The Great British Retirement Survey 2022

interactive investor

When we published last year's Great British Retirement Survey there was an overwhelming sense of people wanting to break free. Never had the thought of retirement seemed rosier, emerging from months of lockdown.

This year, when it comes to retirement dreams, many have gone from being locked in to priced out. The cost-of-living crisis means retirement plans are being put on hold and savings cut back or dropped altogether.

In one sense there is a feeling that people are all in this together – even higher earners are cutting back on savings, and most worry about the financial future given the cost-of-living crisis. But in another we are increasingly a nation divided.

With inflation soaring, interest rates rising and political tensions mounting, we have gathered an even broader sample of respondents this year – giving us greater insight into a wide range of sections of the population.

What appears here, then, is a detailed examination of the state of the nation's retirement finances and approach to retirement saving. In many parts it makes difficult reading.

Many people are struggling. There is a close link between wealth and health. What emerges is the crucial role a strong healthcare system plays in enabling people to work later in life and live a full retirement. We see divisions between the haves and have-nots, young and old, men and women, rich and poor.

Yet we also see the threads of love and care that hold communities together. We see them in the large numbers giving up work to care for a parent, child or spouse. We see them in the extraordinary sacrifices made by lower-income households to help children onto the housing ladder.

We see that many people are 'living the dream'. Yet many are being prevented from working – or saving - as much as they would like due to health or circumstances.

We also see retirement outcomes being routinely compromised by just 'not knowing'. Nearly one in four (24%) of the general population say they know nothing about pensions. In a world of pension freedoms, and after ten years of auto-enrolment, this feels like policy failure. Many are overestimating their retirement income by an average of around 30%.

There is a new Pensions Engagement Season, bringing together the industry in a campaign designed to help people find their pensions and discover how much they have saved. We welcome and support this as a starter for ten.

But it's the culture around pensions that needs to change, so they become something that people can actively participate in, rather than passively accept.

We hope you find the research as thought provoking as we did.

Richard Wilson

Chief Executive

interactive investor

Change is in the air. I write this introduction in the aftermath of the Queen's passing, the accession of a new monarch and the beginnings of a new Prime Ministership. This is the Great British Retirement Survey, but now 'Great British' has a different connotation to what we understood by these words last month, last year, six years ago, on the eve of Brexit and before.

If the majority of us have spent our lives in blessedly uninteresting times, we surely now feel inclined to acknowledge those times have passed. The speed at which individual and communal realities shift feels dizzying; the adjustments we each have made and have to make are rapid.

Even if our personal circumstances underwent seismic shifts, in the past, at least, the geopolitical and economic backdrop seemed familiar. But that reassuring backdrop has proven unreliable. Our private realities now move in the foreground of an equally fast-moving background. As a result, we are continually adjusting to changes in both individual and collective experience. In the context of work and retirement, that could mean continuing to work past retirement age, or learning quickly to live on less every month; foregoing whatever were our own luxuries before, whether that's takeaways, expensive toiletries or generous gift-giving, in order to make what we have last longer – till the end of the month or our lives.

As a result of these fast-dawning, straitening realities, retirement plans have naturally adjusted. People are grasping the nettle of their own futures. What is remarkable is that we do seem to be adjusting.

Sanguineness and stoicism are the attitudes rapidly being adopted. How this great adjustment affects retirement planning, to be frank, may be low down on many people's priority lists. Keeping future dreams alive may take a backseat in the short term to keeping warm. But in the face of adversity, dreams are motivating.

One such dream is the ability to one day give up work.

Why? Because as individuals, we know that we are more than the occupation we get paid for. In those 35 hours a week so many of us work for so long, we think of the things we used to be good at school but no longer have time for, like playing the piano, or creative writing. We think of family members we could be spending time with, or places we have always wanted to go but, because of work commitments, never booked.

Retirement is our chance to do but also to be all the things we weren't when we were prioritising keeping the roof over our heads. To be able to no longer worry about keeping that roof is true liberation.

Despite the urgent practicalities of continuing to work when you had planned to retire, of budgeting for energy bill rises when you had previously budgeted for holidays, the ability to retire remains a dream worth working for. Some may feel jaded about their ability to achieve it, but the will remains strong.

There is always space for hope and optimism, even in the face of adversity, and we see this in the many quotes that more than 10,000 respondents to this survey kindly volunteered, giving colour and context to their answers. People are finding ways to cope with inflation and instability, and if not exactly enjoying improvements to their material wellbeing, then enjoying other more profound realisations about what is important and what they truly value.

We must also resist the lazy assumption that young people are not interested in pensions. They are, as the growing interest in long-term investment and retirement content on platforms such as Tik Tok attests, if only it is communicated in the right way. Longer term, we continue to lobby Government on issues close to our heart, including the need for more financial education in schools, which we think could lead to better long-term outcomes. Pension education for 11-year-olds sounds punchy, but we are optimistic that even at 11, children can get it.

We sincerely appreciate the effort people went to to give us these insights into their continued retirement dreams and hope that you find the irrepressible positivity within many of them as inspiring as we did.

Becky O'Connor

Head of Pensions and Savings

interactive investor

A note about the research sample

In all, we have surveyed 10,000 people, using the award winning, strategic insight consultancy Opinium Research between 26th May and 29th July 2022.

Half of our responses came from Opinium's nationally representative sample: 5,230 UK adults 22+. The research was weighted to be nationally representative, on age, gender & education status, region, employment status and ethnicity. The other 5,000 responses came from our own interactive investor community, and we have reported the findings separately, with some interesting comparisons.

Key findings

The cost-of-living crisis is hitting pockets and minds

- The rising cost of living is now the country's top financial concern and a big worry for three in five (59%) people. Women have high levels of concern (65% against 53% of men), as do those who are divorced, widowed or separated (69%), homemakers (68%), those on lower incomes (64%) and those working part-time (64%) or who are unemployed (64%).
- The crisis is derailing people's plans to save for the future and worsening their prospects for retirement. More than half (56%) of the population aged under 66 have had to curtail their saving. One in three (36%) have cut back, and one in five (20%) have had to temporarily stop saving altogether. Young people's saving has been hit particularly hard, with two in three (64%) affected.
- The crisis is affecting even higher earners on £60,000 or more. Almost as many of them are cutting back on their savings as those earning less than £30,000 (54% versus 58%).
- Many savers have also been hit by stock market performance, causing older people serious concerns about retirement income and forcing some who were close to retiring to consider delaying the transition.
- With two in three people (65%) feeling their financial situation impacts their mental health – rising to three in four (76%) people in their 20s and 30s – the pressure is intensifying.

A huge amount of later-life working experience is being lost to the economy

- 56-to-65-year-olds are leaving the full-time workforce in significant numbers. Only one in three work full-time – close to half as many as those under 56 (60%).
- Many are living the dream. One in four (23%) have cut their working hours to wind down – usually for a better work/life balance. One in eight (12%) say they no longer need as much money.
- But similar numbers face a nightmare, cutting their hours because of ill health (21%) or because of caring responsibilities (13%). Caring has a particularly high impact on women: 18% of women have reduced their hours, compared with just 7% of men.
- In contrast to those leaving the workforce early, there is a cohort of people aged over 65 who are continuing to work beyond typical retirement age. Nearly one in 10 (9%) over-65s are not retired, with two thirds of them (65%) continuing to work because they need the money.

Amid growing concern about NHS capacity, large numbers are paying for treatment – but older savers are finding themselves priced out of health insurance

- One in five (18%) list affording healthcare as their top financial concern, and many are anxious about the state of the NHS.
- Nearly half (49%) of our retired respondents have significant lasting physical or mental conditions. 17% have paid for medical treatment (versus 11% for under-55s). Those retired in our interactive investor community are

much more likely to have paid for treatment (38%).

- Despite the increased need for health cover, older people over 65 are less likely to have private medical insurance (8%, compared with 21% for those under 40). Many blame higher premiums for not taking out insurance.

Lots of people support sustainable investing but do nothing about it

- The interest in sustainable investing continues, despite turmoil in world events and concerns about financial 'greenwashing'.
- Two in five (41%) of our general population sample think all pensions should be invested sustainably. Women are more in favour (44%), as are young people (43% of 22-to-34-year-olds). Fewer than half of those who favour all pension investments being sustainable have actually taken action to move their pensions into sustainable investments. One in four (26%) told us they did not know the option exists, and nearly one in five (19%) told us they could not change their pension.
- Around three in ten (28%) respondents aged 22 to 34 are making an active change in favour of sustainability, compared with around one in 17 (6%) of people aged 56 to 65.

Many pensioners still rent; older homeowners are reluctant to downsize; equity release remains unloved, while buy-to-let investing is still popular

- Nearly one in four (23%) of our general population sample over 65 do not own their own home, and a further 6% are still paying off a mortgage. Many of these older people face mounting rental and mortgage costs as inflation and rising interest rates take effect.
- Older people generally do not want to downsize – only one in 10 do. A sizeable proportion of younger generations – around one in three – wish they would so that family homes would be freed up. One in three 41-to-55-year-olds think they will have no choice but to downsize when they get older.
- Only 6% of over-65s have used equity release – 3% to fund retirement and 3% to cash in on a property's increased value. The majority (54%) would actively avoid it. But younger generations feel they may have less choice. One in 10 (11%) think they will have to use equity release as they will not have enough other sources of income when they stop work.
- Though incentives for buy-to-let investments have taken a hit in recent years, 5% of respondents own a buy-to-let property. This ranges from 7% of 22-to-40-year-olds to 3% of over-65s. The interactive investor community is still keen, with 18% – a similar number to last year – owning a buy-to-let.

Though many pensioners live on the breadline, few people have any idea what they need to save or how much income they can expect from their pension savings

- Half of women (48%) aged over 65 are dependent on the state as their only source of income (compared with 29% of men). The average income of over-65s generally is £16,540 (and £38,213 for the interactive investor community).
- People tend to be overoptimistic when estimating their likely personal retirement income, to judge by the reality for today's pensioners. The average expectation is £21,730 – 30% more than reality. And younger savers hope for £25,000 – 50% more. The nearer to retirement we get, the more realistic we become about incomes.
- The average age people would like to retire is similar to the average age the current generation of pensioners retired – around 62. The younger we are, the sooner we want to retire! The average age people under 40 say they would like to retire is 59, but only 28% of current 59/60-year-olds are already retired.
- Most people have no target for retirement saving. Nor did today's pensioners when they were younger – most (80%) simply tried to save as much as possible. In addition, few people have an understanding of how they

are progressing in terms of retirement saving. Six out of 10 (61%) have no idea what their income will be in retirement. Only one in 10 (11%) know what money they will have coming in.

- On a positive note, many people who are retired find they need less income than they thought to be happy.

People are putting their pension lump sums into cash accounts, despite soaring inflation; many more could consolidate their pensions and use investment platforms to cut costs – those that do tend to be more financially savvy

- One in three (32%) over-55s have taken a lump sum out of their pension. A third (33%) of these will put the money in a bank or savings account, while 22% will repay debts or a mortgage. This is despite inflation now hitting double figures. Members of the interactive investor community are more likely to put the money in a stocks and shares ISA (50%, compared with just 10% for the general population).
- 21% of those aged over 65 and retired use pension drawdown. 19% have an annuity, and 19% use other investments or ISAs (14%) as a source of income.
- Only 11% of our respondents have consolidated their pensions, while 4% are currently trying to do so. One in 10 (10%) are currently using an investment platform.
- Confidence grows with age when it comes to managing investments and pensions. Overall, 44% of our respondents told us they have enough knowledge to manage these finances. The figure rises from 31% for under-40s to 70% for over-65s. Men (51%) and those with higher incomes (62%) are also more confident than average.

Many lack knowledge on pensions and rely on a range of sources for information – employers could play a bigger role in educating them

- A significant number of people know worryingly little about pensions. Nearly one in four (24%) of the general population told us they know nothing about them. The proportion is even greater in lower-income households (32%) and higher for women (29%) than for men (18%).
- 32% are most influenced by parents (16%), friends (12%) or partners (12%). Employers are the dominant source of information for 25%, websites and news stories for 22% and financial advisers for 17%.
- 44% feel employers have not done enough to inform them about their pensions; this figure rises to 52% for those under 40.
- Social media is becoming a source of financial information for many, with 22% using it for financial information and 7% citing it as their most influential source. Unsurprisingly, more young people use it as a source (37% of under-35s), but more than one in 10 over-55s also get information from it – despite concerns about the quality of the advice shared.
- Younger people are breaking the traditional taboos of talking about money. They are more likely to talk regularly about money in their relationships. 44% of couples in their 20s and 30s discuss finances at least once a week, whereas only 32% of over-40s do. 17% of couples rarely or never talk about money.

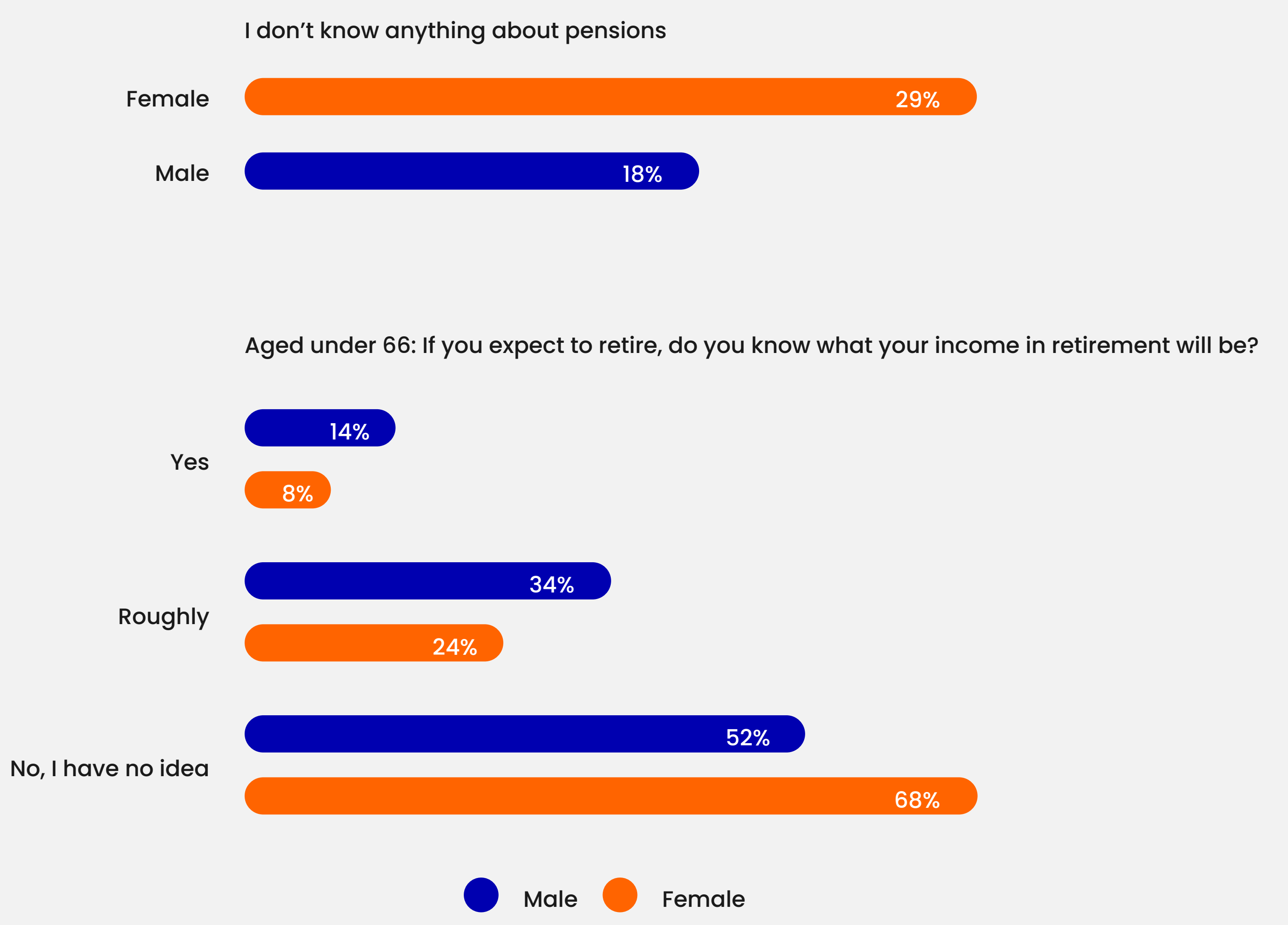
Young people are finding it hard to save for the future

- Young people are more likely to prioritise savings for a house than savings into a pension. 48% of people aged 40 and under think their primary financial focus should be a property, as opposed to 25% who think it should be a pension.
- As well as the rising cost of living, debt is having an impact on young people's ability to save for the future. 47% would pay more into a pension if they didn't have debt to repay.
- Parents are taking a financial hit to help their children get on the property ladder – and this is not restricted to the wealthiest families. Overall, 21% of parents with adult children have helped them buy property by giving

them money for a deposit as a gift; 6% have given a loan. The average amount given is £18,400. This includes 17% of those with household incomes under £30,000, who have given gifts averaging £15,500 – potentially more than half their annual income.

There are serious imbalances between the experience of men and women

- More women are financially vulnerable in retirement with a greater number depending on the state as their only source of income. Many rely on a partner's pension income – and as a widow's pension tends to be 50% of the full pension, if the man dies first, which is more often the case, then the woman is more vulnerable in widowhood, too.
- Older women are much more likely to reduce their working hours through ill health than their male counterparts – and much less likely to reduce them because they don't need the money. More women carry the responsibility of caring at later stages of life which is impacting their ability to work up to retirement and so undermining their finances further.
- Women feel less well informed about finance and investment and a higher number say they know nothing about pensions. But they know enough to be much less confident in their expectations for retirement. Women expect a lower income and are less sure that they will maintain their standard of living. Our research shows they are right to be concerned.



	Male	Female
What do you expect your personal annual income will be when your retire?	£25,115	£18,153

Regional analysis

	Most likely to:	
Scotland	Be confident in knowledge about pensions and investments	49%
Northern Ireland	Prioritise 'peace of mind' when planning retirement finances	58%
North East	Have no financial regrets	49%
North West	Think their wellbeing will improve when they retire	56%
Yorkshire and Humberside	Have taken a lump sum from their pension	40%
East Midlands	Think they may need equity release one day	36%
West Midlands	Not want to do paid work in retirement	39%
Wales	Have a cautious attitude to risk	73%
East of England	Have moved home since retiring	38%
London	Say cost-of-living crisis has affected ability to save for the future	64%
South East	Help adult children onto property ladder	32%
South West	To have received an inheritance	34%

1 The impact of the cost-of-living crisis

"I planned on retiring at 55, but, because of the cost-of-living crisis, I have delayed it."

Feeling the pain

With inflation reaching 40-year highs and even more eye-watering forecasts being made for the year ahead, the cost-of-living crisis is looming large in people's minds. The impacts on finances today and for future prosperity are being felt across every age group.

Many respondents told us the rising cost of living is worsening their prospects for retirement.

"I planned on retiring at 55, but, because of the cost-of-living crisis, I have delayed it."

"I don't believe I'll ever be able to afford to retire. I work full-time and was already struggling to pay basic living bills before the current cost-of-living crisis. If I cannot get by on a full-time public-sector salary then I don't believe it would be possible for me to get by on a pension."

Those who retired before the pandemic with dreams of travel have found it particularly painful. First they were locked in; now they are priced out.

"Retired in October 2021. Was not expecting 10% inflation or 25% loss of retirement funds."

