

The main culprits of Britain's pensions crisis

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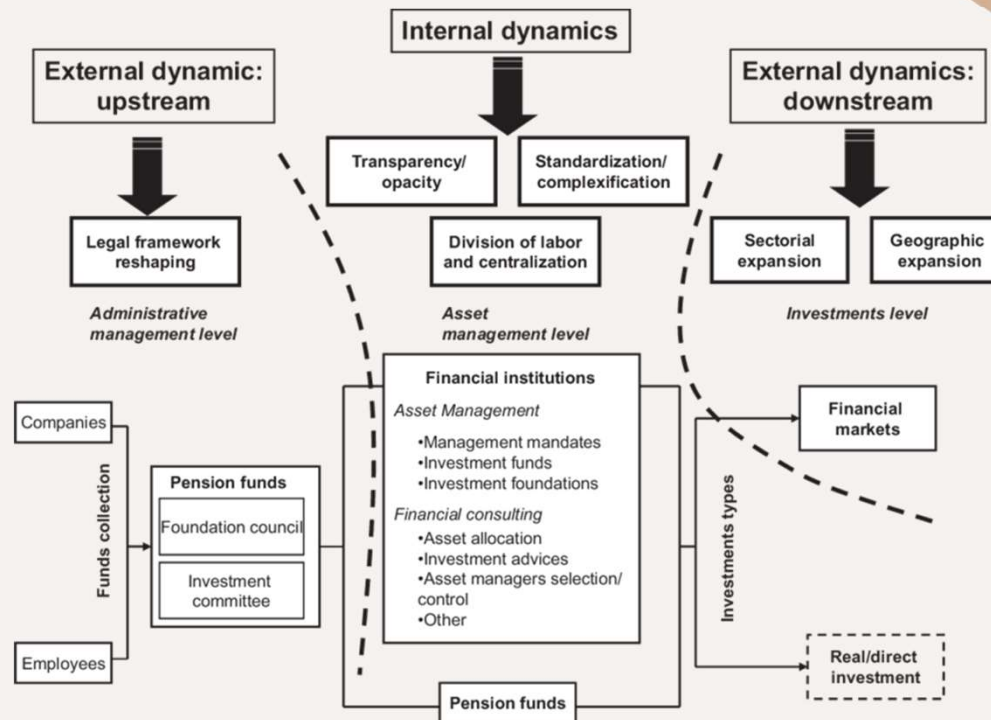
Directory page

- What is the meaning of Britain's pension crisis?
Also give the examples.
- What are the reasons causing Britain's pension crisis?
Give at least 5 reasons with examples and explanations.
- How can solve Britain's pension crisis?

