

ITV REPORT

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Pensions: Are You Saving Enough? - Tonight



Joe Crowley and Baroness Ros Altmann challenge three working people to live on their future predicted pensions, with some worrying results.

Photo: ITV / Tonight

If you're heading off on holiday this summer I imagine you'll have made some exciting plans. You'll have decided how long you're going for, roughly how much it'll cost and, crucially, how you'll pay for your week or two in the sun. Well done you, sangrias all round.

Now I must confess, I'm one of those last-minute people, the sort who always have to run for a train or bus and rarely achieve anything without the pressure of a deadline. But thankfully even I have our family holiday plans in hand (although naturally I'll still be up frantically packing in the early hours the night before.)

So it's weird then that when it comes to the ultimate time off work, the 30 years or so after we retire, very few of us know what it'll cost and whether we're saving enough. Rather than planning excitedly as we would for a holiday, many of us fear it and push it to our furthest thoughts. But if you get your holiday sums wrong, you can always pay it off later or save more

next time, the same can't be said for pensions.

Having just filmed a pensions episode of ITV's Tonight programme I'm now genuinely worried that many of us, particularly the ever-rising numbers of self-employed, are sleep-walking towards a bleak retirement. Or, if I put our pension expert Ros Altmann's more positive spin on it, we're failing to claim free money in tax relief – that's FREE MONEY – that could help pay for a better life later on.



Speaking to Joe, Baroness Ros Altmann says we're already in a pension crisis. Credit: ITV / Tonight

A nationwide poll for our programme revealed that 60% of us have no idea how much we've already saved for retirement. And 51% of people said they would prioritise a holiday or home improvements over putting extra money into a pension pot.

During filming, I was shocked by how many people I met who simply had no pension or just hadn't engaged with the idea of retirement and how they'd provide for themselves. Yet they all had plenty of ideas for how they'd like to spend their retirement... and it didn't sound cheap.

Our case study Mark was a striking example in point. He's accustomed to a decent income and he's generous to those around him. But he doesn't own property and he's now in his 40s with negligible pension savings. If he continues as he is he'll retire with little more than the state pension, probably living off about £40 a week (in today's money) after bills and accommodation. That certainly doesn't pay for the holidays, rounds of golf and Premier League football matches he'd envisioned for his retirement years.

Ask Mark and many others like him why they're not putting more away for old age and the answer is usually 'I'm going to just as soon as I start a business / get a pay rise / get on the housing ladder / pay off my debts* (delete as appropriate). In short, I'll worry about it later, it's not the priority right now. When retirement is years away, there's no pressing deadline.



How will 45 year old Mark cope with a weekly disposable income of just £42.50? Credit: ITV / Tonight

I completely understand that and I'm the last person to act if there isn't imminent pressure to do so, but it seems to me that putting money into a pension just needs to be an automatic reflex, not something we consider after all our other spending. No one ever felt they had too much cash left at the end of the month and then saved for retirement!

Any idea how big a pension pot you'd need to get a private pension of £9k a year retiring at state pension age? Me neither until I worked on this programme. And if you're thinking south of £300k, keep dreaming!

If that's making you anxious, you're not alone. Nearly two thirds of people who responded to our poll - 64% - said they worry about having enough money to live on when they retire.



But the good news is that everything you can put away now – however small – helps and grows, and the new auto-enrolment legislation for employees earning over £10k has now made sure that more of us are saving for retirement.

But while that's undoubtedly a good thing we need some other initiative for the millions of workers who don't qualify. We need something that actively promotes pensions and helps engage my fellow self-employed and those working part-time or on low wages.

For years I'd scribble 'sort out pension' alongside 'learn French' and 'do more exercise' as perennial entries in the 'worthy-yet-won't-happen' column of my New Year's resolutions. But working on this episode of Tonight has made me finally prioritise my pension and take action, thankfully well ahead of the deadline for once. What will it take for millions of others to do the same?

TONIGHT POLL RESULTS: In a nationwide representative poll of 2000 people commissioned for the Tonight programme:

- 45% say they understand pensions - while 34% said they did not understand pensions
- 43% of people had a workplace pension only, 14% of people had a private pension only, and 19% of people had both. But 25% of people had neither.
- 60% of people are currently paying into a pension, while 37% of people said they are not currently paying in.
- 60% of people did not know how much they currently had in their pension pot
- 41% of people thought the government might reduce the state pension in the near future
- 34% of people were saving money for retirement NOT in a pension
- 64% of people said they worried about having enough money to live off when they retire
- 46% of people said they feel like they need help with their retirement planning
- 22% of people thought they'd be able to afford the lifestyle they want in their retirement, while 31% of people said they wouldn't be able to afford it. 7% of people thought they'd never be able to retire!
- 60% of people struggle to save for their pension alongside everyday living expenses
- If people received a bonus at work, or a pay rise, 51% would prioritise a holiday or home costs over putting extra money into a pension. Only 16% would prioritize the pension in this instance.
- 66% of people did not know how much the full weekly state pension is currently.