

**DAVY**

# **The Davy Master Trust**

**Member's Explanatory Booklet**

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# Introduction

The aim of this booklet is to provide information to you as a member of the Davy Master Trust, to explain how your pension works, including how to make contributions and how your funds are invested.

Please note, entitlement to benefits will be determined in accordance with the Trust Declaration and Rules, a copy of which can be provided to you on request. In the event of a conflict between this booklet and the Trust Declaration and Rules, the provisions of the Trust Declaration and Rules shall prevail.

It is important to make adequate provision for retirement. Your pension should be viewed as a long-term investment to provide benefits over the duration of your life from retirement.

## Scheme Establishment

The Davy Master Trust is established under irrevocable trusts and has been approved by the Revenue Commissioners as an exempt approved scheme pursuant to Chapter 1, Part 30, Taxes Consolidation Act 1997 (as amended). The Master Trust also been registered with the Pensions Authority.

The Trustee of the Master Trust is JED Master Trustee DAC (“the Trustee”).

A Master Trust is a Defined Contribution (DC) pension scheme which manages individual pensions for many participating employers under one large scheme. Each member of the Master Trust has their own individual pension fund or “Plan”.

Your Plan is intended to provide retirement benefits for you and death benefits to your beneficiary/ies. The benefits payable will be determined by reference to the value of your accumulated pension fund, which shall be calculated by:

- the contributions paid by you personally and/or your employer on your behalf;
- the amount of any transfer(s) received by the Trustee on your behalf from other retirement benefits schemes;
- the investment return;
- minus any costs, charges or expenses incurred in connection with the Plan.

The investment strategy you choose will determine the manner in which the assets of your Plan are invested. The Plan does not guarantee or specify any given level of investment performance or benefits payable on retirement or death.

## Membership

There may be certain conditions which your employer may impose upon you before becoming eligible to join the Master Trust and you should check with your employer in this regard. You are not required to join the Master Trust as a condition of your employment.

**Investment Manager**

In accordance with the terms of the operation of the Master Trust, J&E Davy Unlimited Company or “Davy” has been appointed as investment manager of the assets of the Master Trust.

**Changes to the Trust Declaration and Rules**

In general, the Trustee may amend any aspect of the Master Trust. Any such amendment must be in writing and is subject to the approval of the Revenue Commissioners.

**Employer ceasing to participate**

Future conditions cannot be foreseen and while your employer may have every intention of maintaining its contribution to the Master Trust it must reserve the right to change or cease contributing at any time. Further, you may cease to be eligible under the Master Trust and, at that point, the funds accumulated will be held on trust in your Plan for your benefit subject to applicable laws, the terms of the Trust Declaration and Rules and Revenue rules applicable to the Master Trust.

**State Benefits**

Where applicable, the State Pension is payable in addition to any benefits payable from this Scheme.

Qualification for Social Welfare Pension is subject to tests administered by the Department of Social Protection. For further information on the Social Welfare Pension please contact the Department of Social Protection, Social Welfare Services, College Road, Sligo, Ireland or phone the Information Section on 1890 500 000 or visit [www.welfare.ie](http://www.welfare.ie).

**How can I keep track of my funds?**

You will receive a Pension Benefit Statement and a Statement of Reasonable Projection, which will set out the current and projected value of your retirement fund. A Statement of Reasonable Projection will be provided to you at any time on request.

In addition, you will receive a regular valuation of your pension portfolio with Davy.

# 1. Contributions to the Plan

## Employer Contributions

The contributions that will be paid by your employer will be outlined in your contract of employment or otherwise agreed between you and your employer.

## Member Contributions

You may not be obliged to make any contributions to the Plan but this will either be outlined in your contract of employment or agreed between you and your employer.

However, should you choose to make contributions, the Pensions Act 1990 (as amended) requires your employer to remit any money deducted from your salary for remittance to the Plan within 21 days of the end of the month in which the deduction. Your employer is also obliged to give you, in a written statement, details of the amounts deducted at a minimum, on a monthly basis.