Britain's pension crisis

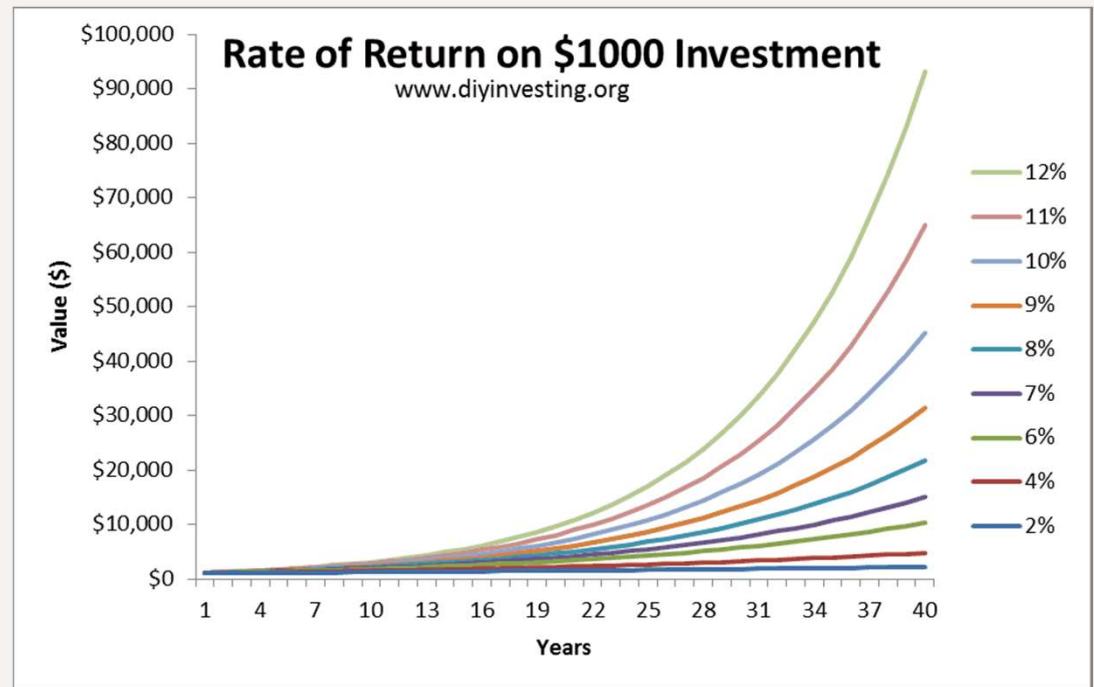


● Example1 Low levels of retirement savings



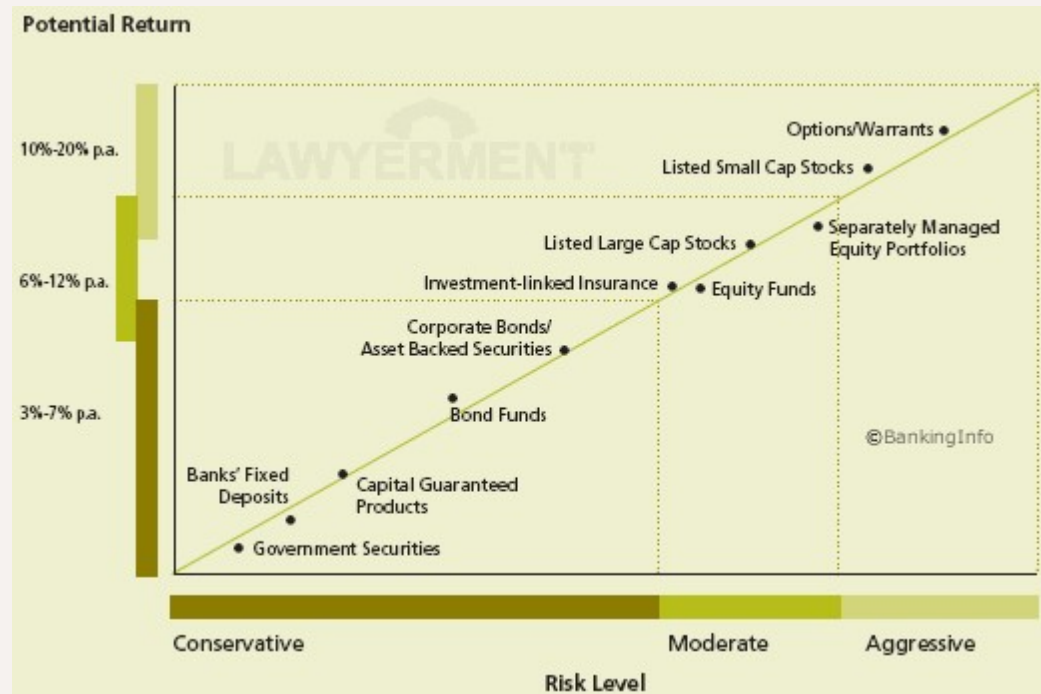
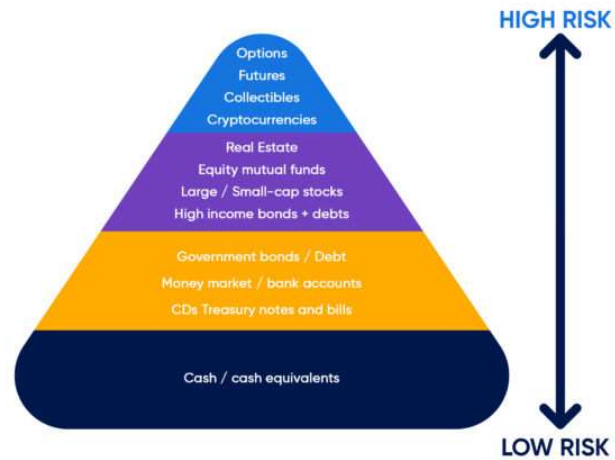
● Example 2 Inadequate pension provision


$$\text{Rate of Return on Investment} = \frac{\text{Current / Market or Sales Value} - \text{Initial Cost}}{\text{Initial Cost}} \times 100$$



