



Press Release

More than 4 in 10 adults expect State Pension to fund retirement

3 out of 4 underestimates how much is needed to fund “modest” pension

41% of adults in Ireland say that they will be relying on the State Pension as their primary source of income to fund them in retirement, according to a survey by protection specialist Royal London. The survey of 1,000 adults nationwide, commissioned by Royal London and carried out by iReach, also revealed that 74% of people underestimated how much of a pension fund would be needed to provide a modest pension income of €200 per week, with 60% of those between 18 – 24 significantly underestimating this cost.

Mark Reilly, Pensions Proposition Lead at Royal London commented of the findings,

“The numbers are very revealing as to the prevailing attitude among the public towards pension provision, with the largest portion of people (41%) saying that essentially they intend to rely on the State Pension when they retire. Interestingly, the gender difference in this regard is substantial, with 47% of women saying that the State Pension will be their primary source of income, compared to 36% of men. The private pensions gap for women has been well-documented and this survey supports the widely held contention that women are underprovided for when it comes to pensions.”

The Royal London survey found that, while only 28% of adults early on in their careers (25-34) believed that they would primarily be dependent on the State Pension in retirement, that percentage of people had almost doubled to 50% for those aged 55 and over.

The survey asked: **What will be your primary source of income in retirement?**^

Mr. Reilly went on to comment,

“You can look at the findings and make a variety of observations. On one hand, it could be that younger people may assume that they will have amassed enough life savings come retirement or will have a pension plan in place through work. Perhaps for those who are really approaching the latter stages of life, it’s more a case of ‘reality bites’ as people realise they haven’t made sufficient provisions. On the other hand, there could be a general assumption among older generations that the State Pension will remain as valuable as it

currently is and will provide for them in their retirement, while younger generations may be feeling much less confident that some financial support will be available to them by the time they finish their working life.”

Respondents were also asked: **How much do you think you would need in your pension fund to give you an income of €200 per week for the duration of your retirement?^^**

Mr. Reilly commented,

“The survey very clearly reveals that 74% of people underestimate how much money they’ll need to fund a decent pension in retirement. We found that nearly 33% of adults believe a pension fund valued at €200,000 would generate €200 per week in retirement. 27% believe €100,000 is needed, while 14% believe that €50,000 would suffice. All these assumptions are incorrect – in reality, you would need a fund in the region of €300,000 based on current annuity rates.

“Understandably, if people don’t realise how much it would take to secure a modest pension in retirement, then they can’t be expected to automatically know how much money they will need to put aside in the early years of their career. This clearly underpins the need for people to seek out independent financial advice from a Financial Broker so that they can better understand their retirement planning needs.”

Much has been made of Ireland’s pension ‘timebomb’, a term which amongst other things highlights the impact of the country’s aging population on the State’s ability to maintain current levels of pension provision and age eligibility.

Mr. Reilly concluded,

“The Central Statistics Office estimates that the number of people aged over 65 will almost treble to 1.45 million people between 2011 and 2046. Therefore, the task of financing this level of increased pension provision will fall to a decreasing share of the population. This coupled with Ireland’s low level of pension take-up is worrying. The National Risk*

*“Assessment 2019 suggests that a high percentage of the working population is not saving enough, or is not saving at all, for retirement, and contends that this presents a significant risk both in terms of the funding and sustainability of pensions in Ireland**.”*

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Notes to editors

About Royal London:

Royal London has a history of protecting our policyholders and their families for over 190 years in Ireland, and we're committed to continue to do so for a long time to come. Today we are owned by The Royal London Mutual Insurance Society Limited – the largest financial life, pensions and investments mutual in the UK, with over 4,300 people, providing around 8.6 million policies and more than €164.3 billion in Group funds under management. (Figures as at June 2020).

Royal London's Irish office is based at 47-49 St Stephen's Green, Dublin 2.

^Q: What will be your primary source of income in retirement?

	All Adults	Male	Female	18 - 24	25 - 34	35 - 44	45 -54	55+	Dublin	Rest of Leinster	Munster	Connacht /Ulster	Yes – already started a saving into a pension
The State Pension	41 %	36 %	47 %	32 %	28 %	39 %	47 %	50 %	31 %	43 %	51 %	42 %	25 %
My pension through my employer	32 %	33 %	30 %	20 %	32 %	35 %	30 %	34 %	39 %	27 %	28 %	30 %	52 %
My own private pension	14 %	16 %	13 %	27 %	23 %	10 %	11 %	9 %	15 %	13 %	13 %	17 %	14 %
Investment income	3 %	5 %	2 %	3 %	2 %	4 %	5 %	3 %	5 %	2 %	2 %	3 %	4 %
Bank savings	10 %	10 %	9 %	19 %	15 %	12 %	7 %	4 %	9 %	15 %	6 %	8 %	5 %

^^Q: How much do you think you would need in your pension fund to give you an income of €200 per week for the duration of your retirement?

	All Adults	Male	Female	18 - 24	25 - 34	35 - 44	45 -54	55+	Dublin	Rest of Leinster	Munster	Connacht/ Ulster	Yes – already started a saving into a pension
€50,000	14 %	14 %	15 %	25 %	24 %	17 %	10 %	7 %	13 %	22 %	12 %	12 %	13 %
€100,00	27.5 %	26 %	29 %	35 %	27 %	31 %	27 %	23 %	27 %	20 %	33 %	28 %	24 %
€200,00	32.5 %	30 %	35 %	31 %	26 %	31 %	37 %	35 %	29 %	35 %	32 %	36 %	33 %
€300,00	25.5 %	30 %	21 %	8 %	23 %	21 %	27 %	35 %	32 %	22 %	23 %	24 %	31 %

*<https://www.cso.ie/en/csolatestnews/pressreleases/2013pressreleases/pressreleasepopulationandlabourforceprojections2016-2046/>

** National Risk Assessment 2019 Report

<https://assets.gov.ie/24144/fff14682a27943fbbdce8922124b5e05.pdf>

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12/2020 1860.1