

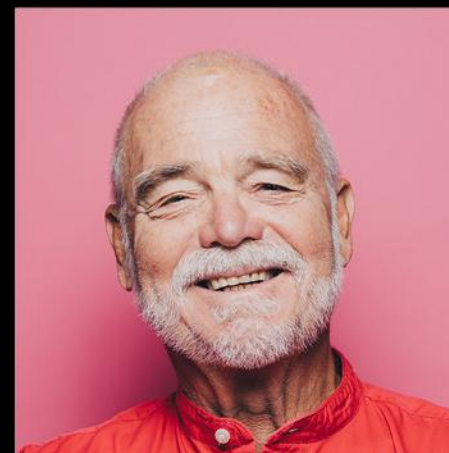
BlackRock.

Ready or not.

BlackRock Ireland

Read on RetirementTM

How are you really feeling about retirement?



All data in this report derives from a survey by our research partner, Illuminas, which included 400 workers in Ireland, with 300 of those participants in workplace Defined Contribution schemes.

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Foreword

We are at an incredibly significant moment for retirement in Ireland. Auto-enrolment and the My Future Fund will bring thousands of more people into the retirement system and help many take the first steps in creating a pension pot that can help them live their post-work life. As we navigate the complexities of retirement planning, the BlackRock Ireland Read on Retirement report offers invaluable insights into the current state of retirement readiness among the Irish workforce. This comprehensive analysis sheds light on the critical challenges and opportunities that lie ahead, and how we can best navigate it.

Retirement readiness remains a significant concern for many workers, with less than half (41%) of survey participants feeling on track for a reasonable standard of living in retirement. This concern is particularly acute among those without Defined Contribution (DC) workplace pensions, with only 26% feeling prepared compared to 59% of those with DC pensions.

Generational differences further complicate the landscape. Millennials, for instance, prioritise other financial goals over retirement savings, while Gen Xers and Pre Retirees are more focused on retirement but still worry about outliving their savings – alarmingly, only 11% have clear plans for managing their pension pots. This highlights the urgent need for better guidance and support to help individuals navigate their retirement journey.

The report also emphasises the importance of increasing pension contributions. Currently, fewer than half of the participants consider their contributions sufficient. While 44% plan to increase their contributions, achieving the ideal 14% contribution rate remains a challenge.

While auto-enrolment is seen as a crucial step in improving retirement readiness, significant gaps in awareness and understanding must be addressed to ensure its successful implementation. By addressing these challenges, we can work towards a future where every individual can enjoy a secure and fulfilling retirement.



Tim Hodgson

Head of BlackRock's DC Platforms and Retirement Solutions Business, UK and Ireland

Key themes

Our takeaways from Read on Retirement Ireland

01 Different generations face different challenges preparing for retirement

Saving for retirement is one of many – often competing – financial priorities; and **only Gen Xers and Pre Retirees feel able to focus on retirement saving.** There is however an underlying sense of worry across and within generations as to whether a reasonable standard of living in retirement is achievable.

02 Few participants feel entirely confident that they're on track

Fewer than half of Ireland's workers feel on track for a reasonable standard of living in retirement; and there are many that are far from certain. What is certain is the pivotal importance of pensions in helping those retirements be more secure. Only one in four unpensioned workers feels on track; versus three in five of those with workplace pensions.

03 Encouraging increased contributions is vital

Pensions are considered an essential tool in preparing for retirement and for many the only source upon which they will be able to rely in retirement. **Over half do not think they are contributing enough** but there is appetite to increase commitment, with many feeling 14% is achievable.

04 Auto-enrolment (AE) will bring significant proportions into DC pension plans

The introduction of AE in 2025 will help to address the challenges facing those without a DC workplace pension; and Year One commitments feel achievable for most. There are, however, **vast gaps in awareness of AE, and relatively limited understanding of the details.**

05 The later life retirement conundrum

Those nearest to retirement are **unclear as to the options available to them.** 89% of Gen Xers and Pre Retirees have no clear plans for how to manage their pot(s) in retirement, and support – and solutions – to help smooth their transitions are broadly appealing.

01 | Our audiences

Different generations and their differing needs





Millennials

Facing many challenges

89%

Are trying to take steps to feel financially secure

6th
out of six

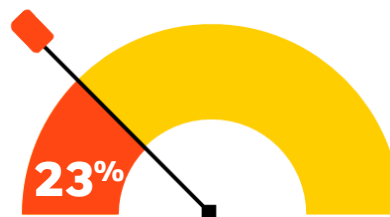
Saving for retirement is bottom of Millennials' financial priorities

Millennials

Helping them feel more positive

90%

Think schemes should focus on providing features and tools to keep them informed



Believe sponsors' priority should be increasing company pension contributions levels

Gen X

Worried and feeling under pressure

73%

Are concerned that they will outlive their savings

3rd out of six

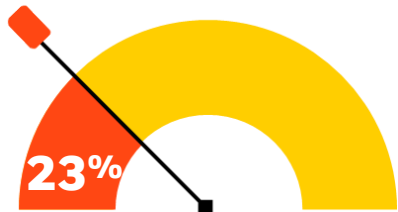
Saving for retirement is one of Gen X's key financial priorities

Gen X

Helping them achieve their goals

88%

Think schemes should focus on guiding participants to and into retirement



Believe sponsors' #1 priority should be features or tools to keep them informed





Pre Retirees

Have they done enough?

69%

Are concerned that they will outlive their savings

1st
out of six

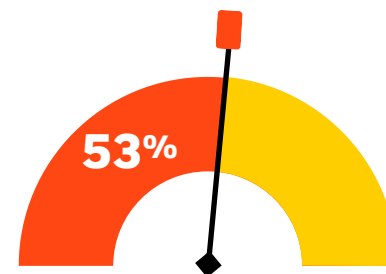
Saving for retirement is Pre Retirees number one financial priority

Pre Retirees

Help them make the transition

93%

Think schemes should focus on guiding participants to and into retirement



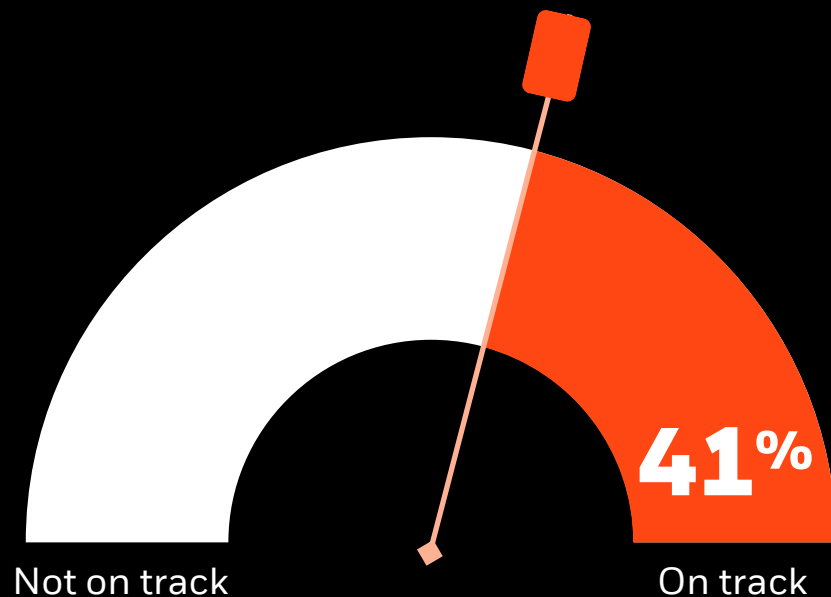
Believe sponsors' #1 priority should be maximising scheme returns

