

## Cost Of Pensions May Spiral

*As inflation continues and people come to live longer, the average cost of living could spiral in the future, financial services provider Life Trust has suggested.*

July 5, 2008 (FPRC) -- The newly formed group has indicated that currently, the average cost of retirement for a typical UK household stands at 413,000 pounds, with someone of pensionable age living on their own said to be facing costs of 326,700 pounds. However, the group also noted that for some wealthier families wanting to maintain a high standard of living, supporting themselves after retirement could cost as much as 1.55 million pounds if they were to retire at 65.

Citing data from the Office for National Statistics, Life Trust noted that the average man is currently expected to live until the age of 85, while women can expect to live to 88. However, it adds that with the possibility of dramatic increases in usual longevity rates in the future, many Britons could see themselves facing large rises in the amounts that need to be put away for retirement. It reported that for a pensioner who lives to the age of 100, the average cost of living beyond retirement will be 708,500 pounds.

The costs of living longer could well be exacerbated by continuing inflation, the group insisted. Although current retirement projections are based on an inflation rate of 2.3 per cent, if price increases continue at current levels, retirement could end up costing pensioners who live to 100 as much as one million pounds. For those struggling to save for the future as prices continue to increase and economic conditions worsen, taking out one of the many cheap loans available may prove an effective way to take control of spending. In taking out this type of loan, people may be able to avoid missing repayments and have access to enough capital to put a portion of earnings aside into a high-interest savings vehicle.

Commenting on the statistics, Andy Briscoe, chief executive officer of Life Trust, said: "People are living longer, healthier lives. This is great news but only if people have the finances in place to really enjoy their post-career years. The combination of rising life expectancy and the impact of inflation over time can have huge financial implications and this report allows us, for the first time, to see the scale of these trends. With more and more people reaching 90 and beyond - and with 90 becoming the new 70 in terms of healthy ageing - it has never been more necessary for the industry and individuals to understand the true cost of modern retirement."

Advising those approaching retirement, the group concluded that the costs of living tend to increase exponentially with age, with a retiree aged 92 said to spend an average of 50 per cent more than those aged 65. For those who have found themselves struggling recently in their efforts to make provisions for the future, taking out a cheap loan may provide the capital necessary to get back on track with finances and reduce the risk of falling into spiralling debt. Doing so may be of particular interest to those Britons identified as being in substantial debt to their energy supplier in a recent uSwitch study.

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