Canada Life

Canada Life Approved Retirement Fund **with lifelong income benefit**

Guarantee your income for life

GUARANTEES | PROTECTION | STRENGTH

Why choose Canada Life?

The strongest life assurance group in Ireland

We are part of Great-West Life, one of the world's leading life assurance companies, from a country ranked the most financially sound in the world*.

With a reputation for financial strength, stability and consistently high financial ratings from the independent rating agencies, Great-West Life has a AA rating** from Standard & Poor's. As part of Great-West Life Assurance Company, Canada Life has access to a large pool of experience and expertise on a global scale, allowing us to continuously enhance our product and service offering.

Great-West Life is a leading Canadian insurer, with interests in the life and health insurance, investment, savings and retirement income and reinsurance businesses, primarily in Canada and Europe. Great-West Life is a subsidiary of Great-West Lifeco Inc., a member of the Power Financial Corporation group of companies.

* Source: World Economic Forum 2010.
** The financial rating shown for Great-West Life is provided by Standard & Poor's. Standard & Poor's is a rating agency which provides ratings on the financial strength of companies. This information is correct at the time of going to print.

This brochure contains important information about the main features and restrictions of this product. It is therefore important that you read the full brochure in order to gain a full understanding of the nature of the product.

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A secure, predictable, guaranteed income for life in retirement

Access to your retirement savings when you need it

A choice of investment options

The potential for your income to be increased

A minimum payment on death

A safe and secure transition from savings to a guaranteed retirement income

The guarantee is provided by Canada Life Assurance (Ireland) Limited, which guarantees payment of a specified income for the remainder of the policyholder's life, together with a payment on death equal to the amount paid in, less the amounts withdrawn (including any surrender penalties, administration charges and tax), subject to the terms and conditions of the policy.

Introduction

How can you convert your hard-earned retirement savings into an income that will last your lifetime? Do you choose to purchase a secure income but give up control of and access to your retirement funds or do you keep control of your funds without the security of a guaranteed income?

Now, for the first time in Ireland, an Approved Retirement Fund (ARF) is available which allows you to keep control over your investment by providing access to your retirement fund while at the same time allowing you to enjoy the security of a guaranteed income for life.

By providing both security and flexibility, the Canada Life Approved Retirement Fund with lifelong income benefit provides a creative and innovative new retirement option, offering you:

- A secure, predictable, guaranteed income for life in retirement;
- Access to your retirement fund when you need it;
- A choice of investment options;
- The potential for your income to be increased through income ‘lock-ins’;
- A minimum payment on death.

You should note that if you do make a discretionary withdrawal, your guaranteed income will reduce.

The minimum payment on death is equal to the higher of the current fund value and the premium paid less all withdrawals made (including any surrender penalties, administration charges and tax).

If you qualify for an Approved Retirement Fund, talk to your Financial Advisor about the Canada Life Approved Retirement Fund with lifelong income benefit.

This product is a unique Canada Life Approved Retirement Fund with lifelong income benefit. The lifelong income benefit is an optional benefit and you can choose whether or not to select it. If you do not select the lifelong income benefit then it is important to note that all the features of the lifelong income benefit do not apply. See pages 23 to 29 for further information.

The Canada Life ARF with lifelong income benefit is provided by Canada Life Assurance (Ireland) Limited.

Why choose lifelong income benefit?

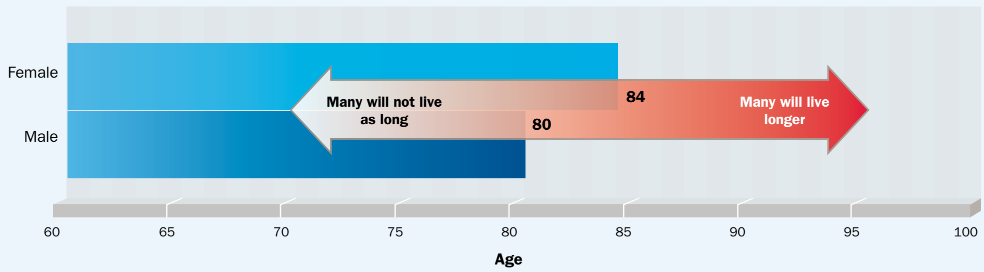
Protect your retirement income

For years, your focus has been to save for retirement. Now, you need innovative solutions to help you transition your hard-earned savings into income that will last your lifetime.

Lifelong income benefit helps address some of the key risks to your retirement savings, which include:

Longevity risk

In Ireland today, a man retiring at 60 can expect to live to 80 and a woman retiring at 60 can expect to live to 84 (source: Central Statistics Office, 2009). These are average figures, so many people will live longer. With improvements in medical diagnosis and treatment, many more people can expect to live even longer in the future. While it is impossible to predict exactly how long you will live, the statistics suggest there is now a good chance that if you retire at 60 you could need to fund at least 20 years of retirement, and possibly many more.



Source: Central Statistics Office, 2009

Canada Life's lifelong income benefit provides predictable, guaranteed income, for the rest of your life. However, if you make a discretionary withdrawal from your policy, your lifelong income amount will reduce.

Market return risk

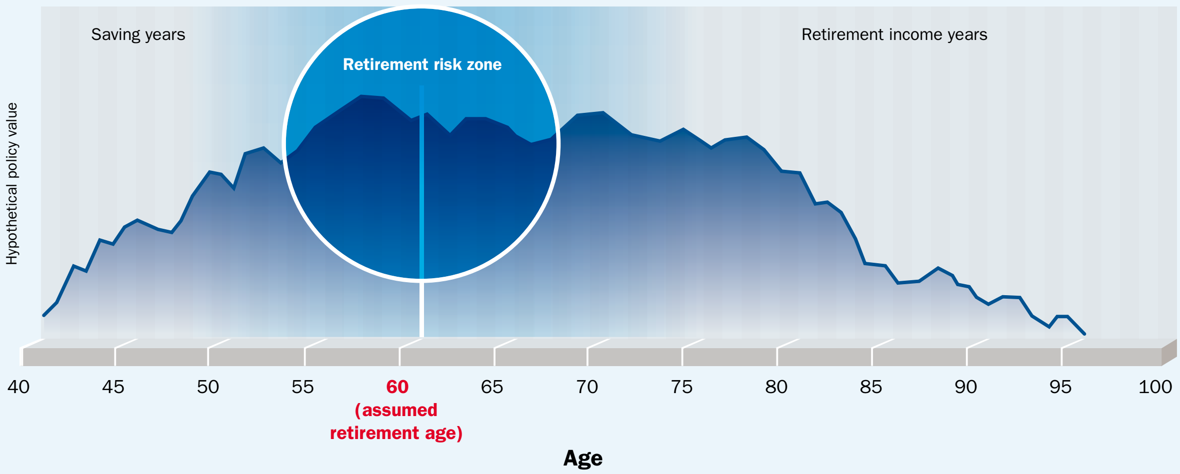
The years before and after retirement, known as the 'retirement risk zone', are a critical phase for your retirement savings. What happens if you experience poor market returns during these years? The closer to your retirement date that investment losses occur, the greater negative effect these losses can have on your savings and your retirement income.