02 | Retirement readiness is a worry

Irish workers feel they face considerable challenges in preparing for retirement

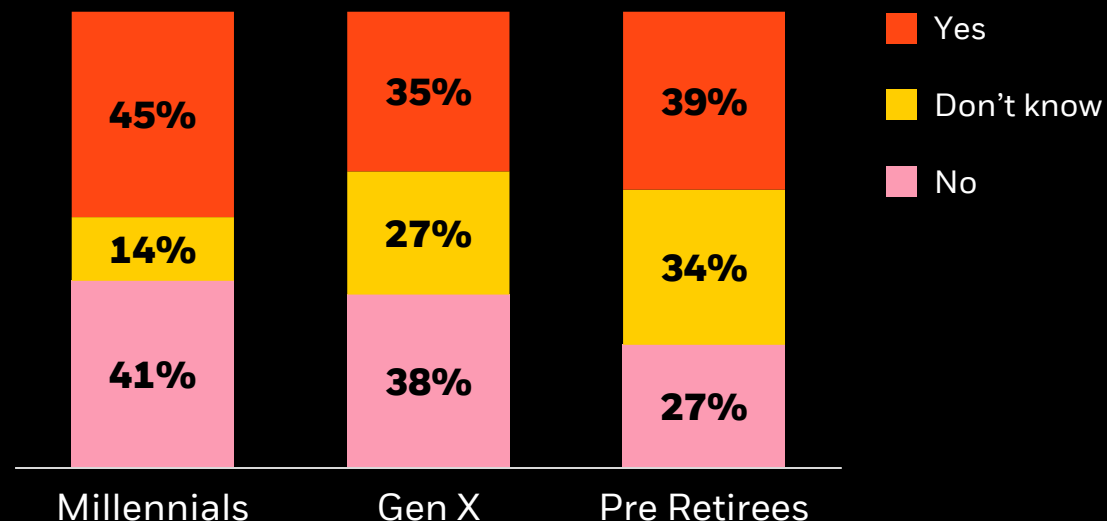


Q | Do you think you are on track to allow you to have a reasonable standard of living in retirement?



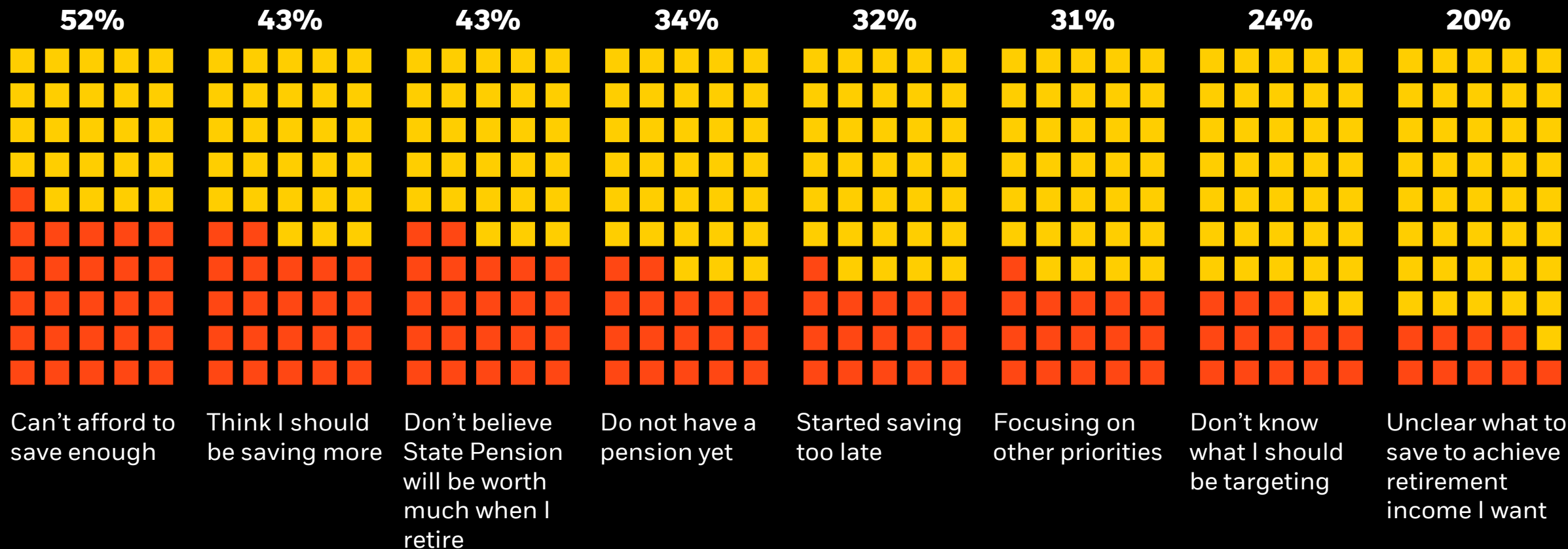
Only two in five workers (41%) feel on track to for a reasonable standard of living in retirement.

Only 26% of those with no DC pension feel on track – versus 59% of those that have a workplace DC pension. The message is stark – having a pension is critical in preparing for later life.



Pre Retirees are least certain as to whether they are on track. Other data points explored later in this report highlight gaps in understanding that scheme sponsors may be able to fill.

Q | For what reasons do you feel you're **not on track** to have a reasonable standard of living in retirement?



Not being able to save sufficiently – whether through inability to save or feeling confident savings are sufficient – are key challenges.

Increased contribution rates are, where possible, one solution to this challenge. But **nudges** and **insight-based savings goals** are also additive.

Q | How helpful would each of the following be to you in helping you to prepare for retirement?



89%

would value knowing **the total pot** they will have for retirement



89%

would value knowing **how long that pot** will last in retirement



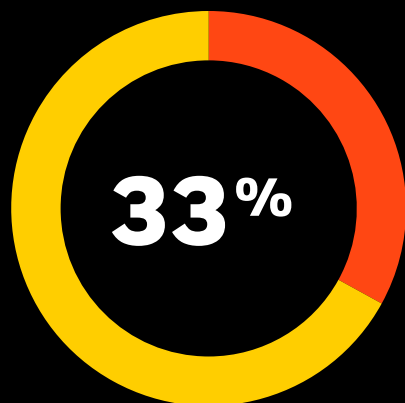
85%

would knowing **how much they can spend** per year in retirement

Q | For what reasons are you confident you're currently on track with your retirement savings?

