



welcome to brighter

get ready to retire

in style

Your retirement planning seminar: session one of two
An Aspire pension plan webinar

Alan Carter

A business of Marsh McLennan



1

The financial effects of retiring

2

The State Pension

3

Getting the most from your Plan

Agenda



This presentation does NOT offer personal financial advice

What we'll cover today

Welcome: this presentation is for everyone

You received an invitation to this webinar because some, or all, of your pension savings are in an Aspire Pension Plan

- Your plan may be administered by:
 - Mercer
 - Zurich
 - New Ireland
- Your savings may be in:
 - A Defined Contribution Plan
 - An Additional Voluntary Contribution Plan (which lets you save more to a Defined Benefit Plan)
 - A former employer's plan

If your main pension is a Defined Benefit plan

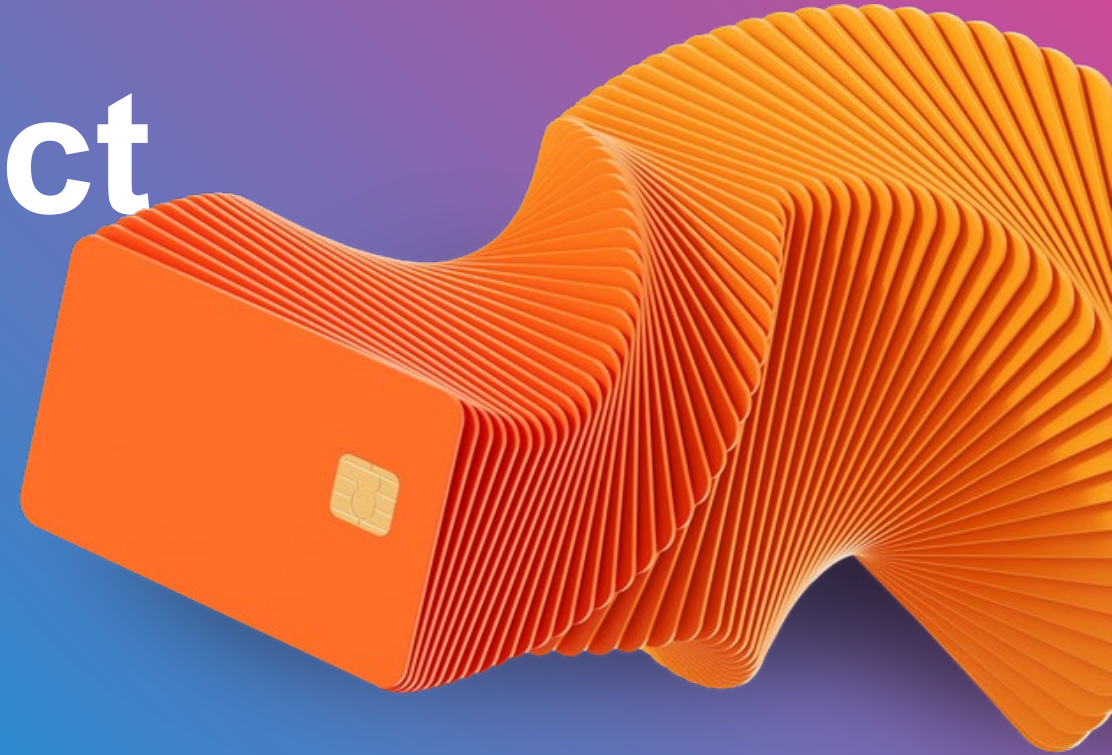
- You can make Additional Voluntary Contributions (AVCs) to boost your income in retirement

If you left an employer, but still have savings in their pension plan

- You can't pay more into plans of employers you have already left
- You may be able to contribute to:
 - a current employer's pension plan
 - a Personal Retirement Savings Account (PRSA)

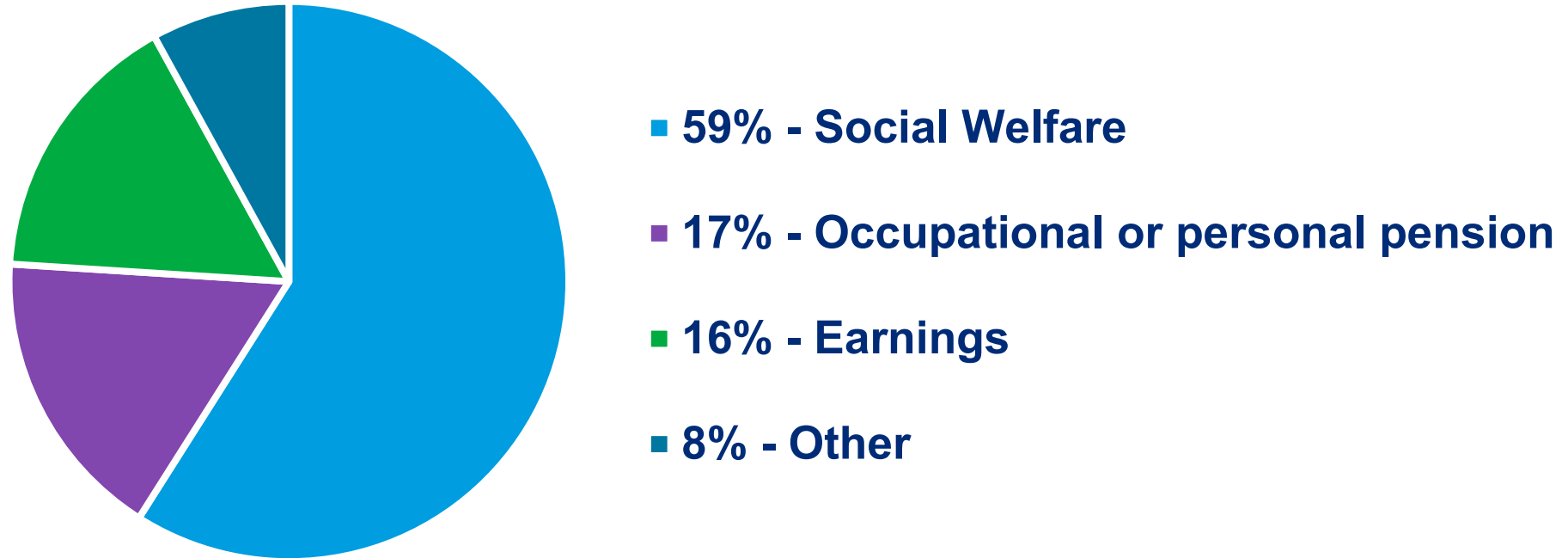
retirement

the financial effect



Where is your income in retirement coming from?

Varies from person to person, but on average:



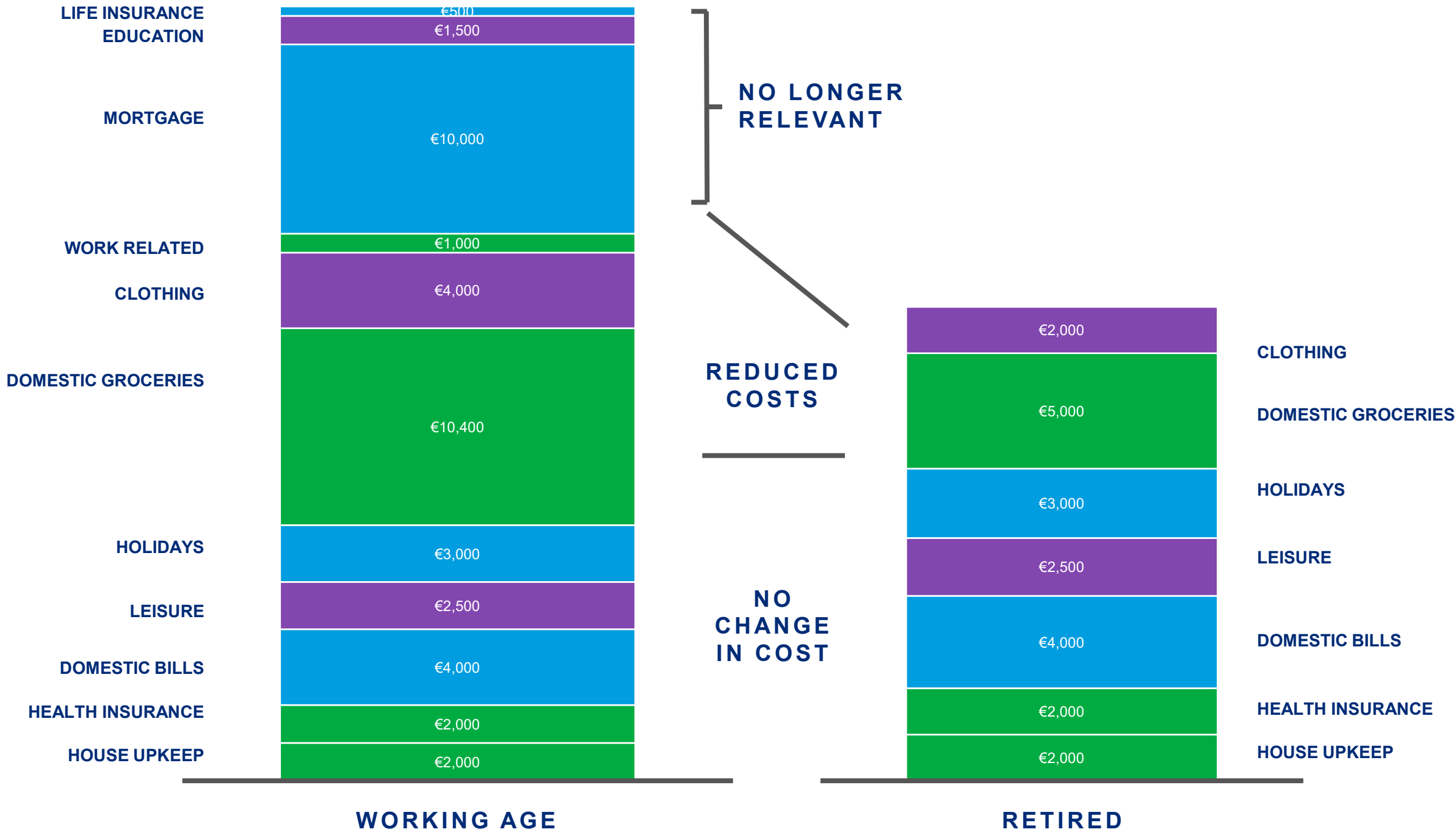
Source:

- [PMQ83 - Persons in employment \(ILO\) aged 20 to 69 years without a pension classified by expected main source of income on retirement \(cso.ie\)](#)
- [Pension Coverage - CSO - Central Statistics Office](#)

Gemma's income is going to fall after she retires

How am I going to cope?!





the state pension

how it works



The State Pension

Benefit payment for 65 year olds

A payment for people:

- resident in the Republic of Ireland
- be 65 years old
- who have ceased employment or self-employment
- who satisfy the pay-related social insurance (PRSI) contribution conditions

Apply via [MyWelfare.ie](https://mywelfare.ie)

If you are receiving this payment, you:

- are no longer required to be available for full time work
- are no longer required to look for employment
- are no longer required to sign on
- can participate in a course of education, once you inform the Department
- can continue in subsidiary employment

Payment rates:

Benefit Payment for 65 Year Olds	Rate
Full weekly personal payment	€232.00
Increase for a Qualified Adult	€154.00
Increase for a Qualified Child (under 12)	€46.00 (full rate) €23.00 (half rate)
Increase for a Qualified Child (12 and over)	€54.00 (full rate) €27.00 (half rate)

The State Pension

	State Pension (Contributory)	State Pension (Non-Contributory)
Level of payment	Depends on average PRSI contributions between when you started work and age 65	Means tested benefit payable to people with little other income or savings
Full pension	€277.30 per week	€266.00 per week (Rises to €276.00 per week at age 80)
Qualified adult under 66	€184.70 per week	€175.70 (Paid direct to Qualifying adult)
Qualified adult over 66	€248.60 per week	None (they must apply in their own right)
Date payable	From age 66	From age 66

Note:

- You can claim one or the other – but not both
- There may be a gap between when your occupational pension benefits are payable and when the State Pension is payable

The State Pension

Levels of contributory state pension

From January 2024, you can claim your State pension anytime between the age of 66 and 70.

Additional PRSI contributions can help you qualify or increase your personal rate.

However, you cannot exceed the current maximum of 2080 contributions (40 years).

Yearly average PRSI contributions	Personal rate per week	Increase for qualified adult (under 66)	Increase for qualified adult (over 66)
48 or over	€277.30	€184.70	€248.60
40 - 47	€271.90	€175.80	€236.10
30 - 39	€249.30	€167.20	€233.90
20 - 29	€236.10	€156.60	€210.70
15 - 19	€180.70	€120.40	€161.40
10 - 14	€110.80	€73.40	€99.90

Change on the way?

If you reached pension age after September 2012, your pension rate can be calculated in 2 ways, using the average rule or the new Total Contributions Approach (TCA). The TCA calculation includes the Home caring Periods Scheme which may benefit people who spent time outside the paid workplace, while raising a family or in a caring role. From January 2025 there will be a 10 year transition to using only the Total Contributions Approach (TCA).

