This booklet has been prepared to explain to you, simply and concisely, the various benefits obtainable should you decide to make Additional Voluntary Contributions (AVCs) under the University of Dublin, Trinity College AVC Scheme (the “Scheme”). This booklet should always be read in conjunction with the Explanatory Booklet for the Master Pension Scheme.

You should also bear in mind that this booklet cannot deal with exceptional circumstances and also that it cannot override the terms of the formal documents (Trust Deed and Rules) which may be inspected after notice to the College.

As AVCs are a long-term and important financial commitment, you are advised to read this booklet carefully and to seek further information, if required, before coming to any decisions.

Should you have any queries, please contact TCD Human Resources. The Pensions Board reference number for the scheme is PB 239787.

Irish Pensions Trust (IPT) are the Trustees of this Scheme.

The provisions of the Master Pension Scheme, of which you are a member, provide you with a high level of retirement and spouses/children’s benefits. Some members, particularly those who do not qualify for maximum benefits, may be anxious to increase their benefits, within legislative limits.

To enable you to avail of the option of paying AVCs, the College operates a facility whereby annual AVCs are deducted from your earnings, in a similar manner to your ordinary contributions and are remitted to the Administrators for investment.

Members should be aware that the restrictions introduced by the Pensions Act 1990 on the option to take a refund of pension contributions on leaving service also apply to AVCs. For further information, please refer to your Master Pension Scheme Explanatory Booklet.

Who should I contact if I have further queries?
Please direct any queries to TCD Human Resources at the following address:

TCD Human Resources
University of Dublin
Trinity College
Dublin 2

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Am I eligible to make AVCs?
Provided you are a member of the Master Pension Scheme you may make AVCs. If you already qualify for full benefits under the Master Pension Scheme, the scope for improvement of your benefits will be limited by the requirements of the Revenue Commissioners.

When may I commence AVCs?
You may start or vary AVCs four times a year on 1 February, 1 April, 1 July and 1 November. You should indicate your interest to TCD Human Resources at least eight weeks in advance of these dates, i.e.:

- For payments from 1 February, TCD Human Resources must be notified by 1 December (of the previous year)
- For payments from 1 April, TCD Human Resources must be notified by 1 February
- For payments from 1 July, TCD Human Resources must be notified by 1 May
- For payments from 1 November, TCD Human Resources must be notified by 1 September.

Is there a limit to the amount of contributions I may make?
Subject to your overall scheme benefits (including those purchased by AVCs) being within Revenue limits, you may make AVCs. Further information regarding maximum benefits is given in the next section, however, there are also limits on the maximum contributions possible.

Within these legislative limits, the maximum possible annual contribution you may make (both ordinary and voluntary contributions) under this Scheme and any other pension arrangement of which you are a member may not exceed the limits show in the table below.

<table>
<thead>
<tr>
<th>Age</th>
<th>Maximum Contribution as % of Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 29 years</td>
<td>15%</td>
</tr>
<tr>
<td>30 to 39 years</td>
<td>20%</td>
</tr>
<tr>
<td>40 to 49 years</td>
<td>25%</td>
</tr>
<tr>
<td>50 to 54 years</td>
<td>30%</td>
</tr>
<tr>
<td>55 to 59 years</td>
<td>35%</td>
</tr>
<tr>
<td>60 years plus</td>
<td>40%</td>
</tr>
</tbody>
</table>

NOTE: For tax relief purposes these contributions are limited to earnings up to a maximum of €115,000 in 2011.

Do my AVCs result in any tax savings?
Yes. As long as the Master Pension Scheme remains approved under Section 774, Part 30, Chapter I of the Taxes Consolidation Act 1997 your AVCs will be treated as an expense for Income Tax purposes.

Who pays for the cost of running the plan?
The administration costs associated with AVCs are paid for by deductions from your contributions when they are paid. In addition, all charges levied by the Investment Managers are met from your AVC fund and these are described later.
What additional benefits are purchased by AVCs?

