# Workplace pensions

## Are they working hard enough?

ROYAL LONDON

# Introduction

Welcome to our report, **Workplace pensions – Are they working hard enough?**

This is the second year we've conducted detailed research[*] into people's retirement savings habits and how they engage with their workplace pension.

We are slowly adapting to the higher costs of daily life as we emerge from the cost of living crisis, but many people are still affected. They continue to face hard choices, perhaps between saving more into their pension for their long-term financial resilience and the more immediate, day-to-day demands on their money. For some, the choices are even tougher. Additionally, the recent change in UK government has seen pensions policy become an area of increased focus.

We know that when it comes to pensions, people display a broad range of behaviours. For some, their pension may feel tenuous and vague, something they put off thinking about until they are older. Others may not engage with their pension because they find it complex and intimidating. Then there are those who understand the importance of saving for retirement in order to achieve the type of lifestyle they aspire to have when they stop working.

Through our research, we wanted to investigate how employees feel about their workplace pension, their savings habits and where they go for guidance and support. We were also keen to understand the experience of those who have already retired.

Undoubtedly, the introduction of automatic enrolment 12 years ago revolutionised the pensions landscape, doubling the number of people saving for retirement in the private sector through their workplace pension. Encouragingly, millions more people will no longer rely solely on the State Pension for their income when they retire. But there's more work to be done as too many are heading towards retirement without the level of savings they need for a good standard of living when they stop work.

We aim to use the insights from our research to encourage discussion and debate between providers, advisers and employers on the best way to support employees to achieve financial resilience in retirement. As providers, we also need to challenge ourselves to find more ways to raise people's awareness of the benefits of saving into a workplace pension, the steps they can take to ensure they retire on a good standard of living and the support available to them.

"It's a privilege to work with so many fantastic employers and financial advisers who care deeply about helping employees save for their retirement. We hope this report provides insights into what's working and areas where we can collectively do more."

**Rory Marsh, Customer Life Stage Director**

"Many people find pension saving a tricky topic to get their heads around. In this report we explore employees' attitudes and behaviours to long-term savings with a view to helping individuals build up a better understanding of their workplace pension.

We want to help equip them, especially those starting out in their career, to be more aware of the actions they can take to boost their retirement savings."

**Clare Moffat, Pensions Expert**

* Our research was conducted online by Opinium, between 31 July and 5 August 2024. It involved a sample of 4,000 UK adults of working age and 500 retirees, all with one or more pensions. Of the working age sample, 3,488 were employees.

# Summary

This report explores employees' pension savings habits and their engagement with workplace pensions. The results show the complex and sometimes contradictory indicators of their engagement with their retirement savings. For example, pensions are rated as one of the top workplace benefits by employees considering a job change, yet one in eight employees say they never check their pension.

## Key findings:

- **Value of workplace pensions:** When asked to rank the importance of a range of workplace benefits when applying for a new job, pensions were ranked highly by many employees and were more popular than flexible working, remote working and bonuses.
- **Multiple jobs and pensions:** Employees typically have a number of different jobs throughout their careers, which means they also are likely to have several pensions. Younger employees have more pension pots, as many started their working lives since the introduction of automatic enrolment.
- **Employer contributions:** Most employees are satisfied with their employer's pension contributions, although satisfaction levels vary by gender and income. Employer matching of contributions is a valuable benefit, but affordability and a lack of understanding are barriers for some.
- **Pension engagement:** Engagement with pensions varies widely. While some employees check their pensions frequently, others do so rarely or never. Mobile apps and online portals have made it easier for people to check on their pension savings, but there is still work to be done to increase engagement.
- **Pension anxiety:** Some employees feel anxious and uncertain after checking their pension savings, highlighting the need for better communication, education and support to help them feel more confident about their financial future.
- **Pension transfer behaviour:** Almost two in five employees (39%) who have held a number of jobs in their lifetime and who have a defined contribution pension, have transferred their pension to a different provider when moving jobs in the past. Ease of management was the main driver for people transferring their pensions.
- **Retirement regrets:** Most of our retired respondents (59%) wouldn't do anything differently if they had their retirement again, but almost one in ten would take professional advice and a similar percentage would have sought more guidance from their pension provider or employer.

Earlier intervention and action, such as increasing pension contributions, making use of incentives, seeking professional advice and planning carefully for the future can help people secure a more comfortable and financially resilient retirement.

