



Approved Retirement Fund

Terms & Conditions

Approved Retirement Fund Conditions ...

Your Approved Retirement Fund (ARF) Investment consists of these general conditions and the Investment Certificate and any other schedule issued at a later date which refers to these conditions. The certificate is evidence of a contract of Investment between us (Wealth Options Ltd) and you (the ARF Holder) based on the Application you made to us.

The Benefit under this contract is governed by Section 784A and/or Section 784C of the Taxes Consolidation Act 1997. Please keep these conditions and all schedules in a safe place as payment of your Benefits may be delayed if they are lost. Please ensure that you seek independent legal advice regarding how your ARF assets are recorded in your last will and testament.

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Definitions ...

“**ARF**” or “**Approved Retirement Fund**” means an Approved Retirement Fund as defined in Section 784A (1) (a) of the Taxes Consolidation Act, 1977.

“**Beneficiary**” the beneficial owner of all the assets and all the assets may be held in a specific referential trust. The assets are not pooled nor are they held on the Wealth Options Limited balance sheet and they are separate from the accounts of Wealth Options Ltd. The assets are readily identifiable as assets of the beneficiary.

“**Capital**” means the initial capital invested in the ARF.

“**Connected Person**” means any connected person as defined in Section 10 of the Taxes Act.

“**Distribution**” is a payment or transfer of assets out of the fund or any assignment of assets out of the fund or a deemed transfer made in relation to the fund.

“**Qualifying Fund Manager**” or “**QFM**” means a qualifying fund manager as defined in Section 784(1)(a) of the Taxes Consolidation Act 1977.

“**Start Date**” is the date the contract commences as per your investment certificate.

“**Referential Trust**” means all cash, property and other ARF assets will be held in an individual sub – trust of the closed ended Umbrella Trust “The ARF Unit Trust”. Each individual sub trust will be designated in the name of the ARF holder and it is your responsibility to ensure you have received a copy of the unit trust documentation and to take professional legal advice.

Section One: General Conditions ...

This section sets out the general terms relating to your ARF Investment. These should be read very carefully.

1. Administering The ARF

You must provide us with any information or evidence which we need to administer the ARF.

In order to pay Benefits we may need any one or more of the following:

- (i) the Investment Certificate;
- (ii) where a Benefit is payable on your death, the death certificate;
- (iii) proof that the person making a claim is entitled to do so;
- (iv) your birth certificate;
- (v) any other documents relevant to this ARF Investment;
- (vi) any other information that is appropriate to ensure that the Benefit is paid in accordance with the ARF.

We have relied on information given by you to us to set up this contract. If you did not disclose a material fact, we may not pay a claim or we may stop this investment or charge an increased fee. A material fact is one which is likely to influence our decision to accept an Application.

Any change in your circumstances between completing the Application and Start Date must also be disclosed.

We can alter this ARF Investment (or issue another in its place) if:

- (a) The Revenue Commissioners remove approval of the contract;
- (b) It becomes impossible or impractical to carry out any of the investment terms because of a change in the law or any other circumstance;
- (c) The tax treatment changes or this ARF Investment is altered by legislation;
- (d) It becomes impossible or impractical to administer the ARF.

2. Termination and Winding Up

In certain circumstances the ARF may be terminated by either party in the following circumstances:

- Where either Wealth Options Limited as QFM or the beneficial owner of the ARF gives one month's written notice of the proposed termination.
- Within one month of the beneficial owner failing to pay Wealth Options fee in accordance with the fee agreement.
- Within one month of the date when there are no longer any funds in the ARF
- Within one month of the beneficial owner breaking any of the terms and conditions as notified in writing by Wealth Options Limited.

Wealth Options will terminate the ARF by

- Making a distribution to the ARF holder
- Transferring the ARF to an ARF with another QFM in the name of the ARF holder
- On death the assets will be dealt with in accordance with the instructions of the personal representatives and/or as part of probate/administration.

Once the ARF is terminated Wealth Options Limited will no longer act as QFM and will not be liable for any aspect of the ARF.

3. Charges

Wealth Options Ltd will deduct a management charge as a percentage of your investments. The management charge percentage is specified in the Investment Certificate. Wealth Options Ltd will deduct the management charge either directly from the unit funds or from the ARF bank account or a combination of these methods. This annual charge is payable yearly in advance.

