



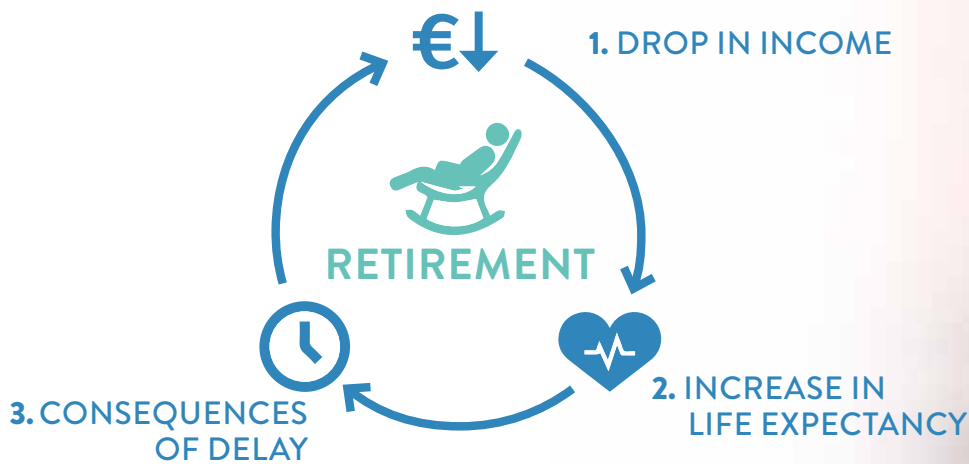
# THE PENSION TIMEBOMB

How are you going  
to provide for your  
retirement?



# HOW ARE YOU GOING TO PROVIDE FOR YOUR RETIREMENT?

It is very important to consider your retirement options as early as possible. The longer you wait to start your pension, the more of your income you will have to invest to achieve your retirement goals. Below are some of the major considerations.

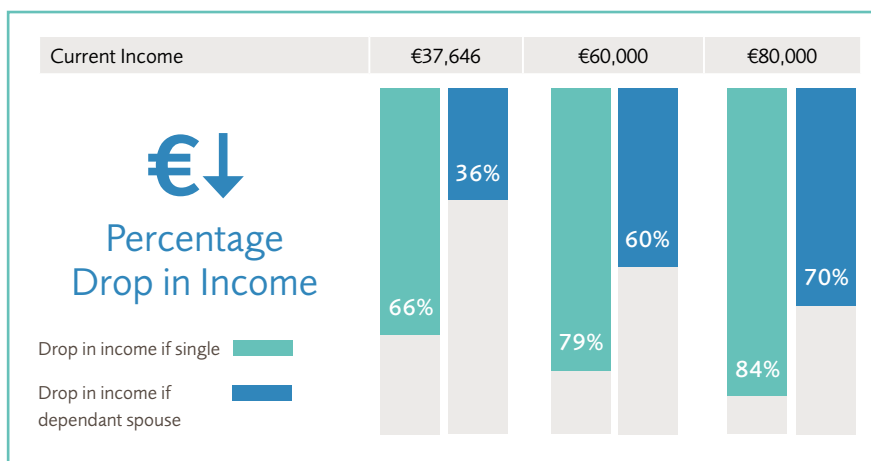


## €↓ 1. DROP IN INCOME

### HAVE YOU CONSIDERED HOW MUCH YOUR INCOME WILL DROP WHEN YOU RETIRE?

State Pension (Contributory) full rate June 2020	
Personal Rate	€248.30 weekly (€12,911.60 pa)
Personal + Adult dependant (over 66)	€470.80 weekly (€24,481.60 pa)
Average Weekly Earnings 2018 (CSO 2018)	€747.52 weekly (€38,871 pa)

### IF YOU RELY ON THE STATE PENSION YOU WILL EXPERIENCE A HUGE DROP IN INCOME



The State Transition Pension was abolished in January 2014, thereby **increasing pension age to 66**.

The increase in the State Pension age to 67 from 2021 and to 68 from 2028 has been deferred pending a report due to Government in June 2021. But the State Pension age is likely to be increased again in the future.



Currently, for every 1 retired person, there are nearly 5 people in employment.

