

# Life Assurance Premium Levy

## Friends First Update 20th July 2009

### What is the Life Assurance Premium Levy?

The Minister for Finance announced the introduction of a new 1% Levy on premiums to Life Assurance policies in the supplementary budget in April. Under the Finance Bill 2009, the levy will apply to life assurance premiums paid into both new and existing policies on or after 1st August 2009.

### Is there an existing levy?

There is no existing levy on life assurance business. There is a levy on non-life insurance (e.g. motor, house and contents) which was increased from 2% to 3% in the recent Finance Bill.

### What types of policies are affected?

The levy applies to the following policy types:

- Protection including Group Protection
- Savings & Investments
- Pensions including PRSAs, ARFs and annuities

The levy applies to both regular and lump sum premiums.

### Are there any policies that are not affected?

Pension contributions are exempt where they are being invested under a Group Policy i.e. Defined Benefit and Defined Contribution Occupational Pension schemes.

### What is the current status of the levy implementation?

The levy is due to be deducted from all relevant policies invested on or after the 1st August 2009. However, the IIF on behalf of the Life Assurance Industry is in ongoing discussions with the Department of Finance regarding the details of the levy.

As there may be further amendments to the premium levy over the coming months, Friends First will be postponing a full implementation of the levy until we receive full clarity of all outstanding issues.

### How will Friends First customers be affected by the premium levy?

Friends First intend to defer collection of the premium levy on all relevant products pending the conclusion of discussions with the Department of Finance.

Depending on the outcome of the above discussions Friends First will implement the levy on its products as follows:

1	No levy will apply	EPP Group DB and Group DC
2	Pending outcome from Revenue Will only be collected from 1st January 2010	Individual Protection Group Protection <small>(from next broking date)</small> PRSAs
3	Pending outcome from Revenue Will only be collected from clarification date No retrospective collection	SP Pensions SP Life ARF Buyout Bonds
4	Pending outcome from Revenue Will be collected retrospectively to 1st August 2009	RP Pension RP Life

### What actions should customers take?

There is no need for customers to take any action. Friends First products will remain unaffected by the levy pending the outcome of the ongoing discussions with the Department of Finance. We will keep you informed as these discussions progress.

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