The purpose of making AVCs is to enable you to purchase additional retirement benefits. Your AVCs will be invested to provide an amount on your retirement which the Trustees (in accordance with your wishes) will use to secure additional benefits for you within legislative limits. These limits can be summarised as follows:

- **a** Subject to certain maximum service conditions at Normal Pension Age, a maximum pension of 2/3rds of final remuneration.
- **b** Again, subject to certain maximum service conditions, a maximum tax-free lump sum of 1.5 times final remuneration. The maximum tax free lump sum that can be taken at retirement is subject to an overall maximum lifetime limit of €200,000. Higher amounts will be taxed at the standard income tax rate, currently 20%; any amounts in excess of €575,000 will be liable to tax at your marginal rate.
- **c** A spouse’s pension equal to your pension (before any election to take cash).
- **d** Children’s pensions totalling no more than 1/3rd of your pension.

The above benefits would be inclusive of benefits under the Master Pension Scheme. These are the maximum benefits that can be provided if you retire at your Normal Pension Age. You are reminded that, due to the level of benefit under the Master Pension Scheme, the scope for making AVCs can be limited.

Please note, however, that maximum benefits are based on final remuneration and if you are co-ordinated with the State pension, there may be scope to secure additional pension. However, if you are not co-ordinated with the State pension or have 40 or more years’ Pensionable Service on retirement on the 30th September following age 65, the Trustees would not recommend any AVC payments.

What happens if I die In service before Normal Pension Age while making AVCs?

The value of your AVC investments at the date of your death will be available for your Beneficiaries.

What happens if I leave service before Normal Pension Age other than on retirement?

Your options on leaving depend on whether or not you have more than two years’ service with the College.

- **a** If you have completed more than two years’ scheme service, the value of your investments at the date of your leaving service will be used to increase your deferred benefits under the Master Pension Scheme. You may leave your AVCs invested with the Investment Managers until you retire or take a transfer of your benefits.
- **b** If you have completed less than two years’ service you may also elect to receive a refund of the value of your contributions, less tax which currently applies at a rate of 20%.

You must choose the same option for your AVCs as for your Master Pension Scheme benefit.

What happens when I retire?

The accumulated value of your AVC fund will be available to increase your benefits in any of several ways within the limits imposed by the Revenue Commissioners. These include:

- increasing your personal pension
- increasing the tax-free lump sum you elect on retirement
- increasing or providing a Dependant’s contingent pension payable in the event of your death.
Are the benefits taxed?
Any extra pension arising from your AVC fund is taxed under the PAYE system when it is paid. Cash payments (within revenue maximum limits), however, are tax-free.

Can I leave my AVCs invested after I retire?
The University of Dublin, Trinity College Pension Scheme has been amended to permit these options. You can take advantage of a tax efficient investment opportunity during retirement by transferring your AVCs to a special type of investment fund called an “approved retirement fund” (ARF). ARFs are offered by a number of “qualifying fund managers”. The choice of investments within an ARF can range from bank accounts to unit linked funds.

You may invest all of your AVC fund in the ARF so long as you have a total income of at least €17,963.40 per annum. You can withdraw money from an ARF whenever you wish, subject to the terms offered by any particular fund manager – there are no statutory restrictions. The investment return on an ARF is exempt from tax for as long as it remains within the fund. However, any withdrawals from an ARF are subject to PRSI and income tax at your marginal rate. This will be deducted at source by the fund manager.

Irrespective of whether you withdraw any money or not, you will pay tax at your marginal rate on an assumed 5% withdrawal each year. If actual withdrawals are made, those will count towards the assumed withdrawal.

If your total pension (Master Pension Scheme plus State pension) is less than €17,963.40 per annum and you wish to transfer your AVCs to an ARF, you must set aside 10 times the State pension (currently about €120,000) in a special type of ARF called an “approved minimum retirement fund” (AMRF). You cannot make withdrawals from an AMRF until you reach age 75. Any balance remaining in your AVC fund can be put into an ordinary ARF from which withdrawals can be made at any time.

Your ARF/AMRF can be left as an inheritance on your death.
INVESTMENT OPTIONS

AVCs are invested separately to the assets of the Master Pension Scheme in separate accounts in the names of the members concerned.