# Pensions as a benefit

This section examines employees' feelings about their pension, where they rank it among other workplace benefits and their use of incentives like employer matching. We also look at how many pensions employees have and how much they save into them.

## The value of a workplace pension

Our research shows that employees value workplace pensions. When asked to rank the importance of a range of employee benefits when applying for a new job, pensions were second only to salary and higher than flexible working, remote working and bonuses.

Almost half of employees (49%) say the pension is one of the most important benefits when applying for a new job. Unsurprisingly, employees in their 50s and 60s were more likely to view workplace pensions this way (62%) than those in their 20s and early 30s (37%).

While there is no gender difference across the employee sample as a whole, women under 50 are more likely than men to rank pensions as one of their top workplace benefits. Over four in ten women (42%) aged 18-34 view pensions as a key benefit when considering changing jobs compared to just 31% of men. Almost half (49%) of female employees aged 35-49 do so, compared to 47% of men in the same age bracket. However, this position reverses for employees over 50, with more men than women ranking a workplace pension highly.

Interestingly, there was little difference in response from employees with personal income levels between £10,000 and £70,000 a year, with the percentages of those who value access to a pension as important ranging from 50% to 54%. However, once employees reached an annual income of £70,000, there was a noticeable drop-off. Of those earning between £70,000 and £79,999, 46% rank pensions as one of their most important workplace benefits, falling to 43% among those earning £100,000 to £149,999 a year.

For almost two-thirds (62%) of employees, salary was the most important consideration when applying for a new role, with more women than men ranking it highly (66% of women compared to 58% of men). Similar to pensions, the percentage of employees who consider salary to be an important benefit also rises with age. Over half (53%) of those aged 18-34 consider salary to be an important benefit compared to almost three-quarters (71%) of 50–69-year-olds.

## More jobs = more pensions

People today are more likely to have had a number of jobs throughout their lives, rather than a job for life, which was more prevalent in the past. We therefore wanted to measure the number of jobs employees have had that paid at least £10,000 a year. This is the minimum income workers must earn to be automatically enrolled into a workplace pension scheme.

On average, employees had 4.5 jobs paying at least £10,000 a year, but there was a wide variation within the sample. The median number of jobs people had (our preferred measure) was four for male employees and three for females. However, the age of our respondents did have an influence. Younger people (aged 18-34) had already had three jobs, while older people had fewer (although this could have been in part down to the fact that a job paying £10,000 ten or 20 years ago would pay more than £10,000 today).

Our research revealed that employees have slightly fewer pensions than jobs – an average of 2.4 (men have 2.7 pensions and women 2.1) – with a median of two pensions throughout all age groups. However, we also found that by the time someone is 34 years old, they have already acquired almost three workplace pensions. This is likely to be the result of the introduction of automatic enrolment from 2012, which has seen a dramatic increase in the number of young people saving via workplace schemes.

Most employees (56%) save into a defined contribution scheme, while fewer than half as many (21%) have a defined benefit pension. While defined benefit pensions are still available in the public sector, this reflects the wholesale move away from salary-linked defined benefit pensions within the private sector.

## Keeping track

With more fluid and flexible career paths, movement between employers can muddy the water when it comes to workplace pensions. The more pensions someone has, the harder it can be to keep track of them all and to monitor their overall retirement savings.

People tend to focus on their current pension and are less engaged with those from previous jobs. As a result, tasks such as keeping contact details updated and checking on investments in their older pensions may fall by the wayside. Transferring previous pensions when employees move jobs may address this issue for some, especially those with smaller pots, although it may not be suitable for everyone. Our research shows that two in five of those who have had a number of jobs in their career have transferred a workplace pension (which we cover in more detail later on).

However, pensions dashboards, due to launch from 2026, will allow people to see all their pensions in one place, improving engagement and accessibility.

## Pension contributions

As part of this report, we wanted to know how much people contributed to their pensions on average each month. Our research revealed that the median monthly amount paid in is £149.50, including employer contributions.

However, contributions vary widely across gender, age groups, employment types (full-time or part-time, for example) and income brackets. In general, we found that those who are lower paid – generally women, older employees and part-time workers – tend to contribute less to their pensions. This is likely due to affordability and other short-term demands on people's wages. Unsurprisingly, as we move up income brackets, pension contributions increase.

