the peak of pension **preparation**

Planning for your retirement can feel as difficult as training to hike a tall mountain. Exercise, mental preparation and knowledge, will ease climbing the gradient to retirement and provide a great view from the summit.

In this newsletter we show what you need to think about in the ten or so years before you retire.

1. Assess Your Financial Readiness

Assessing your financial situation helps you see whether or not you are saving enough for the lifestyle you want in retirement without depleting your savings too quickly. By taking a close look at your finances, you can uncover any potential gaps in your retirement savings. This is actually a great opportunity to make some positive changes! For example, you might consider boosting your contribution rate or making adjustments to your investment strategy. These steps can help bridge any gap and set you on a path towards a comfortable retirement.

Your pension savings could be your main source of income when you retire, so there are a number of things you should consider.

Your income for a comfortable retirement:

1. The amount of income you will need in retirement
2. Your sources of retirement income other than your current Pension Plan
3. The income you will need from your current Pension Plan
4. How much you need to save in your Pension Plan by age 65 or the Normal Retirement Age of your Plan.
5. The impact of the possible choice to defer the State Pension.
6. The cost of early retirement (if you plan to retire before age 65)

Let's look at two important aspects of retirement planning: your retirement goals and managing debt. When it comes to setting retirement goals, understanding your financial situation is key.

It helps you set realistic expectations and align your dreams with your financial reality.

If you find that your current savings might not fully support the lifestyle you envision in retirement, you may need to adjust how you are currently saving or get creative in setting some new retirement goals. For example: consider cutting your retirement spending.

Now, let's look at managing debt. Evaluating your financial readiness allows you to become more familiar with any outstanding debts before retirement. It's a chance to assess and tackle those high-interest debts, like credit card debt or loans.

By paying off these burdensome debts, you can significantly reduce your financial stress and free up more funds for your retirement savings. Consider whether early repayment is tax efficient and whether there are penalties for early repayment. Think about your mortgage, if you have one, and consider whether keeping money in reserve makes more sense than early repayment.

Some steps if you struggle with debt:

- Contact the Monetary Advice and Budgeting Service www.mabs.ie
- Design a budget
- Distinguish between priority and non-priority debts
- Talk to your creditors
- Avoid borrowing more to pay off old debt

Clearing debt can be an excellent use of your Retirement Lump Sum!

Remember, as you plan for retirement, to be realistic with your goals, stay flexible, and take steps to manage your debt. By doing so, you'll be well on your way to a more secure and enjoyable retirement journey!

2. Health and Wellness Preparations

As the saying goes, your health is your wealth, maintaining good health and well-being in retirement is important for several reasons.

Your health directly impacts your overall **quality of life**. Get regular health check-ups to monitor your overall health, identify potential issues and address them pro-actively so you can prepare for what you might need in retirement to enjoy an active and fulfilling retirement, engaging in activities you love and making the most of your new-found freedom!

Getting regular check-ups also means you'll prepare everything you need to carry out daily tasks, pursue hobbies, travel and join social activities without significant limitations or reliance on others. This way you can maintain your **independence and autonomy**.

Poor health can lead to **increased expenses**, including medical treatments, medications, and long-term care. Have you thought about health insurance? Your current health insurance may be provided by your employer, but when you retire you may have to decide what cover you will need. Research available options and consider your preferences and financial readiness.

While it's not easy to think about, it's important to have conversations and make decisions about end-of-life care preferences. Consult with legal and healthcare professionals to make sure **your wishes** are documented and understood.

3. Lifestyle and Retirement Goals

Your retirement goals:

Activities you enjoy

Hobbies you want to explore

Travel plans

Community or social aspirations

Retirement offers a unique opportunity to create a life that aligns with your passions, interest and values. By envisioning your ideal retirement lifestyle, you can set the foundation for a meaningful post-work life. The best way to do this, is to make a list!

Now, think about how your financial resources will impact your retirement goals. Evaluate your retirement savings, any other income sources, and potential expenses.

Check whether the goals you listed are realistic and achievable within your financial means. You may need to make creative adjustments to your goals, but this will help you avoid unnecessary stress and disappointment.

Next, assess your health and wellness preparation. Look at your current health status and any potential limitations or considerations that might affect your goals. Take into account your personal circumstances, like your family responsibilities or other commitments and adapt your goals to suit you.

Prioritise your retirement goals. Things that are most important to you in retirement should be at the top of your list! Consider the activities, travel destinations, personal milestones, and other objectives you wish to accomplish and plan them so you ensure a well-rounded and fulfilling retirement journey.