Who decides where my contributions are invested?
The Trustees of the Scheme decide which investment options will be made available to member. You decide which of these options you wish to use.

It is important to note that the Trustees are not liable for poor investment performance.

If you wish to change your investment choice at any time, please advise TCD Human Resources.

What are the investment options?
All of the funds in which you can invest are managed by Irish Life Investment Managers (ILIM). A choice of the following investment funds is provided:

- ILIM Exempt Cash Fund
- ILIM Capital Protection Fund
- ILIM Pension Protection Fund
- ILIM Consensus Fund
- ILIM Global Access Managed Fund
- ILIM Indexed Global Equity Fund

See the Description of Funds section for further details.

How should I decide where to invest?
Your investment mix depends on your personal preference and your circumstances, such as:

- your personal tolerance for risk/volatility,
- whether your AVCs represent a significant proportion of your overall savings – including your main occupational pension and other non-pension savings, and
- your age and potential term to retirement.

Risk/volatility issues are of greatest concern to those nearest retirement age.

As a general rule, a Cash Fund is appropriate for those seeking a low but steady return in association with a high level of capital security. It is suitable for members who are close to retirement who wish to use their AVC proceeds to enhance their retirement lump sum.

Typical risk tolerance

<table>
<thead>
<tr>
<th>25yrs</th>
<th>20yrs</th>
<th>15yrs</th>
<th>10yrs</th>
<th>5yrs</th>
<th>1yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exempt Cash Fund</td>
<td>Consensus Fund</td>
<td>Pension Protection Fund</td>
<td>Capital Protection Fund</td>
<td>Indexed Global Equity Fund</td>
<td>Global Access Managed Fund</td>
</tr>
</tbody>
</table>
Similarly, funds which invest in fixed interest securities (e.g., the Pension Protection Fund), are appropriate for individuals close to retirement who wish to use their AVCs to buy extra pension benefits - the cost of pensions varies in line with interest rate movements.

The Global Access Managed Fund has a higher element of risk. As a sizeable portion of its investments would be in equities, the managed fund is subject to short term fluctuations. In return for a higher risk profile, these Funds offer the prospect of higher returns over the long term, although there is always the risk that contributions invested will fall in value.

The Consensus Fund is similar in nature to the Managed Fund with a substantial equity content. It aims to invest in line with the average of other investment managers and thereby reduces the risk of underperformance relative to the average performing investment manager.

The Indexed Global Equity Fund has the highest risk as it maintains a full weighting in equities.

See the Description of Funds section for summary information from Irish Life for each of the funds above and you should read this carefully.

The decision taken in relation to the investment of your AVCs is crucial. Best practice is to obtain professional advice on the investment options available.

**Can I switch funds?**

You may switch your existing assets and/or future contributions. You are entitled to four free switches a year, thereafter Irish Life will impose a charge, which at a minimum will be €12.70.

**Is there a default option?**

If you do not choose an investment option when you start to make AVCs then your fund will automatically be invested in Irish Life’s Consensus Fund until five years before your expected retirement age. From that stage on, your money will be switched automatically such that at your retirement date your funds are invested 65% in the Pension Protection Fund and 35% in the Capital Protection Fund. The 65%/35% mix reflects practice at the date of preparation of this booklet which is subject to change.

**What is lifestyleing?**

If you elect to choose a fund option and the default above does not apply, you can still elect Irish Life’s Individual Investment Service.

This is a form of lifestyle arrangement whereby the investment manager manages your contributions over the course of your membership. The intention is to invest in the appropriate type of asset depending on your proximity to retirement.

The Individual Investment Service aims to protect the capital value of a member’s investment over the course of their membership by gradually moving out of riskier investments (such as equities) into more secure funds as retirement approaches.

Five years before retirement age your funds are switched (on a gradual basis) from Irish Life Consensus Fund into a mixture of the Capital Protection Fund and Pension Protection Fund which should provide a less volatile return and a better match for cash and pension benefits at retirement. In order to avail of this service, you must be 100% invested in the Consensus Fund.
Administration and investment charges apply under the AVC Scheme.

