Guide to your payments

Standard Life

Contents

Understanding your payments

You've worked hard for your retirement so now's the time to enjoy your free time, rediscover your hobbies and experience new challenges.

We hope this guide takes the stress out of understanding your income payments from Standard Life, leaving you with more time to make the most of your retirement.

I have an approved retirement fund (ARF)

We've put together some frequently asked questions and their answers which will help explain your ARF withdrawals.

Q1. Do I need to take withdrawals from my ARF?

You must withdraw a certain percentage from your ARF. The amount payable is calculated using the value of your ARF on 30 November each year.

The same rules also apply to Vested PRSAs.

The percentage is

- 4%, if you're 60 years of age or over for the full tax year, or
- 5%, if you're 70 years of age or over for the full tax year, or
- 6%, if you've combined ARF and vested PRSA assets of €2million or more and you're 60 years of age or over for the full tax year.

It's important to allocate any available tax credits to Standard Life when you turn 61 to make sure your withdrawals are taxed correctly. See page 14 for more information about tax credits.

Q2. Is my withdrawal taxed?

Yes. Any withdrawals from an ARF are treated as income and taxed under the PAYE system. This means your payment is liable to income tax, PRSI and Universal Social Charge (USC) applicable to you.

Q3.

What tax rate applies to my withdrawal?

Revenue ask us to deduct income tax at the higher rate of tax (currently 40%) unless we've received an up to date Tax Credits and Universal Social Charge Certificate.

Your payslip shows what tax information we have for you (Refer to page 10). Your standard rate cut off point is the level of income you pay tax on at the lower rate (currently 20%). Any income above this level is taxable at the higher rate (currently 40%).

Your tax credits are used to reduce the amount of tax deducted from your withdrawal.

See page 14 for more information about tax credits.

Q4.

Do I pay PRSI?

Not everyone must pay PRSI.

If you're under age 66, we must deduct PRSI on all withdrawals from an ARF, AMRF, or Vested PRSA. The current rate of PRSI is 4% of your gross withdrawal.

Q5.

Do I pay USC?

USC is calculated based on your gross withdrawal amount. Individual rates of USC may apply depending on your circumstances, for example, if you have separate sources of income.

We'll deduct USC according to your Tax Credits and Universal Social Charge Certificate. If we don't receive a Tax Credits and Universal Social Charge Certificate, we must deduct USC at 8%.

Q6.

When will I receive my P60?

We'll issue your P60 in February of the year following your withdrawals. So if you get payments in 2015, you'll receive your P60 for that year in February 2016.

Q7.

I may have paid too much tax in the previous year. How do I claim it back?

If you think you've paid too much tax, you can contact your local tax office. They'll need your P60 for that year and will issue a refund if it is due.

If you need to allocate tax credits to Standard Life quote our Revenue employer number **9578247P**. Tax credits are calculated on a monthly basis.

Q8.

I've received a payment even though I didn't ask for it

You may receive a withdrawal from your ARF or Vested PRSA in December even though you didn't ask for it. As explained in Q1, each year you must withdraw a certain percentage from your ARF which is taxed under the PAYE system. The amount payable is calculated using the value of your ARF on 30 November each year.

The same rules also apply to Vested PRSAs.

The percentage is

- 4%, if you're 60 years of age or over for the full tax year, or
- 5%, if you're 70 years of age or over for the full tax year, or
- 6%, if you've combined ARF and Vested PRSA assets of €2million or more, and you're 60 years of age or over for the full tax year.

It's important to allocate any available tax credits to Standard Life when you turn 61 to make sure your withdrawals are taxed correctly.

See page 14 for more information about tax credits.

Q9.

I’ve already taken a withdrawal during the year. Why did I get an extra payment in December?

There are some scenarios where we need to send you an extra payment in December even though you’ve already taken a withdrawal. This is because the percentage (relevant to you) of the value of your ARF on 30 November is greater than the amount of withdrawals you have already taken in the calendar year. Here are some examples of these scenarios:

- If you’ve been taking a regular percentage withdrawal each month or quarter but you’ve also invested more money from another pension policy during the year
- You may already have taken your percentage as a once off withdrawal during the year. However, your investment may have grown since you took the withdrawal
- You may have only started regular percentage withdrawals during the year

Q10. I have an approved minimum retirement fund (AMRF) too. Can I take a withdrawal from it?

