The Hierarchy of Corporate Financial Needs

PROTECTION & PROSPERITY
FINANCIAL SERVICES



CORPORATE ADVISORY BRIEF

A framework for Irish business owners, finance directors, and executive teams - walked in the order experience teaches it must be walked.

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THIRD EDITION



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Foundation Before Aspiration

**A corporate 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

"Most of what we are asked to fix at six months' notice could have been addressed comfortably at six years'. The order matters as much as the answers."

Across decades of advising Irish businesses — from owner-managed firms to professional partnerships and family enterprises in transition — we have observed that the most consequential financial errors are almost never errors of analysis. They are errors of sequence. A director's pension funded to the cap before key person protection has been arranged. A succession plan considered for the first time when the owner is already six months from intended retirement. An employee benefit pack extended before the cash architecture beneath it has been tested.

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 continuity of the business, a growth stack that builds the firm's competitive position and the owners' wealth alongside it, and a final tier concerned with how the business and its value pass to whatever comes next. The hierarchy is not theoretical. It is the structure within which every PPFS engagement with a corporate client is conducted, and the framework against which every recommendation we make is tested.

Where a tier sits outside the firm's regulated remit — banking facilities, commercial general insurance, the legal architecture of share transfers, the detailed mechanics of corporation tax — we say so, and we coordinate with your accountant, solicitor, and banker accordingly. This brief sets out the seven tiers as we understand them, the products and structures that sit within each, and the questions worth sitting with as you consider where your own business stands today.

TIER 01

Cash Flow & Working Capital

The ground beneath the business

Operating Cash Forecast • Working Capital Reserve • Debtor Management • Corporate Investment Bond • DPM for Surplus Cash

TIER 02

Business Continuity Protection

Insuring the people and obligations on which the business depends

Business Loan Protection • Key Person • Pension Term • Shareholder / Partnership Protection Income Protection • Serious Illness Cover

TIER 03

Debt & Capital Structure

Clearing the path before the journey begins

Term Loans • Asset Finance Invoice Discounting • Facility Review • EIIS Capital Raising

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The benefit pack as competitive position - including Auto-Enrolment

Master Trust / Group PRSA • Lifestyle Strategies • ESG • Group DIS • Income Protection • Serious Illness Cover APSS • KEEP • PMI • My Future Fund

TIER 05

Director Retirement Planning

Retail Master Trusts, PRSAs and Self-Directed Pensions - and the IORP II migration question

Retail Master Trust • Group PRSA Self-Directed Master Trust (Davy) Self-Administered / Self-Directed Pensions AVCs • PRBs • SFT Tracking

TIER 06

Owner Wealth Extraction & Phased Retirement

How value created inside the business reaches the owner

Salary vs Dividend Optimisation Pension Extraction • Self-Directed ARF Phased Retirement Drawdown Personal Section 72 • EIIS • DPM

TIER 07

Business Succession & Exit

Family Transfer • MBO • Phased Exit Third-party Sale • Share Buy-back Retirement Relief • Revised Entrepreneur Relief (10% CGT) • Business Relief (CAT) Section 72 Cover • Self-Directed ARF Inheritance • M&A Coordination



01

Cash Flow & Working Capital

The ground beneath the business.

Before any insurance policy is taken out, any pension contributed to, any capital expenditure approved, a business must understand the geometry of its own cash. Cash flow is to a business what oxygen is to a person — without it, every other decision becomes academic.

A working capital reserve sized to the trading cycle is the precondition of every tier above. Its purpose is not return, but resilience: ensuring the plan above it does not have to be unwound when a major debtor pays late, a quarter is unexpectedly soft, or a tax liability arrives at an awkward moment.

PPFS does not manage cash flow — that is properly the work of the CFO, accountant, and bankers. Where we engage at this tier, it is to ensure the affordability of the upper tiers is anchored in the cash reality below. An employee benefit pack the business cannot sustain through a soft quarter is not a benefit pack — it is an exposure.

Surplus cash beyond the working capital reserve:

For Irish businesses that have built reserves materially above what the trading cycle requires, the question becomes one of deployment. Cash on deposit is rarely the optimal long-term home for surplus reserves; deposit rates in the Irish market have, in most environments, lagged the rate at which the same capital could be put to disciplined work.

- **Corporate Investment Bond**
  A life-assurance investment contract held in the company name. Returns are taxed at the 25% Irish exit tax for corporate investors.
- **Discretionary Portfolio Management**
  For companies with substantial surplus reserves, a managed portfolio under a defined mandate, delivered by a wealth-management firm such as Davy. PPFS coordinates with the adviser; day-to-day management remains with them.

In both cases the principle is the same: the reserve held in the company balance sheet should reflect a deliberate decision, not the default of leaving it on deposit. wo structures address this directly:

"Cash flow is rarely what business owners come to us to discuss. It is, without exception, where every conversation we have eventually returns."

Principal & Senior Financial Consultant

Paddy Keenan
MSc QFA

QUESTIONS WORTH SITTING WITH

- Could the business meet six months of fixed outgoings without drawing further on its banking facilities?
- When was your working capital reserve last sized against your actual trading cycle, not the one assumed five years ago?
- If your business reserves materially exceed what the trading cycle requires, is the surplus deployed deliberately - or sitting on deposit by default?

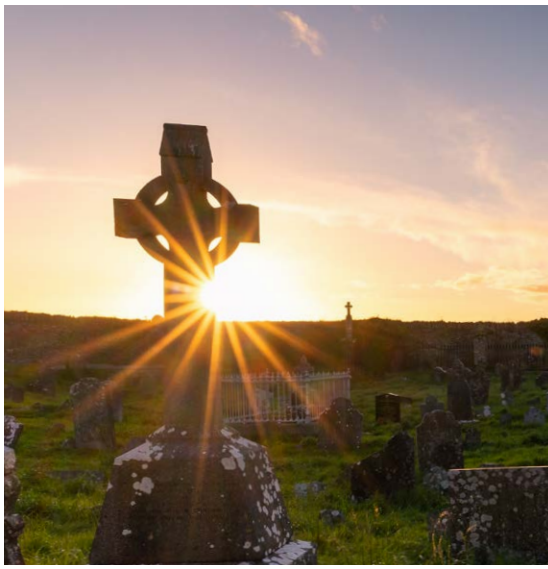
WARNING

The value of any investment may fall as well as rise. The tax treatment of a Corporate Investment Bond depends on the company's specific tax status; advice on the rate that applies to your company sits with your accountant.

