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MONEY BOX LIVE

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DUGGLEBY: In the last few months, the outlook for pensions seems to have gone from bad to worse. Not that it affects everybody - those with final salary index linked pensions, for example - but for the rest, the degree of pain depends on how near you are to retirement and how much you've managed to put aside. Therein lies another problem: most people aren't saving nearly enough to provide a decent level of income when they give up work, and so from next year the government is introducing auto-enrolment to which employers and employees will have to contribute. However, pension advisers say the level of contributions is too low and there is a risk that employers will still opt out, and of course the self-employed will be left to their own devices. Planning for retirement is complicated. You start with a state pension. The age at which you can draw it is being raised and women are affected to a greater extent by being brought into line with men over the next few years. You need to find out what you've built up in SERPS and the state second pension, as well as rights to company and personal pension funds. Fortunately full tax relief on contributions is still in place, but there's also a case for using ISAs, individual savings accounts, where the income is tax free, as part of the overall retirement planning mix. Then there's the continuing challenge to find investments which will grow - turmoil in the stock market, rock bottom interest rates, high inflation, all making life very difficult. And just to add to the uncertainty, the income that you can buy with your pension pot or from a defined contribution scheme which comes from an annuity, that's dropped to its lowest level ever - and this at a time when life expectancy is steadily rising. Those with larger funds can consider drawdown and we'll explain that in a bit more

detail later in the programme. There's so much to talk about and so many difficult choices to be made. As always your calls are welcome on 03700 100 444, to be answered by Michelle Cracknell, Pensions Advisor and Associate Director of Bluerock Consulting; Stuart Bayliss, Director of the Annuity Exchange; and Sally West, Strategy Adviser with Age UK. Paul in Luton, you've got the first call.

PAUL: Hello. It's just a question of my wife … I took an annuity 2 or 3 years back, but now, as you just said, the annuity rates are so low. When do we … Do we hang on a bit longer, or when are interest rates likely to go up?

DUGGLEBY: Do you know, Stuart Bayliss, we've been asked this question I think every programme I've done for the last 20 years. Every time we've said probably best to buy now, and every time actually we've been right because they've gone lower and lower and lower and lower. This is just going to go on forever.

BAYLISS: Yes in terms of increasing longevity, annuity rates will go lower. We've got a particular problem at the moment in which interest rates are at historic lows.

DUGGLEBY: Because of the gilts market …?

BAYLISS: *(over)* Because of the gilts market and the bonds. And it looks as if annuity rates are likely to remain low for at least towards the end of next year is now the market sentiment, maybe a little bit longer. So if you don't need the income at the moment, then it's probably best to wait. The only other thing we need to always do with annuities is check your health and make sure that you're not eligible for an enhanced annuity.

DUGGLEBY: Michelle, as you get older the annuity rates go up, but presumably not sufficient to compensate for interest rates going down. Has that been the position?

CRACKNELL: Well there's a number of factors sort of all affecting the rate of annuity. Obviously at the moment I imagine your wife's fund has actually gone down by virtue of the stock market, so with poor annuity rates and the fund having dipped

because of the stock market, probably - if you can afford to - it is better if you leave it for a few years. But it is terribly difficult to try and predict what future interest rates might be and therefore, I think, like Stuart says, you need to sort of think about your health position - is that a factor; where's my money invested at the moment? And also perhaps get in contact with an annuity adviser because there are blips in the market where insurance companies come in with much better rates for a short period of time.

PAUL: Yeah, it's just that we're seeing our financial adviser tomorrow and I'm just wondering whether we should just draw the line …

DUGGLEBY: *(over)* Get him to give you a quote in today's market.

PAUL: Yeah.

DUGGLEBY: That's the great thing. I mean get some feel of what you could get. Remember of course there are annuities and annuities, Stuart. I mean there's index linked annuities which pay much less; there's profit linked annuities that pay a bit more; there's the flat rate annuities. There's all sorts of types.

BAYLISS: You can buy a temporary annuity now if you want to have the income, but they are also constrained by interest rates. One way which you might like to be able to use your wife's fund is actually to look at using some of the tax free cash (maybe half of the tax free cash this year and half next year) if you're looking to take income without affecting you know what you would be doing with the other 75% with regard to an annuity at some point in the future.

DUGGLEBY: How old is your wife, Paul?

PAUL: 66.

DUGGLEBY: Right, so she's just got … she's got her state pension already. So that's factored into your living standards, is it?

PAUL: It is.

