

# CCPC

## PENSIONS RESEARCH

20 September 2022

Retirement Plan

Pension



# INTRODUCTION

# 1

# OBJECTIVES & METHODOLOGY



**735 interviews with adults aged 18+ who are not yet retired.**



**Survey conducted through computer-assisted telephone (CATI) interviews, with fieldwork conducted between 15 and 31 July 2022.**



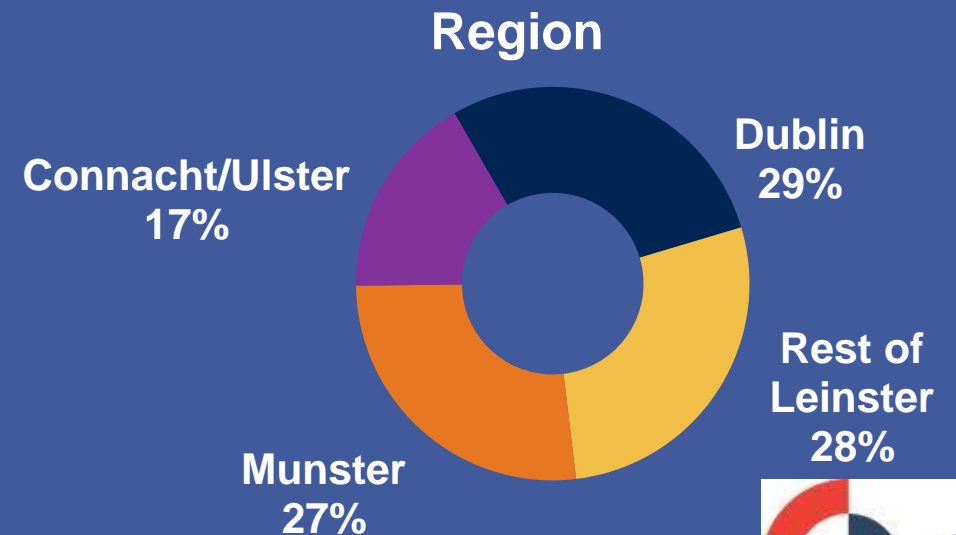
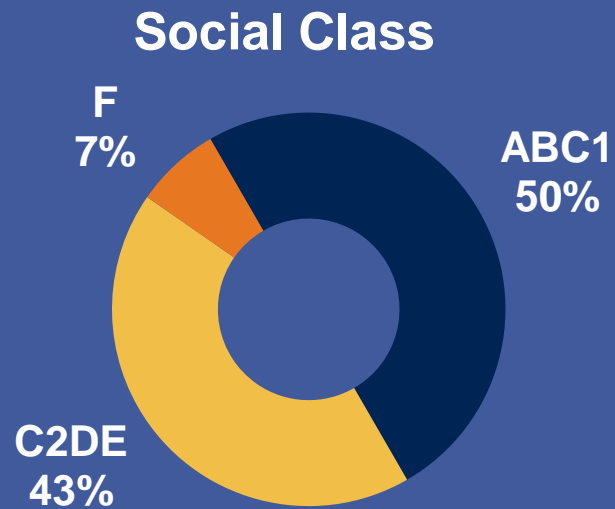
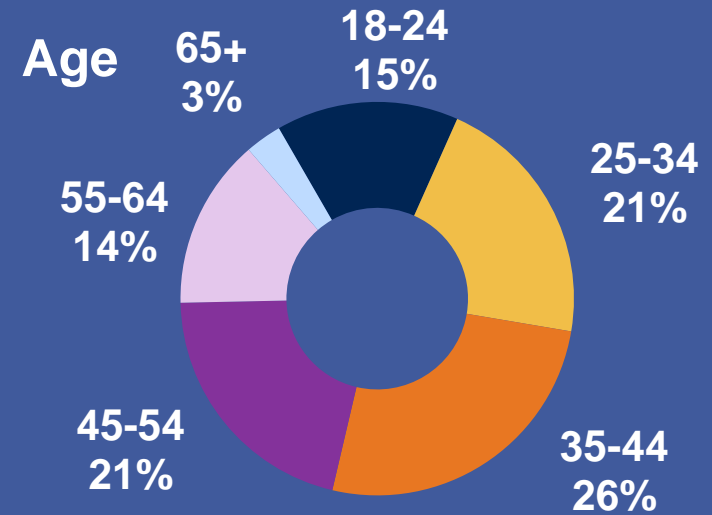
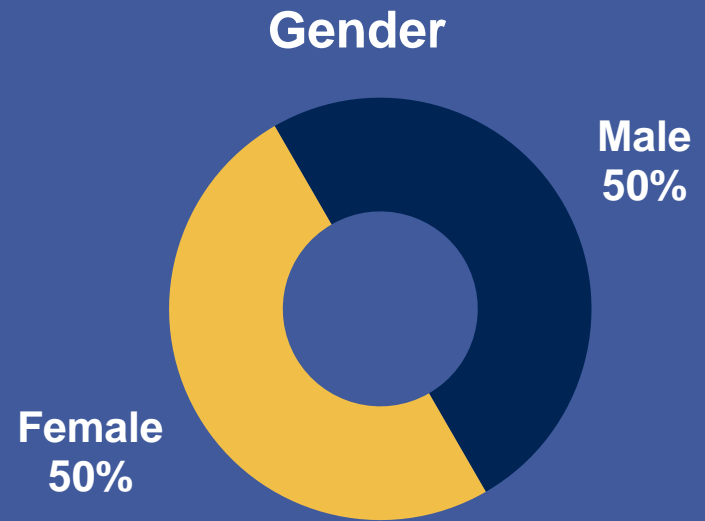
**Data are weighted in line with the most up-to-date population estimates for gender, age, social class and region**

