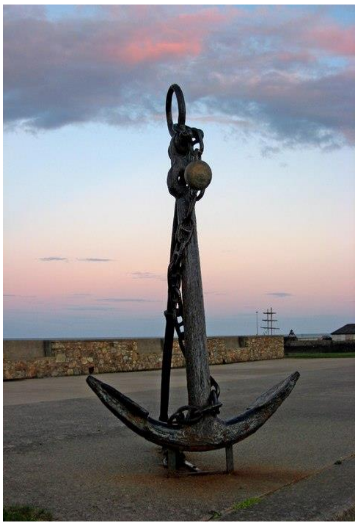
How much do I need to be able to retire comfortably?

It's the question we're asked more than any other. Not just "how much do I need?", but layered beneath it: "When can I actually stop? Will I run out? Am I already behind?" And the honest answer is that the number is the wrong place to start. That doesn't mean numbers aren't important, because in the right context, they're essential. But leading with a number before understanding the life you're planning to fund is like building a house before you've chosen the site.

Why the Wrong Question may be Costing You Decades
Most people ask: *"How much do I need in my pension fund to be able to retire comfortably?"*
In my opinion, that's actually the second question. The first, the one that unlocks everything else is: *"What does my life actually cost now, and what will it cost when I stop working?"*

Financial planners broadly agree that a comfortable retirement requires replacing somewhere between 60% and 70% of pre-retirement income, though higher earners often find they live well on less, while lower earners may need proportionally more. The 66% figure you'll often hear cited, two-thirds of working income, inclusive of the State Pension is a reasonable anchor. But in my opinion, **anchors are for boats, not people**.



The real number is personal to you. A company director in Mayo with a paid-off mortgage, grown children, and a taste for golf and annual travel needs a fundamentally different income than a Dublin professional still servicing debt with dependants at home. Rather than fixating on how large your pension pot looks on paper, a smarter starting point is the actual after-tax income you'll need. Work backwards from that, and everything starts to get clearer.

Understanding Your Target: What the Numbers Actually Tell Us
According to [Irish Life Tables No. 17 published by the CSO](), men at 65 can expect roughly a further 18 years of life and women approximately 21. Many Irish retirees who plan an earlier exit may now face 25 to 30 years post-work. That's a long time to fund, and the maths of getting it wrong are unforgiving.

The [full State Contributory Pension]() is currently €299.30 per week (just over €15,500 per year). A 65-year-old single person can earn up to €18,000 income tax-free, and for a married couple where at least one spouse is over 65, current tax rules allow them to earn up to [€36,000 per annum income tax-free]().

So, assume one spouse receives the full State Pension of approximately €15,500, and the other spouse is not entitled to a Qualified Adult payment because they have their own means. That leaves scope for around €20,500 per annum to be drawn from a private pension entirely tax-free under current thresholds, a genuinely useful starting framework.
To generate that level of pension income on a sustainable basis, you're looking at building a total pension fund in the region of €666,000. This assumes taking the standard 25% tax-free lump sum (€166,500), with the remaining €500,000 drawn down at approximately 4% per annum, €20,000 per year, completely tax-free under current thresholds, reviewed periodically as those thresholds change, with any remaining fund passing to your estate if structured correctly.

A word of caution on the 4% figure is that while it's a useful planning anchor, it's not a guarantee unless you opt for an annuity. Sequence-of-returns risk, the impact of poor investment performance early in retirement, can significantly erode a fund if withdrawals aren't managed carefully. A variable withdrawal strategy, reviewed annually within a professionally constructed plan, is generally more resilient than a fixed rate.

The Company Director and Business Owner Advantage

For company directors and business owners, the pension conversation takes on an entirely different dimension and one that is, in my experience, consistently underutilised.

Employer pension contributions made by your company are a legitimate, fully tax-deductible business expense. They reduce your company's Corporation Tax liability and don't attract PRSI or USC in the way that salary does. For a director, structuring pension funding through the company rather than through personal contributions can represent a very significant difference in the net cost of building wealth.

Where both spouses are employed in the family business, the planning opportunity doubles. Each can build their own pension fund independently, each takes their own 25% tax-free lump sum (subject to the lifetime limit of €200,000 per individual, not per plan), and each draws down their own ARF income in a tax-efficient manner. A reasonable initial target in this scenario might be €800,000 per person: €200,000 tax-free at retirement, with the remaining €600,000 generating a sustainable income stream for life. It's worth being clear on the €200,000 tax-free lump sum limit: this is a lifetime limit per individual, not per pension arrangement. Directors with multiple pension contracts sometimes assume each contract carries its own allowance. It doesn't and proper structuring in advance matters.

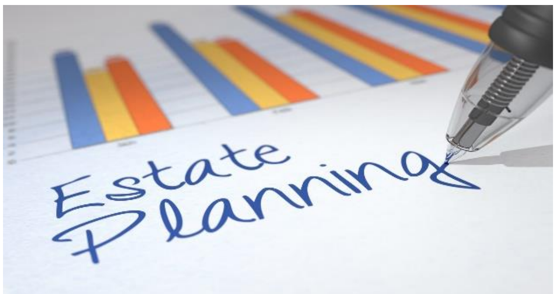
At the upper end, the Standard Fund Threshold (SFT) currently stands at €2.2 million per individual, rising to €2.8 million in phased increases confirmed in the Finance Act 2025. For higher net worth directors, professionals and family business owners, maximising pension funding within the SFT is one of the most tax-efficient mechanisms available to extract accumulated company capital into personal wealth. Funds within Revenue-approved pension structures grow completely free of income tax, CGT and DIRT, advantages you simply cannot replicate outside a pension wrapper.

