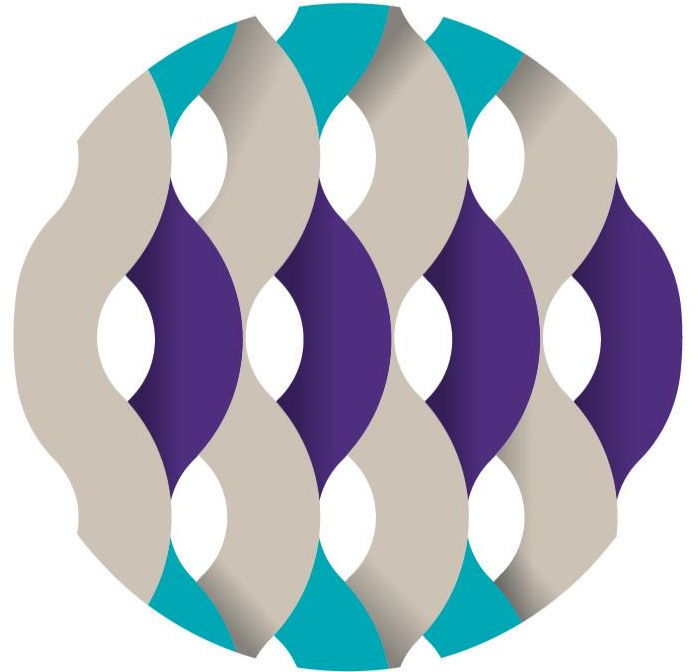


Pensioneer Trustee Services

Colm Murphy
Aengus Burns

Directors
Grant Thornton Pensioneer Trustees



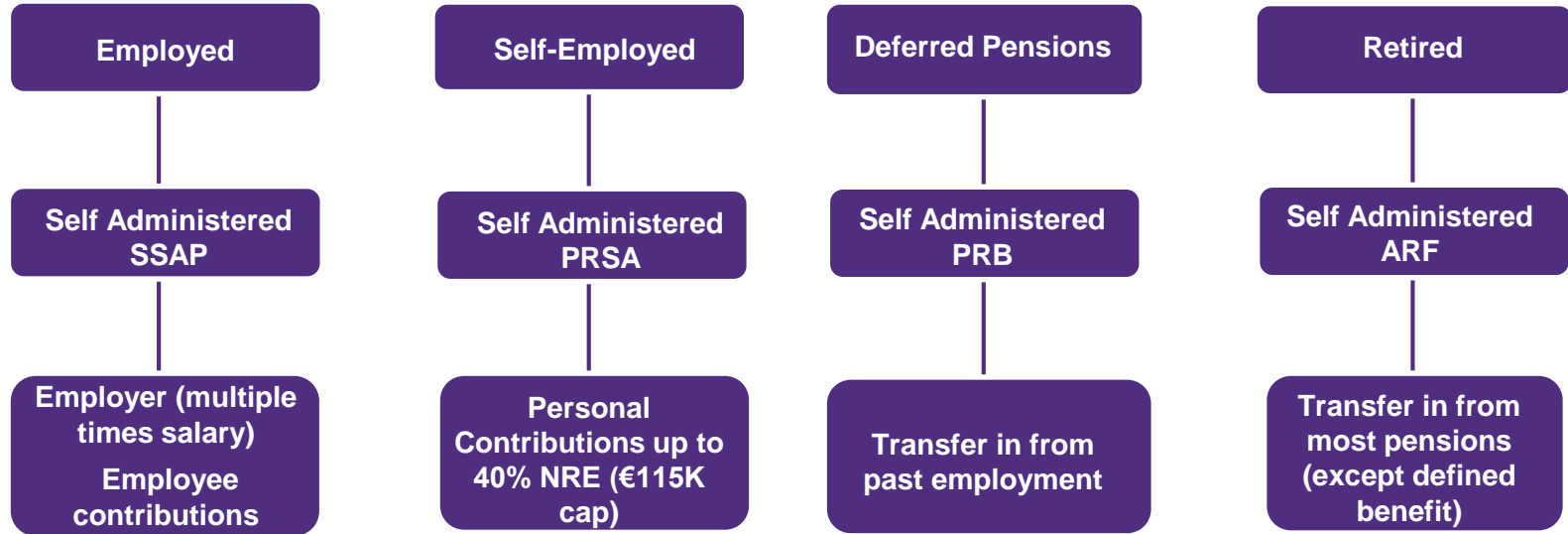
Key benefits and features of self-administered structures

- Same tax advantages as insured pensions

Plus

- more control of risk
- greater choice of investments
- investments AMC at wholesale rates
- transfer in specie at retirement
- direct property option
- transparency/bank account
- portable between employments
- fee based

Self-administered options



Investment Options the same for all – e.g. direct property, deposits, shares, funds, etc.