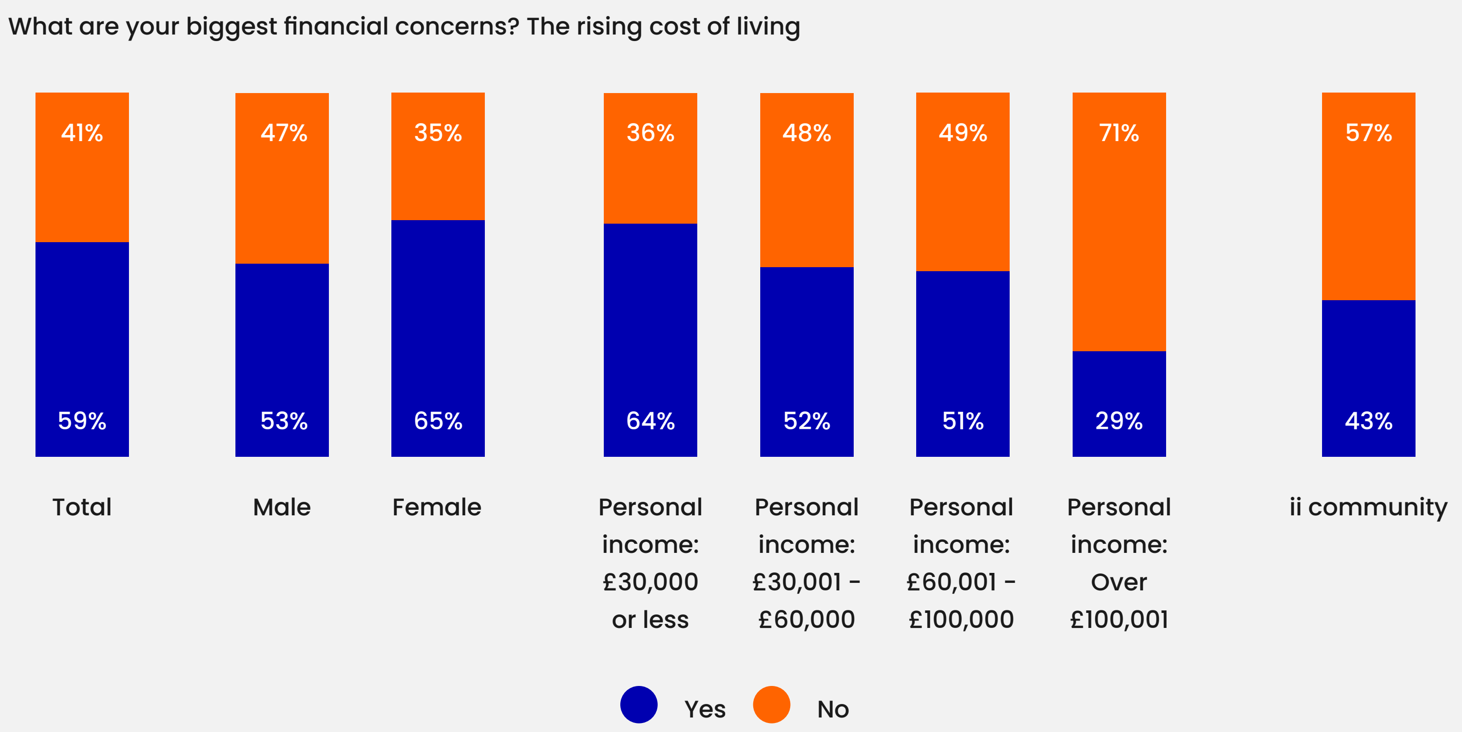
"I have been retired for nearly two years, and the political and economic landscape has changed massively. I am hoping I can stay retired, but I'm not 100% sure. What with Brexit, the pandemic, war in Ukraine and the cost-of-living crisis, I am worried about the future."

"We used to be able to afford modest holidays in Europe… I can't see us being able to afford to do that again."

"When I retired I wanted to do the travelling I hadn't been able to do while working. Covid put paid to that. I'm now keen to make up for lost time – but the cost of food, gas, electricity and petrol is impacting what I hoped to have been happy and energetic times."

The rising cost of living is the most widespread financial concern among our respondents. 59% of our nationally representative sample and 43% of the interactive investor community told us this is their biggest financial worry.

Women are even more concerned about escalating prices, with 65% highlighting this issue (compared with 53% of men). Others feeling the pain most seriously include those who are divorced, widowed or separated (69%), homemakers (68%), those working part-time or unemployed (64%) and those on lower incomes (64%).



Savings on ice

The cost-of-living crisis has had a significant effect on many people's ability to save for the future and retirement. And it is hurting people of all incomes.

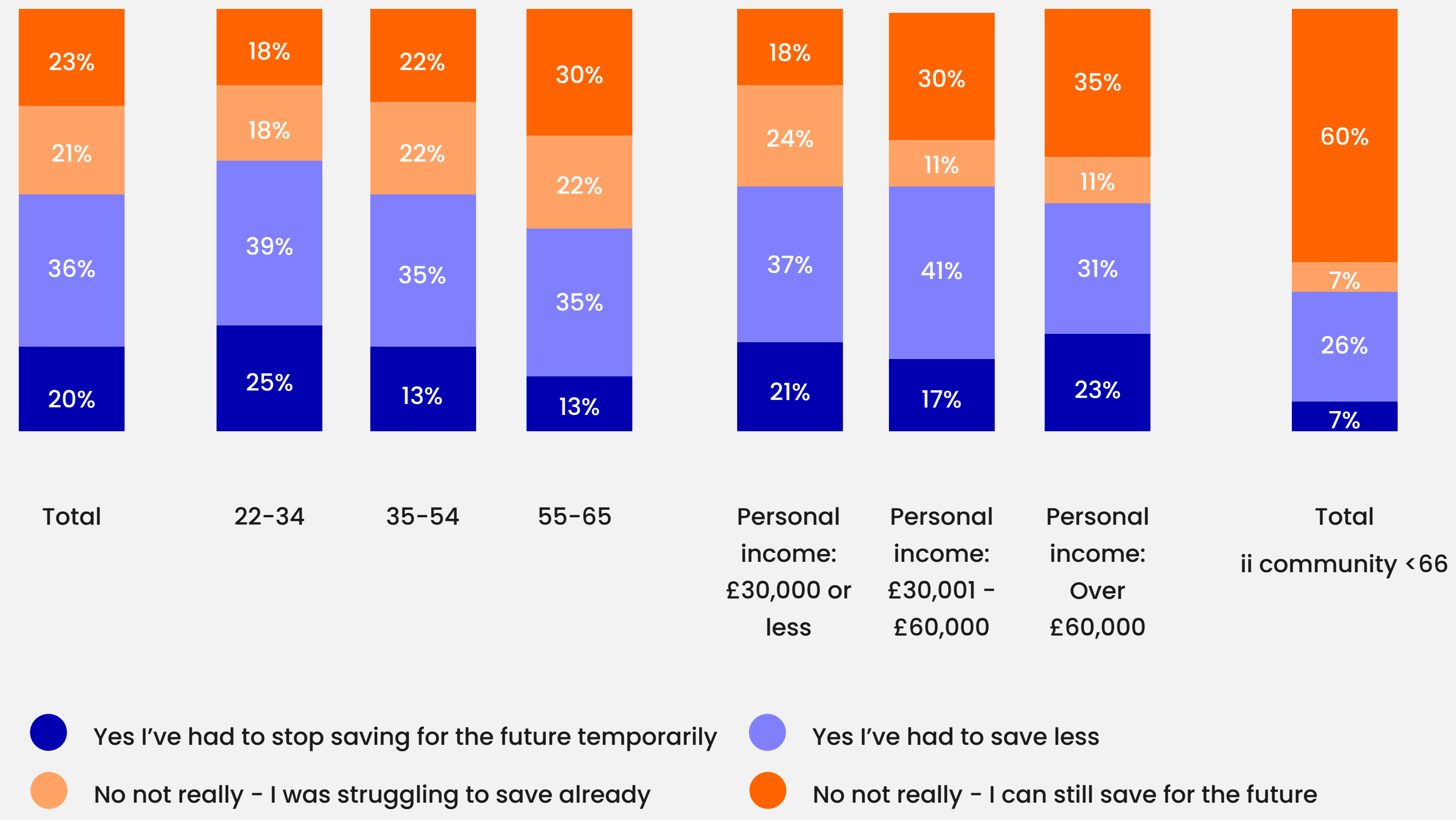
More than half (56%) of our nationally representative respondents aged under 66 have not been able to save in the same way for the future. One in three (36%) have reduced their level of saving, and one in five (21%) have temporarily stopped saving altogether.

Almost as many of those earning over £60,000 as those earning less than £30,000 are saving less – 54% versus 58%.

The crisis has hit young people's saving particularly hard, with two in three (64%) affected. People working in less secure employment, such as gig economy workers and those on zero-hours contracts, have also felt the worst impacts on their ability to save.

The impacts have been slightly less widespread in the interactive investor community, but there are still one in three (33%) who have had their ability to save reduced, with younger people disproportionately affected again.

Over the last 6-9 months, the cost of many items has markedly increased.
Has the cost of living crisis affected your ability to save for the future?



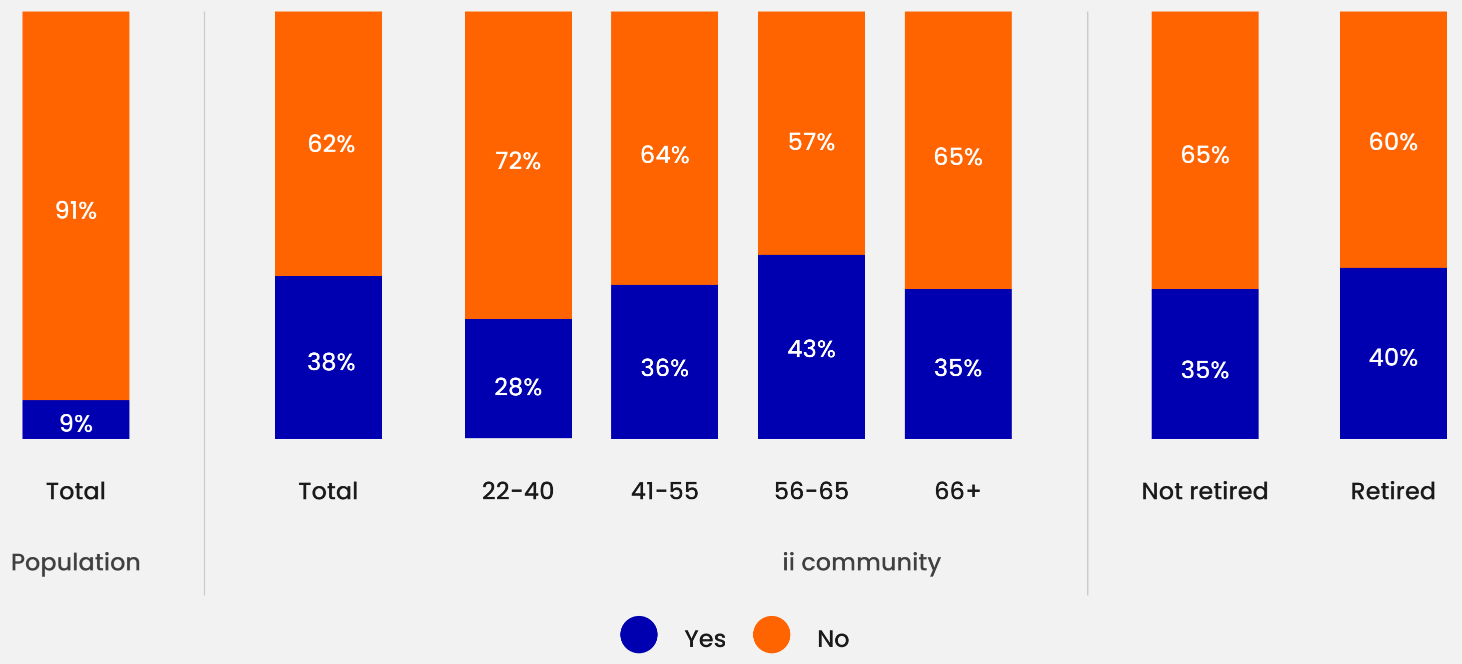
Stock market woes compounding the issue

For much of the general population the performance of the stock market can feel a much lesser issue when compared with the pressing day-to-day problems of rising prices and running out of money. Only 9% of our general population sample told us it is their biggest concern. But members of the interactive investor community – particularly those in and approaching retirement – have watched the market tumult this year with growing anxiety.

Stock market losses remain the number-one concern for retired interactive investor respondents, with 40% very worried about them. Those most likely to be making decisions about when to take retirement – i.e. those in the 56-to-65 age range – are most concerned (43%).

"I was very comfortable with my savings and investment plan until the cost-of-living crisis and war hit. Now my SIPP and other stocks and shares investments have tanked, and I am for the first time worried about providing the lifestyle for my wife and I that I expected."

What are your biggest financial concerns? Stock market crisis



Respondents close to retirement told us the current situation is forcing them to reconsider their plans.

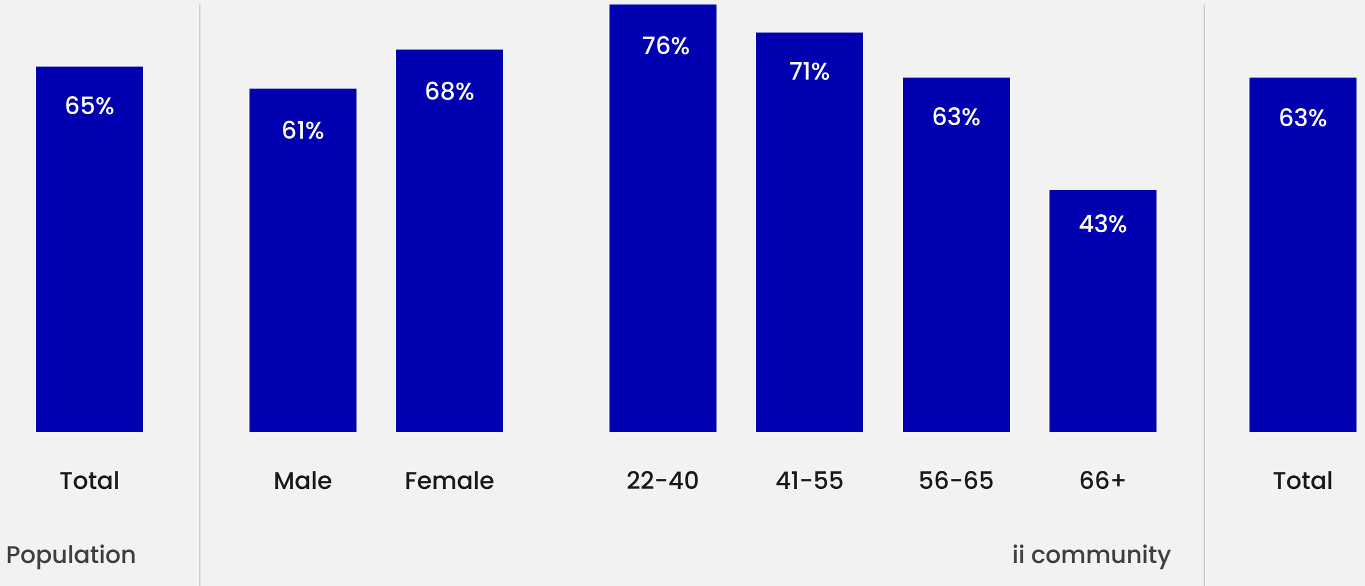
"Due to stock market downturn and inflation uncertainty, I'm going to delay my retirement – which I was planning for the end of next year – and I'll reduce my working hours instead (semi-retirement) to earn just enough to cover living expenses."

Impact on mental health

Highlighting the dangers ahead for the nation's wellbeing as the cost-of-living crisis develops, a majority (65%) of our general population respondents told us their mental health is being affected by their financial situation.

There is a clear generational bias in recognising this connection, with 76% of those under 40 agreeing there is a link – compared with only 43% of those over 65. There are not large differences in opinion between those on different incomes, underlining the point that financial worries can strike irrespective of earnings.

Do you feel that your financial situation impacts your mental health? Yes



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Later-life working

Older workers quitting early

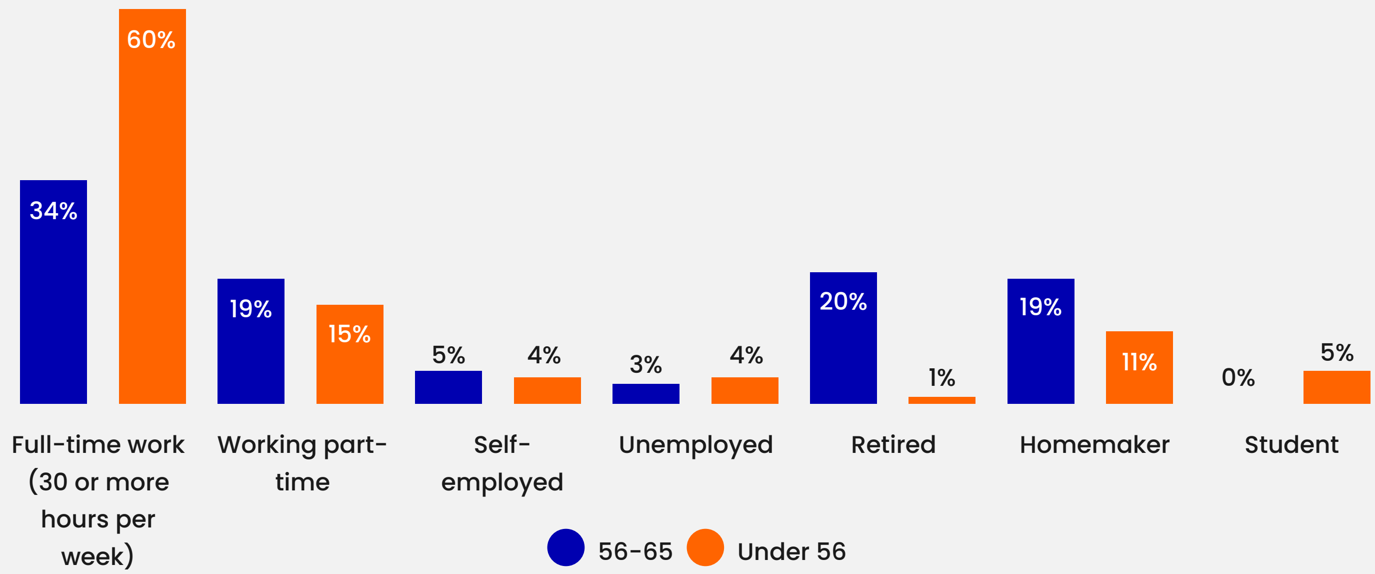
The Covid-19 pandemic has resulted in over-50s leaving work and not returning – the so-called 'silver exodus'. According to the latest ONS Labour Force Survey figures, there are now 3.6 million people between the ages of 50 and 64 who are economically inactive – a rise of 10% since the start of the pandemic. Our own numbers reinforce this and may surprise some.

Only one in three (34%) 56-to-65-year-olds in our general population sample still work full-time – close to half as many as those under 56 (60%).

The years between someone's late 50s and early 60s are when many have reached their maximum earning potential. The loss of this income can make a significant difference to the size of pension pots, determining the type of retirement possible. Why are these people withdrawing from the workforce? Is it through choice or necessity?

This year the GBRS has examined more closely the experiences of those at this crucial stage in their financial journey.

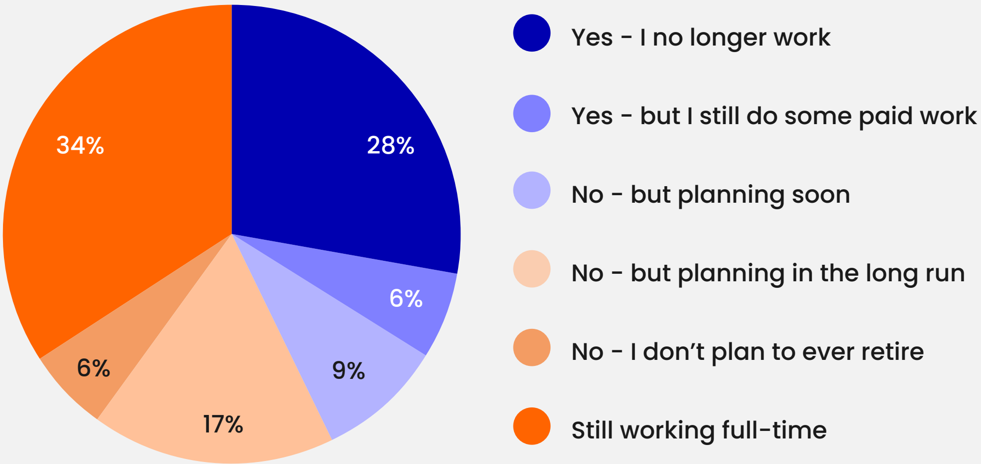
Which of these applies to you?