The State Pension

Qualified Adult

- Both types of state pension offer an enhanced payment to a 'qualified adult'
- A **'qualified adult'** is
 - An adult dependant (typically your spouse or civil partner)
 - Without substantial income of their own
 - Without substantial assets of their own
- The increase for a qualified adult will be reduced where the qualified adult has some, but not a lot, of their own income and assets
- Your own home is not taken into account as an asset for this purpose
- Spouses who receive a state pension in their own right will not count as qualified adults
- Qualified adult enhancement usually paid direct to the qualified adult



The State Pension

Home-Caring periods scheme

Born after 01 Sep 1946 and has cared for someone full time.

- A child or children under 12 years of age (parents or foster parents).
- A child or children aged 12 or over who needed an increased level of care.
- An adult who needed an increased level of care.
- Up to 1,040 HomeCaring periods (equivalent of 20 years) may be included on your social insurance.

To qualify:

- Have been over 16 and under 66.
- Not have been working full time (you can have worked but earned less than €38 gross per week.
- Not have been getting a social welfare payment-certain exceptions.



The State Pension

Total Contributions Approach (TCA)

- The Total Contributions Approach (TCA) is calculated based on the total number of PRSI contributions you paid, not when they were paid.
- The TCA benefits people who spent time outside the paid workplace, while raising a family or in a caring role.
- If you reached pension age on or after 1 September 2012, the Department of Social Protection will carry out both the TCA calculation and the older average rule calculation and choose whichever gives you the better rate of pension.
- The TCA calculation includes the Home Caring Periods Scheme.



The State Pension

Non-contributory State Pension

Likely to be the best option for you if:

- Not enough PRSI contributions, **and**
- You don't have a large occupational pension entitlement, **and**
- You don't have significant savings or assets, **and**
- All of the above is also true of your spouse/cohabitant

Rates of Non-Contributory State Pension are reduced by any household income coming in

Rates of Non-Contributory State Pension are also reduced (potentially to zero) if you/your spouse have assets worth more than €20,000



The State Pension

Claiming - Setting up a MyGovID

To verify your PRSI record and for many other interactions with the Irish government such as voting, holding a drivers licence or claiming job seekers benefit, you will now need a **MyGovID**.

www.mygovid.ie

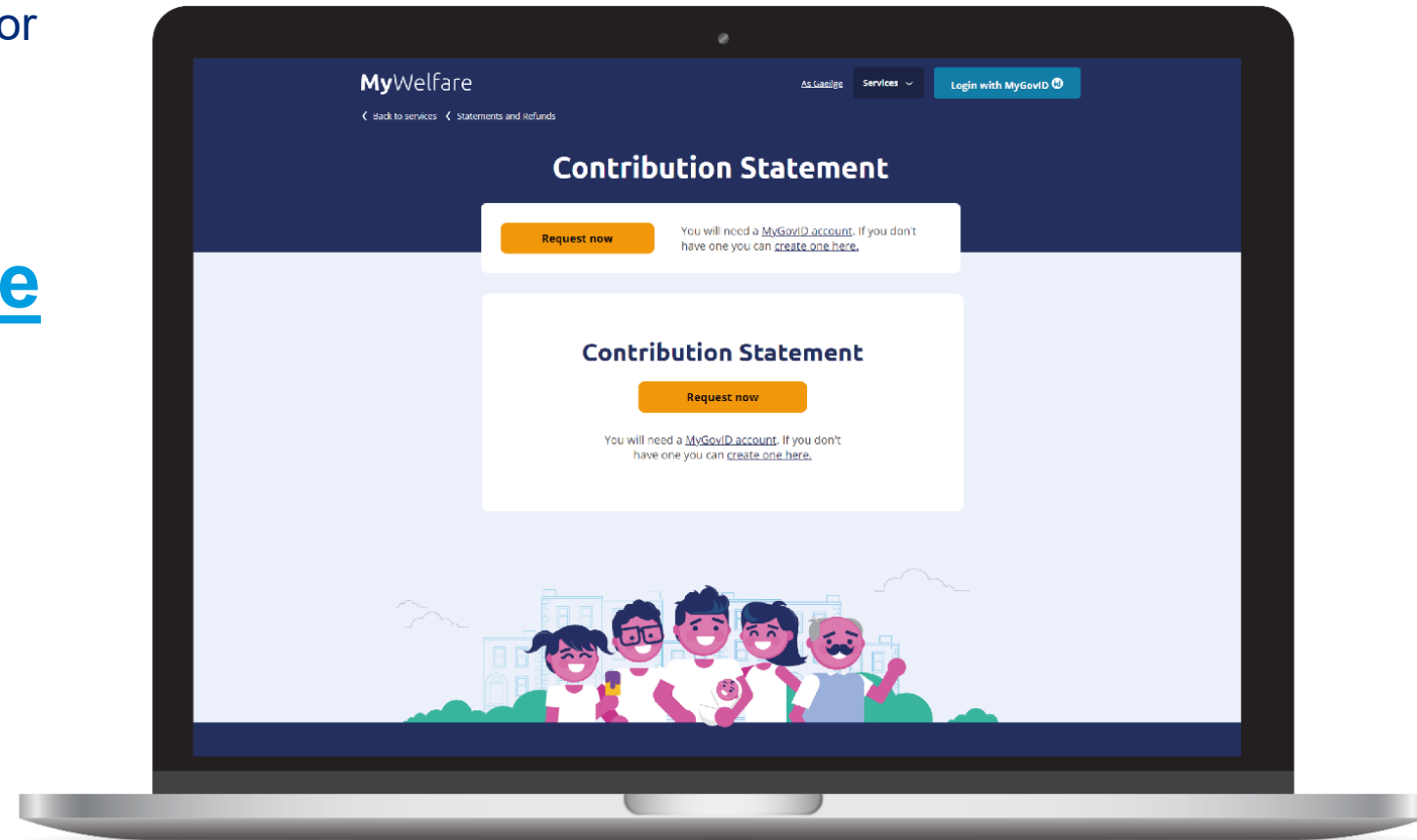


The State Pension

Claiming - Accessing your PRSI records

Using your **MyGov ID**, you can log into MyWelfare, and view your contribution history or request a digital statement.

www.services.mywelfare.ie



The State Pension

Claiming - Making an application for State Pension

- You **cannot** apply for your State Pension online
- You must return this form (available in local Intreo offices and post offices):
<https://assets.gov.ie/26952/c008566575c14e958b0597dfd5b3be91.pdf>
- **To:** Social Welfare Services, Department of Employment Affairs and Social Protection, College Road, Sligo, F91 T384
- **Apply for your State Pension**
 - **Three months** before reaching State Pension Age
 - **Six months** before reaching State Pension Age if you spent a period working abroad

Application form for
State Pension (Contributory)

Social Welfare Services
SPC 1
Data Classification 2

You need a Personal Public Service Number (PPS No.) before you apply.

How to complete this application form.

- Please use this page as a guide to filling in this form.
- Please answer **all** questions. Incomplete forms will be returned and this may delay your application.
- Please use **BLACK** ball point pen.
- Please use **BLOCK LETTERS** and place an X in the relevant boxes.

If you do not have a spouse, civil partner or cohabitant:
Fill in **Parts 1 to 6** as they apply to you. When form is completed, read **Part 10** and sign declaration in **Part 1**.

If you have a spouse, civil partner or cohabitant:
Fill in **Parts 1 to 7** as they apply to you. You must complete **Part 8** fully if you wish to claim an increase for your spouse, civil partner or cohabitant. Please note that this increase is based on a means assessment. If claiming this increase for your spouse, civil partner or cohabitant, you are legally obliged to declare all of their income (including foreign pensions), savings and property (other than your own home). **Part 9** must be filled in and signed by your spouse, civil partner or cohabitant. When form is completed, read **Part 10** and sign declaration in **Part 1**.

If you have lived or worked in another country:
We will apply for a pension on your behalf to those countries covered by EU Regulations or Bilateral Agreements.
If you need any help to complete this form, please contact your local Citizens Information Centre, your local Intreo Centre or your local Social Welfare Office.
For more information, log on to www.welfare.ie.

Important:
You should apply **3 months** before reaching pension age.
If you do not claim within **6 months** of becoming eligible, you could lose some payment.

The State Pension

From more than one country

Relevant if you have previously worked in

- EU/EEA countries
- USA
- Australia
- Iceland
- New Zealand
- South Korea
- Japan
- Canada
- Norway

Rules vary depending on the countries involved

- Typically, in the case of work in Ireland and another EU country, each country will pay a proportionate state pension
- In some cases it may be possible to combine social insurance records to increase Irish State Pension entitlements
- Note even short periods of work in other EU/EEA countries qualify you for a pro-rata pension

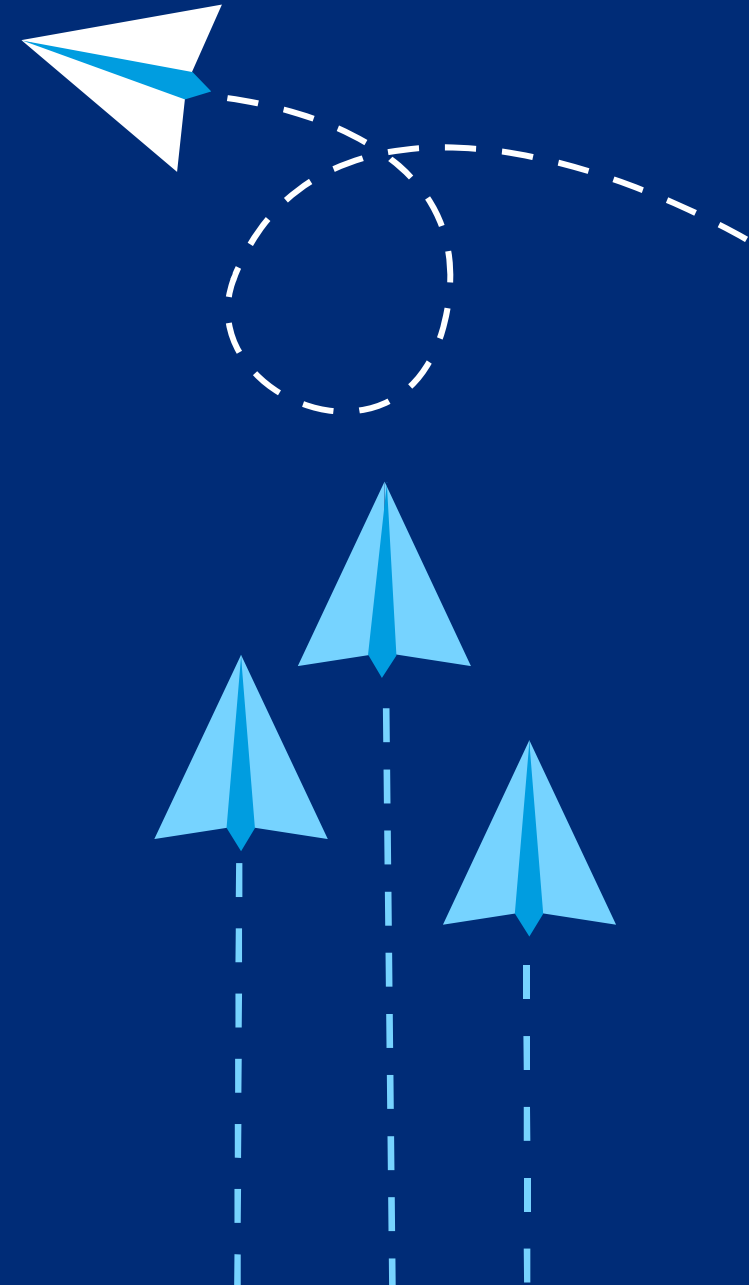
UK and Ireland – Possible to claim the better of

- One State Pension from the country in which you retire, based on social security contributions in both countries, **or**
- A separate State Pension from each country
- Brexit could affect how this operates in future

Other Social Welfare payments

- Rent supplement
- Living Alone Increase - €22 per week
- Household Benefits Package
 - Electricity/Gas allowance
 - Telephone Allowance
 - Free TV Licence
- Fuel Allowance €33 per month every week from 23 September 2024 until 4 April 2025

Visit www.citizensinformation.ie for full list



getting the most out of

your pension plan



The easiest way to save for retirement is through the Plan

How a Defined Benefit (DB) pension plan works

Your DB Plan benefits grow as your Salary and length of Service increase

DB
PLAN



GROW



BENEFIT

The easiest way to save for retirement is through the Plan

How a Defined Benefit (DB) pension plan works

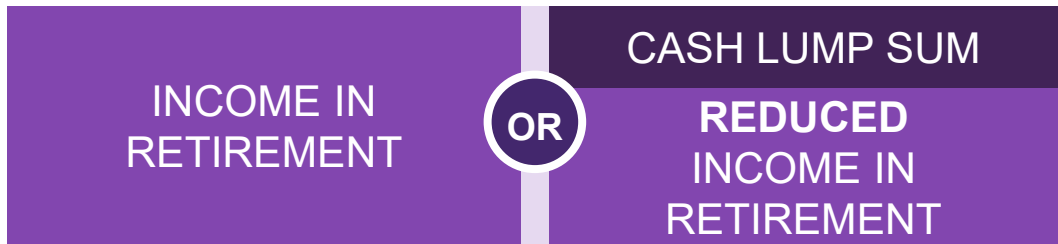
Your DB Plan benefits grow as your Salary and length of Service increase

