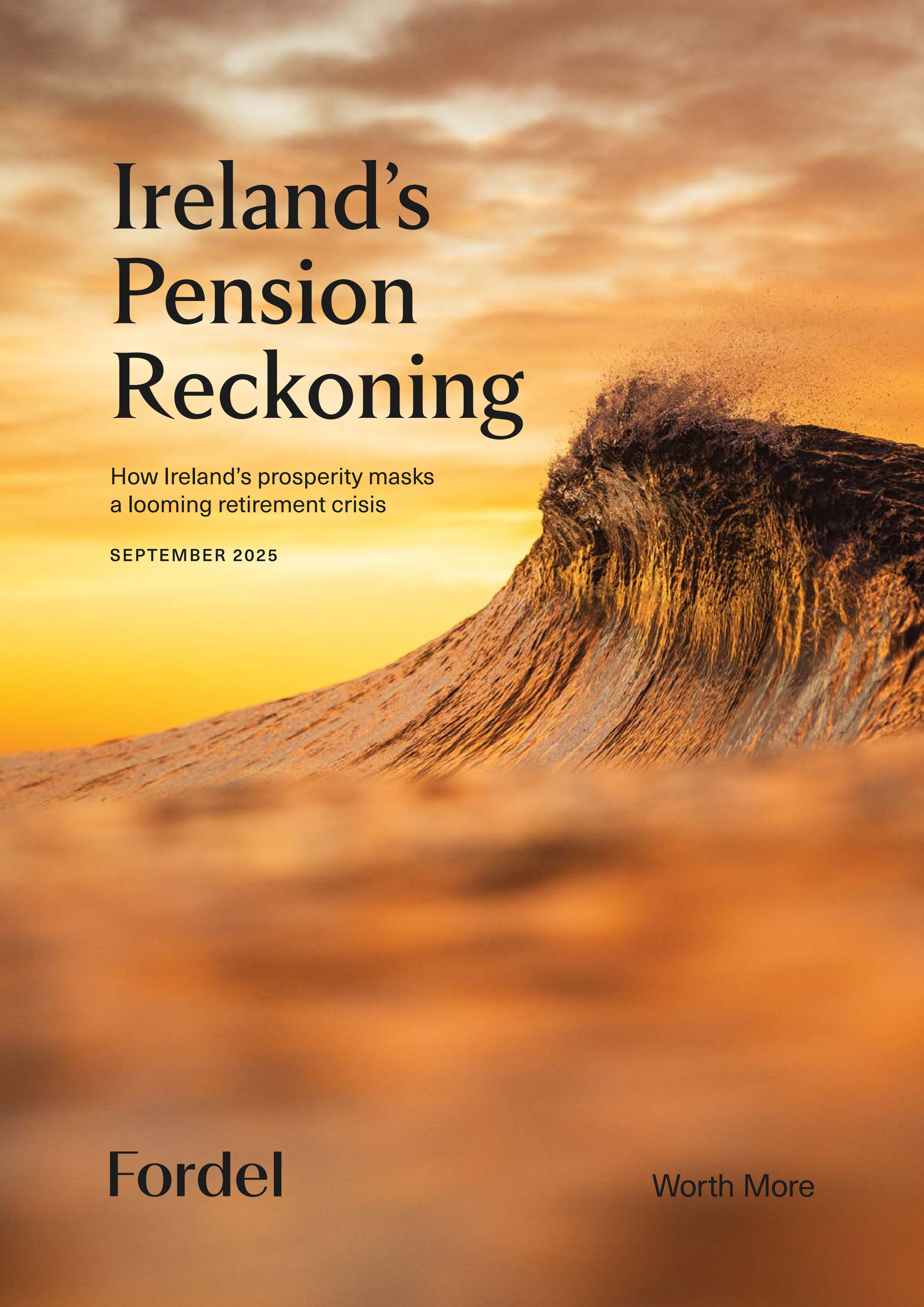


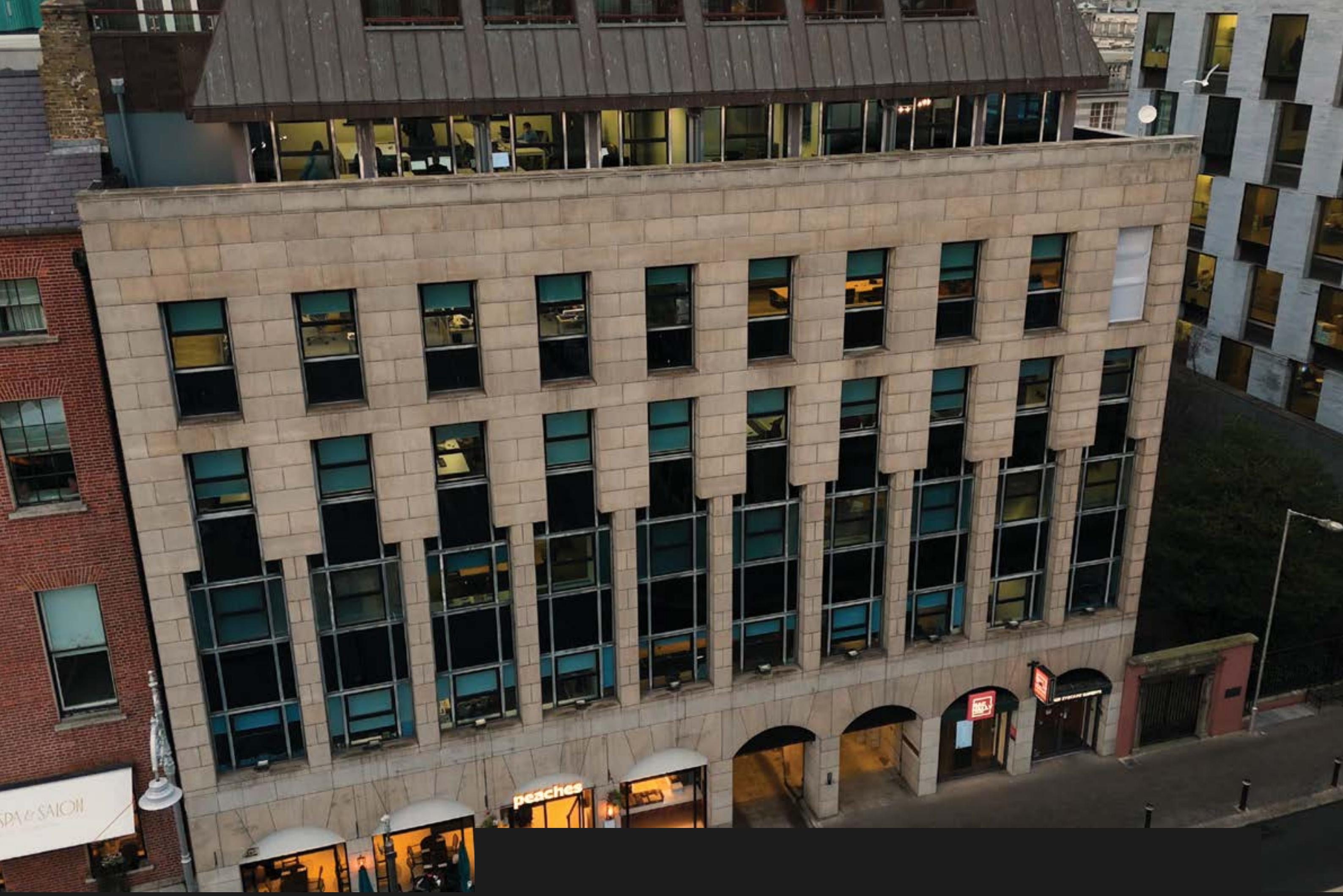
Ireland's Pension Reckoning

How Ireland's prosperity masks a looming retirement crisis

SEPTEMBER 2025

Fordel

Worth More



Fordel

Fordel was founded on the principles of independent thinking and expertise. Initially established as a Family Office, we have expanded to offer a full suite of wealth management services to Ireland's high-net-worth individuals. Our experience managing generational wealth allows us to bring a unique perspective to Private Clients seeking tailored financial solutions.

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Foreword

This report is a call to action for Ireland's high earners. It is firstly a stark portrayal of how, despite Ireland being wealthier than ever before, this prosperity masks a pension crisis. In a nation brimming with wealth, we ask: *why are pensions still an afterthought*? It aims to demystify pensions and outline the opportunity for futures that are worth more through smarter planning and a re-imagined approach to advice.

Retirement isn't what it used to be, and neither is ageing. Irish life expectancy is rising, inflation has returned and the State Pension faces mounting pressure from demographic shifts. The result? Your money needs to last longer and work harder than ever before. Yet too many individuals continue to sit in cash, avoid growth, or defer action entirely, often at great long-term cost.

Ireland's pension landscape is broken. Performance is patchy, fees are opaque, and advice is often misaligned. The shift from Defined Benefit to Defined Contribution pensions has transferred risk to individuals who are often ill-equipped to manage it. High charges, poor service, and inertia compound the problem. However, this also creates a rare opportunity: with the right advice, structure, and strategy, pensions can be one of the most powerful, tax-efficient tools available for building and protecting wealth.

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The numbers

Average occupational pension in Ireland

€80,332

per person

€11 per day

Average Personal Retirement Savings Account in Ireland

€42,520

per PRSA

€5 per day

26.2%

Ireland

54.8%

European Union

Pre-retirement income replaced by pension

€138bn

Cash Deposits

€133bn

Pension Assets

Cash deposits in Ireland total €138bn, **exceeding current occupational pension assets,** which stand at €133bn.

€500k

lost over 30 years

An investment manager underperforming peers by 1% per annum over **30 years could cost you over €500,000.**

