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THE GREAT PENSION BLUNDER
Back to basics for confused consumers

Nearly one in four Britons (24%) have no idea when they should start investing money in a pension, and over one in ten of us (11%) don't think it is worth taking out a pension at all, according to the latest findings from comdirect, Europe's biggest stockbroker.

While the "great pensions debate" continues to rage between the Government and financial services providers, the findings suggest that there is a greater need to get back to basics and look at the reasons for the huge lack of awareness amongst the public. The research also follows earlier findings which suggested that today's pensioners are learning about surviving on a shoestring the hard way, and wishing that they could go back 20 years to start a pension earlier¹.

comdirect asked a GB representative sample of 1,000 people when they thought would be the right time to start a pension.

Key findings:

- 24% claimed that they didn't know when they should take out a pension. Of these, 62% were female, and just 38% were male.
- 11% of those questioned said that they didn't think it was worth taking out a pension. Of these, the majority were in their twenties and their fifties (20% each). This suggests dissatisfaction amongst those nearing retirement in their pension. It also shows that those who should be setting up their pension have are disheartened by scare mongering and have decided not to

bother saving for their future, or have opted for other investments as more rewarding havens for their money.

- 17% of people felt that it was best to start a pension following marriage, indicating the cost of modern marriages and also that this marks the start of the settling-down phase of peoples' lives, jolting them to start thinking about retirement.
- 12% of those questioned claimed that it is best to start a pension when you have paid off student debts. Of these, the majority are in their 20s (30%), emphasising the financial burden of further education, as graduates' budgets struggle to cover loan repayments and pension contributions.
- Likewise, 12% claimed that they would start a pension when they have bought their first home. Of these, the majority (21%) are in their 20s, showing the pressure to jump onto the property ladders outweighs that of starting up a pension, and the financial impossibility of doing both.
- 11% of people claimed they would set up a pension after they had started a family. Of these, 17% were in their 20s and 31% were in their 30s, which shows the financial demands felt by parents today.

John Glendinning, Chief Executive Officer, comdirect, commented:

"It is alarming that so many people are unaware as to when they should be starting a pension. While the news has been full of scare stories of old-age poverty, many people have missed the message that pensions would fare best if we all starting making contributions as early on as possible.

"Of more concern are the 11% of the population who do not see the point of taking out a pension at all. While some of them may be independently wealthy, it is more than likely that a fair proportion has been disheartened by various pension scandals. Whatever the reason, it is vital that investors appreciate the

need to make provisions for their retirement before they find themselves sleep walking into old age poverty.”

Regional findings:

- Those in London (22%) were the most likely to wait until they have paid off their student debts until starting up a pension, illustrating the financial demands of student life and living in the City.
- Southerners were the most likely to wait until they have settled down and got married (22%) before they start a pension, perhaps highlighting the expense of modern marriage.
- The Scots were the most likely to start up a pension when they have bought their first home, at 21%. This suggests that the financial burden of owning a home is much less in Scotland than elsewhere in the UK, as they are able to stretch to save for their future as well as pay a mortgage.
- Northerners were the most sceptical of pension schemes, as 15% believed it was not worth taking out a pension.
- The Welsh were the most unaware of financial planning as 51% claimed they did not know when the right time to start a pension is. This compares to just 21% of Londoners.

Around The Regions

When do you think is the right time to start a pension?

Region	When you have paid off student debts	When you get married	When you buy your first home	After you've started a family	When you've paid off all your credit card bills	When you have paid off your mortgage	Ten years before you retire	Don't think it's worth taking out a pension	Don't know
London	22%	10%	5%	14%	3%	3%	9%	13%	21%
South	7%	22%	12%	14%	2%	5%	3%	11%	23%
Midlands	15%	14%	14%	13%	3%	5%	3%	9%	24%
Wales	-	21%	-	-	-	29%	-	-	51%
North	8%	19%	14%	5%	-	3%	11%	15%	24%
Scotland	12%	19%	21%	3%	-	11%	7%	3%	24%

-ends-

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¹ Over one in three (35%) people in their 60's, and over one in four people in their 70's (29%) saying that if they could go back 20 years they would start a pension earlier.

The research was undertaken for comdirect by RSGB, Omnibus a division of the Taylor Nelson Sofres Group among a GB representative sample of 1,000 adults.

Facts about comdirect

- Europe's biggest stockbroker, comdirect is majority owned by Commerzbank, which also owns Jupiter, one of the UK's leading fund providers.
- Comdirect is the 5th largest online broker in the UK by trading volumes (ComPeers Report Q2 2002).
- Fair deal pricing: flat fee of 12.50 per trade by phone and online for all account types – investment clubs flat fee of £7.50 per trade.
- No annual account fee for dealing accounts.
- Access to the UK and 18 international markets in Europe and North America, plus gilts, unit trusts and investment trusts, and Exchange Traded Funds
- Price improvement: 80%+ of all trades are executed at a price better than the "touch" or "yellow strip" price*.
- comdirect has a UK market leading platform in terms of speed of execution and sophisticated portfolio management tools, for example limit orders and stop orders.
- Immediate trading - straight through online application and funding process enables an account to be opened, funded and ready to trade typically within 10 minutes.
- Only stockbroker to offer zero commission on Exchange Traded Fund tracker purchases in self-select ISAs.
- Embraces the highest standard for online security – 128-bit encryption.
- Telephone orders for UK shares can be placed 08.00 to 16.30 Monday to Friday and for international shares 08.00 to 21.00 Monday to Friday.

news release



*"touch/yellow strip" – the best prevailing bid and offer quoted on SEAQ (Stock Exchange Automated Quotation), or the best prevailing bid and offer on the Order Book (also known as SETS – stock Exchange Electronic Trading Service)