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One in eight middle-aged don't know how they will afford to stop working

According to new research by Alliance Trust Savings shedding light on the finances of the mid-life generation, one in eight people within 20 years of retirement, and who currently have an above average income, don't know how or when they will be able to afford to stop working.

The nationwide survey quizzed 1,000 45 to 55-year olds with either individual incomes of £35,000 or more a year or household income of at least £60,000, and who had some level of household savings, about their financial situation and plans. It found that although a third (30%) had clear goals in place for retirement and financial plans in place to achieve them, a similar number (29%) had not really thought about funding their later life and one in eight (13%) did not know how or when they would be able to stop working. In addition, while almost three quarters said they would rely on a workplace pension to fund retirement, one in five (22%) said they would rely on an expected inheritance to fund their retirement and a quarter (26%) expected that they or their partner would continue to work.

The survey also asked how long respondents would be able to last on their savings and investments if they lost their main source(s) of household income, with a third (32%) saying they would get into financial difficulty in three months or less. Even the relatively affluent worried about running out of money, with a fifth (20%) of those with disposable income of between £750 and £999 per month saying their savings and investments would last three months or less if they lost their main source(s) of income.

Sara Wilson, Head of Platform Proposition at Alliance Trust Savings, commented: "With much of the recent focus on younger generations and those in or at retirement, it can be easy to overlook the scale of the financial challenges facing people in their mid-life years. Those within 10 years of being able to access their pension savings are often faced with a raft of potentially complex challenges, from the cost of raising children and looking after ageing parents to dealing with divorce or the threat of redundancy. All while keeping household finances in shape and setting money aside for later in life.

"Putting plans in place, keeping a close eye on them and, ideally, seeking professional advice is therefore essential in enabling people to get the best out of their finances and take the stress out of the mid-life years."

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Notes to editors

About the research

The research was undertaken by Boring Money in September 2017. It is based on a nationwide sample of 1029 people, with either individual incomes of £35,000 or more a year or household income of at least £60,000, and who had some level of household savings.

About Alliance Trust Savings

Alliance Trust Savings is a leading provider of SIPP, ISAs and Sharedealing Accounts. In 2016, Defaqto awarded the platform a maximum five stars for its proposition indicating that it represents one of the best quality offerings in the market. It was named Best SIPP (Funds only) 2016 by Money Observer, Best ISA Provider 2016 and Best SIPP Provider 2015 by Shares Magazine and was highly commended by Moneywise as a Low Cost SIPP Provider in 2015 and by Professional Adviser as Best D2C Platform in 2016. More information on Alliance Trust Savings and its products is available at www.alliancetrustsavings.co.uk.

The Alliance Trust Savings business marked its 30th anniversary in 2016. As at 30 June 2017, it administered £15bn of assets across over 110,000 customer accounts. Alliance Trust Savings is a subsidiary of Alliance Trust PLC, which was founded in 1888 and has grown to become one of the UK's largest generalist investment trusts by market value.

Alliance Trust Savings is a founding member of KickStart Money, a ground-breaking project delivering much needed money skills to thousands of schoolchildren across the UK. Working alongside fifteen other leading UK financial services companies and the Tax Incentivised Savings Association (TISA), we have a shared goal of contributing an initial investment of £1 million to take financial education to nearly 18,000 children in 100 primary schools.

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