

Prudential Reveals Imminent Retirees Willing To Work Longer To Secure Higher Pension



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According to the latest research* from Prudential's Class of 2010 retirement survey, 57% of people planning to retire this year would be willing to work on in order to guarantee a higher income when they do retire.

In fact the new study of attitudes to [retirement](#) showed that 25% would be happy to work for five years more, with 7% of these people willing to put in another 10 years before [retiring](#).

The research highlights changing attitudes to retirement as people come to terms with increased longevity - as well as the financial effects of the credit crunch and recession on retirement saving plans. The average 65 year-old man is expected to live to 83 and a 65 year-old women is expected to reach 85**.

Prudential found that 18% of those who are [planning to retire](#) this year believe they have saved enough to ensure a comfortable retirement and rule out working on even if it could guarantee them a greater income in retirement.

Another 21% refuse to continue working past statutory retirement ages even if that means they will struggle financially.

The research shows it is the over-65s who are the most willing to keep working, with more than three-fifths (62%) saying they would stay in employment to boost their retirement savings.

Vince Smith-Hughes, head of retirement income at Prudential, said: "Working beyond the normal retirement age is already a reality for many people who either have insufficient savings or simply want a greater income when they do come to retire.

"But for a lot of people planning to retire in the very near future the state retirement age is sacred and their expectation has always been to retire at 65. Once they reach that milestone, regardless of the amount of money they have, they simply do not want to work anymore. This is a potential issue because the average 65 year-old is likely to live for another 20 more years, and that's a long time if you've only got limited retirement funds.

"I think what our research confirms is how important it is to consider retirement many years before you actually reach it, and make sure you get financial advice to help you plan for retirement."

Prudential analysis shows that working an extra five years from age 65 and paying £100 a month into a pension of £100,000 could boost a retirement savings by an additional £53,000. Paying in £200 a month over five years could yield an extra £62,000.

The 25% tax relief on [pensions](#) contributions means that a monthly deposit of £100 grosses up to £125. The figures assume a 65-year-old male with a selected retirement age of 70, paying additional regular monthly contributions into an existing [pension funds](#) of £100,000***.

Working longer could benefit those people who have not worked sufficient qualifying years to entitle them to the basic state pension. Men and women retiring need to have worked 30 full years to qualify for the full basic state pension.

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Sources

* Survey conducted by Research Plus between 3-10 December 2009 among 1,001 UK adults aged 45+ using an online methodology.

** Office for National Statistics, principal projection, United Kingdom

*** These figures are provided for illustrative purposes only and are not guaranteed. Rates valid until 20 May 2010.

About

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