Irish Retirement Living Standards

Helping consumers understand spending in retirement
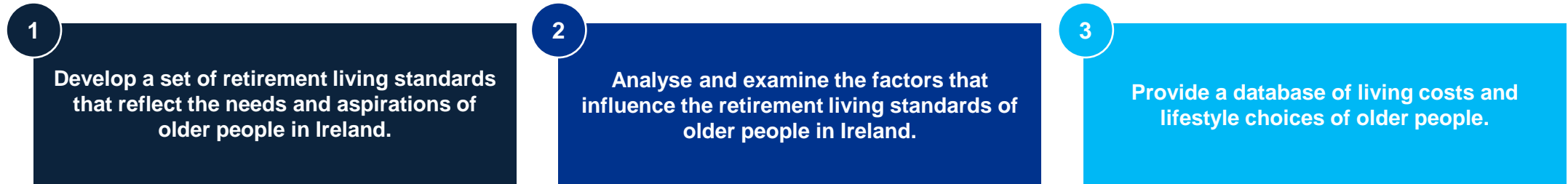
Pensions Council

September 2024

About this report

High level scope of our work

1 Develop a set of retirement living standards that reflect the needs and aspirations of older people in Ireland.

2 Analyse and examine the factors that influence the retirement living standards of older people in Ireland.

3 Provide a database of living costs and lifestyle choices of older people.

Key sources and activities

Primary research	Secondary research and literature review	Statistical analysis

Public survey and targeted workshops:

1) Survey of the older population in Ireland (age: 66+) with the aim of determining typical income and costs across different socio-economic categories and standards of living.

2) Workshops arranged via Age & Opportunity to supplement the survey data with qualitative perspectives.

Third-party reports and other documentation analysed including:

- CSO Household Budget Survey.
- Minimum Essential Standard of Living (MESL) – Vincentian Research Centre.
- Data and statistics across Eurostat, ONS, Pensions and Lifetime Savings Association, The Association of Superannuation Funds of Australia, etc.

- Benchmarking the retirement living standards developed against third-party sources and standards in other jurisdictions to sense check their reasonableness.
- Regression analysis to determine the relative influence of a range of factors (age, location, household composition, home ownership status) on the retirement living standards.

Acknowledgements

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In addition, thank you to Age and Opportunity for facilitating discussions with their members and to Age Action and Nursing Homes Ireland for providing valuable insights and perspectives.

An Chomhairle Pinsean
The Pensions Council
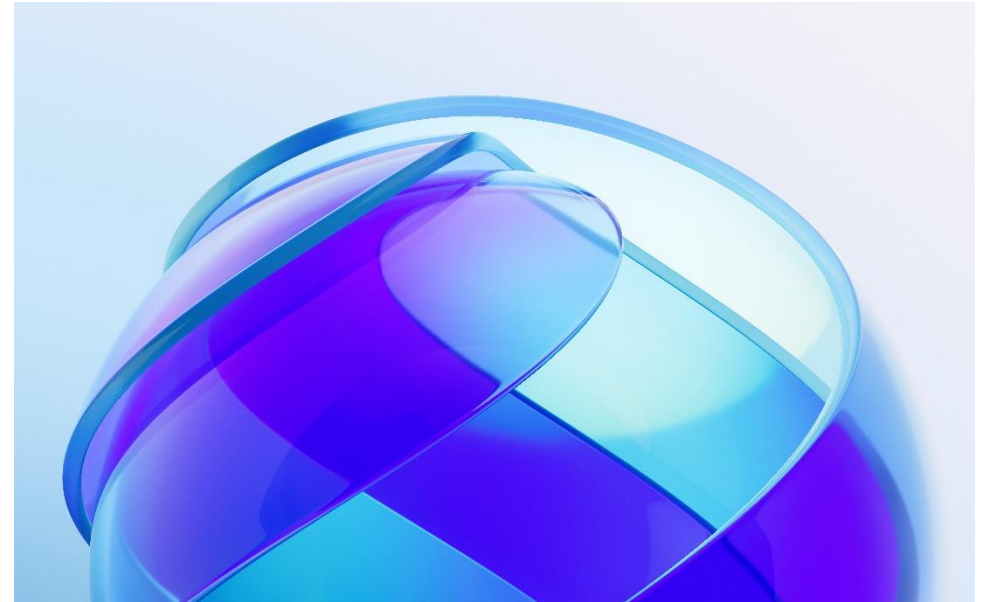
Limitations and disclaimer

Limitations

This paper aims to reflect estimated national averages for expenditure thresholds across different scenarios. However, we note that it reports subjective assessments of expenditure thresholds among a limited group of respondents that are not necessarily representative of the general population. Hence, cautious interpretation of the results is warranted. Furthermore, the sample average estimates do not capture the heterogeneity that exists within the population or reflect expenditure thresholds for any particular individual, and should not be considered financial advice. As an initial exploratory analysis of this important topic it provides a framework that can be expanded and developed in the future, to reduce the risk of bias and provide a fuller assessment of the validity of the constructs used to categorise living standards with reference to expenditure levels. Comparisons between estimated average expenditure levels and individual rates of social welfare benefits in isolation are inadvisable. Social welfare rates, including State pension payments are designed to provide a basic level of income.

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Executive Summary

Retirement living standards

Retirement living standards are a description of the level of spending required to reach certain standards of living in retirement. These should help guide people to become more financially prepared for retirement.

What are retirement living standards?

Retirement living standards (RLS) describe the level of spending required to reach a certain standard of living in retirement (and accordingly, associated income requirements). Previous studies have been undertaken in Australia and the UK to describe these standards. In this report, we undertake an equivalent exercise, taking inspiration from previous work in the development of three standards of living:

- **Modest**: Your basic needs are covered and you have some money left over for non-essentials

- **Moderate**: You have more flexibility and financial security than if you were at the modest standard

- **Comfortable**: You have more financial freedom than the moderate standard and can afford some luxuries

The standards were defined based on self-reported income and expenditure values provided via a survey of Ireland's over 66 population, sense-checked and validated via publicly available information from the CSO, the Minimum Essential Standard of Living (MESL) report and other sources available in the public domain.

It is recognised that the terms "modest", "moderate" and "comfortable" are highly subjective and there may be different interpretations of what they mean. Furthermore, the standards developed reflect national averages, not specific circumstances. They also reflect a point in time analysis, based on the cost of living in 2024 which may change in the future.

Why do we need retirement living standards?

For those nearing retirement (and younger) it can be difficult to understand the level of income required to reach a certain standard of living. This can make it challenging to build an appropriate savings and retirement plan that can deliver a desired standard of living.

Often, percentages of existing pre-retirement income are used by financial planners as general rules of thumb, but these approaches have their limitations.

This report provides a response to the above challenges by providing an overview of the amount of money needed to obtain a desired standard of living in retirement.

This report is solely concerned with the development of retirement living standards. It is not focussed on the state pension, poverty rates amongst older people, or income replacement rates, which are effectively covered elsewhere. The retirement living standards developed are not financial advice.

The Irish context

Ireland's older population is expected to grow considerably over the coming years with many feeling financially unprepared for the remainder of their retirement.

Projected proportion of the Irish population that are over 65 years[1]
% of total population
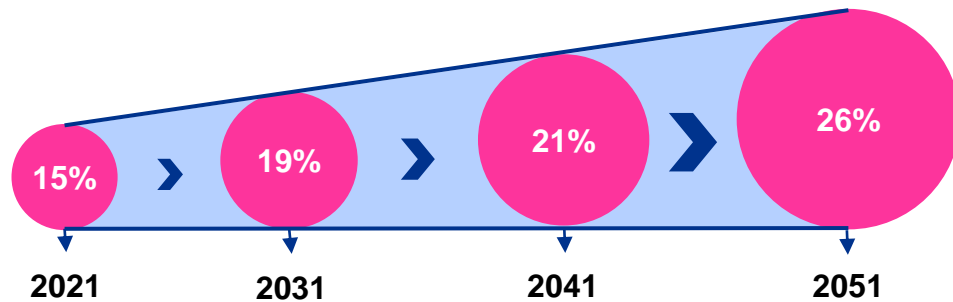
15% **19%** **21%** **26%**

2021 **2031** **2041** **2051**

Do you feel adequately financially prepared for the rest of your retirement?[2]
% of survey respondents

14%

42%

44%

- Yes
- To some extent
- No

The share of the total Irish population that will be 65 years of age or older is expected to grow to more than 25% by 2051. In this context, there will be a need for people to understand the level of income that they will require in order to reach a certain standard of living.
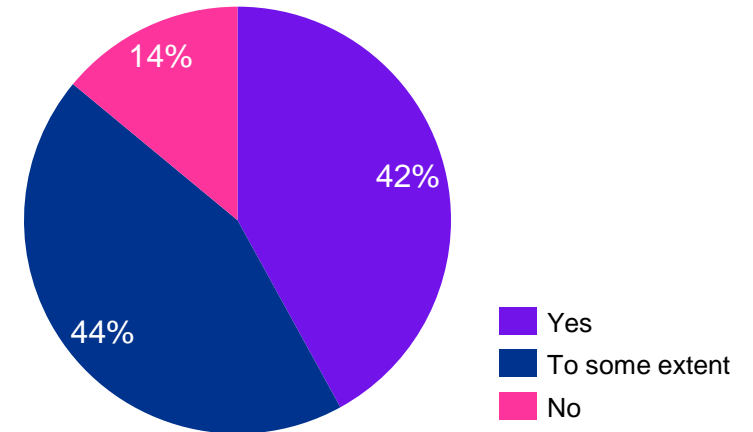
As part of this study, 500 older persons in Ireland were surveyed to gather insights on their standard of living and financial well-being. Less than half (42%) consider themselves to be financially prepared for the rest of their retirement. This reflects the need for good quality financial planning and points towards the value of developing a set of retirement living standards.

Sources: **(1)** CSO **(2)** KPMG Survey data

What are the standards?

We have determined three annual expenditure levels required to achieve different standards of living in retirement: modest, moderate, and comfortable living standards.

	Modest	**Moderate**	**Comfortable**
Single	€19,200	€27,600	€33,600
Couple	€28,800	€37,200	€43,200

Your **basic needs are covered** and you have **some money left over for non-essentials**	You have **more flexibility and financial security** than if you were at the modest standard	You have **more financial freedom** than the moderate standard and can **afford some luxuries**
The modest standard exceeds the state pension which is focussed instead on poverty alleviation and setting a 'basic' standard of living.	The moderate standard reflects a household that has supplementary income or savings beyond the state pension.	The comfortable standard does not describe the living standard of an affluent couple or individual, nor does it describe a couple/individual who can afford, high cost or extravagant luxuries.

We recognise these terms can be highly subjective and mean different things to different people. We also realise that national averages will mask specific circumstances, such as renting in Dublin, material healthcare costs, or travel costs to see children abroad, that would all increase the amounts required to meet each of these subjective states. Nonetheless, triangulating between approaches taken elsewhere, and how our survey responded overall, its considered these broad categorisations hold true at the national level. Furthermore, it is worth noting that these averages are within a reasonable level of tolerance.

Placing the standards in perspective

The RLS equate to a range between the ~25th and ~80th income percentiles for households in the 65+ age category. This is a reasonable distribution of values, noting challenges in exact like-for-like comparisons.

The RLS compared to the household income percentiles of the 65+ age cohort in Ireland[1,2]
€

Income percentiles

	Single				Couple			
	MESL	Modest	Moderate	Comfortable	MESL	Modest	Moderate	Comfortable
Value	17,631	19,200	27,600	33,600	22,370	28,800	37,200	43,200

Percentile axis (left): 90th, 75th, 50th, 25th
Income axis (right): € 55,178 (90th), € 40,807 (75th), € 25,462 (50th), € 18,969 (25th)
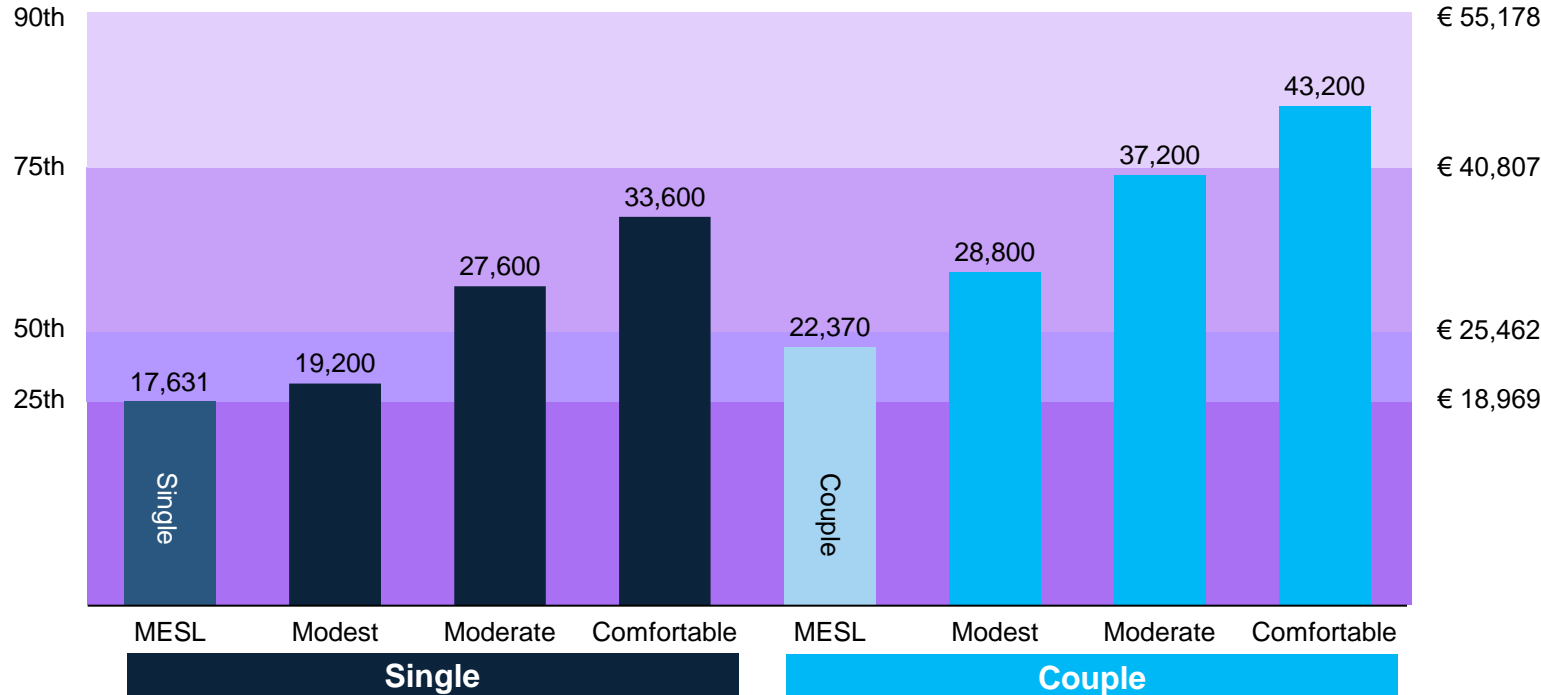
Understanding this analysis:

- The retirement living standards are expressed as the yearly costs required to reach each standard. These standards are compared to gross income percentiles from reliable third-party sources and hence, doesn't provide a like-for-like comparison.

- The income percentiles available represent an aggregated set of data reflective of all household types. Hence, an exact like-for-like comparison for single or couple households is not possible, noting that 54% of older person households are couples, while 26% are single person households.[3,4]

- The income percentile data used is derived from gross PAYE data which excludes informal, non-revenue reported income sources and does not take taxation into account.
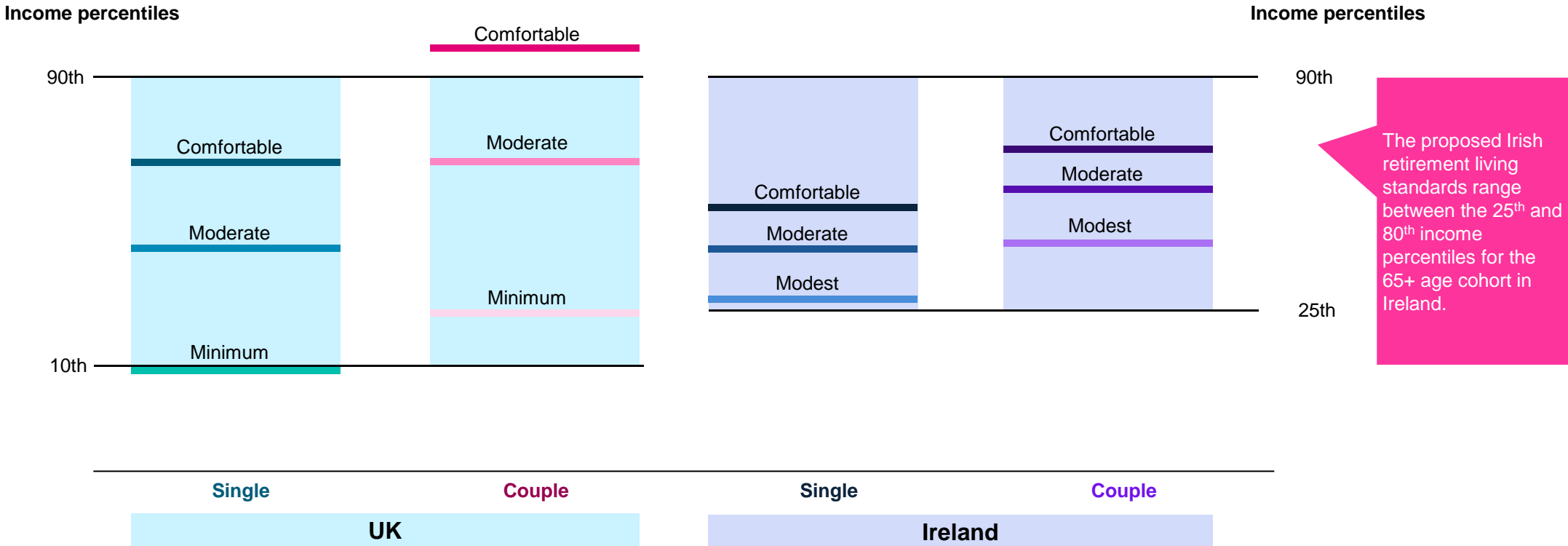
Sources: **(1)** Revenue Commission **(2)** MESL **(3)** CSO **(4)** TILDA

Comparing the Irish and UK standards

The UK RLS are widely distributed across income percentiles for the 65+ aged cohort, ranging from below the 10th percentile to above the 90th percentile. The distribution for the Irish RLS is narrower.