**Contributions by gender – median monthly payments**


**Contributions by age – median monthly payments**


## Are employer contributions enough?

Most employees currently paying into a pension (64%) are satisfied with how much their employer pays, with fewer than one in ten (8%) saying they are dissatisfied or very dissatisfied.

Across age groups and gender, there was little difference among those who are dissatisfied, but a higher proportion of men than women are happy with their employer's contributions. Members of defined benefit schemes were slightly more likely to be satisfied (73%) than those with defined contribution pensions (67%).

Income was a major factor in satisfaction levels. Employees on a lower income were more likely to be unsatisfied with their employer contributions. Only 44% of employees earning £10,000 to £19,999 were satisfied or very satisfied with the amount their employer contributes. This compares to 73% of those earning £40,000 to £49,999 and over 84% of employees earning more than £100,000 annually.

## Making the most of matching

We know many employers offer to match employees' pension contributions beyond the mandatory requirement of 3%, which can help workers cost-effectively boost their retirement savings. And our research shows that almost half of employees (46%) use employer matching. Employer matching is more prevalent among larger employers (which more people are employed by).

More men than women take advantage of this benefit (50% versus 42%), as do younger people (51% of those aged 18-34, but just 38% of employees aged 50-69).

After more than two years of the cost of living crisis, affordability is influencing whether people use employer matching. A minority of employees (11%) say employers offer to match pension contributions but that they don't take advantage of it, with the remainder saying their employer doesn't offer contribution matching or that they are not sure if it is on offer. Of the relatively small sample of 373 employees who don't use employer matching, over four in ten (45%) say they couldn't afford to. Women were also more likely than men (52% versus 40%) to cite affordability as a barrier to using employer matching, as were older employees (half of those aged 50-69 versus 45% of employees aged 18-34).

Aside from affordability, almost four in ten (38%) of those who don't take advantage of employer matching say it is because they think they are already saving enough into their pensions. More younger employees believe this than older ones – 43% of 18-34-year-olds compared to approximately one-third of 35-69-year-olds. Women were less likely than men to think they save enough – 35% versus 41%.

Worryingly, nearly one in four employees (24%) don't use employer matching because they don't understand it, with younger employees and men more likely to be confused.

Data from the Department for Work and Pensions shows that 12.5 million people are heading for an inadequate retirement. As a responsible pensions provider, we want to encourage debate about increasing employee and employer contributions to bolster people's resilience in retirement. Indeed, we commissioned Oxford Economics to explore this issue earlier this year.

## Tips for savers

- Make use of employer contribution matching, where it is available, if you can afford to do this.
- Remember your old workplace pensions and make sure you keep your contact details up to date.
- Consider moving all pensions into one pot if this helps you engage with your pension. But transferring isn't right for everyone, and if you're unsure, then take financial advice.

## Tips for advisers

- Help employers promote the benefits of increasing pension saving, particularly as salary and disposable income rise.
- Explain the benefits of salary exchange to employers.
- Highlight the importance to employers of the pension offering as a tool to attract and retain quality employees. Only salary is viewed as more important by workers.

## Tips for employers

- If possible, provide a total reward statement so employees can better see the value of non-salary benefits.
- Promote benefits such as employer contribution matching, where offered.
- Encourage all new joiners to read the information about the pension scheme so they can understand the benefits it offers.

# Pensions engagement – who, when and how

This section explores how employees interact with their pension and, importantly, how it makes them feel. We focus on key areas such as how frequently they check their pension savings and what, if any, actions they take as a result.

## How often do employees check their pensions?

Automatic enrolment has been an effective way of getting more employees to save for their retirement through their workplace pension, and online portals and apps have made it much easier for people to check the progress of their pension savings. However, ease of access to pension information alone isn't enough to drive engagement, and our research reveals that engagement levels vary widely from one demographic to another.

We found that while one in six (16%) employees check on their pension weekly or more frequently, one in eight (12%) say they never check theirs.

Never checking on a pension makes planning for retirement, and how that will be paid for, difficult, if not impossible. But monitoring it daily or weekly may unnecessarily worry some pension savers, especially when stock markets are volatile and the value of their pension funds may have fallen.

Our research showed that three in ten employees check their pension either when they receive a statement (11%) or once a year (19%), showing that annual statements remain a useful backstop to prompt people to engage with their pensions. But mobile apps can help drive more frequent engagement, which can help with longer-term planning.

