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EMPLOYERS MUST DO MORE TO PREVENT NEW GENERATION OF POVERTY-STRICKEN PENSIONERS

Employers are not doing enough to encourage workers to join company pension schemes, according to new research by Age Concern. Lack of information and limited opportunities are deterring many workers from making crucial savings towards their retirement.

The charity is calling for employers to make it easier for workers to save into a company pension. 30% of non-members surveyed said they hadn't joined the company pension scheme when they started work and had never been asked again¹ whilst one employee reported a wait of three years before being allowed to join the scheme.

Instead of the current system where many people have to 'opt in' to a company pension scheme, Age Concern believes that employers should consider automatically enrolling staff which would give them the choice to actively 'opt out'. Employers should also do more to encourage people to join occupational schemes, such as inviting workers who not yet members to join on an annual basis.

More information, higher pay and additional company contributions were cited by the non-members surveyed as key changes that would encourage them to join their company scheme.

But crucially, 29% of the non-members questioned admitted they could not actually afford to contribute to an occupational pension at the moment² and one in five non-members employees gave 'other financial priorities' as a reason for not joining³ - seriously questioning whether it would be effective to force people to save into occupational or personal schemes. The Pensions Commission's report last year clearly demonstrated the need to increase the national pension pot. But compelling workers to pay into private pension schemes would make life much harder for the millions of lower-income workers who already struggle to make ends meet and may offer little financial reward in retirement. Age Concern believes that if increased compulsion is necessary, the fairest way to achieve it would be through the state pension system.

Gordon Lishman, Director-General of Age Concern, said: "It's clear that millions of workers are failing to join their employer's pension

scheme and will face a miserable retirement unless immediate action is taken.

"The Government must ensure employers take more responsibility for their workforce by actively helping them to build up adequate private savings. At the very least, employers should have to invite all employees to join an occupational pension scheme annually."

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Notes to editors

¹ *To save or not to save: workers' pensions and provision for retirement*, Age Concern January 2005, page 19

² As above, page 19

³ As above, page 19

· This report was researched and written by the Labour Research Department for Age Concern. The Labour Research Department is an independent, trade-union based research organisation and information provider

- The survey was carried out in August and September 2004 with the assistance of four trade unions (T&G, USDAW, BECTU and PCS) who circulated questionnaires within their membership. The results are based on an analysis of just over 750 responses. While the bulk of respondents were employees, the survey included a contingent of self-employed and freelance workers from the broadcasting and entertainment sector. Trade union members are much more likely to have better pension provision and subsequently, the majority of those surveyed do have access to an occupational pension scheme

· Although Age Concern England closed its final salary scheme to new members in 2001, the current pension schemes offered meet the industry gold standard

· For further information or to arrange an interview, please contact Helen Wanless, Age Concern media unit, on 020 8765 7514/07071 243 243