It's everyone's business

Workplace pensions

How much is enough?

Introduction

Welcome to our latest report, **Workplace pensions – How much is enough?**

Workplace pensions have become a cornerstone of long-term financial wellbeing for millions across the UK. As the pensions system continues to evolve, its role in supporting retirement resilience has never been more important. Now in the third year of our in-depth research*, this report explores how workplace pensions are helping to build financial security in later life, while also examining the persistent challenges and emerging opportunities in retirement saving.

Adequacy and affordability

Automatic enrolment has fundamentally transformed workplace pension participation, more than doubling the number of pension savers in the private sector[1]. As a result, millions of people have additional financial security beyond the State Pension. Yet, despite this progress, a significant portion of the workforce still faces the prospect of retiring without enough savings for a good standard of living.

The government's own analysis of future incomes shows that someone retiring in 2050 is set to have a private pension income that is 8% lower than a retiree in 2025[2]. Furthermore, nearly 15 million working-age people are not on track to have an adequate retirement income.

The Pension Schemes Bill[3] and recently formed Pensions Commission[4] are set to drive significant change in the pensions landscape. The Commission is exploring the challenge of adequacy in retirement and how to ensure that today's workers can look forward to a secure retirement by putting in place "a strong, fair and sustainable pensions landscape that is fit to last into the middle of the 21st century and beyond".

The Pension Schemes Bill aims to support people to plan for their retirement by making pensions simpler to understand, easier to manage, and to drive better value over the long term. The bill includes a range of measures, such as:

- Requiring defined contribution (DC) schemes to prove they are value for money, to protect savers from getting stuck in underperforming schemes.
- Simplifying retirement choices, with all pension schemes offering default routes to an income in retirement.
- Bringing together small pension pots worth £1,000 or less into one pension scheme that is certified as delivering good value to savers, making pension saving less hassle and more rewarding.
- Introducing new rules creating multi-employer DC scheme 'megafunds' of at least £25 billion, so that bigger and better pension schemes can drive down costs and invest in a wider range of assets.
- Consolidating and professionalising the Local Government Pension Scheme (LGPS), with assets held in six pools that can invest in local area infrastructure, housing and clean energy.
- Increasing flexibility for defined benefit (DB) pension schemes to safely release surplus funds to support employers' investment plans and to benefit scheme members.

The Bill and Commission could significantly transform retirement saving and the standard of living of workers in retirement. However, they will not deliver change in the immediate term. Currently, many employees are not saving for the standard of living they would like in retirement, and some haven't thought about how much they might need or whether their pension will provide sufficient income. Others are increasingly aware that preparing for retirement can help them achieve the lifestyle they hope for later in life. This is what we explore in this report.

Our research

Our latest study, conducted by an independent research company, surveyed a sample of 4,000 UK employees with a pension**. It delves into the mindsets of employees in relation to their workplace pensions, the habits they form around saving and the sources they trust for advice and support.

Our goal with this year's research is to spark meaningful dialogue among pension providers, advisers and employers on how best to support employees to achieve the lifestyle they want in retirement. We also challenge ourselves, and other providers, to be more proactive in raising awareness of the value of workplace pensions, empowering individuals to take informed steps toward a secure retirement and to make the most of the support available.

1 Employee workplace pensions in the UK - Office for National Statistics
2 Analysis of Future Pension Incomes 2025 - GOV.UK
3 20 million workers set to benefit from new Pension Schemes Bill - GOV.UK
4 The Pensions Commission - GOV.UK

* This year's research was conducted online by Opinium between 4 and 14 July 2025, using a sample of 4,000 UK employees with a pension.

** Over four in five (85%) of the sample (3,404 employees) have a workplace pension, while some are paying into a personal pension, either instead of or as well as their workplace pension. Where we examine data relating to those employees with a workplace pension, this has been highlighted.

I'm inspired by the commitment of all the dedicated employers and financial advisers who work tirelessly to help people reach and enter into retirement in really good shape. With so much technology and regulatory change either here or coming soon, we have a great opportunity to help more people enjoy the retirement they deserve. At Royal London, we aim to be a brilliant partner to employers and financial advisers to realise that opportunity.

RORY MARSH
Workplace Pensions Director

We know that thinking about pensions can be confusing for many people. By tackling this topic head-on and questioning employees about their attitudes and savings habits, we hope to build a better understanding of what we can do to help them approach their retirement planning with confidence and greater awareness.

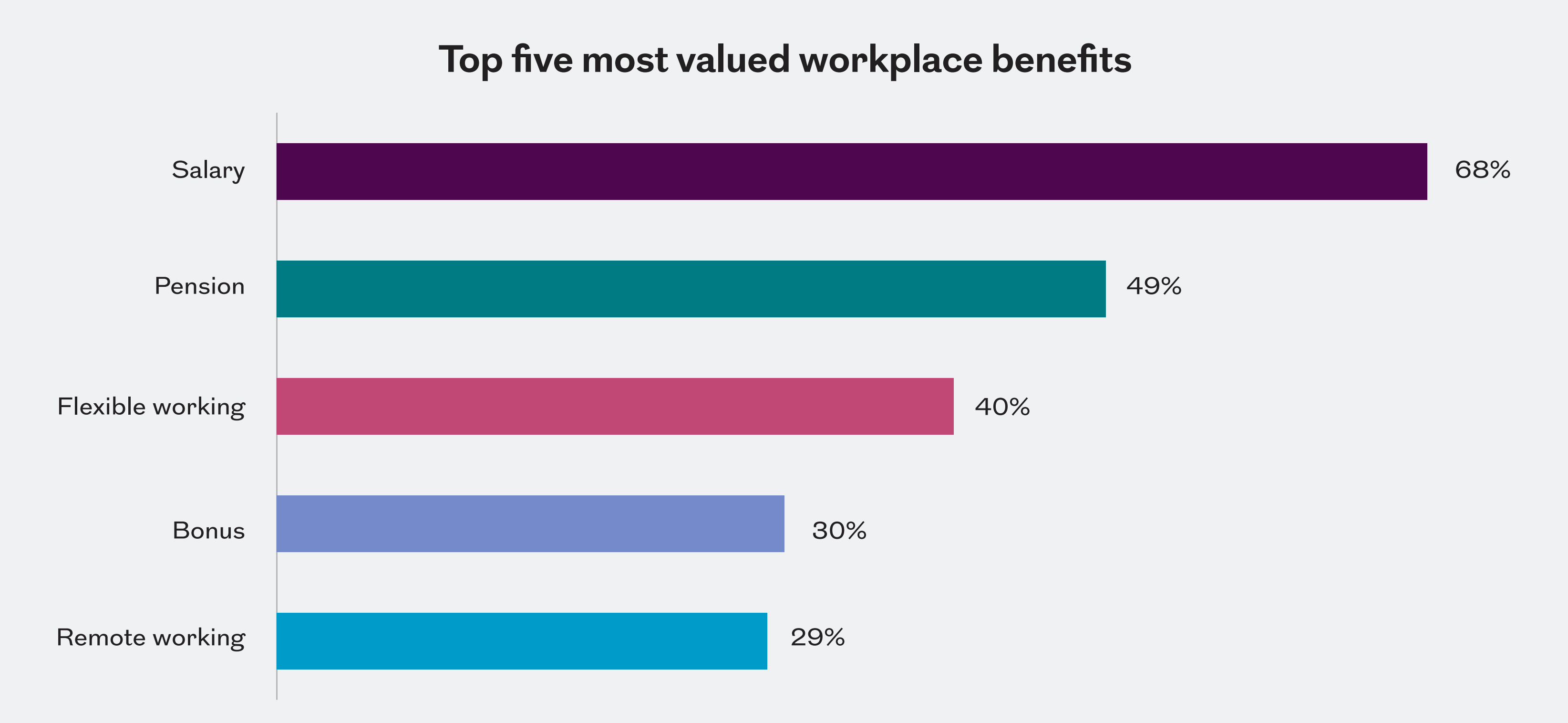
CLARE MOFFAT
Pensions Expert

Summary

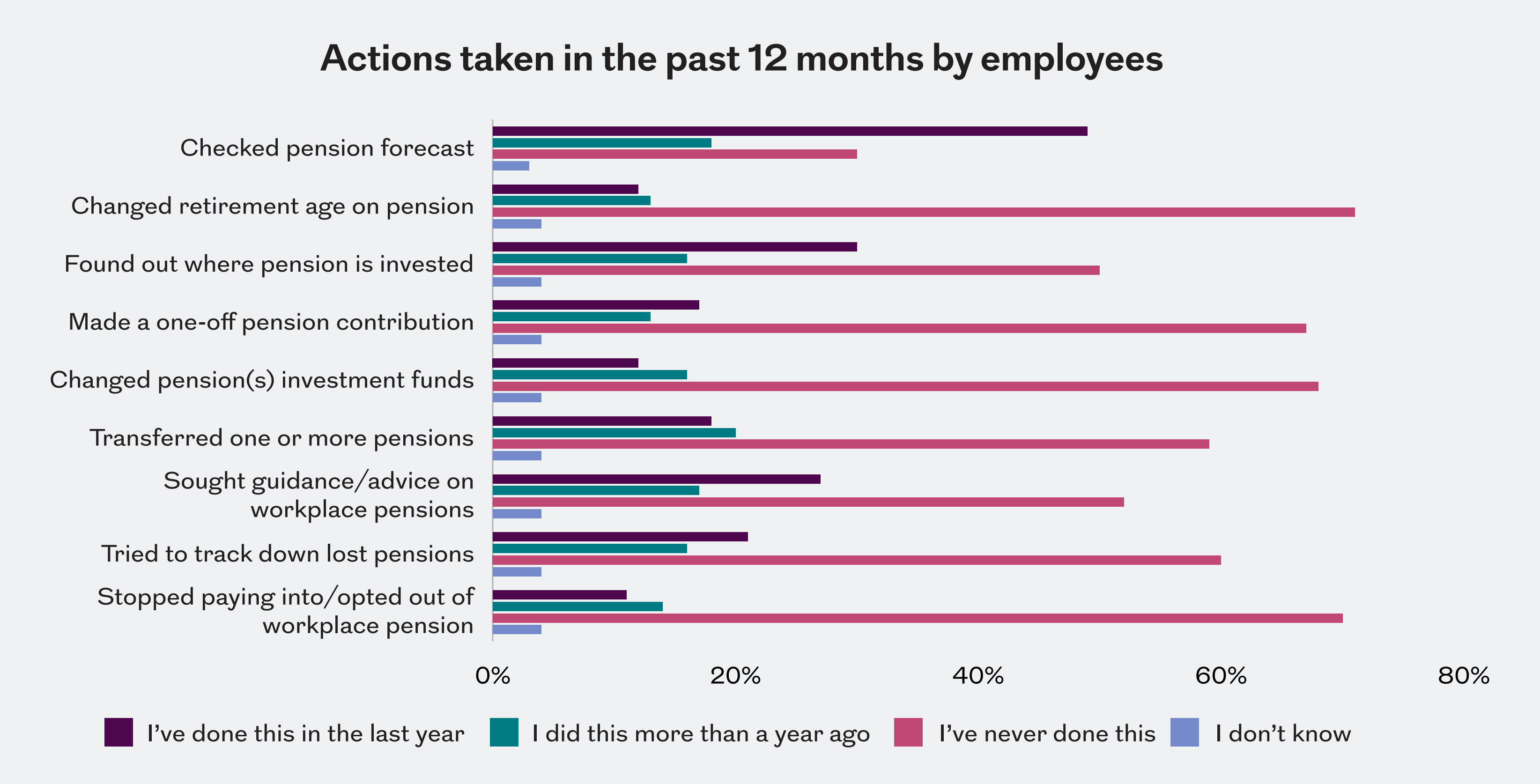
This year's report examines employees' pension savings habits and how they engage with their pension. Most importantly, it focuses on how much they think they'll need once they stop work and the standard of living they expect to retire on.

We also wanted to understand whether employees who expect to retire with a comfortable standard of living have different pension savings habits compared to those who expect to retire on less.

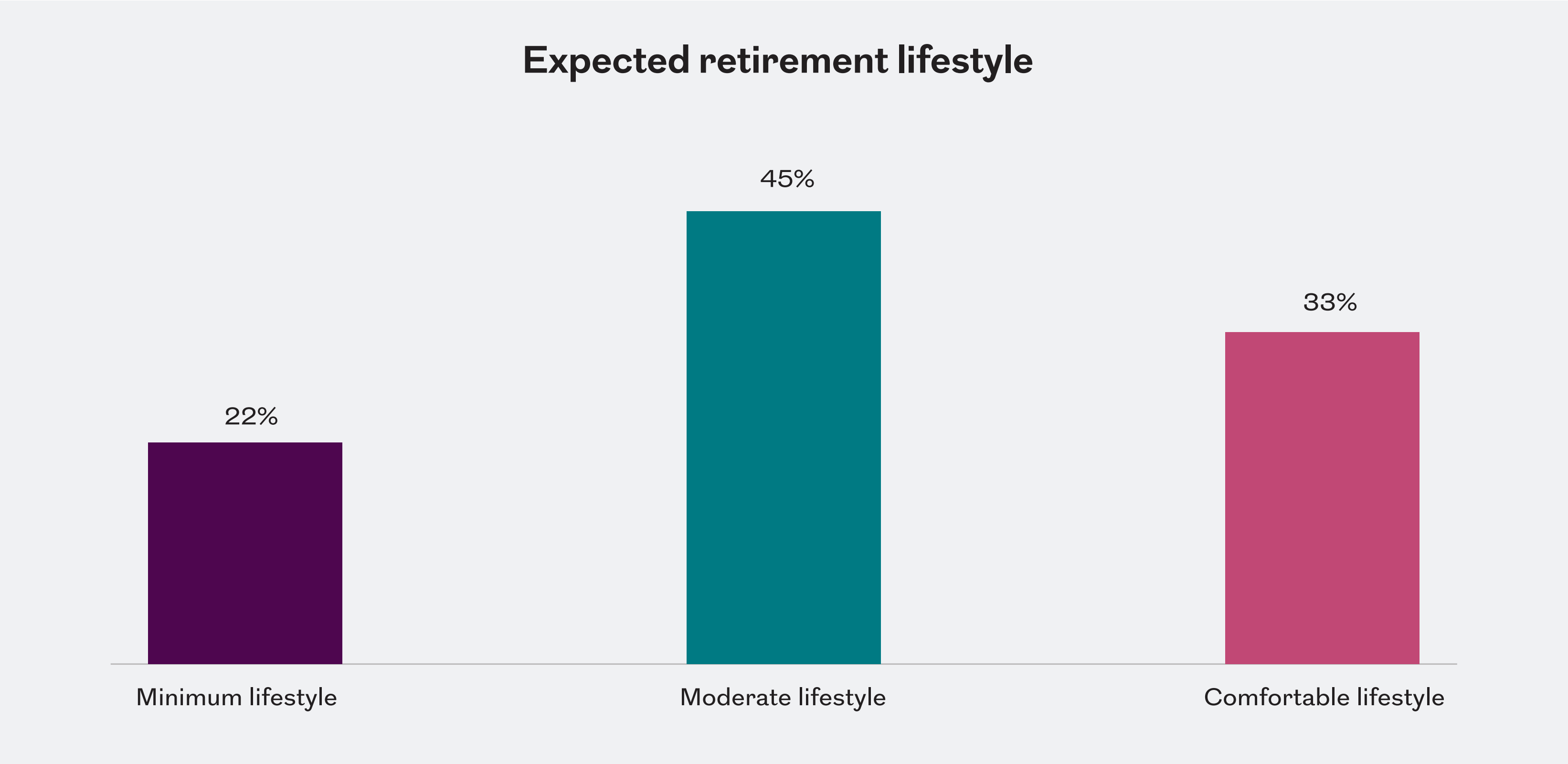
Workplace pensions remain a key benefit when applying for a new job



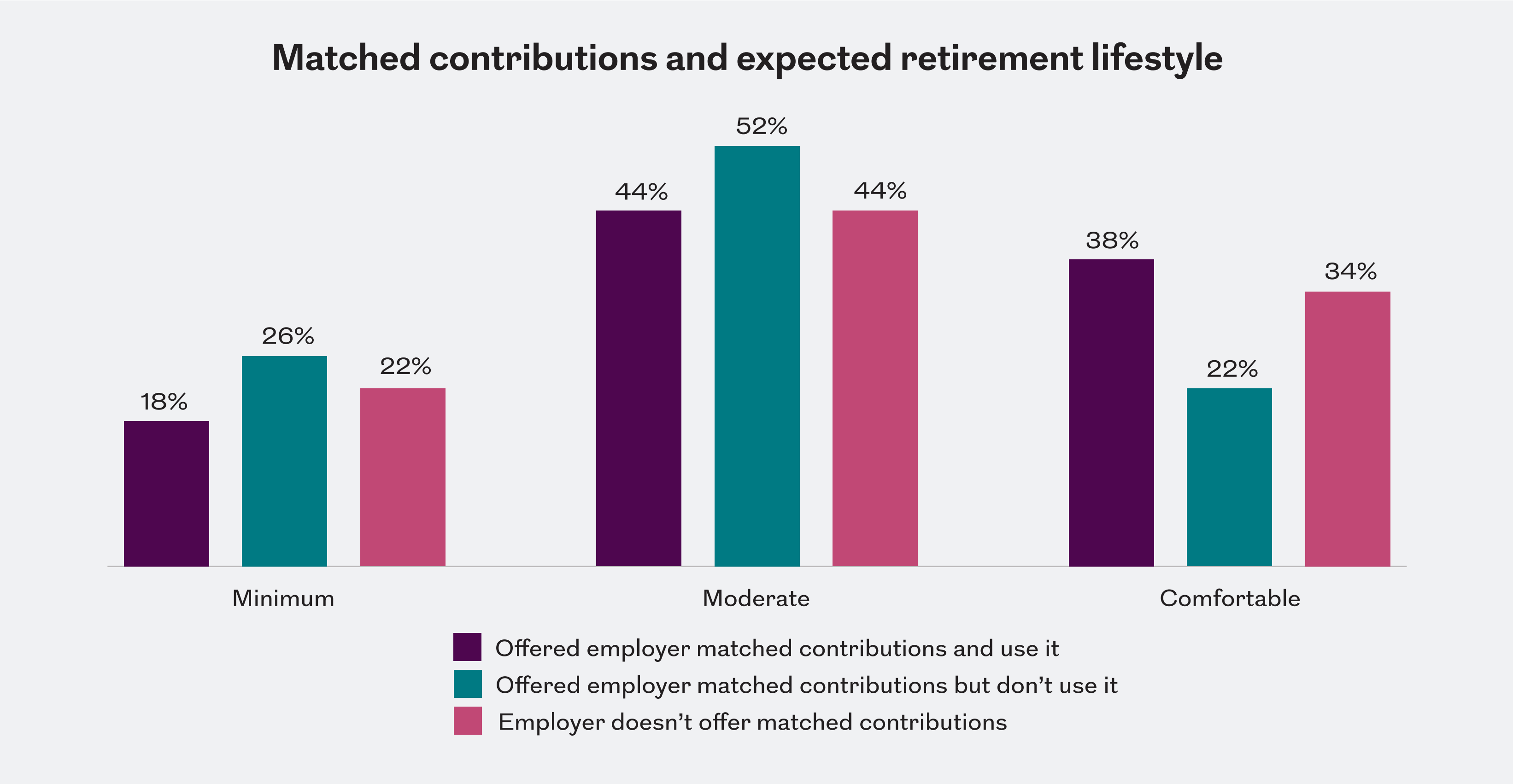
Limited pension engagement, but checking forecasts is the most common action



Most employees expect a moderate lifestyle as defined by Pension UK's Retirement Living Standards[1]



Employer matched pension contributions matter when it comes to expected retirement lifestyle



1 Pensions UK - Retirement Living Standards

Key findings

Widespread pension participation

- Over four in five (85%) employees in our sample have a workplace pension and 76% currently contribute to one.

