

## How are public sector workers planning for retirement?



Teachers Assurance  
retirement survey 2013

# Introduction:

The latest Teachers Assurance survey, conducted in conjunction with research specialist Opinion Matters, highlights the attitudes that public sector workers across Britain have towards retirement.

The online survey, which was carried out during July and August 2013 and surveyed over 500 public sector workers who were either retired or approaching retirement in order to discover their attitudes to and preparation for retirement.

The research explored areas such as:

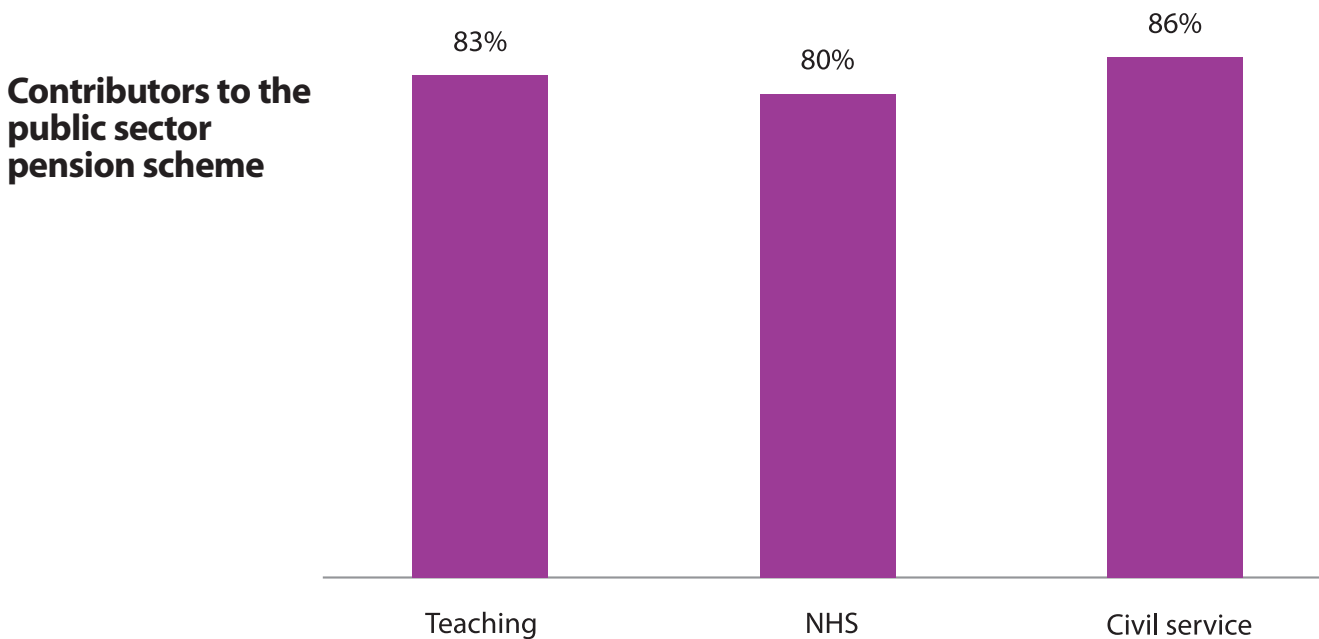
- How ready public sector workers felt for their retirement, and their feelings towards retiring
- The preparations they have made, including the length of time they have been saving
- Their knowledge surrounding retirement benefits provided as part of their public sector pension scheme
- How teachers' retirement preparation compares to that of other public sector workers
- Their plans for benefits such as their pension lump sum
- Their attitude and beliefs towards to future provisions made by the government and employers
- A comparison between workers in industries including teaching, the NHS, the civil service and the police force

The following report details the findings of the recent Teachers Assurance retirement research.

