

# IIPM December Seminar

12 December 2024

***‘Retirement Planning vs Planning for Retirement’***

**&**

***‘Advice at the Point of Retirement and Beyond’***



# WELCOME



**Aaron Gaynor**  
Vice President  
IIPM

# RETIREMENT PLANNING vs PLANNING FOR RETIREMENT



**Declan Lawlor**  
Retirement Planning  
Council of Ireland

Retirement Planning Council  
*of Ireland*



# Retirement Planning

Declan Lawlor ACII, FIIPM, MBA  
Programme Leader

[www.rpc.ie](http://www.rpc.ie)

Retirement Planning Council  
*of Ireland*





## Who are we?

50 years providing impartial advice.

Lifestyle and financial focus.

Not-for-profit organisation.

Voluntary board.

About me.

# How to squeeze all the juice out of Retirement



# Retirement & Your Customer

“

*“You are never too old to set another goal or to dream a new dream.”*

”

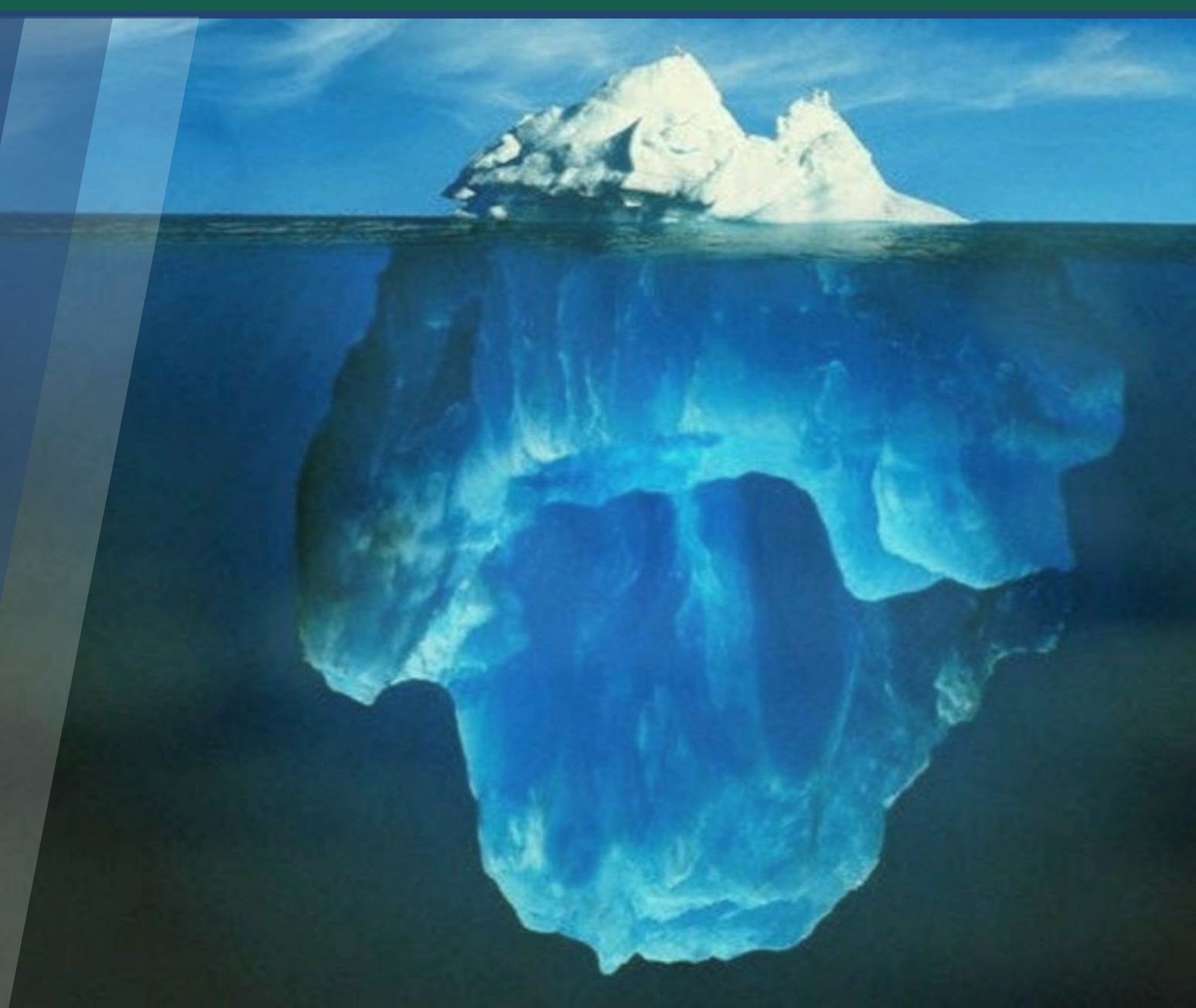
C.S. Lewis



# Retirement Planning

V

# Planning for Retirement



# Main Concern of Retirees

Financial

What's truly  
important and will  
make all the  
difference

An iceberg floating in the ocean, with a small tip above the water and a much larger mass submerged. The visible tip is labeled 'Financial'. The submerged part is divided into three horizontal sections labeled 'Emotional', 'Psychological', and 'Lifestyle' from top to bottom. The background is a deep blue gradient with diagonal stripes.

**Financial**

**Emotional**

**Psychological**

**Lifestyle**

# 8 keys to a fulfilled retirement life



**Having a positive attitude towards your future**



**A clear vision of the type of life you want**



**A healthy approach to mental and physical ageing**



**A positive definition of “work” which is around purpose**



**Nurturing family and personal relationships**



**An active social network**



**A balanced approach to leisure**



**Maintaining financial comfort**



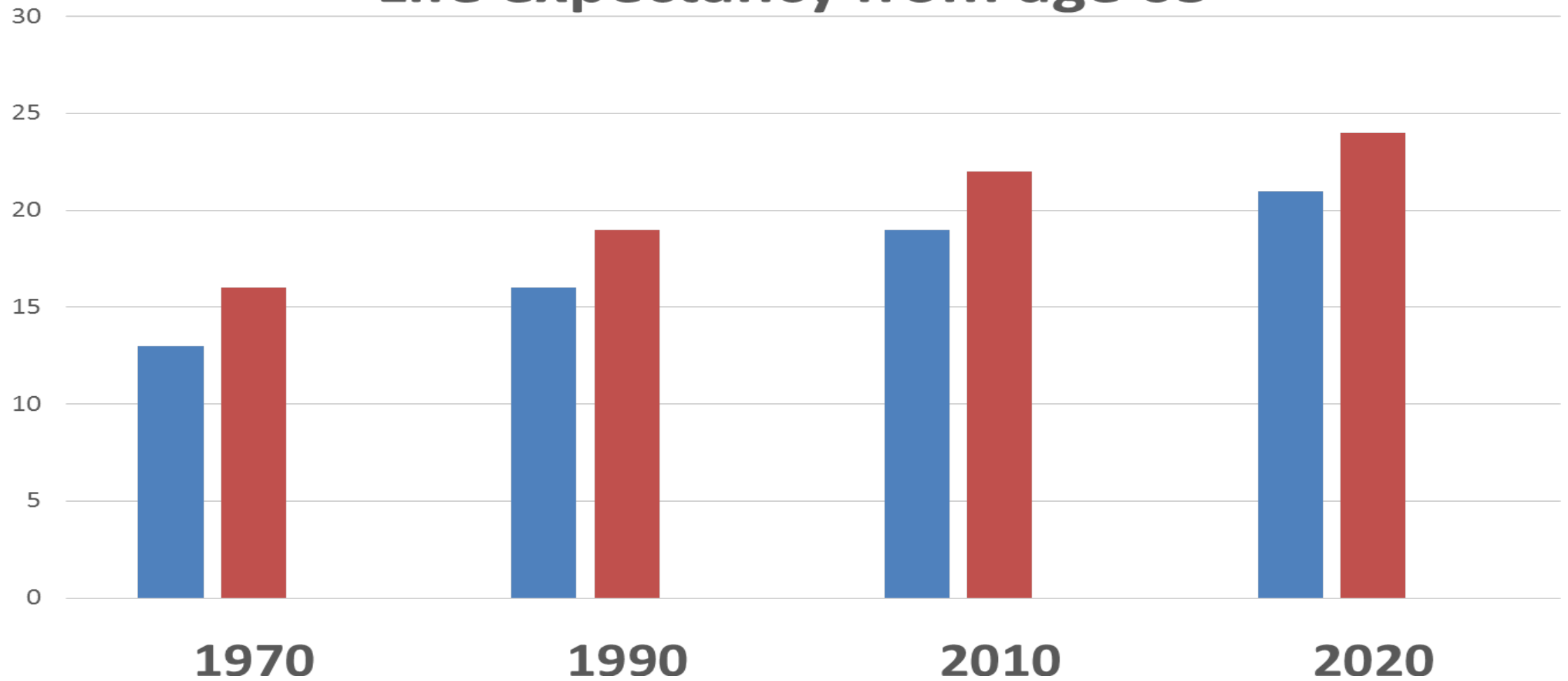
# Retirement Anthem

When I am older, losing my hair  
Many years from now  
Will you still be sending me a Valentine  
Birthday greetings, bottle of wine  
If I'd been out till quarter to three  
Would you lock the door  
Will you still need me  
Will you still feed me  
When I'm 64

**What album?**

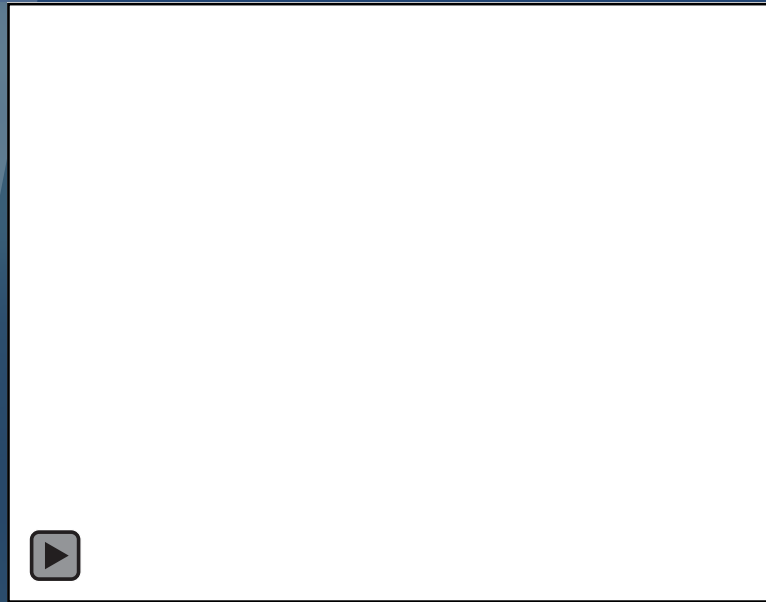
# Longevity

## Life expectancy from age 65



# What does 'retiring' mean...

26 years old  
in 1967



82 years old in  
June 2024



# What does 'retiring' mean...

Depart

Remove

Withdraw

In Japan, they don't have a word for "Retirement"