You can choose to take the full income in retirement, or to take a cash lump sum in exchange for part of your regular income

DB
PLAN



GROW



BENEFIT

The easiest way to save for retirement is through the Plan

How a Defined Benefit (DB) pension plan works

PROBLEM:

To get your lump sum from your DB Plan, you have to give up retirement income

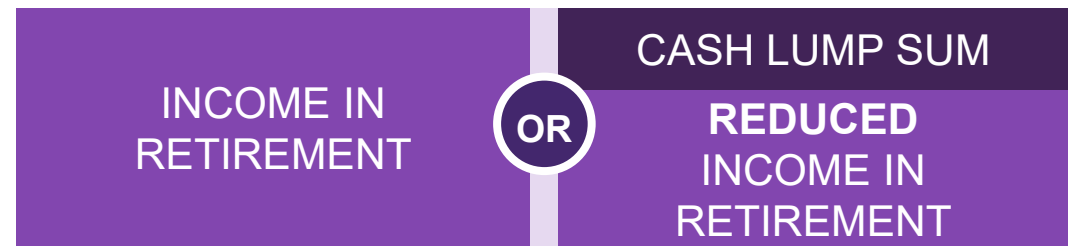
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DB
PLAN



GROW



BENEFIT

The easiest way to save for retirement is through the Plan

How a Defined Benefit (DB) pension plan works

PROBLEM:

To get your lump sum from your DB Plan, you have to give up retirement income

SOLUTION:

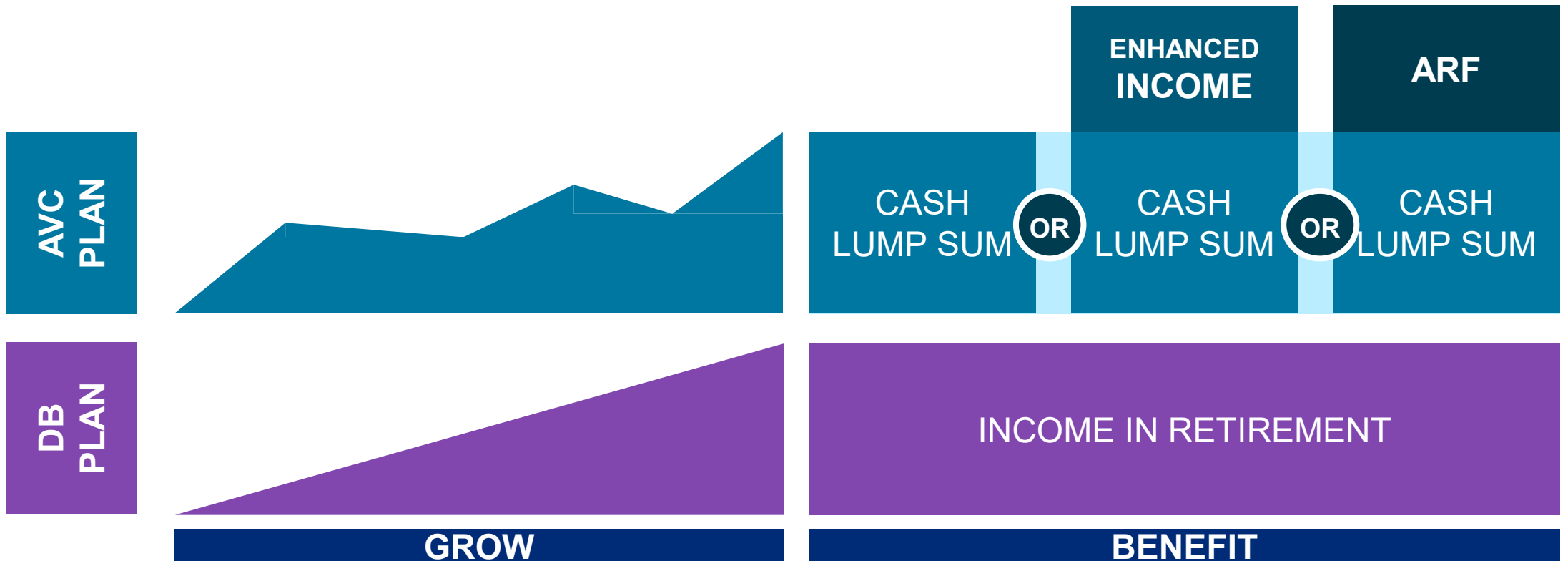
Take your lump sum from the AVC Plan, and take your full income from DB Plan



The easiest way to save for retirement is through the Plan

How a Defined Benefit (DB) pension plan works

Any excess over Revenue maximum tax free lump sum can be taken as extra income, or invested in an ARF



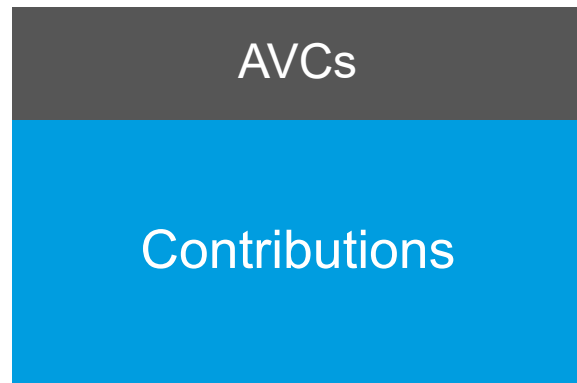
The easiest way to save for retirement is through the Plan

How a Defined Contribution (DC) pension plan works

Contribute

Any contributions paid by you or your employer are invested in your secure, personal Retirement Account

You can pay extra contributions known as AVCs




 Choose how much to contribute

Grow

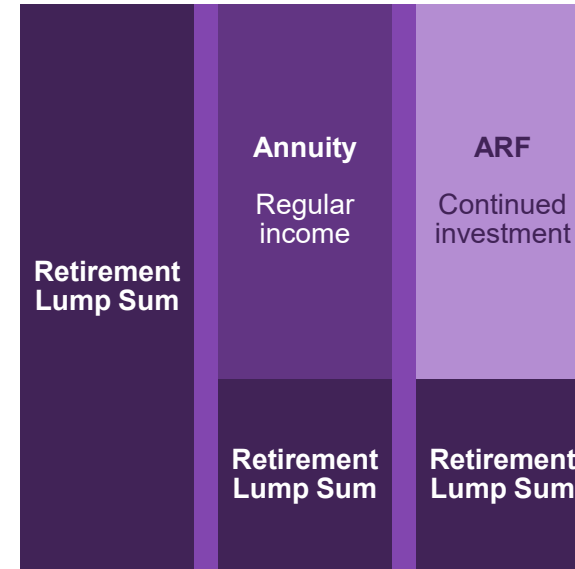
Your Retirement Account is invested with the aim of growing in value




 Decide how you want to invest

Benefit

The value of your Retirement Account is used to fund your choice of benefits



 Select your target benefits

Selecting your benefits

How is my tax-free Retirement Lump Sum entitlement calculated?

- Every year of service with your employer allows you to take 3/80ths of final salary as a tax-free lump sum provided the scheme rules allow.
- i.e., If someone on **€40,000 a year** worked for the same employer for 40 years, revenue would allow them to take a **maximum** of:

$$3/80\text{ths} * 40 \text{ Years} * \text{€}40,000 = \text{€}60,000$$

- Nowadays service of 40 years is rare, therefore Revenue may allow you to take up to **1.5 times' final salary** as tax free cash if you have at least **20 years' service** at Normal Retirement Age*
- This must allow for any other pension lump sums received or receivable from other employment or personal pension/PRSA arrangements so they might reduce the maximum amount available

* Normal Retirement Age is 65 for the majority of plans. Refer to your Plan booklet to confirm.

Selecting your benefits

How are my earnings determined for calculating my tax-free Retirement Lump Sum entitlement?

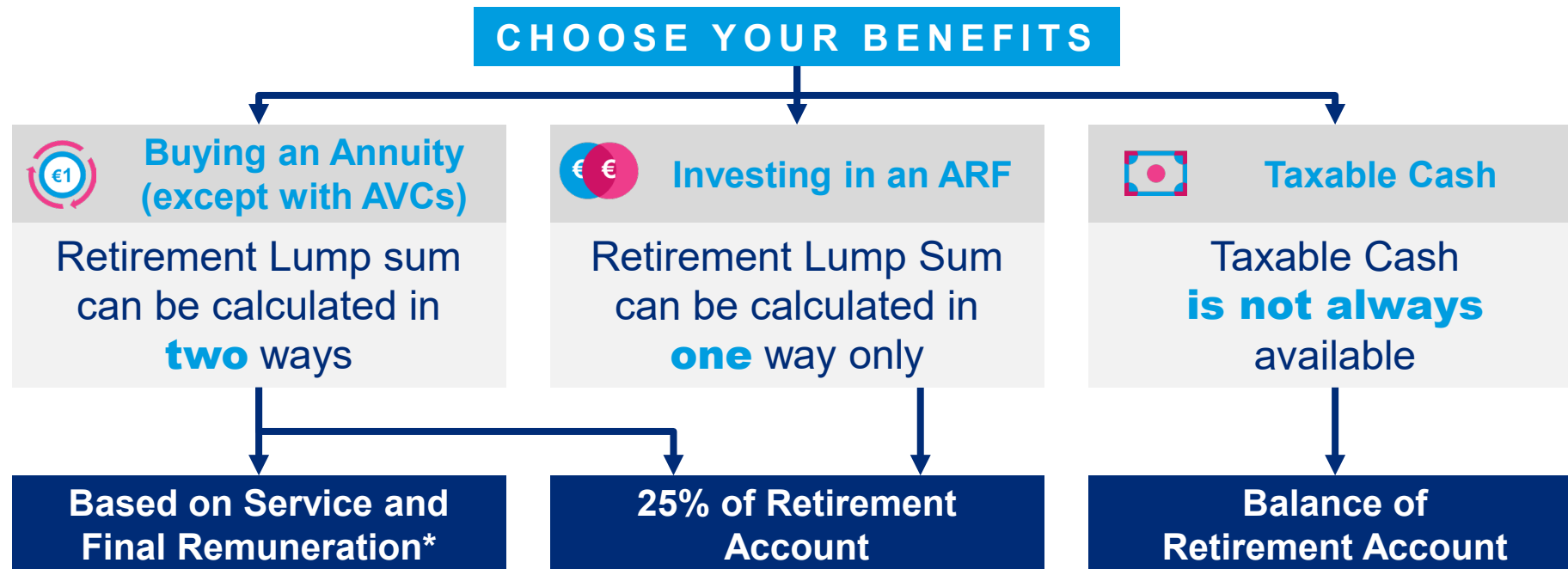
- Multiple Revenue definitions are used for **Final Remuneration** to calculate your maximum tax-free Retirement Lump Sum entitlement
- Gross Pay For Universal Social Charge (USC) can be used as part of calculation
- An **average of at least 3 consecutive years'** are used - one of which must fall within the 10 years prior to your retirement date

If you have additional earnings above your salary, it may allow you to take a higher lump sum. Make sure you provide details to the pension administrator when drawing your pension.

