

Planning Your Finan

In 1908 when the Government introduced the basic State Pension the average length of retirement was three years.

Today, all being well, people in the UK can expect to spend perhaps 25 to 30 years in retirement. Whilst this improved 'longevity' is generally welcomed, it does pose a problem when it comes to providing sufficient financial provision for this later third of our lives.

Because of this pensions have to be paid for longer and this means that they have become increasingly expensive to provide.

The main advantage of a pension is that, once you retire, it is payable to you for the rest of your life – no matter how long you live. This makes it an ideal base for any retirement planning. However, diversification is always a good strategy and if you can make other provisions for retirement, in the form of investment in property, ISAs, etc, the more you will be able to afford to do all the things you want to do in your retirement.

The Pensions Trust has been a pension provider of occupational pension schemes (i.e. schemes provided by employers for their employees) since 1946. We provide a comprehensive service to employers and their staff who join any of our schemes, e.g. administration, investment services, Trusteeship etc.

The only service which The Pensions Trust is not permitted to offer is the provision of personal financial advice, i.e. what is the best action for you to take. There

is a very good reason for this. To have sufficient information to give reliable financial advice to any individual, a qualified Independent Financial Adviser (IFA) has to undertake a 'Fact Find', that is, a thorough review of an individual's personal circumstances and financial position. This allows the adviser to see what assets and provisions are held currently and understand the individual's needs for the future and their attitude to risk. For instance; is the individual willing or able to risk all their savings to invest in equities in the hope that this provides a higher return in the longer-term, or do they prefer/need to invest in bonds with relatively low returns but a high level of safety.

Whilst the provision of 'independent financial advice', advising what might be the best course of action in your circumstances, is not a service we offer, we do provide comprehensive information for all our members. At any time you may request information regarding your pension, and it is our hope that, we will supply adequate information for you to be able to make informed choices.

After receiving any information regarding your pension from The Pensions Trust, if you feel that there is anything that is unclear, please contact your Pensions Administration Team in the first instance (enquiries@thepensionstrust.org.uk). Any of the team members will be happy to explain anything which you do not understand. In fact we appreciate any feedback on the communications which we issue, as it is only by hearing your views that we are able to improve our services.



If, after accumulating all the information available, you still feel that you need the assistance of an IFA to help you prepare for your retirement, you can locate an IFA in your local area by accessing the website www.unbiased.co.uk. The Financial Services Authority (FSA) also have a register of IFAs on their website www.moneydeclar.fsa.gov.uk, which you can access by clicking on the 'Getting financial advice' link on their homepage. Please be aware that some IFAs receive commission for selling products of specific providers and therefore it is usually best to try to engage an IFA on a 'fee basis', rather than a 'commission basis'.

In the UK, because pension provision has become more expensive, many employers are moving away from providing defined benefit (DB) and principally final salary schemes for their staff, towards defined contribution (DC) schemes. DB schemes are an open ended liability for employers who bear the burden of the investment risk, the interest rate risk and the longevity risk. These risks are very substantial but in theory both types of scheme should

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be able to provide the same level of benefits for members at retirement. However the 'problem' with many DC schemes is that the level of contributions paid into them by employers and members is significantly lower than the need to produce a similar level of benefit. There is no actuary to set contribution rates to meet a promised level of benefit at retirement. The focus is mainly on contributions and employers and members take the opportunity to lower their short-term costs by paying lower contribution rates. Members therefore generally receive a lower pension from DC schemes. This is a very worrying outcome nationally when the trend is so definitely from DB to DC arrangements.

If you are a member of a DC scheme you should consider paying additional contributions towards your pension if possible. With so many other financial pressures in the current economic climate, the importance of substantial pension contributions can be easily ignored as there are no short-term benefits. However, the result of low pension contributions will only be fully realised on retirement, but by then it will be too late to remedy the situation.

Ultimately, the person most concerned with the provision of a happy and fulfilling retirement for you, is you. The Government provides a Basic State Pension that makes little provision for enjoyment; £90.70 per week for a single person, £145.05 for a married couple in 2008/09).

The responsibility of ensuring that you have sufficient funds for your retirement therefore lies with you.

To assist members approaching retirement The Pensions Trust is introducing a new service this year. We now offer one-day Retirement Awareness Seminars to participating employers, to offer to their staff. Employers may be able to offer to pay the cost of these for their staff, to assist with their retirement planning. Alternatively, if employers are unable to make this offer, the cost may be met by the members themselves. The cost of the one-day Seminar will be £75 per attendee with a maximum of 20 and a minimum of ten attendees at any seminar. All aspects of retirement will be

discussed, not only financial issues. Our hope is that employers will be able to provide a local venue for seminars to allow these to be held all around the country. Where small employers have less than ten interested staff we can consider holding a seminar gathering together the interested staff from several employers for the day.

We will be writing to employers in selected geographical areas in due course but in the meantime, if this is a service that you feel you would be interested in, please advise your employer in the first instance, and ask them to contact pam.jenkinson@thepensionstrust.org.uk to discuss the possibility of a seminar in your area.

