It's critically important for women to close the €8,000 gender pensions gap

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Recent research by the Economic and Social Research Institute (ESRI) shows that retirement income for women is approximately €153 per week less than men or just under €8,000 per annum.

Pensions and retirement planning are still a major stumbling block for many women.

However, women actually need to prepare better for their retirement than men for a variety of reasons. These include the fact that they can earn less even in the same roles as their male counterparts, they are more likely to have career interruptions and on average they live longer than men — current statistics state an additional five years on average.

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The research shows that there is currently no gender difference in the average state pension so this €8,000 deficit is in private pension funding. The contributory State pension is now just over €12,900 per annum and represents a large income drop for most people, so everyone, male and female, needs to take responsibility for their retirement planning.

However, for the reasons already mentioned, women need to pay particular attention and make sure they take advice early and at all stages of their career to maximise the retirement income they will receive.

It is never too late or too early to learn about pensions or to start one. However, the sooner you start a pension the better, plus it will lessen the financial burden of starting it later in life.

Better still, the more you contribute, the more tax relief you can claim, so avail of this 'free money' now. The fund will increase tax free and you can get part of the fund tax free when taking retirement benefits. It really is the most tax-efficient way of saving.

If you are an employee and your employer offers access to a scheme, then firstly always make sure you join your scheme if your employer will pay a contribution. Again don't turn away 'free money'.

Seek advice and understand where your contributions are being invested to ensure your pension fund and contributions are invested in the correct investment funds for your investment risk profile and timeframe to retirement.

Anyone who is a member of a pension scheme should consider paying additional voluntary contributions (AVCs) also when possible, either by monthly contributions or a single contribution once a year.

Remember, for every €100 you contribute, it will only cost you €80 if you are a basic rate taxpayer or €60 if you are a higher rate tax payer. If you are self-employed or a company director, ensure you maximise the generous tax reliefs available by paying into a pension.

This can be done by paying a regular monthly contribution or by paying a single lump sum prior to doing your tax return or ideally a combination of both.

Again, for every €100 you contribute, it will only cost you €80 if you are a basic rate tax payer or €60 if you are a higher rate tax payer.

Don't forget your old pensions and pensions from previous employment. Many of us have a number of pensions but how many have reviewed these and know how they are performing or how much their funds would be worth to them in retirement? If you are unsure of where you stand in terms of the retirement benefits you have in place to date, talk to a professional financial advisor.

So, to summarise, don't put retirement planning on the long finger. The key thing is to start contributing to a pension, no matter how small that contribution is, you can increase it over time as affordability improves.

Take control, take advantage of the many tax advantages of pension funding, and take advice.

■ Karen Goodliffe is a Certified Financial Planner

About HerMoney

HerMoney, a division of CWM Wealth Management Ltd, has offices in Cork and Dublin and provides expertise to professional women.

Its team of female financial advisers offer a bespoke advisory service on retirement planning, protection, savings and investments.

www.hermoney.ie