Wealth Options Ltd may increase the management charge to allow for the effect of inflation on expenses, as measured by the Consumer Price Index or some other suitable index of inflation. We will inform you in writing before any change in the management charge is made. Wealth Options Ltd also reserve the right to charge additional fees on investments in our structures that result in extra services i.e. if directors of Wealth Options are required to attend the closing of a property in a solicitors office or attend a notary public then we reserve the right to charge for our time.

Wealth Options Ltd will deduct the amount of any Government stamp duty and levies, if any from your bank account.

Any difference between funds received and allocation is a charge made by Wealth Options Ltd.

Certain deposit institutions may remunerate Wealth Options Limited for deposit business while others do not. Any such payments will not be offset against Wealth Options Limited's standard fees as ultimately it is the ARF Holders decision as to where all accounts will be held.

4. In The Event Of Your Death

What happens to the ARF and the tax treatment of same will depend entirely on whom the ARF assets are passing to on death. A spouse can currently take over the ARF of the deceased in their own name without any income tax or capital acquisitions tax liability arising. If the spouse decides to draw down an income from the ARF they will be liable to income tax in the normal manner.

If the ARF assets are not passing to a spouse please note that the ARF will be wound up and the assets of the ARF distributed to the beneficiary and there will be tax implications which should be discussed with your tax advisors. Please note Wealth Options Ltd are not offering any tax advice on this product and the tax treatment of ARF assets is subject to change by the Revenue. Please refer to www.revenue.ie or speak to your tax advisors for information on the current rates of Income Tax and Capital Acquisitions Tax.

5. In The Event Of A Complaint

The company has a procedure in place for the effective consideration and handling of complaints. Any complaints may be made verbally or in writing to the Managing Director, Wealth Options Ltd, Elm House, Millennium Park, Naas, Co Kildare. Each complaint will be acknowledged by us and updates will be advised to you as and when they become available. We will endeavor to resolve your complaint in a timely manner and will respond to you with our findings on completion of our investigation.

6. Conflicts Of Interest

We will make all reasonable efforts to avoid conflicts of interest and when they cannot be avoided we shall ensure that you are treated fairly at all times. Should an unavoidable conflict of interest arise we will draw this to your attention at the earliest opportunity.

7. Data Protection

Wealth Options Ltd treat all information provided to it as confidential and will not disclose such information except as permitted by you or as required by the law. The information provided will be held on both computer and manual files and will only be used for the purposes registered under the Data Protection Acts 1988 & 2003. From time to time we may send you information about new products and other services available which may be of interest to you. If you do not wish to receive such mailings simply write to us at the address below and we will ensure that you only receive communication specifically related to your policies.

8. Changes to Terms and Conditions

Wealth Options Limited reserves the right at any time, with the consent of the ARF holder, to amend, alter, modify or substitute all or any of these Terms and Conditions, provided that no such amendment shall be made which would conflict with the provisions of Chapter 2 Part 30 of the Taxes Act, which are applicable to ARFs.

9. Effective Date of Terms and Conditions

The effective date of these terms and conditions is the date the ARF application is signed.

Section Two: Distributions

Outline of Wealth Options Limited's responsibilities in relation to distributions from your ARF:

- Wealth Options Ltd are authorized to act as a Qualifying Fund Manager for the management of ARFs. As a Qualifying Fund Manager (QFM), Wealth Options is obliged to deduct tax, in certain circumstances and at certain rates, from 'distributions' from an ARF.
- It is our responsibility to pay the tax due on distributions to the Revenue
- If there are insufficient liquid funds in your ARF to fund the tax due on a distribution, the QFM must still pay over the tax due to the Revenue. In such circumstances the tax paid by the QFM but not recovered from the ARF is a debt due to the QFM from the ARF holder or the ARF holder's estate, as the case may be. In other words the QFM must follow the ARF holder personally or his or her estate for any tax paid by the QFM in relation to a distribution from an ARF, but not capable of being recovered from the ARF due to a lack of liquid funds.
- There are three types of ARF distributions which can trigger a tax charge to be paid by the QFM :
 1. an actual distribution
 2. a deemed distribution, related to certain investment transactions
 3. an imputed distribution
- In addition to being obliged to deduct tax from these distributions, in certain circumstances, the QFM is also obliged in the case of actual and deemed distributions (but not in relation to imputed distributions) to remove the assets involved in the distribution from the ARF, i.e. they must be segregated from the other ARF assets as they can no longer be considered to be part of the ARF.

