

Standard Life Retirement Pulse Reveals Less Than a Third of Irish Adults Feel Financially Prepared for Retirement

- *Over half of non-retired adults feel more mentally (56%) or socially (51%) prepared for retirement, than they do financially (30%); confidence improves once in retirement*
- *Since February, Irish adults have displayed higher confidence and engagement rates in their pension schemes, despite a broader downturn in overall financial sentiment*
- *Over three-quarters (77%) of the Irish adult population see the value in having a pension as essential to their retirement plans*

DUBLIN – 29 June 2022: Irish people are engaging more closely with their pensions since the start of the year, despite just 30% of non-retired adults feeling financially prepared for retirement, according to the latest Retirement Pulse from Standard Life. This confirms the broader findings which show that over three-quarters (77%) of the Irish adult population see the value in having a pension as essential to their retirement plans.

Despite feeling financially unprepared for retirement, more people are keeping up to date with their pension, feeling confident they're making the most of it, and are more knowledgeable about the tax relief they are entitled to. Interestingly these findings coincide with a downturn in broader financial sentiment since the previous wave of research was conducted in February, with fewer respondents (46%) feeling positive thinking about their finances, compared to 57% in February. Less than two thirds (62%) identified as being a frequent saver, down from 65% from the previous three months, while more (53%) feel anxious thinking about their finances, compared to 48% in February.

Speaking about the latest wave of the Standard Life Retirement Pulse, **Alan McCarthy, Head of Distribution at Standard Life, said:** *"Although the more uncertain macro-economic backdrop has given rise to more financial anxiety among the general population, the research indicates pension schemes are a major confidence booster when it comes to financial planning for Irish adults. Ultimately, the majority of the Irish population recognize the significant value their pension brings in planning for retirement."*

Taking control to ensure peace of mind

Over half of non-retired adults feel more mentally (56%) or socially (51%) prepared for retirement, than they do so financially (30%). Related to this, more than a third (39%) don't know how much they will need for a comfortable retirement. This is most likely for millennials (47%), females (40%), and those earning less than €30k (40%).

Once in retirement, however, confidence in financial preparedness increases, with retired adults feeling almost as financially prepared (74%), as they do mentally (79%), and more so than they do socially (71%). Of those who felt financially prepared, 85% owned a pension. Those retirees who feel anxious about their finances started their pension on average at 36, with those starting just four years earlier much more likely to feel prepared for retirement. Hence, the top advice from retirees was to start saving into your pension sooner rather than later, with 43% recommending to do so.

Happiness in retirement

The vast majority (89%) of retired adults in Ireland say they are happy in retirement, with retired adults (71%) likely to feel their first few months in retirement were about the same or better than they had expected. This group were most likely to engage in social activities on a regular basis, and any anxiety about the absence of work and routine were quickly dispelled as many enjoyed the extra time for hobbies, family and travel.

Just under three in ten (29%) retirees reported retirement being a bigger adjustment than they had expected, with this being higher amongst those without a pension (34%). These retirees reflected on feeling socially and mentally unprepared the most, possibly due to a lack of forward planning in finding ways to maintain a social life or regular routine outside of work.

Of the retirees interviewed as part of the research, preparedness was the number one piece of advice they would give to others planning for retirement, with nearly half (43%) advising people to start saving into their pension sooner rather than later. Over a quarter (27%) advised investing more into your pension, while just under a quarter (23%) advised increasing your contribution amount every few years.

Retirement expectations versus the retiree experience

Travel tops the list of retirement plans for those yet to retire (52%) followed closely by increased family time (47%) and putting the feet up (29%). However, for retirees, putting their feet up was the least appealing retirement activity. 6 in 10 (61%) currently spend their retirement prioritising more family time, over half (53%) have dedicated more time to their existing hobbies and interests and slightly less (43%) have pursued more traveling. A third (33%) have taken up a new hobby or learnt a new skill.

Planning still not a top priority for many

Despite having firm expectations for retired life, two-fifths (40%) do not have a plan or feel prepared for retirement. Over half (51%) of those believe retirement is something that will just happen, and they'll only think about it when it does.

Nevertheless, one in ten (11%) of retirees wished they had given more thought to how they would spend time in retirement and planned for a gradual transition out of full-time work. Considering 39% of non-retired adults feel retirement isn't the end of their working life but an opportunity to create their own pace, such reflections are likely to resonate with future retirees.

“Retirement, for some people, might be an unnerving prospect which is why, according to our findings, many people are not actively thinking about it. However, we should be inspired by the enriched, happy lives that the majority of retirees today are living and take note of their simple yet profoundly influential advice. Get a pension and set the groundwork early on, then build from there. By feeling financially prepared, you'll have greater freedom to consider the other aspects of retirement that are equally as important. The possibilities are endless with the right plan in place.”
added Alan McCarthy at Standard Life.

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Notes to Editor

About the survey

Standard Life's Retirement Pulse is a nationally representative and independently administered survey of 1,150+ people in Ireland. It's conducted on a quarterly basis and explores retirement attitudes, behaviours and experiences of people in Ireland