How is it even possible that 9 out of 10 people approaching retirement in Ireland, are still not financially prepared for it?

Despite all the ever changing pension contracts, oversight bodies and regulatory frameworks, how has the financial services industry over complicated what is meant to be a simple concept? Saving a little now so we have a little more to spend, later. So, what have we forgot to explain?

The New Retirement Reality Report, published in 2025 by Amárach Research on behalf of FPSB Ireland, the IOB, the LIA, and the Retirement Planning Council of Ireland should at least stir the Irish financial services industry to consider its results. Among people aged 55 to 64, those closest to the finish line, only **10%** say they feel financially prepared for retirement.

Being in practice for more than 40 years, I have sat across from company directors, business owners, professionals, and families at every stage of their financial lives. I have watched Ireland's pension landscape transform from a system dominated by defined benefit certainty into a complex architecture of various defined contribution arrangements. Every iteration promised progress, yet it's clear from this report that all we seem to have got is more confusion.

Despite pension coverage being constantly expanded, tax relief incentives remaining generous and Auto-enrolment, which was long overdue, bringing hundreds of thousands of lower-income workers into pension saving for the first time, this report clearly highlights an uncomfortable shortcoming.

What is it about pensions, when 74% of respondents say they manage their ordinary day-to-day finances well, yet when it comes to retirement planning, only 21% say they feel prepared. Either people are overestimating their daily financial competence, or retirement planning genuinely requires a different set of skills than our current system provides.

When defined benefit pensions dominated the Irish landscape, the complexity of converting a working life into a sustainable retirement income was someone else's problem. The worker showed up, contributed, and received a guaranteed percentage of final salary for life. Longevity risk, investment risk, inflation risk, all absorbed by the scheme.

The shift to defined contribution schemes has changed everything, where over the years, those risks have largely been transferred from institutions to individuals. The worker now bears full exposure to investment risk, sequence-of-returns issues, sustainable withdrawal rates and longevity risk to arrive at a stage where 45% of respondents say they do not understand retirement planning, and 35% do not fully understand their own pension scheme.

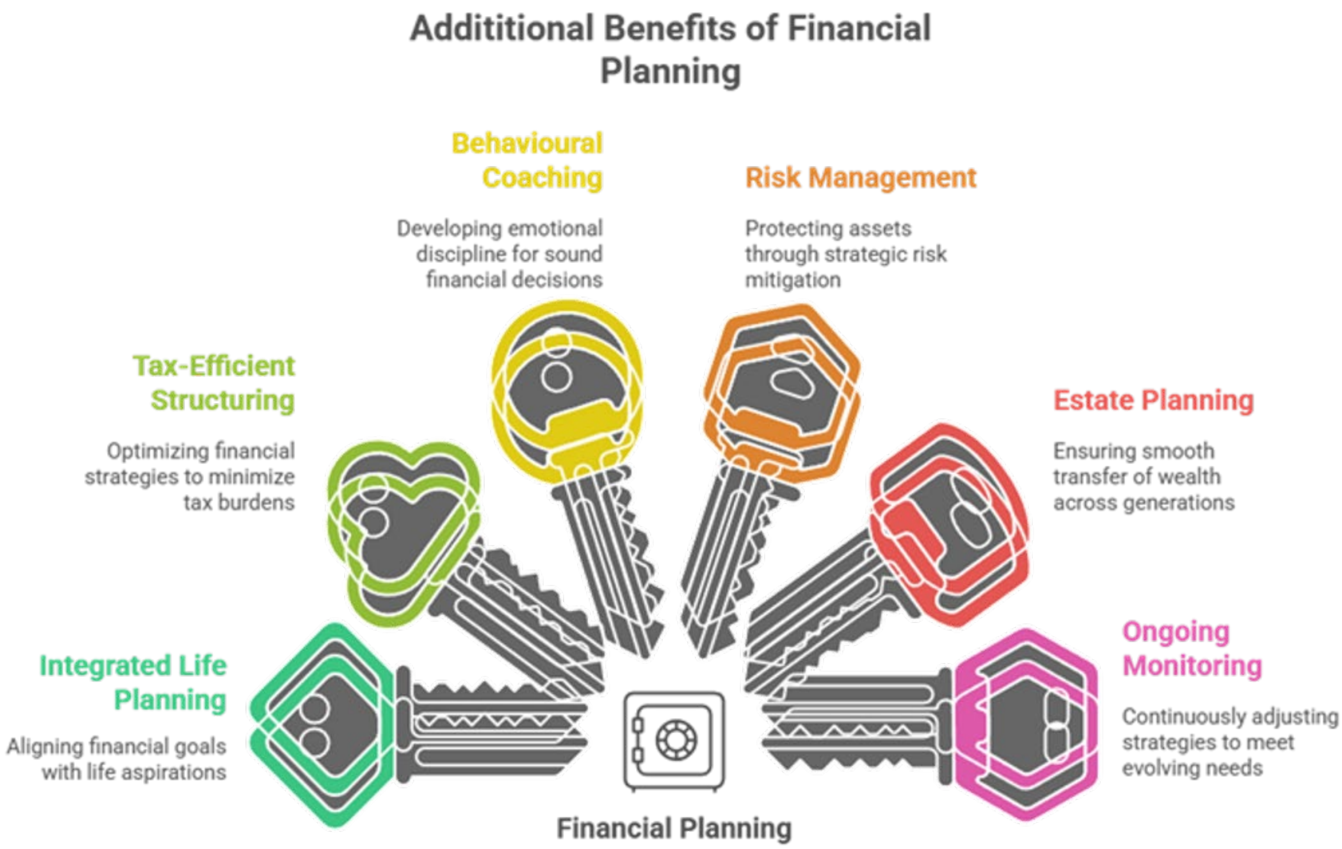
The system encourages people to accumulate pension funds over many years, yet has obviously forgot to explain how the other end of the machine works. What they rarely reflect is any actual analysis of what that pension fund will deliver; as income, after tax, year after year, for a retirement that might last thirty years.