DUGGLEBY: Yuh. Because for younger people, of course, the pension age is being pushed up, as indeed we've been reminded by various listeners; that women are going to actually retire later than some of them thought.

PAUL: Yeah, we can actually survive, but it's a question of whether … You know we've been putting it off, or she has been putting it off for the last 2 or 3 years.

DUGGLEBY: Well yes, I mean it's very difficult, as Stuart said, to be dogmatic about this. As I say, all you can do is ask your adviser what his opinion is; but in the end if you can hold off, I think the panel's opinion is hold off for a little bit if you can. Right, Jan in Edgware, your call.

JAN: Hello. I have a similar question. I still work part-time for the NHS. I draw my state pension and I have to draw my NHS pension. With my NHS pension, I paid in some AVCs. I also have a private pension. Do I go for an annuity now or does it mean the older I get when I do take my annuity, the better the rate will be?

DUGGLEBY: Yeah, we were commenting on that a moment ago. I mean in theory the answer is yes, but it's not quite as simple as it may or may not be. But in general terms, Michelle, it's yes, it should be a little bit higher, but we're back to the interest rate question. Otherwise I think it's a matter of assessing income. I'm interested to hear increasingly people are working on part-time. *(Jan laughs)* It's a very common position.

JAN: Well I need to work to keep the dog in the style he's become accustomed to.

CRACKNELL: Lucky dog. I mean yes obviously at the moment we have got an issue with annuity rates, and also your AVC fund may have dropped in value. So that's something just to be thinking about, the investment of that going forward; and when you do plan to actually draw the pension, that you don't get a situation where

the fund has dropped dramatically because of the stock market. Of course rates do improve the older you get, but theoretically you'll be drawing them for a shorter period of time as well. So there's lots of considerations to take into account. Plus the tax position because of course pensions are taxed, so at the moment you're going to be being taxed on your earnings plus your NHS pension, so you need to look at the tax position too.

DUGGLEBY: Stuart, the irony of course is that as long as you're working, funnily enough you can carry on paying pension contributions up to 75.

BAYLISS: Oh absolutely, and indeed lots of people who are in this part-time job situation where they've got their state pension and they've had to take another pension, it's quite advantageous to continue to save. And even I've known people, based on the answer we gave before of it's always been better to have bought the annuity over time, who've actually taken some of the annuity and actually saved it …

DUGGLEBY: *(over)* Recycled it back in, yeah.

BAYLISS: … recycled the income. You can't do it with the tax free cash - that's against the Revenue's rules - but there's nothing to stop you doing it with the income.

DUGGLEBY: And of course actually if you're a married couple, for example - the husband's perhaps in a part-time job earning a reasonable thing - he can also contribute to a pension for his wife because she, regarded as having no earnings, can still have the £3,600 which is £2,880 you know with the tax relief.

BAYLISS: Yes, building in the tax relief makes it a good thing to do.

DUGGLEBY: So I mean in theory, if you thought of somebody working for 10 years beyond retirement age - 65 to 75 - doing it for his wife, I mean he's got a £30,000 pot built up with no questions asked.

BAYLISS: The only thing you've got to remember … Jan, I'm not sure whether you're a doctor or …

JAN: No, no, no. No, nothing as glamorous as that. I'm a dragon.

BAYLISS: Okay. Well it's just that you have to watch the lifetime limits now …

JAN: Right.

BAYLISS: … with people having saved too much from their pensions …

DUGGLEBY: *(over)* Right, I've got an email from Brian in Hampshire. This is again planning in the last couple of years before retirement. He says he's fortunate to have been in a defined benefit scheme after 35 years of service, but he's coming up to the crunch point and now he's wondering whether he should go for … essentially almost go for broke because he implies in his email that he's got quite a substantial income. He's going to make some more contributions and he's looking at utilising the unused contributions rule, Michelle, which I think is the one where you can carry back. And I think he's really wondering whether he can do this sudden blitz and he actually asks, 'Is this too good to be true, being able to get all this tax relief on all this money if I did it?' Is it an efficient way of saving?

CRACKNELL: It can be a very efficient way of saving because the tax reliefs are still at your highest marginal rate. so that means that for example if you're a 50% taxpayer, you only get the 50% tax rate on the marginal rate of savings that you have above that limit. You're not going to get that on the whole of the pension contribution. But there's a number of factors he needs to think about. First of all, he needs to think about the overall value of his pension pot to make sure he's not exceeding the lifetime allowance of 1.5 million.

