

MORE THAN ONE THIRD OF NON-RETIREES IN GREAT BRITAIN DO NOT HAVE A PENSION

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-YouGov research commissioned by Foster Denovo underlines the extent of the pensions crisis-

More than one third (36 percent) of adults in Great Britain who are not already retired do not have a personal or company pension in place, according to YouGov research⁽¹⁾ commissioned by the national Employee Benefits adviser Foster Denovo, www.fdemployeebenefits.com.

The survey also highlighted that more than a quarter (28 percent) of people aged between 25 to 44, do not have any provisions – such as property, inheritance or savings – in place for retirement. And 11 percent of this age group confirmed that they had not yet considered how they would cope financially at the end of their working life.

Commenting on these findings, Ian Bird, senior partner at Foster Denovo, said: “The lack of awareness and insight amongst consumers when it comes to pensions is a cause for extreme concern. However, I believe that much of this is down to a severe lack of financial education and available information.

“For example, when it comes to state benefits, the onus is currently on individuals to search for the relevant material. They are also hindered by much of this being highly complex. Whilst the UK government could, traditionally, be accused of poor communication on issues such as state benefits, help is now available on websites such as <http://www.direct.gov.uk/en/index.htm> and <http://www.hmrc.gov.uk/index.htm>. We hope that the government will continue to expand the availability of such information to everyone, regardless of their financial literacy.”

The survey also revealed that more than two thirds (68 percent) of non-retired men in Great Britain have a pension, compared to 60 percent of women. Ian Bird added: “This figure is likely to be representative of women’s childcare commitments, but it is clearly an issue that the pensions industry must address. It needs to look at what support it can provide to reverse this trend.”

When asked whether the current economic climate has made those not already retired less likely to invest into a pension, more than one third (38 percent) stated that it had. 52 percent advised that their outlook had been unaffected by the economic downturn, which some commentators believe has eroded public confidence in the financial sector.

However, the recession had not dimmed the British population's faith in property. 16 percent of those questioned were still relying on this for their pension. Ian Bird commented: “With lower house prices, people who rely on the equity in their property may find themselves having to massively downgrade in order to have sufficient funds to support their retirement.”

A quarter (25 percent) of those surveyed stated that they believed they would need to work to the ages of 70 to 79. This figure rose to 31 percent for the 25 to 34 year old age group. In response to this, Ian Bird added: “Believing that you will work to a certain age is all very well, but it isn’t always

realistic. Many people find themselves unable to work in later years, usually for health-related reasons. Thinking that you can 'save later' is not always an option."

The Personal Accounts scheme, a government-proposed national private pension plan due to take effect in 2012 is intended to address the pensions crisis by increasing pensioners' income. However, Ian Bird offers a word of caution: "Whilst this is a highly positive initiative showing much needed progress, it may not always be the best option. The period to 2012 offers an opportunity to make sure that everyone is well-informed and in a position to make the choices that are right for their circumstances."

The future of pensions remains a hotly debated topic, Foster Denovo and YouGov's stark findings come just weeks after BP announced the closure of their defined benefits pension scheme from April 2010, and Barclays reported the review of their scheme.

In its fifth annual Future of Retirement Study, HSBC reflected on a perfect storm of demographic, individual and financial forces set to derail peoples' retirement plans and leave many struggling to make ends meet. It revealed, amongst other findings, that nine out of ten people do not feel fully prepared for the retirement.

In this context, the findings illustrate the scale of the challenge facing the Government, the regulator and the financial services industry, but Ian Bird remains upbeat: "In my mind the fact remains that for many people the answer is quite simple; seek proper independent advice and start planning early.

"The pensions industry is going through a period of change, which is unsettling but it is up to those in the industry to bring some clarity to the situation and continue presenting the arguments as clearly and simply as possible."

(1) YouGov survey commissioned by Foster Denovo on the theme of Pensions. Total sample size was 2072 adults. Fieldwork was undertaken between 29th May - 1st June 2009. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

-Ends-

Notes to editors

About Foster Denovo Limited:

Foster Denovo Group plc is the holding company of Foster Denovo Limited, a national IFA serving corporate and private clients which is authorised and regulated by the Financial Services Authority, and provides advice on employee benefits, wealth management, retirement solutions and private finance.

Authorised and regulated by the Financial Services Authority, Foster Denovo was established in 2005 and completed its buyout from the Tenet Group Limited in 2007.

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