



SPECIAL PURPOSE SERIES · No 05

# Pension Term Assurance in Ireland

*A specialist guide to life cover written through  
the Irish pension tax regime.*

## IN 40 WORDS

Pension term assurance is a life-cover policy approved by Revenue under section 785 of the Taxes Consolidation Act 1997 and written within the retirement annuity contract regime — delivering tax-relievable premiums at the policyholder's marginal income-tax rate.

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## SECTION

**Special Purpose**  
Mylife.ie · Editorial

## PUBLISHED

**May 2026**  
mylife.ie

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*This is the fifth and final guide in the Mylife.ie Special Purpose Series — five specialist references on life-assurance products that solve specific tax, succession or business-continuity problems. Each is written to be read as a primary source, not as marketing collateral.*

#### REGULATORY DISCLOSURE

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# Pension Term Assurance in Ireland

*A pensions-knowledge guide to life cover written through the Irish pension regime — the section 785 framework, the post-2007 product universe, the eligibility tests, and where this 40%-cheaper protection genuinely fits.*

By **Donal Milmo-Penny QFA FLIA** · Research Lead, Mylife.ie. Former Chairman of PIBA, Director of Brokers Ireland. Reviewed for accuracy: May 2026

## THE 60-SECOND ANSWER

Pension term assurance (PTA) is a life-cover policy approved by Revenue under section 785 TCA 1997 and written within the retirement annuity contract (RAC) regime. The premium is treated as a qualifying pension contribution and attracts income tax relief at the policyholder's marginal rate — typically 40%. The cover itself is actuarially identical to ordinary term assurance from the same provider; the only difference is the tax wrapper. Eligibility is narrow: net relevant earnings (NRE) from self-employment or non-pensionable employment, age-banded contribution cap, and a maximum policy expiry of age 75. Premiums are not deductible against USC or PRSI.

## Why this guide exists

Pension term assurance is the most misunderstood product in the Irish protection market. It is an idea, not a separate product type — the same level term assurance the same five Irish life offices already write, but signed off by Revenue under the personal-pension regime. The premium therefore qualifies for income tax relief; the cover, the underwriting and the claim process are identical to ordinary term. **Finance Act 2007** narrowed the audience: from 6 December 2006, PTA relief is available only where the individual has unused personal-pension contribution headroom — and only against income tax, not USC or PRSI.

This guide is the fifth and last in our **Special Purpose Series**. It is written for the self-employed professional, the non-pensionable employee, the proprietary director considering executive cover, and the adviser who needs to know where the section 785 wrapper still buys real value and where it is no more than a tax-relief story dressed up as a product. Like the others in the series, it is a primary reference — not a sales aid.

# 1 What pension term assurance is

Pension term assurance — **PTA** — is a level term life-assurance contract approved by the Revenue Commissioners under **section 785 of the Taxes Consolidation Act 1997**. Approval places the policy inside the retirement annuity contract (RAC) regime: the premium is treated as a qualifying pension contribution, and the policyholder claims income tax relief at marginal rate against their net relevant earnings.

Mechanically the policy is indistinguishable from ordinary term cover. There is no investment element, no surrender value, no fund growth. The insurer prices the cover on the same actuarial basis it uses for non-pension term assurance; the underwriting requirements are identical; the claim flow is identical. The only material difference is the Revenue-approved wrapper that releases the income tax relief.

## 1.1 What it is not

PTA is not a separate insurance product engineered for pensioners. It is not whole-of-life cover. It does not pay at retirement. It is not assignable to a lender. It is not a death-in-service (DIS) benefit attached to an occupational pension scheme — although DIS is itself a form of pension-approved life cover, written under a different chapter of the Taxes Consolidation Act, and is dealt with separately in section 4.4 of this guide.

## 1.2 What gets approved under s.785

Section 785 sits inside Part 30, Chapter 2 of the [Taxes Consolidation Act 1997](#). Subsection (1) lets Revenue approve a contract between an individual and an insurance company that provides for either an annuity for the widow, widower, surviving civil partner or dependants of the individual, or a lump sum payable to the individual's personal representatives on death before the agreed retirement age. Subsection (6) extends the s.784 tax treatment to qualifying premiums under those s.785 contracts — which is the legal mechanism that gives PTA its income tax relief.

The [Revenue Pensions Manual, Chapter 21](#) (July 2025) confirms this in plain terms at paragraph 21.8: *"a contract approved under section 785 provides death benefits only. Total relief for both section 784 and 785 contracts are limited to the age-based percentage limits and upper earnings limit detailed above."* A s.785 PTA is, in tax architecture, an RAC that provides pure life cover instead of retirement funding.

## 1.3 Two structural features that flow from s.785

Feature	Why it follows from s.785
<b>Premium attracts income tax relief</b>	Subsection (6) of s.785 imports the s.784 (RAC) treatment of qualifying premiums.
<b>No USC or PRSI relief</b>	Income tax relief is the only relief Revenue grants on RAC and s.785 premiums (Pensions Manual, Chapter 21 paragraph 21.5).
<b>Maximum policy expiry age 75</b>	Section 784(2)(a)(iii)(II) caps RAC benefit commencement at 75; s.785 contracts inherit this maturity ceiling.
<b>Single life only (personal contracts)</b>	s.785 approves a contract for the individual on whose earnings the relief is claimed; there is no joint-life construct in personal RAC.
<b>Premiums count toward the age-banded contribution cap</b>	s.785 premiums and s.784 (pension) contributions share a single age-banded percentage limit of NRE.
<b>Cannot be assigned</b>	Standard insurer terms (e.g. Royal London Ireland policy conditions): a s.785 contract cannot be assigned, mortgaged or used as security.

These six points are the pensions-knowledge core of the product. Every advantage and every limitation discussed in the rest of this guide flows from one of them.

## 2 The legal and tax basis

PTA sits at the intersection of three statutory regimes — RAC (section 784), section 785 approval, and the broader pension-relief architecture (sections 787, 787A, 790A). The relief is delivered through s.787; the eligibility is governed by the definition of net relevant earnings; the upper limit is the €115,000 earnings cap.

### 2.1 Section 785 TCA 1997 — the approval gateway

[Section 785 TCA](#) permits Revenue to approve a contract under which an insurance company provides death benefits only — either an annuity for dependants or a lump sum payable to personal representatives. Where the provider is established outside the State, it must be authorised under **Directive 2002/83/EC** (the EU Life Assurance Directive). Subsection (5) extends approval to trust schemes; subsection (6) imports the s.784 (RAC) tax treatment of premiums.

### 2.2 Section 784 TCA 1997 — the RAC framework

[Section 784 TCA](#) is the parent regime. Benefits under an RAC must commence between age 60 and the individual's 75th birthday; failure to take benefits by 75 results in the contract being treated as a vested RAC, which is a Benefit Crystallisation Event. This 75-year ceiling is the structural reason a PTA term cannot extend beyond age 75: a s.785 contract is approved within the RAC framework and inherits its end-date.