€100k = €2.2m

Per annum in retirement

Pension fund

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Key insights

A missed opportunity

By age 50 a private sector employee has used up 53% of their lifetime pension tax-free allowances.

Saving a salary in a bank account can cost you

€1.2m

over 30 years when compared to a pension – we pay tax for the privilege of keeping funds in a bank account whilst we shun tax refunds redirecting the same funds to pensions.

Lagging behind

Ireland ranks 2nd lowest in the EU for gross pension income replacement rates[1] only ahead of Lithuania, highlighting the serious nature of the income drop once employment ceases.

Old contracts - Hidden costs

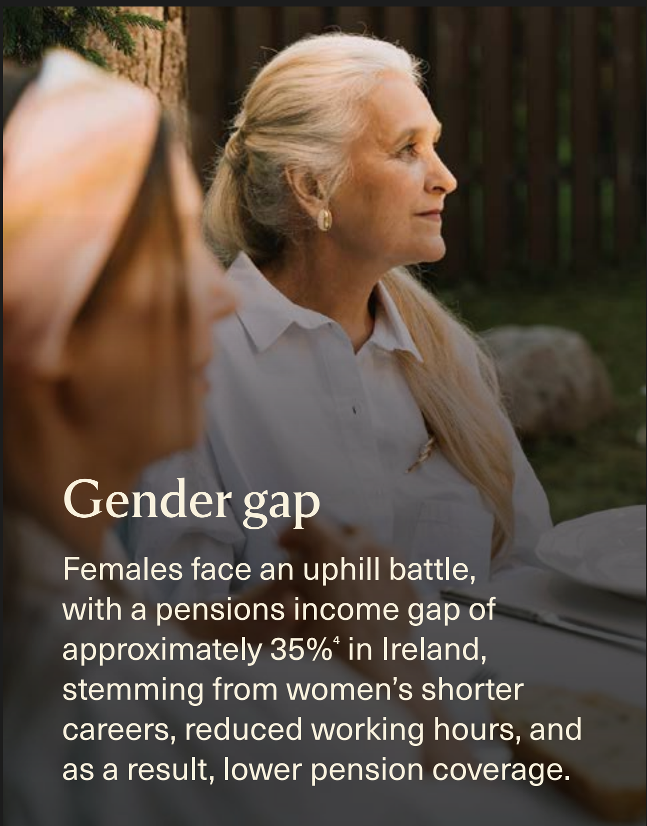
43% of personal pension holders aged between 55 and 69 years have been in the same contract for 20 years or more, old contracts often with opaque charges, fees and penalties.[2]

Late engagement

Most people postpone serious consideration of financial needs in retirement until around age 56.[3]

Inertia around planning

55% of people report not actively participating in financial planning for retirement, demonstrating inertia in the population around tackling the issue head on.[3]



Gender gap

Females face an uphill battle, with a pensions income gap of approximately 35%[4] in Ireland, stemming from women's shorter careers, reduced working hours, and as a result, lower pension coverage.

Lack of pension knowledge

Only 14% confirm they have a good understanding of the difference between an ARF and Annuity.[5]

Demographic time bomb

The United Nations forecasts that, by 2050, the global number of persons over age 65 will double and those over 80 will triple.[6] Ireland is not immune, with decreasing ratio of tax-payers funding an ever-increasing number of retirees expecting a state pension, the numbers do not add up.

Inflation erosion

Irish inflation has averaged 1.7% per annum over the past 20 years, outstripping cash returns. This erosion in purchasing power means retirees need larger pension funds that can generate net returns to keep pace.

Overview of the Irish pension industry

Ireland is Europe's second-wealthiest nation per household, with average net wealth of €663,630.[7] Yet beneath this prosperity lies a pension crisis that threatens even the affluent, including High Net Worth Individuals (HNWIs) with net wealth exceeding €1m. Despite their financial clout, many HNWIs fall prey to behavioural biases, cultural property obsession, and an opaque pension industry.

