

## **PENSION SHAKE UP TO SPAWN SECOND GENERATION BACKPACKERS**

From April, the average age of youth hostel guests could get a lot higher thanks to changes to the pension rules, according to new research\* from Lloyds TSB Private Banking.

Following the shake up of the pension rules on 6 April, people eligible to draw on their pension will be able to withdraw up to 25 per cent of the money in their unused pension funds tax free and have the option to leave the remaining fund invested or use it to buy an income.

Over a third (35 per cent) of those surveyed aged between 45 and 54 said that they plan to use this tax free lump sum to follow in their children's footsteps and go travelling.

While many are tempted by the prospect of packing their backpack, getting away from it all and seeing the world, a third (33 per cent) plan to do the sensible thing and pay off their mortgage. A fifth (21 per cent) plan to use the money to give their children a leg up onto the property ladder and 18 per cent intend to set it aside for their kids' future inheritance.

Reinvesting the money is fairly low on the priority list of those surveyed with only 19 per cent of those aged between 45 and 54 stating that investment is their intention. However, buying property remains popular, with 17 per cent stating that they might buy a property abroad and 13 per cent considering buying a second home in the UK.

Commenting on the research findings, Mark Cheshire, chief executive, Lloyds TSB Private Banking said: "The changes to the pension rules will give people much more financial freedom and flexibility. Whether it's been your lifelong ambition to explore the world or you simply want to pay off the mortgage, the options are open. But, before booking your round the world ticket, it's always worth considering what you will need in the future and making your money work in the best way for you."

**... / more**

## **PENSION SHAKE UP TO SPAWN SECOND GENERATION BACKPACKERS ... / 2**

### **Other research findings (people aged between 45 and 54):**

- 13 per cent said that they would probably set the money aside to help pay their children's University and school fees
- 19 per cent would buy a new car
- 7 per cent would use it to pay off the debts of family members
- 9 per cent intend to use it to fund a new business venture

**-ends-**

### **Notes to Editors:**

\* A representative sample of 1,042 GB adults were interviewed by TNS via PhoneBus, a telephone omnibus survey between 11 -13 November 2005.

### **For more information:**

Amy Waldron

Lloyds TSB Press Office

Tel: 020 7356 1497

[Amy.waldron@lloydstsb.co.uk](mailto:Amy.waldron@lloydstsb.co.uk)