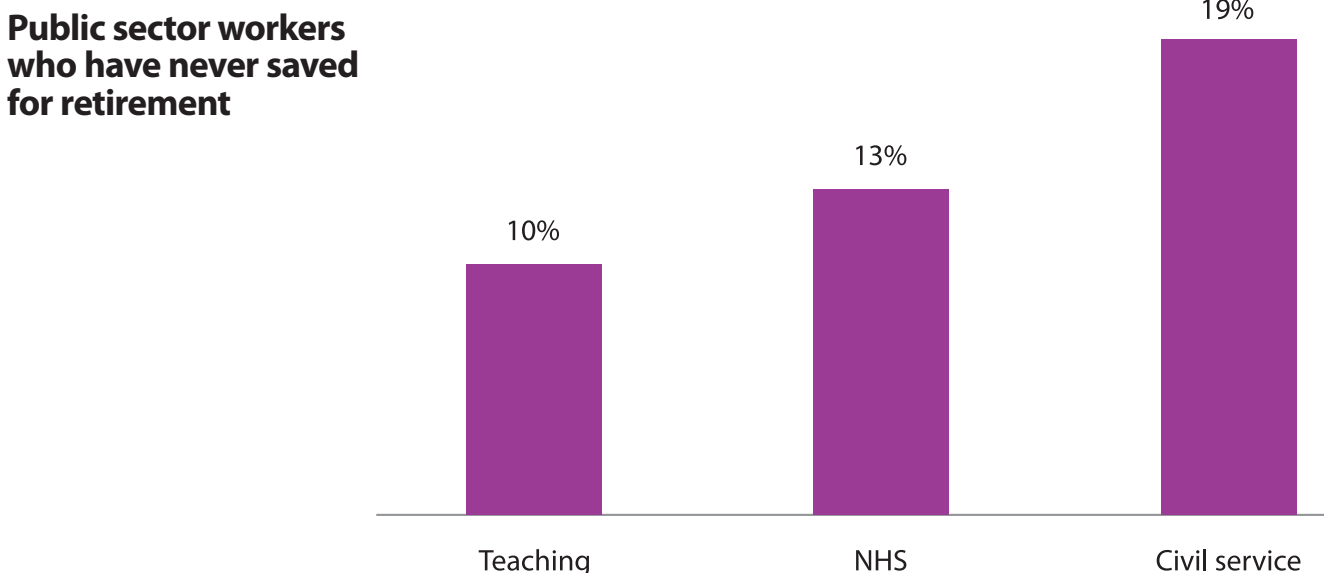
## Section 1: Preparation for retirement

The first section of this report explores the amount of preparation that public sector workers had made towards their retirement, such as membership levels within the public sector pension schemes, and for how long employees had saved.

Of the 508 total respondents, an average of 83% of workers across all industries were members of their relevant public sector pension scheme. This percentage was found to be highest for those who worked in the civil service (86%) and lowest for those working in the NHS (80%).



However, despite the majority of public sector workers stating they were members of their relevant public sector pension scheme, a worrying 15% of respondents admitted they had never saved towards retirement. The most likely to have never saved were civil servants (19%), whereas the most likely to have saved were teachers (10%).



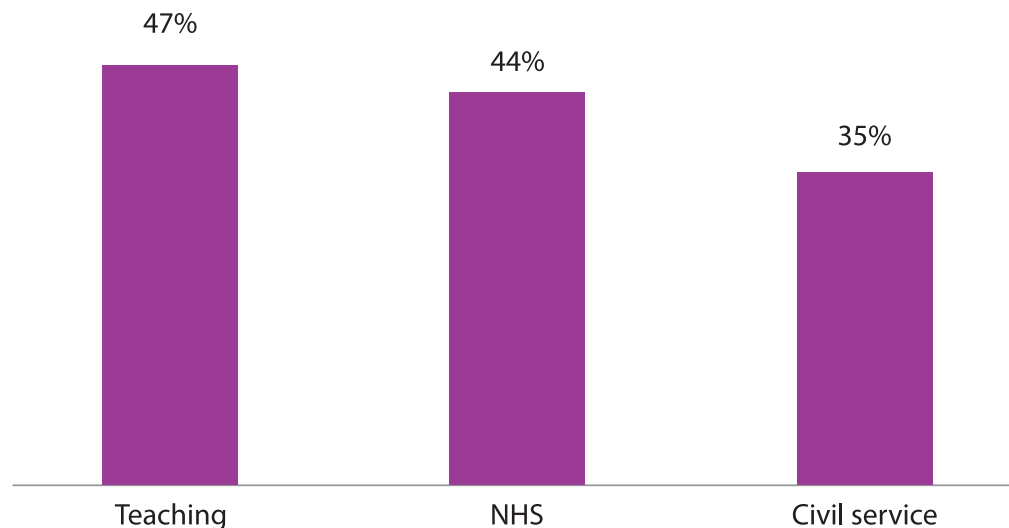
## Section 2: Attitude to and knowledge surrounding retirement benefits

In addition to identifying the level of preparation that those in the public sector had made for retirement, the Teachers Assurance survey also sought to uncover employees' attitudes towards retirement, and their knowledge about pensionable benefits including both income and other associated items such as a winter fuel allowance or travel pass.

Happily, 44% of those surveyed stated that they could not wait to go and were really looking forward to retirement. Male teachers identified themselves as the group most eager to retire, with 54% stating they could not wait to retire compared with just 30% of female teachers.

While many were very excited about the prospect of retirement, there were also concerns and areas of worry for public sector workers. 41% of respondents admitted that they were feeling daunted about retirement, a figure that rose to 47% in the teaching industry, but dipped to 35% for those in the civil service.