This report challenges Ireland's wealthy to rethink pensions. We dissect the pension landscape, probe why HNWIs neglect retirement planning, and expose the shift from Defined Benefit (DB) to Defined Contribution (DC) schemes. With provocative insights, we highlight the power of advice, the wealth-destroying impact of fees, and systemic flaws, urging HNWIs to act decisively to secure their financial futures.

A champagne lifestyle – lemonade retirement

Our wealth managers engage daily with HNWIs who express doubts, fears, or misconceptions about pensions. We often hear, "*I can't afford to contribute to a pension.*" But a more powerful question is: **Can you afford not to?**

> Many HNWIs experience lifestyle creep, as income rises through promotions, bonuses, or new roles, so too does their spending. Instead of allocating these increases towards future security, they fund ever-rising living standards and social pressures.

This short-termism risks leaving individuals dangerously dependent on the State Pension or inefficient sources of income later in life or indeed working longer than anticipated. These concerns are magnified by Ireland's increasing longevity.

Saving too little and living longer

A key ingredient to a successful retirement is accurately perceiving your likely longevity and how long your sources of income will need to last.[8]

By 2057,

49.8%

will be over the age of 65, as a percentage of the population aged 15-64 years.[10]

Access to quality healthcare and advancements in medical technology and treatments all play a significant role in increasing life expectancy. Income, education, and occupation are strongly correlated with life expectancy. In addition, a higher socioeconomic status typically provides individuals with healthier living conditions and improved overall well-being which also contributes to living longer than we think.

These lengthening lifespans and indeed workforce replacement rates, may imply future global labour market shortages, as well as skyrocketing costs for health care, pensions, and eldercare, with the burden falling on an ever-shrinking number of workers per retiree, putting the viability of the Irish State Pension as we know it today under serious pressure, the crux of the regularly referenced pensions time bomb.

The responsibility therefore lies with you, the individual.

Pensions landscape in Ireland

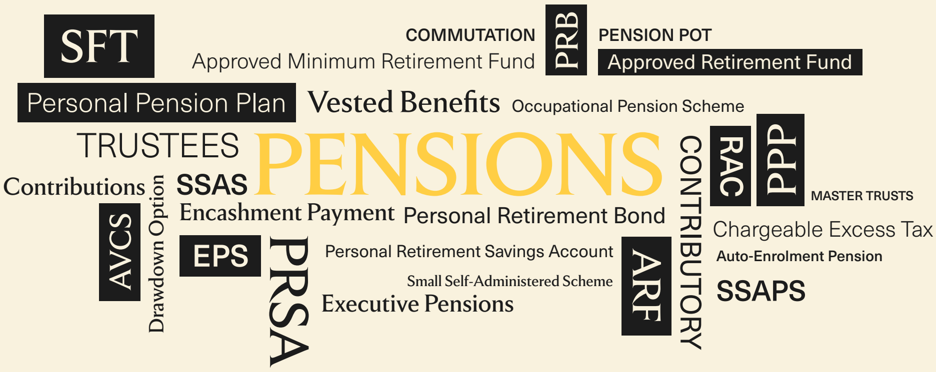
Ireland's pension system is ill-suited for a nation where 20% of households are now considered millionaires.[8]

Once upon a time, pensions in Ireland were simple. You worked, you retired, you drew a State Pension. If you were lucky, maybe a Defined Benefit (DB) scheme cushioned the transition. Fast forward to today, and what do we have? PRSAs, ARFs, AVCs, SSAPs, Personal Pensions, Master Trusts, Executive Pensions, each with their own rules, restrictions, and nuances. It's no wonder even the financially savvy quietly avoid the subject.

The government is attempting to simplify the pensions landscape. Ironically, each attempt seems to birth a fresh layer of complexity. With every new initiative comes a new acronym and with it, arguably more confusion.

Despite generous tax reliefs and decades of reform, pension participation remains stubbornly low. For many, it's not about incentives—it's about cognitive burden. Complexity, cost, and our bias toward the present have created a perfect storm.

The result: a critical pillar of wealth planning is often ignored until it's too late.



Shift from Defined Benefit to Defined Contribution

We've gone from Defined Benefit (DB) to Defined Contribution (DC), and in doing so, from clarity to uncertainty.

The shift from DB to DC pensions is one of the most quietly devastating wealth transfers of the last 50 years and the current generation of workers are paying the price for it.

The DB to DC transition has left employees exposed, with previous generations enjoying DB pensions that promised an income for life, often inflation-linked. They worked, they retired, and the payslips just kept coming.

DB schemes, generally promised up to two-thirds of final salary funded by the employer, with most now closed to new entrants. DC schemes are now the dominant type of pension scheme co-funded by the employee with investment decisions up to them. What used to be a risk for employers has become a burden on individuals.

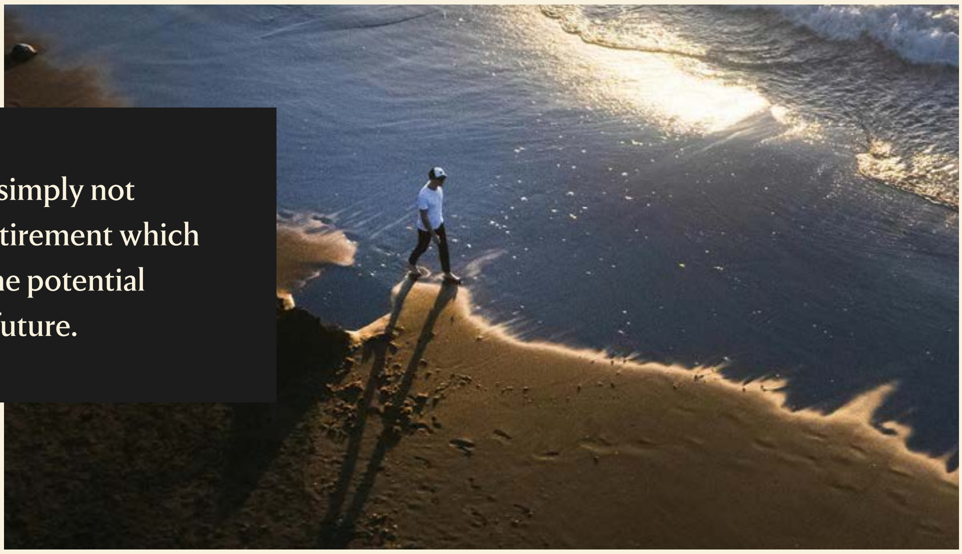
So why the shift? Longevity and evolving regulations have inflated DB costs and corporate balance sheets don't like it. Employers favour DC's fixed contributions at much lower cost burden to employers. This pushes the responsibility back to the individual, a risk transfer from employer to employee. Notably, the Organisation for Economic Co-operation and Development (OECD) notes that DC outcomes depend critically on contribution levels and net returns.[9]

