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Press Release

How to stop a mortgage eating into retirement income?

I'm 45 and recently bought my first home – with the aid of a substantial mortgage. While I haven't had to reduce my pension contributions since taking out the mortgage, given I'm only 20 years to retirement, what can I do to avoid this mortgage having an impact on my retirement income down the line?

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

It's good that you have been able to maintain your pension savings since taking out your mortgage. We would encourage you to continue to do so, if you can afford to, as this is one of the best ways you can avoid your mortgage eating into your income during retirement.

Taking out a mortgage late in life could see that debt follow you into your retirement years and in turn eat into your retirement income, particularly since with the mainstream Irish banks , you have the option to repay your mortgage up until the age of 69 or 70.

To avoid your mortgage having an impact on your retirement income, ideally clear your mortgage before you reach the age of 65, or earlier if you can. This can reduce your need to continue working past the date you ideally want to retire.

Avoid topping up your mortgage close to retirement too. While you might consider a mortgage top-up to fund home improvements or to give a 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.

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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 €166 billion, 8.7 million policies in force and 4,200 employees. Figures quoted are as at 31 December 2022.

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

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