



# APPROVED RETIREMENT FUND

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*ARF Brochure*



# About - Quest Retirement Solutions

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Quest Retirement Solutions Ltd, with over 20 years' experience in the Irish financial industry, is one of the leading providers of self-directed pension structures in Ireland. We strive to make pensions work harder for our clients.

We offer a full suite of self-directed pre and post retirement pension structures, delivered through our focused administration service. Self-directed structures allow you to control the investment decisions made within your pension. These structures offer a large selection of investment options and are highly flexible arrangements.

You, working with your Financial Broker, decide the most suitable investment strategy based on your financial needs.

We operate through a 'Broker Only Model', therefore our products are exclusively available through regulated Financial Brokers. We do not deal with the public directly. In order to set up a Quest Retirement Solutions Ltd self-directed structure you must appoint a regulated Financial Broker, who will discuss your options and create a financial plan for you, based on your needs.



## Background

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Quest Retirement Solutions Ltd introduced our self-directed ARF to cater for customers who want to control their own post retirement pension funds. With a self-directed ARF the client, with the help of their Financial Broker, can take control of their fund and can decide where they wish to invest their money.

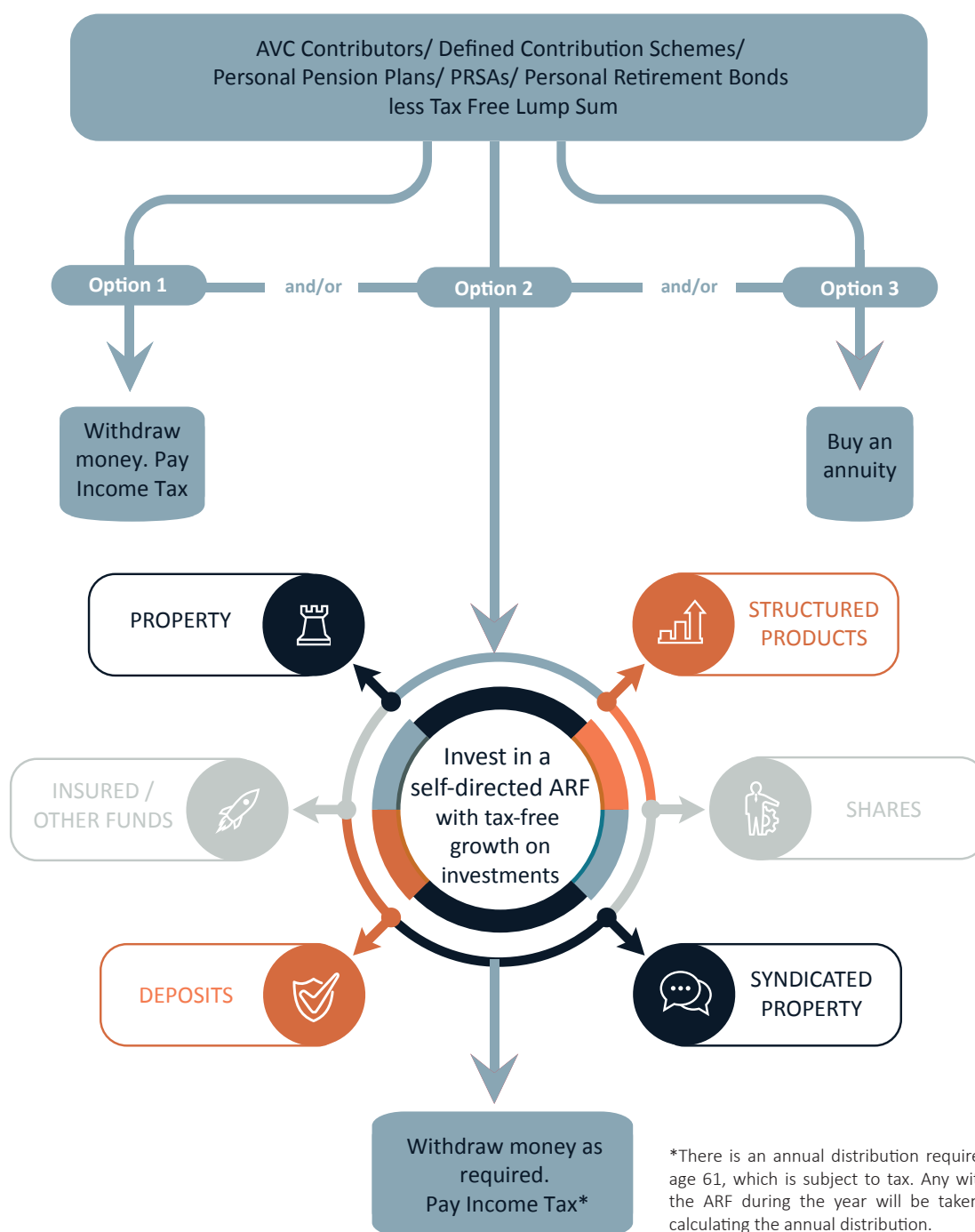
A self-directed ARF can invest in a range of asset classes such as structured products, deposit accounts, shares in private and public companies, government and corporate bonds, insurance company funds, gold certificates and various property investment options.