An Irish and UK RLS comparison[1,2,3]

National income percentiles for the 65+ age cohorts

Income percentiles

Comfortable

90th

Comfortable

Moderate

Moderate

Minimum

Minimum

10th

Income percentiles

90th

Comfortable

Moderate

Comfortable

Moderate

Modest

Modest

25th

The proposed Irish retirement living standards range between the 25th and 80th income percentiles for the 65+ age cohort in Ireland.

Single · **Couple**

UK

Single · **Couple**

Ireland

Sources: **(1)** PLSA **(2)** Office for National Statistics **(3)** Revenue Commission

Breakdown of expenditure across categories

The modest, moderate and comfortable retirement living standards were developed by analysing spending patterns across seven key cost categories.

	Single			Couple		
	Modest	Moderate	Comfortable	Modest	Moderate	Comfortable
Total costs (monthly national average[a])	**€1,600**	**€2,300**	**€2,800**	**€2,400**	**€3,100**	**€3,600**
Housing (including utilities)	€600	€750	€800	€700	€800	€900
Food	€400	€450	€525	€550	€625	€700
Transport	€50	€100	€175	€175	€225	€275
Health	€150	€250	€300	€200	€300	€350
Leisure	€50	€150	€200	€150	€250	€300
Clothing and personal	€50	€100	€175	€125	€200	€225
Once-off	€300	€500	€625	€500	€700	€850
Ability to save	€50	€100	€150	€100	€200	€300

- There is a larger difference between the modest and moderate standard of living than between the moderate and comfortable standards of living, reflecting the definitions used.
- Graduated increases in total costs reflect higher spending across all cost categories as well as in specific cost categories relevant to each standard.
- Across the defined standards, the cost ratio between individuals and couples varies across cost categories. A moderate variation exists for core costs such as housing, with greater differences experienced in costs such as leisure and transport.

Notes: [a] These figures refer to national averages. Hence, they may not reflect the needs of certain cohorts (for example a non home-owner living in Dublin that needs to pay market rates on rental accommodation).

What the standards mean (1/2)

As individuals and couples reach higher living standards, they are able to afford a greater amount of luxuries across each of their core categories (housing, food, transport, and health).

	Modest	Moderate	Comfortable
Housing costs	Typically a home-owner, but may be renting (most commonly from a local authority). **Single:** 38% of total costs per month are on housing. **Couple:** 29% of total costs per month are on housing.	Almost always a home-owner, with some money spent on home decorating. **Single**: 33% of total costs per month are on housing. **Couple:** 26% of total costs per month are on housing.	Almost always a home-owner, can afford to spend more on home decorating and the occasional use of a cleaner. **Single:** 29% of total costs per month are on housing. **Couple:** 25% of total costs per month are on housing.
Food costs	Most food costs arise from grocery shopping, occasional spending on lower cost eating out possible. **Single:** 25% of total costs per month are on food. **Couple:** 23% of total costs per month are on food.	Most food costs arise from grocery shopping, more frequent spending on eating out. **Single:** 20% of total costs per month are on food. **Couple:** 20% of total costs per month are on food.	Higher quality groceries can be purchased, more spending on higher cost eating out. **Single:** 19% of total costs per month are on food. **Couple:** 19% of total costs per month are on food.
Transport costs	Transport costs are primarily car running costs. Free public transport where available is used frequently. **Single:** 3% of total costs per month are on transport. **Couple:** 7% of total costs per month are on transport.	Transport costs are primarily car running costs. A mixture of free public transport where available and taxis is also used. **Single:** 4% of total costs per month are on transport. **Couple:** 7% of total costs per month are on transport.	Less dependency on public transport where available, opting for driving instead. More flexibility to order taxis when desired. **Single:** 6% of total costs per month are on transport. **Couple:** 8% of total costs per month are on transport.
Health costs	Limited ability to purchase nonessential medical supplies and over the counter medications. **Single:** 9% of total costs per month are on health. **Couple:** 8% of total costs per month are on health.	Basic health insurance and good ability to purchase nonessential medical supplies and over the counter medications. **Single:** 11% of total costs per month are on health. **Couple:** 10% of total costs per month are on health.	More comprehensive health insurance and greater ability to purchase nonessential medical supplies and over the counter medications. **Single:** 11% of total costs per month are on health. **Couple:** 10% of total costs per month are on health.

Notes: The modest, moderate and comfortable retirement living standards detailed above were developed through KPMG primary research as well as the use of secondary sources to guide final standard definitions.

What the standards mean (2/2)

Spending across the categories increases as an individual reaches from the modest to comfortable living standards; those with a higher standard of living are able to save more.

	Modest	Moderate	Comfortable
Leisure costs	Limited spending on hobbies, sports and media services. **Single:** 3% of total costs per month are on leisure. **Couple:** 6% of total costs per month are on leisure.	Frequent spending on hobbies, sports and media services. **Single:** 7% of total costs per month are on leisure. **Couple:** 8% of total costs per month are on leisure.	Ability to engage with hobbies and sporting activities on a weekly basis, as well as frequent spending on media services. **Single:** 7% of total costs per month are on leisure. **Couple:** 8% of total costs per month are on leisure.
Clothing and personal costs	Can replace worn out clothing. Can afford basic personal items. **Single:** 3% of total costs per month are on clothing and personal. **Couple:** 5% of total costs per month are on clothing and personal.	Can replace worn out clothing and buy non-essential clothing items. Can afford basic personal items. **Single:** 4% of total costs per month are on clothing and personal. **Couple:** 6% of total costs per month are on clothing and personal.	Can replace worn out clothing and buy non-essential clothing items. Can afford superior quality personal items. **Single:** 6% of total costs per month are on clothing and personal. **Couple:** 6% of total costs per month are on clothing and personal.
Once-off costs Including holidays, gifts, once-off purchases, property/car tax, and insurance.	A small level of discretionary spending on holidays, gifts and once-off purchases. **Single:** 19% of total costs per month are on once-off costs. **Couple:** 21% of total costs per month are on once-off costs.	An increasing level of spending on niceties such as holidays and gifts. **Single:** 22% of total costs per month are on once-off costs. **Couple:** 23% of total costs per month are on once-off costs.	Regular spending on gifts and holidays, with multiple holidays a year. **Single:** 22% of total costs per month are on one-off costs. **Couple:** 24% of total costs per month are on once-off costs.
Ability to save	Can break even on a monthly basis with a small surplus: **Single ~€50, Couple ~€100**. Covers unexpected costs with some level of difficulty.	Can save a modest amount on a monthly basis: **Single ~€100, Couple ~€200**. Covers many common unexpected costs without much difficulty.	Can save a comfortable amount on a monthly basis: **Single ~€150, Couple ~€300**. Saves enough each month to more easily cover many common unexpected costs.

Notes: The modest, moderate and comfortable retirement living standards detailed above were developed through KPMG primary research as well as the use of secondary sources to guide final standard definitions.

Qualitative discussions: what the RLS mean

We held discussions with groups of the older population from across a range of socio-economic backgrounds with feedback provided on what constitutes modest, moderate and comfortable standards.

A modest standard of living	A moderate standard of living	A comfortable standard of living

A modest standard of living

A modest standard should allow for more than the aboslute basics but the reality is that it can be a struggle to meet healthcare and other costs at times.

People in retirement have more time for hobbies and meeting friends, a modest standard must allow for these activities in retirement.

A modest standard means being able to afford the basics while being able to meet my friends and not having to worry about being able to afford grabbing a coffee.

A moderate standard of living

A moderate standard of living means people would be somewhat comfortable but also careful with their finances on a month-to-month basis.

People can afford security and peace of mind, a moderate standard should allow for private health insurance and good house insurance.

A comfortable standard of living

A comfortable standard allows for saving, so you can deal with sudden or unexpected costs.

I consider a comfortable standard of living to include being able to help my kids financially, for example with a house purchase or their wedding.

Sources: KPMG workshops conducted in 2024

Qualitative discussions: cost of living

Hidden costs and increasing costs for older persons were prominent themes within workshops with older persons despite State aids such as the household benefits package and tax benefits.

An increasing cost of living

Central heating and basic energy costs have increased a lot recently as well as broadband and insurance.

We come from a generation that is used to being frugal and economising. Even in that context, the cost of living currently is very challenging.

The changing social structures of Ireland and family structures mean you need more money to survive these days. The support structures that used to exist are harder to come by.

Older persons

Government supports such as **the household benefits package** and **tax exemptions** for the over 65s help older persons in meeting their monthly costs.

These supports help to offset increasing household electricity and gas bills, however older persons have still experienced rising costs in recent years.

A few years ago, people were able to save some of their pension but that's not a reality anymore, many of us can't save due to the cost of living.

Hidden costs

Public transport is free but there can be a cost to access it in rural areas where you need a taxi to reach the train station or bus stop.

Health care can be very expensive if you're in poor health. Private health insurance often doesn't cover all the costs of medicines, doctor visits and procedures.

Sources: KPMG workshops conducted in 2024

Retirement living standards: Australia/UK overview

Retirement living standards have been developed in both Australia and the UK. This report leverages some of this work, noting the similarities and differences across both studies.

	Establishment	Retirement standards	Methodology	Our approach
Australia[1]	**2004** Established in 2004, the retirement standards were developed by the Association of Superannuation Funds of Australia (ASFA).	**Two standards were created:** 1. **Modest:** Better than the Age (state) Pension, but still only allows for the basics. 2. **Comfortable:** Enables a range of leisure and recreational activities while accounting for the daily essentials.	**Key inputs:** • Household **expenditure data**, primary **survey data** and **focus group data.** • The ASFA also developed **separate retirement standards for retirees aged 85+,** noting the different spending patterns of this age group.	**Secondary research** and key stakeholders leveraged to guide primary research. **Primary research** conducted including a survey of 500 older people and round table discussions. **Data cleaning and analysis** which removed respondents under specific criteria to ensure data reliability.
UK[2]	**2019** Established in 2019, the retirement standards were developed by the Pensions and Lifetime Savings Association (PLSA) in partnership with Loughborough University.	**Three standards were created:** 1. **Minimum:** Covers all your needs, with some left over for fun. 2. **Moderate:** More financial security and flexibility. 3. **Comfortable:** More financial freedom and some luxuries.	**Key inputs:** • Each Standard is based around a basket of goods and services, split across **6 core categories.** • **Focus groups** with 249 members of the public across 26 groups in 13 locations were conducted during 2018-2019. • The PLSA publish **separate standards for retirees living in London**, the UK's most costly region.	Development of standards through **analysis of spending patterns** of surveyed and interviewed retirees with secondary research to sense check findings.

Sources: **(1)** ASFA **(2)** PLSA

How we developed the standards

This study leverages primary survey data and third-party sources to determine Irish retirement living standards.

Research questions

1. How do we determine the costs of retirement living standards associated with modest, moderate and comfortable standards of living?
2. What are the key factors that influence a given person's retirement living across each category?
3. How do the living standards of older people develop as they reach later stages of retirement in modest, moderate and comfortable categories?

Data gathering

- Designed a survey questionnaire to effectively gather data from a wide range of older respondents covering different geographies, income brackets and ages.
- The survey asked respondents to consider their standards of living as well as a breakdown of their monthly and once-off yearly costs.
- The survey was distributed to 500 older people (age: 66+) across Ireland during April 2024.

Data cleaning and analysis

- Undertook a data cleaning exercise to remove outliers. This removed 103 datapoints from the survey, leaving a sample size of 397.
- Survey response data was then used to build a profile of self-reported income across a number of self-identified standards of living.
- Regression analysis was undertaken to determine the relative influence of age, household type, location, etc. across each standard of living.

Sense check and validation

- The draft retirement living standards that were defined were sense-checked against publicly available data, including CSO statistics, Revenue taxation data, and MESL data, amongst others.
- Workshops were carried out via Age and Opportunity in order to gather qualitative data to inform the standards and to help validate our survey results.

Challenges undertaking this study

- Survey data was gathered via an online platform. This may have resulted in responses leaning towards a slightly more tech savvy sample of the older population. This risk was mitigated to some extent by requiring a minimum quota across a number of categories in our survey responses (e.g. income brackets, location, gender, etc.)
- A key assumption in the development of these standards was the ability of people to accurately account for their monthly and yearly costs across a variety of different categories. Similarly, this risk was mitigated by a detailed data cleaning exercise to remove certain survey responses.

Next steps

Further research will be required to understand cause-and-effect between a range of factors and the RLS. Furthermore, data should be updated periodically to reflect inflation and other considerations.
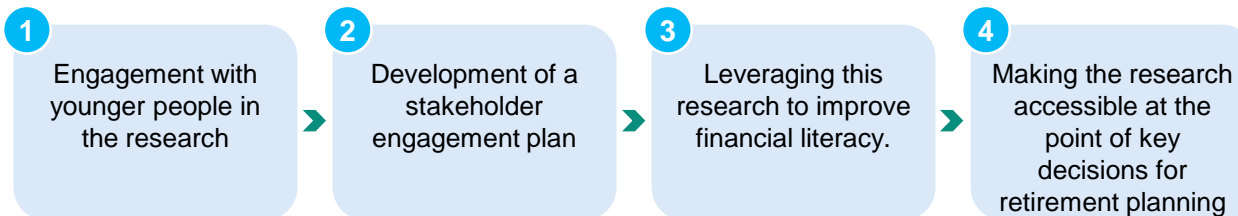
Further research

To observe the relationship, if any, between the RLS and a given factor (gender, household composition, age, etc.) an initial statistical analysis was conducted using primary research data. The purpose of this analysis, along with secondary research, was to indicate how tailored the Irish retirement living standards should be to individual circumstances.

Regression analysis indicated that household composition and household location factors were statistically significant. However, a relationship could not be determined for age, gender and house ownership status.

This analysis was not intended to be a commentary on definitive causality between the dependent and independent variables, for which further research is required. This could include conducting a larger scale survey, leveraging other primary research methods and the addition of new variables into the regression model.

Other areas for further research include (for example):

1 Engagement with younger people in the research

2 Development of a stakeholder engagement plan

3 Leveraging this research to improve financial literacy.

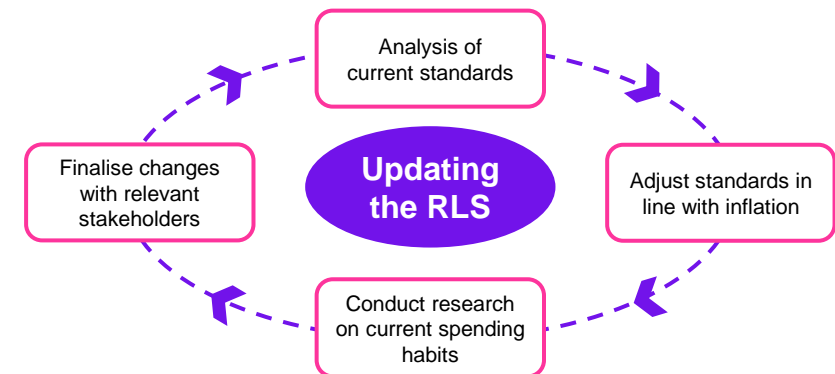**4** Making the research accessible at the point of key decisions for retirement planning

Updating the Retirement Living Standards

This report reflects the results from an initial exercise to develop retirement living standards in Ireland.

The analysis should be reviewed and updated periodically in order to adjust for inflation and other factors that could have an impact on incomes and costs for older people.

This is standard procedure in the UK (updated annually) and Australia (updated quarterly). The best approach in an Irish context should be considered.

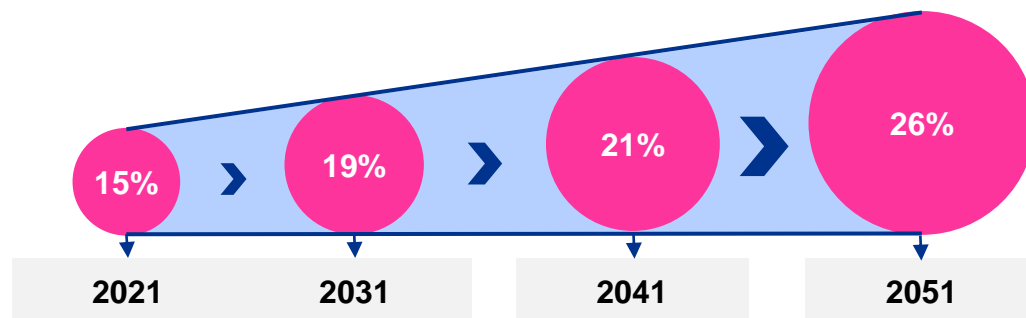**Updating the RLS**

- Analysis of current standards
- Adjust standards in line with inflation
- Conduct research on current spending habits
- Finalise changes with relevant stakeholders

02

Background and context

Population demographics and trends (1/2)

In Ireland, over 65s are expected to form over a quarter of the total population by 2051. Within that age category, the over 85s are anticipated to make up a greater proportion of the total versus today.