Irish pensions are chronically underfunded

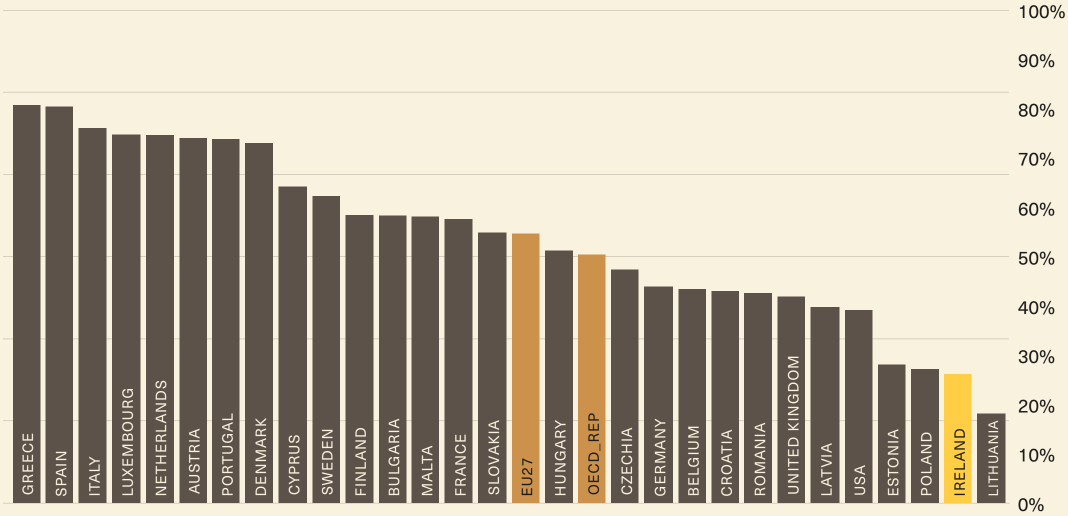
This shift in financial habits or norms from one generation to the next has left the nation chronically underfunded for retirement. If we look across the European Union and beyond, we fall significantly behind other developed nations when it comes to replacing the average wage in the economy.

Ireland ranks 2nd lowest in the EU for gross pension income replacement rates, only ahead of Lithuania.[1]

Irish individuals are simply not saving enough for retirement which calls into question the potential quality of life in the future.



PENSION REPLACEMENT RATE OF AVERAGE WAGE (EU, US, AND UK)



Data Source: OECD. www.oecd.org/en/data/indicators/gross-pension-replacement-rates.html

Why don't people take pensions seriously?

HNWIs limited engagement with pensions often stems from a complex mix of behavioural tendencies and deep-seated cultural attitudes. Here's why:

Present Bias
Funding ever increasing lifestyle costs often results in delaying pension contributions.

Overconfidence
Many assume their business or their property will fund retirement.

Mistrust
Mis-selling scandals and high fees erode trust.

Love of Property
Ireland's 150% property price surge since 2013[8] reinforces a belief that real estate trumps pensions, despite tax inefficiencies (52% on rental income vs. 40% pension tax relief).

Experience Managing Wealth
Financial education in Ireland is limited: guidance from previous generations is lacking and as a people, we don't like to talk about finances.

How much do you need in your pension?

The State Pension of €289 per week from age 66 does little to replace the income of high earners in retirement, whose lifestyle demands having a pension pot of approximately €2.2 million to replace €100,000 per annum from age 60.

Ireland's pensions today are significantly underfunded, both in absolute terms and compared to other developed countries. At the end of March 2025 there were €133 billion in occupational pension assets according to the Central Bank of Ireland. With 1.66m members that resulted in average pension assets of €80,332 per member. This would buy a pension of just under €4,000 per annum or €10.83 a day if you want to retire at 60. The latest figures from the Pensions Authority show that the average Personal Retirement Savings Account (PRSA) contract is a mere €45,250 or €5.23 if you want to retire at 60.[11]

Age	Available Fund Size	€ Received per annum	Annuity Rate
60	€2,260,000	€100,194	4.436%
60	€80,332	€3,945	4.496%
60	€42,520	€1,912	4.496%

The Economic and Social Research Institute (ESRI) has identified that only 28% of women receive occupational or private pensions, compared to 55% of men.[4] This does little to fully capture the fact that women's salaries, on average, are lower than men's and that women typically live for longer. In their report on the gender pension gap, the ESRI calculated that the total weekly pension income has a gap of 35%, which stems from women's shorter careers, reduced working hours, and as a result lower pension coverage.

It's never too late (or too early)

For private sector employees, contribution limits are often misunderstood. Yes, tax-deductible contributions are tied to salary and age, with a salary cap of €115,000, but the power of compounding over time remains unmatched.

According to the Central Bank of Ireland, most people postpone serious consideration of financial needs in retirement until around age 56.[3] While it is never too late to start funding a pension, time is certainly a key factor in generating a large pot for retirement. The table on page 13 highlights what end value one could reach by maximising their available contributions at different start dates. The earlier you begin funding your pension, the more the investments do the heavy lifting.

THE IMPACT OF MAXING OUT CONTRIBUTION IN EACH AGE GROUP

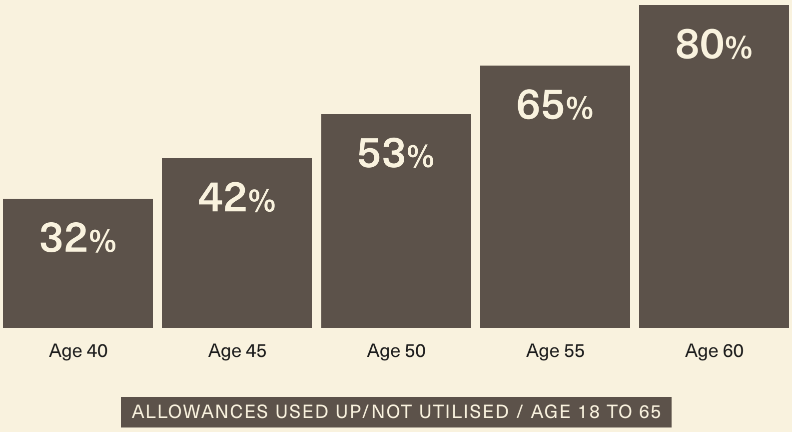
Example: 5% annual growth, maximum contributions, and 40% tax relief, starting at various ages.

Starting Age	30 years old	40 years old	50 years old
Pension Value at 65	€2,708,968	€1,680,342	€890,983
Total Annual Contribution	€1,121,250	€891,250	€603,750
Cost after Tax Relief	€672,750	€534,750	€362,250
Investment Gain	€1,587,718	€789,092	€287,233

Projected returns are not necessarily an accurate reflection of what actual returns would be. Investment values can fall as well as rise.

