



WORKPLACE PENSIONS SURVEY
March 2010

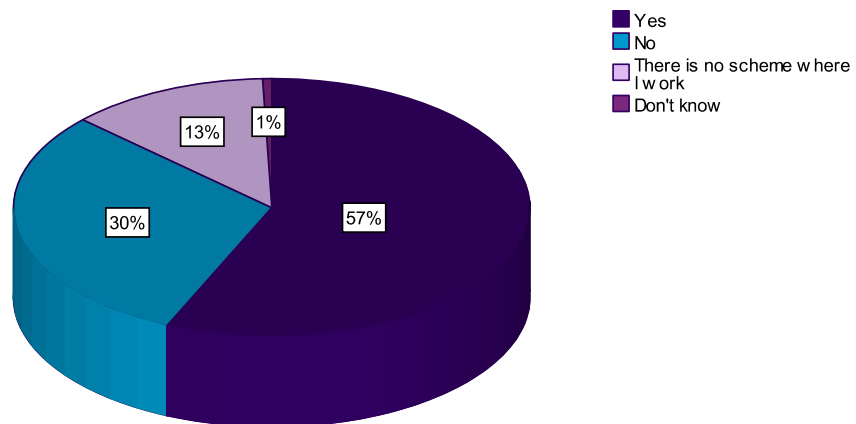
Introduction

This report presents the findings from the sixth *NAPF Workplace Pension Survey*. Our Workplace Pension Surveys track the opinions of the general public on pensions, and in particular assesses how confident they are in pensions as a way of saving for retirement.

1,248 people responded to the survey, a sample which is representative of the UK population as a whole. Fieldwork was conducted from 17 February to 24 February and the respondents answered questions online.

57% of respondents were members of a workplace pension scheme. 30% of people were not a member of their pension scheme, while 13% had no access to a pension scheme.

Figure 1: Are you a member of the pension scheme where you work?

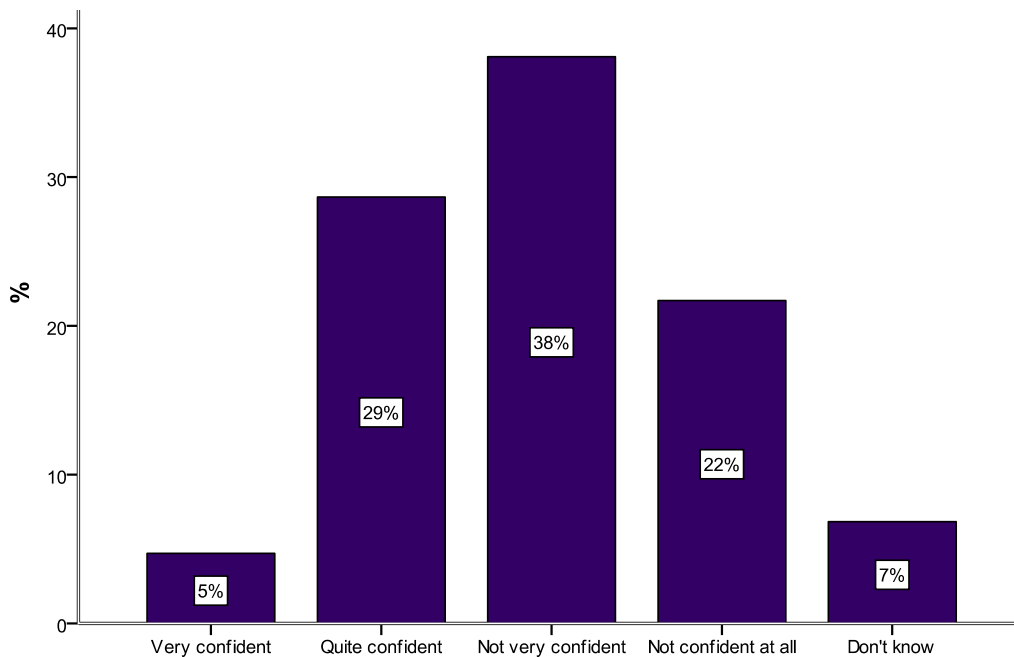


Results

Pension income - confidence

An important aspect of confidence in pensions is that savers feel that they will have enough money to live on in their retirement. Unfortunately, only one third (34%) are quite or very confident that their pension will give them sufficient income in retirement. 38% were not very confident and 22% were not confident at all.

