

Construction Workers' Pension Scheme Trustee Update



How is my money invested?

The Construction Workers Pension Scheme (the Scheme) has a single investment strategy, which phases members' Pension Accounts across a range of age-related investment funds. The Trustee invests members' Pension Accounts in a range of age-related investment funds - when you are many years from retirement, your Pension Account will be invested in growth focused funds and then as you near retirement your Pension Account is gradually invested in protection focused funds. This is done to protect the value of your fund as you approach retirement.

Recent Trustee review

The Trustee carries out regular reviews to make sure that the Scheme continues to meet the needs of members and that it is run in line with current best practices. As part of the most recent review, the Trustee looked at the way in which members' Pension Accounts were invested across the range of age related investment funds within the Scheme. Following this review, and having taken advice from the Scheme investment consultants and pension advisors, the Trustee has now improved the way in which members' Pension Accounts will be invested to better provide for the benefits members might expect from the Scheme at retirement.

All members' Pension Accounts will be invested in funds that aim to:

- provide greater protection for the benefits your Pension Account might provide
- invest your Pension Account so as to match the options available to you at retirement

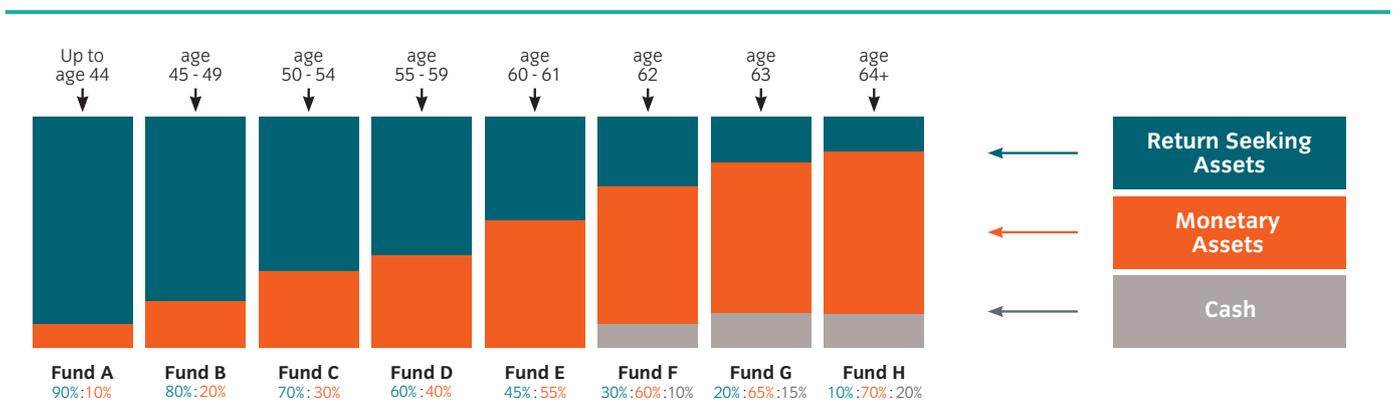
Why is this important?

The recent improvements to the age-related investment funds now takes into account what your Pension Account value might be at retirement. Depending on your projected fund at retirement, the Trustee will then gradually move your Pension Account into one of two investment paths. This is done to limit the exposure of your fund to sudden drops in investment markets which may reduce the value of your fund.

Under Revenue rules, if after payment of the maximum tax free lump sum permitted from the pension plan, the amount of money remaining in a member's Pension Account is less than €20,000, a member may have the option of taking this amount as a once off taxable payment from the pension plan instead of choosing a pension. In CWPS, this means that if you have a fund value of less than €26,667, you can draw 25% of this amount as a tax free lump sum and the remaining €20,000 can be paid as a taxable lump sum. In CWPS where a member has a projected fund value of less than €26,700 at retirement age, there is a possibility that at retirement the member may want to avail of this cash draw down option, so from age 55 the investment of these Pension Accounts will be phase towards 100% cash ready assets at retirement.

