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MONEY BOX LIVE

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DUGGLEBY: Faced with daily reports of meltdown in the financial markets last week, it'll take a very long time for small investors to recover their nerve. But whether or not you invest directly, it's very likely you have a vested interest through your pension fund, so in the next half hour we'll be talking about pensions on Money Box Live. If you contribute directly through a money purchase scheme, you may wonder what the managers have done with the money. Maybe you have a Self Invested Pension Plan - or SIPP - where *you* make the decisions. Either way, the odds are that a good deal of it's in the stock market and its value could easily have dropped by 20% or more so far this year. Very bad news if you're nearing retirement. If you have a defined benefit scheme, then your employer takes the risk; but those schemes also depend heavily on share dividends and capital growth. Many of them have already closed to new employees; many more are likely to follow. How safe is your scheme if the firm goes bust and how does the Protection Fund work in practice? All of which leaves the public sector, backed by unlimited taxpayers' money, to carry on providing not just salary related pensions but also to index link them regardless of the inflation rate which some experts say is unsustainable in the longer term. There are other issues you may wish to raise about annuities, for example. Higher interest rates have meant improved annuity rates, but how long is that likely to last? Above all, if you can't rely on reasonable investment returns, how on earth can you save enough to ensure a decent standard of living in retirement? 03700 100 444 is the Money Box Live number for your calls about pension planning, and with me to answer your questions Malcolm McLean, Chief Executive of the Pensions Advisory Service; Michelle Cracknell, Director of Strategy at investment group Skandia; and Tom McPhail, Head of Pensions Research at Hargreaves Lansdown. Two calls to start with, I think, about

the safety funds. John in Lincolnshire?

JOHN: Hello. Hello?

DUGGLEBY: Hello.

JOHN: Hello.

DUGGLEBY: I can hear you. You put your question.

JOHN: Yes, well I've got two small pensions with Friends Provident and until recently I always assumed they were completely secure. I mean the government insists we put our money into annuities when we've been saving for pensions, I always assumed they'd be okay. But when the stock market crashed and AIG was under threat, Friends Provident stock fell hugely and at that time I suddenly began to have doubts about the pension and I wasn't so sure and I'm not so sure now whether it *is* secure.

DUGGLEBY: Because you have to distinguish between the actual company itself and the security of the funds it manages. So, Tom, would you start this off?

McPHAIL: I think it's an interesting point to note with AIG and all the other financial catastrophes we've seen in the last few weeks that the people that needed to be protected - the insurance contract holders, the depositors in the case of the banks - they have all been protected; and whilst shareholders have taken some of the pain - perhaps not as much as they should have done by some people's arguments - nevertheless the people that should have been protected have been. Now in the case of Friends Provident, the fact that the company's share price has gone down is not directly an issue for you as someone with a pension investment with Friends Provident because the Financial Services Authority has very strict controls in place in terms of capital adequacy to make sure that your pension funds are protected and that your income payments will continue to be maintained in retirement.

JOHN: So if they went bust, the annuity would continue to be paid by someone?

CRACKNELL: Yes. If you've got annuities with Friends Provident, John, then if Friends Provident went bust, there is the Financial Services Compensation Scheme that would then provide you with protection. The way it works out the protection is a little bit complicated because they have to value your pensions and then effectively that capital that they value your pension at would then go back in to provide you with an income. So I can't say it's 100% protection, but it's good protection for you and you should take some comfort from the fact that this Financial Compensation Scheme is sitting behind Friends Provident.

DUGGLEBY: Carol from Guildford, if I can just interrupt you there for a moment, John. Carol from Guildford has put a similar question to us and she says, 'If I buy an annuity - say for example from Norwich Union and Norwich Union went bust - would my future income be protected in some way, or do I risk losing any of it at any stage?'