02

Business Continuity Protection

Insuring the people, the borrowings and the obligations on which the business depends.



Above the cash architecture sits the second tier: protection against events that can fundamentally disrupt a business — the death or incapacity of a guarantor, founder or key rainmaker. This is where PPFS engages most often, because in our experience the gap between existing and required protection is widest.

Protection begins with personally underwritten obligations, particularly business borrowing backed by personal guarantees. Cover for people, partners and shareholders follows, with ncome protection completing the architecture.

1. Business Loan Protection — begin here

Life assurance (with optional Specified Illness Cover) structured to clear outstanding business borrowing on the death — or, where included, diagnosis of serious illness — of the principal borrower or guarantor. For owner-managed companies, where bank facilities are typically supported by directors' personal guarantees, its absence creates a significant asymmetric exposure: the loan becomes payable at the worst possible moment, with no clear repayment source beyond the personal estate. Every Tier Two conversation PPFS has with a corporate client begins here.

2. Key Person Insurance

Life cover (and optionally Serious Illness Cover) on a key individual whose departure would materially harm the business. Proceeds fund replacement costs and/or revenue loss during the transition. Where cover protects loss of profit, premiums may qualify as a corporation tax deduction under Section 81 TCA 1997; where it protects a company loan, premiums are generally not deductible. A board resolution recording the policy purpose is required.

3. Pension Term Assurance

Life cover within the pension wrapper. Where the company funds cover for a director, the premium attracts corporation tax relief at 12.5% and sits outside the income tax / BIK net. For equivalent cover, the post-tax cost can therefore be materially lower. Particularly suited to director-level cover and the Self-Directed Master Trust and Self-Administered Pension structures at Tier Five.

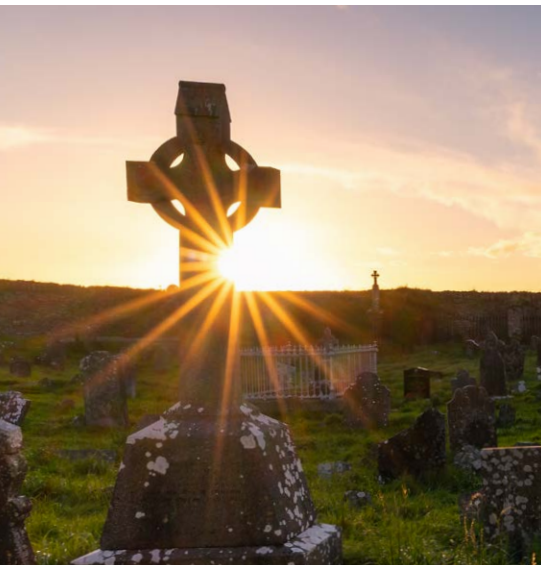
"The most common protection failure in Irish private companies is not the absence of cover. It is cover that no longer fits the share structure - written when the shareholders were two equal founders, never updated when the third joined."

Principal & Founder

Barry Oliver
LIB QFA EFA

WARNING

The cover provided is subject to the terms, conditions, exclusions, and definitions of the policy contract issued by the underwriting insurer. Buy-out and Section 123 / 201 arrangements require correctly drafted shareholders or partnership agreements and appropriate company documentation; PPFS coordinates with your solicitor on the legal documentation. Pension Term Assurance is subject to the rules governing the underlying pension scheme. The Section 201 exemption is subject to a statutory lifetime limit shared with any ex-gratia termination payment; amounts are confirmed against current Revenue limits at the point of application.



4. Co-Director / Shareholder Protection

For companies with multiple shareholders, cover is structured under a cross-option buy-out arrangement, giving surviving shareholders the funds to acquire a deceased colleague's shares at a pre-agreed valuation. Specified Illness Cover can also trigger the buy-out on critical illness.

Under the corporate model, the company owns and pays for the policy and buys back the shares. No BIK arises, but premiums are not corporation-tax deductible, and the buy-back must satisfy the Companies Act and Section 176 TCA 1997 to secure capital-gains treatment.

Under own-life-in-trust, each shareholder insures their own life for the benefit of the survivors, with proceeds bypassing the company and estate. Premiums are paid personally from post-tax income; company-funded premiums create a BIK charge.

PPFS models both structures based on shareholder numbers, cash position and buy-back requirements before implementation.

5. Partnership Protection

For professional partnerships — legal, accounting, medical, veterinary and architectural — the equivalent structure uses the same insurance mechanic, with documentation under the partnership deed. The same two ownership structures apply.

6. Income Protection for Directors and Key Employees

For most directors, monthly income is their most important financial asset, yet often under-insured. Income Protection — Permanent Health Insurance (PHI) — provides replacement income, typically up to 75% of pre-disability earnings, where illness or injury prevents extended work. Premiums attract income tax relief at the marginal rate.

PPFS structures this three ways: personally at director level; as Group Income Protection within the Tier Four employee benefit pack, often with pension premium protection; or as Executive Income Protection funded by the company.

7. Serious Illness Cover

Serious Illness Cover (also Specified Illness Cover) pays a lump sum on diagnosis of a defined critical illness. Income Protection replaces income during incapacity; Serious Illness Cover provides capital at diagnosis. The two are complementary.

At director level, cover is usually structured personally or on a Pension Term basis. At scheme level, Group Serious Illness Cover is available from Aviva, Irish Life and New Ireland and increasingly forms part of Tier Four benefit packs.

8. Life & Serious Illness under Sections 123 and 201 TCA 1997

Where a company provides combined life and serious illness cover for a director or employee, Sections 123 and 201 TCA 1997 can provide a tax-efficient structure. Section 123 brings such payments into charge, while Section 201 exempts qualifying payments on death, injury or disability up to a statutory lifetime limit. The structure can be cost-effective for the company and tax-efficient for the employee, with a medical-free conversion option. PPFS structures this for directors and key technical or commercial employees.