We know from the recent past that it is extremely difficult to predict how markets will perform at any given time. Even a short-term downturn can have a lasting effect if you are in the retirement risk zone.

If you choose to invest your retirement fund in a traditional Approved Retirement Fund without any guarantees, losses immediately after retirement can mean that you may have to consider a return to work or risk using up your retirement savings much more quickly than you had planned.

Canada Life's lifelong income benefit can help to get you through the retirement risk zone in the years after you retire, by helping to protect your retirement income from investment losses. Lifelong income benefit provides you with an income amount guaranteed for as long as you live. However, if you make a discretionary withdrawal from your policy, your lifelong income amount will reduce.

Retirement risk zone



For illustration purposes only. Policy value is hypothetical only and not indicative of future performance.

Warning: The value of your investment may go down as well as up.
You may get back less than you put in.

Take control of your retirement savings

Canada Life's lifelong income benefit allows you to take control of your retirement savings, helping you to manage risk and protect your retirement income.

Guaranteed income for life

The Canada Life Approved Retirement Fund with lifelong income benefit puts you in control of your retirement savings but with the security of a guaranteed income, whether you live to 85, 95 or beyond. With the lifelong income benefit, your income will not decrease, regardless of how your investment fund performs, unless you choose to make discretionary withdrawals from your policy.

Access to retirement savings

Lifelong income benefit allows you to access your retirement savings, at any time, through discretionary withdrawals. However, if you make a discretionary withdrawal from your policy, your lifelong income amount will reduce.

A choice of investment options

The Canada Life Approved Retirement Fund with lifelong income benefit allows you to choose from three investment options, giving you the choice to invest in both international stock markets and bonds to varying degrees, according to the level of risk with which you are comfortable.

Potential for increased income

Depending on the performance of your investment fund, your lifelong income benefit amount may increase on your policy anniversary, through income lock-ins.

A minimum payment on death

The lifelong income benefit provides an additional guarantee in respect of the payment on death. The amount paid on death is the higher of your current fund value and your original premium less the total amounts withdrawn from your policy (both as a result of lifelong income amount payments and discretionary withdrawals, including any surrender penalties, administration charges and tax) provided that the total amount withdrawn is less than the minimum premium.

How does it work?

Calculating your income in retirement

Lifelong income withdrawal base

When you choose a Canada Life Approved Retirement Fund with lifelong income benefit, a lifelong income withdrawal base is determined at the start of your policy. This is equal to a percentage of your premium. The percentage is the allocation rate as described in the 'Product charges' section on page 30.

Please note that your lifelong income withdrawal base is not a cash amount but a nominal figure used as a basis to calculate your lifelong income amount.

Your lifelong income withdrawal base will not decrease unless you make discretionary withdrawals. However, your lifelong income withdrawal base can increase through income lock-ins.

Lifelong income amount

Your lifelong income amount is the minimum annual amount of income you will receive. This amount depends on your age, when your first income payment is made, and is equal to a percentage of your lifelong income withdrawal base.

Your lifelong income amount is calculated by multiplying your lifelong income withdrawal base by your income withdrawal percentage. Your income withdrawal percentage depends on your age on the first income payment date, see 'When will I be paid?' section on page 26.

Age at first income payment date	Income withdrawal percentage
60 - 64	4.00%
65 - 69	4.25%
70 - 74	4.50%
75 - 80	4.75%

The table below shows the income withdrawal percentages used to calculate an initial lifelong income amount, based on a premium of €250,000 and an allocation rate of 100%. So, for example if you are 65 and your premium is €250,000, your lifelong income amount is €10,625.

Age at first income payment date	Income withdrawal percentage	Initial lifelong income amount
60 - 64	4.00%	€10,000
65 - 69	4.25%	€10,625
70 - 74	4.50%	€11,250
75 - 80	4.75%	€11,875

Monthly income payment

The amount paid to you monthly will be the higher of

A. 1/12 of your annual lifelong income amount; and
B. 1/12 of 5% of the fund value of your policy at the date the payment is calculated (please see the ‘Paying tax’ section on page 15 for further details).

So for example, if you are 65, your premium is €250,000 and your allocation rate is 100%, your annual lifelong income amount is €10,625 and your monthly payment will be the higher of €885.42 and 1/12 of 5% of the fund value of your policy at the date the payment is calculated, before tax.

Guaranteed lifelong income amount

Each payment will reduce your fund value. However, payments of your lifelong income amount are guaranteed to continue for the remainder of your life, even after your fund value reduces to zero, provided you do not make discretionary withdrawals.

If you make discretionary withdrawals, this will reduce your lifelong income amount and, depending on the total amount of discretionary withdrawals you make, your lifelong income amount could reduce to zero. For further details see 'Making withdrawals from your retirement savings' on page 13.

Selecting the right funds for you

When you choose a Canada Life Approved Retirement Fund with lifelong income benefit, your retirement fund can be invested in one of three fund choices available; Conservative, Moderate or Advanced. Each fund invests in both international stock markets and bonds to a varying degree, allowing you to choose a fund with a level of risk with which you are comfortable.

The table below shows the target equity and bond levels for each fund. The equity component allows you to invest in international stock markets through the tracking of equity indices. The bond component allows you to invest in fixed interest bonds.

Fund type	Equity Fund	Bond Fund
Conservative Fund	20%	80%
Moderate Fund	40%	60%
Advanced Fund	60%	40%

Note: The level of equity and bond investment in these funds may vary from time to time due to market movements in the underlying assets. The fund manager will endeavour to rebalance to the above target levels when appropriate.

Equity Fund

The Equity Fund invests in a limited number of developed stock markets from across the world. The fund invests in these markets through the tracking of equity indices. The fund may invest in regions such as North America, Japan, the United Kingdom and the Eurozone, however the specific markets and indices tracked are subject to change at any time. Please note that the performance of the assets used to track the indices may not exactly replicate the performance of the underlying indices. The return from the assets may be lower or higher than the return from the tracked indices.

Bond Fund

The Bond Fund was specifically developed for the Canada Life Approved Retirement Fund with lifelong income benefit. The fund invests in fixed-interest securities denominated in Euro and with a high-quality rating.

Investment Strategy

- Minimum credit rating of the assets at acquisition: higher of S&P AA- or Moody's Aa3
- It is expected that the fund will invest predominantly in government bonds but corporate bonds can be included from time to time
- The fund can only invest in Euro-denominated assets.

