

# VMware pension transition

## Frequently Asked Questions & Jargon Buster

Version 3, 10 November 2022

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# Your questions, answered

## The transition

### What is going to happen?

- Your existing pension plan will be replaced by a new plan.
- The VMware International Retirement and Death Benefits Plan (the 'Existing Plan') administered by AON will be replaced by the VMware Ireland Master Trust Pension Plan (the 'New Plan'), which is a part of The Mercer DC Master Trust and is administered by Mercer.
- With effect from **1 November 2022**, all pension contributions will be invested in the VMware Ireland Master Trust Pension Plan.
- Your existing pension savings will be automatically transitioned across to the New Plan in **Q1 2023**. The trustees will be in touch about this in due course.
- The Existing Plan will then be wound up.
- The transition is expected to be fully completed by **February 2023**.
- A new online member portal, Mercer OneView, will be available (expected from February 2023).
- All employee contribution and Additional Voluntary Contribution (AVC) elections will remain in place. You do not need to re-select your contribution rates unless you wish to make a change.
- Your contributions and accumulated assets will be invested in the New Plan's default investment option: the Aspire Retirement Strategy (ARF).
- If you do not wish to remain invested in the Aspire Retirement Strategy (ARF) after the transition, you will be able pick alternative investment options for your pension savings on Mercer OneView when it launches.
- Unless you wish to invest in one of the alternative options, you do not need to take any action: the transition will be managed on your behalf.

### Why are these changes taking place?

New pensions [regulations](#) announced in April 2021, driven by the EU, have substantially increased the governance requirements and ongoing costs of operating an occupational pension plan into the future.

In light of this regulatory change, over the last 12 months, VMware has carried out an extensive review of pension options available in the market. The objectives were to ensure that the plan delivers the best possible retirement outcomes for members and is managed efficiently over the long term. As a result, with effect from 1 November 2022, VMware will participate in a new pension plan under the Mercer DC Master Trust to be known as the VMware Ireland Master Trust Pension Plan.

### Why is this change happening now?

In order to be compliant with Regulatory change, VMware needs to make this change before the end of 2022. This avoids the need to implement onerous new requirements in relation to our Existing Plan.

### Could the plan be transitioned again after the Broadcom acquisition?

VMware has no plans to make any further changes to pension plan provision in the foreseeable future, or expectation that this is likely to happen. However, it is always possible that pension provision may change at a future date.

### Where can I get more information on these Regulations?

The full text of the new Regulations can be accessed by clicking here: [regulations](#)

### What sources of information are available about the transition?

**Webinars** will be held on 24 October and 1 November, explaining the transition, how the New Plan works and detailing your investment options. Keep an eye out for your invitation.

A **Transition Flyer** summarising the details of the transition and the timeline of when things will happen.

A new plan **Website**, Mercer OneView, will launch once the transition is complete (expected February 2023). Access credentials will be issued to your home address.

A new **Booklet & Investment Options Guide** describing how your Plan works and detailing your investment options will be available.

**Fund Factsheets** giving you the latest information about each of the investment options available through the Plan will be available on Mercer OneView when it is launched.

### Where can I go if I have more questions about the transition to the New Plan?

Mercer will issue a range of communications to explain the transition and the New Plan.

We highly recommend that you attend one of the planned webinars. A Qualified Financial Advisor from Mercer will host the presentation and will be available to answer your questions. A recording will be available if you are unable to attend one of the live sessions.

You can also contact Mercer's JustASK member helpline:

**Submit a query online:** [bit.ly/ContactJustASK](https://bit.ly/ContactJustASK)

**Email:** [JustASK@mercer.com](mailto:JustASK@mercer.com)

**Call:** +353 (0)1 4118505

If appropriate, JustASK will direct your query to a Qualified Financial Advisor.

You can find out more about the JustASK member helpline at this microsite:

<https://linktr.ee/JustASKMercer>

### What will happen next?

There are a number of legal requirements under the Pensions Act to transition the existing VMware pension plan with AON to the Mercer DC Master Trust. The trustees will be required to wind up (i.e. close) the Existing Plan. The Trustees have agreed an effective date of the wind up of 31 October 2022. The trustees of the Existing Plan will manage these requirements with AON.

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All membership records and accumulated assets of the Existing Plan will transfer from AON to the Mercer DC Master Trust between 1 November 2022 and February 2023. To facilitate the transition, your current online access with AON will need to close for a period of time over the coming months and you will be advised of those dates in advance when they are confirmed.

