



ONE IN SEVEN WILL RETIRE WITH NO PENSION, RESEARCH SHOWS

- **Women are nearly three times more likely than men to retire with only the State Pension**
- **Almost one in five will retire with income below the Minimum Income Standard**
- **The State Pension will account for 35 per cent of average retirement income for those planning to retire in 2014**

One in seven (14 per cent) of those planning to retire this year has made no personal pension provision and will be either totally or heavily dependent on the State Pension, according to research by Prudential¹.

The insurer's seventh annual 'Class of' study, tracking the future plans and aspirations of people who plan to retire this year, shows that in the Class of 2014 women are nearly three times more likely to rely on the State Pension than men – 20 per cent of women say they have no pension savings compared with seven per cent of men.

The reality of many people's reliance on the State Pension is underlined by the research, which shows that nearly one in five (18 per cent) of those planning to retire this year will have an income below the Minimum Income Standard as defined by the Joseph Rowntree Foundation (JRF)². JRF estimates that a single pensioner needs an income of at least £8,600 a year to reach a minimum socially acceptable standard of living; a retired couple needs an annual income of more than £12,500.

Vince Smith-Hughes, retirement income expert at Prudential, said: "The changes to pensions and how people can take their retirement income announced in the Budget last month will provide savers and retirees with more choices. However they don't alter the fundamental fact that many people are not saving enough for a comfortable retirement."

The Prudential research also highlights the importance of the State Pension to people planning to retire this year. On average it makes up 35 per cent of an individual's total expected retirement income, which is the same proportion on average that is expected to come from company pension schemes.

Women are more reliant on the State Pension than men – on average the State Pension makes up 42 per cent of women's expected retirement incomes compared with 28 per cent for men. Also, Women have less company pension scheme income than men – it makes up 27 per cent of women's expected retirement incomes compared with 42 per cent for men.

Despite the widespread reliance on the State Pension, there is confusion among those planning to retire this year about how much the State Pension is worth for an individual. Nearly two in five (39 per cent) either have no idea what the State Pension is worth or think it is worth more than the £113.10 a week payable from April 2014. Around one in six (17 per cent) overestimate the value of the State Pension by at least £880 a year.

Vince Smith-Hughes added: "It is also important to avoid falling into the trap of overestimating the contribution that the State will make to your retirement income, as the State Pension alone is barely sufficient."

"The introduction of auto-enrolment into workplace pension schemes is helping to encourage saving, and along with plans for a flat rate State Pension from 2016, small steps are being taken to improve retirees' prospects. However, simply saving as much as possible as early as possible in your working life and seeking professional financial advice in the run up to retirement will help to make the most of your savings when you're ready to stop working."

Across the country people expecting to retire this year in the North East and South West are the most likely to rely on the State Pension (20 per cent with no other pension). In contrast, those in the North West will be the least reliant, with just eight per cent entering retirement without any private pension savings.

¹ Research Plus conducted an independent online survey for Prudential between 21 November and 3 December 2013, among 7,821 UK non-retired adults aged 45+, including 1,010 intending to retire in 2014.

²Figures taken from the 2013 update of the Minimum Income Standard for the United Kingdom, published by the Joseph Rowntree Foundation <http://www.jrf.org.uk/publications/MIS-2013>

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