McLEAN: Well if the annuity's actually in payment, then, as Michelle says, there is a slightly complicated formula for working out compensation. But the compensation would come to round about 90% of the current rate of the annuity. So it's very unlikely to happen, as Tom says, and we hope it doesn't happen; but there is that scheme underpinning this and hopefully people will take some comfort from that.

DUGGLEBY: There's an awful lot of concern about these pensions in payment. I mean they're not just people who are coming up to retirement, but people who've got some pension coming in from their former company scheme - again, worried about that becoming insolvent; they're worried about where they put their money; which companies, Tom, can you trust to sort of be there in 5 years time and what if they get taken over and can the terms be altered? Can you just sort of give some you know general comfort to these people because obviously you don't want to put people into funds or companies that are dodgy?

McPHAIL: Again, I think it's important to note that through all the chaos, we've seen unprecedented in the last week or so the people that needed to be protected *have* been protected; that no-one's lost their bank deposit. As was the case with Northern Rock. You know depositors were protected then and so it was with Bear Stearns. So the financial system, with the help of the regulators, has actually dealt with this crisis pretty well so far. Nationwide took over a couple of small building societies only a couple of weeks ago. So the financial

sector is managing its way through these kind of problems, but your investments within the companies are protected. The chances of you suffering financial loss even if the company goes bust is very, very slim. And even if that were to happen, there are then, as Michelle has said, there's the protection schemes that then kick in - both for company pension schemes and for individual investors.

DUGGLEBY: Here's another angle produced by Kevin from Essex, Benfleet in Essex. And his company, Malcolm, is being taken over by another company and he's saying well, okay, so this new company that I'm now as it were being transferred to, do all my pension rights get transferred within the takeover or am I somehow going to lose out in this process?

McLEAN: Well the new company should take over the responsibilities of the old company, which means taking responsibility for the pension scheme.

DUGGLEBY: He's actually a pensioner in payment. It's a pensioner in payment, in this case.

McLEAN: Yes, okay. Well all the responsibility is on the pension scheme. Now that's not to say that the employer couldn't close the scheme down going forward, but any pension that's been earned to date would be guaranteed in that situation. So really unless there's any reason to think that the employer is going to sort of pull the plug on the pension scheme, he shouldn't worry.

DUGGLEBY: What about deferred pensioners, people who've already left? Do they have the same rights, Michelle?

CRACKNELL: Yes, it's important to remember that pension schemes are actually a separate entity from the company and pension benefits that have already accrued to date have protection. Both the company has to honour those protections; and if the company ultimately goes bust and the pension scheme is not fully funded, we do now have a Pension Protection Fund. So past benefits do have protection attaching to it. It may not be 100% protection, but there is protection in place that wasn't in place a couple of years ago.

DUGGLEBY: Alison, I think you've got a deferred pension?

ALISON: Yes, I have, yes. I worked for the Halifax for 20 years. I took voluntary redundancy in 1997. I've made no contributions since and I have a deferred pension with HBOS. I'm now worried, having had a hit on the shares - I also have shares with them. Should I be worried about my pension as well and should I look to start making contributions to an additional pension scheme?

DUGGLEBY: You're employed by another company obviously now?

ALISON: Only on a part-time basis.

DUGGLEBY: Okay, so you're not a member of that company's pension fund?

ALISON: I'm not, no.

DUGGLEBY: You're not making any contributions to any pension?

ALISON: Not at the moment, no.

DUGGLEBY: Okay, Tom?

McPHAIL: There's two separate questions there. I mean firstly the question of the HBOS pension. There shouldn't be a problem there. Assume that Lloyds Bank, Lloyds TSB will now take over the HBOS pension scheme. But just again, as we were saying just now, just because the HBOS shares have gone down, that doesn't mean your pension scheme is likely to be affected. As Michelle said, it's ring-fenced from the company. As to whether you should be putting *more* money into a pension, the answer to that is probably yes because if you left them in 1997 then you need to be continuing to make contributions to a pension to build up a retirement income and what you built up in HBOS up until then probably won't be enough to see you through in retirement.