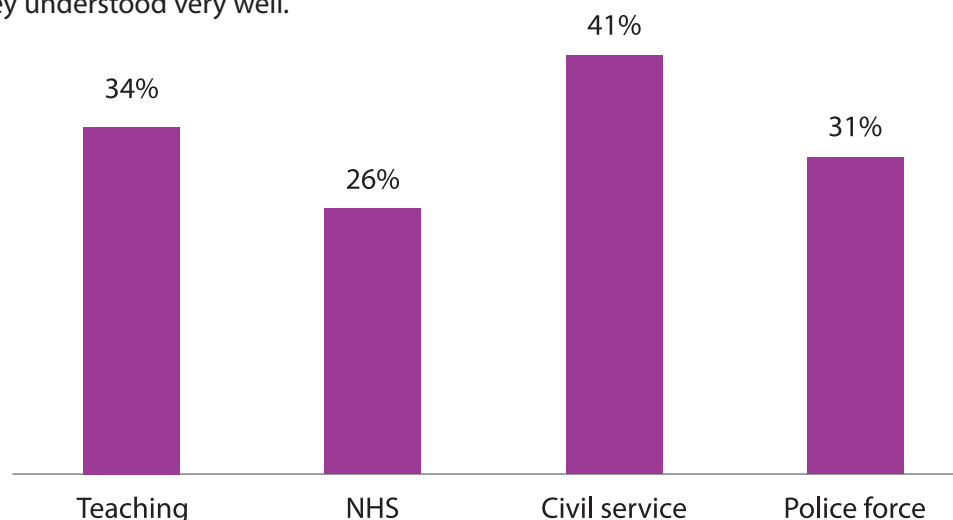
### Those who are feeling slightly daunted about retirement



However, while many public sector workers were excited about the prospect of retirement, the survey also questioned respondents' own perceptions around their knowledge of pension benefits.

Civil servants identified themselves as having the best level of knowledge surrounding their retirement benefits, with 41% stating they understood very well.

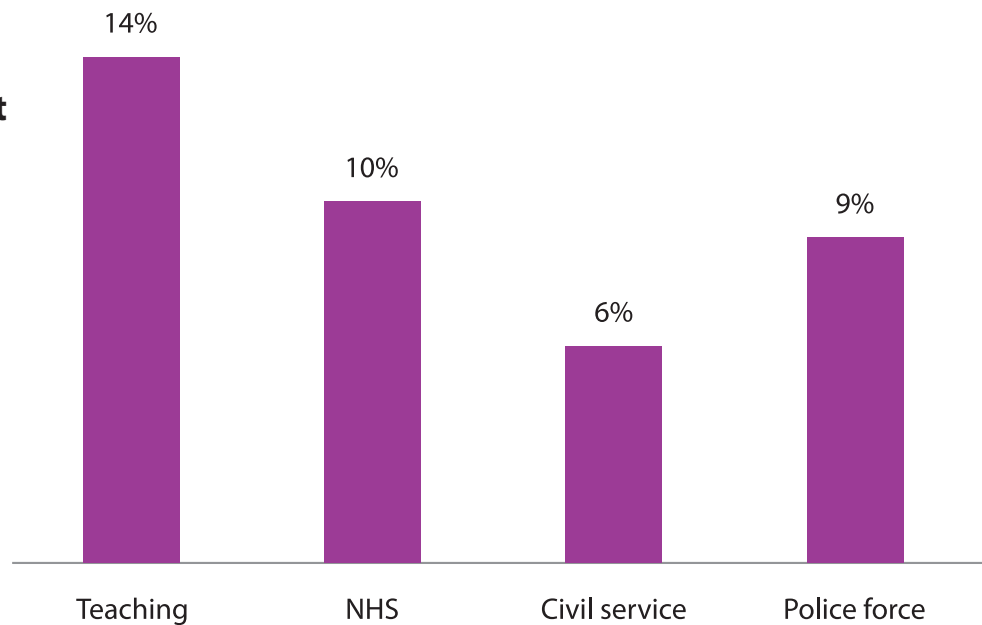
### Those who understood financial matters relating to retirement 'very well'



## Section 2: Attitude to and knowledge surrounding retirement benefits continued

However not all public sector workers were as confident about their knowledge, and 10% across all industries identified that they did not really have any understanding whatsoever. Most likely to fall into this category were those in the teaching industry (14%) and least likely were civil servants (6%).