You also have the option to increase the benefits payable from the Plan by making additional voluntary contributions ('AVCs') either as a once-off payment or regularly to the Plan. Such contributions can be started or stopped at your instruction.

If you wish to make AVCs through payroll, you must notify your employer of the rate or amount of the contribution which you wish to make to enable your employer withhold these amounts from your salary. You will then receive tax relief for your AVC contributions. Should you wish to vary this amount at any stage, you should again notify your employer.

The aggregate of your regular and AVC contributions may be restricted to comply with Revenue rules. Contributions will qualify for income tax relief within the limits set out below:

| Age attained during the year 1st January to 31st December | Amount of personal contribution as % of Net Relevant Earnings* |
|---|--|
| Up to age 29  | 15%  |
| Age 30 to 39 inclusive                                    | 20%  |
| Age 40 to 49 inclusive                                    | 25%  |
| Age 50 to 54 inclusive                                    | 30%  |
| Age 55 to 59 inclusive                                    | 35%  |
| Age 60+   | 40%  |

Source: Part 30 Taxes Consolidation Act 1997 ('TCA') as amended.

\* Net Relevant Earnings includes all forms of taxable remuneration from employment. The maximum amount of Net Relevant Earnings on which these contribution limits can be based is €115,000 for 2024.

You may be able to backdate contributions for tax relief purposes to the tax year immediately preceding the one in which payment is made, provided that such contributions are paid before 31st October (or mid-November if filing online) of the relevant year.

In the event that the contribution you make exceeds the tax relief limits set out above in the year in which it is made, any excess contribution may be carried forward and may qualify for tax relief in any following year(s).

## 2. Investment Options

The value of your pension fund at retirement will be directly determined by investment return. Contributions are invested to build up a fund which you can use to provide you with an income in retirement.

J&E Davy Unlimited Company (“Davy”) has been appointed by the Trustee as Investment Manager to the Davy Master Trust. The assets of your Plan will be managed in line with the service level you have agreed with Davy.

**Note: The Trustee are not liable for poor investment returns as a result of investments made by the Trustee or made by the Trustee on your direction.**

### What Assets can I Invest in?

The Trustee has made available an Investment Guide which advises you of the investment options and associated risks available to you. This can be found at [www.davy.ie/legal](http://www.davy.ie/legal) or can be posted to you on request.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

### Integration of Sustainability Risk

Sustainability Risk (an ESG<sup>1</sup> event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment) is prevalent throughout the investment process. Members of the Davy Master Trust can choose to invest in either the Davy Private Clients (“DPC”) investment option or the Davy Select (“DS”) investment option. Sustainability Risk is not considered in the DS investment option and is only considered to a limited extent in the DPC Investment Option.

### Davy Select investment options

If you have opted for the Davy Select (Execution Only) service with Davy, the Trustee will make a range of funds available to you for the investment of your pension.

The DS investment option offers members a self-directed investment solution which permits investment in a list of funds which comply with Institutions for Occupational Retirement Provision (“IORP II”) Regulations. Davy may select managers who use ESG factors to inform their investment process, but they are not a deciding factor in the fund selection. In addition, the fund may not be required to generate a positive ESG impact in order to qualify as an eligible investment. As a result, Sustainability Risk is not considered to be integrated in the decision-making process for the DS investment option.

Davy is the manager of a range of socially responsible investment (“SRI”) funds which do not have sustainable objectives but do integrate certain sustainable characteristics. These funds are included in the list of permitted investments.

### Davy Private Clients investment options

If you have opted for the Davy Private Clients service with Davy, the final investment choice made by Davy on behalf of the member will reflect the member’s requirements and preferences across these factors. The asset allocation, including any tactical positioning, and manager selection for each investment choice is also delegated to Davy.

Clients with an advisory service level may have the opportunity to invest in other investment instruments from time to time, subject to the ongoing proper investment of the resources of the Scheme in accordance with relevant legislation.

