

## *LCP Radar – Finance Bill 2021*

**21 October 2021 - The Minister for Finance has published Finance Bill 2021 following approval by Government. The Bill provides for several pension-related amendments to implement some of the recommendations proposed by the Interdepartmental Pensions Reform and Taxation Group in its 2020 Report<sup>1</sup>.**

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### **The AMRF has been retired!**

The 2021 Bill provides for the full removal of the Approved Minimum Retirement Fund (AMRF) requirement for individuals availing of the Approved Retirement Fund (ARF) option at retirement and the transfer of current AMRF funds to an ARF for existing ARF holders. Previously, a retiree under age 75 could not transfer to an ARF unless he/she could demonstrate a guaranteed income of €12,700 per year. Those unable to meet this minimum, had to transfer €63,500 to an Approved Minimum Retirement Fund (AMRF), or purchase an annuity to bring the retiree up to the minimum level of guaranteed income to the minimum amount.

### **More choice in respect of benefits payable on death in service**

In a very welcome development, the Bill also provides that for death-in-service pensions, the ARF option will be available as an alternative to the compulsory purchase of annuities. This will give bereaved families more options in respect of their choices where a lump sum is payable following the death of a member in service.

### **Simplification and harmonisation**

The Bill removes the prohibition on transfers from an occupational pension scheme to a Personal Retirement Savings Account (PRSA) for members with more than 15 years' service. This will lead to more choice for members by removing an arbitrary timeline.

The Bill also provides for a technical amendment regarding relief for pension contributions made by an employer to occupational pensions schemes set up for employees of another company in certain defined circumstances – for example, company re-organisations, joint ventures or other group arrangements.

### **LCP's views**

The 2021 Finance Bill has removed several arbitrary restrictions and introduced more choice for pension savers, retirees as well as dependants of members who have passed away whilst in service. Greater flexibility is welcomed, but pensions is a complex area and taking independent financial advice is extremely important when making significant financial decisions.

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<sup>1</sup> <https://www.gov.ie/en/publication/98d7f-report-of-the-interdepartmental-pensions-reform-and-taxation-group/>

If you would like to find out more about how LCP can help trustees and sponsors of pension arrangements, or if you have any questions on this update, please contact [Roma Burke](mailto:roma.burke@lcpireland.com) at [roma.burke@lcpireland.com](mailto:roma.burke@lcpireland.com) or the LCP partner who normally advises you.

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