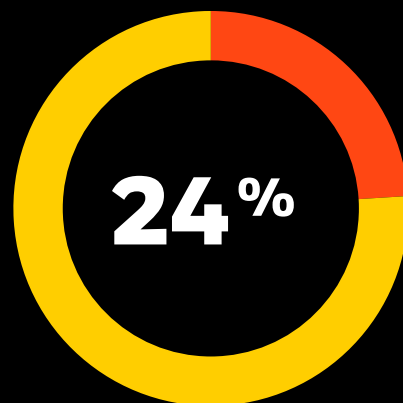
Those that **feel more confident that they are prepared** for retirement are adopting **four relatively simple behaviours which enable them feel in control and which positively impact on well-being.**

Push savings to the max



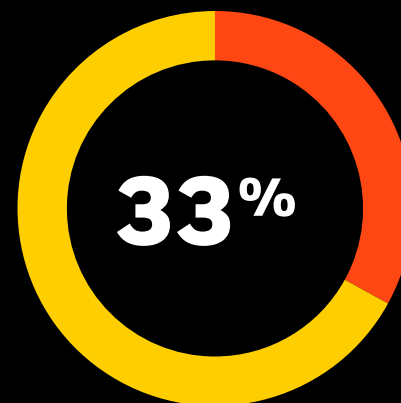
that feel on track are **savings as much as they can at all times**

Max out the employer contribution



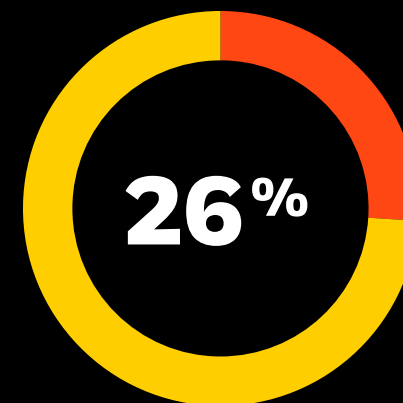
that feel on track contribute enough to **ensure they get the maximum employer contribution**

Keep checking on progress



that feel on track **keep an eye on whether their pension is performing as expected**

Talk to someone



that feel on track have **taken advice, be that formal advice from an advisor, or informal advice from friends and family**

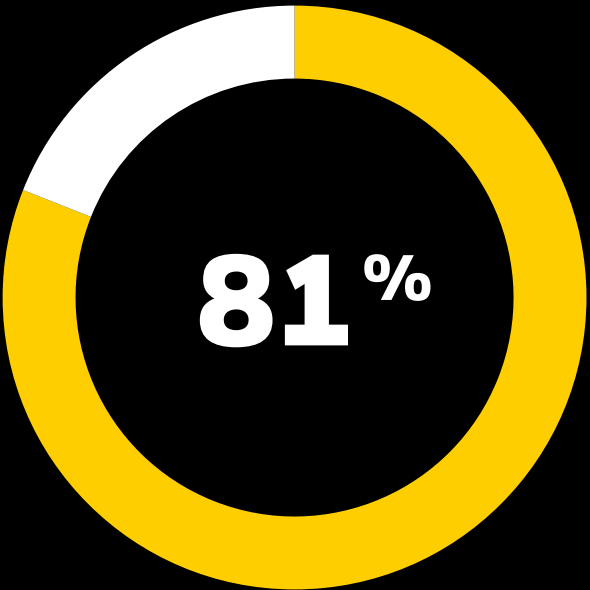
03 | Contributions aren't enough

Encouraging increased contributions amongst those with DC workplace pensions is vital



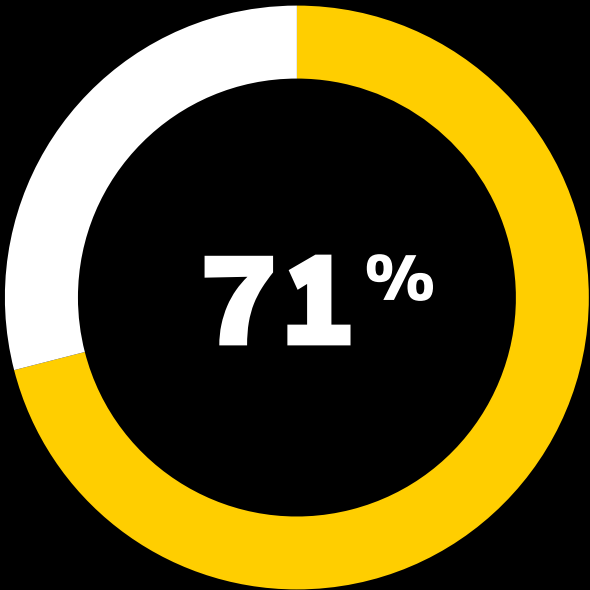
Pensions are recognised as being the **most important – and for many, the only – mechanism available to them to try to secure a reasonable standard of living in retirement.**

The best way to save for retirement



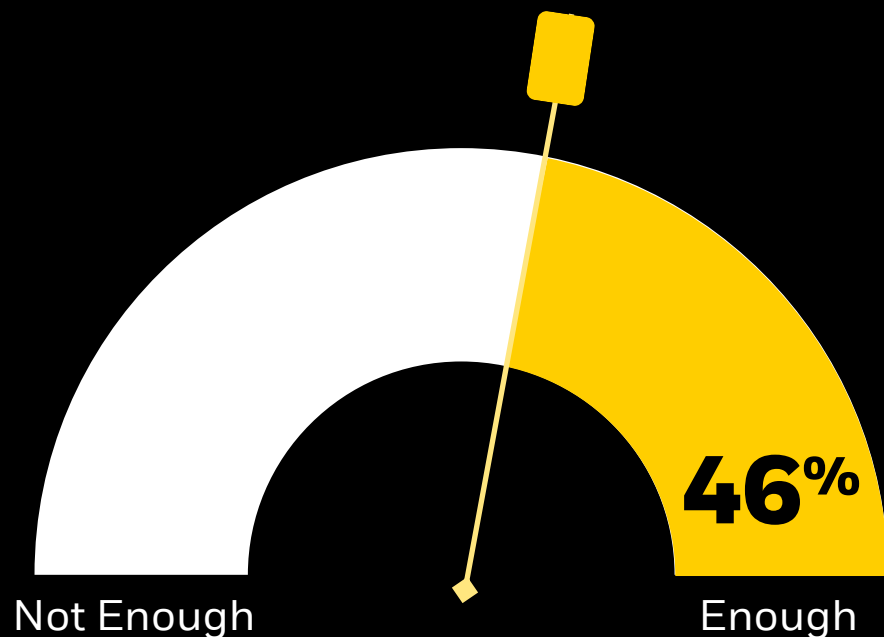
say that putting money into a pension is **the most effective way to save for retirement**

For many, the only viable way to save



say that putting money into a pension is **their ONLY chance of a decent income in retirement** – they have nothing else on which to rely

Q | Which of the following best describes how you feel about your **level of contributions** to your pension?