● Example 3 An ageing population

INVESTMENT RISK PYRAMID



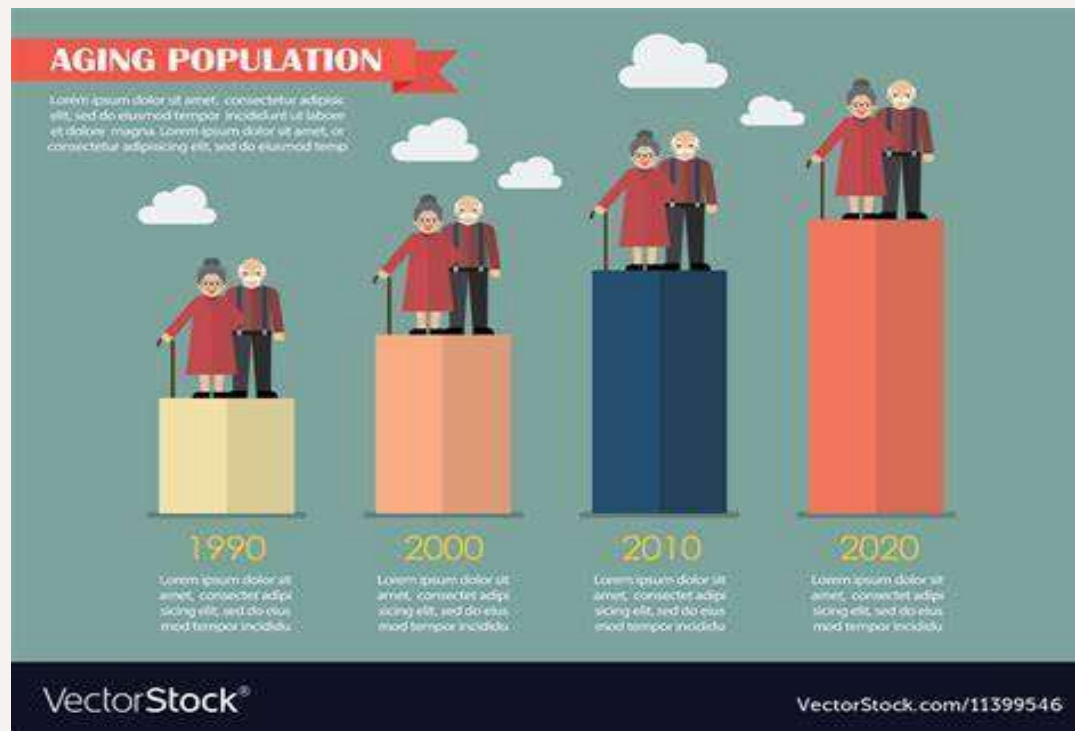
Several reasons contributing to Britain's pension crisis

- Aging population
- Decline in defined benefit schemes
- Low interest rates
- Increasing life expectancy
- State pension age
- Brexit

Overall, these factors have combined to create a pension crisis in the UK, with many retirees facing a shortfall in their retirement income.

Reason 1 contribute to the pension crisis in the UK

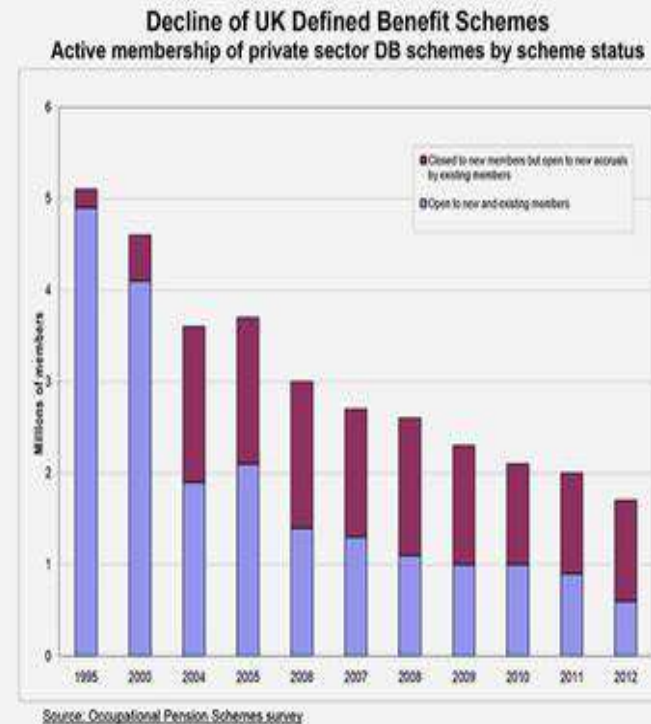
Aging population



Reason 2 contribute to the pension crisis in the UK

Decline in Defined Benefit Schemes

E.g. British Airways closed its defined benefit scheme in 2018 and replaced it with a defined contribution scheme, meaning that new employees joining the company will not be entitled to a guaranteed pension.