Contribution levels often fall short

- The average employee pension contribution is 4.8% compared to the current legal minimum under automatic enrolment of 4% plus 1% tax relief.
- On average, women contribute less than men and 46% of employees say they pay in less than 4% of their salary.

Take-up of employer pension contribution matching is strong

- Almost four in ten (37%) employees say they take advantage of employer pension contribution matching (where employers promise to match, pound for pound, additional contributions paid by employees, up to a limit). More men than women make use of this.
- Employees using employer pension contribution matching are more likely to expect a higher standard of living in retirement compared to those who don't use employer contribution matching.

Pensions remain highly valued as a workplace benefit

- Nearly half of employees rank pensions among the most valuable benefits when considering applying for a new job.

Most employees check their pension savings at least once a year

- Seven in ten employees with a workplace pension (72%) check their pension savings annually or more, with over half (52%) checking more often than once a year.
- The number of employees with a workplace pension who never check their pension stands at 10%. Men, younger employees, higher earners and full-time workers are generally more proactive.

Advice is associated with action

- Those who take financial advice are more likely to switch pension investments, make one-off contributions or transfer. Yet, over half of employees have never sought advice or guidance relating to their workplace pension.
- Most employees have never transferred a pension. Of those who have, younger employees are the most likely to do so, with easier management the top reason to transfer.

Pension providers are key source of information

- Pension providers are an important source of information about pensions for employees, with almost four in ten employees (37%) relying on their pension provider.
- Employers also pay a key role. Almost a third of employees (32%) state that they turn to their employer for information about their pension.
- Financial advisers are more likely to be cited as the main source of information about a consumer's workplace pension (21%) than family and friends, government services such as MoneyHelper or Pension Wise, or financial websites.

Low awareness of Retirement Living Standards

- The Retirement Living Standards, which were developed for Pensions UK following independent research carried out by Loughborough University, illustrate the estimated expenditure across three specific standards of living in retirement (minimum, moderate and comfortable). However, almost four in ten employees (37%) have never heard of these standards. Only three in ten (31%) have heard of them and understand what they stand for.
- Awareness of the Retirement Living Standards is higher among men, higher earners and those who regularly check their pension.
- When given information about the three Retirement Living Standards, approximately one in five employees (22%) expect the minimum standard of living in retirement, almost half (45%) expect a moderate standard of living, while a third (33%) anticipate a comfortable standard of living.

Contribution levels influence expectations

- Employees who contribute more of their salary are more likely to expect a comfortable retirement.
- However, even some high earners and contributors anticipate only a minimum standard of living.

Retirement income needs vary

- Employees, on average, think they'll need (rather than expect) an income of over £58,000 a year for a good standard of living in retirement, but almost one in eight (13%) say they will need £100,000 or more. This is significantly above the amount that the Retirement Living Standards suggest an individual with a comfortable standard of living would spend (assuming no housing costs and that tax has been paid on income).

Who's saving and how much?

This section examines employees' workplace pension savings habits, how much they are contributing and the value they place on their pension. We also explore whether and how employees use mechanisms such as employer pension contribution matching and salary sacrifice to boost their retirement savings.

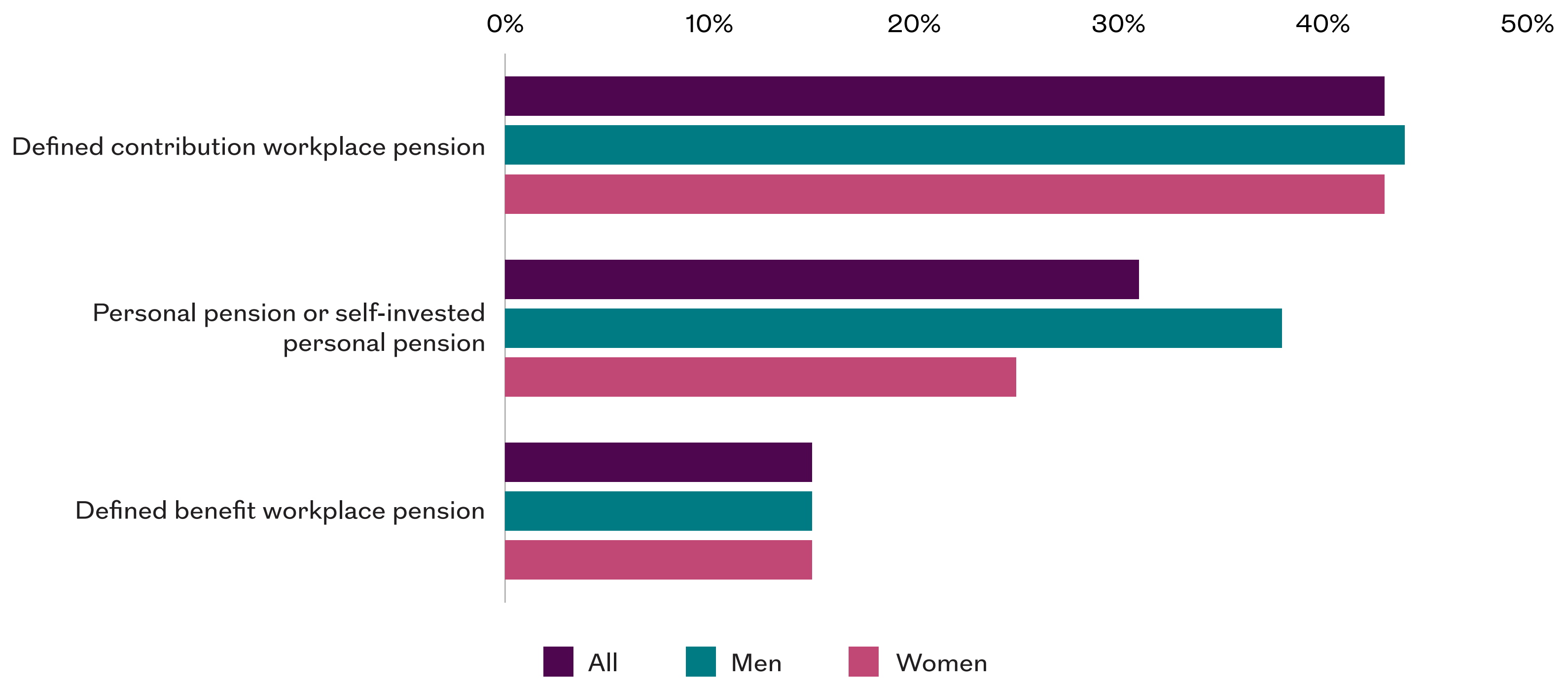
Who's saving?

Since the introduction of automatic enrolment in 2012, the majority of employees, as well as a number of contract workers, participate in workplace pension schemes. This represents a substantial transformation in how employers and employees approach retirement savings.

Three quarters of our sample of employees are currently contributing to a workplace pension, with only 4% not paying into any pension and an additional 3% uncertain about their status.

Most open defined benefit (DB) pension schemes are now within the public sector, and we found only one in six (15%) employees from our sample currently contribute to a DB pension, whereas almost three times as many (43%) are paying into a defined contribution (DC) pension. There is no significant gender difference: 44% of men and 43% of women contribute to a DC pension, while 15% of each group participates in a DB scheme.

Pension types by gender



Employee pension contributions

Our data shows that, on average, employees contribute 4.8% of their salary to workplace pensions. This is below the 5% minimum rate that employees should contribute under automatic enrolment rules. However, 1% of that is in the form of tax relief, which respondents may not count as part of their contribution. The standard deviation is high at 4.3, so we have also calculated the median employee pension contribution rate, which stands at 3.25%. Concerningly, 13% of employees are unaware of their current contribution level, but it is positive that one in 13 (7%) report contributing 10% or more of their salary.

On average, women contribute less to their workplace pensions than men, at 4.5% versus 5% (and a median of 3% and 3.5% respectively). This is just one factor among many that feeds into the gender pension gap.

Both average and median pension contribution rates tend to increase with age, rising from 3.3% of salary for those aged 18-24 to 5.2% for 50-69-year-olds. The median rate increases from 2% to 4.75% for these respective age groups.

Our data shows that more than four in ten employees (46%) contribute less than 4% of their salary to their pension. Under automatic enrolment rules, employees can pay in less than the minimum contribution rate if their employer contributes more (so that the overall amount going into their pension is a minimum of 8% of a band of their salary between £6,240 and £50,270). However, this figure appears very high and may reflect a perception gap rather than accurately representing actual contribution rates.

Employees in our sample report that their employer pays an average of 4.8% of their salary into their pension (with a median of 3%). However, a significant proportion, one in five employees (19%), are unsure of the amount their employer contributes.

Employment and pension trends

Today's workers are likely to have held a number of jobs over the course of their careers, and many may have changed jobs with the same employer. We wanted to explore how many different employers people have had where they may have been automatically enrolled or joined a workplace pension.

According to our research, employees have worked for an average of just over four different employers throughout their careers in positions earning £10,000 per year or more, which is the current threshold for being automatically enrolled. The overall median number of employers that our sample had worked for (which is our preferred measure), where they earned £10,000 a year or more, remains at three. This is consistent with our findings from 2024.

While gender does not appear to significantly influence this figure, income levels do play a role. As income levels rise, so does the average number of jobs someone has had.

We also wanted to know how many pensions employees currently have (whether or not they are contributing to them). As we observed last year, employees tend to have had more jobs over their working lives than pensions. This could be because they previously worked for an employer that did not offer a workplace pension (before automatic enrolment was introduced) or that they have transferred one or more pensions, which we explore later in this report. Our respondents reported currently having an average of 2.1 pensions compared to a median of two.

Who's saving more?

Automatic enrolment rules oblige employers to contribute a minimum of 3% of a band of an employee's salary (between £6,420 and £50,270) into their pension. However, we know that some employers routinely contribute more.

Combined employer and employee pension contributions at the minimum rate of 8% of salary (or of a band of earnings) will not give the majority of employees the retirement income they want or need. Government figures[1] show that 43% of working-age people are under-saving when compared to target replacement rates, as set out in the Turner Commission. These assume that low earners need to replace 80% of their income in retirement, middle earners 67% of their income and high earners 50% of their income.

The Pensions Commission will explore the long-term question of pensions adequacy, but there are other measures that put a value on the amount people need or should contribute.

Living Pension Employers[2] provide a **Living Pension** savings level using either a **cash (£3,150)** or **percentage (12%) target**, with a minimum of **7%**, or **£1,840**, contribution coming from the employer.

Elsewhere, many employers offer to make additional contributions if their employees do the same, up to a limit, through employer pension contribution matching. This can be a valuable and cost-effective incentive for employees to increase their pension contributions and accelerate their retirement savings. Last year, our research revealed that almost half of employees with a workplace pension (46%) used employer contribution matching.

1. Analysis of Future Pension Incomes 2025 - GOV.UK
2 Living Pension | Living Wage Foundation

This year, among our sample, over 3,000 employees had a workplace pension, with approximately four in ten (38%) making additional contributions. A further 14% say they are offered this benefit but choose not to take advantage of it. One in four (26%) say their employer does not provide it, while approximately one in five (22%) don't know whether their employer offers matching.

Of the 427 employees paying into a workplace pension who don't take advantage of employer pension contribution matching, three in ten (30%) said this was because they were already saving enough. Last year, over four in ten (45%) employees with a pension who didn't use employer contribution matching cited affordability as the reason, but this has dropped dramatically to just over three in ten (31%) this year. However, we cannot make a direct comparison with last year's data as the sample definition and answer options were not consistent. We will continue to track behaviour around employer pension contribution matching in future research.

Salary exchange, or salary sacrifice as it also known, is a tax-efficient way to contribute to a workplace pension as employees exchange some of their salary in return for the employer making all the pension contribution, benefiting the employee and employer from National Insurance savings. Our data shows that almost one in four employees (23%) say that their employer offers salary sacrifice and they take advantage of it.

A further one in five (22%) say their employer offers salary sacrifice but that they don't take advantage of it, while approximately a third (32%) say their employer doesn't offer it. Almost one in four don't know whether this benefit is on offer. Increasing awareness of the tax benefits of salary sacrifice among employees and the benefits to employers both of saving National Insurance and potentially boosting the pension savings of employees is something that providers and advisers can continue to do.

How valuable are pensions?

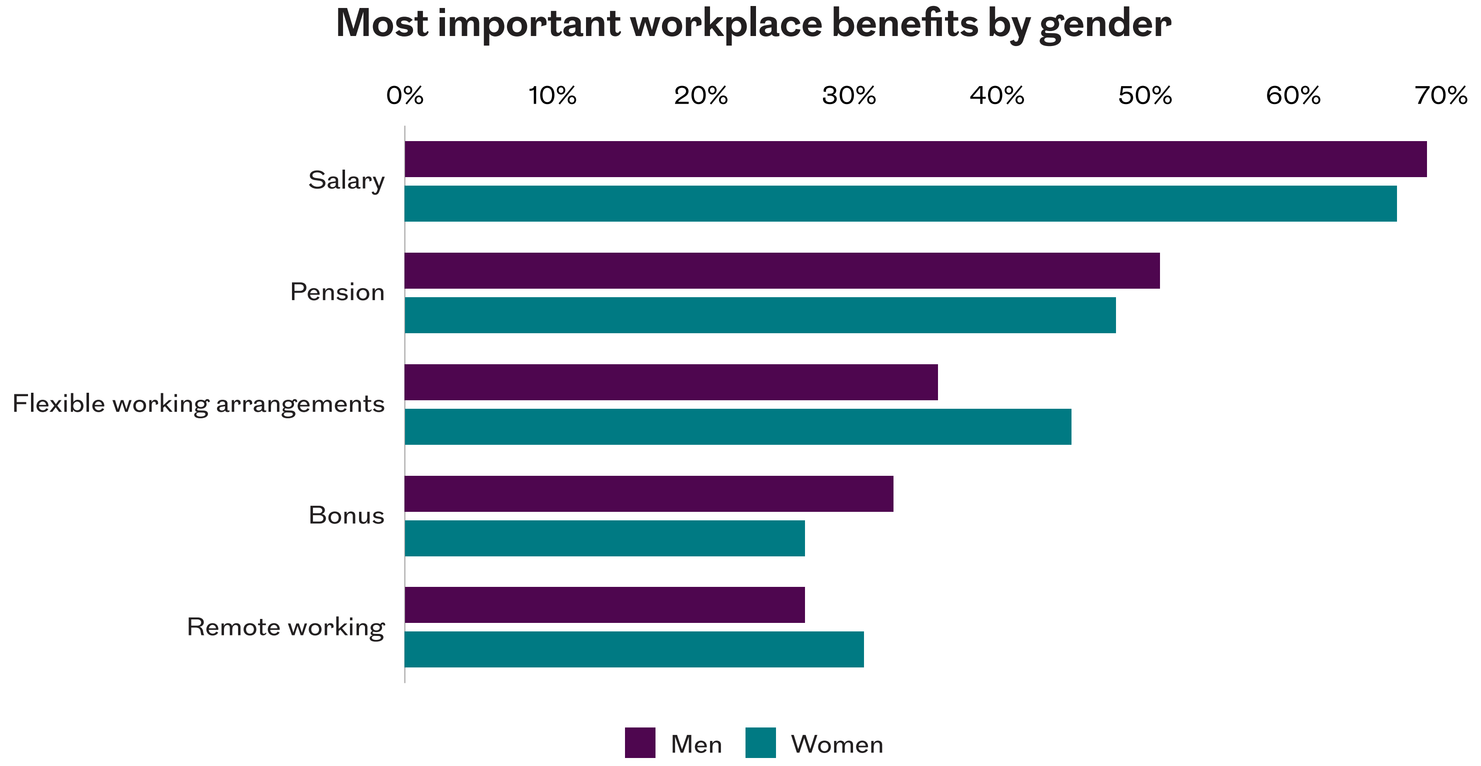
Since starting our workplace pension research three years ago, we have consistently found that employees highly value their workplace pensions. Pensions continue to be an important benefit for employees considering a new job. This year 49% of employees with a pension ranked pensions highly.

Most employees ranked salary as one of the top benefits, but flexible working was also a popular choice. Significantly, nearly twice as many employees with a pension prioritised pensions over career advancement opportunities (49% versus 27%).

