

Press Release

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UK property owners spend twice as much on their homes as their pension plan

Lincoln Retirement Income urges UK adults to rethink their plans for retirement as new research shows Brits have more faith in their property than their pensions

New research* from Lincoln Retirement Income has found that UK adults with a pensions scheme and a home, who aren't yet retired, spend more than twice as much on their property – excluding mortgage and interest repayments – per month than on pensions contributions. Lincoln Retirement Income, which has launched *Lincoln i2Live*, a product range which includes a unique guarantee option, is warning investors to think carefully about how they plan for retirement.

More than two out of five home owners with a pension scheme, who aren't yet retired, believe their homes will earn them more for their retirement than their pension scheme, the research shows.

These property owners have spent an average of approximately £7,500 on their homes in the last two years, or around £311 per month, compared with an average £134 a month contributing to a company pension scheme. Men with a pension scheme put around £159 a month on average into pension schemes, compared with £102 a month from women with a pension scheme.

Nearly half of these home owners (48%) agree that their property is part of their pension fund while only 28% do not consider their property as part of their retirement income. Over two in five (41%) expect their property to yield greater returns for retirement than their pension plan; only 22% do not expect returns on their property to exceed pension plan returns.

Lincoln Retirement Income Head of Product and Marketing, Simon O'Connor, said: *“Consumers have generally lost a lot of faith in pensions and are looking for more immediate alternatives such as property. The recent market volatility is also likely to have damaged investor confidence. However, relying on your home to keep you when you retire can be risky and the idea that people would like to enhance the value of their property at the expense of contributions to their pension is very worrying indeed.*

Increasingly people can expect to be retired for nearly as long as they are at work; their de-cumulation phase lasts as long as their accumulation phase. Innovative solutions are needed to help address this

issue, and we are meeting this need with Lincoln i2Live, which provides an innovative range of products including a unique Income Guarantee Option.”

The research shows that 15% of UK home owners who aren't yet retired and contribute to pension schemes would prefer to cut back on their pension contributions, in order to enhance the value of their property or portfolio of properties. Around 41% consider their property an investment that will contribute to their income in retirement.

The research also found that 57% of UK adults who aren't yet retired and contribute to pension schemes would not contribute any of a £5,000 lump sum towards their pension if they received one. Another 17% would contribute less than half, and 11% would contribute approximately a half.

Simon O'Connor continued: *“People need to start changing their mindsets if they are going to be able to secure a level of income in retirement that meets their aspirations. Property is important but it is not a guarantee. With increased longevity, individuals need to make arrangements for retirement that can provide an income for the duration of their retirement. The concern with relying on property to fund a retirement is that the money could run out.”*

Lincoln i2Live offers three products under one umbrella including a personal pension plan, drawdown and a flexible unit-linked annuity. It allows clients to accumulate a retirement income pot with a range of flexible options on taking an income in retirement. Crucially, the flexible income opportunities do not end at 75. *Lincoln i2Live* takes clients and their dependants through retirement.

The unique Income Guarantee Option is available through *i2Live* Drawdown and *i2Live* Annuity. The guaranteed minimum income is reviewed every five years in *i2Live* Drawdown, at the date of conversion to *i2Live* Annuity and every five years in *i2Live* Annuity.

This press release is intended only for investment professionals and including journalists and should not be relied upon by private investors or any other persons. Full product information can be found at www.lincolnuk.co.uk

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Notes to editors

*YouGov interviewed 2,150 GB adults online between 7 and 11 June.

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The UK operation dates back to 1934 with assets under management of £5.49 billion (as at April 2007). Lincoln in the UK is passionate about doing the best for its customers at or in retirement, by bringing to the market reliable and flexible solutions which enable transition through retirement, protecting and enhancing wealth to enjoy an income for life. It serves the needs of customers nationwide either direct or through financial advisers and is dedicated to building excellent customer service.

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