

Don't bank on an ISA for retirement

A financial adviser has warned savers not to be tempted to replace pensions with ISAs, after spotting the trend among a number of investors.

Greg O'Brien, investment adviser with the Wealth Management division, reports an increase in the number of individuals using ISAs as an alternative to traditional pensions, which many currently consider a poor investment.

However, Greg warns that in many cases, money saved in an ISA will not last until retirement, and will often be spent because of the 'easy access' nature of the savings accounts.

He said: "There are too many individuals hoping to use an ISA exclusively to save for their retirement, with many suggesting that they will utilise the opportunity to transfer these funds to a pension at a later date.

"In reality, this often doesn't happen as a more pressing need will be found for the savings – emergency repairs to the house or a new car, are two common expenditures.

"On paper at least, stocks and shares ISAs can be virtually as good as a pension, but are too flexible to allow for the type of strict saving that is necessary to plan for a pension, and most savers are simply not disciplined enough.

"For the average investor there is no substitute for a pension."