## What is an Approved Retirement Fund?

An Approved Retirement Fund (ARF) is a post retirement pension, into which you can invest the remainder of your pension fund (Occupational Pension, PRSA, PRB, Personal Pension etc.), after taking your lump sum. An ARF is quite similar to the pension arrangement it came from in that it enjoys the same tax breaks, i.e. it is exempt from Irish Income and Capital Gains Tax on investments. However, after a certain age, currently 61, you have to draw an annual income from your ARF. This income is like salary in that it is liable to income tax under the PAYE regime, i.e. Quest Retirement Solutions Ltd, as the Qualifying Fund Manager, have to deduct income tax and pay the net amount to you (you will read more about this later).

## What is a Self-Directed ARF?

A self-directed ARF is the same as an ARF except that it provides a wider range of investment options and allows you to control the investment decisions best suited to your appetite for risk. The investment of your ARF funds should be done in conjunction with the advice of a regulated Financial Broker.



## Who are the parties to the ARF?



### *You - the Beneficiary of the ARF*

You are the beneficial owner of the ARF. You give instructions as to where you want your ARF funds invested, in line with Revenue guidelines. We recommend that you consult your Financial Broker before making any investment decisions.

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### *Your Financial Broker*

Your Financial Broker will assist you with the setting up of your ARF and will provide ongoing advice about suitable investments and strategies tailored for your individual circumstances.

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### *Us - Quest Retirement Solutions Ltd*

As your Qualifying Fund Manager (QFM), Quest Retirement Solutions Ltd will set up and administer the exempt unit trust which will hold the ARF investments on your behalf. We will provide all the legal documentation required to set up the ARF as well as the ongoing services of annual reporting and valuations. We will administer the ARF on your behalf and will act on your investment instructions. We will make all necessary deductions for tax and remit them to the Revenue Commissioners.

## What are the tax benefits of an ARF?

An ARF provides you with considerable tax advantages as follows:

- Investments grow free from Capital Gains Tax and Income Tax
- Deposits grow free from DIRT Tax
- On death the value of your ARF will pass to your estate and can be passed to a spouse or others in a tax efficient manner





## How are the assets held?

With a Quest Retirement Solutions self-directed ARF, the assets are held in a specific unit trust and you are the beneficial owner of the assets in the unit trust. The assets are not pooled with other clients, nor are they held on our balance sheet, and are separate from any accounts of Quest Retirement Solutions Ltd. The assets are readily identifiable as your assets. It should be noted that pension money invested in a unit trust is not subject to the Investor Compensation Scheme or the Deposit Guarantee Scheme, which is designed to protect consumers.