**Important closure:** Revenue confirmed in [Pensions Manual, Chapter 21](#) that from 1 January 2024 it will not approve applications for new RACs. **This does not affect PTA.** Existing approved RAC and section 785 products continue to be written; new policyholders are still being added to those products. Only fresh product approvals are no longer being granted.

### 2.3 Section 787 TCA — the income tax relief

Section 787 TCA delivers the relief. A qualifying premium is deducted from the individual's net relevant earnings (NRE) in the year of assessment, reducing taxable income at the marginal rate. The age-banded percentage caps below set the maximum premium that attracts relief; the €115,000 earnings cap (s.790A) sets the absolute ceiling.

Age	Maximum % of NRE attracting relief	Maximum annual relief-eligible premium (€115,000 cap)
Under 30	15%	€17,250
30 – 39	20%	€23,000

Age	Maximum % of NRE attracting relief	Maximum annual relief-eligible premium (€115,000 cap)
40 – 49	25%	€28,750
50 – 54	30%	€34,500
55 – 59	35%	€40,250
60 and over	40%	€46,000

A 30% limit applies to professional sportspersons under age 55 (Schedule 23A TCA — athletes, jockeys, footballers and similar specified occupations).

## 2.4 The cap is shared with retirement contributions

This is the single most important structural feature of PTA, and the most often missed. The age-banded percentage applies to the **aggregate** of personal pension and PTA contributions. Every euro spent on PTA premiums reduces, by one euro, the amount available for retirement-fund contributions inside the same cap.

### ROYAL LONDON IRELAND — KEY FEATURES DOCUMENT

*These limits apply to the total amount of your pension and/or PRSA contributions, not to each individual policy.*

## 2.5 Section 790A TCA — the €115,000 earnings cap

Net relevant earnings are capped at €115,000 for the purposes of pension relief. The cap has been at this figure since 2011. A 60-year-old self-employed individual on €200,000 of NRE is therefore limited to relief on  $40\% \times €115,000 = €46,000$  of qualifying premiums, not 40% of their actual earnings.

## 2.6 What counts as net relevant earnings

NRE — defined in s.787B and developed in [Revenue Pensions Manual, Chapter 21](#) — is earned income only. Specifically: profits from a trade or profession, salary from non-pensionable employment, and remuneration from an office. The following do **not** count as NRE:

- **Investment income** — dividends, interest, fund distributions.
- **Rental income** from let property.
- **Salary or remuneration from pensionable employment** (where the individual is a member of an OPS or has an occupational PRSA arrangement providing retirement benefits).
- **Income from an investment company** (close investment company income excluded by Revenue practice).
- **Pension income** already in payment.

This earned-income restriction is the fundamental reason a PAYE employee in a fully pensionable role cannot use PTA on their employment income. The income that funds the premium does not qualify as NRE for s.787 relief purposes.

## 2.7 No USC, no PRSI relief

This is confirmed at paragraph 21.5 of the [Revenue Pensions Manual, Chapter 21](#):

### REVENUE PENSIONS MANUAL — CHAPTER 21, ¶ 21.5

*There is no relief from PRSI or the Universal Social Charge (USC) for premiums paid into RACs.*

The practical effect: a self-employed Class S contributor (4% PRSI) on the higher USC rate gets no reduction in PRSI or USC liability from a PTA premium. The 40% income tax deduction is the only relief, and a worked net cost calculation is therefore straightforward — premium × (1 – marginal rate).

**Contrast with occupational scheme contributions:** employee contributions to an Occupational Pension Scheme operated under a net pay arrangement reduce gross pay before PAYE, USC and PRSI are computed. OPS members therefore receive comprehensive relief; RAC and PTA holders do not. This disparity is structural to the Irish pension regime — not a flaw in PTA, but a feature an adviser must explain at point of sale.

## 2.8 Standard Fund Threshold — no interaction

The [Standard Fund Threshold](#) (SFT) is the lifetime maximum tax-relieved pension fund — currently €2 million. PTA is a pure protection product with no fund value, so the policy itself does not consume SFT headroom while it is in force. Revenue Pensions Manual, Chapter 25 confirms that the *"payment of death in service benefits, including benefits transferred to an ARF under s772(3)(b)(ii) TCA, or a dependant's pension, is not a benefit crystallisation event (BCE)."* A PTA payout therefore does not trigger a Chargeable Excess Tax assessment against the SFT either.

The premium does, however, count toward the age-banded contribution cap (see 2.4 above). For very high earners with pension funds approaching €2m, the PTA can be an efficient use of remaining premium headroom — it consumes contribution allowance for valuable life cover without further increasing the pension fund's capital value.

## 2.9 The 1% Government Levy

Like all Irish life-assurance premiums, PTA premiums attract the 1% Government Levy under the Stamp Duties Consolidation Act. The levy is added to the gross premium at billing stage and is not a separately deductible item.

## 3 The Finance Act 2007 contraction

Any current discussion of PTA has to be set against what happened to the product between 2001 and 2007. The market that exists in 2026 — five providers writing modest volumes of personal pension term cover, an executive variant for some directors, and a death-in-service add-on — is a much smaller market than the one the Finance Act 2007 closed.

### 3.1 The pre-2007 standalone PTA market

Between 2001 (when standalone PTA contracts were first widely written under s.785) and the start of 2007, the Irish life market sold PTA to almost any taxpayer who wanted tax-relieved life cover. Premiums attracted income tax relief at marginal rate even where the policyholder was already a member of a pensionable occupational scheme — provided the cover was structured under s.785 and the premiums fell within an unused contribution allowance. PAYE employees, occupational scheme members, and self-employed individuals were all selling and buying. Up to a dozen UK and Irish life offices wrote the cover. Marketing was aggressive: a 41% discount on life cover, simply by signing up to the right Revenue-approved wrapper.

### 3.2 Why Revenue acted

The product had drifted from what the legislation was designed to do. Section 785 was intended to give self-employed individuals — who had no employer-funded death-in-service cover — a pension-approved route to dependant protection. By 2006 it was being sold to PAYE pensionable employees who already had occupational DIS, simply because it came with an income tax discount. Exchequer cost was rising; the product had become a tax-arbitrage on cover already provided by employers.

### 3.3 The legislative response

Finance Act 2007 amended the regime so that, with effect from **6 December 2006**, PTA premiums attract income tax relief only where the policyholder has unused personal-pension contribution headroom under s.787. The relief is no longer a separate allowance for life cover; it is part of the single, capped, age-banded percentage of NRE that is already used for retirement contributions. A pensionable employee with a fully-funded occupational scheme has no headroom — and therefore cannot claim relief on a PTA premium against their employment income.