For more information on choosing the right fund for you, talk to your Financial Advisor.

The performance of your chosen investment fund will affect your fund value. The value of your fund can go down as well as up. With lifelong income benefit however, your income is guaranteed regardless of what happens to your investment fund value, as long you do not make discretionary withdrawals. If your fund performs well your income may be increased and the value of the fund available on death may also potentially increase. If your fund does not perform well your lifelong income amount is still guaranteed for the rest of your life, unless you make discretionary withdrawals.

Fund switching

You can only invest in one fund at any given time but it is possible to switch funds during the course of your investment to reduce your equity holdings. You can switch from the Advanced fund to the Moderate or Conservative funds or from the Moderate fund to the Conservative fund. You cannot switch into a fund with a higher equity content than your current investment. There is no charge for fund switches.

Warning: The value of your investment may go down as well as up.
You may get back less than you put in.

Making withdrawals from your retirement savings

Lifelong income benefit allows you to access your retirement savings, at any time, giving you the flexibility to make withdrawals from your policy should you need to. Any such withdrawals or transfers from your policy are called discretionary withdrawals. A discretionary withdrawal is any withdrawal or transfer from your policy made in addition to your monthly income payment.

You can make a discretionary withdrawal as long as there are sufficient funds in your policy to do so. The minimum amount you can withdraw as a discretionary withdrawal (including any surrender penalties, administration charges and tax) is €650. Your minimum policy value after each discretionary withdrawal must be at least €1,250.

When you make discretionary withdrawals, your lifelong income withdrawal base will reduce and your lifelong income amount will also reduce. Immediately after you make a discretionary withdrawal, your lifelong income withdrawal base will reduce by the proportion of the fund value which has been withdrawn or transferred, including any surrender penalties, administration charges and tax charged.

To see how discretionary withdrawals affect lifelong income amounts see 'Guaranteed income for life – a case study' on page 17.

Taxes and charges

All discretionary withdrawals are taxed as income at your relevant tax rate. Discretionary withdrawals may also be subject to surrender penalties and other charges depending on how many withdrawals you make and when you make them. If you make any discretionary withdrawals within the first five years of your policy you will be charged a surrender penalty. If you make a withdrawal from your policy, there is an administration charge, currently of €25, for each withdrawal. For further details see the 'Product charges' section on page 30.

Potential for increases in your lifelong income amount

Your lifelong income amount can potentially increase through income lock-ins.

Every year, on the anniversary of the start date of your policy, we will review the value of your policy. If your fund value is higher than your current lifelong income withdrawal base on that date, we will reset the lifelong income withdrawal base to be equal to the fund value. This will in turn increase your lifelong income amount, which is guaranteed for the remainder of your life, regardless of future market performance, unless you make discretionary withdrawals.

Income lock-ins are more likely to be possible in the early years of your policy. As time progresses and the value of your fund reduces, due to the income amounts which you have received, the potential for income lock-ins will reduce.

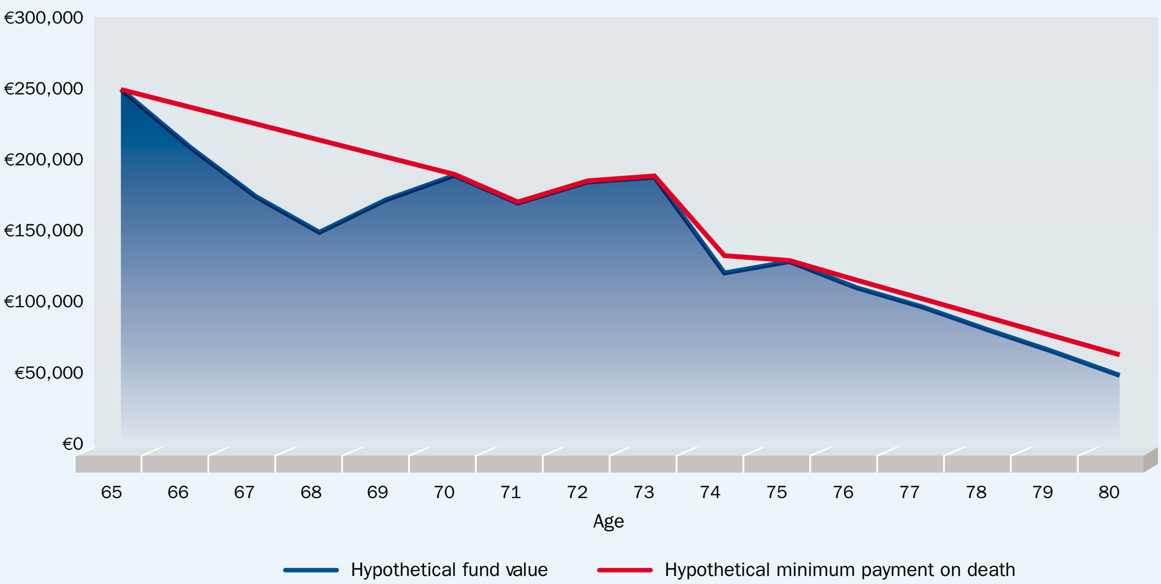
Income lock-ins do not increase the surrender value of your policy or the amount used in determining the minimum payment on death.

Minimum payment on death

The lifelong income benefit provides an additional guarantee in respect of the payment on death. The guarantee is provided by Canada Life Assurance (Ireland) Limited, which guarantees payment of a specified income for the remainder of the policyholder's life together with a minimum payment on death equal to the amount paid in, less the amounts withdrawn, subject to the terms and conditions of the policy.

Payment on death is the higher of your current fund value and your original premium paid less the total amounts withdrawn from your policy (both as a result of lifelong income amount payments and discretionary withdrawals, including any surrender penalties, administration charges and tax), provided that the total amount withdrawn is less than the original premium.

Minimum payment on death



For illustration purposes only. Fund value is hypothetical only and not indicative of future performance.

Warning: These figures are estimates only.
They are not a reliable guide to the future performance of your investment.

Paying tax
All monthly income payments, discretionary withdrawals and surrenders from your policy are made under the PAYE system and taxed as income at your relevant tax and PRSI rates, together with the Universal Social Charge. We strongly advise you to consult a professional tax advisor if you require more information on the basis and levels of taxation that are appropriate to your individual circumstances.

Imputed distribution
Canada Life may also be required to deduct tax on the basis of an ‘imputed distribution’. This is because, under Section 14 of the Finance Act 2006 (as amended), all qualifying fund managers must deduct income tax from Approved Retirement Fund policies every calendar year on the basis that the Approved Retirement Fund holder has taken a “minimum withdrawal amount” from their fund in that calendar year. If the minimum withdrawal amount is not actually taken in that year, tax is still deducted on the basis that the minimum withdrawal was taken: an ‘imputed distribution’. The current minimum withdrawal amount is 5% of the value of the fund at the 31st of December in any given year.

