The Hierarchy of Financial Needs

PROTECTION & PROSPERITY
FINANCIAL SERVICES



FAMILY ADVISORY BRIEF

A framework for Irish families — walked in the order experience teaches it must be walked.

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Foundation Before Aspiration

A financial plan is not a collection of products. It is a sequence of decisions, made in the correct order.



Principal & Founder

Barry Oliver
LIB QFA EFA

"We would welcome the opportunity to walk the architecture of your own plan against the framework set out here."

Across decades of advising Irish families, we have observed that the most consequential financial errors are almost never errors of analysis. They are errors of sequence. A pension built before adequate income protection. An investment portfolio constructed before debt is brought under discipline. A legacy plan drafted before retirement income has been resolved.

We frame the right order as a hierarchy: seven tiers, each resting upon the one below, each earning the right to the one above. We group them into three stacks — a foundation that secures the base, a growth stack that builds and then draws upon wealth over time, and a final tier concerned with passing on what has been built. The hierarchy is not theoretical. It is the structure within which every PPFS engagement is conducted, and the framework against which every recommendation we make is tested.

This brief sets out the seven tiers as we understand them — the human reality of each, the products that sit within each, and the questions worth sitting with as you consider where your own plan stands today.

TIER 01

Liquidity

Cashflow and emergency fund

Budget & Cashflow Planning
Emergency Fund • Debt Management
Demand Deposits • Working Capital
Reserves • Household Cashflow

TIER 02

Protection

Insuring income, life and health

Mortgage Protection • Term Assurance
Whole of Life • Income Protection
Specified Illness Cover
Private Medical Insurance

TIER 03

Debt

Prioritising and clearing what you owe

Mortgage Review • Mortgage Analysis
Debt Prioritisation • Debt Clearing
Debt Management (MARP)

TIER 04

Short-Term Provision

Saving for nearer-term goals

Regular Savings Plans • Investment Bonds
State Savings • Bare Trust Structures

TIER 05

Long-Term Provision

Pensions accumulation and long-horizon assets

PRSAs • Personal Pensions • Retail Master Trust • My Future Fund • PRBs • AVCs
Unit-linked Funds • Managed Funds
Investment Property • Pension Tracing
Suitability Assessment

TIER 06

Retirement, Investment & Wealth Diversification

Drawing down and managing capital

Pension Drawdown • Phased Retirement
De-risking Strategies • ARF / Vested PRSA
Distribution Management • Annuity Income
Investment Bonds • Equities • Government & Corporate Bonds • Structured Products

TIER 07

Legacy & Succession

Passing on wealth and intentions

Wills & Succession • Inheritance Tax (CAT)
Bare & Discretionary Trusts • Charitable Bequests • Section 72 Life Assurance
Section 73 investments • Small Gift Allowance • ARF Inheritance



01

Liquidity

The ground beneath the plan.

"Cash flow is rarely what clients come to us to discuss. It is, without exception, where we begin."

Principal & Senior
Financial Consultant

Paddy Keenan
MSc QFA

Before any policy is purchased, any pension established, or any investment selected, a household must understand the geometry of its own income and expenditure.

Liquidity is not a product. It is the cash architecture — mapped through honest budgeting and cashflow planning — that determines whether every other tier above it can function as intended.

A practical working reserve — three to six months of household expenditure, held in instant-access deposit — is the precondition of every higher tier. Its purpose is not investment return. Its purpose is that the plan above it does not have to be dismantled when the unexpected arrives. Day-to-day debt servicing is mapped here too, as part of the household cashflow, before the structural work of Tier Three begins.

Demand deposit accounts, with Deposit Guarantee Scheme protection up to €100,000 per institution, are the most appropriate home for this reserve. For business owners, the same discipline applies to working capital held against the rhythm of the trading year.

We understand that this conversation is often regarded as the least sophisticated stage of a financial review. It is, in our experience, the one on which the most disciplined wealth is built — and the one on which the absence of discipline most consistently undermines everything that follows.