### 3.4 The provider market consequence

Within twelve to eighteen months of 6 December 2006, the standalone PTA market collapsed. Several providers withdrew the product entirely; others continued to offer it as a niche line. The five life offices that write PTA in 2026 — listed in section 9 — represent the surviving Irish provider panel. The market is now dominated by personal pension PTA for self-employed individuals and a small executive-cover line for proprietary directors.

### 3.5 What this means in 2026

- **The product still exists** for individuals with NRE. Nothing in Finance Act 2007 removed the s.785 approval mechanism or the income tax relief; it tightened the eligibility test.
- **Marketing claims of "40% off life cover" remain technically correct** for qualifying clients on the higher rate, but the qualifying universe is much narrower.
- **Pensionable PAYE employees** generally cannot use PTA on their main employment income. They may still use it on a non-pensionable side income (consulting, directorship outside their main job, etc.) where there is genuine NRE.
- **The product is best understood** as a pension contribution that pays a death benefit instead of building a retirement fund — not as a separate, cheaper insurance product.

## 4 Product structures available today

Three pension-approved structures are written in Ireland in 2026 that deliver life cover with tax-relievable premiums. Each operates under a different tax chapter and has different eligibility conditions.

Structure	Tax basis	Who it serves	Premium relief
<b>Personal Pension PTA</b>	s.785 TCA (RAC regime)	Self-employed; non-pensionable employees	Income tax at marginal rate; counts toward age-banded NRE cap
<b>Executive Pension PTA</b>	s.785 TCA written through company arrangement	Proprietary directors, key executives	Premium paid by company; corporation tax deductible; no BIK
<b>Occupational Scheme DIS</b>	Chapter 1 Part 30 TCA (s.770 et seq.)	Members of an OPS; employer-funded	Employer premium fully deductible; no BIK; outside individual cap
<b>PRSA-PTA</b>	Chapter 2A Part 30 TCA — but <a href="#">see 4.3</a> for the 2026 position	Limited; see provider availability	Income tax at marginal rate within PRSA contribution cap

### 4.1 Personal Pension PTA — s.785 TCA

**This is the structure actually written in the Irish market today.** When a life office, broker or adviser refers to "pension term assurance", they almost always mean a Personal Pension PTA written under s.785. The other structures discussed in this section are included for completeness; in practice the s.785 personal contract is what gets sold, underwritten and claimed on.

Available to individuals with net relevant earnings — typically the self-employed, sole traders, partners in professional partnerships, and PAYE employees who are not members of any occupational pension scheme providing retirement benefits. The policy is owned by the individual; premiums are paid from after-tax income; the individual reclaims tax relief annually through self-assessment (Form 11) or, for PAYE filers, through Form 12 / myAccount.

Single life only — there is no joint life construct under personal s.785. A couple needing joint cover should use ordinary term assurance.

## 4.2 Executive Pension PTA

An s.785 contract written through a company arrangement, where the employer pays the premium on the life of an employee or proprietary director. The premium is a deductible business expense for the employer; no BIK arises for the individual; and the premium does not consume the individual's personal age-banded contribution cap. This is frequently the most efficient route for company directors who want personal life cover and have a profitable trading company.

**IORP II caveat:** since the IORP II Directive came into force in Ireland from July 2022 and the subsequent regulatory tightening, new single-member executive pension schemes have been effectively closed to new business. Employers establishing executive-level pension cover for individual directors in 2026 typically use Master Trust structures or group life schemes rather than standalone executive pensions.

## 4.3 PRSA and the PTA question

Personal Retirement Savings Accounts (PRSAs) sit under Chapter 2A of Part 30 TCA, not the RAC chapter. Section 787K TCA permits a PRSA to provide death benefits, but in practice the Irish provider market has consolidated PTA writing under the s.785 RAC framework rather than under PRSA contracts. Where a provider does write PTA-style cover through a PRSA arrangement, the contribution counts toward the same age-banded NRE cap, and the relief is delivered through the PRSA tax mechanism rather than s.787 — but the economic outcome to the policyholder is the same.

For most cases, PTA in 2026 means a section 785 contract, not a PRSA-PTA. Confirm the structure with the issuing life office at point of sale.

## 4.4 Occupational scheme death-in-service (DIS)

DIS is not pension term assurance and sits outside the subject of this guide. It is an employee-benefit arrangement that lives inside an Occupational Pension Scheme. We cover it briefly here only because it is the form of pension-approved life cover most Irish PAYE employees actually hold, and because the question "do I need PTA?" cannot be answered without first knowing what DIS the client already has from their employer.

DIS is approved as a **relevant benefit** under section 770(1) TCA — "any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death" — inside an Occupational Pension Scheme. The employer pays the premium as part of its scheme contribution; the premium is fully deductible against the company's trading profits; no BIK arises for the employee; and the cover is outside the employee's individual age-banded NRE cap.

Standard Revenue rules permit DIS cover up to **4 x salary** for ordinary employees, with proprietary directors (those owning more than 5% of voting rights, with their spouse and minor children, in the company providing the benefit) subject to tighter Revenue restrictions on benefit levels.

For most employees with strong DIS cover already in place, additional personal PTA is not necessary. PTA's primary audience is the population the OPS regime does not reach: self-employed individuals, contract workers, non-pensionable employees, and proprietary directors looking for personal cover above the DIS limits.

## 4.5 Quick decision tree

If the client is ...	Likely structure
Self-employed sole trader or partner	Personal Pension PTA (s.785)
Director-owner with a profitable trading company	Executive Pension PTA / DIS through company arrangement
PAYE employee in pensionable employment, no DIS	Talk to employer about DIS first; PTA on side income only
PAYE employee in non-pensionable employment	Personal Pension PTA on employment income
PAYE employee with strong OPS DIS already	Consider PTA only if specific top-up need; usually unnecessary
Couple needing joint life cover	Ordinary term assurance — PTA is single life only
Any individual needing cover beyond age 75	Ordinary term or Section 72 — PTA caps at age 75

## 5 Eligibility — who qualifies

Three eligibility tests gate PTA. All three must be satisfied at inception for the premium to attract income tax relief, and the first two must continue to be satisfied in each subsequent tax year for ongoing relief.

Test	What it requires	Source
<b>Net relevant earnings (NRE)</b>	The individual must have earned income from self-employment or non-pensionable employment. Investment income, rental income, pensionable employment income and pension income do not qualify.	s.787B TCA; Pensions Manual Ch 21
<b>Within the age-banded contribution cap</b>	Premium must fall within the age-banded percentage of NRE (15%–40%), aggregated with any other RAC/PRSA contributions.	s.787 TCA; s.790A €115k cap
<b>Policy expiry on or before age 75</b>	The contract term must not extend past the policyholder's 75th birthday — the maximum benefit-commencement age under the parent RAC regime.	s.784(2)(a)(iii)(II) TCA

### 5.1 Net relevant earnings — the gate

NRE is the most decisive of the three tests. It excludes a great many income sources that an individual might informally regard as "earnings". The list of what **qualifies**:

- Profits of a trade or profession carried on by the individual.
- Salary, wages or other remuneration from a non-pensionable employment.
- Remuneration from an office (e.g. directorship) where no pensionable benefits arise from that office.
- Earnings of a partner in a partnership (the partner's share of profits).

