

12 December 2006

The Resolution Foundation is an independent research and policy organisation, which is currently focusing on how people on low incomes can access and use the financial services system

ADVICE MUST BE GIVEN HIGH PRIORITY IF PENSION REFORM IS TO SUCCEED

The Resolution Foundation today called on the Government to give priority to developing proposals for financial advice alongside its plans for a new system of personal accounts to encourage people on low to moderate incomes to save for their retirement.

The Foundation welcomed proposals, included in today's White Paper on personal accounts, to develop an information strategy to support the Government's pension reforms (1). However, it stressed that people will still have complex choices to make about whether to stay in or opt out of personal accounts, and that increasing access to generic financial advice therefore needs to be given a high priority in taking forward the reforms.

The publication of the White Paper comes amid growing consensus that the Government's pension reforms should be linked to increased access to financial advice. Earlier this year, two parliamentary select committees made recommendations on this issue. (2) Ministers have also indicated that increasing the supply of financial advice will be a key theme in the Government's 10 year strategy on financial capability. (3)

The Foundation has developed proposals to increase the supply of financial advice for people on low to moderate incomes by establishing a national financial advice resource to provide information and advice via the internet, telephone and face-to-face advisers. (4) Its research shows that developing such a service could help people in this income group to increase their retirement incomes by up to £1,500 a year. (5)

Sue Regan, Chief Executive of the Resolution Foundation, said: "The new system of personal accounts offers an opportunity to significantly improve pension provision for people on low to moderate incomes. However, people will still have difficult and complex decisions to make about their pensions and the Government should therefore give a high priority to ensuring that they have access to the advice they need to help them make the right choices."

For further information, please contact:

Resolution Foundation

Patrick South, Director of External Affairs

020 7489 4520 / 07855 324704

Temple Bar Advisory

Alex Child-Villiers

07795 425580

Notes to editors:

(1) The White Paper *Personal accounts: A new way to save* was published today by the Department for Work and Pensions.

(2) See *The design of the National Pensions Savings Scheme and the role of financial services regulation*; Treasury Committee, May 2006 and *Pension reform*; Work and Pensions Committee, July 2006.

(3) See speech by the Economic Secretary to the Treasury, Ed Balls MP, to the joint HM Treasury/FSA conference on financial capability held on 18 October 2006.

(4) See *Closing the advice gap* which can be downloaded from the Foundation's website www.resolutionfoundation.org.uk

(5) See *A national dividend: The economic impact of financial advice* which can also be downloaded from the Foundation's website.