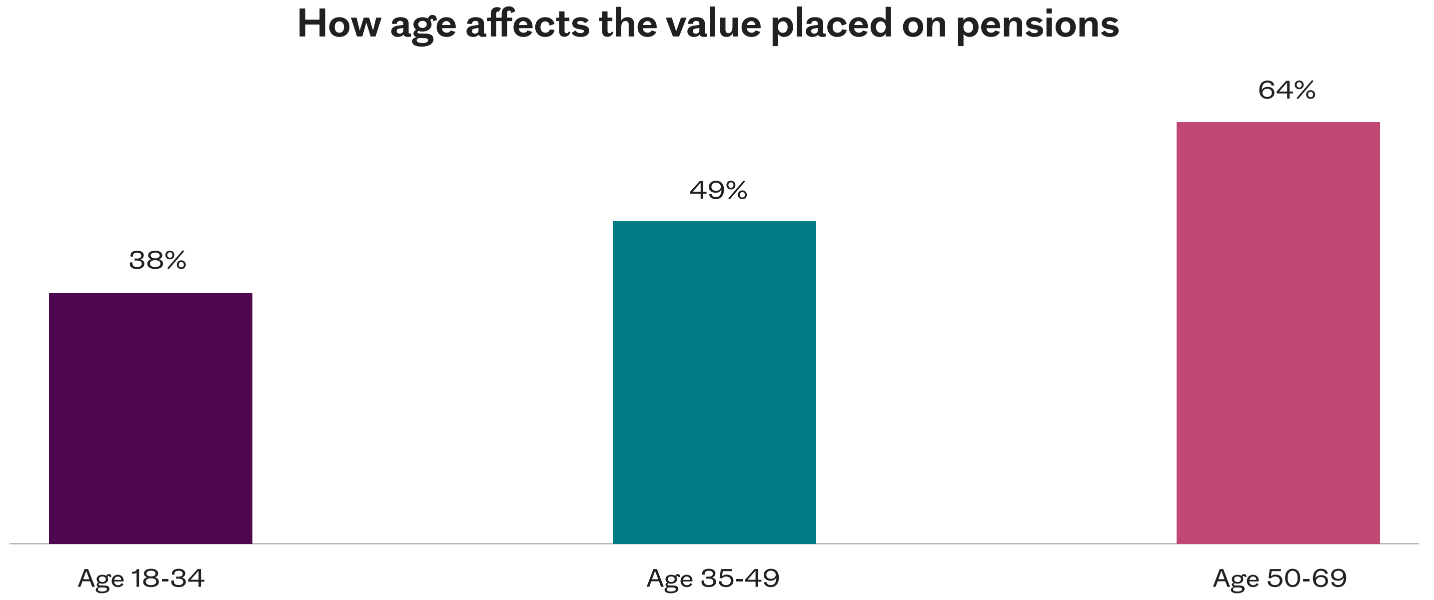
Top five benefits when applying for a new job

1 Salary – 68%
2 Pension – 49%
3 Flexible working – 40%
4 Bonus – 30%
5 Remote working – 29%

Employees rank workplace pensions as a **key benefit** when considering a new job.



Among employees with a pension, flexible working emerged as another important benefit, with women more likely (45%) than men (36%) to rate it highly. This highlights the evolving priorities in the workplace in recent times.



However, while pensions are rated highly, this does not always translate into meaningful engagement or action, an issue that the following section explores in more detail.

Pensions engagement and behaviour

In this section, we explore how employees with a workplace pension engage with their pensions. We look at key behaviours, such as how frequently they check their pension savings and forecasts, and the influence of age, gender, income and lifestyle factors on their actions.

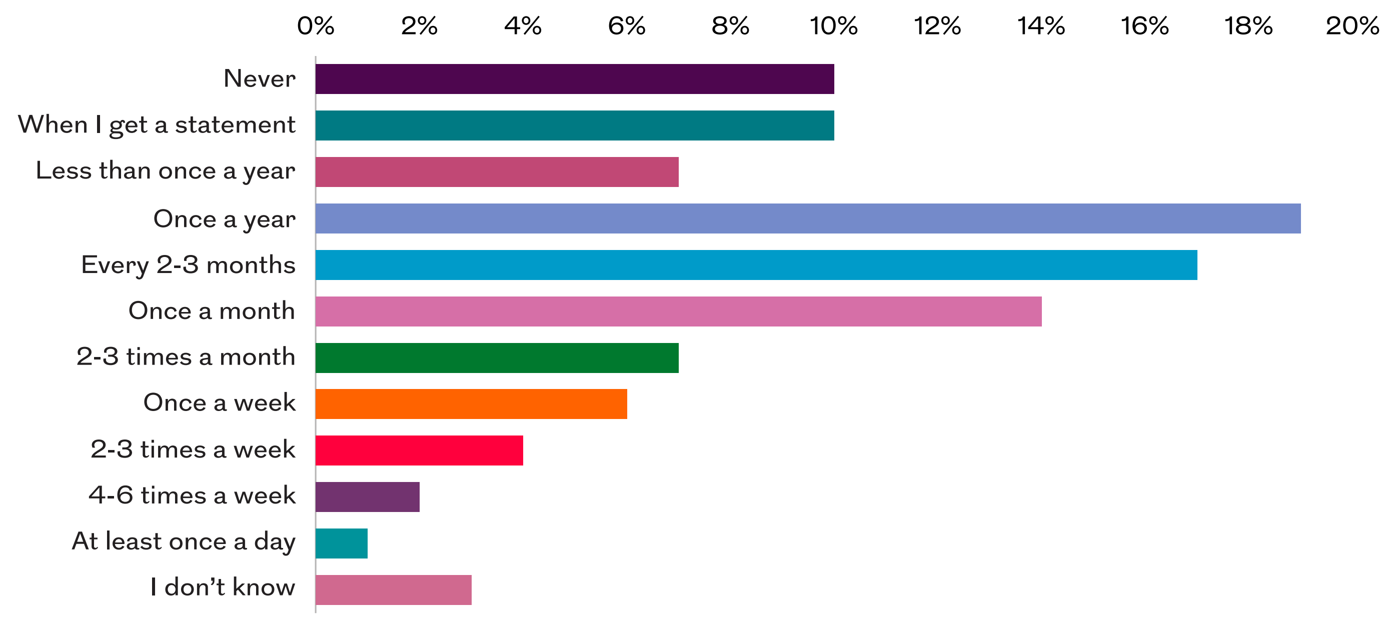
Encouraging employees to engage with their workplace pensions is not a new challenge. While workers may be automatically enrolled into a pension, that doesn't necessarily mean they feel motivated to check how much it's worth, where their money is invested, or to contribute more.

This is our second year of tracking employee behaviour, examining the different ways workers interact with their workplace pension. As before, those using apps or portals are the most likely to engage with their pension, for example, checking their pension forecast, but age, gender and income levels also influence behaviour.

Who's checking their pension?

Last year, one in eight (13%) employees with a workplace pension told us they had never checked their pension. Encouragingly, this year, of the 3,404 employees with a workplace pension, only 10% say they've never checked theirs. Meanwhile, 13% say they check their pension weekly or more.

How often do you check your pension savings?



Men are almost twice as likely as women to check their pensions weekly or more (17% compared to 10%) and are less likely to say they never check (6% compared to 14% of women).

While checking pension savings frequently isn't necessarily a good thing, doing so at least once a year is recommended. In all, seven in ten employees with a workplace pension (72%) check their pensions at least annually. However, this figure could be as high as 80%, as a further 10% say they check their savings when they receive their statement. An additional 7% check their pension from time to time, but not as often as once a year.

Seven in ten employees with a workplace pension (72%) **check their pension** at least annually.

As well as gender, income also influences how often people check their pensions. Among those earning £40,000 - £49,000, seven in ten (71%) check once a year or more, compared to approximately nine in ten (92%) of those earning £100,000-£149,999. When it comes to more frequent checking, the influence of income levels is much more significant. Just 35% of those earning £40,000 - £49,999 check monthly or more, compared to 60% of those earning £100,000 - £149,999.

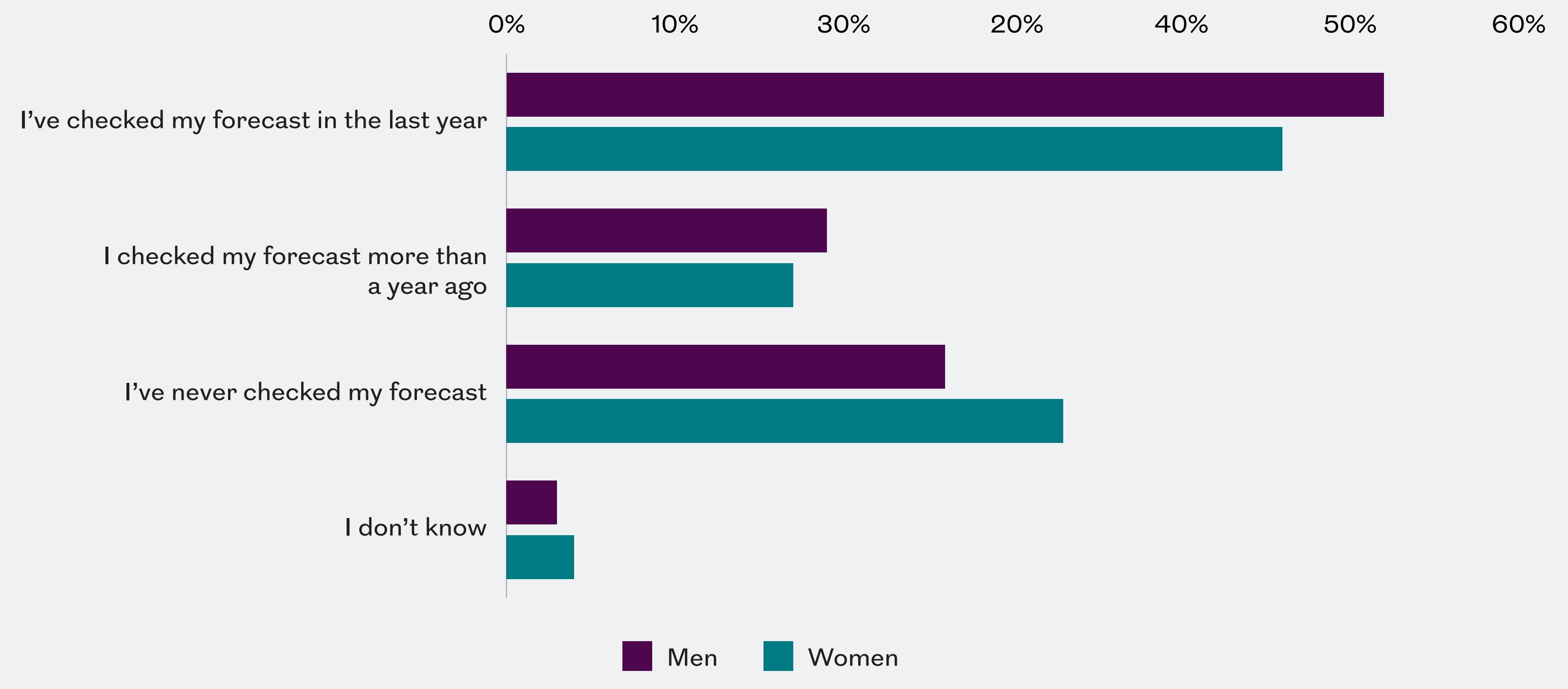
Effective planning for retirement involves far more than just checking on pension savings. However, this is a good starting point as, without an understanding of how much an employee has saved, planning next steps is difficult, if not impossible.

Pension forecasts – awareness and use

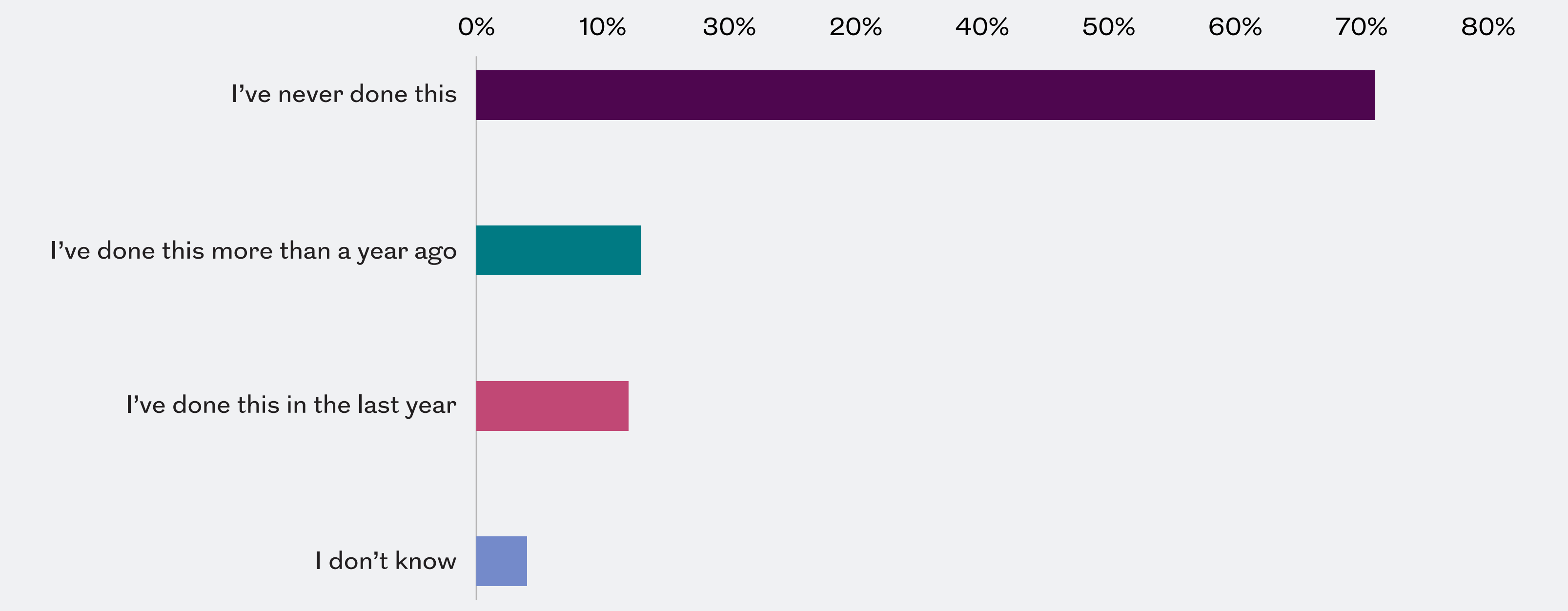
Pension forecasts are designed to help savers understand how much income their pension may generate in retirement, and we wanted to know how often employees checked theirs. Once again, behaviour varied across demographics and pension types.

Over a quarter (26%) of male employees and a third of female employees with a workplace pension (33%) have never checked their workplace pension forecast, while approximately half of both groups have reviewed it within the last year (52% of men versus 46% of women).

Have you checked your workplace pension forecast?



Have you changed the retirement age of your workplace pension?



Comparisons between defined contribution (DC) and defined benefit (DB) pensions reveal little distinction, with 54% of workplace DC pension holders and 55% of DB pension holders checking their forecasts in the last 12 months.

Living arrangements and income play a significant role in these behaviours. Employees living with parents or friends, typically younger people, are less likely to review their pension forecasts. Those living alone are also slightly less likely to have checked their pension in the last year (46%) than employees who live with a partner, husband or wife (52%).

Additionally, we found a clear correlation between personal income and the tendency of employees to check their pension forecast. Only 16% of employees earning £100,000 to £149,999 have never checked their pension forecast, compared to 38% of those earning £10,000 to £19,999.

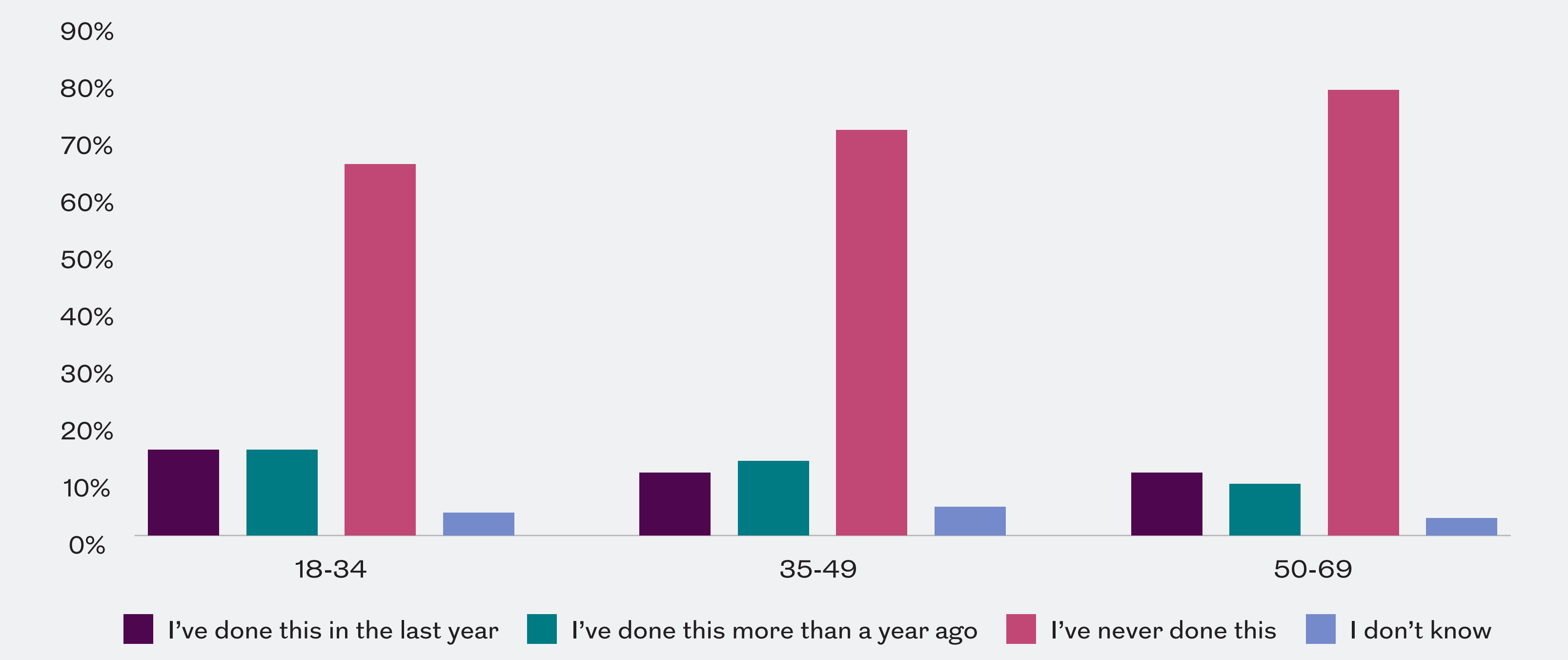
Changing their retirement age – who does it?

One of the flexibilities of a defined contribution pension is that pension savers don’t have to wait to retire to withdraw money. However, for a workplace DC pension, the employer will usually set a normal retirement age. This isn’t the age at which someone has to take money from their pension, and it can be changed by a scheme member, but many employees are either unaware that they have this option or choose not to alter it.

