Phoenix
Insights

Changing Journeys: How we save, work and retire

November 2024

Chapters

01

Introduction

People reaching retirement today started out on their journeys in work and saving many decades before. Over that time, the way we work, save and retire has been changing, and will continue to change in the future.

These changes are complex, with some groups in society benefiting and others facing greater risks. The decline of final salary pension schemes means workplace pensions are much less generous than they used to be. The introduction of automatic enrolment has brought millions more workers into regular pension saving, but at levels unlikely to meet their aspirations for retirement. On average, people are both entering and retiring from work later than they used to. Many who find themselves out of work as they get older find it hard to get back into employment.

In this report, we use data to understand how demographic, societal, workplace and economic changes have all contributed to a markedly different landscape for people working, saving and entering retirement.

We have drawn on:

– New analysis of existing data from robust national statistics and official sources, relating to wealth, the labour market and social attitudes.

– Work with the Pensions Policy Institute on analysis relating to saving, pensions and retirement.

– Original polling on people's experiences and attitudes with a UK representative survey of 6,000 adults from Ipsos UK, as well as a survey with Message House.

The data tell a story of complexity and of change, of confidence for some, but precarity and uncertainty for others. For both good and ill, work, saving and retirement aren't what they used to be. If future generations of retirees are going to be better supported on their journeys to and through retirement, it is essential that policymakers, the financial services industry, employers and civil society organisations understand and respond to these changing dynamics.

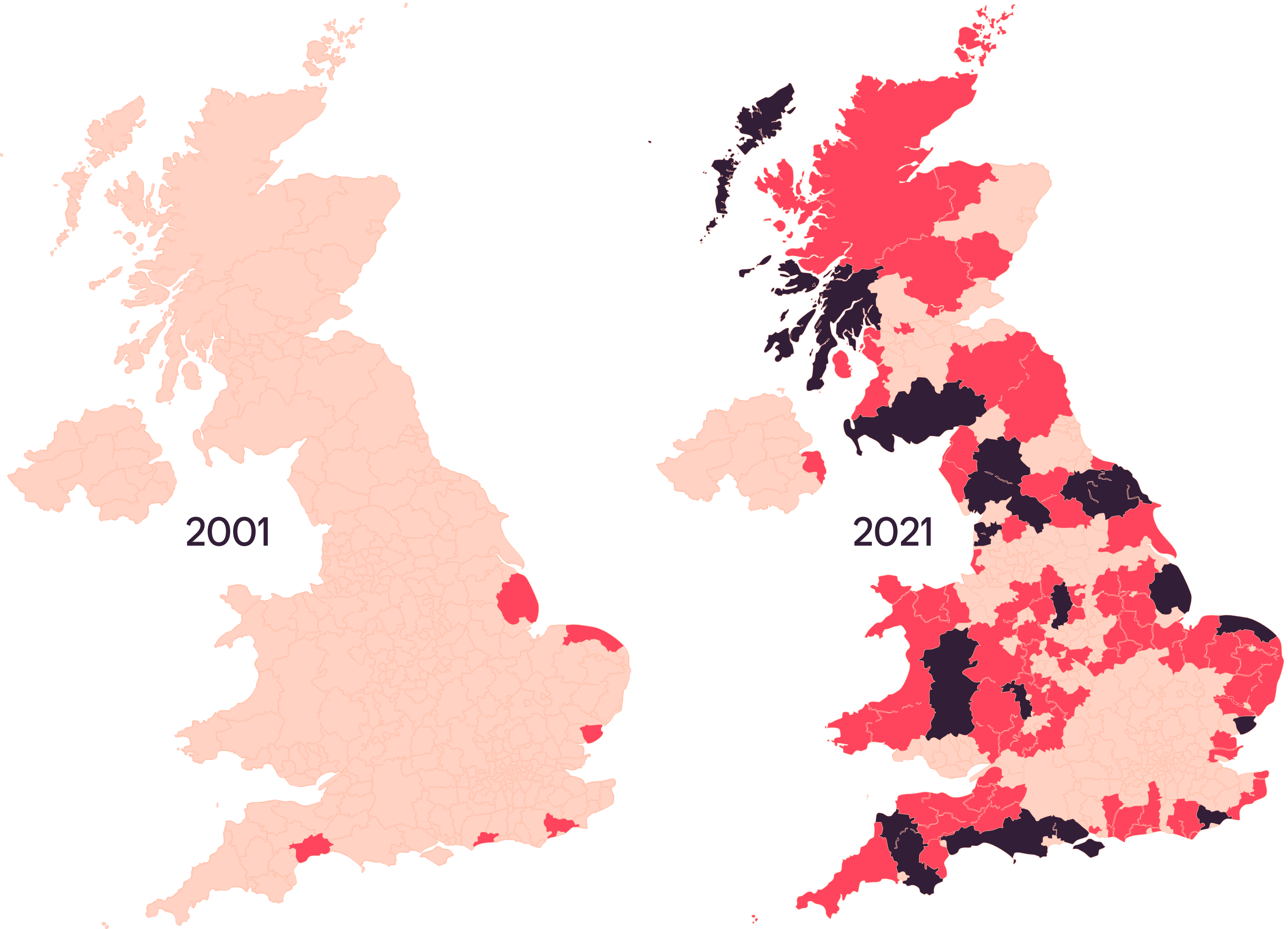
The UK population is entering middle age

Average age

Under 44

45-49

50+



Source: Mid-year population statistics, ONS 2022

In 2001 there were

6

local authorities with an average age of 45 or older

In 2021 there were

126

02

How we save

Retirement saving has changed dramatically over recent decades

The introduction of automatic enrolment has successfully increased provision of pensions in general, but gaps remain in contribution level and pension size. 8 out of 10 employees now save into a pension compared to less than half in 2012. But many people are not saving enough for the retirement they want, with contribution rates congregating around the minimum default levels. In the coming decades, the majority of people entering retirement are projected to either be financially struggling or have undersaved.