Figure 2: How confident are you that your pension will give you enough money in retirement?



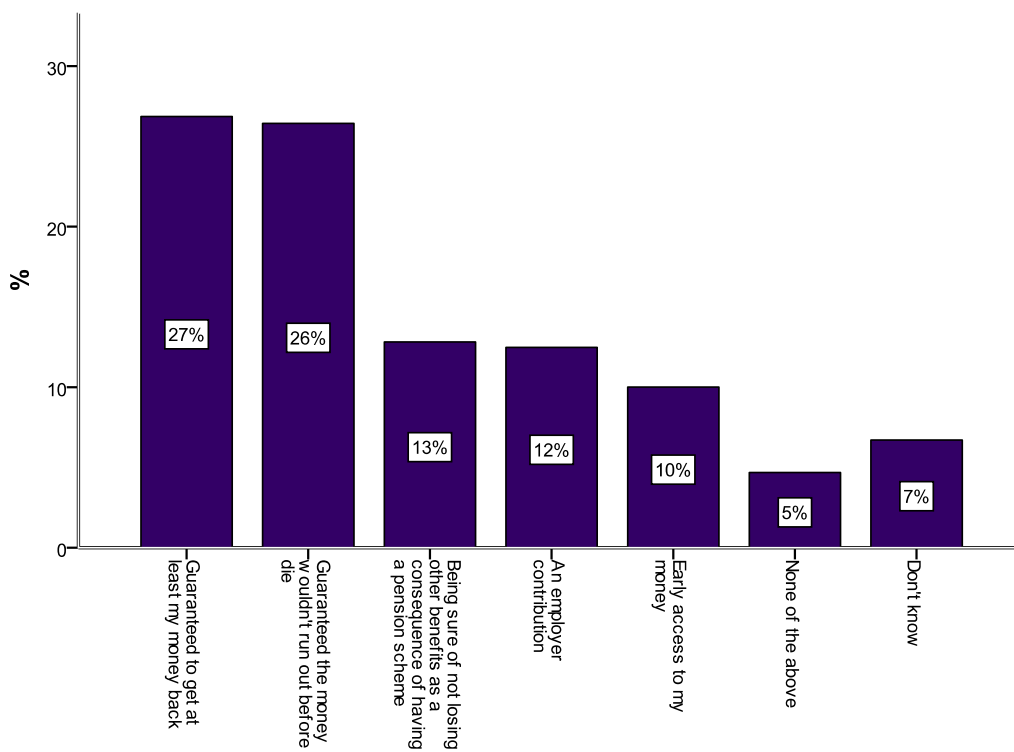
How to increase confidence in pension saving

Respondents were also asked what would make them more confident in pensions saving. The top choice, selected by 27% of respondents, was a guarantee that they would not lose any of the money they put into the scheme.

26% said that they would be more confident in pensions if they were guaranteed that their money would not run out before they die. This second result suggests that the current UK requirement to purchase an annuity is in line with individuals wishes. 13% chose an assurance that they would not lose out on other benefits.

Finally, in contradiction to those who are suggesting early access to a pension would encourage saving, we see only 10% opted for early access as a way of encouraging confidence.

Figure 3: Which of the following would make you more confident in pensions saving?