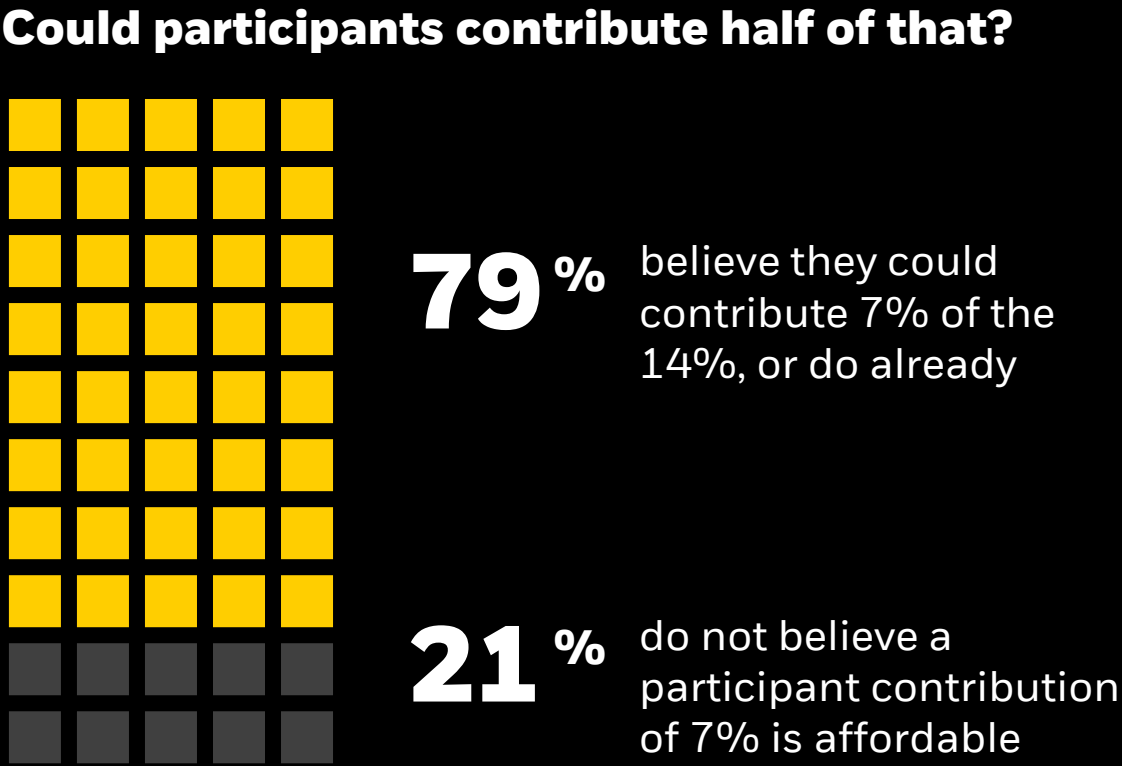
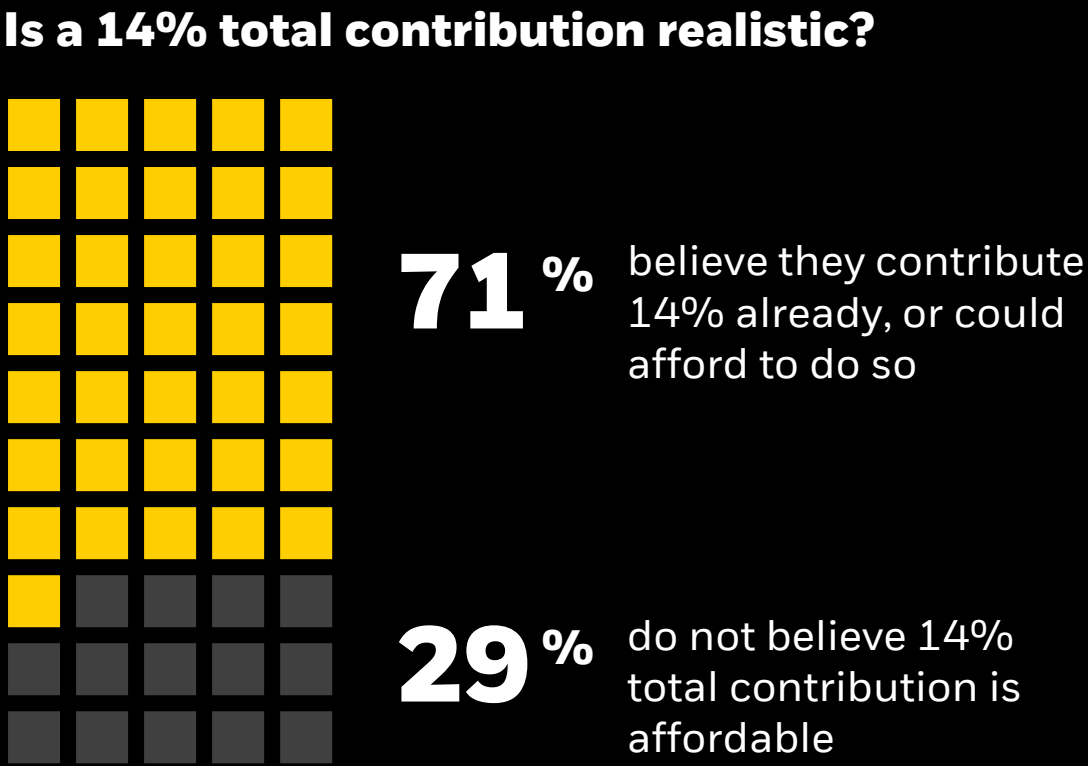


Fewer than half of the survey participants (46%) consider their pension contributions to be sufficient. Whilst 44% plan to increase their contributions, with many competing demands on their domestic finances, how many of that 44% will do so is open to question.

Participants consider **13% total contributions to be ideal**. However, **fewer than one in five currently contribute 13% or more**, and with combined contributions of DC participants averaging 9.6%, many participants would need to increase contributions **significantly** to get close to 'ideal' savings rates.

Q | Which one of the following best describes your views of a 14% contribution?

There is some appetite to increase contributions to 14% – the Year Ten AE default – and participants are open to contributing up to 7% (more than they will in reality be expected to contribute under AE).



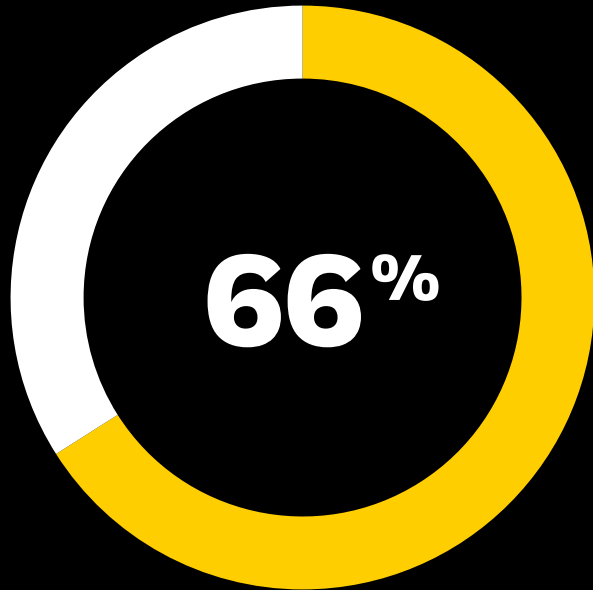
04 | Auto-enrolment is a pivotal step

Auto-enrolment is a key step in kickstarting many unpensioned workers' retirement savings journeys



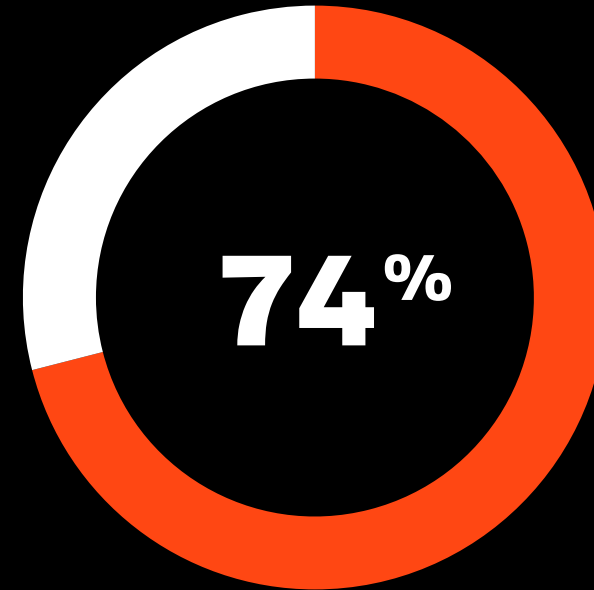
Those without DC pensions **recognise their value per se**, but many instinctively feel they are unable to contribute.