Reason 3 contribute to the pension crisis in the UK



Low Interest Rates

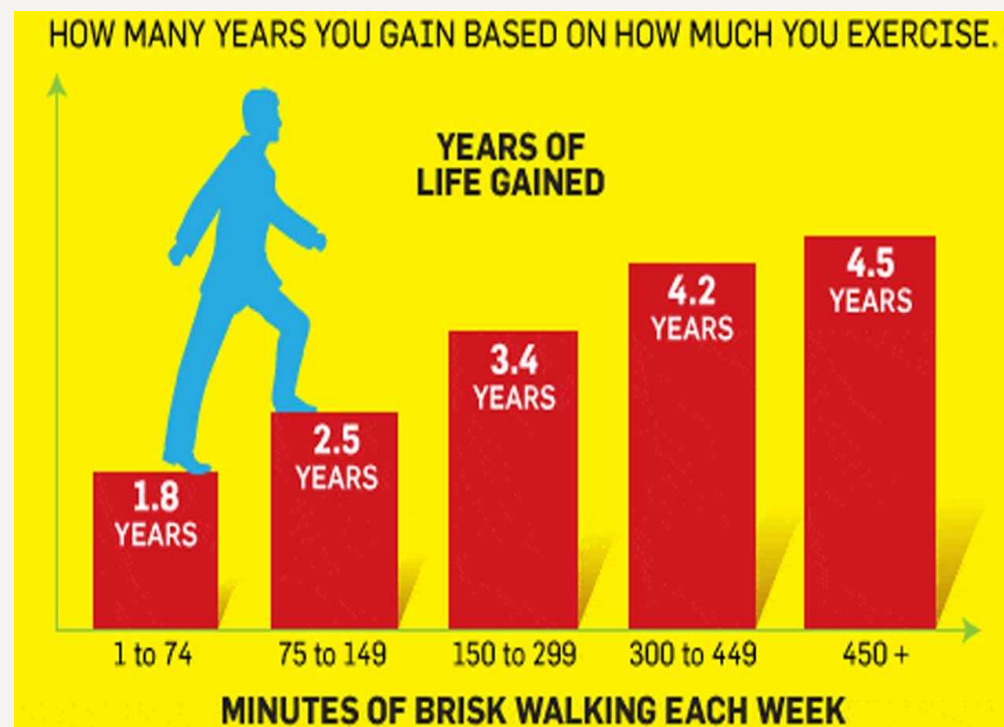
E.g. In 2018, the UK's largest pension fund, the Universities Superannuation Scheme (USS), warned that it may have to reduce benefits for its members due to a funding shortfall caused by low interest rates.



Reason 4 contribute to the pension crisis in the UK

Increasing Life Expectancy

E.g. According to the UK's Office for National Statistics, life expectancy at birth in the UK is now around 79 years for men and 83 years for women. This trend is expected to continue, meaning that pension funds will have to pay out benefits for a more extended period, putting additional strain on their finances.



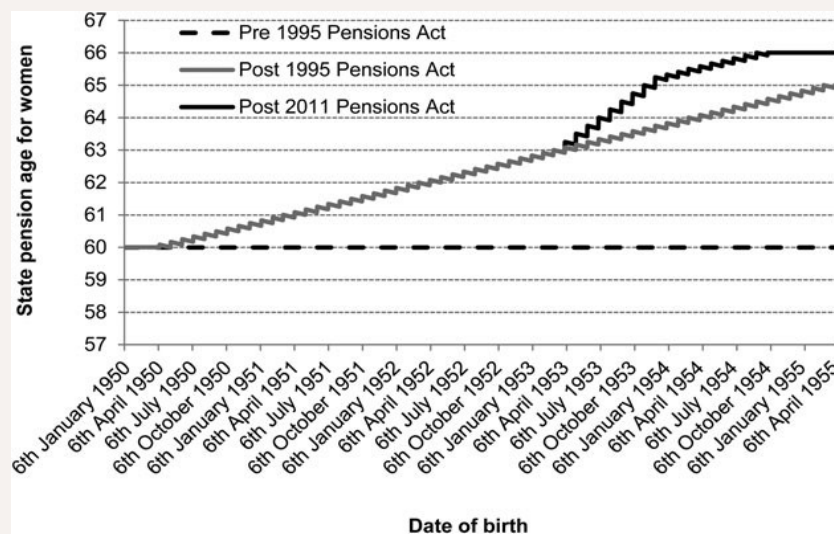
Reason 5 contribute to the pension crisis in the UK

