

Prudential Reveals Almost Half Of UK Business Owners Have No Pension Savings



Released on: October 09, 2012, 12:58 pm

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Industry: [Financial](#)

October 09, 2012, 12:58 pm -- [/EPR NETWORK/](#) -- Almost half (46 per cent) of UK business owners* - or 1.3 million** people - have no private pension savings to support them in retirement, according to new independent research from Prudential***.

Of those who have failed to make any private pension provision, more than half (54 per cent) said this was because they simply could not afford to set money aside. Nearly one in five (18 per cent) say they don't have a pension because they will never retire, and 9 per cent claim they have sufficient funds in a company pension from previous employment.

Nearly one third (29 per cent) of business owners, or 792,000 people, say they will be entirely reliant on the State Pension when they come to retire, compared with just 16 per cent of people across all employment types retiring this year in the UK****.

Other self-employed workers will supplement their retirement incomes with money from a mix of alternative sources: 48 per cent will draw on other savings and investments, 25 per cent will use equity from their properties, 25 per cent plan to use their partners' [pensions](#), and 19 per cent plan to use funds from the eventual sale of their businesses.

Prudential asked those business owners who don't have a [personal pension](#) whether they plan to start one in the future and the majority of respondents (63 per cent) said no. Only 13 per cent said they were

planning to start a pension and just under a quarter (24 per cent) were undecided.

Stan Russell, retirement expert at Prudential, said: "It's sometimes hard for self-employed workers to distinguish between their business and personal finances. Often, investing in the business takes priority over saving for retirement - an issue that is particularly prevalent now, given the tough economic conditions facing UK businesses.

"Unfortunately, the long-term implications of not saving for retirement are that many retirees will have a real income shock and reduced living standards when they finally retire. And while a number of business owners say they don't need a pension because they'll never stop working, this optimistic approach won't always be realistic - for example because of health issues later in life.

"Although some business owners plan to supplement their retirement incomes with alternative sources of finances, a large proportion will be entirely reliant upon the State Pension - which should actually be a safety net, not a default source of income."

Saving into a pension has become a lower priority for those business owners who do have some dedicated retirement savings. The survey found that more than a quarter (27 per cent) of entrepreneurs with pension savings had put their personal contributions on hold since the start of the economic downturn.

- ENDS -

Notes to editors

*The term 'business owners' includes all those who are self-employed, working for more than 30 hours per week in this capacity and earning an income as a result.

**According to Labour Market Statistics published in February 2012, there are currently 4.08 million self-employed workers in the UK, of which 67 per cent work for more than 31 hours.

***Vision Critical surveyed 448 business owners (as per the above description) in September 2012.

****According to Prudential's Class of 2012 survey, 16 per cent of all workers retiring in 2012 will be entirely reliant upon the State Pension for income in retirement.

About Prudential

"Prudential" is a trading name of The Prudential Assurance Company

Limited, Prudential Unit Trusts Limited and Prudential Distribution Limited. This name is also used by other companies within the Prudential Group which, between them, provide a range of financial services that incorporate retirement planning, investment planning, life assurance, pensions and savings.

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