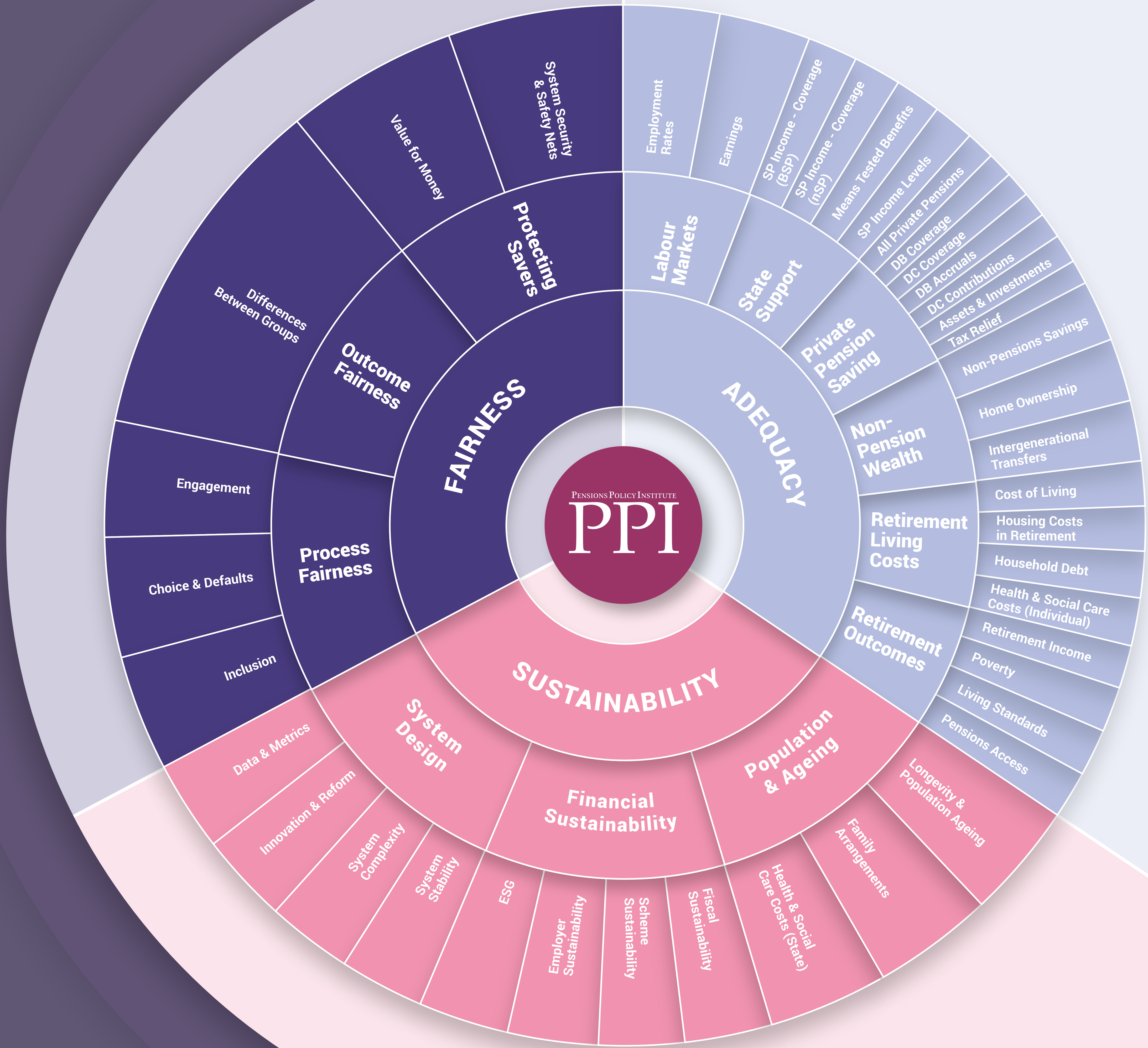
Pensions Policy Institute

PPI

Progress Required for Adequacy:

GENERATIONAL PRESSURES AND POLICY GAPS



A report from the PPI UK Pensions Framework Series, in association with:

AVIVA

2025 EDITION

Registered Company Number: 4145584. Charity Number: 1087856 (England & Wales)

About the Pensions Policy Institute

We have been at the forefront of shaping evidence-based pensions policy for nearly 25 years.

The PPI, established in 2001, is a not-for-profit educational research organisation. **We are devoted to improving retirement outcomes.** We do this by being part of the policy debate and driving industry conversations through facts and evidence.

The retirement, pensions and later life landscapes are undergoing fast-paced changes brought about by legislation, technology, and the economy. Robust, independent analysis has never been more important to shape future policy decisions. Each research report combines experience with independence to deliver a robust and informative output, ultimately improving the retirement outcome for millions of savers.

Our independence sets us apart – we do not lobby for any particular policy, cause or political party. We focus on the facts and evidence. Our work facilitates informed decision making by showing the likely outcomes of current policy and illuminating the trade-offs implicit in any new policy initiative.

By supporting the PPI, you are aligning yourself with our vision to **drive better informed policies and decisions that improve later life outcomes** and strengthening your commitment to better outcomes for all.

FOR FURTHER INFORMATION ON SUPPORTING THE PPI

PLEASE VISIT OUR WEBSITE:

pensionspolicyinstitute.org.uk

OR CONTACT:

Danielle Elliott

Head of External Relations

danielle@pensionspolicyinstitute.org.uk

This report is authored by:

Dr Priya Khambhaita
Head of Policy Research

Mariana Garcia Requejo
Senior Policy Researcher

John Adams
Senior Policy Analyst

John Upton
Policy Analyst

Tim Pike
Head of Modelling

An Independent Research Report by the

Pensions Policy Institute
PPI

This research report is kindly sponsored by:

AVIVA

Funding has been given to help fund the research and does not necessarily imply agreement with, or support for the analysis or findings from the project. The PPI does not make recommendations as to the appropriate direction of future policy, Instead, our work provides independent evidence to allow policy development to be well informed.

Published by the Pensions Policy Institute

ISBN 978-1-914468-25-4

www.pensionspolicyinstitute.org.uk

Contents

Foreword

Michele Golunska

MD, Wealth and Advice, Aviva

Pensions matter. Millions of people depend on an adequate, fair, and sustainable pension system for the life they want to lead in retirement. The country also depends on a healthy system to underpin vibrant communities, and provide the investment needed for economic growth.

Pensions are also complicated. Even for those of us who work in the industry, the interactions between the system's many elements are complex. As this year's report highlights, this complexity is compounded by different generations facing very different pressures; with needs changing as life progresses. The way we serve them has to be flexible and robust, catering for all.

Both reasons – the system's importance and its complexity - make the framework, now in its fifth year, an invaluable tool. I'd like to thank the PPI for once again delivering the report, and the academics, policymakers, experts, and employees for contributing their insight. This combined analysis adds greatly to the understanding needed to guide meaningful action.

And action is most certainly needed. This year's findings show a system that has broadly stood still over the past three years, with adequacy and fairness still the poor relations of sustainability. Granted, the system has weathered a period of great economic volatility, which perhaps gives grounds for cautious optimism. And yet this year's refresh tells us that there is still more work to do to so that more people can have a secure, fulfilling life after work.

This year's report is particularly timely, given the major changes coming over the horizon. We are on the cusp of a period of transformation, led by the government's pension schemes bill and its associated proposals. All this means a moment of enormous possibility for everyone involved. We have the chance to get the system ready for all who rely on it, now and long into the future too. This is an exciting moment, and at Aviva we are committed to playing our part.

EXECUTIVE SUMMARY

Executive Summary

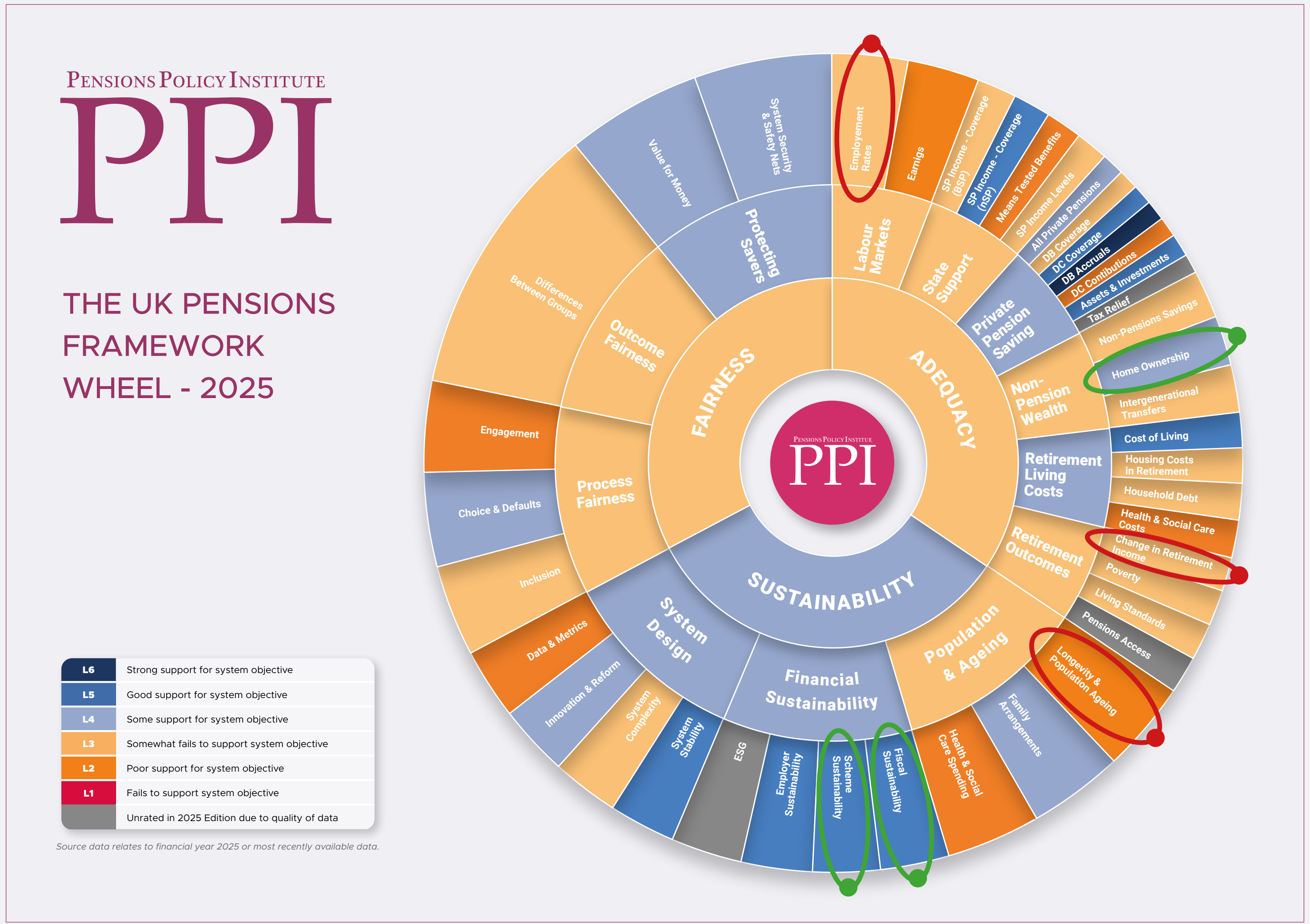
Pressing need to act as refreshed Pensions Framework shows no material progress since 2022

The Pensions Framework tracks and simulates how the UK pension system is performing against a set of core objectives that determine the financial security people have in later life. For the first time since its inception in 2022, the Framework Wheel has undergone a comprehensive refresh.

We have found that:

- Only 3 of 41 indicators have improved, and
- Another 3 of the indicators have weakened.

Figure 1: Pensions Framework Wheel 2025



The three indicators that have improved:

- **A4.2 Home Ownership** - Pensioners continue to have the highest levels of home ownership, while ownership rates among working-age individuals remain lower. However, housing affordability has improved since the peak of the affordability ratio during the COVID-19 pandemic, returning to levels similar to those seen around a decade ago.
- **S2.1 Fiscal Sustainability** - UK public spending on State Pension and other pensioner benefits has risen at a slower rate than the total received in National Insurance Contributions (NICs) since 2015-16. Trends in spending in relation to NICs and Gross Domestic Product (GDP) suggest that measures designed to improve sustainability are beginning to take effect.
- **S2.2 Scheme Sustainability** - Schemes are well funded with the majority of Defined Benefit (DB) schemes in surplus. The increase in members brought about by automatic enrolment has boosted the scale of Defined Contribution (DC) schemes.

The three indicators that have weakened:

- **A1.1 Employment Rates** - Employment rates are below record levels. The proportion of adult life spent in work has remained steady while life expectancy has edged upwards, meaning that today's workers must save relatively more during their working years to achieve the same retirement outcomes.
- **A6.1 Change in Retirement Income** - Since 2020/21 there has been a reduction in net-incomes such that 2022/23 incomes (i.e. the latest full-year data) were at around the same level as 2017/18 incomes in real terms.
- **S1.1 Longevity and Population Ageing** - Falling healthy life expectancy following the COVID-19 pandemic along with an increase in economic inactivity and population ageing signal a risk to pension system sustainability.

Overall, however, when comparing the 2022 and 2025 Framework wheels, there has been **no material change** in how the pension system is performing to meet its key objectives of adequacy, fairness, and sustainability. Adequacy and Fairness continue to be the weak components of the Framework, with the gap between Sustainability and Adequacy increasing.

Urgent Need to Progress Phase 2 of the Pensions Review to Address Adequacy

While current pension policy reforms hold some promise, there is an urgent need for Phase 2 of the Pensions Review—with its focus on adequacy—to be progressed without delay. Building on the success of automatic enrolment, the next phase must give serious consideration to auto-escalation, higher contribution rates, and more flexible contribution structures that support pension adequacy, while avoiding adverse impacts on different generational groups who face distinct financial pressures.

The reform agenda so far has focused on improving investment returns and stimulating economic growth. However, savers can only benefit from investment performance if they are consistently building sufficient pension pots. Missed opportunities for early and sustained saving mean the focus must now shift decisively toward adequacy. Even then, the effects of reform may take decades to materially improve retirement outcomes.

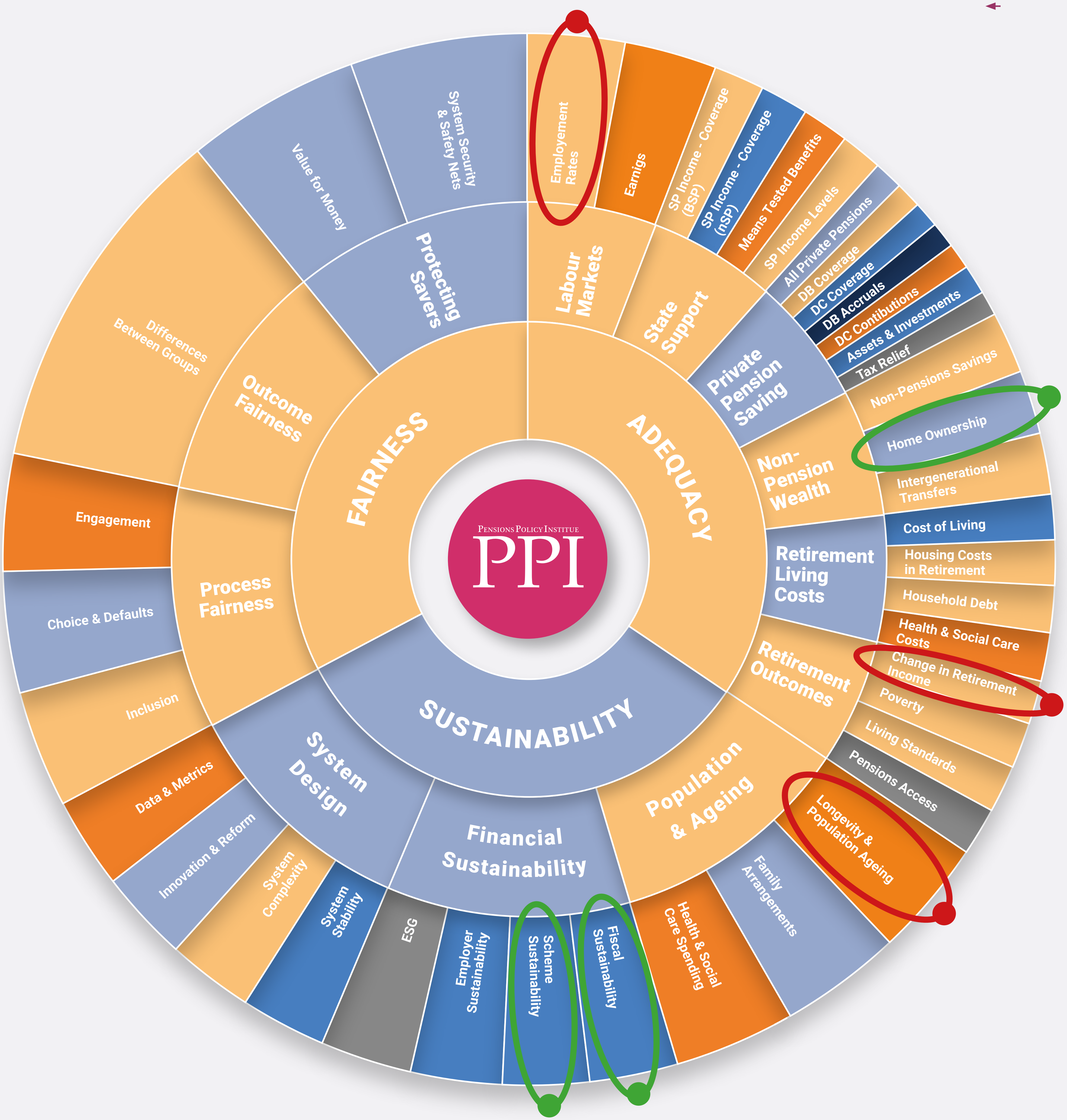
Alongside policy reform, industry and employers can also play a more proactive role in supporting individuals. People need better access to tools that help them estimate the contribution levels required to achieve an adequate retirement income—and guidance on how to reach them.

While policy change takes time, delaying focus and action on adequacy risks pushing solutions beyond the point of meaningful impact for many in work today. This is likely already the case with the Baby Boomer group and older Generation X.

PENSIONS POLICY INSTITUTE

PPI

THE UK PENSIONS FRAMEWORK WHEEL - 2025



L6	Strong support for system objective
L5	Good support for system objective
L4	Some support for system objective
L3	Somewhat fails to support system objective
L2	Poor support for system objective
L1	Fails to support system objective
	Unrated in 2025 Edition due to quality of data

Source data relates to financial year 2025 or most recently available data.

Executive Summary

Pensions in perspective: Time for a generational lens

Each generation faces unique pressures

Alongside the refresh of the Framework, this year's report considers how the pension system is working for different generations. Our analysis has identified the various pressures (Figure 2) and associated potential solutions (Figure 3) facing different generations.

Figure 2. Summary of generational needs and priorities

Baby Boomers 1946 - 1965 — Currently reaching/at retirement

Challenges:

- Making retirement savings last in an era of longevity and declining healthy life expectancy
- Underutilisation of entitlements (eg. Pension Credit, housing benefits)
- Limited support around decumulation

Generation X 1966 - 1980 — Entering retirement from 2031 - 2045

Challenges:

- At greater risk of falling short on retirement savings and may benefit from additional support
- Saving against the clock, caught between missing out on DB pensions and joining AE too late to fully benefit
- Fragmented work patterns and pension pots
- Caring responsibilities, especially affecting women's accumulation of pension savings

Millennials 1981 - 1996 — Will begin to retire by 2046+

Challenges:

- Competing financial pressures limit pension saving (high housing costs, childcare, etc.)
- High housing costs delay or prevent home ownership, undermining long-term financial security and increasing reliance on future pensions.
- Lack of awareness over how taking time out for childcare or caring can affect pension wealth

Generation Z 1997 - 2012 — Set to retire post-2065

Challenges:

- Young workers often miss out on auto-enrolment due to current age and income thresholds
- Low financial literacy and weak engagement with long-term saving
- More varied and flexible career paths

Figure 3: Group-Specific Policy Actions Needed to Address System Gaps

Priority policy action required for each group

For **Baby Boomers**, the key priority is how best to convert their pension pots into a sustainable retirement income.

