

## EMPOWER Personal Lifestyle Strategy (PLS)

### Default Investment Strategy

The Irish Life EMPOWER Personal Lifestyle Strategy (PLS) is the default investment strategy for members of the National Federation of Voluntary Service Providers Pension & Life Assurance Scheme (the Scheme). Irish Life have prepared a detailed explanation of how the PLS strategy works and is available to download on [www.fedvol.ie](http://www.fedvol.ie) (click on pension tab), this note has been prepared by the Trustees to give you a simple explanation of how it works.

Investing your pension fund into PLS has two main benefits over the years of your pension journey:



#### Managing Investment Risk

PLS helps reduce volatility in your pension fund as you get closer to retirement by automatically switching you into lower risk investment funds as you reach the last 6 years before your retirement date.



#### Personalised Fund Switches

PLS is different to other investment strategies because it adjusts to your unique circumstances. It directs your pension fund into appropriate investments that best match the way you are most likely to draw down your pension fund on your retirement.

PLS consists of three phases which span the years of your pension journey. It starts from the moment you join the strategy up to your retirement date.



#### Growth Phase

**Phase 1** puts you in funds designed to achieve investment growth, while at the same time balancing investment risk.

Initially, if you are more than 20 years away from retirement, you will be completely invested in the EMPOWER High Growth Fund, with the aim of achieving best possible returns to make your pension fund grow from early on in your pensions journey.

From 20 years to retirement your pension fund will switch on a gradual basis into the EMPOWER Moderate Growth Fund, which has slightly lower risk and return expectations.

#### Consolidation Phase

Phase 2 gradually moves your pension fund into the EMPOWER Stability Fund when you are 11 years from retirement.

This helps to protect your pension fund against volatile markets by moving to an investment fund with less likely volatility than the earlier growth phase.

#### Switches into Target Benefit Funds

**Phase 3** moves your pension fund into investments that will best match how you are most likely to draw down your pension benefits on retirement.

You might for example take a Cash Lump Sum, purchase a pension for life (annuity) or keep part of your fund for investment in an Approved Retirement Fund (ARF).

**If you invest in the PLS then all of your pension contributions must be invested in this strategy, you cannot select other funds with PLS.**

## HOW DOES THE PLS STRATEGY WORK IN PRACTICE?

When you retire, there are a number of options available to you regarding how your pension fund can be used, including the option to take part of your fund as a cash lump sum, to purchase a pension (income for life) or subject to certain conditions to invest in an Approved Retirement Fund (ARF). The PLS strategy will work out the best cash lump sum that you can take which will be either:

- (a)** A lump sum calculated based on your salary and years of service, to a maximum of 1.5 times your final salary; or
- (b)** 25% of your accumulated fund at retirement.

The lump sum that you take will in turn determine how the balance of your pension fund can be taken.

If you take a lump sum based on salary and service, then the balance of your fund (other than the fund built up by additional voluntary contributions) must be used to purchase a pension.

If you take a cash lump sum of 25% of the value of your pension fund, then you can invest in an ARF with the balance of your pension fund.

During the 6 years before your retirement, the PLS strategy will direct your pension fund into investment funds that best match how you are most likely to draw down your pension fund at retirement.

## CASE STUDIES:

The following case studies will help to explain how the PLS strategy will work in the 6 years before you retire.

### CASE STUDY 1: ALEX

|   |                  |          |   |
|---|------------------|----------|---|
|  | Salary           | €40,000  | Alex's lump sum entitlement at retirement:<br><b>Salary &amp; Service Route: €60,000</b> <img alt="arrow" data-bbox="875 658 895 675"/><br>25% Pot Route: €15,000 |
|   | Service          | 20 years |   |
|   | Projected DC Pot | €60,000  |   |

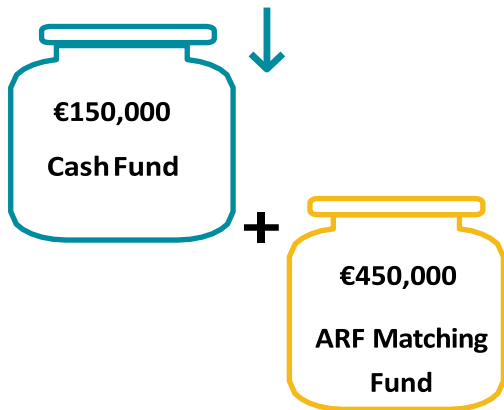


Alex wants to be invested appropriately to maximise his cash lump sum, with minimal personal investment choices. In this case, the maximum cash lump sum is more favourable when calculated based on salary and service i.e., 1.5 times his final salary and he has 20 years' service.