Cross-funded cover under a properly drafted cross-option agreement is the standard structure for many Irish private-company shareholder and professional-partnership arrangements. Tax treatment depends on who owns and pays for each policy; PPFS confirms the position with the tax adviser before implementation.

QUESTIONS WORTH SITTING WITH

- If you, or any director, ceased to be available tomorrow, who is contractually responsible for the bank facility - and is that obligation insured?
- Have you read the shareholders or partnership agreement against the protection cover currently in force?
- If your most important non-replaceable colleague did not arrive at work tomorrow, what would change in the business - and what would it cost?
- Is Income Protection in place at director level, and at scheme level for the wider team, or is the salary line uninsured against the risk of long-term illness?
- Have you considered whether life and serious illness cover for directors is best held personally, by the company directly, through the pension wrapper or under a Section 123 / 201 arrangement?

03

Debt & Capital Structure

Clearing the path before the journey begins.



Debt is not, in itself, a corporate failing. Discipline around its cost and structure, however, is a precondition of every tier above. A business carrying high-cost debt while contributing to director pensions or executive AVCs is accepting a guaranteed cost in pursuit of a return that may or may not exceed it. The arithmetic is uncomfortable but clear.

We distinguish between structurally productive debt — term loans against income-generating assets, asset finance matched to equipment life, or reasonably priced invoice discounting — and accumulated short-term borrowing on facilities never intended as long-term debt. The former requires periodic review; the latter should be addressed, refinanced or cleared before building above it.

Equity capital — the EIIS alternative

For businesses in growth, debt is not the only route to capital. The Employment Investment Incentive Scheme (EIIS) is the principal Irish tax-relieved equity route for qualifying SMEs. A qualifying company can raise up to €5.5 million annually and €16.5 million in total, with investors receiving income tax relief of 20%–50%, depending on the company and investment. EIIS capital is equity, carrying the rights and obligations of share ownership rather than loan repayment.

EIIS is commonly used by owner-managed businesses raising growth capital from owners, family and professional networks. The structuring is specialist work, undertaken by advisers such as Davy; PPFS coordinates where shareholders or directors are considering EIIS as part of their personal wealth plan (see Tier Six).

A wider note on this tier

The work at this tier sits primarily with the company's CFO, the company accountant, and the company's bankers. Where PPFS engages, it is to ensure that the cost of debt service is consistent with the affordability of the upper tiers, to coordinate with your bankers where insurance is required as security for a borrowing, and to coordinate with the chosen EIIS adviser where equity capital is the structure being considered.

"Investment discipline that does not begin with debt discipline is, in our experience with corporate clients as much as with families, rarely sustained."

Principal & Senior Financial Consultant

Paddy Keenan
MSc QFA

QUESTIONS WORTH SITTING WITH

- Is any business debt costing more than the post-tax return on capital you expect from the use of those funds?
- When did you last formally review your banking facilities against the alternatives in the Irish market?
- If growth capital is required, have you considered the EIIS equity route alongside debt?

WARNING

EIIS operates under a statutory sunset clause and must be renewed by Finance Act. Its availability, rates, limits and qualifying conditions should therefore be confirmed before any fundraising is planned around it. Specialist EIIS advice sits with the appointed adviser; PPFS coordinates the personal-investment aspect for shareholders.



04

Employee Reward & Retention

The benefit pack as competitive position — and Auto-Enrolment (My Future Fund) compliance.

Once the foundation tiers are in order, the question of how the business compensates and retains its people becomes the most consequential single discipline for sustained competitive position. The benefit pack is not a compliance exercise. It is the firm's offer to the labour market it competes in — and, properly designed, the most tax-efficient route to compensating employees beyond gross salary.

MY FUTURE FUND

THE STATE AUTO-ENROLMENT SCHEME, LIVE SINCE 1 JANUARY 2026

Every Irish employer must assess every employee against the Auto-Enrolment eligibility criteria and enrol qualifying employees not already covered by an existing occupational arrangement. Employers without a qualifying scheme are defaulting their workforce into the State system. An existing, well-designed occupational scheme is the discipline that retains the employer's control over fund choice, contribution levels and member experience.

The structures available — pensions, group risk, shares

- **Occupational pension provision**
  A Master Trust, a Group PRSA, or (for the very largest employers) a single-employer scheme. Self-Directed fund options sit within both structures for members who wish to take active responsibility for their own asset allocation.
- **Group risk benefits**
  Group Death-in-Service (a lump sum on death in employment, typically expressed as a multiple of salary); Group Income Protection (replacement income during long-term illness, typically with pension premium protection so retirement saving continues during a claim); and Group Serious Illness Cover (a lump sum on diagnosis of a defined critical illness, distinct from the income-replacement function of Income Protection).

WARNING

Specific cover levels, premium rates and Revenue limits vary by scheme, contract and employee circumstances. 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. KEEP qualifying conditions include size and trade tests; APSS and KEEP cannot both be used in respect of the same shares.



- **Share-based reward**
  For companies with shares to allocate, the Approved Profit Sharing Scheme (APSS) allocates up to €12,700 per employee per year free of income tax subject to a three-year holding rule. Alongside APSS, the Key Employee Engagement Programme (KEEP) provides a CGT-only share option scheme specifically designed for SMEs. It runs under a sunset clause and has been extended by successive Finance Acts; the current end date should be confirmed before options are granted.

Fund choice — lifestyle, ESG and self-directed options

Within the chosen pension vehicle, each scheme provider operates its own branded default lifestyle strategy — the trade names differ, the mechanism does not — which shifts asset allocation as members approach retirement. Alongside the default, every modern scheme offers a range of risk-rated funds, an ESG / sustainable fund range, and, for engaged members, a Self-Directed fund window providing access to a wider universe of unit-linked and externally managed funds.

Bundled wellbeing services

Modern group risk policies routinely include embedded wellbeing services: virtual GP access, mental health support, second-opinion services, Employee Assistance Programmes, marketed by each insurer under its own brand. Private Medical Insurance for management or wider workforce, structured employee education on the package itself, and a documented annual review against the labour market the firm competes in complete the picture.