Where you have selected the lifelong income benefit, your monthly income payment will be the higher of:

A. 1/12 of your annual lifelong income amount; and
B. 1/12 of 5% of the fund value at the time of calculation of the income.

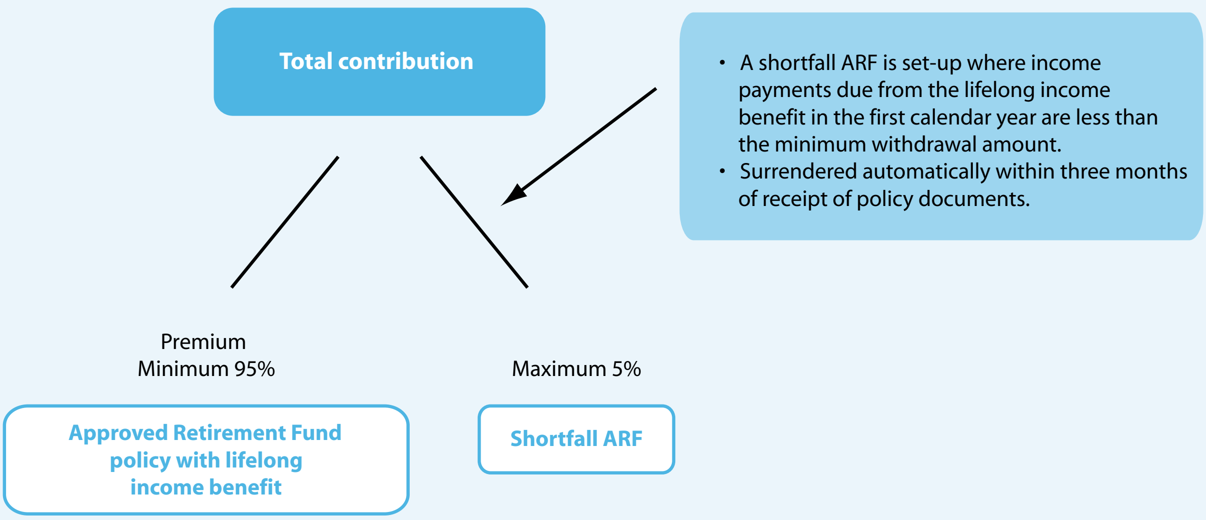
This means that no additional withdrawals will be required in respect of imputed distribution tax on your policy provided that the minimum withdrawal amount remains equal to or less than 5% of the fund at the 31st of December in any given year. If the minimum withdrawal amount were to be increased, any additional withdrawals required in order to meet this requirement in any future year will be treated as discretionary withdrawals from your policy, thus incurring surrender penalties, administration fees and a reduction in your lifelong income withdrawal base as described in the section ‘Making withdrawals from your retirement savings’ on page 13.

Canada Life shortfall ARF

Provided that the minimum withdrawal amount remains set by law at or less than 5% of the value of the fund at the 31st December in each policy year, the income payments from the lifelong income benefit will usually be more than the minimum withdrawal amount required so there will be no need to deduct tax on the basis of an imputed distribution. However, depending on your age and the date on which you start your policy, it is possible that in the first year of your policy, the income paid to you before the end of December in that year will be less than the 5% minimum withdrawal amount required.

Where this is the case, Canada Life has established a procedure to ensure that (provided that the minimum withdrawal amount remains at or less than 5% of the value of the fund at the 31st of December in each policy year) the minimum amount is taken during the first calendar year of your policy and that your policy will not be subject to tax on the basis of an imputed distribution. We will calculate the ‘shortfall’ amount and will set up a second Approved Retirement Fund policy (called a ‘shortfall ARF’) where you can invest the ‘shortfall’ amount. The maximum amount invested in a shortfall ARF will be 5% of the value of your premium. The majority of your premium will be invested in your Approved Retirement Fund policy with lifelong income benefit. The illustration below shows how your total premium will be split between the two ARF policies, should a shortfall ARF be required.

The shortfall ARF will end within three months of its start date. The proceeds of the shortfall ARF, less any income tax due, will then be paid to you within three months of the start of your policy. Your ARF with lifelong income benefit policy will then continue as normal. For more information on imputed distribution, talk to your Financial Advisor.



Note: If you are less than 60 years old on the 1st of January in the year that your policy commences, then you will not be subject to imputed distribution in that year and you will not need a shortfall ARF.

Guaranteed income for life - a case study

The following case study shows how the Canada Life Approved Retirement Fund with lifelong income benefit works when a shortfall ARF is required.

Eoin retires in January, aged 65, and is planning his retirement income. He has a certain amount of guaranteed income from his company pension plan and he qualifies for Approved Retirement Fund options.

Eoin decides to allocate €260,420 from his savings to Canada Life's Approved Retirement Fund with lifelong income benefit.

Canada Life receives Eoin's application form and requirements before the 18th September meaning that his first income payment date will be the 1st October.

In order to avoid being subject to imputed distribution, Eoin requires a shortfall ARF along with his ARF with lifelong income benefit. Canada Life calculates that Eoin will need to invest approximately 4% of his total contribution, an amount of €10,420, into this shortfall ARF to meet the minimum withdrawal amount.

The remainder, €250,000 is invested into his ARF with lifelong income benefit.

Based on Eoin's age and premium (and assuming an allocation rate of 100%), he is guaranteed to receive an annual lifelong income amount of €10,625 (4.25% of €250,000) and a monthly amount of the higher of €885.42 and 1/12 of 5% of his fund value at the date of calculation of the payment, before tax.