The time to act is now. By age 50 a private sector employee has used up 53% of their allowances available to them and 80% by age 60.

LOST LIFETIME PENSION ALLOWANCE BY AGE



For example, starting at age 30 would require total contributions of €1.1m with a pension end value of €2.7m. Delaying that pension until age 40 would mean that the end value of the pension is over €1m less despite total contributions being roughly only €230,00 less.

Pensions as a tax-efficiency engine

These allowances that vanish as you age are extremely valuable. Most employees contribute just 10% or less of their salary to pensions each year.[12] The common excuse? "I can't afford it." Yet, the data tells a different story: Irish households continue to hoard cash, prioritising short-term liquidity over long-term security. This is a missed opportunity.

Pensions remain one of the last true tax-efficient wealth creators available. Contributions reduce your income tax bill today, and growth compounds tax-free for decades. The benefits are not just theoretical, they're transformative.

Investing €100 into your pension costs just €60 after tax relief. In other words, €60 of foregone salary turns into a €100 investment offering an instant 67% uplift in your contribution.

Opponents argue pensions are taxed on the way out, but this misses the point. Retirement income replaces earned income and is taxed more efficiently using personal credits and reliefs.

Undrawn pension assets also continue to grow tax-free, and in retirement, many pre-retirement expenses (e.g. mortgages or childcare) disappear. PRSAs, in particular, provide generous inheritance options, with tax-free spousal transfers and structured access for the next generation.

The general theme of a limited awareness and understanding of pensions is evident, 55% of people are unaware of the tax benefits accruing to pensions.[13] Despite concerted efforts by both the state and the commercial pensions industry low engagement rates persist and tax incentives evaporate.

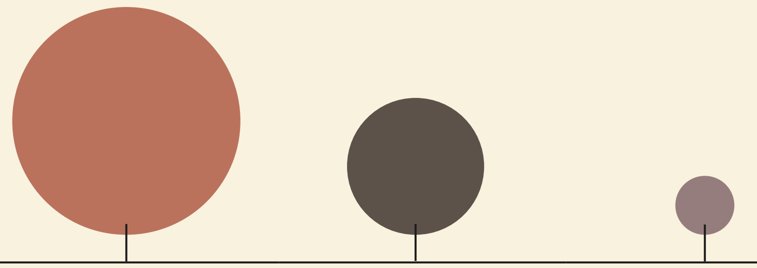
Cash is not king

By way of example, a higher-rate taxpayer faces a choice, take €15,000 net into their bank account or contribute €25,000 gross into their pension. This is the same cost to the individual, yet a wildly different outcome.

From our *Wealth of the Nation* research earlier this year, we know that most surplus cash rarely makes it into productive investments. It often stagnates in low-yield deposit accounts earning next to nothing. Over 30 years, that difference could be worth between €700,000 and €1.2 million, per individual.

While the average 3-month cash rate in Europe over the past 20 years was 1.2% per annum, the reality of the Irish retail banking landscape is that deposits have generated negligible returns for individuals in recent history.

The bottom line? Cash is comfortable and feels safe, but it won't fund your future. Pensions might feel restrictive now but in the long run, they unlock far greater freedom.



	Invest in your pension	Take your salary and invest personally	Take your salary and leave it in the bank
Value after 30 years	**€1,744,020**	**€1,046,412**	**€524,535**
Growth Rate	5%	5%	1%
Gross	€25,000	€25,000	€25,000
Net of Income Tax	€25,000	€15,000	€15,000
Gross Investment Gain	**€994,020**	**€596,412**	**€74,535**

Projected returns are not necessarily an accurate reflection of what actual returns would be. Investment values can fall as well as rise.

Beyond property and businesses

A common misnomer we hear: "*My business or property is my pension.*"

While both can contribute to funding retirement, neither offers the tax efficiency or liquidity of a well-structured pension.

For instance, rental income is taxed at full income tax, typically 52%, and property sales include Capital Gains Tax (33%). Managing property in retirement can also be burdensome with aspects that are outside of your control such as a problematic tenant or periods where an asset is left idle.

Relying on a business to fund retirement, either via sale or income generation, is not without risk. This strategy is highly exposed to the continuing performance of an individual entrepreneur and factors outside their control. The Covid-19 pandemic is a recent example of how external factors can have huge unforeseen implications on any operating business.

Pensions, in contrast, offer:

- Corporation and/or Income tax deduction on contribution
- No Capital Gains Tax
- Tax-free growth
- Diversification
- Protection from creditors
- Income flexibility from age 50 to 75
- Structured spousal benefits

Flexible planning for company owners and professionals

We see a rise in sophisticated planning among company owners and professionals with service companies, e.g. in the legal and medical sectors. Through savvy financial planning a controlling director can right size salaries to facilitate pension provision, including providing salaries for spouses to fund legitimate contributions. When approaching exit or pension thresholds, many are drawing partial tax-free lump sums while phasing into retirement or indeed slowing down a bit. Pensions such as PRBs can offer cash access from age 50 or multiple PRSAs offer strategic drawdowns all the way to age 75.

For some business owners, especially post-sale, planning extends overseas. Funds held in holding companies post-exit are difficult to access tax-efficiently in Ireland. Some explore emigration and bona fide pension transfers to jurisdictions like Malta, which maintain many double taxation treaties and permit tax-efficient drawdowns.

However, to use such strategies, the pension must be built up in advance, during active employment and through occupational schemes rather than personal arrangements.

For company owners, there is much greater headroom. Pensions offer a vehicle to transfer wealth efficiently from company to the individual. Example below of a company owner making up for lost time and taking advantage of generous reliefs in comparison to an employee.[13]

Company Owner	vs.	Employee
Age 55 €125,000 Salary Retire at 60 No Pension Drawing Salary for 10yrs		Age 55 €125,000 Salary Retire at 60 No Pension
Company can contribute **€1,890,000 lump sum** and **€202,000 per annum** or **€125,000 per annum to PRSA**		Personally can contribute **€40,250 per annum** or **€40,250 to PRSA** + **Employer contribution**

Allowable pension contribution figures are as at July 2025.

Costs and charges: What are you paying for?

Costs and charges are a complex and daunting feature of pensions and are not well understood by most individuals with a pension. The below highlights some key features of pension charging by providers and how they pay insurance intermediaries/brokers who promote their products.