In the meantime, should you have any questions about the Existing Plan please contact AON who will be able to assist.

### What if I do not want to participate in the plan?

Employees will have the option to pause contributions, but cannot opt out of the Plan unless they are at retirement age, opt for early retirement or choose to transfer their benefits on leaving VMware.

## Managing the transition

### Can I opt out of this transfer?

No, it is not possible to opt out of the transfer, as the Existing Plan will be terminated.

### When will we get access to the new member website, Mercer OneView?

Log on credentials for the new website will be posted to your home address. This is expected to be in February 2023.

If you have moved address recently, please ensure your address is up to date in Workday.

### Why does the transition take so long?

Ensuring the transfer of your pension savings is completed safely and accurately is important to everyone: VMware, Mercer and AON. It is a major operation with a lot of moving parts (funds need to be disinvested and reinvested, records need to be transferred and verified etc.). Both Mercer and AON have a lot of experience in managing these kinds of transfers and the due diligence involved, and this kind of timeframe is typical for projects like this.

### I just started work with VMware. Do I have to wait until the transition is complete to setup my pension?

No. You can apply for membership in the usual way.

### Will each member get a reconciliation of the fund transfer from AON to Mercer?

You will receive a statement from Mercer, a Statement of Reasonable Projection, that will confirm the transfer amount received from AON.

## Investment

### What will happen to how my retirement savings are invested?

Your savings will be invested in the New Plan's default investment strategy: the Aspire Retirement Strategy (ARF). If you wish to make an alternative investment selection, you will be able to do this on your new online portal, Mercer OneView. Mercer OneView is expected to be available from February 2023.

We would encourage you to keep your investment under ongoing review. This is a good opportunity to consider the options available and which best suits you.

### What investment options will be available under the new plan?

By default, your pension savings will initially be invested in the Aspire Retirement Strategy (ARF).

A range of alternative investment options will be available for you to choose when the new online portal, Mercer OneView, is launched (expected February 2023). More information on the fund range will be available on Mercer OneView also.

To make it easy for you to select an investment strategy that suits your objectives and experience in selecting investments, the New Plan's investment options are grouped in three investment strategies:

Do It For Me (DIFM):	Help Me Do It (HMDI):	Leave Me To It (LMTI):
<p><b>Who's it for?</b></p> <p>This approach is for people who are comfortable using an automated approach that follows investment best practices. It can manage investment for you based on the time you have left to retirement, and a specific package of benefits at retirement.</p>	<p><b>Who's it for?</b></p> <p>This approach is for people who want to choose a single well diversified portfolio that suits their level of comfort with risk and the level of growth they want to aim for.</p>	<p><b>Who's it for?</b></p> <p>This approach is for knowledgeable investors who feel comfortable mixing and matching between different investment options.</p>
<p><b>What do you do?</b></p> <p>Choose one of the Do It For Me options available in your plan, each of which targets a different package of retirement benefits.</p>	<p><b>What do you do?</b></p> <p>Pick one portfolio that you feel best reflects your investment aims and level of comfort with investment risk.</p>	<p><b>What do you do?</b></p> <p>Pick your own mix of investment funds from the full list available, mixing and matching proportions of your choice.</p>

For more information on how each of the investment strategies works, see the [Mercer Guide To Investing Your Pension Savings](#).

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The full range of investment options that will be available in the New Plan is:

APPROACH	INVESTMENT OPTION NAME	FUNCTION	AMC*	Long-Term Expected Risk / Reward						
DIFM	Aspire Retirement Strategy (ARF) <b>Default</b>	Lifestyled	Varies <sup>1</sup>	Varies						
DIFM	Aspire Retirement Strategy (Annuity)	Lifestyled	Varies <sup>2</sup>	Varies						
DIFM	Aspire Retirement Strategy (Cash)	Lifestyled	Varies <sup>3</sup>	Varies						
HMDI LMTI	Aspire High Growth Portfolio	Growth	0.28%	1	2	3	4	5	6	7
HMDI LMTI	Aspire Moderate Growth Portfolio	Growth	0.28%	1	2	3	4	5	6	7
HMDI LMTI	Aspire Cautious Growth Portfolio	Growth	0.28%	1	2	3	4	5	6	7
HMDI LMTI	Aspire Low Growth Portfolio	Growth	0.29%	1	2	3	4	5	6	7
HMDI LMTI	Aspire Stability Portfolio	Conservative	0.28%	1	2	3	4	5	6	7
HMDI LMTI	Aspire Cash Portfolio	Conservative	0.11%	1	2	3	4	5	6	7
LMTI	Passive Global Equity Partial Hedge	Specialist	0.12%	1	2	3	4	5	6	7
LMTI	Passive Sustainable Global Equity	Specialist	0.12%	1	2	3	4	5	6	7
LMTI	Annuity Matching Fund	Specialist	0.11%	1	2	3	4	5	6	7
LMTI	Passive Corporate Bond Fund	Specialist	0.10%	1	2	3	4	5	6	7