For **Generation X**, key priorities are increasing contributions during their remaining accumulation years, maximising investment returns, and using dashboards to better understand and manage their retirement readiness.

Millennials need support to prioritise value for money in accumulation through strong investment returns, alongside higher contribution rates and easy-to-use dashboards for managing their pensions.

Generation Z need support to enter the labour market, which is essential for inclusion in the pension system. Alongside this, contribution rates that lead to strong replacement rates will be crucial to help them accumulate sufficient retirement funds over their working lives.

Reform efforts to date have prioritised increasing investment returns and fostering economic growth. However, savers can only benefit from investment returns if they contribute and accumulate adequate pension savings over time. Gaps in early and consistent saving now demand a clear policy shift toward supporting retirement adequacy

A sharp focus on adequacy and consumer engagement is critical as the clock marches on

Key take away messages:

- **Momentum is overdue – but may be on its way.** There has been no material progress in the health of the UK Pension Framework since 2022 and the gap between Sustainability and Adequacy has increased. Government reforms carry some potential to move the dial.

- **Progress—not delay—must now be the priority.** The timely delivery of reforms is essential. Future updates to indicator measures will start to capture the impact of upcoming reforms.

- **One solution does not fit all ages.** All actions must consider the different pressures facing different generations.

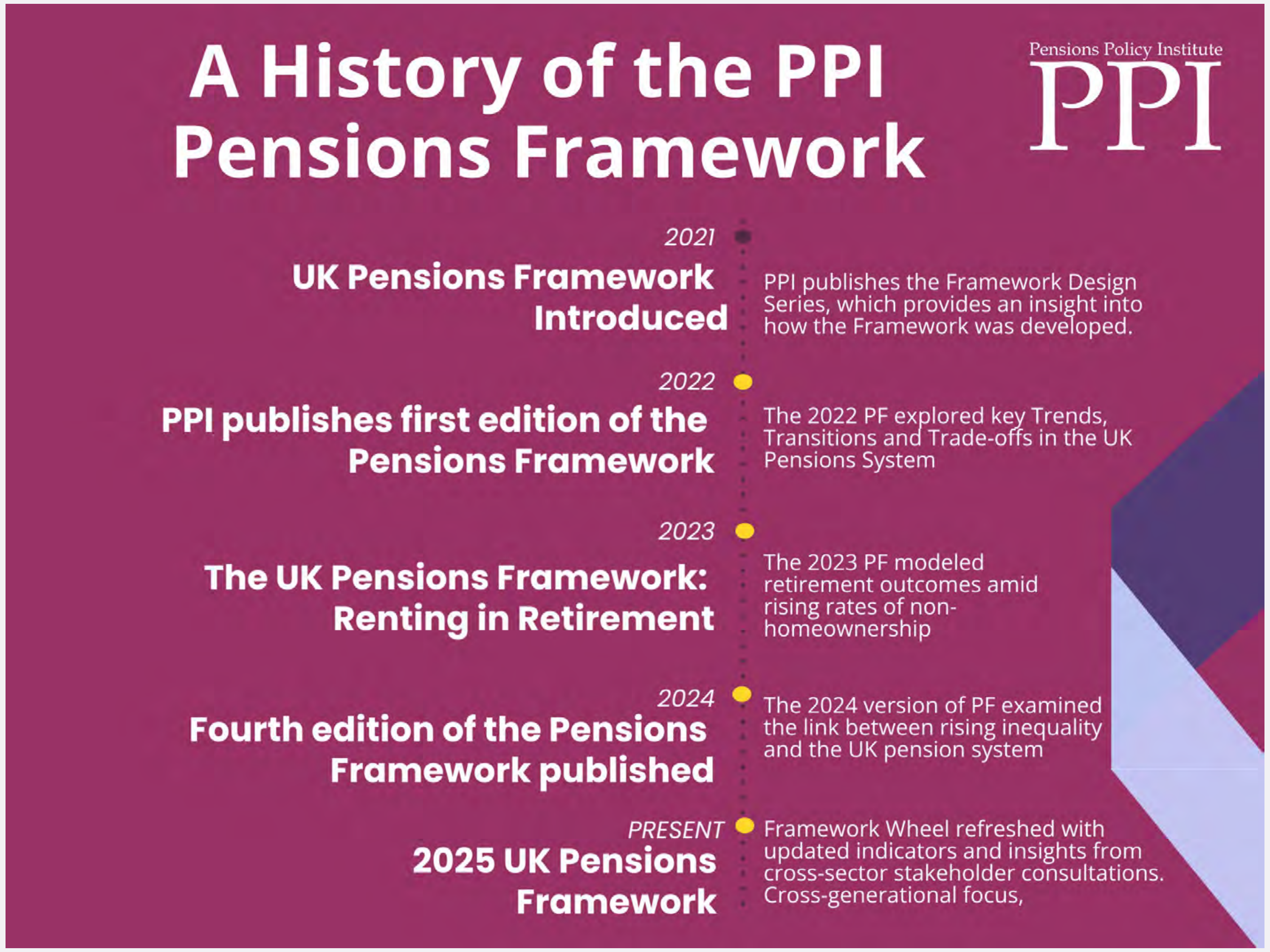
- **The Pensions Adequacy Review is key** - Phase 2 of the pensions review is a critical ingredient to boost adequacy and engagement.

Prev Next

Introduction

This report is the fifth edition of the Pensions Framework series, a multi-year project by the Pensions Policy Institute (PPI) and sponsored by Aviva. The report outlines the UK pension system's performance with updated data for the comprehensive set of indicators that encompass the framework. It monitors effectiveness against a set of core objectives (adequacy, fairness, sustainability)[1] which overall determine financial security in later life.

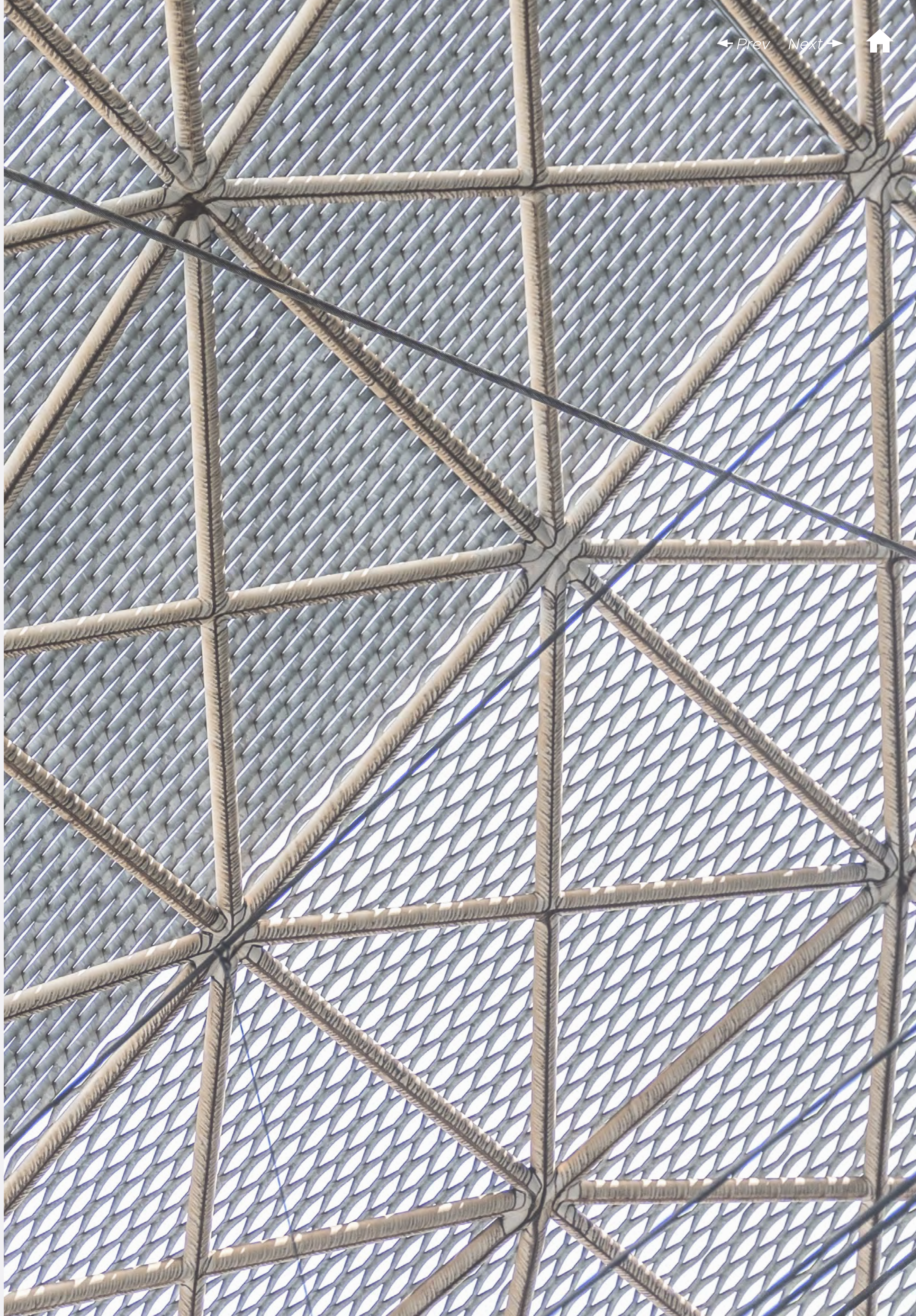
Figure 4. A History of the PPI Pensions Framework



The updated data on indicator performance allow for an improved understanding of trends and challenges, including the impact of demographic shifts, changes in employment patterns, and the effectiveness of policy measures. This analysis is especially timely given the incoming legislation and evolving regulatory landscape within the UK Pensions Policy arena, which highlight the urgent need for robust and up-to-date evidence to inform policy and implementation.

Access the full Indicator Appendix here. CLICK!

[1] These represent a selected subset of priorities identified by the Pensions Policy Institute during the initial development phase of the Pensions Framework. While the broader pensions system may serve additional objectives, the Framework is intentionally focused on these three core objectives.



The following infographic outlines key pensions reforms expected between 2025 and 2030, based on the Department for Work and Pensions' (DWP) published roadmap. It also highlights wider policy developments in other areas that may influence different generations' ability to build up pension savings and manage income in retirement:

Figure 5. Expected Pensions Reforms 2025-2030

Expected Pensions Reforms 2025 - 2030

2025	New Pension Schemes Bill introduced to strengthen regulatory frameworks. LGPS (Local Government Pension Scheme) reforms announced. FCA to publish the Advice-Guidance Boundary Review.
2026	Pension Schemes Bill expected to receive Royal Assent. FCA Targeted Support rules to be implimented to improve access to simplified guidance. State Pension age Review findings published. Pensions Dashboards to go live with provider connections. Launch of new rules for Guided Retirement pathways.
2027	Pension assets included in Inheritance Tax (IHT) framework. Master Trusts and DC schemes expected to require to offer default decumilation options. Value for Money (VfM) regulations expected to take effect.
2028	VfM assessments to begin across pension schemes. Contractual Override and Internal Default Consolidation processes to come into force to support scheme efficiency and member outcomes.
2029 - 2030	DC schemes must either reach £25bn in assets under management or consolidate into larger "mega funds". Default pension funds required to invest a minimum of 5% in UK productive finance to support growth and long-term returns.

Wider Policy Developments

Including:

- Independent Commission into Adult Social Care
- National Infrastructure and Housing Investment Plan
- Expansion of free Childcare rollout
- Employment Rights Bill

Source: Based on Department for Work and Pensions (DWP) (2025) Workplace Pensions: a roadmap.[2]

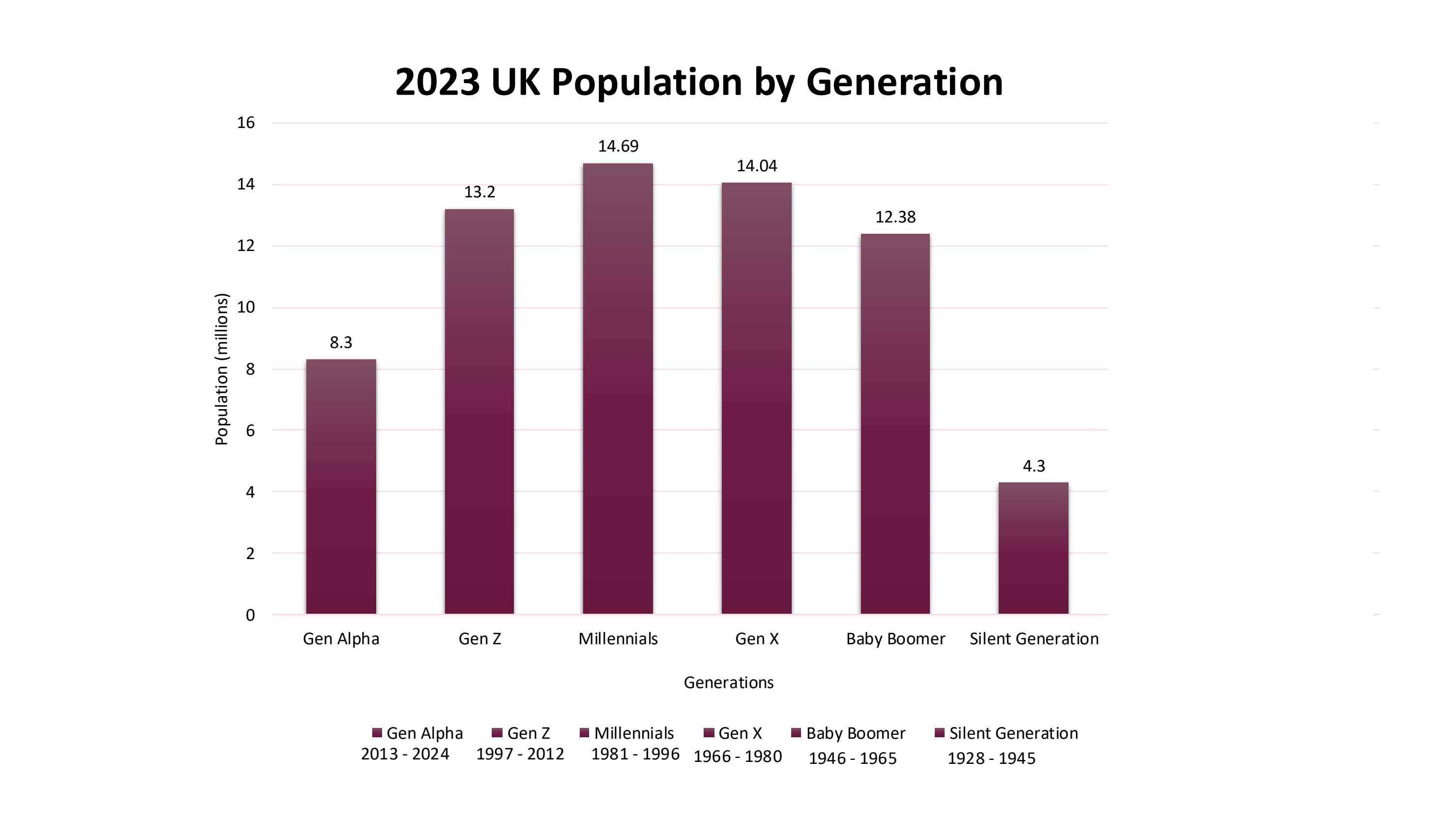
In addition to the Framework refresh, this report focuses on barriers, enablers, and shortcomings within the system as experienced by different generational groups. These are experienced within the context of the intergenerational contract where generations support each other based on their resources and needs. It ensures younger generations receive education, support and opportunities, while older generations are provided with adequate pensions, quality healthcare, and social care.[3] The issue of generational differences in retirement saving is important and timely. Whether it is student debt, job insecurity, and housing challenges for younger generations[4], or health and social care challenges coupled with inadequate pension provisions[5] for some older people, the UK faces socio-economic pressures that impact different generational groups in distinct ways.

Figure 6. Generations – summary introduction.

Baby Boomers 1946 – 1965	**Managing and sustaining retirement income:** Generally better positioned for retirement due to widespread DB pension entitlement, strong State Pension access, and high homeownership. Over 80% of over-65s own their homes.
Generation X 1966 – 1980	**Saving against the clock:** Primarily reliant on DC pensions after joining automatic enrolment (AE) later in life, leaving less time to build savings. Many face financial pressures (debt, bills, and high housing costs) with rising self-employment contributing to lower pension participation.
Millennials 1981 – 1996	**Juggling competing pressures:** Benefit from early AE, allowing longer-term pension saving, but face major barriers to homeownership and financial security. Despite steady DC contributions, affordability challenges threaten long-term retirement adequacy. In comparison with Generation X, Millennials have more time to create savings.
Generation Z 1997 – 2012	**Stepping onto the pensions ladder:** Early access to AE but limited pension security due to gig work, irregular incomes, and low homeownership. While digitally fluent and financially aware, Generation Z faces rising student debt, housing costs, and risks from unregulated financial content online.

[2] Department for Work and Pensions (DWP) (2025).
[3] International Longevity Centre UK (ILC-UK) (2024).
[4] Okello, S. (PPI) (2025)
[5] ILC-UK (2024).

Figure 7. Millennials and Generation X dominate the UK's Population Landscape in 2023



Source: Clark, D. (2025). UK population by generation.[6]

Intergenerational support is central to societal cohesion and equity in the pension system and welfare state.[7] The purpose of this report is to examine key generational differences in retirement planning; identify the factors driving key disparities; and provide insights on potential approaches for improving retirement outcomes for all generations.

The research questions addressed through this edition of the Framework are as follows:

1. What do measures of the updated indicators tell us about the UK pension system and how does this compare to previous years?
   a) What is driving these trends and what are the policy implications?
   b) Where there is little/no change, what are the consequences of this?
2. What are the potential implications for groups at different points in the accumulation phase of retirement planning?

The findings presented in this report are the result of a thorough programme of research involving modelling and data analysis, reference to existing evidence and literature, and consultations with 27 stakeholders.[8]

Chapter One of this report presents updated results from the Pensions Framework indicators, highlighting areas of progress and persistent challenges across adequacy, sustainability and fairness.

Chapter Two explores the challenges facing the Baby Boomer generation, including those related to pension adequacy, delayed retirement, and financial vulnerability in later life, alongside the risks of prioritising intergenerational financial support over personal long-term security.

Chapter Three examines the shared financial challenges facing Generation X and Millennials, including caregiving responsibilities and barriers to sustained saving, while exploring the role of inheritance and opportunities to strengthen engagement.

Chapter Four explores the early pension experiences of Generation Z, highlighting the impact of student debt, financial education, and digital tools, as well as the structural barriers groups like young carers and women face.

Conclusion

The final chapter revisits the report's core research questions, drawing together findings and updated indicators to outline key conclusions and policy implications.

[6] Clark, D. (2025). Note: Generation X population estimated by author based on subtracting known generational totals from overall population.
[7] ILC-UK (2024).
[8] For more information on methods and stakeholders consulted, please refer to the Methodology Appendix.