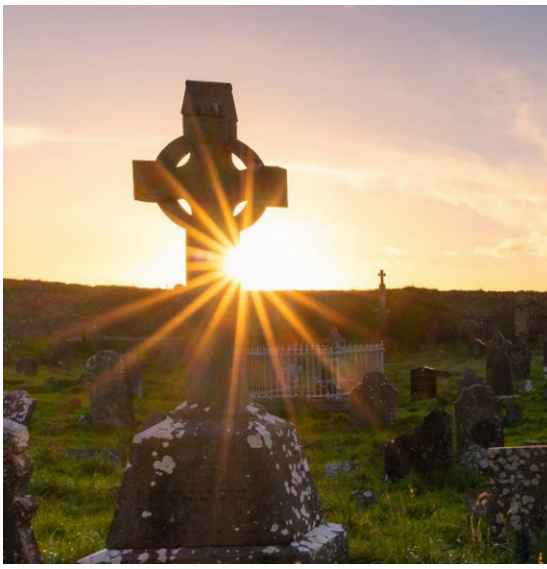
QUESTIONS WORTH SITTING WITH

- Could your household meet six months of fixed expenditure without disturbing any long-term plan?
- If your primary income were interrupted tomorrow, what would change first?
- Where is your working reserve held - and has it been reviewed against the Deposit Guarantee Scheme limits?

02

Protection

The promise the plan will survive the unexpected.



Above the reserve sits the second tier: protection. The events that most damage a household's finances; illness, injury and premature death, are risks against which investment offers no defence. Protection safeguards the income a family depends on, the home it lives in, and the people who rely on both.

The products serve distinct purposes:

- **Mortgage Protection**
  Clears the outstanding loan on death, lifting that burden from those already carrying personal loss.
- **Term Assurance & Whole of Life**
  Replace the income or capital a family had planned around — the first for a defined period of need, the second for a liability certain to arise.
- **Income Protection**
  Provides replacement income — typically up to 75% of pre-disability earnings, with premiums attracting marginal-rate tax relief — when illness or injury prevents work.
- **Specified Illness Cover**
  Pays a tax-free lump sum on diagnosis of a defined condition.
- **Private Medical Insurance**
  Underpins the speed of access to treatment when it matters.

Under Irish law, the holder of a principal-dwelling mortgage is statutorily required to maintain Mortgage Protection except in defined circumstances. That requirement is the floor, not the ceiling.

"The most common protection failure is not the absence of cover. It is the absence of cover that still fits."

Principal & Founder

Barry Oliver
LIB QFA EFA

QUESTIONS WORTH SITTING WITH

- When was your mortgage protection sum assured last set - and against what version of your life?
- If you were unable to work for twelve months, how long would your savings sustain the household?
- Does your specified illness cover reflect the financial reality of a serious diagnosis today, not the one assumed at policy inception?

WARNING

The cover provided is subject to the terms, conditions, exclusions, and definitions of the policy contract issued by the underwriting insurer.



03

Debt

Clearing the path before the journey begins.

"Investment discipline that does not begin with debt discipline is, in our experience, rarely sustained."

Principal & Senior Financial Consultant

Paddy Keenan
MSc QFA

Debt is not, in itself, a financial failing. Sustained discipline around it, however, is a precondition of every tier above it. A household carrying high-cost credit while contributing to an investment plan has, in arithmetic terms, accepted a guaranteed cost in pursuit of an uncertain return. The order is wrong.

We distinguish carefully between structurally productive debt — a mortgage at a competitive rate against an appreciating residence — and consumption debt at rates that consistently outpace any reasonable post-tax investment return. The first is to be managed through periodic mortgage review and market analysis. The second is to be prioritised, cleared, and kept clear, as a precondition of building higher.

For households in mortgage difficulty, the framework is more structured. The Mortgage Arrears Resolution Process, now governed by the revised Consumer Protection Code, is one in which a qualified adviser plays a central role. In our experience, that is a conversation always better had earlier than later.

QUESTIONS WORTH SITTING WITH

- Is any debt in your household priced higher than the long-term return you expect from your investments?
- When was the last full review of your mortgage rate against the current market?
- If you have moved provider on energy or insurance in the past three years, have you done the same on the larger of the recurring household costs - your mortgage?

04

Short-Term Provision

Capital assembled for the goals you can see.



Once liquidity is established, protection is in place, and debt is under discipline, the question of what to do with discretionary capital begins to admit useful answers. The first concerns capital intended for goals on a known horizon: a deposit, an education, a wedding, a planned change in circumstance within the next three to four years.

