BRIEFING NOTE ON PENSIONS LEVY

23rd June 2011

Background

On May 10th, 2011, the Irish Government published its Jobs Initiative which sets out measures intended to promote employment creation. As part of this announcement, the Government confirmed its intention to impose a 0.6% per annum levy for four years on Pension Funds. It is expected that the pensions levy will raise ca. €470m per annum for the four years from 2011 to 2014 or €1.9bn in total. Enabling legislation to give effect to the pensions levy is contained in the Finance (No. 2) Act 2011 which was passed by all houses of the Oireachtas on 16/06/2011 and signed into law by the President on 22/06/11.

Scope of Pension Levy

The levy applies to occupational pension schemes, personal retirement bonds and personal pensions.

Responsibility for the deduction of the levy rests with:

- The Trustees and
- The Insurance Company (for contracts of assurance such as insured defined contribution, defined benefit schemes and insured "investment only" assets)* or
- Both where the assets of the scheme are partly in the form of contracts of assurance.

*All insured defined contribution and defined benefit schemes managed by ILIM are written through Irish Life Assurance.

Basis of Calculation

The Finance (No. 2) Act 2011 establishes the valuation date for determining the market value of the assets in your pension fund as 30th June for the years 2011, 2012, 2013 and 2014. The levy is payable as a single payment of 0.6%p.a. based on Scheme values on this valuation date.

The due date for payment of the Levy to the Revenue Commissioners is 25th September for the years 2011, 2012, 2013 & 2014.

Note: The 30th June valuation date refers to pension schemes written under contracts of assurance. Where Scheme assets are not held under contracts of assurance the scheme administrator can use the end of the previous accounting period to determine the market value of the assets for the purposes of calculating the levy.

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ILIM Mechanism for Deduction

Based on Close of Business prices of 30th June 2011, ILIM, on behalf of Irish Life Assurance, will deduct the levy across all of ILA insured defined benefit and defined contribution schemes managed by ILIM. Irish Life Assurance will remit the levy to the Revenue Commissioners as soon as practicable thereafter. Where Schemes hold more than one fund within their insured arrangement, the levy will be deducted across all client funds on a pro-rated basis. This will avoid the need for Schemes to effect specific re-balancing actions arising from the deduction of the pensions levy.

ILIM will issue a transaction statement to clients following the deduction of the levy on 30th June. In addition, full detail regarding the levy deduction will be available in the transaction statements of your quarter 3 report (issued in October) and annual statements as well as on ILIM Assist.

In cases where fund liquidity is restricted, we will be in contact directly with you to discuss the deduction of the levy and our approach. Please note, for the purposes of the pensions levy, the ILA Irish property fund is not considered as illiquid and deduction of the levy will be applied as outlined above.

Due to the nature of the legislation, Irish Life has no capacity to take alternate instructions from Scheme Trustees or advisors but will be happy to facilitate all additional asset transfers or re-balancing as instructed.

What you need to do

For insured defined contribution and defined benefit schemes managed by ILIM, Trustees do not need to take any action regarding the instruction or the deduction of the pensions levy. ILIM will deduct the levy on behalf of Irish Life Assurance, who will submit payment to the Revenue Commissioners on behalf of your insured arrangements.

It is important to note that for Scheme assets held outside of insured arrangements, responsibility for the calculation and deduction of the levy rests with the Scheme administrators. ILIM will not be making any deductions in respect of segregated or UCITS client holdings but will issue valuations as required. In the case of segregated and UCITS business, Trustees should contact their administrators to ensure compliance with the legislation.

The Trustees should notify ILIM no later that 30th June 2011 in cases where the Trustees have passed a resolution to wind up the Scheme and the employer is insolvent for the purposes of the protection of Employees (Employers' Insolvency Act 1984). In such cases, the Scheme may be exempt from the Pension Levy.

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Further Updates

All relevant ILIM Pensions Levy announcements and updates will be posted on our website at: **www.ilim.com**.

We will provide Trustees with a further update as part of our end of quarter reporting cycle which will be included in your quarterly report.

ILIM will issue a transaction statement to our clients following the deduction of the levy on 30th June.

Full detail regarding the levy deduction will be available in the transactions statements of your quarter 3 report and annual statements as well as on ILIM Assist.

If you require further detail, please contact your designated portfolio manager or our Client Service team on:

Email: clientservices@ilim.com

Tel: 01-704 1709

Fax: 01-680 3377