



Client Newsletter

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Bonus in income for Enhanced Annuity retirees

Some customers have benefited from a 25% increase in their retirement income.



After a successful launch in late 2014, we've released some of the details of those benefiting from our new Enhanced Annuity product.

Over the past five months our Enhanced Annuity customers received an average uplift in retirement income of 10.4%. Some customers benefited from a very significant 25% increase in their retirement income and one customer has been quoted an enhancement in income of over 80% using our online quotation software.

The innovative Enhanced Annuity product recognises that not all pension customers have the same medical history or expected lifespan and so it offers better value to customers who have experienced poor health. The product caters for a wide range of medical illnesses and conditions as well as specific lifestyle factors. There is no upper limit on the level of enhancement available.

Our Enhanced Annuity product is based on an innovative online system that allows financial advisers to bring customers through all the requirements to assess their full health picture. If clients meet the criteria (and their GP can subsequently verify this information) they can qualify for an enhancement.

Based on Enhanced Annuity policies sold to date the most common medical conditions presented include; heart conditions, diabetes, high blood pressure, high cholesterol and cancer. The main lifestyle issues include being overweight or underweight and a history of smoking:

- 40% of customers have qualified for increased retirement income as a result of medical reasons alone
- 33% for lifestyle reasons alone
- 27% of customers qualified for enhanced income for both medical and lifestyle reasons.

Speaking about the take-up of the Enhanced Annuity product, David Harney, Managing Director, Irish Life Corporate Business said: "As 2015 progresses we expect to see more retirees benefiting from higher income through an Enhanced Annuity as we roll out our innovative system to more advisers across Ireland. Currently up to 54%** of UK retirees benefit from increased income through an enhanced annuity and we believe we'll head towards that figure in the medium term. One of our key objectives over 2015 is to increase the percentage of Irish customers benefiting from the product. The average enhancement to date is over 10% which can make a big difference to your retirement income. Indeed, some of our clients received a 25% enhancement in income as they had a range of medical conditions."

* Source Reinsurance Group of America (RGA) based on UK industry data September 2014

**according to Reinsurance Group of America (RGA) based on UK market statistics September 2014

There was a great media response to the article, with plenty of interest generated. Take a look at what some of the various media outlets had to say on [our website](#).

Pension Adjustment Orders

Change in tax treatment where a 'Chargeable Excess' arises



The Finance Act 2014 has introduced a number of changes to the tax treatment of retirement savings over which a pension adjustment order has been made.

The Finance Act 2014 has introduced a number of changes to the tax treatment of retirement savings over which a pension adjustment order has been made. This change applies specifically to cases where a Chargeable Excess arises.

As you will be aware currently a €2m Standard Fund Threshold (SFT) limit applies. This is a lifetime limit on the total capital value of pension benefits that an individual can draw. It applies to all benefits taken after 7 December 2005. In certain cases an individual may have a Personal Fund Threshold (PFT) in excess of this limit. On each occasion an individual becomes entitled to receive a benefit under a pension arrangement they use up part of their SFT or, if applicable, PFT. Where the capital value of a payment exceeds an SFT or PFT a 'Chargeable Excess' arises to the extent that the SFT or PFT is exceeded. The excess is subject to an upfront tax charge of 40%, subject to a number of limited offset provisions.

Under the previous arrangements if a Chargeable Excess arose on which tax was due in relation to a benefit on which a pension adjustment order was made the original member was liable for the entire tax charge. This was seen as inequitable where the original member is not benefiting from the entire fund.

Under the recent legislation an attempt has been made to redress the balance. In essence the proposal is simple but is likely to present challenges in implementation.

The principle of the apportionment set out in the legislation is that the tax shall be apportioned between the member and the non-member so that each party's share of the tax reflects the split in the overall retirement benefit.

The non-member and the Administrator of the arrangement in which the non-member's benefit is held at the time the Chargeable Excess are jointly and severally liable for the payment of the tax.

While the above proposal may be relatively straightforward in circumstances where the non-member's benefit remains in the original scheme, complications arise where benefits may have transferred to other arrangements or where the non-member spouse may have drawn retirement benefits. The solution provided by the legislation in relation to this is that the Administrator of the member's benefit should identify the Administrator of the non-member's benefit and, within 21 days of the end of the month in which the calculation giving rise to the Chargeable Excess occurs, provide a certificate including certain specified information including the amount of tax due and the basis for calculation of same.

While the number of cases affected by the above will be small the practical application has the ability to be challenging. For instance Administrators will have to make sure that appropriate records are kept to ensure, insofar as is possible, that the current location of the non-member's benefit can be located at the relevant time.

Smarter Investment Strategies

Patrick Burke gives his view



Patrick Burke, Managing Director of Irish Life Investment Managers, talks about their smarter investment strategies to Newstalk Business.

Patrick Burke, Managing Director of Irish Life Investment Managers, talks about their smarter investment strategies to Newstalk Business.

He explains how these strategies – which are key components in Irish Life MAPS – can help those looking for real returns while aiming to deliver lower volatility and reduced drawdowns during extreme market conditions.

[Click here to listen to the interview](#)

Awards

Gold at the Irish Media Awards

Prestigious win for our latest campaign



Our 'We know Irish life. We are Irish Life' campaign - picked up a prestigious award at the 2015 Media Awards.

The Irish Life advertising campaign – 'We know Irish life. We are Irish Life' - picked up a prestigious award at the 2015 Media Awards held in the Doubletree Hotel on the 9th of April.

The Irish Life Brand campaign won gold in the 'Best Use of Media (ROI/Ni) Medium/Large category' at the 2015 Media Awards last Thursday. The campaign which ran in October and was planned by Mediaworks, was chosen from an extremely competitive shortlist of eight advertisers which included of Liberty Insurance, Heineken and Fáilte Ireland.

The campaign featured quirky Irish statistics and ran on a wide mix of media including TV, Radio, Press, Digital and Outdoor. It also featured an internal campaign where Irish Life staff participated in a survey to create their own Irish Life stats! Bespoke bus stops, innovative digital TV targeting and Aircoach dominations all were part of the activity which emphasised the message that 'We know Irish life. We are Irish Life.'

Commenting on the award, Noel Martyn – Strategic Director at Mediaworks said "It's a brilliant achievement and deserved recognition for such an iconic and innovative brand such as Irish Life".

Head of Marketing Communications at Irish Life, Karl Symes said, "We're delighted to have been chosen ahead of a range of outstanding brands and campaigns but in particular to be recognised this year, as we're celebrating our 75th anniversary, makes it even nicer for everyone in Irish Life."

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