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# Grow your money

Invest in a better future

Retirement planning is one of the most important investments you can make towards your retirement, to ensure you experience the quality of life you want in later years. But millions of retirement savers are unaware that they are sitting on a powerful weapon that could be used to fight climate change and other environmental problems – their pension pot.

The trend towards sustainable investing continues to gather momentum, as people seek not just financial returns, but also to make a positive contribution to the world. Often investors look to achieve this with funds that screen out companies that do not meet a certain threshold of sustainability, or by focusing on specific ESG (Environmental, Social & Governance) themes.

## EFFECTIVE WAYS TO INVEST SUSTAINABLY

The three pillars of ESG investing combine to define what most people would categorise as good business practice. Environmental issues cover how companies interact with the environment; Social issues cover companies' conduct towards their internal and external communities; and Governance issues cover how companies behave in their business activities.

A new survey<sup>[1]</sup> has revealed that the majority of UK savers are missing out on one of the most effective ways to invest sustainably – through their pension. More than two-thirds (68%) of pension holders were not aware about how sustainable their pension was and just one in ten (13%) thought it was easy to make sure their pension was environmentally friendly.

## OPTIONS TO MANAGE PENSION FUNDS

Sustainable investing is important to people regardless of gender, age and income. At least a third (36%) of people in every age group, aged 18-65 and over, said that having options to invest their pension only in sustainable companies matters to them. Despite the rise in popularity, savers still believe it is complex and that there is a lack of guidance.

Nearly two-thirds (61%) of people said it was important to have clearly branded fund options which allow them to invest only in environmentally and socially responsible companies. Two-thirds (65%) of pension holders said they do not actively make choices about where their pension is invested, and one in ten were unaware that they have any options to manage their pension funds at all<sup>[2]</sup>.

## MAKING SUSTAINABLE FUNDS CLEARER

However, over half (56%) said a fund themed around clean energy and low-carbon transition would make them more interested in their pension, while 54% said the same of a zero-plastic themed fund. For younger savers, easier responsible investing could have an even bigger impact. Two-thirds (67%) of 18-34-year-olds said they would invest their money in a fund focused on clean energy.

With just under half (48%) of people unaware that there are ways to ensure their pension is environmentally friendly, making sustainable funds clearer and more accessible will benefit not only the environment, but also people's financial future. ■

## LOOKING TO INVEST FOR IMPACT?

This year we've seen changes to the way we live, work and travel – giving many the time to reflect on the real impact we're having on our planet and society. However, even if it's something you think about with your investment portfolio, you may not have factored in your pensions. To find out more or discuss your requirements, please contact us for further information.

### Source data:

[1] Survey for Scottish Widows conducted between 21 and 30 April 2020 online via the Toluna Panel of 1,346 UK residents aged 18-60 currently contributing to a pension that is not exclusively a final salary policy. Data weighted to be nationally representative.

[2] Research was carried out by YouGov Plc across a total of 5,757 adults aged 18+. Data was weighted to be representative of the GB population. Fieldwork was carried out 26 March – 11 April 2020.

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