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NEWS RELEASE

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Nearly half of 55 to 64-year-olds unaware of State Pension deferral option

Deferring the State Pension is not an option on the financial planning radar of nearly half of those in the run-up to retirement, new research by **Just Group** suggests.

Nearly half (47%) of 55 to 64-year-olds didn't know that deferring the State Pension would deliver a higher weekly guaranteed, inflation-linked pension when starting to claim their pension benefits.

Just over one in 10 (12%) of those aged 65+ had deferred their State Pension with the figure higher among women (16%) than men (9%) and also more likely among those who are semi-retired (22%) than fully retired (11%).

With coronavirus likely to have impacted the financial plans of many of those approaching retirement, it is especially important that people are fully aware of all their options.

"Deferring State Pension is an important option for the rising number of over-65s in good health and who plan to carry on working," said **Stephen Lowe**, **group communications director** at **Just Group**.

"It needs to be factored into people's financial planning in the run-up to retirement so it is worrying that such a high number of people aged 55-64 don't know that there is a degree of flexibility around when and how they take their State Pension."

Appetite for State Pension deferral has waned in recent years with about one million people currently receiving extra money as a result of deferral, about 25% fewer than the peak number in 2004, according to Department of Work and Pensions figures.

For those who reach State Pension Age on or after 6th April 2016, every nine weeks of deferral boosts pension income by 1%, equivalent to just under 5.8% more income for every 52 weeks of deferral.

With the full New State Pension rising to £175.20 a week from April, deferring for one year would result in £10.12 a week – more than £526 a year – extra income which will increase each year by inflation as recorded by the Consumer Price Index.

How long after you were eligible did you defer starting to receive your State Pension?	
Up to a year	15%
1-2 years	31%
2-3 years	26%
3-5 years	19%
5-10 years	8%

Anyone who has started to receive the State Pension but decides they do not need the income can choose to stop receiving it, but this can only be done once during retirement.

"Our research found that the most common period for people to defer was between one and two years, but more than half of people defer for longer," said Stephen Lowe.

Among those who chose not to defer, 31% said it was because they wanted to stop working as soon as they could. A quarter (25%) said they would have had to defer for too long to make the weekly increase worthwhile with the same number saying they did not think deferral was a good idea because the rules might change and they would lose out.

"Ultimately State Pension deferral can be a useful tool to have in the financial planning kit bag and something that people heading towards retirement should know about," said Stephen Lowe.

"Choosing how best to access pension money in order to have the right level of income that is sustainable for a lifetime is not easy and requires long-term thinking. It means balancing the income foregone during the deferral period – more than £9,000 for a full State Pension – against the chance of higher income later, taking into account life expectancy and inflation.

"That reinforces the need for people to make use of the free, impartial and independent pension guidance that is on offer from Pension Wise and, ideally, to seek professional help from a regulated adviser."

Enquiries

Media

Stephen Lowe, Group Communications Director

Lucy Grubb, Head of Media & PR

Telephone: +44 (0) 1737 827 301
press.office@wearejust.co.uk

Temple Bar Advisory

Alex Child-Villiers
William Barker
Sam Livingstone

Telephone: +44 (0) 20 7975 1415

Notes to Editors:

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