Of the 3,404 employees with a workplace pension that we questioned, the vast majority have never changed their pension’s retirement age.

As with other areas of pension engagement we explore, women were less likely to have taken action than men (20% versus 30%). Interestingly, however, younger employees were more likely than older workers to have done so. This could be due to younger people being more comfortable using technology, such as apps and portals, to engage with their pensions. Similarly, before such tech was introduced, older employees would have relied on emails, phone calls or letters to make such changes, a factor that may continue to influence some.

Changed retirement age of workplace pension by age



We also found a correlation between contribution patterns and people changing their workplace pension's retirement age, with those who have reduced their contributions in the last year most likely to have changed it. Although we did not examine whether those who reduced their contributions pushed back their retirement age, this is an area that merits further research in the future.

Do employees know where their pension is invested?

Under automatic enrolment rules, workplace defined contribution pension schemes have to offer a default fund which meets the needs of most members of the scheme. The vast majority of workplace pension members remain in this fund (over 90%[1], across the industry), so engagement with investment funds is generally lower than other actions (such as checking on pension savings).

We also know that pension investments can be confusing to some pension savers. Indeed, our research shows that one in five employees with a workplace pension don't know what happens to their pension contributions, while over one in ten (11%) think they are saved in a bank account. These percentages are highest among mid-lifers (those aged 35-49), where one in eight (12%) think their pension contributions go into a savings account and over one in five (22%) don't know. Overall though, the vast majority, almost seven in ten in our sample (68%), thought that their pension money was invested.

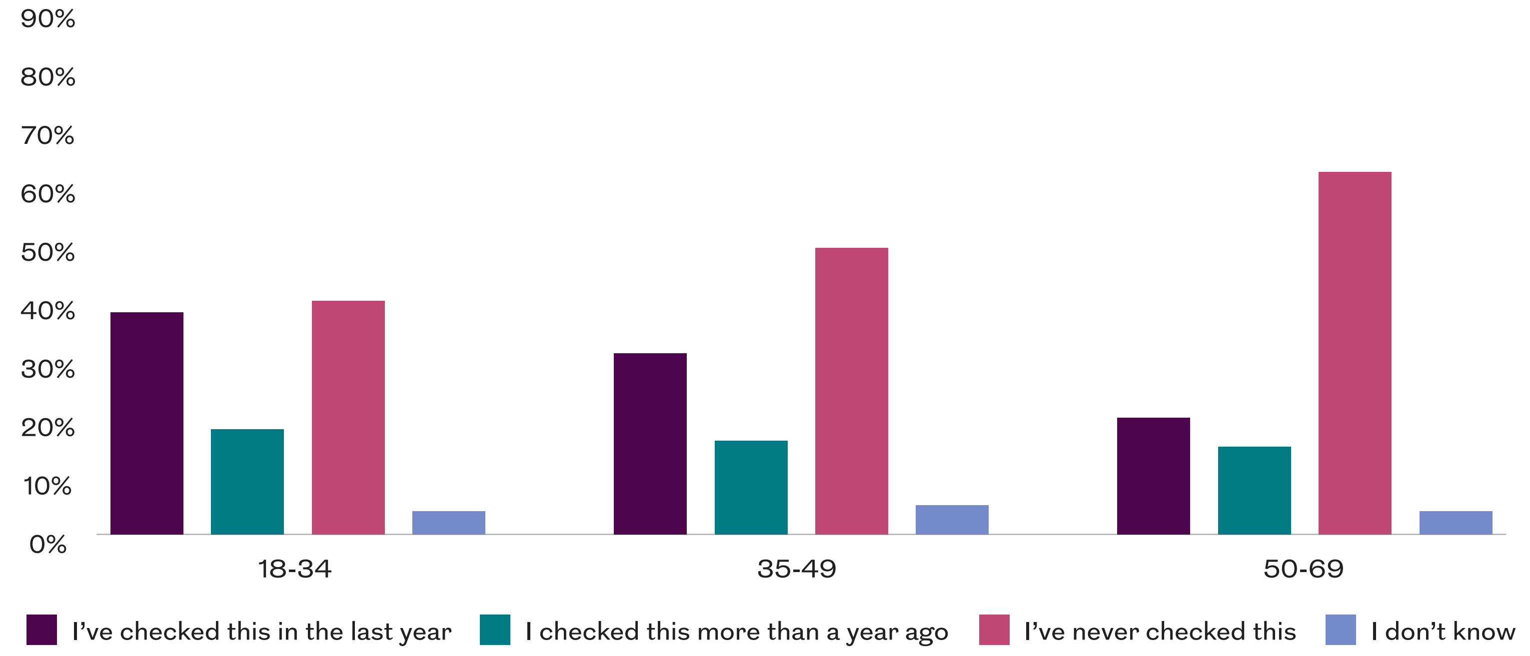
It's important for employees to check where their workplace pension is invested because it can have a significant impact on the growth of their retirement savings. Some investments grow faster than others and understanding where their pension savings are invested can also help employees assess whether these align with their financial goals and personal values, such as supporting sustainable or responsible companies.

Our research shows that almost half (47%) of the nearly 2,000 UK employees we surveyed with a workplace DC pension have never looked into where their pension funds are invested. However, over three in ten (32%) have done so in the last year, and 18% more than twelve months ago. Younger employees and men are more likely to check where their DC pension is invested than older workers and women.

Increased stock market volatility earlier in 2025 may have prompted people to take a closer look at their pension investments. However, our research also shows that, encouragingly, most employees with a pension were not unduly worried by stock market volatility. Almost half (46%) said that volatility hadn't changed how they think about their pension, with approximately one in five (22%) saying volatility had made them less worried about their pension. This compares to 21% who said it had made them more worried.

1 Pension fund investment and the UK economy - GOV.UK (paragraph 106)

Who's checked where their pension is invested? By age

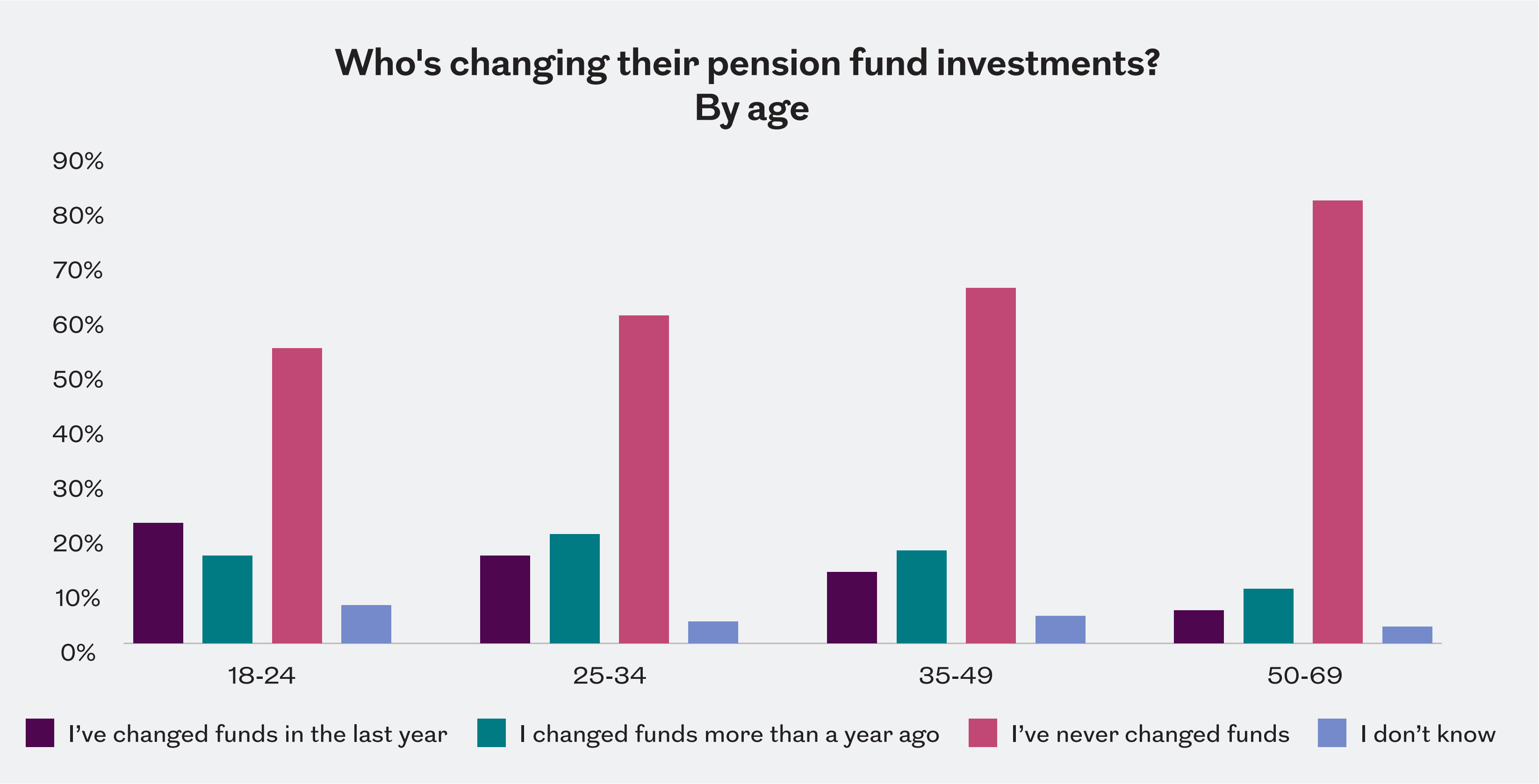


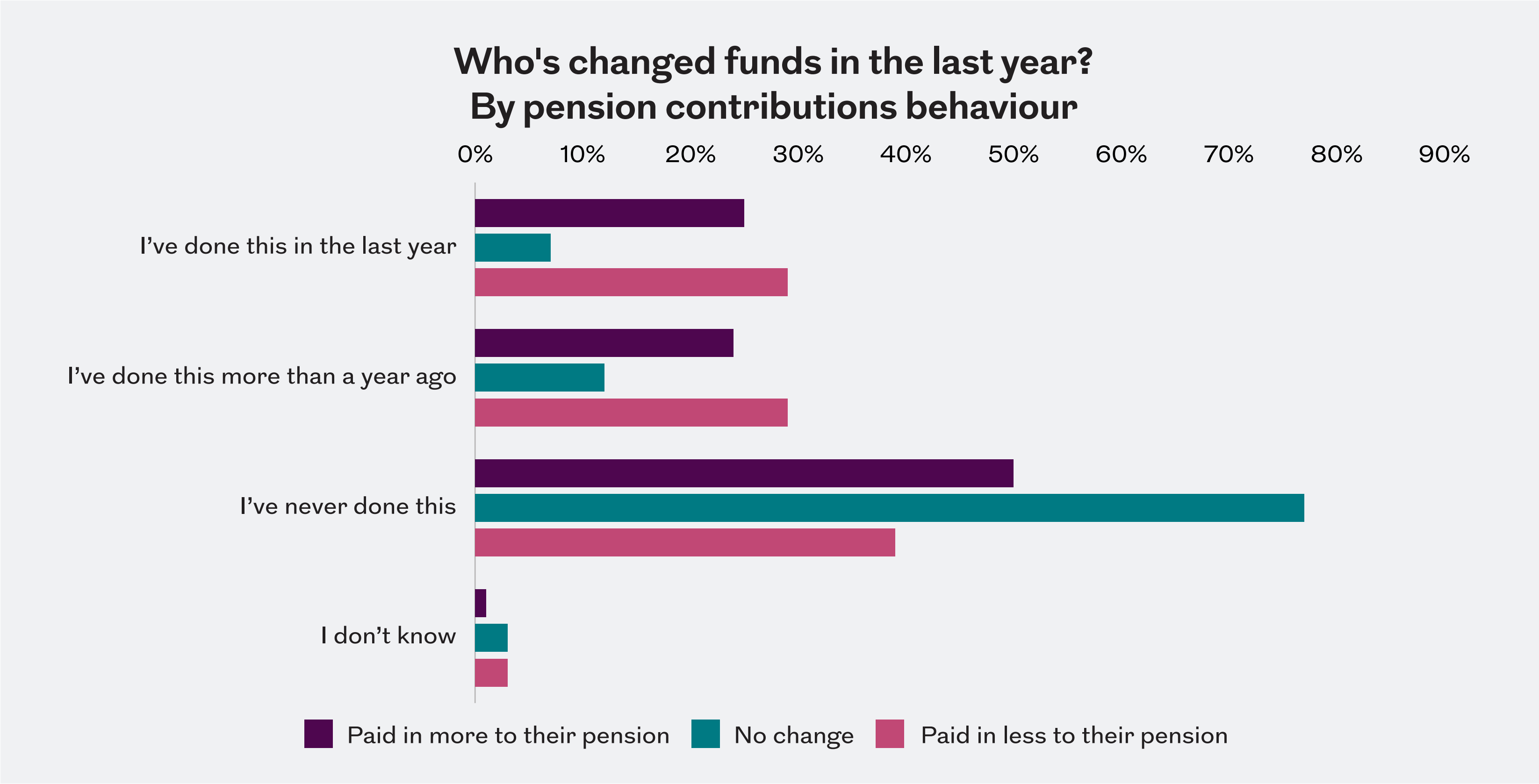
Employees who use a financial adviser to check their workplace pension savings are far more likely to know where their pension contributions are invested; 70% compared to just 39% who rely on their annual statements for this information. Those using their pension provider's app were also more likely to know about their investments (65%), compared to those who use an online portal to check (49%). This could be because pension providers' apps often make it easy for a pension saver to see where their contributions are invested, but it could be because people who use a pension app are more engaged in the first place.

Do employees change their pension investments?

Switching the funds in which their pension is invested is relatively rare among employees, with 66% of respondents with a workplace defined contribution pension never having done so.

However, three in ten employees with a DC pension (30%) have switched the investments in their workplace pension fund at some point. Approximately one in eight (13%) have done this in the last year, with younger workers more likely to switch than older employees.





As before, fewer women than men have engaged with their workplace pension in this way, with approximately a quarter of women (24%) changing their pension funds at some point, compared to over a third (37%) of men.

Additionally, full-time workers, especially those working more than 40 hours per week, take more interest in their pension, perhaps because their workplace pension could be a significant part of their retirement income. Full-time employees, working more than 40 hours a week, were more likely to change their pension fund investments than those working fewer hours.

Higher earners are also more likely to switch their investments than employees on a lower income. However, it doesn't necessarily follow that the more people pay into their pension, the more likely they are to act. In fact, those who'd reduced pension contributions in the last year were more likely to switch funds than employees who hadn't made changes or those who'd paid in more.

Furthermore, employees who'd taken financial advice were more likely to switch their pension fund investments (49%), as were those who'd changed their retirement age (67%). Those who had simply checked their pension forecast were only slightly more likely to have done this at 35%.

One-off contributions

After three years of largely higher household costs, financial pressures have made it harder for some employees to pay more into their pension. However, our latest Financial Resilience Report[1] showed that the squeeze on household budgets is slowly easing. Against this backdrop, our workplace pensions data found that almost one in five (17%) employees made a one-off pension contribution in the last year, 13% have done so previously, while 67% of employees have never made one.

This figure will include workplace pension savers who have made a one-off contribution using bonus sacrifice as well as those who have paid in a lump sum without these tax benefits. The tax saving benefits of bonus sacrifice can make this an appealing option, especially for those whose bonus would tip them into a higher tax bracket.

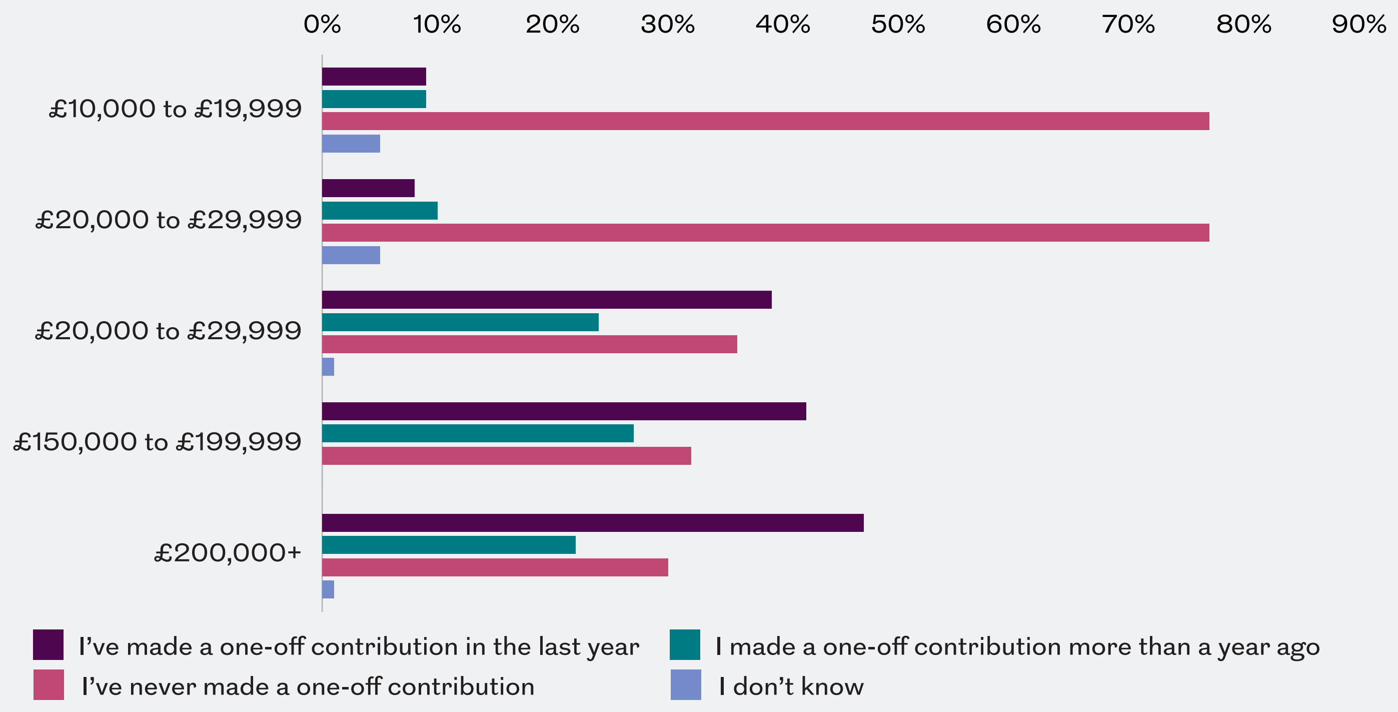
Once again, men are more likely than women to have made a one-off pension contribution (35% versus 23%), as are younger adults (41% of 18–34-year-olds versus just 15% of 50–69-year-olds).