## Who's most engaged?

In terms of gender, women are less likely to check their pension than men. One in six female employees (16%) say they never check their pension, compared to one in 14 men (7%).

Age has an influence on this too. Only one in ten (10%) employees aged 18-34 have never checked their pension, compared to 44% of those who have retired. This may be because some retirees have less internet access or have bought an annuity. Others may rely on an adviser or have moved their pension into drawdown and check that instead.

Employees cite a range of reasons for never or rarely checking their pension:

- 32% don't see why they need to check it more often
- 25% don't know how to check it
- 19% say they'll worry about it when they're older
- 16% don't understand their pension statements.

As an industry, much work has gone into making pension statements easier to understand, from simplified language to video statements. In addition, most pension providers offer mobile apps and online portals where members of a particular workplace scheme can access articles, guidance and information. An increase in the number of pension providers offering apps may also be why younger people are more likely to engage with their pension.

While these are all positive developments, we still have more work to do to reach those who don't currently check their pension at all.

## Who's checking online?

Our research shows that most of those who check on their pension savings do so online (43%), with little gender difference. This shows the importance of online portals and apps that are easy to use and provide savers with useful and engaging information about their pension savings. However, younger employees (18-34) are less likely than older workers to check online (40% compared to 47% of 50–69-year-olds).

Over one in five employees (22%) prefer to use apps to check their pensions, double the number of retired people using this method (11%).

Unsurprisingly, younger employees were more likely to use apps than older workers (27% of those aged 18-34 compared to 18% of 50-69-year-olds). There was a relatively small gender difference here, with 24% of men using apps versus 20% of women.

Pension statements were the next most popular method of tracking retirement savings, with older employees more reliant on them than younger workers – 42% of 35-69-year-olds compared to 35% of those aged 18-34.

One in eight employees (12%) prefer to rely on their financial adviser for information about their pension. Over a fifth of those earning between £100,000 and £200,000 (21%) rely on a financial adviser, compared to just 7% of those earning between £20,000 and £40,000. This is unsurprising given the cost of advice.

## Pension anxiety

Our research found that people are more likely to feel anxious and uncertain after checking their pension savings, rather than confident or positive.

This is concerning, but we know that many savers find pensions confusing and a significant proportion are not saving enough for the lifestyle they want in retirement. The recent cost of living crisis and ongoing higher bills have only highlighted how much a comfortable life in retirement could cost. The Pension and Lifetime Savings Association's Retirement Living Standards show that a couple living outside London need an income of £43,100 a year (excluding rent or mortgage costs and assuming tax has been paid) for a moderate standard of living. Viewing their pension savings may be an uncomfortable reality check for many.

Only one in four employees (26%) say they feel reassured and confident about their financial future after checking their pension savings – 31% of men and just 19% of women. However, over one in five (22%) feel motivated to save more. While there was no gender difference, younger employees were more likely to be motivated to save more after checking their pension than older employees – perhaps because they feel they have more time to make a difference or have more disposable income.

## Taking action

For some employees, the motivation to save more translated into action. Almost one in five (18%) say they increased their pension contributions after checking their pension savings, and nearly one in ten (9%) made a one-off contribution.

Interestingly, the next most common action employees took after checking their pension savings was transferring their pension to a different pension provider, which over one in ten (11%) say they had done.

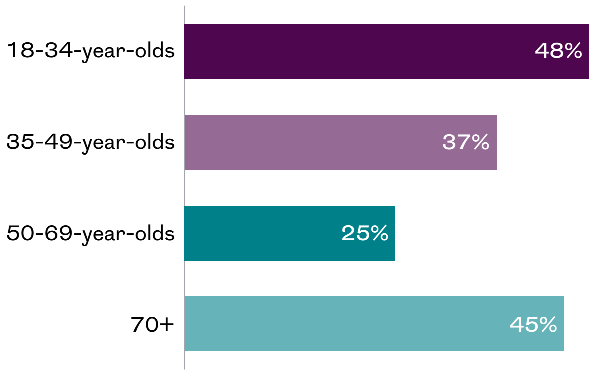
Others switched pension funds (7%) or reduced their pension contributions (8%).