The Irish tax architecture defines the realistic options:

- **Regular Savings Plans** Within the gross roll-up regime, deploy capital systematically across market cycles.
- **Single-premium Investment Bonds** Taxed at the prevailing rate of Irish exit tax (38% at the date of this edition, reduced from 41%) on an eight-year deemed disposal basis, suit medium-horizon lump sums.
- **State Savings Products** Prize Bonds, Savings Certificates and Savings Bonds — Government-issued products offering State-backed certainty with tax-free returns.
- **Bare Trust Structures** paired with the annual €3,000 small gift exemption, transfer capital efficiently to a child or grandchild over time.

Capital with a known horizon has a known constraint. The shorter the horizon, the less volatility the capital can absorb. The structural mistake at this tier is not under-investment; it is the deployment of short-horizon capital into vehicles whose natural rhythm of return is longer than the horizon allows.

"A savings plan that funds a known life event on schedule, without market drama, is a sophisticated piece of financial engineering — however modest it appears on the page."

Principal & Senior Financial Consultant

Paddy Keenan
MSc QFA

QUESTIONS WORTH SITTING WITH

- Which specific goals does your savings capital exist to fund - and on what time horizon?
- Is short-horizon capital deployed against short-horizon risk, or is it borrowing time it does not have?
- Have you considered whether a structured gifting programme - paired with the small gift exemption and Bare Trust - could move capital across a generation tax-efficiently?

WARNING

The value of your investment may go down as well as up. If you invest in this product, you may lose some or all of the money you invest.



05

Long-Term Provision

The engine of a working life.

At the fifth tier, the time horizon lengthens and tax efficiency becomes paramount. Ireland's pension regime offers income tax relief on contributions, tax-free fund growth and a tax-free lump sum at retirement. Combined over a working life, these advantages make pensions the most powerful wealth-building vehicle available under Irish law.

The structures are designed to fit a working life as it is lived:

- **PRSAs and Personal Pensions**
  Are the portable vehicles, travelling with you through career transitions and suiting the self-employed and contractor.
- **Occupational schemes and the Retail Master Trust**
  Serve company directors and senior executives, with AVCs available to top up provision within Revenue limits.
- **The My Future Fund**
  Under the Automatic Enrolment Retirement Savings System Act 2024, captures employees not otherwise enrolled.
- **Personal Retirement Bonds**
  Consolidate entitlements from former employments — and our pension tracing service locates them on your behalf.

Within these structures, capital is invested through unit-linked and managed funds matched to your horizon and risk profile; for some, investment property forms part of the long-horizon picture. Each recommendation rests on a documented suitability assessment — the discipline that keeps the engine aligned with the life it serves.

The State Pension (Contributory) — payable at the full personal rate only where the contribution record supports it, and revised in most Budgets — was designed as a foundation, not a destination. The gap between State provision and the retirement expected is a problem that requires a structured solution, begun as early as possible.

"Time is the most powerful force in pension planning — and it compounds equally in both directions. Every year without adequate provision is a year of relief foregone and growth lost."

Principal & Senior Financial Consultant

Paddy Keenan
MSc QFA

QUESTIONS WORTH SITTING WITH

- If you stopped contributing today, what would your retirement income look like?
- How many pension entitlements do you have, and when did you last review them?
- Are you within Revenue limits, and are you using your available headroom?

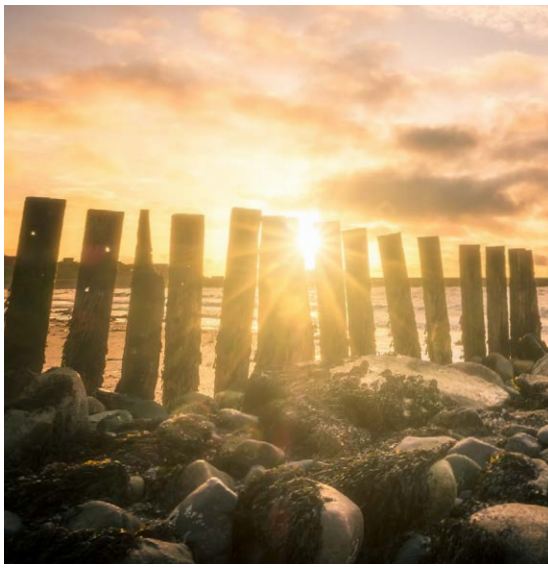
WARNING

The value of your investment may go down as well as up. The income you get from this investment may go down as well as up. Tax rates, reliefs, and legislative references are based on PPFS's understanding of current Irish tax legislation and Revenue practice and are subject to change.