**What are the administration charges?**
The total charge applied to your contribution is 0.725%. Therefore for every €100 contribution made, €99.275 is invested. In addition an annual charge of €36 is deducted to cover the cost of administering and operating the scheme.

The investment charges vary as a percentage of your AVC Fund, depending on the fund chosen. These are as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Annual Management Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>ILIM Capital Protection Fund</td>
<td>1.00%</td>
</tr>
<tr>
<td>ILIM Exempt Cash Fund</td>
<td>0.75%</td>
</tr>
<tr>
<td>ILIM Consensus Fund</td>
<td>0.65%</td>
</tr>
<tr>
<td>ILIM Global Access Managed Fund</td>
<td>1.25%</td>
</tr>
<tr>
<td>ILIM Indexed Global Equity Fund</td>
<td>0.65%</td>
</tr>
<tr>
<td>ILIM Pension Protection Fund</td>
<td>0.65%</td>
</tr>
</tbody>
</table>
### Description of Funds

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Exempt Cash Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Generally invested in short term low-risk financial instruments. Return varies from time to time but will reflect interest rates available in the money markets. Returns are never negative. Invests in deposits and short-term gilts. These assets give a stable and predictable return. This fund is suitable for members near retirement age who want to protect their fund values against market movements.</td>
</tr>
<tr>
<td><strong>Risk/Return Profile</strong></td>
<td>Low</td>
</tr>
<tr>
<td><strong>Suitable for those...</strong></td>
<td>- with low risk tolerance &lt;br&gt;- close to retirement and intending to take AVCs in lump sum form</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Capital Protection Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>This fund aims to give members the benefits of equity participation while at the same time guaranteeing that the value of their fund won’t fall. It adopts a cautious approach to investment with roughly two thirds invested in cash and fixed interest securities. This investment strategy allows Irish Life to offer a valuable guarantee that the value of the units will not fall. It offers a minimum guaranteed growth rate each year for funds that are invested to retirement.</td>
</tr>
<tr>
<td><strong>Risk/Return Profile</strong></td>
<td>Low / Medium</td>
</tr>
<tr>
<td><strong>Suitable for those...</strong></td>
<td>- with low risk tolerance &lt;br&gt;- with low risk tolerance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Pension Protection Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Invested in a range of fixed interest securities. Some fixed interest funds are invested to match the cost of purchasing annuities. Reasonably secure, but the market value of these investments can fall as well as rise.</td>
</tr>
<tr>
<td><strong>Risk/Return Profile</strong></td>
<td>Low / Medium</td>
</tr>
<tr>
<td><strong>Suitable for those...</strong></td>
<td>- with low risk tolerance &lt;br&gt;- close to retirement and intending to take AVCs in pension form</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Consensus Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Similar to a managed fund in that it invests in a range of investments (equities, fixed interest, property and cash). Its objective is to target the average return recorded by various managed funds in Ireland, thus reducing the risk of investing in a poor performing fund. Also reduces the possibility of substantial out-performance.</td>
</tr>
<tr>
<td><strong>Risk/Return Profile</strong></td>
<td>Medium / High</td>
</tr>
<tr>
<td><strong>Suitable for those...</strong></td>
<td>- with higher risk tolerance &lt;br&gt;- with a considerable period to retirement</td>
</tr>
<tr>
<td>Fund Type</td>
<td>Global Access Managed Fund</td>
</tr>
<tr>
<td>----------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Description</td>
<td>The Global Access Managed Fund aims to deliver above average managed fund returns. Invested in a range of assets including equities, fixed interest, properties and cash in local and overseas currencies. The extent of the equity holding can vary, but typically constitutes 60%-80% of the fund value. It is a multi-manager product where Irish Life appoint what they regard as the best managers from a world-wide universe to manage global equities.</td>
</tr>
<tr>
<td>Risk/Return Profile</td>
<td>Medium / High</td>
</tr>
<tr>
<td>Suitable for those…</td>
<td>with higher risk tolerance with a considerable period to retirement</td>
</tr>
</tbody>
</table>