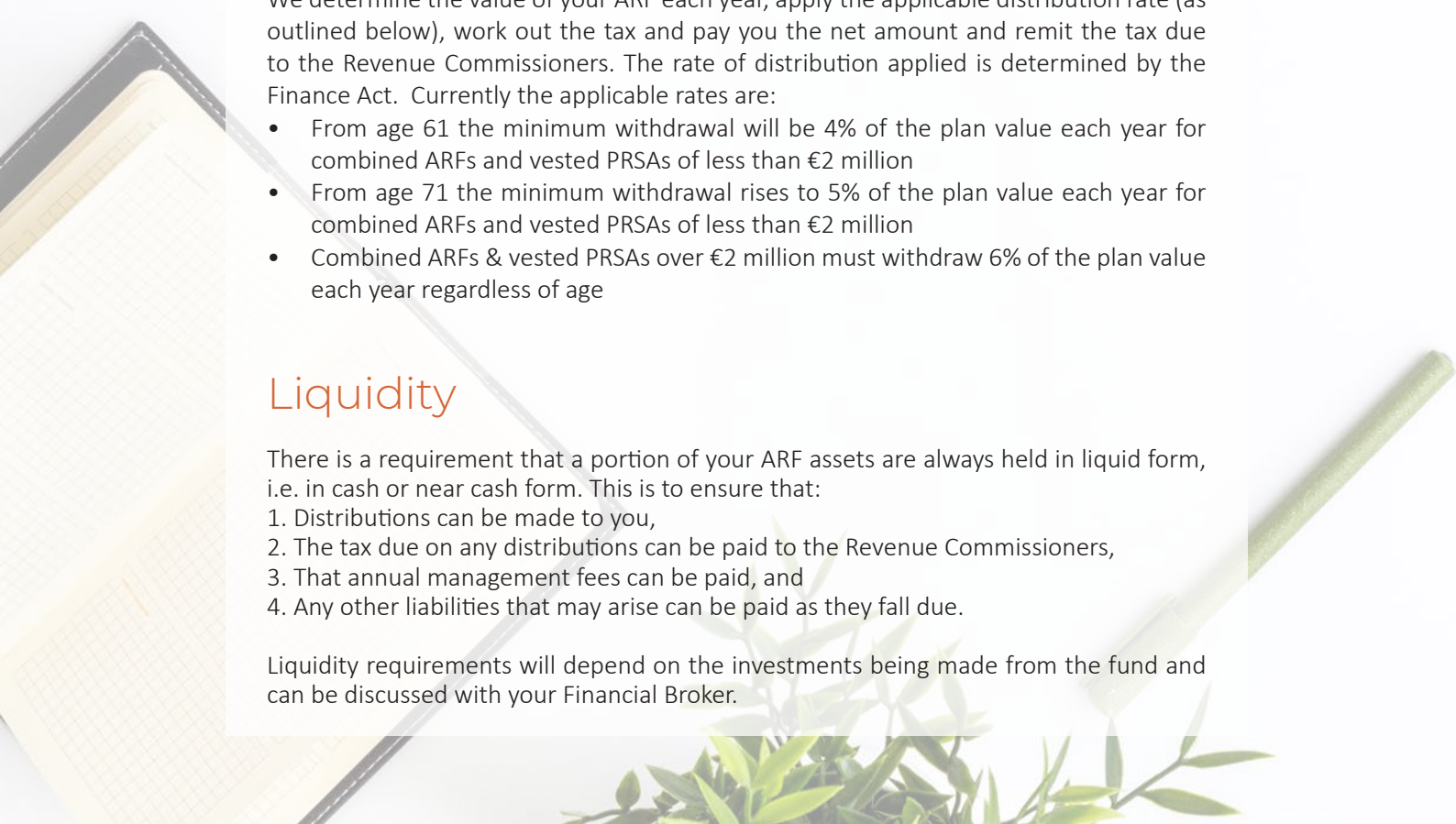
## Purchase and sale of an asset

The purchase and sale of any asset must be at arm's length from you or anyone connected to you. If the asset is a property, the property must be let and sold on an arm's length basis and any refurbishments or works on the property must be at arm's length. All rents received must be lodged to the ARF bank account. Property development or buying a property to develop and sell on is not permitted as the Revenue regard this as trading, not investment.

## How much does it cost to set up an ARF?

The cost of running an ARF is an important factor to consider for you. There is an annual administration fee, and your Financial Broker will advise you of the charging structure. Quest Retirement Solutions ARFs are very keenly priced when compared to more traditional life company ARFs.

## ARF Distributions



Currently the law says that where you are age 60 for a full calendar year, we, the QFM, must pay you and consequently the Revenue Commissioners, an annual distribution. We determine the value of your ARF each year, apply the applicable distribution rate (as outlined below), work out the tax and pay you the net amount and remit the tax due to the Revenue Commissioners. The rate of distribution applied is determined by the Finance Act. Currently the applicable rates are:

- From age 61 the minimum withdrawal will be 4% of the plan value each year for combined ARFs and vested PRSAs of less than €2 million
- From age 71 the minimum withdrawal rises to 5% of the plan value each year for combined ARFs and vested PRSAs of less than €2 million
- Combined ARFs & vested PRSAs over €2 million must withdraw 6% of the plan value each year regardless of age

## Liquidity

There is a requirement that a portion of your ARF assets are always held in liquid form, i.e. in cash or near cash form. This is to ensure that:

1. Distributions can be made to you,
2. The tax due on any distributions can be paid to the Revenue Commissioners,
3. That annual management fees can be paid, and
4. Any other liabilities that may arise can be paid as they fall due.

Liquidity requirements will depend on the investments being made from the fund and can be discussed with your Financial Broker.



## Types of Investments

Below are some examples of what investments can and cannot be made by your ARF. This isn't a full list, rather it will give you an indication of the flexibility and range of your investment choice available in your ARF. There are some specific rules the Revenue Commissioners apply to some investments, your Financial Broker can advise you of these rules.