Your benefits from the Plan

Retirement Lump Sum

- Retirement Lump Sum entitlements up to €200,000 in your lifetime are tax free with the next €300,000 taxed at 20%.
- The Retirement Lump Sum can under no circumstances exceed the total value of your Retirement Account



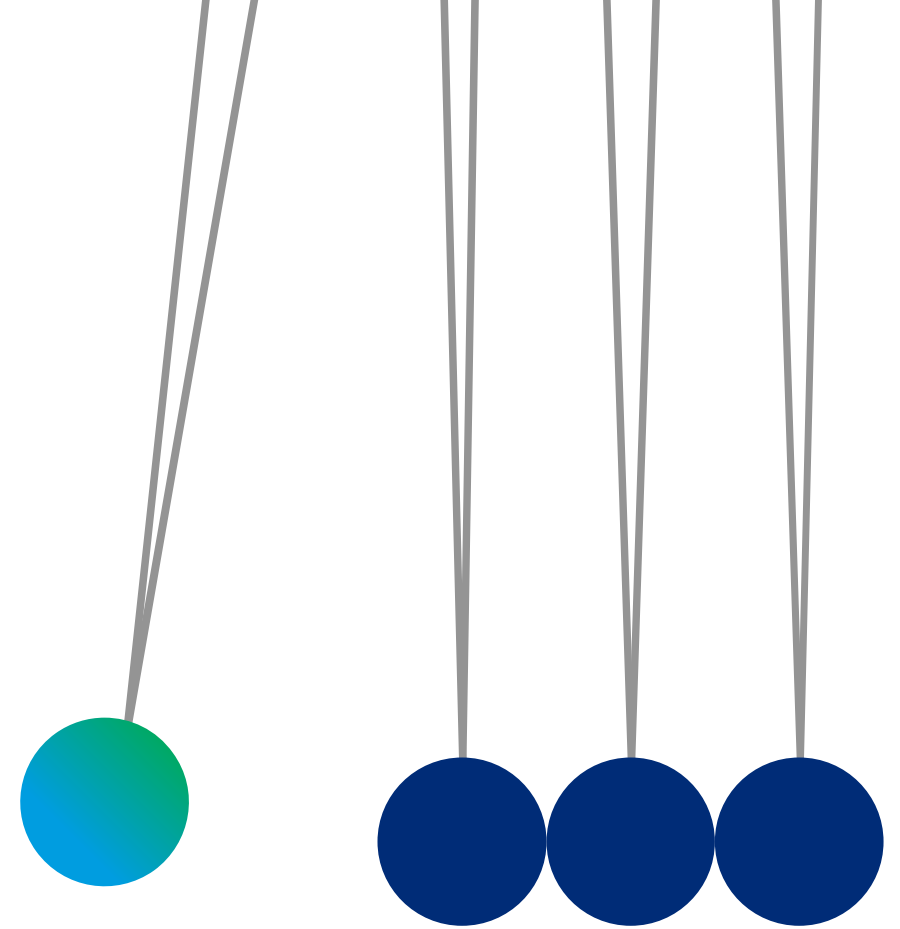
- 1.5 times Final Remuneration for anyone who has 20 years or more Service
- Final Remuneration can be calculated in a number of ways, but both basic salary and fluctuating emoluments are taken into account

Your options at retirement

ARFs

ARF = **A**pproved **R**etirement **F**und

- Provide a means of keeping your pension invested after the lump sum is taken
- ARF option exists for:
 - PRBs
 - DC Plans
 - DC Plans, where a DB scheme was frozen
 - In respect of people building up DB Plans and DC Plans together, for AVCs only
- Income can be drawn from an ARF flexibly



Note:

- The previous requirement to use €63,500 to purchase an annuity/invest in an AMRF has been removed
- Guaranteed income requirement of €12,700 per annum also removed since December 2021
- The full value of your Retirement Account after taking your lump sum can now be used to provide an ARF

Your options at retirement

ARFs – Choices when purchasing an ARF

Broad range of ARF providers and investment options

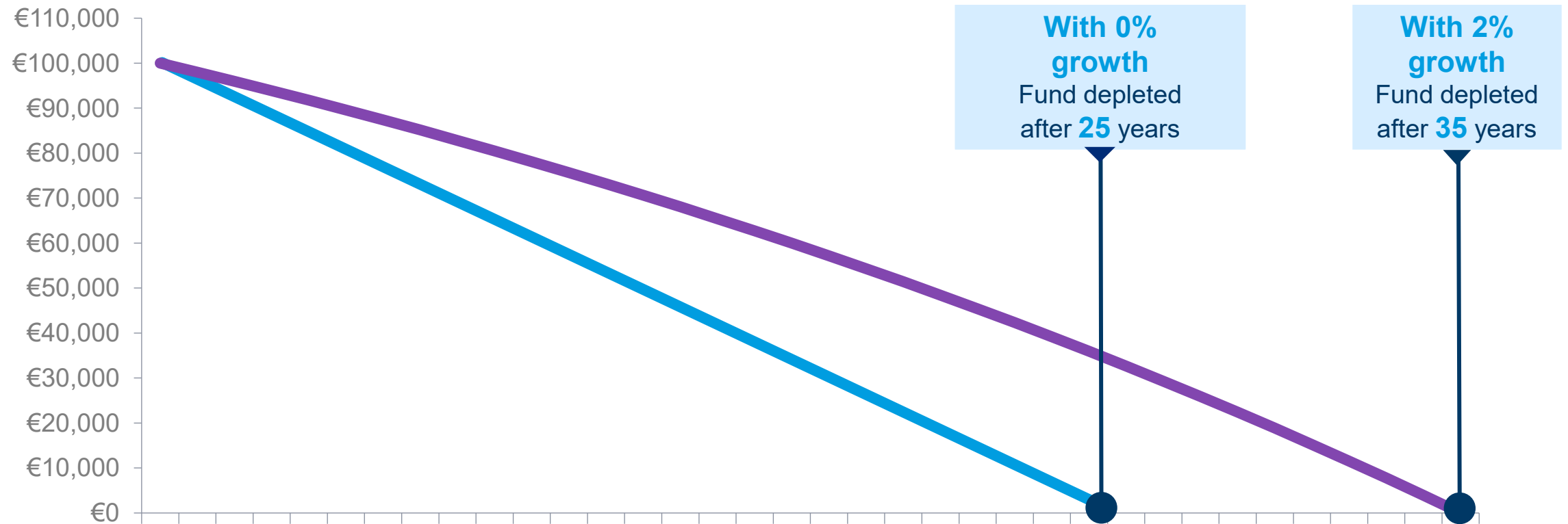
- Options include
 - Deposits
 - Broad range of funds, from low risk to high risk
 - Direct investment in shares
 - Direct investment in property
- Typical drivers of choice on different types of ARF
 - Risk tolerance
 - Levels and timing of income required
 - Overall financial circumstances



Your options at retirement

ARFs – How long can they last?

- Imagine you have an ARF value of **€100,000** and withdraw 4% (€4,000) each year
- The level of investment growth you achieve will affect how long your ARF lasts



Your options at retirement

ARFs – Advantages and Disadvantages

ADVANTAGES

- Possible to make investment gains tax free
- Possible to draw income from ARFs as and when you want it
- ARFs can be inherited in full by your spouse
- ARFs can be inherited subject to tax (usually 30%) by your children

DISADVANTAGES

- Values can fall as well as rise
- If investment performance is poor and/or too much income is taken, value can be reduced to zero and ARF ceases to exist

Your options at retirement

Annuities – some advantages

- Guaranteed income for life
- No investment risk
- Can customise your annuity by selecting certain add-on features:
 - Escalating payment available
 - Spouse's pension available
 - Minimum guaranteed payment period
 - Enhanced annuities may sometimes be available based on significant health conditions or lifestyle factors.



Your options at retirement

Annuities – some issues

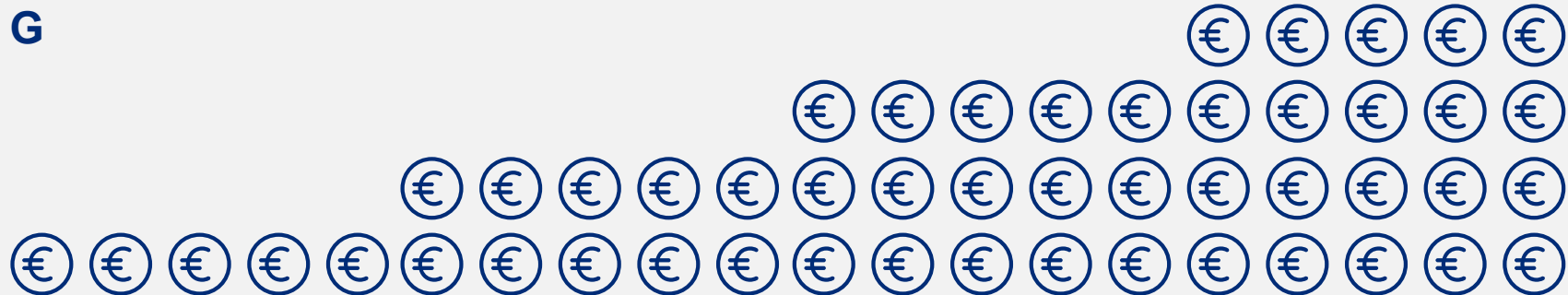
- **Annuity typically ceases once you and your spouse are dead:**
 - Can be a poor deal if you die early
 - Cannot be inherited
- **Value of annuity depends on:**
 - The value of your pension at retirement
 - Annuity rates at retirement – annuity rates are currently very low
- **Will not suit some people:**
 - Those with lower life expectancy due to illness
 - Those who do not need an income for life from their pension
 - Those who want investment control or flexibility of retirement income



Your benefits from the Plan

Annuities – level or escalating?

ESCALATING



LEVEL



Problem: Taking an escalating annuity will mean a lower initial value for your annuity

- Can take 15 years before an escalating annuity pays as much **annually** as a level one would have done
- Can take 27 years before an escalating annuity pays as much **in total** as a level one would have done

Your options at retirement

Annuities – spouse's provision

- Default assumption when you retire will usually be single life
 - May be important to choose a spouse's pension
- Spouse's pension provides for a proportion of the annuity to continue after your death for as long as your spouse is alive
- Less important if your spouse has substantial means of their own
- Annuity with spouse's pension pays less initially



Your options at retirement

Annuities – Guaranteed payment periods

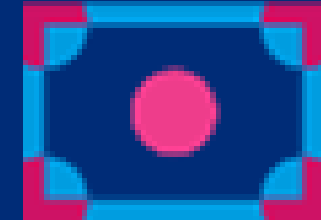
- Guaranteed payment periods ensure that, even if you pass away, at least some value can be received from the annuity
- The periods available are typically
 - 5 years
 - 10 years
- A guaranteed payment period may make sense where:
 - Health is questionable, but not terminal, and/or
 - Your spouse has no pension of their own
- The longer the guarantee period selected, the lower the value of the annuity initially received



Your options at retirement

Taxable cash

- Not available for many pension holders
- Can typically be taken by those with very small pensions:
 - Any single pension too small to buy an annuity of €330 per annum (before tax free cash) can see the residue taken as taxable cash subject to a 10% rate. Unique to each individual policy or plan – not an aggregate.
 - If all pensions held are worth less than €30,000 after tax free cash is taken, the balance can be taken subject to full income tax, PRSI and USC.
 - Since Dec 2021, this can be taken with 25% lump sum option at all times.
 - Usually does not make sense to do this from a tax perspective



Your options at retirement

Can I boost my retirement benefits by saving more?

Only available if you are still in that employment.

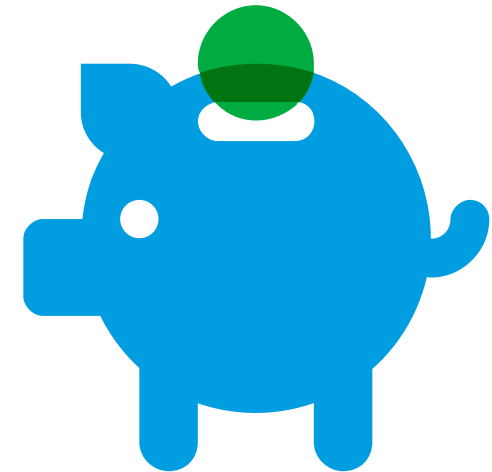
Additional Voluntary Contributions (AVCs)

are the extra amounts you can pay into your Retirement Account above your Regular Ordinary Contributions

- You can make regular AVCs
 - Income tax relief is applied at source through payroll

and/or

- You can make a once-off AVC payment at any time
 - Often used to maximise your tax savings for the year
 - You can reclaim income tax relief when making your tax return or via a Form12 which is available in PAYE Services through myaccount on www.revenue.ie



It makes sense to maximise any employer-matched contributions **before** making AVCs

Your savings go further in your pension plan

Tax relief on your AVCS

With Standard Rate
Income Tax Relief

20%

€80

How much would it
cost **YOU** to
make an AVC worth



With Higher Rate
Income Tax Relief

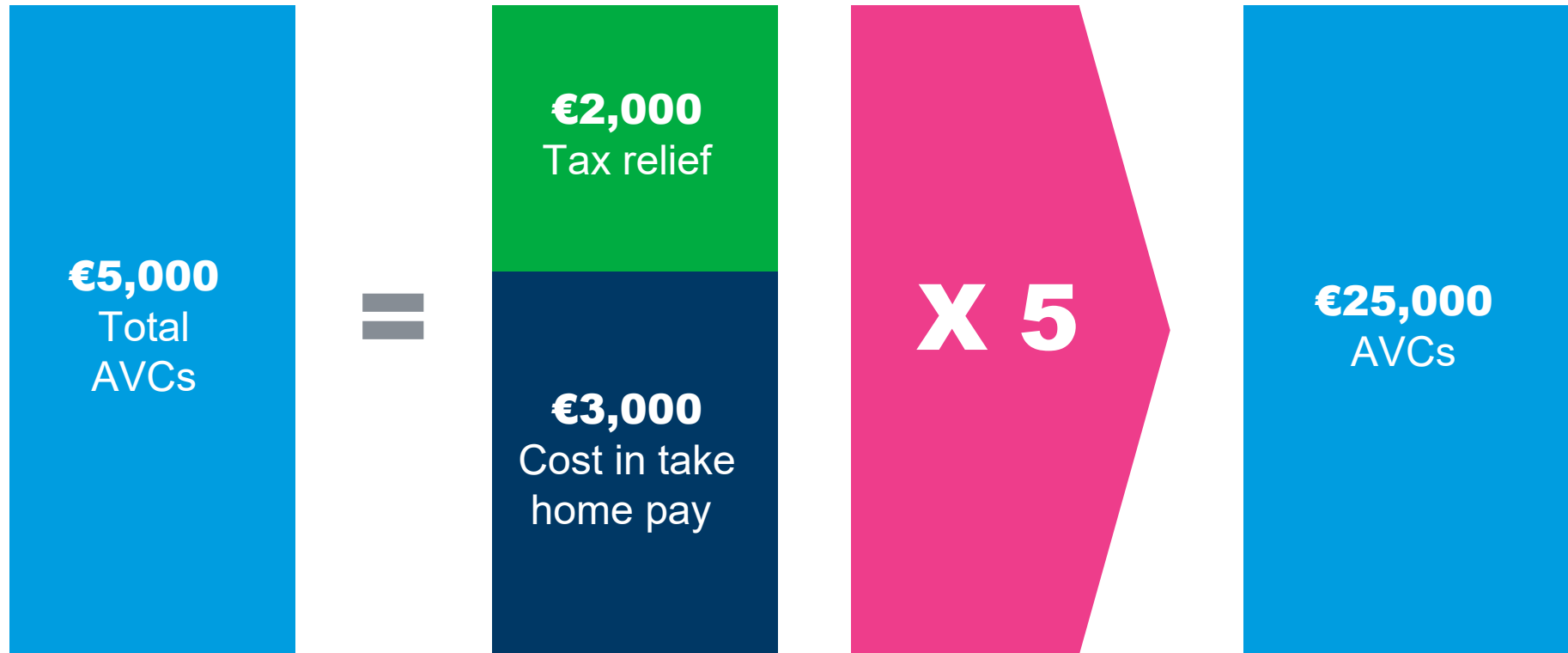
40%

€60

The pension option

Why put extra money in a pension?

