

Financial support

Pensioners financially 'reliant on others'

A small number of pensioners are relying on loved ones to help them financially during retirement, and those approaching retirement seem to be in an even worse situation. Yet equally worrying is that people are also far more likely to take financial advice about retirement from friends than from a professional, with more than a million pensioners[1] financially reliant on friends and family, and the next generation even more stretched, according to the latest research from LV=.

LV's annual State of Retirement report shows that one in ten pensioners (10%) are reliant to some degree on friends and family for financial assistance[2]. While this suggests the vast majority are able to remain financially independent in retirement, worryingly those due to retire within the next ten years are almost three times as likely to be in this situation (28%).

GETTING MORE FROM YOUR MONEY

At the same time, there is a general trend for people to turn to their nearest and dearest for advice about their finances rather than professionals. Six in ten (60%) existing pensioners took financial advice from non-professional sources – such as friends and family – and three quarters (75%) of those approaching retirement plan to do the same. Only a quarter (25%) of over-

50s have taken, or plan to take, professional advice about their retirement, despite the fact that this could help them get more from their money.

Reforms to the pension system in recent years have increased choice and made it even more important that people are able to access this support. More than four in ten (45%) people approaching retirement say the reforms are too difficult to understand without professional help.

FINANCIAL ADVICE WORTH THE MONEY

Those who do take regulated advice certainly see the value in it, as over the last two years the number of those approaching or at retirement who felt financial advice was 'worth the money' has nearly doubled[3].

The research outlines nine common 'states' – or typical financial situations – retirees fall into, including the one in ten who are 'Reliant on Others'. The remaining eight states are:

PROPERTY PENSIONERS (22% OF OVER-65S AND LIKELY TO INCREASE IN FUTURE)

These retirees rely on some value from their property to help fund their retirement – primarily through downsizing, relocating or equity release – and, for some, this is their primary asset.

GREY-COLLAR WORKERS (8% OF OVER-65S AND LIKELY TO INCREASE IN FUTURE)

This segment describes those who choose to carry on working after typical retirement age (65), either through choice or necessity. The good



www.kymin.co.uk t: 01633 840000 e: info@kymin.co.uk

Kymin House, 35 Bridge Street, Newport, South Wales, NP20 4BH @kymin

Kymin Financial Services Ltd is Authorised and Regulated by the Financial Conduct Authority, No: 189615