

# Planning for Retirement: the pensions knowledge gap and attitudes to working longer

September 2023

Improvements to long-term life expectancy and an increasing state pension age has made planning for retirement more important than ever. Having good knowledge of pensions and an understanding of different potential pathways to retirement makes people better equipped for important decisions about their financial security later in life.

This report presents evidence on whether adults in the United Kingdom (UK) are sufficiently informed about issues regarding retirement, including knowledge and understanding of pensions issues (including state pension, workplace and private) as well as their expectations about retirement, their working patterns in the years approaching retirement and about continuing to work after retiring from their main job.

## About the research

This report was authored by Natalie Maplethorpe, Victoria Ratti and Imogen Stevenson from the National Centre for Social Research (Natcen). Phoenix Insights commissioned Natcen to undertake the research for this report with the following objectives:

1. Provide evidence on people's preparedness for retirement by examining knowledge on pension issues and use of workplace and private pensions
2. Gain an understanding on people's expectations for retirement and if/how these have changed in recent years.

3. Contribute to the evidence base on potential incentives that might encourage longer participation in the labour market.

The report analyses data collected from the British Social Attitudes (BSA) 2021 survey<sup>1</sup>, and specifically questions on pensions and retirement funded by the Department for Work and Pensions (DWP). In 2021 the topics funded by DWP included:

- Knowledge of pension issues, including workplace and private pension funds.
- Expected retirement age
- Flexible working arrangements in the run up to retirement
- Working after retirement

These questions were asked on a randomly selected half of all those who took part in the BSA 2021 survey which included 3,075 respondents. All analyses have been weighted to ensure that the findings are generalisable to the UK population.

Descriptive statistics were conducted to explore the attitudes around pensions and retirement expectations. Cross-tabulation analyses were conducted to explore the association between attitudes towards pensions and retirement and various socio-economic characteristics.

## Summary of key findings

### Pensions Knowledge

- Informal sources such as family and friends were the most commonly reported sources of information about retirement and pensions, with people more likely to draw on them than formal sources such as government, employers, or pension providers
- 58% of respondents reported low confidence in their knowledge of pensions. Over a quarter of respondents (28%) stated that they knew little or nothing about pensions and just 11% reported having good knowledge of pensions issues.
- Sex, age and income were all statistically significant predictors of reported pension knowledge, Men were 1.4 more likely than women to report good knowledge of pension issues, those aged 55+ were 2.7 more likely than those aged 18-34, and people in the highest income bracket were 3 times more likely than people on the lowest income bracket to report good knowledge of pensions.

<sup>1</sup> BSA is a cross-sectional annual survey which has been running since 1983. Each year it asks a random sample of adults in the UK about their attitudes on a wide range of topics including social, political and moral issues. As per conventional BSA reporting standards any "Don't know" or "Refusals" are not presented in tables or charts but are included in the base size. This may mean that the percentages presented do not add up to 100%.

Workplace Pensions	<ul style="list-style-type: none"> <li>• 65% of respondents said they knew little or nothing about workplace pensions.</li> <li>• Despite people reporting poor knowledge of workplace pensions, most employees (78%) agreed that regularly saving into a workplace pension was something they were used to doing. This highlights the importance of default saving mechanisms such as Automatic Enrolment.</li> <li>• 90% of employees in the highest income bracket said they regularly saved into workplace pensions, compared to 57% of those on the lowest income bracket</li> </ul>
Private Pensions	<ul style="list-style-type: none"> <li>• 60% of people said they knew little or nothing about private pensions</li> <li>• Compared to workplace pensions a lower proportion of people regularly saved into a personal private pension with only 38% of people saying that they did so.</li> <li>• A strong relationship was observed between income and contribution to a private pension, with those on higher income being more likely to regularly save into a private pension</li> </ul>
Working up to & in Retirement	<ul style="list-style-type: none"> <li>• When asked what employers could do to encourage people to work longer before retiring, the most popular responses were being able work to part-time (59%) or work flexible hours (58%)</li> <li>• Women were twice as likely as men to take up part-time work in the three years leading up to their retirement, with 26% of women reporting they had reduced their hours compared to only 13% of men.</li> <li>• Half (50%) of all of working respondents believed they would be likely to do further paid work after retiring from their main job - decreasing only by 4pp. from when the question was first asked in 2004.</li> <li>• Those in the highest income band were more likely to expect to work post retiring from their main job, with 61% saying they expected to do so compared to less than half (43%) of those in the lowest income bracket</li> </ul>
Expected vs Actual Retirement Age	<ul style="list-style-type: none"> <li>• Most people expected to retire from their main job in their 60s and the average age people expected to do so was 65, which is below the current state pension age of 66</li> <li>• Just over half (51%) of people expected to retire before state pension age.</li> <li>• When looking at the actual retirement age of those who have left the labour market there had been a steady increase in those retiring at an older age. In 2019, 14% of those who had retired, had done so after 65, increasing to 19% in 2020 and to 24% in 2021.</li> <li>• The average retirement age of already retired respondents was 62. This is lower than the average expected retirement age of those who were still working (65)</li> <li>• 37% of people expected to retire one to five years later than they had planned five years prior</li> </ul>

# 1. Knowledge of Pensions

## Background

Data from the latest Census showed that there are 11.1 million people in the UK over the age of 65; this figure has been steadily increasing and is expected to continue to do so in the future. The 2021 Census revealed that the proportion of people aged over 65 for the first time exceeded the proportion of children aged 15 or under (ONS, 2023a).

According to the Office of National Statistics (ONS) there are over 1 million people aged 65 and over that are still participating in the labour market. The data show that the proportion of people aged 65 and over still in employment has been increasing at a steady rate, rising from 5.1% in 2001, 8.7% in 2011 to 10.7% in 2021 (ONS, 2023b)

Nevertheless, the vast majority of people will retire by the time they reach State Pension Age (SPA). Since 2011, with the introduction of the 2011 Pension Act, women's retirement age has been brought in line with that of men and the current SPA for both sexes is 66, however there is no longer a default retirement age as people can continue to work beyond that age. The SPA is expected to increase further, and the current plan is to raise the pension age to 67 by 2028 and 68 by 2046 (Calver, 2022). As the population ages and people are increasingly living for longer it is important to understand whether people are thinking about and preparing for their retirement during their working lives, so that they will be able to enjoy financial security as they withdraw from the labour market.

Results from BSA show that pensions constitute the main source of income during retirement age, with 42% of respondents who had fully retired at the time of interview stating that the State Pension constitutes their main source of income, followed by 39% saying workplace pensions constitute their main source of income and a smaller proportion (9%) saying that their retirement is primarily funded by their private pension.

But how much do people know about pensions during their working lives and does this differ by demographic characteristics?

## Knowledge of general pension issues

We asked people who had not yet retired which would be their main source for information and advice for retirement and pensions issues, and as can be shown in Table 2.1 informal sources such as family and friends were the most commonly reported sources of information about retirement and pensions. As these are not formal sources, the information received may be inaccurate and unreliable, and as we demonstrate in the next section of this chapter people are generally not confident when it comes to knowledge about pension issues. The most common formal sources that participants said they would turn to for information about retirement and pension issues were online websites such as Government websites or their own pension providers. Only 4% of respondents said they would use a face-to face or telephone options for information.

Source of information	%
Friends and family	18
Online with DWP \ Pension Service \ Gov.uk website	17
Pension provider	16
Financial advisor, bank or building society	14
Employer	14
Face to face\telephone with JobCentre Plus \ DWP \ Pension Service	4
MAPs (Money and Pensions Service)	4
Best buy information or comparison website	3
Other	2
None of these	6
Unweighted bases*	2260
Weighted bases	2352

\*All not retired respondents

The survey also asked people how knowledgeable they felt about pensions issues. Research suggests that both objective and subjective financial knowledge are predictors of sound financial behaviours (Lind, et al., 2020) and therefore it is reasonable to assume that people with better knowledge of pensions may engage in behaviours that will better prepare them for retirement.