PROTECTION & PROSPERITY FINANCIAL SERVICES

06

Retirement, Investment & Wealth Diversification



Drawing down and managing capital.

The fifth tier builds the fund. The sixth decides how it is drawn upon — the point at which a plan built well over decades can be undone by a few decisions taken without sequence. This is the tier at which capital must do two things at once: produce a dependable income, and remain diversified enough to last.

The decisions cluster around the moment of retirement and the years that follow:

- **Pension drawdown and phased retirement** Determine how, and how quickly, the fund converts into income — and whether work tapers rather than stops.
- **The ARF and Vested PRSA** Keep capital invested and within your control, subject to the imputed distribution rules that distribution management must anticipate.
- **Annuity Income** Offers the alternative of certainty — a guaranteed income for life, at the cost of flexibility.
- **De-risking Strategies** Recognise that the volatility a fund could absorb in accumulation becomes a different question once withdrawals begin.

Alongside the pension sit the wider instruments of a diversified estate — investment bonds under the gross roll-up regime, direct equities taxed under Capital Gains Tax, government and corporate bonds for defined income, and structured products for precision around a specific role. In retirement, diversification is not a growth strategy. It is the discipline that lets income survive a market that does not cooperate.

We access the Irish and international markets without bias towards any single provider, and operate no proprietary funds. Every recommendation is traceable to your stated objective, your tax position, and your capacity for the volatility implied.

QUESTIONS WORTH SITTING WITH

- When you stop earning, which assets will produce your income first - and in what order will the rest be drawn?
- If markets fell sharply in your first years of retirement, would your income plan survive without selling at the worst possible moment?
- Is the diversification of your retirement assets a deliberate structure - or the residual of accumulated decisions?

WARNING

The value of your investment may go down as well as up. Past performance is not a reliable guide to future performance. The income you get from this investment may go down as well as up. If you invest in this product, you may lose some or all of the money you invest.



07

Legacy & Succession

The final expression of the plan.

At the seventh tier, the focus shifts from accumulation to transmission. Without proper planning, wealth built over a lifetime can be significantly reduced by Capital Acquisitions Tax (CAT), family complexity or the absence of clear direction.

CAT planning — CAT applies to gifts and inheritances above lifetime thresholds, with the Group A threshold (parent-to-child) being the most relevant for family transfers. The key is to structure the plan early, as effective solutions are much harder to implement retrospectively.

The instruments that do the work:

- **A Clear, Current Will**
  Aligned with your wider succession plan and drafted by your solicitor.
- **Section 72 Whole-of-life Policy**
  Held in trust to fund future CAT liability tax-efficiently.
- **Section 73 Savings Plan**
  An alternative where Section 72 is unavailable.
- **Bare and Discretionary Trusts**
  Transfer or retain control of capital for the next generation.
- **Small Gift Exemption Gifting**
  Systematically use the annual €3,000 CAT exemption.
- **Charitable Bequests**
  Incorporate philanthropy into the estate plan.
- **ARF Inheritance Planning**
  Leverage pension-specific CAT and income-tax treatment.

Questions around long-term care and legal capacity arise at this stage too, alongside succession. They sit outside the regulated remit of a financial adviser and properly belong with the family solicitor and relevant State services. We raise them early so they are not overlooked and the right specialists are involved in good time.

The families we have served longest are those who have considered, structured and reviewed this tier in advance — not for the first time when it is needed.

QUESTIONS WORTH SITTING WITH

- What is your family's CAT exposure today, on the assumption that nothing changes?
- Is the structure you intend for transmission written, dated, and reviewed - or held privately in intention only?
- Does the generation that will be served by this plan know of its existence - and the names of the advisers who hold it with you?

WARNING

Tax rates, reliefs, and legislative references are based on PPFS's understanding of current Irish tax legislation and Revenue practice and are subject to change.
The legal agreements underpinning succession arrangements must be drawn up by a qualified solicitor.



IN CLOSING

The Sequence

The hierarchy presented in these pages is not a checklist. It is an order of operations.