- 1 The Aspire Retirement Strategy (ARF) has an Annual Management Charge (AMC) of 0.28% during the Growth Phase. During the Conservative Phase, the AMC gradually shifts, reflecting the changes in underlying investments, reaching 0.24% at your Target Retirement Date.
- 2 The Aspire Retirement Strategy (Annuity) has an Annual Management Charge (AMC) of 0.28% during the Growth Phase. During the Conservative Phase, the AMC gradually shifts, reflecting the changes in underlying investments, reaching 0.11% at your Target Retirement Date.
- 3 The Aspire Retirement Strategy (Cash) has an Annual Management Charge (AMC) of 0.28% during the Growth Phase. During the Conservative Phase, the AMC gradually shifts, reflecting the changes in underlying investments, reaching 0.11% at your Target Retirement Date.

### What is the New Plan's default investment option?

The default investment option for the New Plan is the Aspire Retirement Strategy (ARF).

The New Plan's default investment option is part of the Do It For Me investment approach. Do It For Me is an automated investment approach that follows investment best practices. It manages risk based on the time you have left to retirement.

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You can find out more about Mercer's Do It For Me investment solution by watching the "Do It For Me: the easy way to invest your pension savings" video at this microsite:

<https://linktr.ee/AspireInvestments>

### Will the new investment options invest in an environmentally sustainable way?

Environment sustainability and broader Environmental, Social and Governance considerations are taken into account in the construction of the range of funds you can invest in the New Plan.

The New Plan also includes an investment fund option with a specific focus on environmental sustainability: the Passive Sustainable Global Equity Fund.

There is more information about Mercer's approach to investing your pension savings, including their sustainable investing activities, at this microsite: <https://linktr.ee/AspireInvestments>

### Does VMWare cover the fees applied to the new investment options?

No. There is no change here: members covered the annual management charges in the Existing Plan, and will continue to do so in the New Plan.

### Will the new investment options have the same fees?

No. The investment manager fees for the investment options in the New Plan will mostly be lower than those in the Existing Plan.

The table below shows the Annual Management Charges of each of the funds in the Existing and New Plans, and compares them with the nearest comparable fund in the New Plan.

CURRENT INVESTMENT OPTION	ANNUAL CHARGE		REPLACEMENT / NEW INVESTMENT OPTION	ANNUAL CHARGE	
			<b>NEW Option</b>	Aspire High Growth Portfolio	0.28%
AON Growth Fund	0.22%	▶	Aspire Moderate Growth Portfolio	0.28%	
AON Diversified Growth Fund	0.71%				
AON Cautious Growth Fund	0.59%	▶	Aspire Cautious Growth Portfolio	0.28%	
			<b>NEW Option</b>	Aspire Low Growth Portfolio	0.29%
			<b>NEW Option</b>	Aspire Stability Growth Portfolio	0.28%
AON Cash Fund	0.19%	▶	Aspire Cash Portfolio	0.11%	
			<b>NEW Option</b>	Passive Global Equity Partial Hedge	0.12%
			<b>NEW Option</b>	Passive Sustainable Global Equity	0.12%
			<b>NEW Option</b>	Passive Corporate Bond Fund	0.10%
Target Pre-Retirement Bond	0.18%	▶	Annuity Matching Fund	0.11%	

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There are three lifestyle strategies available and the fee varies depending on which of the constituent funds you are invested in.

### **How have the funds in the New Plan performed historically?**

You will be able to see historic fund performance information for the New Plan's investment options information when you get access to the new member website, Mercer OneView.