One in five (20%) 56-to-65-year-olds identify their working status as retired, while similar numbers say they are homemakers (19%) and working part-time (19%).

For many people the moment they move from 'not retired' to 'retired' is not always clear-cut. 28% of 56-to-65-year-olds told us they consider themselves retired and no longer working; a further 6% consider themselves retired but still do some paid work, with 9% not working full-time and planning to retire soon – highlighting how reduced hours can be a stepping stone to full retirement.

56-65 year olds: If you are not working full-time, do you consider yourself to have retired?



"It's wonderful to be able to retire as early as you can."

Living the dream or facing a nightmare?

Two very different pictures emerged when we explored the reasons for reducing working hours in later life. Nearly one in four (23%) of 56-to-65-year-olds amongst the general population told us they cut their working hours to 'wind down' – usually for a better work/life balance. 12% told us they no longer need as much money.

Many are living the dream.

"I highly recommend early retirement!"

"It's wonderful to be able to retire as early as you can."

"It is like being set free from a prison. Absolutely love it – time for hobbies, learning new skills and helping our children... I planned for my retirement from my late 30s to ensure sufficient income. It has been better than I thought it could be."

"Retirement is fantastic. Not having to go to work is just so good. The only problem is not enough time to do all the things I want to."

Yet similar numbers of people are being prevented from working as much as they would like by health or circumstances.

Our general population research shows that if you develop a health condition between 56 and 65 there is a high chance you will have to reduce your working hours. More than half (51%) of those with a health condition or illness cut their hours, highlighting the significant impact health can have on earning potential at this stage of life. This also underlines the important contribution the NHS makes to the UK economy in keeping experienced and skilled older people in the workforce.

An astonishing number of older people are lost through illness. Overall, more than one in five (21%) of 56-to-65-year-olds cut their hours because of ill health.

Caring responsibilities

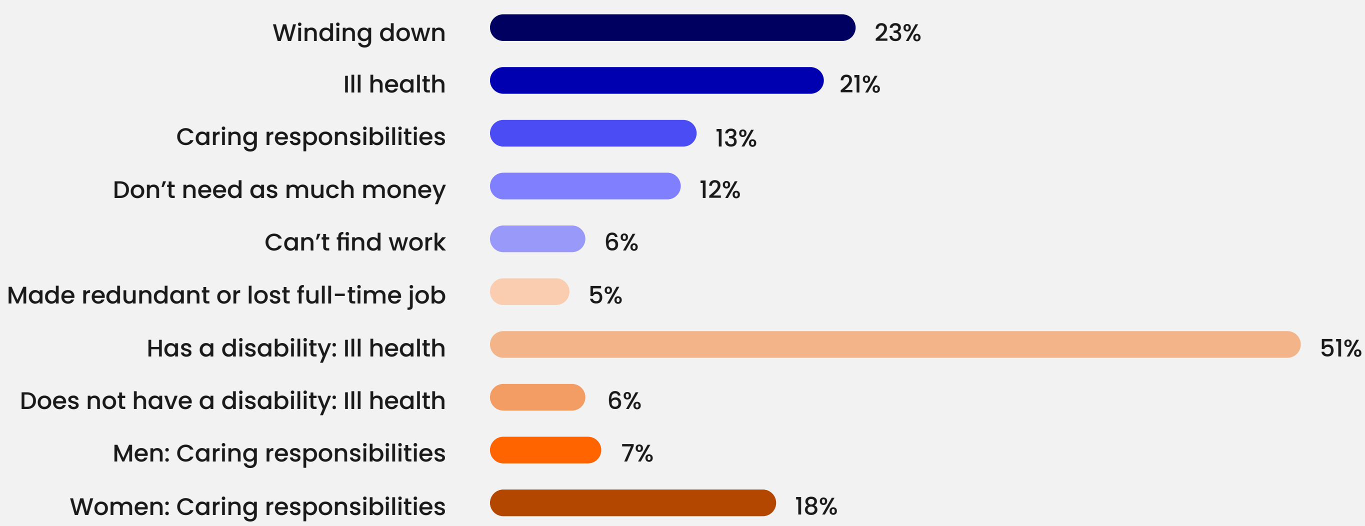
13% of 56-to-65-year-olds from our general population sample told us they reduced their hours due to caring responsibilities – a responsibility that falls disproportionally on women. Only 7% of men told us caring was a factor in cutting hours, compared with 18% of women.

Many respondents commented about how caring responsibilities impact their retirement finances.

"You can make all the plans you want, but if you have to give up work to become a full-time carer it all goes out the window."

"I'm currently not employed, as I'm caring for a family member. It's frustrating when life doesn't offer you the options to be able to save for your future."

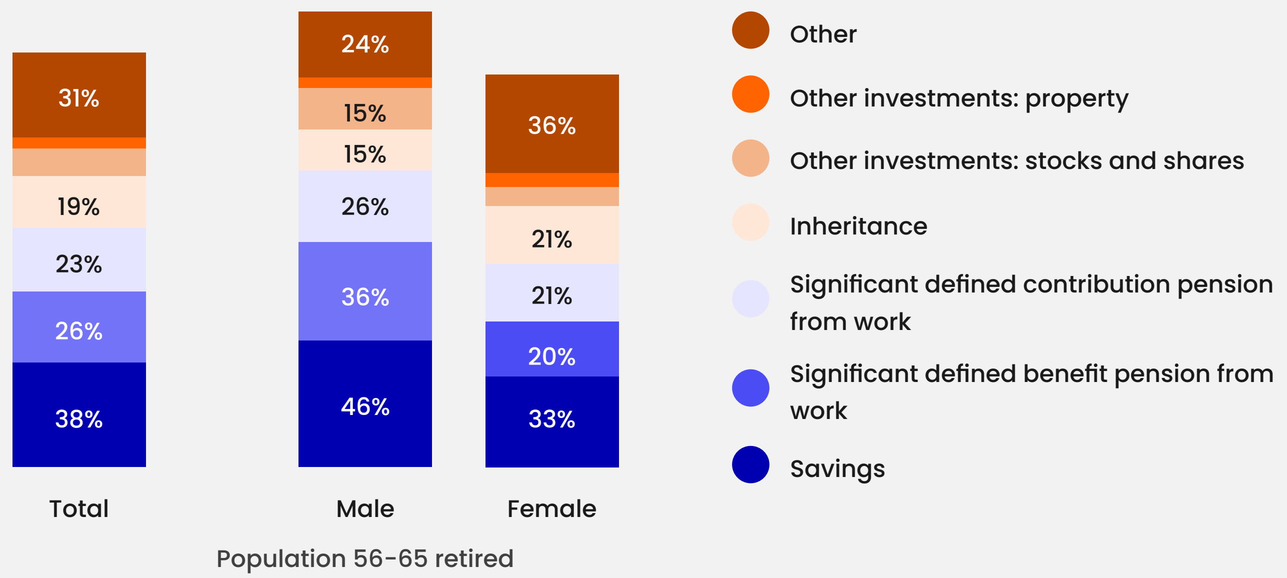
55-65 year olds: Why have you reduced the amount of hours you work?



How can you afford to retire early?

We asked those aged 56 to 65 from our general population sample and already retired how they managed to do so. 38% told us it was because of savings. A significant defined benefit ('final salary') pension helps. It was a factor for 26%, while a significant defined contribution pension was a reason for 23%. Inheritance was cited by nearly one in five (19%), and other investments – such as stocks and shares or property – were a factor for 14%. Other frequent reasons emerging within this category were having the benefit of a partner's income or pension, a redundancy pay-out or the proceeds of a business sale. Some respondents told us they simply accepted a lower income and a more frugal life in order to retire early. Many told us they had no choice because of health and care responsibilities.

How did you manage to retire earlier than the state pension?



Working beyond 65

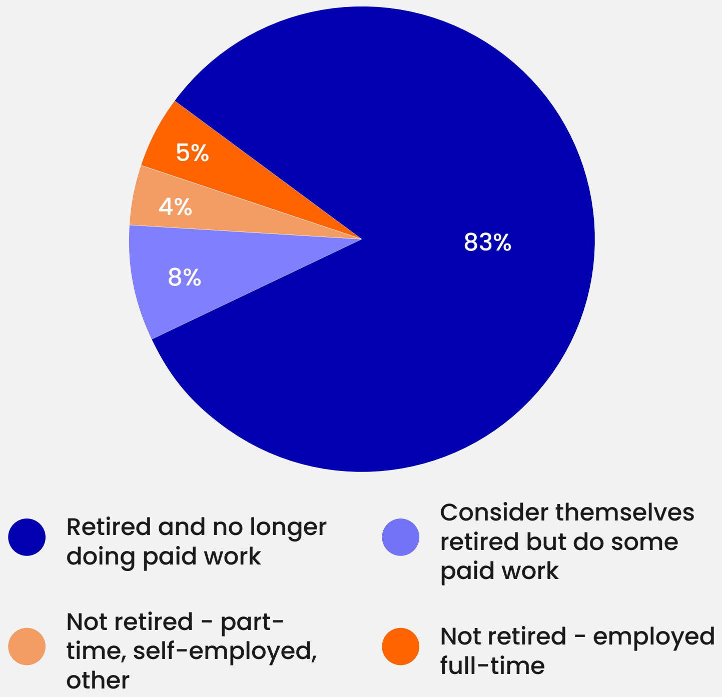
So much for early retirement and cutting hours. What about those still working beyond the traditional state pension age of 65?

Most (91%) over-65-year-olds in our general population sample are retired, with 83% no longer doing any paid work at all and a small number (8%) incorporating some within their retirement lifestyle.

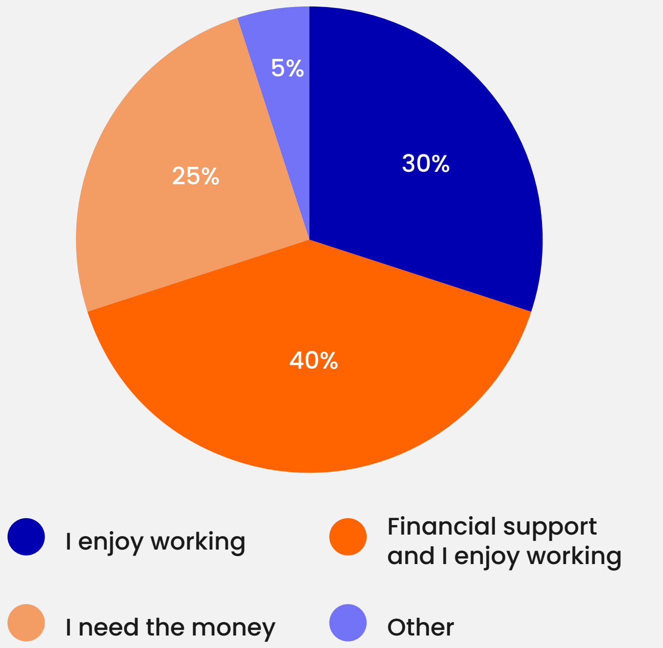
Nearly one in 10 (9%) of the population over 65 are not retired, with half of these – 5% – working full-time. Why?

25% told us they need the money. 40% told us they need the money but also enjoy work. 30% told us they continue to work only for the enjoyment, with money not an issue.

Population over 65



66+ and not retired: Why are you still working?



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Health in retirement

"Retirement is wonderful if you are healthy."

Health clearly plays a major part in retirement decisions. Many of those saving hard for retirement do so because they want to quit while they are still well. Nearly two in five (39%) of our general population respondents told us they prioritised having enough money to enjoy themselves while still healthy when planning their retirement finances.

Life expectancy may be generally growing - but healthy life expectancy is not. This is an important consideration when the government is raising the state pension age. In March this year the latest ONS healthy life expectancy figures showed no improvement is being made in people's healthy lifespan. Average healthy life expectancy was 63.1 for men and 63.6 for women.

Many respondents told us how health is intrinsically linked to their enjoyment of retirement.

"Retirement is wonderful if you are healthy."

"It is a great time if one's health holds up. Once poor health begins to become a factor, it can be quite limiting and often changes one's life or the life one thought one might have – which is difficult to accept and come to terms with."

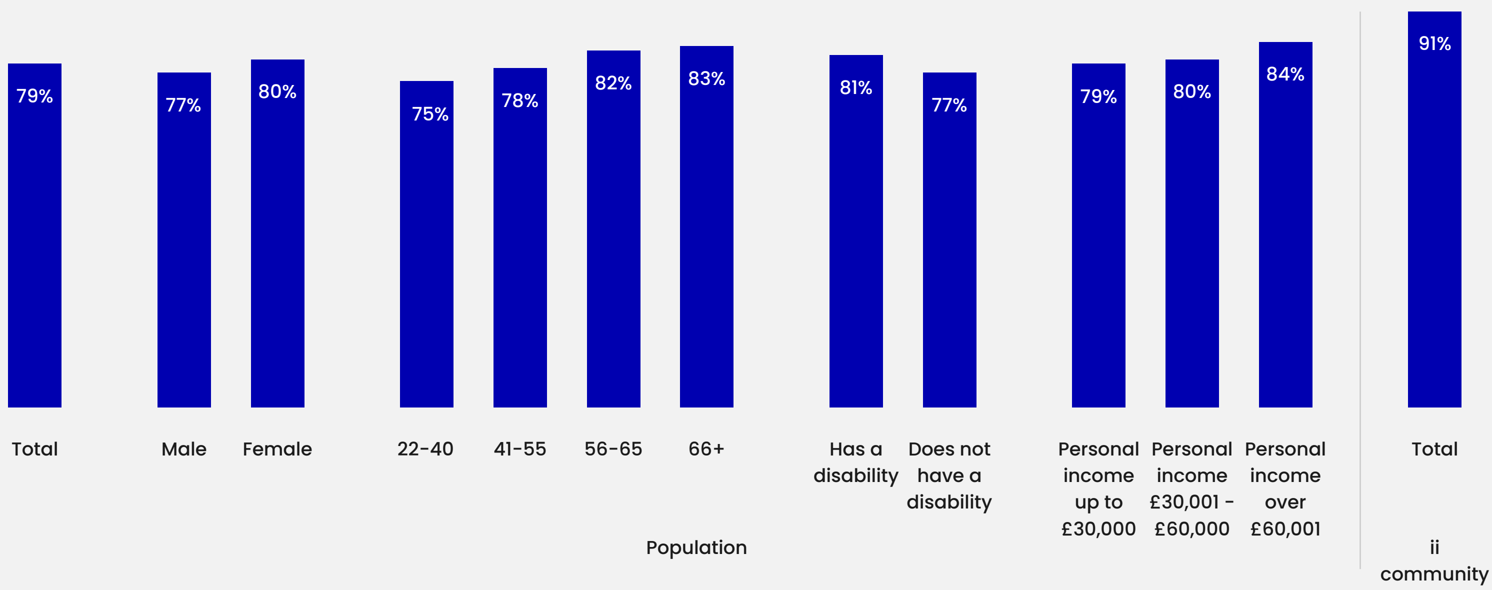
"My partner's health has deteriorated suddenly this year, shredding our plans and dreams. You never know what's around the corner."

Not being able to afford healthcare ranks fourth among the general population's principal financial concerns, with 18% listing it among their biggest worries.

The link between income and health

A large majority of our general population respondents believe having a decent income is important for general health. Overall, four in five (79%) agree this is the case, with the figure rising to 83% for over-65s and 84% for higher-income individuals. Our interactive investor community is even more strongly in agreement (91%).

Do you think that having a decent income is important for general health? Yes



The health of current retirees

Health may be a factor in deciding when to retire – and retirement seems to be a factor in determining how healthy we feel. Older retired people in our survey rate their health almost as positively as others. On a scale of one to 10, where 10 is excellent health, our nationally representative respondents rate their health at an average score of 6.8. This falls only to an average of 6.5 among people aged over 65.

The wealthier you are, in general, the healthier you are likely to feel. In households with incomes of over £100,000, for example, respondents rate their health at 7.4 – compared with 6.3 for those with incomes below £10,000.

Coughing up for private healthcare

While worries about affording healthcare rank behind the major concerns of rising costs (59%) and running out of money (40%), nearly one in five (18%) still see this as a top financial concern.

Two issues emerge from our survey. First, as NHS queues lengthen, significant numbers of people are paying for private treatment. Second, older people are finding themselves priced out of the health insurance they need to cover the costs of private treatment.

“I pay on an ‘as needed’ basis. Prior firm insurance ended up being too expensive in retirement.”

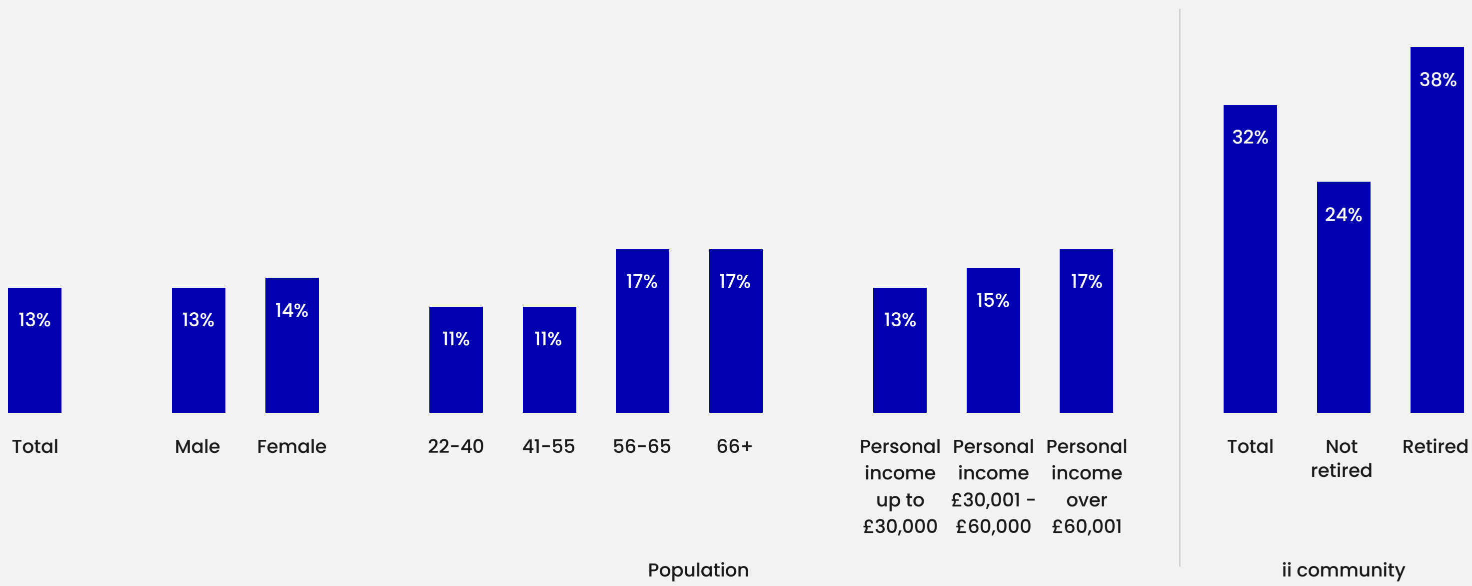
“I paid for minor surgery because of a long waiting list; physiotherapy for the same reason.”