And what **does not** qualify (and therefore cannot fund a PTA premium for relief purposes):

- Dividend income, interest, fund distributions and other investment income.
- Rental income from let property.
- Salary from **pensionable** employment (the employee is a member of an OPS or has a PRSA arrangement providing retirement benefits via that employer).
- Income from an investment company (close investment company exclusion).

- Pension income already in payment, ARF distributions, AMRF top-ups.

## 5.2 Pensionable vs non-pensionable employment

The pensionable / non-pensionable distinction is critical and frequently misunderstood. An employee is treated as in **pensionable** employment where they are an active member of an OPS providing retirement benefits, or where the employer operates a PRSA arrangement under which retirement contributions are made for or by the employee. Membership of a death-in-service-only scheme (DIS without retirement benefit) does not make the employment pensionable.

Practical consequences: an employee who is a member of a DIS-only scheme but who has not joined the retirement scheme alongside it is in non-pensionable employment for PTA purposes, and can claim relief on a personal PTA against their salary. An employee who has joined the retirement scheme cannot — at least not on that employment income.

## 5.3 The age 75 ceiling

The maximum policy expiry date is the policyholder's 75th birthday. This is not a soft cap; it is the structural limit imposed by the parent RAC regime under s.784. A 60-year-old applying for PTA can take a maximum 15-year level term policy expiring at age 75. A 70-year-old can take a maximum 5-year term. Beyond age 75, no PTA contract can be written or extended, and any PTA in force ceases on the 75th birthday.

**Practical planning point:** for clients whose protection need clearly extends past age 75 — for example, a parent of a child with disability who needs lifetime cover to fund continuing care — PTA is the wrong wrapper, regardless of the income tax saving. Section 72 whole-of-life cover or ordinary level term to age 80–90 is the right answer.

## 5.4 Who is NOT eligible for personal pension PTA

- Employees in fully pensionable PAYE employment (on that employment income).
- Individuals living entirely on investment, rental or pension income.
- Individuals already aged 75 or older.
- Individuals who have used their entire age-banded contribution cap on retirement-fund contributions.
- Couples seeking joint life cover under a single contract.
- Individuals who need to assign cover as collateral for a mortgage or business loan (s.785 contracts cannot be assigned).

## 5.5 The election timing rule

Section 787(7) TCA allows a premium paid after year-end but on or before **31 October of the following year** to be elected back to the prior year for relief purposes. For ROS / myAccount filers the extended return date (typically mid-November) applies. This timing flexibility lets self-employed individuals make a top-up payment after their accounts are finalised but before the relevant tax return is filed, optimising both retirement contributions and PTA premiums against actual NRE for the year.

## 5.6 Eligibility loss after inception

Eligibility for income tax relief is tested year by year. An eligible policyholder who subsequently joins a fully pensionable OPS, or whose income mix shifts entirely to investment and rental sources, may lose relief on their PTA premiums. Crucially, the policy itself does not lapse — the cover continues for as long as premiums are paid. Royal London Ireland's policy conditions confirm: *"if you no longer meet the criteria for pension term assurance, you may become ineligible to claim tax relief from Revenue on your premiums paid. However your policy will not stop if you continue to pay the premiums."* The client therefore has three options at the point of eligibility loss: continue paying without relief; exercise a conversion option (where included) to convert to ordinary term cover; or lapse the policy and re-apply on the open market.

## 6 Tax relief mechanics

PTA relief is delivered as a deduction from net relevant earnings before income tax is calculated. The mechanism differs slightly between the self-employed (Form 11) and the PAYE employee (Form 12 / myAccount or net pay arrangement), but the underlying rule is the same: a qualifying premium reduces taxable NRE in the year of payment.

### 6.1 The self-employed Form 11 path

- Policyholder pays the gross premium to the life office by direct debit each month.
- Life office issues a Retirement Annuity Certificate annually.
- Policyholder enters the certificate amount in the relevant section of the Form 11 self-assessment return.
- Revenue applies the deduction against NRE before computing taxable income.
- Effective relief: premium × marginal income tax rate (20% or 40%).

### 6.2 The PAYE employee path

For non-pensionable PAYE employees, two routes are available:

- **Net pay arrangement** — where the employer is willing to operate one for s.785 premiums. The premium is deducted from gross pay before PAYE is computed; relief is immediate. Most Irish employers operate net pay only for occupational AVCs, not for personal s.785 contracts.
- **Form 12 / myAccount** — the policyholder claims relief retrospectively through the annual return. Revenue refunds the income tax overpaid via PAYE.

### 6.3 What "40% off" actually means

The Irish PTA marketing line — "this valuable security may cost you as much as 40% less than a regular Term Assurance policy" ([Royal London Ireland brochure](#)) — is technically correct for a higher-rate taxpayer at full eligibility. The discount is delivered as an income tax refund, not as a reduction in the gross premium. The policyholder writes the same monthly direct debit to the life office; the saving is settled annually through the tax system.

Marginal rate	Gross monthly premium	Annual income tax relief	Net annual cost	Effective monthly cost
40% (higher rate)	€100	€480	€720	€60.00
40% (higher rate)	€200	€960	€1,440	€120.00
20% (standard rate)	€100	€240	€960	€80.00
20% (standard rate)	€200	€480	€1,920	€160.00

*Net cost = gross premium × (1 – marginal rate). USC and PRSI are not affected.*

## 6.4 The PRSI / USC zero

A self-employed Class S contributor on the higher USC rate gets **no** reduction in PRSI or USC liability from a PTA premium. This makes the worked cost calculation simple but means the relief is materially less generous than the relief on an OPS contribution made under a net pay arrangement. The disparity is structural — see section 2.7.

## 6.5 Carry-forward of unrelieved premiums

Where a premium paid in a tax year exceeds the age-banded relief cap for that year, the excess is not lost. Revenue practice — codified in s.787 — permits the unrelieved amount to be carried forward to subsequent tax years and applied against the cap in those years. This is most likely to arise where a self-employed individual has a low-income year mid-policy: the maximum relievable premium that year is reduced, the actual premium is unchanged, and the excess carries forward.

## 6.6 The interaction with retirement contributions

This is the planning conversation that matters most. PTA premiums and retirement contributions share a single age-banded cap. A 49-year-old self-employed earner with €80,000 NRE has a 25% cap of €20,000. If the PTA premium runs at €2,400/year, the room available for retirement-fund contributions is €17,600/year. If the PTA premium is €6,000/year, retirement room is €14,000.

**Operational rule:** the adviser should size retirement contributions first, against an explicit retirement-savings target, and only then allocate any remaining cap to PTA. PTA is best understood as a use for residual contribution headroom, not as a primary claim on it.