Regularly review and revise your retirement goals. Be flexible and open to new opportunities. As you go through retirement, your goals may change, being flexible leaves room for you to discover new interests and adapt to potential challenges.

4. The Irish State Pension and Retirement Planning

The Irish State Pension

The State Pension is a payment from the Irish Government to people over the age of 66. It is intended to provide citizens with a basic standard of living in retirement and is funded by the PRSI contributions of current employees and their employers.

There are various aspects of the Irish State Pension that you need to familiarise yourself with. Some of these aspects include:

- When you can claim the State Pension
- What types of State Pension are there
- How you qualify for a State Pension
- How much money you will receive from the State Pension
- Where you can find more information about the State Pension

Knowing the basics will help you plan your finances ahead of retirement.

Your Pension Plan benefits at retirement

Depending on your personal circumstances, you may have access to the following benefits from a pension plan:

- Taking a Retirement Lump Sum
- Buying an Annuity (known as a guaranteed income for life)
- Investing in an Approved Retirement Fund (ARF)
- Taking the balance of your Retirement Account as Taxable Cash

You can choose which benefits (within Revenue limits) will best allow you to enjoy your retirement the way you want, and how much of your pension savings you use to fund each of your chosen benefits.

Before making your decision, it is important you consider the different options available to you and take financial advice.

5. Estate Planning

Organising your assets, properties, and personal affairs to ensure that your wishes are carried out during your retirement and after your passing involves creating a comprehensive plan that addresses the management and distribution of your assets.

Lets review some essential points to reflect on when thinking about planning your estate.

What if you weren't capable of acting for yourself?

The Assisted Decision-Making (Capacity) Act 2015 is an Act that allows you to plan for a time when you might lose your capacity in 2 types of future planning arrangements, known as **Advance healthcare directives** and **Enduring power of attorney.**

Have you made a will?

If you **have** made a will then your affairs can be resolved in an orderly manner and your assets bequeathed where you want them.

If you **have not** made a will then your assets are disposed of in accordance with laws of intestacy.

Inheritance

Capital acquisitions tax applies to gifts and inheritances. Think about how insurance policies might help you with inheritance tax. You can also structure your will to reflect threshold limits and also to plan a legacy: you should talk to a legal advisor about these matters.

need help?

JustASK!

If you have questions about how your pension plan works, Mercer's JustASK member helpline is your first port of call.

The JustASK phoneline is available weekdays, 09.00 – 17.00, excluding public holidays.

Submit a query online:
bit.ly/JustAskMercer
(case sensitive)

Call:
+353 (0)1 4118505

For more information on the JustASK helpline, follow this link:

Scan me!

https://linktr.ee/JustASKMercer

You're receiving this newsletter because some, or all, of your pension savings are held in a Mercer Aspire pension plan. Your pension plan may be administered by Mercer, Zurich or New Ireland.

If you are not sure who administers your plan, you may wish to check your Pension Benefit Statement before taking action.

This newsletter is aimed at people who are within 15 years of retirement.

Follow the link below to access more newsletters and recorded webinars to help you get the most out of your pension as you approach retirement.

linktr.ee/AspireRetireInStyle

Reach out to your Private Wealth Consultant

You can reach out to your pension consultant or Private Wealth consultant to arrange a meeting to discuss the services Mercer Private Wealth can provide in more detail by visiting the following link: **bit.ly/private-wealth**

What next?

Increase your Pension Contributions or make Additional Voluntary Contributions (AVCs)

Increase your pension contributions or make AVCs to enhance your income when you retire.

You may be able to increase your pension contributions by logging on to your Pension Plan portal

linktr.ee/Aspire_YourAdministrator

Please Note: This newsletter discusses general information about best practices when planning for retirement and tax relief on pension benefits. Taxation can be complex and we cannot take all individual circumstances into account. This newsletter should be taken as general guidance only, and does not constitute personal advice. Mercer is not a tax advisor.

If you have left the employer who provided the pension plan that led to you receiving this newsletter, you may not be able to contribute any more to that plan. However, the same principles apply to other employer pension plans in Ireland.

Log on to your website or contact your administrator

Whether your plan is administered by Mercer, New Ireland or Zurich you can find the appropriate contact and website details by visiting the following link and choosing your plan administrator.

https://linktr.ee/Aspire_YourAdministrator

The content in this newsletter is correct as at the date of issue, 2024.

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