



HM TREASURY

Financial education for older people – the UK's approach

Anna Deibel-Jung

Head of Financial Capability and
Consumer Issues, HM Treasury

IFIE/JSDA Joint Seminar on Investor Education

22 October 2009 Tokyo

23 October 2009 Osaka





Older people's financial capability

- Research shows that older people tend to be more financially capable than those under 40
 - Capability in 'making ends meet' is especially strong for over 60s
 - While over 60s generally especially capable, capability especially in terms of 'choosing products' and 'staying informed' drops dramatically for the over 70s
- Especially need to support:
 - pre-retirees who have not planned ahead
 - over 70s
- Need to avoid storing up problems for the future by helping under 40s plan for their retirement





Decisions, risk and complexity

- Decline of 'defined benefit' pension schemes –
 - Lack of certainty over retirement income and shift of risk to individuals
 - Annuities
- Reforms to private and state pensions
- Increasing longevity
 - Cost of care
 - 'Asset rich, income poor'
 - Decumulation
- New/complex products
- Technology and changing customer/provider relationship in financial services





Pre-retirement or in retirement

- Understanding retirement income
 - State pension reform
 - Pension forecast (private and state pension; pension credit)
 - Pension Tracing service
- Annuity choice
 - Open Market Option
 - Impartial information on annuities and tool to shop around for the best annuity deal on www.moneymadeclear.fsa.gov.uk
- Retirement Guide to Money
 - FSA/Government guide under development





Supporting retirement saving

- Automatic enrolment into workplace pension or into Personal Accounts (Government-run scheme) from 2012
 - Additional 8-10 million pension savers
 - Policy influenced by behavioural economics
- Education is important:
 - Understanding pension saving
 - Opting out
 - Choosing a fund





Money Guidance

- Provision of generic financial advice across UK – filling the ‘advice gap’
- Targeted at those most vulnerable to the consequences of poor financial decision making
- Impartial, no selling
- Online, telephone, face to face
- Referrals where appropriate to specialist advice e.g. The Pensions Advisory Service or financial adviser
- Key delivery partners e.g. Age Concern
- Trusted intermediaries





HM TREASURY

More information

www.fsa.gov.uk

www.hm-treasury.gov.uk

www.dwp.gov.uk

Any questions?

anna.deibel-jung@hm-treasury.gsi.gov.uk

