



Media Q&A

23 February 2026

Can I afford to retire in 5 years at the age of 65 as planned?

I'm 60 and due to retire in five years time, however, I'm concerned that I won't be able to afford to retire then. While I've been saving into a Defined Contribution pension through work for the last 20 years, this is the only pension I have. Our mortgage is paid off and our adult children have all left the family home but my wife and I have felt the squeeze of rising living costs of late and I'm concerned that my pension contributions made to date might not leave me with enough to retire on. My wife, who works part-time, has no pension though she has about €50,000 in a savings account which came from an inheritance. How can I know for sure if I can – or cannot - afford to retire at the age of 65 and what can I do to boost my chances of being able to do so?

It's important to ensure that the work pension you can access at the age of 65 is adequately funded and will deliver the retirement income you are expecting from it. In this regard, two key things you need to regularly check are the performance of your pension fund, as well as the projected retirement income you can expect from it. This information will be detailed in your annual pension statements. If you find that your retirement income is falling short of what you would need to fund a comfortable retirement, you'll need to save more into your pension – if you can afford to. You may also need to reassess your investment strategy.

People often underestimate the amount of money they need to have saved up for retirement. When thinking about how much you will need to fund a comfortable retirement, consider how much you are likely to need to cover day-to-day living costs, any travel or other plans you hope to embark on, as well as the expenses that you might face in the latter part of your retirement, such as healthcare or nursing home care.

If after considering all this, you feel you need to save more into your pension, look at your financial situation and see what's the most you can afford to save into your pension within the allowable tax relief limits on pension contributions. The allowable tax relief on annual pension contributions is 40pc of relevant earnings in a year for those aged 60 or over. This may allow you to make substantial contributions to your pension and in turn boost your income at retirement.

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If you get any pay rises between now and when you retire, consider using some of them to increase the amount you're saving into your pension – if you can afford to do so. Similarly, if you get annual bonuses, consider putting this money towards your pension. Be careful not to contribute more than you can get tax relief on though.

Find out, too, what is the maximum level of contributions that your employer is prepared to make and what you need to do to secure that level of contributions. Your employer may be prepared to make a higher employer contribution and this too would help boost your pension pot.

You mention that your mortgage is paid off and this is very positive. However, if you have any other debts, such as credit cards, overdrafts or credit union or car loans, it is important to aim to clear these before you retire.

Both you and your wife should check if you're eligible for a State Pension and if so, how much. The State Pension is paid from the age of 66 and the maximum weekly Contributory State Pension is now €299.30. Your social insurance record will largely determine if you qualify for the full amount. Both you and your wife can check your social insurance record and make sure all of your time in the workforce has been correctly recorded. If either of you find that there is no record of social insurance contributions for a period of time when you were in the workforce, point this out to the Department of Social Protection and provide evidence that you did in fact work at that point. If your wife has only worked part-time, she may not qualify for the full Contributory State Pension but any time spent out of the workforce providing full-time care for children under the age of 12 will be taken into account for the purposes of the State Pension.

You mention that your wife has no pension. As a part-time worker, she may be eligible for Auto Enrolment (AE), which is now up and running. Under AE, workers aged between 23 and 60, who earn more than €20,000 a year and don't currently have a company pension, will be automatically signed up to a pension plan co-funded by their employer, the workers and the State. Workers (including part-time workers) who are not already paying into a company pension scheme and don't earn enough to be automatically enrolled can voluntarily opt-in to the scheme. Employees aged between 18 and 23, or between 60 and 66, can also voluntarily opt-in.

It would be worthwhile seeking professional advice from a Financial Broker to help you calculate how much you will need to save over the next five years to help you in building up a sufficient pension pot.

ENDS

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*Based on total 2022 premium income. ICMIF Global 500, 2024