You can make a single withdrawal of up to 4% of your AMRF in each year. If you reach age 75 or meet the guaranteed minimum pension for life of €12,700 a year, your AMRF becomes an ARF.

Withdrawals from an AMRF are treated as income and taxed under the PAYE system.

Any withdrawal you take from your AMRF will be offset against the amount you need to take from your ARF in December.

Q11. How do Standard Life know if they need to deduct Local Property Tax (LPT) from my ARF withdrawal?

Property owners can voluntarily choose to pay their LPT by deduction from their pension payments. To do this you will need to contact your local tax office and request that your LPT is stated on your Standard Life Tax Credits and Universal Social Charge Certificate.

Where property owners fail to meet their LPT payment obligations, Revenue can also force the LPT amount onto a Tax Credits and Universal Social Charge Certificate.

Standard Life will not know from the certificate whether the LPT was chosen voluntarily or imposed by Revenue.

A guide to your ARF payslip

Reg/Adhoc: This describes the type of withdrawal. Reg stands for regular withdrawal (monthly for example) and Adhoc means a once off withdrawal

Gross payment before tax

Gross pay: Total gross payments for the current year to date

Deductions: These are the PAYE, PRSI, USC* and LPT** deductions from the current payment

Deductions: These are the PAYE, PRSI, USC* and LPT** deductions from the payments made from the beginning of the year

Employee Number: xxxxxxxx

Payment date: 8 January 2016

PPS Number: xxxxxxx

PAYMENT DETAILS	
Description	**Value**
ARF Reg/Adhoc	7,500.00

CUMULATIVE DETAILS	
Gross Pay	7,500.00
Taxable Pay	7,500.00
Tax Credit	78.92
Std. Cut Off	1,080.75
Tax Paid	2,704.93

DEDUCTION DETAILS		
Description	**This period**	**Balance**
PAYE	2,704.93	2,704.93
PRSI	0.00	0.00
USC	353.59	353.59
LPT**	0.00	0.00

TAX/PRSI DETAILS	
Tax Code	N
Tax Credit Tp	78.92
Pay Rel. Code	M
Total Ins Wk	4

SUMMARY OF PAY
Gross Pay
7,500.00
Total Deds
3,058.52
Net Pay
4,441.48
Pay Method
PAYPATH

Tax paid: Total tax paid for the current year to date

Tax cut off: Tax cut off is the maximum amount of your income taxed at 20%. Income exceeding your tax cut off is taxed at 40%

Tax credit: Monthly tax credits according to Tax Credits and Universal Social Charge Certificate

PayPath: Payments made by credit transfer directly to your bank

Pay Rel. Code: The class of PRSI applicable to your income

*2016 USC rates used

**Local Property Tax

I have an annuity

Q1. How are my payments taxed?

Any payments from an annuity are treated as income and taxed under the PAYE system. This means your payment is liable to income tax and Universal Social Charge (USC).

USC is calculated based on your gross payment amount. Individual rates of USC may apply depending on your circumstance, for example if you have separate sources of income.

We'll deduct USC according to your Tax Credits and Universal Social Charge Certificate. If we don't receive a Tax Credits and Universal Social Charge Certificate, we must deduct USC at 8%.

Q2. How do I make sure I don't pay emergency tax?

You'll need to contact your local tax office to request a Tax Credits and Universal Social Charge Certificate for your Standard Life annuity income.

You can quote them our Revenue employer number for annuities which is **0064349F**.

Q3. When will I get my P60?

We'll issue your P60 in February of the year following your payment. So if you get payments in 2015, you'll receive your P60 for that year in February 2016.

Q4.

I may have paid too much tax in the previous year. How do I claim it back?

If you think you've paid too much tax, you can contact your local tax office. They'll need your P60 for that year and will issue a refund if it is due.

If you need to allocate tax credits to Standard Life, quote our Revenue employer number **0064349F**.

Tax credits are calculated on a monthly basis.

Q5.

Will my payment increase?

Your payments will only increase if you chose the escalation option when you purchased the annuity.

The increase in your payment is applied each year on the anniversary date of your policy.

Q6.

How do Standard Life know if they need to deduct Local Property Tax (LPT) from my annuity payment?

