CANTOR FITZGERALD IRELAND LTD

Approved Retirement Fund (ARF) and **Approved Minimum Retirement Fund** (AMRF)

Providing personalised tax approved pension structures that offer clients investment flexibility, control and transparency.

Approved (Minimum) Retirement Fund (A(M)RF)

Introduction

At Cantor Fitzgerald Ireland, we provide personalised tax approved pension structures that offer clients investment flexibility, control and transparency. As independent specialists, we offer impartial integrated investment and pension advice.

Cantor Fitzgerald is approved by the Revenue Commissioners to act as a Qualifying Fund Manager (QFM) for the management of Approved Retirement Funds (ARFs) and Approved Minimum Retirement Funds (AMRFs). The role of the QFM is to ensure your ARF/AMRF is managed in line with prevailing Revenue guidelines and legislation.

Warning: If you invest in this product you may lose some or all of the money you invest.

Warning: Past performance is not a reliable guide to future performance.

Warning: All investment carries risk and your capital is not guaranteed.

Warning: The A(M)RF may be affected by changes in currency exchange rates depending on the underlying assets held in your A(M)RF.

Warning: There is a risk that the ARF investor who takes regular withdrawals and/or imputed distributions over the life of his/her retirement is exposed to "bomb out" risk. This is the risk that the income needs of an investor may not be met by the value of his/her ARF.

1. What is an Approved Retirement Fund (ARF)?

Established under the Finance Act 1999, an ARF is a post-retirement tax exempt investment vehicle into which you can transfer the balance of your pension fund, after you receive your lump sum and after you have satisfied the Approved Minimum Retirement Fund (AMRF) conditions, as outlined below. Prior to the introduction of the ARF, the only option was to purchase an annual income or an annuity from a life assurance company. As an ARF holder, you retain full ownership of your retirement fund and you remain the beneficial owner of all assets in your ARF from which you can draw down a regular income.

Before you can invest in an ARF, you must meet the conditions below (unless you have inherited an ARF from your spouse/registered civil partner or you are aged over 75):

I. You must have guaranteed annual income of at least €12,700. This would include a pension or annuity that is guaranteed to be payable for the rest of your life, including any State guaranteed pension; or

II. You must set aside €63,500 in an AMRF until you reach 75 or satisfy the guaranteed annual income test (as above); or

III. You must purchase an annuity with the AMRF funds.

2. What is an Approved Minimum Retirement Fund (AMRF)?

An AMRF is similar to an ARF, except where you are aged under 75, in which case you cannot transfer to an ARF unless you can demonstrate a guaranteed income of €12,700 per annum. If you are unable to meet this minimum, you must either transfer €63,500 to an AMRF, or purchase an annuity which will bring up your level of guaranteed income to the minimum amount. You may make one taxable withdrawal per annum from your AMRF of up to 4% of the value of your AMRF fund.

When you reach the age of 75, or upon death, the AMRF automatically converts into an ARF.

3. Structure of your A(M)RF

Under an A(M)RF, you will enter into a contract with a Qualifying Fund Manager (QFM). The role of the QFM is to ensure your A(M)RF is managed in line with prevailing Revenue guidelines and legislation, and to account for any tax that may be due on distributions from your A(M)RF. Cantor Fitzgerald Ireland is approved by the Revenue Commissioners to act as QFM for the management of A(M)RFs. The A(M)RF is held in your name by Cantor Fitzgerald as the QFM.

4. Who can invest in an ARF?

The following pension investors may avail of the ARF option at retirement:

- Personal Pension Plan or Retirement Annuity Contract (RAC) investors;
- Members of a Small Self-Administered Scheme (SSAS);
- Personal Retirement Savings Account (PRSA) investors;
- Members of Defined Contribution pension schemes, subject to scheme rules;
- Members of employer sponsored pension schemes who have made Additional Voluntary Contributions (AVC);
- Investors where assets are transferring from another ARF/AMRF held by you (or your deceased spouse/registered civil partner);
- Investors where the pension asset transfer is subject to a court order; and
- Holders of Buy-Out-Bonds (also known as Personal Retirement Bonds).

5. Can I contribute to my ARF?

An ARF is a post retirement product which is designed to provide an income for you in retirement. It can only accept transfers from the existing pension arrangements listed above in section 4.