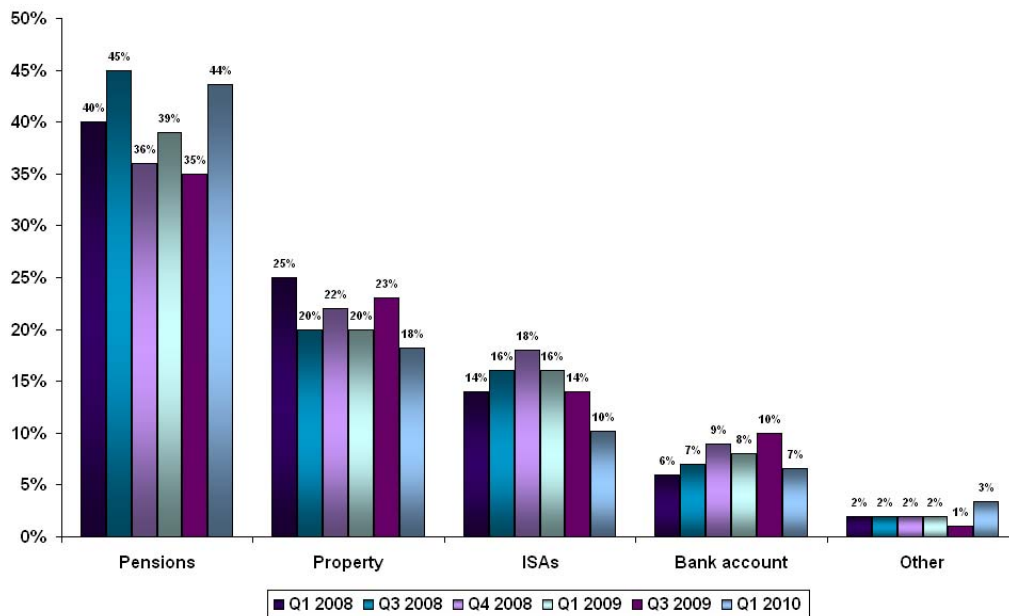


Best way to save for retirement

Pensions were again chosen by respondents as the best way to save for retirement. 44% of people see a pension as the best way to save for their retirement, an increase of 8% from the last survey.

Interestingly, pensions are rated far ahead of Property (18%), so often considered a viable alternative to pensions before the recession. 10% of respondents chose ISAs. Both Property and ISAs were less popular than they were 18 months ago.

Figure 4: Best way to save for retirement

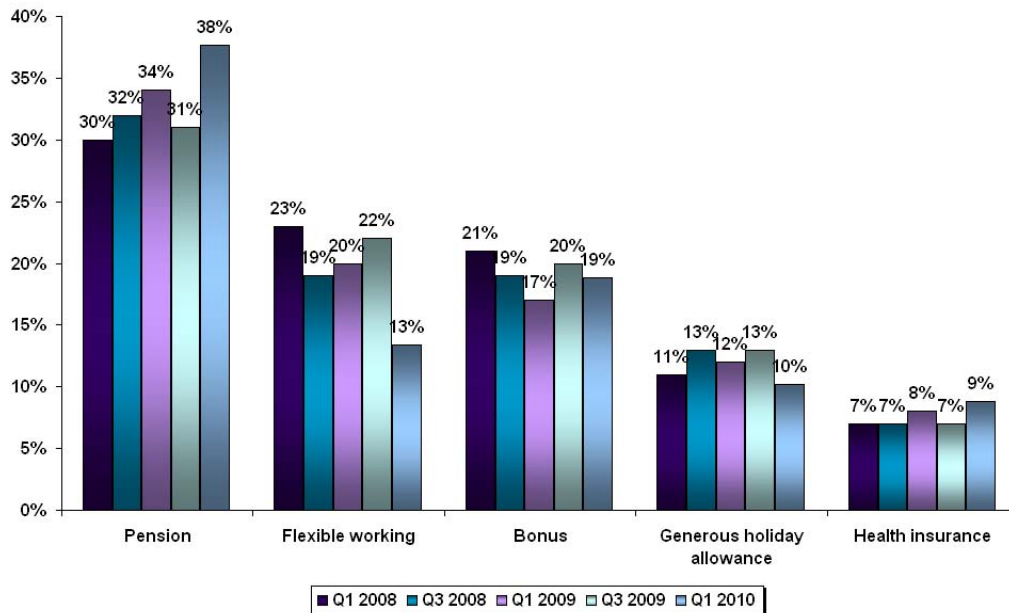


Most important employee benefit

As well as being considered the best way to save for retirement, pensions have been the number one choice for being the most important benefit an employer can offer in each edition of the workplace pensions survey since the series was begun two and half years ago.

In fact, 38% of people now choose pensions as the most important employer benefit, which is the highest level achieved. A bonus (19%) and flexible working (13%) were the next nearest choices.

Figure 5: Most important benefit on top of your basic salary?