## Objectives

**To understand current retirement planning in place**

- Ownership of pensions
- Reasons for not having a pension
- Other forms of retirement planning currently in place or expected to be used
- Awareness of the basic state contributory pension payment
- Willingness to pay automatic contributions in a compulsory pension scheme

# DEMOGRAPHICS OF RESPONDENTS (WEIGHTED)



Base: All aged 18+ not currently retired: 735



# EXECUTIVE SUMMARY

- Roughly two-thirds of adults not already retired have a pension. While most of those without a pension are from younger age groups, almost a quarter of 55-64 year olds do not have a pension.
- Strong reliance on property (rental, sale or equity release) in retirement planning, particularly among men, those aged 25 to 34 and those living in Dublin.
- Almost 1 in 10 have no retirement planning in place and don't know what funding they will use in retirement. This is highest among 18-24 year olds, social class DE and women.
- A third cannot identify how much the basic state contributory pension pays, although more under-estimate the level of payment than over-estimate it.
- Two-thirds would be willing to pay automatic contributions into a compulsory pension scheme. There are similar levels of willingness among those with no current pension as well as across all socio-demographic groups.

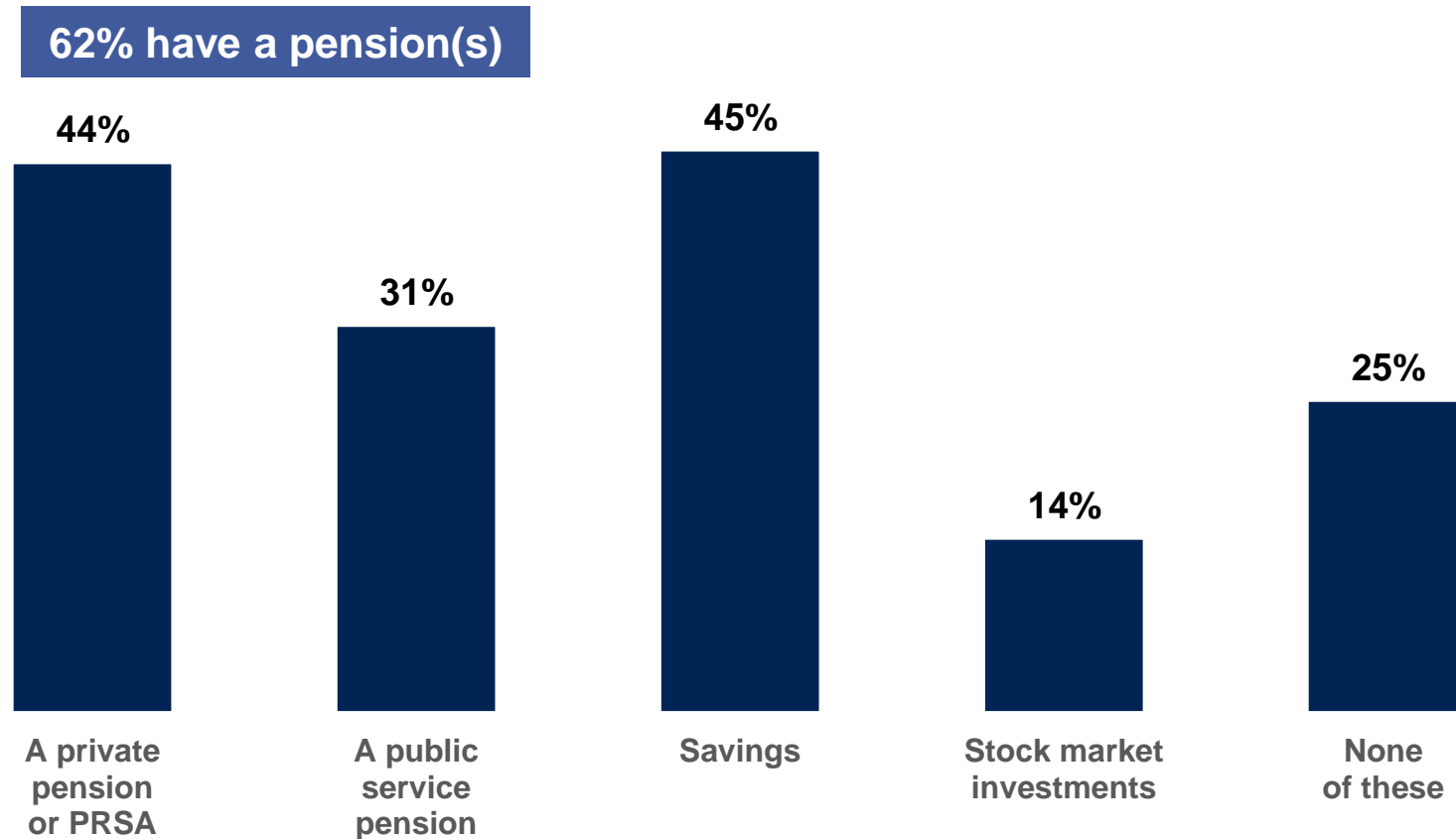
# FINDINGS

# 2



# ALMOST TWO-THIRDS HAVE A PENSION, WHILE A QUARTER CURRENTLY HAVE NO SAVINGS-BASED ARRANGEMENTS IN PLACE

## Types of retirement arrangements currently in place



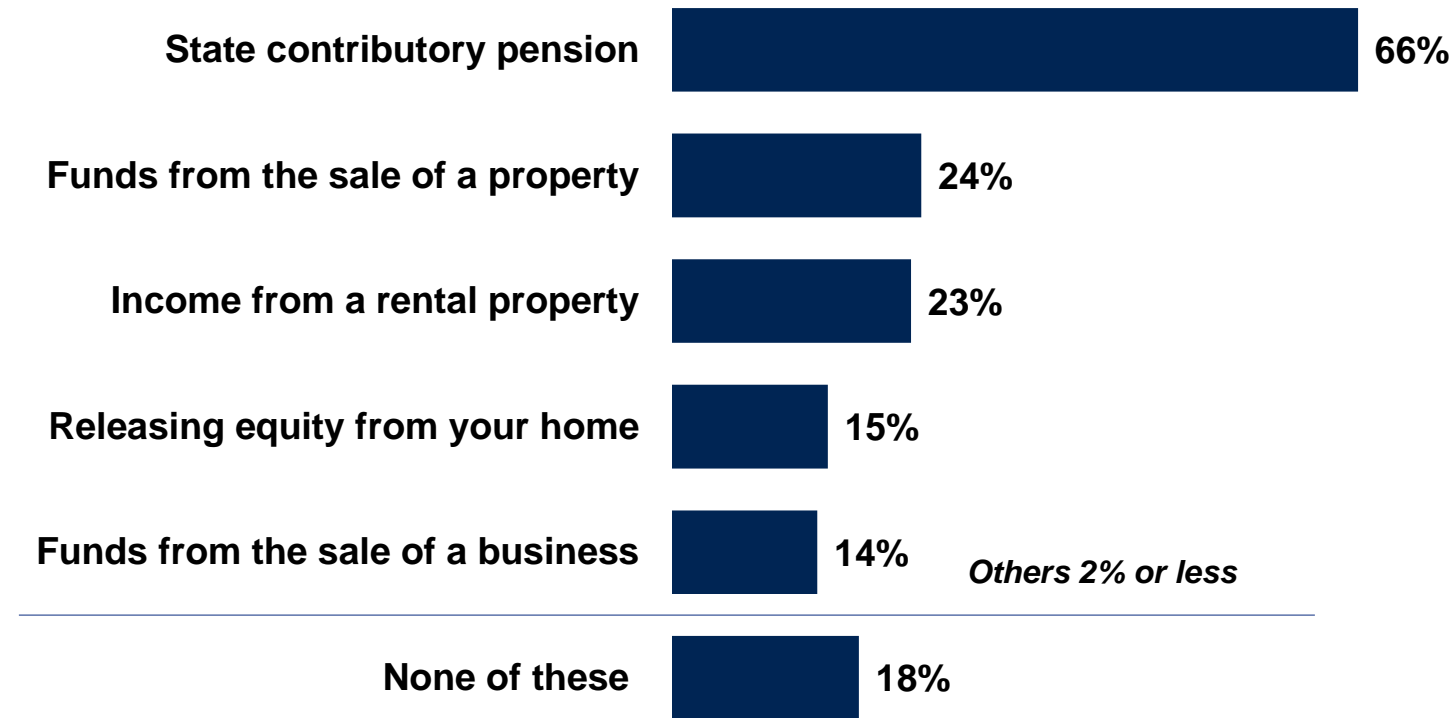
- Pension ownership is lowest in the 18-24 age group where 19% have a pension. The majority of older age groups have a pension - 85% of 45-54 year olds and 77% of 55-64 year olds.
- 68% of those currently working have a pension.
- A significant social gradient exists: 79% of social class AB have a pension, compared with 45% of social class DE.
- Ownership of savings and stock market investments is highest among those aged 45-54 (56% and 21% respectively).
- 29% of women have none of these arrangements in place, compared to 22% of men

Q.1 Which, if any, of the following arrangements do you currently have in place that you will use to fund your retirement?