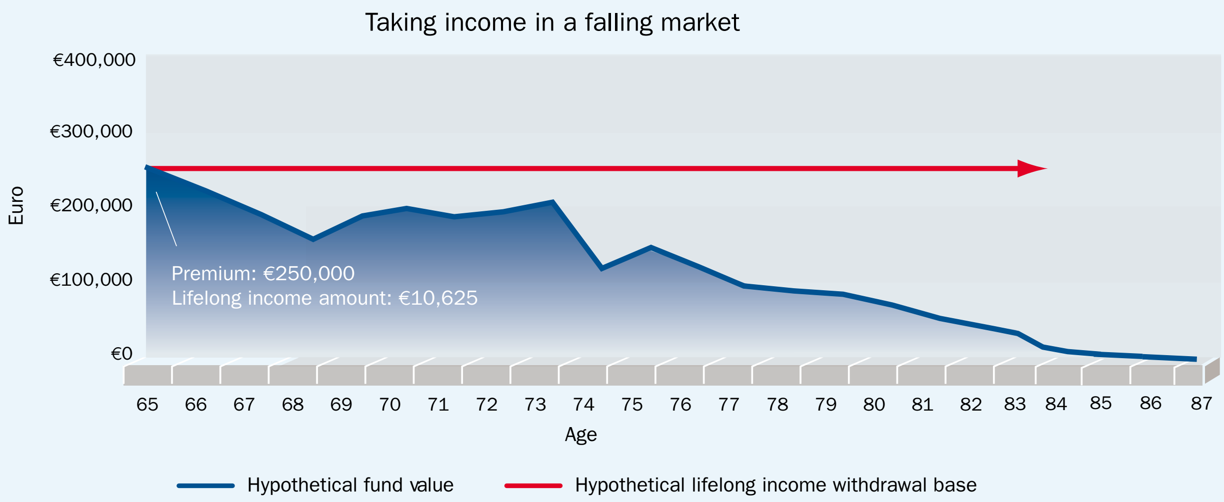
Eoin will receive three income payments before 31st December in his first policy year. The total gross amount of these three income payments will be equal to at least €2,656.26. This amount may be higher due to each payment being at least 1/12th of 5% of fund value at the date of calculation of the payment. This is approximately 1% of his total contribution.

Eoin will also receive the proceeds of his shortfall ARF, net of tax. The gross amount paid from the shortfall ARF is €10,420. Eoin's total gross withdrawals in the first calendar year of his policy are at least €13,076.26 (€10,420 from his shortfall ARF and €2,656.26 from his policy with lifelong income benefit). As this is at least 5% of his total contribution, Eoin will not be subject to tax on the basis of an imputed distribution.

Securing income in a falling market

Even if the value of his fund is reduced because of a market downturn, lifelong income benefit still guarantees Eoin an income for life.

In this illustration, Eoin's fund value reduces significantly in the early years due to market falls. By the time Eoin is 86, his fund value has reduced to €0. However, because Eoin has a Canada Life Approved Retirement Fund with lifelong income benefit, he continues to receive at least €10,625 a year before tax for the rest of his life.



These figures assume no change in the minimum withdrawal amount of 5% of the fund at the 31st December in each policy year.

Warning: These figures are estimates only.
They are not a reliable guide to the future performance of your investment.

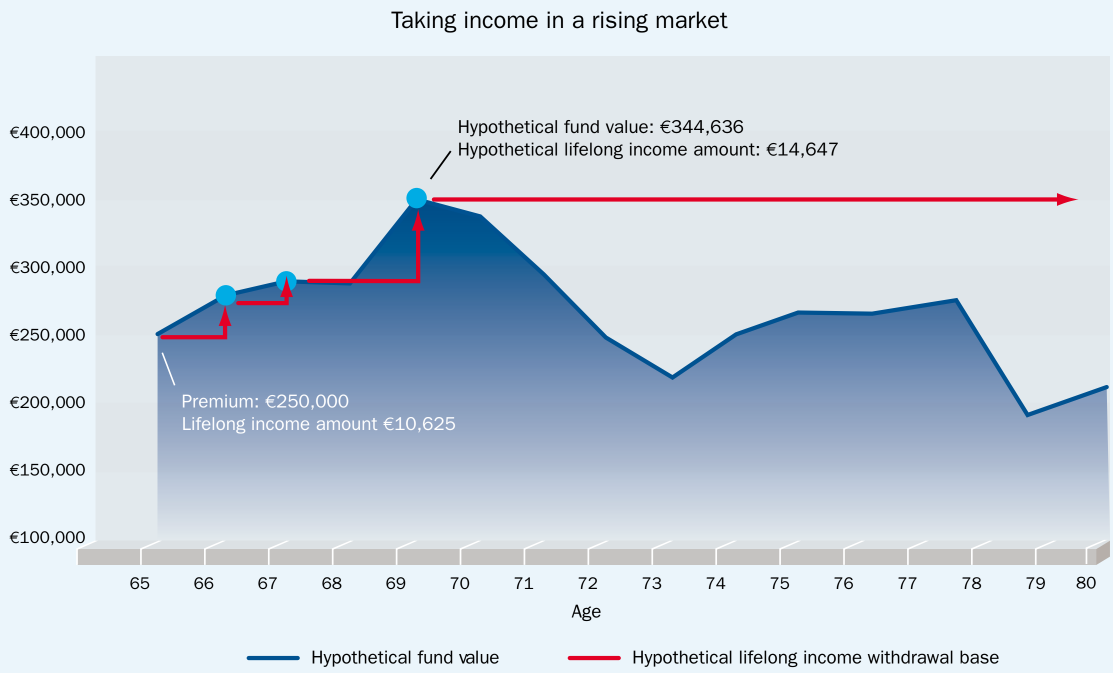
Taking income in a rising market

If markets and Eoin's investment fund perform well, Eoin can benefit from income lock-ins.

Eoin's annual lifelong income amount starts at €10,625 before tax. Every year, on the anniversary of his policy start date, Eoin's income will increase if the value of his fund on that date, multiplied by his income withdrawal percentage, results in a higher lifelong income amount.

In this illustration, Eoin's investment fund experiences very strong growth in the early years of his policy and by the time Eoin is 70 his fund value grows to €344,636. His income percentage is 4.25%, which results in a lifelong income amount of €14,647 (4.25% of €344,636) and a monthly income payment of the higher of €1,220.59 and 1/12 of 5% of his fund value at the date of calculation of the payment, before tax.

This is the new lifelong income amount which is guaranteed for the rest of Eoin's life, so long as he does not make any discretionary withdrawals. Even if markets fall in later years, by locking in his income, Eoin's lifelong income amount will be unaffected.



These figures assume no change in the minimum withdrawal amount of 5% of the fund at the 31st December in each policy year.

Warning: These figures are estimates only.
They are not a reliable guide to the future performance of your investment.

Making a discretionary withdrawal

Lifelong income benefit protects Eoin’s income in retirement from poor investment performance and allows him to benefit from strong investment performance. Lifelong income benefit also allows Eoin the flexibility to make withdrawals from his policy should he need to. He can make discretionary withdrawals so long as there are sufficient funds in the policy to draw down.

During the second year of his policy, Eoin needs additional funds. Eoin decides to withdraw €10,000 from his policy in addition to the regular lifelong income amount being paid to him. As he is making a discretionary withdrawal within the first five years of his policy, a surrender penalty will apply. The surrender penalty for a discretionary withdrawal in the second year of the policy is 5%. There is also an administration charge for this withdrawal of €25, therefore, Eoin will receive €9,475 before tax.

A discretionary withdrawal reduces the lifelong income withdrawal base by the percentage of the fund value which is being withdrawn (including any surrender penalties, administration charges and tax).