“I expect private healthcare costs to increase exponentially, in line with the US model. I think having critical illness cover and medical insurance for my family will be my main outgoings in about 10 years.”

“I used to have BUPA, but it became too expensive as I aged.”

“I used to have BUPA, but it became too expensive as I aged.”

Have you ever paid for any medical treatment yourself? Yes



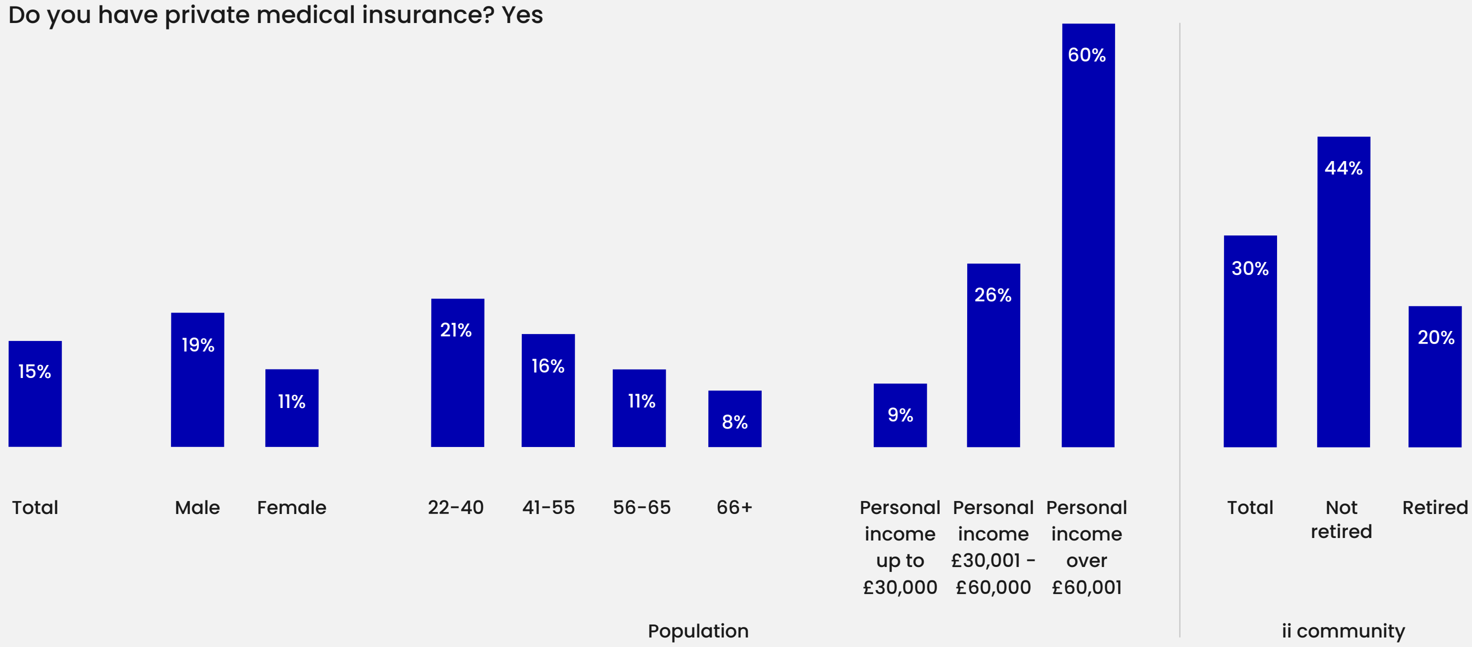
One in eight (13%) of our general population sample has paid for medical treatment themselves. This figure rises to 17% for those aged 56 and over. The interactive investor community is more likely to have paid for treatment – 32% overall and 38% of those retired.

We asked our respondents if they have private medical insurance. Overall, 15% of our nationally representative sample told us they do. However, looking closer, we found even more disparities between groups. Six out of 10 (60%) of those with an annual personal income of over £60,000 have cover, compared with less than one in 10 (9%) bringing in less than £30,000 a year.

Coverage reduces with age, too – from 21% in the 22-to-40 age group to only 8% for over-65s.

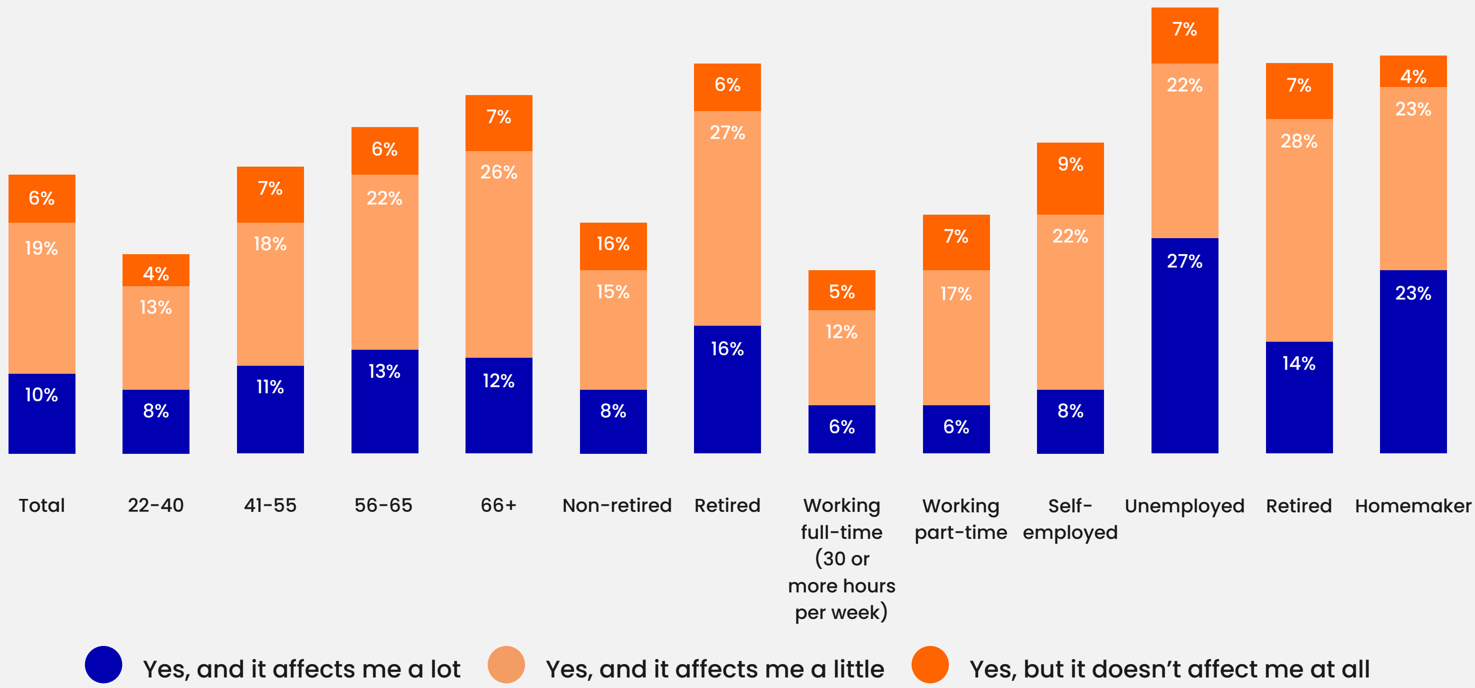
Levels of coverage within our interactive investor community are higher, at 30%, but retired people are still much less likely to have cover (20%).

Do you have private medical insurance? Yes



This is a concern. More retired people contend with health conditions or illnesses. Nearly half (49%) of our retired respondents told us they have physical or mental health conditions or illnesses lasting or expected to last 12 months or more, and 16% told us this affects their ability to carry out daily tasks. This is in contrast to non-retired respondents, 29% of whom have conditions or illnesses, with 8% affected greatly.

Do you have any physical or mental health conditions or illnesses lasting or expecting to last 12 months or more? This could be a physical impairment, learning difficulty, health condition, illness or disability. And do they reduce your ability to carry out daily tasks?



While retirement brings the likelihood of greater medical needs, it also brings higher premiums and the loss of cover associated with employment. How do we make premiums reasonable – particularly amid growing concerns about NHS capacity?

"I especially worry about care, as I have mobility and other problems. I'm not getting any help from the NHS, can't afford to go private, so I don't know what I'm going to do if I need further help down the line."

"The uncertainty of the NHS and social care is terrifying. They're being stripped off to privatise, and I worry that this is a terrible thing for society."

"Health is the most important thing, so NHS waiting lists are the most important thing."

"I have seen elderly relatives deteriorate quickly because they can't afford private healthcare and have to wait."

"Health is the most important thing, so NHS waiting lists are the most important thing."

4

Keen, green but little action seen

In previous GBRS surveys we recorded rising interest in ethical or sustainable investing but found most people invested only part of their pension in what they considered to be ethical funds.

Positive attitudes

This year we pressed our respondents on whether all pensions should be invested in an environmentally and/or socially sustainable way. Overall, 41% of our general sample told us they should.

"It's important that the choices we make regarding investments contribute to an environmentally sustainable future for the next generation. If pension funds divested from fossil fuels and switched into renewable technology it would make a huge contribution to the energy transition."

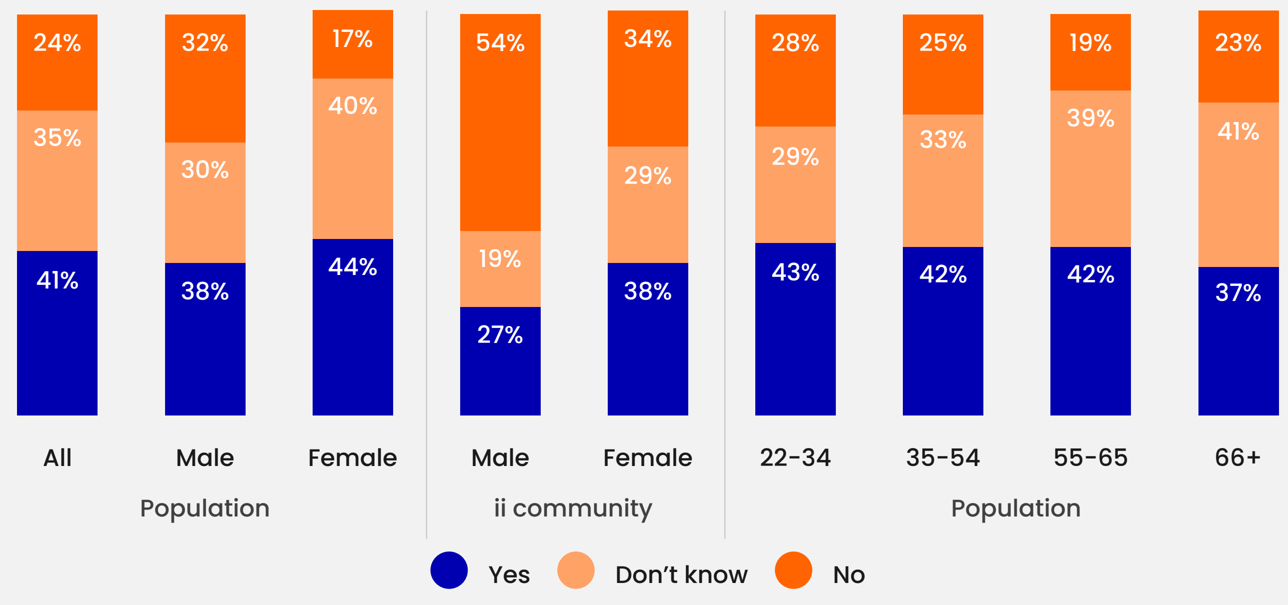
However, one in four (24%) told us they disagree, with one in three (35%) not sure. Women are more likely to support investing all pensions with sustainability in mind, with 44% in favour and only 17% against, as are younger people. People with a higher level of education and higher incomes are also more in favour of all pensions being invested in a sustainable way.

Our interactive investor community is slightly less positive about investing all pensions sustainably. Some 27% of men and 38% of women are in favour. These numbers are lower than those who last year thought ethical investments should be an option for pensions. This may be a consequence of the comparatively disappointing returns of many sustainable investments over the past year, when fossil fuel-based energy stocks have soared in value and growth technology stocks have tumbled – or it may reflect shifting economic and geopolitical priorities in the first half of the year.

However, young members (aged 22 to 34) of the interactive investor community represent one of the groups most in favour of all pension money being invested sustainably (54%).

"If pension funds divested from fossil fuels and switched into renewable technology it would make a huge contribution to the energy transition."

Do you think all pensions should be invested in an environmentally and socially sustainable way?

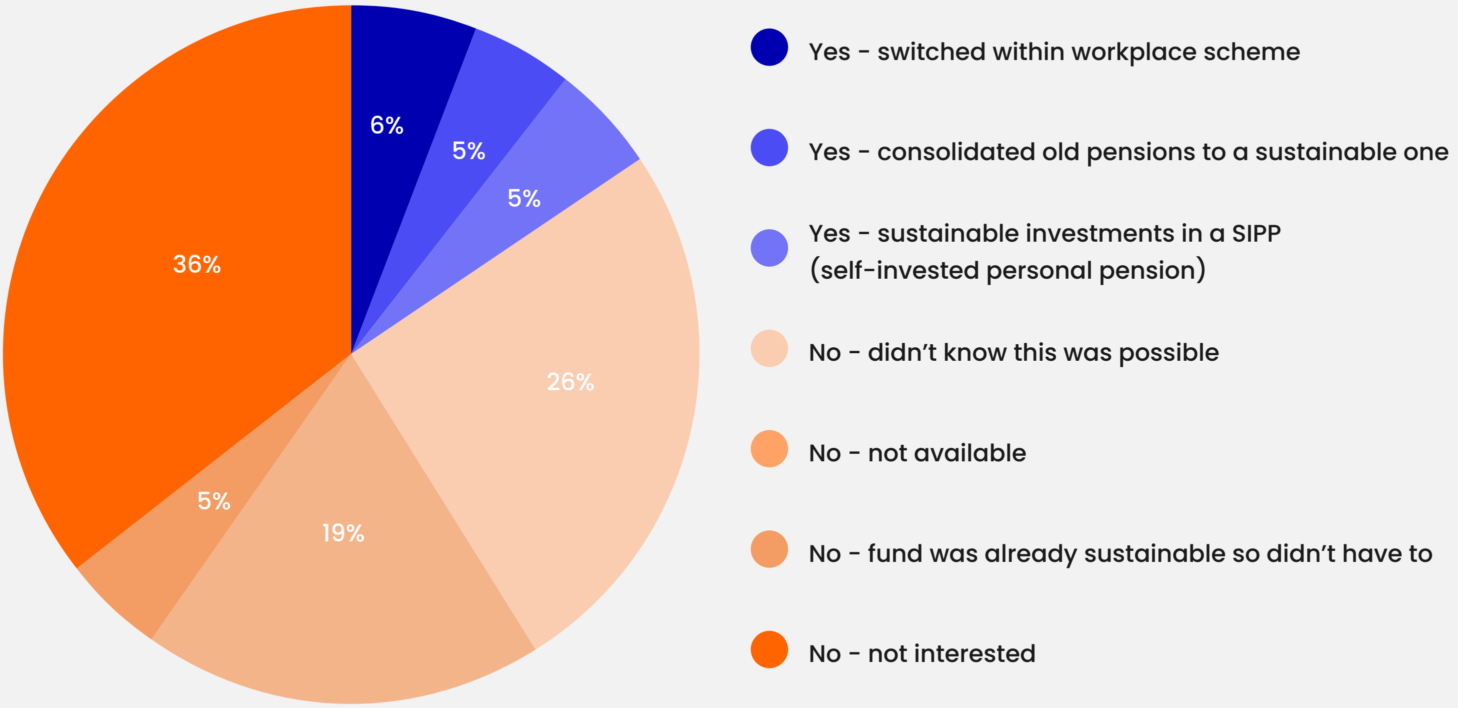


Struggling to take action

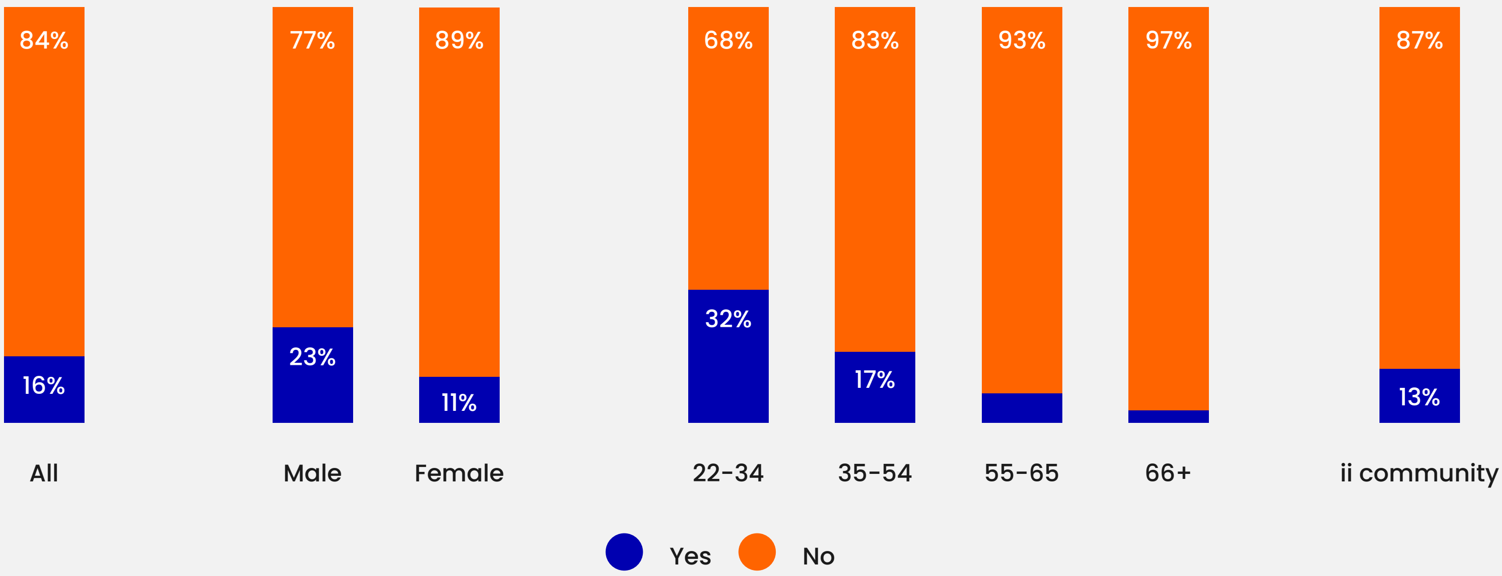
We also asked whether positive views towards sustainable investing have translated into action. Have respondents chosen a pension plan that is environmentally and/or socially sustainable?

Overall, 16% of our general population told us they have made an active choice to do this – whether by switching within a workplace scheme, consolidating an old pension to a more sustainable one or investing in sustainable investments within a SIPP.

Have you chosen a pension plan that is environmentally and/or socially sustainable?



Have you chosen a pension plan that is environmentally and/or socially sustainable?



Given that they are more in favour of sustainable pension investments, it is interesting that fewer women – 11%, versus 23% of men – have translated their view into action. However, we found a lower level of awareness of this option among women generally – 29% did not know it is possible, versus 22% of men.

Slightly fewer members of the interactive investor community have chosen this option, with 13% actively investing sustainably – usually within SIPPs. There is little difference between men and women on this point.

Younger people are more likely to have made an active change in favour of sustainability – 32% of people aged 22 to 34, for example, compared with 7% of people aged 56 to 65.

Why not?

Though some continue to find definitions of sustainable investments unconvincing – they worry about 'greenwashing' – for many people, the hurdle is knowledge.

"I wanted to choose sustainable investments but couldn't find enough information."

"I find that there is little information about 'green' pensions and ESG pension investing, and more detail and choice from pension firms would be helpful – not put in complex financial jargon."