### Those who 'didn't really have' an understanding about pension benefits



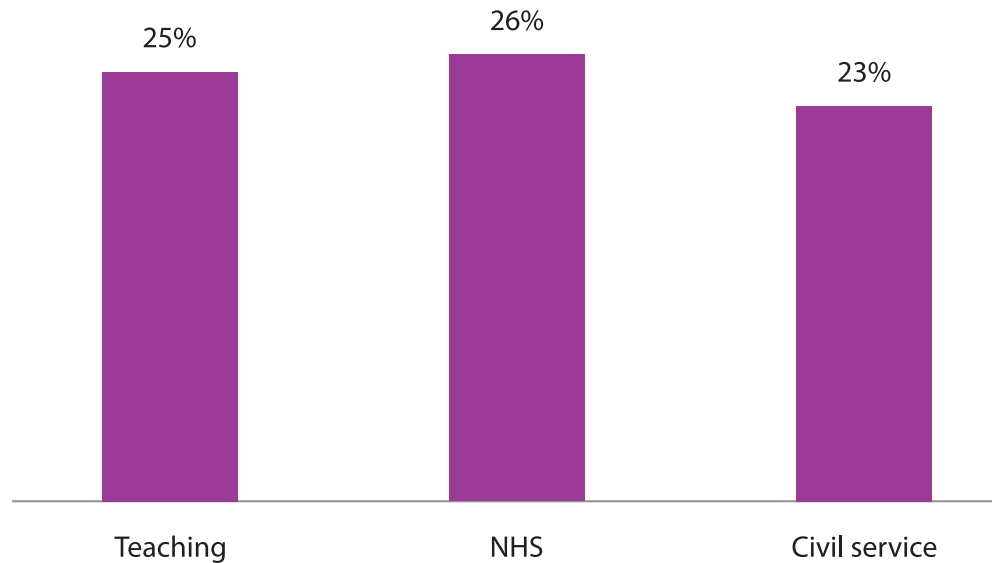
#### Interesting facts:

- Teachers were most likely to feel daunted about their retirement (47%)
- 41% of civil servants felt they understood the financial matters relating to retirement 'very well'
- 14% of teachers felt they 'didn't really have' an understanding of pension benefits

## Section 3: Financial matters relating to retirement

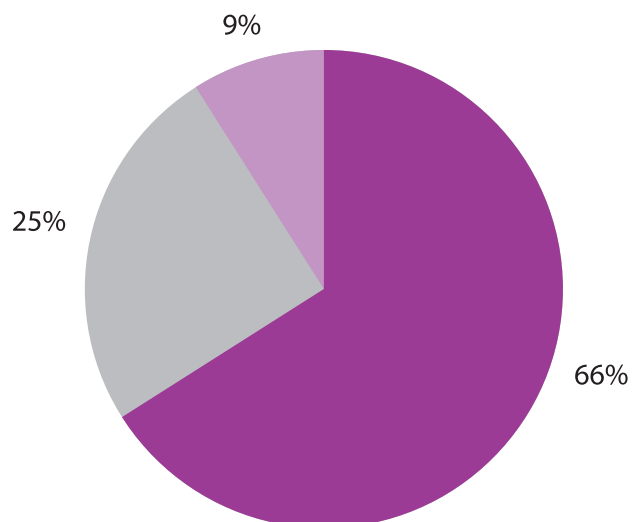
As demonstrated through previous Teachers Assurance research findings, financial worries were the most common burden for those concerned about retirement, with 24% of respondents identifying that they were worried about the financial aspects. Most likely to be worried about the financial aspects of their retirement were those in the NHS (26%), whereas least likely to be worried were those in the civil service (23%).

### Those worried about the financial aspects of retirement



With regards to whether they will actually have enough money in retirement, most respondents (66%) were confident they would be comfortable throughout their retirement years.

### Do you feel you will have enough money during retirement?



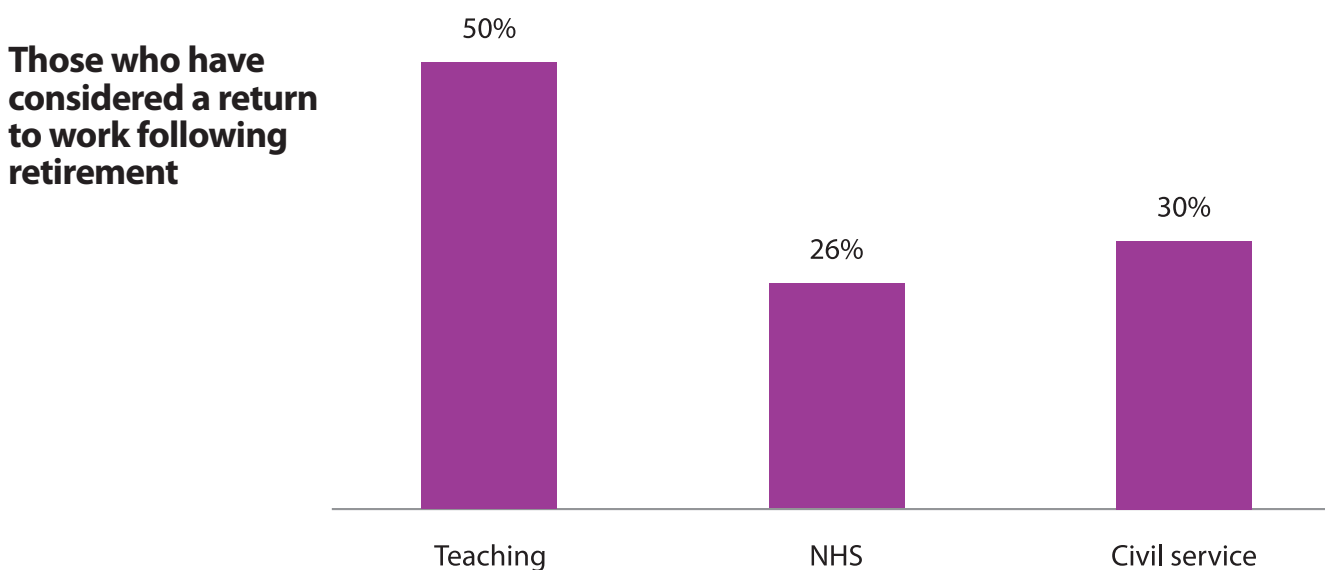
- I believe I will have enough money
- I believe I will not have enough money
- I believe I will have more than enough money