Eoin’s fund value just before he makes the withdrawal is €200,000 so Eoin’s withdrawal of €10,000 represents 5% of his fund value. Eoin’s lifelong income withdrawal base is €250,000 before the withdrawal so this reduces by 5% to €237,500 after the withdrawal. This will reduce his lifelong income amount from €10,625 to €10,093.75 per year before tax.

After making the discretionary withdrawal, Eoin continues to benefit from guaranteed income for life, based on the reduced lifelong income amount.

For more information on the examples in this case study, talk to your Financial Advisor.

Warning: These figures are estimates only.
They are not a reliable guide to the future performance of your investment.

Where the lifelong income benefit has not been selected

If you do not select the lifelong income benefit the following features apply to your policy:

Automatic regular income option

Where the lifelong income benefit has not been selected at the outset, you can take an automatic regular income from your policy.

Your automatic regular income, if selected, must be at least 5% of your premium. The maximum amount of income allowed in any one policy year is 10% of the surrender value. The minimum residual surrender value of your policy after each payment is currently €1,250. Any withdrawals from your policy in excess of this will be treated as discretionary withdrawals and may incur surrender penalties as outlined in the 'Product charges' section on page 30.

It is important to be aware that any withdrawal (including withdrawals by way of automatic regular income or payment of tax) will reduce the value of your policy.

Your automatic regular income will cease when your surrender value of your policy reduces to €1,250.

Automatic regular income payment frequency

Choice of monthly, quarterly, half-yearly or yearly. You cannot change this once selected.

Commencement of automatic regular income payments

Automatic regular income payment dates are normally the 1st of each month or the nearest previous working day, if the 1st of the month is not a working day. You will receive income payments no later than 7 days after the income payment date.

Your first income payment will be the 1st of the month following the month of policy commencement provided that the completed application form and all Canada Life's requirements to issue your policy have been received by Canada Life on or before the 18th of the month. If the completed application form or any of Canada Life's requirements are received by Canada Life later than this, the date the first payment will be made on is the 1st of the second month following policy commencement.

In order for Canada Life to issue your policy, we require the following documentation:

- the cheque for your total contribution;
- the documentation indicated on the application form; and
- certain documentation from your Financial Advisor.

Your Financial Advisor will advise you on the documents needed to start your policy.

Discretionary withdrawals

It is possible to withdraw or transfer additional amounts from your policy called discretionary withdrawals. Any such discretionary withdrawals are in addition to any income payments you may be receiving under the automatic regular income option. Currently, the minimum discretionary withdrawal (including any surrender penalties, administration charges and tax charged) is €650 and after each discretionary withdrawal, your minimum policy value must be at least €1,250. There is an administration charge, currently €25, for each discretionary withdrawal.

It is important to be aware that any discretionary withdrawal will reduce the value of your policy and that discretionary withdrawals made within the first five years of your policy will incur surrender penalties. Discretionary withdrawals are taxed as income (see the ‘Product charges’ section on page 30 for more details).

Imputed distribution (where lifelong income benefit is not selected)

Section 14 of the Finance Act 2006 introduced an obligation on all qualifying fund managers to deduct income tax from Approved Retirement Fund policies every calendar year on the basis that the Approved Retirement Fund holder has taken a minimum withdrawal in that calendar year. If the minimum withdrawal is not actually taken, tax is deducted on the basis that the minimum withdrawal was taken, *i.e.* on the basis of an ‘imputed distribution’. The current minimum withdrawal amount is 5% of the value of the fund at the 31st December in any given year.

If you are receiving an automatic regular income, it is possible that the income paid in a particular year will be less than the minimum withdrawal amount. In December each year, Canada Life will check if this is the case. If you have not taken the minimum withdrawal amount, then the shortfall in the minimum withdrawal amount will be paid to you as part of your December income payment.

If you are not receiving an automatic regular income and do not take the minimum withdrawal each year then we will deduct income tax on the basis that the minimum withdrawal was taken, *i.e.* on the basis of an ‘imputed distribution’.

Approved Retirement Fund with lifelong income benefit – Q&A

Who is eligible for lifelong income benefit?

Lifelong income benefit is a retirement option designed for people who qualify for Approved Retirement Fund options. These are:

- Self-employed and proprietary (5%) directors exercising ARF options for the first time;
- Employees investing the proceeds of Defined Contribution/AVC plans in an ARF;
- PRSA holders exercising ARF options;
- Existing ARF investors reviewing their investment options; and
- Approved Minimum Retirement Fund (AMRF) investors who have reached the age of 75.

Lifelong income benefit is only available as an option on Canada Life's Approved Retirement Fund with lifelong income benefit. It is not available as an option on Canada Life's standard Approved Retirement Fund product.

How much can I invest?

The minimum amount is €25,000.
The maximum amount is €1,000,000.

Can I make additional contributions?

Additional contributions will not be allowed into your policy after the initial investment.

Do age limits apply?

The minimum age at entry is 60.
The maximum age at entry is 80.

Can I add lifelong income benefit to my policy?

Lifelong income benefit is an option which you can select at the start of your policy. If you do not select lifelong income benefit when your policy starts, you cannot add it at a later date.

Can I remove lifelong income benefit from my policy?

You can choose to remove lifelong income benefit from your policy at any stage by notifying Canada Life in writing. Once you have removed lifelong income benefit from your policy, it cannot be added again. If you remove lifelong income benefit from your policy or do not select lifelong income benefit at the commencement of your policy, then no guarantees apply to the minimum payment on death or your income. In this case, income payments will continue to be paid until the surrender value of your policy reduces to €1,250, unless you instruct Canada Life to cease income payments.

What documentation does Canada Life require to start my policy?

In order for Canada Life to start your policy, we will need:

- A cheque for your total contribution;
- A completed application form;
- The relevant documents shown on the application form; and
- Other documents from your Financial Advisor.

Your Financial Advisor will advise you on the documents needed to start your policy.

How is my lifelong income benefit guaranteed?

The guarantee is provided by Canada Life Assurance (Ireland) Limited, which guarantees payment of a specified income for the remainder of your life together with a minimum payment on death equal to your original premium paid less the total amount withdrawn from your policy (both as a result of lifelong income amount payments and discretionary withdrawals, including any transfer penalties, administion charges and tax), provided that the total amount withdrawn is less than the original premium, subject to the terms and conditions of the policy.

How will my lifelong income amount be calculated?

Your lifelong income amount will depend on your age and the amount of money you invest in your policy which is equal to your premium multiplied by your allocation rate. When your policy starts we will set a lifelong income withdrawal base which is equal to the amount you have invested. To work out your lifelong income amount, the lifelong income withdrawal base is multiplied by the income withdrawal percentage relevant to your age, on the first income payment date. So, for example if you are 65, your premium is €250,000 and your allocation rate is 100%, your lifelong income amount is €10,625 and your monthly payment will be at least €885.42 before tax.