Projected proportion of the Irish population that are over 65 years
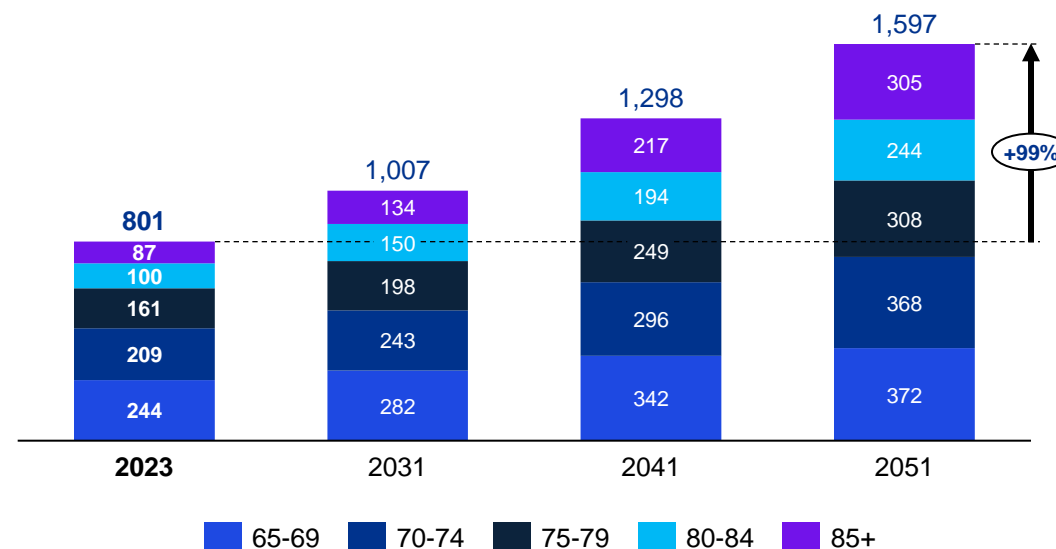*% of total population*

2021	2031	2041	2051
15%	19%	21%	26%

Estimated composition of the population aged 65+ years
Number of persons (in thousands)

+99%

Age group	2023	2031	2041	2051
85+	87	134	217	305
80-84	100	150	194	244
75-79	161	198	249	308
70-74	209	243	296	368
65-69	244	282	342	372
Total	**801**	**1,007**	**1,298**	**1,597**

Legend: ■ 65-69 ■ 70-74 ■ 75-79 ■ 80-84 ■ 85+

- The share of the total Irish population that will be 65 years of age or older is expected to grow to more than 25% by 2051. In this context, there will be a greater need for people to understand the level of income that they will require in order to reach a certain standard of living.
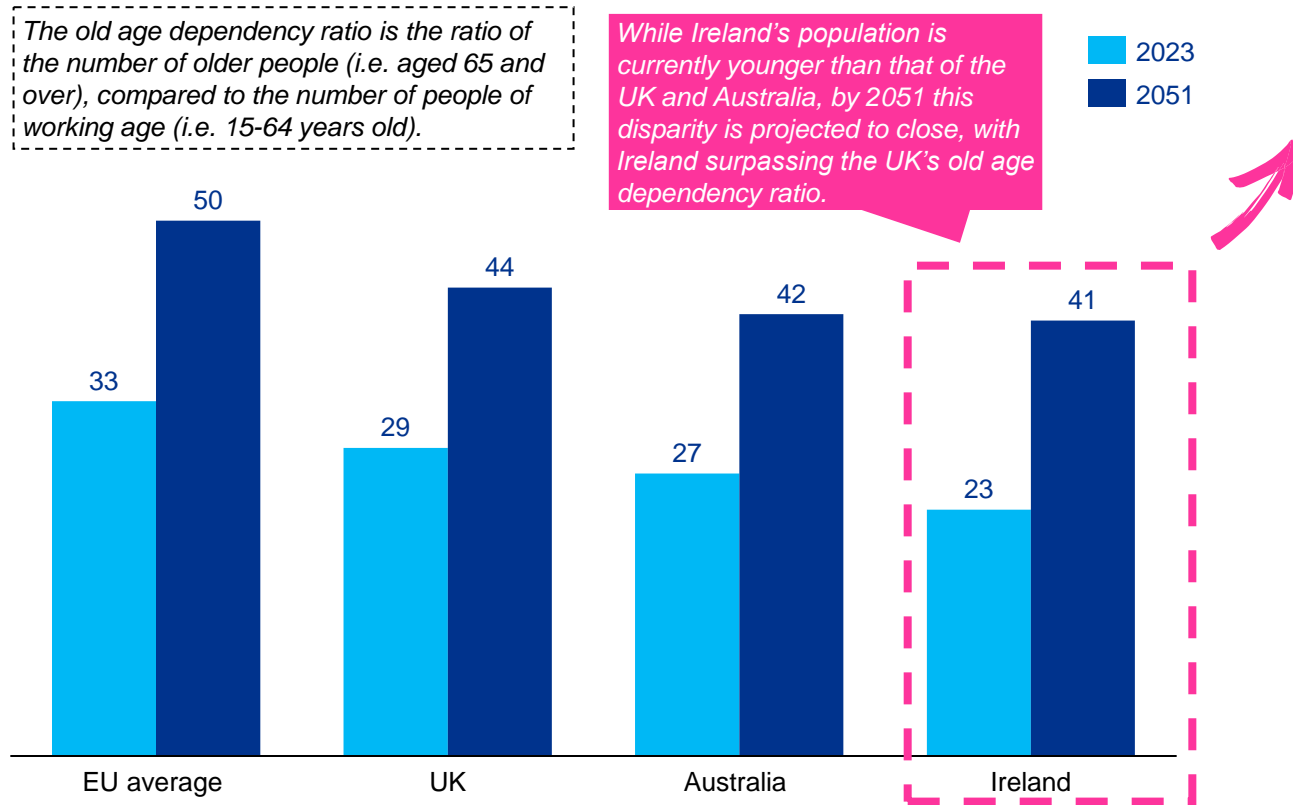
- The number of people aged 65 or over is projected to grow from ~0.8 million to ~1.6 million over the period 2023-2051, growth of 99%.
- The number of people aged 85 or over is projected to grow by 350% by 2051. As life expectancy increases, so too does the complexity of retirement planning.

Sources: CSO Older Persons Information Hub 2023

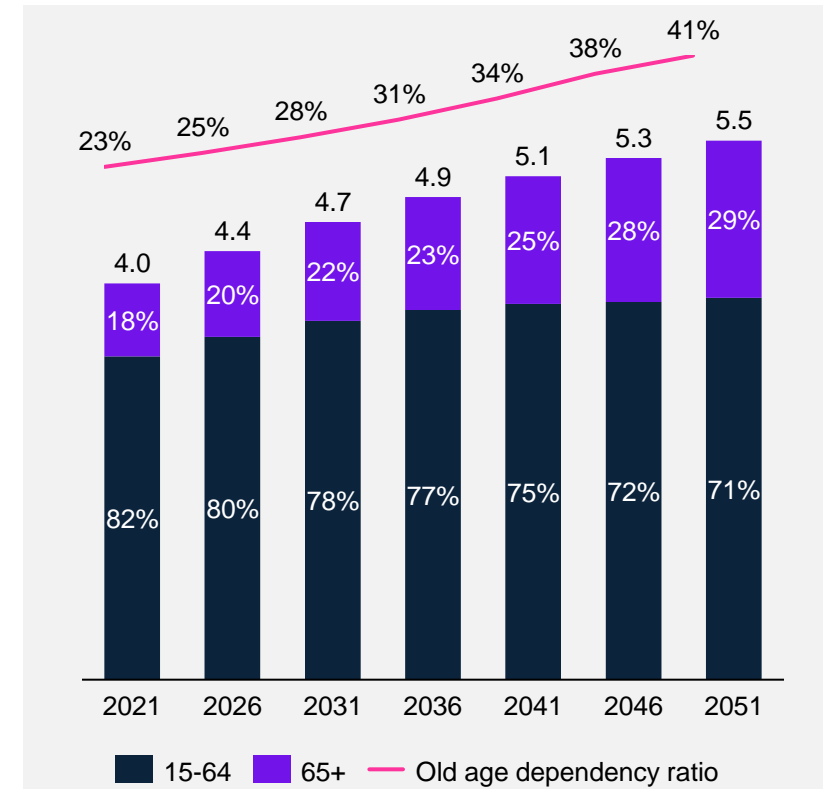# Population demographics and trends (2/2)

The Irish old age dependency ratio is expected to reach 41% by 2051, bringing it broadly in line with the UK and Australia (however, still trailing the EU average).

Old age dependency ratio: Europe and Australia[1,2,3,4]
%

The old age dependency ratio is the ratio of the number of older people (i.e. aged 65 and over), compared to the number of people of working age (i.e. 15-64 years old).

While Ireland's population is currently younger than that of the UK and Australia, by 2051 this disparity is projected to close, with Ireland surpassing the UK's old age dependency ratio.

Legend:
- 2023
- 2051

Country	2023	2051
EU average	33	50
UK	29	44
Australia	27	42
Ireland	23	41

Old age dependency ratio and population projections: Ireland[1]
%, millions of people

Old age dependency ratio: 23% (2021), 25% (2026), 28% (2031), 31% (2036), 34% (2041), 38% (2046), 41% (2051)

Year	Total	65+	15-64
2021	4.0	18%	82%
2026	4.4	20%	80%
2031	4.7	22%	78%
2036	4.9	23%	77%
2041	5.1	25%	75%
2046	5.3	28%	72%
2051	5.5	29%	71%

Legend:
- 15-64
- 65+
- Old age dependency ratio

Sources: **(1)** CSO Older Persons Information Hub 2023 **(2)** Eurostat **(3)** Office for National Statistics **(4)** United Nations, World Population Prospects (2022)
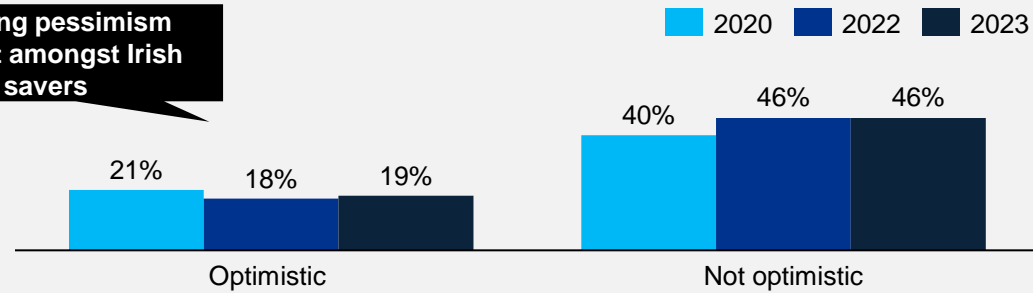
Sentiment towards saving for retirement

Working age Irish pension savers are becoming increasingly pessimistic about their ability to comfortably retire, with 46% of pension savers doubting that they will be financially prepared.

How optimistic are you that you will be financially prepared for retirement by the time you plan to stop working?
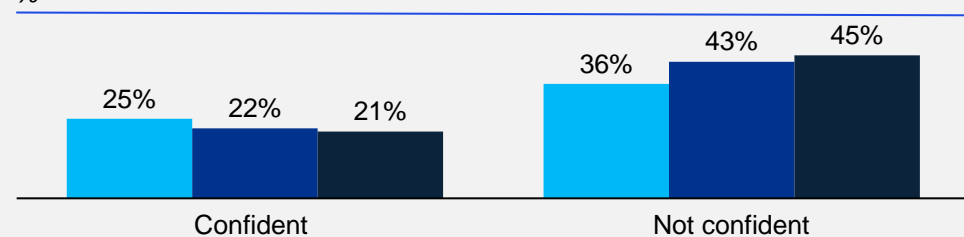*%*

Legend: 2020 | 2022 | 2023

Growing pessimism evident amongst Irish savers

Optimistic: 21% (2020), 18% (2022), 19% (2023)
Not optimistic: 40% (2020), 46% (2022), 46% (2023)

How confident are you that you will be able to retire when you plan to?
%

Confident: 25% (2020), 22% (2022), 21% (2023)
Not confident: 36% (2020), 43% (2022), 45% (2023)

Factors negatively affecting people's confidence in their retirement plans
% of Irish respondents which selected each factor, 2023

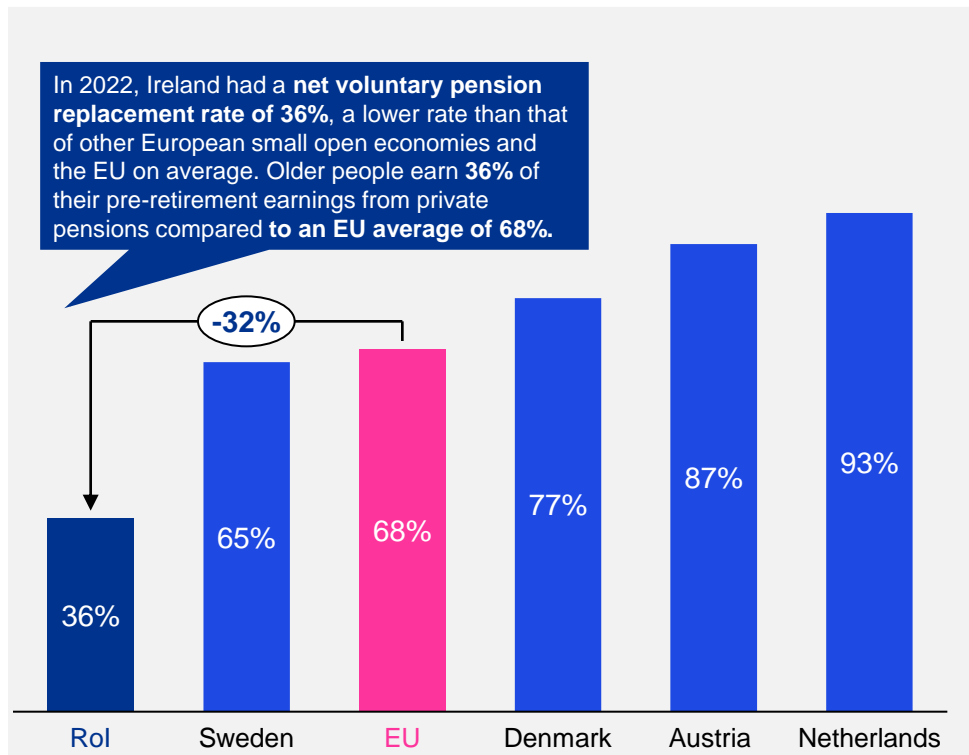| Factor	%
Cost of living, inflation	77
Medical expenses	33
Mortgage debt, rent, housing costs	32
No spare money to save for retirement	31
The political climate	27
Financial dependency of family members	25
Lack of trust in retirement savings plans	23
Complexity of retirement plans	22
Short-term debt (loans, etc...)	18
Job security uncertainty	13
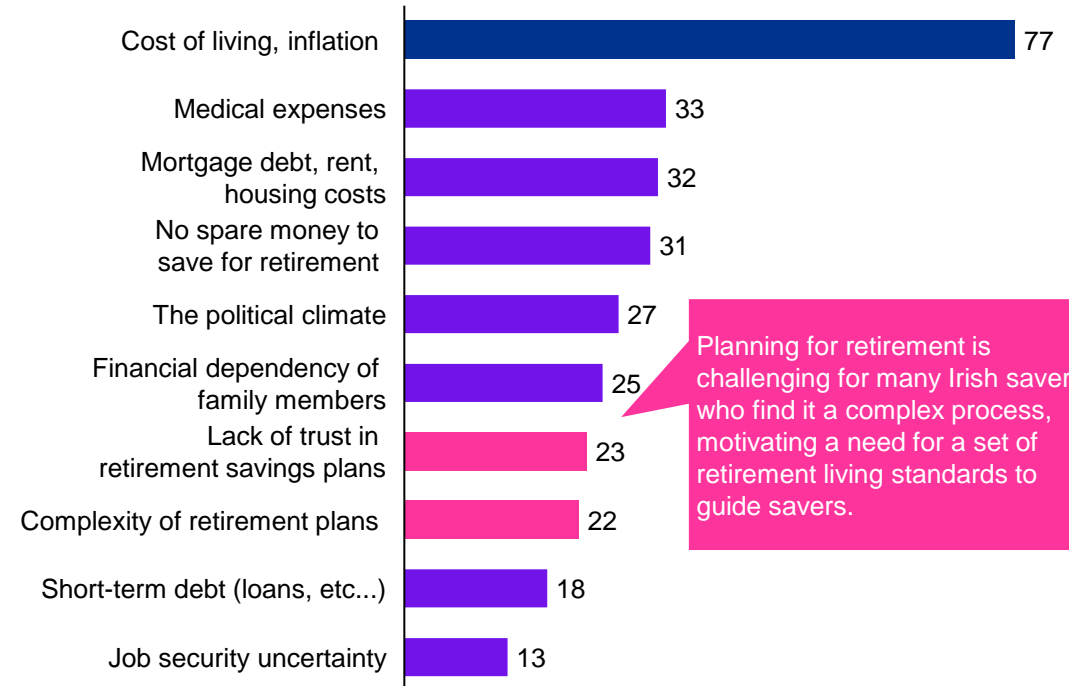
Planning for retirement is challenging for many Irish savers who find it a complex process, motivating a need for a set of retirement living standards to guide savers.