DUGGLEBY: But of course the good news now, Michelle, is that you can put much more into a pension. You can make up for lost time.

CRACKNELL: Yes, you can. Previously there were very tight limits about how much you can put into your pension now; whereas now if you do miss a few years and then need to play catch up, there are much bigger allowances to put in pension contributions in the future.

DUGGLEBY: It's up to 100% of your salary - as much as that.

CRACKNELL: It is, yes.

DUGGLEBY: Not that anyone can do that, or very few people, but it is possible.

CRACKNELL: It is possible. And in the situation where for example you might get a windfall of money and could put in a lump sum one year to make up for the fact that you haven't been able to afford contributions in previous years, it's now an option available to you.

DUGGLEBY: Wes in Paulton has emailed us to ask about the transferring of deferred pensions. I bring in this because we're talking about deferred pensions which are still with the original company. But he's saying well, you know, what about taking my deferred pension with this company, especially if I'm not sort of ... I'm a bit doubtful about it, and then transferring it to a new employer? Easy? Difficult? Possible? Malcolm?

McLEAN: Well it's usually possible. You've got to have the consent of both parties, both schemes to do it, but it is often possible. The real question to ask yourself in that situation is will I benefit from this and *how* will I benefit from it? So, again, it's necessary to do a little bit of homework and find out whether there are in fact any costs involved in making the transfer and what might the benefits be. Moving it into a new scheme may be advantageous for a number of reasons, but you may be losing out because the old scheme may have provided something that the new one doesn't. So you may miss out there, so be careful.

DUGGLEBY: You mean perhaps it might offer better index linking or inflation proofing, that sort of thing ...

McLEAN: Yes widows.

DUGGLEBY: ... or maybe better benefits for widows, that's right. I'll just throw a spanner in the works on this one because Wes actually says can he do it? He's moving into the NHS. Will the NHS take a company scheme under its wing?

McPHAIL: And in principle, I think yes. I mean you'll need to ask them, but I think in principle they will. They will come back to you and say well we'll give you x number of additional years service as equivalent in our pension scheme and then you've got to try and work out whether the terms they're offering you in transferring the money across will be better than what you had under the old scheme, which might be slightly like trying to compare apples and pears.

DUGGLEBY: Within the public sector of course you can jump from one bit of the public sector to another. I don't think there's any problem with that. It's when you're trying to get in or out, but very few people would want to jump out of a public sector scheme, Tom.

McPHAIL: Absolutely, it's better leaving it there.

McLEAN: Just on the point of transfers, Vincent. We're finding now that many employers are offering cash incentives for people to transfer their money out of their former scheme into some other arrangement. I think you need to be very careful about that. If you're giving up the guarantees as it were of a final salary type pension and moving it into a personal pension, then you would have to have a pretty good financial incentive to do that. I'm not saying it's absolutely impossible or wrong, but be very, very careful and take advice.

McPHAIL: Absolutely. We've looked at a number of these and in the vast majority of cases people have been better off staying put.

McLEAN: There's a carrot there dangled in front of people.

McPHAIL: There's a reason for that.

McLEAN: Yes, absolutely.

DUGGLEBY: I want to move back to the calls. You may think I've been taking rather a lot of emails, but believe you me there is a stack of them. They're just on every conceivable issue there is. But, anyway, back to the calls. Thank you for being so patient. Paul, you're ringing us.

PAUL: Hello. About 20 years ago I took out a Free Standing AVC with Sun Alliance and then Scottish Widows I think took it over. And I recently had a forecast and I think there was about £70,000 in the pot and it's guaranteeing me of an income when I'm 60 of £2,900. Previously it was up at £3,500, but because of the economic climate it seems to have dropped. I'm going to have to live a long time before I ever reclaim the amount I've put in. I just want to know what I should do. Do I put it on a holiday? Do I still keep paying in the £280?

