



**BESPOKE**  
Trustees Limited

Your Assets, Your Choice, Your Future



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BESPOKE TRUSTEES LTD.

SELF ADMINISTERED  
PENSION SCHEMES

A MORE DETAILED GUIDE

*Bespoke Trustees Ltd is the leading provider of self-administered pensions in the north east of Ireland.*

*Bespoke Trustees Ltd does not take any responsibility for loss or damage occasioned by any person acting or refraining from acting as a result of the contents of this brochure. This brochure is based on Bespoke Trustees Ltd current understanding of pensions law and revenue practice as at April 2008.*

# BESPOKE SAPS

You may be working hard for your company ensuring that it survives and thrives. But as you invest time, skills and energy in your work, ask yourself.....

Do I allocate enough resources to ensure that my own financial future is being looked after?

Am I taking enough time out to ensure that funds are extracted efficiently from the company and are invested in the right investment structure for me?

Self administered pensions have become the investment vehicle of choice.

Self administered pensions put you in the driving seat.

## The Bespoke Self Administered Pension Scheme (SAPS)

The Bespoke Self Administered Pension Scheme (SAPS) is a completely flexible, cost effective pension scheme that truly puts you, the investor, in control.

You can take control of both the investments and costs associated with your wealth planning.

The Bespoke SAPS offers you access to a wide range of investment options.

You invest your pension funds in the manner best suited to your investment requirements.

The Bespoke SAPS lets you decide the most appropriate level of risk and split of assets within your retirement portfolio.

## What is a Self-Administered Pension Scheme (SAPS)?

A SAPS is a pension scheme set up by an employer for salaried directors or employees. A SAPS allows you control the type of investments, and by default level of investment risk you want to take with your investments.

In addition to investment control, SAPS also offer complete flexibility in respect of contributions. There is no requirement to make regular contributions to your SAPS and there are no penalties imposed if further contributions are not made.

Coupled with control and flexibility the Revenue Commissioners currently grant very generous tax reliefs on both contributions to a SAPS, income and gains made within the SAPS and tax free lump sum entitlements when drawing benefits from the SAPS.

## Who can set up a SAPS?

An employer must set up a SAPS, the SAPS can be established for both salaried directors and/or employees.

## What are the benefits of establishing a SAPS?

There are several benefits associated with a SAPS.

The benefits of a SAPS can be highlighted under the following headings;

- Contributions
- Company Fund Extraction
- Tax Free Growth
- Control
- Access to Funds

## Contributions

### Employer Contributions

Employer contributions to a SAPS (within Revenue limits) are allowable for Corporation Tax relief purposes. What this means is that an employer contribution to a SAPS is an allowable expense for the company, i.e. the employer contribution reduces the taxable profits of the company and as such reduces any Corporation Tax liability of the company.

Employer contributions to a SAPS are also not treated as a BIK for the scheme member; i.e. any contribution to the SAPS by the company doesn't create an income tax liability for the employee, unlike for example the employee drawing additional salary.

## Employee Contributions

The scheme member can also make personal contributions to a SAPS and be granted income tax relief\*

The following table relates to the maximum level of income tax relief that will be granted on personal contributions to SAPS.

AGE IN TAX YEAR	MAXIMUM CONTRIBUTION
Under 30	15%
30 – 39	20%
40 – 49	25%
50 – 54	30%
55 – 59	35%
60 +	40%

\*The maximum contribution limits are based on a % of your earnings in the tax year of employment.

The earnings limit for the tax year 2008 is €275,239. Where your actual earnings from your employment in the tax year is less than the earnings limit above, the maximum personal contribution limits will be calculated by reference to your actual earnings in the year and the appropriate age %.

## Company Fund Extraction

Funds contributed by the company to a SAPS no longer form part of the assets of the company, they are legally separated from the company.

Therefore in the event of a liquidation of the company the assets of the SAPS will not be affected.

## Tax Free Growth

Under current legislation a SAPS is exempt from both Irish Income Tax and Capital Gains Tax, e.g. there is no Income Tax on any dividends from shares held within the SAPS nor will there be any Irish Capital Gains Tax on any gains where an asset of the SAPS is disposed of.