Key feature	Description	Typical range	Impact
Allocation rate	The percentage of your contribution actually invested (e.g. 95% means 5% is taken as a charge).	95% – 105%	Reduces how much of your money is invested.
Upfront commission	Commission paid to an adviser when you start the pension; typically built into the allocation rate.	0% – 5%	Typically, a reduced allocation is paid to a broker as commission and/or from your fund at the outset.
Exit penalties	Fees for early encashment or transferring your pension out of a provider within a certain time frame.	0% – 5% (often over 5 years)	If you exit early. Often linked to allocation rates and commissions paid.
Annual Management Charge (AMC)	Ongoing fee taken by the pension provider or fund manager, usually a percentage of the fund value.	0.5% – 1.5% per year	Direct cost borne by the fund your pension is invested in which therefore impacts fund performance.
Ongoing service charge	Additional fee charged by advisers for regular reviews, support, and administration.	0% – 1% per year	Direct cost borne by the fund your pension is invested in which therefore impacts fund performance

The Annual Management Charge might be familiar, but it's rarely the whole story.

Most people focus on the headline fees, but what about the rest? Bid-offer spreads, switching fees, custody charges, platform costs, policy fees, and performance-based levies, all quietly erode your future wealth. With legacy pension policies, the problem is often worse. Many still operate under outdated and opaque charging structures.

Every layer of fees drag on long-term performance. A seemingly minor 1% annual charge on a €500,000 portfolio may not sound significant until you realise it could cost you over €500,000 in lost returns over a 30-year horizon. That's the difference between financial independence and compromise. According to The Central Statistics Office (CSO), over 20% of personal pension policies are more than two decades old, rising to 41% for those aged between 55 and 69.[2] These older plans often bury the true cost: lock-ins, hidden penalties, or poor liquidity options. The Annual Management Charge might be familiar, but it's rarely the whole story.

Charges matter, especially when paired with poor service. In Ireland's brokerage landscape, many arrangements are still commission-driven: large upfront costs, minimal ongoing advice.

Without regular guidance, issues go unchecked. Whether it's a fund underperforming, an inappropriate risk allocation, or behavioural missteps.

If you are a HNWI, what should you expect?

- 100% allocation i.e. 100% of your contributions are invested.
- Annual management charges of <0.5% for pension providers, administration and fund charges combined.
- Ongoing service charges of 0.5% (with high ongoing service standards).
- No exit penalties (or other hidden fees such as bid-offer spreads etc.).

Given much of the pension industry in Ireland can operate under opaque and wide-ranging fee structures, these often are not in the best interest of the Irish investor.

Performance & risk

The hidden cost of getting your investment strategy wrong

Pensions by their nature have a very long-time horizon. For a 30-year-old, retirement may be 30 years away. This type of horizon means an individual usually has significant capacity to take on risk.

As we have highlighted earlier, cash is not a viable long-term solution. While there may be times where de-risking makes sense, for the most part, investors should take some level of risk in their pension.

Investors are often risk averse with what they view as their retirement savings. However, the difference can be stark when viewed over time. The below highlights how different risk profiles have performed over the past 20 years.

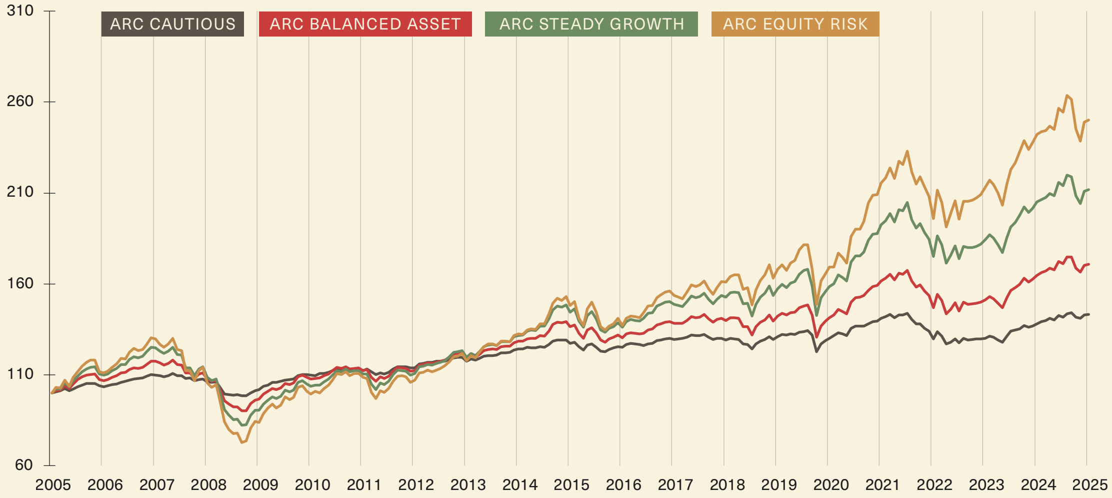
Asset Risk Consultants (ARC) are independent investment consultants specialising in performance benchmarking and manager research for private clients and fiduciaries. By collecting real, anonymised portfolio data from wealth managers and grouping them into risk-based categories, this helps clients compare their portfolio returns against peer group averages to assess if their wealth manager is delivering value. Note it is not pension specific data but actual returns experienced by investors in euro-based portfolios.

Moving up each risk profile historically adds approximately 1% per annum to returns.

While this does not suggest every pension should maximise risk, an awareness of your pension allocation and how it fits in the scheme of your overall financial plan is crucial.

Again, the inertia of many investors who do not look closely at their pension can sleepwalk into low-risk allocations that are not appropriate. Similarly having multiple pension pots that are not consolidated into a coherent strategy can have adverse consequences.

ARC RETURNS ACROSS RISK PROFILES



RETURNS BY RISK PROFILE

ARC	Cautious	Balanced Asset	Steady Growth	Equity Risk
Risk relative to equities	0-40%	40-60%	60-80%	80-110%
Total Return	43.4%	70.9%	111.9%	150.0%
Annualised Net Return	1.8%	2.7%	3.8%	4.7%

Are Irish pensions taking enough risk?

According to the Central Bank of Ireland there are €133.5 billion of occupational pension assets as of March 2025.[14] €78 billion of that is in insurance technical reserves, which are the assets to cover the claims on insurance companies such as unit linked investments offered by the life companies, and annuities etc. The balance of €56 billion over 60% is allocated to defensive assets of cash and bonds, and Fordel estimates only 16% in traditional equity market exposure.

Alternatives invested cover a wide range of assets such as Property, Commodities, Private Equity, Hedge Funds, and Financial Derivatives. (See table below)

While assets of underlying unit linked products are not well tracked, the Central Bank of Ireland estimated in a 2021 paper that these insurance technical reserves have 60% in risky assets and 40% in defensive assets. Certainly, these advised assets have a more balanced long-term allocation to equities and bonds.[15]

Given these numbers, Fordel estimates that total pension assets in Ireland have approximately 40% in traditional equity market exposure, with 50% in cash and bonds.

Not only is Ireland underfunded in pensions, but the underlying assets are likely too conservative to generate sufficient long-term returns.