*Ikigai*

The reason you get up in the morning



# Retirement Questions



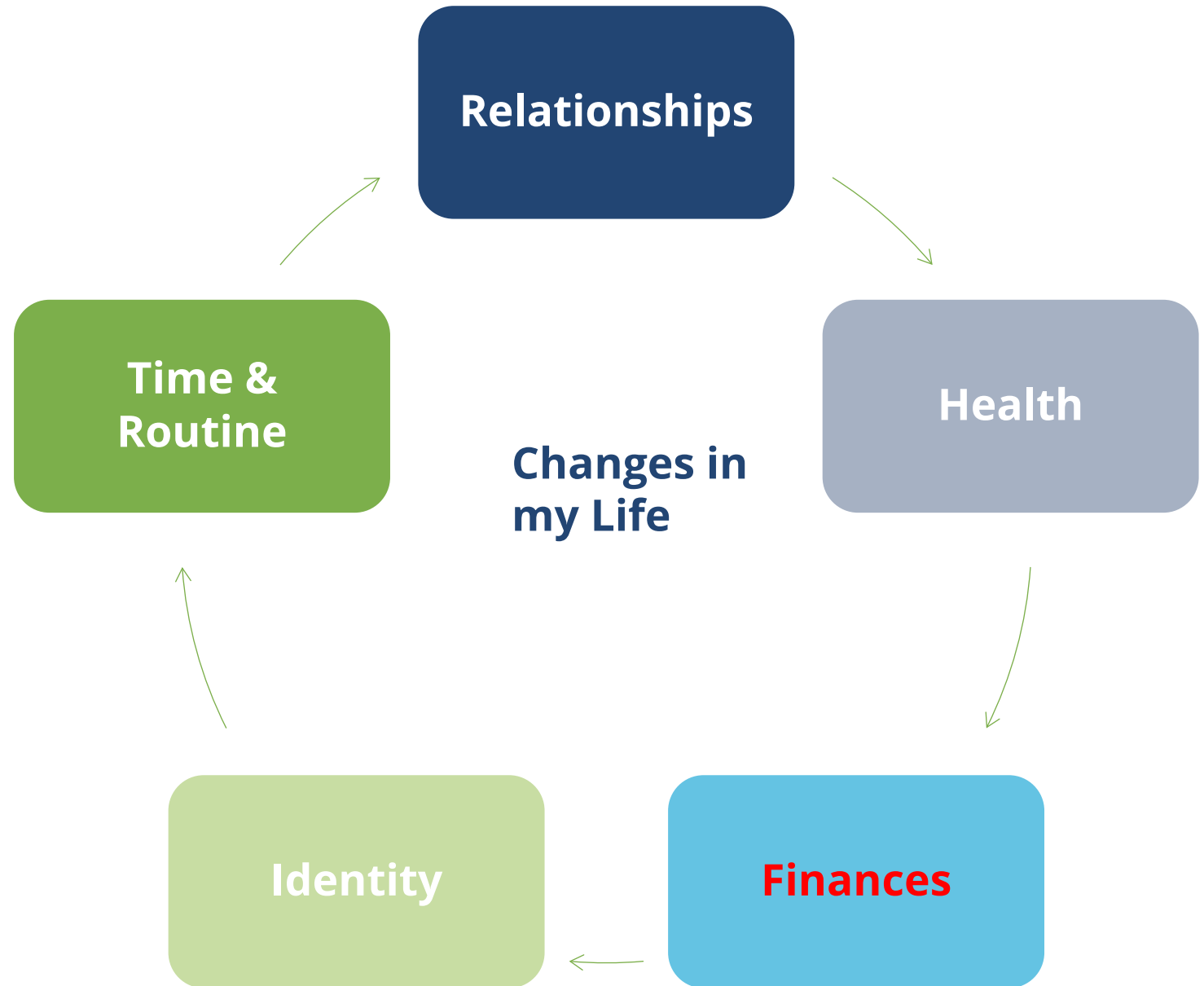
What will you miss most about work?

How will you replace the things you liked most about work?

What are you looking forward to most about retirement?

What opportunities do you see for yourself in retirement?

# A time of change...



# A time of change... Finances

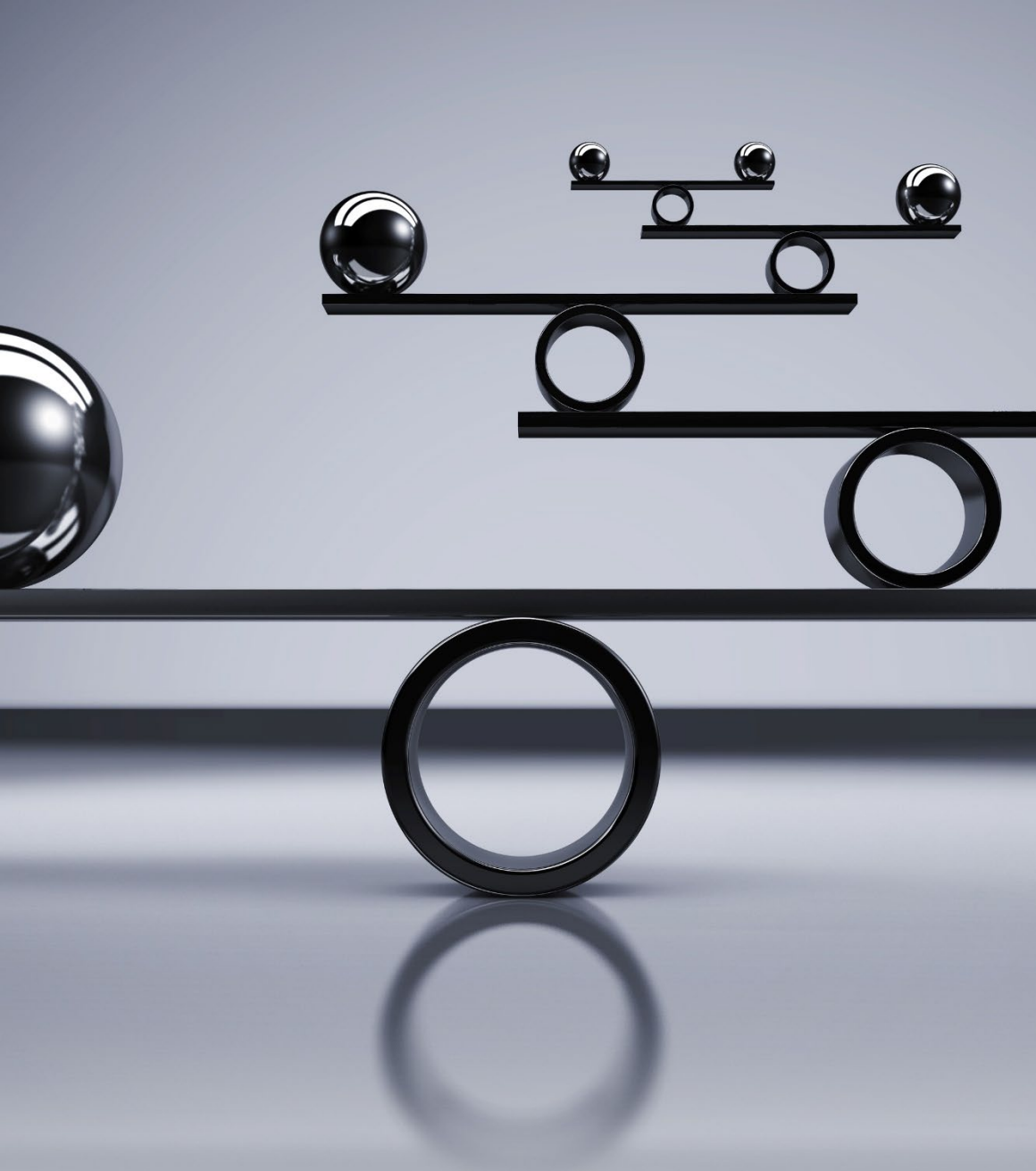
When my income falls to Pension level, will I have enough to live on with a good lifestyle?



# A time of change...

## Finances

Act II	Act III
Saving	Spending smarter
Average take-home is 50 – 60% of gross pay	Average take-home is 70 – 80% of gross pension
Budgeting and Responsibilities	Budgeting and Planning. Shop around
High level of outgoings	Lower level of outgoings. <b>Enjoy</b>



## The 90/10 Rule

- Pre-Retirement  
90% of focus is on Finances  
10% of focus is on other issues
- Post-Retirement  
10% of focus is on Finances  
90% of focus is on other issues

# Time & Routine

When the challenges of work are gone, what new interests will you develop for yourself?



