Two Thirds of Baby Boomers' Stuck in the Pre Credit Crunch Era

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NEWS UPDATE

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Leading pension expert provides timely advice to consumers as research from The Hartford shows baby boomers face a bleak retirement

New research from The Hartford reveals that almost two thirds (65%) of baby boomers (those aged 45 and over) have failed to review their retirement plans as a result of the current financial crisis. The majority of this group continue to adopt financial behaviour that is firmly fixed in the pre credit crunch era. They are either committed to a plan of action and won't change (26%) or feel it has largely been caused by other people and there is nothing they can do about it (23%).

Leading retirement expert and IFA, Billy Burrows, believes that baby boomers must adopt new, post credit crunch behaviour now, or face the prospect of a bleak retirement.

Baby boomers need to adapt to a new era of retirement planning

The research, conducted by YouGov on The Hartford's behalf, forms part of a new report by The Hartford's Facing Retirement Forum: 'After the Crunch: Saving for Retirement.' Written by Burrows, the report provides practical guidance for people looking to plan their retirement and make the right financial decisions in a post credit crunch world. It also outlines the typical financial behaviours of baby boomers – those aged 45 and above.

1. Pre Credit Crunchers: Crunch Denial 42%

• Typically, this group of people are stuck in pre credit crunch thinking and behaviour
• Many of these pre credit crunchers may not have yet seen the folly of their existing approach as the full impacts of the economic crisis have yet to hit home.

2. Mid Credit Crunchers: Crunch Drunk 23%

• Understand the impacts of the credit crunch and realise they need to adapt
• However, they are being bombarded by information and are confused.

3. Post Credit Crunchers: Crunch Conscious 35%

• Have taken decisive action as a result of the economic crisis in a bid to ensure the best outcome for retirement – 27.5% have monitored their assets themselves in the last six months

• But only a minority (7.5%) have seen a financial adviser in the last six months.

Michael Rudge, Hartford Life's UK MD, said: "People's attitudes to retirement planning remain firmly fixed in the pre credit crunch era. From an over reliance on property, through to a lack of interest and understanding of pensions right until the last minute, many people have not adapted to the economic realities of 2009.

"Given the stress and strain caused by the financial crisis, many people are understandably falling foul of classic decision making mistakes. A quarter (26%) of boomers who have not reviewed their plans remain firmly fixed on the same course of action, purely because they have been committed to the strategy for many years. A further quarter (24%) believe that there is nothing they can do, because the problems have been caused by other people."

Common sense tips to help consumers through the credit crunch.

Billy Burrows added: "For those people about to hit retirement age, there may be little they can do to improve their financial situation. But, for the huge swathe of baby boomers approaching retirement, there is an opportunity to adopt post credit crunch behaviour. In short, we are at a watershed in retirement planning and people need to adapt accordingly.

"The new report includes some common sense tips to help people on their way. For example, people must see retirement as part of their continuous journey rather than a set retirement date. People must have a wide range of investments and appreciate that property will only form a part of their retirement assets. And, perhaps most importantly, people need to seek the advice of financial advisers and other trusted partners."

The report also includes 10 questions that people need to ask themselves now:

1. How much do you save into your pension each month? Can you increase the amount?

2. Have you discussed the full range of investment options with your adviser?

3. Are you relying too heavily on your property as a source of retirement income?

4. When did you last speak to your adviser to get a review of your finances?

5. Which underlying funds are you investing in? Do these match your risk profile?

6. If you're about to retire are you aware of all of the available options including annuities, pension drawdown and phased retirement?

7. If you are going to purchase an annuity have you shopped around for best deal?

8. Have you considered the impact of inflation on your retirement income?

9. If you are considering investing in an income drawdown plan, or are already invested in one, do you understand the risks and have you considered ways of reducing the risk?

10. Have you planned ahead for the future cost of long term care?

The full report is available at: https://www.thehartford.co.uk/facingretirementforum/index.html

A separate report of the YouGov findings is available upon request.

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2372 adults. Fieldwork was undertaken 27 February - 2 March 2009. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). The term baby boomers refer to those aged 45 or above.

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About The Hartford’s Facing Retirement Forum

The Facing Retirement Forum is a new initiative led by The Hartford to develop a better understanding of the needs of older people – baby boomers in the UK. The Forum will facilitate debate between industry, policy makers, charities and consumer groups. The Forum advisory board includes pensions and investments expert, Dr. Ros Altmann; Professor Simon Biggs, Director of the Institute of Gerontology; and Michael Rudge, UK MD of Hartford Life Limited.

About The Hartford

The Hartford is a Fortune 100-listed company providing financial services to over seven million customers in countries such as the US, Brazil and Japan. Established in 1810, The Hartford has nearly 200 years of experience in working with individuals, businesses and families. It has over 30,000 employees and, as at 30 June 2008, it manages assets in excess of £208 billion worldwide. The Hartford has brought its global expertise and financial strength to the UK, launching Hartford Life Limited from its head office in Dublin and branch office in London. The Hartford's Internet address is www.thehartford.com.

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