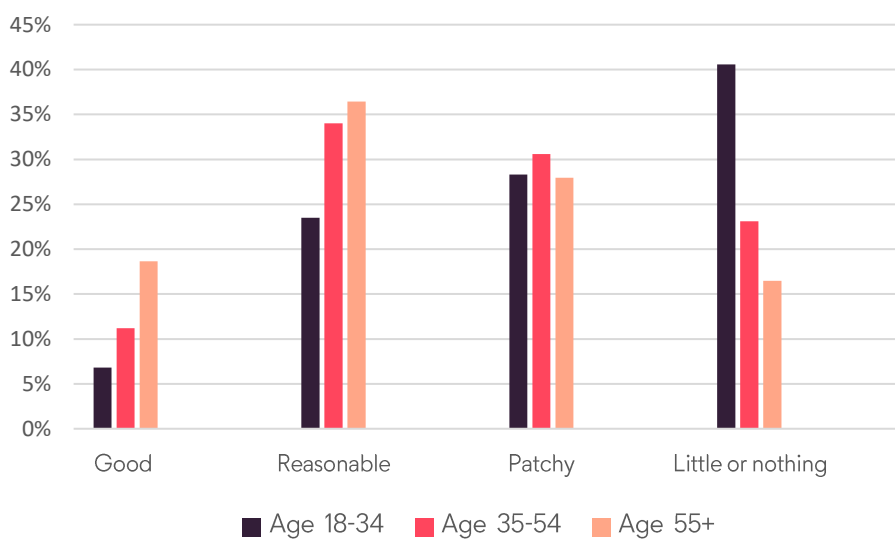
The results showed that 58% of respondents reported low confidence in their knowledge of pensions. Over a quarter of respondents (28%) stated that they knew little or nothing about pensions and just 11% reported having good knowledge of pensions issues.

Men were more likely than women to state they had at least some reasonable knowledge about pensions, whereas a higher proportion of women (33%) than men (24%) said that they knew little or nothing about pensions issues. This finding is not surprising as evidence shows that men generally report higher subjective financial knowledge than women (Lind et al., 2020). As we did not measure objective knowledge, we cannot confirm whether men and women's objective knowledge of pensions differed.

Younger people were less confident in their knowledge of pension issues and 41% of those aged 18-34 reported knowing little or nothing about pensions.

The proportion of people reporting that they knew little or nothing about pensions decreased as people got older and as can be seen in figure 2.1, less than a quarter of people aged 35-54 said they knew little or nothing about pensions and just 16% of the over 65s said the same. The inverse was also true, as people approached retirement age, they reported better knowledge of pensions compared to their younger counterparts. These results are consistent with findings from previous research and indicate that most people as they approach retirement age feel that they have at least some reasonable knowledge when it comes to pension issues (Butt, Ratti, Swannell, & Woolfe, 2022).

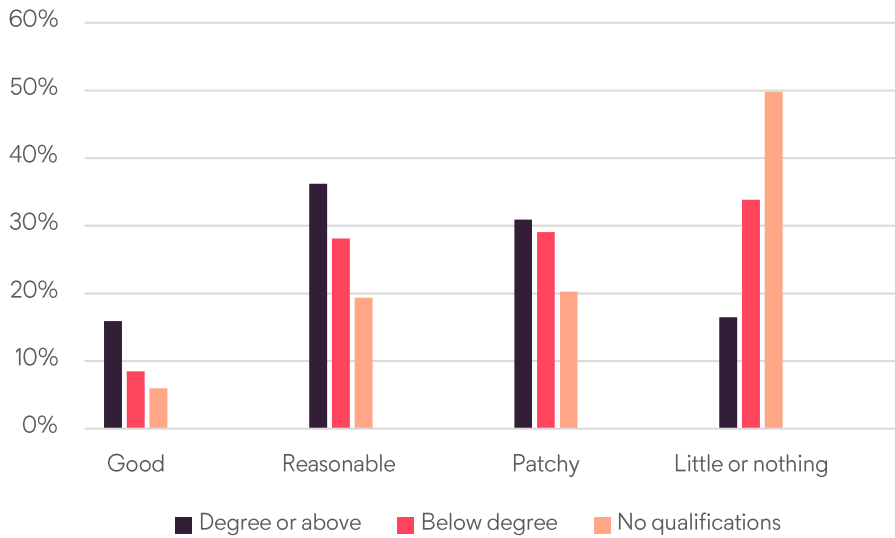
**Figure 2.1 Proportion of self-reported knowledge of pension issues by age groups**



Unweighted base: All not yet retired N=2,260

People's educational attainment also appeared to be related to their confidence in their knowledge of pension issues. A greater proportion (52%) of people with a degree or higher reported having at least some reasonable knowledge of pension issues compared to those with qualifications level lower than degree equivalent (37%) or no qualifications (25%). As shown in Figure 2.2, those with qualifications below degree level and those with no qualifications were more likely to report that their knowledge of pension issues was patchy or worse than those with a degree or higher level of education.

**Figure 2.2 Knowledge of pension issues and educational attainment**



Unweighted base: All not yet retired N=2,260

People on higher incomes were also more confident in their knowledge of pensions issues than those on lower incomes. Sixty-four per cent of those on the highest income bracket as categorised in BSA<sup>2</sup>, said they had reasonable or good knowledge about pension issues, compared to just 30% in the lowest income bracket. Nevertheless, even in the highest income bracket 11% said they knew little or nothing. This percentage however is much lower than those in the lowest income bracket that knew little or nothing about pension issues (45%).

**Figure 2.3 Proportion of self-reported knowledge of pension issues by monthly income**



Unweighted base: All not yet retired N=2,260

<sup>2</sup>On BSA respondents are asked about their gross total earnings before national insurance and income tax deductions. For the data analysis we categorised gross monthly income in four categories: a) less than £1,100 b) £1,101-£1,830 c) £1,831-£2,890 d) more than £2,980

It is worth noting that people in different income brackets reported some differences in the sources of information about pensions that they would use. For example, people in the highest income bracket were the most likely (24%) to say they would get information from financial advisors/bank or building society, compared to 14% of those in the next income bracket and just 8% in the lowest. This may suggest that people on higher incomes may have more access to people with sounder knowledge of pension issues than their counterparts on lower incomes, thus affecting their own knowledge of pension issues. On the other hand, over 1 in 4 (27%) of people in the lowest income bracket reported that they would use family and friends to get information about pensions compared to just 11% of those in the highest income bracket. Those in the lowest income bracket were also more likely (24%) than those in the highest income bracket (11%) to say they would go online for information.

The findings from the crosstabulations reported above were largely confirmed when running a binary logistic regression testing the independent effect of each predictor whilst controlling for the effect of the others. Logistic regression was used to analyse the relationship of people's demographic characteristics and the probability of having good knowledge of pensions. As well as sex, age, educational attainment and income, we also explored whether having a longstanding health condition affected people's knowledge of pensions and whether being in receipt of other benefits also showed any association with knowledge of pension issues. The results of the binary logistic regression confirmed that sex, age and income were all significant predictors of knowledge of pensions; the odds ratio suggested that there were also differences in knowledge of pension issues between people with different levels of educational attainment, however these were not statistically significant, but this may be due to a small sample size in the number of people with no qualifications (N=81). Whether people had a long standing mental or physical health condition or whether they were in receipt of other benefits did not appear to be associated with their knowledge of pensions issues (see Table 2.2).