A Note for Those Already in Retirement

Much of the conversation above is pre-retirement in orientation, but if you're already drawing down via an Approved Retirement Fund structure, the planning challenges are no less important, they're just different.
Managing an ARF through decumulation involves decisions that compound over time: withdrawal rate, investment strategy, sequencing risk, the interaction between your pension income and the age exemption thresholds, and ultimately, how your remaining fund passes to your estate. An ARF left unmanaged, or managed purely on investment grounds without reference to your wider financial picture may be a very costly oversight.
Estate planning around pension assets also warrants attention. ARF funds do not form part of your estate in the traditional sense and are subject to different rules on death, depending on the beneficiary. This is an area where a well-constructed financial plan, reviewed regularly, earns its keep many times over.

Plan the Life First

At Lifestyle Financial Planners, a professionally structured Financial Plan, incorporating current and future incomes, expenditure, assets and liabilities, goals and objectives, underpinned by detailed cash-flow modelling that accounts for taxes, inflation, estate planning and everything in between, delivers something far more valuable than a target number. It delivers clarity.

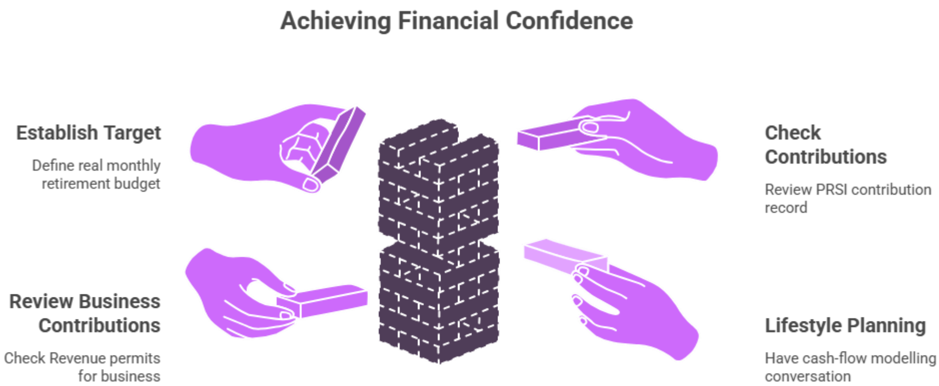


Done properly, this gives clients a genuine financial road-map: what their current and future financial lives look like, and what they can afford to do *now* as well as later. That might mean doing the things you really want to do while your health allows it, spending more time with family, stepping back from the business earlier than you'd planned, or making intentional decisions about your working life, all without the fear of running out of money, because it's already in the plan. Your plan, not ours.

Without this clarity, there is a real risk of over-saving and under-living, effectively sacrificing decades of life you cannot buy back later. Equally, the opposite can happen: enjoying today at the expense of tomorrow. A well-constructed plan avoids both extremes.

Life shouldn't be a sprint from full-time work to full-time retirement. **Life's not a rehearsal** remember, and the traditional model of 100 miles an hour followed by a sudden stop rarely delivers the fulfilment people expect. What works far better and what we see working with our clients is a gradual, intentional transition: one where financial independence creates genuine choice about how and whether you continue to work, rather than making that decision by default.
The real value of a professionally constructed financial plan is not just knowing your number. It's knowing what your money allows your life to be.

Four Actions Worth Taking Before the Week Is Out



You won't solve this in one sitting, but this is a good place to start:

One: Establish your actual retirement income target, not a percentage rule, but a real monthly budget for the life you intend to live, including healthcare, leisure, family goals and a realistic contingency for long-term care, expressed in today's money.

Two: Check your PRSI contribution record at MyWelfare.ie. Gaps can sometimes be addressed with voluntary contributions, but the window to act retrospectively is limited.

Three: If you're a company director or business owner, review what Revenue permits your business to contribute each year based on your age, salary and service. Missed contribution windows, particularly personal, may not be recoverable. The compounding cost of inaction is real and, by the time most people notice it, already significant.

Four: Have a Lifestyle Financial Planning conversation, not a product review with a Certified Financial Planner who uses cash-flow modelling and charges a transparent fee for doing so. This single step can reclaim years of financial anxiety and replace it with something far more useful: confidence. Don't waste another day.

If this piece resonated and you would like clarity on your own position, the confidence to make better financial decisions today without compromising tomorrow, get in touch to reserve your complimentary Discovery Meeting.
Email info@lifestylefinancialplanners.ie or call 096-75951

Follow Lifestyle Financial Planners on LinkedIn for regular insights on retirement planning, tax efficiency, and financial education for Irish professionals and business owners.

Paul Cawley CFP® is founder of Lifestyle Financial Planners, based in Mayo and serving clients across Ireland. Fee-based, impartial and evidence-led.