

# *Will I get my pension...*



*...and when?*

# Overview

- Retirement – myths and realities
- Basic types of Guernsey pension
- Issues facing the States Old Age Pension
- What is being done about it (...in Guernsey and beyond...)
- What does it all mean - for employers, for employees
- How we can help – the BOG Member Pension Offer

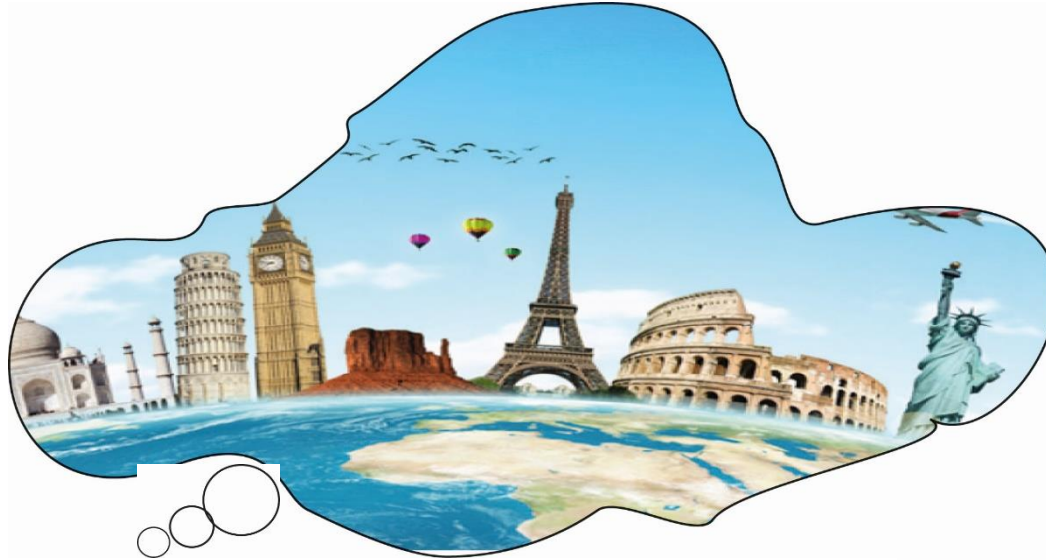
# What is a pension...?

[https://www.youtube.com/  
watch?v=Jw4adVMHqns](https://www.youtube.com/watch?v=Jw4adVMHqns)



# Things you probably do think of...

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# Things you probably don't think of...



**Downsizing**



# How serious is the issue...

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According to the British charity Age UK, **1.8 million pensioners in the UK live in poverty** – that is one in six, while a further 1.2 million are described as being “on the brink” of poverty.

# Types of pension in Guernsey

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## The States of Guernsey Old Age Pension

All employed persons automatically enrolled and contributions paid via Social Security

## Private pension arrangements

Employer sponsored (company pensions) or personal pensions – these are optional and not required under Law (***not yet anyway!***) and only 40% of employed people currently have one



# Issues with the State Pension

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Not enough to live on comfortably and **3/4 people not entitled to a full State pension**

Unable to contribute more – set amount based on number of contributions over your working life

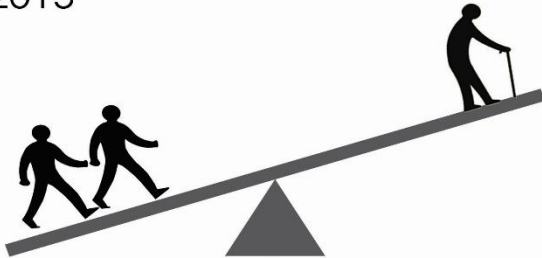
**Why do we have this issue:** demographics – put simply as people are living longer, there are more retired people taking money from the pot vs working people adding to the pot

# Statistics in Guernsey

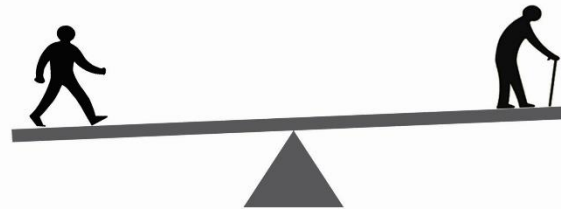


## Dependency Ratios of Workers to Non-Workers

2015



2050



"The dependency ratio of Guernsey and Alderney combined is set to increase between now and 2050 from approximately 55% to in excess of 80%".

## Number of People Aged 65 or over

2012



2025



2050



"By 2025 the number of people aged 65 or over is expected to be 44% higher than in 2012; indeed, by 2020 it is expected to have doubled".

# What does all of this mean...

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People will have to wait longer until becoming entitled to the States Old Age Pension (age 70 going forward!)

The amount they receive will be less than they probably expected – just **£206.09 per week is the full rate**

People may need to **work longer and/or downsize home** in order to support the standard of living they want

# What does all of this mean...

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Basic living expenses for pensioners in the UK are on average £11,620 per year, with South East England and London being between £12,940 and £13,270 – more accurate for Channel Islands

Assuming £13,000 for Guernsey, to cover basic living expenses a pensioner would need £1,083 per month, or **£271 per week** – nearly £65 per week more than the full States Old Age Pension



# What is being done about it...

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Proposal for introduction of a Secondary Pensions system

Similar to Auto-enrolment in the UK, which has seen a massive uptake in private pension savings – people would have to opt-out as opposed to opt-in

This would not be States funded or underwritten – it would be privately managed and return would be subject to investment performance

# What does this mean...

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## For employers:

They will have an obligation to enroll their employees into an approved scheme;

They will have an obligation to contribute a % of employees salary, initially 1% but expected to rise to 3.5% within a few years

Some exclusions are proposed, for example start up companies

# What does this mean...

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## For employees:

They will automatically be enrolled into an approved scheme

They will have an obligation to contribute a % of their salary, initially 1% but expected to rise to 6.5% within a few years

They will have the option to opt-out of the scheme, but this will be something they will need to do on a regular basis (every year or two years)

# What will happen and when...

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Nothing will come into effect until 2020 at the earliest

Still much work and consultation to be done, so employers do not need to panic

People may wish to prepare and take actions in advance of the Law coming into effect – the earlier you start the better



# BOG Member Offer...

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Concept Group are delighted to work with the BOG to offer its members an exclusive offer, which should help make pension savings more accessible:



NIL setup fees (usually £250 per person)



£250 per year (NIL for anyone under the age of 30)



Start saving from just £50 per month

# Will I get my pension and when...

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So to answer the main question, you will get a pension

**BUT,**

The amount you get will probably be far less than you expect and you will have to wait for longer for it!



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