State Pension Age

E.g. In 2021, the state pension age for men and women is 66 years old. However, it is set to rise to 67 years old by 2028 and 68 years old by 2046. This can be difficult for those in physically demanding jobs or those who are unable to work due to health issues, leading to concerns about inequality in the pension system.

Table 3: Increase in State Pension age from 65 to 66, men and women

Date of birth	Date State Pension age reached
6 December 1953 – 5 January 1954	6 March 2019
6 January 1954 – 5 February 1954	6 May 2019
6 February 1954 – 5 March 1954	6 July 2019
6 March 1954 – 5 April 1954	6 September 2019
6 April 1954 – 5 May 1954	6 November 2019
6 May 1954 – 5 June 1954	6 January 2020
6 June 1954 – 5 July 1954	6 March 2020
6 July 1954 – 5 August 1954	6 May 2020
6 August 1954 – 5 September 1954	6 July 2020
6 September 1954 – 5 October 1954	6 September 2020
6 October 1954 – 5 April 1960	66th birthday



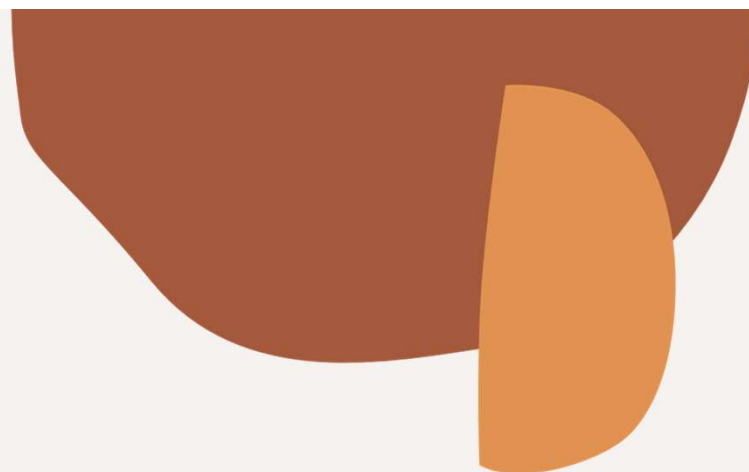
Reason 6 contribute to the pension crisis in the UK

Brexit

E.g. Brexit may impact the value of pension investments, potentially reducing returns for pension funds. Moreover, Brexit may impact the ability of UK citizens to work in other EU countries, potentially impacting their ability to build up pension entitlements through work in those countries.



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How can solve Britain's pension crisis

