

News Release

New Report on Supplementary Pensions and the Income of Ireland's Retirees

Dublin, November 29th, 2012 – Researchers at The Irish Longitudinal Study on Ageing (TILDA) at Trinity College Dublin have published a new report on the sources of incomes of retirees in Ireland, examining the extent to which retirees rely on the State pension, contributory and non-contributory. It also shows the types of retirees that have supplementary pensions, such as occupational or other private pensions, enhancing their income in retirement beyond the State pension.

The report was prepared using data from the first wave of The Irish Longitudinal Study on Ageing (TILDA). TILDA is a large-scale study of over 8,500 people aged 50 and over and living in Ireland. Participants were interviewed between late 2009 and early 2011. All participants were also re-contacted during the course of 2012 and are being re-interviewed. For this report, the authors have focussed on people who say they are retired and who worked for a certain number of years. For men, the analysis covers those who worked for at least fifteen years. For women, a lower cut-off of ten years is used. The report's authors are Sanna Nivakoski (Trinity College Dublin) and Alan Barrett (Economic and Social Research Institute and Trinity College Dublin)

The following findings are included in the study:

- The average pension income for retired men is €395 per week, when account is taken of state pensions, other social welfare payments, occupational pensions and private pensions.
- However, among the lowest 25% of retired men average pension earnings is €198. In the top 25%, the average is almost five times that amount, at €938.
- The average pension income of retired women is €254, which is about 2/3 of the income of retired men.
- For lower income retirees, earning €250 and less per week, the state pension makes up about 90% of their pension income.
- For higher income retirees, earning €750 or more per week, supplementary pensions make up about 80% of their pension income.

Having a supplementary pension makes a huge difference to the earnings of Ireland's retirees so the researchers go on to examine the characteristics of those with and without supplementary pensions.

They find the following:

- While a half of the male retirees have supplementary pensions, this is the case for only a third of the women.
- Having worked in the public sector has a large impact on the likelihood of being in receipt of a supplementary pension. Former public sector employees (both men and women) are about 30 percentage points more likely to have such pensions.
- Having worked in larger firms is also an important determinant of receiving a supplementary pension, as are education and occupation.

As the researchers observe very different levels of reliance on the state pension, they ask the following question: If the state (contributory and non-contributory) pensions were cut by 10

percent, what would be the impact on those at the lower and higher ends of the retiree pensions distribution?

- For those completely reliant on a state pension, the percentage fall in income would simply equal the 10 percent cut. However, for those in the top decile, income would only fall by 1.5 percent.

Commenting on the results, Professor Alan Barrett said: "The results in this study show that the income circumstances of Ireland's retirees vary considerably. Having a supplementary pension drives a lot of the differences. This should be kept in mind when policy decisions are being made, including decisions on public spending cuts. And for people who are at work, the figures serve as a reminder of the importance of pension saving."

For media queries contact:

Note to editors:

The report is titled Supplementary Pensions and the Income of Ireland's Retirees. It can be downloaded from <http://www.tcd.ie/tilda/assets/pdf/PensionsReport.pdf>.

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More information on TILDA can be found at www.tilda.ie.