Sources: 2023 Global Retirement Reality Report, State Street Global Advisors

Ireland has experienced lower growth rates in voluntary pension replacements vs. its European peers. Participation in voluntary plans is ahead of others noting that auto-enrolment has yet to be introduced.
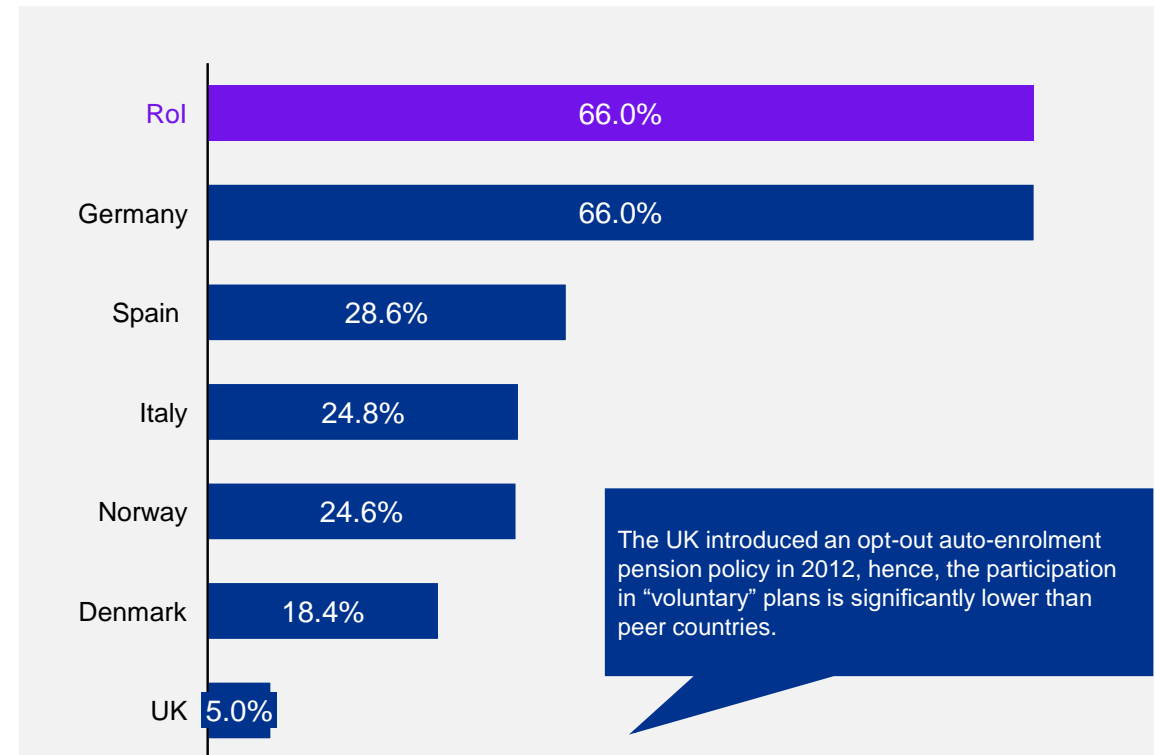
Net voluntary pension replacement[a] rates in the EU in 2022[1]
The values are given in percentages (%)

In 2022, Ireland had a **net voluntary pension replacement rate of 36%**, a lower rate than that of other European small open economies and the EU on average. Older people earn **36%** of their pre-retirement earnings from private pensions compared **to an EU average of 68%.**

-32%

RoI	Sweden	EU	Denmark	Austria	Netherlands
36%	65%	68%	77%	87%	93%

Participation in Voluntary Pension Plans in the EU in 2022[2]
Values are given in percentages (%)

Country	Value
RoI	66.0%
Germany	66.0%
Spain	28.6%
Italy	24.8%
Norway	24.6%
Denmark	18.4%
UK	5.0%

The UK introduced an opt-out auto-enrolment pension policy in 2012, hence, the participation in "voluntary" plans is significantly lower than peer countries.

Sources: (1) OECD (2022) Net pension replacement rates (indicator) **(2)** OECD (2022) Participation in pension plans

Notes: [a] The net voluntary pension replacement rate refers to the disposable income available for individuals in retirement in comparison to when they were working.
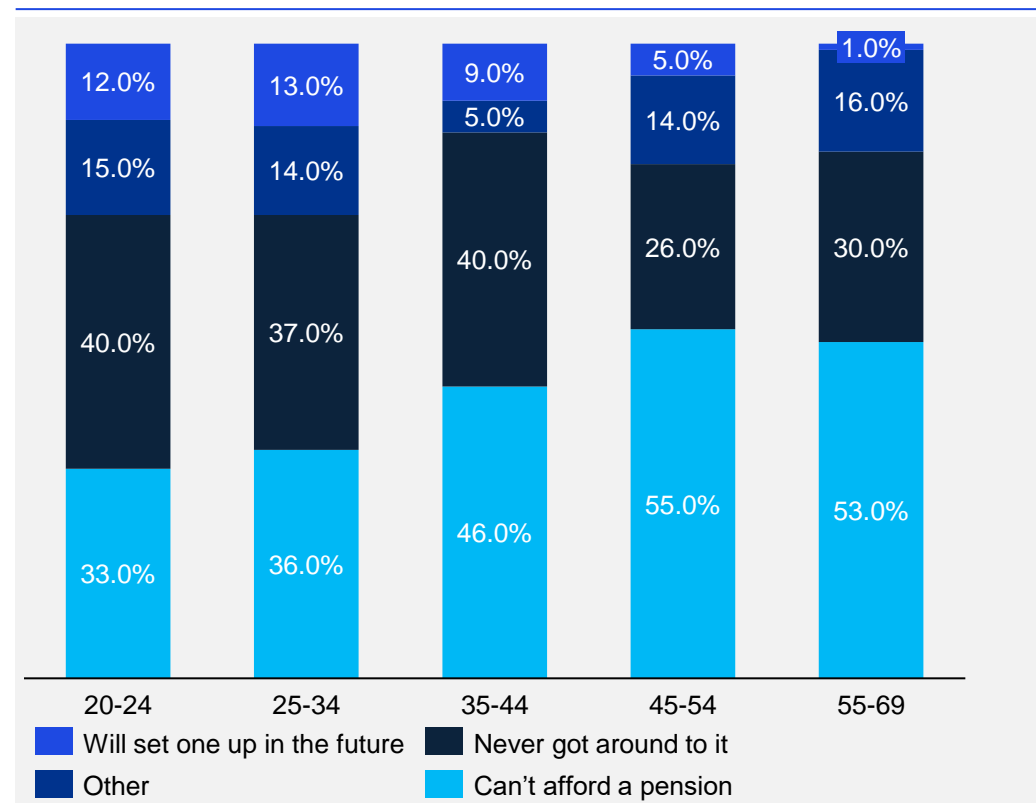
Trends in pensions

Factors such as cost and procrastination are key barriers to opening a pension plan for Irish savers with the majority expecting to be largely dependent on the state pension in retirement.
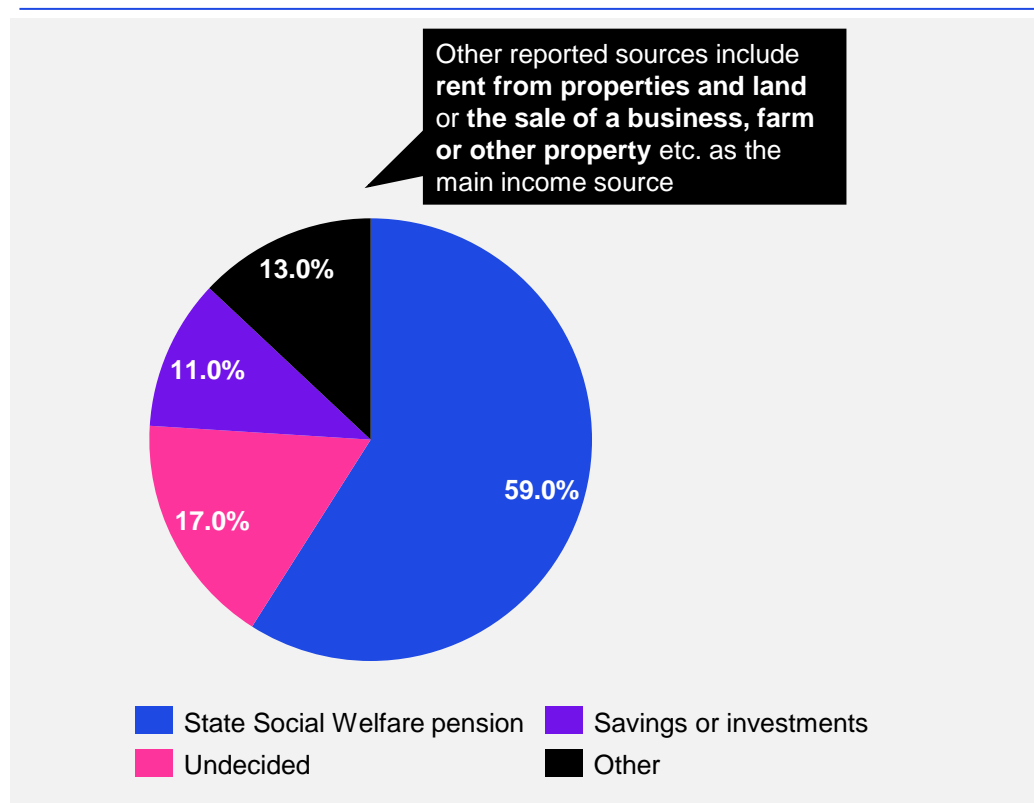
Main reasons for not having a pension by age cohort (Q3 2023)[a,b]
% of responses

Age cohort	Will set one up in the future	Other	Never got around to it	Can't afford a pension
20-24	12.0%	15.0%	40.0%	33.0%
25-34	13.0%	14.0%	37.0%	36.0%
35-44	9.0%	5.0%	40.0%	46.0%
45-54	5.0%	14.0%	26.0%	55.0%
55-69	1.0%	16.0%	30.0%	53.0%

Legend:
- Will set one up in the future
- Never got around to it
- Other
- Can't afford a pension

Expected source of income in retirement in RoI (Q3 2023)
% of responses

Other reported sources include **rent from properties and land** or **the sale of a business, farm or other property** etc. as the main income source

Pie chart:
- State Social Welfare pension: 59.0%
- Undecided: 17.0%
- Savings or investments: 11.0%
- Other: 13.0%

Legend:
- State Social Welfare pension
- Undecided
- Savings or investments
- Other

Sources: CSO Pension Coverage 2023

Notes: [a] The 'other' category includes reasons such as 'too much financial risk' or 'I don't understand pensions'. **[b]** The survey took place in Q3 2023 (pre auto enrolment roll-out)

03

Benchmarking

Retirement living standards: Australia/UK overview

Retirement living standards have been developed in both Australia and the UK. This report leverages some of this work, noting the similarities and differences across both studies.
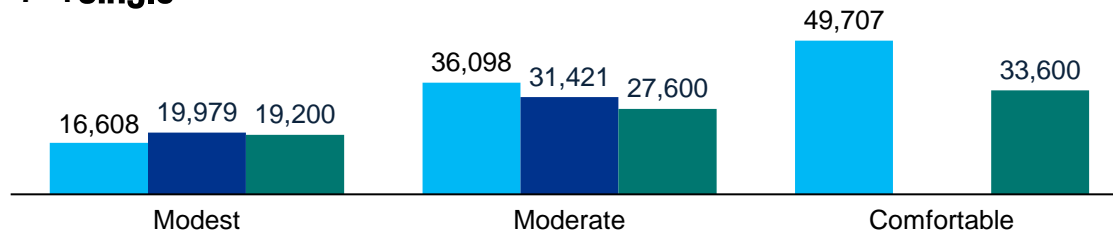
	Establishment	Retirement standards	Methodology	Revisions
Australia[1]	**2004** Established in 2004, the retirement standards were developed by the Association of Superannuation Funds of Australia (ASFA).	**Two standards were developed:** 1. **Modest:** Better than the Age (state) Pension, but still only allows for the basics. 2. **Comfortable:** Enables a range of leisure and recreational activities while accounting for the daily essentials.	• The ASFA uses a **bottom-up approach** to setting its standards by looking at actual budget items and costings. • These items and costs are decided by analysing household **expenditure data**, primary **survey data** and **focus group data.** Older person spending patterns are **reassessed in detail every 5-6 years.** • The ASFA also developed **separate retirement standards for retirees aged 85+,** noting the different spending patterns of this age group.	**Updated quarterly** • The Consumer Price Index (CPI) appears as the main driver of changes each quarter (see slide 7). • The ASFA also conducts primary analyses and make adjustments to each component in their budgets if necessary.
UK[2]	**2019** Established in 2019, the retirement standards were developed by the Pensions and Lifetime Savings Association (PLSA) in partnership with Loughborough University.	**Three standards were developed:** 1. **Minimum:** Covers all your needs, with some left over for fun. 2. **Moderate:** More financial security and flexibility. 3. **Comfortable:** More financial freedom and some luxuries.	• Each Standard is based around a basket of goods and services, split across **6 core categories.** • To develop these categories and the annual expenditure levels required for each standard, Loughborough University conducted **focus groups** with 249 members of the public across 26 groups in 13 locations during 2018-2019. • The PLSA publish **separate standards for retirees living in London**, the UK's most costly region.	**Updated annually** • The minimum standard is mostly updated to reflect changes to the Consumer Price Index (CPI) with some changes to its basket of goods, varying by year. • The moderate and comfortable standards are updated through new research yearly.

Sources: **(1)** ASFA **(2)** PLSA

How the standards compare to other countries

There are some differences in the living standards across each jurisdiction. This reflects the different definitions in use, methodologies and local country factors.

UK and Australian retirement living standards compared to Ireland[1, 2]
2023 retirement living standards, €

Single

	Modest	Moderate	Comfortable
UK	16,608	36,098	49,707
Australia	19,979	31,421	
Ireland	19,200	27,600	33,600

Couple

	Modest	Moderate	Comfortable
UK	25,834	49,707	68,045
Australia	28,733	44,205	
Ireland	28,800	37,200	43,200

Legend: UK, Australia, Ireland
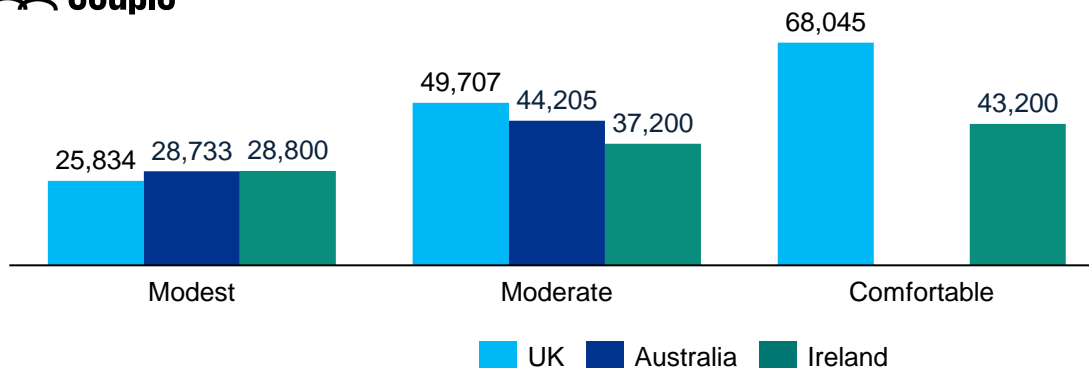
- **Cross-country differences:** the 'comfortable' retirement standard in Australia is more in line with the UK's definition of a 'Moderate' retirement standard. Likewise, the Australian 'modest' standard is more in line with the 'minimum' UK standard.

- **A slightly higher amount of money required to reach a minimum single retirement standard in Australia:** this is driven by the higher discretionary spending granted in the Australian definition of a minimum standard such as occasional restaurant meals and owning a car.

- **The amount of money required to reach a moderate and comfortable standard of living in the UK is higher relative Australia:** the UK defined a moderate living standard as allowing increased discretionary spending (holidays, clothes shopping, etc.) compared to Australia, causing cost differences.

- **Indexing standards to income:** In the UK, the income required to be placed within the minimum category is equivalent to the lowest 10% of incomes amongst the older population. Similarly, the comfortable categorisation is equivalent to the top 10% of incomes.[3] The Irish standards instead range from the 25th to the ~80th income percentiles of the Irish older population[(4)].

Sources: (1) PLSA (2) ASFA (3) Office for National Statistics (4) Revenue Commission

Retirement living standards: the UK (1 of 2)

Developed in 2019, and updated annually since, the UK's retirement living standards were created to inform the public on how much income they could potentially need in retirement in an intuitive way.