# What will motivate you to get up each morning?



Hobbies



Interests



Meet people



Exercise



Family responsibilities



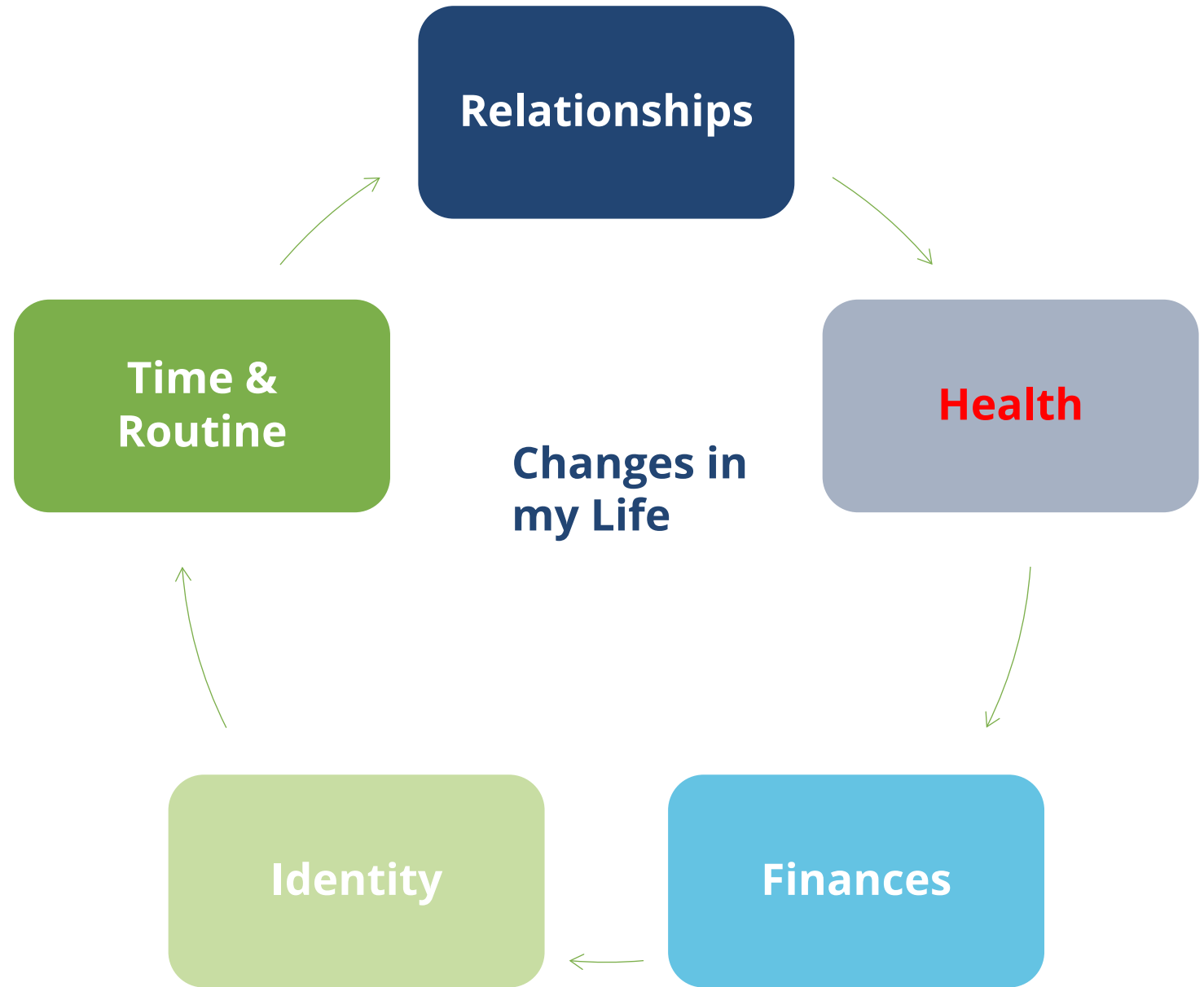
Work/ Volunteering



DIY



# A time of change...





# A time of change... health

Take control

**Know your Eircode**

**Put ICE on your mobile phone!**

**Be proactive about your health –  
Take responsibility!**

**Go for regular check-ups e.g.,  
doctor and dentist**



**Follow their Advice**

# 7 Secrets to Staying Sharp



**Mental stimulation**



**New learning**



**Reduce stress**



**Keep socially active**



**Positive thinking**



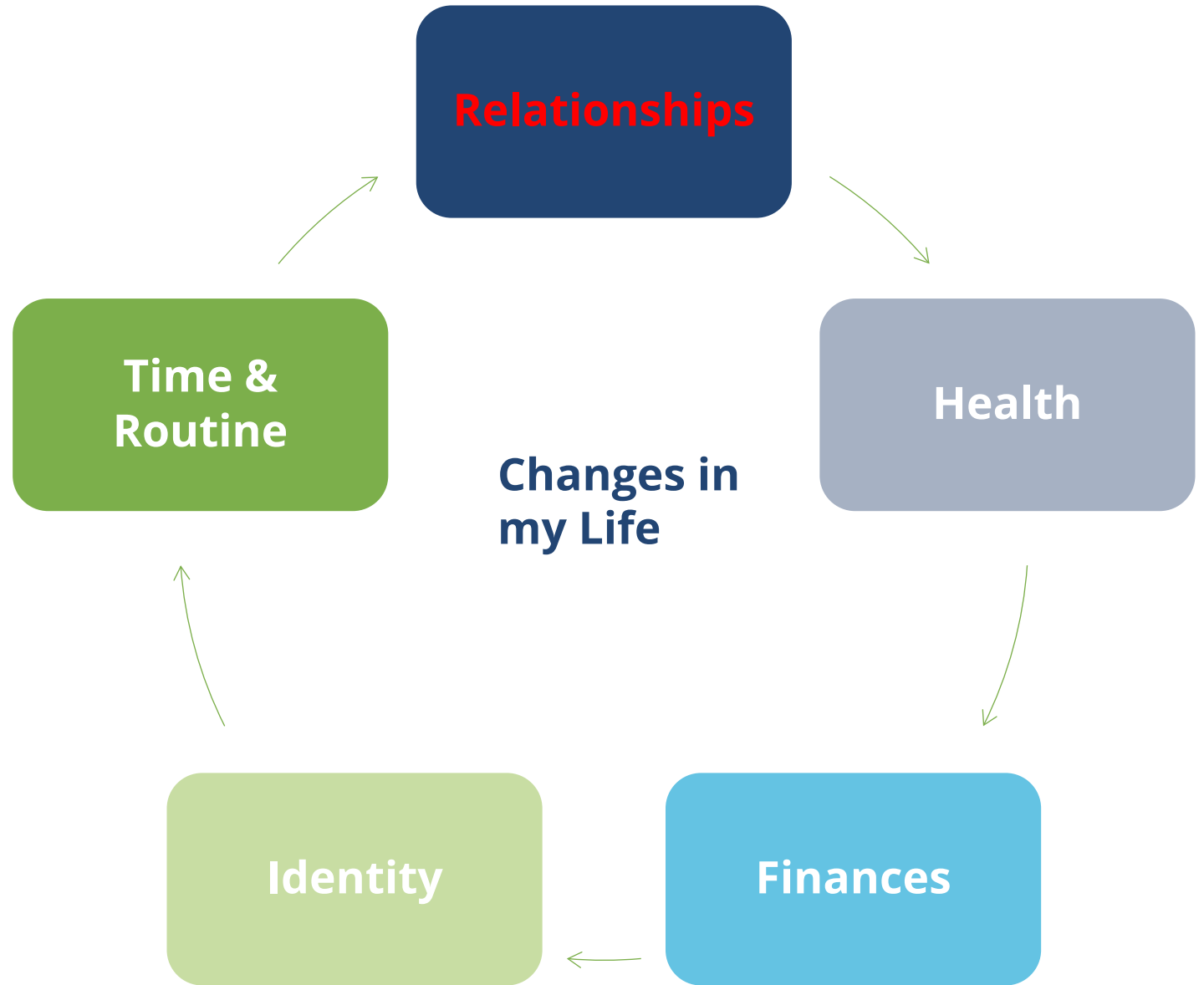
**Aerobic Exercise**



**Healthy diet**



# A time of change...



**Good relationships keep  
us happier, healthier, and  
help us live longer.**

**Robert Waldinger, Director of the Harvard  
Study of Human Development**

- What are the lessons learned?\*
- **Social connections are good for us, and loneliness can be devastating**
- **People who are more socially connected to friends, family, and community are happier, healthier and live longer**
- **People who are more isolated than they want to be find they are less happy and live shorter lives**
- **The quality of your close relationships matter. It's not a numbers game.**