CHAPTER ONE:

Pensions Framework 2025 Indicator Summary

Key messages:

Today

- Progress towards key fundamental long-term objectives for the system - achieving a balance between adequacy, fairness and sustainability - has been limited.
- Since 2022, only 3 of the 41 indicators have improved in support of the system's goals.
- The cost-of-living crisis has strained pensioner incomes across the income distribution.

Tomorrow

- Worsening health is an increasing threat.
- There could be good news for housing affordability.
- Current minimum contribution rates mean more retirees are at risk of not having the DC assets they need to sustain them in retirement.

Pensions Framework 2025 Indicator Summary

Background

The UK Pensions Framework is unique and comprehensive in that it covers 41 indicators across a range of domains including housing, income, health, and employment. The indicators are categorised under a sub-set of strategic system objectives - adequacy, sustainability and fairness. Each indicator contains quantitative and qualitative metrics that are used in combination to assign a score out of six. This is used to classify the extent to which outcomes are providing support for the system objective.

This year marks the first time since its inception in 2022 that the full set of measures have been updated where the latest data have been available. This chapter provides a summary of what the updated indicator measures (presented in full in the Indicator Appendix) tell us about how the system is performing. The refreshed measures show that while there has been some movement in a very small set of indicators, the ratings across the board are overwhelmingly static.

Figure 8. Overview of changes in indicator ratings

Objective	Indicator	Movement
Adequacy	A1.1 Employment Rates	↓
	A4.2 Home Ownership	↑
	A6.1 Change in Retirement Income	↓
Sustainability	S1.1 Longevity and Population Ageing	↓
	S2.1 Fiscal Sustainability	↑
	S2.2 Scheme Sustainability	↑

Movement Legend	
↑	Improved
↓	Declined

Summary

3 indicators **improved**
3 indicators **declined**
35 indicators **remained the same**

Movement was experienced within some of the Adequacy and Sustainability objectives

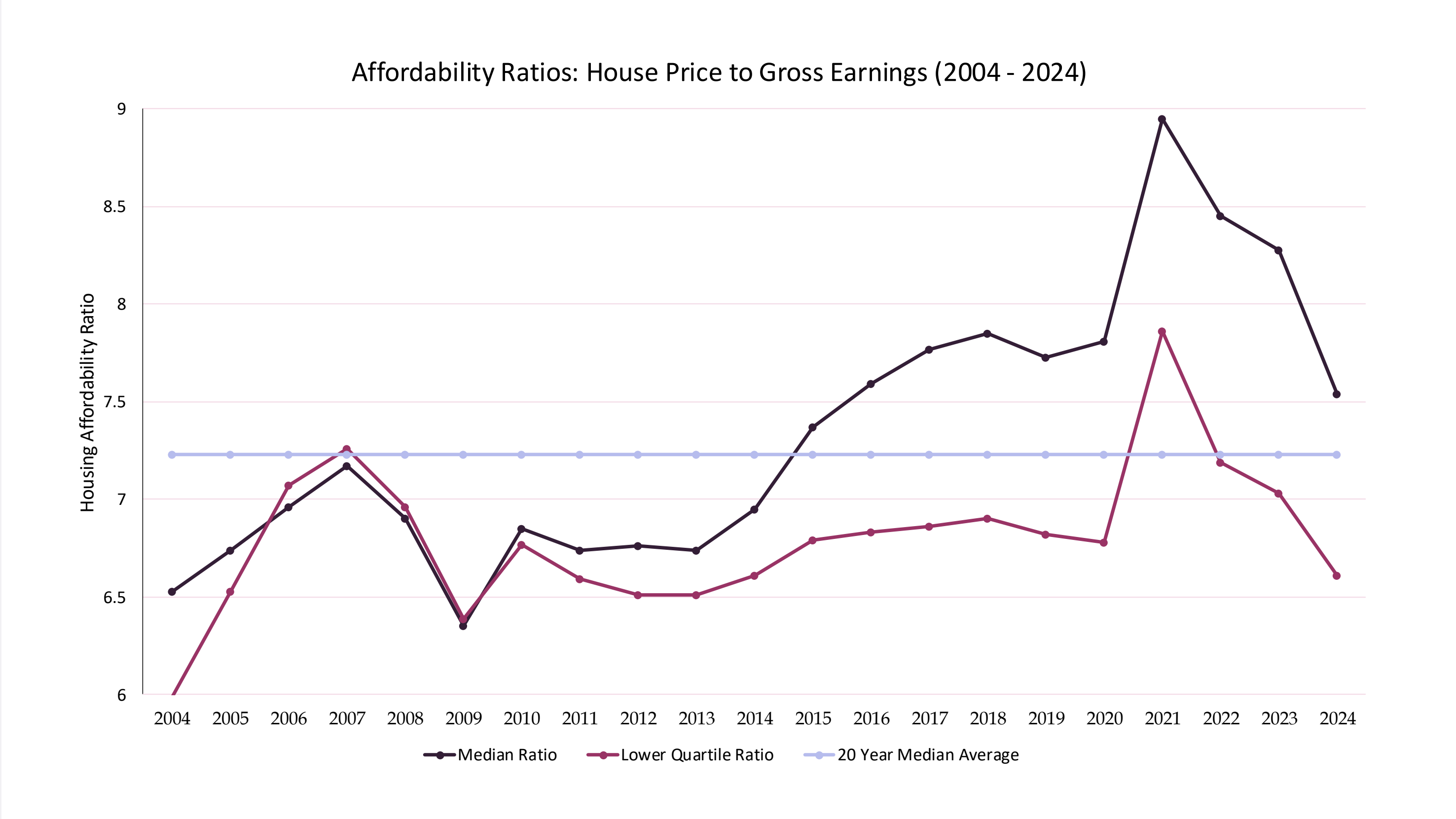
Signs of improvement in sustainability and housing affordability

There are three areas that have shown some improvement.

Home ownership (Indicator A4.2) has increased from a rating of 3 to 4. This indicator measures the extent to which levels and affordability of home ownership impact adequacy. Owning your own home can reduce housing costs and the income needed to maintain living standards or mitigate poverty in retirement. Homes are a growing asset that can strengthen financial stability in later life. They can provide capital either through sale or equity release. This indicator measures levels of home ownership by age and affordability (in relation to gross earnings), to determine the extent to which home ownership is helping people to achieve improved financial outcomes in retirement.

We see the highest levels of home ownership ever observed in the 65+ age group.[9] UK average affordability has improved since the peak of the affordability ratio during the COVID-19 pandemic to a ratio comparable to that observed around ten years ago. This effect is evident across house prices with lower-to-median house prices falling in comparison to the earnings distribution. Although this slight improvement in affordability may ease the burden on aspiring homeowners, younger generations continue to face significant barriers to home ownership and tend to access the housing ladder later in life compared to previous cohorts.

Figure 9. After a period of worsening affordability, recent data shows a modest improvement in the ratio of house prices to earnings.



Source: Based on data extracted from Indicator A4.2 (Home Ownership) in Indicator Appendix

Both **Fiscal Sustainability (Indicator S2.1)** and **Scheme Sustainability (Indicator S2.2)** have improved from a rating of 4 to 5.

The improvement in Fiscal Sustainability is explained in the box below. In terms of Scheme Sustainability, many schemes are well funded with the majority of DB schemes in surplus.[10] Furthermore, the increase in members brought about by automatic enrolment has boosted the economies of scale of DC schemes.

[9] Ministry of Housing, Communities and Local Government (2025). English Housing Survey data cited in analysis presented for Indicator A4.2 Home Ownership (see Indicator Appendix).
[10] PPI analysis of Office for National Statistics (ONS) (2024d). House Price to Workplace-based earnings ratio.

Figure 10. Fiscal Sustainability (Indicator S2.1) summary box

Improvements in Fiscal Sustainability

Since 2016, the UK government has made changes to how pensions work

The latest data shows that:

- Government spending on pensions has gone down compared to revenue from National Insurance (NICs). This is driven by changes including: a new, flat-rate State Pension, increases in State Pension age, and revisions to eligibility of pension benefits.
- While pensioner benefit spending remains significant—£138.2 billion which equates to around 5.1% of GDP in 2023–24—it has broadly stabilised relative to GDP and NICs, with slower growth than revenue since 2015–16.
- Net spending on unfunded public pension schemes has also declined.
- In contrast, the cost of tax relief on pensions is rising in the short term due to higher saving rates driven by automatic enrolment. However, this is expected to be offset over time by increases in taxable retirement income.

Overall, recent pension changes are proving to make the UK's pension system more fiscally sustainable.

Pensioner net-incomes are challenged and deteriorating health is an increasing threat

Three key indicators have been downgraded:

Employment rates (Indicator A1.1) which fell from a rating of 4 to 3. This indicator assesses the proportion of people employed in ways that positively impact pension adequacy.

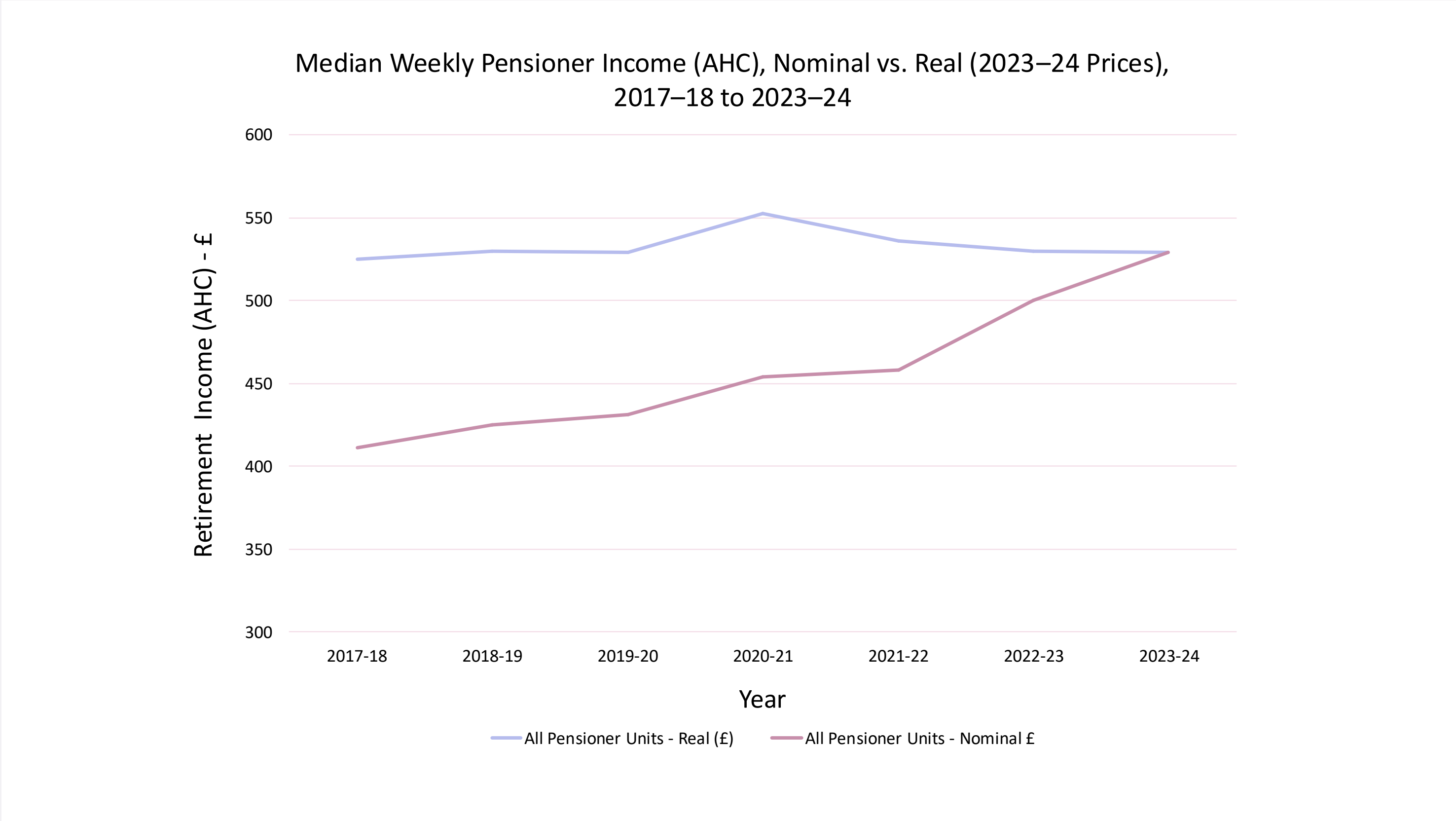
In the current system, increased work contributes to improve future pension outcomes by enhancing lifetime earnings. While employment rates today align with long-term trends, they remain below recent highs. They have seen a downturn since their peak in 2019 and the indicator has been subsequently downrated as a result.

Retirement income (Indicator A6.1) has been downgraded from 4 to 3, reflecting increasing concerns about the adequacy of income in later life. While longer-term trends show a gradual improvement in pensioner incomes, the most recent data reveals a real-terms decline from the 2020–21 peak. By 2022–23, incomes had fallen back to levels similar to those recorded in 2017–18, highlighting the long-term impact of inflation and sustained cost of living pressures. The accompanying chart illustrates this dynamic clearly. While nominal incomes have continued to rise, real incomes (adjusted for 2023–24 prices) have declined in recent years, reflecting a loss of purchasing power.

These findings align with recent public perception data, which highlight concerns about older people living in poverty. Over three in four people believe the Government has a responsibility to address this issue, particularly in maintaining an adequate standard of living. The cost of living emerged as the top challenge facing older people.[11]

[11] Independent Age (2025)

Figure 11. Trends in nominal and real retirement incomes (adjusted to 2023–24 prices), showing a decline in real income levels since the 2020–21 peak.[12]



Source: Based on data extracted from Indicator A6.1 (Change in Retirement Income) in Indicator Appendix

A more in-depth look at the indicator data highlights persistent disparities between different types of pensioner households. This is particularly significant for groups with lower or less stable income in retirement. Although previous years had shown stronger income growth for some groups (for example, single women pensioners), this year's data indicates that earlier signs of convergence, meaning a narrowing of income gaps between higher- and lower-income pensioner groups, have stalled. The relative slowing of income growth among lower-income groups suggests that disparities in retirement income are persisting or even widening, reinforcing concerns about adequacy for the most financially vulnerable.

Longevity and Population Ageing (Indicator S1.1), has been downrated from 3 to 2. This reflects a combination of demographic pressures, including a rising old-age dependency ratio and a notable fall in healthy life expectancy.[13] For example, the current old-age dependency ratio rose by +1.7 to 277.9 per 1,000 people of working age (2022). However, this is part of a more substantial projected jump to 321.2 per 1,000 people by 2041, indicating growing pressures on the pensions system. Despite some increases in the proportion of adult life spent in work, particularly for women,[14] this is being outweighed by longer periods of dependency and a shrinking economically active population relative to retirees. The expected proportion of future life to be spent in good health at age 65 also fell to 52.9% for females and 54.3% for males, down 1.5+ percentage points from the previous year, suggesting more years spent in poor health. These trends collectively raise longer-term sustainability concerns for the pensions system, which will be supporting an increasing proportion of the population beyond economic activity. These trends will have important implications for social care, with the need to support pensioners through lengthening periods of poor health.

[12] The apparent convergence of nominal and real income in the latest year reflects the fact that 2023–24 is the base year used for adjusting real-terms income. Nominal income refers to the actual amount received in pounds, without adjusting for inflation, while real income accounts for changes in the cost of living over time. Tracking income in real terms is essential to understand whether retirees' purchasing power (and therefore standard of living) is improving or declining.
[13] Office for National Statistics (2024)
[14] PPI Analysis of Labour Force Survey data and Office for National Statistics, Mid-Year Population Estimates.

Table 1. Summary of Key Longevity and Population Ageing Indicators and Implications for Pension Sustainability

Measure	Most Recent Value	Change from Most Recent Data	10-Year Average	Explainer
Old Age Dependency Ratio (current data: 2022)	277.9 people of pensionable age per 1,000 people of working age	+1.7 (change from previous year)	No information available.	Shows the growing number of pension-age people relative to the working-age population, increasing pressure on public finances and pension systems.
Active Dependency Ratio (current data: 2024)	585.6 inactive people (of all ages) per 1,000 economically active people	+1.8 (change from previous year)	575.7	Reflects the number of inactive people (of all ages) supported by each active worker, highlighting the economic weight on the workforce.
Proportion of life in good health (at age 65) – Females (current data: 2023)	52.9%	↓1.8 pp (change from previous year)	54.1%	Indicates expected healthy life expectancy after 65, with a declining trend pointing to greater need for health and care support in later retirement.
Proportion of life in good health (at age 65) – Males (current data: 2023)	54.3%	↓1.3 pp (change from previous year)	55.4%	Reflects expected years in good health beyond age 65, with recent declines suggesting increasing late-life health risks.
Proportion of life in work – Females (current data: 2021)	56%	+1 pp (change from previous year)	54%	Captures the share of total life expectancy spent in paid work - a recent rise may support retirement saving but also reflects extended working lives.
Proportion of life in work – Males (current data: 2021)	66%	No change from previous year	66%	Indicates the portion of life spent in work, remaining stable over time and suggesting consistent work patterns among men.

Source: Based on data extracted from Indicator S1.1 (Longevity & Population Ageing) in Indicator Appendix – see footnote and references for exact details.[16]

Rising health and social care costs present a key challenge to **financial security in later life (Indicator A5.4)**. Self-funders currently account for around 37% of total gross adult social care expenditure in England, while average out-of-pocket[17] spending reached £664/year per person in 2023. Private contributions now make up approximately 14.6% of overall healthcare spending mix, up from 12.4% in 2020, suggesting a growing emphasis on individual contributions within the system.[18] Rising life expectancy coupled with stagnating healthy life expectancy extends the period during which people may require care. Unpaid caregiving responsibilities also impact retirement outcomes, particularly where individuals reduce paid work or exit the labour market entirely. Around 8% of the population provide informal care, and the majority of those receiving Carer's Allowance are women.[19] While essential, this form of care can reduce earnings and limit pension contributions over time, with Carer's Allowance offering limited compensation. Together, these pressures contribute to a widening gap between care needs and the resources available for individuals to support themselves through later life.[20]

[16] Department for Work and Pensions (DWP) (2013), Ferguson, B. and Belloni, A. (2019), Office for National Statistics (ONS) (2025), Office for National Statistics (ONS) (2025a), Office for National Statistics (ONS) (2025b). See Indicator Appendix write up for Indicator S1.1 for further information.

Lack of movement signals barriers to progress for key indicators

It is also important, with a comprehensive set of indicators such as these, to carefully consider where aspects of the system have remained unchanged. **Defined contribution (DC) rates (Indicator A3.5)** remains steadfast with a rating of level 2 which indicates that performance for this indicator is poor in terms of support for adequacy. Current minimum contribution rates mean many retirees will not have the DC assets they need. This is important, as Generation Z and Millennials are more reliant than previous generations on strong DC savings for favourable retirement outcomes.

Data and metrics (Indicator S3.4) and **Engagement (Indicator F1.2)** both held at their low ratings of 2, indicating persistent barriers and lack of progress in these areas. This stagnation is a concern as access to high-quality, timely data is essential for effectively managing services, making informed decisions, reducing risk, managing outcomes, driving innovation, and targeting support. However, despite the volume of available data, there are ongoing challenges with harmonisation, consistency, and sharing of data which all obstruct comprehensive oversight. This limits transparency and complicates efforts by individuals, providers, and policymakers to assess how well the system is meeting its goals, ultimately affecting decision-making and engagement with retirement saving.