Not everyone is able to save for the future

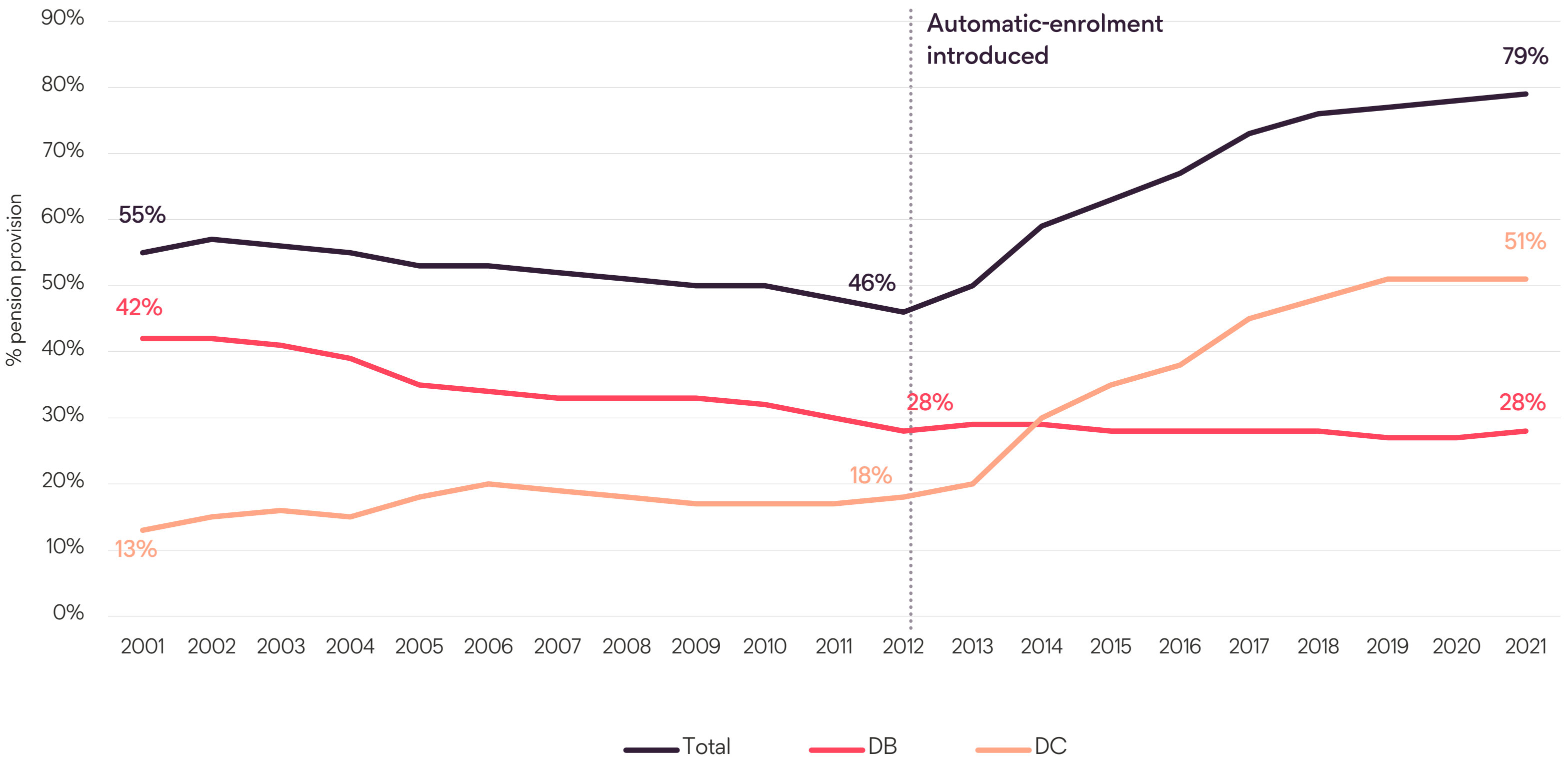
The ability to save for the future is a huge challenge for low earners with very little (or no) spare income, and the cost of living crisis has made people more cautious about the future. Most self-employed people, most people from minority ethnic backgrounds, and half of disabled people have zero private pension savings by the time they reach 60 to 65.

Access to information and guidance impacts people ability to plan for saving

Seven in ten have done at least a little financial planning for retirement and those who are planning are more likely to feel confident they are saving enough for retirement. Most people who have received information or guidance in the last five years say that it helped them to make a decision, although the vast majority of people never take any form of regulated financial advice.