The results of the logistic regression showed that men were 1.4 times more likely than women to report good knowledge of pensions issues. Older people aged 55 or over were 2.7 times more likely than those aged 18-34 to report good knowledge of pensions, and those aged 34-54 were 1.5 times more likely to report good knowledge of pension issues compared to the younger group. People in the highest income bracket were three times more likely than people on the lowest income bracket to report good knowledge of pensions. Confirming the findings of the crosstabulations, the logistic regression showed that both people with qualifications equivalent to degree or above were 2.2 times more likely than those without qualifications to report good knowledge of pension issues. Those without a degree were 1.5 times more likely to have good self-reported knowledge of pension issues than those with no qualifications. Nevertheless, due to the relatively small sample size of respondents without any qualifications these results must be interpreted with caution<sup>3</sup>.

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<sup>3</sup>For "Educational attainment"  $p > .05$ , however this is likely to be due to a small sample size in the number of people without qualifications



**Table 2.2: Logistic Regression to predict knowledge of pension issues**

	Coefficient	Standard Error	Odds Ratio	p-Value
<b>Age (RC: 18-34)</b>				
34-54	*0.42	0.14	1.53	0.004
55+	**1.01	0.19	2.72	0.000
<b>Sex (RC: Females)</b>				
Males	*0.33	0.12	1.39	0.009
<b>Monthly Income (RC:&lt;£1,100)</b>				
£1,101 - £1,830	0.21	0.23	1.23	0.369
£1,831 - £2,890	*0.48	0.23	1.62	0.039
£2,981+	*1.11	0.24	3.04	0.000
<b>Education (RC: No qualifications)</b>				
Lower than degree	0.40	0.45	1.50	0.368
Degree or higher	0.80	0.45	2.23	0.081
<b>Receipt of benefits (RC: receives benefits)</b>				
Does not receive tax credits or state benefits	-0.75	0.15	0.92	0.618
<b>Long-term health condition (RC: has condition)</b>				
No condition	0.27	0.15	1.31	0.088
Constant	-1.94			
<i>Unweighted base</i>	<i>1547</i>			

\*=significant at 95% \*\*=significant at 99%

## Workplace Pensions

So far, we have explored people's knowledge in relation to general pension issues. In this section we specifically look at workplace pensions.

It is now a legal requirement for employers to enroll qualifying employees into a pension scheme. This process is called auto-enrolment, and unless qualifying employees opt-out of the scheme, employers must make minimum contributions into employees' pension funds. To qualify for auto-enrolment one must be classified as a worker, be aged between twenty-two years old and state pension age and earn more than £10,000 (GOV.UK, 2023).

People's pension contributions during their working life will affect their retirement income, hence a good understanding of workplace pensions is important for retirement planning.

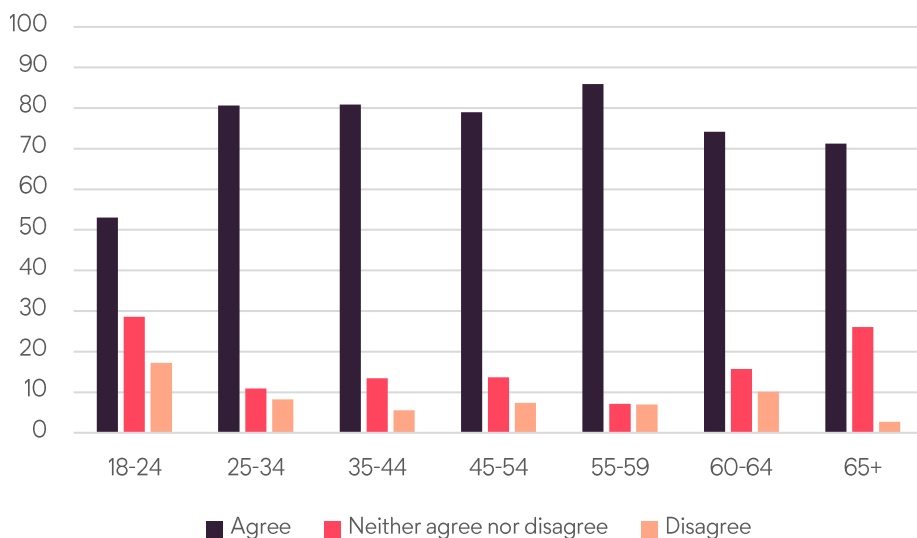
Generally, people had poor knowledge of workplace pensions with 65% of respondents saying they knew little or nothing about workplace pensions.

Despite people reporting poor knowledge of workplace pensions, most employees (78%) agreed that regularly saving into a workplace pension was something they were used to doing.

Minimal difference in regularly saving into a workplace pension was found between men and women.

Younger people were less likely to make regular contributions into workplace pensions than older people and, at least to a certain extent, this may be reflective of the fact that younger people are either not old enough to qualify for workplace pensions (qualifying age is 22 years old), or less likely to be in full-time employment than older people, or not be earning sufficiently to qualify for auto-enrolment. Figure 2.4 shows people's agreement with the statement "Regularly saving into a workplace pension is something I am used to doing" by different age groups.

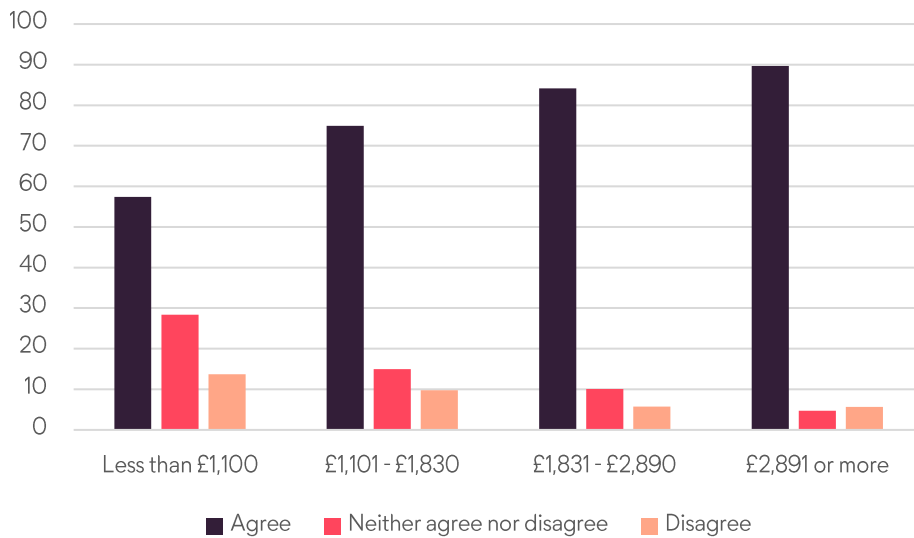
**Figure 2.4 Proportion of people agreeing/disagreeing that they are used to saving into workplace pensions by age groups**



Unweighted base: All in paid work as employees N=1,495

Employees on higher monthly incomes were more likely to be saving into workplace pensions than those on lower incomes. As shown in figure 2.5, 90% of employees in the highest income bracket said they regularly saved into workplace pensions, compared to 57% of those on the lowest income bracket. Figure 2.5 suggests a linear relationship between monthly income and likelihood of saving into a workplace pension, with those on higher incomes being more likely to regularly save into a pension scheme.

**Figure 2.5 Proportion of people agreeing/disagreeing that they are used to saving into workplace pensions by monthly income**



Unweighted base: All in paid work as employees N=1,495

## Private Pensions

On the BSA survey we refer to private pensions as personal pensions that people arrange for themselves, not including workplace pensions to which we referred in the previous section.

Firstly, we asked self-employed<sup>4</sup> people who had not yet retired how much they felt they knew about private pensions and the results echo those shown previously in relation to general pension issues and workplace pensions. Private pensions are likely to be important for self-employed people who are unlikely to be receiving a workplace pension from an employer. Generally, self-employed people report poor knowledge of private pensions with 60% saying they knew little or nothing about private pensions (see Table 2.3).

