Standard Life Centre
for the Future of Retirement

Retirement Voice 2025

How an era of uncertainty is affecting
our attitudes towards retirement

Chapters

Executive summary

How are people in the UK feeling about their finances in 2025? How is an era of global instability affecting people's decisions? And with a rising State Pension age, how are people feeling about the future of retirement?
For *Retirement Voice 2025*, we've asked 6,000 people from across the UK to tell us about their attitudes, opinions and plans.

Uncertainty is making people more cautious

The impacts of high inflation and the cost of living crisis are still being felt. One in four adults in the UK say they're finding it "difficult" on their current income, and less than half say they feel positive about their current financial situation.

A major reason for this appears to be widespread feelings of uncertainty. Over half of people say that changes in the world and in the UK over the last few years have made them feel less certain about their future finances.

Uncertainty is making people more cautious: half of those who feel uncertain say they're more likely to build up cash savings. These very real concerns mean many are unable to plan for the long term. People who feel uncertain are also more likely to say they've done no planning for their retirement.

Pension and saving decisions are complex

Three in four people say they think retirement in the future will be more complex than it is now. There's also widespread uncertainty about the future of the pensions system itself, with many people unsure what this will look like by the time they retire. One in three expect their own standard of living in retirement to be worse than that of their parents.

As more people plan for retirement with Defined Contribution (DC) pensions, they face a range of important but often daunting decisions about their financial future. Almost half of those in Gen X say they feel nervous about accessing their retirement finances.

Perceived complexity may cause people to disengage with pension and retirement planning entirely. One in three people who aren't yet retired have done no planning about how much money they'll need. Nearly half of adults think their retirement finances are mainly influenced by factors outside of their control.

Executive summary (continued)

There's a five-year 'retirement expectation gap'

From next year, the State Pension age will begin to rise from 66 to 67. While many are aware of this changing reality, they're not necessarily prepared for it.

Across almost all demographic groups, people say they'd like to retire at around age 62. Yet the average age at which people think they'll be able to retire is 67.

We call this the 'retirement expectation gap'. Those who've planned more tend to feel they'll be able to retire closer to their desired age – showing the benefits of planning ahead, even in an era of uncertainty.

Supporting more people in their work, saving, and retirement decisions will be essential to help future generations on their journey to and through retirement.

Key findings

83% say the world feels more uncertain that it did a few years ago

2x People are twice as likely to prioritise saving for a holiday (31%) than saving into a pension (15%)

22% of Gen Z use social media as a source of retirement planning information, compared to just 1% of Baby Boomers

45% of employees with a DC pension believe that being automatically put in a workplace pension scheme means they're saving enough for retirement

51% Only a little over half think that the State Pension will still be available for all by the time they retire

5 years is the gap between when people would like to retire (62) and when they feel they'll be able to retire (67)

50% of those in employment expect to need to work beyond their State Pension age, up from 46% last year

33% have talked to family or friends about pensions in the last 12 months

47% think their retirement finances are mainly influenced by factors outside of their control

73% feel that retirement in the future will be more complex than it is now

Four generations

Gen Z
(age 18–28)

- **39%** live with their parents
- **41%** have a workplace DC pension
- **53%** intend to start a new job in the next 12 months
- **48%** are happy to take more risks with their money to get the chance of higher returns – the highest of the four generations
- **25%** hold cryptocurrency – the highest of the four generations

Millennials
(age 29–44)

- **46%** own their home with a mortgage
- **57%** have a child/children aged under 18
- **59%** have a workplace DC pension – the highest of the four generations
- **69%** are worried about energy costs – the highest of the four generations
- **54%** are expecting to have to continue working beyond their State Pension age – the highest of the four generations

Gen X
(age 45–60)

- **38%** own their home outright, and 37% own their home with a mortgage
- **54%** have a workplace DC pension, and 28% have a Defined Benefit (DB) pension (some people have both types)
- **37%** feel positive about their current financial situation – the lowest of the four generations
- **40%** have talked to family or friends about pensions in the last year – the highest of the four generations
- **47%** expect their standard of living in retirement to be **worse** than that of their parents – the most pessimistic of the four generations

Baby Boomers
(age 61–80)

- **70%** are retired
- **78%** own their home outright without a mortgage
- **42%** have a DB pension – the highest of the four generations
- **39%** describe themselves as living "comfortably" on their current income – the highest of the four generations
- **55%** say their standard of living in retirement is, or will be, **better** than that of their parents – the highest of the four generations

Introduction

How do people in the UK feel about their finances, pensions and retirement?

For the fifth consecutive year, *Retirement Voice 2025* explores people's attitudes, opinions and plans, based on a representative sample of 6,000 UK adults aged 18 to 80, weighted by age, gender and region. We commissioned Ipsos to run the survey, with fieldwork completed in June 2025.

The nature of DC pension saving means you know what you're putting in, but you can't be certain of what you'll get out at the end. The growth of pension savings depends on a range of factors that are and feel outside of people's own control. Many of these factors – the economy, financial markets, global and domestic affairs and the pension system itself – also feel like they're more fluid and less reliable than ever.

Alongside this, people face uncertainty about the future of work, and their ability to continue to earn until retirement. Despite inflation easing, many face continued cost of living challenges.

This makes long-term saving and planning hard, and as our research shows, results in some people becoming more risk averse or disengaged with their financial future.

These are all essential factors to address in an important year for the pensions landscape:

- A newly launched Pensions Commission, aiming to 'finish the job' of the original commission from 20 years ago which was instrumental in introducing changes such as auto-enrolment
- 2026 will see the start of the rise of the State Pension age from 66 to 67, alongside an independent review looking at any future changes
- Regulatory changes under review with digital assets and cryptocurrency, the Pension Schemes Bill, and a consultation about Targeted Support to help consumers, at scale, make effective, timely and properly informed decisions about their pensions

01
Uncertain futures

Halfway through the 2020s, the world, the UK and people's own lives can feel increasingly uncertain: wars, trade tariffs, inflation, the rise of AI and more.

An era of uncertainty in the present also makes the future feel further away and less predictable. That makes it harder for people to plan their future finances and how and when they want to retire.

This section shows that the majority of people are feeling less certain about their future finances because of recent changes in the world and in the UK.

Those who feel uncertain are more likely to prioritise shorter-term actions, like building up liquid cash savings. They're also less likely to be able to visualise themselves in five years' time – which may inhibit their ability to plan for the future.

Many people will need support and flexibility for their finances and work today to enable them to plan ahead for their future retirement.

83% say the world feels more uncertain than it did a few years ago

Most people are feeling less certain about their future finances because of recent changes in the world and in the UK

The majority of people say that recent changes in the world and in the UK have made them feel less certain about their future finances.

Responses to "changes in your own life" were mixed, suggesting people view the changes in the global and domestic context more negatively.

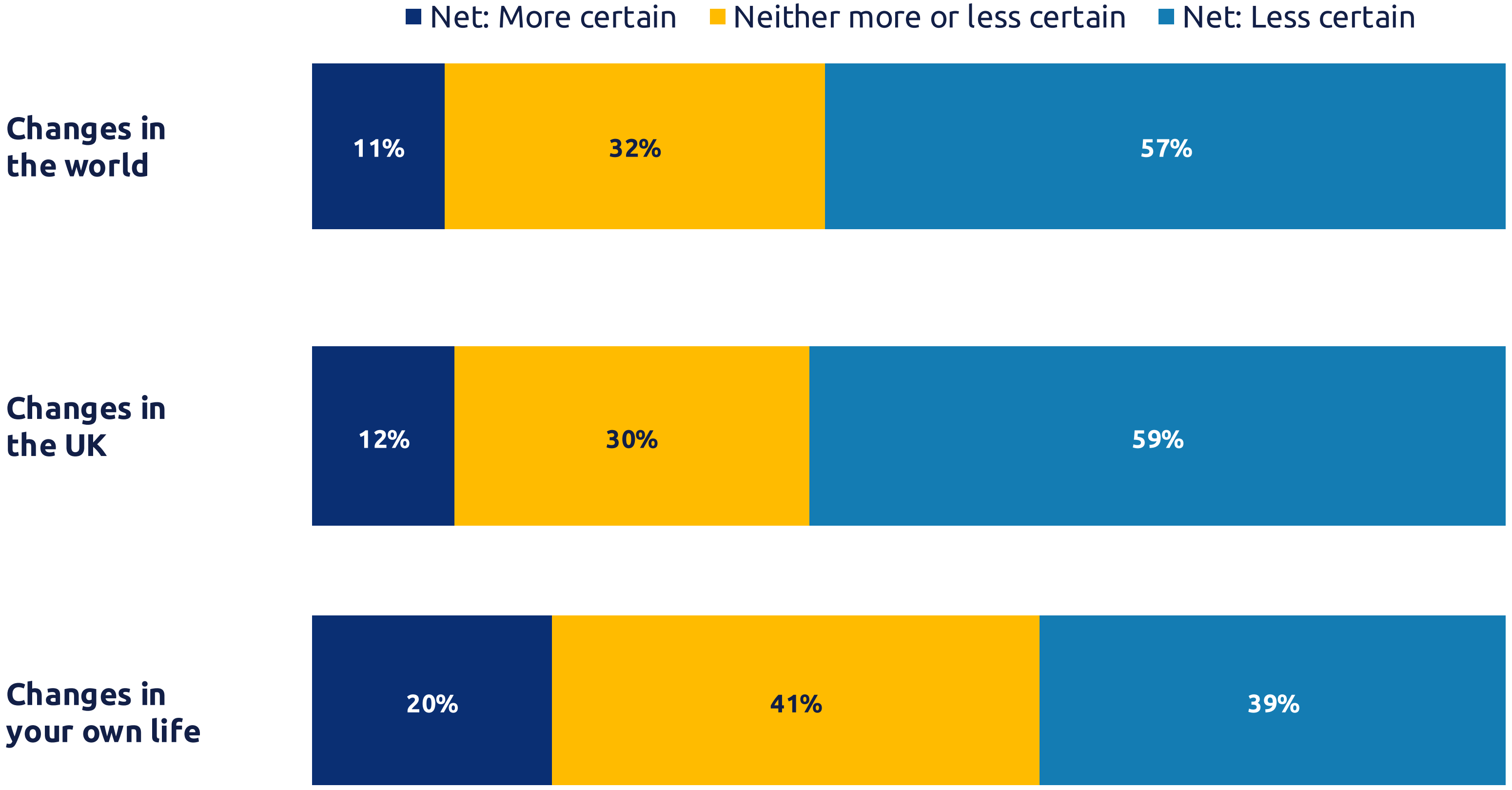
Women were significantly more likely to say recent changes made them feel less certain about their future finances, compared to men.

64%

of women say that changes happening in the world have made them feel less certain about their future finances, compared to 53% of men

How have changes over the last few years made you feel about your future finances?

Base: all (n=6000)

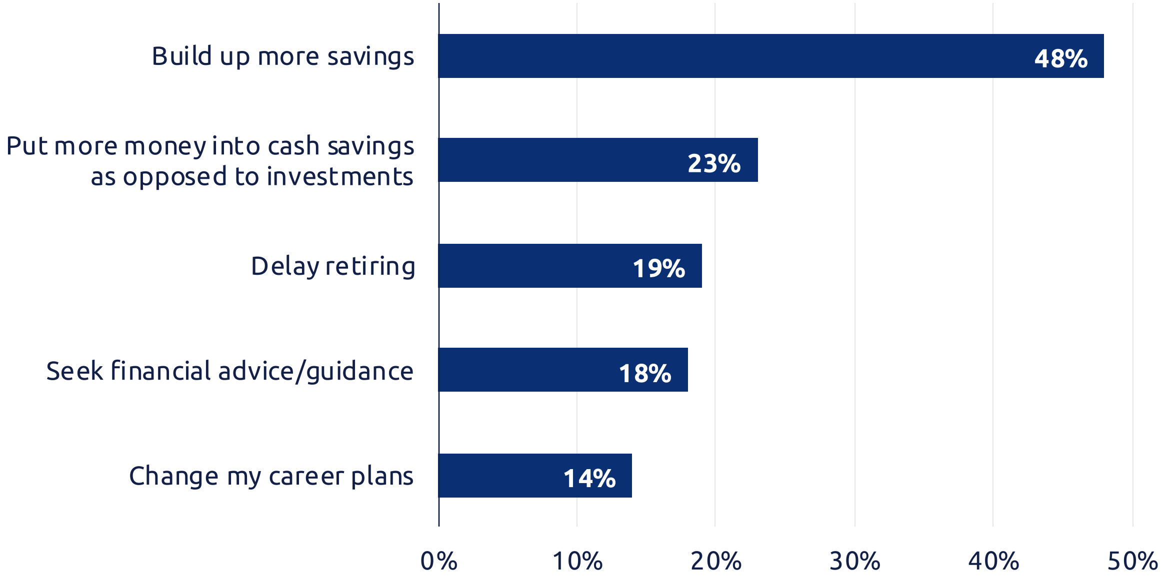


Feeling less certain about future finances makes people more likely to build up cash savings

Does this uncertainty about your future finances make you more likely to take any of the following actions?

Base: respondents less certain about their future finances due to changes in the world/UK/their own life (n=4020)

Chart shows top five responses (note: "none of the above" was selected by 27%)



41% of those aged 55+ with a DC pension who are currently working say that feeling uncertain makes them more likely to delay retiring

People say they're more likely to save cash as a result of feeling less certain about their future finances.

Data from the Office for National Statistics shows that households are currently saving around twice as much as before the pandemic. This likely reflects a combination of higher interest rates and lower consumer confidence.

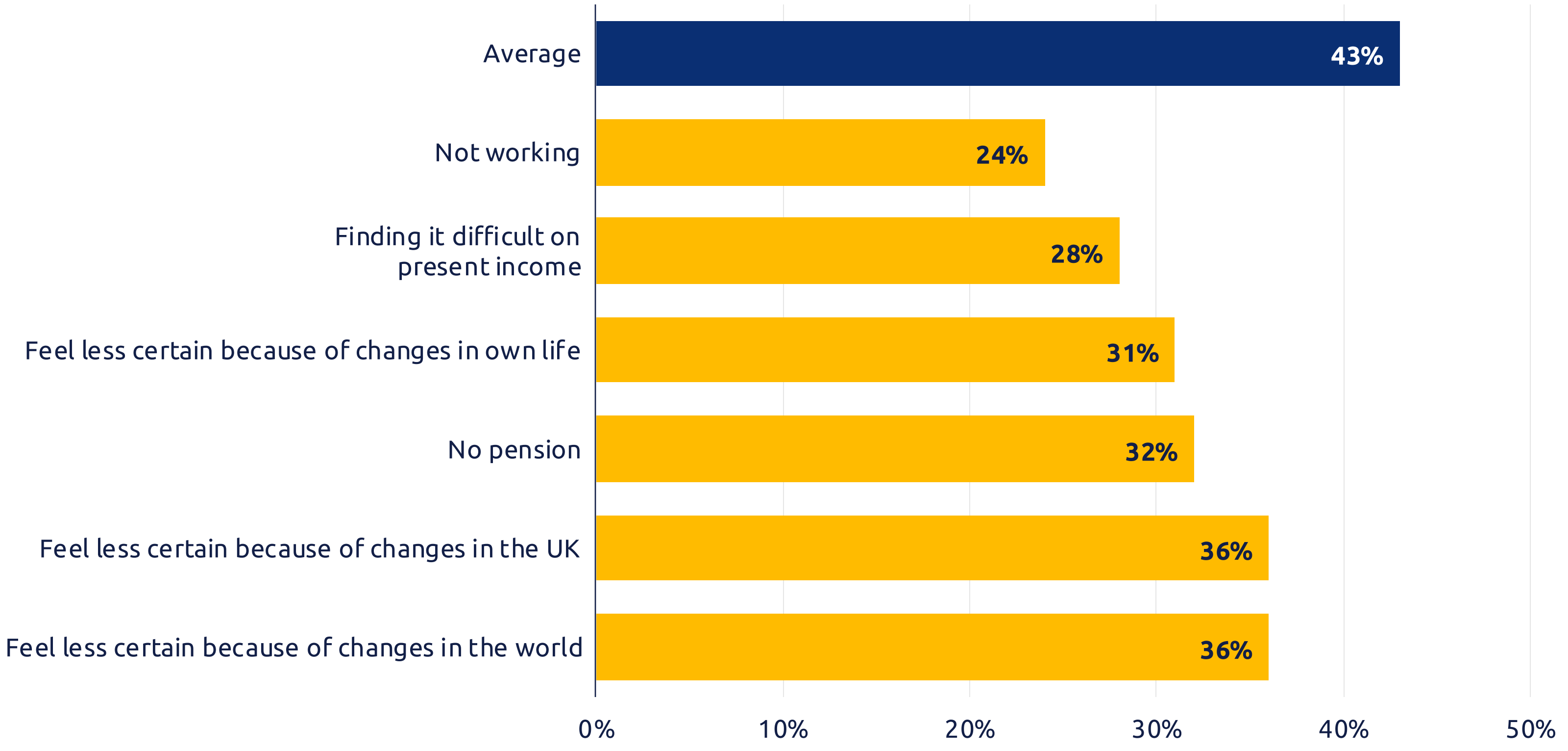
Although keeping an emergency savings buffer is important for financial resilience, there are concerns that people are holding too much cash, rather than investing in savings products or pensions. According to the Financial Conduct Authority, 40% of adults have money in their current account which they consider to be savings. The FCA has said that it "wants to see more people holding mainstream investments to improve long-term returns".

Likewise, in the recently published *Financial Services Growth and Competitiveness Strategy*, the government has said it wants to address risk aversion to investment, arguing that complexity "has resulted in consumers choosing to save by cash as a default rather than an active choice."