## Control

### Investment Control

You have complete control over the assets your SAPS invests in. Unlike pension schemes typically offered by insurance companies, the Bespoke SAPS allows you invest your pension funds in the manner you feel is most appropriate. You create your own investment portfolio to provide for your retirement.

### Risk Control

You control the level of risk you want to take. As you control the assets your SAPS invests in, you also control the level of risk your portfolio is set at. You have the option to invest in low risk investments, e.g. cash, government stocks, medium risk investments, e.g. blue chip equities, property or high risk investments such as say far eastern equities. The Bespoke SAPS allows you to achieve a spread of investments across the asset classes and investment managers that is most appropriate to your attitude to investment risk and allows you to create your own personal diversified portfolio.

### Cost Control

You control the investments, you control the risk therefore you control the costs associated with the Bespoke SAPS, you know exactly how much the Bespoke SAPS is costing you.

## Benefits from the SAPS

If you are an **employee or Director owning less than 5%** of the shares of the company you must, under current pension law, take your benefits from your SAPS in the following manner:

Take a tax free lump sum of up to 1.5 times your final salary\*\*

**AND**

Buy an annual income (annuity) from an insurance company with the remainder of the fund

### Note:

You can invest the value of any personal contributions to your SAPS in to an Approved Retirement Fund

If you are a **'Proprietary Director'**, i.e. a Director owning greater than 5% of the shares of the company, you can take your benefits in the following manner;

As a non proprietary director above

**OR**

Take a tax free lump sum of 25% of the value of the pension fund\*\*

**AND**

Invest the remainder in an Approved Retirement Fund (ARF)

**OR**

Take the remainder of the fund as taxable income. You may need to invest some money in an Approved Retirement Fund (ARF) or an annuity.

## How much can be contributed to my SAPS?

The amount that can be contributed to your SAPS (on your behalf by your employer or between you and your employer) depends largely on your age, salary and any existing pension benefits you may have.

For example, if you are aged 50 and earning an annual salary of €100,000, approximately €265,000 can be contributed to your SAPS annually between yourself and your employer. Your own contributions are based on a scale of 15% to 40% of your salary to a maximum salary of €275,239 (for 2008).

## What are the costs associated with an SAPS?

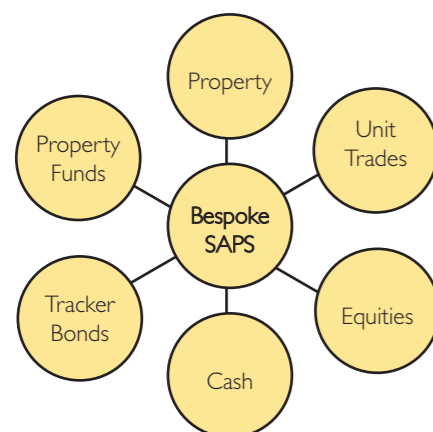
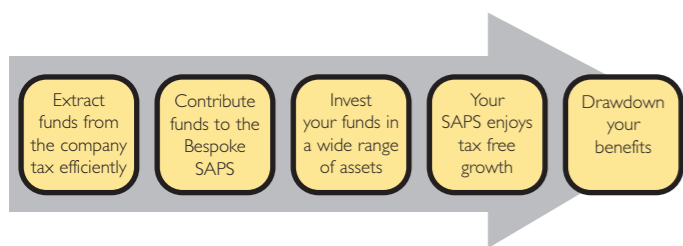
The cost of establishing and the annual management of your SAPS is met by fees which are typically paid by your company, these fees are fully tax-deductible for the company.

All fees in respect of your SAPS are fully transparent. When you control the direction of your investment, you also have the power to manage the costs associated with those investments.

## What happens if you die before retirement?

In the event of your death before retirement a lump sum of up to 4 times salary can be paid to your estate tax free. In some cases this may absorb the entire value of the SAPS. If there is a surplus in the SAPS after the lump sum is paid an annual income for dependents will be purchased with the surplus.

\*\* For 2008 the maximum tax free pension fund is €5,418,085 (€5,000,000 indexed annually from 2007) therefore the maximum tax free lump sum entitlement is €1,354,541



For more information on SAPS please contact your Financial Advisor or call or email us at 041 980 6666 or [info@bespoketrustees.ie](mailto:info@bespoketrustees.ie)

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