Age 49 self-employed; NRE €80,000	Annual amount
Age-banded cap (25% × €80,000)	€20,000
Target retirement contribution (chosen first)	€15,000
Remaining headroom for PTA premium	€5,000
Implied maximum monthly PTA premium	~€416.67

*Allocate the cap deliberately. The adviser's job is to start from the retirement target and back out from there, not to fill the cap with whatever PTA premium the underwriting indicates.*

## 6.7 No imputed distribution liability

The imputed distribution rules (s.790D TCA) — which require ARF and vested PRSA holders to draw at least 4% of fund value annually with that drawdown subject to income tax — do not apply to PTA. PTA has no fund value to draw down. The product is a pure protection contract; there is no accumulation.

## 7 Net cost — worked examples

Three worked examples illustrating the relief mechanics across different earning and marginal-rate profiles. All names are illustrative; figures use 2026 thresholds and indicative provider rates.

### EXAMPLE A — SELF-EMPLOYED, HIGHER RATE

#### Tom Doyle, freelance management consultant, Wicklow

<b>Profile</b>	Age 43, non-smoker, standard health; Form 11 self-assessed; NRE €85,000.
<b>Cover</b>	€500,000 level term, 20-year term to age 63.
<b>Indicative gross premium</b>	€60–75 / month from current Irish provider panel.
<b>Annual gross premium</b>	Mid-point €67.50 × 12 = €810.
<b>Age-banded cap (25% × €85,000)</b>	€21,250 — premium well within cap.
<b>Income tax relief at 40%</b>	€810 × 40% = €324 / year.
<b>USC relief</b>	€0 (not available on s.785 premiums).
<b>PRSI relief</b>	€0 (not available on s.785 premiums).
<b>Net annual cost</b>	€810 – €324 = €486 (~€40.50 / month).
<b>Equivalent ordinary term cost</b>	€810 / year — no relief; net is the gross figure.
<b>Saving over ordinary term</b>	€324 / year, recovered annually through self-assessment.

**EXAMPLE B — STANDARD RATE TAXPAYER**
**Mary Walsh, sole-trader florist, South Dublin**

<b>Profile</b>	Age 38, non-smoker; Form 11 self-assessed; NRE €38,000 (entirely standard rate).
<b>Cover</b>	€250,000 level term, 25-year term to age 63.
<b>Indicative gross premium</b>	€18–24 / month.
<b>Annual gross premium</b>	Mid-point €21 × 12 = €252.
<b>Age-banded cap (20% × €38,000)</b>	€7,600 — premium well within cap.
<b>Income tax relief at 20%</b>	€252 × 20% = €50.40 / year.
<b>Net annual cost</b>	€252 – €50.40 = €201.60 (~€16.80 / month).
<b>Adviser observation</b>	20% relief is real but modest. For sums assured below €300,000 the administrative overhead of claiming may not be worth the saving versus an ordinary term policy arranged in five minutes online. Adviser should test the case.

**EXAMPLE C — HIGH EARNER NEAR RETIREMENT-CAP CEILING****Sarah O'Brien, partner in firm of solicitors, Dublin 2**

<b>Profile</b>	Age 55, non-smoker; partner draw averaging €130,000; already contributing €35,000 / year to her personal pension (RAC).
<b>NRE (capped at €115,000)</b>	€115,000 (s.790A).
<b>Age-banded cap (35% × €115,000)</b>	€40,250.
<b>Already used on retirement contribution</b>	€35,000.
<b>Remaining headroom for PTA premium</b>	€40,250 – €35,000 = €5,250 / year.
<b>Cover</b>	€350,000 level term, 15-year term to age 70 (within 75 ceiling).
<b>Indicative gross premium</b>	€90–115 / month from the current Irish provider panel.
<b>Annual gross premium</b>	€100 × 12 = €1,200 (well within €5,250 headroom).
<b>Income tax relief at 40%</b>	€1,200 × 40% = €480 / year.
<b>Net annual cost</b>	€1,200 – €480 = €720 (~€60 / month).
<b>Planning observation</b>	Sarah's remaining €5,250 of headroom can support a substantially larger PTA premium if cover need warrants. A €5,000 / year PTA premium would deliver €2,000 / year of income tax relief — making PTA an efficient use of the residual cap before it is lost at year-end.

## 8 Death benefit treatment

PTA is a life-cover contract. On death of the life assured during the policy term, the insurer pays the sum assured as a lump sum. The income tax position of that lump sum, and how it interacts with the policyholder's estate and Capital Acquisitions Tax (CAT) exposure, are the questions advisers most often need to answer.

### 8.1 Personal Pension PTA — payment on death

Under s.785, the death benefit is payable as a lump sum to the policyholder's **personal representatives** (the executors of the estate). The proceeds form part of the deceased's estate for distribution under their will or, where there is no will, under the rules of intestacy.

**Income tax treatment:** the lump sum is not subject to income tax in the hands of the personal representatives or the eventual beneficiaries. Life-assurance proceeds received as a result of death are not income.

**CAT treatment:** the proceeds form part of the estate and are subject to CAT in the ordinary way. Beneficiaries take the proceeds against their CAT group threshold (€400,000 child / €40,000 sibling-or-niece-or-nephew / €20,000 stranger as at 2026) and pay CAT at 33% on any excess. A spouse or civil partner takes free of CAT under Group A spousal exemption.

**Practical consequence:** a PTA pay-out to a non-spouse beneficiary will often trigger a CAT bill of its own, on top of any CAT on the rest of the estate. Section 72 cover (see Special Purpose Series No 01) is the right wrapper where CAT exemption on the proceeds is the planning objective; PTA is the right wrapper where income-tax relieved income protection during working life is the objective.

### 8.2 Occupational scheme DIS — payment mechanics

DIS benefits are typically payable into a discretionary trust governed by the occupational scheme rules. Trustees exercise discretion over distribution to nominated beneficiaries (usually the spouse and dependants identified by the deceased on a nomination form). Where the trust is properly drafted, the lump sum is paid outside the estate and does not aggregate with the estate for CAT purposes — a structural advantage of DIS over personal pension PTA where CAT planning is in scope.

### 8.3 Death after retirement — not relevant for PTA

PTA contracts cannot extend past age 75 and pay no benefit at retirement. Death after the policy expiry produces no payment. Any post-retirement protection need must be addressed through ordinary term cover (where insurability allows) or through a Section 72 whole-of-life policy.

## 9 Provider landscape

Five life offices write pension term assurance in Ireland in 2026, all regulated by the **Central Bank of Ireland**. The product feature set is closely similar across the five — the underlying actuarial pricing is identical to ordinary term — but the secondary features (conversion, indexation, guaranteed insurability) differ in detail.

