



PRESS RELEASE

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UK property pension pots lose £29 billion in past year ... 2.8 million Brits relying on property to fund pension ...

11 August 2009 - Almost three million working Brits (8% of the UK population) are relying on their property to fund their retirement, according to new research from Baring Asset Management (Barings)¹. Yet falling house prices have wiped a staggering £29 billion² off the value of their property pension pots in the last year alone.

Of this 2.8 million, 700,000 (25%) are aged between 55 and 64 and a further 200,000 (7%) are aged 65 or over, leaving them little or no time to build up extra, less risky, capital to help fund their retirement. Relying on homes to fund retirement is particularly prevalent in the East Midlands (11%) whilst Londoners are the least likely to take this approach (5%).

In spite of the financial crisis and house price falls, nearly three quarters (74% or 7.9 million) of those relying on property to fund part of all of their retirement have made no changes to their pension in the past year. Only 4% (433,000) have started to make alternative pension arrangements and are looking at other investment opportunities.

Marino Valensise, Chief Investment Officer at Barings, comments: "During the long house price boom it was convenient to view your home or other property as your pension pot but recent events have exposed the risk of this approach. Sadly, those approaching or at retirement age have little or no time to rebuild their savings and are paying the price.

"What's really alarming is that so many people have not changed their retirement plans despite what's happened to house prices. Saving for retirement should start as early as possible and involve a well planned approach that controls risk through spreading investments across several asset classes. Apart from the tax efficient benefits of a pension plan, putting all your retirement eggs in the property basket is hopelessly optimistic."

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- 1) Research conducted by ICM between 3rd and 5th July 2009. The survey was carried out online amongst a sample of 1,574 non-retired adults. Population figures have been weighted (using ICM UK adult population figure of 46.30 million) and are representative of all GB adults (aged 18+).
- 2) Based on Data from the Land Registry and Department of Communities and Local Government (DCLG)

Notes to editors

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IMPORTANT INFORMATION

BARING ASSET MANAGEMENT

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