60 year old, higher rate taxpayer, contributing €5,000 per annum in AVCs for 5 years



Your savings go further in your pension plan

Saving in a pension plan Vs private savings

Imagine you have a **€5,000** bonus
(after USC and PRSI) you want to use to save for the future.
Why not just pay it into an investment policy?

€4,646

invested **outside**
a pension

-7%

€8,200

invested **inside**
a pension

+64%

An explanation of how we reached these figures is outlined in the Appendix

Additional Voluntary Contributions (AVCs)

Example

Suppose someone is earning €40,000 a year and wants to make the maximum pension contribution possible

Age	Percentage of total taxable income	Example	
		Annual	Monthly
50-54	30%	€12,000	€1,000
55-59	35%	€14,000	€1,167
60+	40%	€16,000	€1,333



Note the limit above includes **any** employee pensions contributions – employer contributions can be ignored.
Current earnings cap of **€115,000** for tax relief applies.

AVC case study

Could Rob make AVCs?

- Rob is 60 years old and married.
- He would like to retire fairly soon
- Rob has:
 - paid off his mortgage
 - no debts
 - a comfortable standard of living
 - current earnings of **€70,000** per annum
 - **€100,000** in a deposit account
- He is a higher rate taxpayer (**40%**)
- Rob is a member of a company pension plan
 - Rob is currently on course for an income of **€34,000** per annum in retirement
 - Rob's wife has no means of her own



AVC case study

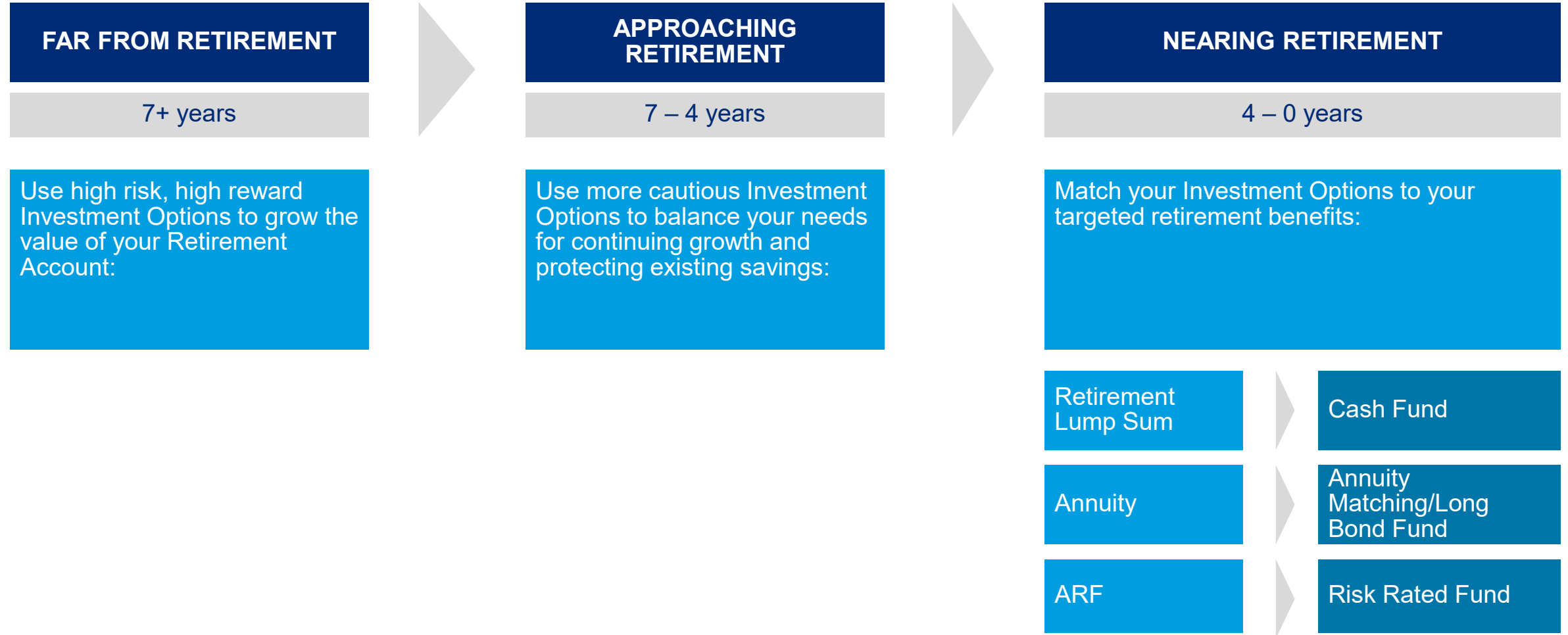
Could Rob make AVCs?

- As a higher rate taxpayer, every **€1,000** of AVCs will only cost **€600** in take home pay due to **40%** higher rate tax relief
- Any addition to Rob's pension benefits in retirement is likely to attract an effective tax rate of:
 - **5%** (non-tax payer), or
 - **25%** (standard tax payer)
- Rob's deposit interest is liable to tax on interest - the same money in a pension could grow tax free
- Rob is facing a substantial reduction in income after retirement
- Rob can afford to make the maximum AVC contribution
- It looks like Rob could make AVCs – bringing his pension contributions up to **€28,000** each year (40% of salary of €70,000)



What benefits do you want to take when you retire?

Possible roads to retirement



Options available for different pensions from same employment

Defined Benefit Pension



- Defined Benefit Pension **and/or**
- Retirement Lump Sum

Additional Voluntary Contributions (AVCs)



- Retirement Lump Sum
- Annuity
- ARF
- Taxable Lump Sum

Defined Contribution Pension



- Retirement Lump Sum
- Annuity
- Possibly an ARF
- Taxable Lump Sum

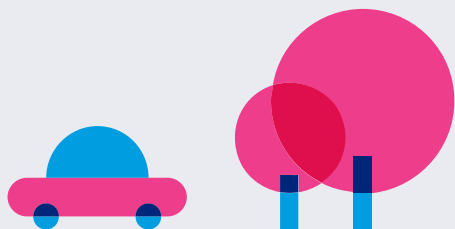
Other pensions from different employments

- Pensions relating to different employments can be drawn at separate times
- Defined Contribution pensions from previous employments
 - Up to 25% Retirement Lump Sum with balance of funds to provide an annuity/ARF or taxable lump sum
 - Potential for higher lump sum in certain cases under salary and service with balance of funds (excluding AVCs) to purchase an annuity
 - If waived right to lump sum on leaving then no retirement lump sum option
- Request an **Options Statement** from the administrator of your previous plan to understand options
- Retirement Lump Sum could impact amount available from DB scheme
- PRSAs/Personal Pensions or RACs have option of 25% Retirement Lump Sum with balance of funds to provide an annuity/ARF or taxable lump sum

Transfer option for Defined Benefit Pension

- You **may** have option to transfer the value of your Defined Benefit pension to a Defined Contribution arrangement in lieu of receiving benefits from the DB pension scheme
 - Transfer values can be paid to a Defined Contribution scheme or personal arrangement (Personal Retirement Savings Account/Personal Retirement Bond)
- Different options after transfer e.g.
 - Lump sum of up to 25% of transfer value
 - Balance of fund can be invested in an ARF

DB Pension



DC / PRB / PRSA
Arrangement



John's transfer option

TRADITIONAL OPTIONS

FULL
DB PENSION
€13,000 p.a.

OR

REDUCED
DB PENSION
€10,000 p.a.

DB LUMP SUM €30,000

PRB

TRANSFER OPTIONS

APPROVED
RETIREMENT
FUND
€320,000

OR

ANNUITY
€10,000 p.a.

OR

APPROVED
RETIREMENT
FUND
€240,000

OR

ANNUITY
€7,500 p.a.

LUMP SUM €80,000

LUMP SUM €80,000



Who is likely to be interested in the transfer option?

MORE LIKELY TO REMAIN IN DB SCHEME

Benefits under the DB scheme expected to be higher than transfer option

Satisfied with the DB pension structure

Prefer not to have the responsibility of investment decisions

Prefer to avoid risk of out-living retirement savings

MAY WANT TO TRANSFER

Want flexibility over timing of pension income or control over investment

Higher tax-free lump sum potential – 25% lump sum or large % commuted

Health issues and shorter life expectancy/Inheritability of pension

Using it to control tax exposure to pension limits

Difficult decision and requires expert advice before undertaking.

What can you do NOW?

Pensions

1. Confirm your State pension entitlement

- Set up a MyGovID account

2. Collate information on Previous pensions

- Contact Administrators of Previous schemes

3. Review Investment risk

- Are you automatically de-risking or do you need to make decisions re funds

4. Read Members Guide book

- Scheme rules, definition of salary vs total remuneration etc.

5. Read pension statement

- New lay out, projected retirement income

6. Information re salary & service

- Previous P60s
- Employment Detail Summary since 2019

7. Consider AVC contributions

- Tax relief, maximise Lump Sum, Increase benefits

8. Consider Annuity or ARF option at retirement

- Which option are you aiming for?



welcome to brighter

get ready to retire

in style

Your retirement planning seminar: session two of two
An Aspire pension plan webinar

Alan Carter

A business of Marsh McLennan



1 | Balancing
your budget

2 | Dealing
with debt

3 | Health
insurance

4 | Costs
of care

5 | Death and
legal protection

Agenda



This presentation does NOT offer personal financial advice

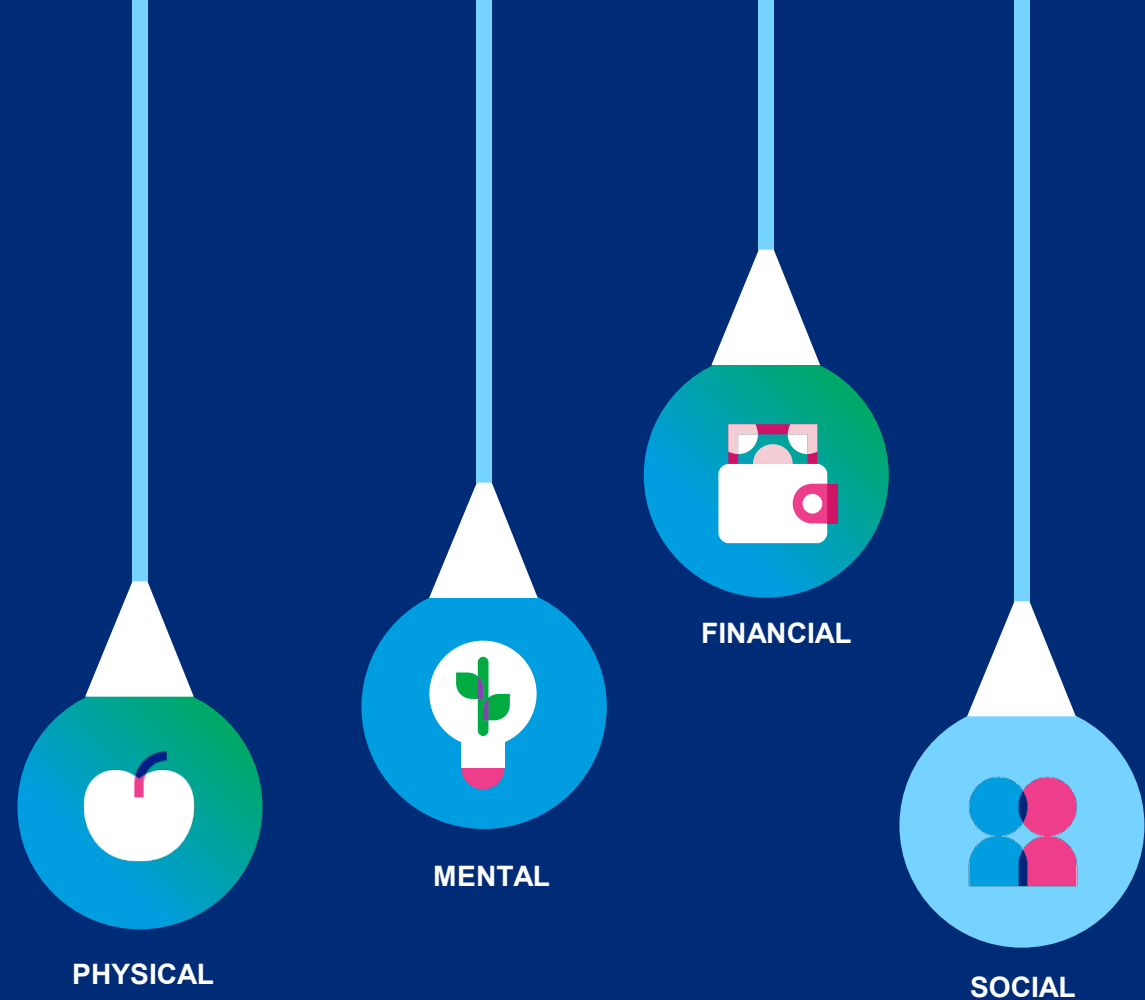
income and expenditure
in retirement



Financial wellbeing

The foundation of wellbeing

- Positive financial health can lead to improvements in the other areas.
- Financial Wellness gives you confidence and peace of mind to underpin the other strands.



