



The pension timebomb

What is the UK government doing?

Narrator

The Turner Report also suggested that, in future, we will have to opt out of schemes, rather than opt in.

George Leeson

"In the global aging survey, when we asked people around the globe, 'Look what should your government be doing to actually address the financial side, the financial issues of retirement?' The top scorer in many countries was, 'Well, I'd actually like my government to help me save.'"

So an acknowledgement on the one hand of needing to do it but, also an acknowledgement on the other hand of more or less owning up and saying, look if it's left to me, it ain't going to happen, I need some help.

So, enforced additional savings in some way but where we as individuals can be absolutely certain that that money is going to end up in my retirement pocket and it's not going to go up the chimney or down the spout."

Charles

"When do you think you should you start saving for retirement for example?"

Nadia

When would I start thinking about it?
I don't know – mid to late 30's?

Charles

You are statistically going to live to about 95 to a hundred.

Nadia

That's terrifying.

Charles

You are therefore going to be retired for 30 plus years – and yet we're not making any sort of provision for it."

Narrator

The long-term nature of pensions are profoundly unsuited to the short-term horizons and adversarial nature of British politics.

Dot Gibson

"The problem is that pensions have become, yes, a political football."

Jonquil Lowe

You can have all-party consensus, but there's no way that one government can constrain the actions of a future government."

Narrator

As Chancellor in 1997, Gordon Brown took an estimated £5 billion pounds from UK pension funds by removing tax relief on dividends; just one example of how the changing political landscape can impact on pensions.

David Blake

"Politics does get in the way of pension provision. A pension plan is a 70-year plan. 40 years of accumulation, up to 30 years of decumulation.

The one thing you do need is stability; stability in the regulations; you need stability in financial markets; you need stability in annuity markets, and so on and so forth because if people are going to plan their retirement, they need to do it in an environment of stability.

Now we have a five year political business cycle and we... and that really does mess things up.

Narrator

These are not just problems for the future – they're happening right now.

Dot Gibson

"Pensioners will go and sit in shopping malls, you know where they know it's warm, they'll take some sandwiches, they'll buy a cheap cup of tea and they'll sit there during the winter in, in those places in order to keep warm, so that they don't have to put the heating on at home.

And some people just stay in bed. And that is what happens. And you know, it's behind closed doors, people don't realise that that's happening.