

PENSIONS AND THE PEOPLE



I have been conducting consumer research in the pensions arena for over 15 years and, after a gap of a few years,

led the production of The Pensions Report in 2006.

A major part of this is qualitative and quantitative consumer research, focussing in this Report on what people understood of their at-retirement options. It perhaps was no surprise that, beyond a vague (and negative, but that's another story) understanding of an annuity, there was little knowledge there.

What really surprised me was the extent to which even quite well-off people had become completely disengaged from the whole 'pension' idea. Government, employers, pension providers and advisers were all viewed extremely negatively.

This is a major change from the late 1990s when at least employers and some advisers were viewed reasonably positively.

The whole idea of using a pension as a means of funding retirement is now looked at askance, with people using a range of other means, from buy-to-let property, through to ISA savings and continuing work beyond the state retirement age, to fund their later years.

All this suggests that the 'soft' compulsion proposed for NPSS may not be enough. It seems that people now find the fundamental structure of UK pensions so unattractive that they are using almost any other means to plan for the future.

For the sake of all of us in the pension industry, we must hope this is not the case. We must also hope this is not the case from the consumer viewpoint either, as all the pension alternatives carry risks.

We'll be investigating this further in the 2007 Report.

Watch this space.

Malcolm Small is chairman of the Pensions Report