Lifelong income withdrawal base (€250,000) x income withdrawal percentage (4.25%) = lifelong income amount (€10,625).
Lifelong income amount (€10,625) / 12 = guaranteed minimum monthly income (€885.42).

Payments of your lifelong income amount are guaranteed to continue for the rest of your life, even after your fund value reduces to zero, so long as you do not make any discretionary withdrawals from your fund. If you do make discretionary withdrawals, your lifelong income amount will reduce and depending on the total amount of discretionary withdrawals you make, (including any surrender penalties, administration charges and tax) your lifelong income amount could reduce to zero.

For further details on how your lifelong income amount is calculated see ‘How does it work?’ section on page 9.

How often will I be paid?

Your income will be paid on a monthly basis. Each monthly income payment will be the higher of:
A. 1/12 of your annual lifelong income amount; and
B. 1/12 of 5% of the fund value of your policy at the date the payment is calculated, before tax.

When will I be paid?

Your monthly income payments are normally paid on the first day of each month or the nearest previous working day, if the first of the month is not a working day. You will receive income payments no later than 7 days after the income payment date.

Where you select the lifelong income benefit, your first income payment date will be the first day of the month after your policy starts provided that the completed application form and any other information needed to set up your policy is received by Canada Life on or before the 18th of the month. However, if your completed application form, or any other information needed to set up your policy, is received by Canada Life after the 18th of the month, your first income payment date will be the first day of the second month after your policy starts. You will receive income payments no later than 7 days after the income payment date.

Are my lifelong income payments subject to tax?

All income payments, discretionary withdrawals and surrenders are made under the PAYE system and are subject to your marginal rate of income tax, Universal Social Charge and PRSI as applicable. Canada Life may also have to deduct tax on the basis of an 'imputed distribution'. For further details on tax and imputed distribution, please see the 'Paying tax' section on page 15.

When can I benefit from an income lock-in?

An income lock-in may take place once every year. Every year on the anniversary of your policy start date, Canada Life will review your policy. If your current fund value is more than your current lifelong income withdrawal base, we will reset your lifelong income withdrawal base to this higher value. We will then calculate your new higher lifelong income amount which will be your guaranteed lifelong income amount for the rest of your life, unless you choose to make discretionary withdrawals from your fund. Income lock-ins do not increase the surrender value of your policy or the amount used in determining your minimum fund value on death.

When can I make a discretionary withdrawal?

You can withdraw money or transfer amounts from your policy at any time. Discretionary withdrawals will reduce your lifelong income withdrawal base and therefore your lifelong income amount will also reduce. Immediately after you make a discretionary withdrawal, your lifelong income withdrawal base will reduce by the proportion of the fund value which has been withdrawn or transferred, (including any surrender penalties, administration charges and tax). For details on making discretionary withdrawals, please see the 'Making withdrawals from your retirement savings' section on page 13.

Are there any limits to the amount I can withdraw?

Currently, the minimum amount you can withdraw (including any surrender penalties, administration charges and tax) is €650. Your minimum policy value after each discretionary withdrawal must be at least €1,250.

Is there a charge for making a discretionary withdrawal?

There is an administration charge currently of €25 for each discretionary withdrawal.

If you make any discretionary withdrawals in the first five years of your policy you will have to pay surrender penalties. For details of charges relating to discretionary withdrawals, please see the 'Product charges' section on page 30.

Are discretionary withdrawals subject to tax?

All discretionary withdrawals are taxed as income. For further details on tax, please see the 'Paying tax' section on page 15.

What happens to my policy on death?

On death, the amount payable from your policy is the higher of your current fund value and your original premium less the total amounts withdrawn from your policy (both as a result of lifelong income amounts and discretionary withdrawals, including any surrender penalties, administration charges and tax) provided that the total amount withdrawn is less than the original premium.

What happens if I do not select lifelong income benefit?

If your policy does not have lifelong income benefit, neither the amount of your income nor the minimum payment on death is guaranteed. If you do not select lifelong income benefit:

- You can take an automatic regular income from your policy. However your automatic regular income is not guaranteed and payments will end when the surrender of your policy reduces to €1,250;
- You can choose to be paid monthly, quarterly, half-yearly or yearly;
- You can draw down or transfer additional amounts from your policy as discretionary withdrawals, in addition to any income payments you may be receiving under your automatic regular income;
- The current minimum withdrawal amount is 5% of the value of your fund on the 31st of December in any given year. If you are receiving an automatic regular income and have not taken the minimum withdrawal amount by 31st of December in any given year, we will pay you the shortfall amount as part of your December income payment. If you are not receiving an automatic regular income and do not take the minimum withdrawal each year, we will deduct income tax on the basis that the minimum withdrawal was taken, *i.e.* on the basis of an 'imputed distribution'.

For more information on the features and benefits of an ARF without lifelong income benefit, please talk to your Financial Advisor or visit our website at www.canadalife.ie.

Can I change my mind?

The policy with lifelong income benefit can be cancelled by returning the policy documents to Canada Life within 30 days of receiving them. On cancellation, all the benefits will cease immediately and the premium less any income payments made and losses incurred as a result of market fluctuations will be refunded.

No cooling-off period applies to the shortfall ARF. For more information talk to your Financial Advisor.

If you invest in the Canada Life ARF with lifelong income benefit and you decide some time later that you wish to remove the lifelong income benefit but remain within this ARF, you can remove the benefit but you remain invested in this ARF, the features of which are different to the Canada Life standard ARF. If you select the Canada Life ARF with lifelong income benefit and decide later that you want to transfer to a Canada Life standard ARF then surrender penalty charges may apply (see 'Product charges' section on page 30).

Where can I find more information?

For more information on the Canada Life Approved Retirement Fund with lifelong income benefit, talk to your Financial Advisor.

For information on the full range of products and services from Canada Life visit our website at: www.canadalife.ie. You can also contact the Canada Life Customer Services Team on 1850 203 203, by email at customerservices@canadalife.ie or visit www.canadalife.ie/customer-services.

Product charges

The following charges apply to the Canada Life Approved Retirement Fund with lifelong income benefit. For more information on any of these product charges, talk to your Financial Advisor.

Allocation rate

100%
Your allocation rate may be higher than indicated above. Your Financial Advisor will advise you if this is the case.

Annual management charge

1% of the fund value (allowed for in the investment fund price).

Annual guarantee charge

Investment Fund	Charge (% of lifelong income withdrawal base)
Conservative	1.00%
Moderate	1.25%
Advanced	1.50%

The annual guarantee charge applies only if lifelong income benefit has been selected.

This charge may increase depending on the cost of providing the guarantee. The charge will not increase by more than 0.5% of the lifelong income withdrawal base in total.