Unsurprisingly, personal income significantly influences this behaviour. Fewer than one in ten of those earning under £30,000 (9%) made a one-off contribution in the past year, compared with 39% of those with a personal income of £100,000 or above.

1 Financial Resilience Report 2025 - Royal London

The £100,000 income threshold is important for several reasons. Firstly, it is the level at which the personal allowance starts to disappear. It is also important to parents using free childcare for working parents and/or tax-free childcare. The rules around the childcare threshold vary across the UK, but, depending on where the parent lives, they could find they are not eligible for these benefits. For someone in that position, making additional pension contributions could potentially reduce their adjusted net income below the £100,000 threshold.

One-off contributions by income



Seeking pension guidance or advice

We know that financial advice can deliver significant value to consumers, but data also shows that the vast majority of people do not take it. The Financial Conduct Authority's (FCA) Financial Lives survey[1] in 2024 shows that only 8.6% of people had received regulated financial advice on pensions or investments in the previous 12 months. Most people don't get advice for a range of reasons, such as the perception that it is too expensive or because they don't know how to find an adviser[2].

Our data, meanwhile, reveals that over one in four employees with a workplace pension (27%) have sought guidance or advice about their pension in the last twelve months and 17% have done so more than a year ago. However, over half of employees (52%) have never sought professional guidance or advice about their pension, which could make saving for a good standard of living in retirement much more of a challenge.

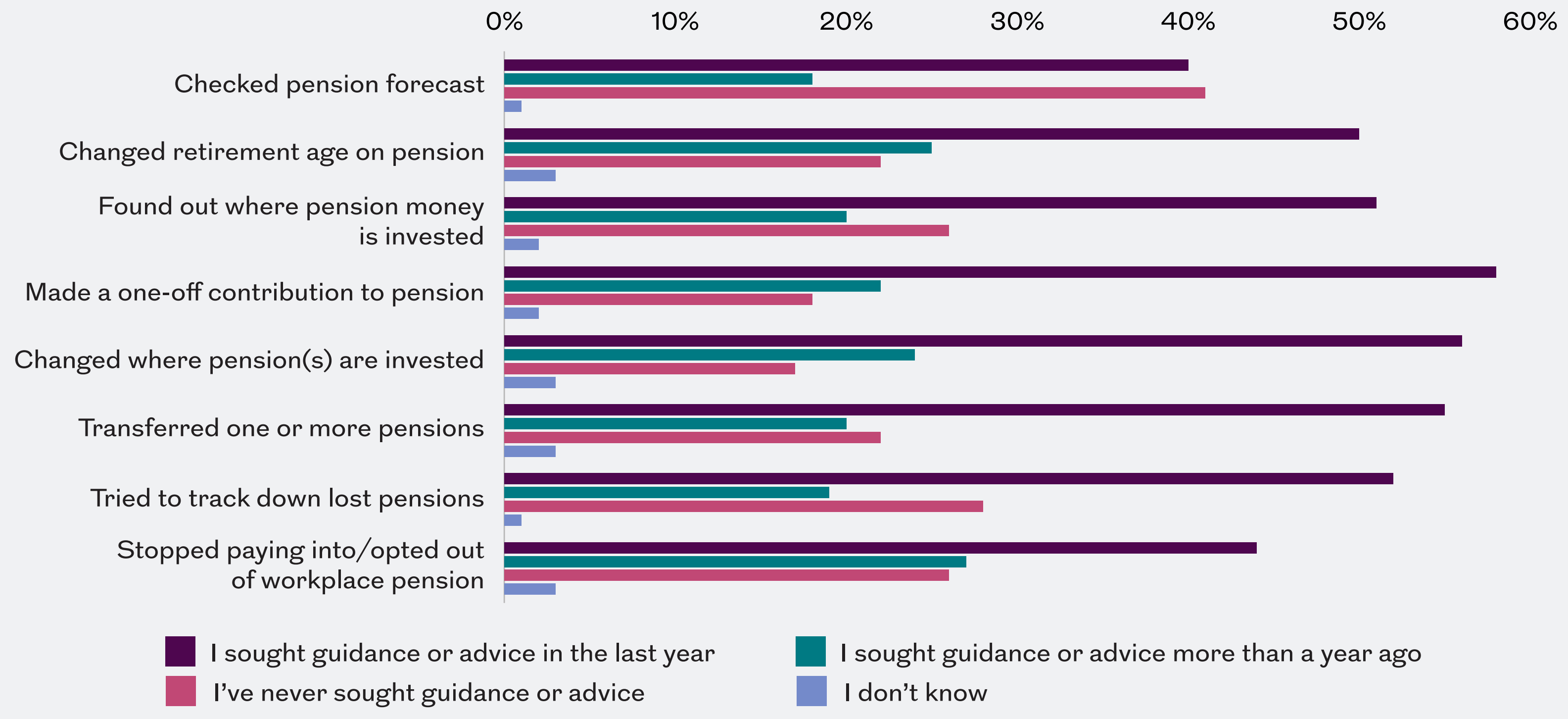
1 Financial Lives 2024 survey - Financial advice & support: Selected findings
2 The Advice Gap 2025 - The Lang Cat

There was a strong correlation between income and the likelihood of seeking advice or guidance. Over eight in ten (81%) of those earning £200,000 or more annually had sought advice or guidance about their workplace pension in the last year, while six in ten (59%) of those on £60,000 to £69,999 and three in ten (30%) of employees earning £20,000 to £29,999 had done so.

Likewise, the more engaged someone is with their pension, the more likely they are to seek advice or guidance. However, a significant minority are making decisions about their pension without any support, even when taking specific actions that would likely benefit from financial advice.

The FCA's plans for Targeted Support, outlined in the summer of 2025 and due to be introduced next April, represent a significant step towards delivering more practical and accessible guidance. At present, efforts to build consumer confidence are often limited by the absence of clear, actionable next steps. The introduction of Targeted Support aims to close that gap by offering tailored recommendations based on the experiences of consumers in similar situations. Crucially, the decision to provide this support free of charge removes a further behavioural barrier, making it easier for people to take informed action.

Pension behaviours in the past year, by whether employees sought advice or guidance about workplace pension



Although the majority of employees hadn't taken professional advice or guidance, many rely on their pension provider and employer to keep them informed about their workplace pension. Almost four in ten employees with a workplace pension (39%) said that their pension provider was the main source of information about their pension. Older employees were more likely to rely on their pension provider than younger ones (32% of 18-34-year-olds compared to 48% of those aged 50-69). However, there was little gender difference (32% of men and women aged 18-34 said they relied on their pension provider) and the figure was consistent across pension types.

While pension providers are the most relied-on source of information by employees when it came to their workplace pension, employers were a close second (mirroring our findings in 2024), with almost a third of employees (32%) relying on them. Financial advisers were the third main source of information about workplace pensions for one in five employees (21%).

The percentage of employees who said their pension provider was their main source of information rose with personal income levels, from 31% for those earning between £10,000 and £19,999 to 46% for employees earning between £60,000 and £69,999. It was a mixed picture at higher income levels, but the percentage who placed pension providers at the top spot still remained above 33%.

Opting out and stopping contributions

The cost of living remains challenging for many people and our data shows some employees have stopped paying into their workplace pension. In all, approximately one in ten (11%) employees with a workplace pension say they have either opted out or stopped contributing to their workplace pension within the past year, while an additional 14% did so previously. However, the vast majority, seven in ten (70%) had never done this.

The percentage who say they have opted out or stopped contributing is higher than government data reveals and may merit further analysis in future research.

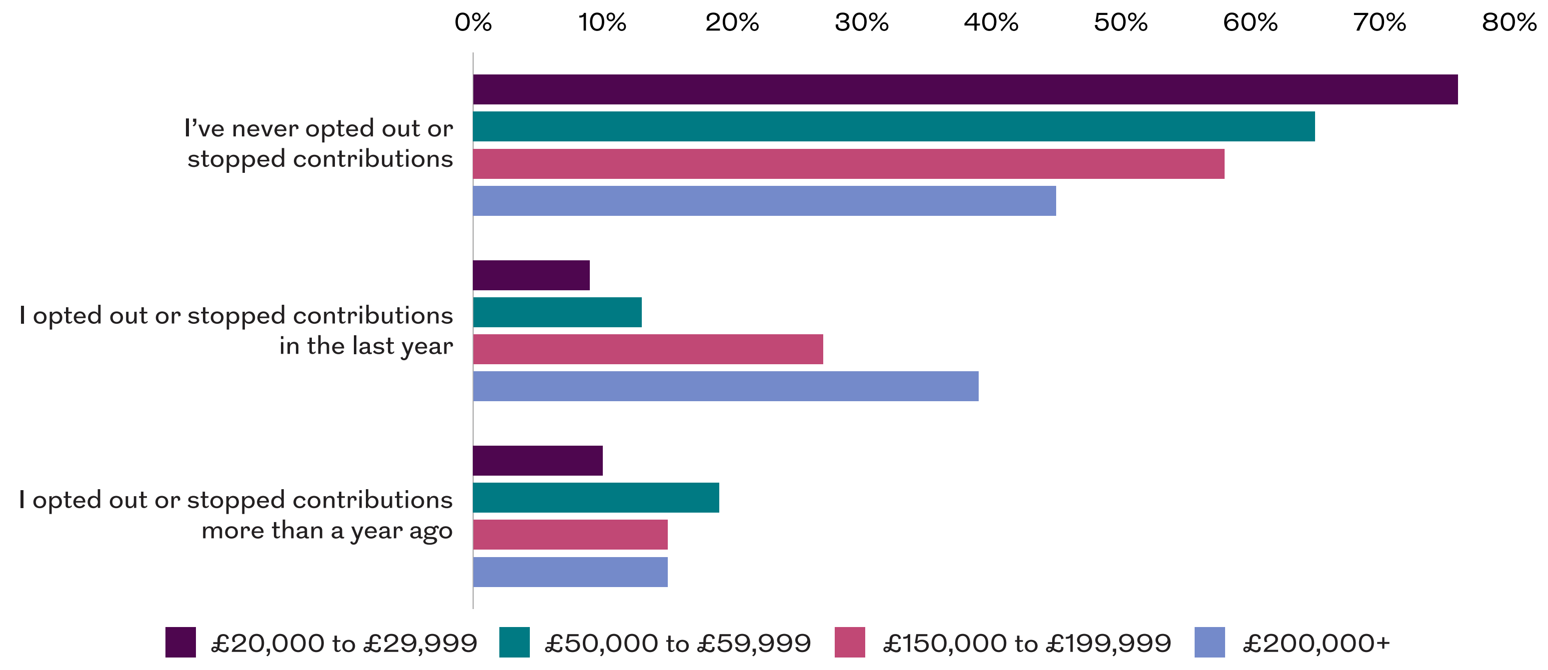
Not surprisingly, younger employees are more likely to opt out than older workers. Meanwhile, one in eight (13%) men have opted out or stopped contributing to their pension in the last year, compared to one in ten (10%) women. Women are generally less engaged with their pension and that may include opting out, too. While joining a workplace pension scheme under automatic enrolment rules doesn't require any action by an employee, opting out does. So, perhaps the fact that opting out of a workplace pension requires an action is part of the reason why fewer women than men do this. As women tend to retire with smaller pension pots than men, it is positive to see that, for whatever reason, fewer women stop contributing to their workplace pension.

1 Financial resilience report 2025 - Royal London

Employees living alone are the least likely to have opted out or stopped contributing (23% overall), in contrast to individuals living with children aged four to six (where 33% have done so). We know from our Financial Resilience Report[1] that people in their 30s and 40s, especially those with young children, are under more financial pressure than both younger and older age groups. However, those who live alone have significantly smaller pension pots than UK adults as a whole (£42,993 for those living alone compared to £68,062 for all UK adults, according to our Financial Resilience Report). It is, therefore, encouraging that our data shows fewer employees living alone are opting out.

The higher an employee's income, the more likely they are to opt out or stop contributing, perhaps because they believe they are saving enough for retirement or because they are affected by the tapered annual allowance. However, they could be missing out on valuable employer contributions and tax relief by doing so.

Who's stopping pension contributions or opting out?
By income



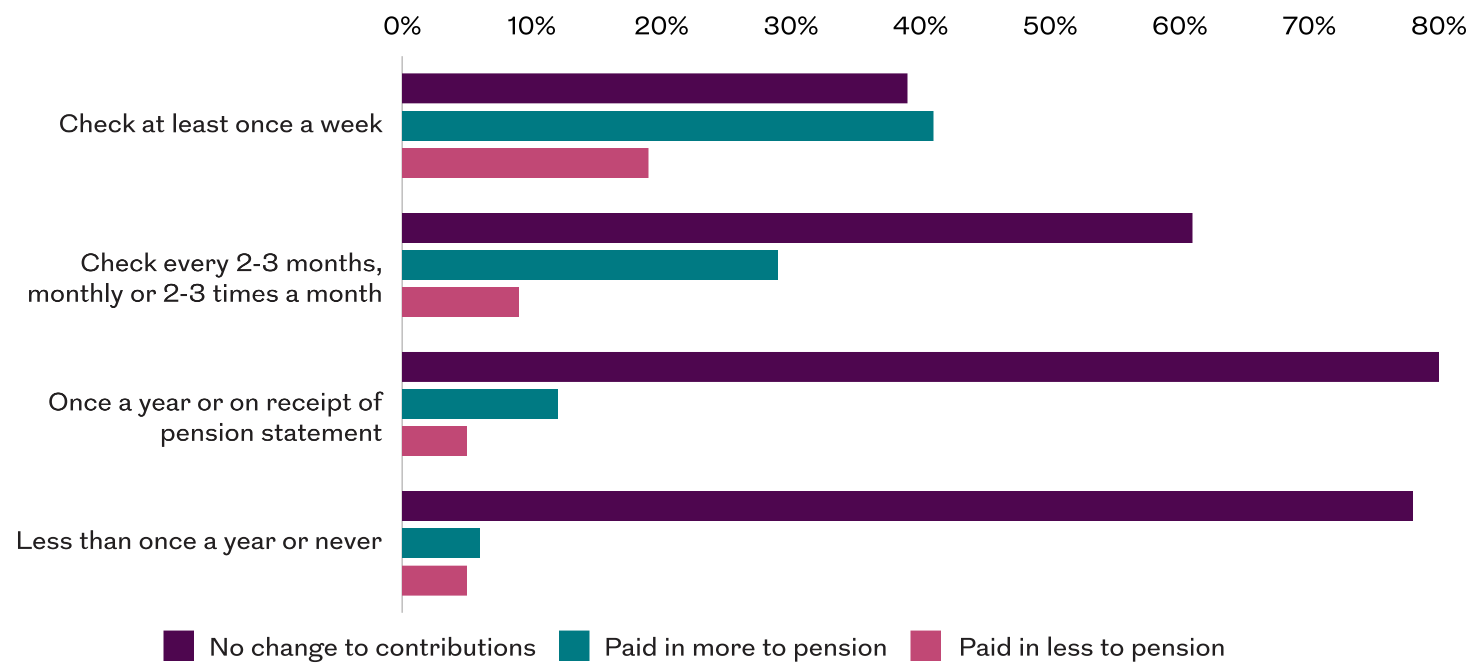
Changes to employee contributions

Our research showed that employees who contribute more to their workplace pension are less likely to reduce their contribution levels. Employees who contribute less than 5% of their salary to their workplace pension are three times more likely to have reduced contributions in the last year (13%) than those contributing more than 5% (only 4% reduced them). Conversely, three in ten (30%) of those paying in over 5% of their salary increased their contributions in the past year, versus one in five (21%) of those contributing less than 5%.

Younger employees were much more likely than older workers to take action, whether to increase (27% of 18-34-year-olds versus 13% of 50-69-year-olds) or decrease (13% of 18-34-year-olds versus 3% of 50-69-year-olds) their contributions. Married or cohabiting couples tended to increase their contributions (24% versus 15% of single employees), while single people were more likely to have reduced theirs (11% versus 7%).

Finally, employees who check on their pension savings more than once a year also tend to alter their contributions, either up or down.

Changes to pension contributions and frequency of checking on retirement savings



Finding lost pensions

Research from the Pensions Policy Institute[1] shows that there are nearly 3.3 million lost pensions pots in the UK, worth over £31.1 billion in assets. This is an increase of more than half a million lost pots worth almost £5bn more than in 2022. Our research shows that a significant percentage of those who have had a greater number of jobs in their lifetime have tried to locate a lost pension, either in the past year or previously. Over one-third (35%) of those who have had up to five jobs have tried to track down old pensions, compared to almost half (47%) of employees with six to ten jobs, and 52% of those with 11 or more jobs (although this is a smaller sample size).

In summary

Different demographics clearly influence how people engage with their pension. Higher earners are generally more proactive, while men tend to be more engaged than women. Younger workers are also more inclined to make changes to their pensions than older employees. Ultimately, forming good pension habits, such as regularly checking balances, making informed changes and adjustments, and seeking guidance, is key to supporting positive retirement outcomes. The financial services industry, along with advisers and employers, is supporting this with simpler pension communications, the introduction of pensions dashboards and the promotion of financial education and guidance. However, there is still work to be done to enable more employees to understand and engage with their pension in a way that helps them to achieve the retirement they would like.

The financial services industry, along with advisers and employers, is **supporting good retirement outcomes** with simpler pension communications, the introduction of **pensions dashboards** and the promotion of financial education and guidance.

1 Briefing Note 138 - Lost Pensions 2024 | Pensions Policy Institute

Retirement ambitions

In this section, we delve into people's retirement ambitions, exploring the links between the income they say they need for life after work and the income they expect to retire on. We also explore whether and how these expectations are influenced by contribution and engagement levels.

Since our initial research in 2023 into people's attitudes to workplace pensions, we've asked respondents about their retirement ambitions.

In this latest research we explore this theme in more detail to see if a link can be established between the retirement income someone wants or expects to have, their contribution level and engagement with their pension. We asked employees how much they thought they needed per year for a good standard of living in retirement and which of Pension UK's Retirement Living Standards[1], independently researched by Loughborough University, they expect in retirement.

