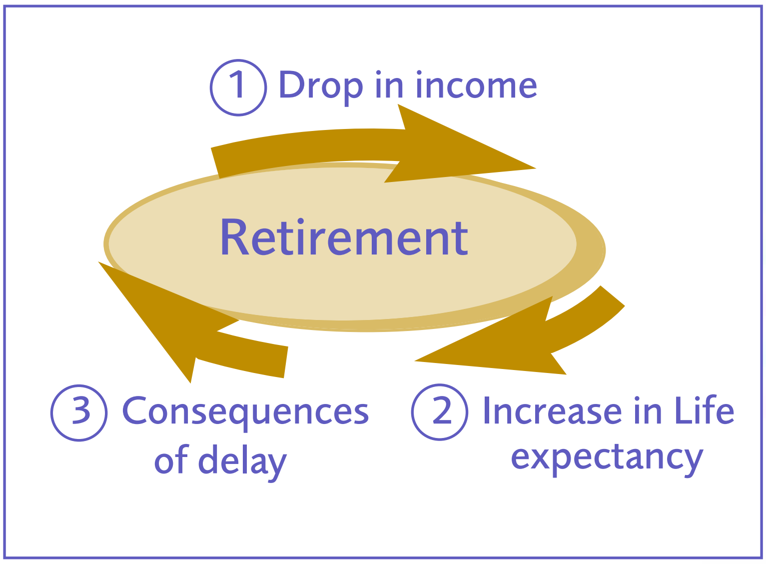
The Pensions Timebomb

How are you going to provide for your retirement?

It is very important to consider your retirement options as early as possible. The longer you wait to start your pension, the more of your income you will have to invest to achieve your retirement goals. Below are some of the major considerations.



1. Drop in income

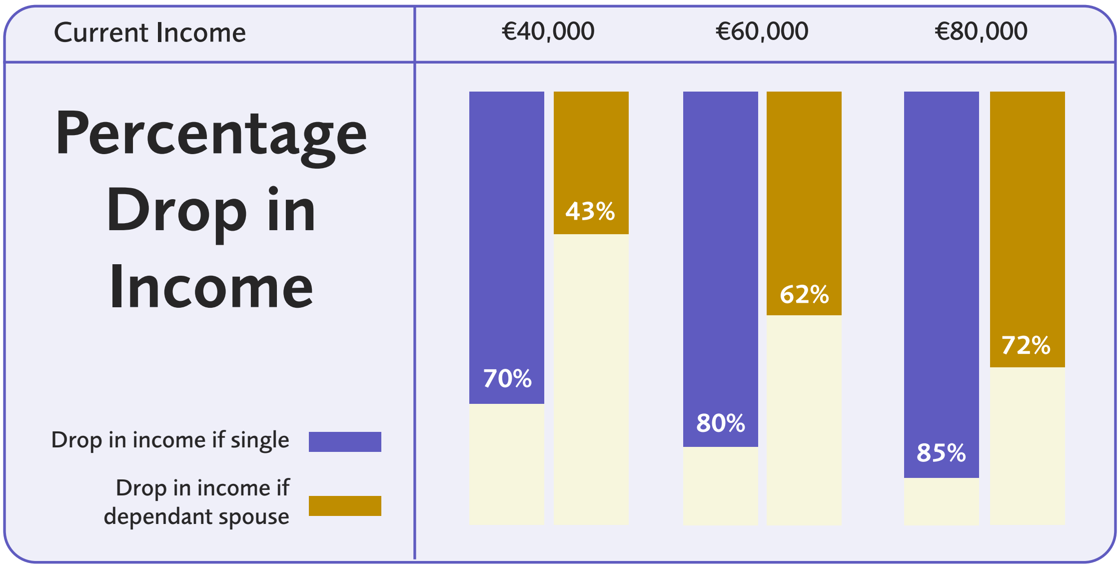
How much will your income drop when you retire?

State pension (contributory) 2011

Personal Rate	€230.30	(€11,976 pa)
Personal + Adult dependent (over 66)	€436.60	(€22,703.20 pa)
Average Industrial Wage 2010	€699.46	(€36,372 pa)

Source: CSO April 2011)

Drop in income if relying solely on State Contributory Pension if you retired today



The average retirement age in Ireland for state pension purposes is in the process of increasing to:

- Age 66 in 2014
- Age 67 in 2021
- Age 68 in 2028

The population of Ireland is expected to increase by 1 million by 2020*.