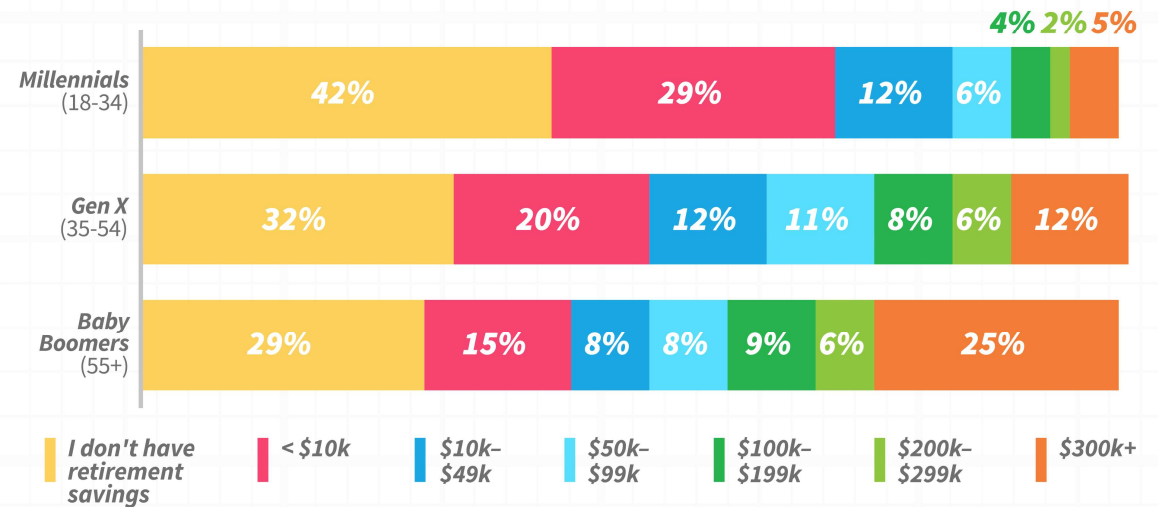
Way 1 Increase the retirement age

Increase in Retirement Age- WHY?

- Healthier life style leads to longer terms of employment
- Pensions provision to be financially sustainable over the years
- Life expectancy at 60

	2005	2040
Men	16.5	19.3
Women	20.3	21.7

Retirement Savings *by Age Group*



Percentages have been rounded to the nearest whole number.

GO BankingRates

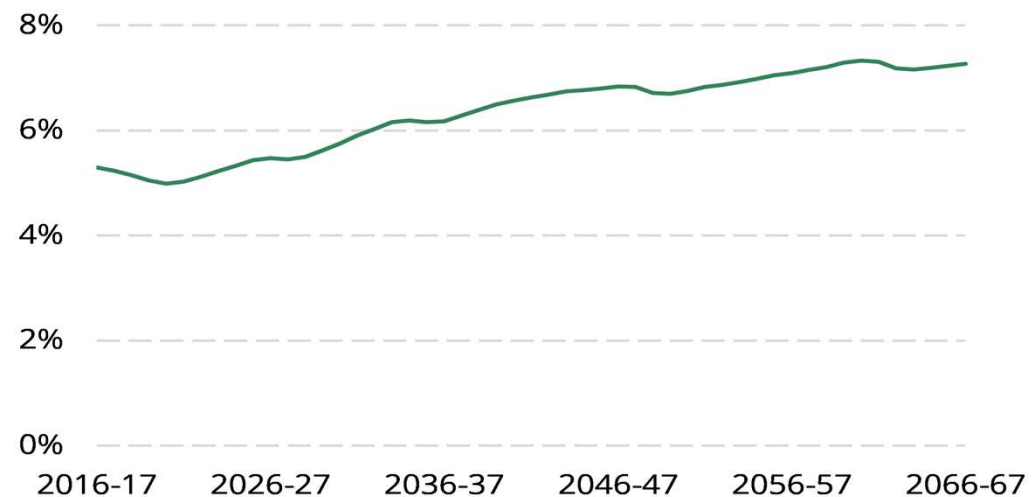
Way 2 Encourage private pension provision



Way 3 Increase the state pension



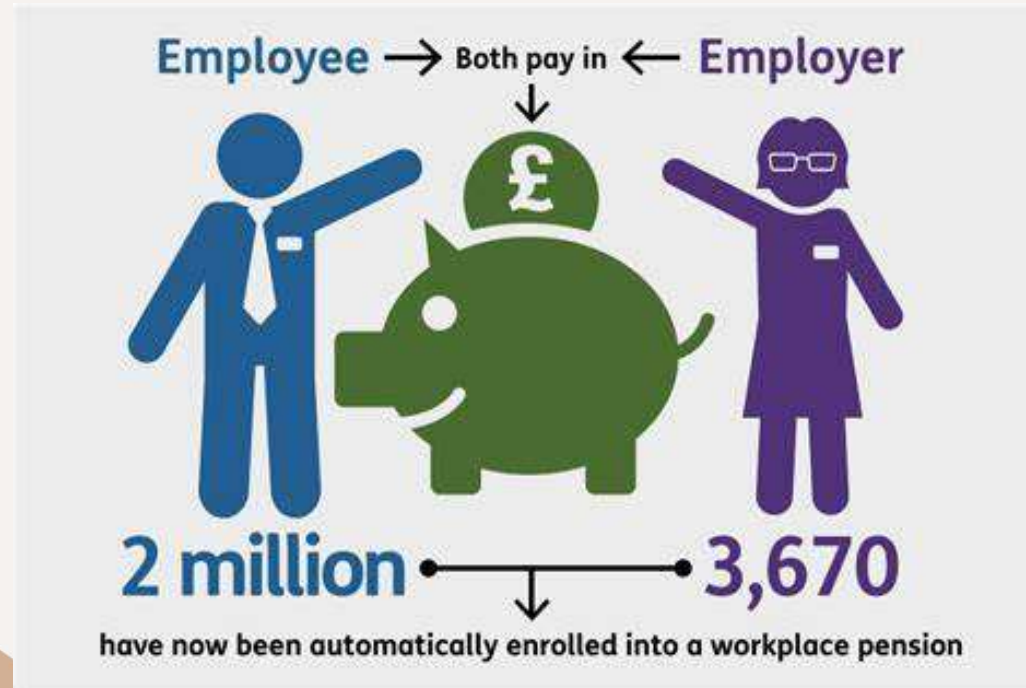
State pensions spending is projected to increase to 7.3% of GDP in 2066/67



