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'MILLIONS OF WORKERS CONDEMNED TO POVERTY' WARNS NEW REPORT

Millions of ordinary working people are on track for a poverty-stricken retirement, warns an Age Concern report. Builders, shop workers, hotel staff and factory workers are some of the many who are working their way towards a retirement below the breadline.

79% of hotel and restaurant workers, 60% of construction workers and 54% of wholesale, retail and repair workers don't even have access to a pension at work¹; like millions of others, they are reliant on the meagre state pension to provide an income when they retire.

The Government has repeatedly pledged to help the lowest earners but research shows that a third of workers earning between £10,400 and £15,600 and a fifth of those earning between £15,600 and £31,200 have no current private provision².

And with the poorest eligible for means-tested benefits when they retire, it is those on a modest wage that will face the biggest shock when their income drops to its retirement level: someone earning an average wage of £476 per week³ could see their income fall to £105⁴ if they retire with no other savings - a 78% drop in weekly cash.

Unless the Government acts quickly to improve the failing state system, millions of ordinary working people will have no choice but to work longer or face poverty in later life. The findings prove that plans to force people to save into a private pension will not solve the pensions crisis. Millions of workers cannot afford to save, cannot afford to shoulder more risk, or simply do not have access to a pension scheme at work.

But with the Government switching the emphasis from the State to the individual to provide, retirement is likely to come as a shock for an increasing number of workers.

Gordon Lishman, Age Concern's Director-General, said: "It's an absolute disgrace that millions of ordinary working people are heading for poverty after a lifetime of work - with many unlikely to be aware of the bleak future that lies ahead.

"The Government must act immediately to ensure that everyone can build a decent and secure retirement income which allows them to enjoy, not suffer, their later years.

"But workers should not be forced to save into a private pension. It's time for the Government to take control of the pensions crisis and commit itself to improving the state pension system."

- Ends -

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Notes to editors

¹ New Earnings Survey (NES) 2003

² Department for Work and Pensions (DWP) - *Pensions 2002: Public attitudes to pensions, saving and retirement*, Research Report 193, Victoria Mayhew, 2003

³ New Earnings Survey (NES) 2003

⁴ The minimum income level guaranteed by the Government is set at £105 (a combination of the Basic State Pension and 'guarantee' part of Pension Credit)

- This report 'Who is 'under-saving' for retirement?' was written by the Labour Research Department for Age Concern. It provides a comprehensive analysis of existing research into occupational and private pension schemes available to workers in the UK
- The Labour Research Department is an independent, trade-union based research organisation and information provider
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- Radio producers: Age Concern has an ISDN facility