

## Consumers 'Sleepwalking' Into Financial Difficulty

*A complacent attitude towards their finances could see many Britons struggle with money as they get older, new figures highlight.*

October 9, 2007 (FPRC) -- In research released by Defaqto, a number of consumers are "sleepwalking" into financial hardship as they are saving an inadequate amount of cash into pension schemes. And as a result of a shortfall of deposits into savings accounts, they may face pressures on their ability to service demands on their spending in later life, for example on utility bills, secured loans and mortgage costs.

The study also revealed that there are more people who are saving up for their next foreign holiday than those putting cash away for retirement. Meanwhile, money management difficulties could be even more pronounced for the one in three consumers who are not making any pension contributions at all.

Commenting on the findings, Matt Ward, principal consultant of pensions and wealth management for Defaqto, said: "Our research showed that many people are sleepwalking into retirement. While the majority are planning to retire from full-time work at or around normal retirement age, many people realise that their income in retirement may meet their needs.

"For this reason, some 50 per cent of those currently working expect to either continue doing some work in retirement or to defer their retirement to make their savings last as long as possible. Relying on part-time work could be really dangerous, partly because the jobs might not be there when they are needed and partly because people may not be able, or indeed inclined, to work when it actually comes to it."

Mr Ward added that consumers need to start thinking about their financial future "now". By putting as much money as possible into pension accounts when they are able to do so, they will be able to provide themselves with "the greatest degree of comfort" for when they get older.

Additionally, the financial research company revealed that people are looking for greater assurances about the money they are saving for later life, with consumers wanting more guarantees concerning how much they will be due to take out upon giving up work. Meanwhile, a larger number of Britons are seeking "more incentives" to begin saving for retirement. About a third of respondents believe that everyone should be made to put money towards a pension scheme, while there was also support for the idea that employers should have to provide retirement accounts for their staff.

For those concerned their present financial situation does not give them enough opportunity to put money into pension schemes, taking out a debt consolidation loan could be an advisable option. In doing so, borrowers will be able to merge existing debts owed on loans, overdrafts and credit cards into a single monthly repayment. Such a move could be welcomed by some 1.5 million people over the age of 55, as research from Scottish Widows showed that such consumers will have to work beyond retirement age due to a shortfall in the money saved into pension schemes. The study also indicated that some 41 per cent of this age group view their current financial situation as being "tight" as they do not have sufficient disposable income at the end of each month to allow them to begin saving.

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