6. Discretionary Drawdowns from your ARF

You can withdraw funds from your ARF as and when you require. You may make regular withdrawals or single ad hoc withdrawals. The ARF offers you the flexibility to vary your income drawdown to meet your changing needs in retirement.

Any withdrawal you make from your ARF is subject to statutory deductions (PAYE, USC and PRSI where applicable) and Cantor Fitzgerald, as QFM to your ARF, is obliged to make the appropriate statutory deductions. Taxation will be applied at your marginal rate, unless Cantor Fitzgerald has received confirmation from the Revenue Commissioners that your tax credits have been assigned to Cantor Fitzgerald Ireland Limited (approved employer number 9547032R)

7. Mandatory Drawdowns from your ARF- Imputed Distribution Requirement

The Finance Act 2006 introduced an annual taxable 'imputed distribution' which applies to the value of assets in ARFs. This means that appropriate statutory deductions (PAYE, USC and PRSI where applicable) will be payable on an amount which is assumed to be taken out of your ARF by you. The imputed distribution rates are as follows:

- 4% for individuals with combined ARF and/or vested PRSA assets less than €2 million, and who are aged between 60 and 69 for the full tax year.
- 5% for individuals with combined ARF and/or vested PRSA assets less than €2 million, and who are aged 70 or over for the full tax year.
- 6% for individuals with combined ARF and vested PRSA assets of more than €2 million, and who are 60 or over for the full tax year. **Note: the higher rate of 6% will apply to the entire aggregate value of the assets held in an ARF(s) and/or Vested PRSA(s) (not just that portion in excess of €2 million).**
- The Finance Act 2012 made it compulsory for an individual to appoint a Nominee QFM, where they have a number of ARFs and/or Vested PRSAs with different providers with a total value in excess of €2 million. The role of the Nominee QFM is to ensure that the distribution is paid on the total amount. **If you hold an ARF(s) and/or vested PRSA(s) with other QFMs, please note that Cantor Fitzgerald will only accept responsibility for the imputed distribution arising on the ARF(s) and/or vested PRSA(s) where the aggregate value of assets is over €2 million and Cantor Fitzgerald is the nominated QFM in accordance with Section 790D, Taxes Consolidation Act 1997.**
- The imputed distribution is applicable to ARF holders who are 60 or over for the full tax year.

Actual distributions made during the year from the A(M)RF may be deducted from the imputed distribution to arrive at the net imputed amount, if any, to be regarded as a distribution.

8. Taxation of an A(M)RF on Death

In the event of your death, your A(M)RF becomes an asset of your estate and will therefore be subject to the terms of your will. Should you die without leaving a valid will, it will be dealt with in accordance with the intestacy provisions of the Succession Act 1965. A transfer of A(M)RF assets after your death is taxed as follows:

ARF/AMRF inherited by	Income tax due	Capital Acquisitions Tax ('CAT') due
Surviving spouse or registered civil partner.	None where transferred into an ARF of the surviving spouse/registered civil partner. Subsequent withdrawals by the spouse/ registered civil partner are subject to income tax and any other taxes due at the time.	None.
Child aged 21+ at date of your death.	Yes. Income tax at a rate of 30%.	None.
Child aged less than 21 at date of your death.	None.	Yes. Normal CAT thresholds apply.
Stranger in blood (anyone else not being your surviving spouse/registered civil partner or children).	Yes. This will be treated as a taxable distribution by the deceased in his/her year of death.	Yes. Normal CAT thresholds apply.

It should be noted that an ARF can only remain an ARF where it passes to a surviving spouse/registered civil partner. In all other cases the ARF will be wound up and the assets of the ARF distributed.

9. Cantor A(M)RF Investments

With a Cantor A(M)RF you will have access to Cantor Fitzgerald's wealth management services tailored to your investment objectives and risk profile. You will also have access to a wide range of asset classes, including:

Equities	Unit Funds	Loan Notes
Investment Trusts	Corporate/ Sovereign Bonds	Private Equity (subject to limits)
Exchange Traded Funds	Structured Products	Insurance Company Funds

10. Why choose a Cantor Fitzgerald A(M)RF?

- Personalised and independent pension advice.
- A dedicated Portfolio Manager.
- A bespoke investment approach to each client's A(M)RF portfolio.
- A competitive and transparent A(M)RF fee structure.
- Excellent administration, reporting and client service tailored to your requirements.
- No set up costs.
- Online portfolio access.

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