However, our survey shows that this will not be easy to achieve, with many people feeling more uncertain and more risk-averse. One in four (23%) say that feeling uncertain about their future finances means they're more likely to hold cash savings rather than any type of investment.

People who feel uncertain are less likely to be able to visualise their future life

"I have a clear vision for what my life overall will be like in five years' time" (Net: Agree)
Base: all (n=6000)



People who report feeling less certain about their future finances are also less likely to say they have a clear vision for their life in five years' time.

Financial circumstances have a substantial impact on whether people feel they have a vision for their life in five years' time. People who are not in work, finding it difficult on their present income, or who have no pension, are all less likely to have a clear vision for their life in the future.

Psychological research suggests that higher 'future self-continuity' – feeling connected to one's future self – is associated with actions such as saving money for the future. In contrast, lacking a vision for the future may inhibit people's ability to save and plan for their retirement.

02

State of the nation today

How do people feel about their finances in 2025?

Despite lower inflation over the last 12 months, many people continue to feel the impacts of the cost of living crisis and high inflation since 2021. Less than half of people say they feel positive about their current financial situation.

Managing day-to-day finances is the top financial priority over the next 12 months for 40% of people. Saving into a pension is people's seventh-highest priority (a top priority for 15%) – showing that it risks being crowded out by other short-term priorities.

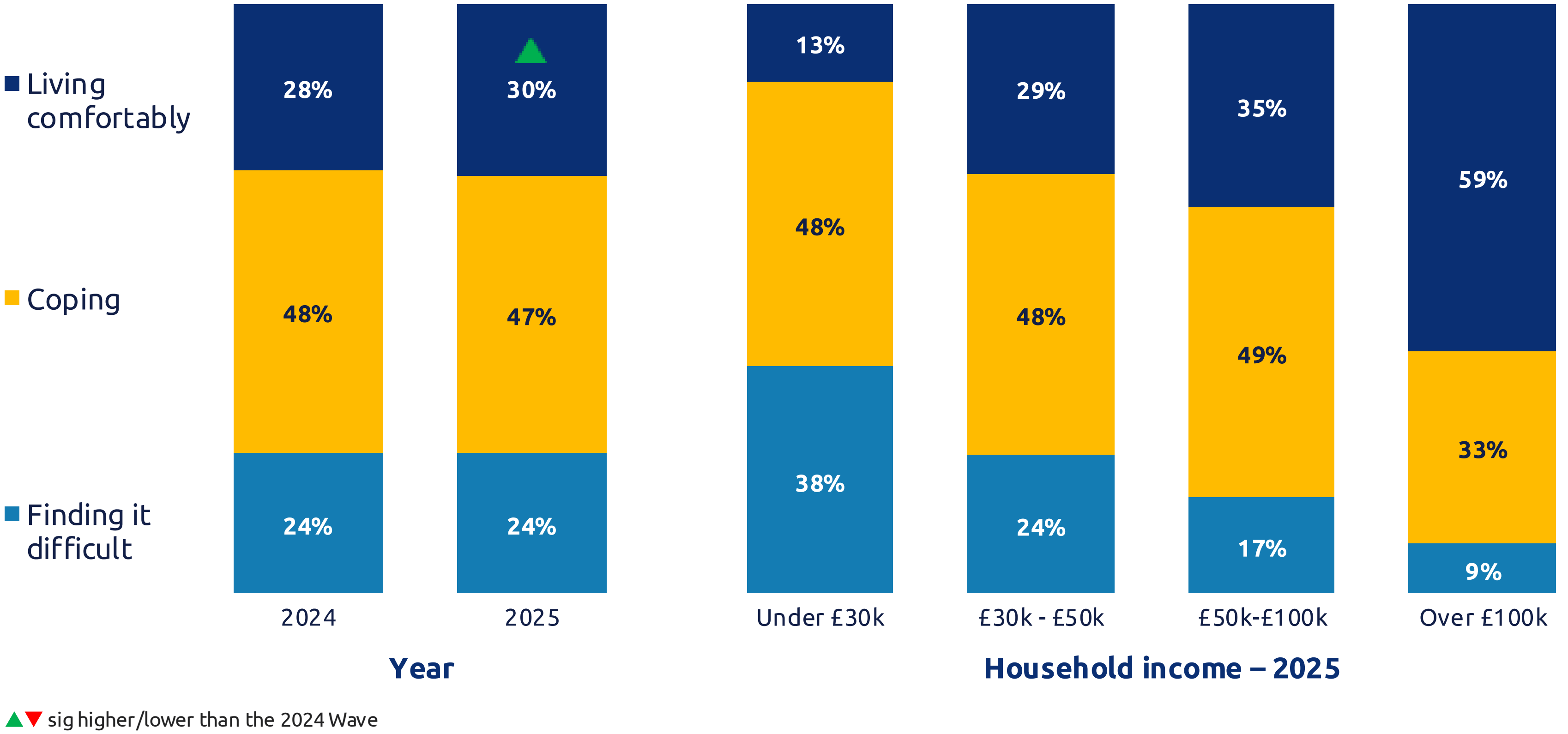
People talk about the issues that matter to them. Nearly half of 55- to 65-year-olds (47%) have talked to family or friends about pensions in the last 12 months, the age when people are engaging with making decisions about their pension and retirement finances. This compares to just 18% of 18- to 24-year-olds.

Current retirees report better financial circumstances than those who aren't yet retired. This reflects our success as a society in raising the living standards of retirees over the 20th and 21st centuries. However, with many people undersaving and home ownership rates declining, there's a serious risk that tomorrow's generation of retirees will have lower living standards than today's.

45% Less than half of people say they feel positive about their current financial situation

One in four adults say they're finding it difficult living on their current income

Which of the following best describes how you feel about the income you are currently living on?
Base: all (2025 n=6000; 2024 n=6000)



71% say they have a more cautious attitude towards their finances because of cost of living issues

Overall, almost half of people describe themselves as "coping" on their current income.

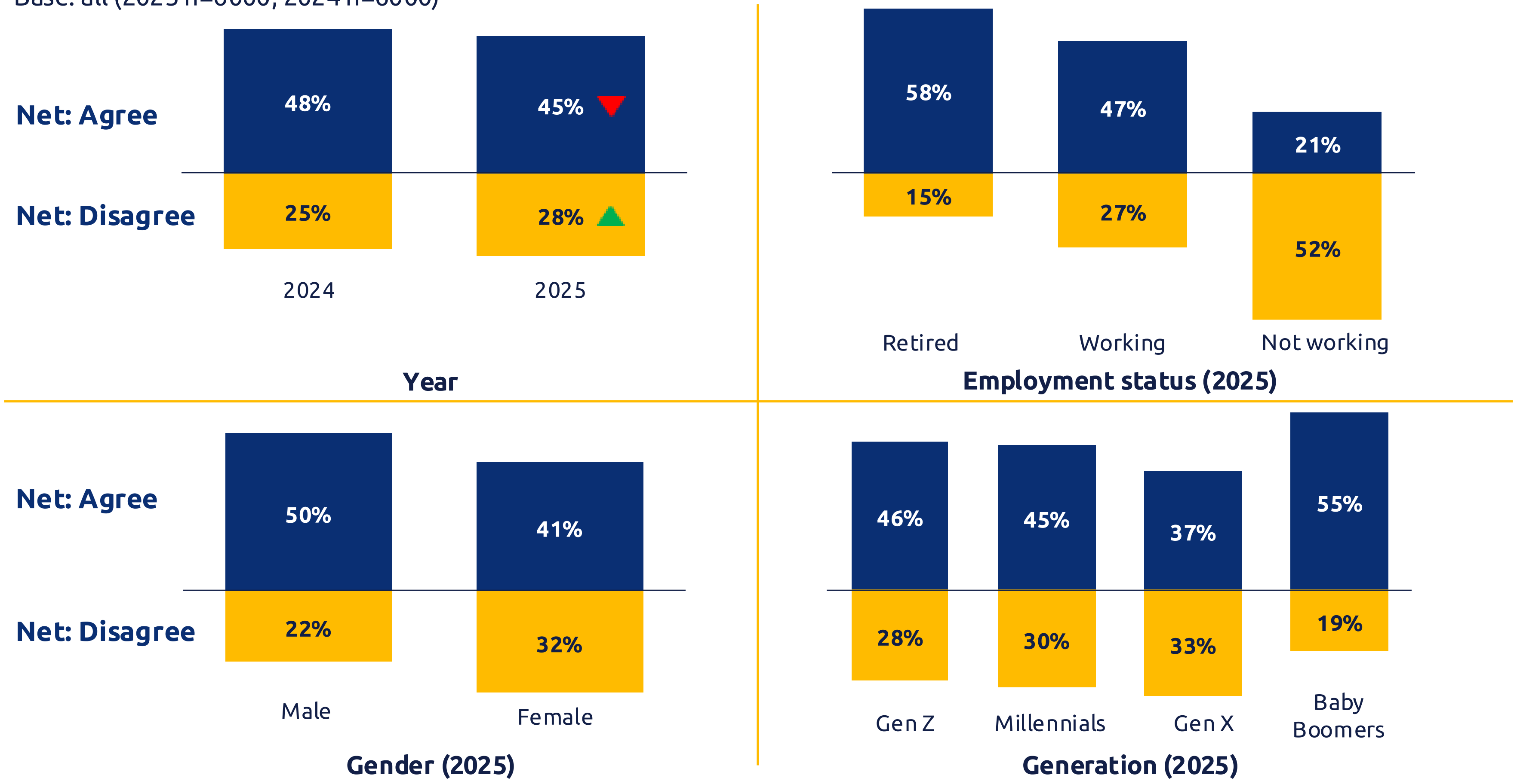
However, one in four (24%) say they're finding it "difficult", which is unchanged from last year.

This shows that, although inflation has been lower over the last 12 months, many people are still finding it hard to recover from the cost of living crisis.

Unsurprisingly, people in high-income households are far more likely to say they're living "comfortably" – 59% compared to only 13% among low-income households.

Less than half of people feel positive about their current financial situation

"I feel positive about my current financial situation"
Base: all (2025 n=6000; 2024 n=6000)



This year, less than half of adults (45%) say they feel positive about their current financial situation.

This is slightly lower than last year, which may be connected to wider public pessimism about the UK economy.

Men are more likely to say they feel positive compared to women – likewise similar to last year.

Comparing groups by employment status, retirees are the most likely to say they feel positive (58%). Among other factors, this is likely related to housing: four in five retirees (82%) own their home outright. Meanwhile, those who aren't working but aren't yet retired are the least likely to feel positive about their finances (21%).

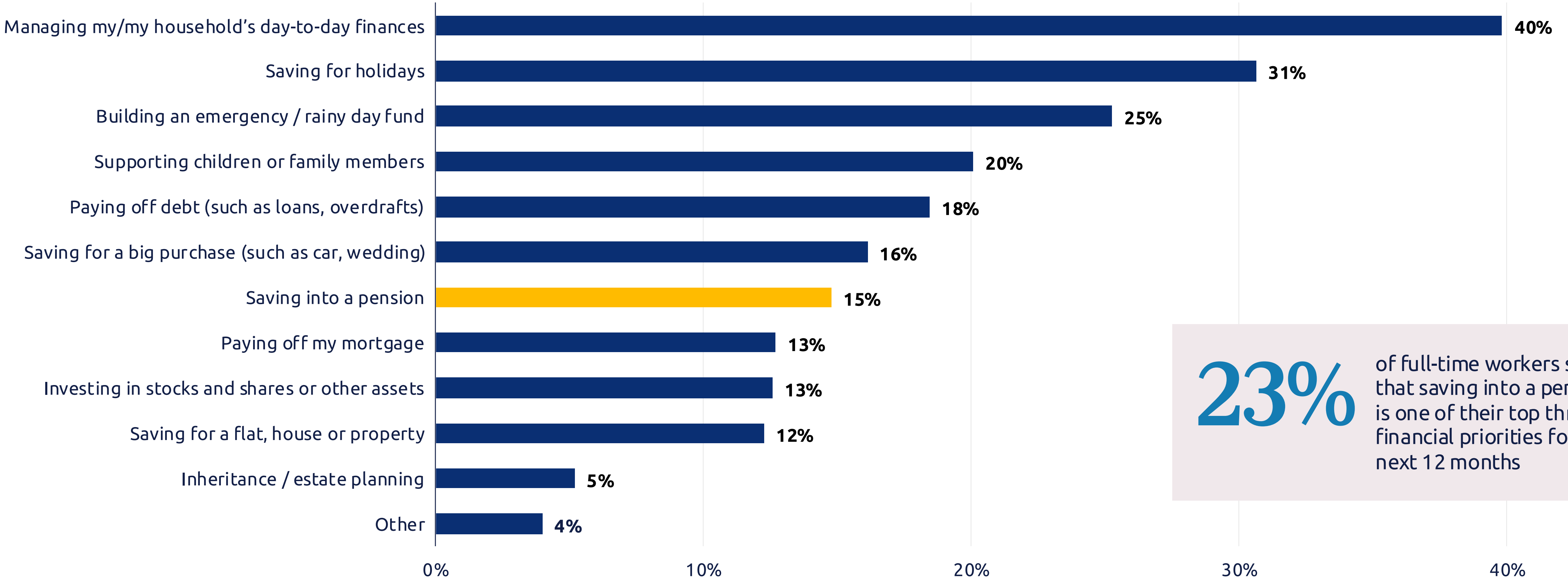
By generation, Gen X are the least likely to feel positive (37%) – notably below the average for the whole population.

▲▼ sig higher/lower than the 2024 Wave

Managing day-to-day finances is the most common financial priority for the year ahead

In the next 12 months which of the following will be your biggest financial priorities?

Base: all (n=6000). Respondents were asked to select their top three priorities.

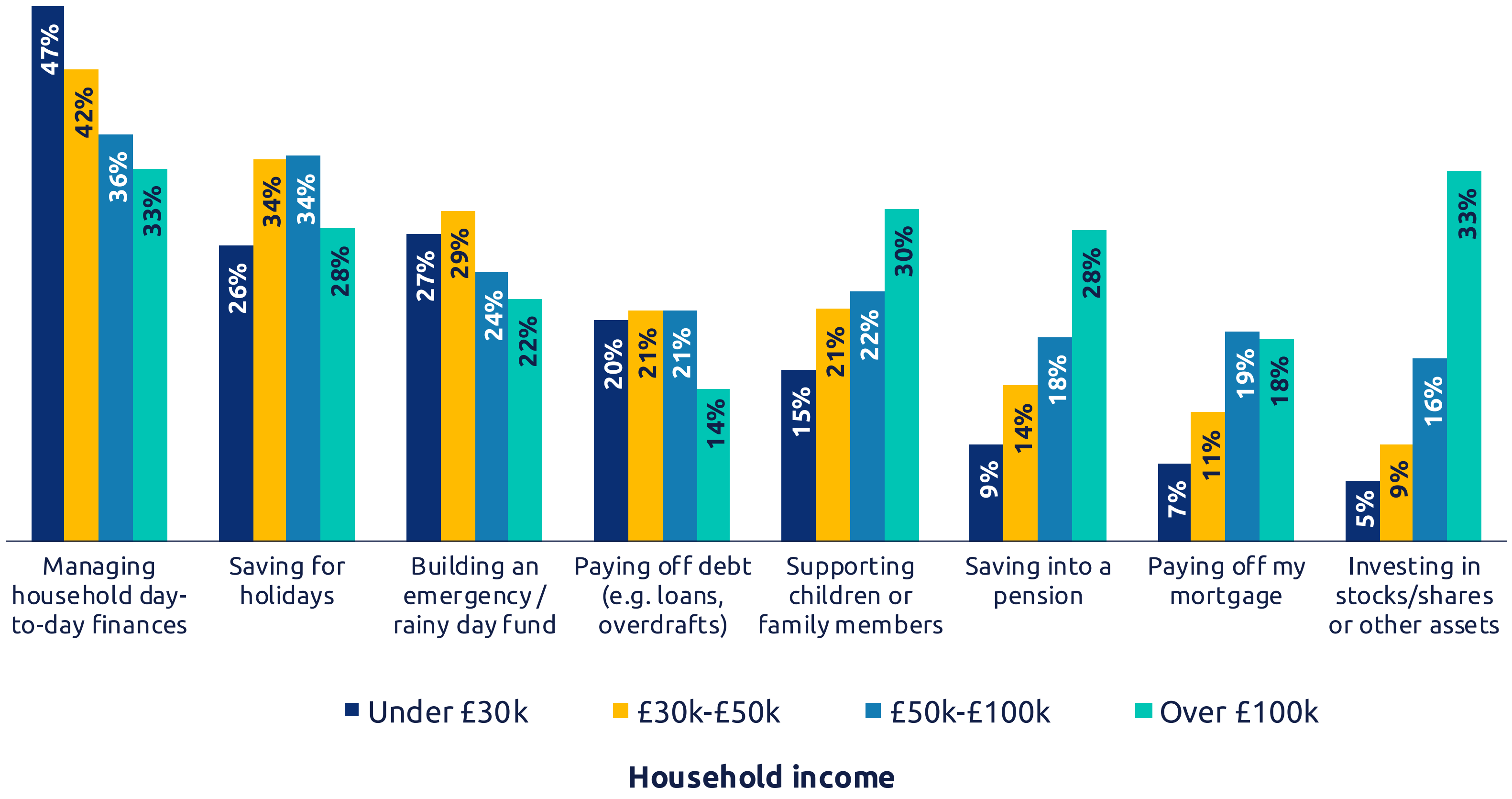


23% of full-time workers say that saving into a pension is one of their top three financial priorities for the next 12 months

People in higher-income households are more likely to prioritise saving into a pension, investing, and supporting children or family members

In the next 12 months which of the following will be your biggest financial priorities?

Base: all (n=6000). Respondents were asked to select their top three priorities.