## Section 3: Financial matters relating to retirement

continued

Those in the NHS were most likely to believe they would not have enough money (28%), whereas police workers were least likely to worry that they would not have enough (10%).

However for those who did not necessarily feel confident about their retirement funds, returning to work in order to get an additional income and therefore the lifestyle they want was a real option for nearly one third (32%) of public sector workers. Most likely to return to work were teachers, where 50% admitted they had considered returning for a part-time role. Those in the NHS were least likely to consider a return to work, at only 26% of those surveyed



### Interesting facts:

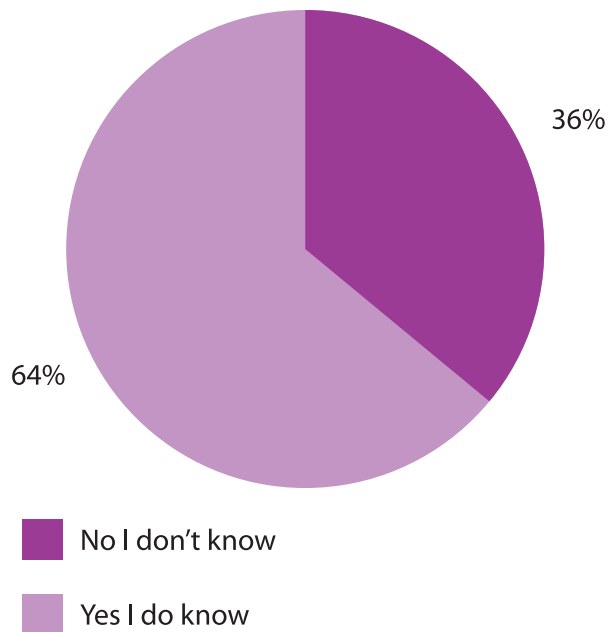
- Those in the NHS were most likely to be worried about the financial aspects of retirement
- Those in the police were most likely to believe they would have enough money for retirement (86%)
- Teachers were most likely to consider a return to work following retirement (50%)

## Section 4: Plans for retirement income

As all respondents of the Teachers Assurance research were either retired or within five years of their retirement age, the survey aimed to uncover their plans for retirement income such as their pensionable salary and pension lump sum.

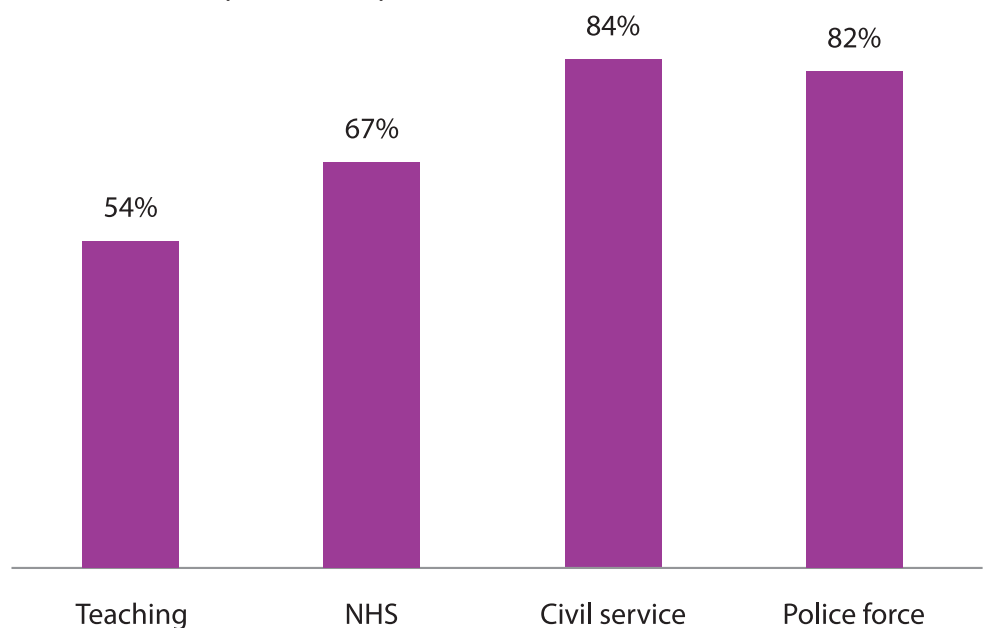
Worryingly, 36% of those surveyed did not know how much their pension lump sum would be, despite the fact that all respondents were within at least five years of retirement. The group of workers least likely to know their lump sum amount was male teachers, with 48% admitting to not knowing what they were due to receive.