The investment options available to members of the Davy Master Trust through Davy Private Clients consists of Advisory and Discretionary investment options.

The Discretionary offering includes both Article 6 and Article 8 SRI investment solutions. As a result, Sustainability Risks can be integrated to a varying degree depending on the preferred investment solution.

The SRI investment solutions have a higher level of integration of Sustainability Risks in the investment process than the Article 6 solutions.

<sup>1</sup> Environmental, Social and Governance

For our non-SRI oriented (Article 6) offerings, Davy may select managers who use ESG factors to inform their investment process, but they are not a deciding factor in the fund selection. In addition, the fund may not be required to generate a positive ESG impact in order to qualify as an eligible investment.

The consideration of sustainability risks can positively or negatively impact on the returns of financial products.

**Further Information**

For further information on the investment options and restrictions which apply to your Plan, please contact Davy, 49 Dawson Street, Dublin 2.

Davy Select: 01-6148900

Davy Private Clients: 01-6797788

## 3. Benefits Payable on Retirement

At retirement, the accumulated value of assets held within your Plan will be used to provide benefits to you based on the value of the fund at that date. Benefits shall be paid within Revenue limits.

### Normal Retirement Age

The Normal Retirement Age ('NRA') is specified in your Plan Schedule which was provided to you when you joined the Master Trust and can be between ages 60 and 70.

### Early Retirement

You may take benefits from the Plan before your NRA in the following circumstances:

- at any time from age 50 on leaving service with your employer; or;
- at any time due to serious ill-health or disability

On taking benefits before NRA, it is a Revenue requirement that 20% Directors\*<sup>2</sup> dispose of their shareholding and cease all connection with their employer before taking benefits;

The Trustee will determine whether these benefits are payable on ill-health or disability after obtaining medical evidence as they deem appropriate.

### Late Retirement

If you wish to remain in employment after NRA, you may, with the consent of the Trustee, elect to retire at a later date and access the value of the assets held within the Plan no later than your 70th birthday (unless otherwise authorised by the Revenue Commissioners). At this date, the same range of options shall be available to you as if you had retired at NRA.

### Your Options at Retirement

On retirement, you may choose one of the options outlined below.

#### Option 1: Lump Sum and Annuity<sup>3</sup>

A cash lump sum of up to 1.5 times your final salary, provided you have at least 20 years service completed at NRA. If you have less than 20 years completed or if you retire early, your lump sum will be lower.

The tax treatment of the lump sum amount is detailed below.

| Lump Sum Amount             | Rate of Tax   |
|-----------------------------|---|
| Up to €200,000 <sup>4</sup> | Tax Free  |
| Next €300,000               | Standard rate (currently 20%), no reliefs, no credits allowed |
| €500,001 and over           | Marginal rate – taxed under PAYE system, plus PRSI and USC    |

The balance of the fund can then be used to purchase an annuity with any life company in Ireland. This annuity must be arranged by you and the annual income you will receive will depend on a number of factors including (but not limited to) your age, the type of annuity you purchase, whether the annuity is at a level rate or will include annual pension increases, whether or not it includes related dependant's contingent pension and prevailing market conditions at the date of purchase.

If you paid any AVCs into the Plan, the accumulated value of the AVCs at retirement can avail of the ARF option as outlined below or.

#### Option 2: Lump Sum and Approved Retirement Fund ('ARF')

A cash lump sum of up to 25% of the fund (the tax treatment is outlined above) with the balance of your Plan transferred to an ARF. An ARF is a tax-exempt investment fund from which you can take (taxable) withdrawals over the remainder of your future lifetime.

<sup>2</sup> A 20% Director is one who directly or indirectly at any time in the last 3 years owned or controlled more than 20% of the voting rights in the employer company or its parent

<sup>3</sup> Annuity: A guaranteed income payable for the remainder of your and/or your spouse's lifetime, purchased with the balance of your pension fund, excluding any amount withdrawn as a tax-free lump sum, on or after retirement.