### Authorised Investments:

- ✓ Residential or Commercial property
- ✓ Land
- ✓ Syndicated property
- ✓ Shares in private companies
- ✓ Quoted equities on recognised worldwide stock exchanges
- ✓ Gilts, bonds and fixed interest stocks
- ✓ Investment trusts
- ✓ Unit trusts
- ✓ Insurance company funds
- ✓ Bank and building society deposits
- ✓ Offshore managed funds
- ✓ Loan notes
- ✓ Gold Certificates



### Prohibited Investments:

- ✗ Holidays homes with personal usage
- ✗ Shares in an associated employer
- ✗ Rare books and stamps
- ✗ Works of art and antiques
- ✗ Fine wines
- ✗ Loans to ARF holders or their families
- ✗ Secured and unsecured loans to an associated employer or connected person
- ✗ Assets that could be used for ARF holders personal gain, e.g. golf membership
- ✗ Furniture and oriental rugs
- ✗ Yachts and vintage cars
- ✗ Jewellery and gem stones

## Key Benefits of an ARF: In Summary



### *Security*

All assets are held off our balance sheet in an individual Unit Trust readily identifiable for you.



### *Charges*

An ARF can be less costly than a traditional pension scheme.



### *Portable*

You can easily move the ARF from one provider to another without having to liquidate assets.



### *Control*

A Self-Directed ARF allows you to control where your ARF assets are invested. There is a vast range of investments that you can choose from.



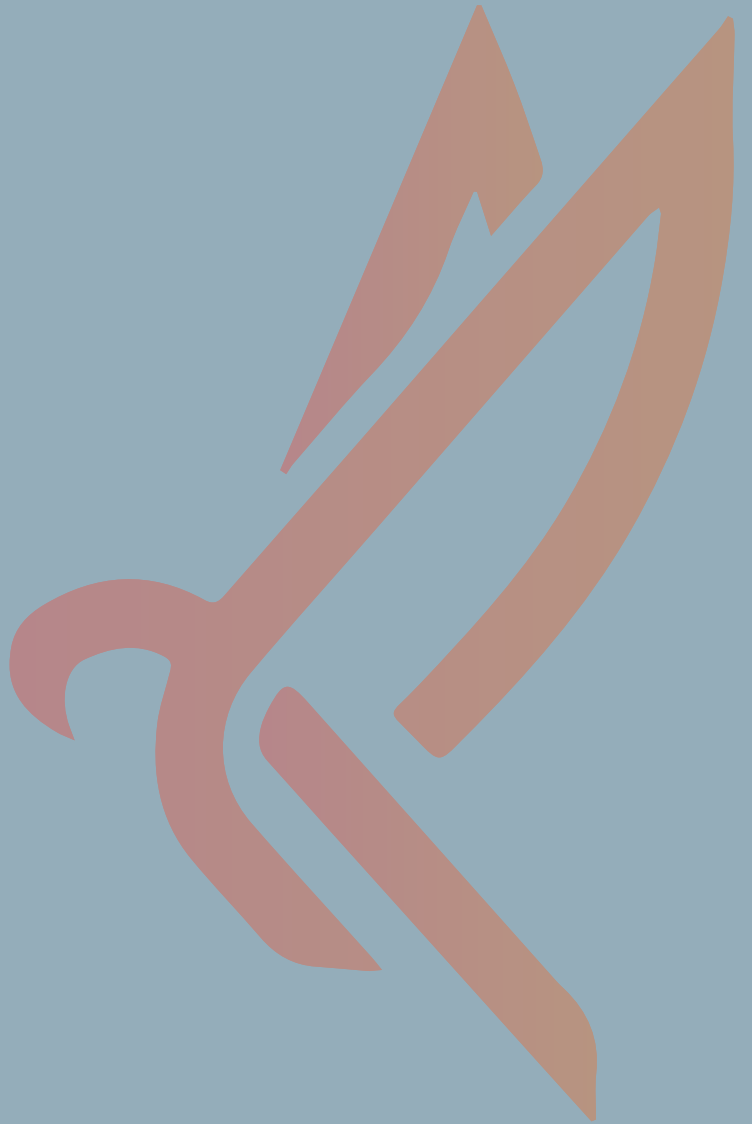
### *Transparency*


You can clearly see what assets are in the ARF and what the associated costs are.


This is based on our understanding of Revenue rules and practice.


**Note: The ARF structure is not regulated by the Central Bank of Ireland. It is under the supervision of the Revenue. Tax relief and benefits are granted by the Revenue Commissioners under the Taxes Consolidation Acts.**

**We believe that it is important that you make sure that this investment is suitable for you. We do recommend that you talk to a Financial Broker before deciding whether to invest in this particular investment and a specialist tax advisor if you require advice on tax.**



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