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### **Average pension tax-free cash lump sum is worth €31,000 - yet 60% of population don't know they exist**

**Maximum tax free lump sum is worth €200,000**

**Most popular age to start a pension is 23**

Standard Life's most recent survey\* of 1,000 respondents, reveals that 60% of the population don't know pension owners are entitled to a tax -free cash lump sum on retirement of 25% of their pension pot's value or up to 1.5 times their final salary. This lump sum is worth €31,000 on average\*\*.

The maximum retirement tax free pension lump sum permissible under Revenue rules is €200,000~.

**Q. Regarding pensions, did you know pension owners are entitled to a tax-free cash lump sum on retirement of 25% of their pension pot's value or up to 1.5 times their final annual salary (e.g. those typically enjoyed by public servants)?**

Yes..... 40%

No ..... 60%

#### **Further insight:**

- Just over 4 in 10 or 41% of people know pension owners are entitled to a tax-free cash lump sum on retirement. This has increased by 4% from 37% from one year ago.
- Men are more likely to be aware than women (46% vs 35%).
- 59% of people over 45 years of age know they are entitled to a tax free lump sum on retirement
- Those living in Connacht/Ulster (77%) are least likely to know about this tax break, followed by Rest of Leinster 60%, Dubliners, 53% and 55% of those in Munster.
- Those who are retired (74%), have a pension (62%) and have used a Financial Advisor (54%) are more likely to know that pension owners are entitled to this tax free cash lump sum.
- 30% of people under 34 years said they knew people were entitled to this lump sum on retirement

"€30,000 is not to be sniffed at - it could buy a new car, a good holiday and/or a new kitchen, said John McNerney, senior technical consultant, Standard Life. "If you're entitled to up to €200,000, you'd probably thinking of a bigger version of the car, kitchen, holiday etc and have a nice savings pot tucked away too,"

"You should start in your early 20s if at all possible and prevent the stress of 'catch-up' saving in later years, he said.

### **At what age did you first start saving into a pension plan?**

**18 to 25 – 37%**

26 to 30 – 28%

31 to 40 – 24%

41 to 50 – 9%

51 to 60 – 1%

Over 60 – 1%

Interestingly, the mid-point of 23 years is the most popular age at which to start a pension. Fort nine per cent of 55 to 64 year olds said they started saving between 18 to 25 as did 47% of 25 to 34 year olds, as did 39% of 45 to 54 year olds.

### **Notes for editors:**

- The survey results are based on an independent, online survey conducted by iReach on behalf of Standard Life of 1,000 adults aged 18+ between December 17 and January 4, 2016
- Dublin refers to Dublin city and county. Rest of Leinster refers to Leinster excluding Dublin. Connaught/Ulster refers to Connaught plus Donegal, Cavan and Monaghan.
- \*\*Average pension pot is €125,020 in the above survey. Twenty five per cent equals €31,255 or rounded to €31,000.
- \*\*\*For example, a private pension pot of €800,000 will yield a tax free lump sum of €200,000 (25% of €800,000 equals €200,000)

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