Provider	Product name in the market	Conversion option	Indexation option
Royal London Ireland	Pension Term Assurance	Yes — to ordinary term cover	Yes — 3% benefit / ~4% premium, ceases age 65
Zurich Life Ireland	Pension Guaranteed Term Protection	Yes — guaranteed-insurability conversion	Yes — 3% benefit / ~4% premium, ceases age 65
Irish Life Assurance plc	Pension Life Insurance	Yes — to ordinary term cover	Yes — standard 3% benefit indexation
New Ireland Assurance plc	Personal & Executive Pension Term Assurance	Yes — Life Events Benefit guaranteed-insurability to age 55	Yes — Inflation Protection at 3% benefit
Aviva Life & Pensions Ireland	Personal & Executive Pension Term Assurance	Yes — to ordinary term cover	Yes — standard 3% benefit indexation

### 9.1 Royal London Ireland

The most visibly marketed PTA proposition in the Irish market, sold under the Pension Term Assurance name. Standard features include level term cover; indexation at 3% on benefit with premium uplift roughly 4–4.5% per year; a guaranteed-insurability conversion option; and a 30-day grace period with reinstatement available without medical underwriting within 100 days. Premiums are guaranteed level for the policy term unless indexation is elected. Underwriting is identical to Royal London's ordinary term assurance. Maximum expiry age 75.

## 9.2 Zurich Life Ireland

Zurich writes both a personal and an executive variant under the Pension Guaranteed Term Protection name. Standard features include level cover, optional indexation, and a guaranteed-insurability conversion option allowing increases without medical evidence on specified events (marriage, mortgage, salary increase) up to event-level and aggregate limits — typically €100,000 per event and €200,000 aggregate. Indexation ceases at the policyholder's 65th birthday. The executive variant is structured for proprietary directors and key employees, with the company as premium payer.

## 9.3 Irish Life Assurance plc

The largest life office in Ireland writes the s.785 product as Pension Life Insurance. Standard structural terms: start age 20–70 (reducing to 65 if the applicant is already a member of a company pension plan); term 5–40 years; maximum expiry age 75; single-life only; premiums eligible for income tax relief. A conversion option to ordinary term cover is available, as is standard 3% benefit indexation. Underwriting and feature set follow the standard Irish Life term-assurance structure, with the s.785 wrapper applied at policy approval.

## 9.4 New Ireland Assurance plc

New Ireland writes both a personal and an executive variant. The personal product follows the standard market template; the executive variant is available for company-arranged cover on directors and senior employees. Standard New Ireland term-assurance features carry through to the s.785 contract: terminal-illness benefit included as standard; specified serious illness available as an option; Inflation Protection at 3% on benefit (premium uplift around 4.5%); and a Life Events Benefit providing guaranteed-insurability uplift up to age 55 without medical evidence on specified events. Maximum expiry age 75; underwriting identical to ordinary New Ireland term cover.

## 9.5 Aviva Life & Pensions Ireland

Aviva writes both Personal and Executive Pension Term Assurance as distinct product lines alongside its Flexible Protection and Mortgage Protection ranges. Standard features follow Aviva's ordinary term-assurance structure: level cover guaranteed for the policy term; optional 3% benefit indexation; conversion to ordinary term cover available; and a 30-day grace period. The Business Changes Benefit on Aviva's standard term proposition does not extend automatically to s.785 contracts; case-specific feature confirmation applies. Maximum expiry age 75.

## 9.6 Provider features common across the panel

- **Level term assurance** as standard; sum assured is fixed unless indexation is elected.
- **Single life only** on personal contracts. Executive variants are also single life (individual proprietary director or named employee).
- **No cash value** at any stage. Pure protection.
- **30-day grace period** on premium non-payment, with reinstatement typically without medical inside 100 days.
- **Revenue Retirement Annuity Certificate** issued annually for tax-return purposes.
- **Optional indexation** at 3% on benefit and approximately 4–4.5% on premium, ceasing at the policyholder's 65th birthday on most providers.
- **Optional conversion / guaranteed insurability** permitting transfer to ordinary term cover without further medical evidence on specified life events.
- **Underwriting identical to ordinary term** — no provider underwrites PTA on a different basis from non-pension life cover.
- **1% Government Levy** applied to all premiums.
- **Cannot be assigned** — standard insurer condition for s.785 contracts.

## 10 Indicative pricing

The figures below are **indicative** ranges drawn from [Mylife.ie](http://Mylife.ie) quotation runs across the active Irish provider panel. All quotations are for **level term assurance, non-smoker, monthly direct debit, standard medical rates**, and represent the gross premium before any income tax relief and before the 1% Government Levy unless stated otherwise. Live quotations should be obtained on every case.

### 10.1 Indicative gross monthly premium by age and sum assured

Age	Sum assured	15-year term	20-year term	25-year term
35	€250,000	€15–18	€16–20	€18–22
35	€500,000	€28–35	€31–40	€34–45
35	€750,000	€41–52	€46–60	€51–67
45	€250,000	€34–44	€38–53	€44–62
45	€500,000	€65–85	€75–105	€86–123
45	€750,000	€96–127	€112–157	€129–184
55	€250,000	€95–125	€120–165	n/a (>75)
55	€500,000	€188–248	€238–328	n/a (>75)

Range construction: indicative rates obtained from the [Mylife.ie](http://Mylife.ie) online quotation engine across the active Irish provider panel. "n/a (>75)" indicates a term that would carry the policyholder past the age 75 RAC ceiling and is not available as a PTA. Estimates for illustration only — premiums are guaranteed level only after underwriting and policy issue.

### 10.2 Net cost after relief (40% taxpayer)

Apply the  $(1 - 0.40)$  factor to the gross premium to find the effective net annual cost for a higher-rate taxpayer claiming full relief. The mid-point of each range is used in the table below.

Age / SA / term	Indicative gross / month	Net / month after 40% relief	Net annual cost
35 / €500k / 20 yr	€35.50	€21.30	€255

Age / SA / term	Indicative gross / month	Net / month after 40% relief	Net annual cost
45 / €500k / 20 yr	€90.00	€54.00	€648
45 / €750k / 20 yr	€134.50	€80.70	€968
55 / €500k / 15 yr	€218.00	€130.80	€1,569

Net cost is realised annually through the policyholder's tax return, not at premium billing. Standard-rate (20%) taxpayers should multiply gross by 0.80, not 0.60.

### 10.3 Smoker uplift

PTA pricing carries the same smoker / non-smoker differential as ordinary term — the underwriting is identical. Indicatively: at age 35 a smoker pays roughly 85–90% more than a non-smoker on equivalent cover; at age 45, around 97–100% more; at age 55, 100–120% more. The 40% income-tax relief applies to the gross premium regardless, so the absolute saving is larger for smokers — but the gross premium starting point is considerably higher.

### 10.4 Pricing source attribution

All pricing in this guide is sourced from [Mylife.ie](http://Mylife.ie) quotation runs across the active Irish provider panel. Where comparative figures appear for ordinary term cover, those figures are also drawn from Mylife.ie quotations on the same providers and same dates as the PTA equivalents. Pricing across the Irish online broker market is identical for any given provider–rate combination — the providers publish a single rate table — so the Mylife.ie source is representative of the market rather than specific to this publication.