One in four (26%) investors do not know the option to change a pension plan to one that is sustainable might exist. Nearly one in five (19%) told us they could not change their pension, suggesting practical difficulties among those motivated to try may also be behind inaction.

"I wanted to choose sustainable investments but couldn't find enough information."

5

Property in retirement planning

Home ownership has increased for people aged over 65 but decreased for those under 65 during the past two decades. The majority of today's retirees have the benefit of no mortgage or rental costs, yet the same may not be true for future generations. People in their mid-30s to mid-40s are three times more likely to rent now than 20 years ago.

Owning a property can reduce later-life housing costs. Property can be a store of capital to be tapped into later through downsizing and equity release, and it can be a real asset investment that helps diversify portfolios. But this is not an asset available to everyone.

Our results show most retired homeowners have not used their house equity to boost their income but younger generations are more likely to think they will need to.

Home ownership in retirement

Nearly one in four (23%) over-65s in our general population sample do not own a home – including 7% who are renting in the private sector and 12% who are renting from social providers. These people face continuing housing costs through retirement. 25% of this cohort of older renters told us they prefer renting; 32% previously owned a property but sold it; and 36% never managed to afford to buy.

Three quarters (77%) of people aged over 65 in our general population sample own a home. This is a similar figure to ONS official data. The vast majority have paid off their mortgage, with only 6% still paying off a home loan. While this is a relatively small proportion, 40% of these are paying an interest-only mortgage – meaning their home may be at risk if they have not saved enough to pay off the loan at the end of the term. They will be, on average, aged 76 when their mortgage terms end.

Sell up and downsize?

Older people generally do not want to downsize – only one in 10 do. A sizeable proportion of younger generations – around one in three – wish they would.

Our results show downsizing in later life is not widespread. Four out of 10 over-65s told us they want to stay where they are for good. One in four (26%) told us they might move in the future, while 5% would like to but cannot find the right property. 14% have moved because they wanted to live somewhere else, and 2% have moved to retirement accommodation.

Slightly more downsize at an earlier age. 14% of 56-to-65-year-olds have downsized as they have got older. A further 44% would consider it in the future, including 6% who think they will definitely have to and 16% who think they probably will.

19% of those aged over 55 who have downsized told us they did so to free up equity – 13% for income and 6% to give to their children. Two in three (67%) did so because their home was too big, 15% did so for a change of scene, and 18% did so for other reasons – such as divorce, wanting to be closer to their children, saving money and time on maintenance or a desire to live somewhere without stairs.

Perhaps not surprisingly given the shortage of family homes, a significant proportion of younger generations would like the over-65s to downsize. 29% of those aged 41 to 55 and 36% of those aged 22 to 40 think you should downsize when your children leave home.

Many younger people think they themselves will have little choice but to downsize when they reach later life. One in three (34%) of 41-to-55-year-olds told us they believe they will have to downsize – 11% definitely and 23% probably.

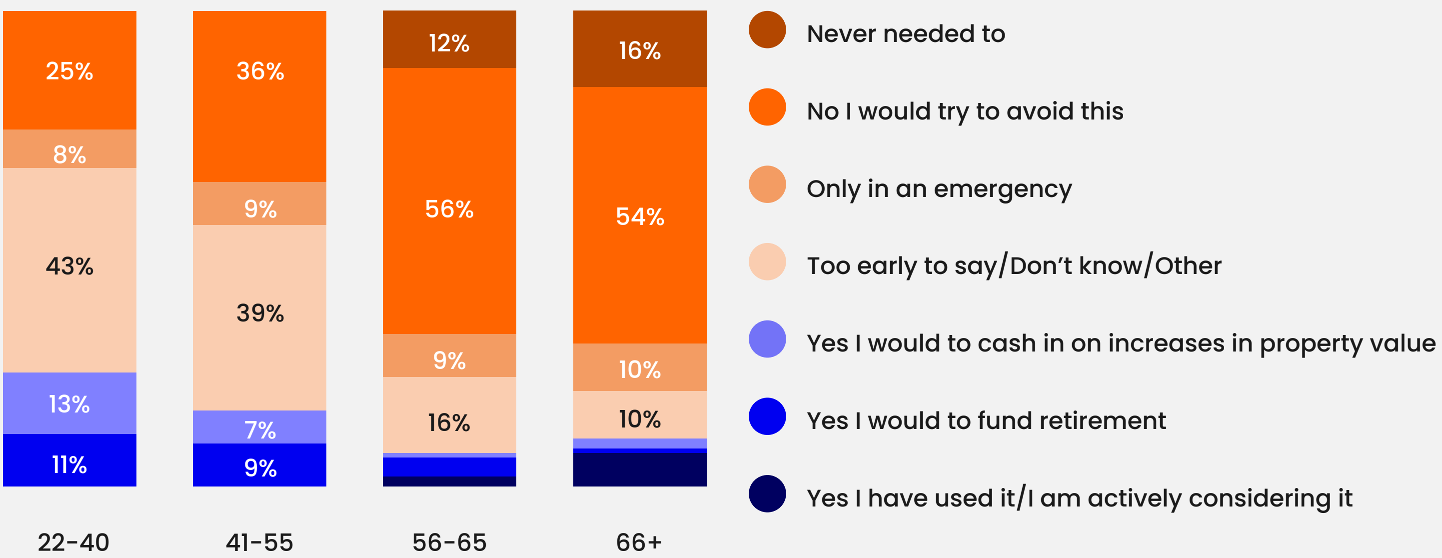
Equity release

Equity release remains something only a minority of older people use. Most are uncomfortable with the idea. Only 6% of over-65s have used it – 3% to fund retirement and 3% to cash in on a property's increased value. A further 1% are actively considering it. Only 1% of 56-to-65-year-olds have used it, with a further 1% actively considering it. Only 4% of respondents in these age groups told us they would ever consider it, with a further 10% saying they would do so only in an emergency. The majority (55%) told us they would actively try to avoid it.

As with downsizing, younger generations feel they may have less choice. Only one in four (25%) of those aged 22 to 40 told us they would try to avoid it. One in 10 (11%) think they will have to use it as they will not have enough other sources of income when they stop work. 13% think they will use it because their house will have risen in value significantly. 8% told us they would use it only in an emergency. The remaining 43% are either unsure or believe it is too early to say.

The interactive investor community is not in favour of equity release, with only 1% of respondents having used it.

Would you use equity release?



Additional properties

While older generations are far more likely to own their own home – three in four people aged over 55 are homeowners, compared with only 44% of people aged 22 to 40 – additional property ownership is spread more evenly across generations. Overall, 5% of people told us they own a buy-to-let property, with 4% owning a second home.

	Population					ii community
	Total	22-40	41-55	56-65	66+	Total
Homeowners and buy to let	5%	7%	6%	4%	3%	18%
Homeowner and own second home	4%	5%	4%	6%	3%	13%

The interactive investor community has a higher level of ownership of additional properties, with 18% owning a buy-to-let and 13% owning a second home.

Around half (52%) of the buy-to-let investors in our population sample have just one property. 29% have two, with a small proportion owning a higher number.

6

Retirement expectations versus reality

Our survey shows many people live on the breadline in retirement. Half of women (48%) aged over 65 and retired told us they are dependent on the state as their only source of income (compared with 29% of men). In aggregate, two out of five (39%) rely on the state pension or pension credit of less than £10,000 a year. Our survey puts the average income of retired people generally at £16,540.

Having the wherewithal to save for retirement is important. Even then it requires planning, sacrifice and discipline. It is essential to have a plan – one that is rooted in realistic aspirations and expectations. You also need a clear understanding of how you are progressing.

Here our survey has exposed serious problems at the heart of retirement saving in the UK.

"The younger we are, the more optimistic our aspirations are."

Are expectations realistic?

We asked our respondents aged under 66 about their expectations for retirement – in terms of income and financial situation and what age they would like to retire. We then compared these to the actual circumstances of our currently retired respondents to see if these prospects are realistic.

On average, people expect to retire with an income of £21,730. This is £5,190 or 30% more than our current retired respondents enjoy. The younger we are, the more optimistic our aspirations are.

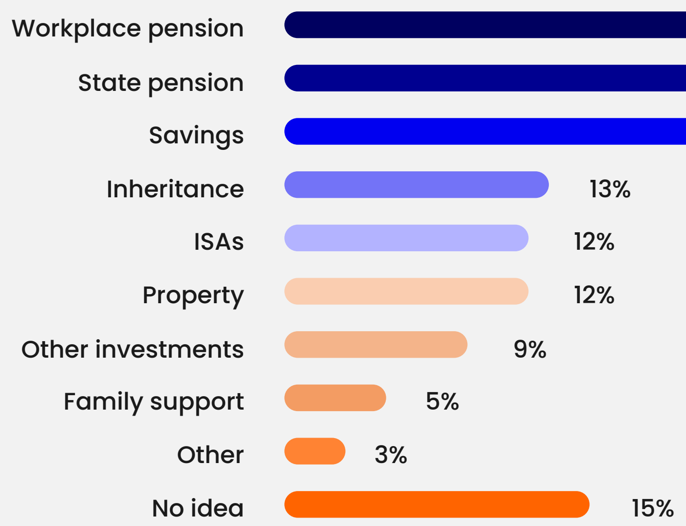
Young people hope for £24,995 – 50% more than today's pensioners enjoy on average. Expectations get closer to the current reality as people age, with those aged 56 to 65, at £17,953, only slightly above the current reality.

The interactive investor community's expectations of £33,560 are slightly low compared with the reality of those who are currently retired in the same community – £38,213: this may reflect the generational shift from generous defined benefit pensions to defined contribution between the currently retired and those awaiting retirement, as well as lower amounts of buy to let ownership.

		Average expected personal retirement income
Population <66	Total	£21,730
Gender	Male	£25,115
	Female	£18,153
Age	22-40	£24,995
	41-55	£19,449
	56-65	£17,953
Current personal income	Up to £10,000	£12,078
	£10,001 to £20,000	£17,102
	£20,001 to £30,000	£22,028
	£30,001 to £40,000	£27,969
	£40,001 to £50,000	£27,952
	£50,001 to £60,000	£33,731
	Over £60,001	£40,315
Interactive investor community	Total	£33,560
Survey average income for retired respondents		£16,540

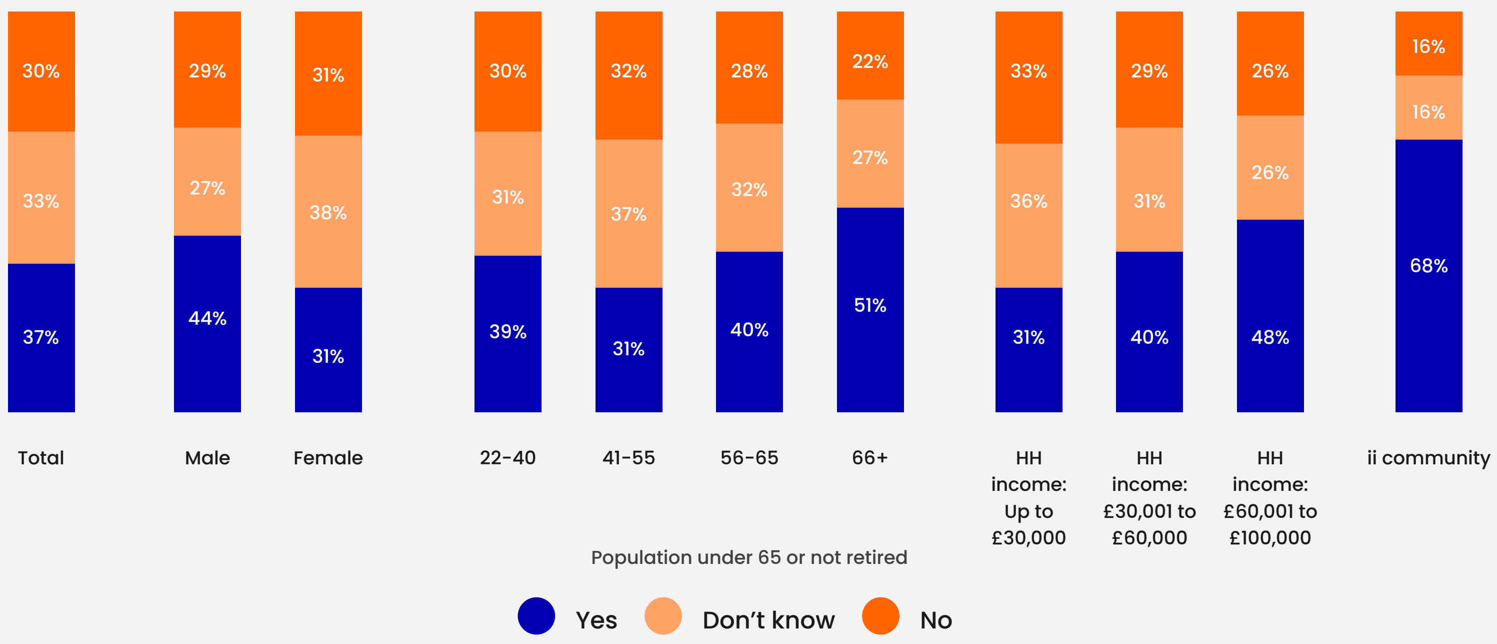
We asked respondents under 66 where they expect their retirement income to come from. They told us they mostly expect to get it from workplace pensions (46%) or the state pension (45%), with a smaller proportion expecting some income from savings (33%).

Population <66: Where do you expect your retirement income will come from?



We also asked respondents if they expect to maintain their current standard of living in retirement. 37% told us they do, while 30% do not. Even among wealthier households 26% do not expect to maintain their standard of living.

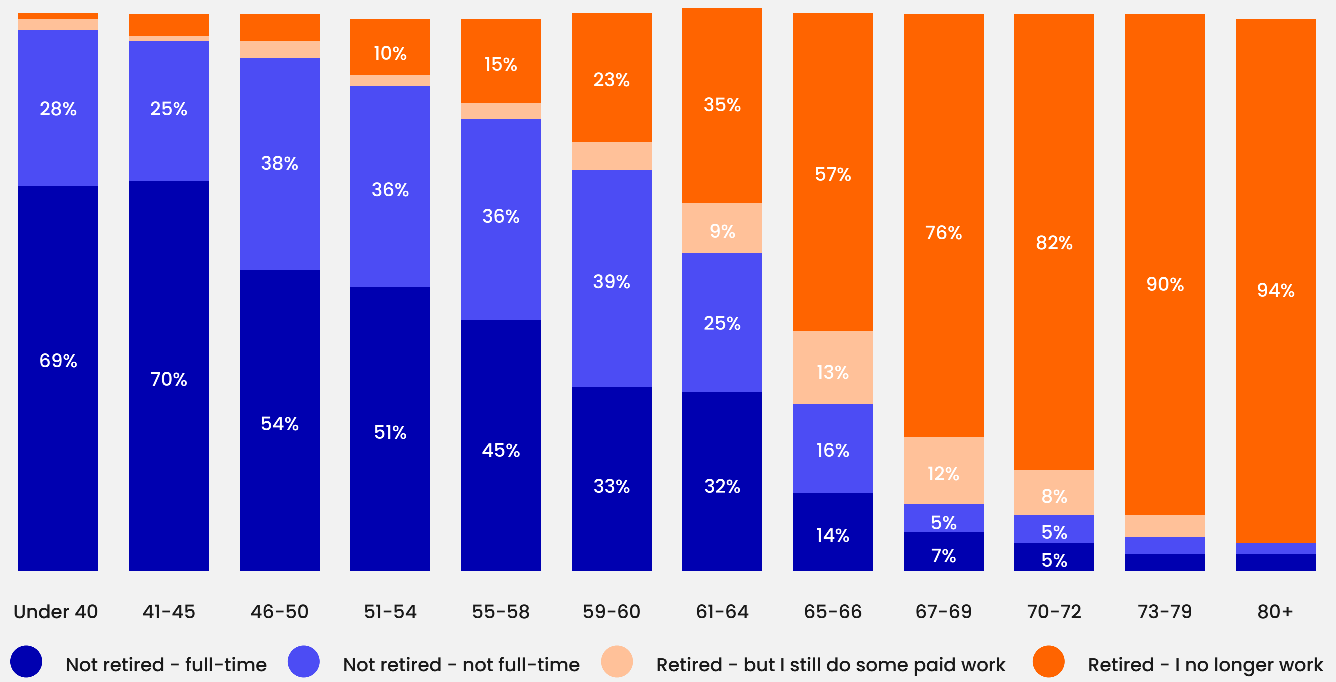
Do you think you will maintain your current standard of living when you retire?



Aspirations for retirement age

Retiring early usually means settling for a lower pension pot than you could have had. Yet younger people – the same cohort with the highest expectations of retirement income – hope to retire sooner. The average age people aged under 40 say they would like to retire is 59.1. The age at which people aged 41 to 55 are planning to retire is 62.1. In reality, only 28% of respondents currently aged 59 or 60 and 44% of those aged 61 to 64 have retired. The actual average age of retirement for respondents who are now aged over 65 and retired is 61.8. This does not mean older people did not have the same aspirations as younger generations – 30% of those now aged over 65 and retired would have liked to retire earlier.

What is your working status, do you consider yourself retired?

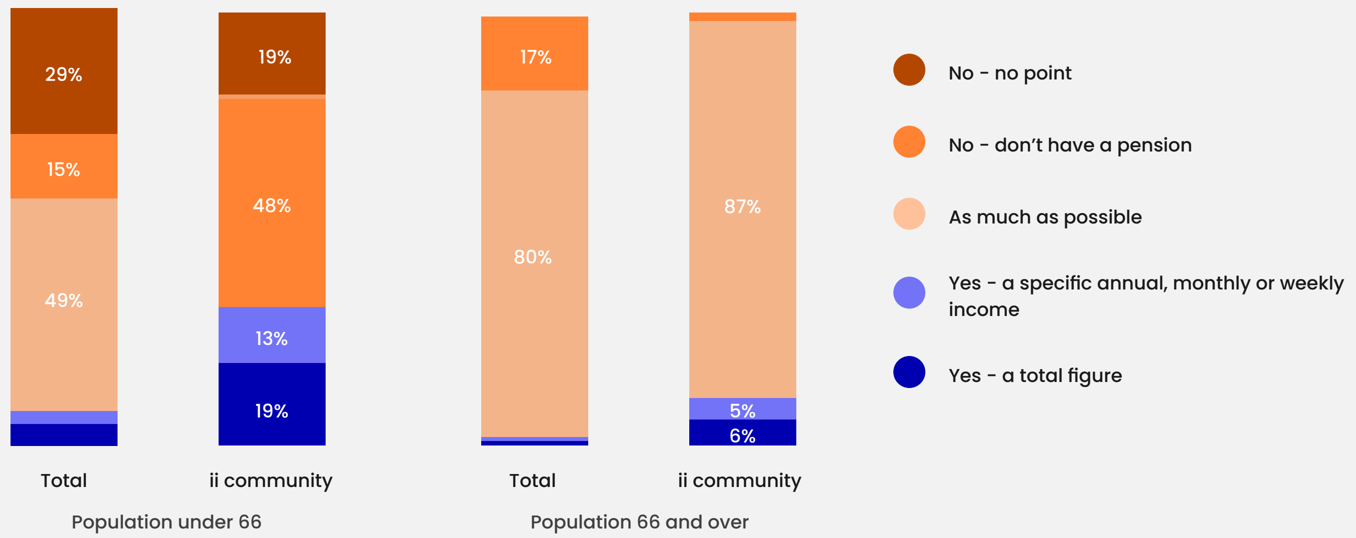


Understanding how we are progressing

So much for aspirations. Do people have a target of how much they need to save to generate the income they would like? And have they ever had one? For most people the target is simply to save as much as possible. It is the target for nearly half (49%) of those saving for retirement today. And that was also the target for 80% of the population now aged over 66 – and for 87% of our interactive investor community.

29% of those under 66 see no point in having a target, and 15% do not have a pension. Only 5% have a target total figure. In the interactive investor community – generally engaged investors – this figure is much higher: 19% of those under 66 have a target amount.

