ROYAL LONDON IRELAND

Press Release

Considering between a PRSA or a personal pension plan?

I'm a self-employed freelancer and I need to set up my own pension. What do I need to consider when deciding between a Personal Retirement Savings Account (PRSA) or personal pension plan?

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

The two main types of personal pensions are PRSAs and personal pension plans (also called retirement annuity contracts).

If you don't already have a pension set up, a PRSA could be the more straightforward and easy-to-understand option – specifically, a Standard PRSA. When choosing a PRSA, you will need to decide between a Standard PRSA and a non-Standard PRSA.

With a Standard PRSA, your fees are capped so you can't be charged more than a 1% annual fund management charge (the cost of your pension fund's management). Also, the contribution charge (charged every time you make a contribution to your pension) cannot be higher than 5%. With personal pension plans and non-Standard PRSAs, the charges can be higher or lower than a Standard PRSA – however, you usually have a greater choice of investment funds to put your money into.

You can find a full register of PRSA products and providers on The Pension Authority's website.

If you want to explore a personal pension plan rather than a PRSA, most life assurance companies offer personal pension plans with different charges and investment strategies that you'll need to understand. If you are comparing plans, check how your contributions will be invested and what risk there is for that type of investment.

Pensions are a complex area, so don't be afraid to seek financial advice before choosing a pension product. Bear in mind too that you will usually need to go through a Financial Broker when opening a PRSA or personal pension plan as it is often not possible to do so with a life assurance company directly.

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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 €166 billion, 8.7 million policies in force and 4,200 employees. Figures quoted are as at 31 December 2022.

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

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