Pensions are key to saving for retirement



BUT

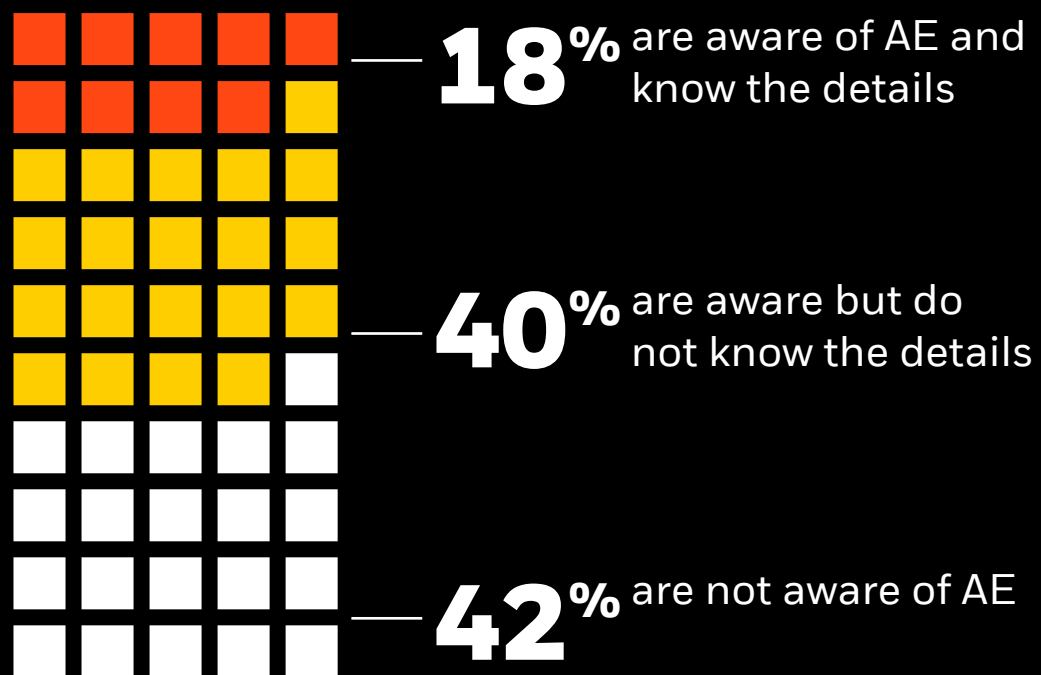
Ability to save is a challenge



of those without a DC pension say that starting to contribute to one is **the best way to save for retirement**

of those without a DC pension feel **unable to afford to save into one**

Q | Were you aware of auto-enrolment?



With auto-enrolment set to start in less than a year there are **clear gaps in awareness and understanding.**

Two in five workers surveyed without a DC pension are not yet aware of auto-enrolment. A further two in five are aware that auto-enrolment is happening but have no grasp of the details. **The industry and government must work to address these gaps.**

The biggest gaps in awareness and knowledge of AE are amongst lower income earners (<€30K) with six in ten not even aware that it is happening.

AE | Affordability and Opt-in Rates for Year One

81% believe **employee contributions of 1.5% are affordable**

64% would **opt in at Year One** with employee contributions at 1.5%

Initial contributions in Year One feel affordable – albeit not necessarily easy – for eight in ten – and AE looks set to result in **close to two thirds of those not currently contributing into a DC workplace pension opting in** (while a further three in ten are undecided).

AE | Affordability and Opt-in Rates for Year Seven

50% believe **employee contributions of 4.5% are affordable**

40% would **increase savings to 4.5% in line with AE escalation levels**

However, by Year Seven contribution levels (with the employees expecting to contribute 4.5%) **feel impossible for one in two**. While few would elect to quit their schemes or stop saving altogether, only two in five believe they would be likely to stay in step with the AE recommended minimums.

05 | Enabling a positive later life transition

Addressing the pain points with which those nearest to retirement are grappling



Those closest to retirement are fully focussed on the next stage but there are many gaps in understanding to address; and many unmet needs in terms of support and guidance.



Only two in five of Pre Retirees feel assured of being on track for a reasonable standard of living in retirement. One third simply don't know.



Only 11% of Pre Retirees have firm plans for where to allocate their DC pension pots at retirement. More and better guidance on the options available to them would be positively received.



Sponsors have important roles to play in guiding participants nearest to retirement, both in terms of options and outcomes. There is a clear remit for providers to **guide participants to appropriate transition pathways.**

Q | Can you tell me whether you agree or disagree with the following?

Areas with which those nearing retirement need most guidance

It's difficult to know how my retirement pot will **translate into a monthly income**

85%

I would really value **help calculating the income I will need** in retirement

84%

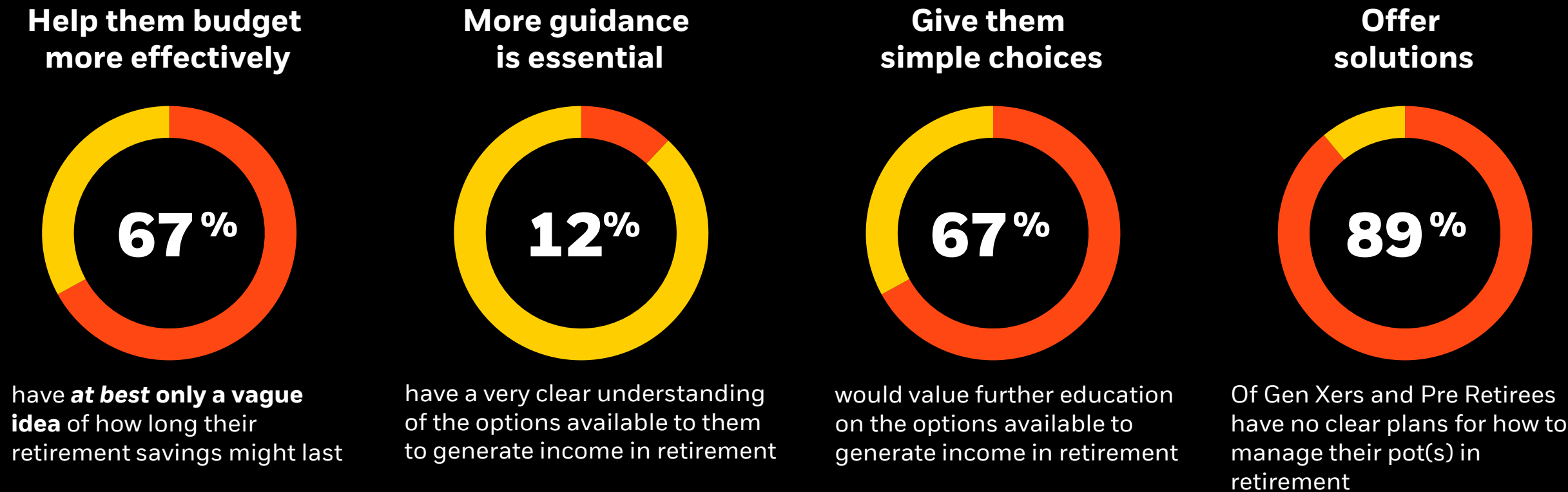
I worry about **outliving my retirement savings**

63%

The thought of **having to generate my retirement income** worries me

60%

Those nearing retirement are looking for guidance and insight to enable them to feel better informed about the next steps – both the decisions they will need to make and the options available. Solutions that ease the transition into decumulation are of paramount interest.



Closing thoughts

The ideas we're taking away from the Ireland Read on Retirement report

01

For many participants, time is running out to secure their futures

Retirement saving is a priority for Gen X and Pre Retirees but many worry as to whether they have done enough to live comfortably in retirement. Millennials do not appear to be giving retirement saving the focus that it needs, and there is work to do across the industry – and the country – to raise awareness and understanding.