Property owners can voluntarily choose to pay their LPT by deduction from their pension payments. To do this you will need to contact your local tax office and request that your LPT is stated on your Standard Life Tax Credits and Universal Social Charge Certificate.

Where property owners fail to meet their LPT payment obligations, Revenue can also force the LPT amount onto a Tax Credits and Universal Social Charge Certificate.

Standard Life will not know from the Tax Credits and Universal Social Charge Certificate whether the LPT was chosen voluntarily or imposed by Revenue.

A guide to your annuity payslip

Pay date: This is your payment date

Deductions: These are the tax, USC* and LPT** deductions per period (payment) and balance so far for the current year

ID	XXXX	**PPSN**	XXXXX
Name	XXXXX XXXXXX		
Period	4	**Pay date** 15/04/2016	

Payment	**Value**	**Deductions**	**Period**	**Balance**
Annuity 1 (Policy: XXX)	976.87	PAYE	261.98	1047.91
		PRSI	0.00	0.00
		USC* on 3907.48	9.77	39.07
		LPT**	35.00	140.00

Tax calculation		**Tax and PRSI**	**Period**	**Year**	**Net pay reconciliation**	
Gross Pay	3907.48	**Employer PRSI**	0.00	0.00	Gross Pay	976.87
Notional Pay/BIK	0.00	**Insurable weeks**	5	18	Deds (Gross)	0.00
Deds from Gross	0.00	**Tax cut off**		2167.00	Tax PRSI	261.98 0.00
Taxable Pay	3907.48	**Employer Pens**	0.00	0.00	USC LPT	9.77 35.00
2167.00@Std (a)	433.40					
1740.48@High (b)	696.19	**PRSI code**	M		Deds (Net)	0.00
Tax credit (c)	81.68	**Tax Basis**	Normal		Non taxable	0.00
		Emergency	0			
Total Tax (a+b-c)	**1047.91**	**Pay method**	PayPath		**Net Pay** **670.12**	

Policy Number: This is your policy number from where your payment originates

Value: Your gross payment before tax

Tax calculations

Tax credit: Monthly tax credits according to Tax Credits and Universal Social Charge Certificate

Tax cut off: Tax cut off is the maximum amount of your income taxed at 20%. Income exceeding your tax cut off is taxed at 40%

PayPath: Payments are made by credit transfer directly to your bank

Tax Basis: If the Tax Basis is 'Emergency' it means we do not hold a Tax Credits and Universal Social Charge Certificate for you and emergency tax is being applied to your payments. If it says 'normal' your Tax Credits and Universal Social Charge Certificate is being applied to your payments

*2016 USC rates used

**Local Property Tax

A guide to your Tax Credits and Universal Social Charge Certificate

You may decide not to receive regular monthly payments from your ARF or annuity so understanding how your tax credits work is important. This will help you understand how much money to expect when you do start to receive payments.

When you allocate tax credits to an employer, a Tax Credits and Universal Social Charge Certificate is issued to the employer by Revenue. For ARFs and annuities, Standard Life is the 'employer'. We've put together an example of a Tax Credits and Universal Social Charge Certificate and an explanation of how it works.

This example is for a single person with PAYE income. Check out www.revenue.ie for a list of tax credits, allowances and reliefs.

Tax Credit Certificate	
FOR THE YEAR 1 JANUARY 20XX TO 31 DECEMBER 20XX AND FOLLOWING YEARS	
Tax Credits	**€**
Personal Tax Credit	1650
PAYE Tax Credit	1650
Gross Tax Credits	**3300**
Net Tax Credits	**3300**

Total tax credits for the year

Tax Rate Bands	€
Rate Band 1	**33800**
The amount of income taxable at 20%	**33800**

Standard rate cut off point for the year

All income over **€33,800** is taxable at **40%**

Allocation of your Tax Credits and rate Bands (Subject to Rounding)							
Employer	Tax Credits €			Tax Rate Bands €			
	Yearly	Monthly	Weekly	Rate Band 1	Yearly	Monthly	Weekly
Standard Life	3300	275	63.47	20%	33800	2816.67	650

Universal Social Charge Bands*	Yearly COP €	Monthly COP €	Weekly COP €
USC rate 1% cut off point	Up to 12,012	1,001.00	231.00
USC rate 3% cut off point	12013-18,668	554.58	127.98
USC rate 5.5% cut off point	18669-70,044	4,281.25	987.98
USC rate 8% cut off point	Balance		

Tax credits and Rate bands are allocated weekly or monthly throughout the year.