The Retirement Living Standards (RLS) framework

The figures that the PLSA developed (shown below) are the amounts of annual expenditure required to achieve the respective living standard in 2023.

	Minimum	Moderate	Comfortable	Minimum to moderate	Moderate to comfortable
	Covers all your needs, with some left over for fun	More financial security and flexibility	More financial freedom and some luxuries		
Single	€16,608	€36,098	€49,707	⬆117%	⬆38%
Couple	€25,834	€49,707	€68,045	⬆ 92%	⬆37%
Single to couple	⬆56%	⬆38%	⬆37%		

Sources: (1) PLSA

Retirement Living Standards cost of living adjustments over time
€

Single

The moderate standard increased significantly, potentially driven by focus groups redefining what it takes to live a moderate standard, with the standards only being established in 2019.

+33%
+58%
+37%

Couple

Lower growth in the comfortable standard was driven by a change in perception over what was required to live a comfortable standard.

+24%
+48%
+38%

The growth in the minimum standard is mostly linked to changes in the CPI.

— Minimum   — Moderate   — Comfortable

Notes: [a] Figures refer to the 2023 edition of the Retirement Living Standards report. **[b]** The standards assume people are mortgage and rent free, and do not reside in London **[c]** A conversion rate of 1.15 was used to convert pounds sterling to euro.

Retirement living standards: the UK (2 of 2)

Costs are distributed relatively evenly across different categories, progressing from the minimum to comfortable standards, a higher proportion of spending is allocated to leisure.

Category cost allocation by single and couple living standards[1, a, b],
%

Legend: ■ Minimum ■ Moderate ■ Comfortable

Single

	Leisure	Housing	Food	Transport	Clothing and personal
Minimum	21%	23%	24%	17%	15%
Moderate	24%	20%	21%	24%	11%
Comfortable	32%	21%	19%	19%	9%

Couple

	Leisure	Food	Housing	Transport	Clothing and personal
Minimum	22%	26%	18%	15%	18%
Moderate	25%	25%	17%	18%	16%
Comfortable	32%	23%	17%	15%	12%

- **Living standards of single and couples:** those who are single allocate a higher proportion of their spending to housing and transport costs compared to couples, with disparities reaching **6%** due to the ability of couples to share certain expenses.

- **Leisure:** transitioning from the minimum standard of living to the comfortable standard results in spending a higher proportion of income on leisure category increasing to **32% from 21%** for a single person.

- **Essential costs:** the relative percentages of outgoings spent on housing, transport, clothing and personal cost categories decrease proportionally from the minimum to comfortable categories.

Sources: **(1)** PLSA

Notes: **[a]** Figures refer to the 2023 edition of the Retirement Living Standards report. **[b]** The standards assume people are mortgage and rent free.

Retirement living standards: Australia (1 of 2)

Launched in 2004, the ASFA Retirement Standard was developed to objectively outline the annual budget needed by the average Australian to fund a modest or comfortable standard of living in retirement.

The Retirement Standard framework

The figures that the ASFA developed (shown below) are the amounts of annual expenditure required to achieve the respective living standard for September 2023.

	Modest	Comfortable	Modest to comfortable
	Better than the age pension, but only allows for the basics.	Allows for leisure while also allowing for the daily essentials.	
Single	€19,979	€31,421	⬆ 57%
Couple	€28,733	€44,205	⬆ 54%
Single to couple	⬆ 44%	⬆ 41%	

Sources: (1) ASFA

Retirement Living Standards cost of living adjustments,
In €

Single

There has not been any sharp adjustments made to the standards, potentially, due to a lack of changes to the basket of goods within each standard, which have not changed significantly in recent years.

+16%
+16%

Couple

In 2023, adjustments were made to the comfortable standard, rising by 5% compared to 2022, to account for higher degrees of inflation.

+16%
+16%

— Modest — Comfortable

Notes: [a] Figures refer to the September 2023 edition of the Retirement Living Standards report. **[b]** Budgets assume that the retirees own their own home outright and are relatively healthy, and are under 85. **[c]** A conversion rate of 0.617 was used to convert the Australian dollar to euro.

A high proportion of spending is allocated to housing costs, however singles have the highest housing costs, allocating on average 6% more of their total expenses to housing compared to couples.

Category cost allocation by single and couple living standards[1, a, b],
%

Single

Modest | Comfortable

	Housing	Leisure	Transport	Food	Health	Clothing and personal
Modest	33%	18%	18%	18%	9%	5%
Comfortable	28%	22%	18%	14%	12%	6%

Couple

	Housing	Leisure	Food	Health	Transport	Clothing and personal
Modest	27%	20%	23%	12%	13%	6%
Comfortable	23%	24%	18%	15%	14%	6%

- **Single and Couple living standards:** Individuals in retirement allocate a higher proportion of spending to housing and transport categories compared to couples, with disparities reaching **6%** due to the ability of couples to share certain expenses.

- **Leisure:** Individuals within the comfortable category spend 22% of their outgoings on leisure versus 18% in the minimum category.

- **Housing:** similarly to the UK, the relative percentages of outgoings spent on housing, transport, clothing and personal cost categories decrease proportionally from the minimum to comfortable categories.

Sources: **(1)** ASFA

Notes: [a] Figures refer to the 2023 edition of the Retirement Living Standards report. **[b]** The standards assume people are mortgage and rent free.

04

Descriptive statistics and validation

Descriptive statistics: Overview

Our survey sample captures a wide range of respondents accounting for key characteristics such as age, gender and location in order to develop RLS that accurately represent older people across Ireland.

Age
% of respondents

- 66-70 years
- 71-77 years
- 78+ years

12%
50%
38%
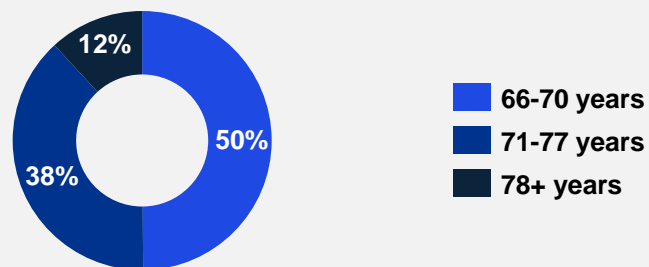
Location by county
% of respondents

County	%
Dublin	26%
Cork	11%
Galway	6%
Wicklow	5%
Waterford	5%
Meath	4%
Donegal	4%
Other	40%
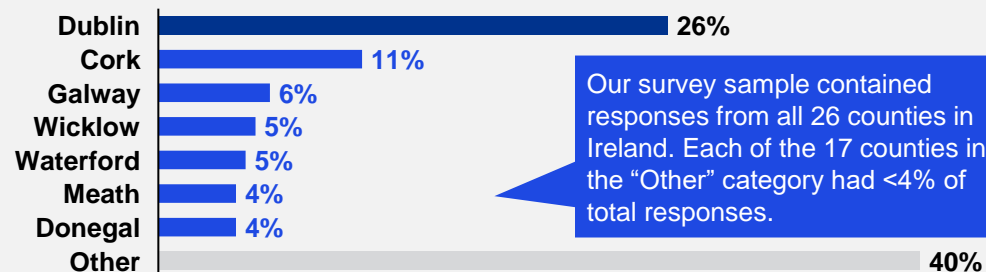
Our survey sample contained responses from all 26 counties in Ireland. Each of the 17 counties in the "Other" category had <4% of total responses.

Gender
% of respondents

Male 62.0%
Female 38.0%
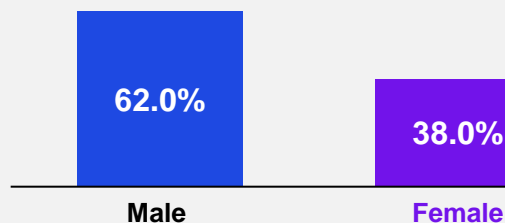
Our survey sample is skewed towards male respondents. Subsequent updates to the standards may want to focus on addressing female specific areas of consideration

Location (urban versus rural)[a]
% of respondents

- Urban
- Rural

40%
60%

Survey data collection dates: April 2 2024 - April 16 2024

Sources: KPMG Survey data

Notes: [a] An urban area is defined as a town with total population of 1,500 people or more.

Descriptive statistics: household composition and ownership

Survey respondents primarily consist of couples (56% of respondents) and home-owners without a mortgage or loan (85% of respondents), which is broadly in line with CSO data on the Irish population.

Respondent household composition
% of respondents

Category	%
Couple	56%
One person	27%
Couple, living with other family	9%
Single, living with other family	6%
Other	2%

> 56% of respondents are couples who live alone. While 27% of respondents are singles who live alone.

Respondent house ownership status
% of respondents

Category	%
Home owner (without mortgage or loan)	85%
Renting (local authority or housing association)	6%
Home owner (with mortgage or loan)	5%
Renting (private landlord)	3%
Other	1%

> 85% of respondents own their own home outright without a mortgage or loan in our survey. This is broadly in line with CSO data which records that 78% of the 65+ age cohort own their own home outright.

Sources: KPMG Survey data

Descriptive statistics: a CSO comparison

Our survey sample is within a reasonable range (<20% variation across all categories) of the overall composition of the older population in Ireland when compared to relevant CSO data.

Statistic[1,2]	Survey statistic	CSO statistic	Variance
1. Age [a]			
66-70 years old	**50%**	30%	20%
71-77 years old	**38%**	46%	8%
78+ years old	**12%**	24%	12%
2. Gender			
Male	**62%**	47%	15%
Female	**38%**	53%	15%
3. Location [b]			
Urban	**60%**	70%	10%
Rural	**40%**	30%	10%
4. Dublin vs. Non-Dublin			
Dublin	**26%**	28%	2%
Non-Dublin	**74%**	72%	2%

Sources: **(1)** KPMG Survey data **(2)** CSO data

Notes: [a] The age cohorts used here are not the same as those used in the CSO data but are broadly in line. **[b]** The CSO data only provided a value for the rural population, the urban figure is an estimation.

Descriptive statistics: a CSO comparison

Our survey sample is within a reasonable range (<20% variation across all categories) of the overall composition of the older population in Ireland when compared to relevant CSO data.

Statistic[1,2,3]	Survey statistic	CSO statistic	Variance
4. Household composition			
Couple	56%	54%	N/a
Couple, living with other family	9%	N/a	18%
One Person	27%	26%	N/a
One person, living with other family	6%	N/a	16%
5. Home ownership status			
Home-owner (without mortgage or loan)	85%	78%	7%
Home-owner (with mortgage or loan)	5%	6%	1%
Renting (local authority or private landlord)	9%	10%	1%
Other	1%	6%	5%

Sources: **(1)** KPMG Survey data **(2)** CSO data **(3)** TILDA

Self-reported standards of living

Individuals who defined themselves as having a modest standard of living stated they make ends meet with some difficulty, while those in the comfortable standard stated they easily make ends meet.
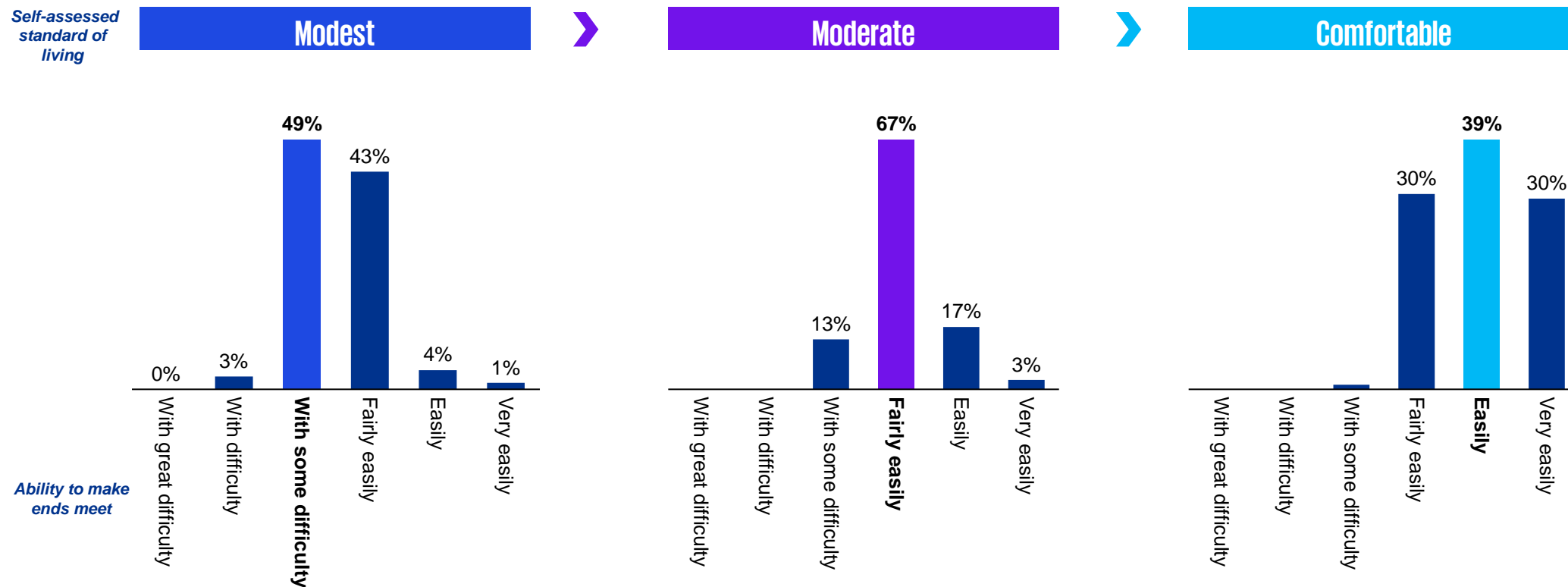
This intuitive result suggests reliability across the dataset

05

Defining the Retirement Living Standards

Our approach

Our approach to developing a set of retirement living standards leveraged both primary survey data and third-party sources.

Bottom-up build from survey data

- Survey respondents self-identified as either having a modest, moderate or comfortable standard of living based on the definitions provided within the survey questionnaire.
- Estimates were provided of both:
  - Overall monthly income and costs
  - Breakdown of monthly costs across a range of different categories (housing, food, transport, health, leisure, clothing & personal) as well as yearly once-off costs
- An overall estimate of monthly costs/expenditure was determined based on the breakdown of the line-item costs.

We recognise the terms "modest", "moderate" and "comfortable" can be highly subjective and mean different things to different people. We also realise that national averages will mask specific circumstances, such as renting in Dublin, material healthcare costs, or travel costs to see children abroad, that would all increase the amounts required to meet each of these subjective states. Nonetheless, triangulating between approaches taken elsewhere, and how our mass survey responded overall, its considered these broad categorisations hold true at the national level. Furthermore, it is worth noting that the figures developed are within a tolerance level of +/ 5-10%.

Adjustment and top-down sense check

In addition to the survey inputs, a combination of other data sources were used to develop a final set of retirement living standards:

- **Redistribution of recorded savings:** the savings rates recorded by the comfortable survey respondents were redistributed across the cost categories to reflect a more realistic savings rate.

- **The Minimum Essential Standard of Living:** the MESL standard counts the weekly cost of over 2,000 items (goods and services) needed to enable a socially acceptable minimum standard of living. We used the MESL standard to validate the modest retirement living standard.

- **A minimum income threshold:** The maximum annual state pension is ~€14,419, this was used to help validate the modest retirement living standard. The modest retirement living standard for couples as determined by the survey responses was adjusted to reflect a dual state pension income.

- **Income distribution of older persons:** using taxation data sourced from the revenue commission, income percentiles were constructed for Irish retirees, the comfortable standard was then adjusted to reflect the income decile data.

- **UK and Australian retirement living standards:** these standards were used as benchmarks for the Irish retirement standards to help ground the standards with previous research.

Overview

Housing, food and once-off expenses are the largest cost categories for both singles and those in a couple. A more detailed analysis of these cost categories was conducted.

	Single			Couple		
	Modest	**Moderate**	**Comfortable**	**Modest**	**Moderate**	**Comfortable**
Total costs (monthly)	**€1,600**	**€2,300**	**€2,800**	**€2,400**	**€3,100**	**€3,600**
Housing	€600	€750	€800	€700	€800	€900
Food	€400	€450	€525	€550	€625	€700
Transport	€50	€100	€175	€175	€225	€275
Health	€150	€250	€300	€200	€300	€350
Leisure	€50	€150	€200	€150	€250	€300
Clothing and personal	€50	€100	€175	€125	€200	€225
Once-off	€300	€500	€625	€500	€700	€850
Ability to save	€50	€100	€150	€100	€200	€300

- Across the defined retirement living standards, **housing, food and once-off expenses represent the largest cost categories** for older persons in retirement and were studied in further detail (see pages 35-37).
- For both singles and couples, an increase in total costs across the defined retirement living standards is driven by **increased spending across expense categories such as leisure and once-off expenses**.

Cost category breakdown: housing

Housing costs vary slightly across each standard of living. For those who rent, it is the biggest driver of this difference across the RLS.

Housing cost category breakdown by RLS

Values represent a percentage breakdown of housing costs (%)

RLS	Utility bills	Telephone/TV /broadband bills	Maintenance and repairs	Decorating and house supplies	Housekeeper	Rent	Mortgage payments	Gardener	Other
Modest	35%	14%	14%	12%	1%	**7%**	1%	1%	14%
Moderate	32%	13%	14%	13%	2%	**2%**	2%	1%	20%
Comfortable	35%	12%	13%	12%	3%	**1%**	4%	1%	18%

These figures reflect averages for the older population and not individual circumstances. For non home-owners the proportion of their typical housing costs spent on rent and mortgage payments are significantly higher.