DUGGLEBY: How old are you, Paul?

PAUL: I'm 56.

DUGGLEBY: 56.

PAUL: I was hoping to retire in 4 years time.

DUGGLEBY: Okay. I'm a bit confused by when you talk about guarantees because I mean there are such things as guaranteed annuities, but the terms that are written into the policies are usually fairly well defined.

PAUL: Well this was a bit ambitious because when you read the small print it said they were projecting a 7% in...

DUGGLEBY: Ah, that's a projection. It's not a guarantee.

PAUL: No, I know.

DUGGLEBY: Okay, Tom, you're probably familiar with this?

McPHAIL: Yes and basically they're saying, look, you know we think this fund could provide you with an income of, as you were saying, £3,500 a year; and now they're saying look actually it hasn't done very well and perhaps we can only provide you with £2,900 a year.

DUGGLEBY: This has to be done every year? They have to provide this forecast, do they?

McPHAIL: Yes, they do. Yes every year if you're in one of these types of pensions - what's called a money purchase pension, which includes personal pensions - they have to send out this statement every year telling you what your fund's worth and what it might provide you with at retirement. The key question here is where the money is invested and whether it's being managed well. Now if you're only 4 years away from retirement, then whatever changes you make to it now will only have a limited impact. But really I think the question you should be asking yourself is how can I get my best value out of this pot of money over the next few years and then what can I do with it in terms of providing me with an income thereafter?

DUGGLEBY: Michelle?

CRACKNELL: Just a couple of good news points on your Free Standing AVC. First of all is you can now take a tax free cash sum from it of up to a quarter of the fund; and the second thing is when you do get to retirement, you're not committed to buying the income with the company you've got it with at the moment, but you can shop around and it's quite often you're able to increase the income quite substantially by shopping around and going to another annuity company. So just a couple of points.

PAUL: Is there any penalty for moving it into another pension?

CRACKNELL: Not usually when you've hit the retirement age of the contract. So if the termination date of the contract was in 4½ years time, I think you said, then there isn't usually any penalty to exercise what they describe as the open market option at that time.

McPHAIL: Paul, you mentioned you were still making regular contributions into it, I think.

PAUL: Yes. (*laughs*)

McPHAIL: It's worth asking yourself whether you could be putting that money elsewhere more effectively.

PAUL: That's right, yes.

McPHAIL: You don't have to keep giving it to them.

DUGGLEBY: Okay, we'll move on now to Catherine. Your call, Catherine?

CATHERINE: Hello, thank you for taking my question. I don't have a pension and I have a long-term illness. I'm 58 years old and I'm divorced and was made destitute.

DUGGLEBY: Right. Well, Malcolm, the best thing I suppose we must start with the state pension because even if, as Catherine says she's divorced, she will have inherited some rights to the state pension probably from her husband's contributions.

McLEAN: One would hope so, yes. The two factors which will influence whether you get a state pension, Catherine, is your own record of national insurance contributions if you've made them ...

CATHERINE: I didn't make any.

McLEAN: You didn't make any. Well as a divorcee, you are entitled to use your husband's contribution record for the period of your marriage or right up to the date of divorce from whatever date if that's more beneficial to you. So you can rely on his national insurance contributions.

CATHERINE: Well he was French and ...

McLEAN: Ah, right.

DUGGLEBY: Well in that case ... Yes, I mean you'll have had some credits probably put into your pension even if you didn't make contributions. Did you have a family?

CATHERINE: I've got a daughter.

DUGGLEBY: So, Michelle, I don't know whether you can enlighten us on that aspect? Or Malcolm?

McLEAN: Yes, I just wanted to say, Catherine, that of course even if you don't qualify for the basic state pension, then there is pensions credit of course, which is ...

CATHERINE: Okay.

McLEAN: ... a means tested benefit. And I wouldn't be put off by that title - means tested; it's a fairly gentle sort of means testing ...