## Who prefers to transfer?

Looking in more detail at pension transfer behaviour, we found that almost two in five of those who had held a number of jobs in their lifetime (39%), currently with a defined contribution pension, had transferred their pension to a different provider when moving job in the past.

There was a notable gender difference, with 38% of men but only 31% of women saying they had transferred. Younger groups were also more likely to merge their pensions than older employees.

**% of people who have transferred their pension to a new employer when they moved jobs**



Reducing the amount of administration was the main driver for people transferring their pensions, with half of those who had transferred (50%) saying they had done so for easier management. People in their 50s and older were more likely to cite this reason than younger employees, with minimal gender difference.

Pension transfer behaviour was also influenced by:

- The potential for better investment performance or availability of more investment options – 28%
- Lower charges – 24%
- The advice of a financial adviser – 22%.

A better digital experience had prompted 17% of employees (but none of those who had retired) to transfer, with 26% of employees aged 18-34 citing this reason.

It is encouraging that younger people are more engaged with their workplace pensions and are not only more likely to check on their pension's progress but also to increase their contributions afterwards. Increased and earlier engagement in pensions by younger people bodes well for their future financial resilience and should be encouraged by pension providers, employers and advisers.

## Tips for savers

- Explore different ways of checking on your pension to find the method that suits you best.
- If you check your pension regularly, don't worry if you see short-term fluctuations in value. Pensions are designed to be long-term investments.
- If checking on your pension makes you anxious, try to identify why, then find out what support is available to help you and any steps you can take to address that.

## Tips for advisers

- Promote single contribution payments in the run-up to the tax year-end.
- Offer clinics and webinars in the run-up to pay rises and bonus payments.
- Offer seminars or webinars to coincide with annual statements to boost engagement.
- Consider offering an assisted transfer window, perhaps after a change in pension provider.

## Tips for employers

- Encourage your employees to download the pension provider's app, if there is one, so they can easily check on their pension savings.
- Check if your pension scheme offers financial wellness support.

# Guidance and support

## This section examines where people turn for help with their pension and wider finances.

### Pension-specific information and guidance

We know that employees get pension information from various sources – pension providers, employers, financial advisers, websites and family and friends – and we wanted to explore this further.

When we asked our respondents about their sources of information and which they favoured most, pension providers came out on top. Over one in four employees (28%) turn to their pension provider, while that figure rises to 37% for retirees.

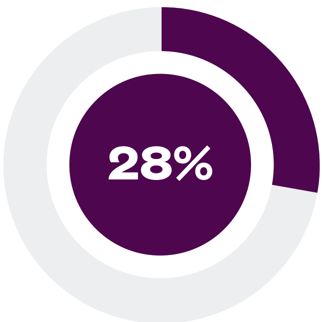
Additionally, employees are more likely to depend on their pension provider as they grow older. Just one in six 18-34-year-olds rely on their pension provider for information about their pension, compared to one in three employees (34%) aged 50-plus.

Pension providers were the most important source of information for at least a quarter (26%) of those earning £10,000-£60,000 annually and this number only started to reduce among those earning over £70,000 a year. Of those earning over £100,000, only 17% rely on their pension provider.

Employers are another key source of information. One in four employees (25%) look to their employer, with little difference between men and women.

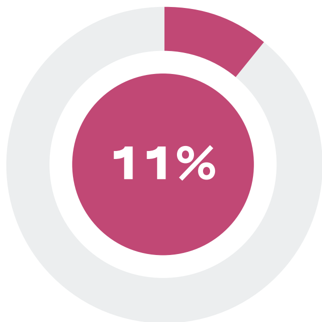
Financial advisers ranked third at 11% among employees, with more higher earners relying on their adviser than those earning a moderate income. For almost one in four (24%) of employees earning £50,000-£150,000, financial advisers are the main source of pension information, compared to just 7% of those earning £20,000-£40,000. There was a significant gender difference, with 13% of men but just 7% of women relying on financial advisers.

For a minority, websites, family and friends, government-backed services like MoneyHelper and work colleagues are their go-to for pension information. Social media was less popular, used by only 2% of employees and by none of those already retired.




of UK employees turn to their **pension provider**


of UK employees turn to their **employer**




of UK employees turn to their **financial adviser**

## Pensions and beyond

Although our research focused mainly on workplace pensions, we also asked people about the sources of information they have used for their wider finances in the previous two years. Some workplace pension providers offer tools and financial wellbeing services as part of their offering, which can provide information to help with a wider range of finances than just retirement savings. However, we also know that many people do not seek help with their pension or, indeed, any of their finances.