Source: OBR

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Way 4 Encourage employers to contribute more to pensions



Way 5 Promote financial education



Geauga County Job and Family Service

Financial Education Workshops

Two part workshop designed to help you manage your money.
Workshops are open to the public.

Register Now!
On line or in person at:
Chardon Public Library
Or
Sara Shininger
Geauga Co. Job and Family Services
440-285-9141, ext. 1263



October 16, 2018
6:30 PM TO 8:00 PM
CHARDON PUBLIC LIBRARY
110 E. Park St.

This first workshop is designed to get you thinking about money and money issues in a new way. Topics will include: communicating about money, tracking your spending, and organizing your bills, files, and valuable papers.

October 23, 2018
6:30 PM TO 8:00 PM
CHARDON PUBLIC LIBRARY
110 E. Park St.

The second workshop will focus on the step by step process to set up a budget. In addition, we will be discussing: establishing credit, how to repair your credit, understanding your credit report, and strategies to reduce credit card debt.

Presented by
Sara Shininger, Geauga Co. Job and Family Services



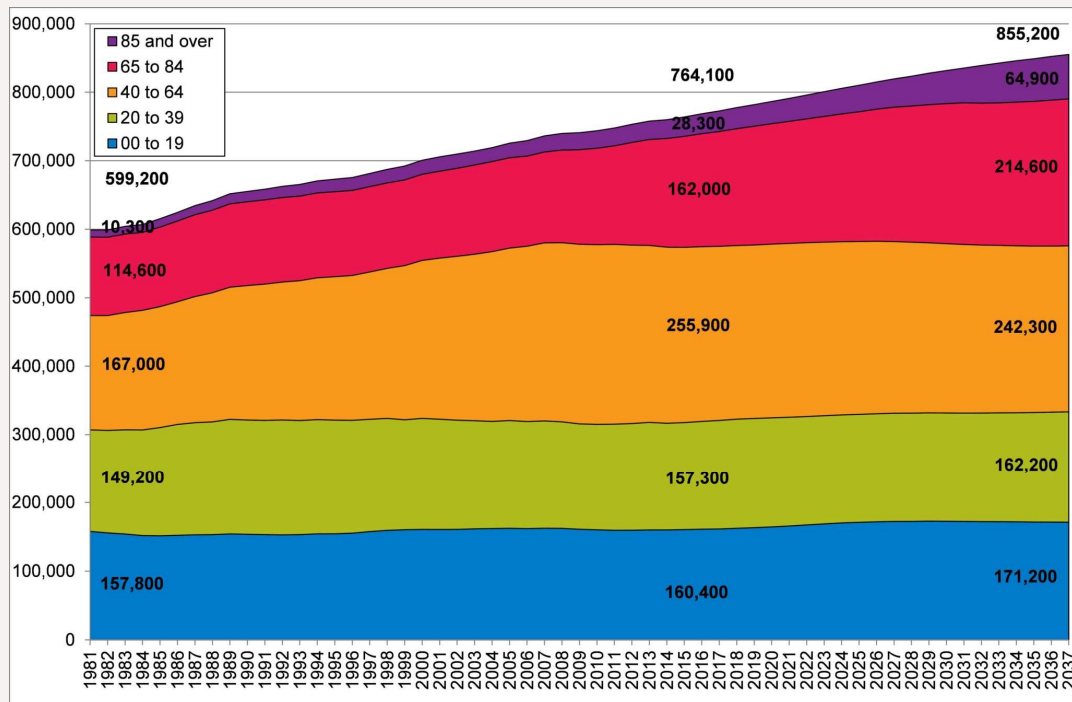
Both workshops are FREE of charge!