CATHERINE: Okay.

McLEAN: ... and it can be quite beneficial to many people in terms of bringing their income level up to reasonable level. The government are effectively saying that no single pensioner aged 60 or over need live on less than £124.05 a week and that a couple has to have an income of £189.35 a week, and it's possible to actually get more than that in certain situations. So I would urge everybody who's heading for retirement and not really going to have enough money to live on to explore pensions credit. It is worth considering.

DUGGLEBY: Right, onto Alfred now - again staying with state pensions. Alfred?

ALFRED: Oh good afternoon. My question concerns the state pension. As you know, it's linked to inflation these days.

DUGGLEBY: The Retail Prices Index, yes.

ALFRED: Yes. And I gather that this year for the first time for some time it's going to be something in the region of 5% by next month when I take it that that's the month they set it.

DUGGLEBY: End of September, yeah.

ALFRED: Well what I would like to ask you. Do you think due to the financial situation throughout that the government are still obliged to stick to that, or do you think they might tinker with it so that we don't get the full benefit? *(laughter)*

DUGGLEBY: Well, I think I can say quite categorically they have to stick with it. I mean I suppose the only question really is which index. Well pensioners argue that of course their inflation rate, Michelle, is much higher than inflation. What is inflation I think is what many people ask us.

CRACKNELL: Yes, I mean most retired people spend a lot on fuel and food, and that is actually going at a far faster inflation rate than the Retail Prices Index. I think the government would find it *extremely* difficult to veer away from the Retail Prices Index; but I think you're right, Vincent, maybe that doesn't provide all the protection. But do they have the right? I don't know. I don't know exactly the small print, but I suspect they do but I think it would be a political nightmare.

DUGGLEBY: I think it was a pretty copper-bottomed commitment.

McLEAN: I think politically it would not be acceptable, quite frankly. And the other point perhaps to make on this is that the government is now committed in legislation from 2012 or shortly afterwards to restore the link with earnings ...

DUGGLEBY: Indeed, very important.

McLEAN: ... for the purposes of increasing pensions.

ALFRED: When was that? Sorry, when was that?

McLEAN: Well slightly weasel words have been used here. It's 'subject to the fiscal position', it says, which can mean a number of things. 2012.

DUGGLEBY: (*over*) With the borrowing requirement likely to go goodness knows where, I would think.

McLEAN: Whatever the situation, by the end of the parliament after that. So I would think somewhere between 2012 and 2015, you will find the link with earnings being restored and that should make quite a difference to the basic state pension.

DUGGLEBY: There is of course also the issue as to you know all these indexes. I mean in actual fact pensioners have done quite well with the Retail Prices Index, which has been consistently above the Consumer Prices Index. But now, funny enough, it looks as though the Consumer Prices Index is going to leapfrog over the RPI, so I can understand people's confusion as to what on earth we're defining. Tom?

McPHAIL: Do you remember the 75p increase in the basic state pension a few years ago, which caused a great political furore? Now they actually balanced that up the following year by giving an above inflation increase to the state pension. And I think, as Malcolm and Michelle have already said, I think politically it just would not be possible to short change pensioners this year ...

DUGGLEBY: Indeed.

McPHAIL: ... in spite of all the problems they're experiencing.

DUGGLEBY: Yeah. Let's have two or three quick emails. Or I hope they're quick anyway, reasonably straightforward answers. Now here's Janice in Sidcup and she says 'I'll be 60 in 3 weeks time', Tom McPhail, and she's in the process of purchasing an annuity. And she's worried about the rates altering because she says 'do rates last for 3 weeks and you know my

adviser sort of says he's getting these quotes and I'm not quite sure. Should I just wait or can it go through immediately or what's the machinery for this?"

McPHAIL: Okay, so the rates typically are only guaranteed for 2 or 3 weeks.

DUGGLEBY: *(over)* 2 weeks.

