

# YOUR PENSION EXPLAINED

We're all living longer, based on today's average life expectancy figures, someone retiring today aged 65 should expect to live for another 20 - 23 years. Many of us will live much longer than this. There are lots of things you'll want to do with a lengthy and leisurely retirement, requiring more income which needs adequate preparation well in advance. The longer you're saving the less it will cost you over time. Let's start by asking a couple of simple questions:

- What type of lifestyle do you want in retirement?
- How are you going to fund that lifestyle?
- What can you do now to prepare for your future?

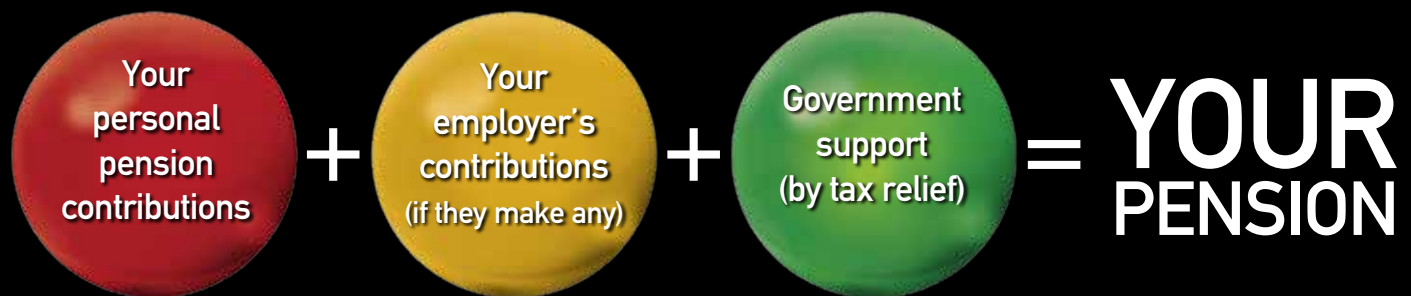
There are a number of options to save for retirement and a pension is one of those.

## YOUR PENSION = YOUR INCOME IN RETIREMENT

The current State pension, at €230.30 per week, is provided to cover your basic needs in retirement. Under the Social Welfare and Pensions Act 2011 the State Pension (Transition) will no longer be paid from 1 January 2014. This means that there will then be a standard State Pension age of 66 years for everyone. If you have qualified for the State Pension Transition before 1 January 2014 you remain entitled to it for the duration of your claim (1 year). State pension age will increase to 67 in 2021 and to 68 in 2028.

Almost 7 out of 10 people in a Pensions Board consumer survey said that the current State pension would not meet all their needs in retirement. If you want more than that you need to save for it. The Government encourages you to make pension savings by allowing income tax relief on your pension contributions. This basically means you pay less tax whilst saving for your future.

## HOW A PENSION WORKS



## NEXT QUESTIONS

- What types of pensions are available?
- Where do you go to get a pension?
- How do you know you're saving enough to meet your needs in retirement?
- Where can you go to get more information?

ENGAGE WITH YOUR  
**PENSION**

# GETTING INFORMED

## GETTING A PENSION AT WORK

By law your employer must provide you with access to a Personal Retirement Savings Account (PRSA) where you can not fully access the company pension plan or where there is no company plan in place, whether you are in full-time, part-time, temporary, contract or casual employment. You are legally entitled to information about your employer's pension scheme or a Personal Retirement Savings Account (PRSA).

You should ask your employer the following questions:

- Does the company have a pension scheme?
- Can I join the scheme?

If not, how can I access the PRSA?

**REMEMBER:** When starting a new job ask about your pension!

**NEXT STEP** – Talk to your employer, trade union or work colleagues and check out 'What are my Pension Options?' booklet at [www.pensionsboard.ie](http://www.pensionsboard.ie)



## GETTING YOUR OWN PENSION

- If you are self-employed you can provide for your pension through a PRSA or Retirement Annuity Contract (RAC)
- If you are currently unemployed or a homemaker or a carer you can also provide for your pension through a PRSA

**NEXT STEP** – Talk to your financial advisor, friends or colleagues and check out 'PRSAs – A consumer guide' booklet at [www.pensionsboard.ie](http://www.pensionsboard.ie)



Information  
Booklets

## TAX RELIEF ON PENSIONS

Contributions paid to a pension scheme, PRSA or RAC will benefit from income tax relief on your net relevant earnings. The percentage of your income which you can contribute to a pension and receive tax relief relates to your age as follows:

Highest age at any time during the tax year	Limit
Under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60 and over	40%

*[Note: Pension contributions are currently subject to the Universal Social Charge(USC)].*

**NEXT STEP** – To work out how much you should be contributing to meet your needs in retirement and to better understand the tax benefits run the Pensions Calculator at [www.pensionsboard.ie](http://www.pensionsboard.ie)



Pension  
Calculator



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