How much do employees think they'll need?

Overall, employees thought they would need over £58,000 a year, on average, for a good standard of living in retirement. However, this figure varied significantly, and the median figure was around £32,500. We found that one in eight employees (13%) think they'll need £100,000 a year or more, while 6% expect to need at least £200,000 annually for a good standard of living in retirement.

Four in ten (39%) employees say they definitely or probably think they will have rent or mortgage costs in retirement, rising to almost half (46%) of those aged 18-34. Housing costs could make retirement significantly more expensive and mean that retiring with a good standard of living is impossible for some.

For someone in their early 20s, who perhaps has 40 years or more to save for retirement, a target of £100,000 or higher may be a realistic annual income goal, especially if they will have to make mortgage payments or rent once they have retired. Indeed, 22% of employees aged 18-34 expect to need this amount. However, for someone in their 50s on an average income, reaching that target could be impossible.

It isn't always the case that those who are more engaged with their pensions expect a better standard of living in retirement, as the picture is more complex. However, those who pay more in expect to retire on a higher income and we did find a link between the frequency of checking pension savings and the level of annual income in retirement employees said they needed for a good standard of living.

Our data shows that employees who think they would need over £50,000 a year in retirement income for a good standard of living are checking their pension savings more regularly than those who think they would need under £50,000. This is perhaps because people who pay regular attention to their pensions are more engaged in their finances and expect to be able to continue to socialise, go on holiday and spend on family and friends, for example. Or it could be that those who think they'll need more in retirement have the motivation to check their pension savings more frequently.

Which retirement lifestyle do employees expect?

As well as asking employees how much they think they'll need for a good standard of living in retirement, we wanted to investigate people's retirement expectations in more detail. For example, we were keen to understand whether higher earners, who save more into their pensions and regularly check their savings and pension forecasts, are more likely to expect (rather than say they need) a higher level of income at retirement.

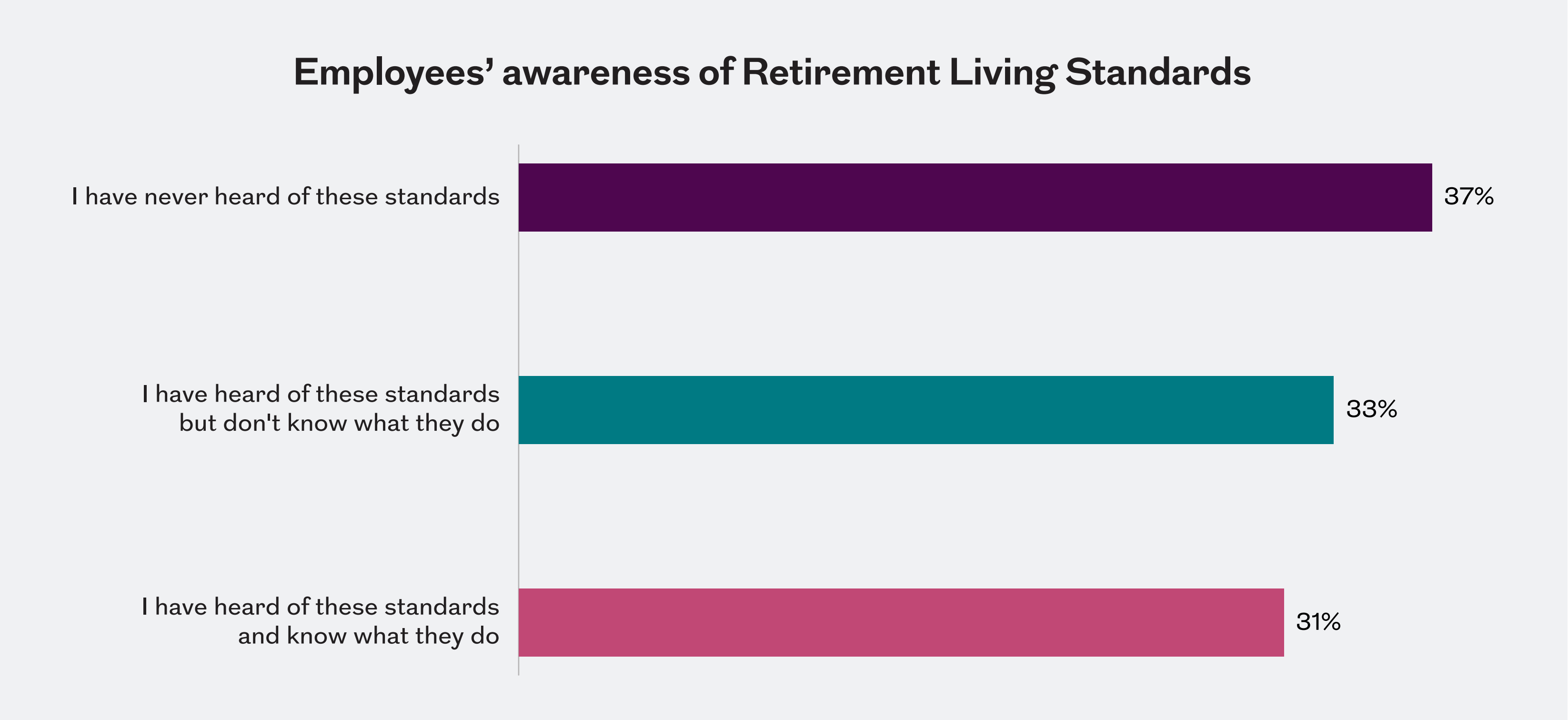
Thinking about retirement solely in terms of an income figure can be challenging. People may struggle to work out how much they will need for a good standard of living when they don't know what the cost of living will be when they retire.

To make it easier for respondents, we asked them to select which of three lifestyles they expect to have when they retire. These lifestyles are based on Pensions UK's independently researched Retirement Living Standards, which were introduced in 2019 and have been regularly updated since. We, along with many pension providers, often use these standards to help customers picture the type of retirement they would like.

Minimum	Moderate	Comfortable
One person: **£13,400**	One person: **£31,700**	One person: **£43,900**
Two person: **£21,600**	Two person: **£43,900**	Two person: **£60,600**

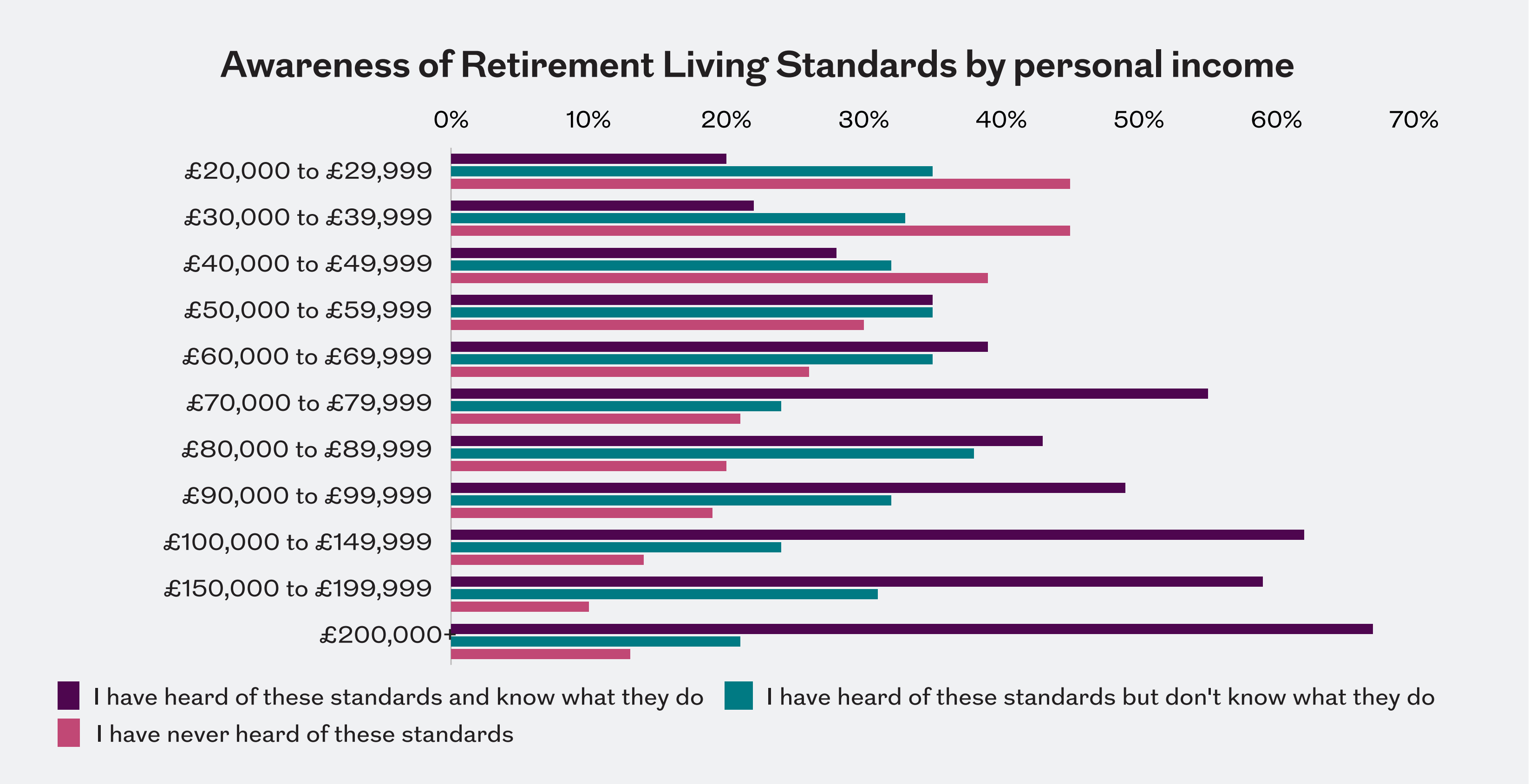
However, we know that many people are unaware of these standards or what they represent. Our research shows that most employees have never heard of the Retirement Living Standards, with a similar split between those who have heard of them but don't know what they do and those who are fully aware.

1 Pensions UK - Retirement Living Standards



While the Retirement Living Standards may not resonate with all pension savers, it is concerning that only around a third of our respondents are confident they understand them.

More men (35%) than women (26%) have heard of the Retirement Living Standards and know what they are. Likewise, more employees with higher incomes are aware of them than those with lower incomes. One in five (20%) earning £20,000 to £29,999 have heard of them, compared to three in five (62%) of those earning £100,000-£149,999.



People who frequently check their pension savings are more likely to be aware of the Retirement Living Standards. Almost half (45%) of those who check weekly or more often have heard of them, compared to approximately one in ten (11%) of those who check less than once a year, rarely or never. Awareness was also higher among those who use their pension provider's app (45%) or a financial adviser (46%) to check their pension savings.

Matched contributions and their influence on expected lifestyles

We wanted to know whether those who use employer pension contribution matching were more likely to expect a moderate or comfortable retirement standard of living.

We found that over half of our sample, 54%, said that their employer offered employer contribution matching, where the employer will match contributions, over the standard amount, pound for pound.

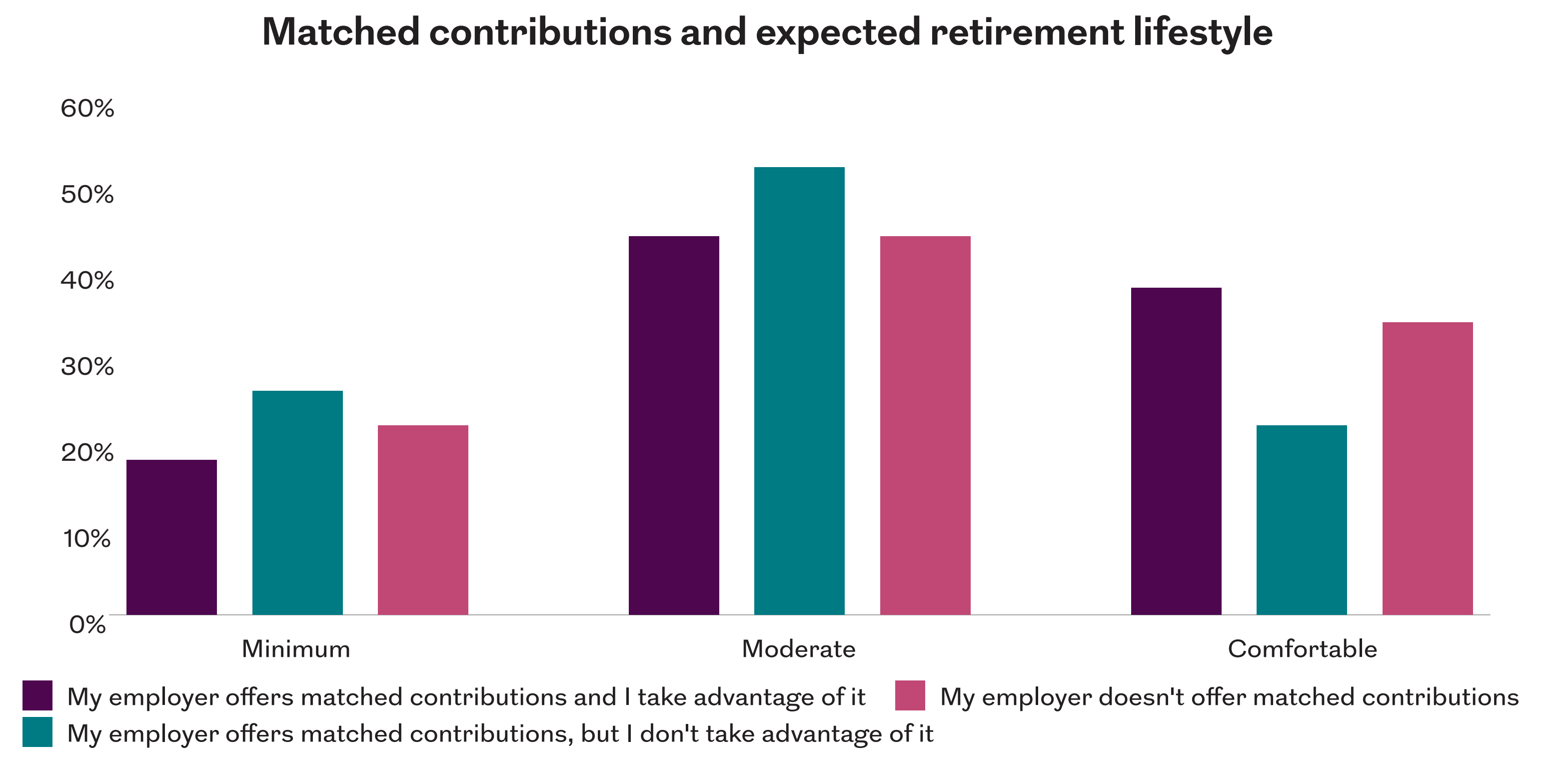
Of those who use employer pension contribution matching:

- **18%** expect a **minimum** standard of living
- **44%** expect a **moderate** lifestyle
- **38%** expect a **comfortable** standard of living.

Only **34%** of those whose employer **doesn't offer matched contributions** expect a **comfortable** standard of living.

Similarly, those who **don't take advantage of matched contributions** when offered are more likely to expect a **minimum** or **moderate** lifestyle in retirement.

Employees of companies that **do not offer matched contributions** are also more likely to expect the minimum lifestyle in retirement than those who are offered it and do take advantage.



Expectations about the income needed for a good standard of living in retirement also vary depending on whether people take advantage of employer matching.

Employees who use employer pension contribution matching

- Average retirement income needed: **£66,500**
- Median retirement income needed: **£37,500**

Employees who don't take advantage of employer pension contribution matching

- Average retirement income needed: **£63,500**
- Median retirement income needed: **£37,500**

Employees whose employer doesn't offer matching

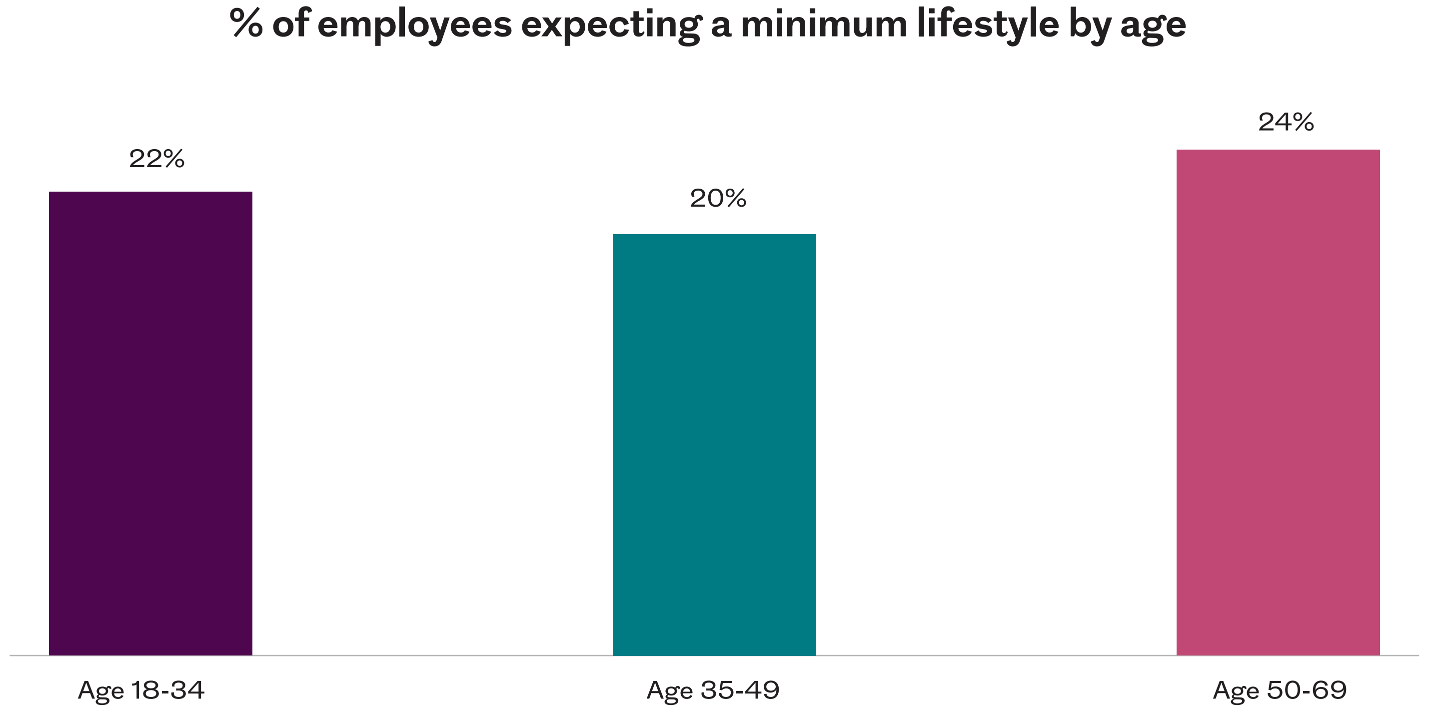
- Average retirement income needed: **£53,000**
- Median retirement income needed: **£32,500**

Minimum retirement living standard

One person: **£13,400**
Two person: **£21,600**

More than one in five employees (22%) with a pension anticipate having only a minimum standard of living in retirement, where, according to the Retirement Living Standards, one person can expect to spend £13,400 a year (or £21,600 for two people), assuming no housing costs and that any tax due has been paid on retirement income. The full new State Pension is currently approximately £12,000 a year (£230.25 a week), meaning that it could provide most of the income needed for someone on the minimum standard of living. However, data from a Freedom of Information request[1] we carried out in 2024 shows that only half of those receiving the new State Pension in 2023 were entitled to the full amount.