Wider research supports this, highlighting key data gaps such as limited insight into how savers manage multiple pots or draw income in retirement; data reported at the pension pot level rather than individual level; and a lack of tracking of post-retirement outcomes. Consequently, these limitations hinder assessments of, for example, value for money and the design of effective and targeted policies to improve long-term outcomes.[21]

The **Engagement indicator (Indicator F1.2)** gives an overview of the interactions that individuals have with their pensions and retirement saving decisions. This is considered through various channels including communications or technology as provided by employers, schemes, professional organisations and public bodies, and the outcomes they produce. Engagement underpins fairness as it can promote inclusion, build trust, manage expectations, improve outcomes, and safeguard individuals against poor financial wellbeing. It was not possible to update the indicator for engagement in 2025 due to the absence of new data across the key sources we used previously. This absence includes the DWP Planning and Preparing for Later Life Survey for which we are currently awaiting the latest datasets.

It became apparent in bringing together data for the indicator measures that additional data gaps existed with no recent updates from relevant sources. There were also data gaps, for example, for **Indicator A2.1 State Pension Income – Coverage (BSP)**. These included an absence of up-to-date figures for caseload data by age, income and gender, as well as a general lack of data on rates paid to individuals who have contracted-out of the system, and State Pension data by marital status. These data gaps affect comparability and hinder longitudinal analysis for the purpose of tracking trends. Integrated data sources could support more accurate assessments of progress against indicators.

Value for money (Indicator F3.1) also remained unchanged, maintaining a rating of 4. This reflects stable performance across investment outcomes, charges and member awareness, without a clear improvement or decline. While the indicator provides a broad snapshot of current conditions, the new Value for Money (VfM) framework under the Pension Schemes Bill intends to bring more formal scrutiny to how DC schemes deliver outcomes for members. Once implemented, the regulatory framework will require schemes to assess and report publicly on value for money, which will set a more structured benchmark for performance and transparency.[22]

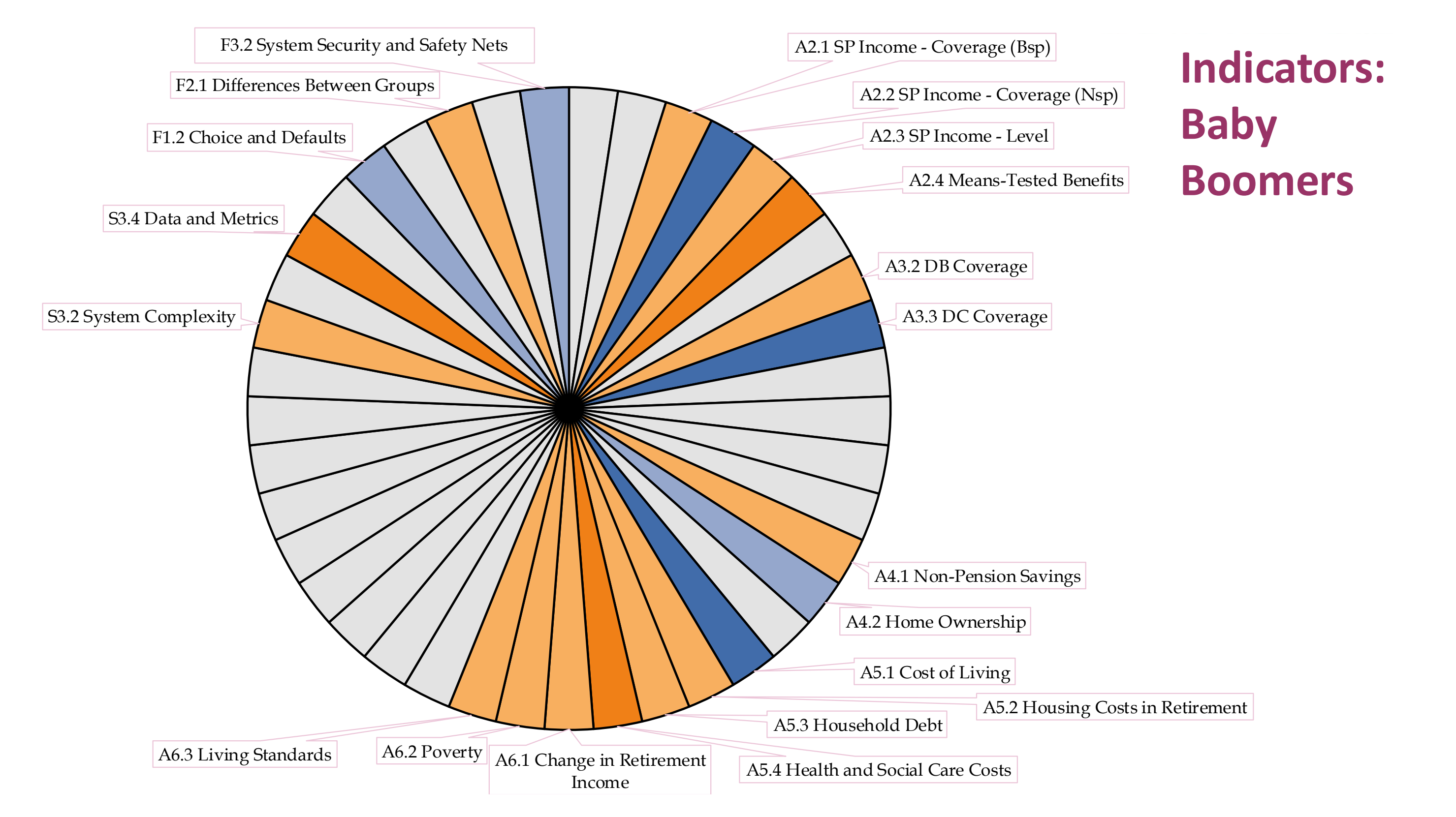
[17] These are direct payments made by individuals at the point of receiving health or social care services that are not reimbursed by insurance or the state.
[18] Office for National Statistics (2025c)
[19] Carers UK (2025). See Indicator Appendix write up for Indicator A5.4 for further information.
[20] Refer to Indicator A5.4 for detailed figures.
[21] Garcia Requejo, M. (PPI) (2025).
[22] UK Parliament (2025).

The UK Pensions Framework 2025: wheel variations for the generations

We have selected the indicators most relevant to each generational group based on differences in their financial realities and lifecycle stage.[23] Separate wheels are presented for each generation (or group of generations) as they are discussed in Chapters 2 through to 4.

These alternative presentations of the wheel show what the latest underlying data that underpins the 2025 indicator ratings mean for each generation. Subsequent chapters then discuss topics related to these findings and provide deep-dive analysis drawing on the indicator refresh, a review of the wider literature, and insights from stakeholder consultations.

Figure 12: Baby Boomers Pensions Framework Wheel 2025



A snapshot of the indicators highlighting a range of high, low, and average performing indicators across the three key system objectives:

Indicator A.2.2 State Pension Coverage (nSP). Rating: 5

- A high proportion of eligible claimants receive the full new State Pension, and the gap between men and women has narrowed compared to the old system. Differences in income distribution persist but are narrowing.

Indicator A.5.3 Household Debt. Rating: 4

- Despite a sharp increase in 2022 in population-wide consumer lending, debt at older ages is becoming less likely to impede adequacy. No significant increases in the proportion of people over 65 with financial or mortgage debt were observed in recent years. Of those who do have debt, the proportion who report their debts to be a heavy or problematic burden is falling.

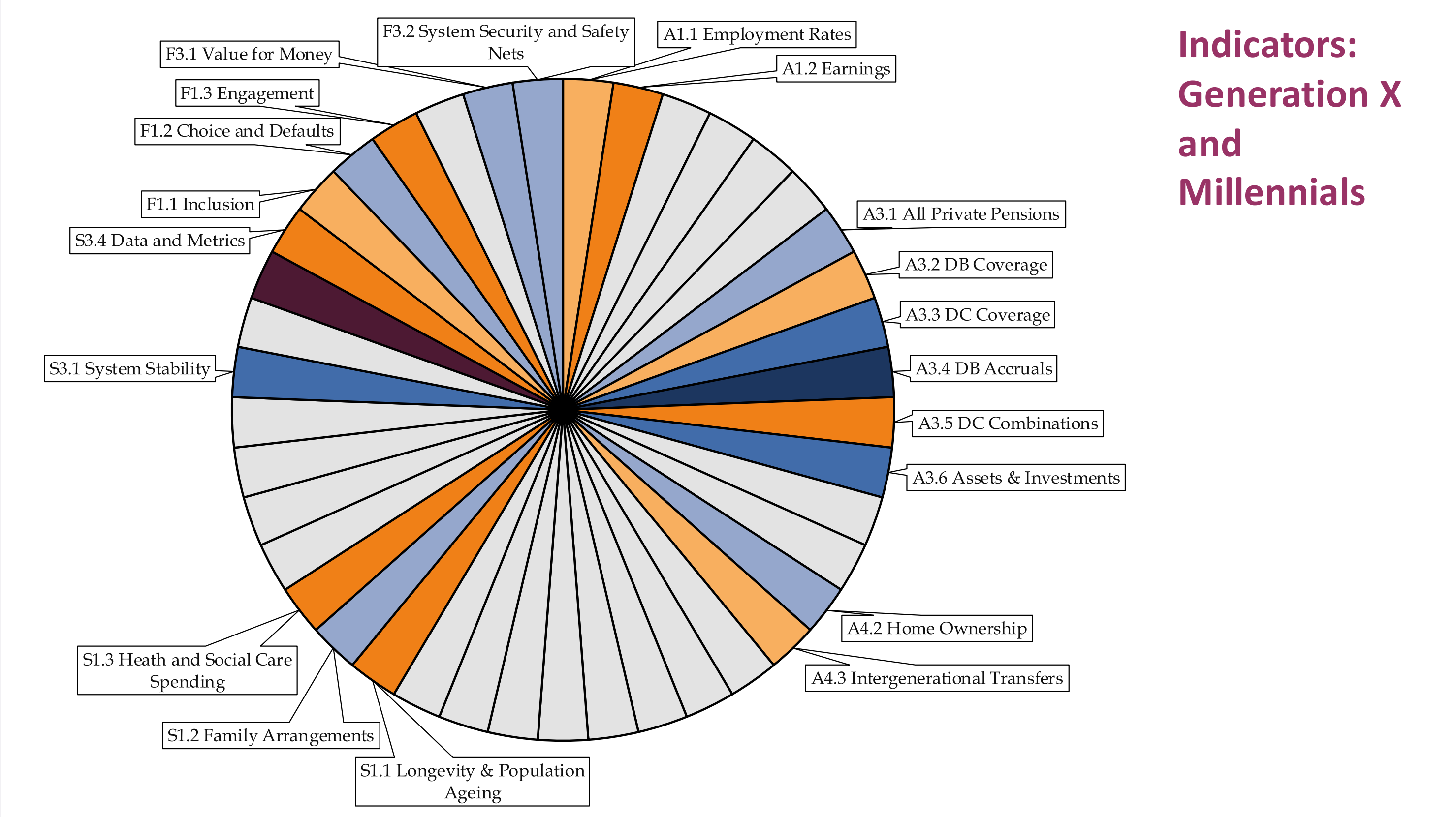
Indicator S.3.2 System Complexity. Rating: 3

- Reforms to simplify State Pensions through the recognition of unpaid work as well as an increase in the number of people saving into private pensions have reduced overall complexity in the UK pension system. However, their success is somewhat offset by changes that have created new complexities in the private sector (e.g. multiple pension pots, varying charges across providers etc), along with a complicated and expensive system of pension tax.

Indicator A.2.4 Means Tested Benefits. Rating: 2

- High dependency on income-related benefits among single pensioners, with high levels of non-take up among all groups and falling adequacy of benefit income compared to Minimum Income Standard suggests that means-tested benefits provide poor support for adequacy.

Figure 13: Generation X and Millennials Pensions Framework Wheel 2025



Indicator A3.4 Defined Benefit Accruals Rating: 6

- A high proportion of individuals who are actively contributing to a DB pension are doing so in a manner which is likely to yield a high level of guaranteed, inflation linked, income throughout their retirement which is designed to help people replicate working life living standards in retirement.

Indicator S1.2 Family Arrangements Rating: 4

- Modest long-term declines in divorce rates and in the proportion of pensioners living alone suggest fewer individuals will face later life alone, reducing exposure to risks commonly linked to isolation or changing family settings.

Indicator F1.1 Inclusion Rating: 4

- A high proportion of people are able to access good quality pensions and pension services. While coverage gaps are narrowing, groups including women and those on low incomes are most likely to be missing out on opportunities to improve their retirement outcomes.

[23] These generation wheels are highlighting the indicators that are most relevant and noteworthy for each group. Some indicators are relevant to multiple generations and are therefore highlighted on more than one generational wheel. While all indicators are relevant, where there is little new to note (and we have very little overall movement across the indicators), they remain unhighlighted

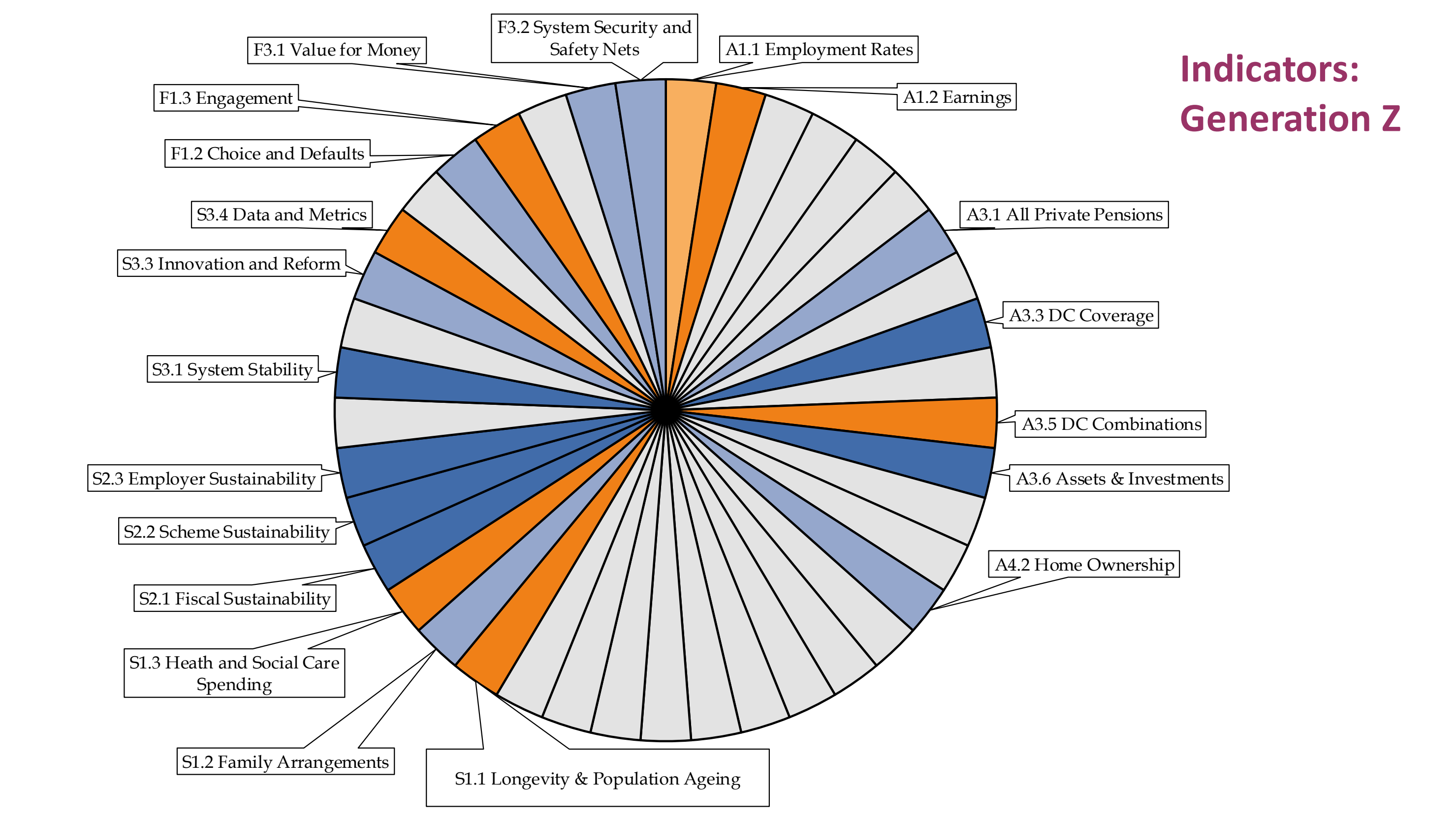
Indicator A1.2 Earnings Rating: 3

- A high proportion of workers have experienced real-term declines in earnings which negatively impact their ability to grow household and pension savings. Overall, levels of income inequality between gender, ethnicity and income groups are falling.

Indicator A3.5 Defined Contribution Pension Contribution Rates Rating: 2

- The proportion of individuals who are actively contributing to a DC pension who are doing so in a manner beneficial to pension adequacy is significantly low.

Figure 14: Generation Z Pensions Framework Wheel 2025



Indicator A3.6 Pension Investments and Assets Rating: 5

- A high proportion of pension assets are invested in a way which is beneficial to adequacy, although changes in the economy due to the COVID-19 pandemic mean that performance has been inconsistent over recent years.

Indicator S2.3 Employer sustainability Rating: 5

- A high proportion of employers are providing access to workplace pension schemes in a manner that has remained beneficial to their sustainability. The costs of providing workplace DC pensions has decreased, or at least become more manageable, for employers implementing automatic enrolment, between 2013 - 2019. Three quarters of micro, small and medium size employers reported no additional costs associated with automatic enrolment, and for those that did, costs were generally modest.

Indicator F.1.3 Choices and Defaults. Rating: 4

- Choices, defaults and additional options are available to many savers. However, access is not consistent across all schemes and overall coverage across the working age population remains low. Regulation covers some aspects of saving for retirement, but not all.

Indicator S3.3 Innovation and Reform Rating: 3

- Overall, policymaking processes that relate to pensions and later life are complicated by the fact that no overall government department or minister is responsible for overseeing or coordinating policy decisions and outcomes, whilst departments involved in delivering public services and spending may have varying objectives. They include DWP, Treasury and Department of Health and Social Care amongst others.

What do the generation specific Pension Framework 2025 wheels tell us about each group?

Each new generational wheel provides insight into how different groups are faring across the pension system. Presented below is an analysis of these wheels to assess how each generation is positioned in relation to the three key system objectives that the Framework covers: **adequacy**, **fairness**, and **sustainability**.

- **The Baby Boomer generation** has more average to poor performance indicators than younger cohorts, particularly in areas related to **adequacy** and the effectiveness of safety nets like means-tested benefits. While they have strong State Pension coverage (Indicator A2.2), widespread DB coverage (Indicator A3.2), and high homeownership (Indicator A4.2), they will not see material changes through movement of policy levers that relate to automatic-enrolment reforms or long-term investment returns given their stage in the retirement journey. Instead, the focus for this group is on decumulation-focused solutions that help manage and sustain retirement income.
- **For Generation X and Millennials**, the wheel represents a very mixed picture. It features one indicator with the highest possible rating of 6 — Indicator A3.4 Defined Benefit accruals — which primarily applies to older Generation X individuals. As these groups are around the midpoint of their pension journey and of working age, several policy levers become particularly important. These include ensuring adequate contribution rates and support to navigate and manage competing financial pressures, especially given that the income and earnings indicator (A1.2) is rated as a relatively poor performer. In addition, delivering value for money in the accumulation phase and achieving strong investment returns will be critical for these groups in terms of building and growing pension pot sizes, ultimately supporting a path toward retirement **adequacy**.
- **The Generation Z** wheel also shows a mixed picture. **Sustainability** indicators (including Indicators S2.3 Employer, S2.2 Scheme, S.2.3 Fiscal Sustainability) are rated highly in terms of performance. These factors provide a positive context for savers at the beginning of their contribution journey. However, this group requires help in understanding the importance of starting to save for retirement early and maintaining consistent contributions over time. Furthermore, they require opportunities to access secure, fairly paid jobs that include them in the pension system (**fairness** Inclusion Indicator F1.1), particularly as Indicator A1.2 Income and earnings currently shows only average performance.