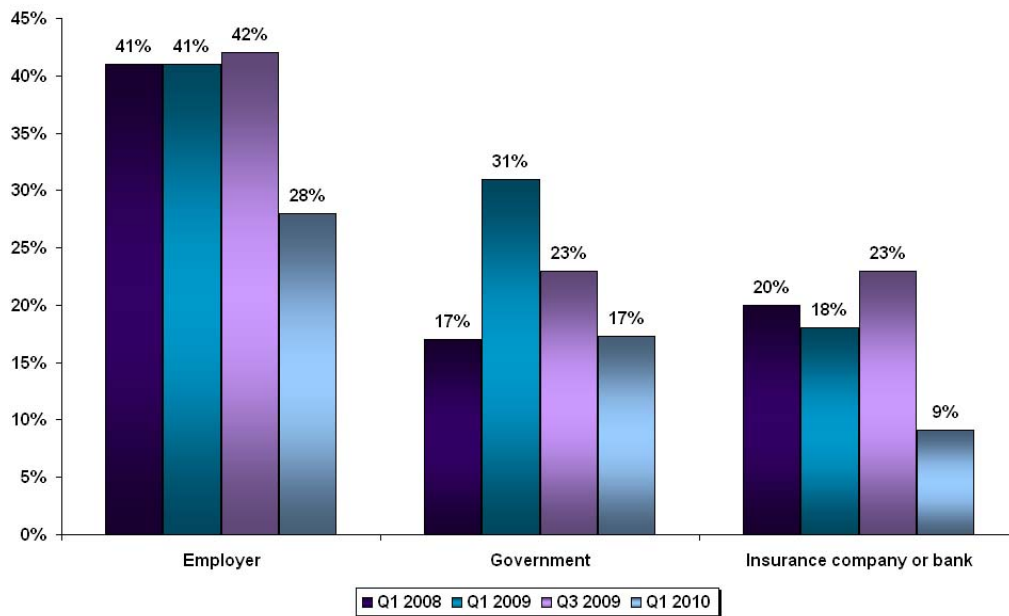


Who is most trusted to provide a pension?

28% of respondents said that their employer was the most trusted pension provider. 17% most trust the Government and 9% most trust an insurance company or bank.

The remainder either chose "myself" as the most trusted provider, or "none of the above".

Figure 6: Who do you most trust to provide a pension?



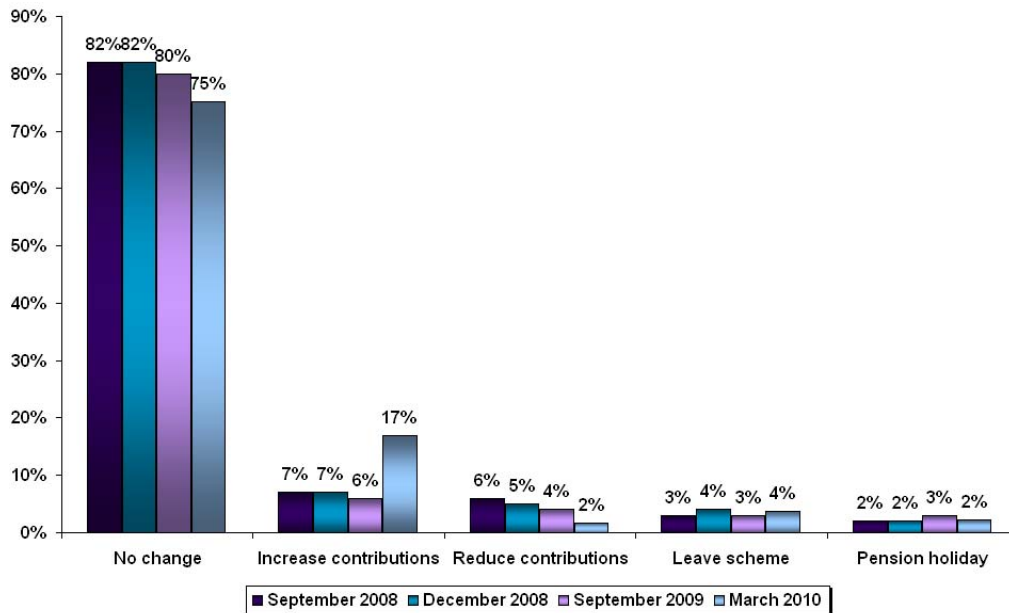
Planned changes to pension saving

Of people who are saving into a pension, 17% of people intend to increase their contributions over the next year – far higher than in previous surveys.