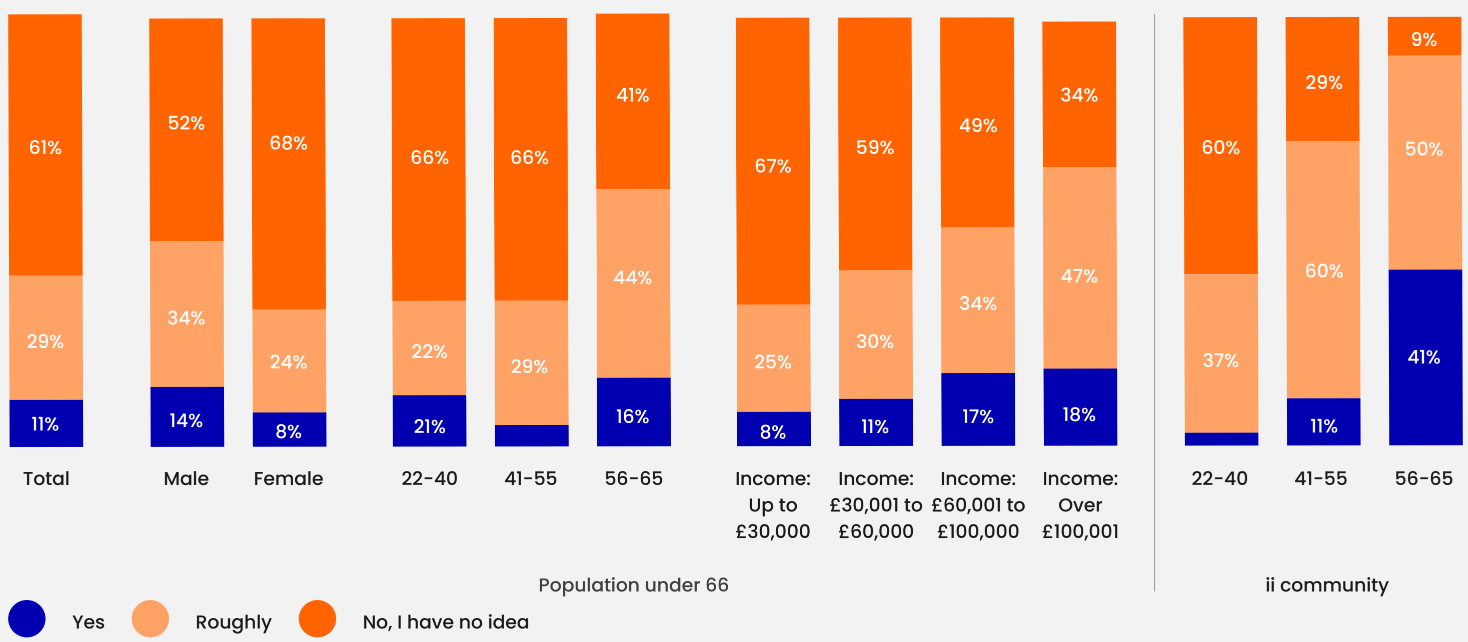
Do you have a target amount you want to save for retirement?/Did you have a goal for how much you wanted to save for retirement when you were working?



This shows most people are remarkably vague about how much they need to save or should be saving. Are they any clearer about how they are progressing? It seems not. Six out of 10 people (61%) have no idea what their income will be in retirement. Women are even less sure (68%), and even people nearing retirement age are rarely certain: 41% of 56-to-65-year-olds have no idea, while 44% have just a rough idea. Wealthier people tend to have a better handle on their future income.

Older members of the interactive investor community have much better knowledge. 41% do know, while 50% have a rough idea.

If you expect to retire, do you know what your income in retirement will be?



Many of our respondents told us how hard it is to plan when there are so many uncertainties, and the numbers are so unclear.

"It is difficult to plan, as most platforms/online tools don't work until you're over 50. We need the information and calculations much earlier. I've no idea how much what I've saved will give me, because nothing works to show me."

"Not knowing important pieces of information creates difficulty in planning for retirement. What will the annuity rate be when I want to retire? How much higher will my state pension age increase? How much higher will the age when I can take my personal pensions rise? What will future growth/losses be?"

"There is a great deal of focus on building up a pension pot but very little information on drawing down from a DC pension pot."

"One should retire as early as can be afforded, as most of us cannot predict when we are going to die – and it might be sooner than one expects."

Some respondents wisely pointed out that things often turn out differently to how you envisaged.

"I started my retirement the day after Putin invaded Ukraine. You can't plan for the unexpected!"

"I retired early, and I spend more time looking after my elderly mother than expected. I am left with little time for myself, but it would be far more stressful if I was still working."

Some good news...

We end this rather depressing chapter with some encouraging news. Many of our retired respondents told us they need less income than they thought to be happy in retirement.

"If you're lucky enough to be a high earner, don't get caught up in continually chasing money. You'll probably need less than you expect, and life is short."

"My husband and I have moderate retirement income – much lower than expected, because of ill health. But we find it more than sufficient..."

"I don't need lots of money to enjoy my retirement now that our house is paid for. I don't have an extravagant lifestyle, I have good friends, and I am healthy. As long as I can pay my bills, have a UK holiday or two each year and go out to the cinema, theatre or a meal about a couple of times a month, I am happy."

7

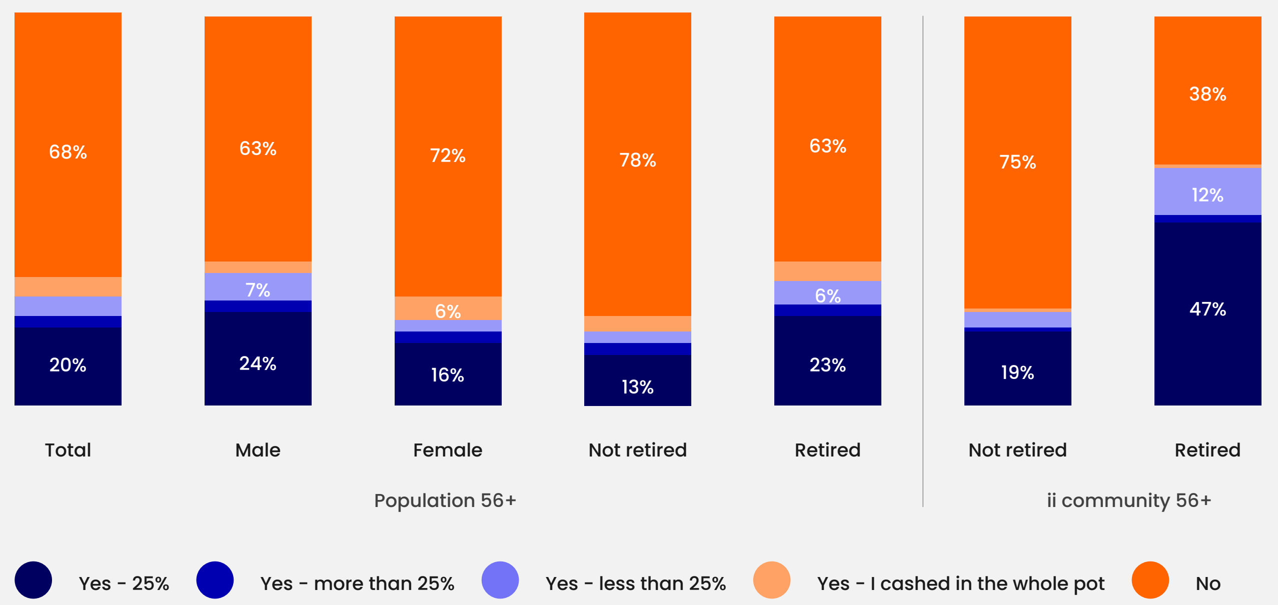
How people manage their pensions

Putting money into a pension pot is only the first part of the pensions challenge for those fortunate enough to have additional savings. They must then face multiple decisions on how to manage the money and how and when to access it.

Lump sums

One in three (32%) over-55s have taken a lump sum out of their pension. Men (37%) are more likely to do so than women (28%), and more people do this once they have retired (37%, versus 22% of non-retired people). The proportion of retired over-55s taking a lump sum is much higher, at 62%, among the interactive investor community.

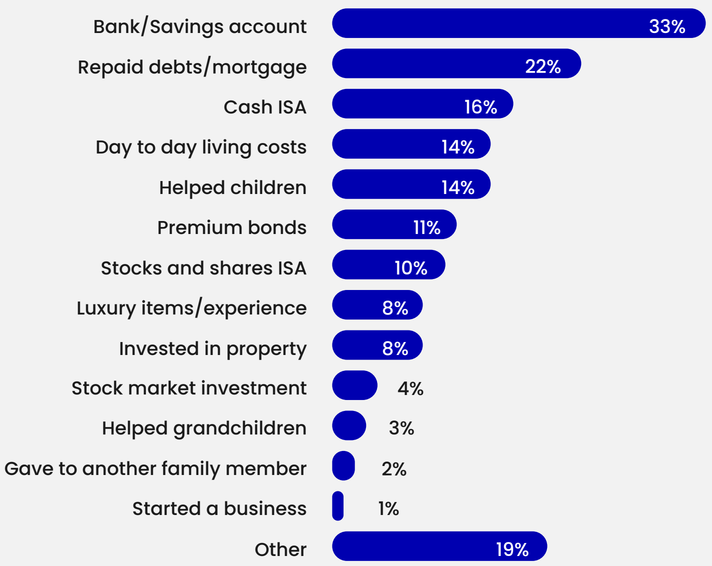
Over-55s: Have you taken a lump sum out of your pension?



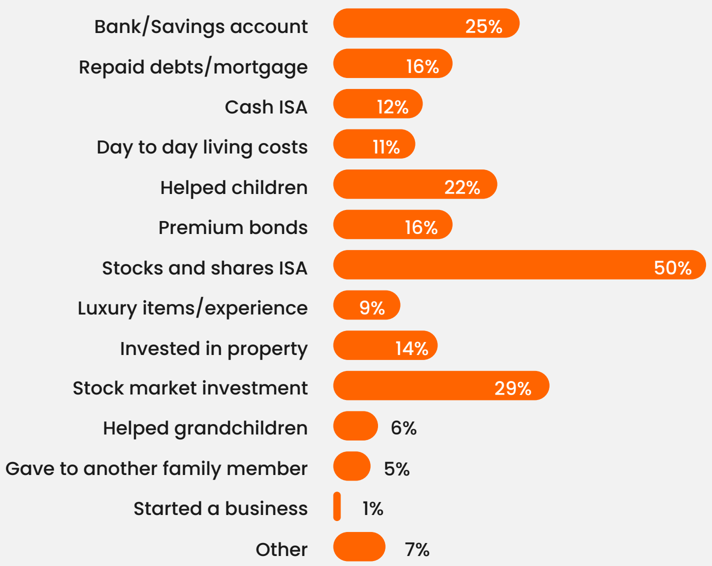
In the general population the most likely things done with the money are putting it in a bank or savings account (33%) or repaying debts or mortgages (22%). Members of the interactive investor community are much more likely to put it in a stocks and shares ISA (50%, versus just 10% for the general population).

Consumer anxiety about investment risk may be at the heart of this decision. However, with inflation now in double digits, these savers are switching from the risk of negative returns from investments – but with potential for significant upside – to the certainty of loss of real value through inflation.

People who have taken a lump sum: What did you do with it?



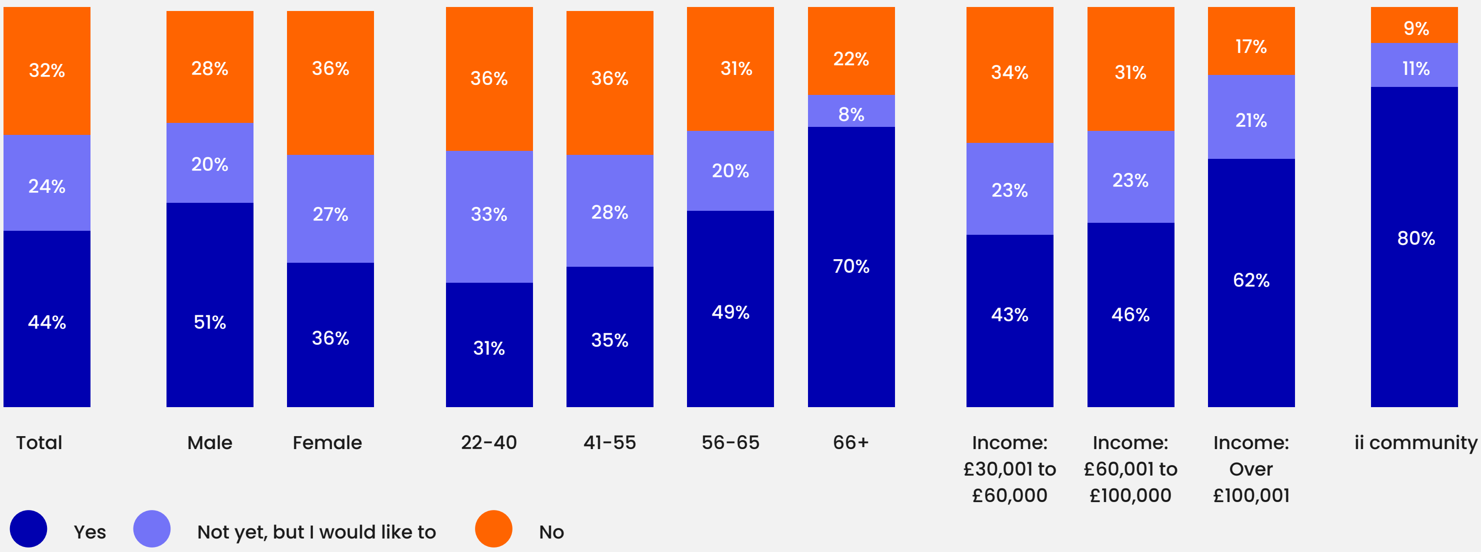
ii community who have taken a lump sum: What did you do with it?



Knowledge to manage pensions

Confidence grows with age when it comes to managing investments and pensions. Overall, 44% of respondents told us they have enough knowledge to manage these finances, with the proportion ranging from 31% of under-40s to 70% of over-65s. Men (51%) and those with higher incomes (62%) are also more confident than average. The interactive investor community is considerably more confident about these matters (80%) than the general population.

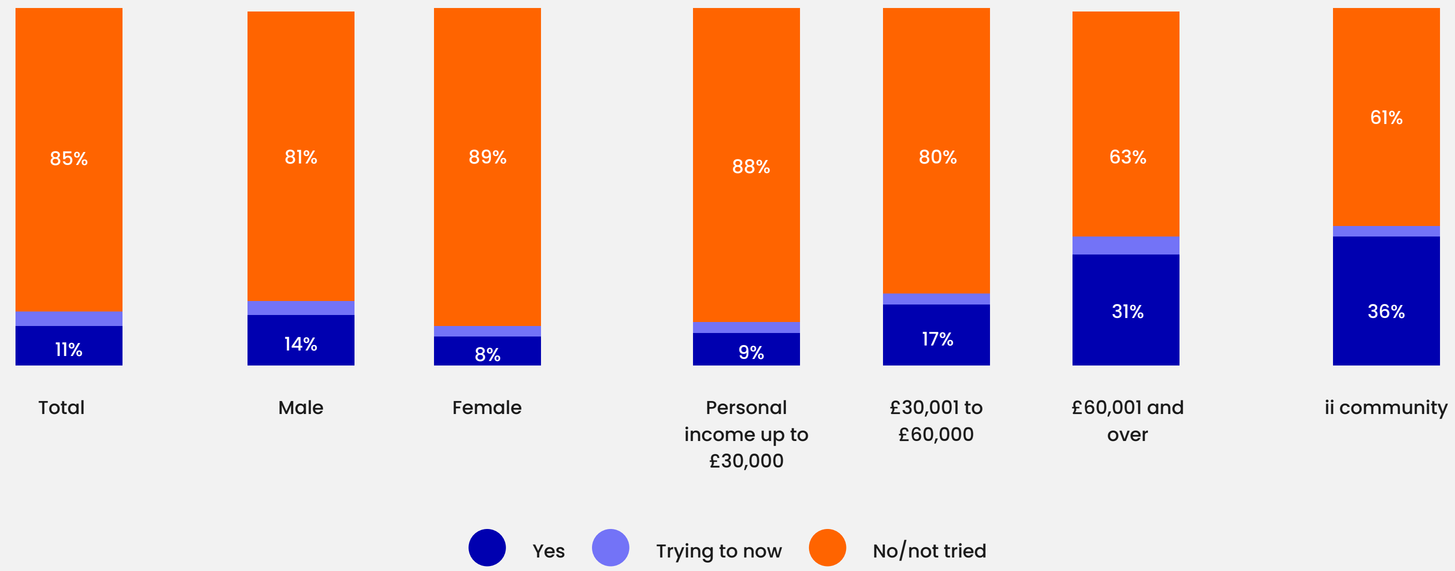
Do you think you have enough knowledge to manage your own investments and pensions?



Pension consolidation

Only 11% of our general population respondents have consolidated their pensions, while 4% are trying to do so. More men than women have done so (14% versus 8%), and people with higher personal incomes are more likely to – 31% of those earning £60,000 or more. This is a much more popular undertaking within the interactive investor community, with 36% having consolidated pensions. This is not surprising, given the audience.

Have you consolidated your pensions?



