



Press Release

How to stop late milestones eating into a pension?

I'm in my early 40s and have just become a mum of twins. My husband and I have also only just recently bought our first home – with the help of a large mortgage. We're both in good steady jobs and I've been saving into a pension for the last five years – but I'm worried about the impact of these new and late financial commitments on my pension, as well as my ability to save into it. How do I ensure the double whammy of buying a home and having children so late in life doesn't impact my retirement income?

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

There are plenty of reasons, such as career progression and later marriages, why women and men in Ireland might decide to have children later in life. Similarly, buying a home later in life is not unusual today – the price of houses in Ireland means that it often takes time to become financially ready to buy one, while lack of supply is also an issue. However, having children and buying a home late in life can eat into your retirement income and could even mean having to work into retirement.

To avoid your mortgage having an impact on your retirement income – or indeed the age that you can retire at, ideally clear your mortgage before you reach the age of 65, or earlier if you can. It is advisable to try to avoid topping up your mortgage close to retirement too. While you might consider this to fund home improvements or to give your child a deposit towards their first home, a top-up mortgage at that stage could put you under unnecessary financial pressure in your retirement years. Be aware too that unforeseen circumstances, such as an illness or redundancy, could see you struggle to repay a top-up loan.

As you have become a mother in your early 40s, there could be many large bills which arise during or near your retirement. For example, your children could still be in college at that



stage. It currently costs €56,376 to send one child to college for four years, if they're living away from home, according to TU Dublin's latest cost of student living guide¹. Such a bill could make it more difficult for you to save an adequate amount into your pension as you approach your retirement and could also see you having to borrow to fund the cost of your child's education at that late stage in your life.

Furthermore, if college bills are due when you are retired, unless you have adequately prepared for them, you could have to work into retirement. To reduce the chances of finding yourself in any of these positions, ideally you should start saving for your child's college education now, if you can afford too. It would also be important to invest that money wisely and talking to a Financial Broker about a personalised plan can help.

Other large costs you could face as a parent include dental, healthcare and childcare bills; the day-to-day costs of bringing up a child; financial support towards an older child's purchase of property and so on. Saving up early for such costs, as well as budgeting efficiently, can improve your overall financial position and this in turn can help you build up an adequate retirement income.

Struggling to balance the demands of parenthood, new parents often look at job options that allow some degree of flexibility, and indeed, some consider taking time out of the workforce. From a financial perspective, any time either of you takes out of the workforce could impact your pay prospects and pension.

Similarly, while part-time work and job-sharing can make it easier to balance the demands of parenthood with that of a job, it would be wise to understand - and limit - the impact which any such options could have on your pension in the future. So, if after taking up one such option, the opportunity arises to return to work on a full-time basis, consider doing so if you can. Similarly, to mitigate the impact on your final pension pot, if you can, continue to contribute to your work pension while on maternity or parental leave and during any gaps in employment.

¹[Cost of Living Guide | TU Dublin](#)



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Notes to the Editor:

About Royal London Ireland:

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