



The pension timebomb

The history of the pension

Narrator

Pensions are a unique financial product.

A lot will happen between the time you set one up and when you finally come to use it.

Nadia Kamil

“Saving all this money for 40 years and not being able to get at it.

That’s quite scary to me.”

Narrator

For almost a century, pensions were in the gift of government or the decision of employers.

While the State pension guaranteed a degree of comfort for all, company schemes were the norm and personal pensions a luxury for the few.

It’s only in the past 30 years that pensions have again become the responsibility of the individual.

Charles Ryan

“We all know we need a pension, but we’ll do nothing about it, until somebody sits, we sit down in front of someone who, who says, right, okay, sign here.

It’s really that simple.”

Narrator

Over the past 3 decades, there have been severe shocks to the pension system.

It’s been hit hard by fraud, new regulation and economic crisis. Shifting political ideology and an aging population have added to the burden.

George Leeson

“In the UK at the moment, there are approximately 10,000 people aged 100 years or older. By the middle of the century, that will have increased to a quarter of a million.”

Narrator

Even those who saved for their futures are now discovering their pensions are worth a fraction of what they expected.

Jean Stewart

“I feel really angry because it’s my turn.

I think if Guy Fawkes was around now I’d probably help him to light the torch!”

Dot Gibson

“It’s not just a headline in the paper that people say they have to decide whether they’re going to heat their homes or whether they’re going to eat.

It really is true.”

Narrator

In 2005 the Government commissioned Adair Turner to formulate a pension plan for the nation – and the choices it presents are bleak.

It will be the responsibility of governments, employers and individuals to work out how to defuse this pensions’ time bombAnd help protect pensioners from poverty.

Narrator

Private pension plans first emerged in Europe in the 19th century.

David Blake

"In the private sector, pensions started about 150 years ago. Enlightened employers in the UK, often with Quaker backgrounds like the Roundtree or the Cadbury families decided that Joe, having worked for 50 years for the company, was too infirm to continue working. And so, they gave a gratuity which was the foundation of private sector pensions."

Narrator

A limited state pension was created by the Lloyd George government in 1908, with a general state pension introduced after the Second World War.

Jonquil Lowe

"In 1948 the State scheme started and that really was quite a watershed. You paid National Insurance contributions, and then the quid pro quo was that you then had a right to draw your benefits out."

Narrator

The state pension was a support for all, though some companies offered further ways of saving for the future.

Jonquil Lowe

"A Defined Benefit scheme, these schemes are typically offered by employers, and so the employer is taking the risk of funding that level of pension. There's not much risk for the person who has the pension. So the most common type is a Final Salary Scheme."