1. Actual Distributions

What is a distribution?

A distribution from an ARF as defined in Section 784A(1)(d) of the Taxes Consolidation Act 1997 includes:

- any payment or transfer of assets out of the fund or
- any assignment of assets out of the fund,
- a payment, transfer or assignment to the individual beneficially entitled to the assets, (other than a payment, transfer or assignment to another approved retirement fund owned by the same beneficial owner)

So basically any payment of cash or assets or transfer of any assets from the ARF to the ARF holder or any other person is a 'distribution'.

2. Deemed Distributions

The use of ARF assets in any of certain specified investment transactions gives rise to the transaction 'being regarded as a distribution', i.e. what might be called a 'deemed distribution'.

There are 7 specific banned investments and transactions, which are outlined in Section 784A, Taxes Consolidation Act, 1997. Details are as follows:

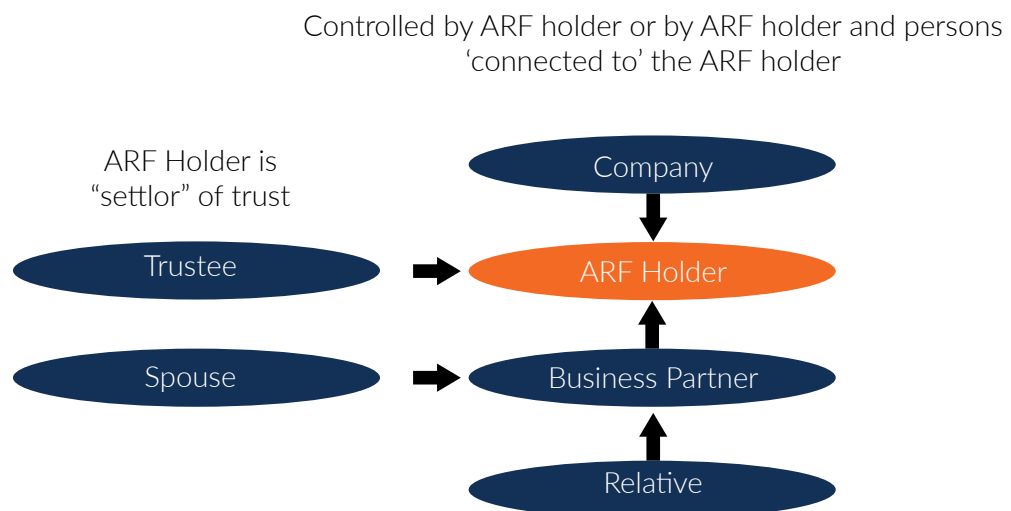
Use of ARF Assets to ...	Value of Deemed Distribution
1. A loan to the ARF holder or any "connected person". (Using assets as security for a loan is also treated as a loan itself).	Market value of ARF assets so used
2. Purchase of property from the ARF holder or "connected person". (The term property is taken to include all types of assets, not just bricks & mortar property)	Market value of ARF assets so used
3. Sale of any ARF asset to the ARF holder or "connected person". (It doesn't matter whether the sale is at market value or not. They are all within scope).	Market value of assets sold, rather than actual sale price
4. Purchase of property to be used as a holiday property or residence by the ARF holder or "connected person". (If property held by the ARF is not currently used as a holiday property or residence by the ARF holder or anyone "connected with" him or her, but commences at a later date to be so used, the distribution/payment to the ARF holder is deemed to happen when it begins to be so used).	Market value of ARF assets so used
5. Purchase of commercial property to be used in connection with a business of the ARF holder or in a business of a "connected person". (If property held by the ARF is not currently used as a business property by a business of the ARF holder or anyone "connected with" the ARF holder, but commences at a later date to be so used, the distribution/payment to the ARF holder is deemed to happen when it begins to be so used).	Market value of ARF assets so used
6. Investment in shares or other interest in a "close company" (wherever resident) in which the ARF holder or a "connected person" is a participator or investor. (Close company & participator have precise meanings. See overleaf).	Market value of ARF assets so used
7. Investing in "tangible moveable property" e.g. cars, wine, art, jewellery, etc.	Market value of ARF assets so used

* reference to 'market value' above is the value as defined in Section 548, Taxes Consolidation Act, 1997.

What is 'connected with'?