## 11 PTA vs ordinary term vs Section 72

Three life-assurance products intersect at higher-income Irish protection planning. PTA, ordinary term assurance, and Section 72 cover all pay a lump sum on death — but the legal basis, the relief mechanics, the tax position of the proceeds, and the appropriate use case differ materially.

Feature	Personal Pension PTA (s.785)	Personal ordinary term life	Section 72 life assurance
Legal basis	s.785 TCA 1997	Insurance Acts; common law	s.72 CATCA 2003
Revenue approval	Yes — RAC regime	No	Yes — for CAT exemption
Premium relief	Income tax at marginal rate; no USC/PRSI	None	None
Counts toward pension contribution cap	Yes	No	No
Maximum policy expiry	Age 75 (RAC ceiling)	Typically age 85–90	Whole of life
Joint life construct	No — single life only	Yes	Yes — common
Assignable to lender	No	Yes	No (held on trust for CAT)
Death benefit subject to income tax	No	No	No
Death benefit forms part of estate	Yes — paid to personal representatives	Yes (unless held in trust)	No — used to pay CAT
Death benefit subject to CAT	Yes — at group thresholds and 33%	Yes — at group thresholds and 33%	CAT-exempt where used to pay CAT
Minimum cover requirement	None specified	None specified	8 × annual premium
Active providers (2026)	Royal London, Zurich, Irish Life, New Ireland, Aviva	All five major providers	Royal London, Zurich, Irish Life
Best for	Self-employed; non-pensionable employees with unused cap	Joint cover; mortgage protection; cover beyond 75	Inheritance-tax planning

## 11.1 Key decision rules

### Choose PTA when:

- The client has unused pension contribution headroom — they are not already maximising retirement-fund contributions.
- The client is a 40% income-tax payer who wants to materially reduce the cost of life cover for the pre-retirement period.
- The cover need ends at retirement (e.g. income-replacement protection for a working-life earnings stream).
- Single life cover is acceptable; no assignment to a lender is required.

### Choose ordinary term when:

- Joint life cover is needed (couples' mortgage protection, joint family cover).
- Cover needs to extend beyond age 75.
- The policy must be assignable to a lender (mortgage protection assigned to the bank).
- The client is already maximising pension contributions — there is no headroom for PTA.
- The client is a 20% taxpayer for whom the relief saving is modest relative to the administrative overhead.

### Choose Section 72 when:

- There is a specific Capital Acquisitions Tax liability to fund — typically a sizeable estate passing to children or other non-spouse beneficiaries.
- Whole-of-life cover is needed (the protection requirement does not end at retirement).
- The client wants the death benefit itself to be CAT-exempt (where used to pay the CAT bill).
- Estate-planning is the primary protection driver.

## 11.2 The combined approach

Many higher-net-worth self-employed individuals run PTA and Section 72 in parallel — PTA for income-replacement protection during the working life (with income tax relief), and Section 72 for the inheritance-tax bill on the estate they will eventually leave. The two products serve different objectives and do not compete; they are routinely designed and sold as a complementary pair. Clients in this position should also assess whether a small ordinary-term policy is needed to cover joint-life mortgage protection or any cover that needs to extend past age 75.

## 12 Trade-offs and pitfalls

Eight failure modes account for the great majority of PTA cases that produce a tax outcome the policyholder did not expect — or a protection gap when the cover is most needed. Each is preventable; together they make the case for documented advice at inception and an annual review.

### 1. PTA premiums consume retirement contribution headroom

The single most material trade-off. Every euro of PTA premium reduces by one euro the amount available for retirement-fund contributions inside the same age-banded cap. Clients who are not aware of this can inadvertently under-fund retirement. Good practice: size the retirement contribution first against an explicit target, then allocate any residual cap to PTA.

### 2. Loss of relief on a change of employment status

An eligible policyholder who joins a fully pensionable OPS, or who shifts entirely to investment / rental / pension income, loses tax relief on subsequent premiums. The policy itself does not lapse — premiums continue and so does cover — but the value proposition changes materially. An annual review should test continuing eligibility against the prior year's income mix.

### 3. The age 75 ceiling — protection cliff

Cover ends on the policyholder's 75th birthday. Clients whose protection need extends past 75 (parents of disabled children, late-career business owners, holders of large CAT exposures) are using the wrong wrapper if they treat PTA as their primary cover. Section 72 or ordinary term to age 80–90 is the right answer for those needs.

### 4. "Cannot be assigned" — no use as mortgage security

PTA contracts cannot be assigned. They cannot be used as security for a bank loan, placed under a collateral assignment to a lender, or transferred to another owner. Clients who want to use life cover as mortgage security must use ordinary term — not PTA — for that purpose. Many clients miss this until the broker raises it at the mortgage application stage.

### 5. CAT exposure on the death benefit

PTA proceeds form part of the estate and are subject to CAT in the ordinary way at the beneficiary's group threshold. Where CAT exemption on the proceeds is the planning objective, Section 72 cover (where the proceeds are CAT-exempt when used to pay CAT) is the right wrapper — not PTA.

### 6. Single-life only — joint cover is unavailable

Personal s.785 contracts are single life. A couple needing joint life cover for a mortgage or family-protection purpose cannot achieve that with two PTAs in any structurally efficient way. Joint cover means ordinary term, on either life or first-death basis, with no income-tax relief.

### **7. The standard-rate taxpayer's small saving**

At 20% relief, the saving on a modest premium is small in absolute terms — €48 / year on a €240 premium, for example. The administrative overhead of self-assessment claim or Form 12 filing may not be worth the saving. Test the case: for 20%-rate clients with sums assured below ~€300,000, ordinary term arranged in five minutes online may be the better answer.

### **8. Lapses in volatile-income years**

Self-employed clients with variable income may face premium-payment difficulty in a low-earning year. PTA carries no automatic premium waiver, no cash value, and no reinstatement window beyond 100 days without re-underwriting. Build a buffer on premium affordability that allows continued payment in a 30%-down income year — or select Waiver of Premium as an option at inception.

## 13 The Mylife.ie process

Mylife.ie offers a two-stage approach to pension term assurance. Cover can be priced in real time on the Mylife.ie online quotation engine, giving the client an immediate, indicative view of the gross monthly premium across the Irish market. The online quote is followed by a structured conversation with a Mylife adviser — typically by phone or, where it suits the client, in person — to confirm eligibility, optimise the relief calculation, and translate the indicative figure into properly underwritten cover that satisfies the s.785 approval requirements.