QUESTIONS WORTH SITTING WITH

- Is your business compliant with the Auto-Enrolment obligation, and is your existing scheme designed to satisfy it without defaulting employees to the State system?
- What is the rate of regretted staff turnover in your firm - and what is it costing in recruitment, onboarding and lost productivity?
- Does the benefit pack you offer - pension, group risk, wellbeing services, share scheme - match what your competitors in the same talent market offer?



05

Director Retirement Planning

Retail Master Trusts, PRSAs and Self-Directed Pensions — and the IORP II migration question.

For directors and key executives, the pension is — by some distance — the single most powerful tax-efficient vehicle available in the Irish corporate landscape. Three compounding reliefs operate together: corporation tax relief on the company's contribution, tax-free growth inside the pension fund, and a substantial tax-free lump sum at retirement subject to Revenue limits. The funding limits for directors are materially more generous than the age-related employee limits, governed instead by Revenue's Funding Standard for occupational schemes.

"Of every plan we model for a business owner, the director pension is the single line that most reliably exceeds the projections built around it. IORP II changes the vehicle; it does not change the arithmetic."

Principal & Founder

Barry Oliver
LIB QFA EFA

KEY

IORP II AND THE LEGACY EXECUTIVE PENSION PLAN

The IORP II derogation for single-member schemes expired on 22 April 2026. Legacy single-member Executive Pension Plans and standalone Self-Administered arrangements set up before the regime took effect no longer accept new tax-relievable contributions. Any director still holding one must migrate to a compliant vehicle, typically a Retail Master Trust, a Group PRSA, a Self-Directed Master Trust, or, where the director is at or near retirement, an ARF or Self-Directed ARF. Contributions paid into a non-compliant single-member scheme do not attract corporation tax relief and may trigger an unwanted tax event.

For directors yet to act, this is the key outstanding pension decision. PPFS addresses it in every relevant engagement.

The post-IORP II vehicles
Retail Master Trusts replace the Executive Pension

- **Retail Master Trust**
  A multi-employer occupational scheme that brings director pension provision under a fully governed trust structure. The Retail Master Trust is the direct replacement for the Executive Pension Plan in the post-IORP II Irish market. New Ireland, Aviva, Irish Life, Standard Life, Zurich and Davy all offer Master Trust arrangements; product differentiation is principally in default fund design, the depth of the self-directed fund range, and the trustee-governance framework.

WARNING

The value of your investment may go down as well as up. Tax rates, reliefs, statutory funding limits and the Standard Fund Threshold are based on PPFS's understanding of current Irish tax legislation and Revenue practice and are subject to change. IORP II compliance requirements apply to every Irish occupational pension arrangement; specific migration advice depends on the existing scheme's structure and the director's circumstances. Self-Administered and Self-Directed arrangements carry investment risk and concentration risk that members must understand before deciding to assume direct investment control.



- **Group PRSA**
  Since the Finance Act 2022 removal of BIK on employer PRSA contributions, the PRSA is a credible alternative to a Master Trust arrangement for many directors. Particularly suits arrangements where individual portability is valued. Self-directed PRSA fund options are available across the Irish PRSA range.
- **Self-Administered Pension**
  A discrete pension structure operated under a Pensioneer Trustee, allowing direct investment in equities, bonds, certain alternatives and — subject to Revenue conditions — commercial property. Quest Capital Trustees and Independent Trustee Company are the principal Pensioneer Trustee firms in the Irish market. The Self-Administered structure is the high end of the Self-Directed spectrum, and remains a credible vehicle for directors seeking direct ownership of underlying assets within the pension wrapper.

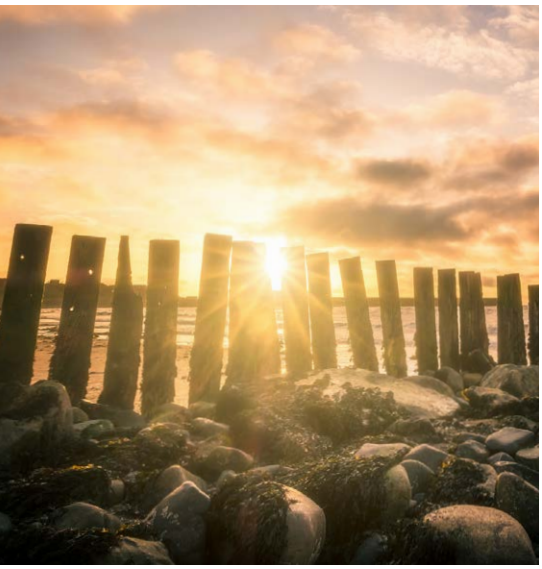
AVCs, PRBs and SFT tracking

Alongside the choice of vehicle, the architecture includes:

- AVCs at director level within the wider scheme, where additional headroom remains after the principal scheme is funded to the appropriate level.
- Personal Retirement Bonds to consolidate entitlements from former employments — particularly relevant for directors with portfolio careers. PRBs are now routinely structured on a Self-Directed basis to give the holder ongoing investment control.
- Standard Fund Threshold tracking — Revenue's overall cap on tax-advantaged pension fund value, now rising in annual steps under a schedule set by Finance Act. The figure applying in the year of a benefit crystallisation is confirmed at the point of advice.
- Pension Term Assurance — life cover structured within the pension wrapper, with premiums attracting corporation tax relief and sitting outside the income tax / BIK net.

QUESTIONS WORTH SITTING WITH

- If you hold a legacy Executive Pension Plan or standalone Self-Administered arrangement, has the IORP II migration been completed - or is the scheme now in suspension on tax-relievable contributions?
- Have you funded your director pension to the maximum the company can support this year - and the previous five?
- Is your projected pension fund value at retirement above or below the Standard Fund Threshold?
- Where you wish to retain investment authority over your fund, have you considered a Self-Directed Master Trust or a Self-Administered Pension as the appropriate vehicle?



06

Owner Wealth Extraction & Phased Retirement

How value created inside the business reaches the owner - and continues to work for them after they stop drawing a salary.

