can be paid to the member's estate, spouse, civil partner, dependants, for example. The exact individuals who may benefit

are set out in the plan Rules, which are available on request from New Ireland. The member can suggest who they would like to receive the lump sum benefit by completing a Letter of Wishes Form. The member's wishes may be taken into account in deciding who receives the benefits, but are not binding on the Trustee/Employer.

Any balance left over after paying out the maximum lump sum benefit allowed must be used to provide a pension for a spouse / civil partner and / or dependants.

The employer or trustee must consider the deceased member's circumstances and the plan Rules before deciding who to pay the benefits to. Detailed minutes should be taken and kept of any employer/trustee meeting held regarding the payment of a death benefit.

Death after leaving service

If the member dies after leaving employment, with benefits still in the Plan, the cash value of their pension fund is payable to their Legal Personal Representatives.

Benefits on retirement

The benefits available at retirement (subject to certain conditions) include:

- a retirement lump sum;
- an annuity payable to the member (with/without spouse/civil partner's pension on death in retirement);
- taking a taxable lump sum; and
- investing in an approved retirement fund.

Full details of these options are set out in the New Ireland Retirement Options Booklet which is available on request. New Ireland will issue details of the options available to the member upon request as he/she approaches retirement.

We will liaise with you to ensure Revenue rules, regulations and limits are complied with.

Compliance and Regulation

New Ireland and your Financial Advisor are always available to assist you meeting compliance and regulation requirements.

Whistle Blowing

Where a trustee has reason to believe that material misappropriation or fraudulent conversion of the resources of a Executive Pension Plan has occurred or is to be attempted, he/she must report details of this, in writing, to The Pensions Authority.

The duty to report is absolute and penalty for anyone convicted of failing to do so is a fine and/or imprisonment. Guidance notes on reporting requirements are available from the Authority's website.

Internal Dispute Resolution (IDR) Procedure

Under the Pensions Act, 1990, you, as trustee, are required to have an Internal Disputes Resolution (IDR) procedure in place to deal with certain complaints.

A complaint can be made by:

- the plan member;
- the spouse or a surviving dependant of the deceased member; and
- the personal representatives of the deceased member.

A good IDR procedure along with a commitment to clear communication could resolve a complaint at an early stage.

New Ireland has an IDR Procedure in place for its Executive Pension Plans and you can choose to adopt this procedure if you wish. A copy of this IDR procedure is available on request. The member booklet (issued to the member when the plan starts) advises the member there is an IDR process and to contact the trustees if they have any queries / complaints.

Equal Treatment

Pension plans are not allowed to discriminate between employees on a number of grounds – these grounds consist of Personal Factors and Employment Status Factors.

As trustees of a one member pension plan this should not impact on you. However, they may impact on the employer.

Marital/Civil Partnership Breakdown

The Family Law Act 1995 (which deals with judicial separation) and the Family Law (Divorce) Act 1996 (which deals with divorce) can provide for some or all of a plan member's pension and/or death in service benefits to be given to their spouse, civil partner or for the benefit of a dependant child.

There are two types of Pension Adjustment Orders that can be made

- A Retirement Benefits Order – pension benefits
- A Contingent Benefits Order – death-in-service benefits

New Ireland currently administers, on behalf of the trustees, all pension adjustment orders received by it. If you receive notification of a pensions adjustment order you should immediately forward it to New Ireland.

The whole area of pensions and marital breakdown is very detailed and to assist trustees in this area the Pensions Authority have a booklet available called "A Brief Guide to the Pension Provisions of the Family Law Acts" which is available free from the Pensions Authority or to view on their website: **www.pensionsauthority.ie**

Pensions Ombudsman
The office of the Pensions Ombudsman is a statutory and independent office which can investigate and adjudicate on certain complaints. The plan's IDR procedure generally has to be gone through first. For further information on the Pensions Ombudsman, please log on to **www.pensionsombudsman.ie**

Pensions Authority
The Pensions Authority is the primary body that regulates pension schemes/plans in Ireland. It has wide powers to allow it to carry out its regulatory work. The Authority can take Court proceedings against trustees and/or an employer for non-compliance with the Act. It can apply to the Court to have trustees suspended or removed.

As an alternative to taking Court action, the Pensions Authority has the power to issue on-the-spot fines for certain offences. The Authority will write to the person involved advising them of the alleged incident of non-compliance with the Act and give them a deadline of 21 days within which they must rectify the matter to the satisfaction of the Authority and pay the fine of €2,000. If the person does not meet the deadline, the Authority can then take legal action.

The Pensions Authority provides great assistance to trustees to help them understand their duties. They have an informative website which includes a Trustee Handbook and have freely available a number of booklets on various topics including "So You're a Pension Scheme Trustee".

If you have any queries at all regarding trusteeship or indeed any general pension queries on your Plan, please contact your Financial Advisor or New Ireland.

New Ireland Assurance Company plc.

11-12 Dawson Street, Dublin 2.
T: 01 617 2000 **F:** 01 617 2075 **E:** info@newireland.ie
W: www.newireland.ie

Executive Pension Plan(s)
Trustee Self Training Declaration

For ____________________ (Name of Plan)

The contents of this Trustee Training Guide and reference material have been read and understood by me and I am satisfied that I have now received appropriate training to act as a trustee.

Signed:

Print Name:

Date:

Signed:

Print Name:

Date:

Signed:

Print Name:

Date:

Signed:

Print Name:

Date:

(Additional Names can be added if required)

Where the Company is acting as trustee
This declaration must be signed by all directors of the Company and kept in a safe place as proof that they are satisfied they have undertaken appropriate training.

Where individual trustees have been appointed
This declaration must be signed by all of the trustees and kept in a safe place as proof that they are satisfied they have undertaken appropriate training.

Appropriate training should be repeated every two years.

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