

Barclays Financial Planning reveals smaller companies' concerns at low pension contributions



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Press Release Author: Andrew McDougall / Barclays Retail Banking

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Press Release Summary: The latest report from Barclays Financial Planning reveals that nearly a fifth of employees do not pay in to their pension, but almost a third of employers contribute over 6 per cent of salary

Press Release Body: A new study by **Barclays Financial Planning (BFP)** of 200 UK small to medium sized companies has revealed that over half (51 per cent) of these employers are concerned that their employees are making insufficient contributions to their pensions and are actively encouraging their staff to increase them.

Particularly worrying from the [Barclays Financial Planning](#) report are the figures highlighting that a substantial number (19 per cent) of the employees working in these companies do not make any contribution at all to their [retirement planning](#) pension.

Whilst the figures show that the gap between what the employers on average contribute towards pensions as a percentage of pre tax salary versus what their employees pay, is marginal (4.82 per cent versus 4.78 per cent), almost one third (29 per cent) of employers put in over 6 per cent of salary towards a pension on behalf of their employees. Across the country, the figures are even worse - according to the

Office of National Statistics, 55 per cent of members of defined contribution based occupational schemes in the UK actually contributed less than 4 per cent of their salaries.

Moreover, only one in four companies have total pensions take up by potential employees and a further 37 per cent have less than 25 per cent of employees in the company [pension scheme](#).

Commercial Director for Barclays Financial Planning, Stephen Ingledew, commented: *"The research indicates despite the pension gap being on everyone's radar, it is some way off being plugged. The fact that half of SMEs are taking steps to encourage their staff to do more is promising, but with two fifths of employees preferring a higher pay packet to a better pension deal, there is a danger pension provision could be overlooked in favour of more disposable income in the short term."*

The survey showed almost half (48 per cent) of the employers in the study provide access to [professional financial advice](#) for employees and 36 per cent regularly update their staff on changes to the pension scheme.

Ingledew concluded: *"With figures from the Office of National Statistics showing 56 per cent of working-age people in Britain expect their retirement to last at least 20 years it is clear more has to be done to encourage people to take control of their financial affairs and plan for the future. Today more than ever it is essential everyone takes steps to make pension arrangements and ensure their financial ideal matches reality."*

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Notes to editors:

1. The research was conducted by Ipsos MORI on behalf of **Barclays Financial Planning** between September and October 2006 amongst 200 HR Directors / those responsible for HR in small to medium sized companies with between £1m and £15m turnover.

2. Office for National Statistics figures taken from <http://www.statistics.gov.uk>, pensions trends, updated 11May 2007.

About

Barclays

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Web Site: <http://www.barclays.co.uk/financialplanning/>

Contact Details: Andrew McDougall

Retail Banking PR Manager

Barclays

1 Churchill Place

London, London

E14 5HP

UK

+44 (0)20 7116 6159

enquiries@pr-sending.co.uk