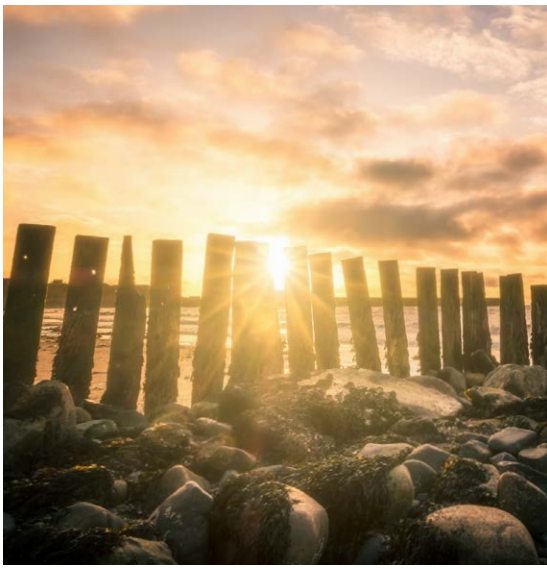
The fifth tier builds the director pension. The sixth addresses the wider question of how value generated inside the business converts into value held by the owner outside it, and how that value continues to compound through a phased transition out of executive responsibility. The right answer is rarely a single instrument — it is a deliberate blend, modelled against the owner's marginal tax position, the company's profitability, and the long-term horizon of the business itself.

The principal levers:

- **Salary vs dividend optimisation.**
  The right balance between PAYE-bearing salary and dividends taxed under self-assessment depends on the marginal rate of the recipient and the corporation tax position of the company.
- **Pension contribution as the most tax-efficient extraction route.**
  A €100 of corporate profit contributed to the owner's director pension delivers approximately €100 to the owner's eventual wealth, less the marginal tax on the eventual drawdown. The same €100 extracted as salary delivers approximately €48 to the owner today. The arithmetic, where horizon allows, is decisive.
- **Personal investment of post-tax extracted profits.**
  Regular Savings Plans and Investment Bonds for accumulation-phase capital, direct equities for owners with the appetite, and Discretionary Portfolio Management for owners with substantial personal wealth.
- **EIIS investment at personal level.**
  For shareholders, EIIS investment provides income tax relief at marginal rate on capital deployed into qualifying Irish SMEs (relief rates of 20% to 50% depending on profile).
- **Personal Section 72 cover.**
  At the owner's level, sized against the future CAT liability a transfer to children will eventually generate. Coordinated with the wider succession plan in Tier Seven.

WARNING

The value of your investment may go down as well as up. Tax treatment depends on individual circumstances and may be subject to change in the future. Self-Directed ARF investment carries concentration and sequence-of-returns risk; the imputed-distribution rules apply to all ARFs regardless of investment approach.



Phased retirement and the Self-Directed ARF

For most owner-managed businesses, the cleanest "exit" from operational responsibility is not a cliff edge but a graduated step-down: the owner reduces hours and removes themselves from day-to-day execution, the senior team takes more authority, dividend or salary income reduces, and the pension begins to do the work it was funded for. The financial architecture of that phased transition is built around two structures:

- **Phased retirement drawdown**
  Rather than crystallising the entire pension at a single date, the architecture allows for a structured combination of partial Tax-Free Lump Sum, partial transfer to ARF, and continued contributions on residual earned income.
  Phased drawdown smooths the tax position across multiple years, manages the SFT exposure deliberately, and preserves continued tax-relievable contribution capacity for owners who are not yet ready to stop entirely.
- **Self-Directed ARF**
  An Approved Retirement Fund within which the owner retains direct investment authority over the underlying assets. For the population of owner-managers who have spent a career making capital-allocation decisions inside the business, the Self-Directed ARF is often the natural post-retirement vehicle: the same instinct for active management, exercised on a personal portfolio under Pensioneer-Trustee or Master-Trust governance. The Self-Directed ARF, alongside the standard managed ARF and the Vested PRSA, forms the principal post-retirement income architecture in the Irish market.

The work at this tier sits at the boundary between corporate planning and personal planning. It is properly conducted in coordination with the company accountant on the tax mechanics, with the company solicitor on any share transfer or trust structure, and with the chosen wealth-management firm where Discretionary Portfolio Management is engaged.

QUESTIONS WORTH SITTING WITH

- Of every €100 of corporate profit, how much eventually arrives in your personal hand - and how much goes to tax?
- Have you modelled the comparative outcomes of salary, dividend and pension extraction over a ten-year horizon?
- Is your post-retirement income strategy built around a Self-Directed ARF, a standard managed ARF, or a phased combination - and is the choice deliberate?
- For personal investment beyond the pension, is your portfolio actively managed against a documented mandate - or accumulated as a residual of opportunistic decisions?



07

Business Succession & Exit

The final expression of the plan.

At the seventh tier, the focus shifts from operation to transmission. Without early planning, business value can be reduced by CGT, CAT, family complexity, or the absence of a clear plan.

Three Irish tax reliefs can protect value on disposal or inheritance. Retirement Relief and Revised Entrepreneur Relief from CGT are covered on the following pages. Business Relief from CAT can reduce the taxable value of qualifying business assets by 90%.

The exit routes themselves:

- **Family transfer** - Transfer to one or more children, often through staged gifting. Where conditions are met, Retirement Relief and Business Relief can substantially reduce the combined tax exposure.
- **Management Buy-Out** - Sale to the existing management team, typically funded through vendor finance, bank debt and, where appropriate, a holding-company structure. Often structured to benefit from Revised Entrepreneur Relief.
- **Phased exit** - A structured two-to-five-year handover, allowing clients and staff to adjust while reducing buyer risk and supporting continued business growth.
- **Third-party sale** - Sale to a strategic or financial buyer. The mix of cash, deferred consideration, earn-outs and rollover equity can materially affect the tax outcome and financial planning.
- **Company share buy-back** - An option where there is no obvious successor, subject to the relevant Section 176 conditions.

Where this really hurts — due diligence

Due diligence is often where unprepared businesses lose value. Buyers will scrutinise financial, regulatory, operational and advice-file records, as well as systems and key-person dependency. Incomplete files, undocumented relationships and key-person risk can materially reduce the valuation. The solution starts years before the transaction.

Coordinated with the right professionals

PPFS's role is to coordinate the financial-planning side: pension drawdown, Section 72 cover, investment of sale proceeds, phased retirement, ARF planning and family-transfer coordination. Legal, tax and transaction structuring remain with the solicitor, tax adviser and corporate finance team.

