

9 September, 2009

**83 percent of Brits aged 25 to 54 do not know the value of their state pension
– Employers must help staff take control of their futures, and avert the pensions
crisis, says Foster Denovo –**

Recent YouGov research¹ commissioned by the national Employee Benefits adviser, Foster Denovo (www.fdemployeebenefits.com), has highlighted that 83 percent of 25 to 54 year olds in Great Britain do not know the value of their state pension.

Commenting on the research, Ian Bird, senior partner at Foster Denovo, said: "These figures are alarming; more than eight in ten people aged 25 to 54 have no understanding of the value of their state pension. There is a real lack of financial literacy in the UK, and it's an area that everyone involved in the provision of financial services needs to address urgently, including the government, the regulator and the private sector.

Bird believes that this research highlights a problem at the heart of the looming pensions crisis: "What these figures really illustrate is that the majority of people have no idea of financial their position. As a result, I believe that they cannot be giving themselves the best chance of avoiding poverty in retirement."

"A thorough financial forecasting exercise will incorporate the state pension into an individual's overall retirement planning. The fact that so many people are ignorant of its value indicates to me that they have not been through that process at all, which is worrying."

"The pension crisis which we are seeing played out in the press on a weekly basis at the moment, can – in my opinion – only really be solved by engaging people with their finances, increasing their level of understanding and helping bring the benefits to life. In my experience pension forecasting as part of financial advice and education process has been tremendously successful in doing that. We regularly see understanding improve and this goes hand in hand with pension contributions rising."

Merely relying on the pension offered by your employer or, even worse, that provided by the state, comes a very poor second to taking responsibility for your own finances. However, the level of disengagement that our survey seems to highlight demonstrates to me that message isn't getting through."

Bird continues: "The overall picture seems to be that people are burying their head in the sand when it comes to their financial future. However, in order to plan properly for the time when they no longer have a salary, it is vital for people to know exactly what position they are in now, and what changes they need to make."

But, he believes that the onus for providing information rests with today's employers. He adds: "If the nation is to combat the pensions crisis, then employers must inform and educate their staff – the pension schemes they offer are devalued if people do not understand them. And, companies should adopt the right level of support and advice from pension providers and planners so that they can help their staff plan properly for retirement and take responsibility for their future."

Foster Denovo was one of the UK's first employee benefits advisers to incorporate The Department for Work and Pensions state pension data feed straight into its financial planning software.

Bird explains: "We try to make our financial forecasting as accurate as possible and take account of growth inflation, earnings inflation and existing pension arrangements to create the most accurate forecast possible of an employee's pension entitlement. Once that 'fact find' is completed, the system will forecast the contribution that needs to be made to achieve the minimum, and ideal incomes at retirement."

Foster Denovo has recently provided pensions advice to the Society and Trust Estate Practitioners. The adviser met with all 24 of the organisation's staff and held one-to-one meetings to discuss each individual's benefits packages. Prior to the meeting, the organisation ran a Group Personal Pension scheme, with a low take up. Following on from the consultations with Foster Denovo, there has been almost a 100 percent take up of the new pension scheme put in place.

Hannah Maloney, executive assistant to the chief executive, commented: "The employee feedback following the consultation process was extremely positive. Many said that it was the best way they had ever had pensions explained to them. The process was straightforward and relevant, Foster Denovo came in and took charge, and – as a result – we are now helping our staff to take control of the future."

1. YouGov survey commissioned by Foster Denovo on the theme of Pensions. Total sample size was 2072 adults. Fieldwork was undertaken between 29th May - 1st June 2009. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

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Notes to editors

About Foster Denovo Limited:

Foster Denovo is national IFA providing both corporate and private clients with advice on: wealth management, employee benefits and private finance.



Authorised and regulated by the Financial Services Authority and established in 2005, Foster Denovo is owned, almost in its entirety, by its partners and staff. The board believes this creates a stakeholder culture, which forms the basis of the company's values.

Foster Denovo is dedicated to setting the standard for private client service in the financial services industry, and to building client relationships that will last a lifetime.

With more than 100+ corporate clients, and 70+ charities through its Third Finance division, today Foster Denovo looks after over 21,000 lives through its schemes, which have an annual premium in excess of £33 million.

For further information, screen grabs of the forecasting tool, interviews and photography, please contact:

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