“

Pensions and Property

”

Options for purchasing Investment property

Personally

- tax on equity and income and gains
- reduced capital allowances

Company

- tax on income and gains in the company
- tax on distributions from company

Pension

- tax relief on contributions by employer
- no tax on equity or income or gains
- €2m Standard Fund Threshold
- transfer of assets to ARF continues to grow tax free
- tax on distributions from ARF after Tax Free Lump Sum

Pension property investments

Standard pension offering

- choice of funds mainly limited to property funds, ETF's and REIT's

Self-Administered pension offering

- more open architecture includes:
- direct property residential and commercial
- syndicated investment property
- loan notes and other investment vehicles
- jointly managed with Pensioneer Trustee
- debt available

Direct Property Investments

Exempt Unit Trust

- SSAP, PRSA, PRB or ARF invests in an exempt Unit Trust (sub trust)
- each Unit Trust holds only one property with an individual bank account
- the trustees of the Unit Trust purchase the property and can facilitate borrowing
- recourse in respect of the mortgage is limited to the property
- the Unit Trust can be transferred in specie to ARF on retirement
- property and borrowings are segregated

Key revenue restrictions on property purchases

- arms length requirement (associated parties rule)
- property development is not allowed i.e. buy and sell on
- direct investments in private companies are limited
- scheme must have sufficient liquid assets to provide benefits

Direct property purchase case study

No borrowing Property purchase example with €250,000 pre-tax funds		
	Personal	Pension (SSAP)
Funds taken out of company	€250,000	€250,000
Income tax	€100,000	€0
USC/PRSI	€37,500	€0
Amount available for investment*	€112,500	€250,000
Comparison		
	Personal	Pension (SSAP)
Purchase price	€112,500	€250,000
Rental est. (p.a.)	€7,200	€14,400
Property agent & trustee fee (p.a.)	€0	€2,474
Rent net of tax (higher rate)*	€3,240*	€11,926

Direct geared property purchase case study

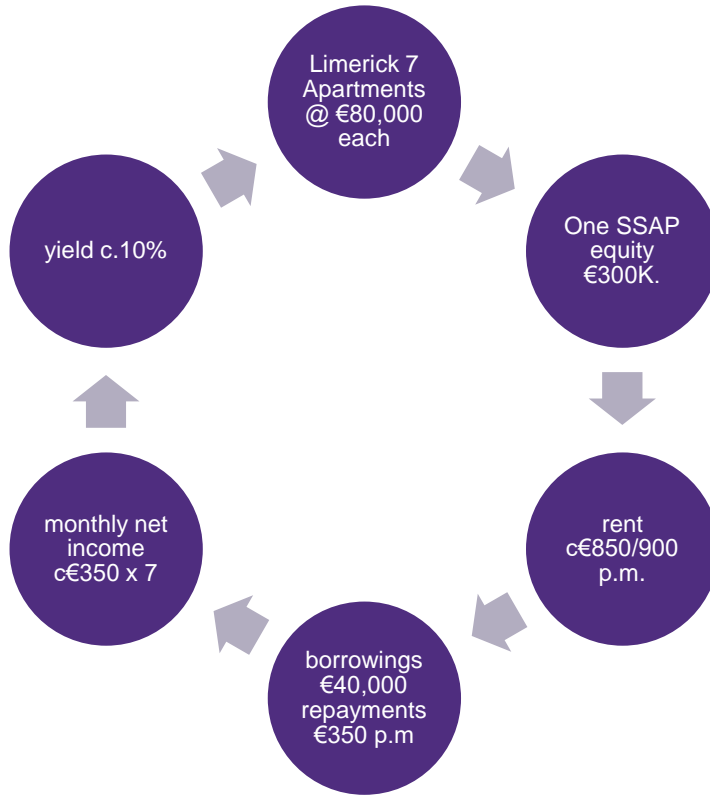
With Borrowing		
	Personal	Pension (SSAP)
Equity	€112,500	€250,000
Over 15 years @ 4.25%	(55% LTV) €137,500	(50% LTV) €250,000
Amount available for investment	€250,000	€500,000
Rental est. (p.a.)	€14,400	€28,800
Property agent & Trustee fee (p.a.)	€0	€4,948
Income Tax*	€5,308	€0
Rent net of tax/agent/trustee (p.a.)	€9,093	€23,852
C&I Bank Repayments p.a.	€12,834	€22,200
Net (deficit)/return p.a.	-€3,742	€1,652
*Income Tax after deduction for interest and other allowable costs		

Revenue borrowing guidelines

- no recourse to other assets
- no assignment of rental income
- no interest only loans
- no loans over 15 years
- no refinancing
- no new borrowing in ARF



Recent Example



Other property opportunities

- multi tenanted properties
 - residential properties
 - commercial property
 - social housing
-
- joint investors
 - syndicated investments
 - loan note investments

Takeaways

- company structure works best for pension contributions
- self-administered structure more flexible than insured pension
- property provides income in retirement
- when purchasing investment property explore your pension options first



Thank you

Aengus.burns@ie.gt.com

Colm.murphy@ie.gt.com