Pension automatic-enrolment has radically increased the number of savers

Pension provision 2001-2021



Source: ASHE 2001 - 2021

Defined benefit (DB): a pension in which the rules of the scheme specify the rate of benefits to be paid. The most common DB scheme is a final salary scheme in which the benefits are based on the number of years of pensionable service, the accrual rate and on the final year's salary.

Defined contribution (DC): a pension scheme in which the benefits are determined by the contributions paid into the scheme, the investment return on those contributions, management charges and the type of retirement income option chosen.

Automatic-enrolment (AE) has reversed the long-term decline in workplace pension provision

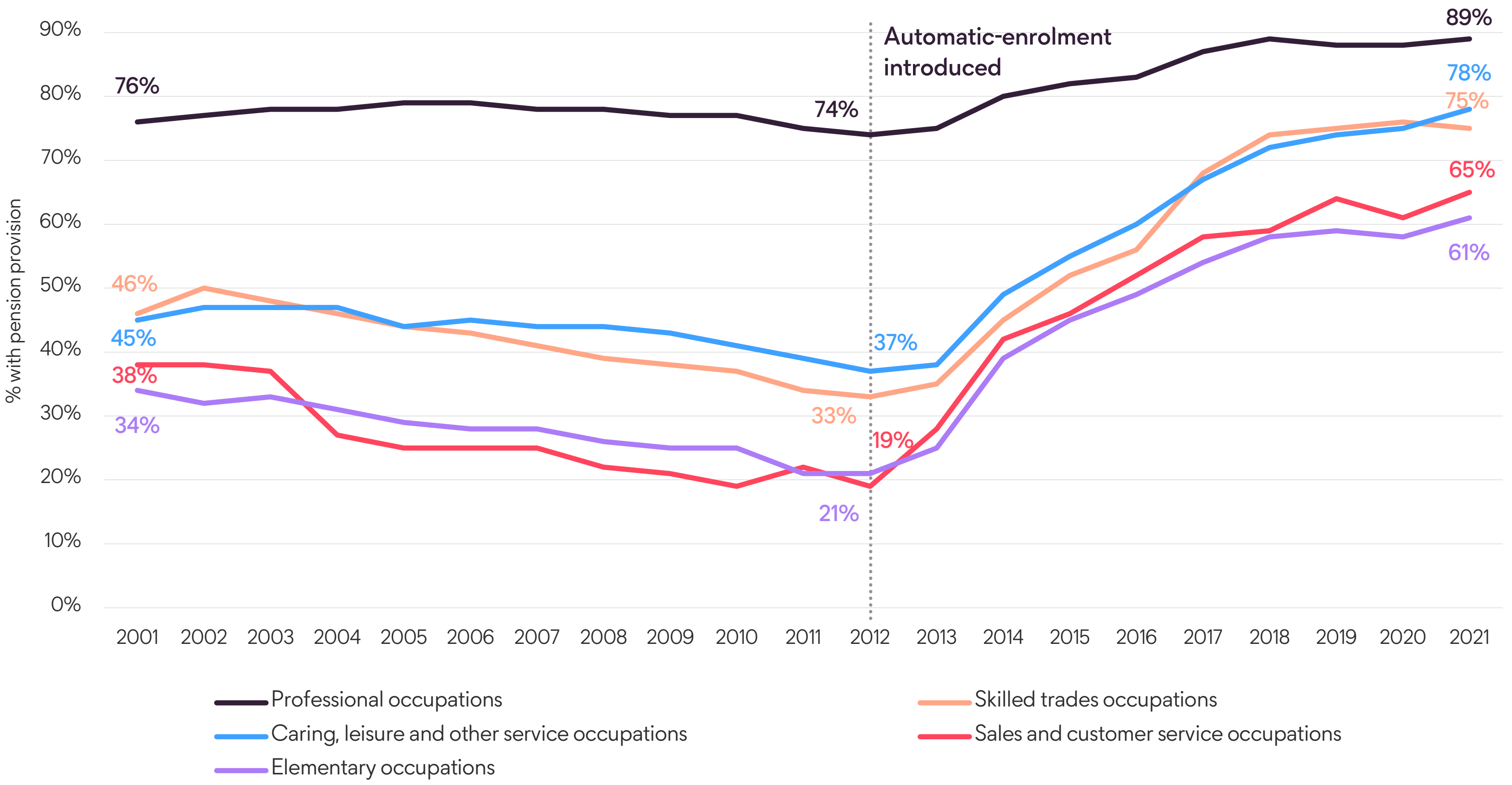
In the decade since AE's introduction pension provision has increased more than 30%, with millions more eligible savers now automatically enrolled into a pension. Compared to previous years when Defined Benefit (DB) schemes were more common, workers are now more likely to be in Defined Contribution (DC) schemes, where individuals build up their own pot, with less certainty about what income they will bring in the future.

- **2001:** Fewer than 1 in 4 workplace pensions were DC schemes
- **2012:** Low point in pension coverage with less than half (46%) participating
- **2014:** For the first time more people were in DC than DB schemes
- **2021:** 2 out of 3 workplace pensions were in DC schemes
- **2023:** There were just 700,000 active members in private sector DB schemes, compared to 7.1m in the public sector

Pension coverage is not evenly spread across occupations

Automatic enrolment has increased pension provision across all occupations, but some have increased more rapidly than others and significant gaps still exist

Pension provision 2001-2021 by occupation



Source: ASHE 2001-2021

Lower paid occupations, have seen the **largest increases** in pension coverage as a result of automatic enrolment, albeit from very low base levels. Some have seen a trebling in the rates of coverage since the introduction of AE. Despite this, significant gaps remain between these roles and higher paid professional occupations.