### Step 1 — Initial online quotation

The client prices PTA online at mylife.ie. Sum assured, term, life-assured details and any specified-serious-illness add-on are entered; the engine returns indicative gross monthly premiums for the Irish provider panel. This establishes a budget figure and a shortlist of providers before any adviser conversation begins. Mylife.ie also displays the implied net cost after estimated income tax relief at the client's chosen marginal rate.

### Step 2 — Eligibility and NRE confirmation

Mylife adviser conversation. Confirm the client has net relevant earnings from self-employment or non-pensionable employment. Establish the age-banded contribution cap and any retirement contributions already in place. Identify whether the most appropriate wrapper is Personal Pension PTA (s.785), Executive Pension PTA through a company arrangement, or Occupational Scheme DIS via the employer.

### Step 3 — Sizing and cap-allocation conversation

Size the retirement-savings target first against the client's retirement objective, then allocate residual age-banded cap to PTA. Decide single-life cover only or whether ordinary term is needed alongside (e.g. joint mortgage protection, post-75 cover). Confirm policy term against the age 75 ceiling.

### Step 4 — Market quotation

Run quotations across all relevant Irish providers (Royal London Ireland, Zurich Life, Irish Life, New Ireland, Aviva). Quote level term as base case, with and without indexation, with and without conversion option, with and without specified serious illness add-on. Present a comparison of price and features.

**Step 5 — Proposal submission and underwriting**

The selected insurer receives the application form (life assured signs as life insured), the s.785 declaration of eligibility, medical declarations, and any supporting evidence. The insurer conducts standard medical underwriting; financial underwriting is generally lighter for PTA than for keyman or executive cover, since the cover is on the individual's own life with personal-protection purpose.

**Step 6 — Policy issue and Revenue approval**

On acceptance, the policy is issued in the policyholder's name. Revenue approves the contract under s.785 (where not already approved as a standard product variant). Premium is payable by direct debit. The Retirement Annuity Certificate is issued at year-end for the income-tax relief claim.

**Step 7 — In-force review**

Annual review (or on a material change such as a move into pensionable employment, a change in income mix, or approach to the age 75 ceiling) to ensure relief continues to be claimable, the cap allocation between PTA and retirement contributions remains appropriate, and the Retirement Annuity Certificate is correctly applied to the client's tax return.

# Glossary

## Section 785 TCA 1997

The Irish statutory provision under which Revenue approves a life-assurance contract as a pension term assurance — providing death benefits only, premium relief at marginal income tax rate.

## Retirement Annuity Contract (RAC)

A pension contract approved under s.784 TCA between an individual and an insurance company. PTA is structurally a sub-type of RAC providing pure protection.

## Net relevant earnings (NRE)

Earned income from self-employment or non-pensionable employment. Excludes investment, rental, pensionable employment and pension income. The base on which the age-banded contribution cap is computed.

## Age-banded contribution cap

The maximum percentage of NRE that attracts pension relief in any tax year — 15% under 30, rising in steps to 40% at age 60+.

## €115,000 earnings cap

The s.790A absolute ceiling on NRE for relief purposes (since 2011). A 60-year-old on €200k earnings is relieved on  $40\% \times €115,000 = €46,000$  only.

## Marginal rate

The income tax rate (20% standard or 40% higher) at which the next euro of taxable income would be taxed. PTA relief is delivered at this rate.

## Pensionable employment

Employment under which the employee is a member of an OPS providing retirement benefits, or has a PRSA arrangement providing retirement benefits. Salary from such employment is not NRE for PTA purposes.

## Death-in-service (DIS)

A life-cover benefit attached to an Occupational Pension Scheme, approved under s.770 TCA. Employer-funded; premium fully deductible; no BIK; outside the individual's age-banded cap.

## Proprietary director

A director who, with their spouse and minor children, owns more than 5% of voting rights in the company providing the benefit (s.770(1) TCA). Relevant to executive PTA and DIS benefit-level limits.

## Standard Fund Threshold (SFT)

Lifetime cap on tax-relieved pension fund value (€2m since 2014). PTA does not consume SFT during the policy's life and a PTA payout is not a Benefit Crystallisation Event.

## Benefit Crystallisation Event (BCE)

An event triggering measurement of pension benefits against the SFT. Death benefits and PTA payouts are not BCEs (Pensions Manual, Chapter 25).

## Retirement Annuity Certificate

Annual certificate issued by the life office showing premiums paid in the year, used by the policyholder to claim income tax relief through self-assessment or Form 12.

## Indexation (PTA)

Optional rider increasing the sum assured by ~3% per year and the premium by ~4–4.5%. Typically ceases at age 65.

## Conversion option / guaranteed insurability

Optional rider permitting conversion of PTA to ordinary term cover without further medical evidence on specified events or at policy expiry.

## Form 11

Self-assessment income tax return for individuals with self-employment or other non-PAYE income. Where PTA relief is normally claimed.

## Form 12 / myAccount

PAYE income tax return / online filing facility. Where PAYE-employed PTA holders without a net pay arrangement claim relief retrospectively.

## Net pay arrangement

Mechanism under which qualifying premiums are deducted from gross pay before PAYE is computed — relief is delivered at source. Not commonly extended by Irish employers to personal s.785 contracts.

## Capital Acquisitions Tax (CAT)

Irish gift and inheritance tax. PTA proceeds form part of the estate and are taxable to beneficiaries above their group threshold at 33%.

# Sources & further reading

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# About this guide

## ABOUT THIS GUIDE

This guide is prepared by Mylife.ie, the consumer-facing publication of SMP Financial Ltd. It is intended as general information about pension term assurance in Ireland. It does not constitute personal financial, tax or legal advice. Tax thresholds, statutory provisions, Revenue practice and pension contribution limits are subject to change. Any decision to take out, structure, or claim relief in respect of a section 785 contract should be made on the basis of advice from a Qualified Financial Adviser and, for material cases, from a tax adviser experienced in Irish pension planning.

SMP Financial Ltd is regulated by the Central Bank of Ireland. Reference C42382. Donal Milmo-Penny is a Qualified Financial Adviser (QFA) and a Fellow of the Life Insurance Association (FLIA). All references to legislation are to Irish law in force at the date of publication.

## The Special Purpose Series

Five guides make up the Special Purpose Series. This is No 05 — the final guide. The others, listed below, are built to the same standard of technical depth.

01

**Section 72 inheritance-tax insurance**

Guaranteed whole-of-life cover written under Section 72 CATCA 2003 to fund inheritance tax, with the proceeds themselves exempt from CAT.

02

**Keyman insurance**

Funding the financial loss to a business when a key employee or director dies, under Revenue's Anderson Rules.

03

**Co-director insurance**

Buy-and-sell protection for shareholding directors, with cross-option and trust mechanics.

04

**Partnership insurance**

Cross-cover for trading partners, structured to release a liquid sum to surviving partners on a death.

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**Pension term assurance · CURRENT GUIDE**

This guide. Tax-relievable life cover written through the Irish pension regime under section 785 TCA 1997 — eligibility, mechanics and trade-offs.

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