By 2055, there is expected to be **2 people in employment for every person over 66**

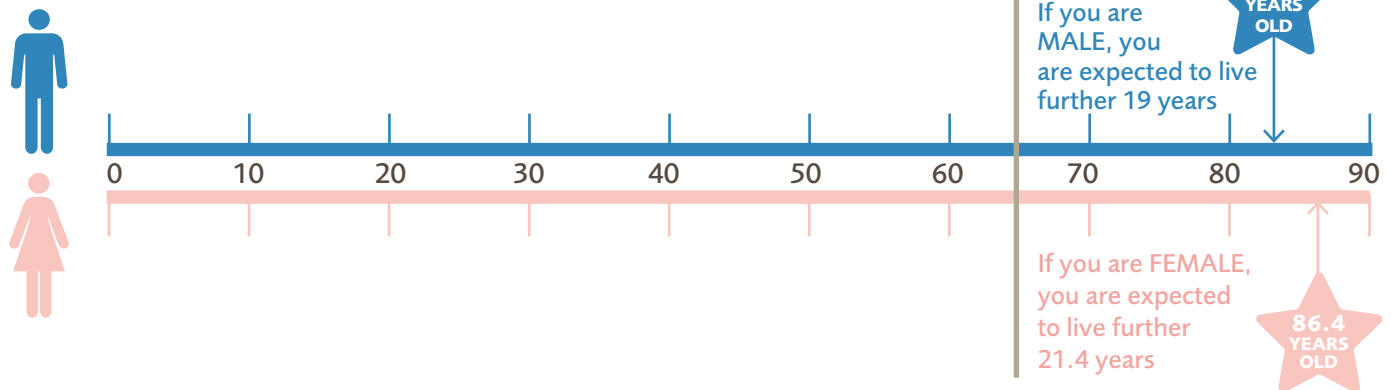
\*Source: National Risk Assessment 2019



## 2. INCREASE IN LIFE EXPECTANCY

### HOW LONG WILL YOUR PENSION FUND NEED TO LAST IN RETIREMENT?

With improvements in health care and lifestyle, people are living much longer and leading more active lives in retirement. While increasing life expectancy is a good thing, it is also something you need to consider when planning for your retirement. Your retirement savings may need to last over 20 years after you finish working.



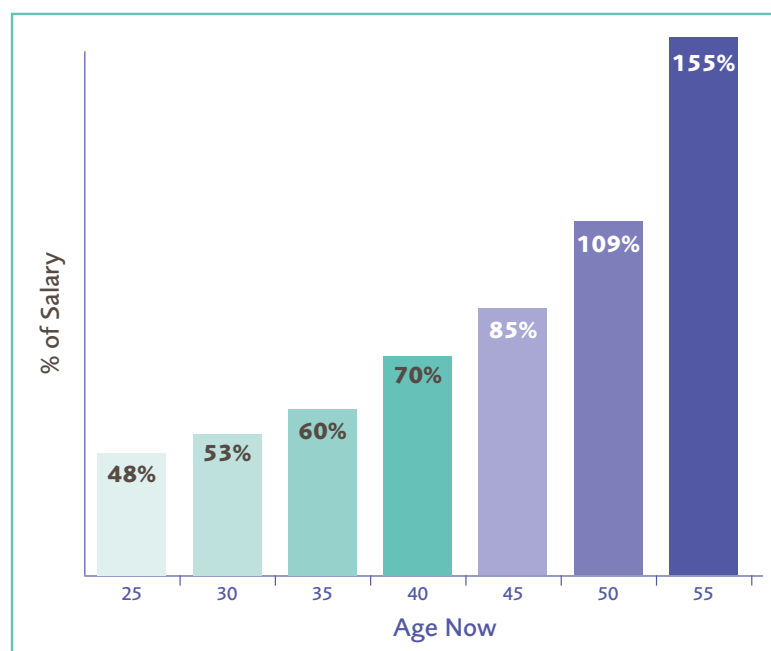
Source: Health in Ireland Key Trends 2019



## 3. CONSEQUENCES OF DELAY

### WHAT IS THE COST OF DELAY?

The graph below shows how much of your salary you would need to pay into your pension each year to target a pension annuity of two thirds of your final salary at age 66. **As you can see, the earlier you start, the easier it is to provide this level of pension.**



Source: Irish Life easy quotes using Complete Solutions 1 product (August 2018). Assumptions used:

- Invested in the Irish Life Multi Asset Portfolio (MAP) Fund 3.
- Figures are in today's terms and assume a growth rate of 3.75% gross investment return each year.
- 2.5% salary inflation every year to retirement age. Annuity rates based at post-retirement interest rate of 2%.
- Male retiring at age 66.
- Pension annuity increase of 1.5% each year.
- Pension contribution increase of 2.5% each year.

Pension income in retirement and withdrawals from Approved Retirement Funds & Approved Minimum Retirement Funds are subject to income tax, Universal Social Charge and PRSI (Pay Related Social Insurance) (if applicable) and any other taxes or government levies due at that time.

**Warning:** The value of your investment may go down as well as up.

**Warning:** If you invest in this product you may lose some or all of the money you invest.

**Warning:** If you invest in this product you will not have access to your money until age 60 and/or you retire.

PENSIONS  
INVESTMENTS  
LIFE INSURANCE



# Irish Life



*For more information on pensions,*  
please contact your Financial Broker or Adviser.

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The information and figures stated are correct as at June 2020.  
Irish Life Assurance plc is regulated by the Central Bank of Ireland.

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