Summary: There are strengths and challenges within the pensions system for each generational group. Comparing the three wheels, it is clear that no single generation is unequivocally better off. Each faces a unique mix of risks and opportunities, shaped by their stage in the accumulation/decumulation journey. These comparisons underline the importance of tailored policy responses that reflect generational differences, while also addressing cross-cutting system-wide challenges. In the following chapters, we explore these dynamics in greater depth, including the differences that exist within generational groups as well as between them.

CONCLUSIONS

- Since 2022, 3 out of 41 indicators have improved to show stronger support for the system's goals, while 3 have declined. Notably, one of the shifts includes a real-terms fall in retirement income — a critical measure of Adequacy.
- This demonstrates that progress towards some of the system's core objectives has been limited. It is clear then that Adequacy and Fairness continue to be the weak components in the Pensions Framework; and there has been little movement over the past few years. Furthermore, the gap between Sustainability and Adequacy has increased.
- Current policy reforms have potential – including Value for Money, default decumulation, and potential return from private market investment in line with the Mansion House Accord – but there is a pressing need for Phase 2 of the Pensions Review to progress sooner rather than later.

CHAPTER TWO:

The Varied Retirement Landscape for Baby Boomers (1946 – 1965)

Chapter Summary:

The Baby Boomer generation are a heterogeneous group. This chapter examines the complex set of challenges that many Baby Boomers face. These include pension inadequacy, delayed retirement, gender disparities in state entitlements, and heightened financial vulnerability among single-person households. At the same time, the delicate balance between intergenerational wealth transfers and ensuring financial security in later life demands careful consideration. This chapter explores these interconnected themes that influence retirement outcomes for the Baby Boomer generation.

Figure 15: Chapter Two Summary box

Baby Boomers at a Glance

Wealth, but not for all: High DB pension coverage and homeownership define many Boomers. However stark intragenerational inequalities exist, especially among those without DB pensions or with low savings.

Delayed retirements, rising responsibilities: Many work longer, not just due to insufficient savings, but to support younger family members amid rising living costs.

Unplanned returns to work: Some recent retirees return to work after underestimating retirement costs, highlighting the need for better pre-retirement planning.

Persistent gender gaps: Significant disparities in State Pension entitlement persist between men and women, especially affecting those with interrupted work lives.

Vulnerability for older adults living alone: Rising numbers of single older men face financial insecurity and social isolation, often falling through support system cracks.

Housing wealth, untapped but complex: Equity release remains underused. While it could support income in later life, it requires careful planning and clearer guidance.

Generous but unprepared: Many Baby Boomers transfer wealth to younger generations, but without adequate financial advice, they risk compromising their own long-term care and stability.

Wealth and disparity underpin intragenerational differences

Baby Boomers are generally better positioned than younger generations can expect to be for retirement due to higher levels of Defined Benefit (DB) pension entitlement, higher rates of State Pension entitlement, and higher rates of homeownership, with over 80% of people over 65 owning their own homes (see Indicator A4.2). Many also hold supplementary forms of wealth, such as non-pension savings.[24]

> *"One of the biggest things that creates inequalities is history and the fact that the sorts of benefits that a large number of people in the boomer generation were getting in terms of retirement benefits were just much more generous. Some of these things are just cohort effects but of course they had more stable forms of employment, less volatility of earnings, less churn, less multiple employments and lower rates of self-employment"*
> *Industry expert*

However, this generation is not without its intragenerational inequalities. Over one million pensioners have no private or workplace pension.[25] While many Baby Boomers have accumulated significantly more wealth than previous generations did at the same age, poorer individuals without DB pensions and limited automatic-enrolment savings will rely almost entirely on the State Pension and struggle to meet minimum income standards (a standard of living that it is advocated everyone in the UK should be able to achieve[26]) as defined by Loughborough University for both Pensions UK's Retirement Living Standards (RLS) and the Joseph Rowntree Foundation's Minimum Income Standard.[27, 28] These more vulnerable Baby Boomers also face uncertainty over future care costs and struggle to manage or make the most of their accumulated wealth.[29]

Figure 16: Knowledge gaps and low take up of support, a persistent issue for Baby Boomers and others approaching retirement.[30, 31]

Knowledge gaps & low take up of support

- Only 23% of those aged 40–75 report a very good understanding of how much income they will need in retirement.
- Nearly 30% of 60–65-year-olds with DC pensions accessed their pension pots without information, advice or guidance from their pension provider.
- Baby Boomers, along with other generations, are increasingly being targeted through digital engagement strategies.
- Targeted digital engagement and tailored interventions that provide personalised support could be valuable for increasing awareness.
- The FCA and the Government began a joint review at the end of 2023 to examine the regulatory boundary between financial advice and other forms of consumer support, i.e., the Advice Guidance Boundary Review (AGBR).
- The Government and FCA know that consumers face complexity in making financial decisions. The AGBR involves an evaluation of 1) the way advice and support are delivered to consumers, and 2) how new technologies can enhance consumer experiences and outcomes.
- The FCA, Government and industry are interacting on options to narrow the advice gap and improve retirement outcomes. Targeted support in pensions is part of this and presents an updated approach to assisting pension savers.

[24] Silcock, D. Brain, A. & Pike, T. (PPI) (2019).
[25] Centre for Ageing Better (2023).
[26] As defined by Loughborough University, for both Pensions UK's Retirement Living Standards and the Joseph Rowntree Foundation's Minimum Income Standard. See Joseph Rowntree Foundation (2024), Padley, M. and Shepherd, C. (2019).
[27] Silcock, D. Brain, A. & Pike, T. (PPI) (2019).
[28] Pensions UK (Previously known as PLSA) (2016).
[29] Silcock, D. Brain, A. & Pike, T. (PPI) (2019).
[30] Department for Work and Pensions (2021).
[31] Wilkinson, L. (PPI) (2025).

Tapping into property wealth: opportunities and barriers

With a high proportion of Baby Boomers owning their homes outright, equity release may offer a way to access additional income in later life, particularly for those without sufficient pension savings.[32, 33] While equity release can offer additional flexibility and supplement retirement income, it involves financial and personal trade-offs that require careful consideration, including potential impacts on future care needs, inheritance, and eligibility for means-tested benefits. Currently uptake of equity release remains limited, reflecting broader challenges in engagement with holistic retirement planning, including low awareness, inconsistent access to advice, perceived value, and stigma.[34] Strengthening how individuals are supported to engage with their financial options, including the role of housing wealth, could help make this option a more considered part of retirement planning. Structured, periodic, check-ins may offer a timely opportunity for people to reflect on their future income needs, working life, and health.[35] As financial circumstances in later life become increasingly diverse, greater clarity and support around the potential role of housing wealth may be necessary as part of broader efforts to improve retirement planning and income security.

The growing challenge of delayed retirement

Increasing numbers of older individuals are continuing to work well beyond State Pension age. According to the latest UK Annual Population Survey (APS) data for July 2023 to June 2024, 9.5% of people aged 66+ and older (1.12 million people) were still working. This figure has increased from 8.7% a decade before.[36] Analysis of APS data highlights key motivations behind why individuals choose to continue working beyond State Pension age. The most commonly cited reason for continuing to work beyond State Pension age was “not ready to stop work”, with the second most common reason being “to pay for essential items”.[37]

The stakeholder interview data reinforces and expands on these findings through accounts of older workers finding themselves supporting children and grandchildren with rising living costs and insufficient family finances exacerbating the situation.

Figure 17: Many Baby Boomers provide financial support for younger relatives.[38]

Financial support for children and grandchildren

- A survey of 2,700 respondents aged 55+ found that grandparents are supporting their children and grandchildren financially with the high cost of living.
- 58% of those with children have supported them financially over the previous six-month period.
- 53% of those with grandchildren were supporting them with cash payments.
- Common reasons for providing financial support, include to supplement their income (40%) and to contribute to a large purchase (eg car, house refurbishment, wedding) (26%).
- 66% have used their savings, with 49% using their pension income to fund the support they provide to family.

This leaves more older adults working longer than expected and unable to retire despite decades in the workforce.

> *“Increasing numbers of older people working are unable to retire, not least because they’re supporting the younger members of their family. I work a lot with the hospitality sector, and one of the things that’s been very intriguing post COVID is the number of older workers in this sector who should be retired and actually can’t afford to retire. And it’s not just because they haven’t got a pension pot. It’s because they’re looking after, co-funding and supporting younger members of the family that are either not in work or have some kind of disability or have another reason why they’re not in the workplace or that, frankly, the family finances are just insufficient.” Subject matter expert*

The average age that workers would like to retire is 62, however, 54% of people expect to retire later than they would like. The average expected delay to retirement is seven years.[39] This finding highlights the need for continued efforts to create age-inclusive workplaces that offer flexible work options and facilitate longer working lives:

> *“We can avoid overly burdening future generations by supporting people who are claiming old age pensions. We need to find a way that people can continue to work as long as they want to, in a way that is appropriate for them based on their skills and abilities.” Member-interest expert*

Pension inadequacy is a key driver behind the increasing number of people returning to work

Since the start of the pandemic, the economic inactivity rate among people in their 50s and 60s has increased. It went up from 35.4% in the first quarter of 2020 to 36.5% in the first quarter of 2022, returning to levels last seen at the end of 2018. Redundancies and dismissals significantly contributed to these increases. This reverses a trend of steadily declining economic inactivity seen before the pandemic.[40]

Furthermore, a sub-section of younger, more recent retirees from the Baby Boomer generation have underestimated their cost of living in retirement since the pandemic. They subsequently feel the need to ‘boomerang’ back to work to alleviate financial stress. This has been further exacerbated with an increase in inflation and erosion of purchasing power. In 2024, 2.8 million over-50s have returned to work after retiring. A key driver is the rising cost of living, with over a third (37%) of returners saying they need additional income.[41]

> *“In that 18 months to two years post-retirement, they want to return to work and re-engage and they realise that actually they’re spending more in retirement, not less. So they seem to think that they’re going to lose their mortgage (expense) and have it be cheap and they haven’t factored in, they’ve got all day, every day to be out and spending money. So their disposable spend actually goes up, not down in retirement. So that shocks a lot of people.” Member-interest expert*

This aligns with findings from the Over 50s Lifestyle Study (OLS)[42] where those considering returning to work are on average on the cusp of Generation X (61% were between 50-59 years), less likely to be able to afford an unexpected but necessary expense (61%), or own their house outright (57%). There is therefore a great need for tailored financial education at the point of considering retirement to help improve understanding of retirement income versus expenses. The FCA and Treasury’s Advice Guidance Boundary Review has the potential to speak to this critical need.

Many in this generation without DB pensions may retire with ten years or less of pension saving through automatic enrolment. This could leave them largely dependent on the State Pension. Therefore, for this group, working longer would significantly boost their savings and reduce reliance on retirement income.[43]

[32] Ministry of Housing, Communities & Local Government (2024).
[33] Pensions UK (previously known as PLSA) (2017).
[34] Fairer Finance (2025).
[35] Pensions UK (previously known as PLSA) (2017).
[36] ONS (2024). as cited in Age UK (2024).
[37] Maruyama, T., & Charles, V. (2025).
[38] Paragon Bank. (2023).
[39] Scottish Widows. (2024).
[40] Institute for Fiscal Studies. (2025).
[41] Legal & General (2023).
[42] Office for National Statistics (ONS) (2022).
[43] Pensions UK (previously known as PLSA) (2016).

Gender disparities exist in State Pension entitlement

While overall State Pension take-up is high - around 96% of those over age 70 - significant gender disparities remain among the current pensioner population, reflecting historical labour market inequalities and a system previously designed around male work patterns (see Indicator A2.1). This gap in outcomes is largely a legacy issue, but it continues to affect many women in retirement today. Reforms introduced in 2016 (introducing the new State Pension) have substantially reduced gender disparities in State Pension outcomes among newly retired cohorts. Research by the Institute for Fiscal Studies suggests that men and women now reaching State Pension age receive broadly similar State Pension incomes.[44] While this represents meaningful progress, the long-standing legacy of unequal labour market participation and gaps in contributions continues to affect many women already in retirement, reinforcing the importance of supporting women to build adequate private pension savings.[45]

A 2025 survey of 1,000 working-age respondents in professional occupations across the UK found that only 15% of employees said they understood pensions well, with just 8% of women reporting that they fully understood how pensions work, compared to 24% of men.[46] Approaches to reducing the risk of low retirement income should therefore focus on addressing knowledge and engagement gaps in workplace pensions, even as the State Pension system becomes more equal for future retirees:

> *"I only really started taking it seriously when I knew I should. I consolidated all my pensions into my staff pension and I've really upped my contributions for two reasons: one to put more money into my pension pot, and two to pay less tax. I know that this understanding has come later than it should have, and I regret not seeing it sooner." Employee focus group participant, Baby Boomer*

Older men living alone are vulnerable to financial insecurity and social isolation

Living alone is a risk factor for social isolation, and recent analysis from the Centre for Ageing Better (2025) shows that older men are the fastest-growing group living alone.[47] Between 2013 and 2023, the number of older men living alone rose by 415,000—more than double the increase seen among women, whose numbers grew by 204,000 over the same period. By 2023, people living alone comprised 30% of all households, up slightly from 29% in 2013. Those aged 65 and over accounted for 93% of this overall growth, underscoring a demographic shift in later-life household composition.[48] This group of older men are vulnerable to financial fragility and reduced social networks, making them more likely to fall through the cracks of existing support systems:[49]

> *"They tend to be 65 to 75. Older men living alone of low socioeconomic status. So these are people that probably fall just below the formal threshold of being picked up by the system to be given formal support." Academic subject matter expert.*

Figure 18: Net-income changes for single pensioner households

Changes in net-income for single pensioners

Indicator A5.1 Cost of living - overview

- Benefit income accounts for 88% of gross income for single pensioners.
- Among this group of single pensioners, income inequality has widened, with only those on higher incomes experiencing any real uplift.
- Single male pensioner households experienced a decline in income relative to the cost of living between 2022/23 and 2023/24.
- Both their gross and net incomes fell, with net income (after housing costs) decreasing by 1% when compared to the Consumer Price Index over the same period.

Older men in single households face not only financial barriers but also social challenges through the combination of the cost of participating in group activities and feelings of exclusion from couple-focused or age-stereotyped settings.[50] This highlights the need for more tailored support systems to improve their social inclusion and access to activities. In turn, this could enable better identification by services that address support gaps, and provide clearer signposting to financial assistance for which they may be eligible.

In relation to the need for more tailored support, there is some support for the introduction of a mid-retirement MOT, or check-up. An Aviva-sponsored survey of 1,000 individuals aged 65–75 with moderate incomes and no access to paid financial advice or large Defined Benefit pensions, found strong interest in this form of targeted, practical support. Almost two thirds (65%) of mid-retirees aged 65 to 75 do not believe there is enough support available to help people manage their financial needs as they age. This highlights a significant gap in later-life financial guidance. A mid-retirement MOT service could offer a structured financial and lifestyle review, potentially covering topics such as estate planning, fraud protection, eligibility for benefits, and management of money in the context of cognitive decline. This type of tailored guidance could help those already in retirement make informed decisions that support financial wellbeing throughout later life.[51]

[44] Institute for Fiscal Studies (2023).
[45] Pensions Policy Institute (2024a).
[46] Drewberry Insurance (2025).
[47] Centre for Ageing Better (2025) based on statistics from the Office for National Statistics.
[48] Office for National Statistics (2024).
[49] Centre for Ageing Better (2025).

[50] Age UK (2019).
[51] Aviva & Age UK (2025).

The rising number of older single-person households signal future imbalances between care supply and demand

Given that the challenges facing these single-person households span economic, social, and structural factors, deeper, long-term policy planning is needed to strengthen formal care systems and rethink intergenerational support models:

> *"We have an increasing demand for care, but at the same time, because of changing family structures we can predict that there will be a care gap as the supply is not going to keep up with the demand. So that's what the situation will be 30 years from now." Academic subject matter expert.*

Half (50%) of the 8.4 million people living alone in the UK in 2023 were aged 65+. This is an increase from 47% in 2013. The figure has remained stable at 50% since 2020.[52] This rise in one-person households underscores the urgency of adapting these systems to better reflect the evolving composition of households, especially as the demand for care and support is projected to rise while the supply of family-based care may fall short. The number of disabled older adults needing unpaid care is projected to increase from 2.1 million (in 2015) to 3.5 million by 2040, with a growing proportion being cared for by partners rather than children.[53]

Generosity vs. security: intergenerational wealth transfers in the face of rising costs

Baby Boomers are eager to provide financial support to their children, often motivated by a desire to help younger generations get ahead. A recent consumer survey found that fifty-seven percent of over 65s provide financial support to younger generations within their family. Among those who give support, this is most commonly directed toward holidays and leisure (25%), education-related costs (22%), and sports and hobbies (17%). In terms of regional variation, over-65s from Greater London were most likely to provide financial support to younger generations (72%) and financial support for education (35%). Over-65s from the East Midlands (37%), the North West (30%), and the North East (27%) were most likely to provide support for household goods.[54] This generosity is often underpinned by the belief that their own financial situation is secure. However, with rising social care costs, increased life expectancy and decrease in healthy life expectancy, providing such financial support can sometimes compromise their own long-term security:

> *"Baby Boomers are trickling their wealth down, and not thinking enough about their own social care needs, in order to get their kids on the housing ladder." Subject matter expert*

As wealth begins to shift to younger generations, careful and strategic financial planning and support to fill knowledge gaps becomes critical for this group.

> *"One of the things that comes through very clearly is that there is a lack of understanding around basic things. We did some research a couple of years ago around pensions and tax and we looked at older people and people who are on a higher income. Their understanding around pensions and tax was actually lower than I think people may have realised even around[55] some of the basic things like tax relief or money in a pension growing tax free." Industry expert*

Without appropriate support, well-intentioned gifting may inadvertently undermine the financial wellbeing of those who provide it. Ensuring that generosity is sustainable requires accessible and high-quality professional advice or guidance, and a longer-term view that balances present support with future needs.

[52] ONS (2024).
[53] Wittenberg, R., Hu, B., Barraza-Araiza, L. et al. (2018) cited in Jitendra, A. and Bokhari, T. (2024).
[54] Edwards Lifesciences (2022).
[55] (n=4,000)

Figure 19: Latest retirement living standards

Updates to retirement living standards

Pensions UK's Retirement Living Standards (RLS) describe the cost of three different retirement lifestyles: Minimum, Moderate, and Comfortable.

- The latest Pensions UK Retirement Living Standards (RLS) update shows a decrease in the Minimum retirement lifestyle cost to £21,600 per year for a two-person household.
- This drop is mainly due to lower energy prices and shifts in public expectations for this lifestyle.
- However, the Moderate and Comfortable standards have increased slightly, reflecting the impact of inflation across various spending categories, though partially offset by falling energy costs.
- Both the Moderate and Comfortable living standards include a ring-fenced £1,000 per year specifically for supporting family members.
- Examples include contributions to grandchildren's activities.
- In addition, each standard allocates £100 per month for socialising, including meals out with friends and family.

