Press Release

My employers Defined Benefit scheme is winding up. What should I do?

I've been a member of a company Defined Benefit (DB) pension scheme for 25 years and it is now winding up. The company has cut a number of benefits that people can get from its scheme - and so my DB pension will now be half of what I expected it to be. What can I do to make up for the shortfall in the pension I had been expecting? A defined contribution (DC) scheme is being set up and will be offered to all employees but I've only five years to go to retirement. I've no other pension.

Answer: Mark Reilly, Pension Proposition Lead, Royal London Ireland

From a tax relief perspective it is worthwhile joining the new company pension scheme as soon as you can and saving as much into it as you can afford to. If you are aged 60 or over, you can get tax relief on pension contributions equivalent to no more than 40% of your income, up to a maximum earnings amount of €115,000.

You could also set up your own personal pension but it is generally more advantageous to save into an employer's pension scheme as your employer may also be paying contributions on your behalf into your pension fund. Also, the charges on the pension scheme may be lower than on a personal pension and life assurance might also be provided through the employer pension. With DC schemes, the value of your pension depends on how much you and your employer (if it chooses to do so) pays into the pension scheme over your working life and how well that money was invested. With some DC pension schemes, the more you pay into your pension, the more your employer will pay. If that is available, you may want to take full advantage of any such offer.

As you have five years to go to retirement, you also need to carefully consider what your pension fund is invested in. Talking to a Financial Broker will help in choosing the best option for your own circumstances.

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Notes to the Editor:

About Royal London Ireland:

Royal London Ireland 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. Our businesses heritage in Ireland is nearly 200 years. The Caledonian Insurance Company's first office opened on Dame Street, Dublin 2 in 1824. Today we are owned by The Royal London Mutual Insurance Society Limited – the largest mutual life insurance, pensions and investments company in the UK, with assets under management of €174 billion as at 30 June 2022, 8.8 million policies in force and 4,267 employees as at 31 December 2021.

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