**Table 2.3 Self-reported knowledge of private pensions**

Knowledge of private pension	%
A lot	6
A Fair amount	19
Little	31
Nothing	29
Unweighted base	212*

\*Unweighted base= All in paid work on a self-employed basis

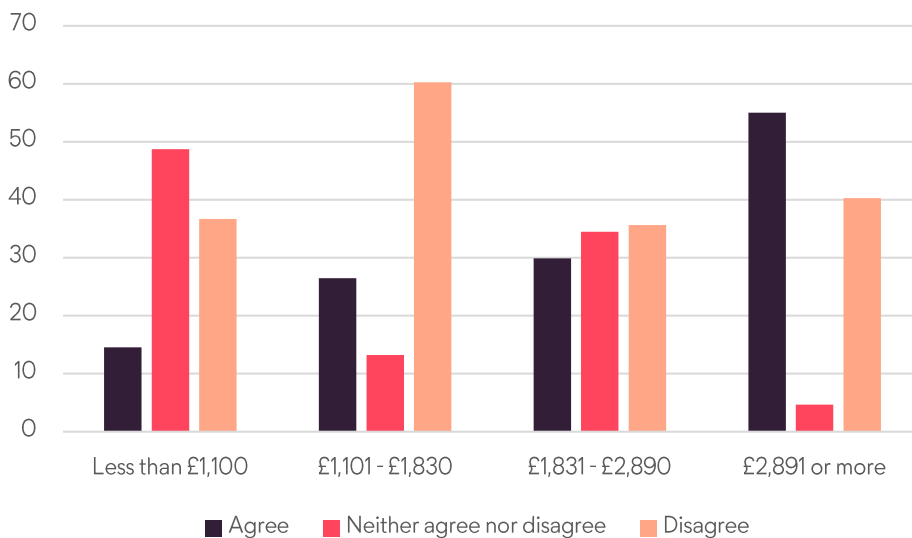
<sup>4</sup> On BSA only self-employed people (both with and without employees) were routed to questions about private pensions so the results may not be generalisable to all people participating in the labour market.

We also asked whether people were used to saving into a workplace pensions and found that compared to workplace pensions a lower proportion of people regularly saved into a personal private pension with only 38% of people saying that they did so.

These results support previous evidence showing that a much greater proportion of people save into workplace pensions than personal pensions. The Planning and Preparing for Later Life 2020/2021 survey for example found that whereas 85% of people over 40 regularly saved into workplace pensions, only 35% saved into a personal pension (Butt et al., 2022).

A strong relationship was observed between income and contribution to a private pension, with those on higher income being more likely to regularly save into a private pension (see Figure 2.6). These results suggest that a higher income makes it more affordable for people to save into a personal pension fund, and as a consequence they will also have a higher income post-retirement. Consistent with this assumption is the finding that whereas as many as 75% of those on the highest monthly income band said it would be easy for them to save into a private pension, only 40% of those in the next lower income bracket (£1,831- £2,980) reported so; The proportion of people regularly saving into a private pension is even lower for those on the lowest income bands, suggesting that for many people saving into a private pension fund may be unaffordable.

**Figure 2.6 Proportion of people’s agreement/disagreement with the statement that saving into a private pension is something they are used to doing.**



Unweighted base: all in paid work on a self-employed basis N=212

## Summary

In this chapter we showed that overall people do not feel confident about their knowledge of general pensions issues, including their knowledge of workplace pensions and personal private pensions.

Self-reported knowledge of pension issues was associated with various factors including sex, age and income which appeared to be the strongest predictors of people's perceived knowledge of pension issues. Men, older people and those on higher incomes were more likely to report having good knowledge of pension issues. It is however important to note that we did not assess people's actual knowledge of pensions but rather their perceived knowledge and therefore the differences observed between the various social groups may not also be present when considering people's actual knowledge of pension issues.

Despite poor self-reported knowledge of pensions, among people who participate in the labour market as employees, generally there is a large take-up of workplace pension scheme and people, with most people saying they regularly contribute to a workplace pension. Nevertheless, there are noticeable differences between groups and for example those on higher incomes are more likely to regularly save into workplace pensions.

Income was also a strong predictor of private pensions use with those on the highest income bracket being much more likely to regularly save into a private pension funds than those on lower income brackets, suggesting that saving into private pensions may not be affordable for many people.

From the results presented in this chapter it emerges that those in a better economic position during their working lives are also likely to be more advantaged during retirement as they are better equipped with the financial knowledge that will allow them to make better financial decisions, but also have more opportunities to save during their working lives which will mean better financial security as they leave the labour market.

## 2. Staying in the labour market longer

### Background

Figures from BSA 2021 show that only 8% of those aged over 65 were still active in the labour market. However, a rise in alternatives to the standard 9-5 job, such as flexible working, coupled with the increased SPA has meant there is scope for more fluid approaches to retirement and an expectation for people to remain in the workforce for longer.

Since the beginning of the Covid-19 pandemic, there has been an increase in economic inactivity largely driven by those aged over 50 exiting the workforce. Following this 'Great Retirement' there has been political interest in boosting workforce activity, targeting those aged 50-64 (DWP, 2022). There are benefits to keeping older people in the workforce, both for society as a whole and at an individual level. With an ageing population, it is valuable to keep older people active in the labour market simply due to demand for workers (House of Lords, 2022). Additionally, an older workforce can bring experience (OECD, 2020).

As with all people, an older person's well-being can be heavily dependent on economic and social status both of which can be gained from employment (Nagarajan and Sixsmith, 2023). Therefore, retention of older people in the workforce can be important to maintain individuals' well-being but also to provide individuals with the financial stability needed to sustain themselves in their later years.

This chapter considers potential incentives that may encourage people currently in work to remain in the workforce for longer before retiring and how these differ between those with different demographic characteristics. It will also explore whether those who had already retired made any changes to their approach to work in the years leading up to their retirement, and if so, in what ways.

## What could encourage working longer before retiring?

When asked what employers could do to encourage people to work longer before retiring, the most frequently mentioned answers were if they were to be able work to part-time (59%) or work flexible hours (58%) (Table 4.1). The least popular options were related to professional development, with just 17% of respondents reporting that being offered to update their skills or retrain for a new role would encourage longer working. There was little difference in responses between men and women though men were more likely to be in favour of all the strategies to encourage longer working compared to women.