\*Harvard Study of Human Development

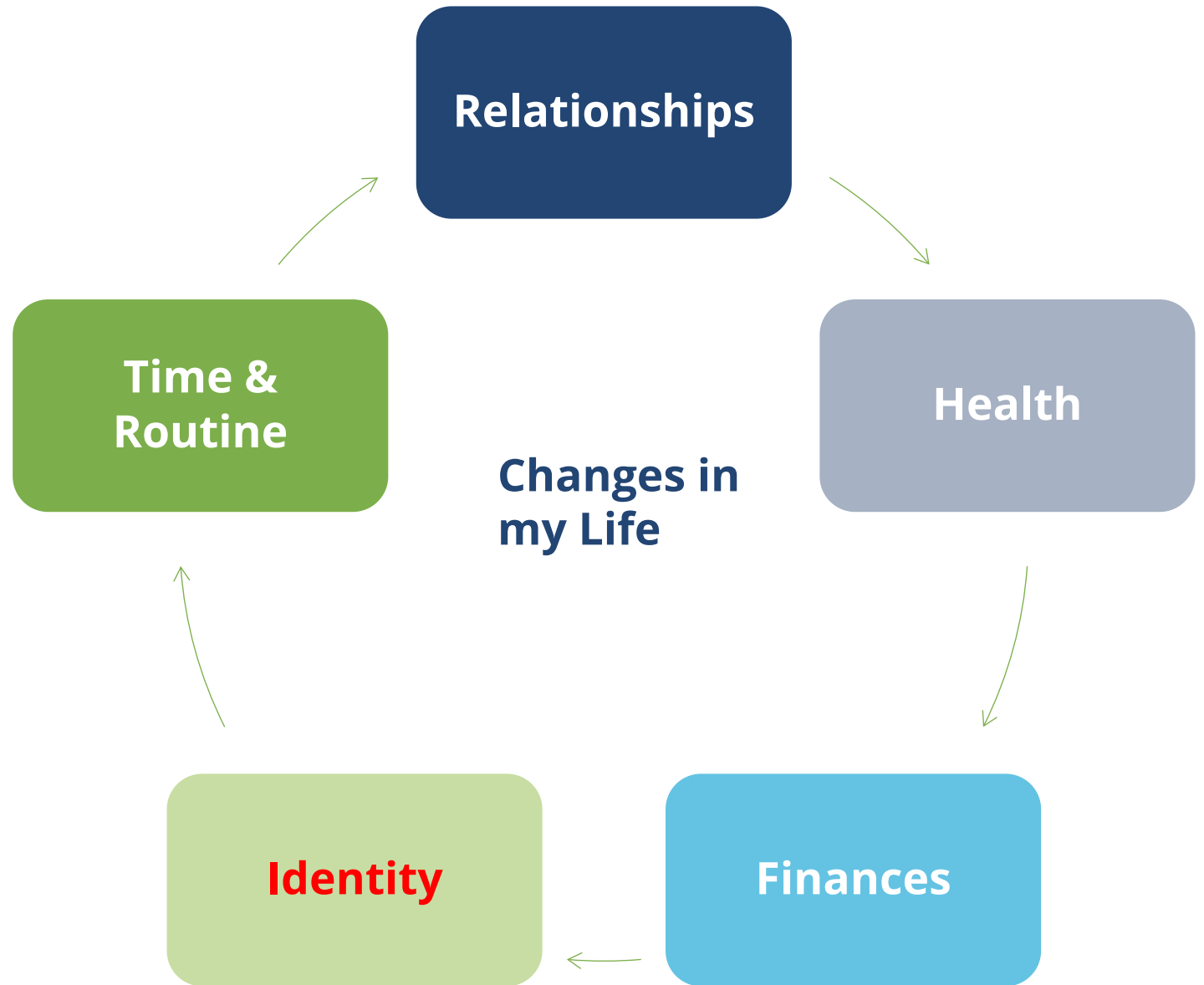


# Other Issues

- Have one car?
- Move house?
- Shopping
- Cleaning?
- Gardening? Ironing?
- Cancel memberships?
- Mind relatives?
- Mind children?
- Mind grandchildren?



# A time of change...





# Question

So, what do you do?



# Question

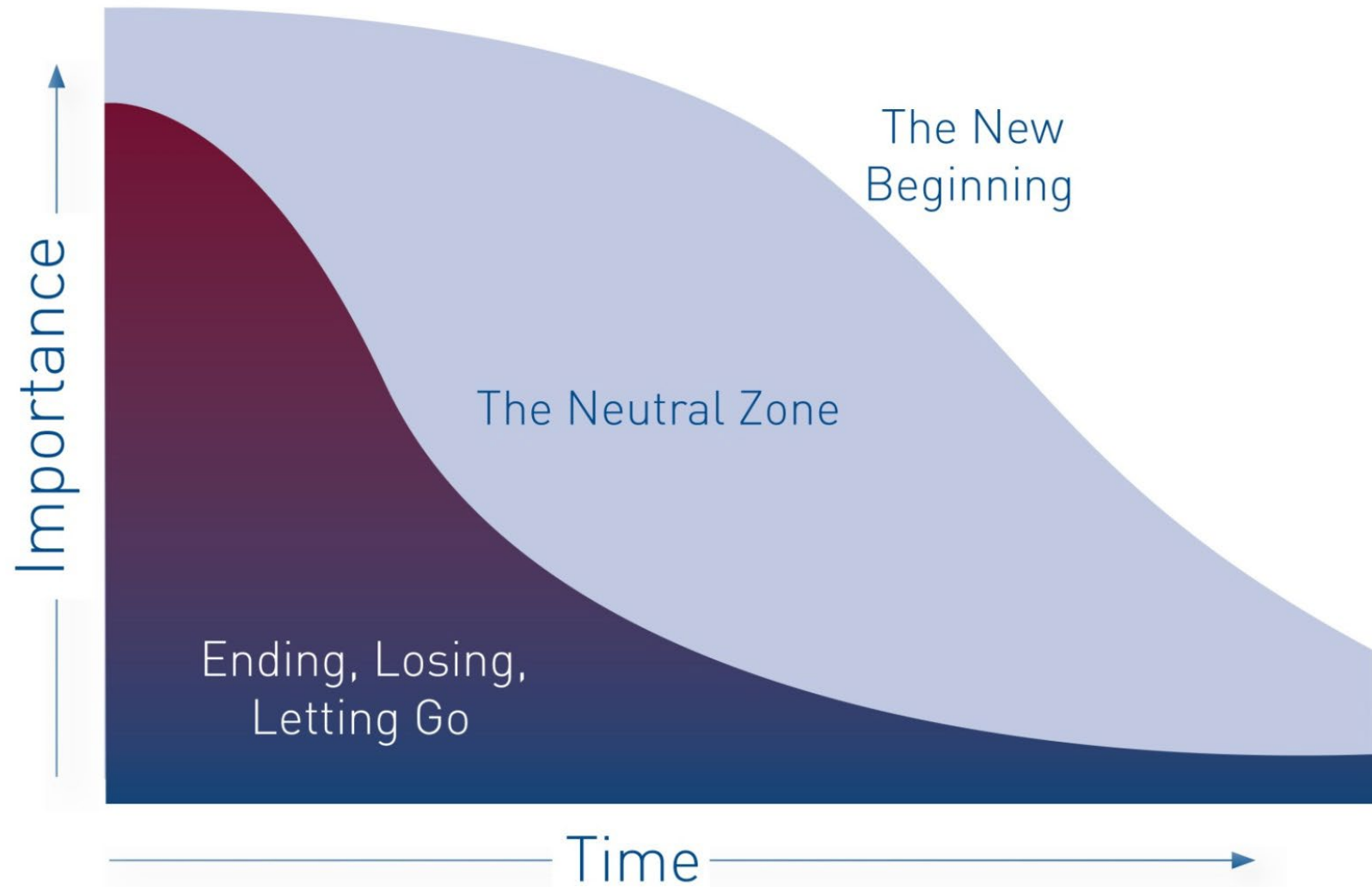
Is work what you do?

Or

Is work who you are?

# A time of change... Identity

## The Change Curve



## A time of change... Identity

“

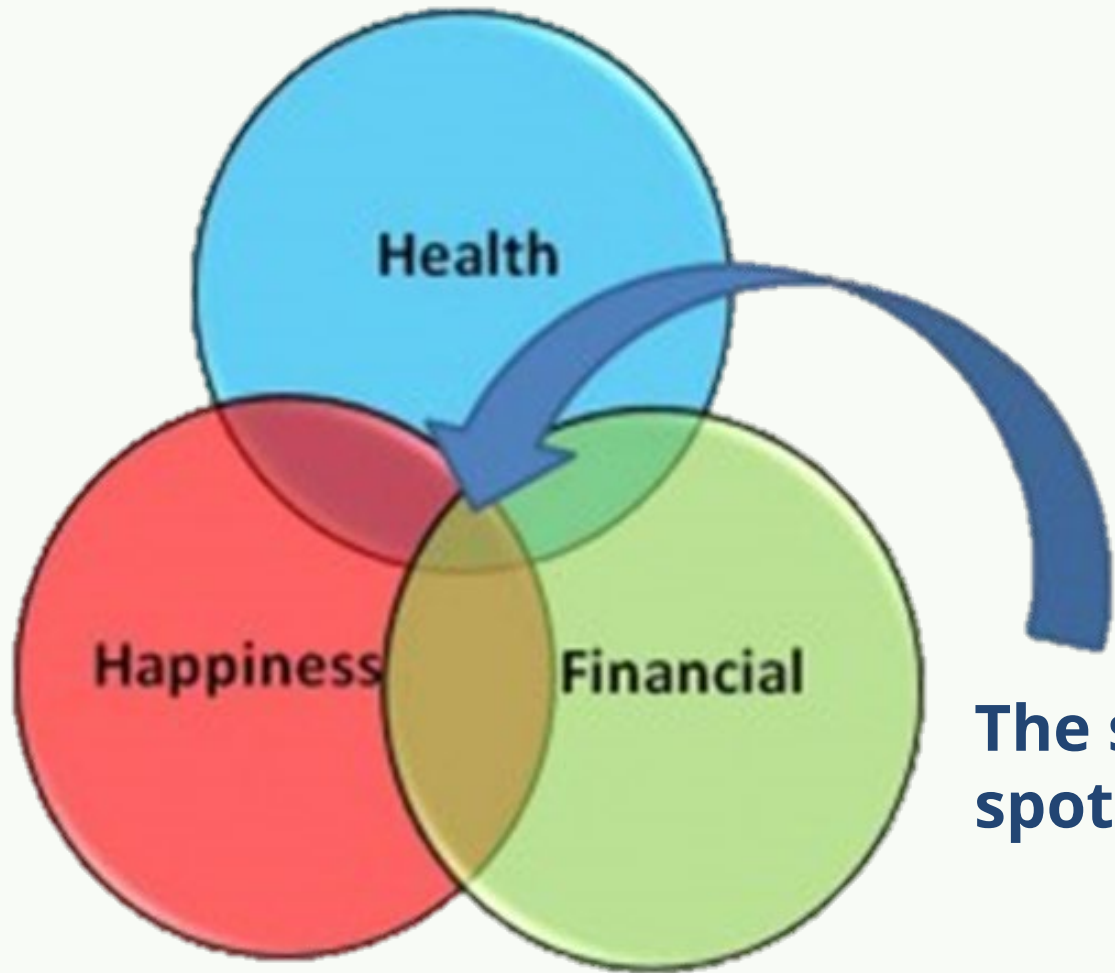
*I hope that by me taking part in something like 'Dancing With The stars' that there will be men and woman of my age and stage who will say yes, life is for living and embrace the moment!*

Mary Kennedy age 65 years, recently retired RTÉ Presenter, on her experience in the hit TV show, 2020  
RTÉ Radio, March 2020

”