Budgeting

Charles Dickens: The Micawber Principle

Annual income
twenty pounds,

annual expenditure nineteen
pounds, nineteen shillings
and sixpence,

result:

Happiness

Annual income
twenty pounds,

annual expenditure twenty
pounds and sixpence,

result:

Misery

Income



Income and expenditure

Estimating retirement income

- **State Pension (Contributory)**

- Are you or your spouse eligible?

- If you have a **full** contribution record

- c. **€14,420** per annum

- If you have a **full** contribution record **and** your spouse has no means of their own you receive a **combined** state pension of:

- c. **€24,024** (if your spouse is under 66)

- c. **€27,347** (if your spouse is over 66)

- **Current employer's pension plan**

- Check your most recent annual statements

- **Prior Pensions**

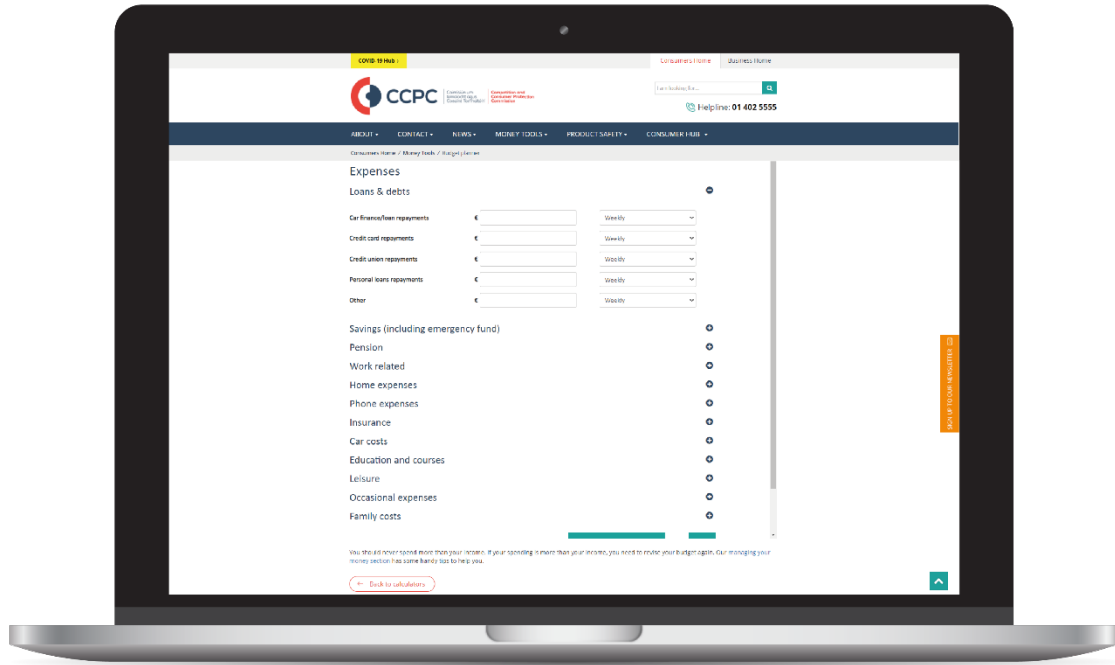
- Statement obtainable from previous scheme administrator



**If you have a partner / spouse,
they should also complete this process**

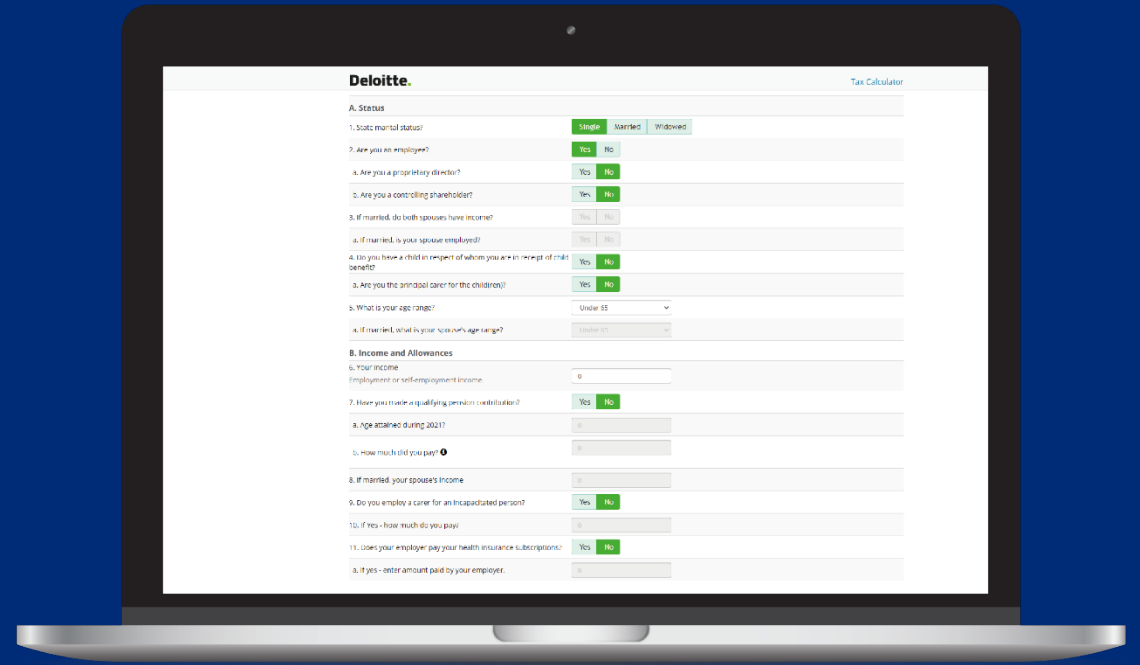
Is your income going to exceed your expenditure?

Create a retirement budget www.ccpc.ie



Will tax have an effect on your pension?

Use a tax calculator: e.g. www.taxcalc.ie



Income and expenditure

Retirement budget: Example

- John is about to turn 65 and retire
- At 65, he will have worked at his current employer for 30 years
- He has not built up any other pension benefits with other employers
- John's pension statements suggest that (including State Pension) he will can expect a total income in retirement of **€21,000** per annum
- John's wife, Mary, has no occupational pension but will qualify for close to the full State Pension, **€14,420**
- John and Mary's total income at retirement (gross) should be **€35,420** per annum
- They use a tax calculator to estimate what they might expect after tax (no income tax, but USC applies)
- John & Mary's expected income in retirement is:
€34,698 per annum



Retirement expenditure?

Necessities			
Per	Week	Month	Year
Electricity and Heating		€330 ▶	€4,000
Food	€100 ▶		€5,200
House Maintenance			€2,500
TV Licence			€160
Waste charges			€420
Home Insurance		€67 ▶	€800
Health Insurance			€3,500
Clothes/Shoes			€2,000
Hairdressers		€60 ▶	€720
Household Goods			€2,000
Property Tax			€420
Mobile Phone		€100 ▶	€1,200
Total Necessities			€22,920

Luxuries			
Per	Week	Month	Year
Holidays			€3,000
Motor Insurance		€58 ▶	€700
Parking fees & tolls		€40 ▶	€480
NCT, repairs, service			€600
Petrol		€100 ▶	€1,200
Car Tax			€400
Alcohol/Cigarettes	€50 ▶		€2,600
Subscription(s)		€45 ▶	€540
Eating out		€160 ▶	€1,920
Entertainment		€250 ▶	€3,000
Club/Gym Membership		€100 ▶	€1,200
Birthdays			€400
Christmas			€400
Weddings			€1,000
Total Luxuries			€17,440

How are John and Mary doing?

Expected annual income in retirement:

€34,698

Desired annual spend in retirement:

€40,360

Time to call
the **IMF**!

STATE
PENSION

Income and expenditure

IMF remedy for John & Mary's pension shortfall

SHORTFALL

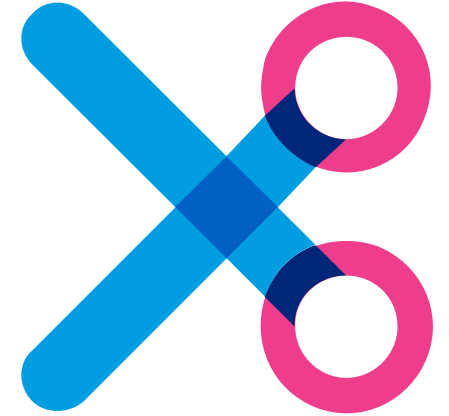
- €5,662 per annum
-

POSSIBLE CUTS:

- Restaurant once/month rather than twice/month:
- Halve Christmas, Birthday and Wedding spending:
- End club/gym membership:
- Reduce the grocery bill down to €90 a week:
- Holiday in Ireland, not abroad:
- Cut the hairdressing bill from €60 a month to €50 a month:
- Cut subscriptions to from €45 a month to €30 a month:
- Cut alcohol and cigarette spending from €50 a week to €40 a week

SAVING

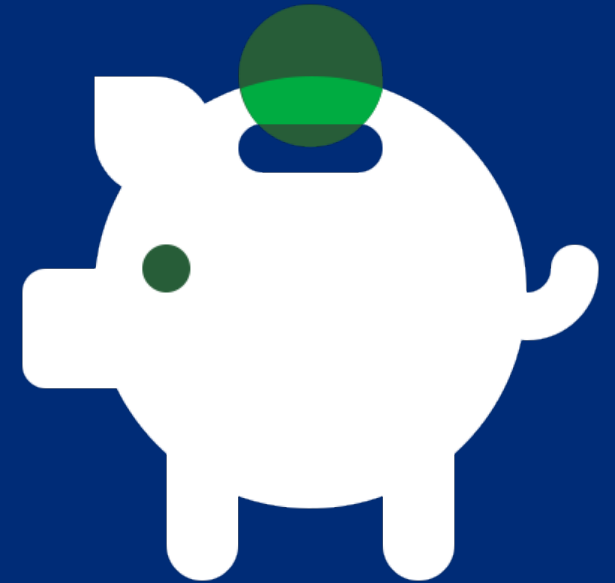
- €1,000 p.a.
- €900 p.a.
- €1,200 p.a.
- €520 p.a.
- €500 p.a.
- €120 p.a.
- €180 p.a.
- €520 p.a.



Adding to your pension income

Remedial steps

**Use your
savings to
supplement
income?**



Adding to your pension income

Remedial steps

Cut your retirement spending?



Adding to your pension income

Remedial steps

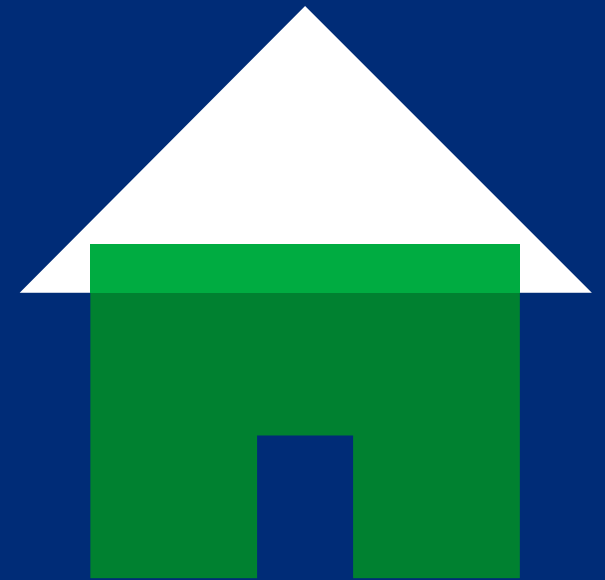
Rent a room in your home?