Both the qualitative evidence and indicator data presented here highlight that in many families, support goes beyond the amounts ringfenced for family in the Retirement Living Standards income categories discussed above—extending to ongoing contributions toward monthly expenses such as childcare, as well as large one-off costs such as weddings or housing deposits. This suggests that for some retirees, customised financial adequacy benchmarks—used to assess whether individuals or groups are likely to have sufficient resources to meet their needs—may be necessary to more accurately reflect the scale and variability of intergenerational financial support, especially in light of increasing longevity and shared financial responsibilities.

CONCLUSIONS

1. Baby Boomers with a decent to good level of adequacy are supporting their children and grandchildren to progress. However, they need guidance in retirement planning to ensure their generosity does not compromise their own long-term financial security — particularly in covering potential high costs of living and social care in later life.

2. Those on lower incomes are delaying retirement or returning to work post-retirement in response to higher than anticipated costs of living. For this sub-group, appropriate support that facilitates longer working lives to boost savings is needed.

3. The most vulnerable in this group are those in single-person households and Baby Boomers who are reliant solely on their State Pension and benefits. These sub-groups require levels of income from sources that withstand costs-of-living increases and protect against poverty. An adequate income level from the State Pension is therefore needed to provide effective protection against poverty in retirement.

CHAPTER THREE:

Generation X (1966 – 1980) and Millennials (1981 – 1996): Shared Concerns, Different Timelines

Chapter Summary:

This chapter explores the financial challenges that Generation X and Millennials encounter, highlighting the shared obstacles they face while navigating these issues at different life stages. It examines key themes including inheritance, caregiving responsibilities, and triggers and approaches for effective consumer engagement. The discussion provides valuable insights into potential levers that could support more comprehensive and consistent savings.

Figure 20: Chapter Three Summary box

Generation Z at a Glance

Same pressures, different timelines: Both rely considerably on DC pensions, expect to have long working lives, and rising costs of living. Gen X were auto-enrolled later and have less time to save, while Millennials have a longer runway.

Care gaps and interrupted careers: Many unpaid carers (especially Gen X women) lack awareness of the long-term financial impact of career breaks, affecting both income and pension security.

The inheritance illusion: Millennials, particularly affluent ones, may downplay pension saving in favour of expected inheritance, which is a risky and unequal strategy tied to wealth background.

Gen X need investment support: Gen X shows strong saving habits, but over-reliance on cash limits potential growth. Investment education could significantly boost retirement outcomes.

Millennials value practical, straightforward advice: Engagement works best when content connects directly to their competing priorities: cost of living, childcare, housing, and manageable steps for future planning.

Midlife check-ins show promise: Timely, multi-topic support like mid-life MOTs (ages 45–55) can help Gen X take stock and boost pension preparedness.

Employers matter: Stronger employer roles (via higher contributions and tools like auto-escalation) could improve long-term pension outcomes for both groups.

Shared generational perspectives on Generation X and Millennials

Generation X (born 1966-1980) are the second-largest generation with approximately 14.04 million people in the UK in this generational group. Millennials were born later than Generation X (between 1981-1996) but have now surpassed the Baby Boomer group as the largest generation (around 14.69 million).[56] When stakeholders were invited in interviews to discuss their views on differences for these two generational groups, they commonly spoke about them in an integrated way with a focus on their similarities and shared concerns. While both groups have benefitted from the introduction of automatic-enrolment, investment risk and responsibility has shifted on to them, as they are primarily reliant on DC pensions. Furthermore, they are both also expecting to work longer before they retire.[57]

In terms of differences, Generation X often faces greater retirement challenges than Millennials due to being auto-enrolled later on in their careers, leaving less time to build adequate retirement savings.[58] This is in the context of 33% of Generation X citing debts, mortgage payments, household bills, and daily expenses as current priorities that are a barrier to saving/saving more for retirement.[59]

Generation X also have higher rates of self-employment than millennials which is correlated with lower levels of pension saving. The largest age groups for freelancers in the UK are those aged between 50-59 (571,000, 28%) and 40-49 (487,000, 24%). Together these age groups account for more than half of all freelancers (51%).[60] Since the early 2010s, only around 20% of self-employed workers earning over £10,000 have contributed to a private pension, a figure that has shown no real improvement over time.[61]

Higher housing costs are also a concern for many Generation X consumers, especially for those renting in later life.[62] In contrast, Millennials have benefited from early inclusion in automatic-enrolment, offering more consistent pension contributions and a longer time-frame to accumulate savings. However, Millennials also face affordability issues, particularly around home ownership which is clearly linked to financial security and manageable housing costs in later life.[63]

Carers face knowledge gaps regarding the long-term financial implications of labour market decisions

Unpaid carers recognise that being underemployed or out of paid work to provide care for dependents that rely on them affects their income. However, they often do not fully consider the long-term financial consequences of this, particularly regarding retirement savings.

"There's a knowledge gap amongst people. People make short term decisions essentially when leaving the workplace because they need to deal with a caring crisis or the caring emergency or wherever it might be. They don't really consider the longer term impact that it might have on their finances." Carers charity policy expert

The largest age group of unpaid carers are aged 35 – 64 (see Table 2). Supporting carers to make informed choices, fully understand the implications of exiting the labour market, and remain in employment where possible is vital — not only to sustain their regular monthly income, but also to help them build pension contributions. Without workplace pensions and employer contributions, their ability to save for retirement is diminished, which can have adverse financial implications for them in later life. This is particularly relevant considering the circular nature of care which means certain profiles of carers (women and middle-aged carers) are more likely to have interrupted work trajectories where they move into and out of unpaid care over their working life.[64]

[56] Clark, D. (2025).
[57] Silcock, D. Brain, A. & Pike, T. (PPI) (2019).
[58] Silcock, D. Brain, A. & Pike, T. (PPI) (2019).
[59] Just Group (2025).
[60] IPSE (2024).
[61] Cribb, J. Emmerson, C. O'Brien, L. et al. (2024).
[62] Just Group (2025).
[63] Silcock, D. Brain, A. & Pike, T. (PPI) (2019).
[64] Petrillo, M., Bennett, M. & Pryce, G. (2022).

Figure 21: Ongoing weaknesses in carers' financial wellbeing indicators signal need for attention

A range of **key indicators related to carers**' financial wellbeing rank poorly in the framework. None of these have improved since the last iteration of the framework wheel, highlighting that these are ongoing systemic gaps in support that need attention:

- **Indicator A2.4 (Means-tested benefits)**, which includes Carer's Allowance, is rated Low (L2), reflecting limited reach and adequacy.
- **Indicator A5.4 (Health and Social Care Costs)**, is also rated L2, indicating concerns about how these costs interact with care responsibilities and individuals' ability to save for retirement.
- **Indicator S1.3 (Health and social care spending) is rated L2**, suggesting insufficient investment in broader systems that could alleviate the burden on informal carers.

These consistently low ratings point to limited existing support for carers, especially those who reduce or leave paid work.

Table 2. Total number of unpaid carers by age group and UK nation, highlighting the concentration of caring responsibilities among people aged 45–64

Age Group	Location				
	England	Wales	Scotland	Northern Ireland	UK Total
0-24	334,300	22,600	52,300	17,500	426,700
25-34	463,700	28,900	62,200	24,000	578,800
35-44	653,000	39,600	389,700	37,400	3,503,100
45-54	996,000	63,100		53,800	
55-64	1,143,000	76,900		50,600	
65-74	640,600	47,700	123,500	23,700	1,330,200
75-84	348,500	25,500		12,700	
85 plus	99,200	6,400		2,400	

Source: Carers UK (2024). Facts About Carers.[65]

The uneven impact of intergenerational transfers across income groups

Inheritance is assessed under Indicator A4.3: Intergenerational Transfers. Based on the latest data available, it has been rated at Level 3, indicating that it only partially supports retirement adequacy. Although the proportion of individuals receiving transfers has remained stable in recent years, the impact of these transfers varies considerably across income groups.

The data shows that these transfers do not significantly improve retirement adequacy for low- and middle-income earners, thereby exacerbating retirement inequality across income levels. On average, inheritance contributes to improved lifetime income, enhanced financial resilience, or serves as an additional source of retirement income for approximately half of individuals in the top two wealth quintiles. However, overall, intergenerational transfers tend to reinforce lifetime income disparities, benefiting those with wealthier parents and leaving others at a relative disadvantage.

The recipients of intergenerational wealth are using the money to achieve financial milestones such as first-time house purchases (see Indicator A4.3). In 2022-23, 36% of first-time buyers received financial support from family or friends through gifts or loans for their home deposit.[66] This marks a notable increase compared to recent years, and is similar to the levels observed between 2016 and 2019. While this type of support can significantly ease housing access, it is far more common among wealthier households.

Figure 22: Results across indicators consistently point to ongoing gaps between groups

Indicator F2.1 Differences between groups examines how pension coverage among groups who have been historically less likely to participate in retirement saving compares to levels among those more likely to be saving.

- The analysis focuses on gaps in pension participation, particularly looking at whether groups historically less likely to save are beginning to catch up with those who have higher levels of participation.
- It also assesses the distribution of retirement income, exploring whether the income disparities between richer and poorer households are narrowing or widening over time.
- Rated as an L3, this indicator highlights that there is room for improvement within the system to better address these inequalities.
- Furthermore, its findings reinforce concerns identified in the analysis of Indicator A4.3 Intergenerational wealth transfer, underscoring persistent inequalities that remain embedded across the UK pension system.

[65] Carers UK. (2024).

[66] PPI Analysis of Wealth and Assets Survey statistics.

Table 3. Proportion of first-time buyers who received support from family/friends for their deposit, by type of support, England

Year	Gift or Loan	Inheritance	Savings	Other
2014-15	27%	7%	83%	12%
2015-16	29%	7%	81%	13%
2016-17	35%	10%	80%	10%
2017-18	39%	10%	76%	10%
2018-19	34%	6%	85%	10%
2019-20	28%	6%	85%	12%
2020-21	23%	6%	91%	8%
2021-22	27%	8%	85%	10%
2022-23	36%	9%	87%	9%

Source: Ministry of Housing, Communities and Local Government (2023). (Refer to Indicator A4.3: Intergenerational Transfers).

Risks of relying on inheritance as retirement income

More affluent millennials are making financial trade-offs in response to cost-of-living pressures alongside rising mortgage payments, childcare costs, and stagnant wages. In this context, pensions are seen as a lower financial priority, with some millennials making a conscious decision to de-prioritise long-term pension saving, often with the expectation that they will receive an inheritance. Results from a recent survey conducted with a sample of 4,000 adults in the UK show that who that 59% millennials are struggling to save for retirement but hope to save more in the future. This is compared to 48% of Generation Z and 39% of Generation X. 25% of Millennials say changes in income are the main reason for this. Millennials are also twice as likely as any other age group to cite childcare as a reason for not saving for retirement.[67] This was also evident in the stakeholder interviews:

> *"I see a lot of affluent millennials with a high cost of living, expensive childcare, expensive mortgage, low wages, comparatively high taxation and thinking pensions is the thing that I can sacrifice because I'm going to get an inheritance around the age of my mid-60s, when I'm going to need it. That is not how Gen Z are thinking, but it's certainly how a lot of millennials are thinking in terms of inheritance." Subject matter expert*

Some Millennial savers who find themselves in these circumstances may view this strategy as a pragmatic short-term solution. However, it carries significant risks related to the timing, reliability, and adequacy of inheritance as a source of retirement income. If this mindset reflects growing expectations that intergenerational wealth transfers can plug retirement savings gaps, it represents an unrealistic solution to addressing retirement inadequacy for most low- and middle-income households. Especially as inheritance typically functions as a supplement rather than a primary source of financial security (see Indicator A4.3).

Inheritance is concentrated among those in the highest income quintiles, highlighting the risk of relying on intergenerational transfers as a pension substitute, and how such transfers can exacerbate retirement inequalities between income groups.

[67] Phoenix Group. (2024).

Figure 23: Inheritance by Wealth Quintile

Source: ONS (2022), Wealth and Assets Survey[68]

Support with childcare costs is growing, but the effects will not be immediate

In relation to childcare, the UK government is expanding wrap-around care provision, including 30 hours of funded childcare for eligible working families, and new school-based nurseries. School-aged children can benefit from increased wrap-around childcare options with wider access to free breakfast clubs and free school meals, and improved access to Tax-Free Childcare for before- and after-school care.[69] However, it will take time to evaluate and assess their impact on household budgets, parental employment decisions, and—crucially—on long-term financial behaviours such as pension contributions. This is important considering older Millennials face similar obstacles as Generation X, but unlike Generation X the former have more time to build pension savings, and address financial shortfalls before reaching retirement.

[68] Office for National Statistics (ONS) (2022). Note: Chart constructed from data in Figure A4.3.3, contained in the Indicator Appendix.
[69] HM Government. (2025).

Employers and industry can play a more prominent role in emphasising early and consistent saving

There is growing concern that older millennials will be retiring with inadequate incomes:

> *"Older millennials and Gen X could be retiring with very inadequate incomes. There is a real challenge then for the pensions industry to continue to build trust and faith in the system and emphasise the importance of saving, particularly the importance of saving early. It's important for employers to continue to take responsibility for pension outcomes and so the industry should be working with and encouraging employers to put more into pensions." Industry expert*

The pensions industry can build confidence by promoting early and consistent saving, and encouraging employers to take greater responsibility through offering higher contributions, contribution matching, and auto-escalation (an approach where employees commit to automatically increasing their pension contributions over time, such as following a pay rise) and "side car savings" (an approach where employers provide a shorter-term cash savings vehicle, beside the longer-term workplace pension). Auto-escalation is gaining interest but based on limited data on its wider adoption, it does not appear to be implemented widely among UK employers.[70] Stakeholder interview analysis shows support for greater implementation of these measures, as they would help savers to grow larger retirement pots. This is especially relevant and important for those savers that will not have access to other forms of wealth, including inheritance or defined benefit (DB) pension entitlement to rely on in later life.

In terms of the employer perspective, despite ongoing concerns around the cost burden of offering employer pensions, administrative load, and work required to facilitate access for employees to benefit from external advice, there is some indication of an overall positive shift in perception:

> *"There's a lot more employers saying that they agree it is good for society, good for staff, etc. (Workplace pensions) are a good thing. It's not 100% across the board, but it is definitely a majority agreement everywhere. So that is a good thing." Member-interest expert*

Despite significant disruption during the pandemic, existing survey evidence supports this view and suggests that employers are committed to prioritising this benefit and addressing the long-term retirement needs of their employees. A survey commissioned by the Confederation of British Industry (CBI) gathered insights from a total of 350 participants, including 186 senior executives and 164 pension scheme managers. The majority of employers participating in the survey (86%) recognised the business advantages of offering robust pension schemes, with an equal proportion feeling a moral responsibility to help their staff save for retirement.[71] This is encouraging, and suggests that there is both a need to consider carefully the work required by employers to enrol their employees into pensions, as well as enhance the engagement of employers and their important role in supporting employees to save early and consistently.

Generation X build resilience through cash savings but need support with investing

A recent analysis of survey data from a sample of Generation X respondents (n=3,000) highlighted the heterogeneity of this group in terms of lifestyles, behaviours, and financial status. Despite this diversity, more than half of the survey sample were identified as committed savers. Generation X "cash stashers" held an average of £34,114 in cash, with nearly one in ten (8%) holding over £100,000. In parallel, around half expressed a preference for taking a phased approach to retirement, rather than making an immediate transition from salaried income to retirement income. These behaviours—including consistent saving and flexible retirement planning—have the potential to enhance financial resilience and better protect Generation X from poor retirement outcomes. This resilience could be further strengthened if Generation X were encouraged to diversify and invest some of their cash into wider investments. Currently, 46% report finding investing in stocks and shares too risky, leading to a clear preference for cash savings. However, by relying heavily on cash, many may miss out on the higher rates of return typically offered by long-term stock market investments—returns that could significantly boost retirement savings, better withstand inflation, and improve financial outcomes in later life.[72] The FCA and Treasury's Advice Guidance Boundary Review, and its proposed introduction of Targeted Support, could speak to this need.

Millennials respond to engagement focussed on their core priorities

Industry expert stakeholders highlighted the importance of the language used around pensions for this group, emphasising how framing can shape consumer perceptions and depth of engagement:

> *"There are definitely ways of illuminating and switching on people's interests. This may reflect a generational difference in terms of a more pragmatic mindset among younger millennials. For them it is much more about the nuts and bolts and the practicalities of what is actually happening. They just want the basics. I don't think it's about disengagement, it's about setting the priorities better and taking a more straight forward kind of approach with them." Industry expert*

Given that Millennials are the largest generational group and they still have time to make a material difference to their retirement outcomes, there is real potential for effective consumer engagement strategies that supports informed decision-making in retirement planning. Millennials are actively thinking about retirement, yet 66% express concern that they are not saving enough—the highest level of concern among all age groups.[73] Industry stakeholders describe what could be driving this:

> *"Our financial resilience research is finding that it's those people in their 30s and 40s who are really squeezed. They're kind of using up their savings, they've got more money committed elsewhere, and savings and pensions are at the bottom of the heap." Industry expert*

Guidance with money, health, and work in midlife can trigger proactive retirement planning

The DWP has recognised a role for financial advice and guidance in midlife, particularly when integrated with broader support such as career planning and skills development. One example of this is the Midlife MOT, which combines financial, health, and career check-ins to help individuals reassess their goals and plans. Mid-life MOTs were discussed by a number of stakeholders. Some of them were involved as delivery partners or wider stakeholders of the DWP programme that helped older workers with financial planning, health and wellbeing, as well as skills and careers. While there was a recognition that take up of the programme was generally low, and the future of this specific programme is uncertain, they saw value in the timing and multi-service approach, and how consumer consumers benefitted:

> *"When we looked at the mid-life MOTs that were piloted by DWP, what we found was by far the biggest demand for help and support was financial, and that support was predominantly asked for by women. For a lot of people, it was like "let's look at what's happened to your pension savings over your career and let's try and find it or put it in one place". I'd naively thought people can do that and they couldn't and there was quite a few incidences of people finding money that they didn't think they had, they'd forgotten about and it had accrued quite a bit because of the compound interest.*
>
> *So, I think there's something that we need to explore more about what should happen, what trigger points could you have - the DWP did it 45 - 55 around mid-life - that would be in sufficient time for people to take stock of where they are." Member interest expert*

Identifying the right trigger points for engagement can therefore be critical in helping more individuals be active in planning for their financial future. Timely support can give Generation X, especially women in this generation, the right information and support to assess their position and make meaningful changes before retirement. While evidence on the overall effectiveness of the Mid-life MOT is mixed, qualitative findings suggest it can be beneficial for certain groups of savers, especially those facing uncertainty about their retirement trajectory, career direction, or financial preparedness. This indicates that personalised, holistic midlife support can play a valuable part in supporting informed decisions.

[70] Kuipers, A., Phillips, J., Sandbrook, W. et al. (2022).
[71] CBI (2021)
[72] Just Group (2025)
[73] Standard Life (2025)

CONCLUSIONS

1. Engagement and support strategies tailored to Millennials' needs—financial resilience, health, and career development—can help encourage more proactive retirement planning.

2. Generation X have a narrowing window to engage with pensions, assess and adjust levels of contributions, and benefit from effective policy interventions that can improve their retirement outcomes.

3. Wider issues for both include the implications of labour market decisions that accommodate caregiving responsibilities, the uneven impact of intergenerational transfers across income groups, and the risks associated with relying on inheritance to boost retirement adequacy.

4. For Generation X, the urgency to act is critical to avoid diminished retirement prospects. Employers and the pensions industry can play a pivotal role by promoting early and consistent saving through higher contributions, contribution matching, and auto-escalation, though the latter's adoption remains limited. Policymakers could also harness a shift in perception amongst some employers to further consolidate their role in supporting employee wellbeing.