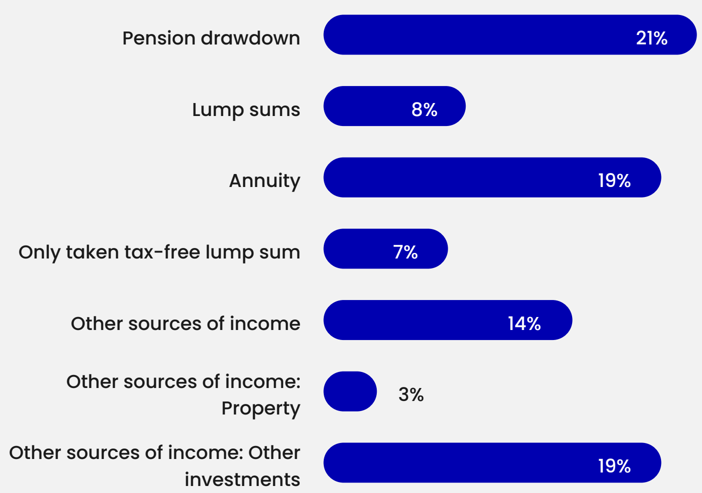
Use of investment platforms

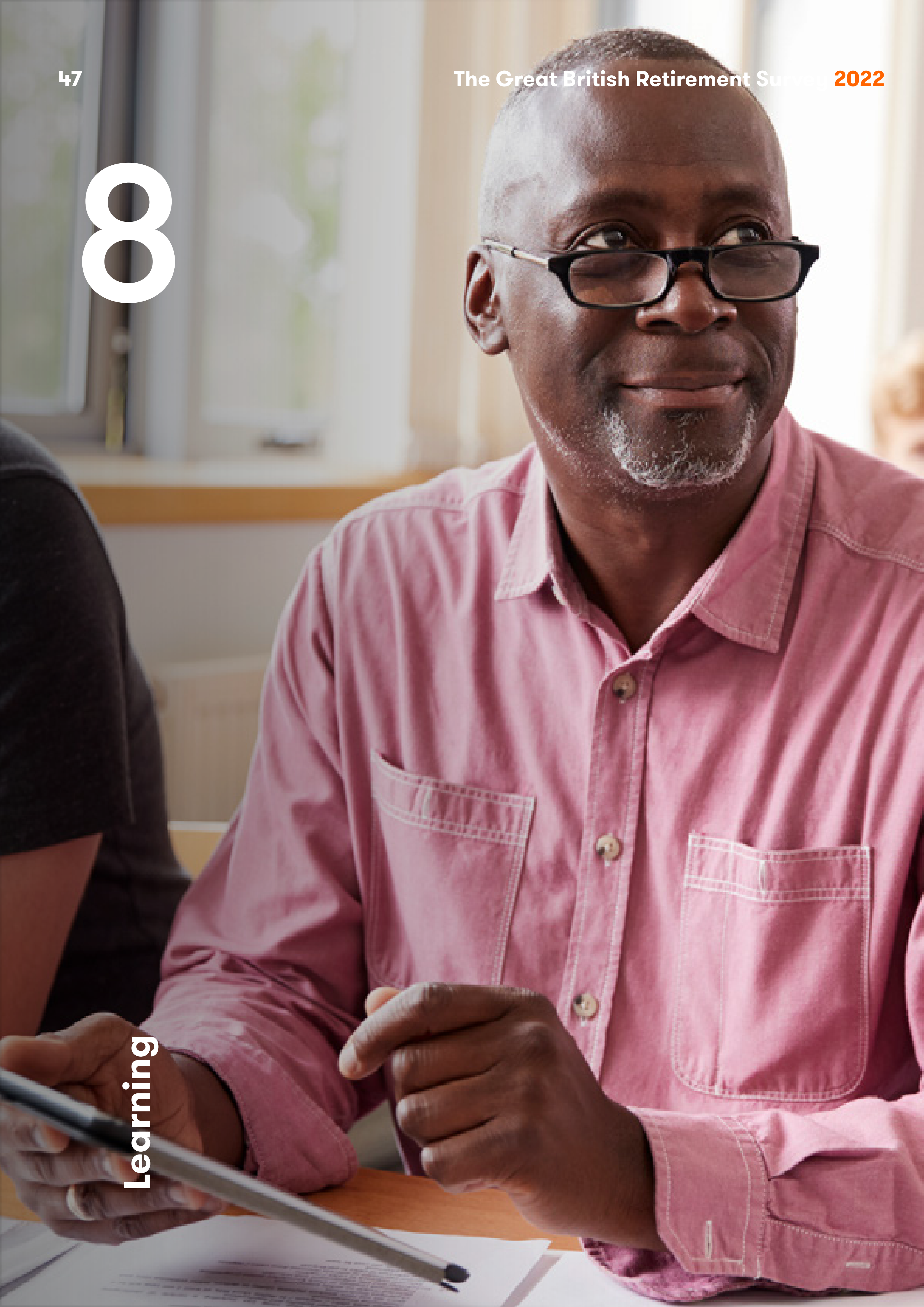
Only one in 10 (10%) of the general population use investment platforms. This includes more men (13%) than women (6%) and higher numbers of high-income households (19%).

Accessing pension income

21% of respondents aged over 65 and retired told us they use pension drawdown. 19% have an annuity, and 19% use other investments or ISAs (14%) as a source of income.

Population retired 66+: How do you manage your pensions income (all that apply)?



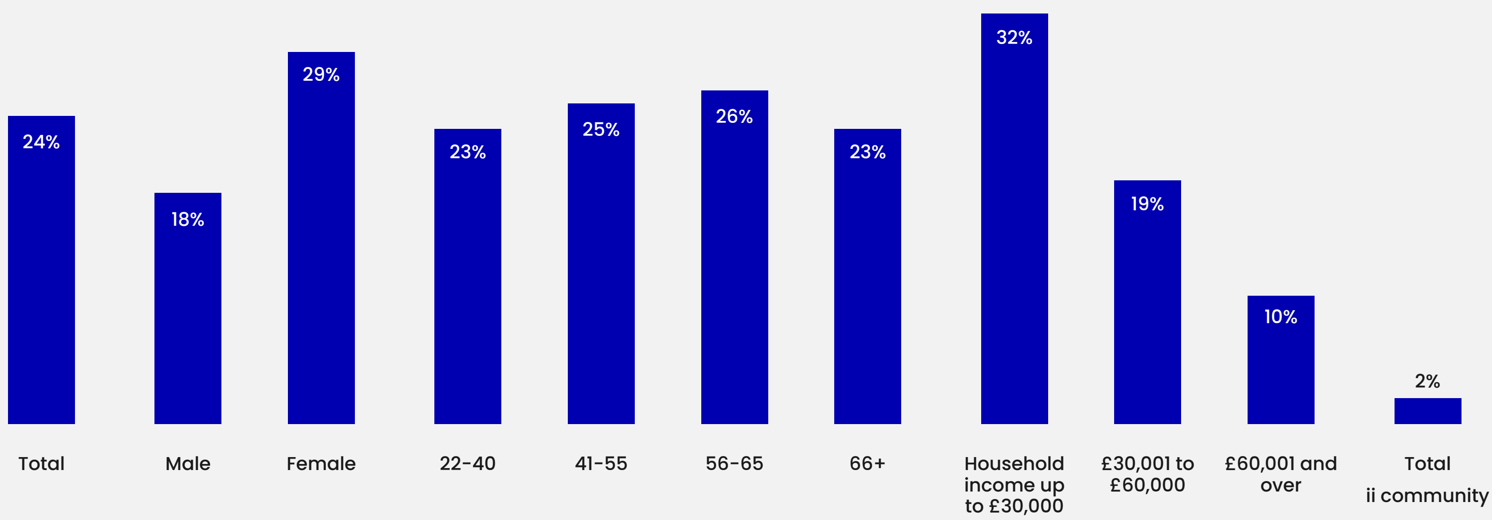


8

Learning

One of the most troubling statistics in the whole of this survey concerns pensions knowledge. We have established how confusing pensions are – and with so many moving parts, from investment returns and market volatility to health and life expectancy, this is not surprising. But nearly one in four people in our population sample told us they do not know anything about pensions. This rose to 29% of women (as opposed to 18% of men) and nearly one in three (32%) of people with household income of less than £30,000. The interactive investor community is much better informed about pensions, with only 2% in this category.

I don't know anything about pensions



So where do people find their information? And how can we educate them more effectively? Our respondents highlighted the difficulty of finding clear and impartial information on pensions.

"I look at my annual pension statement and, to be honest, get totally confused by it all. It should be better explained in layman's terms so normal people can understand it."

"It's so difficult to know who to trust and what the right thing to do is. I really don't know if I will have adequate funds – and then what are the options?"

"I think there is insufficient unbiased information available to prospective retirees. Too many products are driven by sales incentives."

"There is a totally inadequate explanation of risk and the need to take some to boost returns."

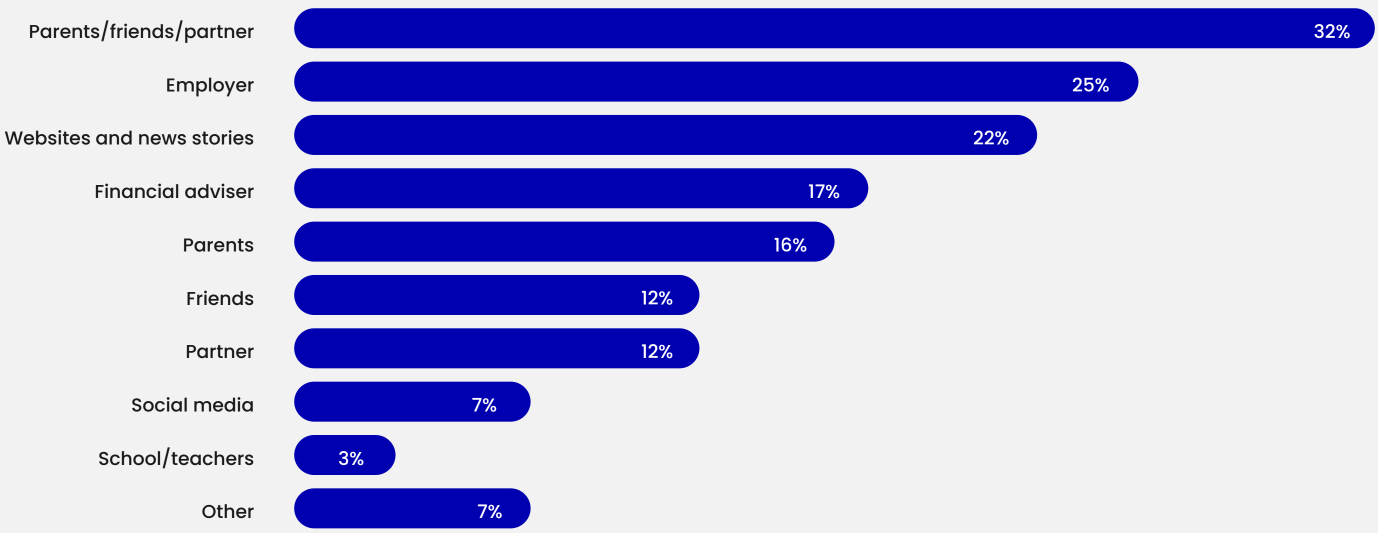
Pension influences

Our findings show many people lack information on pensions and rely on lots of different sources for guidance.

We asked our respondents about the most important influence on their learning about pensions. The highest proportion of people told us parents, friends or partners (32%) are the biggest influence, followed by employers (25%), websites and news stories (22%) and financial advisers (17%).

Women are more likely to rely on information from a partner rather than friends, while the opposite is true for men. Higher-income households are more likely to depend on a financial adviser (29%). Young people are more likely than other age groups to be influenced by parents (26%) and social media (14%). The interactive investor community is more likely to take on board information from websites and news stories (52%), with 26% identifying a financial adviser as their most influential source.

What would you say has been your most important influence in learning about pensions?

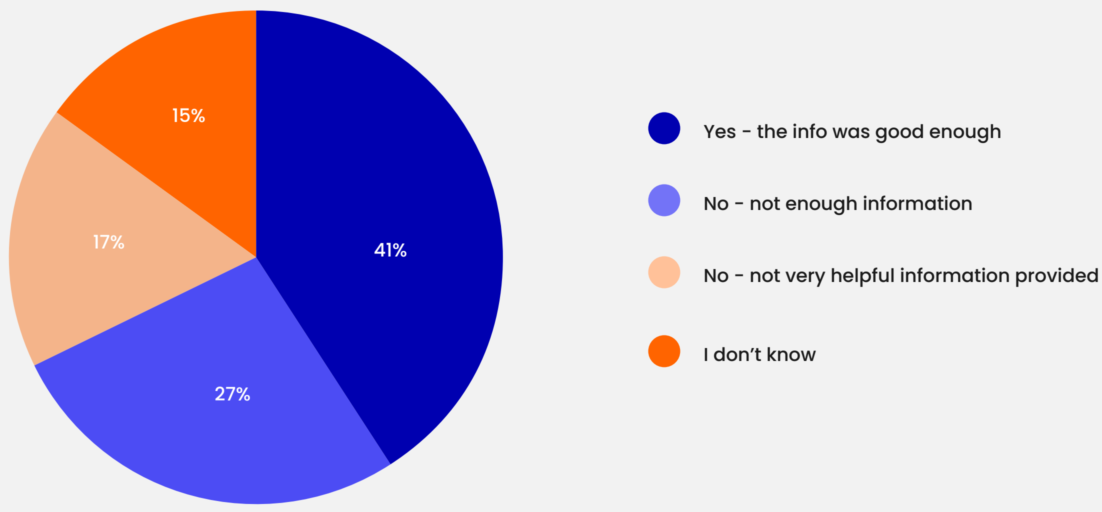


Pass the job to employers?

High numbers of people rely on employers for information. It is therefore important that this information is sufficient. We asked respondents if their current or previous employers have done enough to help them understand options related to their pension.

A decent 41% of those in a relevant situation told us they had, but 44% said they had not. 15% did not know. Younger people are unhappier with the information they have been given, with 52% of under-40s unsatisfied.

Do you think your (previous) employer(s) has (have) done enough to help you understand options in relation to your pension?



71% of respondents think employers should be responsible for providing a certain level of pensions information to employees. Only 13% do not think it is up to employers to provide pensions information, with 16% not sure.

Many of our respondents think learning about pensions should begin in school. As strong advocates of personal finance teaching in the classroom, we would argue this is an important gap in the curriculum and even teaching just the rudiments of pensions would give people the foundations to learn more later.

Financial education in schools – verbatims

"I strongly feel that we should all leave school with a thorough grounding in pensions, investment and finance. I didn't and have taught myself, which in turn means that I have made errors as part of the necessary process of education."

"Our grandchildren in the UK are leaving school having received no education on taxation, finances, the financial system or basic personal savings and investment. How can we as a nation expect people to be financially savvy when the basic structures are not in place from an early age?"

"I worked in investment/financial planning for 30+ years so I'm confident about my future. I think we need to invest more in educating the wider population starting in education. Perhaps a finance module as part of GCSE Maths."

"Financial education should start in schools to demystify the jargon and have everyone understanding investing, compound interest. The difference between investing and saving. The importance of having your money working for you so you have more choices in life."

"Too many people simply aren't aware of the benefits of different investments and savings vehicles; the state of financial education is dire and needs to be addressed, to give more people the chance of a reasonable life in retirement."

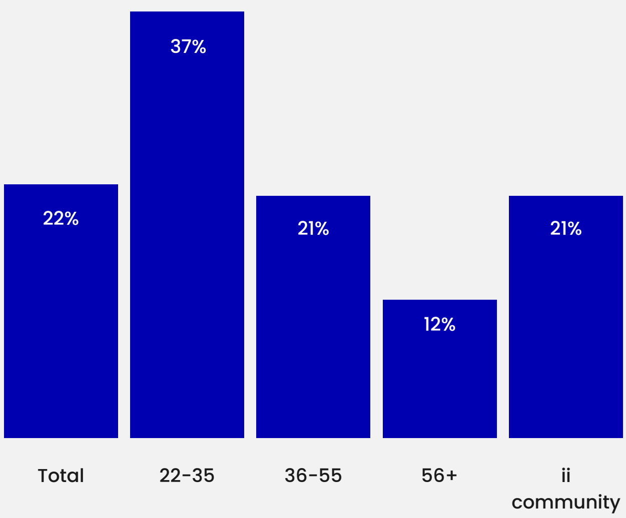
Social media

Social media is an increasingly popular source of information on retirement and pensions, particularly for younger people. 22% of our population sample think social media is a useful tool for information.

Young people unsurprisingly lead the way in this area, with 35% agreeing it is a useful source. But more than one in 10 (11%) over-55s agree, too.

Facebook is the most cited source and is popular across age groups. YouTube ranks second, with Instagram, Twitter and TikTok more popular among younger age groups. YouTube is the top choice among the interactive investor community, followed by Facebook and LinkedIn.

Do you think social media is a useful source of information about retirement and pensions?



	Total	22-34	35-54	55+	ii community
Facebook	59%	58%	62%	56%	32%
Youtube	45%	45%	52%	36%	44%
Instagram	36%	49%	34%	12%	9%
Twitter	36%	44%	36%	19%	20%
LinkedIn	21%	22%	21%	16%	29%
TikTok	20%	28%	20%	3%	3%
Reddit	9%	13%	8%	2%	6%
Snapchat	6%	8%	8%	2%	6%
Other	8%	3%	7%	23%	31%

We asked those who feel social media is useful whether they regularly follow any specific investment or pension-related social media channels or 'influencers'. Those in the general population overwhelmingly favour Martin Lewis and his Money Saving Expert platform (39%), with no others mentioned with any frequency.

Not everyone is positive about the impact of social media, with some respondents questioning how people can know whether the information they are seeing is correct.

"Social media has a huge responsibility for providing misleading information, both financial and social...which can frequently be hugely damaging to many people."

"I follow a few but am unsure the information is accurate."

These concerns echo those expressed by the winner of the 2020 interactive investor Personal Finance Teacher of the Year Award, Darren Collins. He worried how much young people were learning about finance from unregulated TikTok influencers and how, as a result, they risked being lured into get-rich schemes and learning dangerous investing habits.

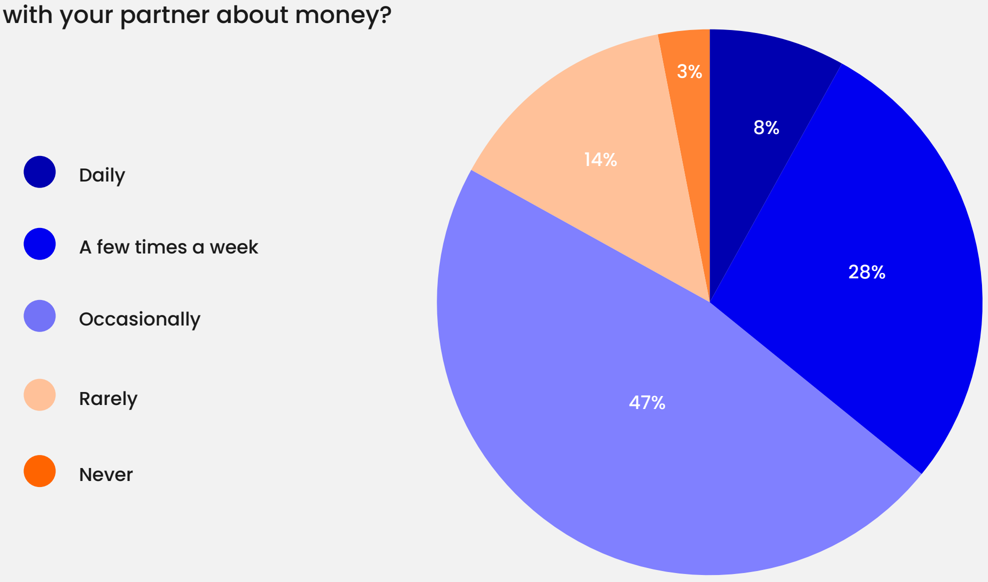
There is regulatory concern too. For example, in August 2022 the FCA cautioned on the issue of Buy Now Pay Later promotions on websites and social media, including posts by social media influencers, which may breach FCA rules.

Is it important to talk about pensions?

With the right information seemingly hard to come by, does talking openly about pensions and money help improve the situation?

When it comes to finances generally, many people seldom talk to a partner about money. Of people in a relationship, 47% of our general population sample told us they discuss finances only occasionally; 36% at least a few times a week; and 17% rarely or never. The good news is that younger people are breaking the taboos about money conversations: 44% of those aged 40 and under told us they discuss finances at least once a week.

How regularly do you talk with your partner about money?

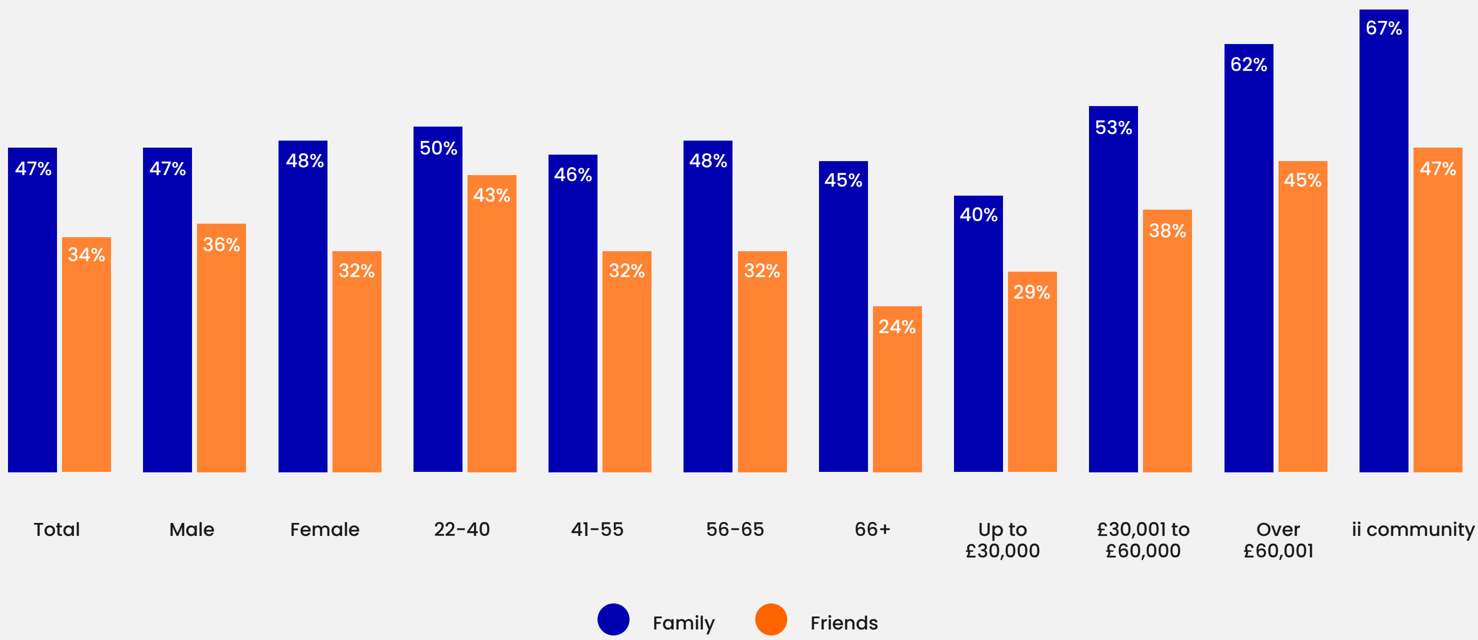


Specifically, nearly half (47%) talk openly with family about retirement and savings. This varies by household income and is higher in better-off families (62%) and lower where incomes are smaller (40%). Two thirds (67%) of the interactive investor community told us they talk openly with family about saving.