A plan is sound to the extent that the tiers beneath any given recommendation have been addressed before the recommendation is made. A plan is exposed to the extent they have not been.

Few households arrive at a financial review with all seven tiers in proportionate order. Most arrive with the upper tiers more developed than the lower:

- iInvestment portfolios held alongside thin protection cover;
- Pension contributions made alongside consumer debt;
- Legacy intentions held privately alongside an undocumented will.

Our work, in every initial engagement, is not to recommend new products. It is to bring the tiers into the order experience has taught us they belong in: a foundation secured before growth is pursued, growth resolved before legacy is drawn.

That work does not require a single sitting. It does require an adviser who knows your circumstances, who can hold the whole architecture in mind across every conversation, and who will be present, year after year, as the architecture evolves with you.

The hierarchy is not what we recommend to our clients. It is the framework within which every recommendation is made.

QUESTIONS WORTH SITTING WITH

- Of the seven tiers, which sits least resolved in your household today?
- If you and your partner were asked the same question separately, would the answers agree?
- What is the single question, drawn from these pages, you would most like to have answered in the next quarter?

Glossary of Products

A short reference to the products named in these pages — what each does, and how it serves.

TIER ONE · LIQUIDITY

Budget & Cashflow Planning
A structured map of household income against expenditure. Establishes what the plan above it can safely be asked to carry before any product is selected.

Emergency Fund
A working reserve of three to six months' expenditure held on instant access. Ensures the long-term plan need not be disturbed when the unexpected arrives.

Demand Deposit Account
A bank account holding cash on instant-access terms, with Deposit Guarantee Scheme protection up to €100,000 per institution.

Working Capital Reserve
Cash held by a business against the rhythm of its trading year. Protects continuity without recourse to costly short-term borrowing.

Debt Management
Keeping routine borrowings serviced and visible within the household cashflow, so the foundation holds before structural debt is addressed at Tier Three.

TIER TWO · PROTECTION

Mortgage Protection
Decreasing-term life cover that clears the outstanding balance on a principal-dwelling mortgage on death.

Term Assurance
Life cover paying a lump sum on death within a defined term. Replaces income or capital a family had planned around, for the period the need exists.

Whole of Life
Life cover that pays whenever death occurs, not only within a fixed term. Suited to a liability certain to arise, including a future inheritance tax bill.

Income Protection
A long-term replacement income - typically up to 75% of pre-disability earnings - paid when illness or injury prevents work. Premiums attract income tax relief at the marginal rate.

Specified Illness Cover
A tax-free lump sum paid on diagnosis of one of a defined list of medical conditions. Makes capital available the moment a serious diagnosis is made.

Private Medical Insurance
Cover for private hospital care, consultant fees, and elective procedures. Underpins the speed of access to treatment, with choice of consultant and facility.

TIER THREE · DEBT

Mortgage Review
A periodic assessment of an existing mortgage against the current market for rate, term, and structure.

Mortgage Analysis
A structured comparison of offers across the full Irish lender market. Places the decision to move - or to stay - on evidence rather than inertia.

Debt Prioritisation & Clearing
A disciplined order for repaying borrowings, highest real cost first. Eliminates the guaranteed drag that undermines any uncertain investment return above it.

Debt Management — MARP
The Mortgage Arrears Resolution Process, governed by the Code of Conduct on Mortgage Arrears as consolidated into the Consumer Protection Code. Provides a regulated pathway and adviser support during the period of greatest vulnerability.

TIER FOUR · SHORT-TERM PROVISION

Regular Savings Plan
A monthly contribution into a managed fund under the Irish gross roll-up regime. Deploys capital systematically across market cycles, reducing the impact of timing on return.

Investment Bond (single-premium)
A lump-sum investment in a life-assurance investment contract, taxed at the prevailing rate of Irish exit tax - 38% at the date of this edition, reduced from 41% - on an eight-year deemed disposal basis.

State Savings
Government-backed products offered through An Post. Returns are tax-free; capital is backed by the State.

Bare Trust
A simple legal structure under which capital is held by trustees for a named beneficiary, often a child. Paired with the annual €3,000 small gift exemption.

TIER FIVE · LONG-TERM PROVISION

PRSA & Personal Pension
Portable, individually owned pension contracts available regardless of employment status. Travel with you through career transitions, with marginal-rate income tax relief and tax-free fund growth.

