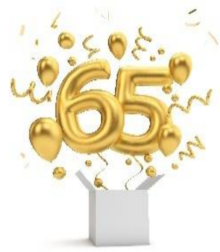
8th January, 2025

RE: Members Working Beyond Age 65 and Option to Continue Paying Pension Contributions

Dear CEO / Pension Administrator,

As advised at our Employer Pension Workshop held on 19th November, 2024, in Tullamore, the Trustees received requests from a number of employers to update and amend the Pension Scheme's Rules to facilitate the following:



Effective from January 2025, any pension scheme member remaining in employment beyond age 65, both employer AND employee pension contributions should be remitted to Irish Life.

Accordingly, the Trustees engaged with their legal advisors and the following changes to the Scheme Rules have been made:

1. CAN A MEMBER NOW CONTINUE TO WORK IN A PARTICIPATING EMPLOYER OF THE PENSION SCHEME BEYOND AGE 65 AND CONTINUE TO CONTRIBUTE TO THEIR PENSION FUND?

With the consent of the employer, a member can continue to work beyond age 65 and continue to contribute into their pension fund.

2. DOES BOTH EMPLOYER AND EMPLOYEE PENSION CONTRIBUTIONS CONTINUE IF A MEMBER STAYS IN EMPLOYMENT BEYOND AGE 65?

Yes, if a member remains in employment after age 65 with the consent of their employer, both employer and employee pension **contributions must be remitted.**

3. DOES THE EMPLOYER HAVE TO CHANGE THEIR ORGANISATION'S NORMAL RETIREMENT AGE (NRA)?

The employer can either:

(a) Keep the Scheme's NRA at age 65 and facilitate members working beyond this age as outlined in 1 and 2 above.

(b) Change their organisation's NRA to a higher age, up to a maximum of age 70.

4. WHAT ARE THE IMPLICATIONS FOR AN EMPLOYER CHANGING OR KEEPING THE CURRENT NORMAL RETIREMENT AGE (NRA) OF AGE 65?

(a) Implications if an Employer decides to keep the Scheme's NRA at age 65 and facilitate members working beyond this age.

If an employer keeps the Scheme's NRA to age 65, this means that:

- All members expected age to retire in their organisation is age 65.
- The employer can consent to facilitate members working beyond age 65.
- If the employer consents to a member continuing to work beyond age 65, both the member and employer are obliged to continue contributing to the member's pension fund.

(b) Implications if an Employer decides to change their organisation's NRA to a higher age, up to a maximum of age 70*

If an employer decides to increase their organisation's NRA, for example from age 65 to age 67:

- All members are expected to retire at age 67.
- The member and employer are both required to continue paying pension contributions to age 67 i.e., the new Normal Retirement Age (NRA) for that organisation.
- If a member decides to leave prior to the organisation's new NRA of age 67, the member will be classified as taking their pension fund on early grounds i.e., availing of Early Retirement.

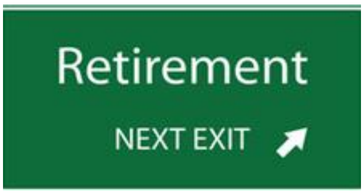
* **IF AN EMPLOYER IS CONSIDERING CHANGING THEIR NRA THEY SHOULD SEEK ADVICE FROM THEIR LEGAL ADVISORS.**

5. CAN A MEMBER DRAW DOWN THEIR PENSION FUND AT AGE 65 AND CONTINUE TO WORK FOR THEIR EMPLOYER?

- **If the employer keeps the Scheme' NRA at age 65**:

  If a member decides to continue working beyond age 65, with the consent of the employer, both the employer **and** member are obliged to continue paying pension contributions. Accordingly, the member cannot draw down their pension fund until they leave employment.

- **If the employer raises their organisation's NRA from age 65 to a higher age**, **for example age 67:**



  - A member cannot draw down their pension fund at age 65 and continue to work for their employer because the employer's NRA is age 67.
  - If the member wishes to draw down their pension fund in this example, the member will be drawing down their pension fund early i.e., Early Retirement, because their employer's NRA is age 67 and the member is taking their pension fund early at age 65.
  - A member can only draw down their pension fund early if they:

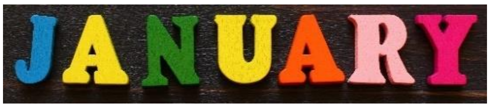
    (a) are over age 50 **and**

    (b) have left their organisation.

    Accordingly, this member, at age 65, must leave their organisation if they want to access their pension fund because the NRA in their organisation is age 67.

6. When are the above changes being implemented?

The above changes will be effective in January 2025.



