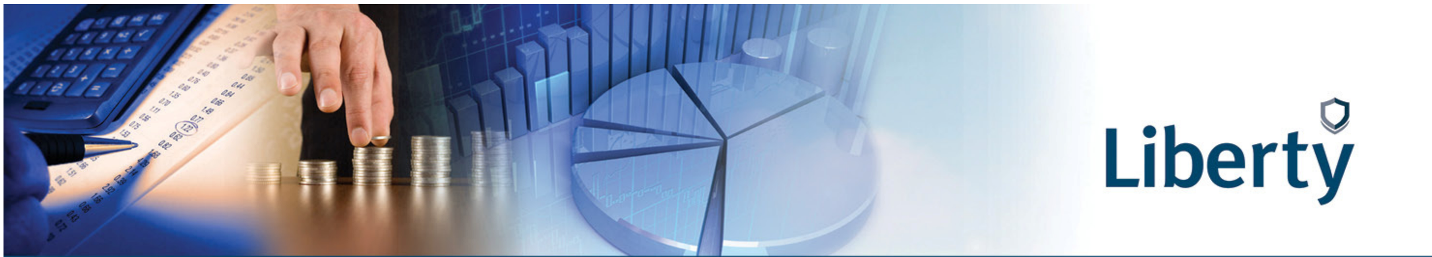

February 2013

Summary of the Finance Bill 2013

On 5th December 2012, the 2013 Budget was delivered to the Dáil by the Minister for Finance, Mr. Michael Noonan, TD. The Finance Bill 2013 was published on the 13th February 2013 to implement the Budget measures.

The Minister for Finance acknowledged in the Budget 2013 that the pensions sector is a very important part of the financial services industry in Ireland and provides a service to enable people to make provision for their retirement and for their old age. The Minister also stated that it is in everyone's best interest to encourage as many citizens as possible to continue to invest in pension schemes in a fair, equitable and balanced way. The Government wants to encourage those on lower and middle incomes to save for their retirement but wants to limit the tax relief for higher incomes.

Pensions - Changes

The following changes to pensions were confirmed:

Early Access to AVCs

A new facility has been introduced to make withdrawals from AVCs of up to 30% for a three year period.

NEW - AMRF Specified Income & AMRF Specified Amount

The AMRF limits (Fund and Guaranteed Lifetime Income) for AMRFs have been reduced. This is a new addition and not previously flagged in the Budget 2013. This will allow more people to access AMRF Funds and Vested-PRSA AMRF funds rather than waiting to age 75 (when AMRFs become ARFs).

The current limits for post Finance Act 2011 AMRFs (i.e. since 6th February 2011) are €119,800 and €18,000 p.a. and these have been reduced down to the previous limits of €63,500 and €12,700 for a limited period - for 3 years from the passing of the Finance Act 2013, which we expect to be early April 2013. To ensure that individuals who were affected by the higher limits in the period since the passing of Finance Act 2011 (i.e. since 6 February 2011) are not disadvantaged, provision is also made that:

- Where on or after the date of the passing of Finance Act 2013 such individuals have specified income of at least €12,700, any AMRF they have immediately becomes an ARF, and
- Where on the date of the passing of Finance Act 2013 such individuals have specified income of less than €12,700 then, to the extent that the original capital amount that they placed in the AMRF exceeded €63,500, the excess of that capital amount above €63,500 immediately becomes an ARF.

Standard Fund Threshold (SFT)

The Budget 2013 stated that there would be changes put in place in 2014 to the maximum allowable pension fund at retirement for tax purposes.

USC for those over 70 and medical card holders

The reduced rate of USC for those over 70 and medical card holders with an income in excess of €60,000 p.a. was discontinued from 1st January 2013 and the standard rates of USC now apply.

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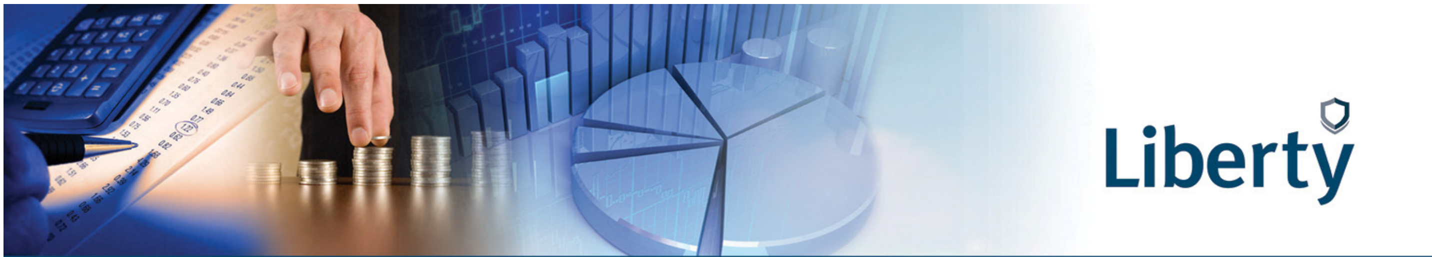

Pensions - No Changes

In summary, there were no changes to the following:

Tax Relief - Employer and Employee Contributions
The Budget 2013 confirmed that the tax relief available on pension contributions will be limited to those contributions providing an income of up to €60,000 per annum. This will take effect from 1st January, 2014. There was no further reference to this in the Finance Bill 2013 and is likely to be introduced next year, once the finer detail has been resolved.

Employee Tax Relief on pension contributions
This will continue at the marginal rate of tax but subject to overall maximum pension limit (and earnings cap, if applicable).

Employer Corporation Tax Relief on pension contributions
The Employer Corporation rate for 2013 remains at 12.5% and tax relief on Employer Pension contributions remains unchanged.

Earnings Cap
The Earnings Cap for 2013 remains at €115,000.

Retirement Lump Sum
Again, there were no changes here. Up to €200,000 remains tax-free and amounts from €200,000 to €575,000 will continue to be taxed at 20%.

Pensions Levy
The four year pensions levy announced as part of the Jobs Initiative will not be extended beyond the original end date of 2014.

Life & Taxation Changes

The following changes to Life Products & Taxation were confirmed:

Capital Acquisitions Tax (CAT)
The CAT rate has been increased by 3% from 30% to 33%. This applies to the disposal of assets after 5th December 2012.

Group Thresholds
The Group Thresholds have been reduced by 10%. For example, Group A Threshold (gifted or inherited to son/daughter) has been reduced by 10% from €250,000 to €225,000. This applies to any gift or inheritance taken after 5th December 2012.

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Capital Gains Tax (CGT)
The CGT rate has been increased from 30% to 33%. This applies to the disposal of assets after 5th December 2012.

Savings
The DIRT (Deposit Interest Retention Tax) rate has been increased by 3% to 33% where paid annually or more frequently and 36% where paid less frequently than annually. The increased rates apply to payments, including deemed payments, made on or after 1st January 2013.

Life Assurance Exit Tax
The Life Assurance Exit Tax has also been increased by 3% to 36%. The increased rates apply to maturities, surrenders, assignments and deemed payments falling on or after 1st January 2013.

The rate applying to companies holding life assurance investment bonds has been maintained at 25%.

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