Managing day-to-day finances is the top financial priority for most income groups.

For higher earners, however, supporting children or family members, saving into a pension, and investing are noticeably higher priorities compared to other income groups.

Saving into a pension is a top financial priority in the next 12 months for:

9% of those in low-income households

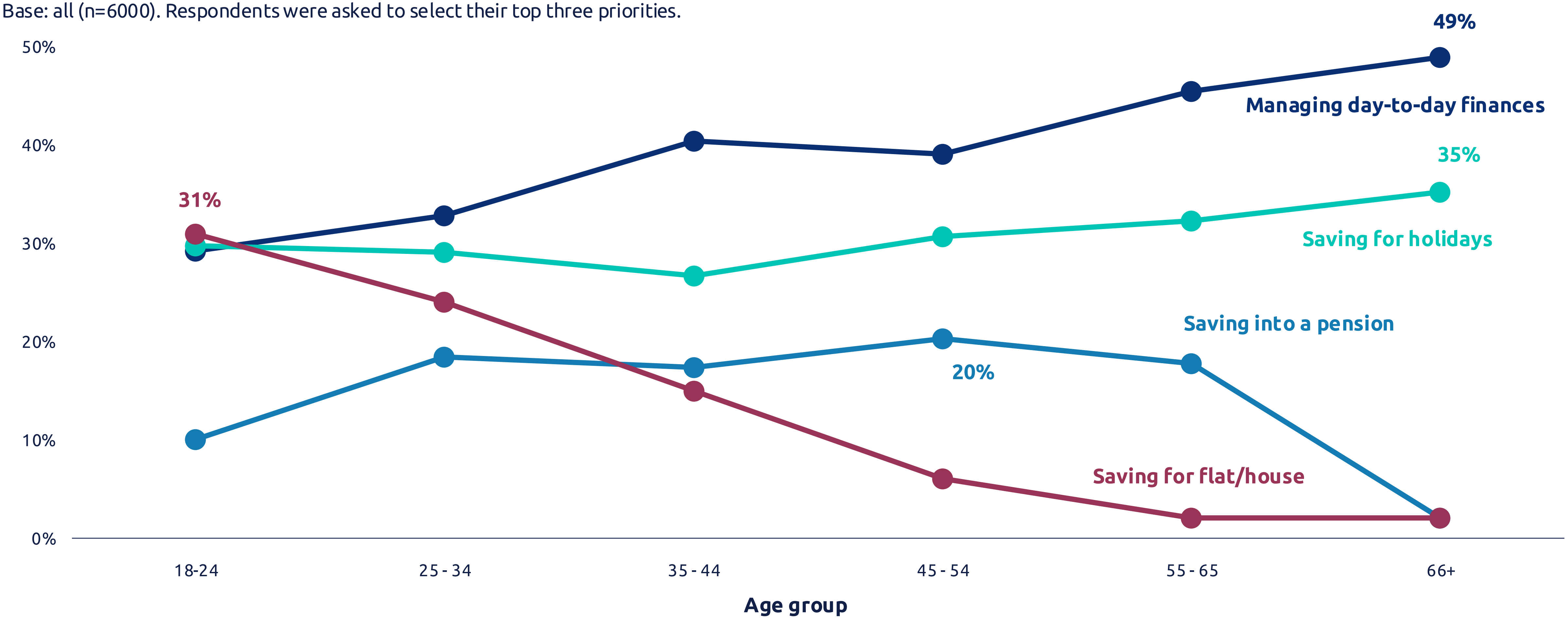
28% of those in high-income households

Financial priorities differ by age

Saving for holidays is a higher financial priority than saving into a pension at every life stage

In the next 12 months which of the following will be your biggest financial priorities? *(Selected priorities)*

Base: all (n=6000). Respondents were asked to select their top three priorities.

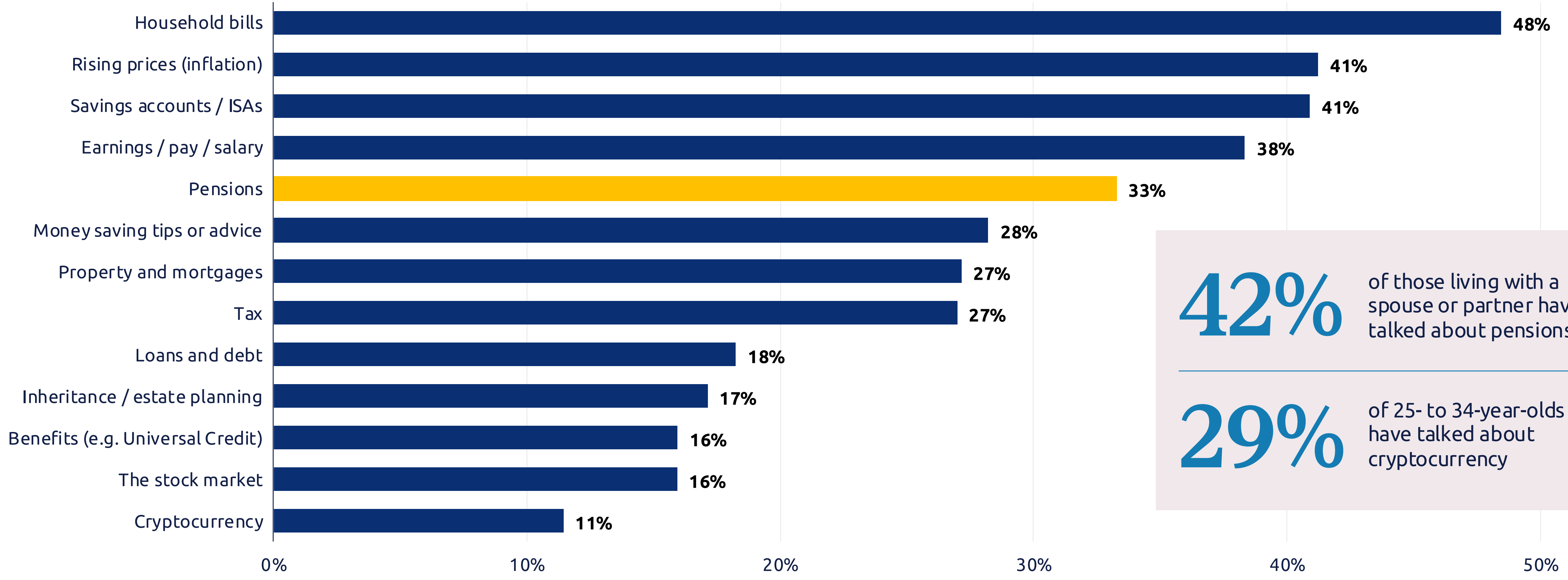


One in three adults have talked to family or friends about pensions in the last year

More people have had a conversation about pensions than about either taxes or property

Which, if any, of the following financial topics have you talked to a partner, family member or friend about in the last 12 months?

Base: all (n=6000). Respondents were asked to select all options which applied to them.

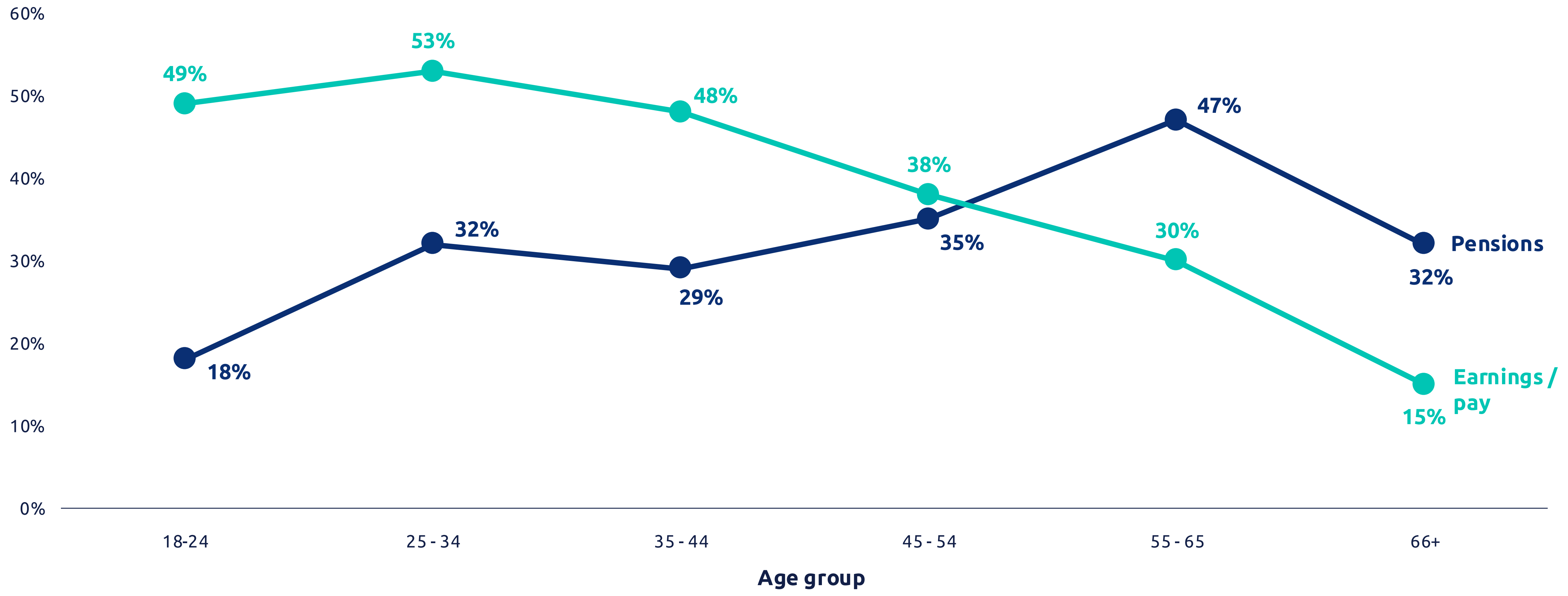


42% of those living with a spouse or partner have talked about pensions

29% of 25- to 34-year-olds have talked about cryptocurrency

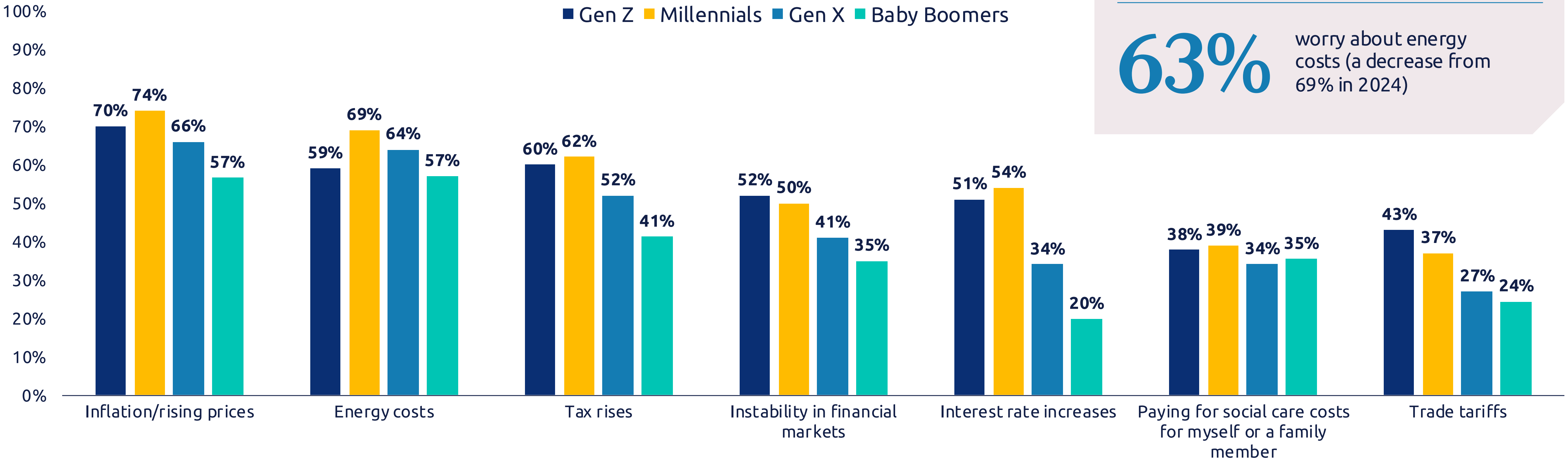
From midlife, people are more likely to talk to others about pensions than pay

Which, if any, of the following financial topics have you talked to a partner, family member or friend about in the last 12 months? *(Top five topics)*
Base: all (n=6000). Respondents were asked to select all options which applied to them.



Worries about increasing interest rates highlight the greatest generational gap, with Gen Z and Millennials being the most concerned

To what extent do you worry about the following? *(Net: a great deal/fair amount)*
Base: all (n=6000)

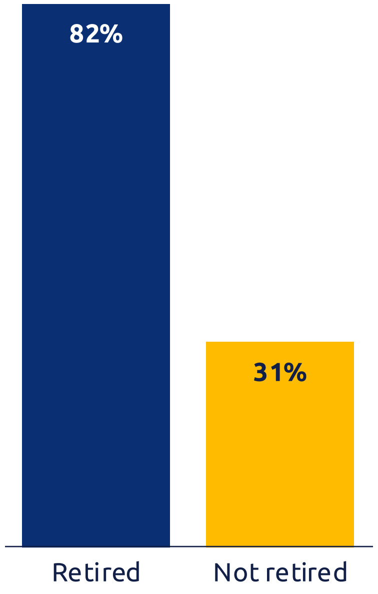


39% worry about interest rate rises (an increase from 35% in 2024)

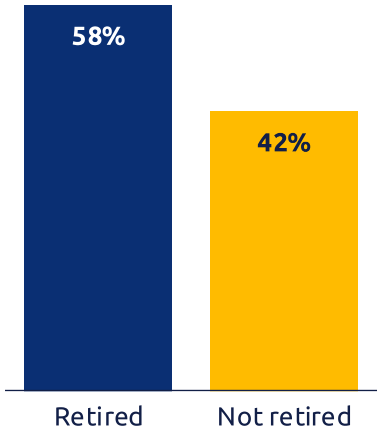
63% worry about energy costs (a decrease from 69% in 2024)

Current retirees report better financial circumstances than those who aren't yet retired

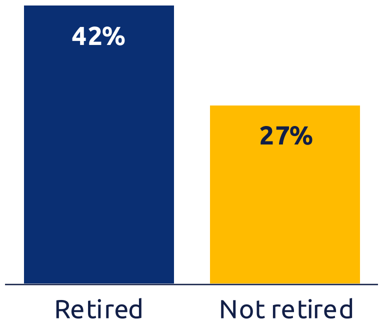
Own home outright
Base: all (n=6000)



"I feel positive about my current financial situation" (Net: Agree)
Base: all (n=6000)



Living comfortably on current income
Base: all (n=6000)



In 2003, one in four people above State Pension age (24%) were in poverty. By 2023, this had fallen to one in six (16%).*

Our survey reflects this, as people who are retired report better financial circumstances than those who aren't retired, on average.

The improvement in the living standards of retirees is due to several factors, including the introduction of Pension Credit (2003), the Triple Lock which has gradually been raising the value of the State Pension (since 2010), and the new State Pension (2016).

Housing also plays an important role. Four in five retirees (82%) own their home outright, significantly reducing their living costs compared to those of working age who are renting or paying off a mortgage. However, home ownership rates are declining and are projected to be lower for the next generation of retirees.

**Relative poverty after housing costs. Source: DWP, Households below average income, 2025*

03

Planning for the future

Making informed plans and acting on them are important for a good retirement and sufficient finances in later life.

When it comes to knowledge, most people have a reasonable understanding of the current State Pension age: three in four people said it was currently 65, 66 or 67.

The GOV.UK website is the most commonly used source of information when people are planning for retirement. Friends, family or work colleagues are second. Gen Z are the generation most likely to say they use social media or AI for information/help.

However, almost one in three (29%) report doing no planning at all for their finances in retirement. It's particularly concerning that one in five people aged 55–65 (21%) report having done no planning, since most of this age group will be retiring over the next ten years.

We also found a clear correlation between doing more planning and feeling more positive financially. Even those who do "a little" planning are considerably more positive than those who have done "no planning".

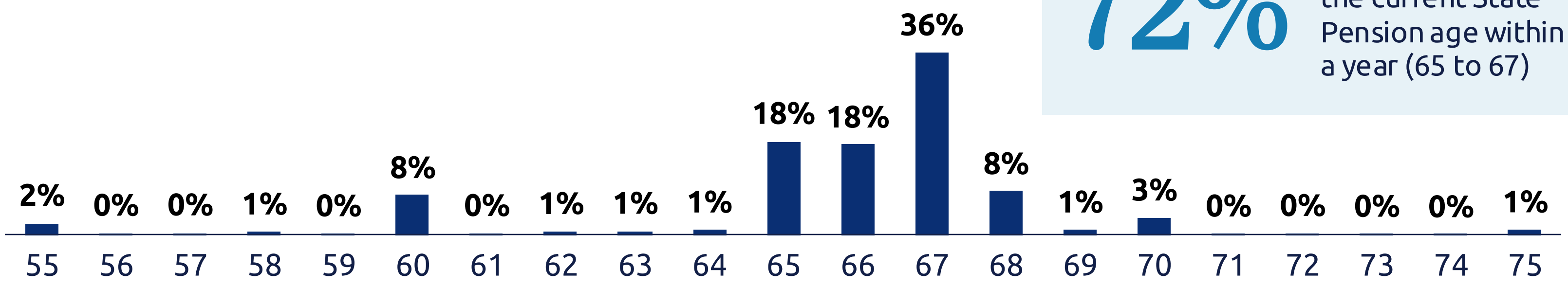
Does planning lead to action? Only one in three people with a DC pension (31%) report ever increasing their pension contributions beyond the minimum level. This suggests quite widespread disengagement.