### Do you know how much your pension lump sum will be?



With regards to their plans for spending or investing their lump sum, the majority (73%) of public sector workers identified that they did indeed know how they planned to use this money. While civil servants were on average extremely confident about how they would use this money (84%), teachers were least likely to know what they would do with their pension lump sum (54%)

### Those who have decided how to spend or invest their pension lump sum



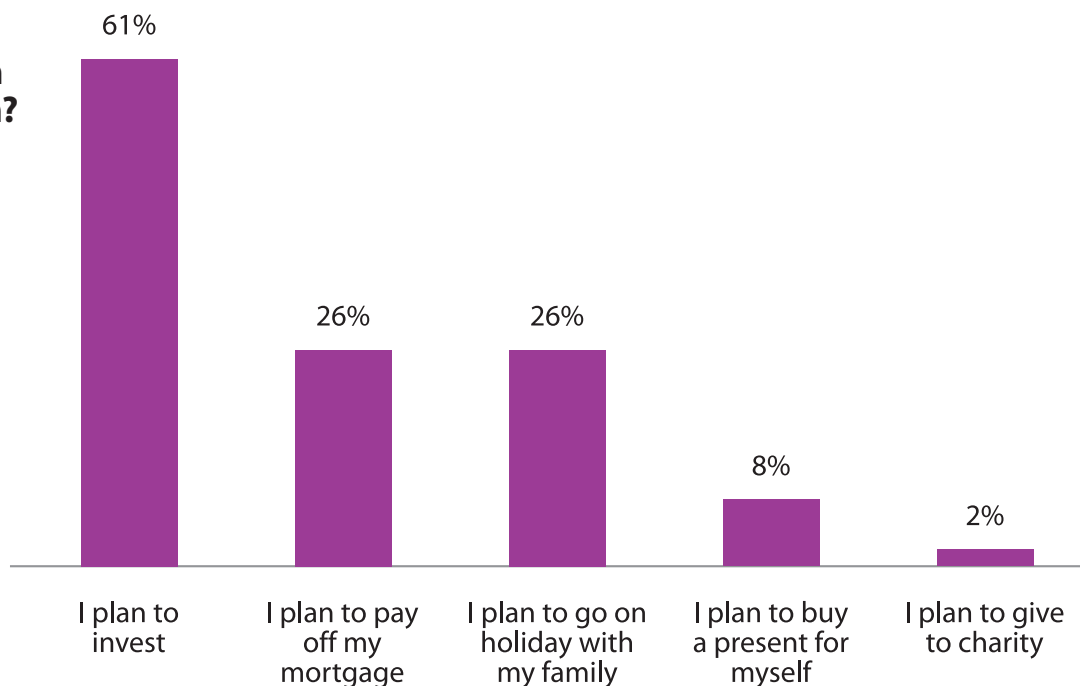


## Section 4: Plans for retirement income continued

When asked what they plan to do with their pension lump sum, an overwhelming 61% of respondents stated they planned to invest it. Teachers were most likely to plan to invest their lump sum (68%) while those in the police force least likely (44%).

However, investing wasn't the only use of their lump sum that public sector workers had planned. 26% of those surveyed planned to pay off their mortgage, while 26% also said they were planning a holiday for themselves or their family.

### What do you plan to do with your lump sum?



#### Interesting facts:

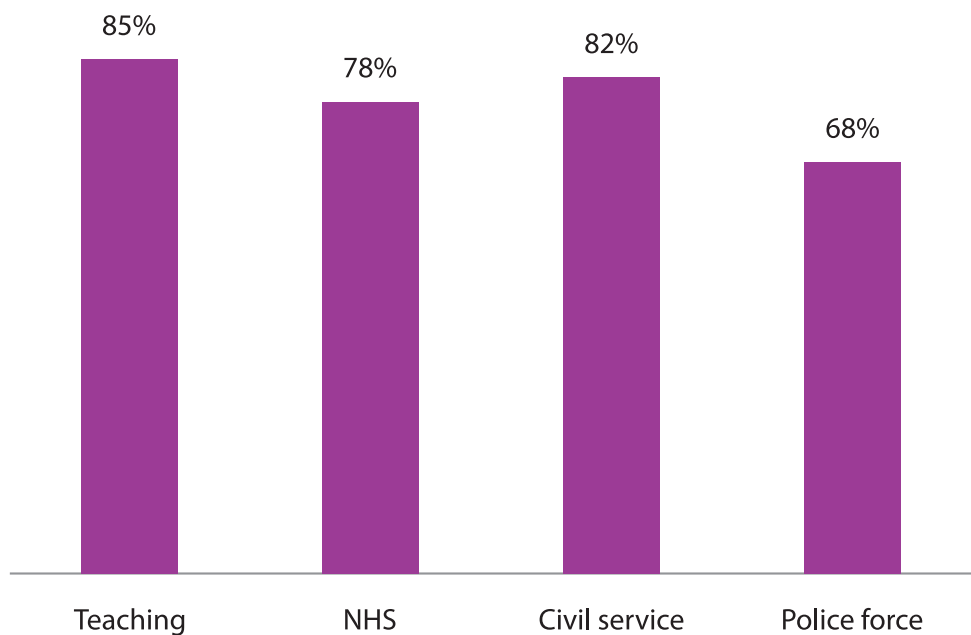
- 9% of teachers did not know whether they would receive a lump sum
- 36% of respondents did not know how much their lump sum would be
- 84% of civil servants had decided how they would spend or invest your lump sum, compared to just 54% of teachers