DUGGLEBY: This is 35 years in a defined benefit scheme?

CRACKNELL: Yes.

DUGGLEBY: And that's going to have a value on it, isn't it, because it's a benefit?

CRACKNELL: It's going to have a notional value.

DUGGLEBY: And how do you do that?

CRACKNELL: And the way you calculate the notional value of your defined benefit pension scheme is he can calculate his pension based upon his earnings and his numbers of years service and the accrual rate, which is quite typically 60th in a scheme. So, for example, if he's been for 30 years in a 60th scheme, he would have 50% of his final salary, and then you calculate it at a factor of 20.

DUGGLEBY: And that gives him his notional pot?

CRACKNELL: Yes.

DUGGLEBY: And you've got to keep that pot within the overall upper limit, which is one point something?

CRACKNELL: Which has been reduced back down to 1.5 million. Which may sound like a lot of money, but for a lot of sort of middle to higher earners, they could well be exceeding that with such a long service.

DUGGLEBY: But in principle, I think the question is he's got 2 years to go, but he can take 5 years of contributions. He can find the money wherever he likes as long as he's got the income to support it. I suppose it is almost too good to be true in a sense, but it's a good way of getting this extra large lump.

CRACKNELL: It's a very good way to get a boost if he needs to build up his pension. He does need to deduct the value of benefits he's been accruing in the

defined benefit scheme from the annual allowance limit, and the annual allowance limit towards pensions has now been reduced back down to £50,000 per annum.

DUGGLEBY: Okay, well we slightly shorthanded that answer. It'll be on our website in the transcript of the programme, but I think it's probably a case for a visit to an adviser just to check the precise sums. Right Alison, your call now from Sheffield.

ALISON: Hello. I'm due to receive my state pension in November this year. From 1992 to 2002, I was in a company pension scheme which was contracted out, and therefore I was paying lower national insurance contributions. Because of this, I'm not eligible to receive a full state second pension. The company scheme will pay my pension from my 65th birthday, which is just over 4 years time, and the company will then pay an enhancement to my pension to take into account the late payment of this element of my pension. Are they entitled to withhold this part of my pension which I would have received as part of my state second pension in November had I not been contracted out?

DUGGLEBY: I'm not sure that's right. It's quite a complicated position to be in. But let's just start with the state pension. You're drawing the full state pension, are you?

ALISON: Well I will be in November.

DUGGLEBY: So it's the full basic state pension, Sally.

WEST: It's about £102 that you get in the full basic pension.

DUGGLEBY: Right, okay, so that's the starting point. Then we've got …

ALISON: *(over)* I get that.

DUGGLEBY: Your state second pension, or SERPS as it used to be known.

ALISON: Yes.

DUGGLEBY: Now have you got an element of SERPS up to 1992 that you'd have had?

ALISON: Yes I have, and I will get that.

DUGGLEBY: Yes okay, just pause for a moment because this is what I call building up the pension picture. So that's going to be done by the state. Then you were contracted out, okay?

ALISON: Yeah.

DUGGLEBY: Now who can pick up the contracted out position when it affects Alison from those 10 years - 92 to 2002? What happens?

CRACKNELL: I'm assuming, Alison, that you were in a company pension scheme. Was that a defined benefit or a defined contribution scheme?

ALISON: It was … I don't know. *(laughs)*

DUGGLEBY: Is it salary related? Is it related to your salary or just …?

ALISON: It was related to the salary.

DUGGLEBY: Okay, it's defined benefit.

CRACKNELL: Right, right. In which case within the amount of benefit they were giving you for every year of service, they were paying a lower national insurance, you were paying a lower national insurance …

ALISON: That's right, yes.

CRACKNELL: … and that is actually replacing what you would have otherwise received from the state second pension. That can tie into the retirement age under the company pension scheme, so it is quite normal that you've qualified for your state pension age but your company pension scheme won't clock in until the normal retirement age of the company pension scheme. The contracted out benefits will only apply at that time too.

ALISON: Right.

CRACKNELL: There is a possibility that some schemes will allow you to take early retirement pensions, but there will be a penalty applied because you'll be taking the benefits early.

ALISON: Yes.

DUGGLEBY: I mean with hindsight, if we were advising say 10 or 15 years ago, Stuart, we'd have normally advised people to contract out of the state scheme, wouldn't we, because private pension schemes generally performed better, didn't they?

BAYLISS: With the DB benefit, it was generally a good idea.