Key takeaway

- Survey respondents with lower standards of living spend relatively more on rent.
- Those with higher standards of living spend relatively more on mortgage payments and other costs.
- There is little relative variation between living standards across categories such as utility bills, maintenance and decorating etc.
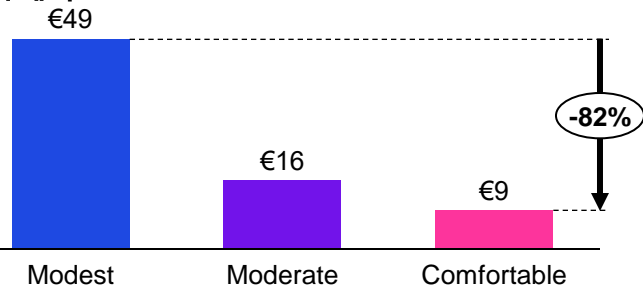
Sources: KPMG Survey data

Subset analysis: absolute average rental costs by RLS

€

Single

Modest	€42
Moderate	€15
Comfortable	€9

-80%

Couple

Modest	€49
Moderate	€16
Comfortable	€9

-82%

Notes: The housing cost category breakdown by RLS accounts for both singles and couples in retirement. The absolute average rental costs by RLS were calculated using the costs outlined in slide 40 multiplied by the values in the table of values above. The rent costs in the above table point to a relative spending difference between the modest and comfortable categories as a fraction of their overall spending within the housing category.

Cost category breakdown: food

Differing food costs are driven predominantly by grocery expenses. At higher living standards, respondents spend more on dining outside of the home.

Food cost category breakdown by RLS
Values represent a percentage breakdown of food costs (%)

RLS	Groceries	Eating out and takeaways	Beverages (alcoholic and non-alcoholic)	Meal subscriptions/ pre-packaged meals	Other
Modest	68%	**12%**	11%	3%	6%
Moderate	63%	**15%**	12%	2%	8%
Comfortable	59%	**16%**	16%	1%	8%

Key takeaway

- Survey respondents with higher standards of living spend relatively more on dining out and takeaways and less on groceries.
- Little relative variation exists between living standards across categories such as meal subscriptions/packaged meals and other food costs.
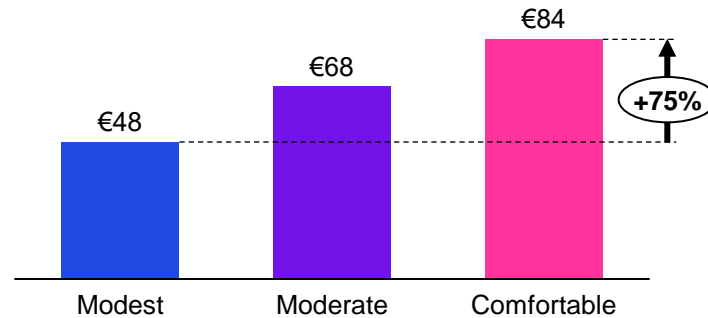
Sources: KPMG Survey data

Subset analysis: absolute average eating out and takeaway costs by RLS
€

Single

	€48	€68	€84
	Modest	Moderate	Comfortable

+75%

Couple

	€66	€94	€112
	Modest	Moderate	Comfortable

+70%

Notes: The food cost category breakdown by RLS accounts for both singles and couples in retirement. The absolute average eating and takeaway costs by RLS were calculated using the costs outlined in slide 40 multiplied by the values in the table of values above.
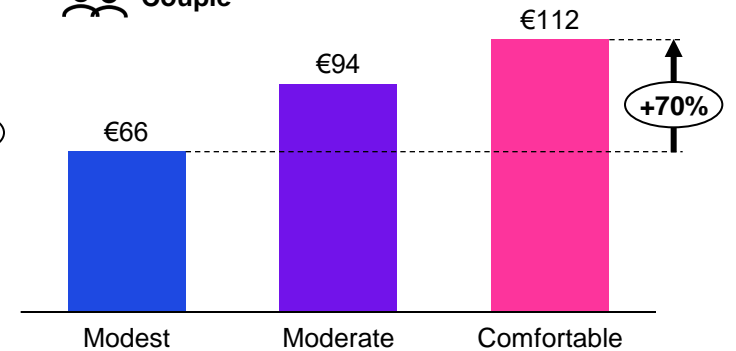
Cost category breakdown: once-off costs

At higher standards of living there is a greater capacity to spend money on holidays, with those in the comfortable category spending 41% of their annual (once-off) costs on holidays.

Once-off costs category breakdown by RLS
Values represent a percentage breakdown of once-off costs (%)

RLS	Holidays	Christmas specific expenses	Gifts for others	Insurance	Car tax	Once-off purchases (e.g. new car, new TV, etc.)	Local property tax	Other
Modest	**29%**	12%	8%	16%	6%	20%	7%	2%
Moderate	**33%**	13%	9%	15%	4%	16%	6%	2%
Comfortable	**41%**	12%	10%	15%	4%	10%	6%	1%

Key takeaway

- Survey respondents with higher standards of living spend relatively more on holidays.
- Those with lower standards of living spend relatively more on once-off purchases.
- Little relative variation between living standards is seen across other cost items.
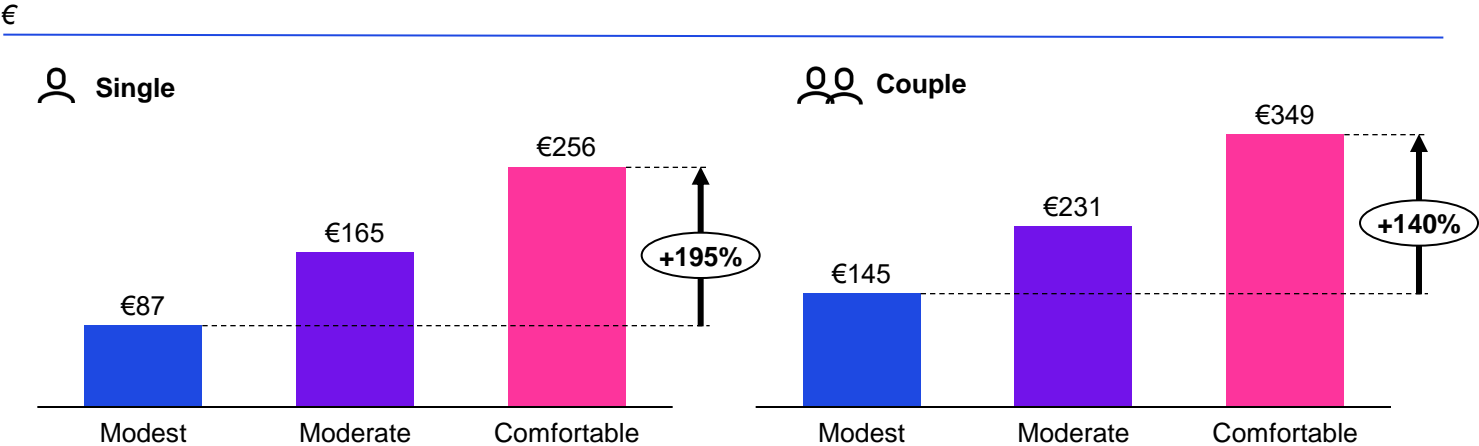
Sources: KPMG Survey data

Subset analysis: absolute average holiday costs by RLS
€

Single

Modest	Moderate	Comfortable
€87	€165	€256

+195%

Couple

Modest	Moderate	Comfortable
€145	€231	€349

+140%

Notes: The once-off cost category breakdown by RLS accounts for both singles and couples in retirement. The absolute holiday costs by RLS were calculated using the costs outlined in slide 40 multiplied by the values in the table of values above .
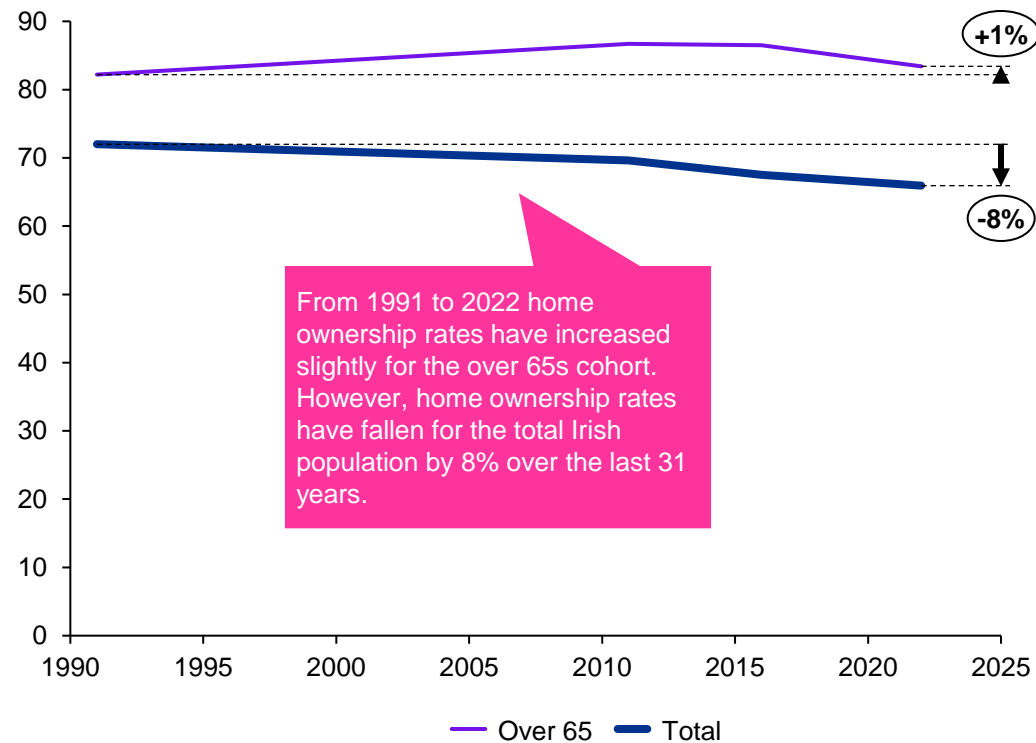
06

Appendix A : supplementary background data

Home ownership amongst the over 65s

Home ownership rates have fallen significantly amongst younger age groups. This points to a change in the level of home ownership amongst the over 65s in the years to come.
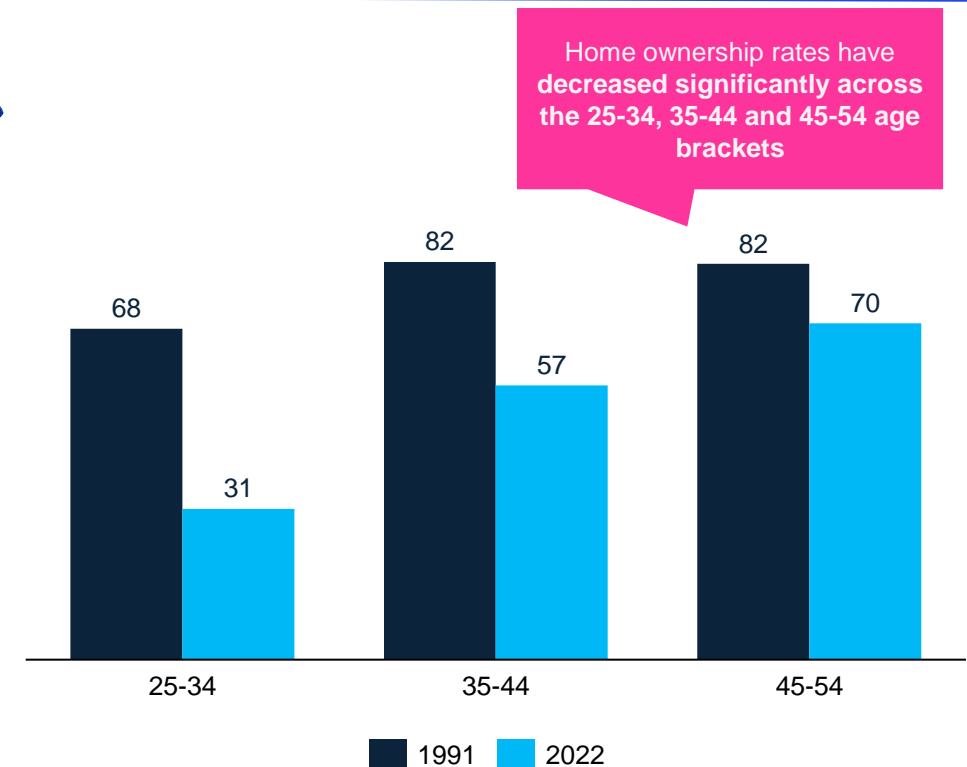
Home ownership rates from 1991 to 2022 (over 65s vs. total)
%, owner occupied with and without mortgage or loans

+1%

-8%

From 1991 to 2022 home ownership rates have increased slightly for the over 65s cohort. However, home ownership rates have fallen for the total Irish population by 8% over the last 31 years.

— Over 65 — Total

Home ownership rates by age group 1991 to 2022
%, owner occupied with and without mortgage or loans

Home ownership rates have **decreased significantly across the 25-34, 35-44 and 45-54 age brackets**

Age group	1991	2022
25-34	68	31
35-44	82	57
45-54	82	70

■ 1991 ■ 2022

Health trends (1/2)

Since 2019, multiple age cohorts in Ireland have reported a decrease in their health status, with retirees and pre-retirement groups in particular reporting difficulties.
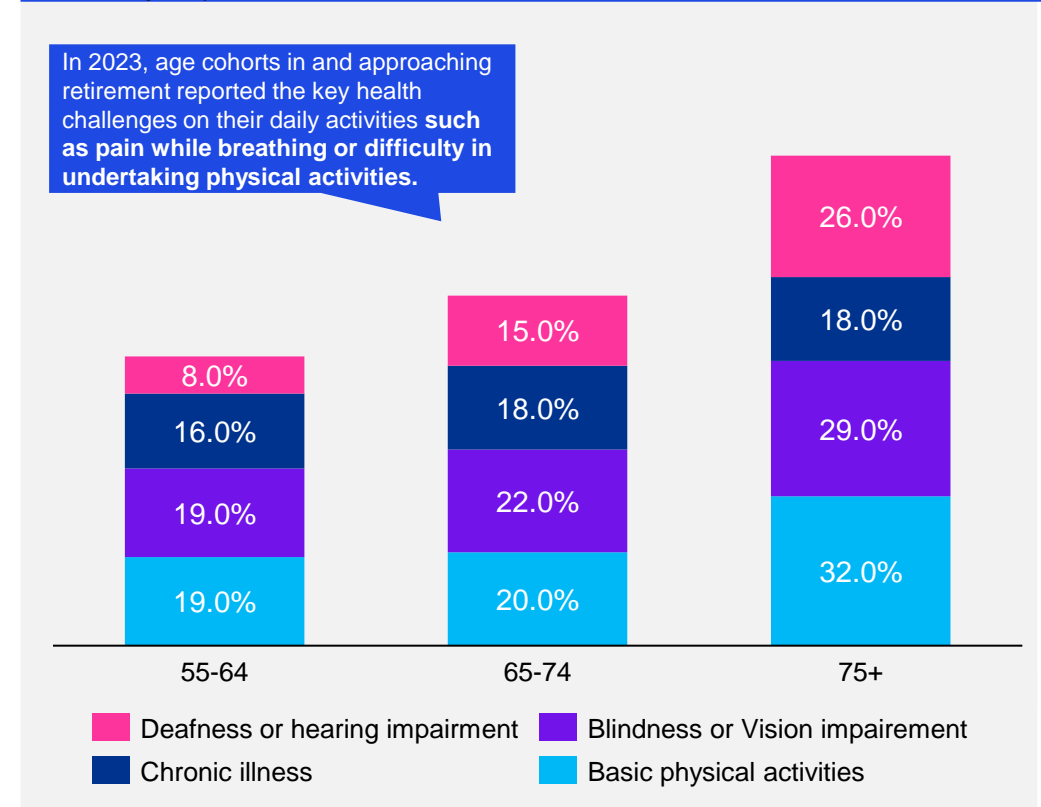
Good to Very good health status by age cohort (2019-2023)[1]
% of survey respondents

From 2019-2023, **there has been a decrease across all age cohorts** in the proportion of individuals who find themselves in good or very good health.