Adding to your pension income

Remedial steps

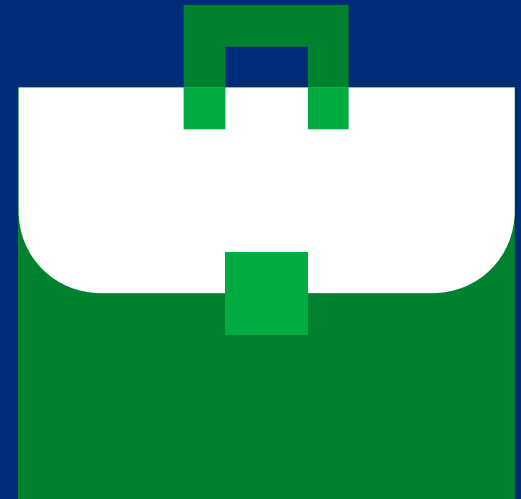
**Downsize
your
home?**



Adding to your pension income

Remedial steps

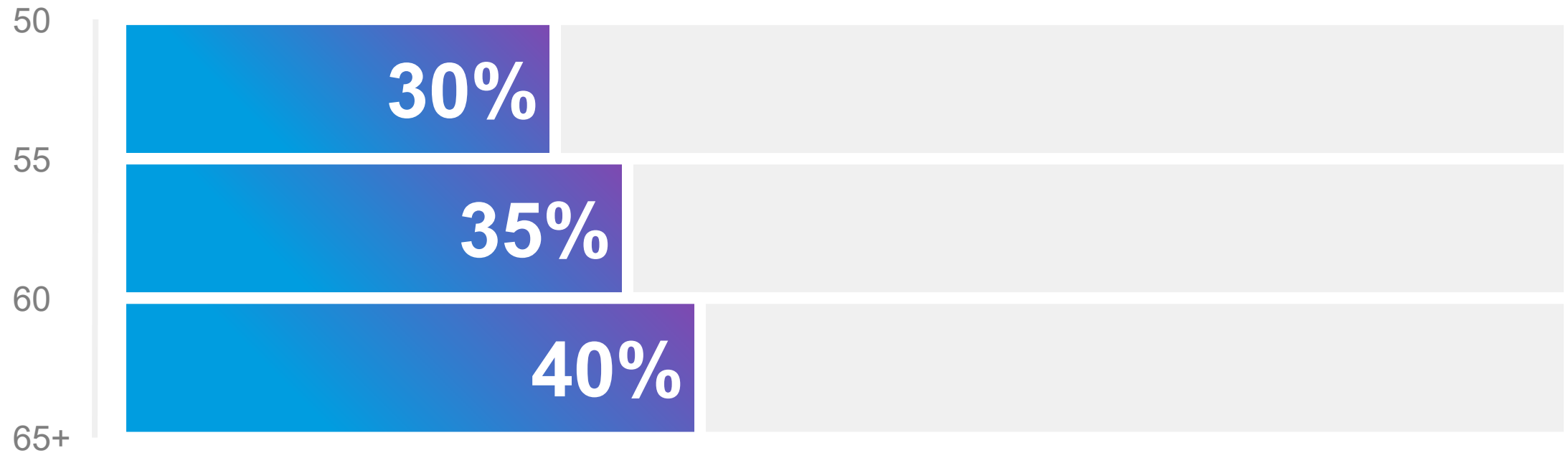
**Keep
working
for longer?**



Adding to your pension income

Maximum limits for income tax relief on Additional Voluntary Contributions (AVCs)

Maximise what you can get from your plan pension - consider last minute AVCs



- Current earnings cap of €115,000 for tax relief applies
- Company contributions **do not** count towards this limits

dealing with
debt



Repaying debt (when you are coping)

Priority order

- Repay **high** interest debt ahead of low interest debt
- Repay **variable** rate debt ahead of fixed rate debt
- Consider whether early repayment is tax **efficient**
- Consider whether there are **penalties** for early repayment
- **Mortgages**: Consider whether money in reserve makes more sense than early repayment



Clearing debt can be an excellent use for your Retirement Lump Sum



**Bring debt down
from the peak**

**A single snowball is
enough to unleash
the power of
an avalanche**



If you are struggling with debt

Five steps

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



If you are struggling with debt

If you simply cannot repay debt

- Visit www.backontrack.ie
 - Debtor website of the Insolvency Service of Ireland
- Use website to find a Personal Insolvency Practitioner
- Personal Insolvency Practitioner will mediate with your lender
- Possible solutions include:
 - Debt Relief Notice – for debts under €35,000
 - Debt Settlement Arrangement – for larger unsecured debts
 - Personal Insolvency Arrangement – where secured debt (e.g. mortgage) is part of the problem
 - Last resort - bankruptcy



health
insurance



Health insurance

Effect of community rating



Health insurance

Main benefits

- Cover for private or semi-private hospital accommodation
- Cover for inpatient consultant services as a private patient
- Other cover
 - Outpatient/GP
 - Overseas
 - Psychiatric



Health insurance

Considerations when buying a plan

- Type of Hospital
- Type of hospital accommodation
- Extent of consultant services covered
- Excess – annual amount you must cover before any claim
- Exclusions – treatments not covered, e.g. cosmetic surgery
- Maximum level of cover



[About Us](#)

[Health insurance comparison](#)

[Consumer information](#)

[Publications](#)

[Regulations](#)

The Health Insurance Authority is the State body that regulates the private health insurance market in Ireland.

 [Compare health insurance](#)

Information about health insurance



Contact us



We have lots of [helpful information](#) about health insurance on our website, including our [free comparison tool](#).



Health insurance comparison

The comparison tool will give you an overview of the features and benefits of all private health insurance plans available in Ireland. It will help you to decide which health insurance plan is best for your health needs and budget.

Buying private health insurance is an important decision, so you should check the full plan and price details with the insurer before making your final decision. You are responsible for choosing the health insurance plan that is best for you. If

 [Compare health insurance](#)

- I confirm that I have read the statement on this page and the the terms set out in the [Legal](#) section of this website.



COMPARE HEALTH INSURANCE PLANS

Compare the benefits and prices of all private health insurance plans available on the Irish health insurance market.

This comparison tool is a guide only and is not an official statement of benefits. Please contact the insurer to view full product benefits and terms and conditions. See our [Legal section](#) to read some important information about the limits of what provide on our website.



ADULT

26+



YOUNG ADULT

18 - 25



CHILD

INFANT - 17



OR

COMPARE YOUR CURRENT PLAN

COMPARE HEALTH INSURANCE PLANS

Compare the benefits and prices of all private health insurance plans available on the Irish health insurance market.

This comparison tool is a guide only and is not an official statement of benefits. Please contact the insurer to view full product benefits and terms and conditions. See our [Legal section](#) to read some important information about the limits of what provide on our website.



Health Insurance

Plans which cover all or part of inpatient hospital costs incurred and may include other benefits.



Cash Plan

A plan which provides fixed monetary amounts for a range of medical costs but does not cover hospital inpatient costs.



Out-patient Only

Plans which cover a range of outpatient expenses such as GP, consultants or alternative practitioners.



Filters [RESET FILTER](#)

Plan Type

- Health Insurance
- Cash
- Out-patient Only

Price

€0 - €6500 +

Inpatient excess

Inpatient excess

€0 - €600

Age

- Newborn
- 1 year old
- 2 years old
- 3 years old
- 4 years old
- 5-17 years old
- Adult

26+ yrs

Have an Existing Plan? [Click here](#)

PublicPlus Care VHI Healthcare €505.34 COMPARE	First Cover Irish Life Health €513.00 COMPARE	First Cover Extra Irish Life Health €555.80 COMPARE
Assure Protect Laya Healthcare	Transform Entry Laya Healthcare €658.38 COMPARE	Select Starter Irish Life Health €663.60 COMPARE
Future Laya Healthcare €720.20 COMPARE	Kick-Off Plan ILH Irish Life Health €731.30 COMPARE	Study in Ireland Irish Life Health €735.90 COMPARE
Select Irish Life Health	Select with Day 2 day pack Irish Life Health	Net One ILH Irish Life Health

Adjust the filters to customise your search



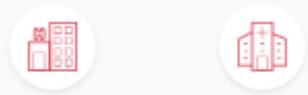
[Have an Existing Plan? Click here](#)

Hospital Type



Hi-tech Private Public

Room Type



Private Semi-private

Cover Options

- High day to day benefits
- Full orthopaedic cover
- Full ophthalmic cover
- Partial Cardiac cover in hi-tech hospitals
- Full Cardiac cover in hi-tech hospitals
- Full Special Procedures cover in a hi-tech hospital
- Fertility Benefits

REMOVE PROFILE

Assure Protect Laya Healthcare €600.20 COMPARE	Transform Entry Laya Healthcare €658.38 COMPARE	Select Starter Irish Life Health €663.60 COMPARE
First Cover Irish Life Health €513.00 COMPARE	First Cover Extra Irish Life Health €555.80 COMPARE	PublicPlus Care Day-to-Day VHI Healthcare €578.22 COMPARE
Future Protect Laya Healthcare €720.20 COMPARE	Kick-Off Plan ILH Irish Life Health	Study in Ireland Irish Life Health €735.90 COMPARE
Select Irish Life Health	Select with Da Irish Life Health	

When you have picked the plans you would like to look at, select "Compare"

COMPARE (3)



LOCK  

Transform Entry

Laya Healthcare
Current Version Commenced: 31/12/2021

Prices Per Annum





	Per Year
Adult	€658.38
Child 1	€213.76
Child 2	€213.76
Child 3	€213.76
Child 4	€213.76
Young Adult	€658.38

LOCK  

Select Starter

Irish Life Health
Current Version Commenced: 02/03/2019

Prices Per Annum


	Per Year
Adult	€663.60
Child 1 	€287.90
Child 2 	€287.90
Child 3 	€287.90
Child 4	€29.20
Young Adult 	€663.60

LOCK  

Assure Protect

Laya Healthcare
Current Version Commenced: 01/07/2018

Prices Per Annum

	Per Year
Adult	€600.20
Child 1	€183.32
Child 2	€183.32
Child 3	€183.32
Child 4	€183.32
Young Adult	€600.20 

cost of
care



Cost of care

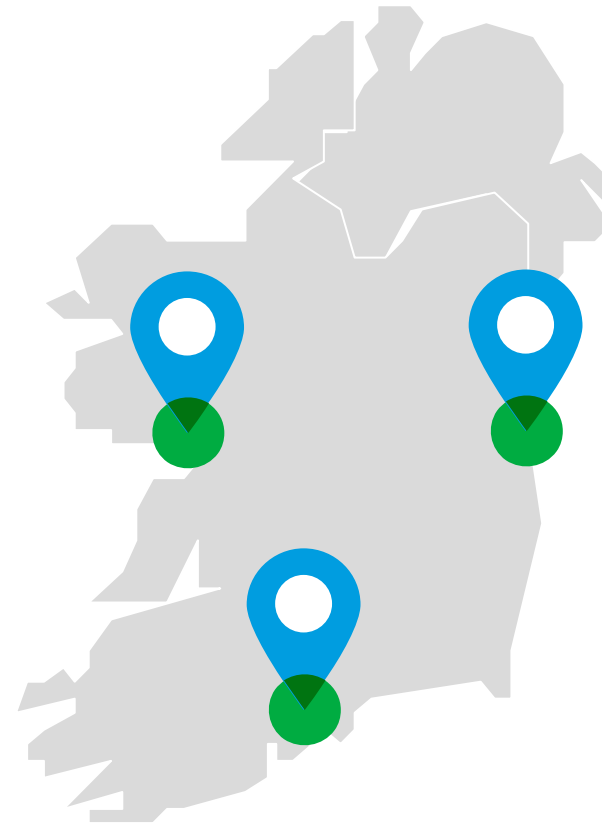
Chances of needing care: some statistics from the USA

- 4.2% of over 65s are in a Nursing Home at a given time
- Almost 50% of over 95s are in a Nursing Home at a given time
- 43% of over 65s likely to spend some time in a nursing home; 24% of these will be in for less than a year

Costs of care

Sample nursing home weekly rates in different counties

- HSE approved care homes
 - **DUBLIN**
Private €1,165 - €1,415
 - **CORK**
Private €980 - €1,365
 - **GALWAY**
Private €960 - €1,155
 - Public nursing homes more expensive
- Annual cost at €1,000 per week is €52,000
- Costs rising ahead of inflation



Source: HSE - <https://www2.hse.ie/file-library/fair-deal/cost-of-voluntary-and-private-nursing-homes.pdf>

'The Fair Deal'

Nursing home support scheme

- Benefits those who can't afford full cost of nursing home
- Individual needs to undergo
 - Care Needs Assessment
 - Financial Assessment
- 80% of income (less certain deductions) and 7.5% of assets must be contributed every year towards nursing home care
 - Government pays the balance
 - Income and assets halved for assessment purposes for a couple
 - Property assets: payment can be deferred till death
 - Own home: 7.5% of value for three years only
- HSE sends list of private/public homes to choose from



Cost of care

Problems with Fair Deal

- Dependent on approved/suitable Homes having a place
- Can result in a Home distant from friends/relatives
- Fixed HSE Budget for Fair Deal
 - When money runs out, applicants put on waiting lists – and must pay full costs themselves in the interim



Costs of care

Long term care: financial planning

- Keep saving if possible
- Discuss issue with relatives well in advance
- Have plan prepared before the day comes
- Assets



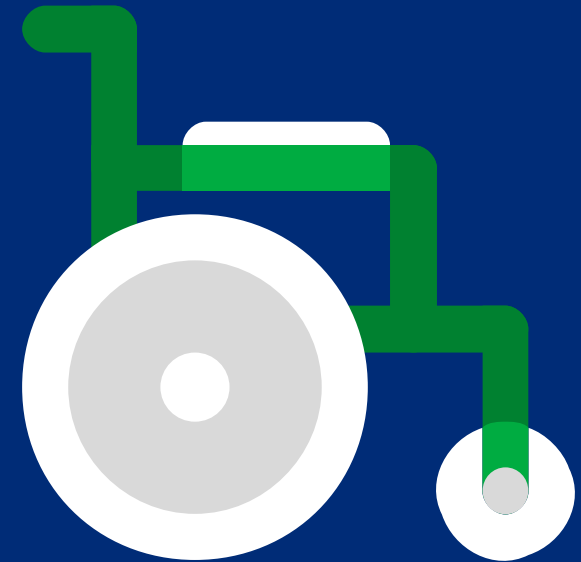
death and legal
protection



What if...