# Well Being in retirement



**The sweet spot**



# Reinvent Yourself



## Mark Twain (samuel Langhorne Clemens)

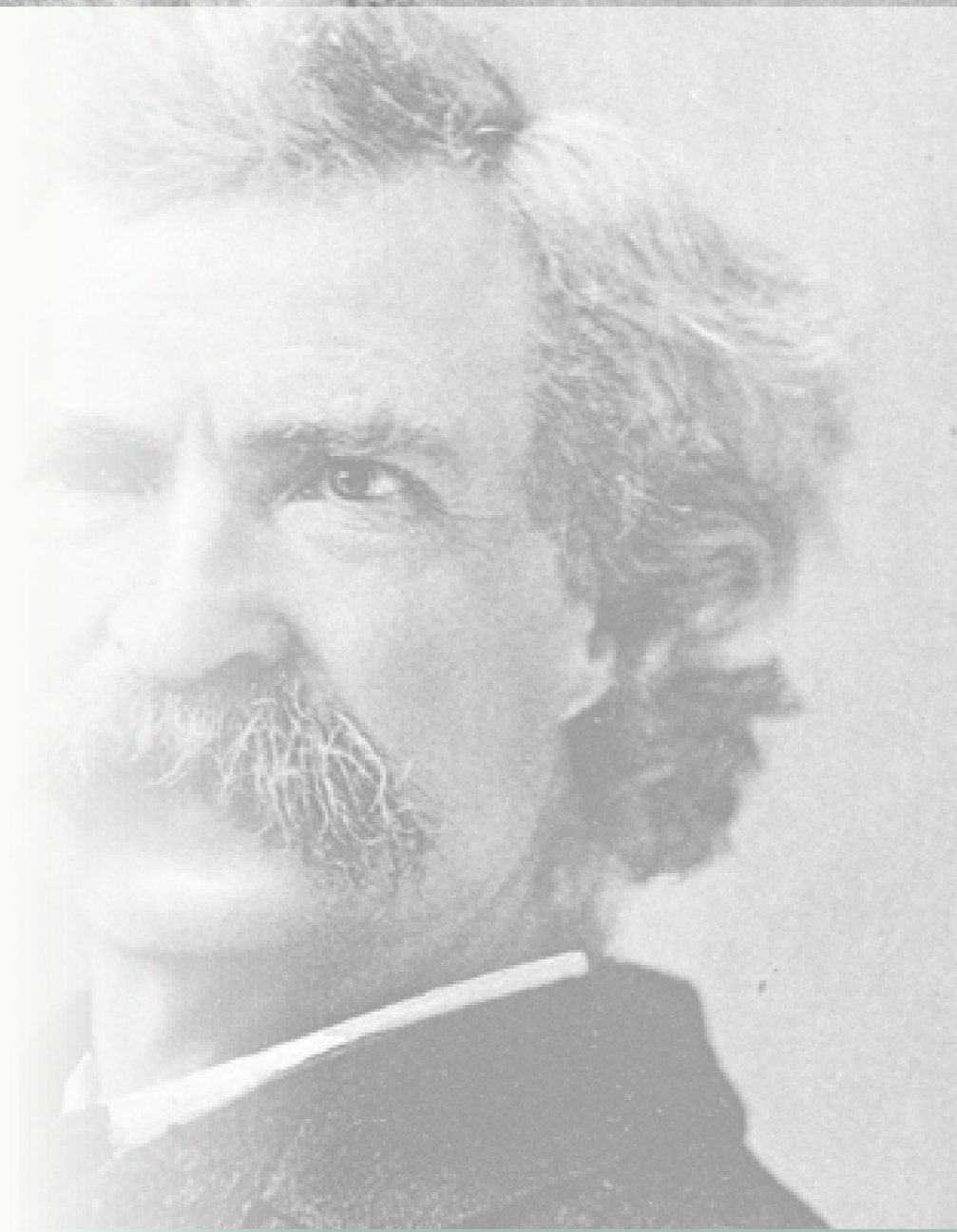
“

*Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do.*

*So throw off the bowlines. Sail away from the safe harbour. Catch the trade winds in your sails!*

Explore. Dream. Discover!

”



# A Great Investment



# Elements of Your Plan

Elements	What they mean	Why include them
Structure	Everyday things	Time management
Productive	Work Volunteering Learning Caring	Expend energy Self esteem Self worth Positive perspective
Leisure	Hobbies Physical activity Mental activity	Enjoyment Healthy lifestyle New contacts
Different	Follow your dreams! At least one a year	New challenges Self motivation

# Conclusion

Don't simply retire from something

Have something to retire to



# Q&A

# ADVICE AT THE POINT OF RETIREMENT AND BEYOND



**Jonathan Kerr**  
Willis Towers Watson |  
IIPM Council



# Advice at the point of retirement and beyond

## - Jonathan Kerr

12 December 2024



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# What we'll cover today



1.

WTW Employee  
Surveys

2.

Financial Advice

3.

Member  
Retirement Age

4.

Retirement  
Options

5.

Questions

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# WTW Employee Survey



# 35,549

Argentina	1,004	India	1,078
Australia	1,019	Ireland	828
Belgium	1,020	Italy	1,001
Brazil	1,004	Japan	1,027
Canada	1,508	Mexico	1,003
Chile	1,012	Netherlands	1,036
China	1,019	Singapore	1,074
Colombia	1,005	Spain	1,023
Denmark	1,004	Switzerland	774
France	1,014	UK	4,129
Germany	1,556	US	9,658
Hong Kong	753		

828



An online survey of employees working for medium or large private sector employers, randomly chosen and weighted to be nationally representative. Most data cuts have a confidence interval of +/- 3.4%.

# 5<sup>th</sup> Global survey

WTW has been surveying individuals for two decades about their retirement and health benefits, their wellbeing and the steps they need to take to improve and ways they want their employer to get involved.

47

# Young employees are more likely to prioritise day-to-day finances

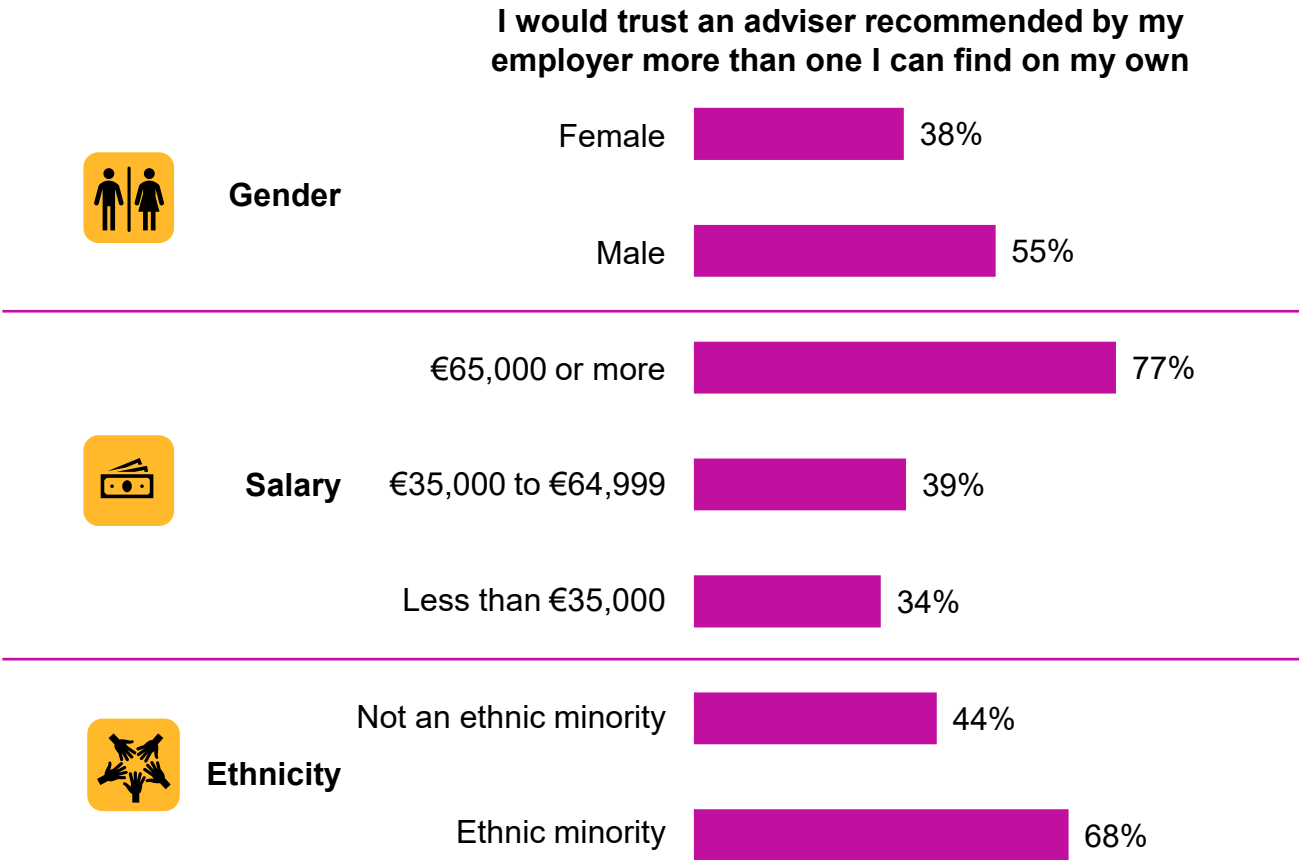
Which of the following would you most want your employer to support you with or focus on? *Ranked 1st.*

Gender		Generation			Salary		
Female	Male	Gen X 1965-1980	Gen Y 1981-1996	Gen Z 1997-2010	Less than €35,000	€35,000 to €64,999	€65,000 or more
Flexible work	Retirement	Retirement	Flexible work	Day-to-day finances	Retirement	Flexible work	Retirement
Retirement	Day-to-day finances	Flexible work	Retirement	Retirement	Flexible work	Retirement	Day-to-day finances
Manage Health	Flexible work	Manage emotional health	Day-to-day finances	Caregiving	Day-to-day finances	Day-to-day finances	Flexible work
Day-to-day finances	Career	Career	Manage Health	Social responsibility	Manage Health	Manage Health	Caregiving
Manage emotional health	Getting most from my benefits	Getting most from my benefits	Manage emotional health	Manage emotional health	Manage emotional health	Getting most from my benefits	Social responsibility
Getting most from my benefits	Manage Health	Day-to-day finances	Career	Inclusion and diversity	Getting most from my benefits	Career	Manage Health
Caregiving	Manage emotional health	Manage Health	Getting most from my benefits	Career	Career	Manage emotional health	Insurance products

Sample: All employees.

Source: 2022 Global Benefits Attitudes Survey, Ireland

# Half would trust an adviser suggested by their employer more than one they can find on their own



Sample: All employees.  
Note: Percentages indicate “agree” or “strongly agree”.  
Source: 2022 Global Benefits Attitudes Survey, Ireland

A large, stylized blue number '2' is positioned on the left side of the slide, partially overlapping the text.