02

Few participants feel entirely confident that they're on track

Fewer than half of the workforce feel confident about their retirement readiness. Those currently without a DC workplace pension feel even further from retirement readiness, and for those, AE cannot come too soon. Ensuring that those new joiners are engaged from Day One – through statements, apps and target engagement programmes – is fundamental.

03

Encouraging increased contributions is vital

Participants are far from confident in the adequacy of their contributions. There is scope to increase those, with many believing that up to 7% employee contributions may be feasible. Nudges are essential in this context; but auto-escalation may be equally important.

04

Auto-enrolment will bring significant proportions into DC pension plans

Auto-enrolment will be key in starting to address the challenges that those without a DC pension face in feeling able to contribute. However **large gaps in awareness of AE per se, and very limited understanding of the details** need to be addressed. Just as important is **underscoring the affordability of contributions, and the benefits.**

05

The later life retirement conundrum

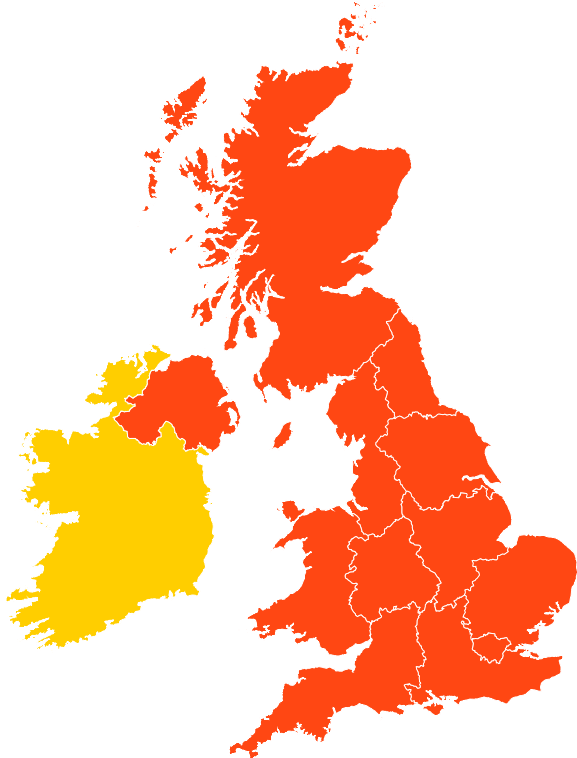
Those nearest to retirement exhibit many **gaps in knowledge and understanding of the options available.** With nine in ten without a clear plan for their workplace pension pots, information and guidance from sponsors and scheme providers would be strongly additive. Retirement income solutions and pathways may be equally so.



Appendix

UK vs. Ireland comparisons

The UK and Ireland 2024 Read on Retirement



UK

A nationally representative sample of 1,000 UK workplace Defined Contribution scheme participants.

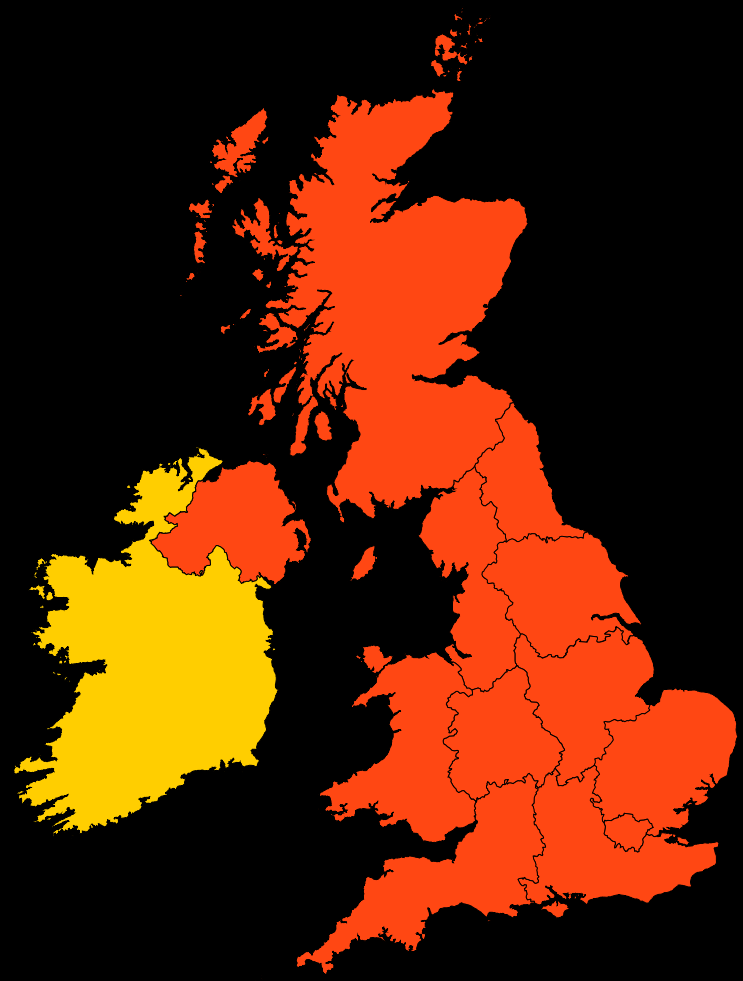
Ireland

A nationally representative sample of 400 adults in employment, 300 of which are current workplace Defined Contribution scheme participants.

