



## **CONFUSION ABOUT RETIREMENT FINANCE OPTIONS AS BRITONS TURN TO INTERNET INSTEAD OF IFAs, SAYS SHIP**

- Only 8% of Britons regularly consult an IFA but 32% of Britons search the internet for financial advice
- Over 50% expect to have a high living standard in retirement, yet 73% intend to plan their retirement finances without seeking financial advice

17 March 2010 - Research from SHIP (Safe Home Income Plans), the equity release trade body, has revealed that only 8% of Britons regularly seek financial advice from an IFA when it comes to planning their retirement finances. The highest proportion (32%) of Britons looking for financial advice turned to the internet for guidance on their retirement. In addition 9% had met with an IFA only once, 4% had taken advice from a bank or financial institution, and 6% had taken advice organised by their employer.

The research was carried out by SHIP to gain a greater understanding of how people expected to organise their retirement finances. It found that most people hoped to maintain their current living standard into retirement (38%), with over 10% expecting to exceed it. This is despite the fact that 73% of those questioned intended to manage their retirement finances themselves, without seeking advice from an IFA.

Although the majority of people expected to have a high living standard in retirement they seemed unaware of the full range of retirement funding options available to them. Most people planned to fund their retirement with some form of pension. However when asked about structured pension plans, 23% said that they had one but that it wouldn't be enough for them to retire on, and 35% had no regular pension at all (See Table 3)



When asked about equity release many did not have a clear view of what it actually entailed and some had never heard of it at all (14%). When asked for their definitions of equity release, 9% of people wrongly identified it as a remortgage, and 32% of people thought it was a form of sale and rent- back.

Andrea Rozario, Director General of SHIP, commented on the findings:

“It is interesting to note that although 73% of Britons consider that they are responsible for their own retirement finances, so few are regularly consulting financial advisers to ensure that they are making the most of their money.

“The findings show that without consulting an IFA, consumers are likely to miss out of the full spectrum of retirement planning products. There seems to still be some uncertainty about the definition of equity release, but SHIP is working hard to increase consumer understanding of the product, Financial advisers can help to play a key role in developing and expanding the industry, and we encourage them to give us their feedback through [www.ship-ltd.org.uk](http://www.ship-ltd.org.uk)”

-ENDS-

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## Notes to Editors

This research was carried out with 1004 respondents, using an appropriately weighed internet survey method.

### About SHIP Equity Release:

Safe Home Income Plans (SHIP) is the UK's trade body for equity release product providers. Launched in 1991 to promote safe plans, SHIP is dedicated to the protection of the planholder and the safe growth of the industry. SHIP represents approximately 90% of the providers in the UK.

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<b>Table 1</b>	
<b>Have you had professional help planning your retirement?</b>	
<b>Answer Options</b>	<b>Response Percent</b>
Yes, I see an IFA (Independent Financial Adviser) regularly	8.4%
Yes, I once saw an IFA	8.7%
Yes, I have had advice from my bank/other financial institution	3.8%
Yes, My employer organised for me to get advice	6.3%
No, I am planning my retirement finances myself	72.9%

  

<b>Table 2</b>	
<b>Which of the following have you done personally to plan your retirement?</b>	
<b>Answer Options</b>	<b>Response Percent</b>
Done research on the internet	31.7%
Requested information from a product provider	16.4%
Asked friends and family	27.7%
Purchased an asset (e.g. house) as a 'retirement nest egg'	17.4%
Spoken to your partner about their plans	28.8%
Asked your employer about pension provision	31.9%

  

<b>Table 3</b>	
<b>Do you regularly save into a structured pension plan?</b>	
<b>Answer Options</b>	<b>Response Percent</b>
Yes, and it will make up the majority of my pension provision	20.9%
Yes, but it won't be enough for me to retire comfortably onto	23.0%
No, I have saved into one in the past though	21.4%
No, I have no regular pension plan	34.7%



**Table 4**  
**How will you fund your retirement? (Tick all that apply)**

<b>Answer Options</b>	<b>Response Percent</b>
Private pension	35.2%
Company pension	44.7%
State Pension	61.4%
Savings	50.7%
Income from a rental property	9.2%
Downsize my home to release cash	18.2%
Use equity release	2.6%
Interest from investments or savings	14.8%
Income from part-time work	16.8%