# Financial Advice



# Member circumstances

1. At risk or vulnerable members
  1. Needs special approach from advisor
  2. Especially vulnerable to poor advice or inappropriate advice
2. No financial product required (i.e. taking tax free lump sum and/or taxable lump sum)
  1. Potentially product required, for example spreading tax relief across tax years in an ARF versus taking all at once in a taxable lump sum. Could benefit from financial advice
3. Disability or Limited Life Expectancy Members
  1. May require monies for payment of care
  2. Can avail of enhanced annuities, i.e. higher annuity for people with lower life-expectancy
4. Renting and On-site residents (i.e. people who live on site in free accommodation)
  1. Need to plan for renting in retirement
  2. Consideration of buying a house if able
5. Member with no financial dependants
  1. Should annuity be considered more heavily as no need for inheritance.
6. Members with financial dependent children with intellectual or physical dependencies
  1. Need to create a sinking fund to pay for child's care until their death not the death of the retiree
  2. Specific inheritance planning required.
  3. Living will very important



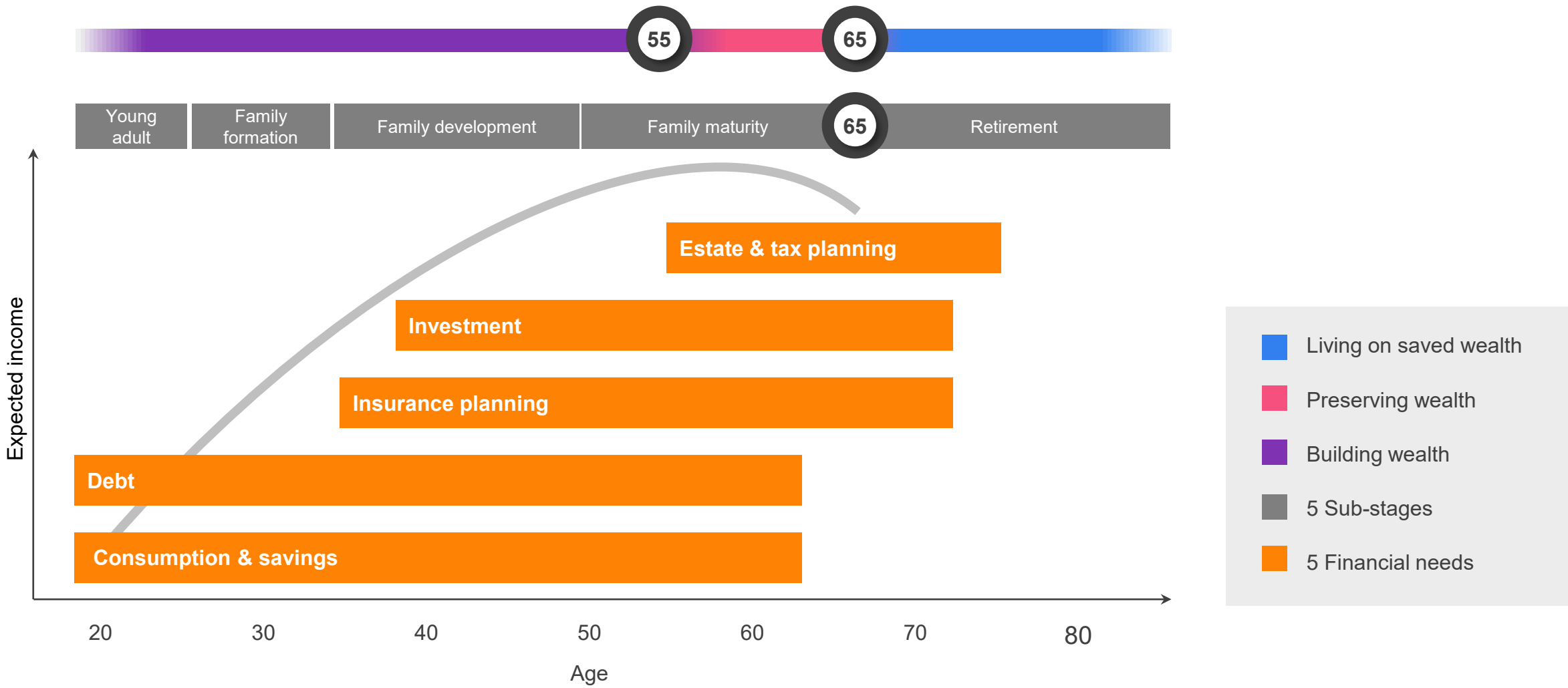


# Member circumstances



1. Redundancy
  1. Waiving versus retaining lump sum entitlements
2. High Net Worth Individual
  1. Inheritance planning more important
  2. Financial planning of more benefit
  3. May not need the money
3. Standard Fund Threshold
  1. Changes in SFT rules makes this a complicated area, i.e. draw now or wait till increases in SFT occur

# Average member financial considerations





# Different types of financial advice

1. Execution only – No advisor
  1. Benefits from quick execution
  2. Risk of selecting the wrong product
  3. Risk of selecting the wrong provider, investment strategy or get value for money
  4. No consideration of personal factors or financial needs
  5. Potentially inferior charges
2. Tied Agent Financial Advisor
  1. Can review personal circumstances and attitude toward risks
  2. Risk of selecting the wrong provider, investment strategy or get value for money
  3. Charges may not be best in market
3. Limited Agent Financial Advisor
  1. Reviewed personal circumstances and attitude towards risk
  2. Good market review of products and providers
  3. Good value for money
  4. Need to be mindful of broker charges





# Different types of financial advice

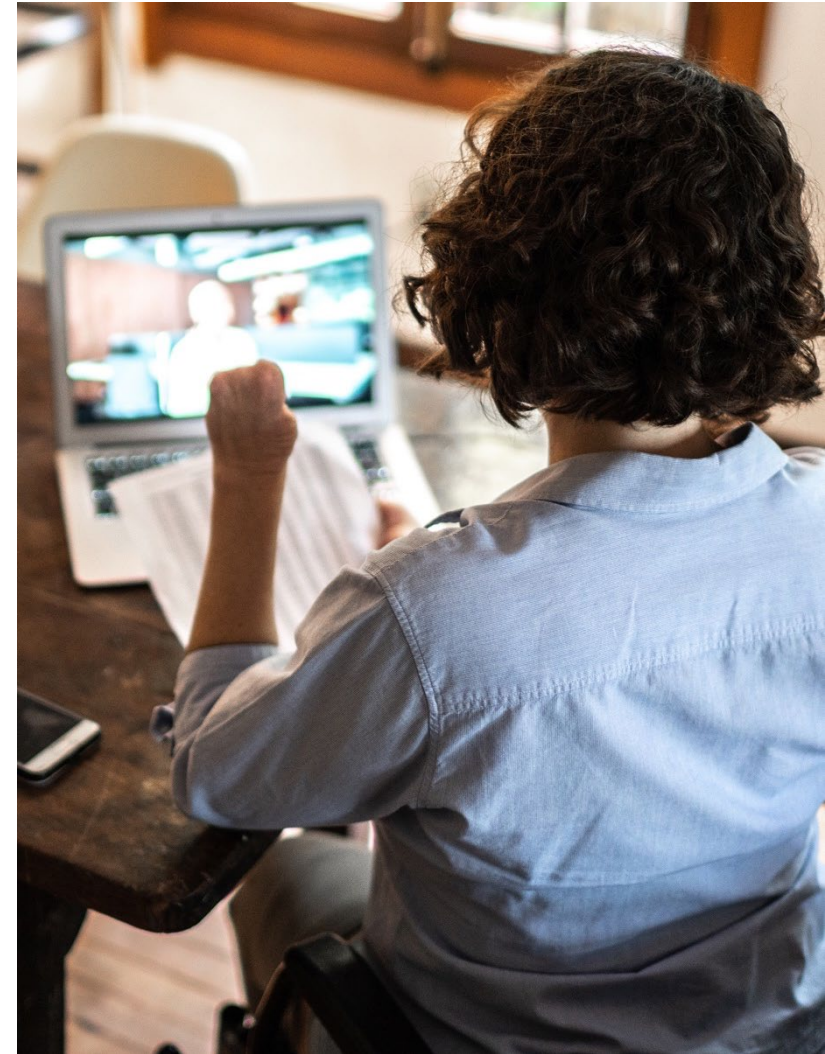


1. Impartial/Independent Financial Advisor
  1. Full market review
  2. Important for transparency on commission charges
2. Member/Employer paid services
  1. Paid from net income so charges can be higher to the member
  2. Liable to VAT
  3. Independent Advice if products set up nil-commission
  4. Does not require the member to purchase a product. Typically utilised in severance or defined benefit enhanced TV projects
3. Financial Planner (Certified Financial Planner)
  1. Advice expanded to financial modelling
  2. Consideration of a wide range of peripheral factors such as inheritance, monthly out-going changes, etc
  3. Expensive and typically utilised by people with high net worth



# Timing of Advice

1. Advice prior to retirement
  1. Potential to affect the outcome, AVCs, investment strategy
  2. Member understanding
2. Advice at retirement
  1. Purchase and set up of ARF or Annuity
  2. Annuity requires no additional advice post retirement
3. Advice post retirement on ARF
  1. Change investment strategy of ARF / Investment shocks
  2. Adjust drawdowns
  3. Change in circumstances
  4. Inheritance considerations





# Typical Trustee / Consultant view on retirement

1. Member gets educated during their career on the retirement plan and options
2. Member gets support as they approach retirement
3. Member gets advice from their chosen financial adviser
4. Retirement Options sent to Trustee for signature, reliant on the requirements on financial advisors to provide good advice and the members satisfaction with agreed charges
5. Retirement Options processed

## But should the following be considered by the Trustee or Consultant?

1. Examination of retirement option chosen? For example, not getting advice and taking a large taxable lump sum.
2. Examination of terms of the product chosen? Is there a need to ask for the terms of the product?
3. Does the advice take account of the vulnerabilities of the member?
4. Is the member capable of making a retirement decision?
5. Should Master Trusts pay for unbiased advice like in the UK?
6. Should there be a panel of preferred advisors?