Someone with a retirement income to pay for the minimum retirement living standard would be able to cover essentials such as food and household bills, with a little left over for occasional socialising and modest holidays in the UK. However, this standard of living would not provide much flexibility for unexpected costs or luxuries, and retirees with this lifestyle would not be able to afford the expense of running a car, for example.



There was no marked difference in expectations between gender or age groups. However, almost a third (32%) of employees living alone think they will have a minimum lifestyle in retirement compared to 19% who live with a husband, wife or partner.

1 Revealed: 150,000 pensioners get a State Pension of less than £100 a week - Royal London

Interestingly, there was little difference in the percentages expecting this standard of living when comparing attitudes to retirement saving. One in five (20%) employees who say they know they are saving what they need for retirement expect to retire on the minimum standard of living, compared to 21% of those who are saving but don't know if it's enough and 24% of those who know they're not saving enough.

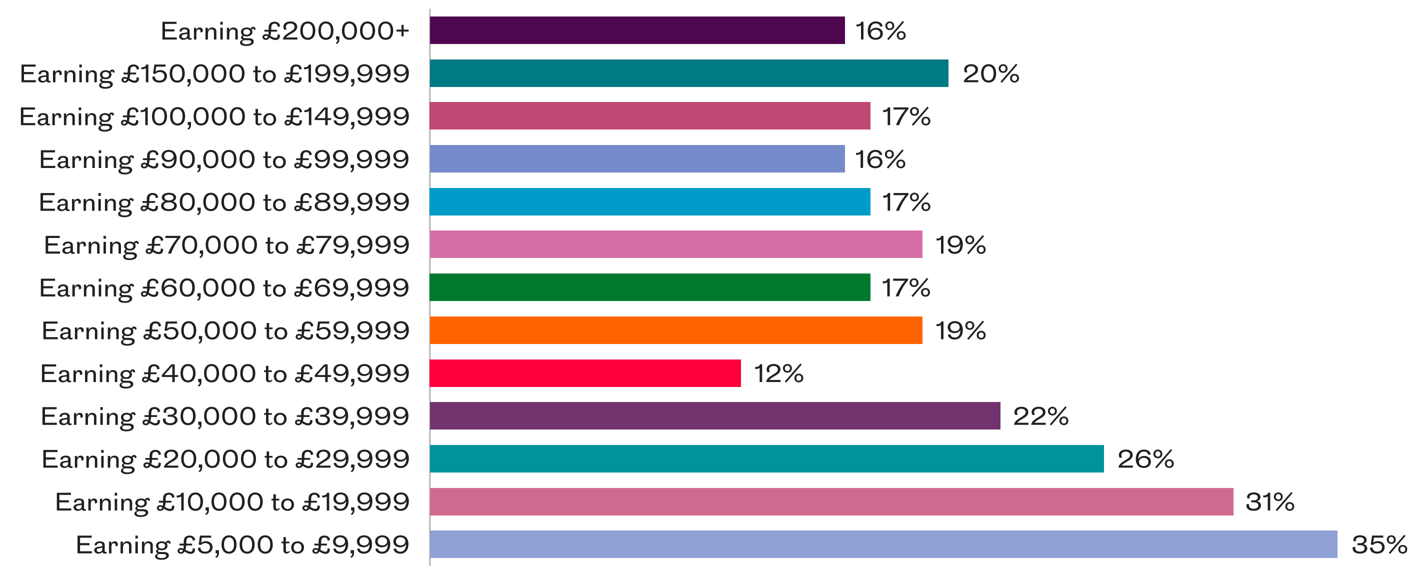
Current income levels

We can predict that people on the lowest incomes, with less opportunity to save, are more likely to expect a minimum standard of living in retirement. In addition, adequacy calculations mean that lower earners generally need a higher percentage of their working income in retirement to have a decent standard of living when they stop work.

Our data shows that over one in four (26%) respondents with a personal income between £20,000 and £29,999 expect to have only a minimum standard of living. Meanwhile, almost one in five (19%) employees with a household income between £50,000 and £59,999 expect to have only a minimum standard of living in retirement, which could see their income drop significantly. The percentage of people expecting the minimum lifestyle falls to 15% for those with household incomes exceeding £200,000.

In this scenario, where the minimum lifestyle costs £21,600 for two people living outside London (assuming tax has been paid and there are no housing costs, as before), it would mean a retirement income that's a fraction of the household earnings while working. This highlights that some higher-earning households could face a substantial drop in income in retirement, making the transition to life after work extremely difficult.

% of employees expecting a minimum lifestyle by personal income



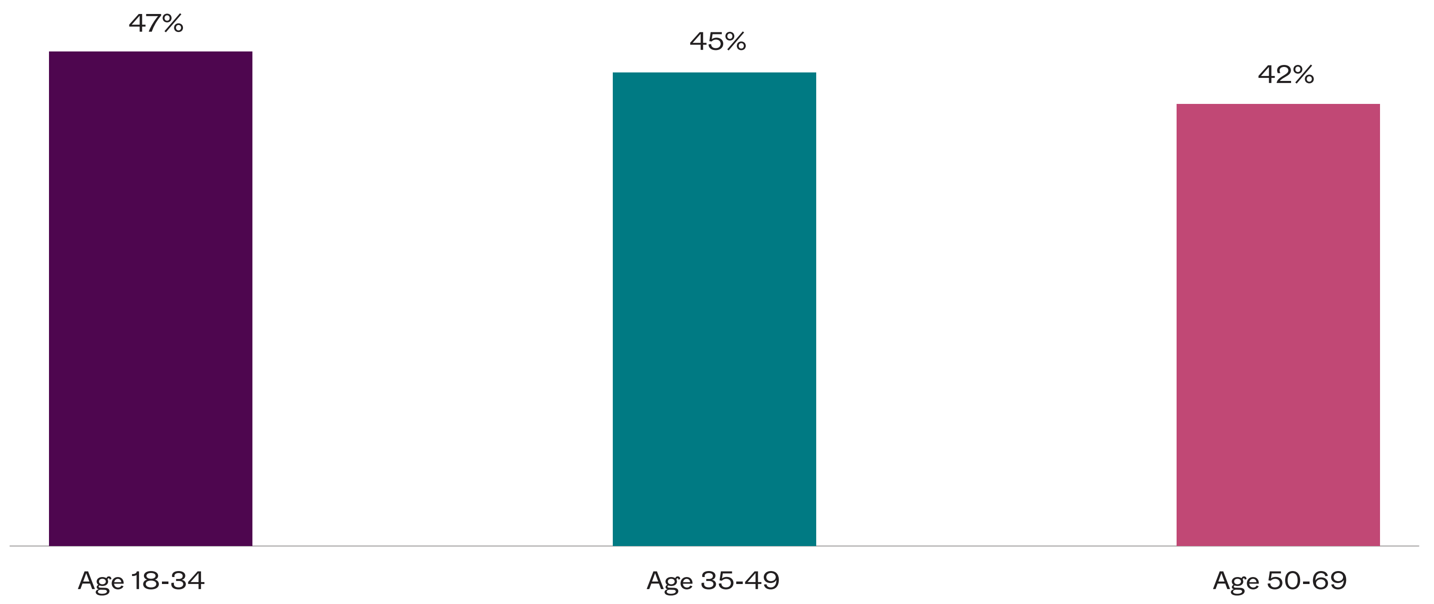
Moderate retirement living standard	One person: **£31,700** Two person: **£43,900**

Most (45%) of the 4,000 employees in our sample expect to have the moderate standard of living in retirement. This would enable them to take a fortnight's holiday abroad plus a UK break every year, run a car and enjoy higher food and clothing budgets than the minimum standard. For this, a person living on their own outside London would expect to spend £31,700 a year, while two people living together would need £43,900.

As before, there was no significant difference between genders (45% of women versus 44% of men) or household composition, although 47% of employees aged 18-34 expect this standard of living in retirement, compared to 45% of 35-59-year-olds and 42% of those aged 50-69.

Four in ten of those (40%) who know they are saving enough for their retirement expect a moderate standard of living, as do almost half (48%) who are saving but do not know whether it is enough for their retirement and 47% of those who feel they are not saving enough. This demonstrates that there is more work to be done by providers, employers and advisers to help employees get a clearer picture of the retirement they would like and how they can get there.

% of employees expecting a moderate lifestyle by age



Current income levels

Interestingly, current income levels were not strongly linked to the likelihood of an employee saying they expect a moderate standard of living in retirement.

% of employees expecting a moderate lifestyle by personal income

Comfortable retirement living standard

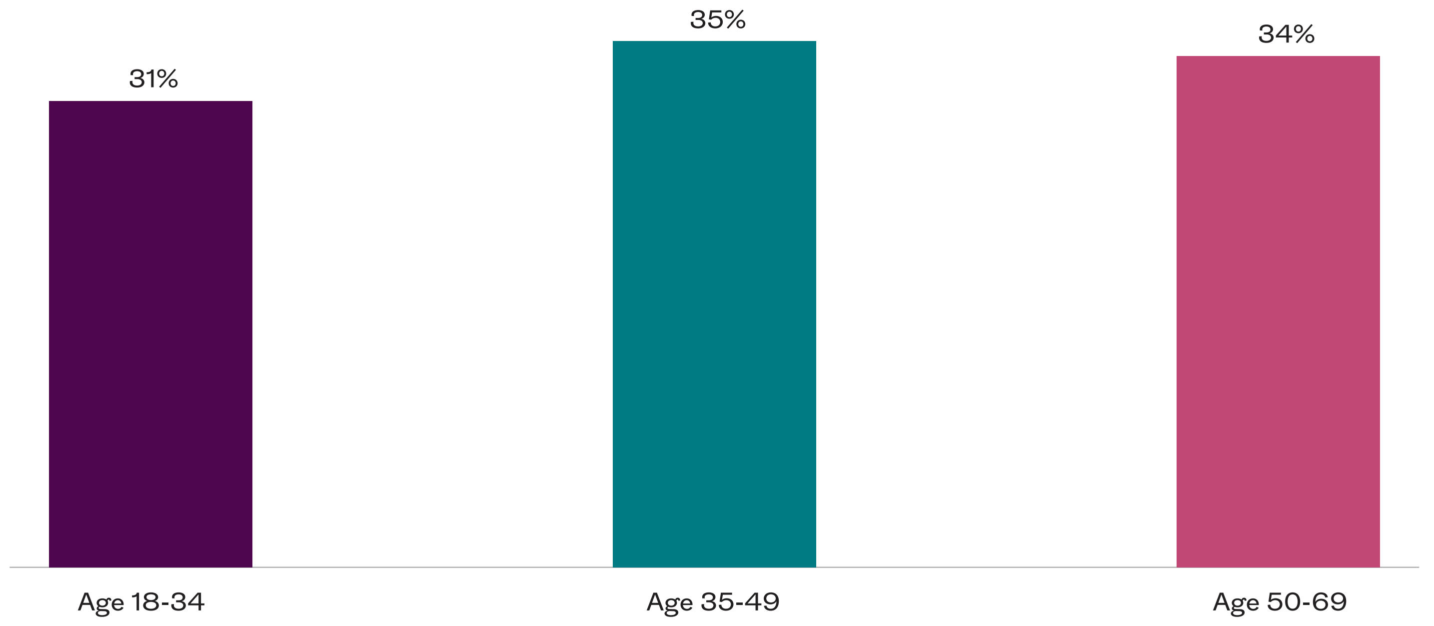
One person: **£43,900**
Two person: **£60,600**

A comfortable lifestyle would cost £43,900 per year for one person living outside London or £60,600 for two people living together. With this standard of living, retirees will be able to look forward to greater financial freedom and flexibility than the other lifestyles and a broader range of opportunities and choices beyond just meeting basic needs. This might include more holidays abroad, frequent socialising and a good mix of leisure activities.

In order to achieve an income of £43,900 a year after tax (assuming the full new State Pension), a pension pot of approximately £670,000 could be needed (the figure depends on a range of assumptions[1]). This could require total pension contributions starting at £229 a month and increasing by 2.5% a year to age 67.

The proportion of employees who anticipate achieving this comfortable standard is fairly consistent across age groups. Overall, around one in three respondents expect to reach this standard, with minimal variation by age or gender.

% of employees expecting a comfortable lifestyle by age



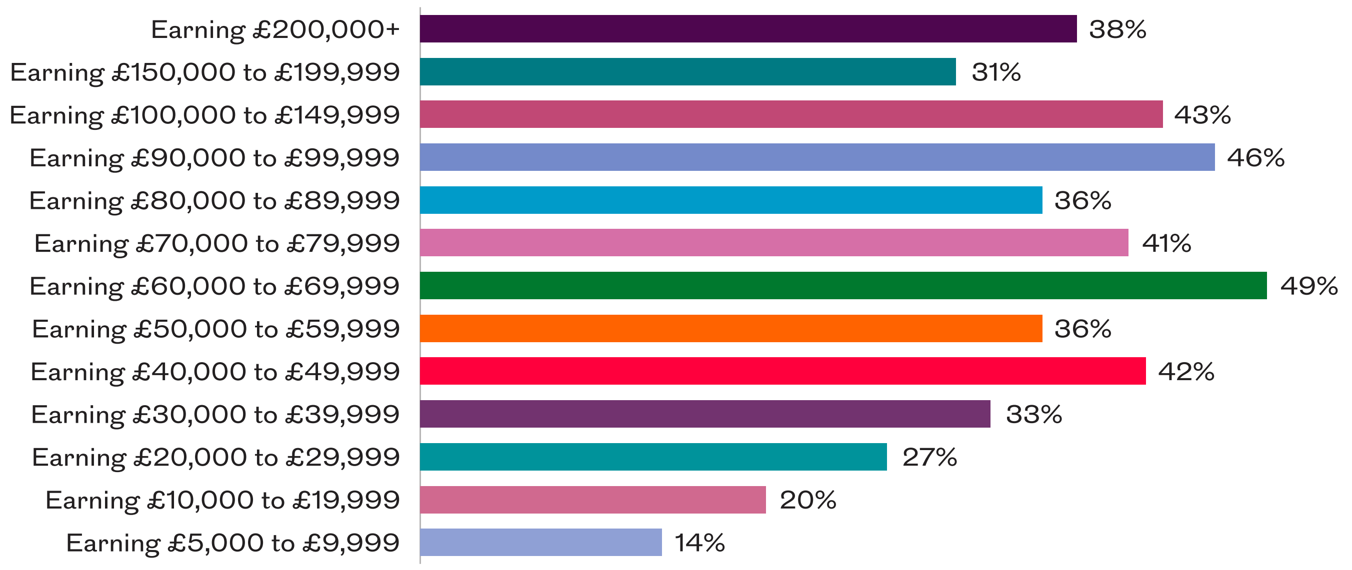
1 The figure assumes investment growth of 5% per year after all charges; at retirement there is entitlement to the full new State Pension and income is provided by a single life annuity rate, monthly in advance, guaranteed 5 years and escalating at 3% per annum from age 67.

Current income levels

Only approximately one in four (25%) of those expecting a comfortable lifestyle are on an income bracket of less than £30,000. This compares to 35% of those expecting a comfortable standard of living who currently have a personal income exceeding £70,000. Of those with a high household income of £200,000 or more, 44% expect a comfortable retirement lifestyle.

Furthermore, 30% of individuals with a personal income of less than £50,000, and 24% of those with a household income below £50,000, anticipate a comfortable retirement. Among those living alone, 22% expect this standard, compared to 38% of those married or cohabiting.

% of employees expecting a comfortable lifestyle by personal income



Savings confidence and pension engagement

Employees who feel secure in their pension savings approach are more likely to anticipate a comfortable retirement lifestyle than those who are uncertain or believe their savings are inadequate.