While pension providers are the most popular source of information on pensions, friends and family are most relied on for wider financial information. Three in ten employees (30%) say they turn to family or friends, and more women do so than men – 34% versus 22%.

Younger people also favour financial help from those closest to them. Almost four in ten 18-34-year-olds (38%) turned to friends or family in the last two years. This compares to just one in eight (13%) retirees, perhaps because they are now themselves a source of financial guidance for younger relatives.

Over one in ten employees sought advice from employers, government-backed services such as MoneyHelper and Pension Wise, and pension providers.

## Web wisdom

Websites are also popular. One in four employees (26%) use price comparison sites for financial information, ranking them second to friends and family. More than one in five employees (22%) use other online sites, like MoneySavingExpert.

## Trusted advisers

Financial advisers are invaluable in helping people with their financial planning, but many miss out on the benefits they offer. Our research found that only a little over one in seven employees (15%) used a financial adviser in the last two years. Younger and older employees were most likely to speak to an adviser – almost one in five (19% and 18% respectively) of the youngest and oldest respondents, versus 12% of those aged 35-69. Fewer women (12%) contacted a financial adviser than men (17%).

Approaching retirement was the main trigger for contacting an adviser. Of the 654 people who had used a financial adviser in the last two years, one-third of employees (32%) sought retirement planning help, and within that, a substantially higher percentage of men (68%) than women (32%). Almost half (48%) of retired respondents who have talked to their financial adviser did so about approaching retirement.

### The rise of 'finfluencers'

Social media is an increasingly popular source of financial information, particularly for younger people. We have seen a rise in financial content creators, or 'finfluencers'. This content presents both opportunities and challenges. It may encourage younger people to think about their finances more, but the accuracy of information (which could be seen as advice) may be questionable. Indeed, the Financial Conduct Authority warned finfluencers about their social media adverts earlier this year.

We found that 15% of employees have used social media channels such as TikTok, Instagram or YouTube to help with financial topics, with these sources more popular among younger workers. Over one in four 18-34-year-olds (26%) get tips from social media, making it the second most popular source of financial information for this group, after friends and family.

Interestingly, 7% of employees had used AI sources for help, such as ChatGPT or Google Gemini, and we expect this to rise.

### Tips for savers

- Find out what guides and tools your pension provider offers to help you save for the retirement you want.
- If you're over 50 and have a defined contribution pension, you can get a free session with Pension Wise, which is a government-backed service. It will explain your pension options at retirement.
- Speak to your employer if you don't know what help they offer.

### Tips for advisers

- Use data to identify employees who are approaching retirement and offer webinars to help them understand the choices they face.
- Help employers identify sources of information for younger workers who are less likely to access financial advice.
- Encourage employees to download the provider's app if they have one as a source of information.

### Tips for employers

- Ensure that your employees are aware of the support that's available to them via their workplace.
- Signpost to the MoneyHelper website.

# Life in retirement – ambition versus reality

This section explores people's financial expectations for life after work, their retirement ambitions and how those match reality.

## Great expectations

We found that younger people were very ambitious about what they thought they needed in retirement for a good standard of living. One age group in particular, those aged 18-34, thought they'd need £45,000 a year on average for a good standard of living, which was higher than any other age group.

Older people, meanwhile, were more modest in their retirement expectations and thought they would need between £25,000 and £35,000 per year, depending on their age. Those aged 50-69 thought that an annual income of £25,000 would be enough to give them a good standard of living in retirement, while employees aged 35-49 expected to need £10,000 more.

**How much do you think you would need per year for a good standard of living in retirement?**


Interestingly, when we used the Pension and Lifetime Savings Association (PLSA) Retirement Living Standards as a reference point for our respondents and asked them which of the three lifestyles they expected to have, many thought they could live on less.

## Setting the standards

Using independent research, the PLSA's Retirement Living Standards help people picture the retirement lifestyle they could have, based on different income levels.

### Minimum

A 'minimum' living standard would cost a single person (living outside London) £14,400 a year. For a couple, it rises to £22,400. This is slightly more than the current (2024-25) level of £11,541 a year for a single person on the full (new) State Pension. A couple receiving the full State Pension could almost afford the minimum standard of living with no other pension savings.