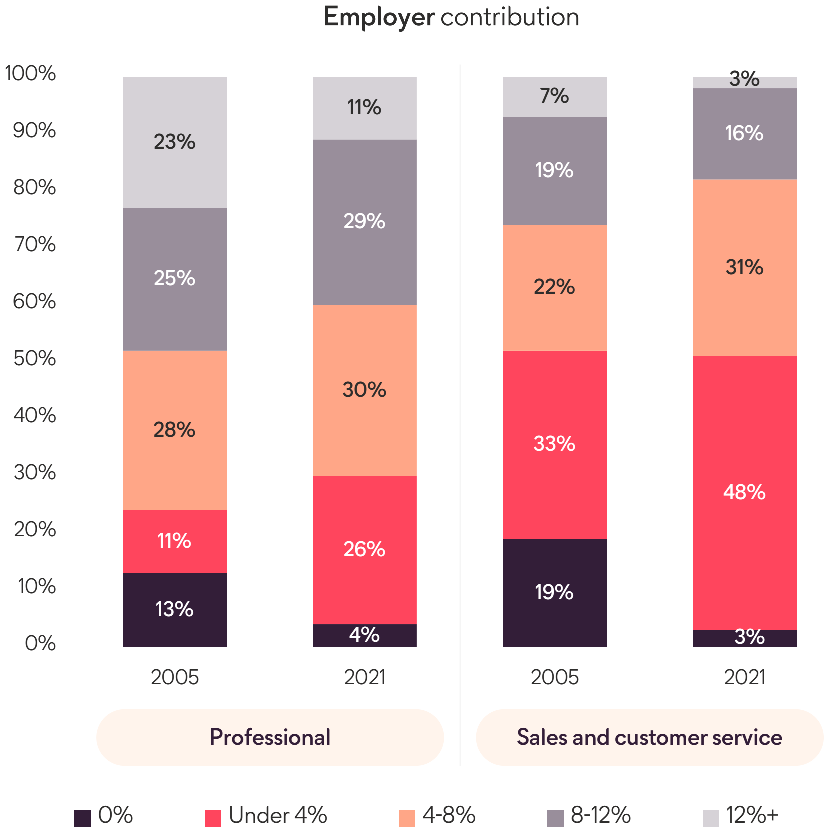
Pension coverage: Elementary occupations

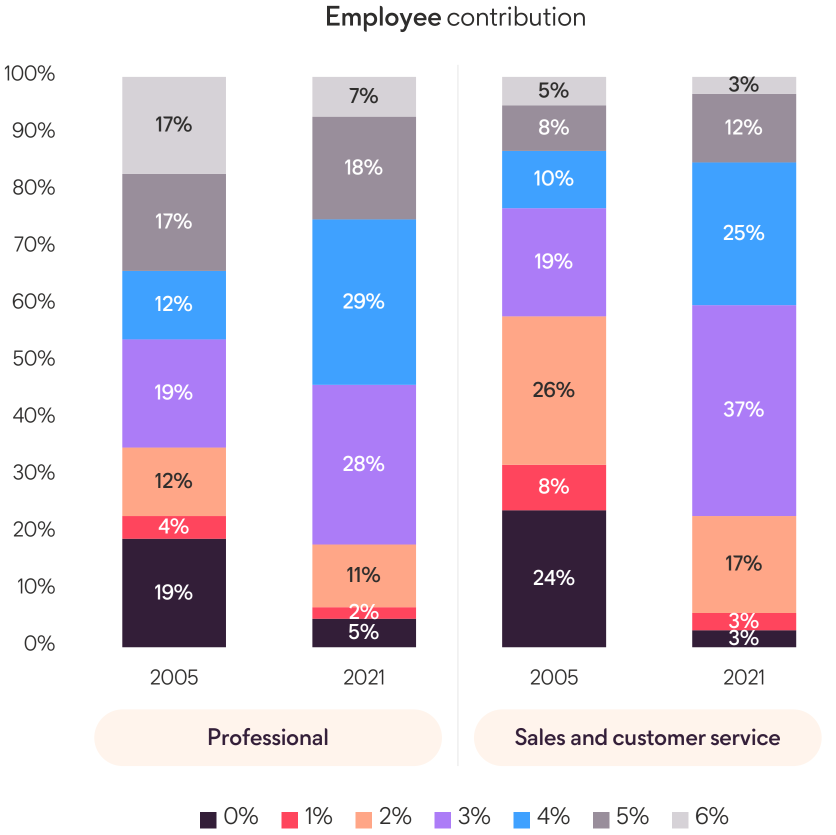
Pensions coverage: Professional occupations

Different occupations have very different rates of pension saving

Employee and employer contribution rates congregate around the minimum default levels

Employer and employee contribution rates to DC in 2005 and 2021 by occupation





Source: ASHE 2005-2021

The current minimum contribution rates for automatic enrolment are 5% for employees and 3% for employers, and rates often congregate at those levels.