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# Member preparation



# Actions for preparing a member for retirement

1. Member presentations targeted at pre-retirement members
  1. Detailed retirement calculations
  2. Investment considerations
  3. Last minute AVCs (Short term)
  4. Member supports
  5. Retirement Timeline (Helps manage expectations)
  6. Need for short-term, medium-term and long-term savings in retirement
  7. Educating members on the charging structure of retirement products
    1. Allocation Rates vs Annual Management Charge
    2. Encashment penalties
    3. Let the buyer beware!
2. Pre-Retirement Guide
3. Retirement One to Ones / Drop-in Clinics
4. eCard nudges
5. Access to a panel of approved financial advisors – Pre-retirement and at Retirement
6. Simple Retirement Options Statement



# Member Retirement Planning questions and tools

1. When would I like to retire?	Projection Tools
2. How much income would I like to have in retirement?	Budget Planner
3. What other retirement savings do I have?	Financial Planning
4. What retirement benefits will I receive from the State?	Citizens Information
5. What other income/savings will I have?	Financial Planning
6. How much can I afford to save?	Budgeting Tools
7. How much risk am I comfortable with?	Risk Profile Tool
8. Which retirement option will I take?	Member Presentations

What levers can members pull?

1. Contributions
2. Retiring early/normal/late
3. Investment Strategy
4. Retirement Option (chosen at retirement)
5. Building other forms of income



# Budgeting and Expenses Post Retirement



**Goal Setting** – know how much you can afford to spend

**Income & Expense Trackers** – this can be as simple as an excel spreadsheet

**Online Banking Tools** – some banks offer this

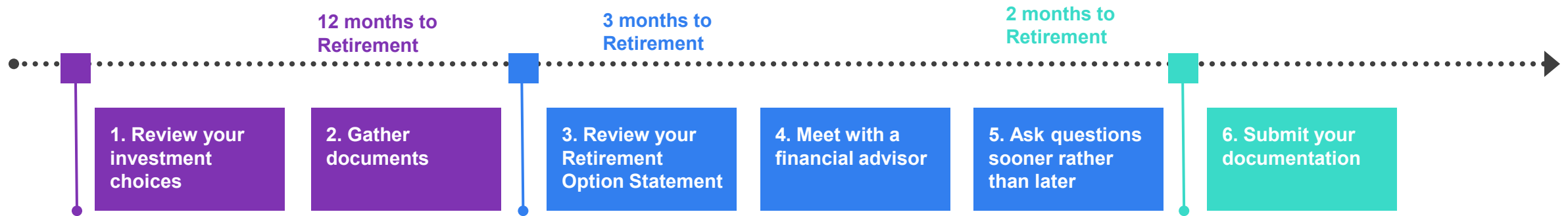
**Advice Center's** – MABS, Citizens Information Bureau, Consumer Protection Commission

**Regular Savings** – can be a great way to put money “out of reach”

**Tailored Financial Advice** – useful for complex financial requirements



# Retirement Timeline



# 4 Retirement Options



# Prepare: Considering all retirement incomes



- 50%: Your Company Pension Scheme
- 30%: State Pension
- 10%: Post-Retirement
- 10%: Personal Investments

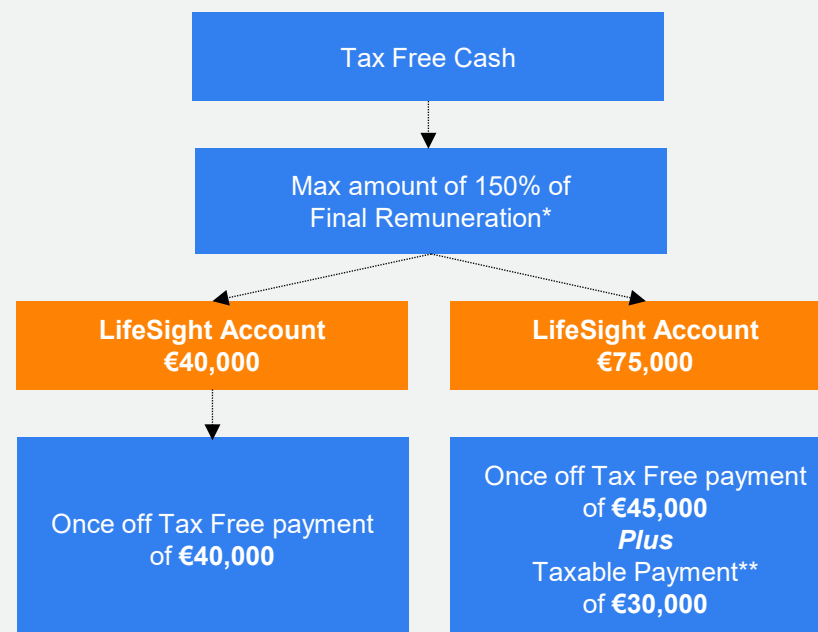
■ Company Pension Scheme	<ul style="list-style-type: none"><li>Retirement Account.</li><li>Other retirement savings or benefits</li></ul>
■ Post-retirement	<ul style="list-style-type: none"><li>Working post-retirement helps ease into retirement and adjusting to a lower income.</li></ul>
■ State Provision	<ul style="list-style-type: none"><li>Currently payable from 66. Jobseekers payable for 11 months from age 65</li><li>Based on your total contribution record</li><li>From 1 January 2024 €14,420 p.a. (increasing to €15,044 2025) for single person based on full contribution history at 66.</li><li>Late retirement with higher state pension is now an option.</li></ul>
■ Personal Investments	<ul style="list-style-type: none"><li>Personal Investments</li><li>House/Rental property</li><li>Deposit/savings</li></ul>

# Cash – Example



**Meet Tom:** Tom retires from service at age 65 having completed 20 years' service. Tom's 'Final Remuneration' (i.e. all earnings OT + Shift) is €30,000. What can Tom do if the current value of Tom's LifeSight account is €40,000 or if it is €75,000.

## What can Tom do?



If Tom's fund value is over €75,000, he will be required to purchase an annuity after taking his tax-free cash. It may be beneficial to purchase an Approved Retirement Fund (ARF) which allows a 25% tax free lump sum with the balance paid less tax. This taxable payment can be spread over several years.

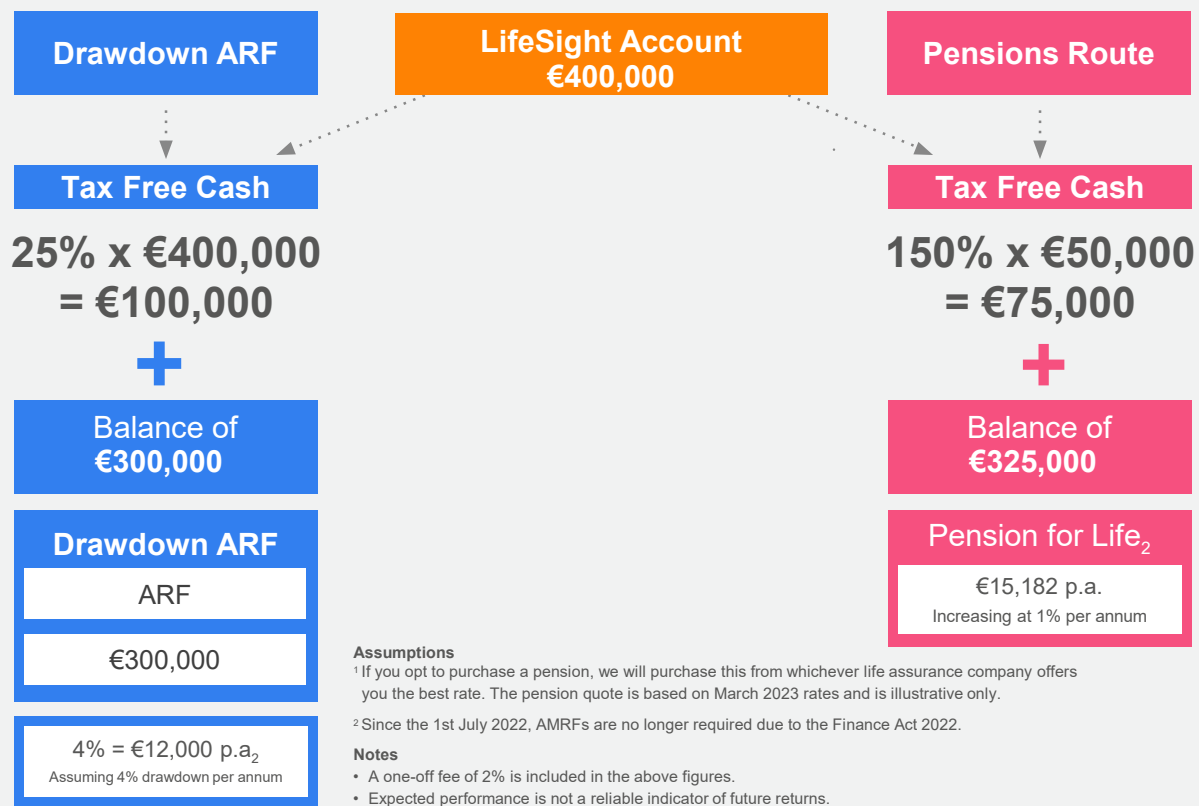
\*Must have completed 20 years service at NRA  
\*\*Max Taxable Payment €30,000 after Revenue Max Lump Sum.  
Assumes no other benefits available.

# Drawdown versus Pension – Example



**Meet Mary:** Mary retires from service at age 65 having completed 20 years' service. Mary's 'Final Remuneration' is €50,000. The current value of Mary's LifeSight account is €400,000.