However, those who have done "a great deal" of planning are far more likely to have increased their pension contributions, to have combined pension pots, or to have changed their pension fund choice.

29% of Gen X have done no planning for their retirement finances

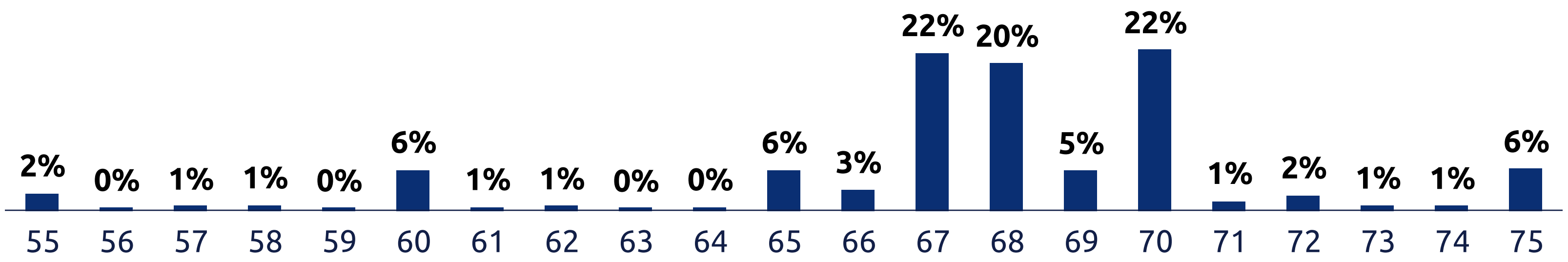
Three in four people have a good understanding of the current State Pension age, but many believe this could rise significantly by 2030

What is the State Pension Age at the moment?
Base: people aged 18 to 65 (n=4928)



72% correctly identify the current State Pension age within a year (65 to 67)

What will the State Pension Age be in 2030?
Base: people aged 18 to 65 (n=4928)



33% think the State Pension age will be 70 or more by 2030

The current State Pension age is 66. It's rising to 67 between 2026 and 2028.

This matters particularly for lower earners most reliant on State Pension income, and those who may struggle to work to an older age.

Three in four people (72%) have a good understanding of the current State Pension age, thinking it's between 65 and 67. People closer to retiring are more knowledgeable: nine in ten people aged 55-65 (93%) think the State Pension age is 65 to 67.

However, people think that the State Pension age could rise significantly in the next five years. One in three (33%) think the State Pension age will be 70 or higher by 2030.

The government has previously committed to providing at least ten years' notice for changes to the State Pension age. This makes any further increase beyond age 67 very unlikely before 2030, perhaps indicating a lack of trust or low awareness of current policy.

GOV.UK and friends/family are the top sources of retirement planning information

Which of the following have you used when looking for information or help with your retirement planning?

Base: all (n=6000)

	Average	Gen Z	Millennials	Gen X	Baby Boomers
GOV.UK website	30%	34%	31%	29%	27%
Friends/family/colleagues	26%	35%	31%	24%	15%
None of these	24%	20%	19%	24%	32%
Pension provider annual statement	23%	14%	24%	30%	22%
Financial adviser	22%	26%	23%	17%	23%
Free financial guidance service	21%	24%	22%	20%	18%
Pension provider website	19%	18%	23%	21%	15%
Pension calculator	19%	18%	22%	23%	10%
Financial articles online	17%	21%	19%	15%	12%
Speaking with my pension provider	13%	15%	16%	12%	9%
My employer	13%	19%	18%	12%	6%
Pension provider literature	12%	10%	12%	13%	11%
TV / radio / newspapers	11%	13%	10%	8%	12%
Pension provider app	11%	13%	14%	10%	5%
Social media	9%	22%	13%	4%	1%
AI, e.g. ChatGPT	8%	19%	12%	3%	1%
Finfluencer	4%	8%	8%	2%	1%

While GOV.UK (30%) and friends and family (26%) are the most commonly used sources of retirement planning information, one in four (24%) don't use any source. In combination, large numbers do use their pension provider either through an annual statement (23%), website (19%), speaking directly (13%), literature (12%) or app (11%).

Gen X are the most likely of any generation to use an annual statement from their pension provider (30%), something used by just 14% of Gen Z. There's a marked difference with the younger age groups' approach to sources of information. One in five of Gen Z use social media (22%) or AI (19%), sources used by just 1% of Baby Boomers.

Although younger age groups state that they use financial advisers, when regulated financial advice is properly defined we see they're less likely to say they use this option. Baby Boomers, who are more likely to be retired, are also more likely to select "none of these" – perhaps because they feel they've planned their retirement already.

22% of Gen Z use social media as a source of retirement planning information

One in three people have done no planning for their finances in retirement

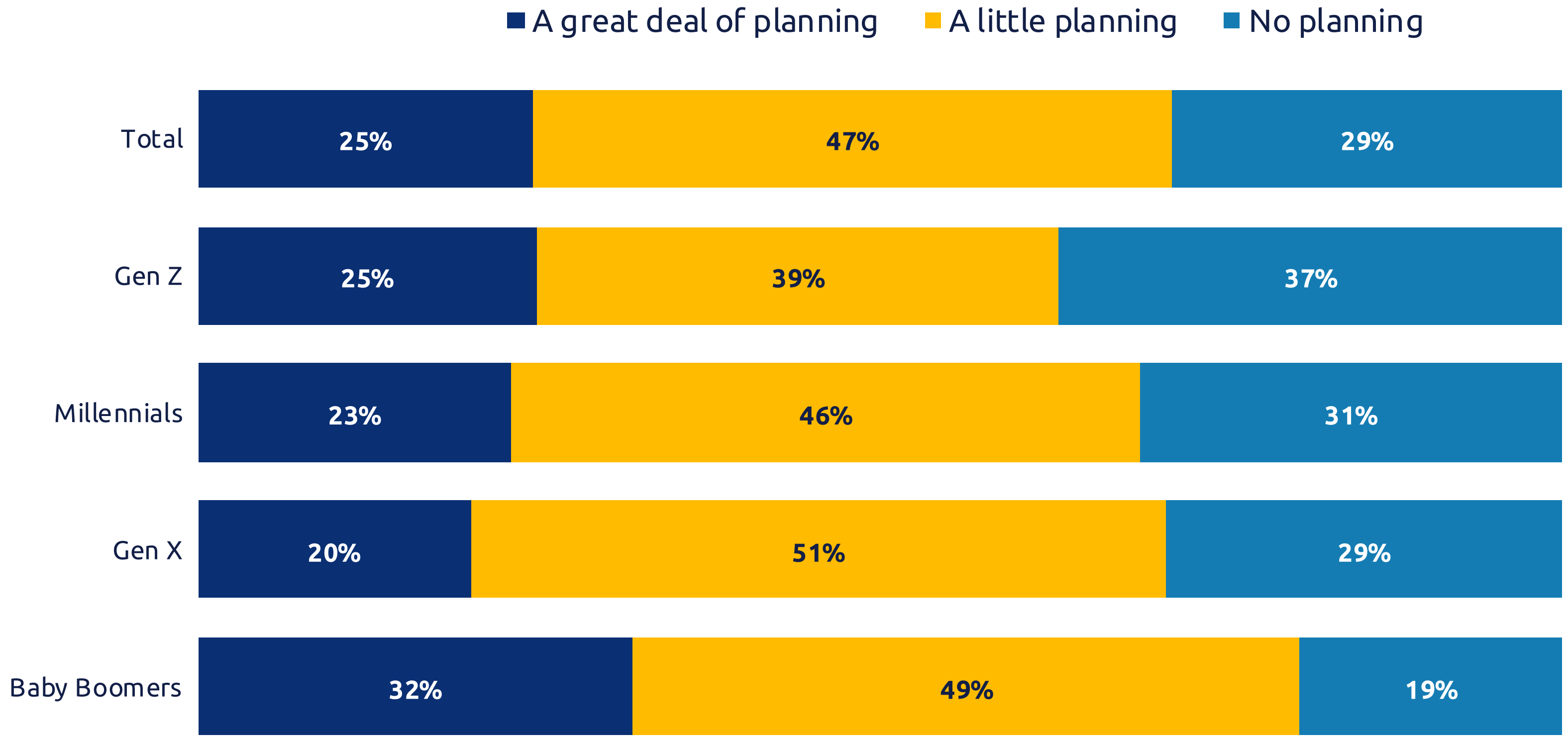
Overall, one in four people (25%) say they've done (or did) a "great deal" of planning about how much money they need in retirement. However, one in three (29%) report doing no planning at all.

Unsurprisingly, the proportion of people who have done at least "a little" planning rises with age.

It's particularly concerning that one in five people aged 55-65 (21%) report having done no planning, since most of this age group will be retiring over the next ten years.

How much planning or thinking have you done (did you do) around how much money you need to live on in your retirement?

Base: all (n=6000)



Even a little planning is associated with feeling more positive financially

Current financial situation and feeling about life five years ahead, by amount of planning around retirement finances

Base: all (n=6000)

There's a clear correlation between planning retirement finances and feeling financially positive today.

Those who say they've done a "great deal" of planning about their retirement finances are more likely to say that they're living "comfortably" on their present income, to feel positive about their current financial situation, and to feel positive about what their life will be like in five years' time.

Even those who do "a little" planning feel more positive than those who have done "no planning".

There may be multiple reasons for this. For example, those with greater income and wealth may have more capacity and financial means to undertake planning. Similarly, older age groups are more likely to have done at least a little planning, and also on average have more assets.

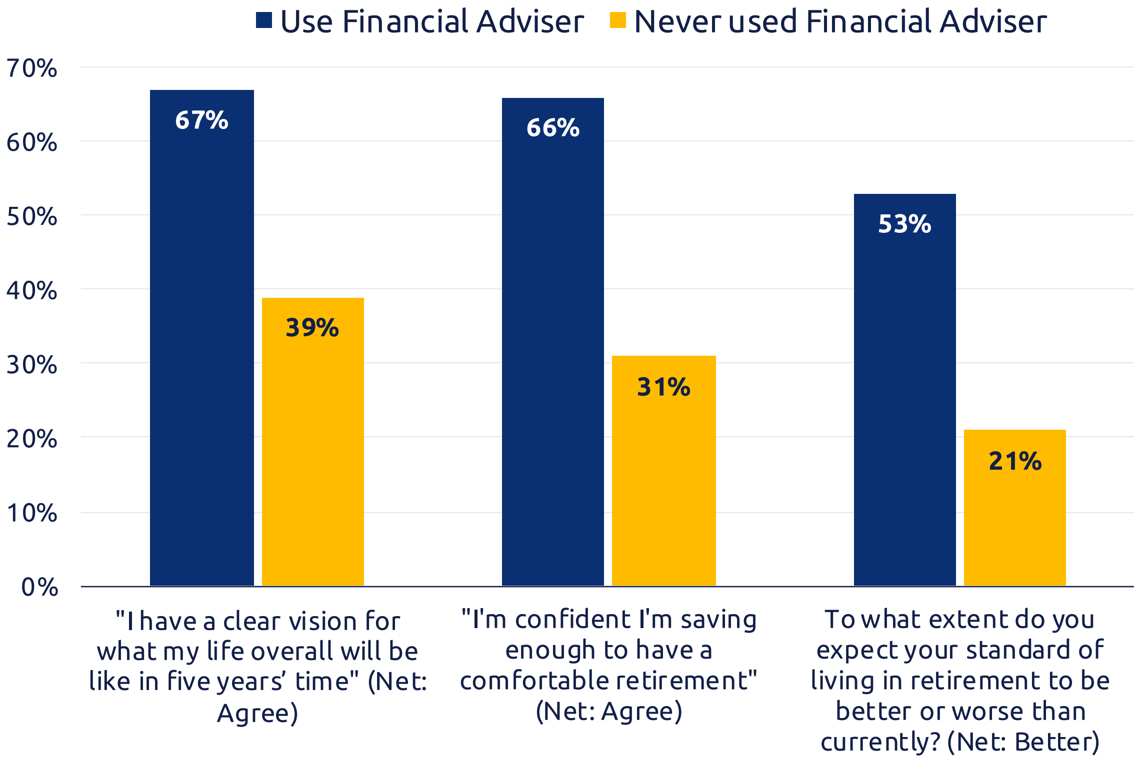
Research also suggests that being in poverty or on a low income can affect people's thinking, decision-making and ability to plan for the future. The cognitive burden of poverty may lead to a present-biased mindset. As a result, the group of people who say they've done "no planning" for their finances in retirement are more likely to be in difficult financial circumstances to start with.

Nonetheless, the strong correlation here suggests it's possible that planning itself may play a role in helping people feel more positive.

Accessing professional financial advice is associated with feeling more confident about the future

Clear vision / saving enough / expected standard of living in retirement, by use of a Financial Adviser

Bases: clear vision – all (n=6000); saving enough – not retired (n=4758); standard of living – not retired (n=4758)



As with planning, people accessing professional financial advice are more likely to feel confident about their retirement finances.

Those who benefit from advice are more likely to be in a comfortable financial position to start with. However, there's a clear correlation between using a Financial Adviser and feeling more positive about the future.

Those who use a Financial Adviser are far more likely to say they have a "clear vision" for their life in five years' time. This is likely connected to undertaking more financial planning for the future, and better financial circumstances generally.

Twice as many people who have benefitted from advice are confident they're saving enough for a comfortable retirement, compared to those who haven't used a Financial Adviser.

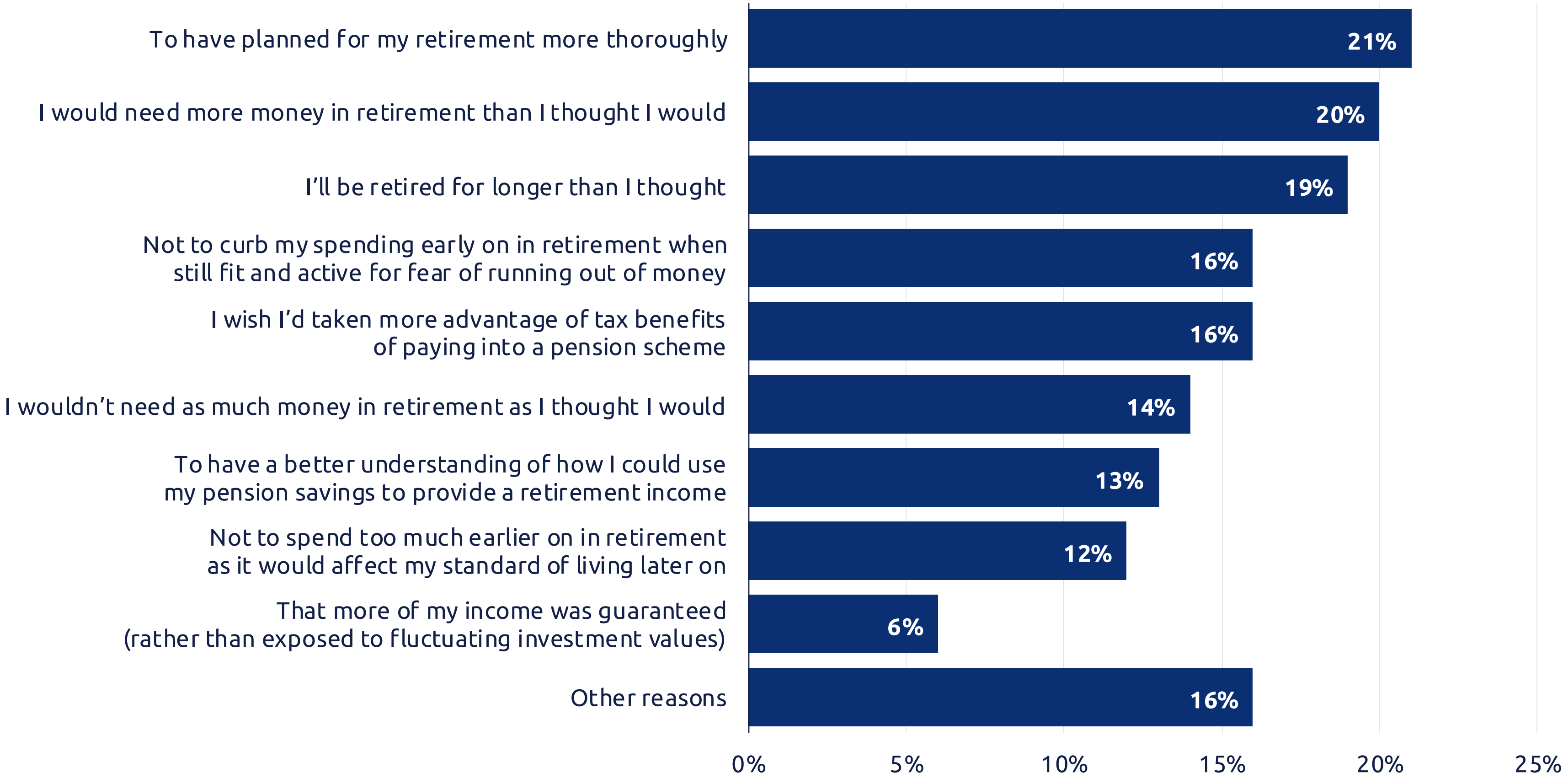
Over half of those using a Financial Adviser expect their standard of living in retirement to be better than it is currently – more than twice as many compared to those who haven't used a Financial Adviser.

Our data doesn't allow us to draw any conclusions about causation. However, recent research published by the Financial Conduct Authority found evidence that "getting financial advice is associated with an increase in wealth of up to 10% in the years following advice, relative to those who did not receive advice."