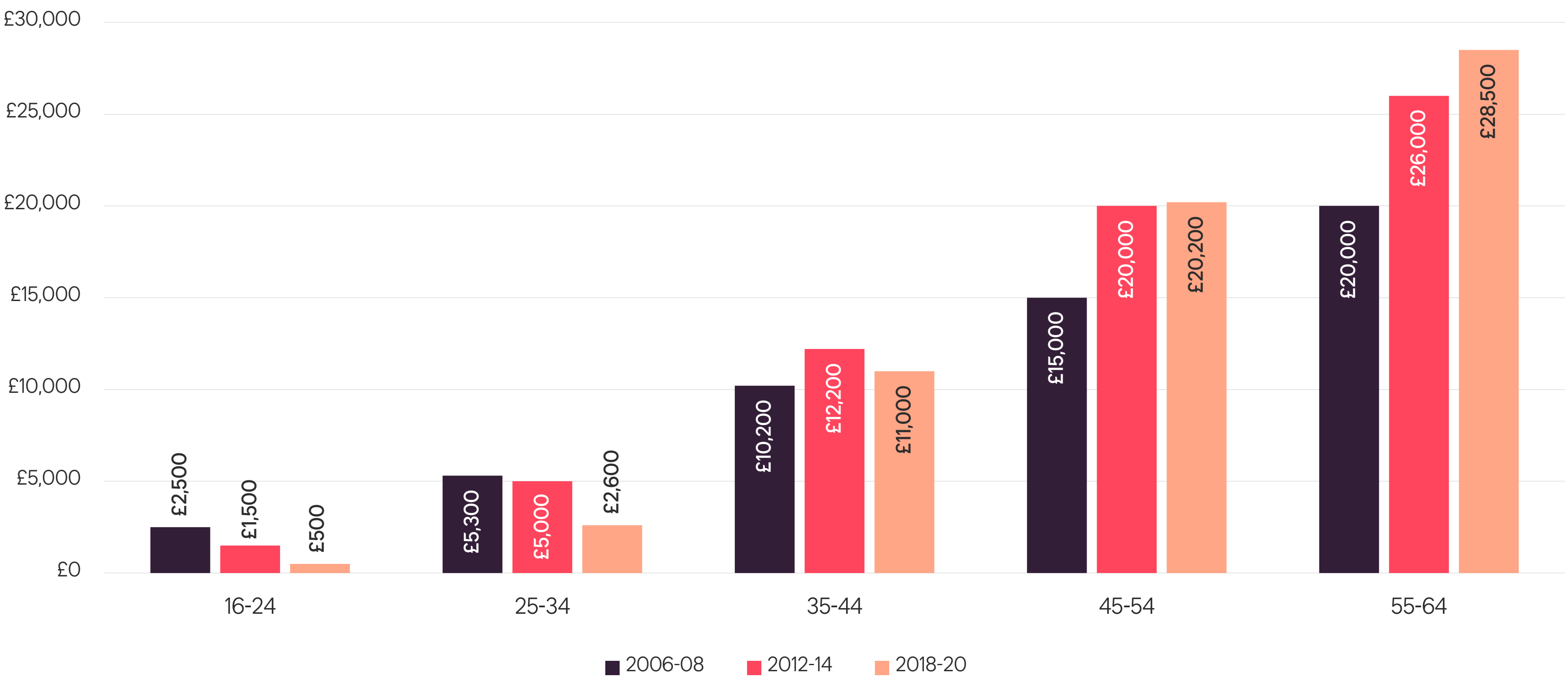
While those who were already members of workplace DC schemes prior to the introduction of automatic enrolment have for the most part continued contributing at the same rates, **large numbers of new savers** contributing at minimum rates have pulled down the average contribution levels in some sectors.

Half (48%) of those in sales and customer service roles receive the same or less than the default minimum employer pension contributions (below 4%). Compared to a **quarter** (26%) of those in professional roles.

We now have more savers, saving smaller amounts into pensions

There are more young people saving into DC pensions but they are accruing smaller amounts

Median DC pension wealth by age, 2006-08 to 2018-20



Source: Wealth and Assets Survey – Waves 1, 4 and 7

As automatic enrolment was introduced, median employee contribution rates initially fell as a result of more employees joining pension schemes for the first time and paying minimum contributions alongside their employers.

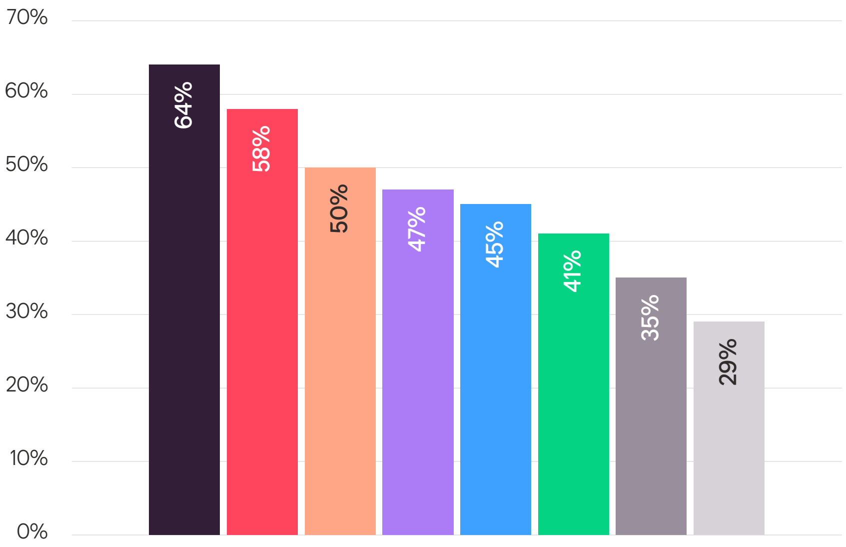
Between 2012-14 and 2018-20 the average 25-34 year-old's DC pension pot value has halved from **£5,000 to £2,600**

55-64 year-olds have increased 10% over that period even accounting for inflation.

