

One in three UK workers don't have a pension - Investment International

Written by Prudential

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- Nearly 15 million workers say they don't have private or company pensions
- A lifetime of no pension contributions means missing out on £15,000 of tax relief

More than one in three (35 per cent) workers in the UK admit that they don't have a pension, meaning that they will have to rely on the State Pension and any savings in retirement, according to new research by Prudential.

The survey of working adults also found that those who do contribute to private or company pension schemes pay in an average of 6.2 per cent of their annual incomes. Women are far less likely to save for their retirement with 41 per cent saying they do not have a pension, compared with 29 per cent of men.

To make matters worse for those who do not save into a pension fund, as well as facing a sharp drop in income at retirement, they are also missing out on significant tax relief during their working lives. Office of National Statistics figures suggest that the average worker in the UK earns nearly £1 million over the course of their working lives. An individual making the average pension contribution of 6.2 per cent of this income could receive a total of more than £15,000 in pension tax relief.

While the average tax relief on pension contributions is £334 per year for a person paying the basic rate of tax, higher rate taxpayers stand to lose substantially more by not paying into a pension scheme.

Vince Smith-Hughes, head of business development at Prudential, said: "Failing to save into a pension means not only having to rely solely on the State Pension in retirement, but also missing out on the 'free money boosts' which come with pensions, such as tax relief and employer contributions.

"Making regular pension contributions is a vital part of securing a comfortable retirement. Although saving for retirement may not be a priority for young people, the more money which is stashed away from an early age, the more likely that significant rewards will be reaped later in life.

"When coupled with the benefits of any additional employer contributions or gains through fund performance, a pension is the best way of saving for retirement, for many people. In order to maximise pension benefits, to understand the impact of tax relief, and ultimately to secure a decent retirement income, it's important to seek professional financial advice."