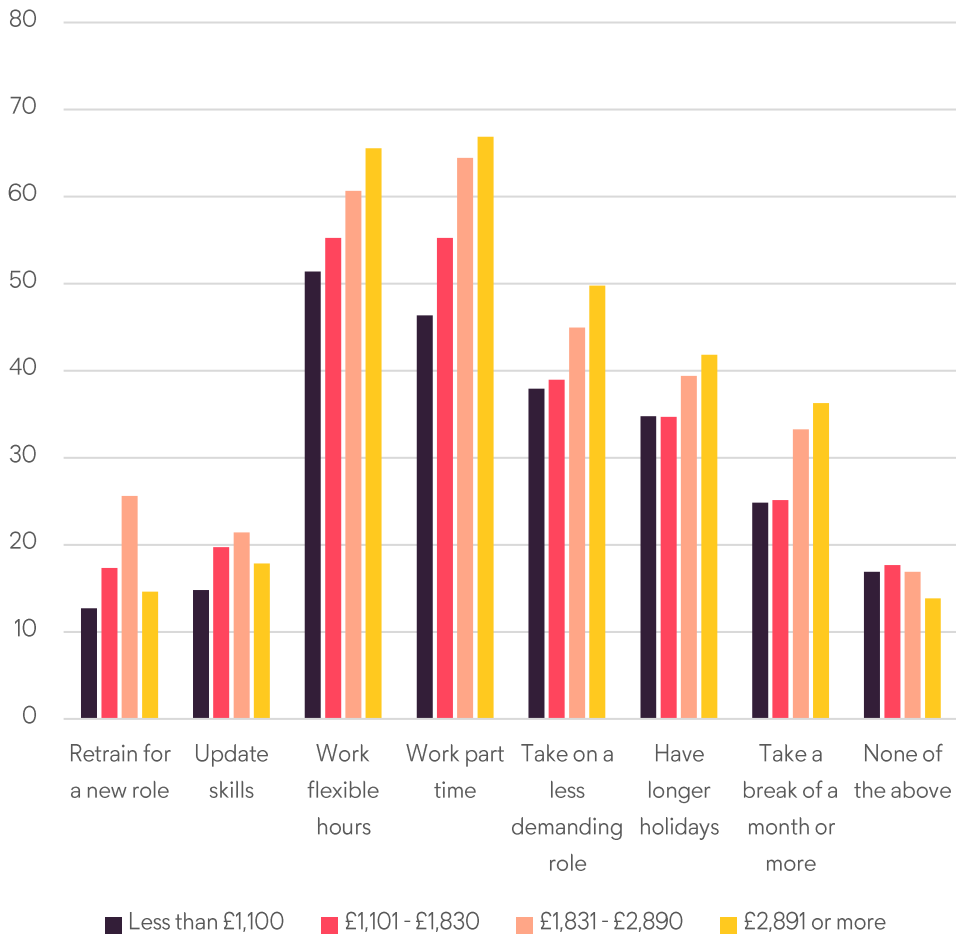
**Table 4.1 Changes employers could offer to encourage working longer before retiring.**

Changes to work	Women	Men	%
Work part time	57	60	59
Work flexible hours	58	57	58
Take on a less demanding role	38	46	42
Have longer holidays	36	39	37
Take a break of a month or more	28	31	29
Update your skills	18	20	19
Retrain for a new role	16	19	17
None of the above	17	16	17
Unweighted base*	900	669	1579
Weighted base	737	800	1546

\*All respondents in work as employees

Across all income bands, part-time work and working flexible hours were the most popular responses. Those in the highest income band showed the most interest in adopting different work patterns to encourage retiring later (Figure 4.1). Two-thirds of those in the highest income bracket said that working part-time would encourage them to work longer before retirement compared to only 46% of those in the lowest income bracket. This could be linked to higher job satisfaction of those on higher incomes or availability of more flexible work for those on higher income roles.

**Figure 4.1 What employers can do to encourage working longer before retirement by monthly income.**

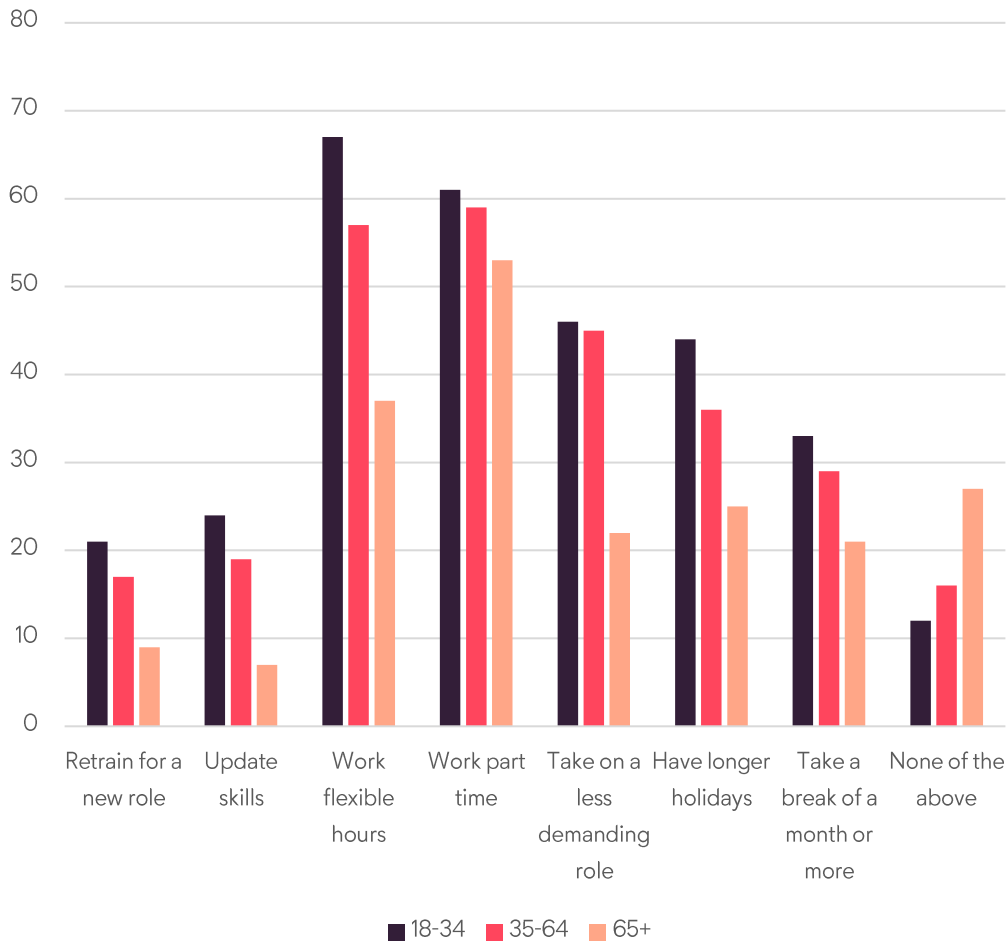


Unweighted base: All respondents in work as employees N = 1,579

Overall, as people approached typical retirement age they were less likely to be incentivised to stay in the labour market longer before retiring (Figure 4.2). Two-thirds (67%) of those aged 18 to 34 expressed interest in working flexible hours relative to 53% of those aged 35 to 64 and only 29% of those aged 65 and over. Of those aged 65 and over, 44% said that none of the given options would encourage them to work longer compared to only 12% of those aged 18 to 34.



**Figure 4.2 What employers can do to encourage working longer before retirement by age.**



Unweighted base: All respondents in work as employees N = 1,579

## Changes made to working arrangement leading up to retirement

Although it is clear that people were willing to work more flexibly or reduce working hours to extend their working lives before retiring, 58% of respondents who had already retired at the time of the survey reported changing their working patterns in the three years leading up to their retirement. Only a fifth (20%) of people transitioned from full-time to part-time work (Table 4.2). This could be due to employers not offering reduced hours, lack of knowledge that workers can request to work flexible hours or the limitations of working flexibly with some occupations (Butt et al, 2022). However, women were twice as likely as men to take up part-time work in the three years leading up to their retirement, with 26% of women reporting they had reduced their hours compared to only 13% of men.

**Table 4.2: Changes to work within the three years leading up to retirement.**

Changes to work	Women	Men	Total
Part-time work (less than 30 hours a week)	26	13	20
Reduced my hours (but worked 30 or more hours a week)	10	10	10
Working from home some or all of the time	5	6	6
Flexitime	3	5	4
Annualised hours (work same hours but counted over the year rather than a week)	1	2	2
Job sharing	2	0	1
Term-time only work	1	1	1
Compressed hours (same hours per week over fewer days)	16	17	1
Taking more unpaid leave	0	1	1
Other	2	5	4
None of these	54	63	58
Unweighted base*	417	419	837
Weighted base	370	338	710

\*All retired respondents

## Changes made to working arrangement leading up to retirement

Now that people may have longer lives post-retirement there has been a rise in the “unretired” with people who formally retired returning to work (Platts et al, 2019). Many factors can influence this including the need to keep active and financial considerations (Butt et al, 2022). This section will look at whether people who are still active in the labour market expect to work after retiring.

