


PENSIONS  
INVESTMENTS  
LIFE INSURANCE



**Irish Life**

# PLANNING FOR YOUR RETIREMENT IN YOUR 40'S



A man with dark, wavy hair and a light beard, wearing a light blue button-down shirt, is smiling and looking at a computer monitor. The background is slightly blurred, showing an office environment with another monitor and some papers.

This is Patrick. He's married to Grace and they have four teenage children. Patrick is 48 and is an IT Consultant. Grace has recently returned to the workforce and started a new pension plan. At the moment the biggest strain on Patrick's pocket are second and third level fees. He started paying into his pension plan a few years ago but has forgotten about it since.

## WHAT TO DO IF YOU'RE 40-SOMETHING

### TIME FOR ACTION

If you haven't started a pension, now is the time to get serious. You can expect to be spending as many years if not more in retirement as you have left in work. By starting your pension plan today, you still have the opportunity to get income tax relief on your pension payments and have the time to build up an adequate pension fund.

For those of you with a pension plan already, it's very easy to put it away in a drawer and forget about it. But just think your pension plan is an investment that you should keep an eye on. So if like Patrick you've forgotten about your pension, talk to us today, as we're here to help you understand your pension and answer all your questions.



*Almost*

1 in 3 people claim they don't really understand pensions.  
(Irish Life, 2015)

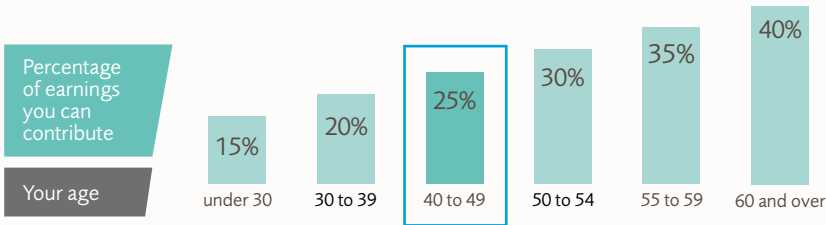
And remember the benefit of regular reviews and adjustments is invaluable. You could be missing out on tax incentives. Or you could be still making the same payment into your pension plan as you did when you started, even though you now earn more. Or if you are a couple with both of you earning, there are ways to maximise income tax relief for each of you.

## HOW MUCH SHOULD YOU SAVE INTO A PENSION?

It really depends on your own circumstances, so, if you're 40 now, that would mean setting aside 25% of your income for a pension. It may seem a lot but with income tax relief it's not so hard.

*Let's say*, if like Patrick, you are earning €55,000, and you choose to save €750 a month into your pension plan. That is a lot of money but if you consider income tax relief at 40% it could cost you just €450 from your take-home pay.

## MAXIMISE YOUR INCOME TAX RELIEF



The figures above show the percentage of earnings you can use to make pension payments each year. For example, if you were 40 years old earning €70,000 a year you would be able to save €17,500 each year into your pension plan and receive income tax relief on this saving. Pension income in retirement is subject to income tax at your highest rate on withdrawal, Universal Social Charge (USC), Pay Related Social Insurance (PRSI) (if applicable) and any other taxes or government levies due at that time.

Income tax relief is not guaranteed and rates used are current as at July 2021. To claim income tax relief, you can apply to your Inspector of Taxes to adjust your tax credits. Contributions deducted from salary will receive immediate income tax relief. If you are self employed, you must include your pension contributions in your self assessment tax returns in order to get income tax relief. To be eligible to claim income tax relief, your income must be taxable under Schedule E or Schedule D (case I or II).

## QUESTIONS & ANSWERS

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### **“WITH ALL THESE TAXES, AM I RIGHT TO STICK WITH MY PENSION?”**

No doubt about it, times are tough for the economy. All of us are paying extra taxes one way or another. Some may question whether putting money into a pension plan is a priority right now. But if you don't do it, no one else is going to do it for you. The current single State Pension (Contributory) is a grand total of €12,912 a year. That's actually below the Government's own minimum wage. Even if you have no mortgage left to pay in the future, that's not much to get by on.

The good news is that pension plans are much more flexible than most people think. You can change the level of pension payments, you can even take a payment holiday if something major happens – for instance, a gap in employment due to redundancy.

### **DON'T LEAVE YOURSELF DEPENDENT ON FUTURE TAXPAYERS**

Did you know that the qualifying age for the State Pension has gone up from 65 to 68 for today's 40-somethings? That means, if you were planning on retiring at 65, you will have a three year gap to fill. Fortunately, if you start planning now, this needn't be too much of a strain. Talk to your Financial Broker or Adviser today and make sure you keep all your options in place.

### **“WHAT'S MY PENSION WORTH RIGHT NOW?”**

If you already have a pension plan, you can ask your Financial Broker or Adviser any time for an update. We'll also give you an estimate of what your pension would be worth in retirement. It's important to meet with your Financial Broker or Adviser each year to check if you are on track with your retirement plan.

## Checklist for 40 something



- ☐ If you have started a pension plan already, do you know what type of investment funds your pension fund is invested in?
- ☐ Are you on track with your expected retirement income?
- ☐ Have you met your Financial Broker or Adviser in the last year?
- ☐ Do you take time to read your Pension Benefit Statements or keep track online?
- ☐ Do you know that, if eligible, you can claim income tax relief on your pension payments?

Check out the online Pension Calculator at [www.irishlife.ie/pensions](http://www.irishlife.ie/pensions) to see the kind of income you can expect in retirement.



## For advice

on how to make the most of your retirement savings now,  
book a meeting with your Financial Broker or Adviser today.

## WHY CHOOSE IRISH LIFE?

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Ireland's leading life insurance and pensions provider (based on market share at June 2019). Irish Life have been helping people in Ireland plan for their retirement for **OVER 80 YEARS.**



Irish Life Investment Managers have won the **INVESTMENT MANAGER OF THE YEAR 2019** at the Irish Pension Awards and the **PASSIVE MANAGER OF THE YEAR 2019** at the European Pension Awards.



Irish Life manages over **4,400 Corporate Company Pension Plans.** This includes the Irish employees of:

- 8 of the 10 biggest Irish companies (on the ISEQ)
- 6 of the 10 biggest U.S. companies (on the S&P500)



Irish Life's investment manager manages over **€76 BILLION** the most money for people in Ireland.



**> 1 MILLION**

Irish Life have over **1 MILLION CUSTOMERS** in Ireland.



With **24/7 online service** and a Dundalk based customer service team Irish Life aim for the highest quality customer service.



Irish Life is part of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations.

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## NEED SOME ADVICE?

To discuss your retirement plan contact your Financial Broker or Adviser today.

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Information is correct as of June 2020.

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