Base: All aged 18+ not currently retired: 735

# VARIETY OF OTHER FORMS OF RETIREMENT FUNDING EXIST WITH NOTABLE DIFFERENCES ACROSS SOCIO-DEMOGRAPHIC GROUPS

Other types of funding expected to be used in retirement



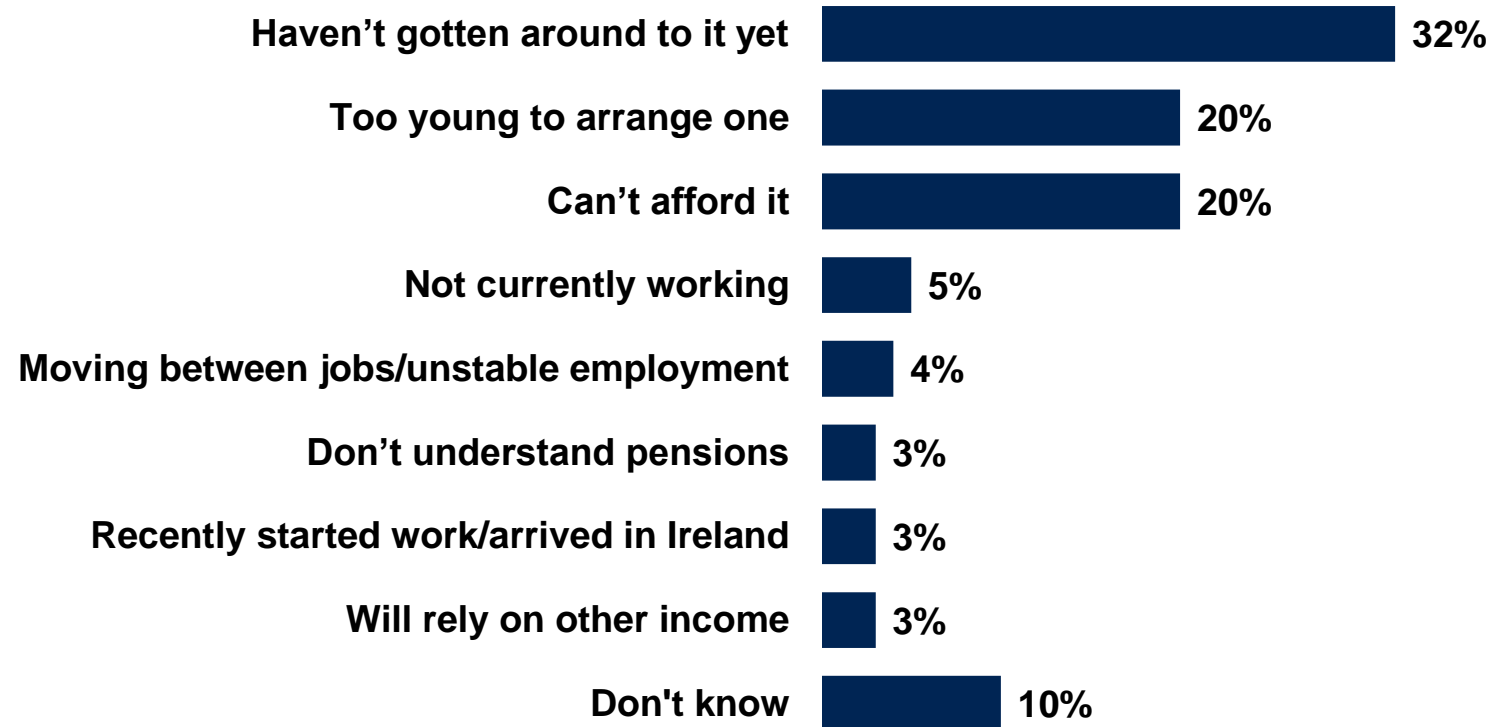
Q.2 And which, if any, of these do you expect you may also use to fund your retirement?  
Base: All aged 18+ not currently retired: 735

- Only 46% of 18-24 year olds expect to use the state contributory pension (although this may suggest lower levels of awareness of this provision). It rises to 77% of 55-64 year olds.
- Those aged 25-34 most likely to expect to use funds from sale of a property or income from a rental property (33% and 31% respectively).
- Men (29%) are more likely than women (18%) to expect to use income from a rental property. A similar gender difference exists in terms of funds from the sale of a business (17% and 11% respectively).
- Those living in Dublin (21%) more likely to expect to release equity from their home. Similarly, they are more likely to expect to use income from a rental property (29%).
- 8% have no retirement planning in place and don't know what funding they will use in retirement. This is highest among 18-24 year olds (21%), social class DE (17%) and women (11%)