"Generation after generation, the businesses we have served longest are those for whom this tier has been considered, structured, and reviewed in advance — not contemplated for the first time when the event has already arrived."

Principal & Founder

Barry Oliver
LIB QFA EFA

QUESTIONS WORTH SITTING WITH

- Is the exit you intend documented - or only intended?
- Have you quantified the CGT exposure on a third-party sale, the impact of Revised Entrepreneur Relief and Retirement Relief, and the CAT exposure on a family transfer?
- Has a phased exit been considered as an alternative to a single transaction — with the income, pension drawdown and Self-Directed ARF architecture modelled across the transition?
- If a transaction were to commence in the next twelve months, do you know who the four professionals at the table would be — adviser, solicitor, accountant, corporate finance?

CAPITAL GAINS TAX RELIEFS



Retirement Relief from Capital Gains Tax

Relieving the gain on a lifetime of enterprise — on transfer to family or to a third-party buyer.

Retirement Relief is a Capital Gains Tax relief available to an individual aged 55 or over on the disposal of qualifying business assets, whether by sale or by transfer to a family member. Properly applied, the relief can entirely eliminate Capital Gains Tax on a transfer to a child within defined limits, and can substantially reduce CGT on a third-party sale. For owner-managers approaching retirement, it is among the most material single tax planning levers available in the Irish menu.

"Of all the tax planning levers an Irish business owner can pull, Retirement Relief is the one most reliably squandered by the absence of two years' worth of preparatory structuring."

Principal & Senior Financial Consultant

Paddy Keenan
MSc QFA

The benefits — what the relief actually delivers:

- Full CGT relief is available on qualifying disposals to a child within the prescribed lifetime limit — a substantial element of the gain on a family transfer can be passed at effectively zero CGT cost.
- On a third-party sale, marginal-rate CGT (currently 33%) is replaced by full relief up to the threshold applicable for the relevant age band, with the planning challenge being to structure the disposal within that limit.
- The relief stacks usefully with Business Relief from CAT on the recipient side: combined, the two reliefs can move a family enterprise to the next generation at a fraction of the unrelieved tax cost.
- The relief is available on disposal of shares in a qualifying trading company, on a sole trader's assets, and on assets used by the company that the disposer personally owns — subject to qualifying conditions on each asset class.

Qualifying conditions — who is eligible, on what, and when

- **Age.**
  The disposer must be aged 55 or over at the date of disposal. On a transfer to a child, full relief applies up to a lifetime cap of €10 million between ages 55 and 69, reducing to €3 million from age 70. On a third-party disposal the equivalent limits are €750,000 and €500,000. For disposals made on or after 1 January 2025 the step-down age moved from 66 to 70, and the €10 million cap on family transfers was introduced where previously none applied.

QUESTIONS WORTH SITTING WITH

- Have you confirmed that the company is, and has continuously been, a trading company for the period required by the relief?
- Have you been a working director on the terms required by the relief for the minimum qualifying period preceding any planned disposal?
- Where the disposal value will exceed the Retirement Relief threshold, has the interaction with Revised Entrepreneur Relief been modelled?
- For family transfers, has the lifetime cap been tracked across all qualifying disposals to date?



- **Ownership period.**
  The disposer must have owned the qualifying business assets, or the qualifying shares in the company, for the prescribed minimum period preceding the disposal.
- **Trading company test.**
  The company whose shares are being disposed of must be a trading company, or the holding company of a trading group. Investment companies and significantly non-trading activity will not qualify.
- **Working director / employee test.**
  The disposer must have been a working director, with full-time service requirements for the prescribed period preceding the disposal, generally including a minimum continuous period at director level.
- **Family transfer specifics.**
  On a transfer to a child (including, in defined circumstances, nephews and nieces involved in the business), the lifetime cap on relief operates by reference to the cumulative value of qualifying transfers across the disposer's lifetime.

Terms, limits and the planning consequences

- Statutory thresholds for the relief, including the lifetime caps for family and third-party disposals and the reduced caps applying from age 70, are set out in current Revenue legislation and may change with each Finance Act. Where a child disposes of the transferred assets within six years, the relief is clawed back from the child; where CGT above the cap has been deferred, a longer clawback period applies. All figures referenced in any specific recommendation are verified against current Revenue-approved values at the point of advice.
- A disposal that exceeds the applicable threshold does not extinguish the relief on the protected portion — the excess is taxed at the standard CGT rate, with the relief preserving its benefit on the amount within the threshold.
- Where qualifying conditions cease to be met after a disposal, anti-avoidance rules may claw back the relief; the planning discipline is to ensure conditions remain met throughout the relevant period.
- Disposals split across multiple tax years — a partial share sale today, a balance to a successor in five years — must be modelled together; the lifetime cap operates across the sequence.

How it interacts with Revised Entrepreneur Relief

Where the disposal value sits above the Retirement Relief cap, or where the disposer is not yet 55, Revised Entrepreneur Relief may apply to the gain that falls outside Retirement Relief. The two reliefs are designed to operate complementarily, and the planning question for the adviser is to model the optimal combination across the structure and timing of the disposal. Revised Entrepreneur Relief is addressed in the next page of this brief.

WARNING

Retirement Relief operates subject to qualifying conditions and statutory monetary thresholds in current Irish legislation, which are subject to change with each Finance Act. The relief is not automatic; an inappropriate corporate restructuring, an unintended loss of trading status, or a working-director condition breach can disqualify the disposal. Detailed eligibility advice on specific transactions sits with your tax adviser; PPFS coordinates the financial planning alongside and verifies the applicable thresholds against current Revenue-approved values at the point of recommendation.

CAPITAL GAINS TAX RELIEFS

Revised Entrepreneur Relief from Capital Gains Tax

A reduced 10% CGT rate on the lifetime gain of an Irish entrepreneur — the principal lever where Retirement Relief is exhausted or unavailable.