Why confidence declines as retirement approaches!

For most of a working life, pension saving feels manageable, whereby you contribute a percentage of your income, and receive an annual statement that confirms up to date values. The complexity is hidden, any decisions are years away and the confidence in day-to-day financial management, which the report confirms is high, translates into a generalised sense that things are probably fine.

Then, as you get closer to retirement, the questions become more real and anxiety starts to sets in.

- When exactly should I retire?
- Can I actually afford to retire?
- How do I maximise my tax-free lump sum?
- Should I do a Last Minute AVC?
- Should I take the full tax-free lump sum now or split it to take some later?
- How do I structure drawdown from my ARF to minimise imputed distribution tax?
- What happens to my spouse if I die first?
- How does my private pension integrate with the State Pension?



For company directors and business owners, the people we mainly work with here at Lifestyle Financial Planners, the complexity multiplies considerably. These are people juggling executive pension structures, proprietary director pensions, business succession considerations, and the question of whether to extract value from the company before or after retirement. A genuine financial plan in this context does not start with a product recommendation. It starts with a conversation about the life they want to live, and works backwards through the numbers to establish what needs to happen, and when, to make that life fundable.

The report's most hopeful finding is that appetite for help is high, where 60% would welcome working with a professional to plan their retirement. What good planning actually delivers in this context is threefold.

- First, it translates the pot into projected income, putting real numbers on what a given fund will actually produce, after tax, under different drawdown scenarios, accounting for the State Pension, inflation, sequence risk and the rest.
- Second, it surfaces the decisions that need to be made in the five to ten years before retirement, when there is still time to course-correct.
- Third, it frames retirement not as a financial event but as a life transition, one that involves purpose, identity, social connection, and routine alongside income adequacy.

I have practised through the collapse of with-profit policies in the 1990s, many equity market crashes, the Irish property catastrophe, and the extraordinary bull runs that followed all of them. I have watched defined benefit schemes close their doors one by one and seen tax legislation reshaped around ARFs, standard fund thresholds, and chargeable excess tax in ways that materially altered the retirement calculations for high earners. I have watched auto-enrolment promised, delayed, and finally delivered.

The New Retirement Reality Report is, in essence, a large-scale empirical confirmation of what good financial planners have known for years. The Irish system has installed the infrastructure but never handed anyone an instruction manual.

If retirement is within sight or even just 5 to 10 years away, then the single most valuable step you can take right now is to put real numbers on what your future actually looks like; that conversation costs nothing and could change everything.

If you feel this is something you need to get sorted and would like to bring clarity to your financial future, then simply get in touch. Email admin@lifestylefinancialplanners.ie or call 096-75951 to reserve your complimentary **Discovery Meeting**.