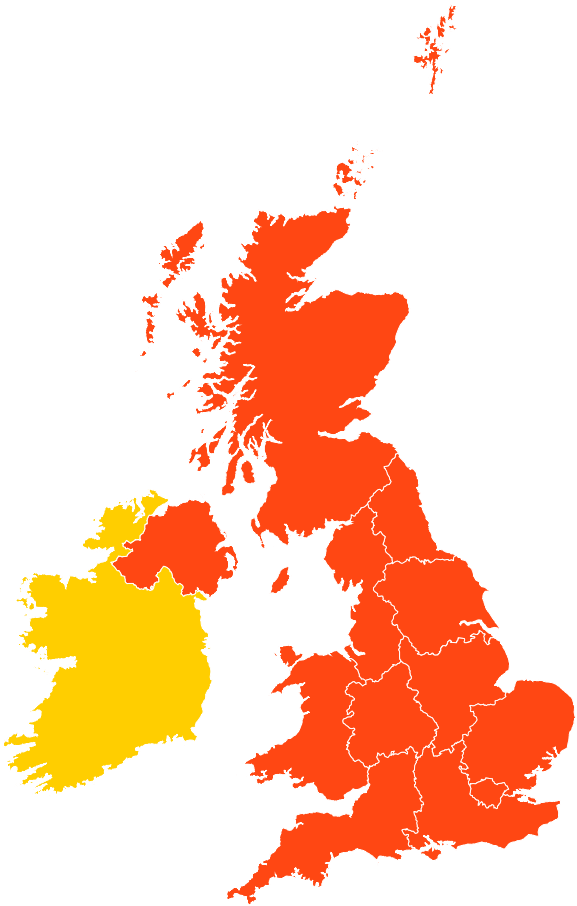
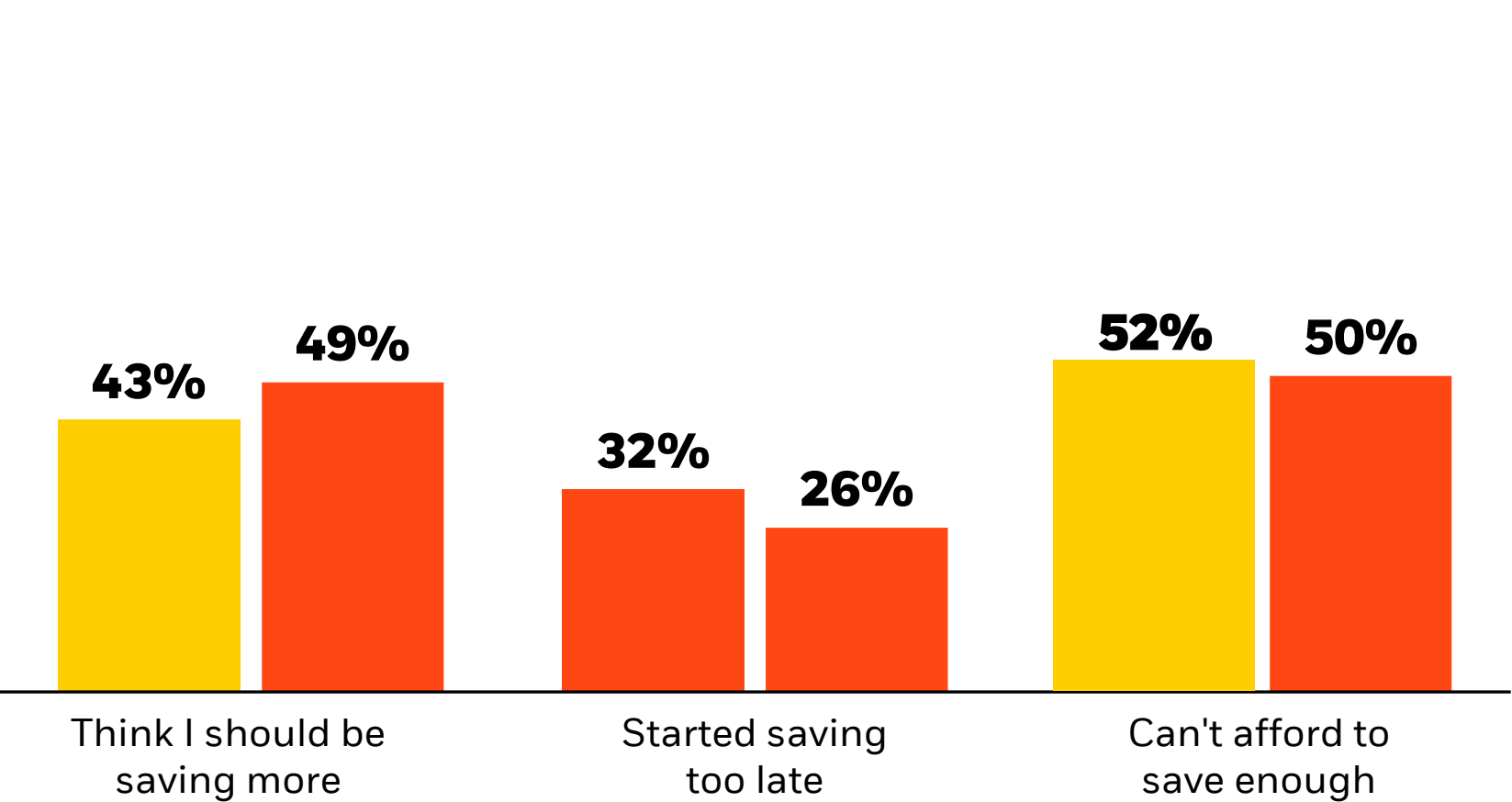
Q | Do you think you are on track to allow you to have a reasonable standard of living in retirement?

41% of Ireland participants
feel on track

26% of UK participants
feel on track



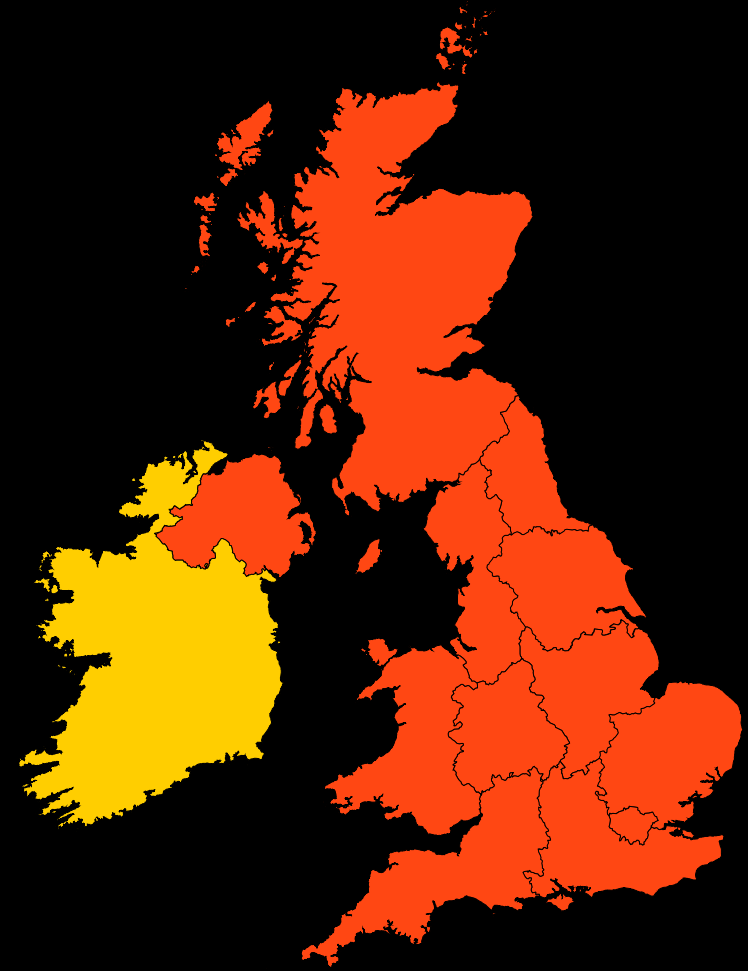
Q | For what reasons do you feel you're **not on track** to have a reasonable standard of living in retirement?



