|  |  |  |
| --- | --- | --- |
| *Content type* | **Publications** | |
| *Date* | 8 June 2011 | |
| *Title* | **Resuscitating Retirement Saving: How to help today’s young people plan for later life** | |
| *Excerpt* | A report examining how the public and private sectors can best enable today’s young people to plan for their retirement. | |
| *Body copy* | This report, produced with the support of Prudential, examines the financial and economic circumstances of young people today, and considers the role of behavioural economics in nudging young people towards saving for retirement.  The report notes the trends which are likely to impact on long term saving, including increased longevity, fiscal problems caused by population ageing, an increase in flexible working, and growing care needs. In the future, most people will be enrolled in money purchase (defined contribution) rather than final salary pension schemes, requiring individuals to bear more responsibility for their retirement income. The report also points out that buying a house will become more difficult – arguing that an obsession with investment in housing may be inhibiting saving for a pension.  The report recommends: • The development and promotion of a savings rule of thumb similar to the ‘5-a-day’ healthy eating message. • Better promotion of existing incentives to save. • Taking the opportunity provided by online financial services to make pension saving more accessible and as easy as online banking. • The development of a ‘Plan B’ in case young people ‘opt out’ of occupational pensions saving after the introduction of auto-enrolment in 2012. • The introduction of a compulsory choice between savings options – making young people exercise the power they seem to demand. • Government should consider the introduction of a graduated state pension to reflect changing expectations around retirement.  Dr Craig Berry, Senior Researcher at ILC-UK and author of the report said:  “Planning for retirement may be an alien concept for many young people, but delayed transitions to adulthood in terms of owning a home, establishing a career and starting a family mean that young people need to start saving for a pension now. Crucially, however, government policy to encourage saving must be informed by generational perspective. If we are to get young people to save we must consider their financial and economic circumstances, alongside their behavioural traits.”  Minister of State for Pensions Steve Webb said:  “We have to get young people engaged in pensions as they will live longer than us and will have to take more responsibility for saving for their retirement.”  “Automatic enrolment will make a dramatic difference, giving millions the opportunity to save in a work based scheme for the first time ever, with nearly a quarter of those eligible aged 22 to 30. And NEST’s investment approach will help them see their money growing and encourage them to keep saving.” | |
| *Category (choose one only)* | Culture and society  Finance and wealth  Health and care systems | Infrastructure  Productivity |
| *Culture and society topics (choose more than one if relevant)* | Arts and music  Community  Digital connections  Families  Identity | Inequalities  Isolation  Loneliness  Relationships  Social connections |
| *Finance and wealth topics (choose more than one if relevant)* | Advice  Debt  Financial planning  Housing wealth | Investments  Pensions  Personal finance  Savings |
| *Health and care systems topics (choose more than one if relevant)* | Cancer  Care homes  Dementia  Hearing loss  Immunisation | NHS  Nutrition and hydration  Prevention  Sight loss  Social care |
| *Infrastructure topics (choose more than one if relevant)* | Built environment  Education | Housing  Transport |
| *Productivity topics (choose more than one if relevant)* | Consumption  Employment  GDP  Growth | Opportunity of longevity  Recruitment  Training  Work |
| *Themes* | BME  Cost  Emerging issue  Funding  Good practice  Immigration  Innovation  Intergenerational  International | LGBT  Life expectancy  Older consumers  Policy  Providers  Technology  Welfare  Workforce |