Since 2019, there has been no change experienced by the 65+ cohort, however, **there has been significant decreases for cohorts nearing retirement.**

Age cohort	-4%	-3%	-6%	-5%	-8%	0%

15-24	25-34	35-44	45-54	55-64	65+
93% 89%	92% 89%	92% 86%	84% 79%	76% 68%	69% 69%

■ 2019 ■ 2023

Health challenges for age cohorts in and approaching retirement[1]
% of survey respondents

In 2023, age cohorts in and approaching retirement reported the key health challenges on their daily activities **such as pain while breathing or difficulty in undertaking physical activities.**

	55-64	65-74	75+
Deafness or hearing impairment	8.0%	15.0%	26.0%
Chronic illness	16.0%	18.0%	18.0%
Blindness or Vision impairement	19.0%	22.0%	29.0%
Basic physical activities	19.0%	20.0%	32.0%

■ Deafness or hearing impairment   ■ Blindness or Vision impairement
■ Chronic illness   ■ Basic physical activities

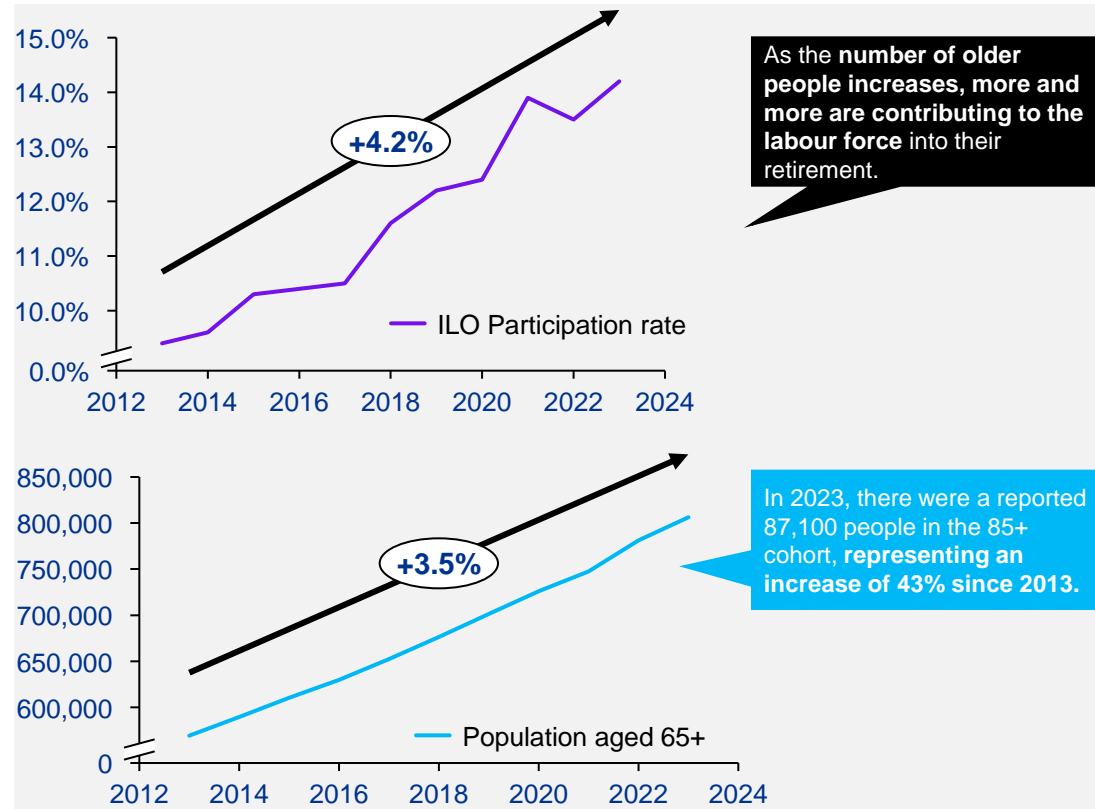**Sources:**   **(1)** Healthy Ireland Survey 2023

Health trends (2/2)

A growing number of people live longer lives is helping drive an increasing demand for healthcare services.
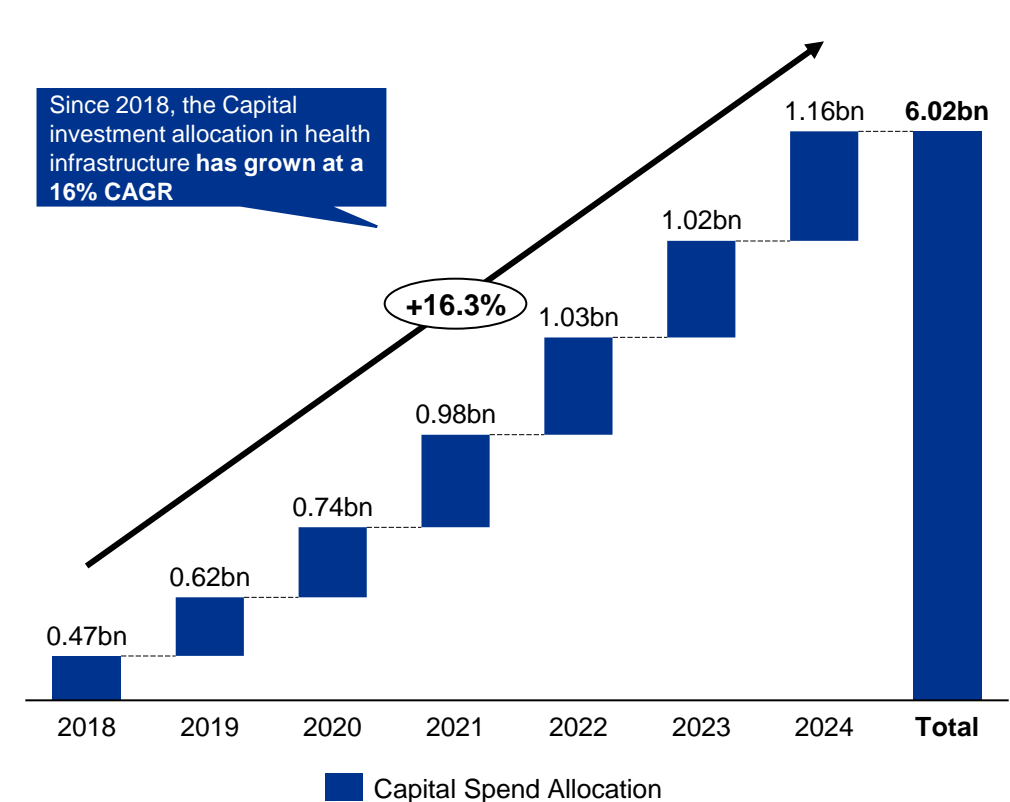
65+ cohort labour participation and population growth (2013-2023)[1,2]
Values are given in percentage (%) and thousands of people (000's)

— ILO Participation rate

+4.2%

As the **number of older people increases, more and more are contributing to the labour force** into their retirement.

+3.5%

In 2023, there were a reported 87,100 people in the 85+ cohort, **representing an increase of 43% since 2013.**

— Population aged 65+

Capital spend allocation in Health infrastructure (2018-2024)[3,4]
Values are given in billions of euro (€'s)

Since 2018, the Capital investment allocation in health infrastructure **has grown at a 16% CAGR**

+16.3%

0.47bn 0.62bn 0.74bn 0.98bn 1.03bn 1.02bn 1.16bn **6.02bn**

2018 2019 2020 2021 2022 2023 2024 **Total**

■ Capital Spend Allocation

Sources: **(1)** CSO ILO Participation characteristics (2013-2023) **(2)** CSO Population estimates (2013-2023) **(3)** HSE Capital plan 2018-2023 **(4)** National Service Plan 2018-2024

07

Appendix B: regression analysis

Regression analysis overview

Household composition and location (Dublin vs. the rest of the country) have a statistically significant impact on RLS. Age, gender and home ownership are not statistically significant factors.

Introduction

The purpose of the regression analysis undertaken is to observe the relationship, if any, between monthly costs and a given factor (gender, household composition, age, etc.).

The regression analysis is not intended to be a commentary on definitive causality between the dependent variable and independent variables, for which further research would need to be conducted. Instead, the purpose of this analysis is to explore the relationship between monthly costs and the given factors.

Result overview

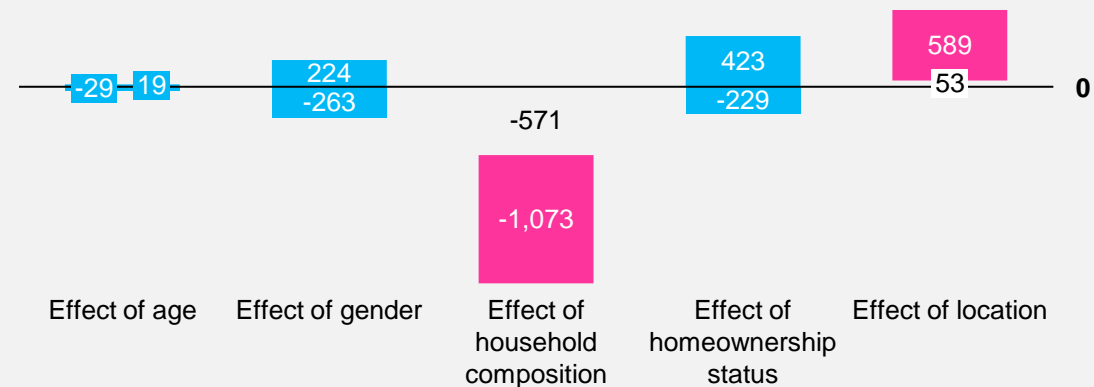|	Statistically significant	Undetermined relationship
Household composition	✔	
Age		✔
Gender		✔
House ownership status		✔
Location	✔	

Sources: KPMG Survey data

Confidence intervals

A confidence interval explains what range of values can be expected if another sample is taken in the exact same way. For example, if you construct a confidence interval with a 95% confidence level, you are confident that 95 out of 100 times the estimate will fall between the upper and lower values specified by the confidence interval.

A confidence interval is the mean of your estimate plus and minus the variation in that estimate.
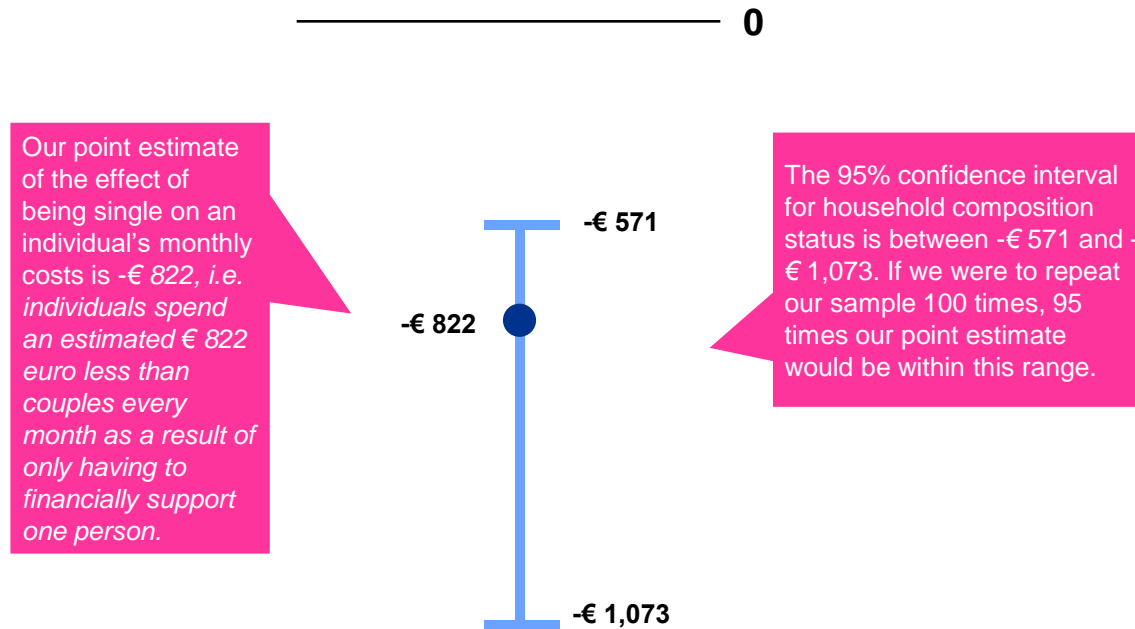
The measured relationship of various factors on an individual's monthly costs at the 95% confidence interval
in €

Effect of age	Effect of gender	Effect of household composition	Effect of homeownership status	Effect of location
-29 19	224 / -263	-571 / -1,073	423 / -229	589 / 53

0

Effect of household composition

A statistically significant relationship exists between household composition and the level of monthly costs in retirement. On average, individuals spend €825 less a month than couples.

The measured relationship of being single on an individual's monthly costs at the 95% confidence interval
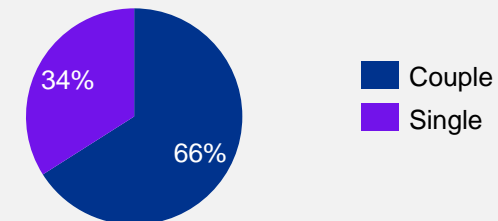
€

0

Our point estimate of the effect of being single on an individual's monthly costs is -€ 822, i.e. individuals spend an estimated € 822 euro less than couples every month as a result of only having to financially support one person.

-€ 571

-€ 822

The 95% confidence interval for household composition status is between -€ 571 and -€ 1,073. If we were to repeat our sample 100 times, 95 times our point estimate would be within this range.

-€ 1,073

Data summary and hypothesis

There is a statistically significant relationship between an individual's household composition status and monthly costs. Potential reasons for this are as follows:

- **Intuitively couples need to spend more than singles,** as households must care for two people as opposed to one and hence must spend more.

- **A large number of respondents were in both the couple and single category (as seen below),** allowing for a more accurate analysis of household composition and monthly costs.
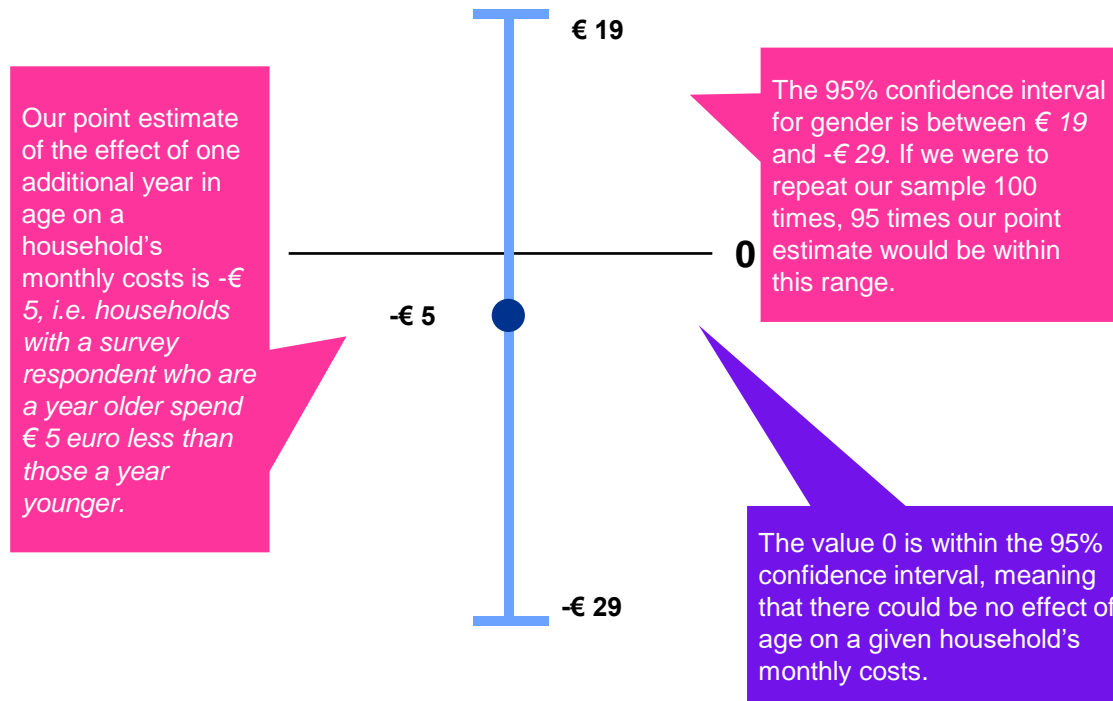
Respondent household composition:
% of respondents

34%

66%

■ Couple
■ Single

Sources: KPMG Survey data

Effect of age

We observe an *undetermined relationship* between age and monthly costs in retirement. In other words, there could be no effect present.

The measured relationship of one additional year in age on an individual's monthly costs at the 95% confidence interval

€

€ 19

Our point estimate of the effect of one additional year in age on a household's monthly costs is -€ 5, i.e. households with a survey respondent who are a year older spend € 5 euro less than those a year younger.

-€ 5

The 95% confidence interval for gender is between € 19 and -€ 29. If we were to repeat our sample 100 times, 95 times our point estimate would be within this range.

0

The value 0 is within the 95% confidence interval, meaning that there could be no effect of age on a given household's monthly costs.

