

I: Interviewer, Alvin Hall

H: Hannah Edwards, Killik & Co

H: Hi, I'm Alvin Hall and today we're going back to the classroom to make sense of a major change to the laws on personal finance that will affect millions of us. But first, a bit of history. Twenty years ago the government gave everyone the option of contracting out of the second part of the state pension. Then, it was known as contracting out of SERPS. This has since been replaced by the state's second pension, or S2P. Rather than leave your money in the government's hands, you were able to invest this in something called protected rights, which are life insurance company funds. Over the years, 8 million of us chose to do so, but the choice of where you could invest this money was very limited, and many funds have not performed well enough to keep up with inflation. So why is October 1st so important? Well this is the day the government changes the law to say that you have greater freedom to invest in other funds. This could be unit trust and investment trusts, commercial property, debentures, warrants or the stock market. So with all of this to choose from, what are you waiting for?

Well that's enough of the classroom, I'm here in the heart of the city of London to find out more information. Well it seems that most of us have no idea how much money we have in our pensions, or what we should do in response to changes in the law. I'm here with Hannah Edwards of Killik & Co and she's going to tell us, not only about some recent research that the company has done, but also give us her top tips. Hannah, tell me about the survey?

H: Well we carried out an independent research survey into the attitude of British investors, and what we concluded is that although 85% of us know how much money we have in our wallets, what the balance is of our current account, 6 in 10 of us don't actually know the value of our pension. And added to which, over half of us, so 5 in 10 of us, don't actually monitor the progress of our pensions going forward, and finally Alvin what was also staggering was that 78% of us don't actually have an active investment strategy, and it's this apathy that is costing millions of pension holders less money at the end of the day when they come to retire

I: So Hannah, what are your top tips for people who need to pay attention to their pensions?

H: Well firstly Alvin, the most important thing is review. Review all your existing plans. Number two, establish a coherent plan, so you want to build that plan perhaps with a panel of advisors and so on, and number three, most importantly, take control, take action. Don't be apathetic like perhaps the rest of Britain

I: People tend to bury their heads in the sand at the wrong time don't they?

H: Yes, absolutely and if I could add one final thing Alvin, what I would say is don't be put off. You know start small and regular, and in the long term, with the impact of compound interest, it can be very beneficial for you

I: The core message in Hannah's tips, as well as the new legislation is that you can take control of your pension, whether you do this on your own or with the help of a financial advisor, you should not ignore your pension. It's time to take control so that you can shape your financial future, and your retirement in the ways that you want. Remember it's your money, it's your pension, it's your future