

STATE PENSION LASTS ONLY THREE DAYS IN YORKSHIRE

**... National 'Living on a State Pension' experiment sees participants run out of money
by day three ...**

- Yorkshire participants in national experiment overspent their allowance by some 199%
... *and that was while trying to budget!!***
- Experiment dashes hopes for a retirement of fine dining and
holiday homes in the sun**
- 68% of adults in Yorkshire expect to rely on credit in retirement**

The state pension* lasts UK 'pensioners of tomorrow' just over 3 full days according to a report published today by AXA. This is the conclusion of a unique 'Living on a State Pension' experiment conducted among adults from across the UK as part of the year long financial social experiment, AXA Avenue. Participants from Yorkshire lasted very slightly less than the national average, running out of money after three days against a national average of 3.14 days, and overspending significantly even while trying hard to budget.

As the pension debate continues to gather pace, AXA challenged 26 households, including couples and single people, to live off the equivalent disposable basic state pension. The research found that:

- Having started the experiment on Thursday, the national day for collecting the pension, the households had used their entire weekly pension allowance by the time they sat down for Sunday lunch
- 28% of average spending went on drink, tobacco, papers, leisure activities and gambling
- The highest overspend was £327.18
- The lowest overspend was £0.54
- Only one household lasted the entire week on their pension with £4.36 remaining

Anna Ceely, 34, works full-time as a student halls warden and owns a semi-detached house in Beverley. Anna was given £57.55 to live on for the week and actually spent £98.59. "I was very concerned that I ran out of money so quickly, particularly given that I have been so careful about what I have been spending," said Anna. "This experiment has really made me think very carefully about the future. Before taking part I was sure to rely on the state, now that I have seen what that might mean I think I am going to have to put in place my own personal provision. The worry is how I go about doing that."

Steven and Jennifer Birdsall, both 30, live in a two bed council house in Leeds. They enjoy going on holiday once a year to Spain and play the lottery every Saturday. Based on their current outgoings Steven and Jennifer had £90.80 to live on for the week but they actually spent £302.66.

Before the experiment Steven and Jennifer had plans to retire at 50, but having overspent by an incredible 333% now think they may have to revise these plans.

“We didn’t expect this to be easy, but we were amazed when we had run out of money by only the second day into the experiment! We are going to review our income in retirement expectations following this experiment – I think that everyone should try and survive on this kind of budget for one week, it might help open their eyes about the need to save.”

Steven’s sister Jo, a debt recovery officer, fared slightly better. Jo, 36, lives with her daughter in Leeds and was given £63.80 to live on for the week. She actually spent £123.55 and although she would like to retire at 55 she does not now think this is going to be possible.

“Throughout the experiment I was much more mindful of what I was spending than I normally am. I didn’t put as much petrol in my car when it needed filling up to try and save some money there. I can only just support myself at the moment so cannot increase further payments into my works pension, which is ultimately what I should be doing. It’s very worrying – at this rate retirement’s not going to be much fun!”

The ‘Living on a State Pension’ participants were all planning a retirement of some twenty to thirty years. They envisaged filling their post-work years with all of the leisurely activities they are unable to do whilst holding down a full time job. However, the results of the experiment have highlighted to this select group the plight of today’s pensioners, and has somewhat dampened their luxurious outlook for their own retirement**.

Despite the proof that people fail to survive on a pension even when carefully budgeting, national research*** from AXA has found that people still have incredibly grand plans for their golden years.

Plans for retirement	Percentage / number of adults planning to enjoy in retirement ...	Percentage / number of adults in the Yorkshire planning to enjoy in retirement ...
At least one annual holiday	74% (27.8m)	70%
Weekend breaks / day trips	71% (26.84m)	68%
Eating out	71% (26.64m)	67%
Running a car	67% (25.17m)	62%
Being able to treat the children / grandchildren	63% (23.8m)	71%
Go to the cinema / theatre	51% (19.25m)	42%

Take part in leisure and sporting activities	50% (18.9m)	41%
Improve the family home / garden	50% (18.9m)	52%
Own a place in the sun	39% (14.78m)	31%
Have botox or cosmetic surgery	6% (2.22m)	5%

So how are we planning to fund this retirement of plenty? AXA's national research has uncovered a worrying trend, with some 17.13m adults, 45% of the adult population, expecting to use credit cards in retirement and the percentage increases as people get older.