-€ 29

Data summary and hypothesis

There is an undetermined relationship between age and monthly costs. Potential reasons for this are as follows:

- **Age distribution of survey respondents,** differences in retiree spending patterns due to age may only set in at a much later stage in life. 12% of survey respondents were above the age of 78, which could limit sight of clear patterns in spending due to age in later years of retirement.
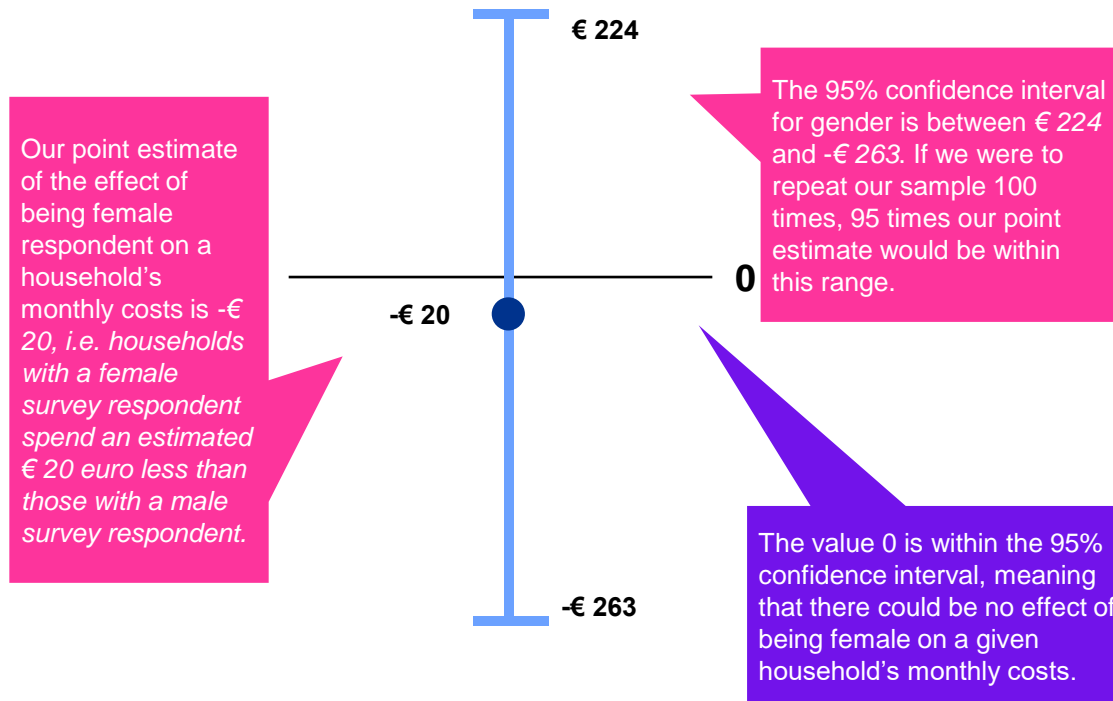
Survey respondent breakdown by age
% of respondents

12%

38%

50%

- 66-70 years
- 71-77 years
- 78+ years

Sources: KPMG Survey data
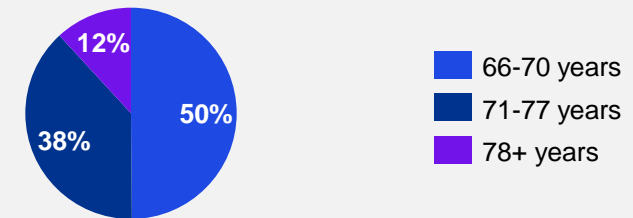
Effect of gender

There is an *undetermined relationship* between gender and monthly costs in retirement. In other words, there could be no effect present.

The measured relationship of being female on an individual's monthly costs at the 95% confidence interval

€

€ 224

Our point estimate of the effect of being female respondent on a household's monthly costs is -€ 20, i.e. households with a female survey respondent spend an estimated € 20 euro less than those with a male survey respondent.

The 95% confidence interval for gender is between € 224 and -€ 263. If we were to repeat our sample 100 times, 95 times our point estimate would be within this range.

-€ 20

0

The value 0 is within the 95% confidence interval, meaning that there could be no effect of being female on a given household's monthly costs.
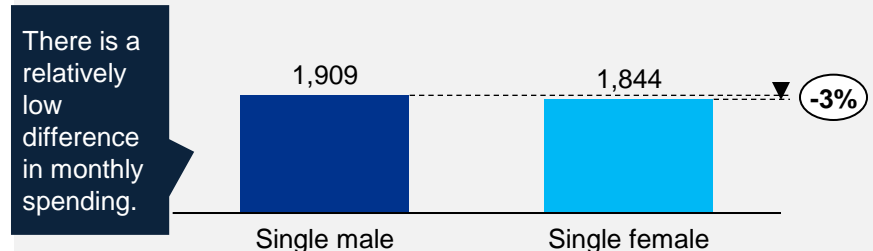
-€ 263

Data summary and hypothesis

There is an undetermined relationship between gender and monthly costs. Potential reasons for this are as follows:

- **Household composition,** each survey respondent recorded their gender, however, 65% of respondents were couples whom reflected their joint incomes and expenditures. Hence, the effect of gender on their costs would have been negated if the couple is male-female.

While no differential in spending is observed by gender, it remains the case in Ireland that females accumulate significantly less wealth to fund retirement spending.

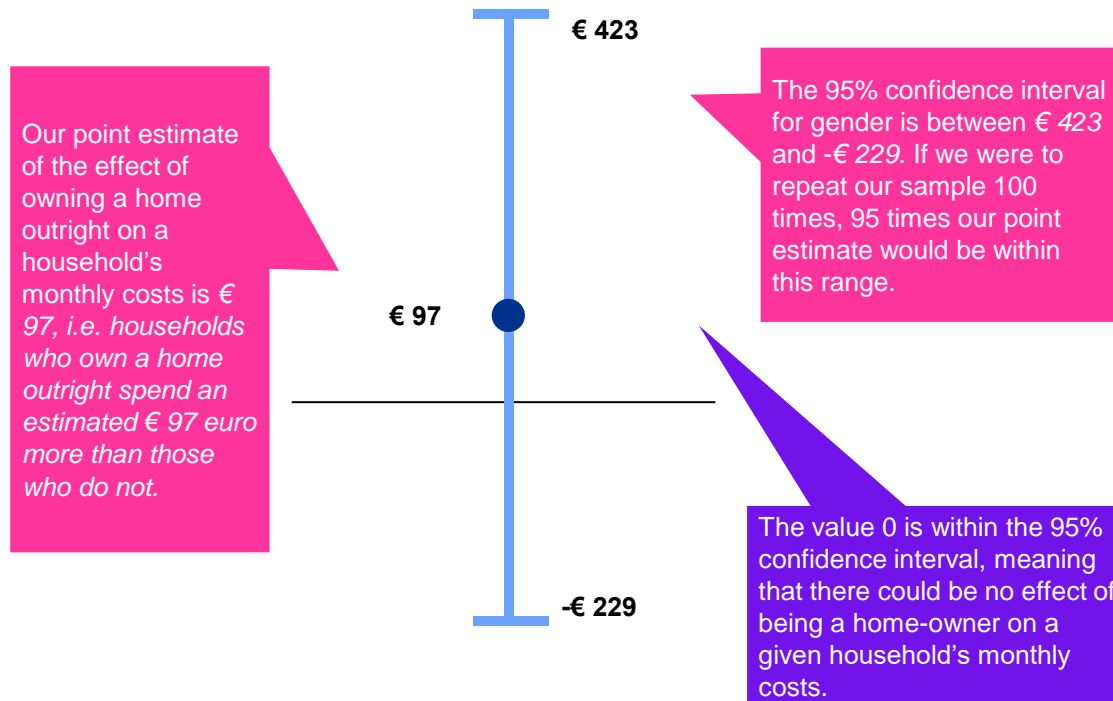**Average monthly costs by gender and household composition**
single male respondents vs. single female respondents

There is a relatively low difference in monthly spending.

1,909

1,844

-3%

Single male   Single female

Sources: KPMG Survey data

Note: Our survey responses were 62% male and 38% female which doesn't the represent the entire older population. This would also need to be taken into consideration if seeking to understand male/female differences (if any)

Effect of home ownership status

There is an *undetermined relationship* between home ownership and monthly costs in retirement. In other words, there could be no effect present.

The measured relationship of owning a home outright on an individual's monthly costs at the 95% confidence interval
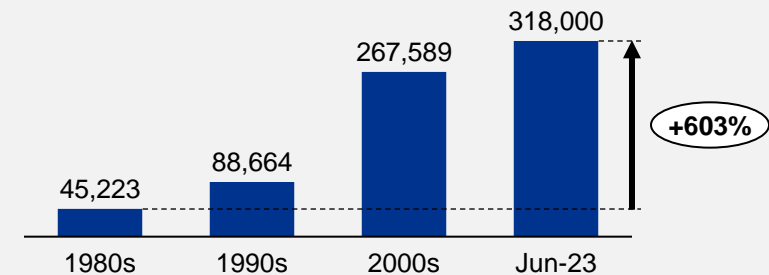€

€ 423

Our point estimate of the effect of owning a home outright on a household's monthly costs is € 97, i.e. households who own a home outright spend an estimated € 97 euro more than those who do not.

The 95% confidence interval for gender is between € 423 and -€ 229. If we were to repeat our sample 100 times, 95 times our point estimate would be within this range.

€ 97

The value 0 is within the 95% confidence interval, meaning that there could be no effect of being a home-owner on a given household's monthly costs.

-€ 229

Sources: KPMG Survey data

Data summary and hypothesis

There is an undetermined relationship between household location and monthly costs. Potential reasons for this are as follows:

- **Home ownership:** 85% of survey respondents were home-owners. This limits the extent to which the effect of home-ownership could be determined.

- **Residential property prices:** 5% of our dataset are home-owners with an outstanding mortgage. However, many of these home owners purchased their home in a different residential housing market to that of today at lower costs:
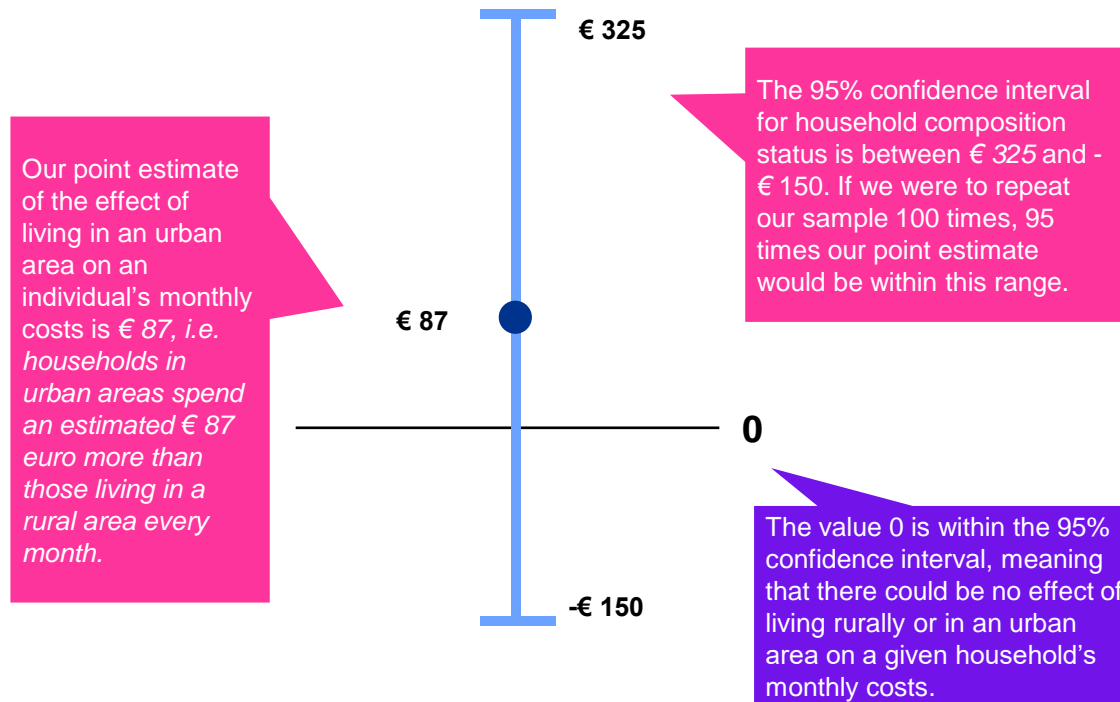
Residential property prices in Ireland
€, 1980s-2023

318,000

267,589

88,664

45,223

+603%

| 1980s | 1990s | 2000s | Jun-23 |

Effect of location: urban vs. rural

There is an *undetermined relationship* between an urban or rural location and monthly costs. In other words, there could be no effect present.

The measured relationship of living in an urban area on an individual's monthly costs at the 95% confidence interval

€

€ 325

€ 87

0

-€ 150

Our point estimate of the effect of living in an urban area on an individual's monthly costs is *€ 87, i.e. households in urban areas spend an estimated € 87 euro more than those living in a rural area every month.*

The 95% confidence interval for household composition status is between *€ 325* and -€ 150. If we were to repeat our sample 100 times, 95 times our point estimate would be within this range.

The value 0 is within the 95% confidence interval, meaning that there could be no effect of living rurally or in an urban area on a given household's monthly costs.
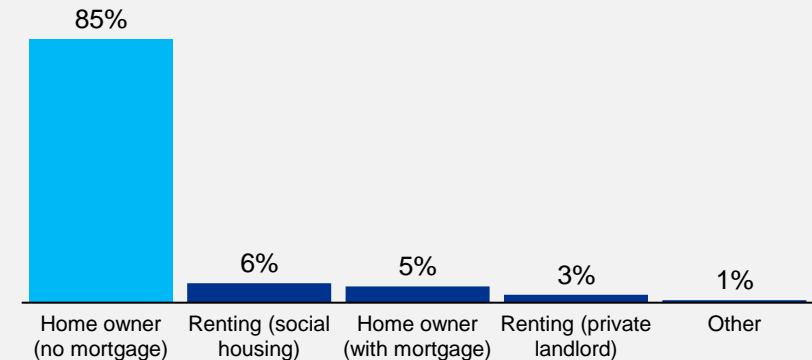
Data summary and hypothesis

There is an undetermined relationship between an urban or rural location and monthly costs. Potential reasons for this are as follows:

- **Home ownership:** 85% of survey respondents own their home. Hence, differences in house prices between urban and rural areas are not a factor in monthly costs.
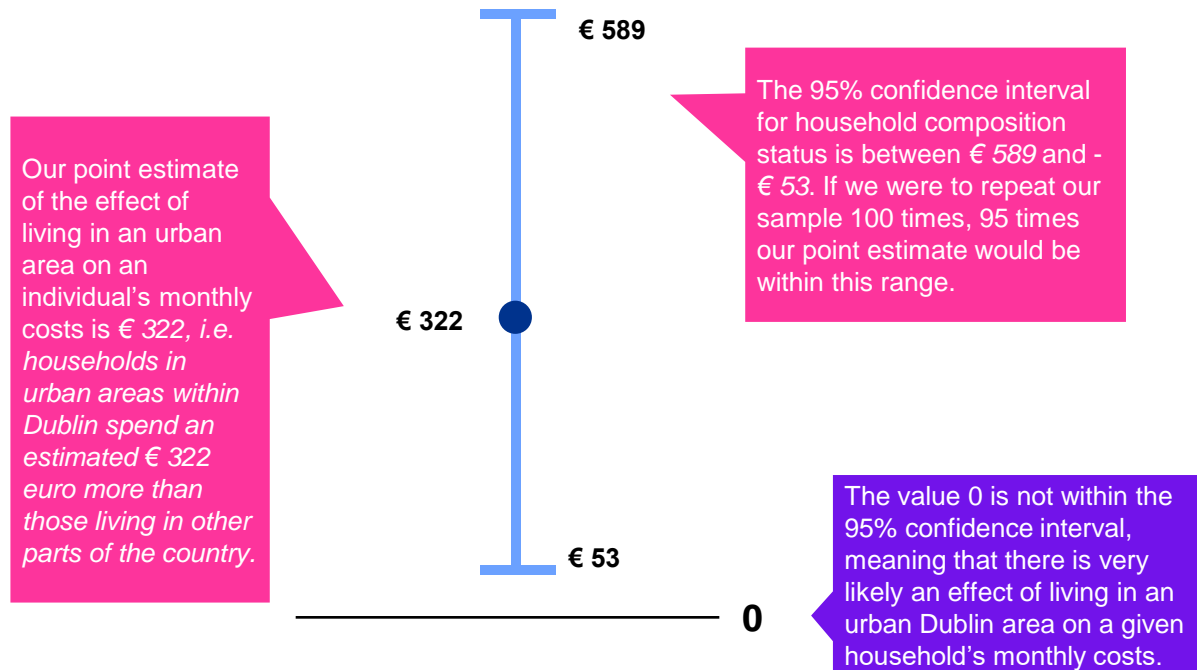
Survey respondent breakdown by house ownership status

,% of respondents

85%	Home owner (no mortgage)
6%	Renting (social housing)
5%	Home owner (with mortgage)
3%	Renting (private landlord)
1%	Other

Sources: KPMG Survey data

Effect of location: Dublin vs. rest of country

A statistically significant relationship exists between household location and the level of monthly costs in retirement. On average, Dublin urban households spend €322 more a month than other households.

The measured relationship of living in a Dublin urban area on an individual's monthly costs at the 95% confidence interval
€

€ 589

The 95% confidence interval for household composition status is between € 589 and - € 53. If we were to repeat our sample 100 times, 95 times our point estimate would be within this range.

Our point estimate of the effect of living in an urban area on an individual's monthly costs is € 322, i.e. households in urban areas within Dublin spend an estimated € 322 euro more than those living in other parts of the country.

€ 322

€ 53

The value 0 is not within the 95% confidence interval, meaning that there is very likely an effect of living in an urban Dublin area on a given household's monthly costs.

0

Data summary and hypothesis

There is a statistically significant relationship between urban Dublin households and monthly costs. Potential reasons for this are as follows:

- **Property prices:** Dublin property prices are amongst the highest in the country.

- **Available amenities:** Those living in Dublin have access to a greater number of amenities with greater outlets for their spending.

While a statistically significant relationship is present between household location and monthly costs, there are other factors to be considered:

- **Highly paid workforce:** many of Ireland's highest paying jobs within larger corporations are located in Dublin, thus, wealthier people may tend to live in Dublin.

- **Differences between areas of Dublin:** disparities in cost of living can be seen amongst Dublin's different areas, making it difficult to attribute an exact cost amount to the Dublin urban region in its entirety.

Sources: KPMG Survey data

kpmg.ie