Old Investment Strategy

Up to the recent review all members' funds were invested according to their age – see Graph below



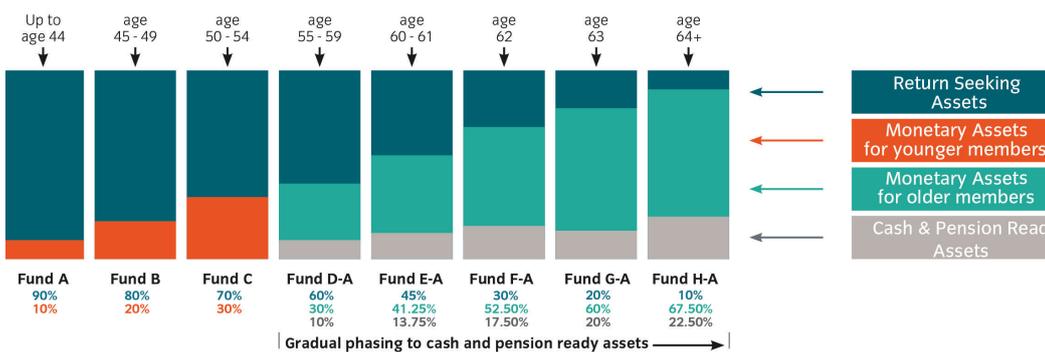
The Trustee of the Scheme is Construction Workers' Pension Scheme Trustees Limited

The Trustee has implemented the following design following advice from the Scheme's advisors. If you would like more information about the age-related investment strategy used, please visit our website www.cwps.ie

New Investment Strategy - How does this work?

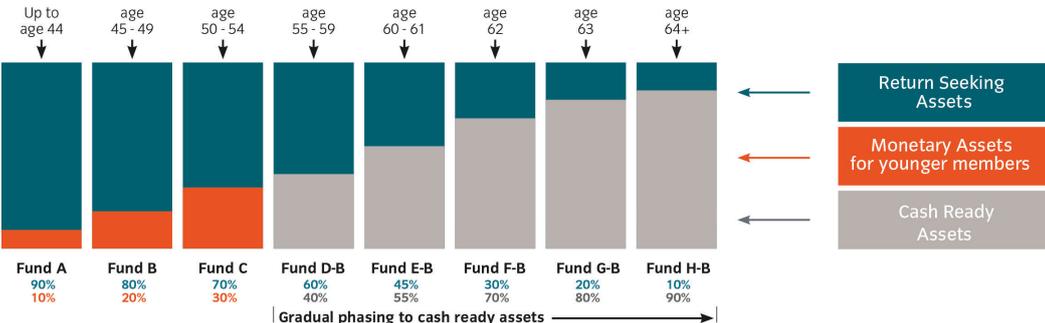
Following the recent review all members' funds are invested according to their age. Also, from age 55 members' funds are invested according to their projected fund at retirement – see Fig 1 and Fig 2 below.

Fig 1 At age 55 if you are projected to have more than €26,700 by age 65



The value of a member's fund is projected to age 65. If the projected estimate show that the fund value will be **more than** €26,700 then from age 55 the Pension Account will phased towards cash and pension ready assets at retirement.

Fig 2 At age 55 if you are projected to have less than €26,700 by age 65



The value of a member's fund is projected to age 65. If the projected estimate shows that the fund value will be **less than** €26,700 then from age 55 the Pension Account will be phased towards 100% cash ready assets at retirement.

If a Pension Account has a low value, Revenue may permit a member to withdraw all of their Pension Account as a cash sum at retirement, 25% tax free and the remainder taxable.

All members' Pension Accounts will be invested in funds that aim to:

- provide greater protection for the benefits your Pension Account might provide
- invest your Pension Account so as to match the options available to you at retirement

- Review your annual Benefit Statement, which shows your projected estimate of the benefits you may receive at retirement
- If the projected estimate at retirement falls short of your expectations, consider if you need to make any changes such as starting or increasing Additional Voluntary Contributions (AVCs). AVCs are a tax efficient way to provide extra benefits for yourself at retirement
- Call the CWPS team on 01 4977 663

Are your details up to date with us?

- Visit www.cwps.ie and log into your Pension Account to update your personal details. You will need your username and password to access your online account. If you don't have online access you can register on the website. Once online you can access more information about the Scheme and access resources such as the Pension Calculator to get an estimate of your Pension Account value at retirement and also your expected pension at retirement.

Contact a member of the CWPS team

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