McPHAIL: 2 weeks. And so when your adviser rings you up and says, "This is the best rate. Come in and fill the forms today", I strongly encourage you to go and fill the forms in today and to get them off in the post that day because if you delay, if you wait, then the rate may move. And there are very few guarantees with this and speed is of the essence in these transactions.

DUGGLEBY: Really? This is just life as it is, Michelle; nothing we can do about it?

CRACKNELL: I'm afraid so with the annuities, and because it's a guarantee the insurance company can't keep it open-ended. So you could benefit from ... you know the rates can go up; but if you want to secure the rate, like Tom says get in there and fill out your form straightaway.

DUGGLEBY: David in Tysoe (ph) says he knows you can exercise the open market option to purchase an annuity, but he also understands that the people giving the advice are going to get a big, fat rake-off in commission.

McPHAIL: Well there's 1% commission built into the annuity price. I mean the good news here is that you don't have to pay for that advice because the cost of it is factored in already. In fact, if you don't take the advice, you're just shooting yourself. It's paid for already; you might as well take it.

DUGGLEBY: Okay and Phil in Reading says, 'from time to time I have a cash surplus to invest that's over and above the pension contributions I make to the scheme. My view currently is that putting the money into a cash ISA is a better bet and putting it into fixed

interest is an even better bet, but maybe I should keep the cash under the mattress'. What do you think?

CRACKNELL: There's sort of two questions there. One of them is where you decide to invest the money and, whether it's ISA or pension, you can always go into the more safe and secure investments. And if you've only got a short term to go, that's where you should be - in the sort of lower risk investments. The second thing is, as we mentioned earlier Vincent, of course now you can put more into pension funds, so if you don't feel confident in putting into pensions right away maybe go into ISA's for a couple of years and then invest your ISA capital sum in a pension at a future date if you wanted to because of the tax release.

DUGGLEBY: Tom, ISA's short-term?

McPHAIL: I don't disagree with that. I think given the economic circumstances, uncertainty about jobs, you know it gives you more flexibility.

DUGGLEBY: Okay, I've got to interrupt to go to Donald because I know you want to say something, Malcolm, but I think Donald's question is very pertinent to your neck of the woods. Donald?

DONALD: Oh good afternoon. No, my question is I'm 64 years of age, just been made redundant and therefore unlikely to find employment again. But I have a personal pension, I have a SERPS opted-out pension, and I have three sort of fairly small company pensions, and I'm wondering is it best to turn round and get an annuity now or wait till my proper pension age or what's the best plan?

DUGGLEBY: Well you've got to sort it out for a start. Malcolm, what are his options?

MCLEAN: Yeah, well we spoke earlier on about bringing the pensions together to get a better annuity, a better deal out of it. There are some advantages also in keeping them apart for various reasons, one of which is that you can sort of stagger your retirement plans, as it were, by taking one annuity one year, another one the following year and one the year after that. So that sort of phases it out a little bit. In terms of the best deal, at the moment annuity rates, I

understand, are quite good compared to what they have been in the past.

DONALD: *(over)* Yes, I've been led to that belief by an adviser as well.

McLENA: Sorry?

DONALD: I've been led to that belief by an adviser as well.

McLEAN: That's right, particularly level annuities are as high as they probably ever will be. But I think a word of caution here is that long-term most experts would imagine that annuity rates would fall because as a country we're living longer and that influences obviously the cost of pensions - they have to be paid longer - and annuity rates may well come down in value because of that. So long-term the trend may be downwards. Short-term things are quite good. I couldn't say to you categorically what to do in this situation - whether to take an annuity now or defer it. It might be something you might like to talk to a financial adviser about to get professional advice.

DUGGLEBY: Michelle, your view?

