PRUDENTIAL

Embargoed until 00.01 hours on Friday 24 August, 2018

SURGE IN SELF-EMPLOYMENT IS STOKING THE PENSION CRISIS

- More than two fifths (43 per cent) of self-employed workers do not have a pension
- Up to two out of five (36 per cent) say they can't afford to save into a pension
- Nearly a third (31 per cent) will rely on the State Pension to fund their retirement

Self-employed workers are heading towards a pension saving crisis as they cannot afford to save for their retirement, new research from Prudential shows.

Its nationwide study found more than two fifths (43 per cent) of those working for themselves admit they do not have a pension, compared to just four per cent of those in employment – a key reason is that 36 per cent of the self-employed say they cannot afford to save for retirement.

Self-employed workers now make up 15.1 per cent of the UK workforce with more than 4.8 million people working for themselves[2] but Prudential's research found they are heading for a less comfortable retirement with many not planning to stop work.

Around one in three (31 per cent) say they will be relying entirely on the State Pension worth around £8,545 a year to fund their retirement, while 28 per cent will be reliant on their business to provide the income they need.

Self-employed workers are savers – but the research found they are more focused on day-to-day emergencies than the long-term of retirement. Two thirds (64 per cent) of the self-employed save to build up a safety net in case of an emergency in comparison with 57 per cent of those in employment.

Just one in 10 self-employed people see a financial adviser regularly, despite having potentially more complex requirements than someone in employment. One in five (19 per cent) are not confident with money and financial matters, while a quarter (24 per cent) worry that they do not know enough about money.

All this adds up to an education gap when it comes to the importance of pensions for the self-employed as 20 per cent admit they do not take pension saving seriously as they do not think it applies to them.

Kirsty Anderson, retirement income expert at Prudential, said: "Saving for retirement is tougher when you are self-employed as there is no one to organise a pension for you and no employer making contributions on your behalf.

"On top of that self-employed workers often don't have a regular income so many will focus on setting aside money as a safety net if they cannot work.

"Saving for a pension is still important as no one wants to work forever and no matter what your employment status, having money to fund your retirement is essential as the State Pension is unlikely to be enough to fund a comfortable retirement.

"If you are unsure how much you can afford to save into a pension, speak to a financial adviser as they will be able to help you with all aspects of your financial planning."

- Ends -

Media enquiries

Lakruwani Herath-Culley	020 7004 8950	lak.herath-culley@prudential.co.uk
David Gwyer	020 7004 8079	david.gwyer@prudential.co.uk

Follow us on Twitter: @PruUKPress

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

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/articles/trendsinselfemploymentintheuk/2018-02-07