People in Yorkshire expect to be less reliant on credit in retirement than anywhere else in the country although some 38%, still expect to still use credit cards and 16% expect to have an overdraft to help them survive in retirement. Only 32% of people in Yorkshire, believe they will not be using any form of credit when they retire, but this is the highest in the country compared to a national average of 26%.

The experiment has highlighted not only the difficulty of living off the basic state pension but the fact that many UK adults are unsure when it comes to retirement planning.

Before the experiment 11% of the participants were planning to rely on the state pension in retirement. After the experiment all but one of those participants understood that they had to take personal steps towards planning their income in retirement. The experiment also encouraged participants to think more carefully about their long-term financial stability. After the experiment 62% of the group (compared to only 25% before the experiment) were planning to take immediate action to understand and improve their income and expenditure for their retirement.

Colin Nelson, AXA, commented, *"The results from our 'Living on a State Pension' experiment highlight some worrying trends in Yorkshire. The fact that we struggle to survive on this small amount is not surprising in itself but it is peoples' attitudes towards funding their retirement that concerns us most. The experiment has acted as a wake up call for those who took part; now we want to communicate that to the rest of the nation.*

"With AXA Avenue we are dedicated to helping people better manage and understand their finances. People have to understand that retirement is not going to be the care-free time we all hope for unless we plan for the expense."

For a copy of the full AXA Avenue Quarter Three Review Report, including a financial update of the participants' progress please go to www.axa.co.uk/avenue.

Notes to editors:

Case studies and photography from AXA Avenue are available. Please call Laura Campbell / Billy Partridge on 020 7282 1081 / 020 7282 2863.

*** Methodology for the 'Living on State Pension' experiment**

- 26 households participated in the 'Living on a State Pension' experiment. There are 36 participants in total –singles and couples – from all over the UK. Participants are aged between 30 and 50 years.
- At the start of the experiment each household made a list of their weekly standard fixed costs, such as council tax and utility bills.
- The total of the weekly standard fixed costs was then deducted from the average weekly state pension (including the minimum pension credit allowance) for either a single person (£114.05) or a couple (£174.05). This helped to ensure that the participants were living off the actual disposable income that many of today's pensioners have to live on.
- Each household was provided with their weekly 'state pension' allowance.
- The experiment ran from Thursday to Wednesday – to mirror the timings of the real state pension.
- For one week each household carefully recorded everything they spent, from groceries to travel, how long their allowance lasted and their observations about trying to live on that amount for one week.
- The experiment took place throughout July 2006. Participants chose which week in July they wanted to manage on the basic state pension:
 - 6th July – 12th July
 - 13th July – 19th July
 - 20th July – 26th July
 - 27th July – 2nd August

** For an interview with one of the participants please contact Laura Campbell or Billy Partridge on 0207 282 1081. Detailed reactions from all households can be found in the AXA Avenue Third Quarter Review: Planning for Retirement Report.

*** Data based on research conducted by TNS among 1013 people over 16. Fieldwork completed between 10th – 14th August 2006.

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****About AXA Avenue**

The 'AXA Avenue' social experiment launched on 4 November 2005 and will last for one year.

The overall aim of this experiment is to use financial education and planning to help to try to tackle the UK's chronic money problem by offering half the households (the active group) access to expert advice while the others (the control group) are left to their own devices.

About AXA

AXA Group is a worldwide leader in Financial Protection. AXA's operations are diverse geographically, with major operations in Western Europe , North America and the Asia/Pacific area. AXA had € 1,091 billion in assets under management as of June 30, 2006 , and reported total revenues of € 41 billion and underlying earnings of € 2,090 million for the first half of 2006.

AXA ordinary shares are listed on the Paris Stock Exchange; AXA American Depositary Shares (ADSs) are listed on the NYSE under the ticker symbol AXA.