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PENSIONERS RETIRING IN DEBT OWE AVERAGE £33,900

- **Nearly one in five expecting to retire this year still have debts to clear**
- **Credit cards and mortgages are the biggest sources of debt for the Class of 2018**
- **Paying off debt in retirement will take an average three-and-a-half years and cost £285 a month**

Debt in retirement is continuing to climb with nearly one in five expecting to stop work this year owing an average £33,900, according to new research by Prudential¹.

Prudential's annual research into the financial plans and aspirations of people planning to retire in the year ahead is now into its 11th year. This year's retirees, the *Class of 2018*, have debts nearly 40 per cent higher than those who expected to retire last year.

The average debt burden has increased for the second year in a row and is now 80 per cent higher than the low of £18,800 recorded in 2016. There is some good news as the proportion of people retiring in debt has fallen to 19 per cent from 25 per cent in 2017.

Vince Smith-Hughes, a retirement income expert at Prudential, said:

“At a time when the base rate is expected to rise, it is worrying to see the rapid increase of a pensioner's average debt. Interestingly, there is a smaller number of people retiring in debt, but for those pensioners retiring in debt, the amount owed is on the rise.

“Given forthcoming retirees' expected income has increased for the fifth year in a row, it's possible that some people feel more comfortable about servicing debt, and are borrowing more. Meanwhile more and more grandparents are helping their grandkids with university fees and children with house deposits.

“However, debt repayments will take a substantial slice of monthly retirement income which will make budgeting tougher at a time when most people will see their income drop as they stop work. It is not always possible to be debt-free at retirement but

many people will benefit from the free information available from Pension Wise, preferably before the time comes to give up work.

“To ensure that any pension savings are dealt with appropriately the free government guidance service is proving beneficial for people coming up to retirement wanting to know their options. Many will also benefit with a consultation from a financial adviser.”

Furthermore those who are planning to retire with debts in 2018 expect to face repayments for three and a half years on average to get out of the red. And the repayments will cost them an average of £285 a month, up nearly a quarter on the £230 a month faced by the Class of 2017. However, 14 per cent expect to take seven years or more to pay off their debts and six per cent fear they will never clear the money they owe.

Men expecting to retire in debt owe substantially more than women at £43,600 compared with just £19,200 and 22 per cent of men expect to retire in the red as opposed to 16 per cent of women.

Mortgages and credit cards are the biggest debt issues for people expecting to retire this year. Around two out of five (38 per cent) of those in debt are still paying off mortgages while 53 per cent of those with debt owe money on plastic at retirement. Around 18 per cent have bank loans and the same proportion have overdrafts.

The Prudential research also found that there are wide regional variations underlying the average national retiree debt figure, with people retiring in the North West (24 per cent) the most likely to owe money, while those in Wales (14 per cent) are the least likely.

- Ends -

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Radio interviews via ISDN or various smartphone apps can be arranged on request.

Notes to editors

¹ Research Plus conducted an independent online survey for Prudential between 29 November and 11 December 2017 among 9,896 non-retired UK adults aged 45+, including 1,000 planning to retire in **2018**.

Retiring in debt

“Approximately how much personal debt do you think you will have at the point you retire?”
 (This question was first asked in the Class of 2011 study and therefore comparisons with 2010 or earlier years are not possible.)

Class of...	Percent of retirees with debt (of >£0)	Average amount owed by those retiring with debt
2018	19%	£33,900
2017	25%	£24,300
2016	20%	£18,800
2015	19%	£21,800
2014	17%	£24,800
2013	18%	£31,200
2012	18%	£38,200
2011	21%	£33,100

Average debt figures rounded to the nearest £100 throughout.

Regional breakdown

Region	Proportion of those retiring with debts in 2018	Proportion of those retiring with debts in 2017
North West	24%	17%
London	22%	44%
South West	21%	22%
West Midlands	20%	15%
Eastern	18%	28%
East Midlands	18%	29%
South East	18%	26%
North East	16%	19%
Yorkshire & Humberside	16%	19%
Scotland	15%	24%
Wales	14%	29%
UK Average	19%	25%

NB Northern Ireland sample size too small to report