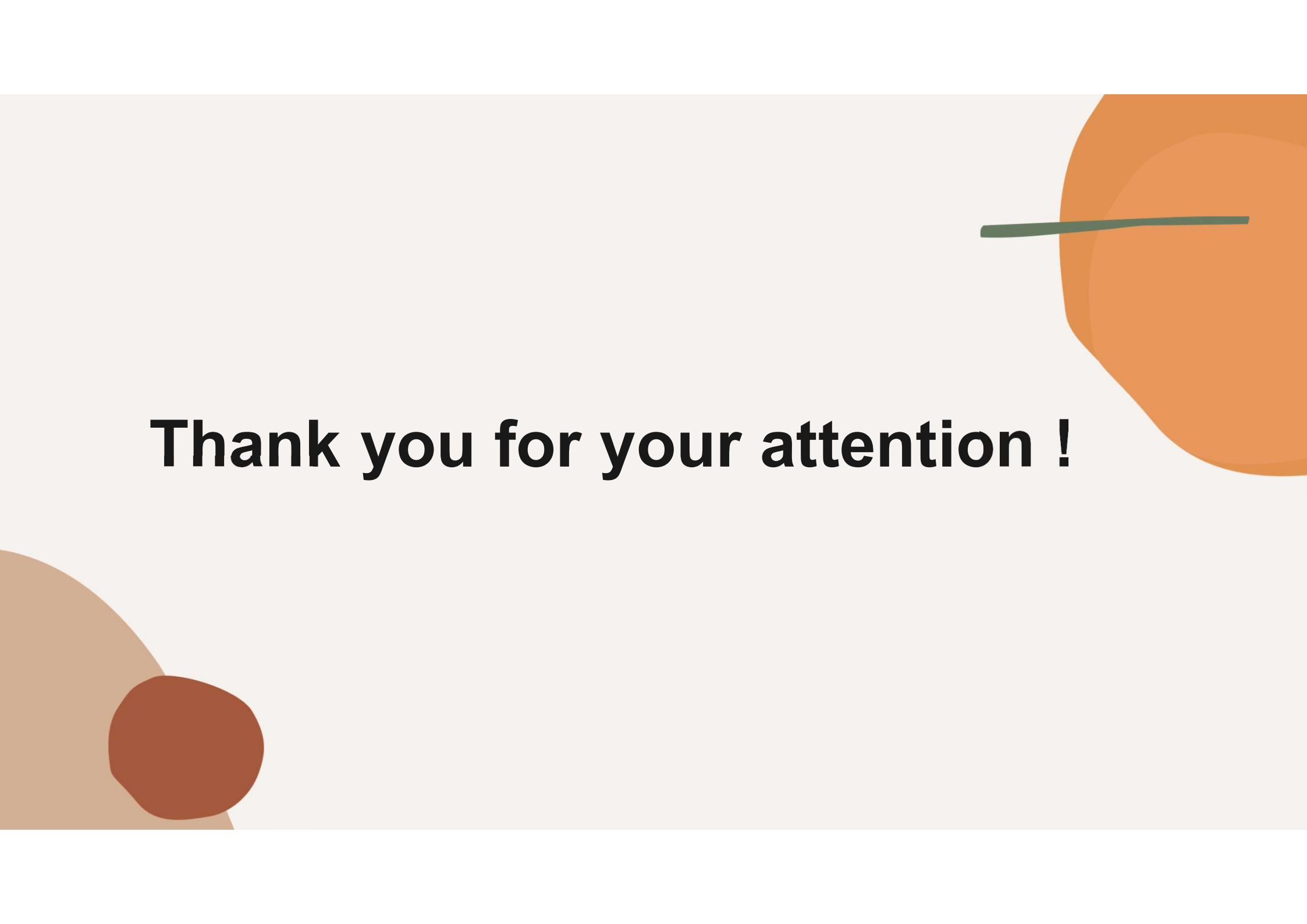
Workshop information and material provided by: Ohio State University Extension

Way 6 Utilize technology



Way 7 Address demographic changes



The background features abstract organic shapes in shades of orange and brown. A large orange shape is on the right, and a brown shape with a darker brown circle inside is on the bottom left.

Thank you for your attention !