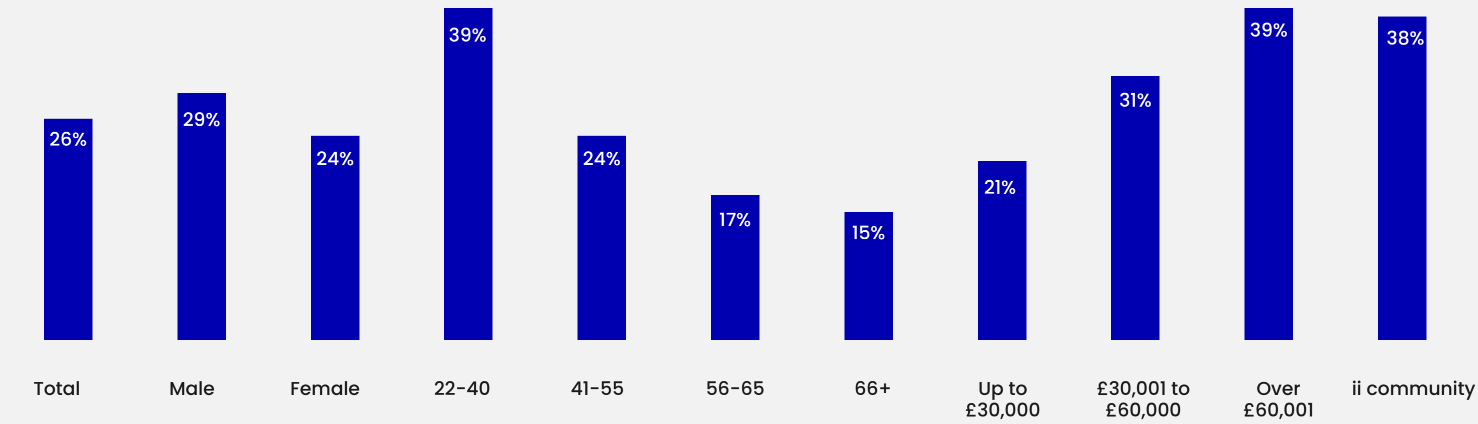
About a third of the population sample (34%) talk openly with friends about pension issues. This is again higher in families with more income (45%) but also among younger people (43%).

These people are also more likely to feel there is a connection between how openly finances are discussed with family and a person's own individual retirement savings. Overall, 26% of respondents told us they believe that talking about money leads to better financial outcomes for families. This includes 39% of young people, 39% of those in higher-income families and 38% of the interactive investor community.

Do you and your friends/family openly discuss retirement and savings?



Do you believe there is a connection between how open your family is to discussing finances and your own individual retirement savings?



9 Pressures on young people's finances

We have already seen how young people's ability to save has been hit particularly hard by the cost-of-living crisis and how far fewer own their homes now than in previous decades.

We found considerable pessimism among younger respondents in relation to their prospects for retirement, both in terms of the existence of a state pension by the time they retire and their ability to save for it.

"By the time I retire I don't expect the state pension to exist anymore."

"My generation (Millennial) simply won't be able to afford to retire. We'll be working until the grave."

"It is impossible to save for a pension on a self-employed income as a disabled young person and save for a house at the same time. The problems with the economy cause great uncertainty and make me concerned that I will be unable to have a family or save for my own future."

The struggle to get on to the property ladder is also impacting young people's ability to save for the future. Property prices continue to rise relative to incomes. In 2021, according to the ONS , full-time employees in England needed to spend on average 9.1 times their annual earnings on purchasing a home. This was a significant increase compared even with 2020, when it was 7.9 times annual earnings, and far higher than the ratio of 3.5 in 1997.

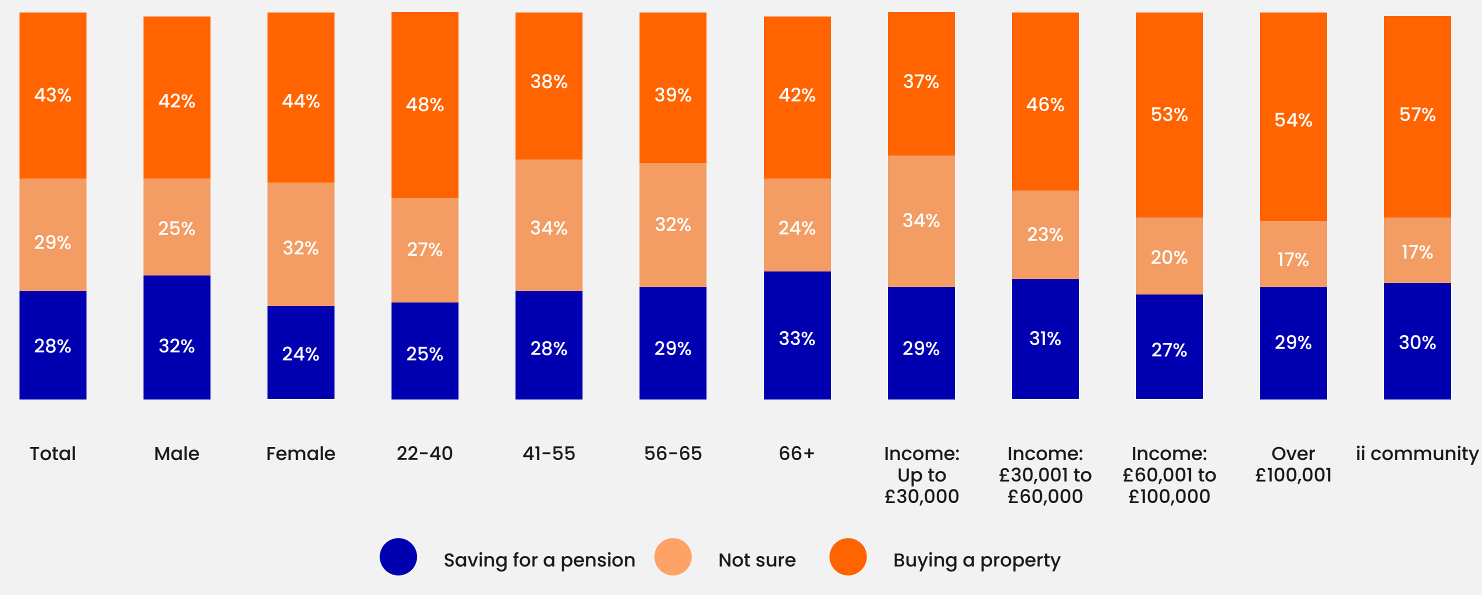
"By the time I retire I don't expect the state pension to exist anymore."

Property or pension?

Given the financial pressures facing young people, we asked respondents to identify what the primary focus should be – saving for a pension or buying a property.

The largest percentage (43%) told us buying a property should be a higher priority than saving for a pension, with 28% considering long-term retirement plans more important.

Which of the following do you believe should be the primary financial focus for young people?

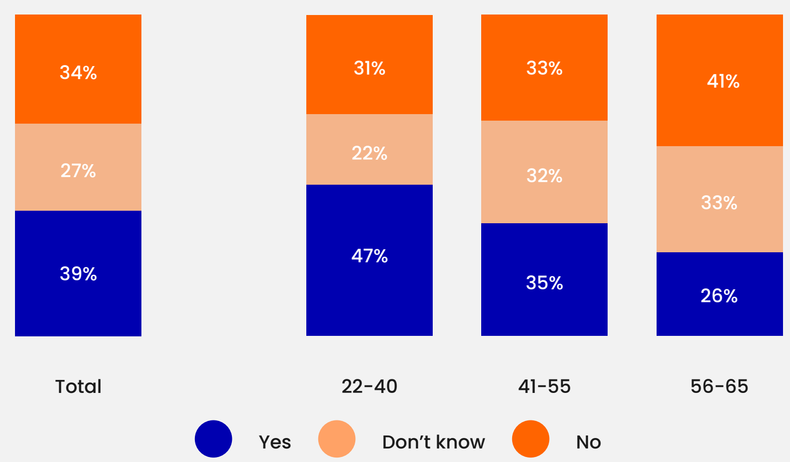


A considerable number told us they were not sure (29%). Men are more inclined towards pensions (32%) than women (24%). Young people themselves tend more towards property (48%), as do wealthier households (54%) and the interactive investor community (52%).

Impact of debt on savings

We also asked whether respondents would pay more into a pension if they did not have debt to repay. The responses showed debts are having a much greater effect on young people's pensions savings, with 47% of those aged 40 and under saying they would save more without the impact of debt repayments.

Would you choose to pay more into your pension if you didn't have debt to repay?



Parents helping children with property

Rising property prices are not only having an impact on the finances of young people. Parents are increasingly stepping in to help out with deposits, potentially to the detriment of their own financial position.

One in five (21%) of parents with adult children have helped them buy property by giving them money for a deposit as a gift. 6% have given them a loan, and a further 2% have acted as guarantors.

The average amount given is £18,400, with this varying regionally from an average of £8,900 in Northern Ireland to £24,500 in London.

A far greater percentage of parents has helped within the interactive investor community. 51% have given a gift, 9% have given a loan, and 3% have acted as guarantor. The average amount given is also higher, at £28,700.

This is not a phenomenon restricted to the wealthiest families. 17% of parents with household income of less than £30,000 have given a gift, while 5% have given a loan – with the average amount given £15,500. In other words, they have given half a year's income to help out loved ones. These sums could be having a significant impact on the savings of parents.

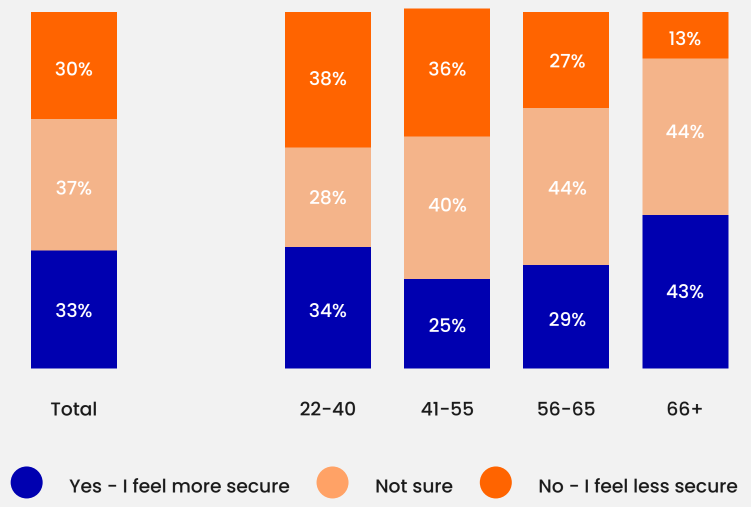
Have you helped adult children onto the property ladder?

	Population	Population household income				ii community
	Total	**Up to £30,000**	**£30,001 to £60,000**	**£60,001 to £100,000**	**Over £100,001**	**Total**
Average amount given	£18,400	£15,500	£18,800	£23,000	£25,800	£28,700

Generational differences

Young people are more likely to feel less secure than their parents did at their age. 38% of those aged under 41 told us they feel less secure, compared with only 13% of those aged 66 and over. Things have improved between generations for pensioners, but the same cannot be said for younger people.

Do you feel more financially secure than your parents felt at your age?



Key points to consider for policymakers – GBRS 2022

We hope the findings in this year's survey are useful to policymakers as well as interesting to everyone investing for their retirement.

Below, ii outlines the key areas where it believes real change is needed.

You might not agree with all our recommendations, and we certainly don't claim to have all of the answers. But we hope to inspire some debate and drive at least some change from Government and policymakers.

We are unequivocal advocates of pensions freedom. But we see in our analysis, and research elsewhere, the seeds of a future crisis.

Protecting retired incomes benefits health

The link between having a decent income and overall health is clear from this year's survey. Preserving the triple lock could therefore have knock-on benefits to health policy. While recent economic volatility has exposed the flaws in a guarantee that is linked to 'the highest of' inflation, wages or 2.5%, reforming the way the triple lock is applied, to a smoothed measure, rather than focusing discussions on its removal, could have knock on benefits to NHS spending. Insufficient retirement income should be regarded as a health risk in policy discussions. We believe the positive spin-offs from maintaining the state pension triple lock are numerous and it should be maintained.

Earlier state pension entitlement for those with age-related ill health that prevents them from working

There is regional inequality in life expectancy, strongly linked to disparities in income levels and health in different parts of the country. As we await the independent review of the state pension entitlement age, amid plans to increase it to 68, we think the Government should also consider introducing earlier state pension entitlement for those with age-related health problems. The average healthy life expectancy is 63. While many will be fit and able to continue working and making private provision for their pension until far later and this should be encouraged, those that are not are currently penalised.

Flexible working arrangements important for older people, too

It's clear that when older people feel able to carry on working around other commitments and their own health, they do. A government consultation to make work flexible by default appears to have stalled, with no conclusion published on a consultation that closed in Autumn 2021. Our survey suggests the results of this bill could be vital for older people trying to shore up later life finances and we urge the new Government to revive it quickly.

Scrap the Money Purchase Annual Allowance

In a non-linear retirement world, reducing the amount that people are able to pay into their pensions to £4,000 a year once they have started to withdraw taxable income from their pensions appears draconian. It penalises those who part-retire, then choose to go back to work later on. We urge a re-think on this, to allow people who work well into their 60s but have at some point taken some taxable income from their pension to maximise their living standards when they eventually give up work completely.

Pension education

We are ten years on from auto-enrolment into workplace pensions, so we would expect higher awareness of pensions than the findings of this survey have uncovered among the general population. This lack of engagement and understanding suggests policy failures.

Our survey unequivocally demonstrates that many savers' retirement pots are being compromised by simply 'not knowing' enough about them. This needs to be addressed via suitable policy initiatives, involving providers and employers.

- Financial education plays a crucial role. ii remains frustrated by the clear lack of financial capability in the UK – and as the levelling-up agenda is a long-term commitment from the Government, it is time to give personal finance lessons the priority they deserve. As the cost-of-living continues to surge, the need to equip young people with the financial tools and literacy to navigate this difficult environment is clearer than ever.
- Pension education should form part of the personal finance curriculum. Having an understanding of pensions at an earlier age could make a big difference to retirement outcomes.

We believe pensions is an important gap in the curriculum and even teaching just the basics, such as how investment growth works over decades and how tax relief works, would give people the foundations to learn more throughout their lives, building financial confidence and resilience. We must move from a place of assuming young people don't want to think about their future finances to assuming that they do. This mindset shift around pensions among those in charge of distributing them, from employers to providers, would be powerful.

No more jargon!

- It is evident that there is a need for much clearer language, as well as unbiased, non-salesy information.
- We are hopeful that the Financial Conduct Authority's 'Consumer Duty' regulations, in force from July 2023, will provide the opportunity to work towards better customer understanding through more accessible and engaging language and that this will benefit retirement outcomes in particular.
- ii continually campaigns for less use of jargon/overly complex language when it comes to a variety of areas within investment – as it is simply a needless barrier for retail investors across the board.

'Wake-up' packs

- We support the FCA's introduction of 'wake-up' packs to help consumers receive timely, relevant, and adequate information about the retirement options to enable them to make an informed decision about accessing their pension savings.
- However – we think there is a strong case for wake-up packs to be distributed at intervals or 'key life stages', such as the birth of a first child, not just at age 50 and at key retirement dates. We believe the FCA needs to bring these in much earlier and more regularly, to ensure people are reminded to check their pension and plan for their retirement savings earlier. They should also be audience-targeted to improve engagement.
- These include a one-page headline document, setting out the options for people, such as moving between funds, consolidating or increasing contributions, at different stages of their retirement journey.
- They could be invaluable for those going through adverse life events too, such as divorce, for example, to help ensure both parties do not find themselves short-changed at retirement. Audience-targeted packs could also prove useful to young adults who have started their first job after finishing university, because the sooner you begin saving, the more time your money has to grow.

Social media's role in financial decision making

- Many savers use social media as a means of information gathering on pensions – another reason why financial education earlier on – to sort the good information from the bad – is so important.

- Scams and schemes remain a significant risk for those following misleading advice on unpoliced social media. For us, there is still a crucial regulatory concern – and we support the efforts made by the FCA when it comes to promotions on websites and social media outlets which may breach FCA rules.

Sustainability

When asked whether all pensions should be invested sustainably – 41% of our general respondents said they should. This is a significant statistic which should not be overlooked.

Investors should have more transparency over their pensions so that they can make the choices that fit their personal preferences when it comes to sustainable investment. Moves to improve the ability to switch between equally appropriate funds or providers would also help to support messaging around sustainable pensions. The idea of making your pension being sustainable is empowering; however, often, the reality of trying to do it is challenging.

- More transparency could also inspire contribution boosts: clear lists of fund holdings as well as information about the companies within a pension fund would help overcome the abstract nature of pensions and encourage more regular interaction.
- We also want to emphasise the importance of clear, accurate and more cohesive product sustainability labelling across the industry and across product providers. This is something ii called for in its response to the FCA consultation on ESG labelling earlier this year. Although this has indeed been a key focus of the regulator, we are yet to see any meaningful action.

Younger workers and passing pension wealth through the generations

- Pessimism among younger respondents of the survey came through loud and clear; it is no surprise given the current cost of living. As a result, we are concerned that younger workers' important retirement savings are being pushed onto the back burner. More immediate costs, and debt, take priority – as does saving for a first property, which is becoming increasingly out of reach for so many.
- The Bank of Mum and Dad, and Grandma and Grandad, is active in lending to buy first homes, sometimes using their own retirement funds to help, they are not active about paying into their younger relatives' pensions. When it comes to building up a pension pot, we are mainly on our own, with no intergenerational assistance for this particular asset. As tapping pensions early becomes harder to justify given inflation and a difficult stock market, many older people may turn to equity release to help their children or grandchildren buy. The strain the housing market is putting on pension provision, financial security and inheritance prospects is immense and more incentives to downsize could be a way to free up extra cash for both the newly retired and their children.
- Encouraging the older generations who wish to give living inheritances to consider boosting the pensions of the older young (those who have already made it onto the ladder, perhaps) may also be a gift that keeps on giving. The favourable tax treatment of defined contribution pensions for inheritance purposes has come under scrutiny, but this is a feature of defined contribution pensions that we believe is important and needs to be retained.

If you have any questions about the interactive investor Great British Retirement Survey, please contact Jemma Jackson, Head of PR, interactive investor jemma.jackson@ii.co.uk