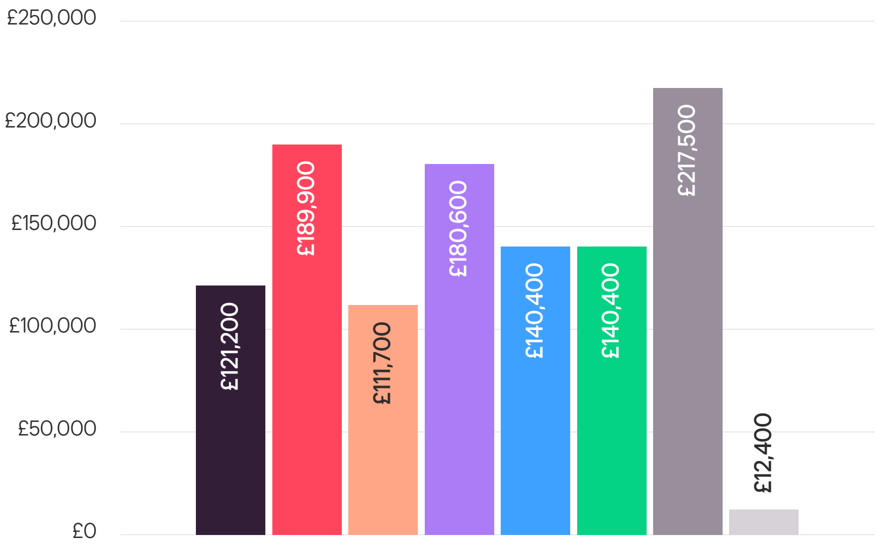
Most self-employed people and people from minority ethnic backgrounds have zero private pension savings at age 60 to 65

Underpensioned groups are less likely to have any private pension savings, and among those who do have savings, levels of pension wealth are well below the population average

Proportion with no private pension savings at age 60 to 65



Median private pension savings (among those with some pension savings) at age 60 to 65



Self-employed | People from minority ethnic backgrounds | People with disability | Carers | Single mothers | Divorced women | Population total | Multiple jobholders

Source: Wealth and Assets Survey – Wave 7 (2018-20)

Some groups are significantly more likely to either have no, or very low levels of pension saving even just a few years before the average age of retirement.

At age 60 to 65

- Two thirds (64%) of self-employed
- 58% of people from minority ethnic backgrounds
- Half (50%) of disabled people