## Section 5: Perceptions about future generations

The final section of the Teachers Assurance survey questioned respondents about their perceptions of the benefits that future public sector workers would receive. Perhaps unsurprisingly, an overwhelming majority felt that future generations of public sector workers would be financially worse off and that pension contributions on behalf of the government and employers would reduce within the near future.

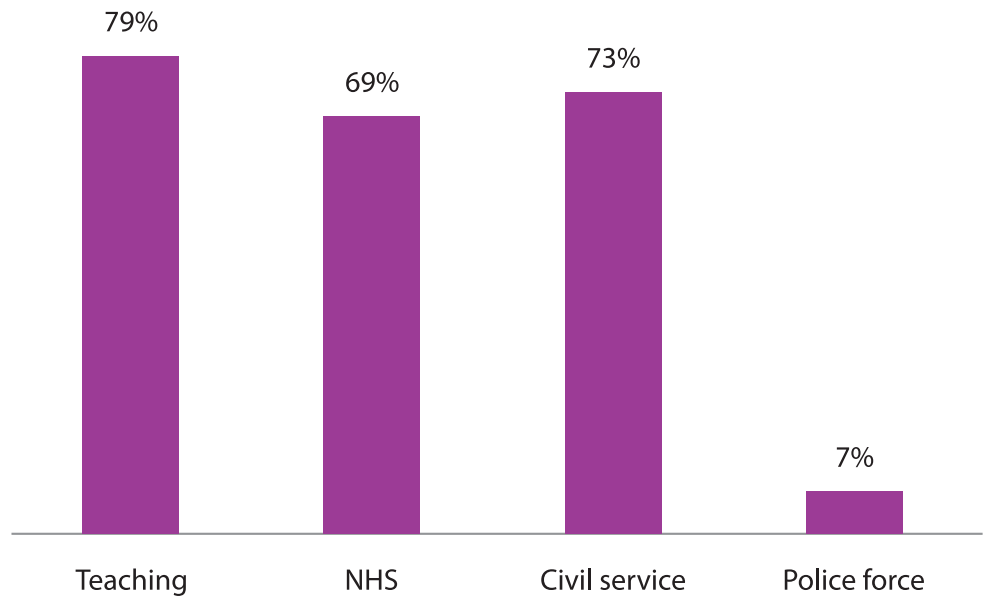
On average 81% of those surveyed felt that future generations would be financially worse off in retirement. Most likely to believe this were those in the teaching industry (85%).

**Those who believe future generations will be financially worse off**



In addition, respondents of the survey also felt strongly that the government and employers would reduce their pension contributions with ten years. This view was supported by all public sector industries (74%), but was most commonly stated by those in teaching (79%) and least commonly by those in the NHS.

**Those who believe government and employee pension contributions will be reduced within 10 years**



**Interesting facts:**

- 81% of public sector workers felt future generations would be financially worse off in retirement
- Teachers were most likely to believe that government and employer pension contributions would be reduced within 10 years (79%)

## Section 6: Information for teachers about retirement

### Planning for retirement

While planning for retirement can often be a daunting task, as with any financial planning it does not have to take as long as you may think. Financial planning in general is about preparing for the short, medium and long-term future - and retirement is a major part of this.

With the average overall life expectancy in Britain now set at 80 years, it is likely that public sector workers will spend a substantial amount of their lives living on a retirement income.

While public sector pensions such as a teachers' pension offer a guaranteed annual income, this is not always high enough to support everyone's needs and desires for their lifestyle. Thinking about the kind of life you would like to lead in retirement now will allow more time for you to identify the additional money you may need to save for the future.

We believe it is important to ask yourself four key questions:

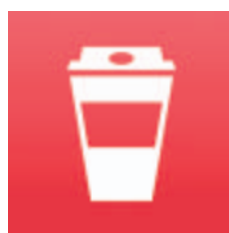
1. What do you have saved towards your future?
2. What do you need to save in order to achieve the future you would like?
3. What is the difference between these two i.e. how much do you need to plug the gap?
4. How can you go about planning now so that you're prepared for when the future arrives?

