

Press release

90% of Irish people think pensions are a good idea but over half don't own one

Almost 6/10 adults are uncomfortable making decisions about retirement planning

Pension ownership has increased from 46% to 49% of adults

21 January, 2020

Standard Life's most recent* survey of 1,000 Irish adults reveals an overwhelming majority or 88% of respondents think owning a private pension in addition to the basic state pension is a good idea.

Do you think private pensions (i.e. savings/investments used to generate additional retirement income to the basic state pension) are a good idea?

| Response | % | Male | Female |
|----------|-----|------|--------|
| Yes | 88% | 88% | 88% |
| No | 12% | 12% | 12% |

Interestingly, there is no difference between genders even though male pension ownership is significantly higher than its female equivalent at 59% vs 40% for the overall population (includes the public and private sector).

When the public sector is stripped out (where typically 100% own a work pension) 50% of men own a pension vs just 30% of women in the private sector.

How is low pension take-up explained vs a high approval rating?

"We believe there are strong behavioural reasons for people not owning pensions," said Sinead McEvoy, Head of Technical Solutions with Standard Life.

McEvoy says beliefs and values normally trigger actions, but the biggest reason given for not owning a pension is people saying they can't afford it.

"We don't believe it's the real reason for some. We think a combination of people wanting to start paying into a pension but not getting around to it, not understanding pensions, not knowing how to start one and being uncomfortable making retirement related decisions are all blockers," she said.

The only people (arguably) too far away from retirement are those who are not yet earning a taxable income, most other workers paying tax should do their utmost to save into a pension from their first job, she added.

| Why do you not contribute to a pension? (All respondents without a pension asked) | % |
|--|-----|
| I can't afford to save into a pension | 47% |
| I want to start paying into a pension but just haven't gotten around to it yet | 22% |
| I don't really understand pensions or how to start one | 17% |
| I don't need to start saving into a pension yet – I'm too far away from retirement | 12% |
| My employer doesn't offer a pension scheme that I can contribute to | 5% |
| My employer has a pension I can contribute to but I haven't joined it | 3% |
| Other | 13% |

Pension ownership increases from 46% to 49%

Overall pension ownership has increased from 46% to 49% quarter on quarter. Male pension ownership has increased from 54% to 59%, while female pension ownership rose from 40 to 41%.

Private sector (only) average ownership has increased from 37% to 40% quarter on quarter - more likely for men where ownership increased from 44% to 50%, while female pension ownership remains stubbornly unchanged at 30%.

“We believe full employment and reduced Brexit uncertainty has increased people’s financial confidence and supports greater pension saving levels,” said McEvoy.

“It’s a new year and a new decade and many people will want to get off to a good start by finally ticking the “start a pension” from their wish list,” she said.

Being informed is the key to overcoming uncertainty and getting on with starting a pension or saving more into one, according to McEvoy.

“Once people understand how important it is to have their own pension, how beneficial the tax breaks are and how relatively easy it is to start a pension – they will take action, said McEvoy.

“We think 2020 is a year to take pensions action and we encourage everyone to start talking and learning about how pensions work,” she said. Older people have a lot of good advice they can give younger savers and the latter are typically nimbler at finding information online etc. which could be very beneficial for everyone involved.

Ends.

McEvoy’s top tips include:

- Talk to a family member/friend you trust on financial/pension matters so you can ask all your basic questions and get comfortable with the topic.
- At work, find out who is in charge of signing you up to a pension. Remember all employers, irrespective of size have to offer you access to a pension. In a smaller company it’s probably the accountant and in larger companies the HR department.
- If your employer is offering a percentage of your annual salary as a contribution towards your pension pot – sign up as fast as you can. Otherwise you could be leaving thousands of euro per year for your employer to use as they wish instead of watching your pension pot grow.

Ends

Notes for editors:

*These results are based on an independent online survey conducted by Research Plus Ltd on behalf of Standard Life of 1,000 Irish adults up to 30 December, 2019.

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