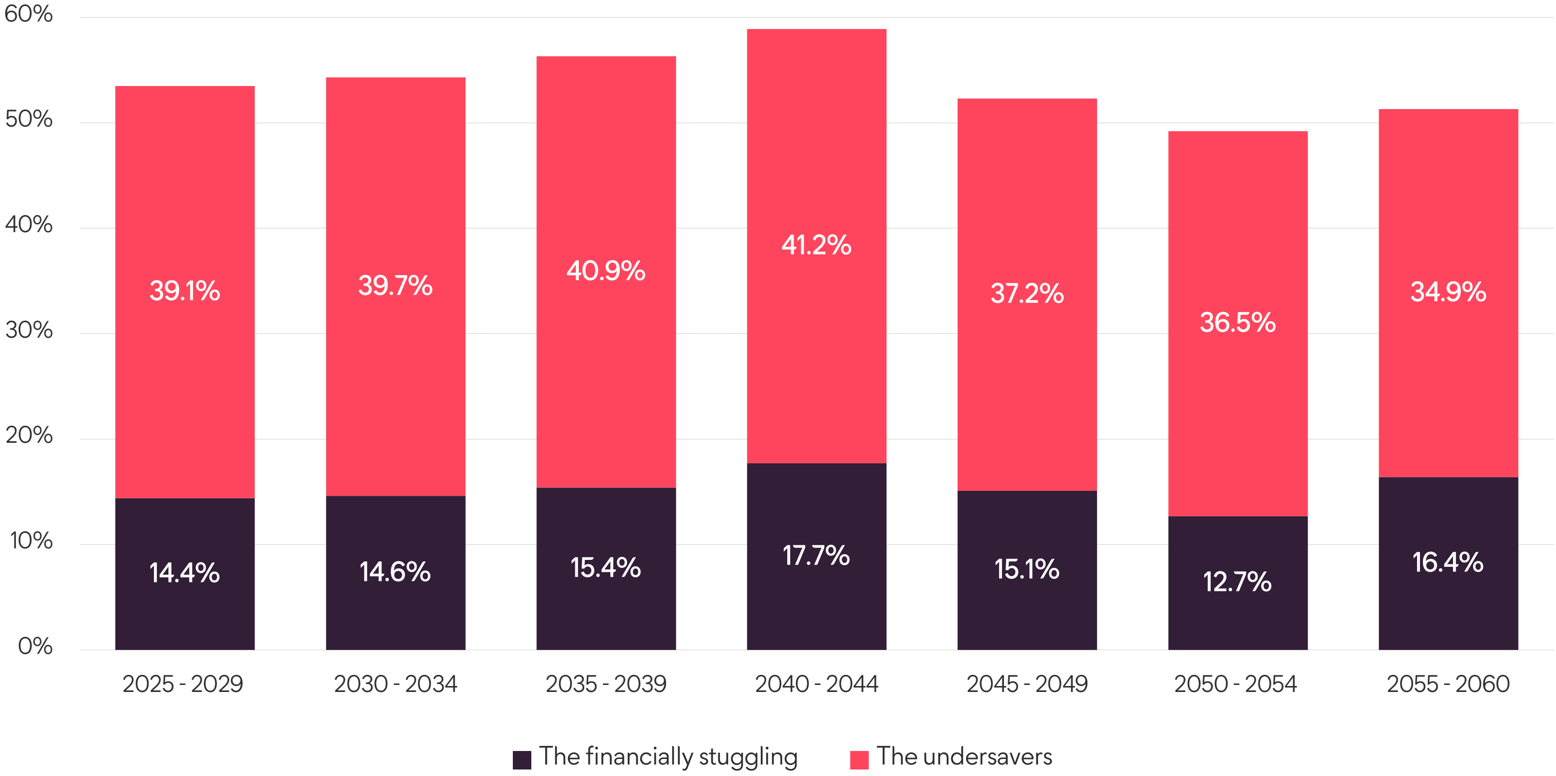
have ZERO private pension savings

For those that do have private pension savings:

- People with multiple jobs have **20 times less** than the UK average (£12,400 vs £217,500)
- Self-employed (£121,200) and disabled people (£111,700) have a **little over half** of the UK average

Most newly retired DC pensioners will either be financially struggling or have undersaved in the coming decades

Time series of estimated percentage of newly retired DC pensioners who will be classified as "undersavers" or "financially struggling"



Source: Tomorrow's problem? Analysing the future impact of DC pension undersaving (Phoenix Insights and Frontier Economics 2024)

The "financially struggling":

Individuals expecting a retirement income below the PLSA minimum retirement living standard.

The "undersavers":

Individuals expecting at least the PLSA's minimum income but not on track to achieve it according to our modelling.

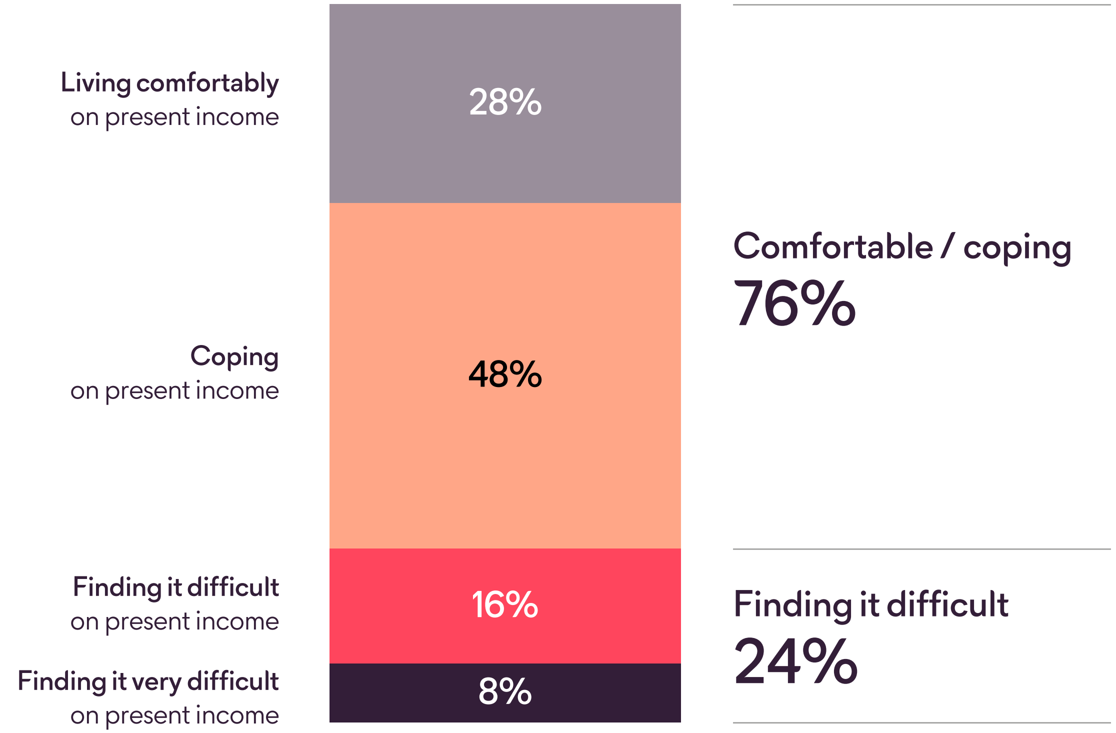
The years 2040 to 2044 represent a critical period, as they will contribute the highest absolute number of "financially struggling" or "undersavers" new retirees. **2.67 million** individuals retiring in that period will fall into those two concerning categories. We found these individuals to be predominantly born in the 1970s, female, working full-time, earning below £80k (about half of them earn below £20k) and expecting to retire between the ages of 66 and 70.

