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SELF-EMPLOYED ‘WANT GOVERNMENT PENSION SAVING HELP’

- More than half of the self-employed back auto-enrolment expansion or pensions compulsion
- But one in five self-employed workers believe pensions are not relevant for them
- More than two million self-employed workers have no pension savings

Self-employed workers want Government help to save for retirement and would back new laws to expand auto-enrolment or to make saving for retirement compulsory, new research¹ from Prudential shows.

More than half of self-employed workers questioned want the law changed to encourage them to save for retirement – 27 per cent would support the expansion of auto-enrolment to cover the self-employed while 27 per cent would back compulsory pension saving.

The study highlighted the growing pension crisis among the self-employed, with more than two fifths (43 per cent) – the equivalent² of more than two million workers - admitting to having no form of pension. More than a quarter (28 per cent) say they will be reliant on the State Pension as their main source of retirement income, worth just £8,546 a year.

Prudential's research shows nearly one in five (18 per cent) self-employed people do not believe pensions apply to them while 20 per cent say they find the rules very confusing and 15 per cent worry they cannot immediately access their funds if out of work.

Vince Smith-Hughes, retirement expert at Prudential commented: “It is clear that the self-employed want help in saving for retirement and that the State Pension alone may not be enough for a comfortable retirement.

“Workplace auto-enrolment has been a success³ for the employed with membership of occupational schemes at a record high of 41.1 million and up by 49% over five years.

“Various options to encourage and support the self-employed to save via auto-enrolment have been put forward in recent years. We believe it is important that the Government works with the self-employed, and the pensions industry, to ascertain the most suitable option and put appropriate rules in place as soon as practicable.

“Paying early attention to funding your retirement is always a good idea, and seeking guidance and advice where appropriate will be critical to many.”

Michelle Cracknell, Chief Executive of The Pensions Advisory Service (TPAS) said:

“Our work echoes these findings that the self-employed want help in saving for retirement but there is a clear disconnect between the self-employed and pensions. Currently, they are not getting the help that they need. The self-employed are a diverse group who have many different needs and desires. We must find new ways of getting the key message of the importance of retirement savings across to them and importantly new mediums to deliver those messages.”

- ENDS -

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Notes to editors

¹ Consumer Intelligence conducted an independent online survey for Prudential between 20th – 21st June 2018 among 1,178 UK adults

²

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2018#summary-of-latest-labour-market-statistics>

³ <https://www.gov.uk/government/news/automatic-enrolment-breathing-new-life-into-britains-retirement-prospects>