While the above questions may seem simple, we also know that it is not always that easy to find the answers. Years in (and out) of teaching can lead to complicated pension statements while mortgages, bills and other financial commitments can mean that you don't always know exactly what you've got.

That's why we've designed a suite of six free to use online Financial Calculator tools designed to help teachers to make confident choices in some of the most common areas of financial planning, including retirement:



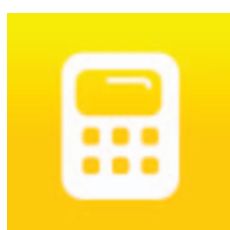
Budget



Cappuccino



Sickness



Life



Savings



Pension

We also offer free Money Talks in schools and run a comprehensive seminar programme across Britain designed to help teachers get to grips with their retirement finances. You can find out more information at [www.teachersassurance.co.uk](http://www.teachersassurance.co.uk) .

### **Investing in retirement**

If you are thinking about investing in retirement, but are unsure about what to do with your pension lump sum, it's important to think about what you would like to achieve. Are you looking to tuck the money away and earn interest, or are you looking for your lump sum to provide an amount of income too?

Whatever you have planned it is important to fully understand the options you have available when it comes to saving or investing your lump sum, and it's never too soon to start thinking.

At Teachers Assurance, we offer a range of products designed to suit those planning for and living in retirement. All of our long-term savings and investment plans are designed with teachers in mind, and so include added extras that teachers throughout Britain have told us matter to them.

Our website also has a section dedicated to those thinking about their pensions and retirement, which you can find here <http://www.teachersassurance.co.uk/pensions-and-retirement>.

Whether you think you are ready to invest your pension lump sum, or would just like to talk through your options our Customer Support team are on hand to help. Our lines are open until 9 pm on school nights, and we are here at the weekends too. The telephone number to call is 0800 056 0563.

## About Teachers Assurance

Teachers Assurance was set up in 1877 and today we offer a range of savings, investments, home insurance, health and life cover products for individuals and families that are designed with teachers in mind.

- Teachers Assurance does not offer financial advice. Instead, we offer a Financial Education Programme for teachers which includes Money Talks in schools and a range of online Financial Calculator tools.
- As a friendly, mutual society, our profits are invested to help support customers and future customers or shared with members.
- Teachers Assurance was started by what was to become the National Union of Teachers in 1877. Although we are now separate to the Union, we still work in partnership with and are endorsed by the NUT to provide financial services to our members.
- Teachers Assurance has recently been awarded the highest Free Asset Ratio for the seventh consecutive year in Money Management's Free Asset Ratio survey. Free Asset Ratio measures the percentage by which an organisation's assets exceed liabilities.

### **Contact us**

To get into contact with Teachers Assurance, please use the following:

For any general queries and questions please call us on 08000 056 056 or visit <http://www.teachersassurance.co.uk/content/how-can-we-help-you>

For more information surrounding retirement and pensions, please call us on 0800 056 0563 visit <http://www.teachersassurance.co.uk/pensions-and-retirement>.

If you have a media enquiry and require further information or assets please contact Laura Bentham, Social Media and PR Executive via email [lbentham@teachersassurance.co.uk](mailto:lbentham@teachersassurance.co.uk) or telephone 01202 435 112

## Pete Smalley, from Nottingham Money Talk

### Background

Having been a teacher for 10 years Pete felt a little uncertain about areas of his financial future, including his pension benefits and retirement planning. As a result Pete felt he would benefit from an explanation around his options for the future.

When Pete discovered that Teachers Assurance would be visiting his school in order to deliver a Money Talk, he registered to attend.

### Product

The Teachers Assurance Financial Education Programme has been designed to equip teachers with the information and knowledge they need in order to make informed financial decisions about their future. Alongside a suite of six free online financial calculators and a comprehensive seminar programme, the programme also includes specially created Money Talks delivered in schools. These Money Talks aim to help teachers understand what provisions they have for their future across areas such as pension, life cover, sickness cover and savings, as well as how to bridge any gaps they may find.

### The result

Pete attended a Money Talk delivered by Teachers Assurance Financial Education Officer, Keeley Buck, and found it to be very informative and useful in clearing up the grey areas in his knowledge base. As a result, Pete now feels clearer about his career, pension and retirement.

"Keeley was very helpful and talked us through the easy to use online pension calculator tool that I used straight away that evening on my mobile phone. This really opened my eyes as to what I can expect to get throughout my future career and upon retirement."

Pete feels his knowledge has gone from unclear to good, and puts this firmly down to the excellent service and explanation he received from Teachers Assurance. Since attending the Money Talk Pete also intends to take out a Teachers Assurance savings policy, as he believes this will help his family when it comes to their future finances.

If you would like to find out more about the Teachers Assurance Financial Education Programme, visit <http://www.teachersassurance.co.uk/about-us/financial-education-programme> or call on 0800 652 5075.



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