For a snapshot of how Mercer's investment options have performed you may wish to check out the webinar "How did your pension savings grow in 2021?" or the infographic "Invest for a brighter future" available at this microsite: <https://linktr.ee/AspireInvestments>

### **Are the investment options in the New Plan actively or passively managed?**

A mixture of both active and passive funds are used.

### **Will I be able to change my investment arrangements during the transition?**

No. In order to the process of transition between the two plans, no changes can be made to your investment selections during the transition. The exact dates of the closure will be confirmed to you in the coming weeks.

### **How many investment changes can I make per year?**

Once the transition is complete, you can make investment switches whenever you like.

### **Will I be charged if I make an investment change?**

No.

### **How are you managing the transfer of funds to limit losses?**

A specialist team within Mercer will coordinate the transfer of assets to the New Plan in a manner that will make the transfer as efficient as possible.

### **As the markets are now down and the existing AON funds have bought into investment markets at a low level over the last 6-12 months, if we transfer now, how is that loss protected during this transfer?**

Your accumulated pension savings may have experienced investment losses in recent months in light of investment market conditions. This will have reduced the valuation of your savings, but it will also have allowed you buy units in the investment funds at a reduced price. If current market condition persist through the transition period, your pension saving will purchase units in the New Plan at a correspondingly reduced price.

## Paying into the plan

Will the amount of money that VMware pays into my pension change?

No. VMware will not be changing contribution rates as a part of the transition to the New Plan.

Will the amount of money that I have to pay into my pension change?

No. Your contribution rates will not change as a part of the transition to the New Plan.

Your employee contribution and Additional Voluntary Contribution (AVC) elections will remain in place. You do not need to re-select your contribution rates unless you wish to make a change.

If you want to make a lump sum AVC for Tax Year 2021 (deadline Nov 16<sup>th</sup> 2022 if submitting tax return online), should I make it to the existing AON plan or lodge it direct to Mercer?

You can make your Lump Sum AVC to the Existing Plan with AON.

## Plan benefits

Will the ways I can use my pension savings at retirement change?

No. You will have access to the same benefits options when you retire under the New Plan.

Will the payments available if I die before retirement change?

No. The level of your death in service benefits available will not be affected by the transition to the New Plan.

Will I be able to retire early in the New Plan?

The rules around early retirement will not change in the New Plan. You must be a minimum of age 50 and you must finish employment with VMware in order to retire early from the pension plan.

## New structure and provider

What is a Master Trust?

A Master Trust is a single legal trust in which a number of employers participate, each with their own individual pension plan section within the trust.

Efficiencies are achieved in that the pension plan governance and compliance responsibilities will rest solely with the trustee of the Master Trust. The Master Trust's trustee is responsible for all legal compliance and reporting requirements.

Following the transfer to the Mercer DC Master Trust Plan, the role of the current VMware pension plan Trustees will be replaced by the Mercer DC Master Trust Plan's trustees. We would like to take this opportunity to acknowledge and thank the Trustees for the significant work have done on behalf of pension plan members over many years.

### How was the new pension structure and provider selected?

Given this upcoming change in legislation, VMware decided to carry out a review to assess the optimal approach to pension provision in light of the changing legislative landscape.

Following a detailed review, it was decided that moving to a master trust pension plan would better meet the needs of both our colleagues participating in the plan and VMware. We ran a competitive tender process amongst multiple master trust providers earlier this year. The tender panel included representatives from VMware's team of benefits experts and the Trustees of the existing plan. The tender panel selected Mercer's master trust pension plan on the basis that it was felt it would best meet the multitude of needs of members and VMware.

### Who are Mercer and what do they offer?

Mercer has the longest-serving Master Trust in the Irish market, operating since 2006, and this experience is reflected in an established track record and robust governance structure. The Mercer DC Master Trust was named Irish Pension Plan of the Year at the Irish Pension Awards 2021 and Mercer was named Pensions Consultancy of the Year at the Irish Pension Awards 2020.

Their quality investment solution with global investment purchasing power and global research capabilities has a proven track record of outperforming benchmarks available in the marketplace. Further, the range and quality of global investment managers and funds ensure:

- Access to best-in-class global asset managers to deliver better return outcomes
- Strong diversification and sophistication within the investment option range
- Access to high-quality funds at extremely competitive charges

Mercer also offers an enhanced member experience through the quality of their member engagement support that will help you during your entire retirement planning journey, including one-to-one support in the years leading up to your retirement. The Mercer DC Master Trust provides a communications approach that recognises the differing planning needs and media preferences of the members, so you can be confident that you will have access to information about the plan in a way that suits you.

