Press Release

Will I have to buy an annuity with my PRB when I retire or can I invest in an Approved Retirement Fund?

My defined benefit (DB) pension scheme is winding up and I have been given an option of transferring the money in my pension to a Personal Retirement Bond (PRB). If I transfer my pension into a PRB, will l I have to buy an annuity with my PRB when I retire? I had heard that the Approved Retirement Fund (ARF) option is not available with PRBs?

Answer: Mark Reilly, Pension Proposition Lead, Royal London Ireland

You will be able to access an ARF or annuity at retirement if you transfer the money in your existing pension to the PRB. Before June 22, 2016, the ARF option was not available for transfers from a Defined Benefit (DB) scheme, except for Additional Voluntary Contributions (AVCs). This is no longer the case.

Weigh up the pros and cons of annuities and ARFs before deciding which option to take up at retirement. A big advantage of ARFs is that any money remaining in your ARF after your death can be left to your next of kin. With an annuity, the payments will stop on your death, unless a minimum payment period or a spouse provision is put in place at the start. However, as annuities offer a guaranteed income for the rest of your life, they are deemed by some to be the more secure option.

You mention you have been given the option of transferring your pension to a PRB. This is just one option open to you on the wind-up of the pension scheme. You will also be able to transfer your benefit into a new company pension scheme – such as any defined contribution scheme that your employer sets up. Alternatively, you can transfer your pension to a Personal Retirement Savings Account (PRSA).

You need to compare the PRB with the alternatives available to you, particularly in relation to charges, investment choices and the benefit options available after transferring.

We recommend you talk to your Financial Broker to determine what the best option is for you based on your own personal circumstances.

ENDS

Notes to the Editor:

About Royal London Ireland:

Royal London Ireland has a history of protecting our policyholders and their families for over 190 years in Ireland, and we're committed to continue to do so for a long time to come. Our businesses heritage in Ireland is nearly 200 years. The Caledonian Insurance Company's first office opened on Dame Street, Dublin 2 in 1824. Today we are owned by The Royal London Mutual Insurance Society Limited – the largest mutual life insurance, pensions and investments company in the UK, with assets under management of €174 billion as at 30 June 2022, 8.8 million policies in force and 4,267 employees as at 31 December 2021.

Royal London Ireland's office is based at 47-49 St Stephen's Green, Dublin 2.

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