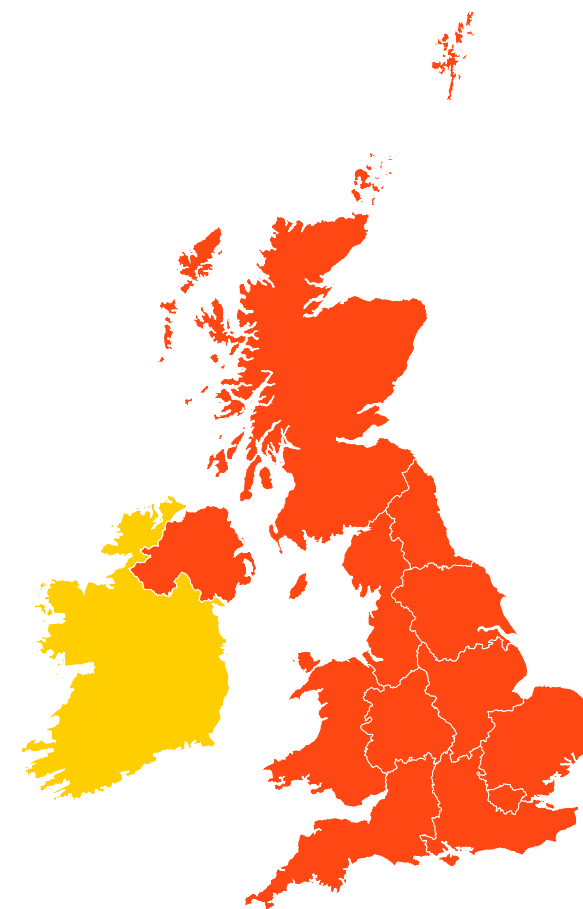
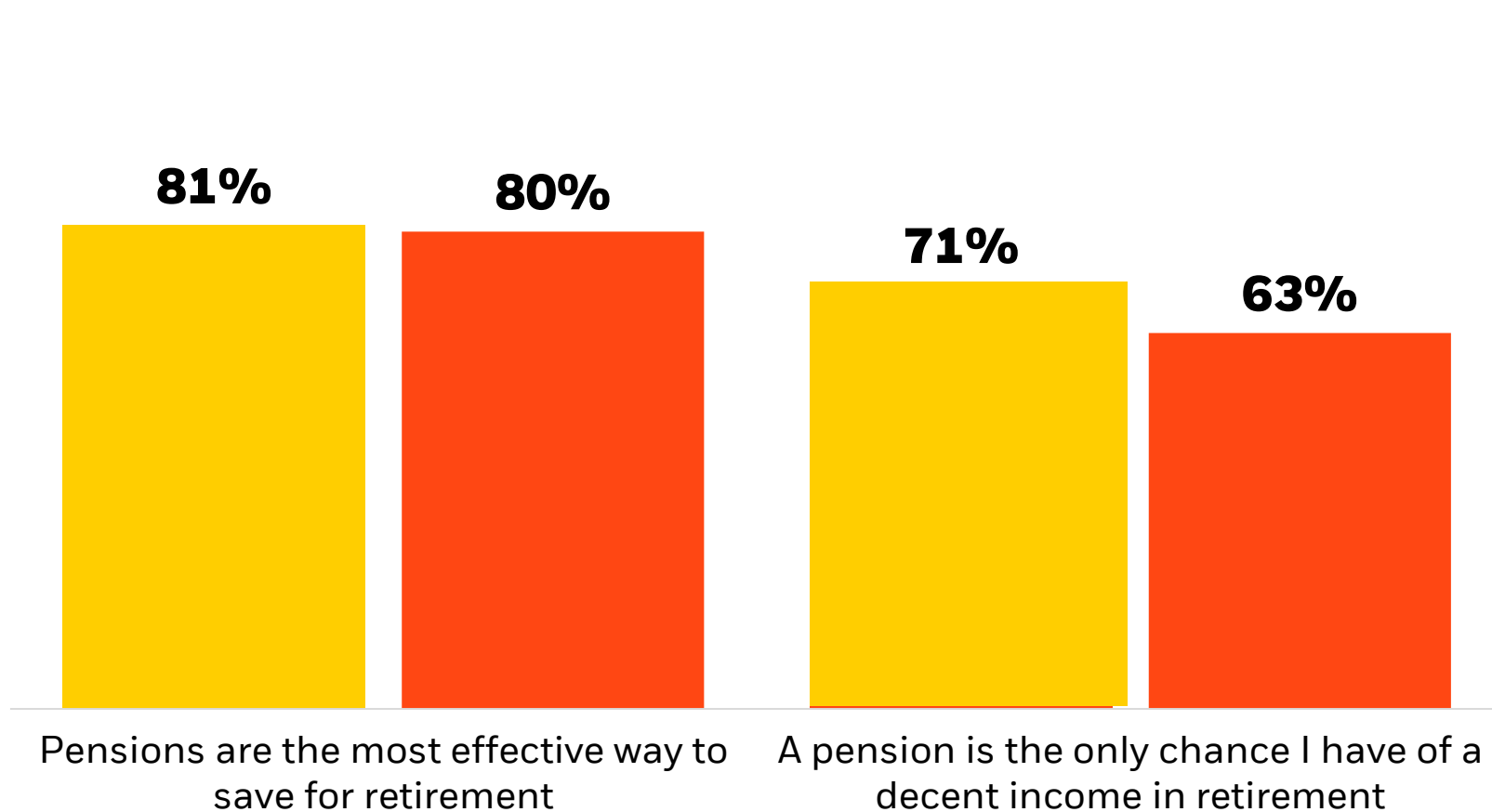
Q | Which of the following best describes how you feel about the **level of contributions** to your pension?

46% of Ireland participants consider their contributions sufficient

45% of UK participants consider their contributions sufficient

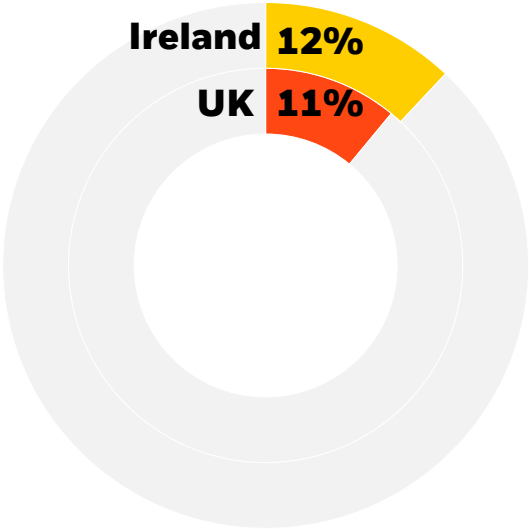


Q | Please look at the following things others have said about pensions and tell us how much you agree or disagree



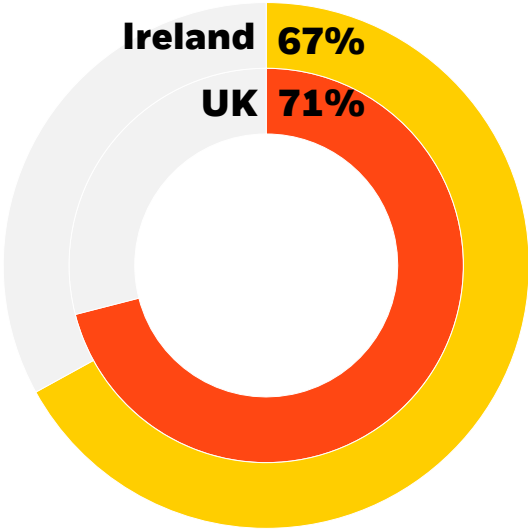
Participants in Ireland and the UK are equally uncertain as to their (best) ways forward to transition most effectively into retirement. Guidance and solutions are both essential.

More guidance is essential



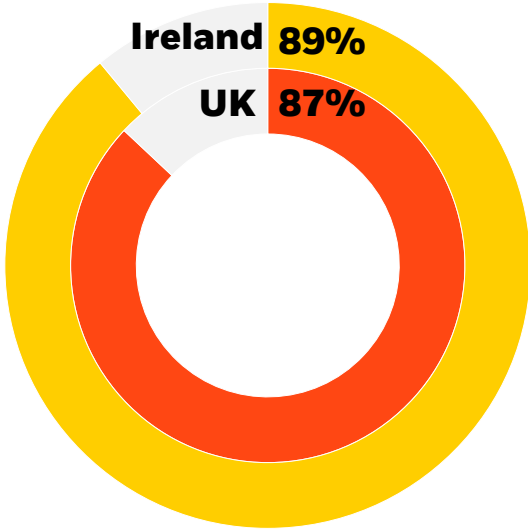
of DC scheme participants close to retirement **clearly understand the options** available to them to generate retirement income

Give them simple choices



of DC scheme participants close to retirement would find **education on options available** to generate income in retirement helpful

Offer solutions



of DC scheme participants close to retirement would value their schemes **guiding them to appropriate ways to invest their pension savings** up to and into retirement

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