### Will there be monthly pension meetings with Mercer (like there were with AON)?

For one-to-one employee support, Mercer has a dedicated team of Qualified Financial Advisors available every day during working hours to answer members' queries. Employees (or deferred members) can contact the team by [email](#) at any time to organise a call.

### Who will be responsible for the Governance of the Plan?

A professional trustee company (Mercer Master Trust No. 1 Designated Activity Company) is responsible for the governance and compliance aspects of the plan. The directors that company have extensive experience in the pension industry.

### What are the benefits of a Master Trust arrangement?

A Master Trust arrangement will mean best in class future management of the VMware Ireland Master Trust Pension Plan.

A better experience for you:

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- Professional pension plan trustees who are well equipped to deal with increasing regulations and apply best practices in all aspects of the running of a pension plan.
- Implementation of best-in-class investment options with a strong performing range of investment funds, aiming to deliver better outcomes on retirement.
- Sophisticated investment strategies that are explained in easily understood options for our members.
- Incorporating 'white labelling', which means underperforming investment managers can be more quickly removed or replaced reducing the impact on members.
- Broader range of members supports
- A member-centric approach to communications that helps you to take action to prepare for your retirement.

....and for VMware:

- Governance and compliance are transferred to become the sole responsibility of the Master Trust's Trustee. Note that VMware continues to retain full control over the pension plan design, such as contribution rates and death benefits.
- Support to VMware to provide greater insight and focus on positive member engagement and outcomes.

## Transferring benefits from previous employers

Is it possible to merge a deferred pension from a previous employer into the Mercer Master Trust?

Yes, you can transfer pension benefits from Irish employers. You should contact the administrator of your deferred pension plan for a Leaving Option Statement which should include a form to manage the transition. You may wish to seek financial advice before making any such decision.

I have a deferred pension from a previous employer administered by Mercer. Can I keep my transferred fund separate, or do they have to be merged?

You can keep these separate if you wish.

Do Mercer provide Approved Retirement Funds at retirement?

Yes. Mercer's team of Qualified Financial Advisers can advise on, and organise, Approved Retirement Funds at retirement.

Can I transfer benefits from a plan in the UK in the New Plan?

No. the New Plan is not QROPS (Qualifying Revenue Overseas Pension Scheme) approved.

## General Pension Queries – from Webinar

How is the limit on the lump sum calculated on early retirement?

The New Plan will allow you to take a lump sum up to the maximum permitted by the Revenue Commissioners. The actual amount available depends on a complex set of criteria including what

form you intend to draw the remainder of your benefits in, the size of your fund, what other pensions you have, what your remuneration and service history is etc. Details will be set out in your member booklet.

### Can you outline tax implications of retiring early?

The tax implications will not differ compared to retiring at normal retirement age, except that in some cases the scope to take a tax free retirement lump sum is reduced.

### Where AVC contributions are limited by age, for example 25%, does that include normal contributions that you pay to your pension or is it separate?

Yes, it includes your normal contributions, but VMware contributions DO NOT count against these limits.

### When we change jobs, does our pension from previous employments get merged automatically into our current employer's pension plan?

Separate pensions are not merged automatically. You have to contact the pension provider and arrange for the transfer of your pension plan if you wish. You may wish to take financial advice before making any such transfer.

### Is it possible to take a percentage of an annual bonus and use it to make a lump sum AVC? How do you set the percentage?

Yes, you can make a lump sum AVC payment, and benefit from tax relief up to the age-related Revenue limits. These limits will be outlined in full in your member booklet.

### If I relocate permanently to another country in Europe, can I continue to contribute to the pension? If not, how would it work in that case?

If you leave VMware Ireland and permanently relocate to another country you will not be able to continue contributing to the New Plan.

If you leave VMware Ireland before retirement you will have several options on what to do with your pension benefits at that point in time. Transferring pension benefits to another Irish employer's pension plan is normally straightforward. Whether or not you can transfer to a pension plan in another country varies depending on both the country and type of pension plan you want to transfer to.

You will have the option to leave the pension benefits you are entitled to in the New Plan and draw that from Ireland regardless of where you eventually retire.