One in five retirees regret not planning more for their retirement

Now you are retired, what do you wish you had known before you retired? *Please select all that apply.*

Base: retired (n=1242)



Consistent with the value of planning for retirement, in our survey one in five retirees (21%) say they wished they'd planned for their retirement more thoroughly.

The second and third most common responses to this question also relate to finances and planning – people say they wish they'd known they would need more money in retirement, and that they would be retired for longer than they thought.

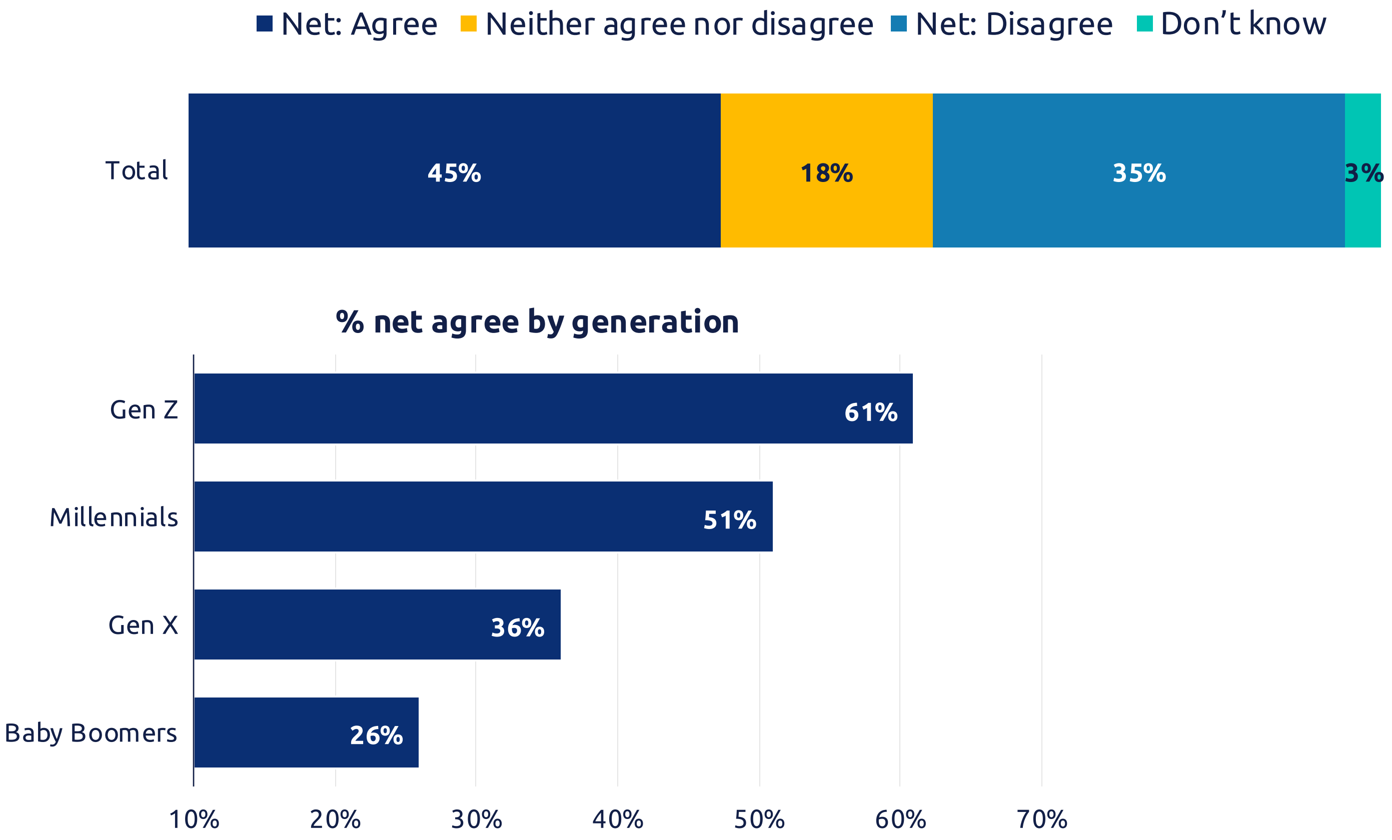
This suggests that people would benefit from engaging with retirement planning and retirement finances sooner. New developments such as pensions dashboards and Targeted Support could help achieve this.

Auto-enrolment, or auto-pilot?

Three in five Gen Z pension savers believe that auto-enrolment on its own means they're saving enough for retirement

"Being automatically put in a workplace pension scheme means I am saving enough for retirement"

Base: Employees with a DC pension (n=2210). (Note: respondents were given a brief description of how auto-enrolment works before answering the question.)



Auto-enrolment has been hugely successful in increasing the proportion of people saving into a workplace pension.

However, researchers have found that an 'anchoring' bias can occur when people give too much importance to a default rate. Inertia and 'status quo bias' also lead people to carry on with their current state of affairs. Partly as a result of these cognitive biases, many people never change the default minimum contribution level they're saving into their pension after being auto-enrolled by their employer.

This is visible in our survey, with half of employees thinking that being auto-enrolled means they're saving enough for retirement. However, for many people this will not be the case. In our report *Tomorrow's Problem?* we found that over half of DC savers retiring between 2025 and 2060 aren't currently saving enough for the retirement income they may need.

In our survey, overconfidence in the default saving minimum is highest among Gen Z, who have spent their whole career in the era of auto-enrolment. This confidence then declines with age, as people engage more with retirement planning, or begin to realise they have been undersaving.

Only one in three people with a DC pension report ever increasing their pension contributions beyond the minimum level

By generation, Baby Boomers are the most likely to have taken no action with their DC workplace pension (52%). This may be because DC pensions are less important for this generation, who are much more likely to have DB pensions.

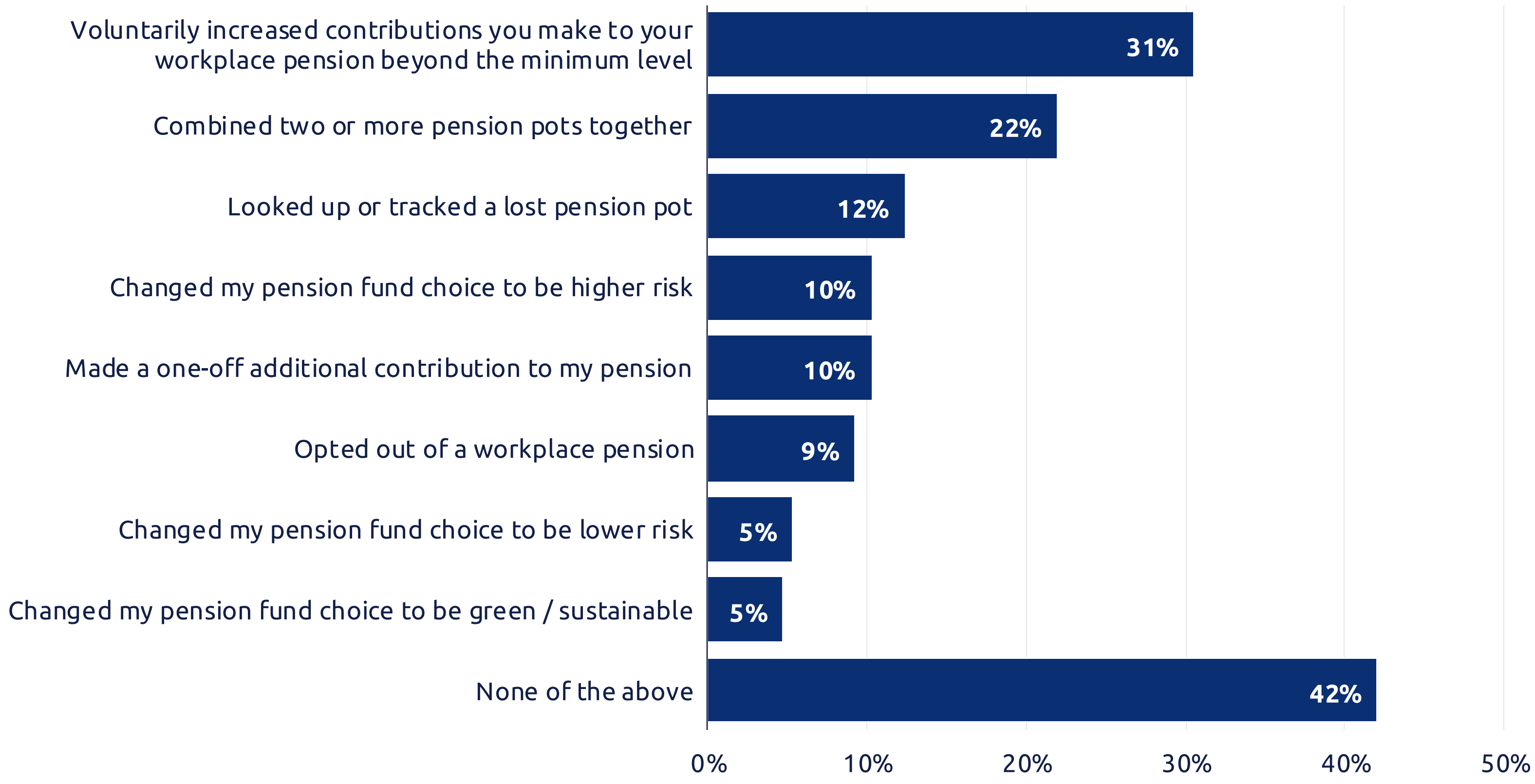
Gen Z are the most likely to have changed their pension fund choice – whether to make it higher risk, lower risk or more green/sustainable.

Men are more likely than women to have increased their pension contributions (35% to 26%).

People who have used a Financial Adviser are more likely to have increased their pension contributions (46%, compared to 27% of those who have never used a Financial Adviser).

Thinking about your workplace pension(s), have you ever taken any of the following actions?

Base: people with a DC pension (n=2898)



04
Attitudes to risk and investment

The nature of saving into a DC pension is that you don't know exactly how much you'll have when you come to retire. This is designed to be a long-term investment to help weather some of the financial storms over time. No one can predict the future and growth can't be guaranteed.

What someone's pension pot looks like at the end of a working life will depend on how much employers and individuals may have put in, coupled with investment growth over time, along with considerations such as tax and fees.

Our survey shows that people may underestimate the power of investment growth over time. Economic modelling shows that two thirds of a lifetime DC pension pot could come from investment growth, but in our survey only one in four people thought investment growth was the most important factor in adding money to their pension pot.

There's a clear relationship between age and willingness to take risks for the chance of higher returns: Gen Z are the most likely to say they'd be happy to take risks, with Baby Boomers being more cautious. This could be positive in the sense that younger people have more years ahead of them for financial risks to pay off.

48% of Gen Z say they'd be happy to take more risks with their money for the chance of higher returns

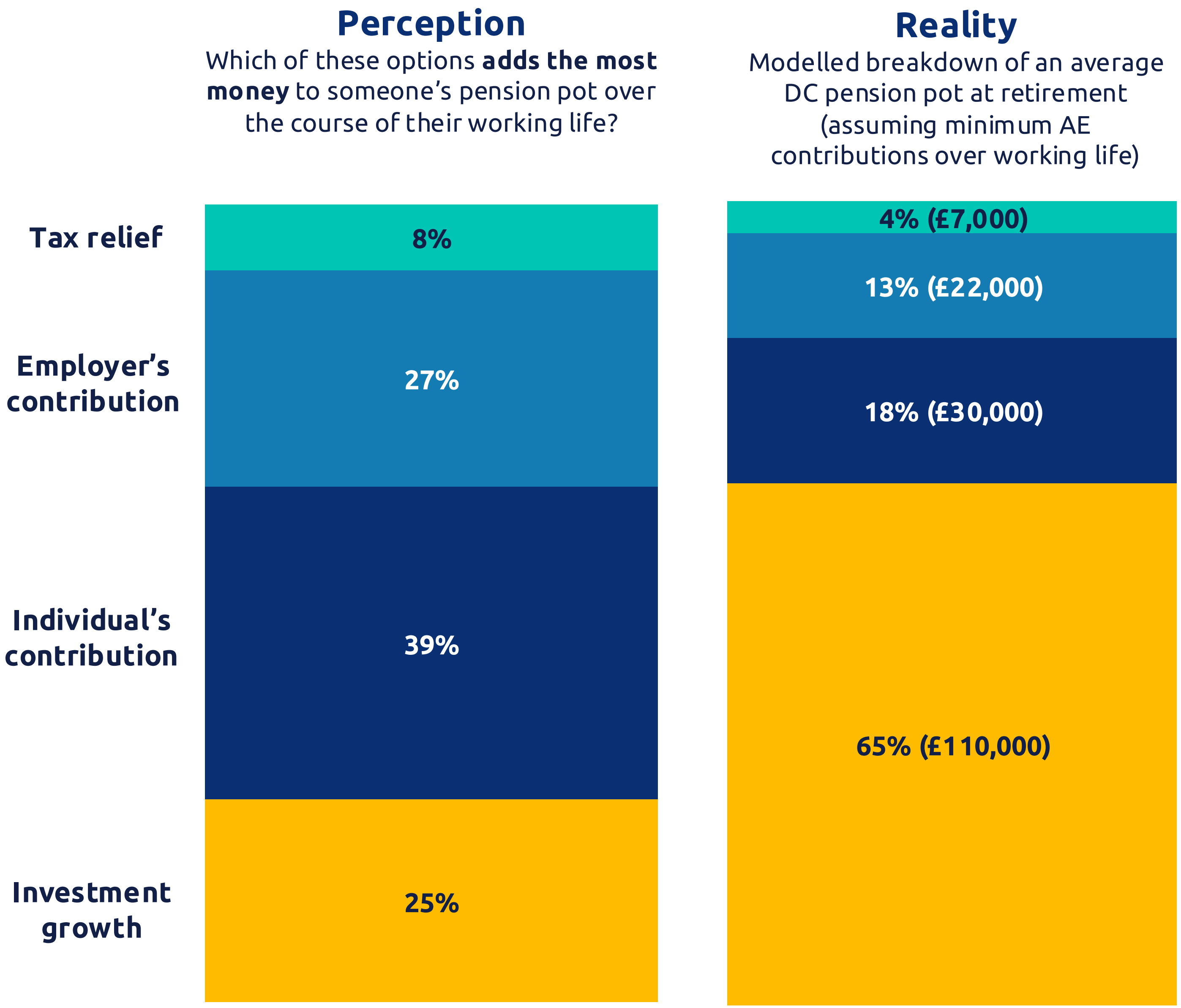
The building blocks of pension pots

People underestimate the power of investment growth over time

Economic modelling shows that two thirds of a lifetime DC pension pot could come from investment growth, but only one in four people thought investment growth was the most important factor in adding money to their pension pot. It is also important to remember that an individual's initial contributions are essential to unlock other contributions and investment growth.

25% think that investment growth is the top factor contributing to pension pot size

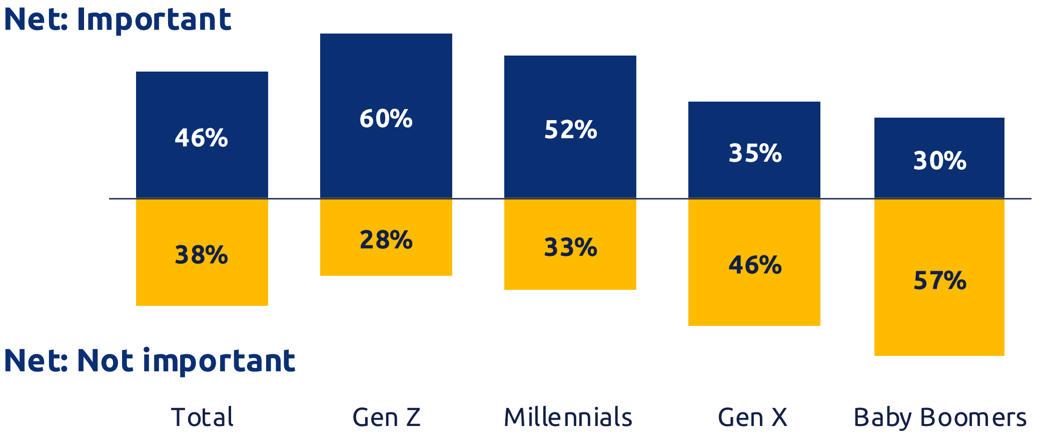
65% Modelled contribution of investment growth by the time of retirement



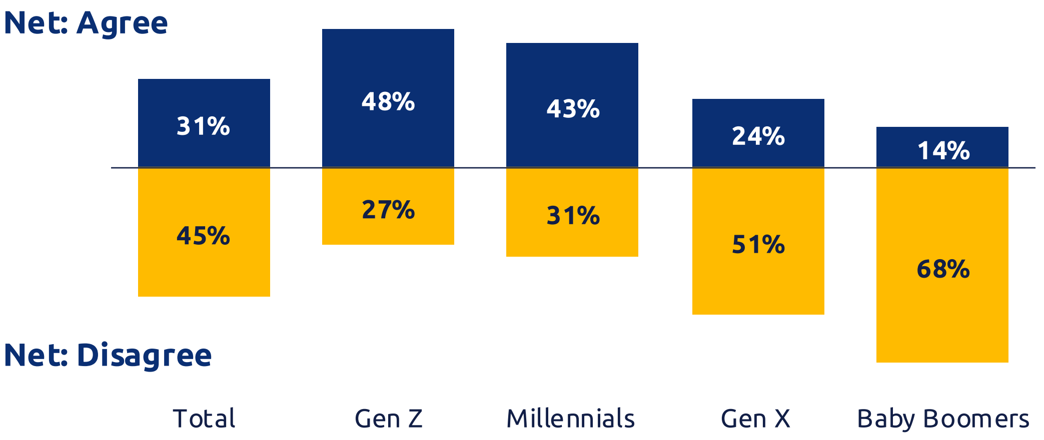
Reality figures show proportions of value based on an illustrative pension pot of £170,000 (in today's money). The perception figures shows the proportion of people who said the category contributed the highest value. Base for left-hand column: people aged 18 to 65 (n=4928). Source for right-hand column: DWP analysis (excluding charges), with numbers rounded to nearest thousand.