When asked “Do you think you are likely to do any further paid work after retiring from your main job?” in 2021 half (50%) of all of working BSA respondents believed they would be likely to do so (Table 4.3). The proportion of people that reported they would do further paid work after retiring has not significantly fluctuated over time, decreasing only by 4% from when the question was first asked in 2004.

**Table 4.3 Whether likely to do further paid work after retiring from main job, 2004-2021.**

<b>Likely to do further work</b>	<b>2004 (%)</b>	<b>2005 (%)</b>	<b>2008 (%)</b>	<b>2018 (%)</b>	<b>2019 (%)</b>	<b>2020 (%)</b>	<b>2021 (%)</b>
Yes	54	52	51	46	47	45	50
No	41	41	41	47	45	52	47
Don't know	6	7	8	7	7	3	3
Prefer not to answer	0	0	0	0	0	-	0
Unweighted bases*	1470	1404	1515	1128	1304	1966	1569
Weighted bases	1579	1508	1620	1257	1479	1985	1538

\*Respondents in work as employees

Of the 2021 BSA respondents, 53% of men reported that they were likely to do further paid work after retiring compared to 46% of women (Table 4.4). Age did not appear to have an association with people's expectations to work after retiring from their main job. Though those aged 65 and over were the least likely (23%) to express interest in working after retiring from their main job this could be attributed to the small sample size of those aged over 65 in paid work as an employee.

Income, on the other hand did have a correlation with expectations of taking up paid work (Table 4.4). Those in the highest income band were more likely to expect to work post retiring from their main job, with 61% saying they expected to do so compared to less than half (43%) of those in the lowest income bracket. It could be argued that there is more incentive to continue working for those on higher salaries, for example, to sustain a certain standard of living or to continue enjoying the personal and social benefits of work.

**Table 4.4 Whether likely to do further paid work after retiring from main job by sex, age and gross monthly income.**

	<b>Yes</b>	<b>No</b>	<b>Don't know</b>	<b>Prefer not to answer</b>	<b>Unweighted bases*</b>	<b>Weighted bases</b>
<b>Sex</b>						
Female (%)	46	49	5	0	896	733
Male (%)	53	44	2	-	663	795
<b>Age</b>						
18-24 (%)	39	58	3	-	83	128
25-34 (%)	52	44	4	0	425	440
35-44 (%)	49	48	3	-	394	374
45-54 (%)	55	42	3	1	350	344
55-59 (%)	53	43	4	-	172	143
60-64 (%)	43	55	2	-	105	76
65+ (%)	23	66	11	-	40	33
<b>Gross monthly income</b>						
Less than £1,100 (%)	43	55	2	-	172	181
£1,101 - £1,830 (%)	41	55	4	-	343	382

£1,831 - £2,890 (%)	54	43	2	-	442	413
£2,891 or more (%)	61	38	1	-	456	399

\*Respondents in work as employees

To corroborate the findings from the descriptive analyses, we conducted a binary logistic regression with whether the respondent expected to do additional work after retiring from their main job as the dependent variable.

The full list of independent variables included can be seen in table 4.5.

Overall, the findings from the logistic regression supported the findings from the cross-tabulation analyses for the income variable. The results from the logistic regression showed that those on higher incomes were more likely to expect to work after retiring from their main job, with those earning over £2,891 1.73 times more likely to do paid work after retiring from their main job compared to those in the lowest earning bracket.

In line with the findings of the crosstabulations the logistic regression showed that age was not significantly associated with the likelihood of working after retirement when controlling for other socio-economic characteristics.

The results of the logistic regression also suggested that whether people expected to retire later than they had thought previously or not, did not seem to affect their expectations of continuing to work post-retirement. Similarly, the likelihood of people continuing to work after retiring from their main job did not appear to be associated with their knowledge of pensions issues.

**Table 4.5 Logistic Regression: Likely to do paid work after retiring from main job.**

	Coefficient	Standard Error	Odds Ratio	p-Value
<b>Age (RC: 60+)</b>				
18-34	0.43	0.26	1.53	0.108
35-59	0.41	0.25	1.51	0.099
<b>Sex (RC: Females)</b>				
Males	0.11	0.14	1.12	0.437
<b>Monthly Income (RC:&lt;£1,100)</b>				
£1,101 - £1,830	-0.08	0.25	0.92	0.737
£1,831 - £2,890	0.37	0.24	1.45	0.132
More than £2,891	0.58	0.26	1.78	0.028*
<b>Education (RC: No qualifications)</b>				
Lower than degree	0.43	0.48	1.53	0.374
Degree of higher	0.51	0.48	1.67	0.287
<b>Receipt of benefits (RC: receives benefits)</b>				
Does not receive tax credits or state benefits	-0.22	0.16	0.80	0.168
<b>Long-term health condition (RC: has a condition)</b>				

Does not have a health condition	0.04	0.16	1.04	0.799
<b>Knowledge of pensions (RC: Poor knowledge)</b>				
Does have a good knowledge of pensions	0.19	0.14	1.21	0.168
<b>Retirement age expectations (RC: Does expect to retire later)</b>				
Does not expect to retire later than expected 5 years ago	-0.08	0.14	0.93	0.568
Constant	-0.957			
Unweighted base**	1336			

\*=significant at 95%

## Summary

This chapter revealed that if employers offered adaptations to working patterns in the lead up to retirement, people could be encouraged to work longer before retiring. The options to work fewer hours and more flexibly were consistently the most important factors in considering to stay in the workforce longer across sex, age and income bands. However, this was not mirrored in the experiences of those who had already retired with the majority of those stating that they made no changes to their work leading up to retirement. Nevertheless, the most common change those who has retired made to working before retirement was the transition to part-time work. It should be noted it cannot be determined that low take up of alterations to work is linked to attitudes of employees or lack of options to change working patterns from employers.

Irrespective of expectations around working longer people are split on whether they are likely to work after retiring from their main job. However, income serves as an important predictor with those on the highest incomes the most likely to expect to work post-retirement.

# 3. Expected Retirement Age

## Background

With an ageing population, an increasing State Pension Age (SPA) and the rising cost of living there is a growing requirement for people to remain in the workforce for longer (Cribb and O'Brien, 2022; Harari et al, 2023). Furthermore, with the abolition of the Default Retirement Age people have more choice about when to retire.

The purpose of this chapter is to explore the expected retirement age of people who were still active in the labour market at the time of the survey as well as any changes to those expectations. This chapter also looks at what could be driving changes in expected retirement age and how these expectations may differ between people with varying socio-economic characteristics.

## Expected Retirement Age

Respondents were asked two questions regarding expected retirement age, the first asking the general age they expect to retire i.e. "In your 60s", and then a follow up of the exact age. Most people expected to retire from their main job in their 60s and the average (median) age people expected to do so was 65, which is below the current SPA of 66<sup>5</sup>. (Figure 3.1). Overall, just over half (51%) of people expected to retire before State Pension age.

Since the question "When do you expect to retire from your main job?" was first asked in 2004, the majority of respondents who had not yet retired consistently reported that they expected to retire in their 60s. Nevertheless prior to 2010 more people expected to retire in their 50s than in their 70s. For example, in 2004, 22% of people expected to retire in their 50s compared to only 4% that expected to retire in their 70s. In 2010 equal proportions of people expected to retire in their 50s and 70s (10%) and from 2011 onwards a higher proportion of people reported that they expected to retire in their 70s compared to the proportion of people who expected to retire in their 50s. In 2021, 17% of people expected to retire in their 70s compared to only 9% that expected to retire in their 50s.