CHAPTER FOUR:

Generation Z (1997 – 2012): Gaps in Pay and Pensions Equity

Chapter Summary:

This chapter explores the complex factors shaping Generation Z's early experiences with the pension system, including the long-term implications of student debt, the role of early financial education, and the influence of social media and digital tools on financial behaviour. It also examines structural barriers faced by specific sub-groups, such as young carers and women, and considers the risk of these going unaddressed. Across these themes, the chapter highlights both the inherited and emerging challenges confronting Generation Z, and the opportunities for policy reform and industry innovation to support more equitable and informed financial futures.

Figure 24: Chapter Four Summary box

Generation Z at a Glance

Rising care responsibilities: Many Gen Z-ers are young carers, juggling education and caregiving roles, limiting early career opportunities and long-term financial security.

The burden of student debt: The weight of student loans delays saving and financial planning. Pensions are **largely** a low priority post-graduation.

"Digital Natives": Reliant on apps and social media for financial advice. Generally engaged but vulnerable to misinformation from unregulated advice from "finfluencers."

Tech-driven early on in the consumer engagement journey could be advantageous: Access to digital tools supports pension awareness in terms of retirement projections earlier than in previous generations.

Persistent inequalities: Facing inherited gender pay and pension gaps, Gen Z women and carers are especially affected by shortcomings in the system.

Lack of consensus on the value of financial education

There is a lack of consensus within the stakeholder sample on the strength of evidence around the value of financial education in effecting engagement with pensions and informed decisions. Some industry stakeholders argue that the evidence to support the idea that financial education from the early years is a driver for engagement with personal finance in later life is limited.

> *"I wouldn't focus on financial education in schools, which is something that a lot of people say. But my experience is there isn't much evidence that translates into positive action. There is evidence that education around salient life events like changing jobs, having a baby, or starting a family can be really effective, but not so much in school, so I probably wouldn't focus there." Industry expert*

However, those working within the youth sector that are close to the revisions of the financial education strategy argue that it is imperative to do more to deliver better quality financial education in primary and secondary school.

In 2022, less than half (47%) of children aged between 7 and 17 received meaningful financial education. This is nearly unchanged from 48% in 2019, indicating no movement towards the 2030 goal of reaching 2 million more children. This is concerning, given that what individuals see, learn, and experience during childhood and adolescence plays a defining role in shaping their financial capability by the time they are young adults with financial independence.[74] Therefore, education can be a beneficial foundation in the longer term to actively engage with personal finance including pensions:

> *"Money habits are formed by the age of seven and you can start to identify who is more likely to save, hold on to things, think about the future and who is more likely to spend. So there is a big role for financial education at that very basic level of building those mindsets around - what is saving? Why would I ever save? What does that look like?" Member-interest expert*

The government acknowledges that maths skills underpin the ability to budget effectively, calculate interest and understand tax, and for money management in general. The Department for Education (DfE) is currently collaborating with partners across government and beyond to monitor and enhance financial education in the UK. This effort supports the Money and Pensions Service (MaPS) in fulfilling its statutory duty to coordinate the UK Strategy for Financial Wellbeing 2020–2030.[75]

There is an urgent need advocated by staff working to support members of the public to improve financial capability to make financial education accessible to all age groups. Financial education gaps in school precede knowledge gaps around pensions later on in life. It is argued that there is value to providing education to working adults and supporting them at the right trigger points. However, there are many missed opportunities around teachable moments that only exacerbate the impact of these knowledge gaps that began during formative school years.

> *"In terms of when people need to take, or they're asked to take action around a pension, even right at the beginning with auto enrolment, or getting your first pay check, they're like: What does the pension bit of my pay check mean? These are teachable moments being missed left, right and centre because there isn't sufficient broader financial education happening either in schools or available to adults. Crucially, there is no centralised government led funding for any sort of financial education across all age ranges. That is a structural failure that we operate in at the moment." Member-interest expert*

There is a lack of consensus among the stakeholder sample regarding the strength of evidence on the effectiveness of financial education during school years in promoting engagement with pensions and supporting informed decision-making. This suggests three key implications:

1. A more comprehensive review is needed to evaluate the impact of financial education on pension engagement and decision-making outcomes.
2. Where gaps in the evidence base exist, they should be addressed through targeted and robust research.
3. There is an opportunity to enhance collaboration and knowledge sharing between financial education and capability professionals and industry experts. Multi-stakeholder engagement could help align objectives and foster the development of integrated, stage-appropriate interventions that ultimately deliver better outcomes for consumers.

[74] Money and Pensions Service (MaPS). (2023).
[75] House of Commons Education Committee. (2025).

Young carers require support to benefit from education and engage with the labour market

The number of young carers has increased since the COVID-19 pandemic. The prevalence of young carers (aged 5 –17) increased from 8% pre-COVID to between 9.8–11.9% since the pandemic. Young carers were more commonly found to be:

1. residing in deprived areas,
2. in single-parent and socioeconomically disadvantaged households, and
3. in homes where parents were not in paid employment or held lower educational qualifications.[76]

Data from the 2021 Census indicate there are around 120,000 young carers (aged 5 - 17) in England and 8,200 in Wales. There is a sense that this is a gross under-estimation of the actual number of young carers engaging with formal services and hence being recorded as carers.[77]

> *"Young adult carers often struggle to find paid employment in the first place – an impact that caring has on a person's ability to develop a career and then that has an impact on their pension pot. In part because of the caring role, in part because they might have been a young carer impacted in their ability to achieve their potential at school, go to university, and then have that first work experience which is so important at unlocking the jobs market." Member-interest expert*

There are examples of innovative pilot projects in different parts of the UK that have been designed to boost the employment skills of young adult carers through CV and pre-employment workshops and networking opportunities with employers. They are much needed, but it remains to be seen whether these are evaluated as being effective at supporting the successful development and recognition of valuable transferable skills and bringing these young carers closer to the labour market and subsequently workplace pensions.[78]

The overbearing burden of student debt

Student debt has become a key issue for many young people. Student loan repayments are income-contingent, meaning that graduates' obligations fluctuate according to their earnings. Therefore, many individuals are faced with the prospect of making repayments into their 40s or 50s. This contrasts with student finance support arrangements for previous generations.[79] Non-repayable maintenance grants that were available for young people from lower income families to support with everyday living costs were abolished in England in 2016. Since the abolition of maintenance grants, students from poorer backgrounds have been leaving university with the highest levels of debt. Students from lower income backgrounds could graduate with up to £60,100 of debt which is 38% higher than the £43,600 for students from wealthier families.[80]

Furthermore, most Millennials in England and Wales would have faced a maximum tuition fee of £3,000 a year. This is compared to the £9,250 annual fees introduced in 2012, experienced by Generation Z. The rise in fees has resulted in higher average debt levels for Generation Z, resulting in a sustained financial pressure that significantly affects their disposable income and capacity to save for the long term, including for retirement.[81]

This financial strain is compounded by the high effective marginal tax rates that graduates face. For those earning between £25,000 and £50,000 per annum, the effective marginal tax rate is around 37%, increasing to 51% for incomes between £50,000 and £100,000, and 71% for those earning above £100,000. These rates, driven by the combination of student loan repayments and other tax obligations, limit disposable income and hinder the ability to start saving for a pension at an early stage.[82]

Graduates are often forced to choose other financial priorities including repaying student debt, leaving little room for savings or long-term financial planning. For many, contributing to a pension is not a consideration at this life or career stage.

> *"Student debt is a really fundamental pressing issue for them because of the cost of it, because of the interest on it, and because of the reward they're not necessarily getting from it." Subject matter expert*

> *"Some of my friends haven't even given their pension a thought at all. I came straight from sixth form, but a lot of my friends are going through uni at the moment and to be honest, their financial priorities when they come out aren't going to be their pensions. It'll be starting to pay off their student debt." Employee focus group participant, Generation Z*

Despite its impact, the cost of attending university and the realities and implications of applying for student loans and grants are rarely discussed in depth during school, often leaving students unprepared for the financial burden they face after graduation.

> *"As you get further towards the end of school, there's a lot of conversation around student debt and university. This idea that there are grants and there are loans starts to be a bit more in the forefront of a young person's mind. But that idea potentially of saving for something say university or moving out is not necessarily a conversation that happens a lot in schools." Youth charity policy expert*

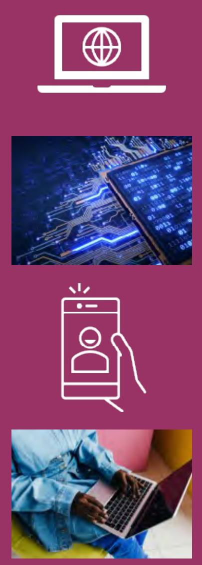
[76] Letelier, A. McMunn, A. McGowan, A. et al. (2024).
[77] Carers Trust (2025).
[78] Carers Trust. (2025).
[79] Okello, S. (PPI) (2025).
[80] Sutton Trust (2024).
[81] Okello, S. (PPI) (2025).
[82] Okello, S. (PPI) (2025).

Social media consumption and digital tools: opportunities and challenges in supporting Generation Z

Generation Z have never known a world without the internet, and the free and instantly accessible nature of social media has broadened the appeal of financial advice shared on these platforms.[83]

Figure 25: Adoption of technology amongst Gen Z[84]

Accelerated adoption of technology amongst Gen Z



- Wide generational gap in embracing AI, as younger generations are more inclined to experiment with generative AI from the comfort of their homes.
- Results from a nationally representative online sample survey of n=2,115 UK adult residents (aged 18+) show that:
- 62% of those aged 18 – 24 have used generative AI for personal use;
- This is compared to 86% of those in the 55+ age group who have never used it;
- Nearly half of the 18-24 age group use or have used AI for professional reasons;
- This is in stark comparison to the 45-54 and 35-44 age groups where 83% and 73% have yet to use AI professionally.

Social media has had a profound influence on Generation Z through dynamic, engaging, and bespoke content. They are frequently exposed to the glorification of entrepreneurship and hustle culture by key actors in this space also known as "finfluencers." This exposure can spark an interest in personal finance.

> *"Some younger people are actually much more engaged with their pension than older people. They're using apps. I think it's kind of partly technology driven rather than necessarily fascination with pensions in and of itself." Industry expert*

However, it remains unclear whether this interest translates into meaningful financial education or supports the development of financial capability. Much of this depends on the availability of high-quality, up-to-date information. Consequently, there is a risk that relying on digital platforms for financial advice may expose Generation Z to unregulated content, potentially leading to poor financial decision-making.[85]

> *"The most important thing is thinking about how you can control the "Wild West" of financial advice and financial guidance. Advisors and financial services need to help in doing that as well. I think there needs to be some kind of regulation on the amount of rubbish that is out there. It's affecting everything from people talking about what benefits could be claimed and what cars can be claimed on the welfare state on Tiktok, right through to how house building and Airbnb accommodation can ensure that you become a millionaire before you're 40. I mean, it is just a whole sewage dump of rubbish." Subject matter expert*

Conversely, stakeholder interview data also highlights that the availability of technology and access to smartphone apps with information on projections means there are Generation Z savers that feel they are at an advantage over previous cohorts in terms of informed retirement planning. This is due to the opportunities for meaningful and regular engagement early on in the consumer journey:

> *"With the app - it makes it so handy to be able to project into the future and see how much your pot might be worth, it tells you about different thresholds. It's interesting to see, and that definitely helps a lot as well. That's something that wasn't around 20-30 or forty years ago that makes it easier for my generation to contribute." Employee focus group participant*

Early engagement from Generation Z savers through digital tools, presents a valuable chance for the industry to support informed decision-making from the outset of their savings journey. Given their early stage in the workforce, Generation Z has the potential to build adequate retirement savings over time, provided they receive the right support and guidance throughout. With the advantage of time, consistent contributions, and well-performing investments, compound growth can help boost their retirement outcomes.   However, this opportunity can only be realised if young savers understand how their money is invested and are supported by a system designed to deliver strong outcomes. This means ensuring pension schemes offer value for money. .

Indicator F3.1 (Value for Money) shows that a significant proportion of young people with pensions are unaware that their DC savings are invested. In 2022, more than half (51%) of 18–24 year olds with a DC pension did not know their pension was invested.[86] This represents an increase from 45% in 2020, suggesting that the awareness gap among the youngest savers may be growing. This persistent and widening gap among younger cohorts still highlights both a financial literacy shortfall and a missed opportunity to build engagement at a critical stage in their savings journey.

Table 4. Proportion of people not aware their DC pension is invested

	2020	2022
All with a DC pension in Accumulation	29%	29%
Male	25%	21%
Female	34%	36%
18 – 24	45%	51%
25 – 34	38%	40%
35 – 44	29%	34%
45 – 54	27%	18%
55+	15%	16%

Source: Based on data from Indicator F3.1 Value for Money, which was obtained from the FCA Financial Lives Survey

[83] Aegon (2024).
[84] Dye & Durham (2024).
[85] Okello, S. (PPI) (2025).

[86] Okello, S. (PPI) (2025).

This underscores the importance of increasing understanding and engagement, particularly among younger savers, and ensuring that the workplace pensions system is designed to deliver strong long-term returns. Current policy developments, such as the introduction of the Value for Money Framework, aim to hold schemes accountable for delivering good outcomes in terms of investment performance, cost efficiency, and member experience. For Generation Z, aligning individual behaviour (e.g. sustained saving, engagement, and investment awareness) with systemic improvements in pension scheme value could make a meaningful difference to later-life outcomes.

Ethnic differences highlight intragenerational variation for Generation Z and younger millennials

According to the 2021 Census for England and Wales, Generation Z is the most ethnically diverse generation, second only to Generation Alpha[87] (born between 2010 and 2025). As of 2021, 75% of Generation Z identified as White, 12% as Asian, 6% as Black, 5% as Mixed, and 3% as belonging to another ethnic group.[88]

A number of interventions and programmes have been rolled out over the past 20+ years to support members of ethnic minority communities not engaged in the labour market to navigate barriers to employment and secure jobs.[89] Subsequently there has been a rise in dual-earner households in ethnic minority families.[90] However the ethnicity pay gap is persistent as Black, African, Caribbean, or Black British employees have consistently earned less than White employees, with a median gross hourly pay rate of £13.53 compared to £14.35 since 2012.[91] In parallel, the structure of these families have evolved in a way that there are implications for pensions and financial planning.

> *"Ethnic families are changing over time. So you've got lower fertility affecting the whole population and minority ethnic communities. But you also have an increasing proportion of dual earning households in minority ethnic groups, so younger couples are more likely to both be working compared to their parents and their grandparents." Academic and Subject matter expert.*

Dual-income households are generally better positioned to contribute to workplace pension schemes and build personal savings, both of which are essential for financial security in later life. However, this advantage can only be realised where policies facilitate closing of the ethnicity pay gap and ensure equitable access to pension schemes for as much of the workforce as possible, and support revised auto-enrolment contribution levels that are sufficient to achieve income adequacy and sustainable replacement rates in retirement.

> *"The debate on the strengths and weaknesses of the automatic enrolment is rife and I think those are very clear: the £10,000 threshold. People doing multiple jobs, not being able to solidify the income. The fact that specific groups are not included or are doing worse off. We're talking about the fact that although automatic enrolment has had a positive benefit for everyone, the gap between the ethnic groups is still there." Academic and Subject matter expert.*

Furthermore, as more women from ethnic minority communities participate in the workforce, challenges and appropriate solutions to address the gender pay gap are brought into focus. These efforts could prioritise equitable pay structures, inclusive workplace policies, and access to financial education, to enhance both short- and long-term financial resilience.

[87] Britannica (2025).
[88] Statista (2025)
[89] See for example: Aston, J. Bellis, A. Munro, M. et al. (2009); Department for Work & Pensions and Race Disparity Unit (2019), and Department for Work and Pensions (DWP) (2019).
[90] See Government figures that show that the largest increase in employment rates over time is among the Bangladeshi/Pakistani group – GOV.UK (2023): https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/employment/employment/latest/#by-ethnicity-and-gender
[91] Office for National Statistics (2023).

Inherited challenges: gender pay and pension gaps facing Generation Z and younger Millennials

Ongoing challenges inherited from previous generations and faced by Generation Z include the gender pay and pension gaps.

> *"What would be a system that really takes into account the diversity in men's and women's typical life courses? Because we still have pension systems that don't take such diversity into account or to a full extent." Subject matter expert.*

Without targeted intervention, gender inequalities in both pay and pensions could widen over time. Policy plays a key role in mitigating this through promoting equal opportunities, enforcing fair pay, reforming pension contribution structures, and providing tailored support for not only women but all individuals with interrupted work histories, such as unpaid carers.

The Government has committed to implementing the recommendations from the 2017 auto-enrolment review, which include lowering the age threshold and removing the lower earnings limit for contributions, as well as exploring an increase in the minimum contribution rate beyond 8%. These reforms have the potential to improve retirement savings, especially for women with lower earnings, who are disproportionately impacted by current eligibility and contribution thresholds.[92]

Opportunities to address pension gaps have been lost due to delays in reforms, and further inaction could further compound this. Reforms need to be implemented as soon as possible to prevent any further costs being incurred through ongoing missed opportunities. These lost opportunities with delays to implementing the 2017 automatic enrolment review recommendations could have adverse impacts on women, particularly those already at a disadvantage in the labour market. These include prolonged under saving for retirement and reduced time for compound interest in accumulation.

[92] Oakley, M., Ahern, J., and Chitrao, A. (2023).

CONCLUSIONS

- Generation Z face key challenges such as high rental costs, student debt, and barriers to labour market entry and progression.
- Priority challenges that will be passed down from previous generations include the gender pay and pension gaps.
- Without intervention, these inequalities could widen over time—lower earnings and higher costs will often lead to lower pension contributions that experience slower growth and result in smaller pots and reduced retirement income.
- However, their social media-driven interest in investing, along with the opportunity for early engagement through digital tools in their consumer journeys, presents a valuable opportunity for the industry to support informed decision-making and ultimately improve outcomes.
- Policy should focus on early action through fair pay, inclusive pension systems, and support for those with a difficult start to their careers.

Conclusions & Policy Implications

Chapter Summary:

The research questions set out in the introduction are revisited and addressed in this Chapter with reference to both the analysis and discussion presented in this report, and the updated measures presented in the Indicator Appendix. The key messages are:

- Momentum is overdue – but may be on its way;
- Delivery—not delay—must now be the priority;
- It is clear that one solution does not fit all ages:
- The Pensions Adequacy Review is key.

1. What do the updated indicators tell us about the UK pension system and how does this compare to previous years

This year's assessment of the UK Pensions Framework Indicators reveals limited movement from the initial assessment in 2022 but the gap between Sustainability and Adequacy has widened. While this lack of short-term progress is disappointing, it is not entirely unexpected.

a. What is driving these trends and what are the policy implications?

Pension systems evolve over many years, and it can take decades for some changes to take effect. The three years we have had since the last indicator measures were taken might be a relatively short window in which to capture meaningful structural change. A more telling comparison might be over a period of five or ten years, where both progress and persistent shortcomings become clearer.

Momentum is overdue – but may be on its way. Looking ahead, there are grounds for cautious optimism. The system faces a substantial policy change agenda. These initiatives could help reshape the Framework and address long-standing imbalances — if implementation is effective and sustained.

b. Where there is little or no change, what are the consequences of this?

The consequences could be that existing problems become more deeply rooted and inequalities increase. Therefore, **progress - not delay - must now be the priority** to ensure timely and effective action. The next iteration of the updated Framework measures in 2029 will offer an early indication of whether these interventions are beginning to have the intended impact. Some targeted deep dives in the interim could offer valuable early insights into how reforms are beginning to take effect. While system-wide change will take time, examining specific domains or cohorts may reveal emerging patterns, enablers, and barriers. These glimpses could help inform ongoing implementation and policy refinement ahead of the next full Framework review.