The minimum standard covers bills and leaves enough money for a week-long UK holiday and £100 a year on DIY, for example. However, for those who choose, or must, spend more on household bills and food, it might not be enough for even the basics.

One in five employees (21%) opted for this lifestyle. There was little gender difference and relatively little difference across age groups. Interestingly, people aged 70+ were the least likely to pick this lifestyle (14%).

### Moderate

The 'moderate' lifestyle was the most popular among our respondents, costing a single person living outside London £31,300 a year, and a couple £43,100. This provides retirees with greater financial security, with more money to spend on food, transport, holidays and clothing.

More than four in ten (42%) opted for the moderate lifestyle. Again, there was virtually no gender difference, but younger people aged 18-34 were more likely to choose this lifestyle (47%).

### Comfortable

The most expensive was the 'comfortable' lifestyle, costing £43,100 a year for a single person, and £59,000 for a couple. This appealed to over one-third of respondents (37%) and slightly more women than men (38% versus 35%).

Respondents aged 70+ were the most likely to say they wanted a 'comfortable' standard of living in retirement.

The Retirement Living Standards assume that retirees don't have any housing costs (mortgage or rent) and have paid tax on their pension income.

However, research we conducted earlier this year on people's financial resilience showed that a significant minority of retired people (18%) still pay housing costs, substantially increasing their living expenses. With an increasing number of younger borrowers opting for longer mortgages, this is a growing problem.

### Ideal retirement age

The median age at which both men and women plan to retire is 65. However, younger employees intend to retire at 60, while 35-69-year-olds want to retire at 65. Almost one in 14 people think they'll never be able to retire, with almost twice as many women as men feeling this way – 9% versus 5%.

Of the 500 retirees in our sample, almost half (46%) say they retired sooner than planned, rising to over half (53%) of those in their 50s and 60s who had retired. However, almost four in ten (39%) retired when planned, with only one in seven (14%) retiring later than intended.

## Any regrets?

Most of our retired respondents (59%) wouldn't do anything differently if they had their retirement again, but almost one in ten (9%) would take professional advice. Other things retirees would do differently included:

- Seeking more guidance from their pension provider – 9%
- Seeking more guidance from their employer – 9%
- Taking a more tax-efficient approach – 8%
- Getting greater guarantees on their income – 7%
- Taking less cash upfront – 5%
- Seeking guidance from government-backed organisations like MoneyHelper – 5%.

It is encouraging that most retirees say they wouldn't change anything about their retirement decisions. However, when we asked the whole sample (retirees and those who had not yet retired) about their biggest financial regrets (rather than solely focusing on retirement), almost one-third (31%) wished they'd saved more for retirement or saved into their pension earlier.

Pension-related regrets topped the list of wider financial regrets, followed by 'not getting a better-paid job' and 'not budgeting more.'

While our research showed that, currently, only approximately one in ten retirees would take professional advice if they had their retirement again, this figure is likely to increase in the future as more people rely solely on defined contribution pensions. The move from defined benefit to defined contribution means more of those approaching retirement will have decisions to make about how to turn their pension savings into an income in retirement.

Clearly, underestimating the financial demands and realities of retirement could negatively impact the lifestyle people aspire to have in later life. However, earlier intervention and action, such as increasing pension contributions, making use of incentives, seeking professional advice, and planning carefully for the future, can help people secure a more comfortable and financially resilient retirement.

### Tips for savers

- Take time to imagine your life in retirement – what will you do and what will it cost?
- Get hold of your State Pension forecast from DWP, if you haven't already done so. This will tell you whether you are on track to get the full State Pension. If you aren't, you may be able to fill in gaps in your National Insurance record.
- If you've already retired and are struggling to pay your bills, make sure you're getting all the state benefits and help you are entitled to.

### Tips for advisers

- Consider running a webinar explaining the State Pension and the PLSA Retirement Living Standards.
- Make sure all clients have checked their State Pension forecast to see if they can fill in gaps in their National Insurance record.

### Tips for employers

- Offer support at key life stages, especially where this could affect income in retirement.
- If employees receive a bonus as part of their pay, explain how paying it into their pensions can be tax efficient.
- Signpost to the PLSA Retirement Living Standards.

18
61

Royal London
royallondon.com



OCTOBER 2024

134597_PDF NA PD 0014