

Pension Planning: What You Need To Know To Get Started

Pension planning is an important part of ensuring a comfortable retirement, but it can be a minefield when you're just starting.

Why do you need a pension? What type of pension plan is best suited for you? Where do you start?

In this infographic, we explore all of these questions and more, so read on to find out everything you need to know to get started. We'll discuss why pensions are so important, what types of pensions are available, and when is the best time to start planning your pension.

What is a pension?

A pension is essentially a savings plan that's going to help you to lead a fulfilling life after you retire. Whether that means going on that cruise you always dreamed of or just being able to live comfortably and keep doing the things you love, having an adequate pension plan gives you the freedom to live the life you want to live after retirement.

The money you save in your pension is typically invested into a mix of stocks, bonds and property, allowing the amount you save to accumulate even more savings over time in the form of interest or ongoing payments.



Why do I need a pension at all?

It's no secret that many of us are not saving enough to keep us going throughout our golden years. According to a recent study, only around 13% of women and 27% of men are confident they are saving enough money for retirement.

The current State pension in Ireland is paid to people from the age of 66 who have enough PRSI contributions. It amounts to just under €13,000 a year, which may not be enough to maintain your current standard of living in retirement — particularly since people are now living longer and staying active later in life.



What are the advantages of pensions over regular savings?



Pension planning is a better way to save for retirement than regular savings because your contributions are usually eligible for tax relief and your money can grow tax-free. This means you will save more money in the long run and be able to maintain a higher standard of living in retirement.

One thing to keep in mind is that pensions have restrictions on when you can withdraw the money, so it's important to have a mix of both pension savings and regular savings for emergencies or shorter-term goals.

What type of pension should I start?

There are several types of pensions available, including private pensions, company pensions, and the State pension. Your options will depend on your employment status and what may be available to you through your employer.

If your employer offers a company pension plan, make sure to take advantage of it. Even if you can only contribute a small amount each month, it's better than not saving at all. And if you have the option, consider increasing your contributions each year to boost your retirement savings.

If you don't have access to a company pension scheme, then you can pay into a Personal Retirement Savings Account (PRSA) or a personal pension.

When should I start my pension?

Ideally, it's best to start saving into a pension as early as possible. This allows more time for compound interest to work its magic and grow your savings.

However, it's never too late to start saving for retirement. Even small contributions add up over time, so make sure to at least do some research and see what options are available to you. Don't forget to take advantage of any employer-offered pension plans.

Overall, remember that saving for retirement is a long-term commitment, but it's worth it in the end to have a comfortable retirement. Pension planning is a great way to do this, so consider starting or increasing your contributions today.



Start your pension planning with ERM Financial Services



If you're looking for advice on pension planning or you need some help getting started, the team at ERM Financial Services is here to help. With almost 30 years in business, we can assist you in securing the future you want with expert pension advice and retirement planning built around you.

Our experts will guide you through the process of planning for your retirement, calculating pension plans and comparing the different types of pensions to help you make the best decision for you.

To get started on securing your ideal retirement, get in touch with our team today at sales@ermfinancialservices.ie or call 01 845 4361. After all, there is no better time to start pension planning than right now!