The Pensions Adequacy Review is key. The review may be last to join the pension policy change agenda, but its importance is central. To be effective, its scope must be comprehensive and ambitious, addressing the needs of the most at-risk groups including single pensioner households, as well as gender, ethnicity and socioeconomic gaps in savings, and the evolving nature of work and family life.

2. What are the potential implications for groups at different points in the accumulation phase of retirement planning?

One solution does not fit all ages. Our pension system must not be blind to different pressures facing different generations. All are under pressure, but those pressures do not present equally. While many Baby Boomers are supporting younger family members, they require support with managing and planning their finances to ensure their own long-term financial security; while Generation X are running short of time before their own retirement, they are also juggling their own intergenerational demands; while Millennials are benefiting from their early introduction to automatic enrolment, they are fighting to get on the housing ladder and the benefits this brings; and while Generation Z may place retirement at the bottom of their list of concerns, they are entering the labour market at a time of economic strain and often with significant student debt and high rental costs.

Methodology Appendix

This thematic report is based on a mixed-methods approach, using methodological triangulation to draw on multiple sources of evidence that supports robust analysis and validation of findings.[93] The analysis is grounded in the latest available data from the Indicator Appendix and is complemented by qualitative evidence gathered through comprehensive stakeholder consultations.

National survey and administrative datasets are our first port of call for sources in the Indicator Appendix. In the report, we prioritise data from the national surveys and administrative datasets that underpin the indicators. Where these sources could benefit from further insight and, e.g., disaggregation by age, we draw on additional evidence as well as incorporate qualitative analysis to provide a more complete picture. We make sure to only use sources that we feel are credible and are transparent on sample size, respondent segmentation etc.

As part of the qualitative research, semi-structured interviews were conducted with 27 stakeholders across the pensions landscape. Interviews were around 60 minutes in length and followed a discussion guide that could be used flexibly and was focused on addressing the research questions set out in the Introduction. Quotes and insights from the interviews are presented throughout the report. Stakeholders were selected to reflect a range of relevant perspectives, including:

- Government departments, regulators and arms-length bodies;
- Pension providers and industry bodies;
- Employer and employee representatives;
- Subject matter experts and academics;
- Civil society organisations and charities focused on financial wellbeing and ageing.

The research was supported and guided throughout by an external Advisory Group, composed of representatives from key stakeholder groups. The Advisory Group met at key points during the project to provide feedback on emerging findings, offer strategic insight and guidance, and ensure relevance to the policy landscape.

The table below outlines the breakdown of interview participants and Advisory Group members, reflecting the balanced approach taken to stakeholder engagement.

Table 5. Stakeholder engagement summary

Stakeholder Groups	Interviewees	Advisory Group representation	Total number of stakeholder consultations
Government, Regulators and Arms-length bodies	3	3 people in Advisory Group	27
Industry	5	2 people in Advisory Group	
Subject Matter Experts	4	1 person in Advisory Group	
Employer Perspective	2		
Employee Perspective	5		
Member Interest	8		

[93] Olsen, W. K., Haralambos, M. (Ed.), & Holborn, M. (Ed.) (2004).

References

Aegon (2024). What does Gen Z want from financial advice? [online]. Available at: https://www.aegon.co.uk/adviser/knowledge-centre/insights/what-does-gen-z-want-from-financial-advice

Age UK (2019). Guidance for practitioners and services providing groups for older men [PDF]. Available at: https://www.ageuk.org.uk/siteassets/documents/reports-and-publications/reports-and-briefings/older-men-at-the-margins/guidance-for-practitioners-and-services-providing-groups-for-older-men.pdf

Age UK (2024) Who chooses to work, and who is forced to, after retirement? [online]. Available at: https://www.ageuk.org.uk/london/publications/blogs/articles/blog2/

Aston, J., Bellis, A., Munro, M. et al. (2009) Evaluation of Partners Outreach for Ethnic Minorities (POEM) – Final Report. Research Report No. 598 [online]. London: Department for Work and Pensions. Available at: https://www.employment-studies.co.uk/resource/evaluation-partners-outreach-ethnic-minorities-poem-final-report

Aviva & Age UK (2025). Retirement Reality: Managing money in mid-retirement [PDF]. Available at: https://static.aviva.io/content/dam/aviva-corporate/documents/newsroom/pdfs/reports/Aviva-Age-UK-Retirement-Report-2025.pdf

Britannica (2025). Generation Alpha [online]. Available at: https://www.britannica.com/topic/Generation-Alpha

Carers Trust. (2025). About Young Adult Carers [online]. Carers Trust. Available at: https://carers.org/about-caring/about-young-adult-carers

Carers Trust. (2025). Pioneering employability scheme helps transform the lives of over 300 young adult carers [online]. Available at: https://carers.org/news-and-media/news/post/494-pioneering-employability-scheme-helps-transform-the-lives-of-over-300-young-adult-carers

Carers UK. (2024). Facts about Carers: December 2024 [PDF]. Available at: https://www.carersuk.org/media/ocxheq2c/facts-about-carers-dec-2024-final.pdf

Centre for Ageing Better (2023) The State of Ageing 2023–24. [online] Available at: https://ageing-better.org.uk/the-state-of-ageing-2023-4

Clark, D. (2025). UK population by generation. [online] Statista. Based on data from the Office for National Statistics [online]. Available at: https://www.statista.com/statistics/528577/uk-population-by-generation/

Cribb, J., Karjalainen, H., and O'Brien, L. (2023). The Gender Gap in Pension Saving. Institute for Fiscal Studies [online]. Available at: https://ifs.org.uk/publications/gender-gap-pension-saving

Cribb, J., Emmerson, C., O'Brien, L. et al. (2024). Private pensions for the self-employed: challenges and options for reform [online]. London: Institute for Fiscal Studies. Available at: https://ifs.org.uk/publications/private-pensions-self-employed-challenges-and-options-reform

Department for Work and Pensions (DWP) and Race Disparity Unit (2019). Interventions supporting ethnic minority labour market participation: Part one. London: Department for Work and Pensions [online]. Available at: https://www.gov.uk/government/publications/ethnic-minority-labour-market-participation-interventions-part-1/interventions-supporting-ethnic-minority-labour-market-participation-part-one

Department for Work and Pensions (DWP) (2019). Interventions supporting ethnic minority labour market participation: Part two. Qualitative research exploring seven projects supporting "stay at home" ethnic minority women [PDF]. London: Department for Work and Pensions. Available at: https://assets.publishing.service.gov.uk/media/5d4a507c40f0b607b8e55a24/interventions-supporting-ethnic-minority-labour-market-participation.pdf

Department for Work and Pensions (DWP) (2021). Planning and Preparing for Later Life [online]. Available at: https://www.gov.uk/government/publications/planning-and-preparing-for-later-life/planning-and-preparing-for-later-life

Department for Work and Pensions (DWP) (2025). Workplace pensions: a roadmap. [Policy paper] Available at: https://www.gov.uk/government/publications/workplace-pensions-a-roadmap

Drewberry Insurance (2025). Mind the Gap: Only 8% Of Women Say They Fully Understand Their Pension: Drewberry Workplace Pensions Survey 2025 [online]. Available at: https://www.drewberryinsurance.co.uk/news/employee-benefits/women-understand-pensions-less-than-men

Dye & Durham (2024). Q4 2023 UK Pulse Report [online]. Available at: https://dyedurham.co.uk/q4-2023-uk-pulse-report/

Edwards Lifesciences (2022). Unifying Generations: Building the Pathway to Intergenerational Solidarity [online]. Available at: https://www.edwards.com/gb/about-us/unifying-generations

Fairer Finance (2025). How can housing wealth bridge the later life funding gap? [online]. Available at: https://www.fairerfinance.com/insights/research-reports/how-can-housing-wealth-bridge-the-later-life-funding-gap

Financial Conduct Authority (2023). DP23/5: Advice Guidance Boundary Review – Proposals for Closing the Advice Gap [online]. Available at: https://www.fca.org.uk/publications/discussion-papers/dp23-5-advice-guidance-boundary-review-proposals-closing-advice-gap

Garcia Requejo, M. (2025). Assessing the UK Retirement Income Market: Defaults, Active Choices, Innovation, and the existing gaps and challenges for Delivering VfM [online]. The Pensions Policy Institute. Available at: https://www.pensionspolicyinstitute.org.uk/research-library/research-reports/2025/assessing-the-uk-retirement-income-market/

GOV.UK (2023). Employment – By Ethnicity [online]. Available at: https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/employment/employment/latest/#by-ethnicity-and-gender

HM Government. (2025) What's new: Childcare Choices [online]. Available at: https://www.childcarechoices.gov.uk/whats-new

House of Commons Education Committee (2025). Delivering effective financial education: Government Response. Second Special Report of Session 2024–25, HC 628. London: House of Commons. Available at: www.parliament.uk/education-committee

International Longevity Centre UK (ILC-UK) (2024) Intergenerational inequality and the future of the social contract [PDF]. London: ILC-UK. Available at: https://ilcuk.org.uk/future-of-intergenerational-contract/IPSE (2024). The Self-Employed Landscape 2024 [online]. Available at: https://www.ipse.co.uk/campaigns/the-self-employed-landscape/self-employed-landscape-2024

Joseph Rowntree Foundation (2024). A Minimum Income Standard for the United Kingdom in 2024 [online]. Available at: https://www.jrf.org.uk/a-minimum-income-standard-for-the-united-kingdom-in-2024

Just Group (2025). Gen Voices. [online]. Available at: https://www.genvoices.co.uk/

Just Group (2025). Two-thirds of a million of Gen X 'cash stashers' hold over £100,000 in savings accounts and cash ISAs [PDF]. Available at: https://www.justgroupplc.co.uk/~/media/Files/J/Just-Group-V2/documents/news-docs/2023/gen-x-cash-savers-press-release.pdf

References

Kuipers, A., Phillips, J., Sandbrook, W. et al. (2022) Employer pension contributions in the UK: the current landscape and the potential for innovation [PDF]. Nest Insight. Available at: https://www.nestinsight.org.uk/wp-content/uploads/2022/10/Employer-pension-contributions-in-the-UK.pdf

Legal & General (2023). Nearly 3 million ex-retirees return to work [online]. Available at: https://group.legalandgeneral.com/en/newsroom/press-releases/nearly-3-million-ex-retirees-return-to-work

Letelier, A., McMunn, A., McGowan, A. et al. (2024). Understanding young caring in the UK pre- and post-COVID-19: Prevalence, correlates, and insights from three UK longitudinal surveys. Children and Youth Services Review, 166. https://doi.org/10.1016/j.childyouth.2024.108009

Maruyama, T., & Charles, V. (2025). Retirement? What retirement? A tale of choice and necessity. Significance, 22(1), 8–13. DOI: https://doi.org/10.1093/jrssig/qmae08

Ministry of Housing, Communities & Local Government (2023). Proportion of first-time buyers who received support from family/friends for their deposit, by type of support, England [data collection]. Available at: https://www.gov.uk/government/statistics/chapters-for-english-housing-survey-2023-to-2024-headline-findings-on-demographics-and-household-resilience/chapter-2-housing-costs-and-affordability

Ministry of Housing, Communities & Local Government (2024). Chapter 1: Profile of households and dwellings, from Chapters for English Housing Survey 2023 to 2024: Headline findings on demographics and household resilience [online]. Available at: https://www.gov.uk/government/statistics/chapters-for-english-housing-survey-2023-to-2024-headline-findings-on-demographics-and-household-resilience/chapter-1-profile-of-households-and-dwellings

Ministry for Housing, Communities and Local Government (2025). English Housing Survey [data collection]. Available at: https://www.gov.uk/government/collections/english-housing-survey

Money and Pensions Service (MaPS). (2023). UK Children and Young People's Financial Wellbeing Survey: Financial Foundations. Money and Pensions Service [PDF]. Retrieved from https://maps.org.uk/en/publications/research/2023/uk-children-and-young-peoples-financial-wellbeing-survey-financial-foundations

Oakley, M., Ahern, J. and Chitrao, A. (2023) Planning for retirement in the 2050s. WPI Economics in collaboration with Aviva. Available at: https://wpieconomics.com/publications/planning-for-retirement-in-the-2050s-a-new-report-with-aviva/

Office for National Statistics (ONS) (2022). Early insights from the Over 50s Lifestyle Study, Great Britain: 1 March 2022 [data collection]. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/bulletins/earlyinsightsfromtheover50slifestylestudygreatbritain/1march2022

Office for National Statistics (ONS) (2022). Returning to the workplace: the motivations and barriers for people aged 50 years and over, Great Britain: August 2022 [online]. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/returningtotheworkplacethemotivationsandbarriersforpeopleaged50yearsandovergreatbritain/august2022

Office for National Statistics (2024a). Health state life expectancies in England, Northern Ireland and Wales: between 2011 to 2013 and 2020 to 2022 [data collection]. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/healthstatelifeexpectanciesuk/between2011to2013and2020to2022

Office for National Statistics. (2024b). Annual Population Survey, July 2023 - June 2024. [data collection]. UK Data Service. SN: 9307, DOI: http://doi.org/10.5255/UKDA-SN-9307-1

Office for National Statistics (2024c). Families and households in the UK: 2023 [data collection]. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2023

Office for National Statistics (ONS) (2024d). House price to workplace-based earnings ratio [data collection]. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/housepriceexistingdwellingstoworkplacebasedearningsratio

Office for National Statistics (2025). UK Health Accounts. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthcaresystem/datasets/healthaccountsreferencetables

Okello, S. (PPI) (2025) The concerns of Gen Z [online]. Pensions Policy Institute [online]. Available at: https://www.pensionspolicyinstitute.org.uk/research-library/research-reports/2025/the-concerns-of-gen-z/

Olsen, W. K. Haralambos, M. (Ed.), & Holborn, M. (Ed.) (2004). Triangulation in Social Research: Qualitative and Quantitative Methods Can Really Be Mixed. In Developments in Sociology Causeway. Press Ltd

Paragon Bank. (2023). Grandparents financially supporting children and grandchildren with high costs of living. Credit Connect [online]. Available at: https://www.credit-connect.co.uk/news/grandparents-financially-supporting-children-and-grandchildren-with-high-costs-of-living/

Pensions UK (Previously known as PLSA (2016). Retirement Income Adequacy: Generation by Generation [online]. Available at: https://www.plsa.co.uk/Policy-and-Research/Document-library/Retirement-Income-Adequacy-Generation-by-Generation

Pensions UK (Previously known as PLSA (2017). The Home Stretch: Property as Retirement Income [PDF]. Available at: https://www.plsa.co.uk/portals/0/Documents/The-home-stretch-PLSA-DJS-research-2017.pdf

Pensions UK (Previously known as PLSA) (2017) Hitting the target: delivering better retirement outcomes [PDF]. Available at: https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2017/Hitting-the-target-delivering-better-retirement-outcomes.pdf?ver=2017-10-10-120119-607

Pensions UK (Previously known as PLSA) (2025). Retirement Living Standards: Updated June 2025 [online]. Available at: https://www.retirementlivingstandards.org.uk

Pensions Policy Institute (2024). The Underpensioned: Defining the Gender Pensions Gap [online]. Available at: https://www.pensionspolicyinstitute.org.uk/research-library/research-reports/2024/2024-02-07-the-underpensioned-defining-the-gender-pension-gap/

Pensions Policy Institute (2025). The UK Pensions Framework 2025.

Petrillo, M., Bennett, M. & Pryce, G. (2022). Cycles of caring: transitions in and out of unpaid care [online]. Carers UK. Available at: https://www.carersuk.org/reports/carers-rights-day-2022-report/

Phoenix Group. (2024). Six in ten millennials are struggling to save for retirement [online]. Phoenix Group. Available at: https://www.thephoenixgroup.com/news-views/millennials-are-struggling-to-save-for-retirement

Scottish Widows. (2024). Retirement Report 2024. [pdf] Scottish Widows. Available at: https://www.actuarialpost.co.uk/downloads/cat_1/Scottish%20Widows%20retirement-report-2024.pdf

References

Silcock, D., Brain, A., and Pike, T. (PPI) (2019) Generation VeXed: solving the retirement puzzle [online]. Pensions Policy Institute. Available at: https://www.pensionspolicyinstitute.org.uk/research-library/research-reports/2019/2019-11-07-generation-vexed-solving-the-retirement-puzzle/

Statista (2025). Generation Z in the UK - Statistics & Facts [online]. Available at: https://www.statista.com/topics/11047/generation-z-in-the-uk/

Sutton Trust (2024). General Election Policy Briefing: Reforming Student Maintenance. London: Sutton Trust [online]. Available at: https://www.suttontrust.com/our-research/reforming-student-maintenance/

UK Parliament (2025). Pensions Schemes Bill [online]. UK Parliament. Available at: https://bills.parliament.uk/bills/3982 [Accessed: 20 June 2025]

Wilkinson, L. (PPI) (2025). What could effective pensions engagement look like?. Pensions Policy Institute [online]. Available at: https://www.pensionspolicyinstitute.org.uk/research-library/research-reports/2025/what-could-effective-pensions-engagement-look-like/

Acknowledgement & Contact Details

The Pensions Policy Institute is grateful for input from many people in support of this paper, including:

Hannah Barker	Alistair McQueen
Professor Nick Barr	Fuzzmedia
Dale Critchley	Dr Suzy Morrissey
Chris Curry	Richard Mosley
Emma Douglas	Shantel Okello
Baroness Jeannie Drake CBE	Adam Sewell
Sam Eccles	Elizabeth Spratt
Danielle Elliott	Sir Steve Webb

Our thanks also go to the many industry, member interest stakeholders and subject matter experts who participated in interviews and contributed valuable perspectives to this research.

Editing decisions remained with the author who takes responsibility for any remaining errors or omissions.

Contact: Chris Curry, Director

Telephone: 07718 467 567

Email: info@pensionspolicyinstitute.org.uk

Pensions Policy Institute

Thanet House
231 – 232 Strand
Temple
London WC2R 1DA

SPONSORING PPI RESEARCH

The PPI gives you the power to shape the cutting edge of policy making. Each research report combines experience with independence to deliver a robust and informative output, ultimately improving the retirement outcome for millions of savers.

We lead the debate and contribute fact-based analysis and commentary to the policymaking process. Our reports are well respected by Government and organisations alike, and frequently used to inform policy changes.

We've been at the forefront of shaping evidence-based pensions policy for nearly 25 years – our analysis informs decision making.

Our independence sets us apart – we do not lobby for any particular cause or political party. We just focus on the facts.

If you would be interested in discussing sponsoring future reports, please contact Dr Suzy Morrissey, Deputy Director

suzy@pensionspolicyinstitute.org.uk

The PPI is grateful for the continued commitment and generosity of our Supporters

Platinum Supporters

Aviva
Columbia Threadneedle Investments
The Pensions Regulator
Just.

Gold Supporters

Association of British Insurers
Aegon UK
Capita Pension Solutions
Cardano Group (inc now:pensions)
Department for Work & Pensions
Hymans Robertson LLP
Legal & General
MFS
Money and Pensions Service
Nest
People's Partnership
Phoenix Group
Railpen
Scottish Widows

Silver Supporters

Aon
Barnett Waddingham
Chartered Insurance Institute
Exxon Mobil
LCP
Pensions UK
Royal London
Shell
Smart Pension
USS

Pensions Policy Institute

PPI

All enquiries regarding the Pensions Policy Institute's activities should be addressed to Chris Curry, Director at:
Pensions Policy Institute, Thanet House, 231 – 232 Strand Temple, London WC2R 1DA

t: 07718 467 567
e: info@pensionspolicyinstitute.org.uk
w: www.pensionspolicyinstitute.org.uk

ISBN: 978-1-914468-25-4

Registered Company Number: 04145584. Charity Number: 1087856 (England & Wales)