



Financial Services

Great Expectations: Britain's Big Retirement Delusion

Half of Brits don't pay into a pension, those who do are willing to save just £59 a month, yet they still want to retire at 58!

New research from Halifax reveals Brits are worryingly naïve about their retirement prospects. Over half (52%) of Brits surveyed don't currently pay into a pension and 70% over-estimate what they will receive in state retirement funds.

Those polled were on average only willing to save £59 a month towards their pension – less than half of the £150 a month needed (when combined with state provision) for a pension pot which would yield the desired income of £24k a year. Not only that, but consumers would have to start investing on average at the age of 28, and work through to the age of 65, not 58, as desired by many.

Key findings:

- **Over half don't pay** into a pension. A staggering 52% of consumers surveyed are not paying into a pension fund, highlighting that retirement provision is still not a priority for the vast majority.
- **How much is enough?** On average consumers are willing to save just £59 a month towards a pension, with the majority unable to make any contributions until the age of thirty two.
- **Overestimating the state pension.** 70% of respondents over-estimate what they will receive from the state in retirement. On average, people think it is **double** the actual amount of £4,716.
- **Wake up call.** 85% of people realise they probably won't achieve the average desired retirement income of £24k, even though they are already overestimating what they believe they are entitled to from the state.
- **What are you aiming for?** The findings show that most consumers are aiming for a long and expensive retirement, with the average desired retirement age at just 58.

Men V Women – The pension priority gender gap

Results also point to worrying gender differences in saving for retirement, with men consistently prioritising saving for pensions over women throughout their lives. Men are also on average willing to pay nearly 50% more into their pensions than women (£76 per month v. £51 per month), though this may be down to gender differentials.

- **Male pension priorities higher.** Men prioritise saving for a pension higher than women through each life stage. Pensions only become a priority for women over men as they near retirement age at sixty. A quarter of men think they will reach their retirement goals, more than just one in ten females.
- **Men more committed?** Men believe they can afford to pay £76 per month into a pension, with women willing to contribute £51. Men are more optimistic about the value of the state pension, but both the male and female population wildly over-estimate its actual value – both believing it is more than double the actual amount.

- **Social lives top priority for men twenties** 33% of men choose to spend their funds on going out rather than buying a house (21%), a car (7%), paying debt (12%) or starting a family (3%). Pensions are a priority for just five per cent of men in this age group.
- **Women focus on the home at an early age.** A clear priority for women in their twenties is buying a house (30%) and starting a family (11%). Pensions are a priority for just one per cent of women before they turn thirty.

Karen Crowshaw, managing director, Halifax Financial Services, commented:

"Times are tough and it is crucial that consumers are obtaining the best advice when it comes to managing their outgoings. It may be a natural assumption for many to delay saving for retirement when faced with day to day expenses, but it is important that retirement plans do not bear the full brunt of the current economic climate.

"According to the findings in our research, men and women clearly have very different views when it comes to priorities of saving for their retirement. However, much can be learnt from couples working together and visiting their local high street bank to talk through their options."

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About Halifax Financial Services

Halifax Financial Services, part of the Lloyds Banking group.

It is always important to take a long term view on your savings.

Research

The research was carried out by OnePoll.com using an online sample of 3,059 British adults.