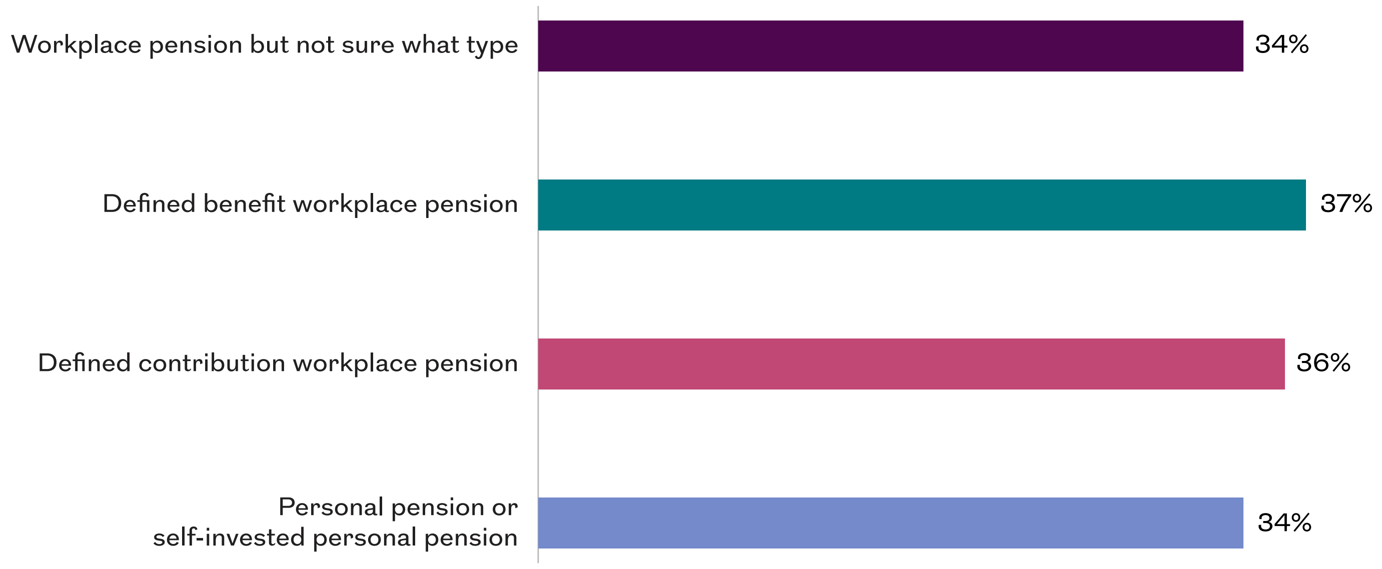
Savings confidence and % of employees who expect a comfortable lifestyle

Individuals who anticipate a comfortable retirement are also more likely to monitor their workplace pension forecasts regularly. More than half (55%) have reviewed their pension forecast in the past year, compared with 42% of those expecting only a minimum lifestyle.

Employees who say they will need an income of over £50,000 a year in retirement for a good standard of living tend to check their pension more frequently than those expecting to need less than £50,000

Notably, almost one in three employees (32%) who believe they will need a retirement income of £100,000 or more check their pension savings once a week or more, compared to just 8% of those who anticipate needing less than £100,000 a year.

% of employees who expect a comforable lifestyle by type of pension held



Does advice have an impact on retirement ambitions?

We found that those who had sought advice or guidance about their workplace pension in the last year were more likely to say that they know they are saving what they need for their retirement. We found that there was no direct correlation between employees who had taken advice or guidance about their workplace pension in the last year and their retirement expectations.

Almost three in ten employees with a pension (27%) feel comfortable that they are saving what they need for their retirement. However, this figure rises to over four in ten (41%) among those who have sought guidance or advice about their workplace pension in the last year.

Over four in ten of our sample of employees (46%) report that they are saving for their retirement but do not know whether it is enough, which is similar to the 43% who have taken guidance or advice about their workplace pension in the last year.

However, while one in five (20%) employees with a pension feel they are not saving enough, this falls to almost one in seven (14%) of those who have taken advice or guidance.

Pension transfers

Here, we explore who has transferred their workplace pension and what drives these decisions. We examine whether age, gender or income play a role, as well as the influence of working patterns and living arrangements. Finally, we look at what motivates employees to move their pensions or to stay put.

Who's transferring their pension?

Of the employees who have had more than one job paying £10,000 or more in their lifetime, almost four in ten (37%) have transferred a pension at some point, with one in five having done so in the last year. However, nearly six in ten (59%) have never done this.

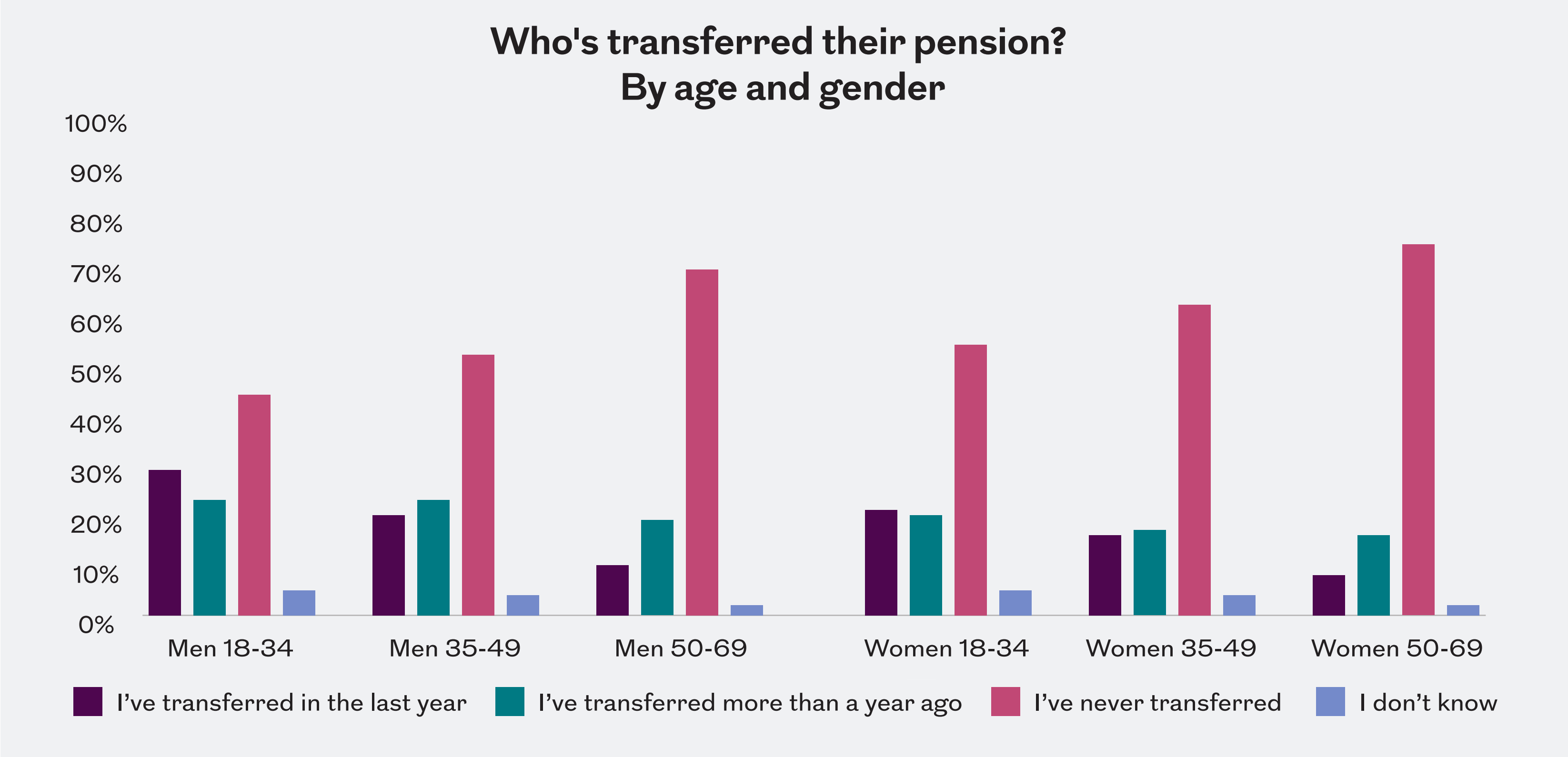
This was similar to our data from 2024 (albeit with a slightly different sample definition). At that time, almost two-fifths (39%) of those who had held several jobs in their lifetime and currently had a DC pension reported transferring their pension to a different provider when moving jobs.

Overall, while a significant minority actively move their pensions when changing jobs, the majority continue to leave them where they are. This picture could change in coming years as a result of the Pension Schemes Bill. Under the proposed new rules, pensions from previous roles worth £1,000 or less will be automatically moved into approved consolidator schemes, unless the saver chooses to opt out. Larger pots could help drive engagement and, importantly, could give pension savers a clearer idea of how much they have saved and how this fits with their retirement plans.

Age and action

In many areas, we found that younger employees were more engaged than older cohorts, and this was the case when it came to pension transfers. Among those aged 18-34, almost half (46%) have transferred their pension at least once, more than any other age group. Young male employees in this age group are especially active, with over half (52%) having transferred at some point, versus 41% of young female employees.

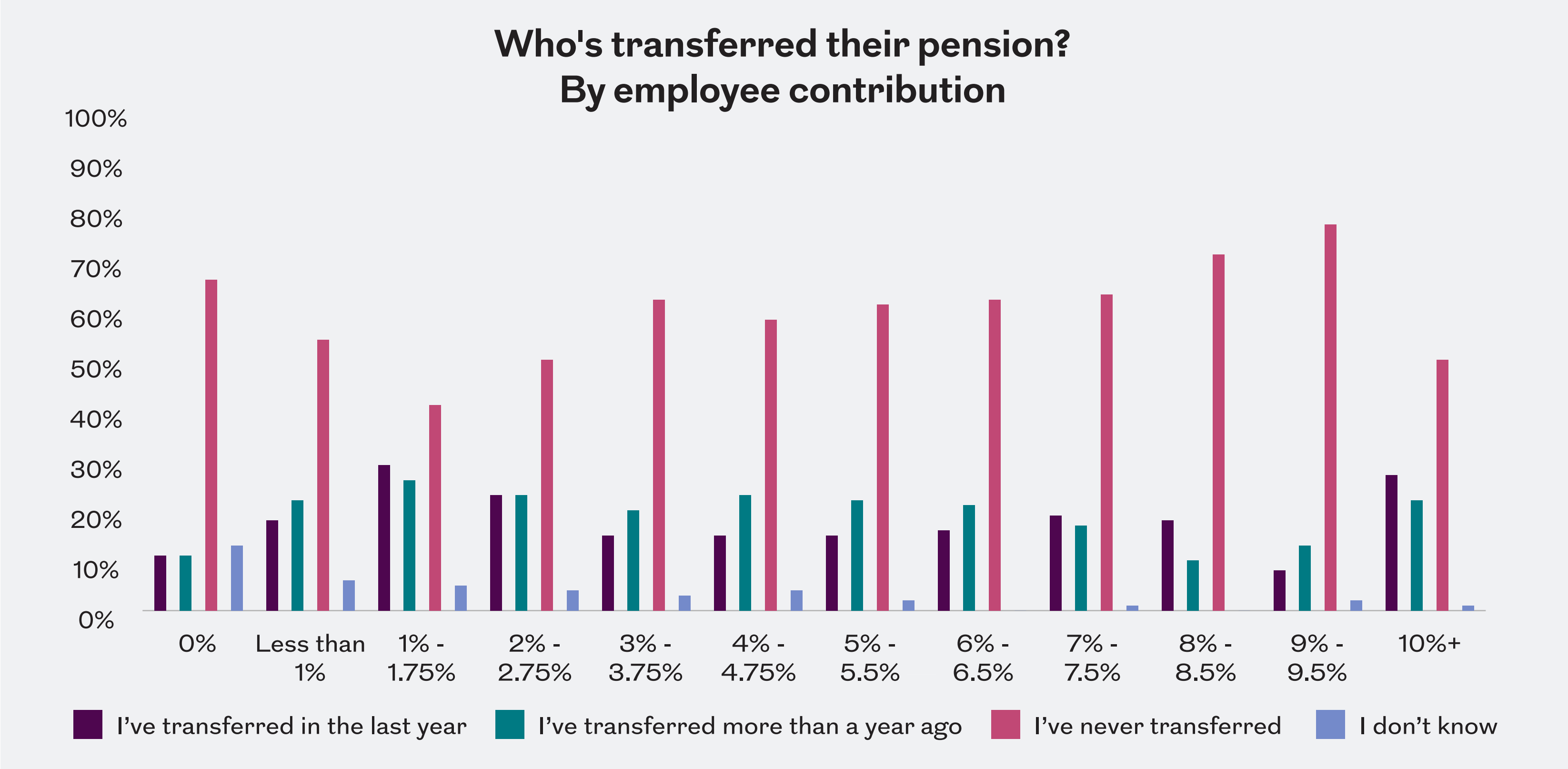
We found that more young employees (male and female) had transferred one or more of their pensions in the last year than had done so at any time previously. Almost three in ten men aged 18-34 (29%) have transferred in the last year, while almost one in four (23%) have done so previously. Over three in ten young women (18-34) have transferred their pension in the last year (31%), with one in five (20%) doing so more than 12 months ago.



Other factors driving pension transfer behaviour

While age was the strongest influence on whether employees transferred their pensions, our research uncovered other interesting demographic patterns.

For example, employees with higher personal income were generally more likely to transfer. However, when it comes to pension contributions, the most active movers were employees making modest contributions to their pensions of between 1% and 1.75% of their salary, matched by similar employer contributions.



Working patterns and living arrangements reveal further distinctions. Those working over 40 hours a week are the most likely to transfer among all working groups (by hours worked), while people living alone are the least likely to do so by household composition (65% have never transferred versus 45% of those living with young children). This may reflect this group's lower overall engagement or limited time for financial admin. It could also point to lower confidence in managing pension choices on their own, without the support of a partner or family member.

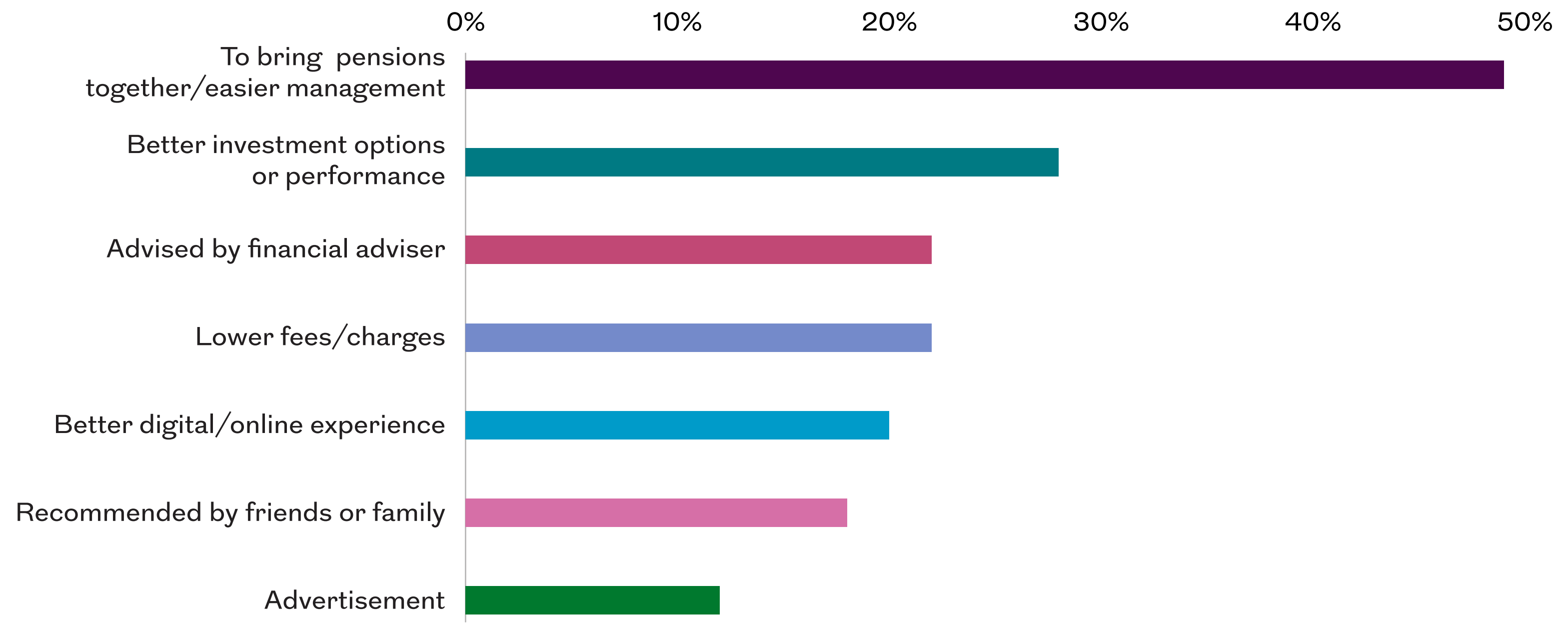
Confidence itself appears to be a strong factor in transfer behaviour. Among employees most confident they are saving enough for retirement, almost half (47%) have transferred their pension, compared to four in ten (39%) who are uncertain or who believe they're not saving enough (30%).

Motivations to move

We wanted to understand people's main reasons for transferring one or more of their pensions. Among those who transferred, four in ten (40%) said they always transfer their pension when they move jobs so all their savings are in one place. A similar percentage (41%) said that they have transferred some of their defined contribution pensions but left others where they are. Just over one in ten (11%) have moved some pensions but have left their DB pensions where they are.

By far the most popular reason for employees with a workplace pension to move is the convenience of having their pensions in one place.

Main reasons for transferring workplace pension



Not surprisingly, older employees are more likely than younger workers to say that they're bringing their pensions together for easier management (54% of those aged 50-69 versus 46% of 18-34-year-olds). However, younger employees were more likely to prioritise a better digital experience (24% of 18-34-year-olds versus 10% of 50-69-year-olds).

Younger employees were also more likely to always transfer their pension(s) when they move jobs (43% of 18-34-year-olds versus 34% of those aged 50-69). There was little gender difference, although slightly more women (42%) than men (39%) say they always transfer when taking a new job.

Reasons to stay put with their pensions

The majority of employees with a pension have never transferred their workplace pension(s), and they gave a number of reasons for this.

- **28%** were happy to leave their pension in their previous scheme
- **16%** never transferred because they weren't sure how to start the process
- **15%** didn't realise they could transfer
- **13%** think it's better to keep their pots separate
- **13%** said they needed to consult an adviser
- **12%** said that the process seems complicated or time-consuming
- **9%** were concerned about potential financial loss
- **9%** had concerns about paying a fee
- **7%** said they have plans to transfer but haven't got round to it

Looking ahead

As we look to the future, there is significant opportunity for positive change within the pensions landscape. The forthcoming Pension Schemes Bill, the Pensions Commission and the planned introduction of Targeted Support are set to address key barriers and empower individuals to take greater control of their retirement savings. Among other improvements, the changes proposed should simplify the transfer process, offer clearer guidance and ensure that savers are better supported throughout their journey.

It is clear from our research that many individuals are concerned about the adequacy of their retirement income and are seeking more flexibility and information to make informed decisions. There is also a notable disconnect between the retirement income expectations of some employees and their current pension savings levels and behaviours. By delivering targeted support and clearer pathways, the new regulations will not only address some of the current uncertainties but also help people feel more confident and optimistic about their retirement prospects.

In summary, the evolving regulatory environment represents a a real opportunity for employers, advisers and providers to overcome existing challenges, encourage proactive engagement and ultimately support better retirement outcomes for more of today's workplace pension savers.

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