

Pension tension: Confusion reigns for retirees looking for alternative uses of their pension pot.

- **One in five (19%) over 55's feel confused over upcoming pension reforms**
- **A third (33%) say they have no-one to turn to for financial advice**
- **Two thirds (62%) overestimate value of the weekly state pension**
- **'It's not about being able to buy a Lamborghini, it's about getting more from your money,' says creator of pension alternative, Reap**

British pensioners are facing widespread confusion over the future of their pensions according to a new report out today.

With George Osborne set to formally announce new pension reforms in Wednesday's Budget allowing over 55's to cash in their pension pot, the Pension Freedom Report commissioned for the launch of the alternative pension plan, Reap, delves in to the nation's attitude towards their pension and finds that retirees want more control but don't know their available options.

Perplexed over pensions

Despite the new pension reforms giving retirees more freedom over their pension pot, nearly one in five (19 per cent) over 55's report feeling confused by the options available, whilst one in eight (12 per cent) feel totally unprepared for the new legislation and have no idea how they will use their savings.

Worryingly, a third (33 per cent) claim they feel completely alone when it comes to seeking financial advice for their pension options. With a nation of pensioners perplexed over the news reforms, retirees are calling for the Government to do more to educate them.

Tim Baker, aged 67 from Worcestershire, commented:

"I like to think of myself as quite internet savvy and I've been left totally confused by the new pensions legislation. There is loads of information out there that is wrong or misleading and I think the Government needs to actively make sure that all over 55's know exactly how the new reforms will affect us and what our options are."

To resolve much of the confusion, Equfund has launched the Real Estate Annuity Plan (Reap) which is a brand new property-based financial arrangement that gives retirees a 7% fixed income without the hassle of taking on landlord risks and responsibilities.

Daniel M. Mahon, Director behind Reap, adds:

"Pension providers have been deliberately making products complex, leading to confusion; it's now a minefield of information and legalise but things are changing. The new rules are making pensions a lot simpler and new alternative pensions are being launched with more transparency and control, enabling retirees to make smarter, more informed choices. We believe Reap to be one of these."

Clueless over pension value

The poll of 1000 over 55's also reveals that many are clueless as to how much their pension is worth. Only around one third (38% per cent) of those surveyed knew the value of the current state pension (£113.10 per week), with one in ten (9 per cent) wildly overestimating the weekly allowance by £80 (£193.10). Just under half (48 per cent) are worried that their pension pot will not be enough to maintain their current lifestyle and welcomed newer retirement products like Reap which can offer pensioners a greater secured return on their money.

Seizing control of your pension

The Pension Freedom Report from Reap found that one in five (20 per cent) say they will use the money to pay into an ISA, one in six (16 per cent) will use the money to go on a holiday of a lifetime and one in ten (10 per cent) will donate some of the money to a child or grandchild so they can set them up for the future.

Mahon comments:

“Osborne’s Pension Freedom risks becoming a damp squib of legislative reform if nobody cashes in their pension and leaves their money with their existing provider. The new rules gives them greater control over their savings. People need to know what options and alternatives are available to them.”

But who is my pension provider?

The current generation of retirees is not just bewildered over their pensions, but also their pension provider. Over half (51 per cent) admit they have no idea how their pension provider is currently using their savings, whilst nine in ten people (88%) indicated that they would prefer that their pension provider is using their money ethically.

Many over 55's have stated that the relationship with their pension providers is currently very rocky with one in eight (13%) reporting they find them very impersonal. A further eighth (12%) admit to feeling confused by all of the jargon surrounding their pension and over one in ten (11%) claiming they are routinely left in the dark by their pension provider.

Mahon adds:

“We understand this and believe that Reap offers a clear, transparent and ethical alternative for the millions of community minded people who want to do some good with their money; they will now be able to direct their funds into a social enterprise that pays a really competitive 7% rate of interest and gives all of their money back to them or their beneficiaries after the initial period”

For more information on Reap, please visit: <http://www.myreap.co.uk>

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About Reap

Reap is provided by Equfund (IPS) Limited which has had over fifteen years specialising in acquiring long-term empty properties and renovating them to beyond the Decent Homes Standard; once refurbished, the homes are let at an affordable rent to people in housing need.