Revised Entrepreneur Relief is the Irish capital gains tax relief specifically aimed at entrepreneurs disposing of qualifying business assets. Under the relief, qualifying gains are taxed at a reduced Capital Gains Tax rate of 10% (against the standard 33%), subject to a statutory lifetime cumulative cap — raised to €1.5 million for disposals made on or after 1 January 2026, from €1 million previously. For owner-managers below the Retirement Relief age threshold, or for those whose disposal does not qualify in full for Retirement Relief, Revised Entrepreneur Relief is frequently the most material single planning lever available.

The benefits — what the relief actually delivers:

- A reduced CGT rate of 10% (against the standard 33%) on qualifying gains — broadly two-thirds of the headline CGT charge eliminated by the relief.
- Available in lifetime, applied across an entrepreneur's cumulative qualifying disposals up to the statutory lifetime cap. The relief is not a one-shot disposal mechanism.
- Available irrespective of age — critical for entrepreneurs disposing of a business before the Retirement Relief age threshold of 55.
- Particularly powerful where structured around a partial sale or phased MBO, allowing the relief to be applied as the gain crystallises over time.
- Stacks usefully with Retirement Relief: where the disposal value exceeds the Retirement Relief cap, the excess gain may attract Revised Entrepreneur Relief on the next tranche of value, with only the residual taxed at the standard 33%.

Qualifying conditions — who is eligible, on what, and when

- **Qualifying business assets.**
  The relief applies to the disposal of chargeable business assets — typically shares in a qualifying trading company, or assets used in a sole trader's qualifying trade. Passive investment assets do not qualify.



"For the owner-manager below the Retirement Relief age threshold - or for any disposer whose enterprise value exceeds the Retirement Relief cap - Revised Entrepreneur Relief is the second-most-important number on the page after the headline valuation itself."

Principal & Founder

Barry Oliver
LIB QFA EFA

QUESTIONS WORTH SITTING WITH

- Have you confirmed that the planned disposal meets the qualifying business asset, ownership period, and working-director conditions for Revised Entrepreneur Relief?
- Has the lifetime cumulative qualifying gain been tracked against the statutory cap, including any prior partial disposals?
- Where the disposer is approaching age 55, has the interaction with Retirement Relief been modelled to determine the optimal timing and structure?
- Is the company's trading status continuously maintained - and would a contemplated restructuring put that at risk?



- **Ownership period.**
  The disposer must have owned the qualifying assets continuously for the minimum prescribed period preceding the disposal.
- **Working director / employee test.**
  For company shares, the disposer must have been a working director or full-time employee for a defined minimum service period preceding the disposal, holding the prescribed minimum shareholding in the company throughout.
- **Minimum shareholding test.**
  The disposer must hold not less than the statutory minimum percentage of the ordinary share capital of the company (and equivalent voting rights) for the qualifying period.
- **Trading status of the company.**
  The company whose shares are being disposed of must be a trading company, or the holding company of a trading group. Material non-trading activity may disqualify the disposal.
- **Excluded transactions.**
  Disposals between connected persons in certain circumstances, and disposals of assets falling outside the qualifying chargeable business asset definition, are excluded from the relief.

Terms, limits and the planning consequences

- A statutory lifetime cumulative cap operates on the qualifying gain that may be relieved at the 10% rate. Gains in excess of the cap are charged at the standard CGT rate.
- The lifetime cap is cumulative across all qualifying disposals made by the individual. Where an owner-manager has accumulated qualifying gains across multiple disposals — a partial share sale, a phased MBO, an exit to a third party — the lifetime limit must be tracked carefully across the sequence.
- The 10% rate applies only to the qualifying portion of the gain. Any non-qualifying element of the disposal value, or of the gain itself, is charged at the standard rate.
- The relief operates by way of a claim made by the disposer; the disposal must be returned correctly on the relevant CGT return for the relief to take effect.
- Statutory thresholds, qualifying conditions and the lifetime cap are set out in current Irish tax legislation and may change with each Finance Act. All figures referenced in any specific recommendation are verified against current Revenue-approved values at the point of advice.

How it interacts with Retirement Relief

Retirement Relief operates by reference to age and a lifetime cap on family or third-party disposals; Revised Entrepreneur Relief operates by reference to a lifetime cap on qualifying gain at the 10% rate. The two reliefs are routinely modelled together. Where the disposer is under 55, Revised Entrepreneur Relief is typically the primary lever; from 55, Retirement Relief becomes available alongside it, and the planning is to apply each relief to the optimal slice of the disposal. Where both reliefs are exhausted, the standard 33% CGT rate applies to the residual gain.

WARNING

Revised Entrepreneur Relief operates subject to qualifying conditions and a statutory lifetime cap in current Irish legislation, both of which are subject to change with each Finance Act. The relief is not automatic; it must be claimed on the relevant CGT return. Specific eligibility advice on individual transactions sits with your tax adviser; PPFS coordinates the financial planning alongside and verifies the applicable lifetime cap against current Revenue-approved values at the point of recommendation.



IN CLOSING

The Sequence

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

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

- Director pensions funded comfortably while Business Loan Protection sits unreviewed for five years;
- Generous employee benefit packs alongside a working capital reserve that would not survive a soft quarter;
- Succession intentions held privately by the owner alongside a shareholders agreement that does not reflect them;
- A pre-2021 Executive Pension Plan whose IORP II migration to a Retail Master Trust or Self-Directed structure has been postponed past every deadline.

Our work, in every initial corporate 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 succession is drawn, the right professional engaged on the right question.

That work does not require a single sitting. It does require an adviser who knows your business, who can hold the whole architecture in mind across every conversation, and who will be present, year after year, as the business and the people around it evolve.

The hierarchy is not what we recommend to our corporate clients. It is the framework within which every recommendation is made — and one we apply, generation after generation, with the Irish family firms, owner-managed businesses and professional partnerships that have made the firm what it is.

QUESTIONS WORTH SITTING WITH

- Of the seven tiers, which sits least resolved in your business today?
- If you and your fellow directors 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 · CASH FLOW & WORKING CAPITAL

Working Capital Reserve
A target balance of operating cash held against the trading cycle, sized to cover a soft quarter without recourse to facilities.

Debtor Days
The average number of days from invoice to receipt across the firm's customer base. The single most useful diagnostic of underlying cash health.