This has a precise legal meaning in tax legislation. The following are deemed to be 'connected with' an ARF holder, for the purposes of these investment restrictions:

- Individuals deemed to be connected with the ARF holder, as follows:



Note that spouses of certain relatives of an ARF holder are deemed to be 'connected' with the ARF holder, i.e. certain 'in laws'.

- The trustees of any settlement set up by the ARF holder
- Any company over which the ARF holder, or the ARF holder and other persons 'connected with' the ARF holder, has control
- Any person who is in a business partnership (not a limited company) with the ARF holder, or the spouse or relative of a person in a business partnership with the ARF holder.

What is a 'close company' and 'participator'?

A close company is generally speaking a private company under the control of 5 or fewer participators. A participator in turn generally speaking means someone having 'a share or interest in the capital or income of the company.' Typically this would include shareholders in the company. Investment in exempt unit trusts, etc.

Of course some of the specified investment above, e.g. purchase of holiday property to be used by the ARF holder or someone connected to the ARF holder, etc. could be wrapped inside an exempt unit trust holding so that the ARF would not be directly investing in any of the specified investments., but rather investing in units of a unit trust.

Technically, therefore, such an indirect investment would not appear to fall within the definitions outlined in Section 784A (1B). However, any investments of this type could be deemed to be engaging in a 'tax avoidance transaction' (Section 811, TCA 1997) as clearly the main purpose of wrapping the particular investment inside units of an exempt unit trust is to avoid a tax charge arising on the deemed distribution.

3. Imputed Distributions

What is an 'imputed' distribution?

The Finance Act 2006 introduced another form of distribution, which is an 'imputed' distribution, i.e. a deemed withdrawal from the ARF by the ARF holder, to be applied as at 30th November each year, once the ARF holder is 60 for a full tax year. The application and amount of this distribution has since been amended in subsequent Finance Bills. The current distribution rates as at 1st January 2015 are as follows:

- From age 61 the minimum withdrawal will be 4% of the plan value
- From age 71 the minimum withdrawal rises to 5%
- Combined ARFs and Vested PRSAs over €2 million must withdraw 6% per annum

How is the amount of imputed distribution currently worked out?

It is to be calculated as:

$$(A \times B) - C$$

where: A = market value of ARF assets at 30th November

B = the assumed % rate of distribution

C = gross actual distributions made from ARF in the immediately preceding year. In this regard, deemed distributions related to the specified investments and any previous imputed distributions are not taken into account for the purposes of C. Only actual distributions can count for C.

Example One	
Value of ARF on 30th November 2014 (ARF holder aged 66)	€1,000,000
4% of ARF as at 30th November 2014 i.e. €1,000,000 x 4%	€40,000
Gross actual withdrawal taken from ARF with Wealth Options during the year <i>Note: This is the gross amount deducted from the ARF. PAYE would have been applied</i>	Nil
Imputed distribution in December 2014 i.e. €40,000 less Nil	€40,000

Example Two	
Value of ARF on 30th November 2014 (ARF holder aged 72)	€1,000,000
5% of ARF as at 30th November 2014 i.e. €1,000,000 x 5%	€50,000
Gross actual withdrawal taken from ARF with Wealth Options during the year <i>Note: This is the gross amount deducted from the ARF. PAYE would have been applied</i>	€10,000
Imputed distribution in December 2014 i.e. €50,000 less €10,000	€40,000

Example Three	
Value of ARF on 30th November 2014 (ARF holder aged 70)	€3,000,000
6% of ARF as at 30th November 2014 i.e. €3,000,000 x 6%	€180,000
Gross actual withdrawal taken from ARF with Wealth Options during the year <i>Note: This is the gross amount deducted from the ARF. PAYE would have been applied</i>	Nil
Imputed distribution in December 2014 i.e. €180,000 less Nil	€180,000

Age 60 or over

The imputed distribution system only applies in respect of a year to an ARF:

- First set up on or after 6th April 2000 (i.e. gross ARFs), and
- Where the individual was over age 60 throughout that year i.e. aged 61

More than one ARF with the same QFM

Where an individual has more than one ARF with the same QFM the legislation allows a 'bulk' calculation of the level of imputed distribution to be applied in relation to all of the ARFs held with that QFM.