7. If an employer has a member who is currently over age 65 and continuing to work, can these members contribute into their pension fund after the implementation date of January 2025?

After the effective implementation date of **January 2025** in respect of facilitating members contributing to the Pension Scheme after age 65, any member employed **prior** to January 2025 that is:

(a) over age 65; **and**

(b) continuing to work in their organisation; **and**

(c) has not drawn down their pension fund,

can be asked if they wish to re-commence contributing again into their pension fund. It is a voluntary decision, as the change came in to effect (January 2025) after the member's 65th birthday. A new rule cannot be imposed on existing members retrospectively, hence the member has the option to continue contributing into their pension fund. If the member says "yes", both employee and employer pension contributions are required to be remitted. If the member says "no", neither employee nor employer pension contributions will be remitted.

8. What happens a member's life cover if a member continues in employment beyond age 65?

- **If the employer keeps the Scheme' NRA at age 65**:

The ceasing age for the Group Life Scheme is age 65. Accordingly, if a member decides to continue working beyond age 65, with the consent of the employer, their life cover will cease at age 65. Since members continuing to work beyond age 65 are reviewed and approved on an individual basis by their employer, Aviva consider their life cover to be an individual matter and therefore their life cover will cease in accordance with the ceasing age of the Group Life Scheme i.e. age 65.

Having regard to their life cover ceasing at age 65, the 12% pension contribution should be broken down as follows for members continuing to work:

- Since life cover ceases at age 65, the 0.43% life cover premium should no longer be remitted to Cornmarket. The 0.43% should be added to the employer pension contribution rate (6.35%) and remitted to Irish life i.e., 6.35% + 0.43% = 6.78%.
- The 0.22% is still required to be submitted to Cornmarket to pay for the member's administration contribution to the Scheme. When submitting the 0.22% to Cornmarket, the employer needs to highlight that the member's life cover has ceased as they have attained age 65 and the monies submitted to Cornmarket for the member only reflects the 0.22% administration contribution.

In summary, the new 12% pension breakdown for a member whose life cover has ceased due to attaining age 65 is as follows:

Employer Pension contribution	Additional Employer Pension Contribution	Employee Pension Contribution	Total Submitted to Irish Life	Administration Contribution submitted to Cornmarket	Total Submitted to Cornmarket	Overall Pension Contribution
6.35%	0.43%	5%	11.78%	0.22%	0.22%	12%

- **If the employer raises their organisation's NRA from age 65 to a higher age (max age 70):**

It should be noted that the Trustees are engaging with Aviva to establish if it is possible for life cover to be extended for employers who decide to increase their organisation's NRA from age 65 to a higher age (max age 70). Since the NRA is increased for **all** members, Aviva are considering a possible group life rate for these members as they are considered a group, as their continuation in employment beyond age 65 is not done on an individual basis. The Trustees will keep you updated on this matter once Aviva revert to them. In the interim, members continuing to work beyond age 65, effective from January 2025, should break down their 12% pension contributions as outlined above.

Any employer that is considering increasing their NRA to a higher age, can you please advise the Trustees by emailing pensionadmin@fedvol.ie

Employer Keeps the Scheme's Normal Retirement Age (NRA) to age 65

EMPLOYER CONSENTS TO A MEMBER CONTINUING IN EMPLOYMENT BEYOND AGE 65

Member's 65th Birthday is **after** January 2025

Both Employer & Member Pension Contributions are **obliged** to be remitted to Irish Life.

To Note:

- Member cannot access their pension fund, while continuing to work after age 65.
- Member can only access their pension fund if they leave their organisation.
- Life cover ceases at age 65

Member's 65th Birthday was **prior** to January 2025

Member has option to re-commence paying pension contributions if they:

- Are over age 65; **and**
- continue to work in their organisation; **and**
- has not drawn down their pension fund.

If the member decides **not to re-commence** paying pension contributions, neither employer nor member pension contributions are remitted to Irish Life.

If the member decides to **re-commence** paying pension contributions, both employer and member pension contributions **are required** to be remitted to Irish Life.

Employer Increases their Organisation's Normal Retirement Age (NRA) to a Higher Age, max age 70 (i.e., age 66 - 70)

ALL MEMBERS ARE EXPECTED TO RETIRE AT NEW INCREASED RETIREMENT AGE

Both Employer & Member Pension Contributions are required to be remitted to Irish Life up to the new NRA.

To Note:

- If a member wishes to draw down their pension fund prior to their NRA, they must leave their organisation. This is known as "Early Retirement".
- Life cover currently ceases at age 65 – Trustees are engaging with Aviva on this matter and will keep you updated on developments.