Occupational Pension & Retail Master Trust
Employer-sponsored pension provision held under trust, the latter a multi-employer structure. Company contributions attract corporation tax relief, with generous funding limits for directors and senior executives.

AVCs
Additional Voluntary Contributions made within an occupational scheme to top up retirement provision, within Revenue limits, at the member's marginal rate of relief.

My Future Fund (Auto-Enrolment)
The automatic enrolment retirement savings system established under the Automatic Enrolment Retirement Savings System Act 2024.

Personal Retirement Bond (PRB)
A pension contract used to consolidate benefits left behind in a former employer's scheme.

Unit-Linked & Managed Funds
The investment vehicles within a pension or bond, spreading capital across asset classes and markets. Matched to the client's horizon and risk profile.

Investment Property
Direct or fund-held property forming part of a long-horizon portfolio. Considered for income and diversification.

Pension Tracing
A dedicated service to locate pension entitlements left in former employments. Recovers, reviews and - where it serves the retirement outcome - consolidates them.

Suitability Assessment
The documented analysis matching every recommendation to the client's needs, horizon, risk appetite and capacity for loss.

TIER SIX · RETIREMENT, INVESTMENT & WEALTH DIVERSIFICATION

Pension Drawdown & Phased Retirement
The process by which a pension fund converts into retirement income, drawn in stages where work tapers rather than stops.

ARF / Vested PRSA
An Approved Retirement Fund, or a vested PRSA, that keeps retirement capital invested and within your control, subject to the annual imputed distribution rules.

Annuity Income
A guaranteed income for life purchased from a pension fund. Offers certainty in place of flexibility.

De-risking & Distribution Management
The progressive adjustment of risk as withdrawals begin, and the management of mandatory distributions.

Direct Equities
Direct ownership of shares in listed companies. Gains taxed under Capital Gains Tax at 33% and a €1,270 annual exemption.

Government & Corporate Bonds
Fixed-income securities paying a defined coupon and returning principal at maturity. Provide a defined income stream and a measure of capital preservation.

Structured Products
Defined-return investments offering specific participation in an underlying index or asset, often with full or partial capital protection.

TIER SEVEN · LEGACY & SUCCESSION

Will & Succession
The legal expression of how an estate is to pass, drafted by your solicitor and coordinated with the financial plan.

Inheritance Tax (CAT)
Capital Acquisitions Tax, levied at 33% on gifts and inheritances above defined thresholds. Best addressed before, not after, the event.

Section 72 Whole-of-Life Policy
A whole-of-life policy written in trust, designed under Section 72 of the Capital Acquisitions Tax Consolidation Act 2003 to fund a future CAT liability free of CAT itself.

Section 73 Savings Plan
A regular-premium savings plan taken out by intended beneficiaries, with proceeds applied to discharge their CAT liability free of CAT under Section 73.

Bare & Discretionary Trusts
Legal structures that transfer or hold capital for the next generation - outright through a bare trust, or with retained control through a discretionary trust.

Small Gift Exemption Gifting
Use of the annual €3,000 per-donor, per-donee CAT exemption to transfer capital tax-free across multiple beneficiaries and years.

Charitable Bequests
Gifts to charity structured within the estate plan. Express philanthropic intent while, where conditions are met, reducing the taxable estate.

ARF Inheritance Planning
Structuring of an Approved Retirement Fund with its inheritance characteristics designed in from the outset. Passes to a surviving spouse exempt from CAT; to a child aged 21 or over at a fixed rate of income tax below the CAT rate. A child under 21 is assessed for CAT instead.

Will & Succession Coordination
The point at which your solicitor's drafting of the Will and the financial plan PPFS holds with you are brought into the same room.



BEGIN THE CONVERSATION

The first conversation costs nothing.

The absence of one can cost a great deal.

Whether you are reviewing arrangements that have served you well for years, beginning to build a financial plan from the ground up, or considering the long-term legacy of what you have built, a single conversation with a PPFS adviser is where clarity begins.

We would welcome the opportunity to understand where you sit within the hierarchy today — and, where we can add genuine value, to show you how to bring it into the order it deserves.

PROTECTION
& PROSPERITY
FINANCIAL SERVICES

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