DUGGLEBY: *(over)* Yeah definitely they do, yeah. Yes, yes, so you haven't been short-changed in any way on that score. I don't think you've made the wrong decision, Alison.

ALISON: Okay, thanks very much.

DUGGLEBY: Alright. A quick one here. This is from Kevin and it's about national insurance contributions. He's worked abroad for about 8 months in the United Arab Emirates from June 2010. He's missed paying something like eight or nine contributions and he says, Sally, 'Can I pay the missing national insurance

contributions, and when is the best time to do it?'

WEST: Well yes you can pay national insurance contributions that you've missed out back for 6 financial years. But sometimes you don't have to pay a contribution every week, you have to get to a certain level, and you should find that HMRC write to you if you've got a gap in your contributions. So you don't need to rush if you've missed contributions this year. You should get a letter explaining you've got a gap. Otherwise you can contact HMRC and see if you need to make up contributions.

DUGGLEBY: In fact he says he's only 50 years old. And I mean now that the limit for contributions has been dropped to 30 years, it's quite likely that even if you drop 5, even 10 years maybe, you're still going to have enough contributions.

WEST: Well I think that's the other thing, before anybody sort of forks out money for contributions, is to check what your record is because yes you need 30 years for a full basic pension; it'll be 30 years again if the government go ahead with other proposals to introduce a flat rate single tier pension. And for some people, it may not be worth paying that contribution, so definitely be aware that if you've got gaps, you can make them up with certain time limits, and it may well be a very good thing to do. But always get some information and advice before you do it, so that you make sure you're not wasting money.

DUGGLEBY: Now you mentioned the flat pension. Kathy in Brighton is incensed and says we should discuss how unfair it is that people who reach state retirement age before the proposed date of this flat pension (if it comes in) those who've already retired won't get any benefit at all. Do we agree and what are we going to do about this injustice?

WEST: Yes, you're looking at me on this one again.

DUGGLEBY: Yes. At Age UK, we've obviously had a lot of older people come into us saying you know we've heard there's going to be a new pension, £140 for everybody, and it's very unfair that it will only apply to those who retire in the future

- which if it goes ahead, we'd expect to be 2016 or some time around that. I mean certainly our organisation, we've been arguing that the government are making improvements to pensions for future pensioners. They need to also not forget that there's many older pensioners already retired who are living on very low incomes and you need to look at what you can do to address that.

DUGGLEBY: And Paul, incidentally, has just emailed us this very moment, and he's put a slight complication into the same story about this flat rate pension. 'If you leave the UK before retirement age and you've got obviously your contributions built up, but you haven't actually retired if and when this system comes in and you're abroad, would you get the flat pension if you're abroad or has anybody discussed this possibility?'

WEST: It's still a contributory based pension. It's not a residence based pension, as proposed, and the proposals are that it will still be based on 30 years contributions.

DUGGLEBY: So if it's flat rate, it's flat rate wherever you are?

WEST: Yes. But in terms of flat rate, the other thing to say about flat rate - and pensions are never entirely simple even though this eventually hopefully will be a much simpler system - is that certainly during the sort of transitional period, they will take into account in some way periods where people have been contracted out. So that they're talking about £140 a week. For some years part of that may be provided through your private pension - as we've just been talking to the caller - through your private pension.

DUGGLEBY: Okay. Now, Stuart, you've been sitting very patiently. Here's one on drawdown. Now this is a gentleman, I think he's got a bit muddled up - it's Stephen in Amersham - the difference between flexible and cap drawdown. But he's talking about the 55% rate and, as far as I can see, he thinks that's applied to the income, which is not correct. It's the marginal tax rate.

BAYLISS: Yuh.

DUGGLEBY: So flexible drawdown is what?

BAYLISS: Flexible drawdown is if you have a qualifying amount of income from guaranteed sources …

DUGGLEBY: Including the state pension.

BAYLISS: Including the state pension - so you roughly need to normally add about £15,000 from private sources. And then if you've got a drawdown pot, you can move it into flexible drawdown, which technically means you could take all the pot in one go, but most people are managing it in order that they manage the taking of the pot to coincide with their 40% tax band and they're maximising that. And it also works with IHT planning because you can take that income and declare it as excess income …

DUGGLEBY: And then give it away.

BAYLISS: … and give it away with no further tax. So if you know that you've got 40% to pay one way or another at some point in planning terms, it's quite a good technique.