CRACKNELL: I think, as Malcolm said, going to a financial adviser, separating out company pension schemes and what they offer from your private pension scheme is really important, and also making sure that what you end up with is a pension that fits what you want to do in retirement. And that takes into account you know do you need provision for a spouse and do you need escalation rate. It's quite a lot of choices, and really important to get some advice over it.

DUGGLEBY: Richard in London has five separate pensions with a very substantial value, having recently left his old company. He was thinking of putting the money into a SIPP - that's a Self Invested Personal Pension. 'But my only concern is that I'd have to then jump into the turmoil of the financial markets. I'm 54.' Tom?

McPHAIL: He's already in the financial market. He just might not realise it. If you're in

personal pensions, you're carrying investment risk and I think the advantages of consolidating your pensions all in one place, it makes life simpler - less administration, less paperwork.

DUGGLEBY: We assume that these pension funds that he's in at the moment are managed in some respect. He's really saying you know is a SIPP sort of ratcheting up the risk.

McPHAIL: Well you've got a whole menu of investment choices within a SIPP, so you can go low risk funds if you want. You can choose fixed interest funds. You can go into cash in a SIPP if you want too. So I think you're giving yourself more choice without necessarily taking more risk, but what hopefully you would get out of it is more control. I mean it sounds like a good idea to me.

DUGGLEBY: There is another question. I can't see it on the email at the moment. Basically it was saying if I merge all my funds, do I lose the right to sort of cash them in separately?

McPHAIL: And the answer to that is no you don't because you can still take ... if you've got all your pensions in one place, you can still take chunks of money back out again in a series of transactions, so you've got the control but you've still got the freedom to phase your way into retirement.

DUGGLEBY: Okay, I just want to take a call now. Penelope in Ashford. Penelope?

PENELOPE: Yes, good afternoon. My question is I'm in a final salary pension scheme and I'm due to retire in 14 months. How has the present turmoil in the stock market affected my pension?

DUGGLEBY: This is in a company scheme ...which is defined benefit, so it's related to your salary?

PENELOPE: Yes.

DUGGLEBY: I think the answer is not at all, Michelle.

CRACKNELL: That's right, not at all. It is a separate entity from the company and obviously the closer you get to retirement, you know the better ... you know the higher the security that you've got of the full pension delivery not just for your past service but also for the remaining 14 months. So you're in a very fortunate position ...

PENELOPE: Well that's good to know.

CRACKNELL: ... and obviously the company will have had to have been putting more into the pension scheme, but they've got a promise they must oblige.

McLEAN: Okay, I just wanted to add to that that one of the advantages of being in a final salary scheme of course is that the employer takes the investment risk, not you as an individual. And therefore these are very, very beneficial schemes and we hope they will continue, although the turmoil in the markets may mean that many employers won't want to run them in the future.

DUGGLEBY: Final question very briefly from Sarah in London. She says, 'I'm really worried about the stock market. Should I continue making payments into my pension fund that may be losing money?' in a word.

McLEAN: Well the gentleman who said put your money under the bed, that's the last thing you should do. A) it'll not stay under the bed; you'll draw it out and B) if you leave it there, it'll lose its value.

McPHAIL: If you're a long-term investor, don't be frightened. The investments are cheaper now than they've been for a long time. If you're a long-term investor, it should serve you well.

DUGGLEBY: Five seconds.

CRACKNELL: Tax release on pensions, it's still an attractive option. Don't put it under the bed.

DUGGLEBY: Okay, well we could have kept this programme for at least another hour with all the calls and emails we've had, but I'm afraid we've run out of time. Malcolm McLean, Chief Executive of the Pensions Advisory Service, has been here with Michelle Cracknell from Skandia, Tom McPhail from Hargreaves Lansdown. We have our website, bbc.co.uk/moneybox; the information line 0800 044 044; we have transcripts of the programme available; you have a podcast you can link into. Paul Lewis will be here with Money Box at noon on Saturday. I'll be back same time next Monday afternoon taking your calls on students and their money - or lack of it - on Money Box Live.