The charge is deducted each month.

If lifelong income benefit is removed from the policy, then the annual guarantee charge will no longer be applied to the policy.

Annual plan fee

In some cases, an additional plan fee of 0.25% of the fund value each year will apply. Your Financial Advisor will advise you if this is the case. The plan fee is deducted half-yearly.

Policy fee

€3.00 per month, increasing annually in line with consumer price inflation.

Surrender penalties

These apply on transfer to another provider or to any discretionary withdrawals or surrenders taken as detailed in the table below.

Policy year	1	2	3	4	5	6+
Penalty % of fund value withdrawal or transferred	5%	5%	5%	3%	2%	0%

Administration charge

There is an administration charge, currently of €25, for each discretionary withdrawal made.

Taxation

The standard rate of income tax is currently 20% and the higher rate is currently 41%. This is subject to any changes made by law. We advise you to consult a tax advisor if you require more information on the basis and levels of taxation that are appropriate to your individual circumstances.

All income payments, discretionary withdrawals and surrenders are made under the PAYE system and are subject to your marginal rate of income tax, Universal Social Charge and PRSI as applicable.

If required, Canada Life will deduct tax on the basis of an ‘imputed distribution’. For further details, please see the ‘Paying tax’ section on page 15 or talk to your Financial Advisor.

Glossary of terms

Here are some key terms that are used to explain the Canada Life lifelong income benefit in this brochure. For further explanation and more information, talk to your Financial Advisor.

Approved Retirement Fund (ARF)

An Approved Retirement Fund (ARF) is a policy where, if eligible, you can invest the proceeds of your retirement savings fund or pension plan after you retire. ARFs are managed by qualifying fund managers and are only available to certain types of pension investors. Your Financial Advisor can advise on your eligibility.

ARFs allow you manage and control your own retirement fund. You can invest your savings in a range of funds and you can withdraw money from your fund and any balance in an ARF on death is payable to your estate, depending on the terms and conditions of your policy.

Discretionary withdrawals

A discretionary withdrawal is any withdrawal or transfer of money from your policy made by you, in addition to your monthly income payment. A discretionary withdrawal can be made at any time.

Discretionary withdrawals will reduce the value of your policy and your lifelong income amount. You may also have to pay surrender penalties and an administration charge. All discretionary withdrawals are taxed as income.

Imputed distribution

Section 14 of the Finance Act 2006 (as amended) requires that all qualifying fund managers must deduct income tax from Approved Retirement Fund policies every calendar year on the basis that the Approved Retirement Fund holder has taken a minimum withdrawal at the 31st December in any given year.

If the minimum withdrawal amount is not actually taken, tax is deducted on the basis that the minimum withdrawal amount was taken, *i.e.* on the basis of an 'imputed distribution'. The current minimum withdrawal amount is 5% of the value of the fund.

Income lock-ins

Canada Life will automatically check the value of your policy every year on the anniversary of your policy start date to see if an income lock-in can be applied.

If the fund value of your policy at the anniversary date of the policy has increased resulting in your current fund value being more than your current lifelong income withdrawal base, an income lock-in will be applied to your policy. An income lock-in will increase the lifelong income withdrawal base used to calculate your lifelong income amount. This means that your lifelong income amount will also increase.

Income withdrawal percentage

Your income withdrawal percentage is set by Canada Life and depends on your age on the first income payment date, as shown in the table below.

Age at first income payment date	Income withdrawal percentage
60 – 64	4.00%
65 – 69	4.25%
70 – 74	4.50%
75 – 80	4.75%

Your lifelong income amount is calculated by multiplying your lifelong income withdrawal base by your income withdrawal percentage.

Investment fund

Canada Life will invest your retirement savings in an investment fund. These funds are managed on your behalf.

A choice of three investment funds, Conservative, Moderate or Advanced, is available for the Canada Life ARF with lifelong income benefit. Each fund invests in both international stock markets and bonds to a varying degree.

Lifelong income amount

Your lifelong income amount is the annual guaranteed lifelong income which you will receive.

Your lifelong income amount is calculated by multiplying your lifelong income withdrawal base by your income withdrawal percentage.

Lifelong income withdrawal base

The lifelong income withdrawal base is used to determine your lifelong income amount.

It is not a cash value. When your policy starts it is equal to the amount you invested in your policy. Your lifelong income withdrawal base can change over the course of your policy. It may increase through income lock-ins or it may decrease if you choose to make discretionary withdrawals.

Minimum payment on death

On death, the amount payable from your policy is the higher of your current fund value and your original premium less the total amounts withdrawn from your policy (both as a result of lifelong income amounts and discretionary withdrawals, including any surrender penalties, administration charges and tax) provided that the total amount withdrawn is less than the original premium.

Minimum withdrawal amount

This is the minimum amount of money which must be withdrawn from an Approved Retirement Fund every year, either through regular income payments or discretionary withdrawals to ensure that tax is not paid on the basis of an imputed distribution.

The current minimum withdrawal amount is 5% of the value of your fund at 31st December in any given year.

Fund value

Your fund value is equal to the value of your investment fund.

Premium

This is the part of your total contribution that is invested in the Approved Retirement Fund policy with lifelong income benefit. The premium for the Approved Retirement Fund policy with lifelong income benefit will be 100% of your total contribution if you do not require a shortfall ARF. If you require a shortfall ARF, the premium for the Approved Retirement Fund policy with lifelong income benefit will be at least 95% of your total contribution. Please see the 'Canada Life shortfall ARF' section on page 16 for more details.

Shortfall ARF

A shortfall ARF is an ARF set up by Canada Life to ensure that the minimum withdrawal amount is taken during the first calendar year of your policy and that your policy will not be subject to tax on the basis of an imputed distribution.

If you need a shortfall ARF, part of your total contribution (up to 5%) will be invested in the shortfall ARF and the majority of your contribution (at least 95%) will be invested in an Approved Retirement Fund policy with lifelong income benefit.

Surrender value

This is equal to your fund value less any surrender penalties which may apply to your policy.

Total contribution

This is the monetary amount you invest. If you select an Approved Retirement Fund policy with lifelong income benefit, this could be invested in up to two policies in order to satisfy any imputed distribution requirements:

- Part of the total contribution may be invested in the shortfall ARF if required (for further information please see the Canada Life shortfall ARF section on page 16).
- The balance is invested in the Approved Retirement Fund policy with lifelong income benefit.

Important Information
For full details of the product please refer to the policy conditions. In the event of a discrepancy between this brochure and the policy conditions, the policy conditions will prevail. This document does not form part of any contract. The information contained in this document is based on current legislation and is, therefore, subject to change. The contents are intended as a guideline only and should not be construed as an interpretation of the law. You should always seek the advice of an appropriately qualified professional.

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