<sup>4</sup> Any retirement lump sum taken after 7th December 2005 will count towards this limit.



## 4. Benefits Payable on Death

In the event that you die before taking benefits, the accumulated value of your fund will be used to provide benefits as outlined below:

### **Death in Service**

In the event of your death whilst in service, the value of your pension fund on the date of payment will be used to provide death benefits to your dependants as follows:

- a tax free lump sum of up to 4 times your remuneration plus the accumulated value of any contributions you have paid personally, and
- the balance, if any, will be used to secure an annuity or an ARF on behalf of your dependants.

The Trustee retain discretion under the rules of your Plan as to which dependant (and in which proportion) death benefits will be paid. However, you can indicate to the Trustee your preferences in this regard by notifying the Trustee directly.

### **Death after Leaving Service**

In the event of your death after leaving service but before benefits become payable the value of your pension fund on the date of payment will be paid to your estate.

## 5. Benefits Payable on Leaving Service

If you cease service with your employer before NRA (for any reason other than death or ill-health or disability), then you will have the following options below:

**Note: Before making any decision with respect to your pension benefits, you should seek independent financial advice.**

### **Option 1: Deferred Pension Entitlement**

Leave the value of your pension fund invested in the Plan until Normal Retirement Age. If you chose this option, no further contributions can be paid. The assets of your Plan will remain invested and will continue to be managed until you reach Normal Retirement Age. If you are over age 50, you may be entitled to access retirement benefits early.

### **Option 2: Transfer to Another Pension**

You may opt to transfer your value of your accumulated fund to a new employer's scheme, to a retirement bond or to a Personal Retirement Savings Account (PRSA).

### **Option 3: Refund of Contributions Paid**

You may opt to receive a refund of the value of your accumulated member contributions (if any) and AVCs (if

**Note: This option is only available if you have less than 2 years qualifying service and if you are not a 20% Director.**

any). If you chose this option, you will forfeit the value of the employer contributions made to the Plan on your behalf. Tax is deductible at source at the standard rate (currently 20% as at January 2024).

## 6. Additional Information

### Further Information

This booklet is intended as a general guide only. If you have any further questions, please contact Davy directly (contact details are at the end of this Booklet).

### Taxation

The Trustee are authorised to deduct any taxes and levies for which they are accountable or chargeable in respect of your entitlements under the Scheme.

### Pension Adjustment Orders

In the event of a divorce or judicial separation, a court order may be made in respect of your retirement (and/or contingent) benefits. If a pension adjustment order is made, a specific proportion of the benefits may be payable to your spouse (for his/her benefit and/or for the benefit of your dependents). The person (in whose favour the order is made) will be dealt with in a manner similar to that of an employee leaving service – see Section 4 of this booklet.

Further information about the operation and impact of Pension Adjustment Orders may be obtained from The Pensions Authority, Verschoyle House, 28-30 Lower Mount Street, Dublin 2.

### Complaints

If you are dissatisfied at any time with the service you receive from Davy, do not hesitate to make this known to us. You should contact your Adviser in the first instance to discuss any concerns you may have. The issue(s) which you raise may later be referred to our compliance department which operates independently from the portfolio management department. If following this, the matter(s) have not been settled to your satisfaction, you may avail of our formal Internal Dispute Resolution ('IDR') procedure, details of which you are available on request. Please contact Davy, 49 Dawson Street, Dublin 2: Davy Select: +353 1 614 8900 or Davy Private Clients: +353 1 679 7788.

At this stage, should the issue(s) you have raised still not been resolved to your satisfaction, you may, following the completion of our IDR process, be entitled to refer the matter(s) to the Financial Services and Pensions Ombudsman for determination. Information on the role, function and remit of this office is available from the Financial Services and Pensions Ombudsman, Lincoln House, Lincoln Place, Dublin 2, D02 VH29 – telephone: +353 1 567 7000 or on [www.fspo.ie](http://www.fspo.ie).

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