BREAKDOWN OF IRISH PENSION ASSETS - MARCH 2025

Asset Class	Value March 2025	as % of Total
Insurance Technical Reserves	€77.9bn	58.4%
Other Pension Assets	€55.6bn	41.6%
Total Pension Assets	**€133.5bn**	**100.0%**
Bonds	€28.4bn	51.1%
Alternatives	€12.3bn	22.1%
Equities	€9.1bn	16.4%
Cash	€5.7bn	10.3%
Total	**€55.6bn**	**100.0%**

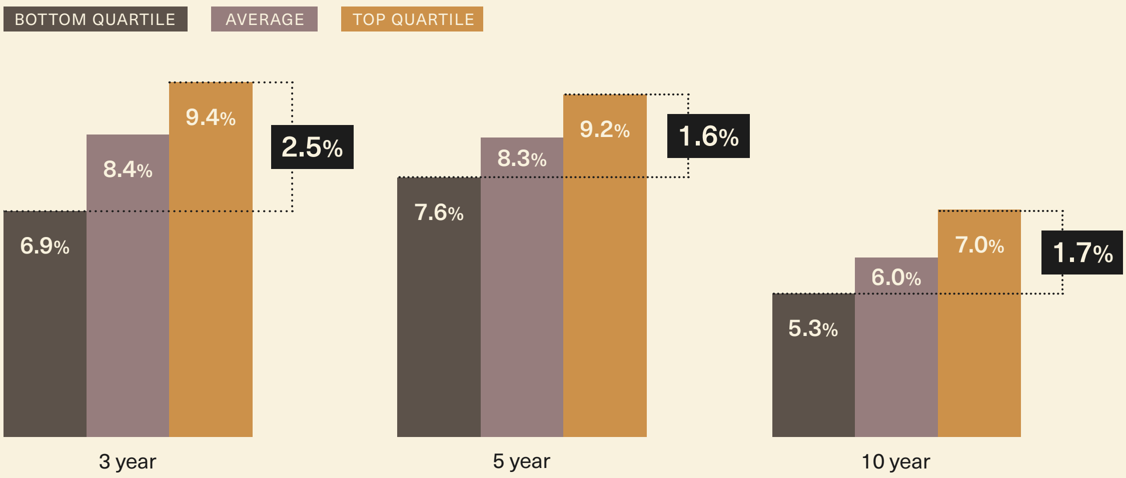
An under-performing investment manager costs more than just fees

A professional adviser can be key to helping select the appropriate investment fund for a client's risk profile. Different funds with the same level of risk can have varying returns. Even among funds with similar asset allocations, the difference between top and bottom quartile funds is 1.5% - 2% per annum. Unfortunately, the investment management industry is populated with many underperforming funds.

Fordel have reviewed the performance of 22 European Securities and Markets Authority (ESMA) 'risk level 5' funds, across the major pension providers, with combined assets of over €17.5 billion. A risk level 5 fund, on a 1-7 risk scale, is considered medium to high risk. These funds typically have c.70% of total capital allocated to growth assets like equities and are typically suited to investments with longer time horizons. Using their own performance data, we can identify how they have performed.

To estimate the difference between the performance of managers of the same risk level, we have compared the return required to be in the top 25% (top quartile) of funds to the return that would leave a fund in the bottom 25% (bottom quartile).

FORDEL PEER GROUP PERFORMANCE QUARTILES



A 1.5% to 2% impact on performance can massively impact on your final retirement pot.

Pension providers offer a range of remuneration structures to advisers to target their clients and get assets in the door. It is critical that every investor has an adviser they can trust to ensure:

1. They are guided on the most appropriate funds and fully disclose how they are remunerated and whether they have any other potential conflicts of interest.
2. That they monitor the performance and ongoing suitability of funds to ensure they continue to meet clients' objectives and align to their life plans.

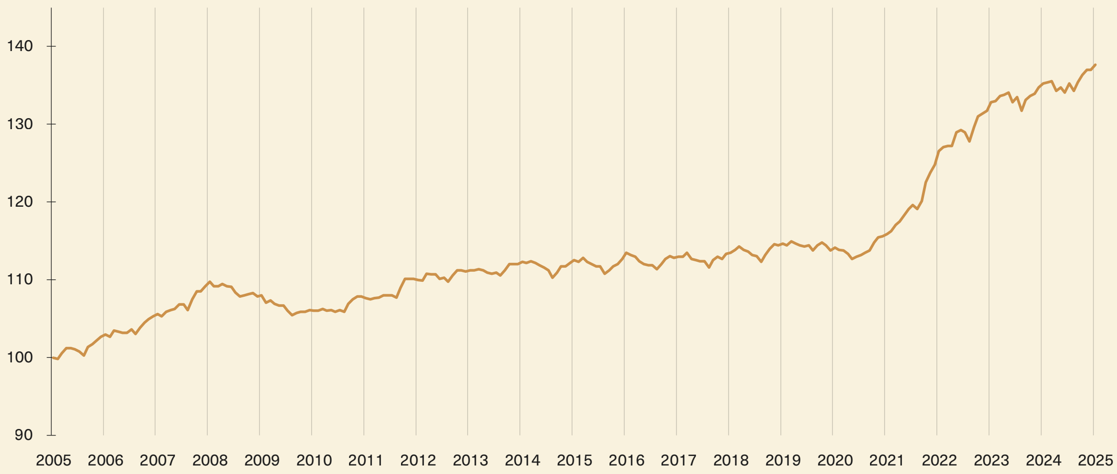
Risk perception and the myth of safety

Some clients resist pensions out of fear: "*I don't want to take any risk*."

This can be prevalent in Ireland, where there is a cultural bias with cash. Yet inaction itself is risky. Inflation silently erodes cash, and zero risk can equate to zero growth. Pensions are long-term vehicles. Over decades, avoiding growth assets can prove costlier than enduring short-term volatility.

Inflation has a real impact. A basket of goods that cost €100 in Ireland 20 years ago now costs €138.[7] After a long period of low inflation post the Global Financial Crisis, the post Covid resurgence has resurrected inflation as a threat.

IRISH INFLATION INDEX



Data Source: www.cso.ie/en/statistics/prices/consumerpriceindex/

Inflation has a real impact. A basket of goods that cost €100 in 2005 now costs €138.

The 3-month Euribor is often used as a benchmark for the return on cash or very low-risk investments. This measure has averaged 1.2% over the past 20 years. Inflation in Ireland has averaged about 1.7% over the same period. The return on cash has not kept up with inflation, particularly in Ireland where cash in current accounts yields little to no return. Global equity returns in sharp contrast have returned 9.2% per annum in Euro terms over the same period.

Some clients avoid pensions out of fear: "*I'd lose all my money in pensions*."

These fears stem from a broader mistrust of financial services. Scars remain from unregulated schemes and overexposure to bank shares. Yet the structure of modern pensions offer significant protection and flexibility.

> Scars remain from unregulated schemes, overexposure to bank shares, and other Celtic Tiger throw-backs.