Younger generations say they're willing to accept more financial risk for the chance of higher returns

When accessing your pension savings, how important is… "Keeping some or all of my pension savings invested in high-risk solutions that can change a lot, but offer the potential for higher returns"
Base: not retired (n=4758)



"I'd be happy to take more risks with my money to get the chance of higher returns"
Base: all (n=6000)



There's a clear relationship between age and willingness to take financial risks for the chance of higher returns.

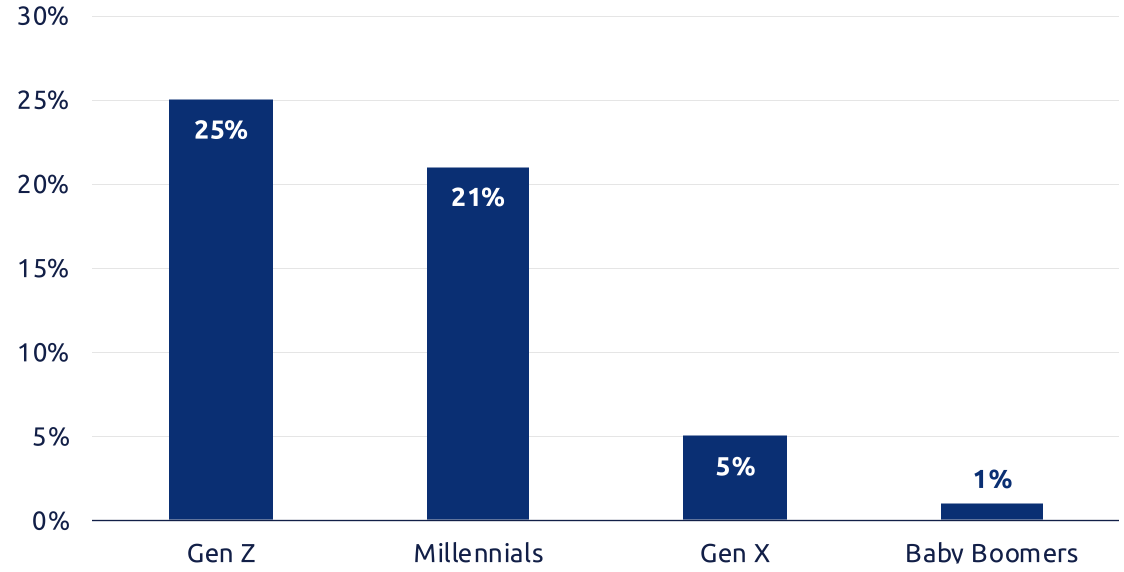
Gen Z are the most likely to say they'd be happy to take risks. Baby Boomers are far more cautious – perhaps because they're already retired, or only have a few years left as they approach retirement.

Other research has found the same relationship between age and attitudes to risk: for example, one academic paper found that across 14 different European countries, people express less willingness to take financial risks as they get older.

There's also a relationship between planning retirement finances and willingness to take more risks to get higher returns. 46% of those who have done a "great deal" of planning say they're happy to take more risks, compared to only 22% of those who have done "no planning".

Younger generations are also more likely to take actions to move towards higher risk

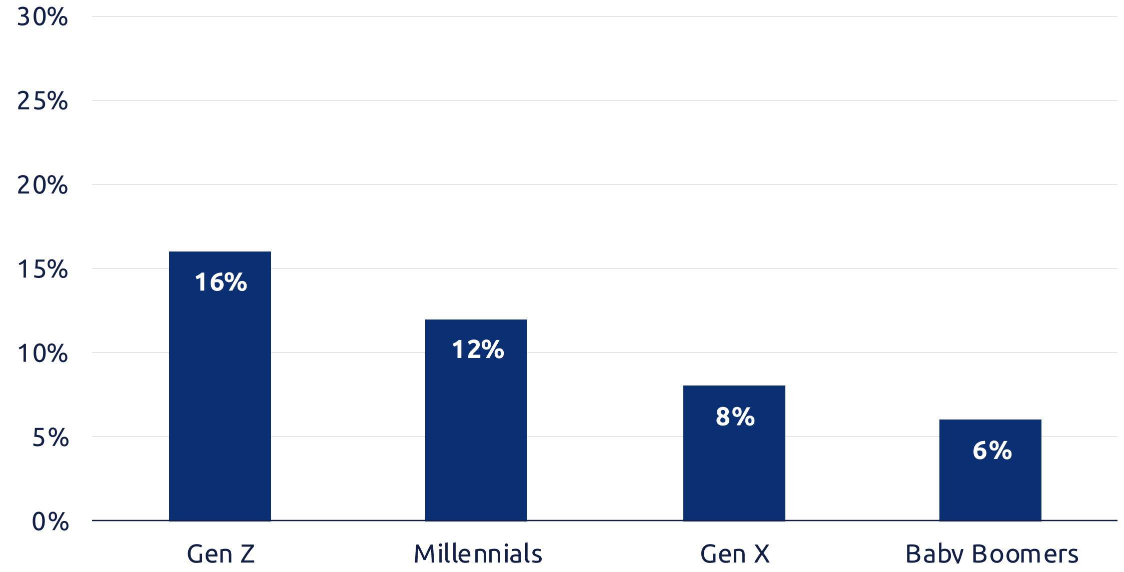
Which, if any, of the following financial products do you currently have? – Cryptocurrency
Base: all (n=6000)



Younger generations are considerably more likely to have invested in cryptocurrency, which is a higher risk choice compared to other options. Among Gen Z, one in four (25%) hold cryptocurrency, compared to just one in a hundred Baby Boomers (1%).

In contrast, among the generations, Baby Boomers are the most likely to hold premium bonds (40%), while Gen Z are the least likely (12%).

Thinking about your workplace pension(s), have you ever taken any of the following actions? – Changed my pension fund choice to be higher risk
Base: people with a DC pension (n=2898)



Gen Z are the most likely to change their DC pension fund to be higher risk – although only one in six with a DC pension (16%) have done so.

Our survey suggests that younger generations don't just express greater willingness to take more financial risk – they are also more likely to make active decisions associated with higher risk.

05
Work and retirement

How we work and retire has changed over the last 30 years. On average, people retire five years later today compared to 1994.

In our survey, we see people having a greater awareness of the reality that more people are retiring later, and that the State Pension age has risen. Across almost all demographic groups, people say they'd *like* to retire at around age 62. Yet the average age at which people think they'll be able to retire is 67.

We call this the 'retirement expectation gap'. Those who have planned more, and have higher incomes, are much more likely to feel they'll be able to retire closer to their desired age.

For example, those who are finding it difficult financially face a large 'retirement expectation gap' of 7.7 years, compared to those who are financially comfortable, with a retirement expectation gap of just 2.5 years.

Most people (80%) are confident they could do their job to the age of 60, but only half (49%) think they could do their job at age 70. Concerningly, it's people in lower-income households – who may need to work for longer financially – who are the most worried about working to older ages.

When it comes to people's current jobs, Gen X are the least likely to be satisfied with their job overall, as well as with specific aspects like job flexibility and pay.

50% of those in employment expect to have to continue working beyond their State Pension age

The retirement expectation gap

Among those not yet retired, the average desired retirement age is 62.3, but the average age people feel they'll be able to retire is 67.0

4.7 Average UK retirement expectation gap (years)

Baby Boomers, already nearing retirement, have the smallest expectation gap of **less than 1** year. **Millennials** have a gap of **6** years.

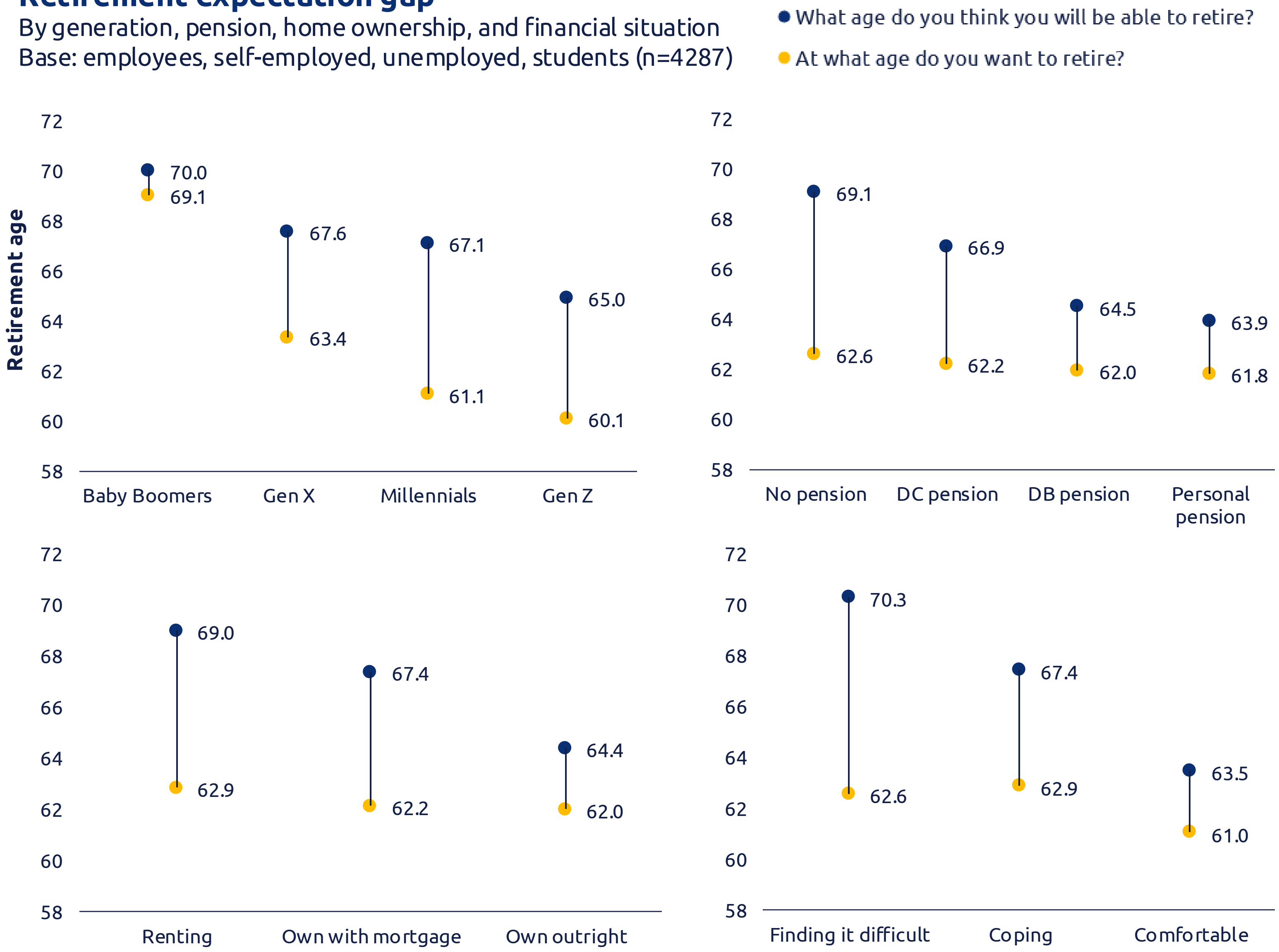
Those with a **DB pension** have a gap of **2.5 years,** compared to **4.7 years** for those with **DC pensions**.

Renters face a gap of **6.1** years compared to those who **own their home outright** of **2.4**.

Unsurprisingly, those who are **finding it difficult** financially face a large gap of **7.7** years, compared to those who are **comfortable**, with a gap of just **2.5** years.

Retirement expectation gap

By generation, pension, home ownership, and financial situation
Base: employees, self-employed, unemployed, students (n=4287)



Mind the gap

Those who have planned more, and have higher incomes, are much more likely to feel they'll be able to retire closer to their desired age.

Most people consistently say that they'd like to retire in their early 60s on average. But there's a wide discrepancy in what age they think they'll actually be able to retire.

Retirement expectation gap (years):

8.1 Income under £30k with no retirement planning

0.9 Income over £100k with a great deal of retirement planning

Retirement expectation gap

By household income and level of retirement planning

Base: employees, self-employed, unemployed, students (n=4287)

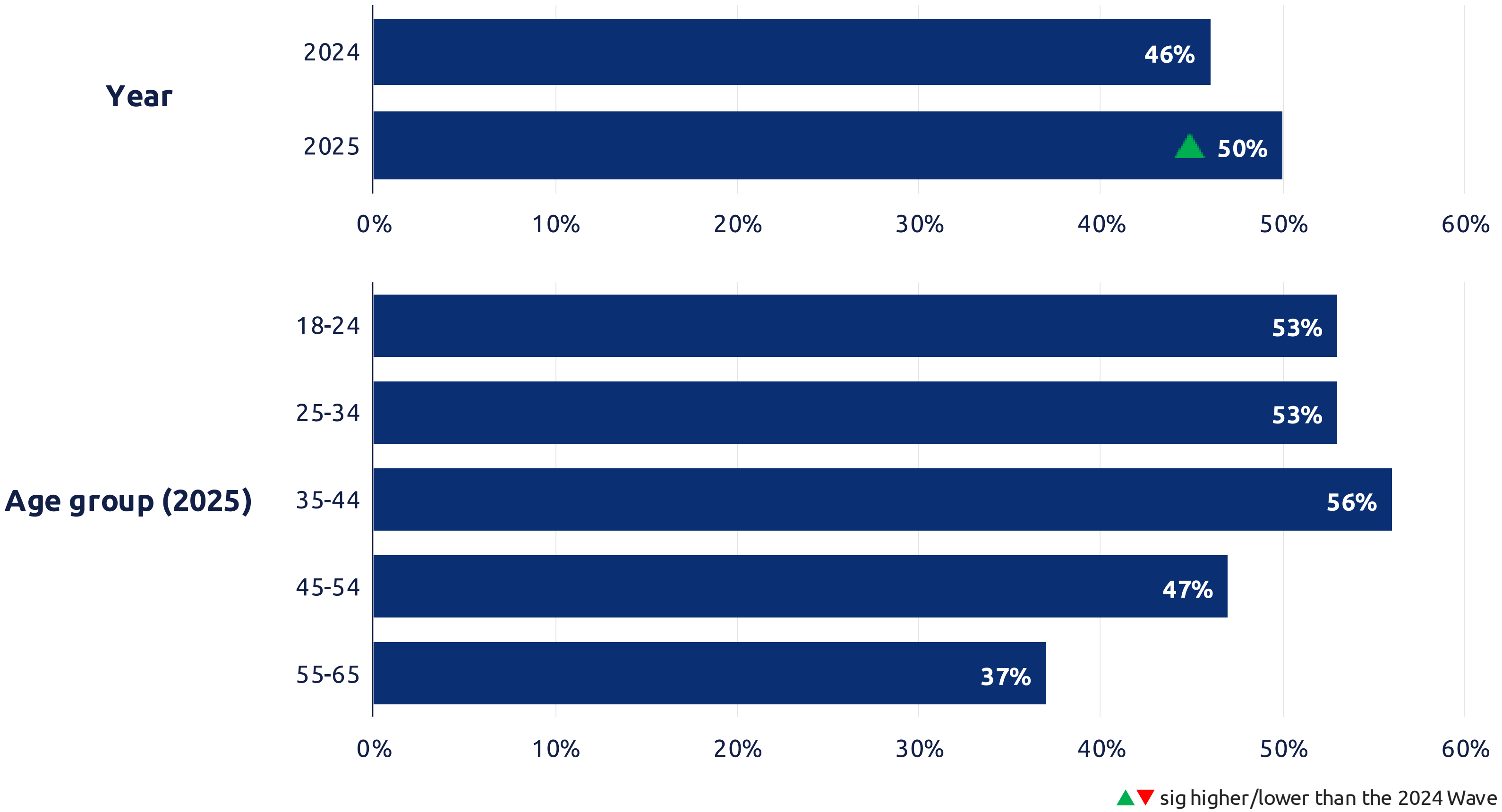
Half of those in employment expect to work beyond their State Pension age

Overall, people currently in work are slightly more likely this year than last year to say they expect to continue working beyond their State Pension age.

Younger people are more likely to expect to continue working beyond their State Pension age, while the 55–65 age group are the least likely to expect this. This probably reflects greater engagement with retirement planning, and higher awareness of the current State Pension age, among this age group.

Nonetheless, one in three of those aged 55–65 (37%) expect to have to continue working beyond State Pension age – a high proportion. For comparison, the current employment rate for people aged 68 is estimated at 22% (DWP, 2024).

"I'm expecting to have to continue working beyond my State Pension age" ***(Net: Agree)***
Base: all in work (2025 n=3850; 2024 n=3709)



People in lower-income households are the most worried about working to older ages

80% of people are confident they could do their job at age 60 – but only 49% say the same for age 70.

