

30 April, 2017

40% of adults or 1.4* million people expect their standard of living to be the same or higher in retirement on an average pension of €4k p.a.**

The most popular amount saved into a pension is less than €50 p.m.

Standard Life's recent survey# of 1,005 adults reveals people's retirement standard of living expectations are out of line with the average income of €4k p.a. they are saving towards. When respondents were asked whether they expected their retirement standard of living to be the same, higher or lower, 42% said they expected it to be the same or higher. Almost a third expected it to be lower and over a quarter or 26% didn't know or hadn't thought about it.

"Irish people's standard of living has rocketed in the past 20 odd years, holidays abroad, drinks, dining out, lattes, running a car or two is relatively commonplace," said Sinead McEvoy, Standard Life's pensions technical spokeswoman. "But even if you assume the average person is entitled to a full state pension of almost €12,400, p.a. an income of c€16,400 p.a. is not going to keep most Irish people in the style to which they have become accustomed - and as the survey shows, many expect to match or even better in retirement," she said.

Which of the following statements reflects you most accurately?

When I retire:

I expect my standard of living to be lower	32%
I expect to maintain my current standard of living	24%
I expect my standard of living to be higher	18%
I don't know /haven't thought about it	26%

"Irish people are great communicators and my advice is to start talking to colleagues, HR people, friends and family, asking for all their pension tips," said McEvoy. "Figure out how much annual income you need to live on in retirement and work backwards to see how much you need to save per month," she said.

McEvoy's top tip: "Most financial advisers will offer a first pension consultation for free, so don't be afraid to ask their advice, as it could prove invaluable."

The most popular amount saved into a pension is less than €50 p.m.

How much do you contribute monthly into your pension scheme, approximately (excluding any employer contributions)?

Less than €50	25%
€50 to €100	9%
€101 to €200	16%
€201 to €300	8%
€301 to €400	5%
€401 to €500	2%
Over €500	5%
Don't know	30%
Average	€164.40

Assuming at best €49 per month is saved over thirty years, it will yield an income of approximately €1,800 p.a. ***

If an individual saves an average of €164 per month over 30 years it will yield an income of approximately €6,000 p.a.***

McEvoy says Standard Life's research consistently shows the average person wants to retire on approximately €30k p.a. If the average saver subtracts their combined state and private pension (e.g. €6,000 + €12,400 or €18,400) their shortfall is €11,600 per annum or a pension pot of €270,000 . Using the same assumptions as above that equates to an extra saving of €312 per month to reach your retirement income goal.

"That will be achievable for some higher income tax earners as it will cost €187 per month after income tax relief is taken into account," she said.

Ends

Notes for Editors

- #The results are based on an online survey commissioned by Standard Life and conducted by iReach of 1,005 adults aged 18+ to March 23, 2017.
- Dublin refers to Dublin city and county. Rest of Leinster refers to Leinster excluding Dublin. Connaught/Ulster refers to Connaught plus Donegal, Cavan and Monaghan.

*CSO 2016 census numbers show 3.571 million people aged 18+ in Ireland . (3.571mio times 42% equals 1.4 million people).

**A pension of €4k pa. is based on an average pension pot savings of €92,800 and using a level

annuity rate of 4.3% for a 65 year old. It excludes the state pension.

***Assuming 6% p.a growth, an AMC of 0.7% p.a. a final pot of €42,300 and a level annuity rate of 4.3% for a 65 year old equals an income of €1,800 p.a.

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