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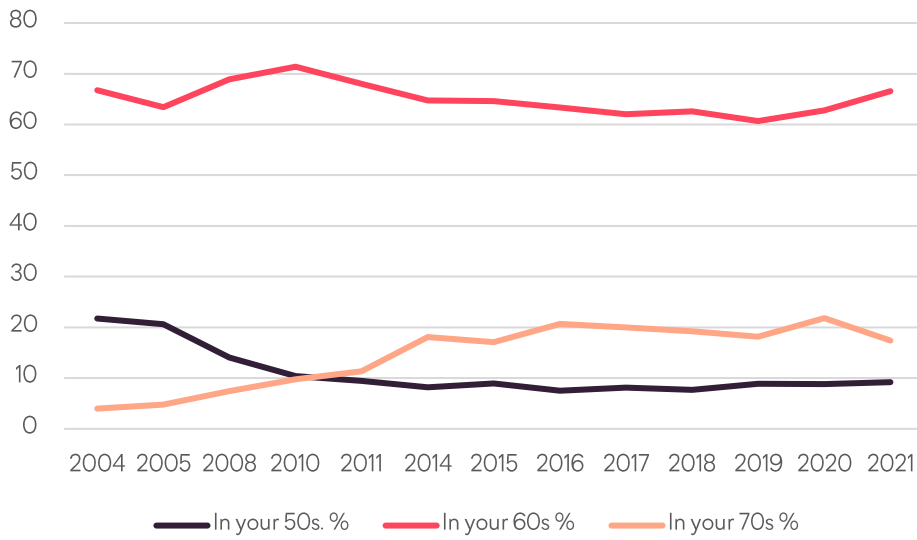
<sup>5</sup> Currently for those reaching SPA it is 66. For those born after 5 April 1960 it is 67 and those born after 6 April 1978 it is 68. More information <https://www.gov.uk/state-pension-age>

It is plausible to attribute this change in expected retirement age, at least in part, to the scrapping of the Default Retirement Age in 2011, under which employers were able to retire workers at the age of 65.

Other factors that may have contributed to changes in expected retirement age over time could be increased life expectancy, the rising state pension age, a move away from defined benefit or final salary pension schemes, increased cost of living and government campaigns promoting a longer working life.

As shown in figure 3.1, since 2014 there has been little variation in people's expectation about their retirement age.

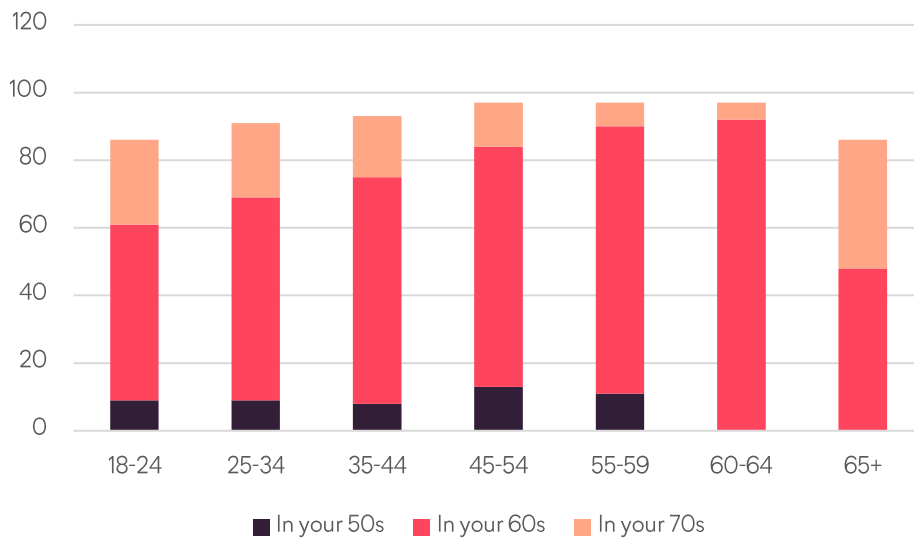
**Figure 3.1 Expected retirement age by year.**



There was very little difference between the expected retirement age of men and women, similarly, being in receipt of benefits or having a long-term health condition did not appear to be associated with expected retirement age.

Nevertheless, there appeared to be an association between current age and expected retirement age. The proportion of people expecting to retire in their 70s generally decreased as people got older. As can be seen in Figure 3.2, a quarter of all 18 to 24 year-olds expected to retire in their 70s as opposed to just 5% of those aged 60-64. The proportion of people expecting to retire in their 70s increased to 38% for those aged 65+, however this is most likely to be reflective of the base, as many of those in the 65 and over group will have been nearing or already have been in their 70s at the time of the survey. The fact that younger people were more likely to expect to retire later than their older counterparts could be linked to the continuing increase in SPA. As the SPA will increase to 68 by 2046, those aged 18-24 may anticipate further increases to the SPA, potentially influencing their expectations of retirement in their 70s. The ongoing rise in living costs and an expectation that people will have to work longer to maintain a certain standard of living, may also be factors influencing younger people's expectations about their future retirement age.

**Figure 3.2 Expected retirement age by current age.**

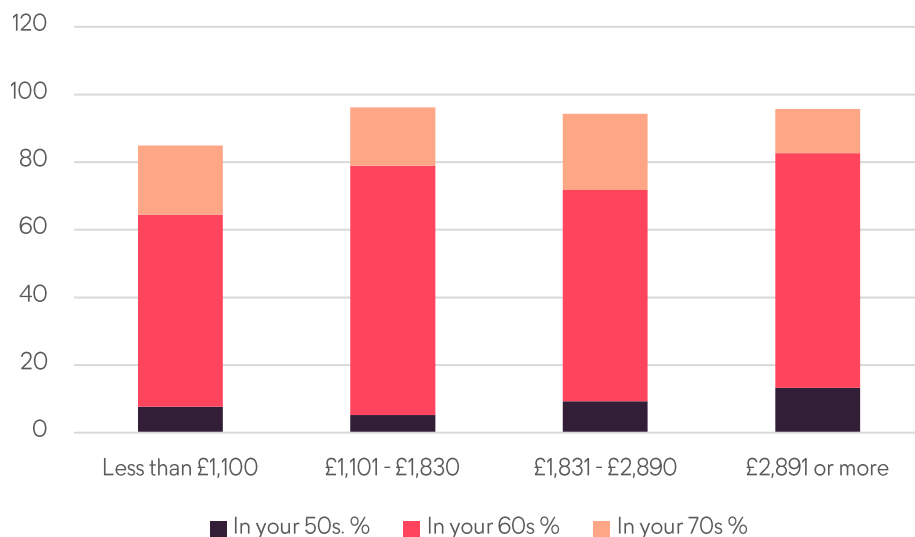


Unweighted base: All respondents in work 2,260

Overall, there was no clear relationship between expected retirement age and current gross monthly income (Figure 3.3). Those who were in the highest income bracket were the mostly likely to expect to retire in their 50s (13%), however they were equally as likely to expect to retire in their 70s. Conversely, those in the second highest income bracket had the highest proportion of those expecting to retire in their 70s (23%). It is important to note that previous research has demonstrated an established relationship between age and income, which rises steeply between people's 20s and 30s and then starts to plateau until their 50s, after which point after a further increase, it starts to decrease as people approach retirement (ONS, 2019). As shown in Figure 3.2 age appears to be a strong predictor of retirement age, so it is important to consider that the relationship observed between income and expected retirement age may be confounded by the relationship between expected retirement and age.



**Figure 3.3 Expected retirement age by current monthly income.**



Unweighted base: All respondents in work as employees N=1,579

## Actual retirement age

When looking at the actual retirement age of those who have left the labour market there had been a steady increase in those retiring at an older age. In 2019, 14% of those who had retired, had done so after 65, increasing to 19% in 2020 and to 24% in 2021 (Table 3.1). The average (median) retirement age of already retired respondents was 62. This is lower than the average (median) expected retirement age of those who were still working (65). The difference between actual retirement age and expectations of those who have not retired from their main job, however, does not indicate that people were being overly pessimistic about when they expected to retire but may have been reflective of real-world changes such as increased SPA.