This trend is also reflected in the number intending to reduce their pension saving, take a pensions holiday or leave their pension scheme altogether. This group of people are now at their lowest level, only 8%.

Three quarters do not intend to make any changes to their saving pattern this year.

Figure 7: Will you make any changes to your pension saving in the next year?

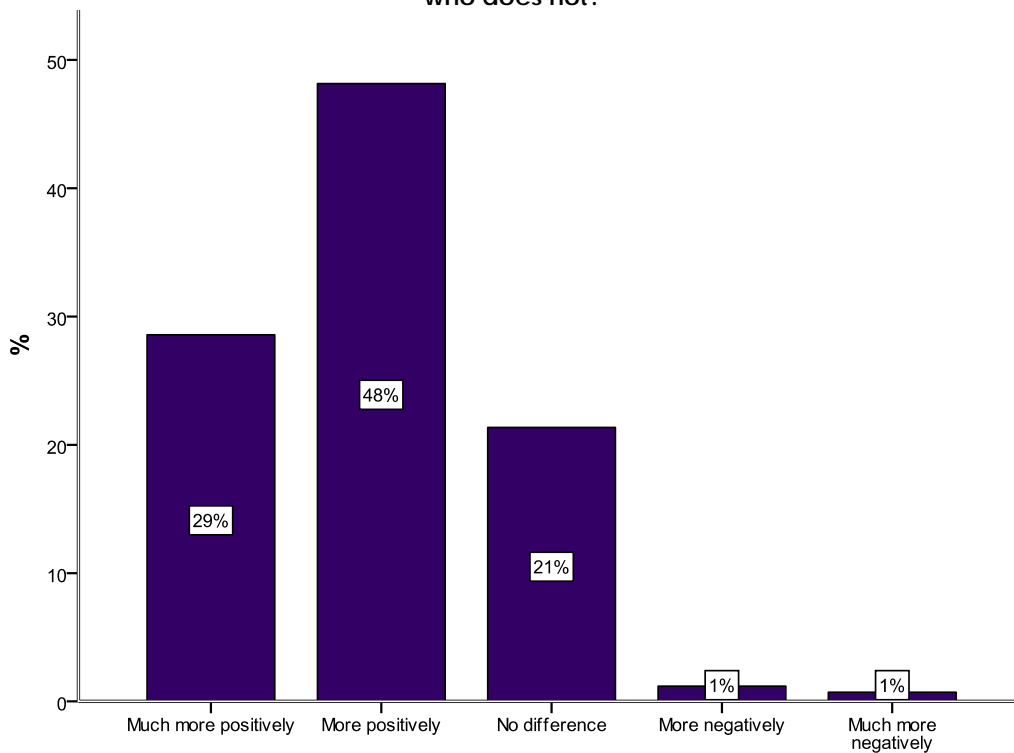


Benefits to recruitment

Pensions are a vital tool in recruiting and retaining the best employees. As the survey shows, 29% of people would view an employer who offers a pension much more positively, and 48% would view the employer more positively. As a result, over three quarters of people would view their employer more positively if they provide a workplace pension.

Only 21% said that it would make no difference to them if an employer offered a pension or not.

Figure 8: How would you view an employer who offers a pension as opposed to one who does not?



Conclusion

Overall, the latest workplace pension survey suggests that although only a minority believe their pension will provide them with enough income in retirement, it is not because they do not trust or value them. Indeed, respondents increasingly prefer pensions to other forms of saving for retirement and greatly appreciate when an employer offers a workplace pension.

The results also suggest that people might be more likely to save in a workplace pension if there was a better understanding that they always provide a lifelong income and if they can be sure that they will not lose any of the money they contribute. In reality, given the long term nature of pension saving, few people will lose the money they put into a pension provided that their schemes are well funded, that the assets are switched out of volatile investments in the years running up to retirement and charges are low.