Example Four	
A client has two ARFs with Wealth Options -	
Value of ARF-1 on 30th November	€1,000,000
Value of ARF-2 on 30th November	€2,000,000
Total ARF value as at 30th November	€3,000,000
6% of ARF as at 30th November i.e. €3,000,000 x 6%	€180,000
Gross actual withdrawal taken from ARF 2 with Wealth Options <i>Note: This is the gross amount deducted from the ARF. PAYE would have been applied</i>	€20,000
Imputed distribution in December i.e. €180,000 less €20,000	€160,000

In this example, part of the actual distributions from ARF-2 is effectively allowed against the level of distribution to be made from ARF-1, as well as being offset for ARF-2. The legislation allows this bulk distribution to then be treated by the QFM as coming from either or both ARFs, in whatever proportion the client or QFM wants to take. E.g. one ARF may have sufficient liquidity to pay the tax, but the other not. Basically, all that is required by Revenue is income tax on a distribution of €180,000. So this tax liability can all be taken from ARF A or B or split between the two ARFs.

More than one ARF with different QFMs

Where an individual has more than one ARF and each ARF is with a different QFM, the individual can 'nominate' one of the QFMs (called the 'nominee' QFM) to operate the imputed distribution system in respect of all of that individual's ARFs, and so take the tax due from the ARF(s) the individual has with the nominee QFM.

Where an individual makes such a nomination then:

- The other QFMs must supply the nominee QFM, within 14 days of the distribution valuation date, with a certificate showing:
 - The value of the individual's ARF or ARFs held with that QFM at the previous 30th November
 - The total gross value of all actual distributions taken from the individual's ARF(s) with that QFM in the previous year
- The nominee QFM must hold these certificates available for inspection by the Revenue for a period of 6 years

Example Five	
A client has two ARFs -	
Value of ARF-1 with QFM-A on 30th November	€1,000,000
Value of ARF-2 with QFM-B on 30th November	€2,000,000
Actual Distributions taken during the year	
From ARF-1	€20,000
From ARF-2	Nil

The Client has nominated QFM-B to be the 'Nominee QFM' i.e. any tax on imputed distributions from all ARFs is to be taken from ARF-2. Therefore, by 14th December QFM-A must supply a certificate to QFM-B showing the value of ARF-1 as at 30th November (i.e. €1m) and the total gross actual distribution taken from the ARF during the year (i.e. €20,000). QFM-B must apply an imputed distribution amount of €130,000 (see example three for the calculation of this amount) to ARF-2. Under the Finance Act 2012, if an individual has total pension assets of €2 million or greater between one or more ARFs or vested PRSAs with different providers then they must appoint a Nominee QFM to administer the distribution from the entire portfolio in order to ensure that the 6% distribution is applied correctly. It is the individual ARFs obligation and responsibility to ensure that they are compliant with the legislation.

Annual Valuations Required

In order to calculate the distribution due there is a requirement for the QFM to place an open market value on all ARF assets annually as at 30th November. Even to determine if there is no imputed distribution (i.e. if actual distributions taken are greater than the level of imputed distribution) requires calculating the 'value' of the ARF as at 30th November each year. For the purposes of calculating imputed distribution and current values, property valuations may be accepted within 3 months of 30th November.

4. Deducting Income Tax From Distributions

Wealth Options as QFM (Qualifying Fund Manager) is obliged to deduct tax from 'distributions' (actual, deemed or imputed) as follows:

Type of Distribution (Actual, Deemed or Imputed)	Tax to be levied by the QFM on the Distribution Amount
1. Distribution during the ARF owner's lifetime	<ul style="list-style-type: none"> To be treated as emoluments paid to ARF owner PAYE, PRSI and USC to be levied at source where appropriate The default is to deduct higher rate tax on distribution, unless Revenue have supplied Wealth Options with a Certificate of Tax Credits and Standard Rate Cut Off Point or a tax deduction card for the ARF owner
2. Distribution after ARF owner's death to ARF owned by spouse of ARF owner	<ul style="list-style-type: none"> No tax to be levied
3. Distribution after ARF owner's death to a child of the ARF owner, where the child is under 21 years of age at the date of the ARF owner's death	<ul style="list-style-type: none"> No tax to be levied
4. Distribution after ARF owner's death to a child of the ARF owner where the child is over 21 years of age at the date of the ARF owner's death	<ul style="list-style-type: none"> Deduction of income at the standard rate
5. Any other distribution after ARF owner's death, not being any of the above	<ul style="list-style-type: none"> To be treated as income of the individual in the tax year in which the individual died PAYE, PRSI and USC to be levied at source where appropriate The default is to deduct higher rate income tax on the distribution, unless Revenue have supplied Wealth Options with a Certificate of Tax Credits and Standard Rate Cut Off Point or a tax deduction card for the deceased ARF Owner

Responsibility to pay tax

Wealth Options Limited shall deduct tax at the higher rate for the year of assessment in which the distribution or deemed distribution is made unless we receive from the Revenue Commissioners a certificate of tax credit and standard rate cut off point in respect of the ARF holder.

