



Simon Hoffman,
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71 PER CENT OF IRISH EMPLOYEES HAVE A PENSION – AN INCREASE OF 8 PER CENT FROM 2011

While Irish householders continue to report significant financial pressures, Irish employees are now reinvesting in their future incomes, according to the Friends First annual pension research published this month. The research indicates that 71 per cent of employees in Ireland are now investing in a pension – up from 67 per cent in 2012 and 63 per cent in 2011.

Among those who do not have a pension, 63 per cent say they cannot afford to have one, 25 per cent have not got around to it, while 13 per cent of the 1,000 people surveyed, say they do not understand pensions.

According to Friends First, the argument for auto enrolment continues to strengthen. Commenting on the research, Simon Hoffman, Pensions & Investment Director, Friends First, said: “Despite the all of the doom and gloom out there our research indicates that there is a growing appetite among employees for a suitable pension solution – with 45 per cent of participants indicating that they would be encouraged to start a pension if they were automatically enrolled in one. This demonstrates that if we can make the pensions landscape simpler and more accessible, then there is a real opportunity to increase pension coverage among private sector employees in Ireland.”

20 per cent of the people surveyed by Friends First indicate that they have reduced their pension contributions in the past year, which is on par with 2012 and a six per cent decrease on 2011. However, almost half of these (49 per cent) have in fact stopped contributing altogether.

- 55% of participants plan to rely on the state pension, upon retirement
- 24% have not thought about investing in a pension
- 63% of participants without a pension do not have one as they cannot afford it
- 80% of those without a pension are not confident that their income will be sufficient to provide for retirement

Commenting on the survey, Simon Hoffman, Pensions & Investment Director with Friends First, said: “It is not surprising that the continuing squeeze on household finances is negatively impacting on the ability of consumers to save for retirement, however, if we continue to put our heads in the sand on this issue, we will produce a new crisis - the pensioned poor. Clearly, there is now a real an opportunity to consider auto-enrolment, which was one of the strategies to increase pension coverage recommended by the recent OECD Review of the Irish Pensions System.”

- 45 per cent of participants without a pension would be encouraged to start one if they were automatically enrolled into a voluntary pension scheme
- 41 per cent would also like to access to some of their pension fund if they fell on hard times
- 31 per cent of participants would be encouraged if they had a better understanding of how pensions worked

Mr Hoffman continued, “We have been conducting this research for a number of years now and consumers are consistently telling us that although money is tight, simplifying the system and improving accessibility are the most effective ways to encourage greater private pension participation. The introduction of a flexible auto-enrolment scheme, similar to other jurisdictions could certainly provide an answer. It is now time to make decisions and to introduce a complete solution rather than the piecemeal approach we have adopted in the past.”

ENDS

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