# INERTIA IS THE KEY REASON FOR NOT YET HAVING A PENSION ARRANGEMENT IN PLACE

## Reasons for not having a pension in place



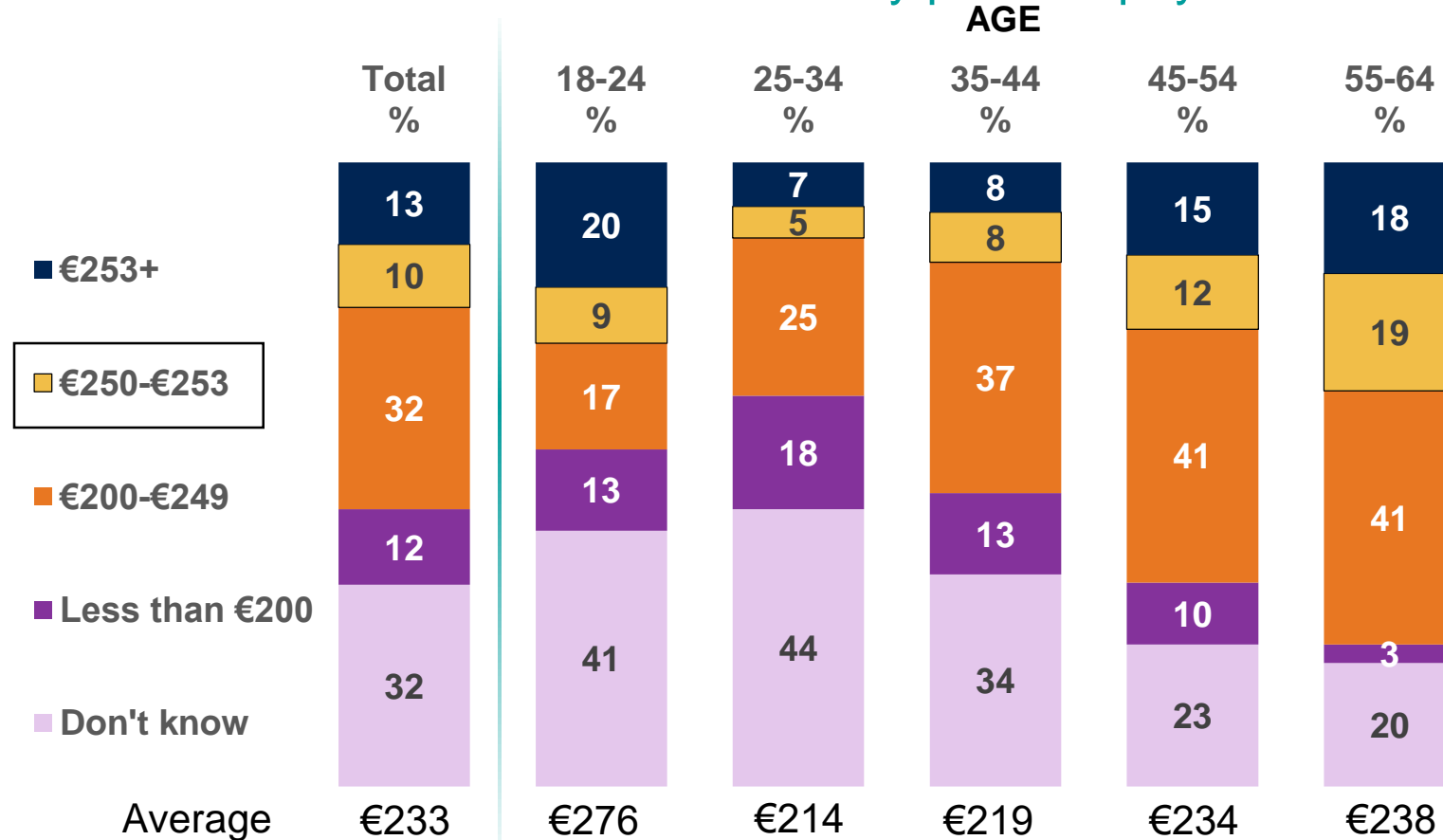
**Others 2% or less**

Q.3 For what reasons do you not have a pension arrangement in place currently?  
Base: All with no private pension, PRSA or public service pension: 281

- There are only limited socio-demographic differences in reasons for not having a pension in place currently.
- This suggests that reasons for not having a pension may be driven more by mindset rather than lifestage or other factors.
- Almost half (49%) of 18-24 year olds believe they are too young to arrange a pension.
- 9% of 35-44 year olds report that not understanding pensions is a reason they don't currently have one.