During the last 6 years before retiring, Alex's pension fund will automatically move into the EMPOWER Cash Fund, as this is the most suitable fund for how Alex is most likely to draw down benefits.

## CASE STUDY 2: CHRISTINE

|   |                  |          |   |
|---|------------------|----------|---|
|  | Salary           | €75,000  | Christine's lump sum entitlement at retirement:<br><br>Salary & Service Route: €112,500<br><br><b>25% Pot Route: €150,000</b> < |
|   | Service          | 20 years |   |
|   | Projected DC Pot | €600,000 |   |

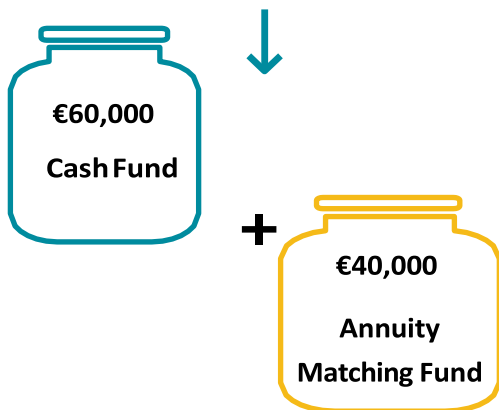


Christine wants to be invested appropriately to maximise her cash lump sum and have the balance of her pension fund targeted at an ARF purchase. In this case the 25% of fund option gives a higher cash lump sum and facilitates her purchasing an ARF.

During the last 6 years before retiring, Christine's pension fund will automatically move into the EMPOWER Cash Fund and EMPOWER ARF Matching Fund, as these are the most suitable funds for how Christine is most likely to draw down benefits.

## CASE STUDY 3: DAVID

|   |                  |          |  |
|---|------------------|----------|--|
|  | Salary           | €40,000  | David's lump sum entitlement at retirement:<br><br>Salary & Service Route: €60,000 <<br><br>25% Pot Route: €25,000 |
|   | Service          | 20 years |  |
|   | Projected DC Pot | €100,000 |  |









David wants to be invested appropriately to maximise his cash lump sum, with minimal personal investment choices. In this case, the maximum cash lump sum is more favourable when calculated based on salary and service i.e., 1.5 times his final salary and he has 20 years' service.

During the last 6 years before retiring, David's pension fund will automatically move into the EMPOWER Cash Fund and the EMPOWER Annuity Matching Fund, as these are the most suitable funds for how David is most likely to draw down his pension benefits at retirement.

## INVESTMENT CHOICE:

In addition to the EMPOWER Personal Lifestyle Strategy, there is a range of 6 other investment funds that members can invest their pension fund. See table below for information on these 6 self-select investment fund options which includes details on risk rating; return target and ESG categorisation. You can choose to invest in a mix of up to 5 funds that you would like to invest in and change them whenever you like. There is no charge for this switching service. For further information on the different investment funds please refer to your Investment Guide, available on [www.fedvol.ie](http://www.fedvol.ie) (click on pensions tab).

|   | Risk rating | Return Target                      | ESG Categorisation |
|---|-------------|------------------------------------|--------------------|
|  Sustainable (ESG) Equity Fund | 6           | In line with global equity markets | Article 8          |
|  EMPOWER High Growth Fund      | 5           | Cash + 4.5%                        | Article 8          |
|  EMPOWER Growth Fund           | 4           | Cash + 4%                          | Article 8          |
|  EMPOWER Cautious Growth       | 3           | Cash + 3%                          | Article 8          |
|  EMPOWER Stability Fund        | 2           | Cash + 2%                          | Article 8          |
|  EMPOWER Cash Fund            | 1           | Cash Return                        | Article 6          |

## DEDICATED IRISH LIFE CONTACTS FOR SCHEME MEMBERS

A dedicated team of advisors from Irish Life are available to help with any queries you have in relation to your pension fund. Details of your dedicated Irish Life Member Advice points of contact are available on [www.fedvol.ie](http://www.fedvol.ie) (click on pensions tab). Alternatively, you can also obtain your own independent financial advice.