You were not capable of acting for yourself?

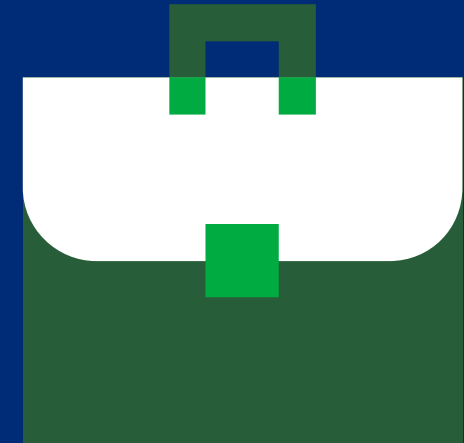
- **Possible causes:**
 - Physical infirmity
 - Dementia – affects 5-8% of over 60s
 - Stroke
- **Agency agreement**
 - Might enable a friend or family member to handle your banking, liaise with social welfare etc.
 - Usually used in cases of physical incapacity
 - Stops operating on mental incapacity



What if you were not capable of acting for yourself?

Legal matters and health

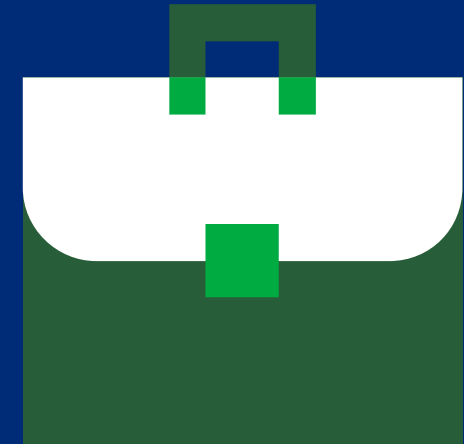
- The [Assisted Decision-Making \(Capacity\) Act 2015](#) is a law that establishes a new legal framework for [supported decision-making](#) in Ireland. It allows people to make legal agreements on how they can be supported to make decisions about their personal welfare, property and affairs.
- The Act also 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](#).
- The Act came into effect on 26 April 2023
- **Tel:** 01 2119750
- **Homepage:** <https://www.decisionsupportservice.ie>
- **Email:** queries@decisionsupportservice.ie



What if you were not capable of acting for yourself?

Enduring power of attorney

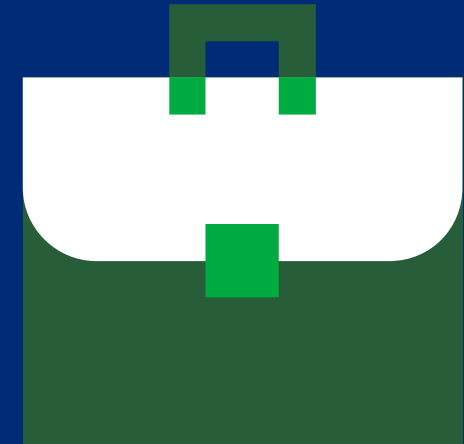
- An enduring power of attorney (EPA) is a legal device that can be set up by a person (the donor) to allow another person (an attorney), to look after their financial or personal affairs.
- EPA is complex and you have to use a solicitor and a doctor.
- An EPA that was made on or after 26 April 2023 only takes effect when
- The EPA has been registered with the [Decision Support Service](#) within 3 months of being made.
- The donor becomes incapacitated and is unable to manage their affairs
- The Decision Support Service has been notified of the incapacity and it accepts the fact



What if you were not capable of acting for yourself?

Enduring power of attorney

- An EPA made before 26 April 2023 only takes effect if registered with the [Office of the Ward of Courts](#). An attorney can register the EPA when the donor becomes mentally incapable of managing their affairs.
- Healthcare within EPA does not include medical interventions.
- You can make an [Advance Healthcare Directive](#)
- A written statement about the type of medical or surgical treatment you want or do not want, if in the future, you are unable to make these decisions.



will made



Affairs can be resolved in an orderly manner



Assets bequeathed where you want them

will **NOT** made

Assets bequeathed in accordance with laws of intestacy:

- ✗ spouse/civil partner **but no** children - spouse/civil partner gets entire estate
- ✗ spouse/civil partner **and** children - spouse/civil partner gets two-thirds, one-third is divided equally between children (if a child has already died his/her children take a share)
- ✗ children, **no** spouse/civil partner - divided equally between children (or their children)
- ✗ parents, **no** spouse/civil partner **or** children - divided equally or entirely to one parent if only one survives
- ✗ brothers and sisters only - shared equally, the children of a deceased brother or sister take the share
- ✗ nieces and nephews only - divided equally between those surviving
- ✗ other relatives - divided equally between nearest equal relationship
- ✗ no relatives - the state

Inheritance

Capital Acquisitions Tax (Gift Tax/Inheritance Tax)

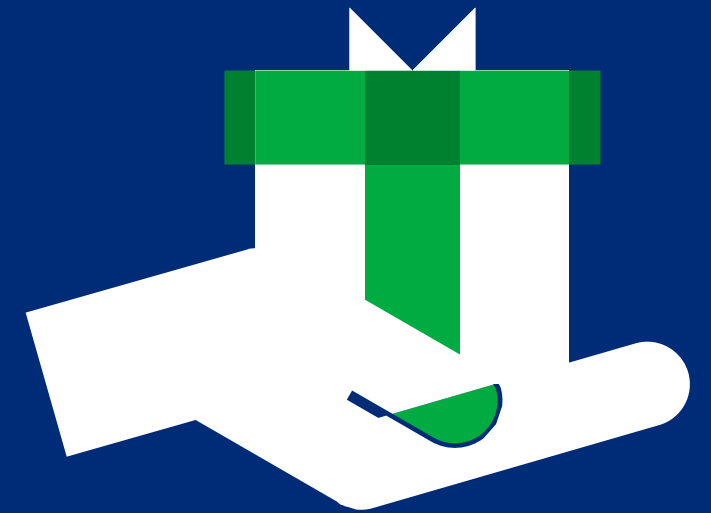
- Applies to **Gifts** and **Inheritances**
- Tax free allowance:
 - **€335,000** for a son or daughter
 - **€32,500** for siblings, grandchildren, nephews, nieces and your parents
 - **€16,250** for everyone else
- Rate of 33% applies to any excess over threshold



Inheritance

Capital Acquisitions Tax: exceptions

- The first €3,000 received as a gift each year is tax free
- Gifts between “qualifying cohabitants” (usually must have been living together for five years)
- Normal support, maintenance and education of family members
- Gifts for public or charitable purposes
- Inherited property where
 - The house was the only or main home of the person who died,
 - Inheritor has lived there for 3 years as main residence immediately prior to gift/inheritance,
 - Inheritor does not own another house (or inherit a 2nd property)
 - Inheritor continues to occupy for 6 years after gift/inheritance



Inheritance

Section 72 Insurance

- Life insurance policies
 - Intended for use in discharging tax on inheritances
 - May save recipients from having to sell property
 - Proceeds exempt from Capital Acquisitions Tax
- Premiums will vary on size of liability
- May be worthwhile if recipients would not wish to have to sell family home/illiquid assets on death



Gifting Assets

Section 73 Insurance

- Savings plan
 - Saving for “gift tax” (CAT) liability
 - Pays the tax bill for the recipient with proceeds from special savings plan.
 - Proceeds themselves not taxable as a gift to the extent that they are used to discharge the CAT liability.
 - Revenue conditions apply, one of which is the policy is in place for a minimum of 8 years.
 - As it’s a savings plan, the saver can always maintain control and decide to use the plan for their own use if required – “provisional planning”.
 - Any excess over the amount required to pay Capital Acquisitions Tax is taxable



what can you do
now?



What can you do **NOW**?

Pensions and Budgeting

1. Confirm your State Pension entitlements
2. Check your pension entitlements from your current plan
3. Consider AVCs
 - Tax relief/Lump Sum maximisation
 - Increase benefits
4. Estimate total household retirement income
 - State pensions
 - Spouse's occupational/private pensions
 - Your pensions
5. Estimate total household retirement expenditure
6. Consider steps to balance income and expenditure

What can you do **BEFORE** retirement?

Future planning

1. Plan for addressing debt early
 - Could your lump sum pay your debts?
 - Do you need assistance on debt? (MABS)
2. Health Insurance: Find a suitable Plan (HIA website)
3. Plan Long Term Care with family
4. Consider Assisted Decision Making or putting enduring power of attorney in place
5. Make a will
6. Consider whether inheritance tax planning is needed
 - Use of €3,000 annual gift exemption
 - Section 72/73 policy

Resources related to this webinar (including the slides) can be downloaded here:

<https://linktr.ee/AspireRetireInStyle>



next
steps



Next steps

Where to find information or take action

Contact information	Mercer administered plans	Zurich administered plans	New Ireland administered plans
Quick link with all contact details	https://linktr.ee/Aspire_ContactMercer	https://linktr.ee/Aspire_ContactZurich	https://linktr.ee/Aspire_ContactNewIreland
Website	Mercer OneView www.merceroneview.ie	Zurich Connect www.zurich.ie/connect/ “yourcompanyname”	MyPension365 id.mypension365.ie/employee/sign-in
Online query	https://bit.ly/JustAskMercer		
Email	https://bit.ly/JustAskMercer	aspire@zurich.com	MyPension365@newireland.ie
Call		+353 (01) 799 2941	+353 (0)1 523 9705
How to take action	Mercer administered plans	Zurich administered plans	New Ireland administered plans
Update your contact details	Contact Mercer JustASK	Contact Zurich helpline	MyPension365 or contact your employer
Reset your login details	Mercer OneView	Contact Zurich helpline	MyPension365 website
Check your policy value	Mercer OneView	Zurich Connect	MyPension365 website
Nominate/update your Do It For Me Target Retirement Date	Mercer OneView	Contact Zurich helpline	Email MyPension365
Check your current investment choices	Mercer OneView	Zurich Connect	MyPension365 website
Check the latest information on your Investment Options	Mercer OneView	Zurich Connect	MyPension365 website
Change your contribution rate	Mercer OneView*	Contact Zurich helpline	MyPension365 website
Change your Investment Options	Mercer OneView*	Zurich Connect	MyPension365 website
Take your retirement benefits	Contact Mercer JustASK	Contact JustASK helpline	Contact JustASK helpline

* Depending on the rules of your Plan, these decisions may be made via a form. If in doubt, check your member booklet.

Where to find useful resources

<https://linktr.ee/AspireRetireInStyle>

Newsletters and webinar recordings to help you plan for later life

<https://linktr.ee/AspireInvestments>

Resources to help you get the most from investing your pension savings

https://linktr.ee/Aspire_AreYouSavingEnough

Guidance on how much to save for the standard of living you want

https://linktr.ee/Lump_Sum_AVC_NewIreland

Lump Sum AVC for New Ireland Administered plans

https://linktr.ee/Lump_Sum_AVC_Zurich

Lump Sum AVC for Zurich Administered plans

https://linktr.ee/Lump_Sum_AVC_Mercer

Lump Sum AVC for Mercer Administered plans

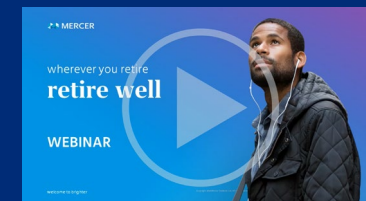
There are loads of great videos available: <https://bit.ly/MercerAspireVideos>



**How Your
Aspire Pension
Plan Works**



**Webinar for ex-pats
or people with
pension entitlements
in other countries**



don't let your savings just

float away!



THOUSANDS OF PENSIONS GO UNCLAIMED
because we cannot trace the pension scheme member

Register your permanent PERSONAL EMAIL ADDRESS

we know you've got lots of
questions



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welcome to

brighter



It discusses specific pension arrangements that may not be relevant to members of other pension plans.

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