Corporate Investment Bond
A life-assurance investment contract held in the company name. Returns taxed at 25% Irish exit tax for corporate investors.

Discretionary Portfolio Management (Corporate)
A managed investment portfolio for corporate surplus cash, delivered under a defined mandate by a wealth-management firm such as Davy.

TIER TWO · BUSINESS CONTINUITY PROTECTION

Business Loan Protection
A life-assurance policy (with optional Specified Illness Cover) structured to clear an outstanding business borrowing on the death or diagnosis of the principal borrower or guarantor. The first cover put in place where personal guarantees support corporate borrowing.

Key Person Insurance
A life-assurance policy (with optional Specified Illness Cover) owned and paid for by the business, paying a lump sum on the death or critical illness of a defined key individual.

Pension Term Assurance
Life cover structured within the pension wrapper, with premiums funded by the company attracting corporation tax relief and sitting outside the income tax / BIK net.

Co-Director / Shareholder Protection
Cover under a cross-option buy-out arrangement, by which surviving shareholders hold the funds to buy out the share of a deceased colleague at a pre-agreed valuation.

Partnership Protection
The equivalent of Co-Director Protection for professional partnerships — same insurance mechanic, different legal documentation under the partnership deed.

Cross-Option Buy-Out
The arrangement under which shareholders or partners cross-fund cover so that survivors hold both the means and the obligation to buy out a deceased colleague's share at a pre-agreed valuation. Tax treatment depends on policy ownership and is confirmed with your tax adviser.

Section 123 / 201 Arrangement (Life & Serious Illness)
An arrangement under which a company provides combined life and serious illness cover for an employee or director. Section 123 TCA 1997 charges the payment; Section 201 exempts payments on death, injury or disability up to a statutory lifetime limit, subject to conditions.

Income Protection (Permanent Health Insurance)
Replacement income for an individual or scheme member unable to work due to long-term illness or injury, paid after a deferred period, typically up to 75% of pre-disability earnings.

Serious Illness Cover (Specified Illness Cover)
A lump sum paid on diagnosis of a defined critical illness, distinct from Income Protection.

TIER THREE · DEBT & CAPITAL STRUCTURE

EIIS
Employment Investment Incentive Scheme — the principal Irish tax-relieved equity-raising route for qualifying SMEs.

Term Loan / Asset Finance / Invoice Discounting
The three principal corporate-debt structures sitting with the company's bankers; PPFS coordinates where these intersect with the financial-planning architecture.

TIER FOUR · EMPLOYEE REWARD & RETENTION

My Future Fund (Auto-Enrolment)
The State auto-enrolment system live since 1 January 2026.

Master Trust
A multi-employer occupational pension scheme providing governance, default fund choice and administration at scale.

Group PRSA
An employer-sponsored arrangement using PRSA contracts. Employer PRSA contributions are no longer subject to BIK following Finance Act 2022 changes.

Self-Directed Fund Range
A fund universe within an occupational scheme or PRSA giving members access to a wider range of unit-linked and externally managed funds beyond the default lifestyle strategy.

Group Death-in-Service / Income Protection / Serious Illness Cover
The three principal group-risk benefits provided as part of a corporate employee benefit pack.

APSS / KEEP
Approved Profit Sharing Scheme and Key Employee Engagement Programme — the principal Revenue-approved share schemes for Irish SMEs.

TIER FIVE · DIRECTOR RETIREMENT PLANNING

IORP II
The EU directive on the activities and supervision of occupational pensions, transposed into Irish law in 2021. The derogation for single-member schemes expired on 22 April 2026 — the most consequential operational milestone of the regime for Irish directors.

Retail Master Trust
The principal post-IORP II vehicle for director pension provision. Replaces the legacy Executive Pension Plan.

Self-Directed Master Trust
A Master Trust within which the director retains direct control over the underlying investments. The Davy Self-Directed Master Trust is positioned specifically for business owners and senior executives.

Self-Administered / Self-Directed Pension
A pension structure operated under a Pensioneer Trustee, allowing direct investment in equities, bonds, certain alternatives and — subject to Revenue conditions — commercial property.

Pensioneer Trustee
A Revenue-authorised trustee firm providing the trustee and administration services for Self-Administered Pension arrangements. Quest Capital Trustees and Independent Trustee Company are among the principal Irish firms.

Personal Retirement Bond (PRB)
A pension contract used to consolidate benefits left in former employers' schemes. Now routinely structured on a Self-Directed basis.

Standard Fund Threshold (SFT)
The Revenue cap on tax-advantaged pension fund value. Funds above the SFT face Chargeable Excess Tax.

TIER SIX · OWNER WEALTH EXTRACTION & PHASED RETIREMENT

Phased Retirement Drawdown
A structured combination of partial Tax-Free Lump Sum, partial transfer to ARF (or Self-Directed ARF), and continued contributions on residual earned income.

ARF / Self-Directed ARF
Approved Retirement Fund — the post-retirement investment vehicle. The Self-Directed ARF gives the holder direct control over the underlying assets.

Personal Section 72
A whole-of-life policy taken out at personal level, written in trust, designed under Section 72 of the CAT Consolidation Act 2003 to fund a future CAT liability on transfer to children free of CAT itself.

TIER SEVEN · BUSINESS SUCCESSION & EXIT

Retirement Relief (CGT)
Relief from Capital Gains Tax on the disposal of qualifying business assets by an individual aged 55 or over. Detailed in a dedicated page in this brief.

Revised Entrepreneur Relief (CGT)
A reduced Capital Gains Tax rate of 10% (against the standard 33%) on qualifying gains, subject to a statutory lifetime cumulative cap. Detailed in a dedicated page in this brief.

Business Relief (CAT)
Relief reducing the taxable value of qualifying business assets transferred at death or in lifetime by 90% for CAT purposes.

Management Buy-Out (MBO)
Sale of the business to the existing management team.

Phased Exit
A graduated transition over a defined period in which the owner steps back from execution while retaining ownership during the handover.

Share Buy-Back
A transaction in which the company purchases its own shares from a departing shareholder. Subject to defined Section 176 conditions for favourable CGT treatment.

Earn-Out
Deferred consideration on a sale, paid contingent on the business achieving defined post-sale performance.



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.

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