

# Ready to retire? It doesn't look like it

New surveys highlight the anxiety and levels of unpreparedness for those nearing the end of their working life writes **John Hearne**

## Consumer interests

**A** new survey reveals that two in every five Irish adults feel unprepared for retirement. What's more, 60% of those in the workforce who don't have a pension have little to no awareness of the auto-enrolment scheme.

The latest Retirement Pulse survey, released by **Standard Life**, offers a comprehensive look at the current state of retirement planning and experience across Ireland. The results also shed light on growing concerns among Irish adults about their financial preparedness for retirement, highlighting the urgent need for more open conversations, enhanced pension literacy and retirement planning education.

While 43% of survey respondents said they didn't feel financially ready to retire, 40% said they simply won't be able to retire. A similar proportion said they don't know how much they will need to live comfortably in retirement.

Financial unpreparedness is particularly acute among female respondents. Some 48% of women say they're not ready compared to 38% of men.

It's not all about money of course. There's also the question of what you'll do with the extra time. Some 41% of non-retired adults feel socially prepared, and just under half (48%) feel confi-

dent they'll keep purposefully engaged in retirement. Sentiment towards retirement is mixed — 44% of non-retired adults say they're looking forward to it, while 45% admit feeling anxious or scared. Almost half (47%) say they're not going to think about retirement until it happens.

Would-be retirees are also looking for better financial advice about retirement. The survey found that 57% of adults have never sought professional financial advice. More than two in three women in Leinster and Cork have never consulted a financial adviser. Those who regularly consult an adviser are 19% more likely to have a plan and feel prepared for retirement.

Then there's auto-enrolment. This is where a pension is automatically set up and deducted from wages or salary once an individual starts paid employment, and is due to be introduced in Ireland next year. According to a Competition and Consumer Protection Commission survey from earlier in the year, there is strong support for auto-enrolment across age groups, with 79% of under 25s — the group least likely to already have a pension — saying they would be happy to pay into a compulsory pension scheme.

The problem is that not many people are aware that it exists. The Standard Life

survey found that 60% of those in the workforce who are without a pension don't know anything about it. Half of Dublin workers are aware of auto-enrolment, compared to only 37% in Munster.

Sinead McEvoy is head of retirement solutions at Standard Life. She says that auto-enrolment is a long-anticipated, significant step forward in the Irish retirement landscape, and believes it will pivot almost a third of the workforce with no current pension provision on to a better path to retirement.

"Introducing an entirely new system to a population, however, needs a consistent, effective communication plan," she says. "With three in five of the target audience still in the dark, this needs to be addressed. The decline in those planning to stay enrolled could be driven by several reasons. The existing pension system might be a more suitable option for some of those higher tax-rate workers. An adviser can help people navigate which approach is adequate for their retirement needs."

Of course, it's hard to know exactly how much you'll need in retirement. None of us know for sure what lies ahead. However, by looking at your current financial situation, and what provisions, if any, you've put in place, and by considering

the common expenditure associated with later years in life, it's possible to make an educated guess at it.

Weekly nursing home fees range from €1,000 to almost €3,000, meaning that in some cases, the annual cost of a stay in a nursing home could be as much as €150,000 plus.

Another recent study by Royal London Ireland found that almost three in 10 homeowners expect to be still paying off their mortgage in their retirement years, while 8% expect to continue to do so into their seventies. As the average mortgage drawn down by first-time buyers is now over €280,000, repaying a mortgage into retirement could be a substantial financial strain.

Then you've got health-care costs. These range from health insurance premiums, GP visits and regular prescriptions to more expensive treatments like mastectomy, spinal fusion surgery, heart surgery, prostatectomy and treatment for depression.

And of course, there are still day-to-day living expenses. If you live in a typical three-bedroomed house, the average annual electricity bill on a standard tariff is €1,763 while the average annual gas bill on a standard tariff is €1,466.

The average age of mothers giving birth in Ireland is at its highest point since records began, and the

number of Irish women giving birth at the age of 40 and over is about a third higher than it was in 2011. This means that many people in retirement could still be supporting their children. The cost to a parent of supporting a child to buy their first home could prove substantial.

According to the Banking and Payments Federation, 42% of first-time buyers received a parental gift towards their house deposit. Third-level education fees could also need to be covered; it currently costs €56,376 to send one child to college for four years.

The Standard Life survey also polled existing retirees to assess their experience of life after work. The good news there is that 81% report happiness in retirement, unchanged from the previous Retirement Pulse survey in April 2024. Contentment is highest among Munster retirees (90%) and lowest in Leinster (72%).

Alan McCarthy is head of distribution at Standard Life. He points out that the findings highlight a significant need for advice in the retirement journey for people across Ireland.

“While it’s encouraging to see people are engaging more with their pensions, it’s concerning to see they are anxious about their financial future. We’re firm believers in the value of advice. Our research shows that those who seek advice and plan do better than those who don’t. People’s readiness for retirement significantly increases when they feel financially prepared, and a good adviser will help them put that plan in place.”

He adds that it’s important to plan for your social needs and to consider what will provide purpose in this new phase of life.

“These are often overlooked as soft elements that will take care of themselves, but our findings point to them being significant in the

planning journey and strong indicators for a person’s likelihood to experience a good or bad retirement.”

“The cost to a parent of supporting a child to buy their first home could prove substantial

