

## **Irish Life holds New Year briefing around investing and pension reform**

**- 59% of adults claim to have never invested money before -**

**8th January, 2015** – Ireland's largest life assurance company, Irish Life, today held a briefing session looking at the investment landscape for 2015, including key themes and trends in the corporate, retail and investment management markets. Irish Life also highlighted the need for pension reform and unveiled new research into consumer attitudes to investing and the risk appetite among Irish investors in general.

The briefing touched on the need to tackle the growing pension deficit in Ireland, which in the public sector is a potential €116 billion. In addition, the State pension has a potential deficit of €324 billion and the private sector has just 50% of coverage.

Commenting on the deficit situation, Bill Kyle, CEO of Irish Life Group said: "Irish Life would welcome the introduction of a universal pension model for Ireland. Ireland's existing Defined Contribution pension infrastructure could be deployed to provide the foundation for an auto-enrolment pension regime."

He added: "Irish Life would be keen to play a constructive role in developing the right solutions. Our first-hand experience of the Canadian market has allowed us to see that when strong collaboration exists between the industry and Government, there are positive outcomes for society in general."

The consumer research, undertaken in conjunction with Coyne Research in December 2014, reveals that when it comes to investing Irish investors see themselves as having a low to no risk appetite. More than 60% of those surveyed said they would view themselves as careful or cautious, or risk adverse investors, with only 9% claiming to be measured risk takers.

Interestingly, the research also highlighted that Irish adults show a clear preference for cash deposit accounts over investing, significantly more so than their counterparts in Canada and the UK. In terms of country wealth per capita by financial product, Irish consumers hold 25% of their total wealth in cash deposits, compared to just 8% for Canada, and 12% for the UK.

Commenting on the research, Gerry Hassett, Managing Director of Irish Life's Retail business noted: "Given the reliance on deposit accounts, surprisingly nearly 50% of adults when asked did not know the typical annual deposit rate on a savings account. With deposit rates at historic lows, we'd like to see more consumers starting to become more aware of the full range of savings and investment options open to them."

The research shows that Ireland has a very under-developed retail investment market relative to international norms with 59% of adults claiming to have never invested money before. When asked what factors have prevented them from investing the top reason is lack of money to invest (62%), followed by the fear of losing money (45%), and the lack of knowledge about investments (40%).

The session also provided the opportunity for Irish Life to discuss general economic themes and trends in investment management.

Commenting Patrick Burke, Managing Director of Irish Life Investment Managers noted that: “2014 was a year of very strong investment returns for our clients with the market generally performing well. Developed and Emerging Markets Equities were up by 20% and 12% respectively, and the Eurozone Government Bond Markets was also up by 21%.”

He added: “We expect to see improving fundamentals into 2015 in terms of the economic and earnings backdrop, with evidence of increasing flows into equities relative to recent historic experience.”

In the area of pension planning and retirement readiness, David Harney, Managing Director of Irish Life’s Corporate business pointed out that Ireland’s population is getting older and that the increasing dependency ratio makes it important for people to save for retirement.

He noted: “Most people can expect to live to be 90 now and you can’t live off the ‘interest’ anymore and therefore people will need to use at least some of their ‘capital’ in retirement. Luckily, Ireland’s pension system is very flexible at retirement and people can access their retirement savings through tax-free lump sums, annuities, enhanced annuities and approved retirement funds (ARFs).”