

RICH BRITONS RELY ON INVESTMENTS TO FUND RETIREMENT

According to the latest Wealth Watch research* from Lloyds TSB Private Banking, 62 per cent of rich Britons are planning to rely on additional investments beyond their pension fund to support them in retirement.

Wealth Watch, Lloyds TSB Private Banking's research which explores the attitudes of Britain's rich found that when thinking about the long term, the majority of rich Brits are highly pessimistic about state pension provision with only nine per cent believing that the state will provide enough money to live on in retirement. With this in mind, 42 per cent are relying on their company pension to provide for them, while over a quarter (26 per cent) expect to release money from their property.

The research also reveals that over a third (39 per cent) of those rich people surveyed plan to cut down on their expenditure as they get older. Of the wealthy Britons that do intend to cut back to help finance their retirement, a fifth (20 per cent) plan to move to a smaller house, one in ten intend to buy a cheaper car and nine per cent said they would have to cut back on life's luxuries.

Concern about retirement funding, however, is not exclusively the domain of the wealthy. The population at large are also worried about the shape of their retirement finances with 16 per cent of the general public stating that they don't think their finances will stretch far enough when they retire and over half (55 per cent) admitting that they'll be able to manage, but only if they are frugal.

Of the general public questioned for the report, nearly half (47 per cent) are expecting to rely on a company pension, a third say that they have invested for retirement income and a fifth (18 per cent) are relying on the cash tied up in their property. Overall confidence in the state pension is low, generally, with only just over a quarter (28 per cent) stating that they think it will be enough.

Looking further ahead, only 40 per cent of rich Britons have factored in the cost of long term care into their future financial plans while only a third (32 per cent) of the general public have thought about making provision. This is despite the fact that one in three women and one in five men is likely to need long term care at some stage and the average cost of a stay in a residential home is £20,000 a year which most people would have to fund themselves.**

Commenting on the findings of the research, Mark Cheshire, managing director, Lloyds TSB Private Banking, said: "To really enjoy retirement, careful financial planning is critical. But, it's important to make sure that you've thought about long term care provision, otherwise, it could prove to be a very unpleasant financial shock. By taking advice and making wise investments, it's possible to ensure that every future eventuality is planned for and cut backs are kept to the minimum."

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Notes to Editors:

*1,008 members of the general public were surveyed by ICM. 100 high net worth individuals were surveyed by Continental Research in March 2005.

** Statistics from the Association of Retired and Persons over 50. Local authorities will only fund the cost of accommodation for those judged to have assets worth less than £20,000. If your assets are worth between £12,500 and £20,000 you will be expected to contribute and if your assets are worth more than £20,000 you will have to pay the full cost.

For more information:

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