**Table 3.1 Age of retirement, 2019-21.**

Age of retirement	2019 (%)	2020 (%)	2021 (%)
Below 65	73	69	65
65	14	12	11
Above 65	14	19	24
<i>Unweighted base</i>	1015	1089	852
<i>Weighted base</i>	762	933	723

## Changes to expected retirement age

The BSA survey asked respondents whether, in the last 5 years, they had changed when they expected to retire. Of those asked, 37% of people expected to retire one to five years later than they had planned five years prior. Of these people 70% said this was due to changes in SPA and 33% said this was due to being unable to afford retire at the age they planned to. Just over half (53%) expected to retire at the same and only 8% stated they expected to

retire earlier than they expected five years ago. Around half of respondents cited they were able to retire earlier because they could afford to.

The cross-tabulations analysis did not reveal any demographic trends with changes to expected retirement age, as shown in Table 3.2. Around half of all respondents irrespective of sex, age or current monthly income had not changed when they expected to retire in the last 5 years. Similarly, people were more likely to state they now expected to retire later than they expected five years before than to expect to retire earlier, regardless of demographic characteristics. Self-reported knowledge of pensions appeared to be associated with expected changes to people's retirement age.

To confirm whether any of the demographic characteristics described above were independently associated with changes to expected retirement age in the last five years we conducted a logistic regression. The full list of variables included in the model can be found in the appendix (Table A2).

**Table 3.2 Whether changed expected retirement age in the last 5 years.**

	No change (%)	Expects to retire earlier (%)	Expects to retire later (%)	Unweighted bases	Weighted bases
<b>Sex</b>					
Female	52	6	40	887	726
Male	54	10	34	661	791
<b>Age</b>					
18-34	55	6	38	504	561
35-59	52	10	36	910	857
60+	50	7	41	144	109
<b>Monthly Income</b>					
Less than £1,100	52	7	35	171	180
£1,101 - £1,830	55	7	37	341	381
£1,831 - £2,890	53	5	40	442	413
£2,891 or more	49	12	37	454	397
<b>Knowledge of Pensions</b>					
Good knowledge	54	11	34	738	696
Poor knowledge	52	5	39	810	824

The regression confirmed the results from the cross-tabulation analysis: there was no independent association of any of the socio-economic variables when controlling for the effect of other variables.

Nonetheless, there did appear to be an association between changes to expected retirement age and self-reported knowledge of pension issues. The likelihood that someone would expect to retire later than they expected five

years ago was 1.4 times higher for those who claimed to have a poor knowledge of pensions than those who claimed to have good knowledge of pensions. This could indicate that there is a link between pension knowledge and how prepared someone is for retirement. Those who had a better knowledge of pensions were more likely to have realistic expectations for retirement and thus did not need to make changes to their expected retirement age.

## Summary

This chapter highlighted that generally the age at which people expect to retire has been increasing over time and this is reflected in the reality as the proportion of people retiring after the age 65 has been increasing.

Over time, there has been an increase in the proportion of people expecting to retire in their 70s and a decrease in the proportion of people expecting to retire in their 50s, although these have been relatively stable since 2014. Current age had the strongest relationship with expected retirement age as the proportions of those expecting to retire in their 70s decreased as age increased from 18 to 65.

Expecting to retire later than previously planned was not associated with socio-economic characteristics but was associated with people's own perceptions of their knowledge of pensions. Those reporting poorer knowledge of pension issues were more likely to have changed their expectations about their retirement to later than previously thought. Changes to SPA was the most commonly reported reason for people's changing expectations about retirement age.

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## Appendix

The sample composition for BSA 2021 versions 7-12 is described in Table 1 below

**Table A1. Sample composition BSA 2021 Version 7-12**

<b>Variable</b>	<b>N</b>	<b>%</b>
Sex		
Female	1522	49.5
Male	1530	49.8
Age		
18-24	326	10.6
25-34	557	18.1
35-44	497	16.2
45-54	496	16.1
55-59	257	8.4
60-64	221	7.2
65+	718	23.3
Education		
Degree or above	1091	35.5
Below degree	1730	56.3
No qualifications	231	7.5
Monthly income		
Less than £1,100	222	12.7
£1,101 - £1,830	413	23.6
£1,831 - £2,890	435	24.9
£2,891 or more	441	25.3
Employment Status		
Not in paid work	1377	44.8
In paid work	1687	54.9
Nature of employment		
An employee	2554	83.1
Self-employed with employees	75	2.4
Self-employed / freelance without employees	297	9.7
I have never had a job	127	4.1

**Table A2 Logistic Regression: Expecting to retire later than expected 5 years ago.**

	Coefficient	Standard Error	Odds Ratio	p-Value
<b>Age (RC: 18-34)</b>				
35-59	0.01	0.146	1.005	0.972
60+	0.34	0.251	1.403	0.178
<b>Sex (RC: Females)</b>				
Males	-0.24	0.140	0.788	0.089
<b>Monthly Income (RC:&lt;£1,100)</b>				
£1,101 - £1,830	0.06	0.237	1.061	0.804
£1,831 - £2,890	0.21	0.241	1.237	0.378
More than £2,891	0.16	0.257	1.177	0.526
<b>Education (RC: No qualifications)</b>				
Lower than degree	0.75	0.452	2.116	0.097
Degree of higher	0.84	0.460	2.310	0.069
<b>Receipt of benefits (RC: receives benefits)</b>				
Does not receive tax credits or state benefits	0.18	0.159	1.196	0.259
<b>Long-term health condition (RC: has a condition)</b>				
Does not have a health condition	-0.25	0.155	0.778	0.105
<b>Knowledge of pensions (RC: Good knowledge)</b>				
Does not have a good knowledge of pensions	0.33*	0.137	1.397	0.015
constant	-1.374			
<i>unweighted base**</i>	<i>1368</i>			

\*=significant at 95%

\*\*Respondents in work as employees

**Table A3 Changes to work within the three years leading up to retirement by sex.**

<b>Changes to work</b>	<b>Female (%)</b>	<b>Male(%)</b>
Part-time work (less than 30 hours a week)	26	13
Reduced my hours (but worked 30 or more hours a week)	10	10
Job sharing	2	0
Flexitime	3	5
Compressed hours (same hours per week over fewer days)	1	0
Annualised hours (work same hours but counted over the year rather than a week)	1	2
Term-time only work	1	1
Taking more unpaid leave	0	1
Working from home some or all of the time	5	6
Unweighted base*	417	419
Weighted base	370	338

\*All retired respondents

## Glossary

This section provides a glossary of key methodological terms used in the report.

**Dependent/outcome variable** – these are the binary outcomes identified by the area of interest. Regression models estimate the outcome based on the set of explanatory variables. For example, a dependent variable modelled is whether someone has a good knowledge of pensions or not.

**Descriptive statistics** – a statistical method used to summarise the relationship between different variables and can be illustrated using percentages or frequencies. For example, it is used in this report to look at the relationship between income levels and self-reported knowledge of pensions.

**Explanatory/Independent variable(s)** – these are the set of factors included in regression models which predict changes in outcome variables. In this report we socio-economic characteristics serve as the independent variables such as age, sex and income.

**Logistic regression** – a statistical method which estimates the relationship between a binary outcome (e.g. whether someone will or will not have a good knowledge of pensions) based on a set of observed predicting factors. This allows the independent relationships between an outcome variable and a specific explanatory variable to be explored whilst controlling for other explanatory variables that may affect the relationship.

**Odds ratio** – these are outputs from logistic regression models illustrating how much higher or lower the odds are of someone with a specific explanatory characteristic of experiencing the outcome, this can also be described as the likelihood of an outcome.

**Statistical significance** – this quantifies the likelihood that the analysis outcomes are the result of random chance. We have used a statistical significance at the 95% level which means that we are 95% confident that the outcome is not the result of chance.