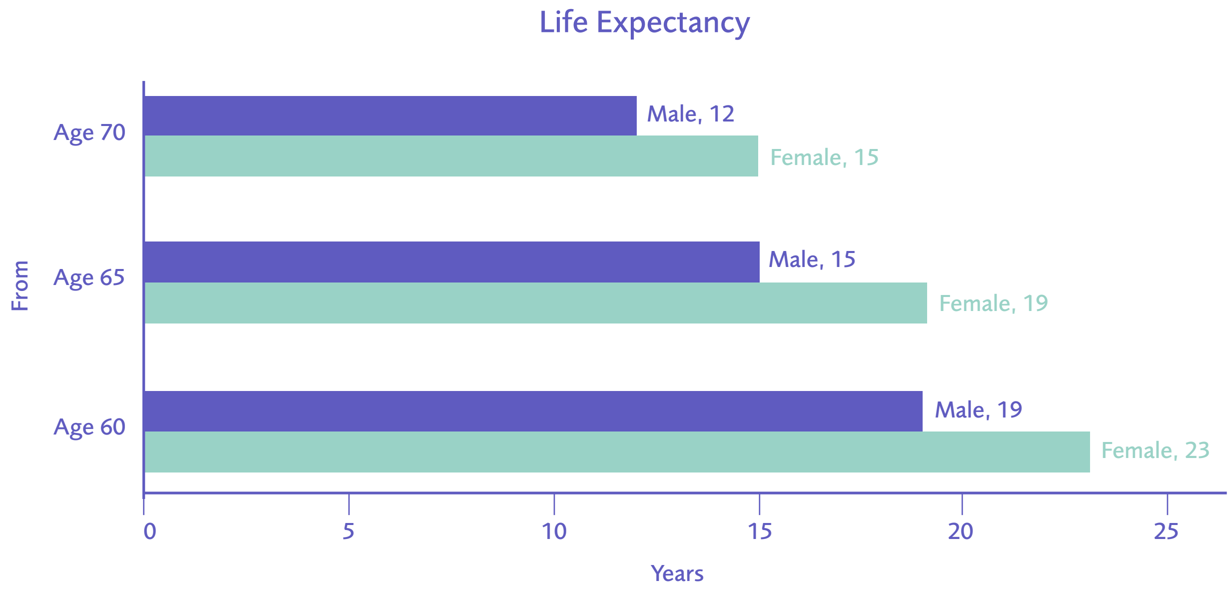
Currently, for every 1 retired person, there are 6 people in employment. By 2050, there is expected to be less than 2 people in employment for every retired person*.

* Source: NCB 2020 vision report

2. Increase in life expectancy

How long will your pension fund need to last in retirement?

With improvements in health care and lifestyle, people are living much longer and leading more active lives in retirement.



Source: CSO 2004

So for example if you are aged 65 and male, you have a 15 year life expectancy.

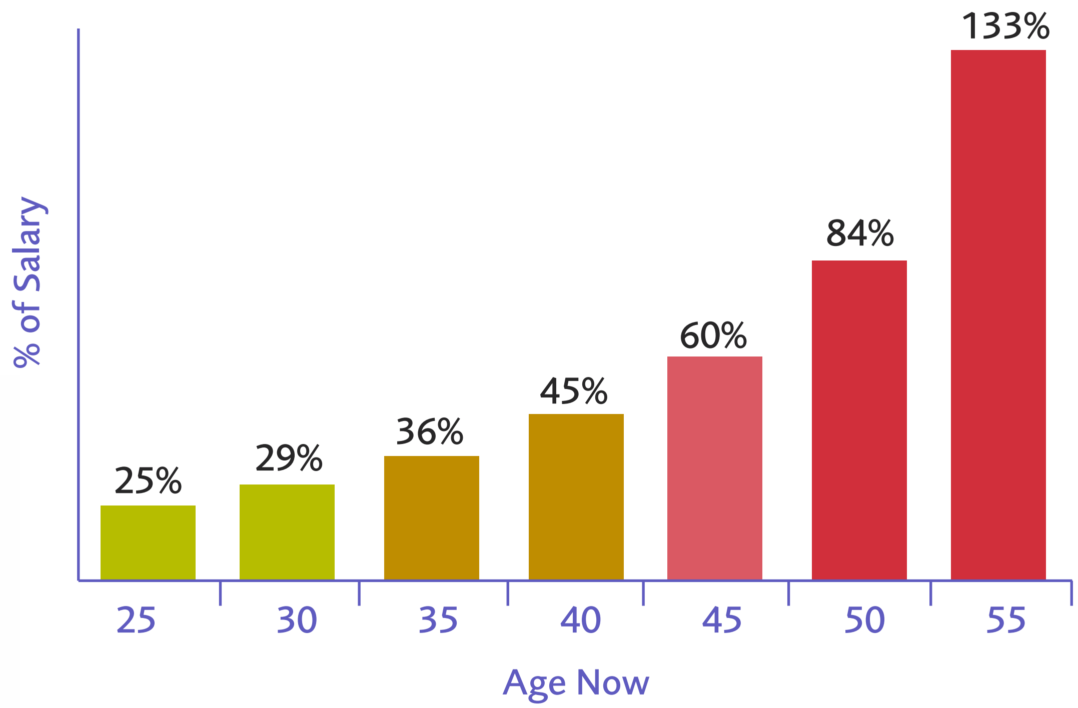
For a retired couple aged 65, there is a 25% chance that one partner will live to the age of 99**

** Source: Fidelity International

3. Consequences of delay

What is the cost of delay?

The graph below shows how much of your salary you would need to pay into your pension each year to target a pension annuity of two thirds of your final salary at age 65. As you can see, the earlier you start, the easier it is to provide this level of pension.



The maximum retirement benefits that Revenue will approve are:

- A Pension of two thirds your final salary;
- A matching pension for your spouse (or dependants), payable on your death; and
- Increases in line with the consumer price index each year, on any pensions in payment.

Warning : The value of your investment may go down as well as up. This product may be affected by changes in the currency exchange rates.

For more information on pensions, please contact your Financial Adviser.

Assumptions used include:

6% gross investment return each year; 3% salary inflation every year to retirement age; annuity rates based at post-retirement interest rate of 4%; males retiring at 65; pension annuity increase of 2% each year; and pension contribution increase of 3% each year.

Pension income in retirement is subject to income tax at your highest rate on withdrawal, Universal Social Charge, PRSI (if applicable) and any other charges or levies ("tax") applicable at that time