# A THIRD CANNOT IDENTIFY HOW MUCH THE BASIC STATE CONTRIBUTORY PENSION PAYS

## Awareness of the basic state contributory pension payment



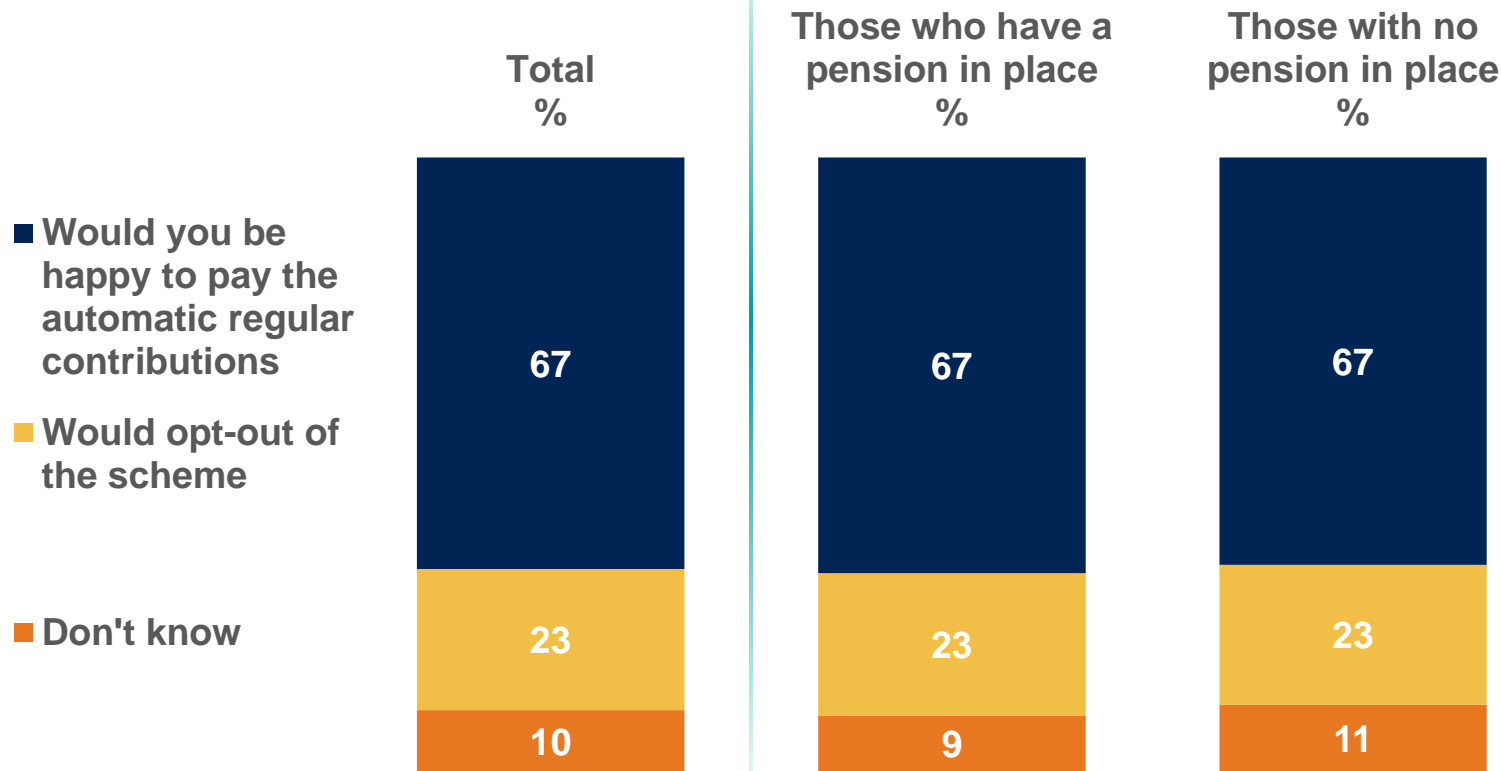
- Almost a third (32%) say they don't know how much the basic state contributory payment is per week.
- Estimates are typically lower than the actual payment (€253), with almost a third (32%) identifying it as paying between €200 and €249 per week.
- Younger people less likely to know the amount paid by the basic state contributory payment, with 43% of under-35s unable to identify it. Similarly, those in social class C2 are more likely to respond that they don't know (41%).

Q.4 To the best of your knowledge, currently how much does the basic contributory state pension pay, per week? Excluding add-on allowances, like the Living Alone Increase and the Fuel Allowance. Please answer to the nearest euro.

Base: All aged 18+ not currently retired: 735

# NO DIFFERENCE BY PENSION OWNERSHIP IN WILLINGNESS TO PAY CONTRIBUTIONS IN A COMPULSORY PENSION SCHEME

## Willingness to pay automatic contributions in compulsory pension scheme



- 70% of under-25s, where pension ownership is lowest, say they would be willing to pay automatic contributions in a compulsory pension scheme, with similar levels of agreement across older age groups.
- Men more likely than women to say they would opt-out of the scheme (27% and 19% respectively), although women more uncertain with 14% saying they don't know whether or not they would pay the contributions (6% of men).
- A similar difference exists across social class with 30% of ABs saying they would opt-out, and 13% of C2DEs saying they don't know whether or not they would pay.

Q.5 If the Government were to bring in a compulsory pension scheme, where your pension was automatically set-up for you and deducted from your wages or salary, would you be happy to pay the automatic regular contributions or would you opt-out of the scheme?

Base: All aged 18+ not currently retired: 735

# CONTACT

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