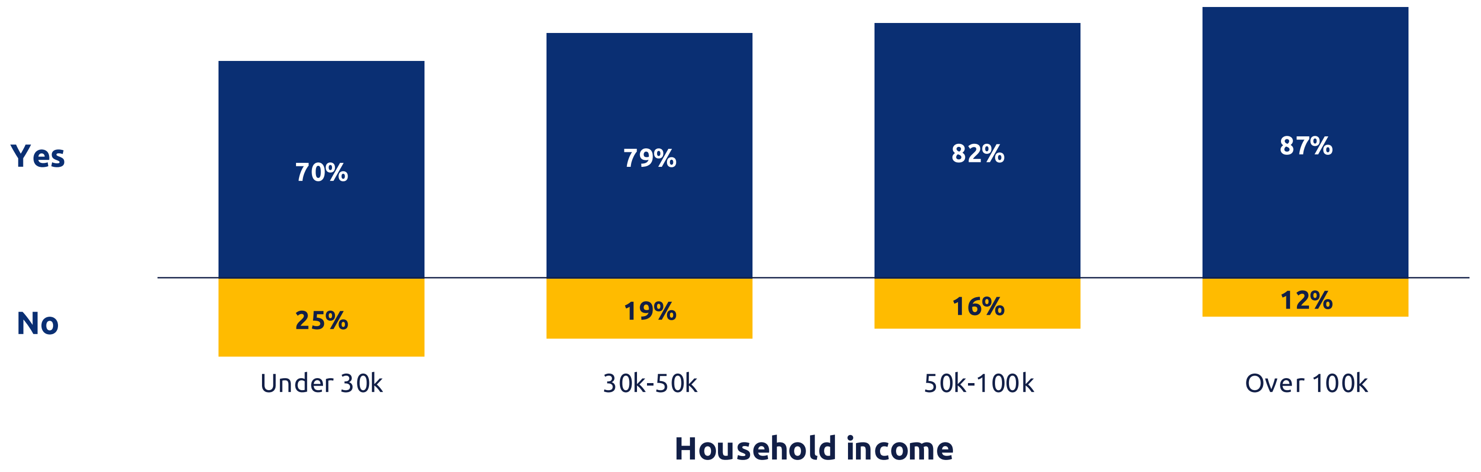
However, people in lower-income households are the most worried about working to older ages. One in four workers in the lowest-income households (25%) say they probably or definitely couldn't do their current job at age 60, rising to half (51%) saying the same for age 70.

This likely reflects the types of jobs people do, with lower earners more likely to be working in manual or physical jobs.

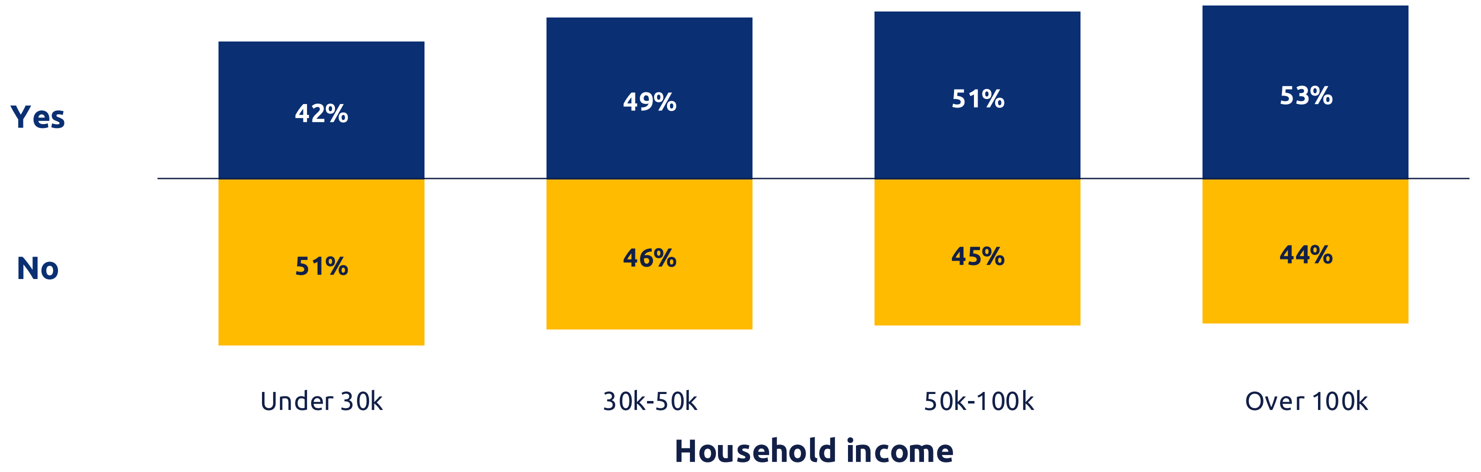
This is worrying because, from a financial perspective, it's the lowest earners who are the most likely to need to work until reaching State Pension age.

If lower earners aren't able to continue working or change occupation, they may face living in poverty before retirement. We have previously highlighted the increasing issue of pre-retirement poverty.

Could you do your current job, or one like it, when you are 60?
Base: all working aged under 60 (n=3389). *(Options: Yes, definitely; yes, probably; no, probably not; no, definitely not)*

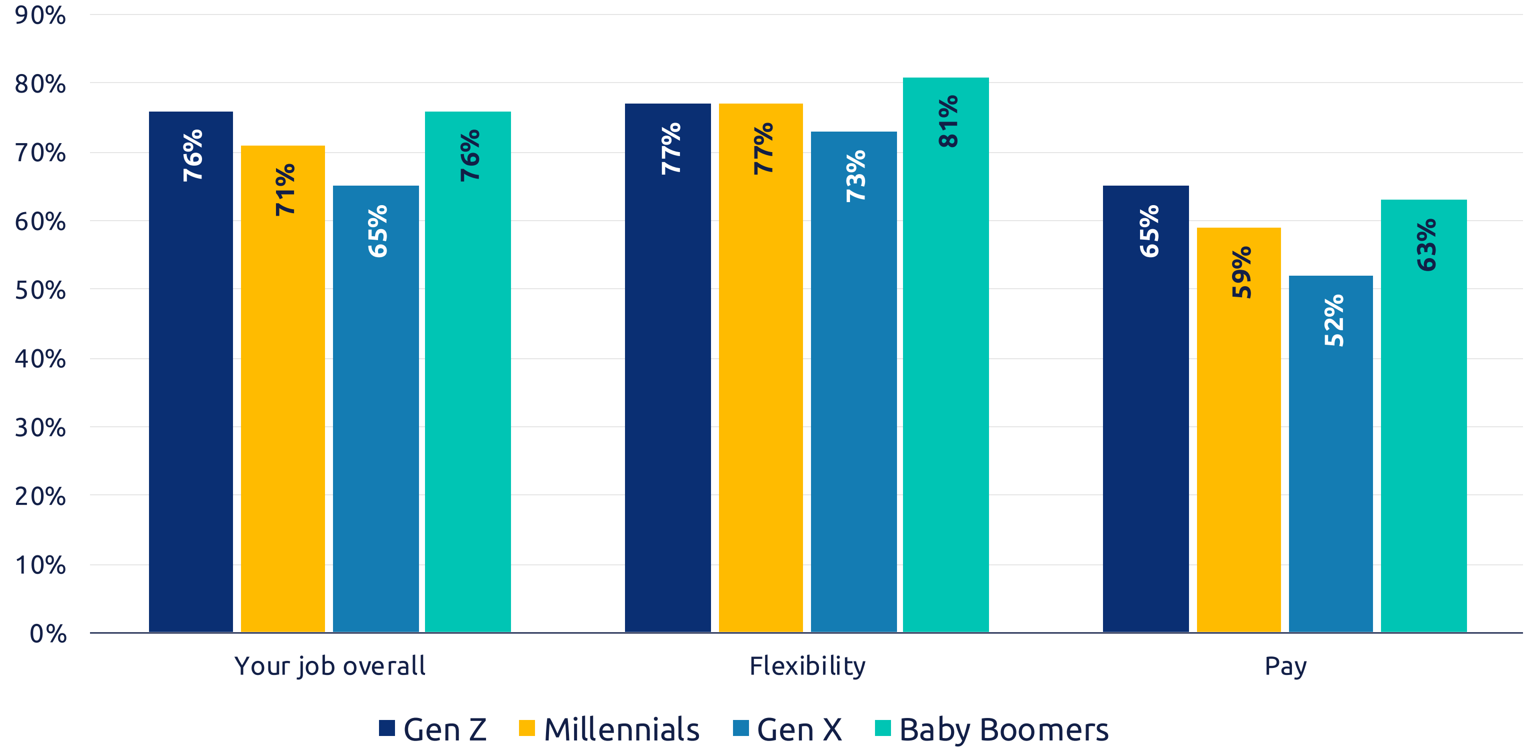


Could you do your current job, or one like it, when you are 70?
Base: all working aged under 60 (n=3389)



Gen X are the least satisfied with their current job

Thinking about your current job how satisfied or dissatisfied are you with… *(Net: Very satisfied or fairly satisfied)*
Base: all working (n=3850)



Seven in ten workers (71%) are satisfied with their job overall. However, Gen X are the least likely to be satisfied overall, as well as with specific aspects like job flexibility and pay.

Most Baby Boomers are retired, so their job satisfaction is likely to be higher because some people in this generation choose to continue working because they enjoy it, rather than because it's a financial necessity.

Gen X are the least likely to feel satisfied with their current job. Despite this, only one in five people in Gen X (21%) intend to start a new job in the next year, far lower than Millennials (33%) and Gen Z (53%).

This may reflect the difficulties people face in making job and career changes in midlife. Our own Careers can change campaign promotes the benefits of positive career change in mid- and later life, including for increasing job satisfaction.

Our research on the economic value of careers guidance for adults shows this could benefit people looking to move jobs or who are unhappy at work.

06
Retirement decision making

Compared to a world of DB pensions, people with DC pension pots have to make much more complex decisions about how to turn their pension into retirement income and manage financial and longevity risk.

These are high-stakes financial decisions which many people currently make with very limited help.

Among pension holders aged 50+, those with a DC pension feel less confident about making a decumulation decision, compared to those with a DB or personal pension.

This emphasises the importance of providing more help. Our recent research highlighted that consumers see strong potential benefits of Targeted Support for helping them to make decumulation decisions.

When we asked people who aren't yet retired what they wanted from their pension, the top two answers were "a guaranteed regular income for life" (89%) and "being able to access some or all of my pension savings flexibly" (79%).

To some degree, these two objectives conflict with each other. People may struggle to choose between purchasing an annuity (guaranteed income without flexibility) and managing their pension through drawdown (flexibility without a guaranteed income).

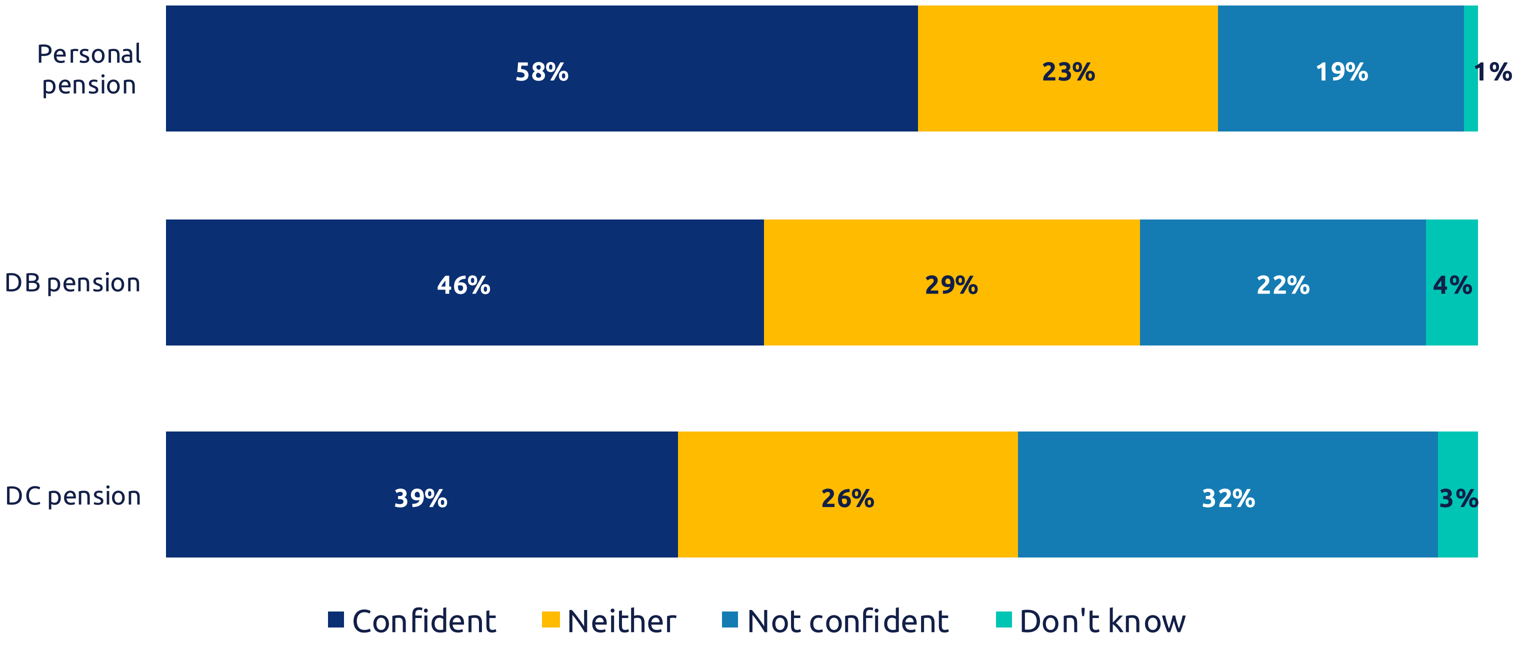
'Flex then fix' models may be able to provide what people want, with flexibility earlier in retirement and a guaranteed income at older ages.

32% of DC savers aged 50+ say they're "not very" or "not at all" confident about turning their pension savings into an income

DC pension holders feel less confident about decumulation decisions

How confident do you feel that you know enough about the following to make a good decision on these topics? – "How to turn my pension savings into an income"

Base: all aged 50+ (n=2689)



53% of those who have taken a tax-free lump sum from their pension feel confident about making decumulation decisions

Among pension holders aged 50+, those with a DC pension feel less confident about making a decumulation decision.

Although people may hold multiple types of pension, it's those with a personal pension who feel the most confident – likely because having a personal pension means they've engaged more with planning their retirement finances.

DC pension holders face higher-stakes decisions about how and when to turn their pension savings into income, so it's not surprising they feel less confident.

Our recent research highlighted that consumers see strong potential benefits of Targeted Support for helping them to make decumulation decisions.

Those not yet retired reported they wanted both guaranteed income and flexibility when accessing their pension savings

When people who aren't yet retired think about what they want from their pension savings, the top two answers are a guaranteed regular income for life and being able to access some pension savings flexibly.

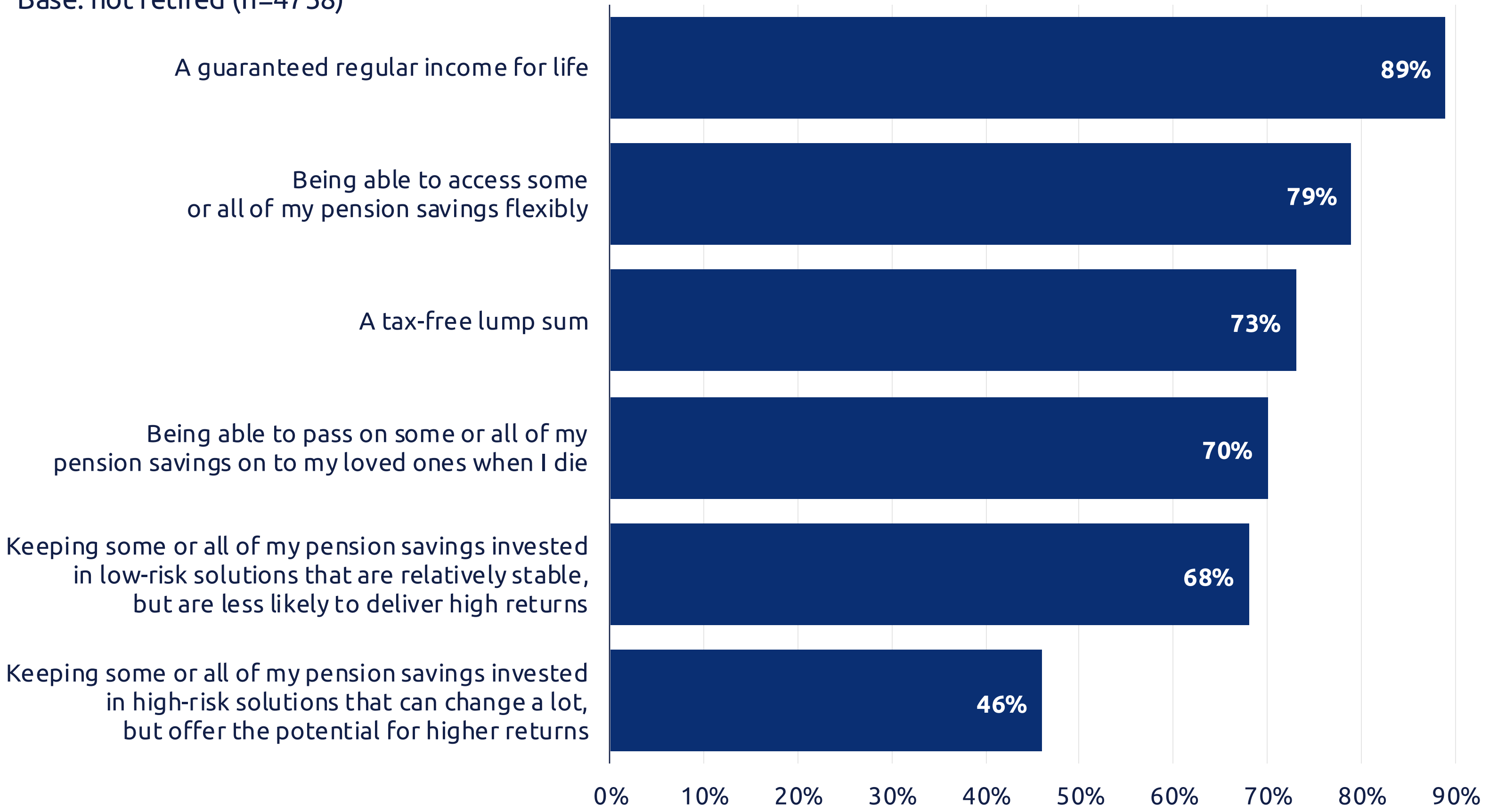
89% want a guaranteed income for life

79% want to access their pension flexibly

'Flex then fix' models may be able to provide what people want, with flexibility earlier in retirement and a guaranteed income at older ages.

