

The ITC PRSA 1-2-3

Everything You Need to Know!



[Read More](#) 

What is a **PRSA**?

A Personal Retirement Savings Account (PRSA) is a self-administered pension plan designed to help individuals accumulate wealth for retirement.

Who Can Use?

Anybody can have an ITC PRSA.



There are **two types of PRSA:**

1



A Standard PRSA

Pension scheme where your fees are capped, and you can only invest in pooled funds.

2



A Non-Standard PRSA

- Your fees are not capped, and your investments are not restricted to pooled funds.
- You have a larger selection of assets to invest in, such as property.



Advantages of ITCs

Non-Standard PRSAs:



You have **complete control** over your investment strategy, with a wide variety of investment options to choose from.



The latest retirement age can be up to **age 75** in a PRSA, but normal retirement at **age 60** is also possible.



Assets in a PRSA grow **free of both Capital Gains Tax and Income Tax.**



There is **no lump sum payment limit** on death, and assets held in your PRSA are fully payable to the estate.



No caps on employer contributions. Can also receive personal contributions based on the age-related limits.



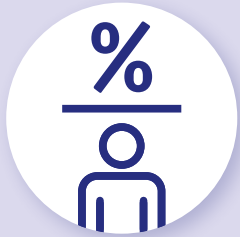
In an early retirement scenario, for those aged 50-60, there is no requirement for a 20% director to relinquish their shares in a company, simply **leaving employment from the linked employer** will suffice.



Use of **multiple PRSAs** allows for a phased retirement.



Limitations:



Age related limits on the percentage of your earnings you can contribute per year.



There is a **cap of €115,000 on your total annual earnings** with regard to these limits. This does not include employer contributions.



There may be **limitations on allowable investments** based on the charging structure. For example, fixed fees and/or performance charges are not allowable on investment products held in a PRSA.



Subject to the Standard Fund Threshold (SFT), which is a limit/ceiling on the total capital value of pension benefits that an individual can draw from pension arrangements without penalty. The current value of the SFT is €2 million.



How do I set up an **ITC PRSA**?



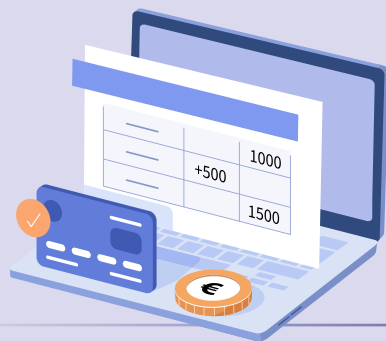
STEP 1:

Appoint a **Financial Advisor** – ITC can assist in identifying one if required.



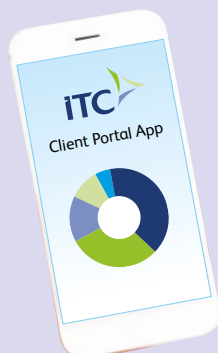
STEP 2:

Your advisor submits **your PRSA application online** via **ITC Nexus**. Any queries on the application will be communicated within 1 working day.



STEP 3:

ITC open **your PRSA account** and an individual operating **bank account** specifically for your scheme. We will also make sure that existing benefits are transferred in from other providers.



STEP 4:

From here you can begin **contributing to your ITC PRSA** and **investing**. You can monitor your scheme valuations and live bank account balances/transactions via the **ITC Client Portal & App**.



How do I contribute to an ITC PRSA?

There are limits on the level of income tax relief that is available on personal contributions to a PRSA as indicated in the table below:

Age in tax year	Contribution as % of net relevant earnings
Under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
Over 60	40%

The maximum annual amount of earnings for which tax relief is given is currently set as **€115,000**.



What **investments** can I make?

With an ITC PRSA, you can invest your pension funds in the manner you feel is most appropriate to your investment strategy and risk profile. With our unit trust structure, you have the ability to invest in **cash, bonds, equities, property or other assets.**



What are the charges?

We apply an annual management charge based on the value of your PRSA. We have 3 charging structures – **PRSA 1, PRSA 2** and **PRSA 3** to provide the best charging structure for the size of your scheme.

Full pricing details are available on our website or by emailing service@itcgroup.ie.



What happens at **retirement**?



Typically, you can draw on your PRSA benefits at any time **after age 60**.

- ▶ You can choose to take up to **25%** of your fund as a **lump sum**.
- ▶ Subject to Revenue limits, up to **€200,000** of the lump sum may be taken **free of tax**.
- ▶ A further **€300,000** may be taken at **20% tax**.

Having taken the tax-free lump sum there are a number of options for the remaining balance:

- 1. Invest the balance** in an Approved Retirement Fund (ARF) subject to certain conditions.
- 2. Withdraw the balance in cash** at your current income tax rate, subject to certain conditions.
- 3. Use the balance** to purchase an annuity
- 4. Leave the balance** in the 'Vested' PRSA and drawdown funds later as required or to meet the statutory drawdowns of 4% / 5% / 6% depending on your age and scheme size.



For further information:



JustAsk@independent-trustee.com



01 661 1022



www.independent-trustee.com

Independent Trustee Company Limited, part of the ITC Group,
is regulated by the Central Bank of Ireland.

Information correct as of March 2024