

Pensions uncertainty fails to incentivise public

Story by: Marc Shoffman

Employees are expecting to take more personal responsibility for their pensions as the recession dents many peoples' retirement plans, however around a third are not ready to take control, according to research by Towers Watson.

Towers Watson's latest Global Workforce Study, released this week, found that while 37 per cent are comfortable with the responsibility of managing their retirement, 28 per cent say they are not and 34 per cent are uncertain.

Where does the prime responsibility lie?	With me now %	With me in five years %
Providing for my financial future	85	85
Managing my career	82	82
Providing for my health care needs	53	57
Providing for my retirement income	68	75
Ensuring my health and well-being	87	88

Source: Towers Watson

The research of 20,000 employees from private sector organisations across 22 countries found more than two-thirds - 68 per cent - of employees believe they are personally responsible for providing for their own retirement income needs, with 18 per cent saying the responsibility lies with their employer and 15 per cent saying it rests with the government.

However, looking ahead over the next five years, 75 per cent said it will be primarily their personal responsibility with those suggesting their employer is responsible reduced to 15 per cent and those citing the government to 10 per cent, according to the figures.

The research also showed 38 per cent will continue to work during retirement for financial reasons.

Paul Macro, a senior consultant for Towers Watson, said: "Most employees today are aware that responsibility for managing their career and finances lies with themselves and they also recognise that, especially for pension planning, the shift towards personal responsibility is ongoing.

"However, many employees do not feel comfortable managing the provision of their retirement income needs.

"Many employees lack the understanding, education or tools to make the right decision.

"Employers will have to build effective workforce management plans so that employees are not prolonging their working lives beyond the point where the relationship is mutually beneficial.

"With the decline of defined benefit pensions, and political support for extending working careers, employers

are likely to face a demand for more flexible working practices at older ages."

Fiona Sharp, senior adviser of Norwich-based Almary Green Investments, said: "It is a good thing that people are realising that they need to save for retirement themselves, that of course doesn't make it any easier.

"There are a lot of financial pressures on everybody these days.

"They need to seek advice from wherever they can afford to do so."