DUGGLEBY: So the 55% that he's talked about, which he thought might be applied to income drawn by beneficiaries - which it's the tax rate of whoever has the money at the time, it's the income tax rate - the 55% is the point at which Gordon, the drawdown holder dies. But if it goes to his wife - and he mentions a surviving spouse - the surviving spouse can get the lot and there is no tax at that point?

BAYLISS: No. No 55 is the death tax - the death of the pension rather than the individual pensioner.

DUGGLEBY: Right. So the wife gets it and she might be taxed at 20%. So she gets the pot and she can draw down in her own terms?

BAYLISS: Yeah. And if it's inflexible, she can take up to 100% of it.

DUGGLEBY: So I think that covers it. So 55%, let's call it the death tax bit, but you don't pay inheritance tax on top of that - so that's good, that's a flat rate; and the 40%, 20% is a tax on the pensioner himself and the spouse or a qualifying dependant. That's cleared that one up, and now it's time to go to Craig in Bristol.

CRAIG: Hello there. I'm a PhD student, so this is a question at the other side of the spectrum. I am obviously on my third degree and I support myself by working part-time. And with the rise of life expectancy twinned with inevitable reform of the state pension, I'm wondering when should I start, where should I start, and should I be doing this now?

DUGGLEBY: Well you're still a student, so you obviously haven't got any spare cash to hand over into a pension, have you?

CRAIG: I have a reasonable income from part-time employment, so I could begin now. I guess my question focuses on whether it would be wise to begin now or whether to wait for a permanent position and begin a larger pension fund?

DUGGLEBY: Right, well there is a sort of rough and ready rule of thumb that you halve the number of years that you are - in other words you're 29, let's assume you're 30 - so 15% of your income for the rest of your life might produce you a reasonable pension. But that's very much rule of thumb. It's certainly not too late. I mean what do you think, Michelle?

CRACKNELL: Well I think it's fantastic you're thinking about pensions. But I think if you broaden that out to think generally about saving for your retirement, I think if you've got spare cash it's an excellent discipline to get into the savings habit. However, committing it to a pension does mean that effectively you're locking the money up until you reach retirement age. You may have requirements such as deposits for houses coming up and, therefore, maybe another type of savings vehicle like an ISA might be appropriate for you at this stage when you're not in full-time

employment.

DUGGLEBY: One of the points, Stuart, is that it's quite easy to save up for example in an ISA, which is a perfectly good tax free means of saving, and then building up maybe £10,000, £15,000, £20,000 of savings, which under the current rules - as long as you've got the income … I mean let's assume, Craig, you might be earning £20,000, £30,000, £40,000, £50,000. You can take a lump of money from somewhere else and put it into the pension all in one go as long as the limit of, what is it per annum, is not reached?

BAYLISS: It's £50,000.

DUGGLEBY: £50,000. So actually you can save up to £50,000 and put it all in a big whack into a pension in 10 years time if you wanted to, Craig.

CRAIG: That's really useful. Thank you for your time.

DUGGLEBY: The only question is you've got to work out how to invest it. That's probably the more tricky thing. Unfortunately investments have been volatile, to say the least. And the longer you leave the money invested, the bigger the pot will grow; but as far as the actual amounts of money you can put in, you've got the limit of £50,000. Try and join a firm with a good occupational scheme if you can. I'm afraid, Michelle, practically none of them now have defined benefit schemes.

CRACKNELL: Few and far between, I'm afraid.

DUGGLEBY: Although the government does.

CRACKNELL: Just.

DUGGLEBY: If you become a civil servant, you can still at the moment get through into a pretty … They don't like it called gold plated, but some call it that.

CRACKNELL: It is, yes.

DUGGLEBY: So yeah, plenty of time, Craig, don't worry. But do get the savings habit if you can. Right Kate in Newbury, your call.

KATE: Hello. My husband's an IT contractor and we have a limited company of which we're the sole employees. He's 63 and we pay ourselves a very low wage and draw down dividends. We've built up a pot of money in the company - about £40,000 - and we're wondering what's the most tax efficient flexible way for a contractor to put money into a pension scheme?

DUGGLEBY: Okay, Michelle, I guess the company might do this on their behalf?

CRACKNELL: That's right. Because you're operating as a limited company, your company could make a contribution both for yourself and for your husband into a pension scheme. The benefit of the employer making the contribution is that there is no national insurance to be paid.

KATE: Right. And does the employer's contribution have to be balanced by the employee's?

CRACKNELL: No, it doesn't. No, the employer could just make a contribution into a pension scheme and there is no requirement for the employee to make a contribution as well.

KATE: I see. So we could just take this lump sum and put it straight into a pension scheme?