**What are Mary's options?**

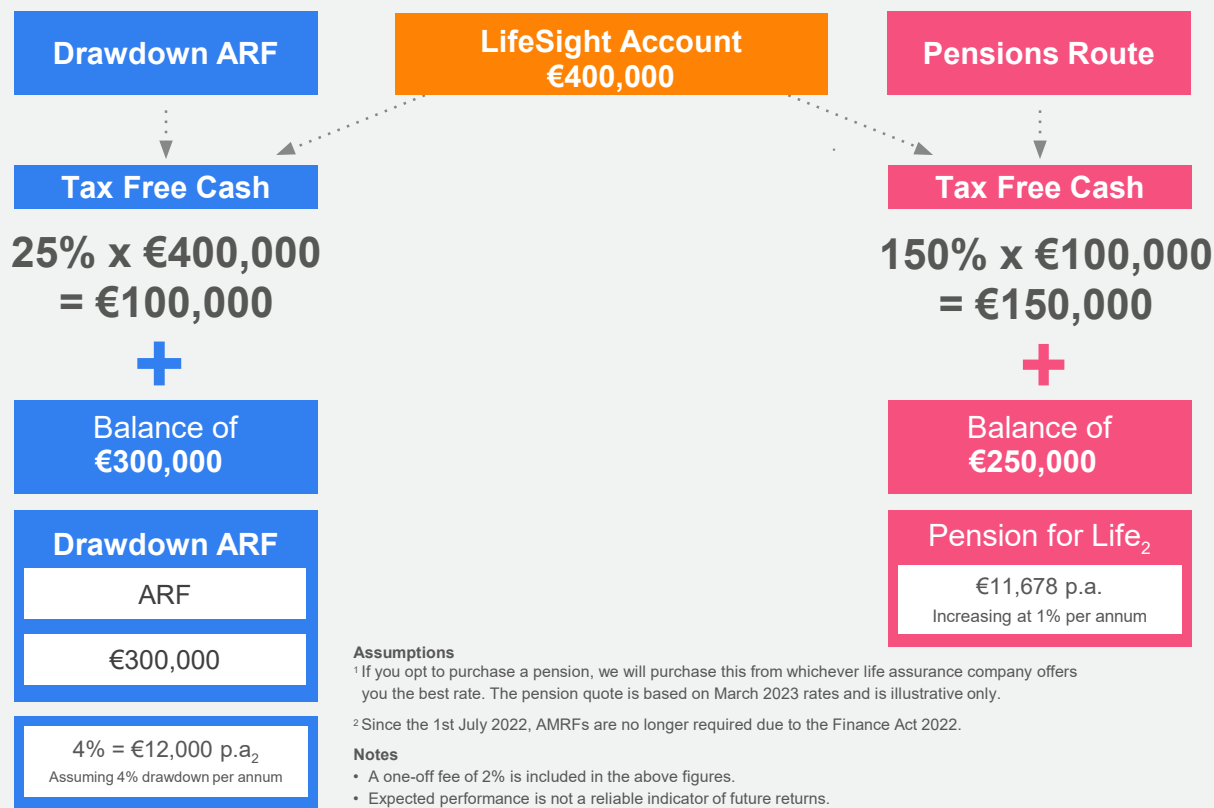


# Drawdown versus Pension – Example



**Meet Mary:** Mary retires from service at age 65 having completed 20 years' service. Mary's 'Final Remuneration' is €100,000. The current value of Mary's LifeSight account is €400,000.

**What are Mary's options?**





# Drawdown versus pension



Drawdown (ARF)	Pension (Annuity)
<b>Pros</b> <ul style="list-style-type: none"><li>• Members choose how much they want to draw down each year giving you great flexibility. Note that there is tax on a minimum notional drawdown, which is currently 4% from age 61 (5% if over 71 years of age and 6% if the value of your fund is over €2 million).</li><li>• ARF forms part of your estate on death</li><li>• Can still buy a pension later</li></ul>	<b>Pros</b> <ul style="list-style-type: none"><li>• Guaranteed income for life. There is no risk around poor investment performance or how long they live</li><li>• No need for ongoing financial advice</li></ul>
<b>Cons</b> <ul style="list-style-type: none"><li>• There is a risk that capital may run out if either the returns on your investments are poor, or the member lives longer than anticipated.</li><li>• Requires ongoing financial advice</li><li>• Poor performance can significantly diminish how long the ARF lasts</li></ul>	<b>Cons</b> <ul style="list-style-type: none"><li>• No flexibility over income drawn which makes it more difficult for tax planning</li><li>• No return on death unless they have set up a pension for a dependant, or a minimum guaranteed term</li><li>• The decision cannot be reversed</li><li>• No scope to reconsider – control gone</li></ul>



# Drawdown versus Pension – How to they compare

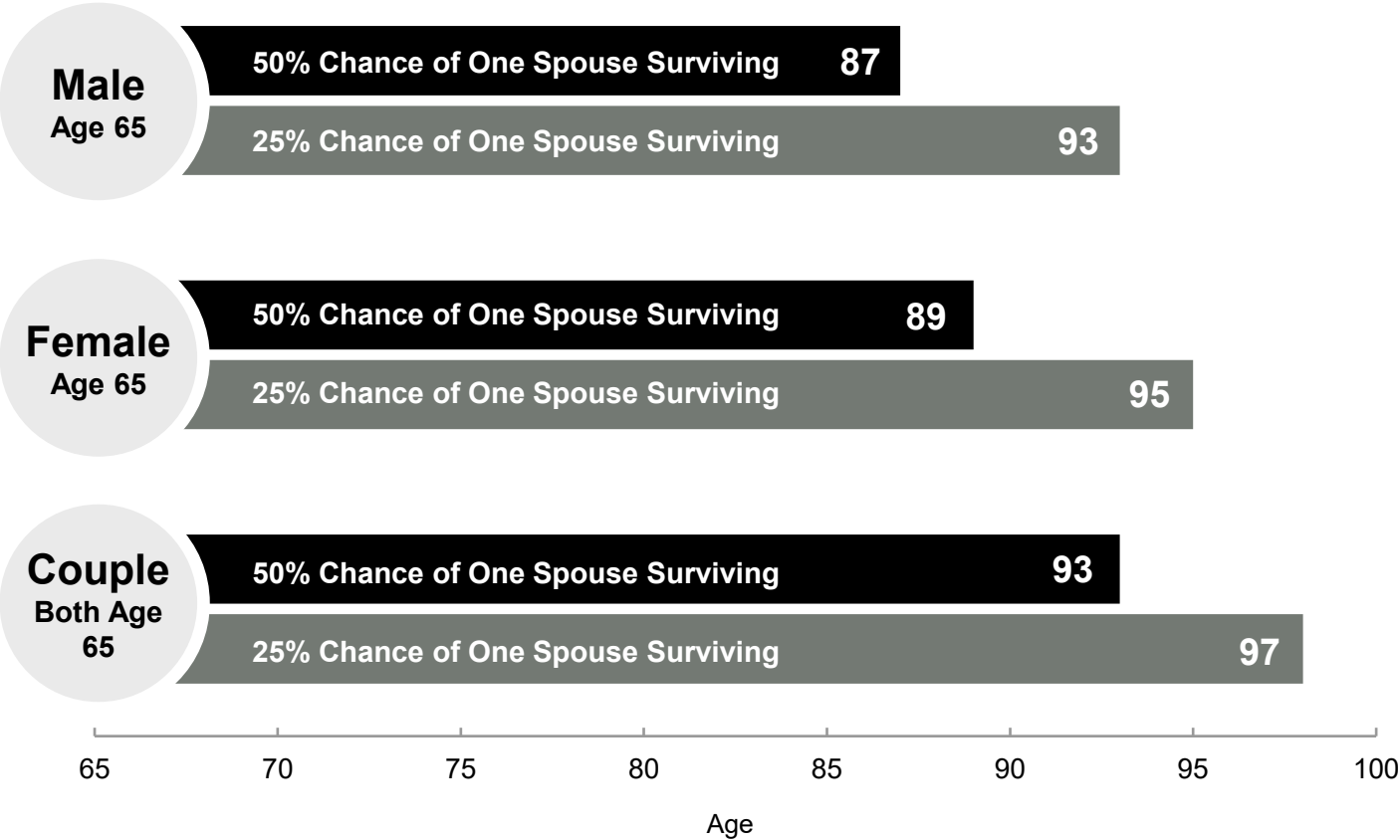


**Meet Jane:** Jane is 65 and has taken her tax-free sum of 25% and is now considering the option of Drawdown or Pension and her LifeSight Account is valued at €300,000.

What would you decide?

Pension assuming payments increase by 2.0% p.a.		ARF growing at 3.0% p.a. (gross) and withdrawals at 4% of fund at start of year, increasing to 5% of fund at start of year from age 70		ARF growing at 4.0% p.a. (gross) and withdrawals at 4% of fund at start of year, increasing to 5% of fund at start of year from age 70	
AGE	ANNUAL INCOME BEFORE TAX €	ANNUAL INCOME BEFORE TAX €	CASH VALUE BEFORE TAX €	ANNUAL INCOME BEFORE TAX €	CASH VALUE BEFORE TAX €
65	11,910	12,000	293,853	12,000	296,765
66	12,148	11,754	287,832	11,871	293,564
67	12,391	11,513	281,935	11,743	290,398
68	12,639	11,277	276,158	11,616	287,267
69	12,892	11,046	270,500	11,491	284,169
70	13,150	13,525	262,239	14,208	278,235
71	13,413	13,112	254,231	13,912	272,426
72	13,681	12,712	246,468	13,621	266,737
73	13,954	12,323	238,941	13,337	261,168
74	14,234	11,947	231,645	13,058	255,715
75	14,518	11,582	224,571	12,786	250,375
76	14,809	11,229	217,713	12,519	245,147
77	15,105	10,886	211,065	12,257	240,028
78	15,407	10,553	204,620	12,001	235,017
79	15,715	10,231	198,371	11,751	230,109
80	16,029	9,919	192,314	11,505	225,305

# Longevity



Source: Based on Society of Actuaries RP-2014 Mortality Table projected with Mortality Improvement Scale MP-2021, as of 2022.  
For illustrative purposes only.



# Questions and Answers





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# THANK YOU



**Declan Lawlor**  
Retirement Planning Council of  
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# SAVE THE DATES

*Website: [iipm.ie](http://iipm.ie)  
Email: [info@iipm.ie](mailto:info@iipm.ie)*

Next IIPM Webinar

**20 March 2024**

**2025 Dates Available on the IIPM Website – Webinar Booking Open**

# Thank you for attending

## CPD DETAILS:

Attendees may claim 2 hour of CPD in Pensions

LIA Pending | IOB Pending

Please check the News section of the IIPM website – we will update the December event page when we receive CPD details

*We hope you will now join us  
for a reception in the Dyflin Bar*