The liability to pay tax to the Collector General in relation to a distribution from an ARF rests with the qualifying fund manager as per Section 784A(7)(b) :

A qualifying fund manager shall be liable to pay to the Collector-General income tax which the fund manager is required to deduct from any distribution by virtue of this Chapter and the individual beneficially entitled to assets held in an approved retirement fund, including the personal representatives of a deceased individual who was so entitled prior to that individual's death, shall allow such deduction; but where there are no funds or insufficient funds available out

of which the qualifying fund manager may satisfy the tax required to be deducted, the amount of such tax for which there are insufficient funds available shall be a debt due to the qualifying fund manager from the individual beneficially entitled to the asset in the approved retirement fund or from the estate of the deceased individual, as the case may be.

Therefore, if there are insufficient funds within the ARF to pay any tax due on a distribution, Wealth Options as QFM must still pay the tax due to the Collector General and then follow the ARF holder or the estate of ARF holder for the shortfall.

Wealth Options therefore requires minimum liquidity content in the ARFs it manages, in order to ensure sufficient liquidity* to pay tax on distributions e.g. possibly a minimum 20% liquid content to cover worst case scenario of standard rate tax on post death ARF distribution to adult children and to allow for ongoing imputed distributions from January 2009 onwards.

* Liquidity Content is defined as cash and quoted securities i.e. cash and near cash assets.

Removing Distribution Assets from the ARF

In relation to actual and deemed distributions, the QFM is obliged to remove the funds/assets involved in the distribution from the ARF.

Example A

- A client withdraws €10,000 from his ARF.
- The QFM must withdraw €10,000 from the ARF.
- The QFM must operate PAYE on the €10,000 and pay the balance to the ARF holder.

Example B

- A client's ARF purchases a property which gives rise to a deemed distribution e.g. the property was purchased from someone connected with the ARF holder.
- The QFM must ensure that the property does not become an asset of the ARF.
- The QFM must operate PAYE on a distribution amount equal to the funds used to purchase the property in question
- It is important to note that the QFM is not required to remove the full imputed distribution amount from an ARF. The QFM is only required to deduct tax on the imputed distribution amount.

Example C

- A client's ARF has an imputed distribution amount of €20,000 in January 2014.
- The QFM is only required to operate PAYE on a notional amount of €20,000 and pay the resulting tax to the Collector General. Only the tax on the €20,000 is taken from the ARF, not the €20,000.

This is the crucial difference in the way the actual and imputed distributions work.

Section Three: Investment Options

An ARF can invest in a wide range of investment instruments, such as:

- Approved Property
- Property Syndicates
- Loan Notes
- Off Shore Managed Funds
- Unit Trusts
- Exchange Traded Funds
- Gilts, bonds and fixed interest stocks
- Copyrights
- Land
- Shares in Private Companies
- Bank & Building Society Deposits
- Quoted equities on recognised worldwide stock exchanges
- Insurance Company Funds
- Tracker Bonds
- Investment Trusts

Please see below a list of Prohibited Investments:

- Holiday homes with personal usage
- Loans to beneficiaries or their families
- Jewellery and gem stones
- Rare books and stamps
- Furniture and oriental rugs
- Gold Bullion
- Works of art and antiques
- Yachts and vintage cars
- Assets that could be used for beneficiary's personal gain e.g. golf membership
- Fine wines
- Borrowing to invest

Some of these investments carry specific Revenue rules which should always be discussed with your financial advisor.

Your ARF portfolio can be tailored to meet your criteria for risk and return. There is full flexibility for you to specify particular stocks or investments to be held in your ARF.

Shares or Property already held in a self-administered or self-directed pension fund can be transferred into the ARF without payment of stamp duty as the beneficial owner does not change.



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