

A QUESTION OF MONEY

A pension is a gift to your future self ...and it's easier to set up than a bank account

Irish people are not great at salting money away for retirement. As a result we miss out on massive tax breaks - and may have to face a financially miserable retirement. But that may be set to change with the advent of auto-enrolment in pensions for all workers, which also offers financial bonuses for all, says FEARGAL McKENNA co-founder of Moneycube.ie and Pensions Awareness Week (PAW) which starts on Tuesday.

Have you three key tips we could take from Pensions Awareness Week (PAW)?

1. If you don't have a pension, it's action time. Your annual tax relief is use it or lose it. Tax relief gives your money a big head start compared to any other investment and with compounding investment growth your pension can be one of the biggest assets you will own by the time you retire.

2. If you run a business and have cash on the balance sheet there's no better time to extract wealth from your business and get it into your own name via your pension. Not only is that tax-free but the amount your company contributes to your pension reduces your corporation tax bill.

3. Taking the first step is the hardest part but it's not as hard as you think it is. In fact, a pension is far easier to set up than a bank account and it doesn't have to be a big financial commitment. Your future self will thank you for taking a baby step today.

Are we making progress in raising pensions awareness?

Most of us now know we need to do something about planning for our retirement because the Government or our employer won't do it all for us. Building confidence dealing with finance, and knowing how to start, needs to be easier. Hint - check out PensionsAwarenessWeek.ie for help!

Biggest mistake people make with their pensions?

Thinking it is not their money. Just because you can't pet a goldfish doesn't mean it's not a pet. Similarly, just because you can't touch your pension doesn't mean you can't look after it. It's your money and it's worth remembering that no one else cares about it



as much as you do. If you're not looking after it, it might not be working for you.

Is auto-enrolment going to work? Will we get any extra money?

Auto-enrolment will be financially advantageous for almost a million workers in Ireland who have no pension provision right now. I spent 10 years in Australia and saw the benefits. The retirement population were thriving as a result of being financially comfortable.

Whether it is going to be enough is another question. That depends on many factors, such as how much goes in, where the money is invested, and whether people will be encouraged to remain in the scheme or if cost-of-living pressures will result in people opting out. On top of that, as auto-enrolment assets grow, it's likely the value of the State pension will come under pressure.

Do you have health insurance?

Yes, I'm on PMI53 10 with VHI which is through my wife's company plan and thankfully we've had little use for the health cover, but the dental cover included is good.

Do you have a pension/investment plan?

Yes, I have a pension in the UK, another in Australia and a few small ones in Ireland. Other than that, I'm long on cash and looking to invest it over the coming months, and that will be into a portfolio of equity funds.