In this example, in January of each year there is only €275 of monthly tax credits available and the first €2816.67 per month is taxed at lower rate. Any income over €2816.67 is taxed at 40% that month. In February there is another €275 tax credit available.

*USC rates for 2016 are shown. Depending on your circumstances, other USC rates may apply (for example, if you have a medical card, if you're over age 70 or if you're self employed). Visit www.revenue.ie for more information.

So how is tax calculated?

Tax calculations can be done on a ‘cumulative basis’ or a ‘week 1/month 1 basis’.

Week 1 / Month 1 basis

A ‘week 1/month 1’ basis means that you can only use one month’s worth of tax credits and standard rate cut off point in any given month. Tax credits or standard rate cut off do not carry over to the next month, they are standalone.

Cumulative basis

The majority of Tax Credits and Universal Social Charge Certificates issued by Revenue are on a cumulative basis.

A ‘cumulative basis’ involves calculating the tax liability arising on your total income from the start of the tax year to the pay period in which the payment is being made.

The tax which must be deducted in each pay period is the cumulative tax due from 1 January to that date, reduced by the amount of tax already deducted in other pay periods.

Any tax credits and/or standard rate cut-off point, which are not used in a pay period, are carried forward to the next pay period within that tax year.

Under the cumulative basis, in January because it’s the first month of the year, any withdrawals taken will have only one month’s standard rate cut off and tax credits applied. By December, twelve months of tax credits and standard rate cut off are available, but any other payments or withdrawals issued in the year will be factored into the calculation.

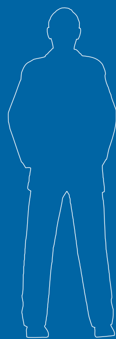
If you haven’t used all of your tax credits by the end of the tax year, we’ll calculate each month's credits to be applied to payments and will issue any refunds accordingly.

Example

An ARF withdrawal taken in May using a cumulative Tax Credits and Universal Social Charge Certificate

Using a tax certificate on a cumulative basis (see the example on page 15), you decide in May to take a withdrawal from your ARF. We will assume no other withdrawals have been taken to-date:

1. **Tax credits**
   You will have €1,375 (€275 x 5 months) of tax credits available. These will be deducted from the tax payable on the withdrawal.
2. **Standard Rate Cut off Point**
   €14,083.35 (€2,816.67 x 5 months) will be taxed at the standard rate of 20%. Anything above this figure will be taxed at 40%.



Assume you request a gross withdrawal of €16,000

		€
Gross payment	**(A)**	**16,000.00**
€14,083.35 @20% €1,916.65 @40%		2,816.67 766.66
Less 5 months of tax credits		3,583.33 1,375.00
PAYE due	**(B)**	**2,208.33**
USC* due	**(C)**	**585.46**
PRSI due	**(D)**	**640.00**
Net payment (A-B-C-D)		**12,566.21**

USC* is calculated for a 5 monthly period and calculated as follows:

Band 1 @ 1%@€5,005.00 (€1,001.x5)

Band 2 @ 3%@€2,772.90 (€554.58 x 5)

Band 3 @ 5.5%@8,222.10 (€4,281.25 x 5)

PRSI will be also deducted (at current rate of 4%) from the gross payment if you are under the age of 66. Anyone 66 and over is not eligible to pay PRSI.

*USC rates for 2016

Revenue contacts

To make sure your payments are being taxed in line with your own personal circumstances, call the Revenue on (01) 702 3011 or on their PAYE helpline based on where you live:

Dublin Region

1890 333 425

(Dublin City and County Districts)

East and South East Region

1890 444 425

(Carlow, Kildare, Kilkenny, Laois, Meath, Tipperary, Waterford, Wexford and Wicklow)

Southwest Region

1890 222 425

(Clare, Cork, Kerry and Limerick)

Border Midlands West Region

1890 777 425

(Cavan, Donegal, Galway, Leitrim, Longford, Louth, Mayo, Monaghan, Offaly, Roscommon, Sligo and Westmeath)

Questions? Call us on (01) 639 7000

Find out more

(01) 639 7000

Mon-Fri, 9am to 5pm. Call may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

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