In truth a well-diversified pension portfolio is unlikely to lose money over a prolonged period. Higher risk assets such as equities do experience large market falls and short-term volatility but historically have proven to recover over time.

The table below highlights major market falls over the past 30 years. -57.5% during the Global Financial Crisis in 2008, -34% during Covid in 2020, and -16.5% during Trump tariffs in 2025. In all cases markets recovered and continually set new all time highs.

GLOBAL EQUITIES - MARKET FALLS

Data Source: Refinitv

While market falls can be significant and often intimidating, a well-constructed pension portfolio can weather short term volatility and generate higher longer-term returns. While past performance may not be a reliable guide to future performance, history shows that diversification combined with a long time horizon and tax free growth give the investor the perfect vehicle to invest for the long term.

Ongoing professional advice: The role of your Financial Adviser

Behavioural barriers

Despite the logic, Ireland faces significant underinvestment in pensions. As noted earlier, this is driven by behavioural finance traps:

Inertia	›	"I'll start next year."
Loss Aversion	›	"What if I lose money?"
Status Quo Bias	›	"I've never had a pension before, so I don't need one now."
Availability Bias	›	"I heard about someone who lost everything."

What is described are innate human reactions, but they come at a cost. Ireland is sleepwalking into retirement. According to the Central Bank[3] only 26% think a lot about planning and funding their retirement and 55% report not actively participating in financial planning for retirement. Pensions, despite their promise, grow more complex each year. Simplification efforts have failed. **The solution? Seek advice, build a long-term plan, and start, even if small.**

According to Standard Life's recent retirement research regularly advised clients feel three times more positive about their finances and are almost twice as likely to look forward to retirement than those with no plan.[5]

Impact of ongoing advice on pension outcomes

According to the same study, while 42% of Irish adults have sought financial advice at some point in their lives, a mere 9% engage with it regularly for retirement planning. Those who do take advice don't just build better portfolios; they build richer futures.

For high earners, the message is clear: wealth alone doesn't guarantee peace of mind, advice does.

Professional advice is a lifeline for HNWIs. Global investment giant Vanguard believe advisers add 3% annualised to net returns, potentially boosting a €1m pension by €600,000 over 15 years.[16] The concept of "adviser alpha," pioneered by Vanguard, quantifies the additional value advisers bring through strategic planning, disciplined execution, and emotional guidance.

The standout contributor is behavioural coaching, estimated to add up to 1.5% annually. This reflects an adviser's ability to influence clients against making costly mistakes, such as selling during market downturns or chasing trends.

Estimating the true return of a good Financial Adviser

Throughout this report we have noted the pitfalls that may arise throughout the journey including poor performance, behavioural pitfalls, high costs, and incorrect risk levels.

In the table below, we have sought to illustrate the combined effects of poor performance, high costs and inadequate advice. In each case, a poor outcome could result in more than 1% per annum being unnecessarily lost. **When compounded over a typical 30-year pension time horizon, this can make a substantial difference to your final pension pot.**

ORIGINAL INVESTMENT OF €500,000 AND A FIXED ANNUAL RETURN OF 5%

Sensitivity Analysis	% lost to poor performance/high fees/poor or no advice				
Time Invested	**0.0%**	**0.5%**	**1.0%**	**1.5%**	**2.0%**
5 years	€638,141	€623,091	€608,326	€593,843	€579,637
10 years	€814,447	€776,485	€740,122	€705,299	€671,958
15 years	€1,039,464	€967,641	€900,472	€837,674	€778,984
20 years	€1,326,649	€1,205,857	€1,095,562	€994,894	€903,056
25 years	€1,693,177	€1,502,717	€1,332,918	€1,181,622	€1,046,889
30 years	€2,160,971	€1,872,659	€1,621,699	€1,403,397	€1,213,631

Projected returns are not necessarily an accurate reflection of what actual returns would be. Investment values can fall as well as rise.

The service a client should expect incorporates all of these elements when engaging with an adviser. The potential for a strong adviser or Wealth Manager to add significant value is massive and in truth, service is much more than just the above hard data points.

Enhanced returns and results derived from:

- **Tax Optimisation and Withdrawal Strategies:** Enhancing after-tax returns through strategic planning.
- **Behavioural Coaching:** Advised HNWIs are substantially less likely to deviate from their investment plans during downturns.
- **Suitable Asset Allocation and Fund Selection:** Aligning portfolios with clients' risk tolerance, capacity, their life plans and return required to achieve same.
- **Cost-Effective Implementation:** Selecting low-cost funds to minimise expenses.
- **Ongoing Monitoring:** Maintaining portfolio balance to optimise returns and risk.
- **Emotional Support:** Your adviser knows more about you than most people in your life, they can offer candour when needed and empathy throughout life's many tests, enhancing informed decision making in times of stress.

The time to act is now

Ireland is a wealthy country but when it comes to pensions, wealth is not translating into security. This report has outlined the scale of the challenge: underfunded pensions, opaque charges, widespread financial inertia, and a cultural over reliance on property and cash. For Ireland's high earners and high-net-worth individuals, the real risk is not volatility, it's doing nothing.

The opportunity is clear. With thoughtful structuring, personalised advice, and strategic long-term planning, pensions can be transformed from an afterthought into a powerful wealth preservation tool. The data is unambiguous: compounding returns, tax relief, and diversified investment strategies provide a level of efficiency and security that few other assets can match.

CALL TO ACTION

01 **Reassess your pension strategy**
When was the last time you reviewed your pension in detail? Are your funds aligned to your goals, your risk appetite, and your time horizon?

02 **Consolidate scattered and underperforming pension pots**
Reducing inefficiencies and aligning your holdings under a single, coherent plan can unlock value and reduce hidden costs.

03 **Get professional advice**
Regular, expert and personalised advice adds measurable value, up to 3% annually according to industry research. Don't go it alone.

04 **Use your allowances, before you lose them.**
Generous tax reliefs exist, but contribution limits shrink with time. Every year missed is a lost opportunity.

05 **Think long-term, act now**
Pension planning is a decades-long journey. The earlier and more consistently you act, the greater your financial freedom in later life.

At Fordel, we believe that clarity leads to confidence. Our approach is built on transparency, rigour, and a deep understanding of the unique challenges facing Ireland's affluent individuals and families. Whether you're a business owner, self-employed professional, or senior executive, our experienced wealth managers guide you through the complexity of retirement and wealth planning. We believe that great financial planning is proactive, personal, and enduring. This starts with a conversation.

Retirement is inevitable. The outcome is not. Take control of your future, because waiting costs more than you think.

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Worth More

Wealth Guidance that's Worth More

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A disciplined approach to long-term wealth growth.

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We proactively manage your portfolio and financial plan.

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Let's talk about your future

Fordel is here to provide expert wealth management guidance that helps you achieve your financial ambitions. Get in touch today and take the first step towards a richer future.

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