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NEARLY ONE IN FIVE WILL RETIRE IN DEBT THIS YEAR

- **Prudential's Class of 2012 study shows average debts of £38,200 for retirees**
- **Half owe money on mortgages and credit cards**
- **Debt repayments will cost retirees an average of £260 a month**
- **Financial advice and repayment plans can make debts manageable**

Nearly one in five (18 per cent) of those planning to retire this year will do so with outstanding debts, according to new figures released today by Prudential. The Class of 2012 research looks at the finances and expectations of those planning to retire this year, and found that the average amount owed by debtor retirees is £38,200.

Now in its fifth year, Prudential's authoritative series of retirement research has tracked annual trends in pensioner finances. Interestingly, the proportion of people retiring in debt this year (18 per cent) has fallen slightly from 20 per cent in 2011. However, the average amount owed has increased by more than £5,000 from last year's figure of £33,100 per person retiring with debts.

Outstanding mortgages and credit card bills make up the bulk of the Class of 2012's debt. Half of those with debts owe money on their home loan and more than half (51 per cent) are struggling with outstanding credit card bills.

The results of the survey also give an insight into the effects of outstanding debt on the finances of a new retiree. On average, those planning to retire this year with debts will be making monthly repayments of £260, which equate to a fifth (19 per cent) of their expected £1,290 a month income.

Paying off debt could take this year's retirees an average of nearly four years and eight per cent of those who will still owe money when they retire in 2012 say that they will never be able to pay it off. One in four (24 per cent) say that they will be making repayments of £500 or more a month.

Men retiring in debt this year are likely to owe substantially more than women, with average debts of £45,300 compared with £29,400 for women. 20 per cent of men expect to have debts when they retire compared with 16 per cent of women.

Vince Smith-Hughes, Prudential’s retirement income expert, said: “With a manageable repayment programme in place, debts need not become an issue for this year’s retirees – and there is plenty of help available through the Money Advice Service and Citizens Advice Bureau.

“Retiring with outstanding debts could be a sign of a lack of financial planning. It is important therefore for those still at work to save as much as possible as early as possible, and to consult a financial adviser to help them plan for a comfortable retirement.”

The Prudential research results also show that around the country, people in Wales planning to retire this year are the most likely to have debts (21 per cent of retirees) while those in the East Midlands are the least likely (11 per cent of retirees).

- ENDS -

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Regional breakdown

Region	Proportion of those retiring with debts outstanding
Wales	21 %
South East	21 %
South West	20 %
Eastern	18 %
London	18 %
West Midlands	18 %
Yorkshire and Humberside	17 %
North West	15 %
Scotland	13 %
North East	13 %
East Midlands	11 %
UK Average	18 %

Northern Ireland sample size too small to be included here

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Retiring in debt

In response to the following question:

“Approximately how much personal debt do you think you will have at the point you retire?”

(This question was first asked in the Class of 2011 study and therefore comparisons with 2010 or earlier years are not possible.)

Class of...	Percent of retirees in debt	Average amount owed by those retiring in debt*
2012	18%	£38,200
2011	21%	£33,100

* - rounded to the nearest £100.

Note to Editors

Source – Online survey conducted by Research Plus on behalf of Prudential between 2 and 12 December 2011 among 9,614 UK non-retired adults aged 45+ including 1,003 people retiring in 2012.

All income and debt figures within this release are rounded up or down to the nearest ten unless otherwise stated.

About Prudential’s Class of 2012 research

Prudential has been conducting its “Class of” retirement research annually since late 2007. Each December people planning to retire during the following 12 months are interviewed.

The Class of 2012 were surveyed between 2 and 12 December 2011.

Now in its fifth year, the research provides a valuable snapshot into the financial situations, expectations and attitudes of this year’s retirees.