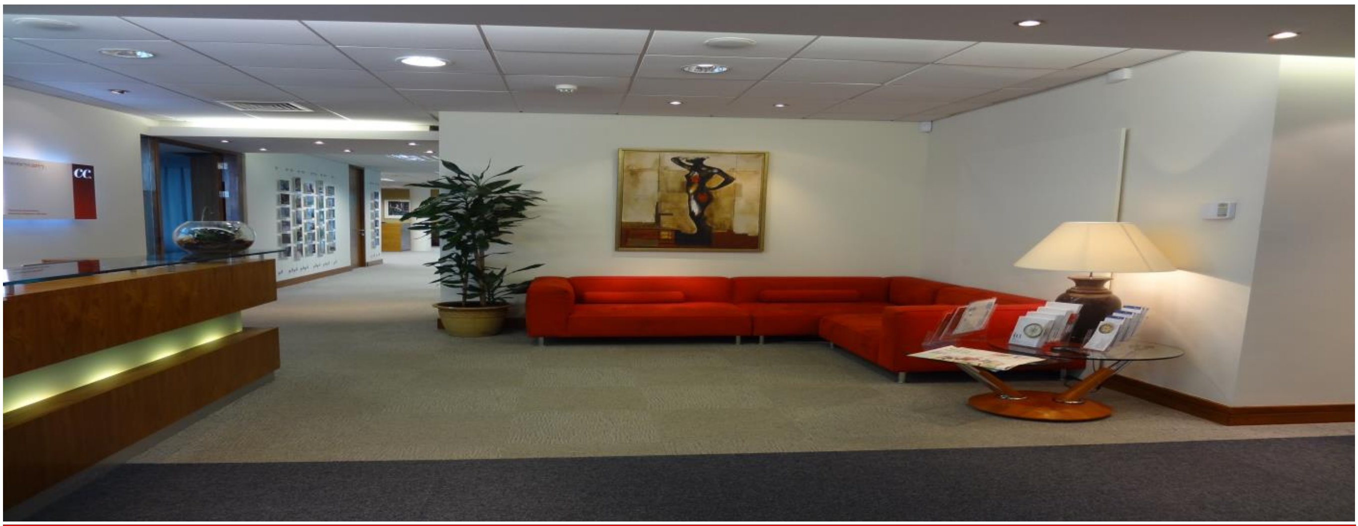
performance
through
partnership



Relieving cash flow issues through early withdrawal of Additional Voluntary Contributions (AVCs)

Many people are experiencing difficulties in managing the cash flow in current times. Some may have cash earned during more affluent times locked up in Pensions and PRSA's. A potential solution to current cash flow issues may be through early withdrawal of AVC's made to occupation pension schemes and or PRSA's.

Considerations

Before you decide and early withdrawal is the best option for you. The following should be considered.

- Is your pension fund sufficient to meet your needs in retirement. What decrease will an early withdrawal have on your post retirement income. How does this compare to your current requirement for cash.
- You should discuss with your pension provider if they attach any penalties for early withdrawal of funds.
- You should confirm with your pension provider that there are no loss of guarantees from early withdrawal.
- You should confirm with your pension provider if they apply any administration charges for transactions such as this, and if so, how much.
- For those who are close to their retirement age, maybe it might be more beneficial to wait and draw down any lump sum which may be available once retirement age has been reached.
- Anyone currently benefiting from means tested social welfare payments or medical cards should by wary the income derived from the early withdrawal may impact on their entitlement to claim these benefits.

Criteria for withdrawal

- Only contributions made by way of AVC can be accessed.
- Maximum amount that can be withdrawn is 30% of the value of AVC's.
- Only one withdrawal may be made from each pension/PRSA fund held.
- The opportunity expires on 27th March 2016.
- Withdrawals will be taxed at marginal rate (0%, 20% or 41%).

- Withdrawals will not be subject to PRSI or USC.
- In advance of the withdrawal allocate a tax certificate to your AVC Insurance company through the Revenue online system.
- A tax return must be filed the January following the year of withdrawal.

Summary

For those who have built up solid pension funds through annual voluntary contributions, and are currently in need of generating additional cash flow, consideration may be given to the once –off opportunity presented by the Finance Act 2013 to withdraw up to 30% of the AVC element of their pension fund to relieve current cash shortages.

cooneycarey.

Chartered Accountants,
Taxation & Business Advisors

The Courtyard, Carmanhall Road,
Sandyford, Dublin 18, Ireland
t +353 (0)1 677 9000
f +353 (0)1 677 9805
e info@cooneycarey.ie
www.cooneycarey.ie