You can find more about retiring abroad at this [microsite](#).

### Is the New Plan approved by the Revenue Commissioners?

Yes.

### Is the New Plan willing to accept transfers?

The New Plan is willing to accept transfers. You may wish to take financial advice before making any such transfer.

### How do we go about setting up an AVC? Is there a lot of work in it?

It's easy to set up Additional Voluntary Contributions on MyLife.

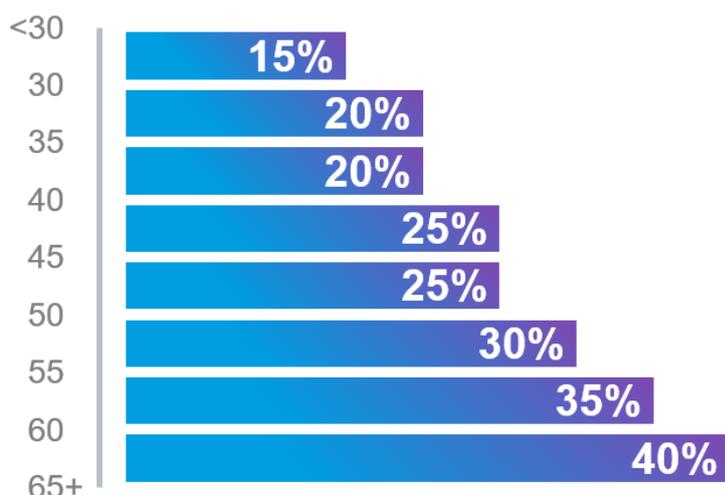
### How is tax relief on AVCs granted?

Income tax relief on regular AVCs is applied at source. The same applies to any lump sum AVCs made through payroll.

For lump sum AVCs that are not granted tax relief at source, you can reclaim tax relief before the relevant tax deadline.

### Is there a method for submitting 40% of my income pre-tax to the New Plan?

There are age related limits on the percentage of your salary (up to a maximum of €115,000) you can contribute free of income tax each year, as outlined below.



For example, at age 42 you can contribute 25% of your salary. To contribute 40% of your salary free of income tax, you would need to reach age 60 or older in the applicable tax year.

### Are ARFs limited to the same options available pre-retirement or is the selection wider / narrower?

You have the option to invest in any ARF product at retirement, meaning you have a wider choice of investment options.

### What's the current age for retirement & getting a lump sum?

Normal Retirement Age is age 70. You will then have access to all retirement benefits, including the lump sum option.

You can retire early from age 50 as long as you are no longer employed by VMware.



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### Default investment option

The Trustees have selected the investment option which, following an assessment of plan members' needs and advice from their investment consultants, they have identified as the most appropriate investment option for the majority of plan members. It is the Aspire Retirement Strategy (ARF), which is one of the automated, Do It For Me, investment solutions.

Your pension savings will be initially invested in the default investment option, and will remain there unless you choose a different arrangement.

### Do It For Me

Do It For Me is an automated investment approach that follows investment best practices. It manages risk based on the time you have left to retirement, and aims to maximise the value of a specific package of retirement benefits.

The New Plan's default investment option is part of the Do It For Me investment approach.

You can find out more about Mercer's Do It For Me investment solution by watching the "Do It For Me: the easy way to invest your pension savings" video at this microsite:

<https://linktr.ee/AspireInvestments>

### Existing Plan

VMware International Retirement & Death Benefits Plan is the pension plan that has been used to provide VMware colleagues' retirement benefits to date. The Existing Plan will close and all pension savings will transfer to the New Plan.

### Investment option

This phrase is used to describe the full range of ways that you can invest your pension savings in the New Plan, including specialist funds, risk rated portfolios and automated Do It For Me options.

### **Master Trust**

A Master Trust is a single legal trust in which a number of employers participate, each with their own individual pension plan section within the trust. Each participating company retains control over plan design while delegating trusteeship to professional trustees.

Efficiencies are achieved in that the pension plan governance and compliance responsibilities will rest solely with the trustee of the Master Trust.

There has been a very strong trend towards master trusts in recent times. The Pension Authority has indicated that it expects closure and consolidation of most Irish defined contribution pension plans.

### **New Plan**

VMware Ireland Master Trust Pension Plan is the new pension plan that your pension savings are moving to. It is a part of The Mercer DC Master Trust pension arrangement, administered by Mercer.