When it comes to accessing your pension savings, how important are each of the following to you? *(Net: Very important or fairly important)*

Base: not retired (n=4758)



07
The future of retirement

It's not just today's events which are making people feel uncertain. People are also unsure what the future of retirement will look like.

There's widespread uncertainty about the future of the UK pensions system. Only just over half (51%) think that the State Pension will still be available for all, as it is currently, by the time they retire.

Gen X are the least confident generation about the future of the pensions system. Only one in three (37%) think the ability to take a tax-free lump sum from their pension will exist by the time they retire.

We asked survey respondents to think about their own standard of living in retirement compared to that of their parents. Among current retirees, the picture is quite positive. Three in five current retirees (60%) say that their standard of living in retirement is *better* than that of their parents.

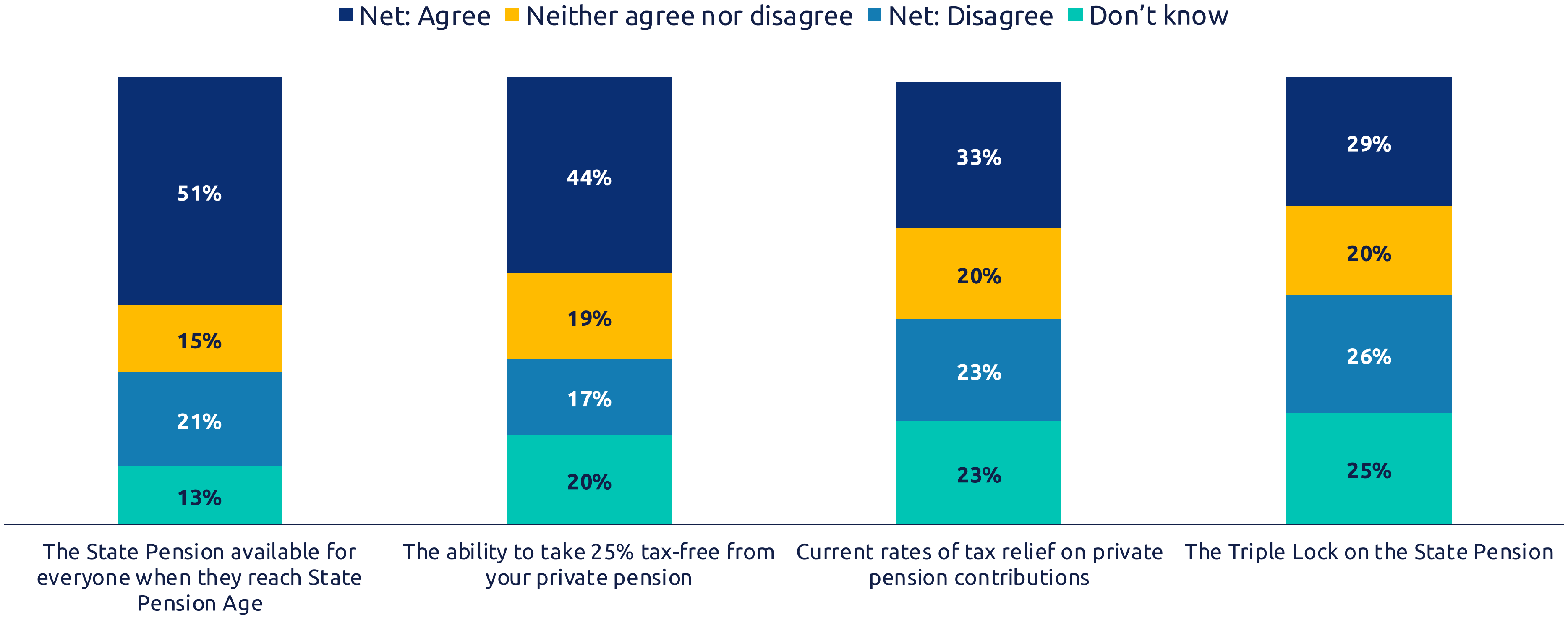
However, Gen X are unique in thinking that their retirement living standards will be worse compared to their parents, and that their children's will be worse than their own. Are they right to think this? If not addressed, tomorrow's retirees could be poorer than today's, due to lower pension savings and lower rates of home ownership. This is a key issue that has been highlighted by the new Pensions Commission.

In previous research, we've found that the number of people retiring with inadequate savings is currently projected to peak in the early 2040s. This highlights how important it is for industry, government, and employers to support people in work and retirement.

73% feel that retirement in the future will be more complex than it is now

People are uncertain about what the pensions system will look like in the future

To what extent, if at all, do you agree or disagree that the following will still exist by the time you retire?
Base: all aged 18 to 65 (n=4928)



We asked our survey respondents about whether they thought various elements of the current pensions system would still exist by the time they retire.

We found widespread uncertainty. Only half (51%) agreed the State Pension would be available for everyone when they reach State Pension age – a fundamental principle of the current system.

One in four (26%) thought the Triple Lock would no longer exist by the time they retire.

This aligns with previous public engagement research we conducted regarding the State Pension. Participants expressed distrust in government and worries about fiscal sustainability, especially people under 60.

Gen X are the most sceptical about the future pension system

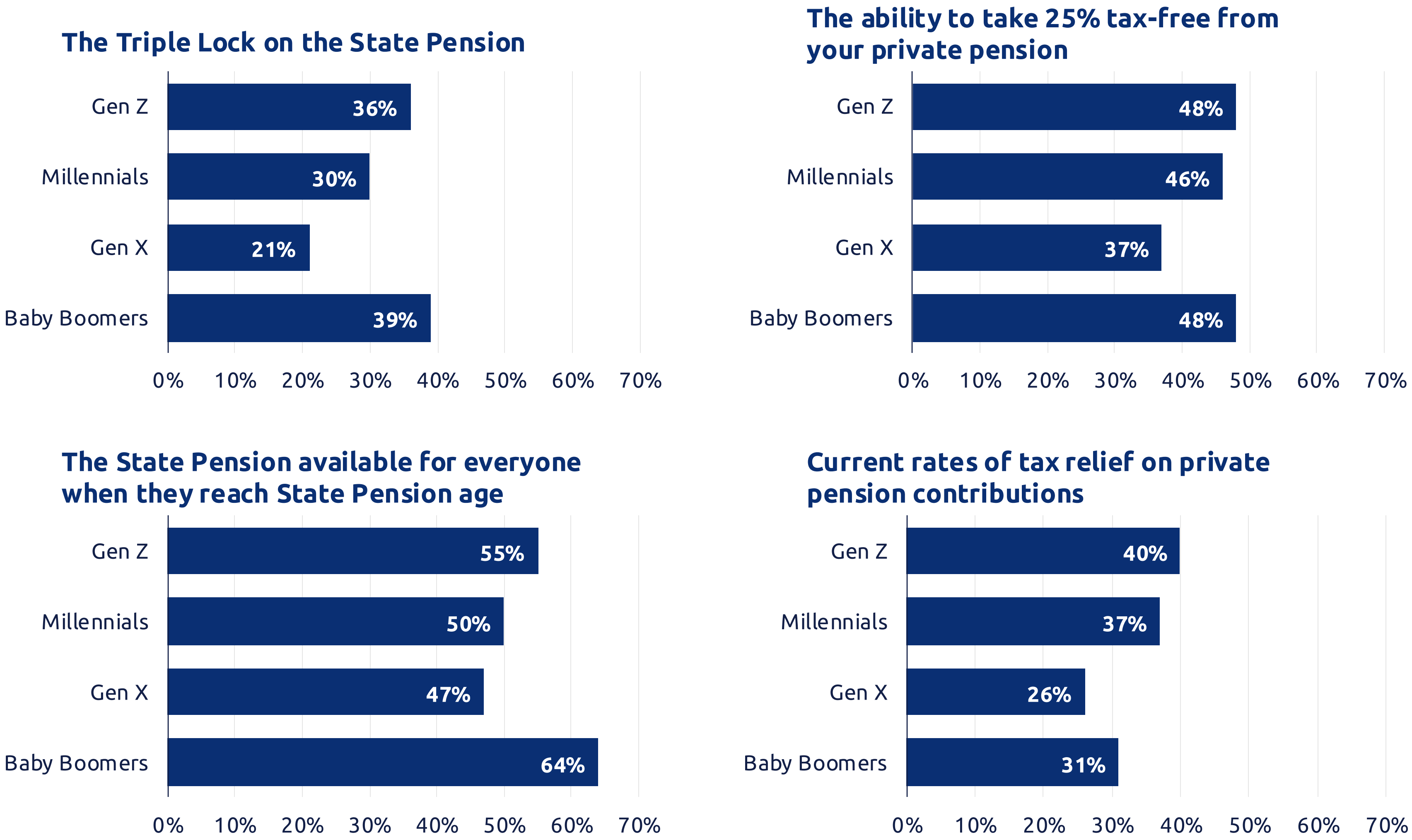
When looking at the responses of different generations, a striking pattern emerges: Gen X are the least confident about the future of the pensions system.

One explanation for this could be that Baby Boomers aged 61–65 feel more confident because they're closer to retirement, and that younger generations simply haven't thought about pensions as much.

Gen X, though, have greater awareness of pensions – and therefore are also more worried that the system could change before they retire.

To what extent do you agree that the following will still exist by the time you retire? ***(Net: Agree)***

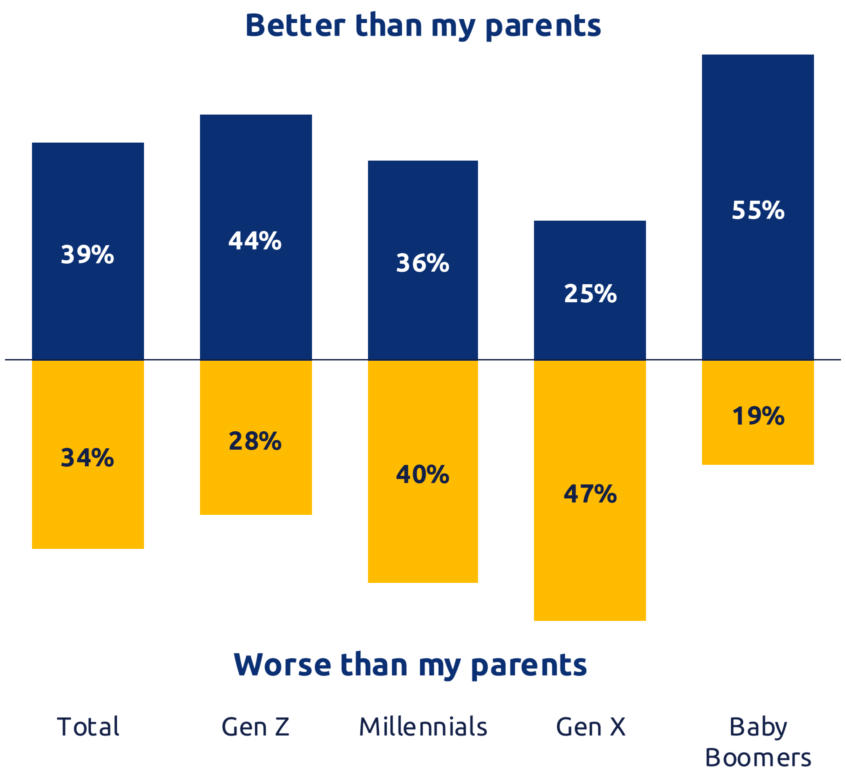
Base: all aged 18 to 65 (n=4928)



Half of Gen X expect a worse standard of living in retirement compared to their parents

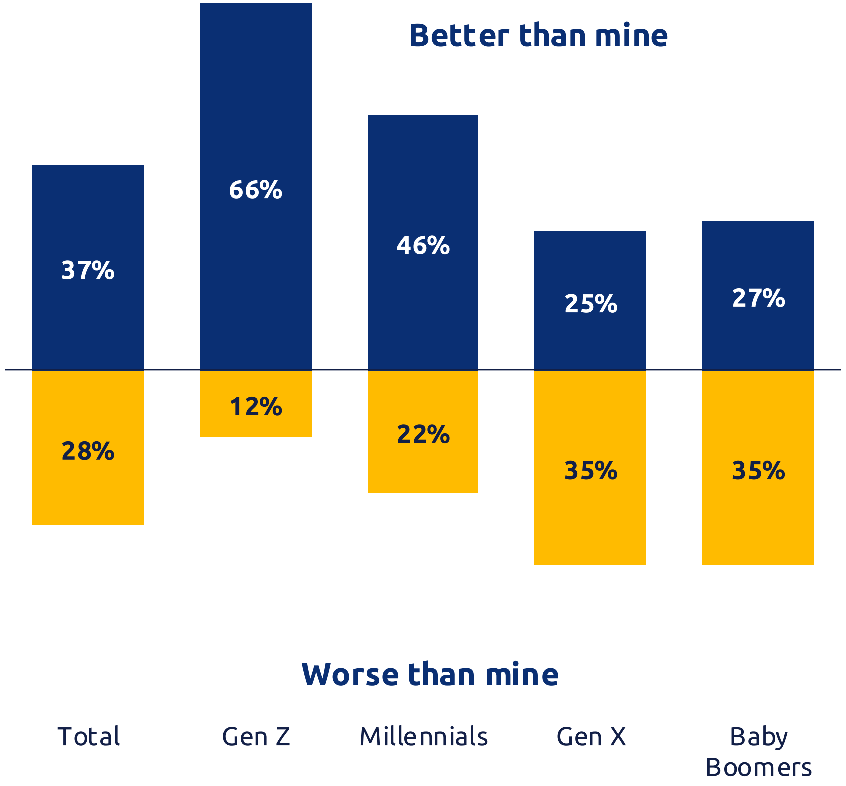
Do you think your standard of living in retirement is/will be better or worse than your parents?

Base: all (n=6000)



Do you think your children's standard of living in retirement will be better or worse than yours?

Base: all with children (n=3660)



An important premise is that living standards will improve from one generation to the next. On average people think their standard of living in retirement will be better (39%) rather than worse (34%) than that of their parents. And that their children's will be better (37%) rather than worse (28%) than their own.

But there are big generational differences. While 55% of Baby Boomers think that their retirement is, or will be, better than their parents', only 27% think their children's will be better than their own.

Gen X are unique in thinking both that their retirement will be worse than their parents' (47%), and that their children's will be worse than their own (35%).

Two thirds of Gen Z (66%) think their children's retirement will be better than their own – but this is looking a long way into the future for parents of young children.

Note: for total and all generations, between 14% and 19% responded "about the same" (not shown on the charts)

Conclusion

Cost of living challenges are not over
Although the most acute phase of high inflation may be over, one in four adults (24%) are finding it “difficult” living on their present income. Less than half (45%) feel positive about their current financial situation, which has worsened slightly since last year. Over half of people remain worried about inflation and energy costs. Short-term concerns like managing day-to-day finances and saving for holidays are people’s top financial priorities for next year.

A world that feels less certain...
Four in five people (83%) say the world feels more uncertain that it did a few years ago, and a majority of adults say that changes in the world and in the UK over the last few years have made them feel less certain about their future finances. Our survey shows this is causing people to become more risk averse, for example choosing to build up cash savings.

...making planning for the long term difficult
Nearly half (47%) think their retirement income is mostly due to factors outside of their control. Among Gen X, one in three (29%) say they’ve done no planning for their finances in retirement. This is despite the fact that our survey finds a clear correlation between doing even a little planning and feeling more financially positive. There’s also a continued risk that the success of auto-enrolment leads to people being on ‘auto-pilot’. Almost half of employees with a DC pension (45%) think that being auto-enrolled means they’re saving enough for retirement, which for many will not be the case if saving at minimum contribution rates.

A retirement expectation gap
On average, people would like to retire at 62, but feel they’ll only be able to retire at 67 – a ‘retirement expectation gap’ of five years. This gap has grown since last year, and is much larger for some groups: for example, those in middle-income households who’ve done no planning for retirement have a gap of eight years. Half of workers expect to continue working beyond their State Pension age and lower earners are the most worried about being able to continue to work to older ages.

Conclusion (continued)

People recognise that the future of retirement will be different

Seven in ten (73%) feel that retirement in the future will be more complex than it is now. There's considerable uncertainty about the future of the pension system, with only half of people (51%) saying they think the State Pension will be available for everyone by the time they retire. Our survey shows that current retirees are experiencing a good standard of living on average. But the next generation of retirees could be financially worse off. Overall, two in five non-retirees (39%) expect their own standard of living in retirement to be worse than that of their parents, rising to 47% among Gen X, who are the most pessimistic. We also need to understand and address the needs of different generations with different circumstances and outlooks on risk, technology and information sources – 22% of Gen Z use social media for their retirement planning, compared to just 1% of Baby Boomers.

Opportunities for change

The next 12 months see many potential changes in policy and innovation to address these challenges. A new Pensions Commission, a review of the State Pension age and new developments such as Pensions Dashboards and Targeted Support all have the potential to make a real difference. *Retirement Voice 2025* shows that change is needed to help more people to work, save and retire with confidence and security.

Standard Life Centre
for the Future of Retirement

Retirement Voice 2025

standardlife.co.uk

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