CRACKNELL: That's right, yes you could.

KATE: Okay.

DUGGLEBY: But somebody will have to administer the employer's scheme, won't they, Stuart?

BAYLISS: Yes, but at this stage - he's 63 - they almost certainly should take one off the shelf with one of the major insurers or pension houses really.

DUGGLEBY: Okay. Katrina has emailed us from London and she's got a good scheme going here. She's got a local authority pension since 1996. She's also been paying into a private scheme at the rate of about £450 a month. She's wondering whether she should continue to do this over the next 5 years when she should have built up a pot in the region of £90,000. Well I think, Katrina, you're doing the right thing. In other words, she's supplementing a pension fund with the local authority, which isn't enough, with £500 a month. I suppose the £90,000, Stuart, can you hazard a guess as to what £90,000 in a pot would yield by way of income?

BAYLISS: At 60, it will be …

DUGGLEBY: Well it will be 60... she'll be 60, yes, because she has 6 years to go to retirement.

BAYLISS: The answer is if you took 5%, you would be assuming that the rates would fall slightly for longevity and increase slightly for interest rates going back to normal.

DUGGLEBY: But £90,000 ought to yield about £5,000 or £6,000 a year, shouldn't it?

BAYLISS: Well I was saying £4,500.

DUGGLEBY: £4,500.

BAYLISS: I mean if she budgets for £4,500, she's not going to be disappointed.

That's the problem.

DUGGLEBY: So add £4,500, get a rough idea of what your local authority pension should be. Don't forget to add in the state pension, although at 54, Sally, when's her retirement date?

WEST: Well it looks like it'll be 66, age 66.

DUGGLEBY: So a part-time job between 60 and 66, I should think.

BAYLISS: She needs to remember that 60's the new 50.

DUGGLEBY: Yeah, yeah. Anyway that sort of gives you some idea of how you put this together - state pension plus occupational pension, and in this case the lady's doing the private pension or personal pension. And in the end you've got to cal… It's the income, Michelle, isn't it, that you're trying to work out - what can you afford to live on?

CRACKNELL: That's right. And obviously you can get help by getting state pension forecasts and you can always contact your insurance company if you've got a pension contract and get some estimates as to what your eventual pension might be.

DUGGLEBY: Okay, a quick final call, and make it quick please, Stephanie in Rye.

STEPHANIE: Oh hello. I worked for an insurance company for a total period of 10 years - 3 years, then a 2 month break, then back again for 7 years. I was told that it wouldn't be counted as continuous employment. I left them in 1987 and have had no contact since. Am I entitled to anything? I've paid into a contributory scheme. Am I entitled to anything? How do I go about getting it?

DUGGLEBY: Michelle?

CRACKNELL: So in the periods that you had in those years, were they over 5 years?

STEPHANIE: The first one was 3, then it was 7.

CRACKNELL: Right. Well I guess the first thing you need to check is that in the first one, because of the rules at that time, you could have had a refund of contributions.

STEPHANIE: I didn't have any refund of anything.

CRACKNELL: In which case you must contact them again because it sounds as though you could have a deferred pension benefit with them. So definitely worth trying to trace them down. And you can either do that directly or go through the Pensions Registry.

STEPHANIE: Okay.

DUGGLEBY: And how old are you, Stephanie?

STEPHANIE: I'm 53.

DUGGLEBY: Okay, well you've got plenty of years of contributions going. Remember have you got employment at the moment?

STEPHANIE: I'm self-employed.

DUGGLEBY: Okay, well don't forget to … Are you contributing to anything else now?

STEPHANIE: Only in national insurance. I don't earn enough to do anything else at all.

DUGGLEBY: Quick word, Stuart. I think she should try and put some money aside. The pension isn't very much.

STEPHANIE: Believe me, if I had the money I would be putting it aside.

BAYLISS: I think the problem is that people are going through very tight financial situations at the moment, but they are also reckoning on working longer.

DUGGLEBY: Okay, well thanks very much indeed panel. That's Stuart Bayliss, Director of Annuity Exchange; Michelle Cracknell from Bluerock Consulting; and Sally West from Age UK. If you'd like more details about the points we've raised during the programme, bbc.co.uk/moneybox is your first port of call where you can listen again, download a podcast, check links to helpful pension websites, and read a transcript of the programme later in the week. Paul Lewis will be here with Money Box at noon on Saturday and I'll be back next Wednesday afternoon taking your calls and emails on renting and letting.