

Prudential reports UK expected retirement income hits six-year low

Submitted by: pr-sending-enterprises

Thursday, 10 January 2013

Pensioners' expected retirement incomes have fallen for the second consecutive year, according to new research from Prudential*.

The insurer's sixth annual 'Class of' study, which tracks the future plans and aspirations of people entering retirement, found that those retiring in 2013 expect average incomes of £15,300 per year - £200 less than the Class of 2012's expectations.

According to the research, expected retirement incomes have fallen in four of the past five years, and are now £3,400 lower than they were in 2008, when a typical person entering retirement anticipated an annual income of £18,700.

Yet, the real-term fall in incomes is even higher due to rises in living costs. Since 2008, inflation has caused prices to rise by 14.7 per cent. Someone who retired last year would therefore need an annual income of £21,400, to have the same buying power as an average person entering retirement in 2008**.

Despite expected retirement incomes falling nationally overall, they actually increased in certain areas of the UK. The most significant year-on-year increases were in Scotland, where they increased by £800 to £15,000. Notable increases also occurred in the South West, where an average 2013 retiree's estimate was £500 more than that of their 2012 counterpart - £15,600 compared with £15,100. Yorkshire & Humberside, the North West and London also saw increases in expected retirement incomes.

Vince Smith Hughes, retirement expert at Prudential, said: "People entering retirement this year are continuing to feel the squeeze as their expected incomes have fallen for the fourth time in five years, to a new low.

"The continuing trend is even more concerning, when you consider that rising inflation is eroding pensioners' spending power in real-terms.

"Wherever possible, people entering retirement should consult a financial adviser or retirement specialist, who will be able to talk them through all of the retirement income (http://www.pru.co.uk/retirement_income/) options available to them. It can be tempting to go for whatever product offers the highest initial income, but this might not be the best value in the long-run as it could leave dependents at risk, or fail to protect you against rising living costs.

"Those who are still working should think about saving as much as possible as early as possible, to give themselves the best chance of building up a decent pension pot to help to ensure a comfortable retirement."

- Ends -

Notes to Editors:

*Research Plus conducted an independent online survey on behalf of Prudential between 2nd and 12th

November 2012, interviewing 8,676 UK non retired adults aged 45+, including 1,007 who intended to retire in 2013.

**Refers to inflation increase between Jan 2008 and November 2012 (latest available at time of publication): <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-265879>
Calculation: £18,700 x 1.147 = £21,400 (to the nearest £100)

About Prudential:

About Prudential:

"Prudential" is a trading name of The Prudential Assurance Company Limited, Prudential Unit Trusts Limited and Prudential Distribution Limited. This name is also used by other companies within the Prudential Group which, between them, provide a range of financial services that incorporate retirement planning (http://www.pru.co.uk/pensions_annuities/prudential_pensions/flexible_retirement_plan/), investment planning, life assurance, pensions and savings.

PR Contact:

Jo Field

3 Sheldon Square

London

W2 6PR

020 7004 8078

www.pru.co.uk