The minimum contribution rate under AE is 8% of a band of earnings. The majority of people who have been automatically enrolled have never changed that default and are still saving at that rate. Judging from the significant saving gap, it is widely acknowledged that 8% is not enough to deliver an adequate retirement income for most people.

How possible does saving feel for people today?

Just over three quarters are living comfortably or coping on their present income but a quarter are finding it difficult – groups who are potentially vulnerable are more likely to be finding it difficult

How people feel they are managing on their current income



Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)
Base: 5192

Baby Boomers (85%) are most likely to be **comfortable coping.** Gen X (72%), Millennials (72%) or Gen Z (73%) are equally likely.

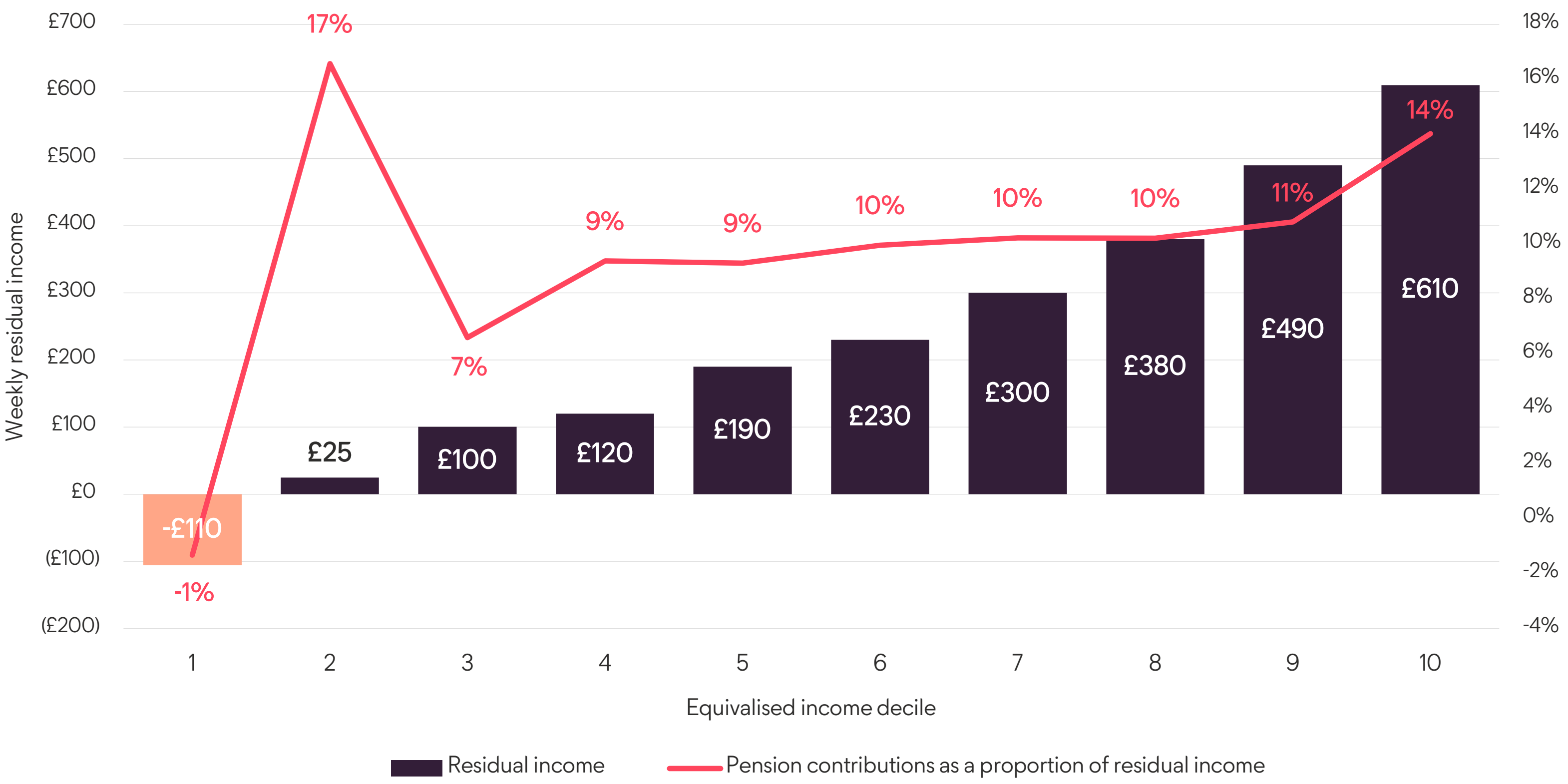
Men (79%) are more likely than **women** (74%) to be comfortable / coping.

Those with a **higher household** income are more likely to be comfortable / coping – over 90% of those with a household income over 40k. Nearly half (48%) of those who **find it difficult to understand financial products** are comfortable / coping – but more (52%) are finding it difficult.

63% of those with a health condition / disability are comfortable / coping whilst 37% are finding it difficult.

Ability to save for the future is a huge challenge for low earners with very little (or no) spare income

Mean pension contributions as a proportion of residual household income after expenditure Weekly (2021)



Source: Living Costs and Food Survey, 2021-22 data collection

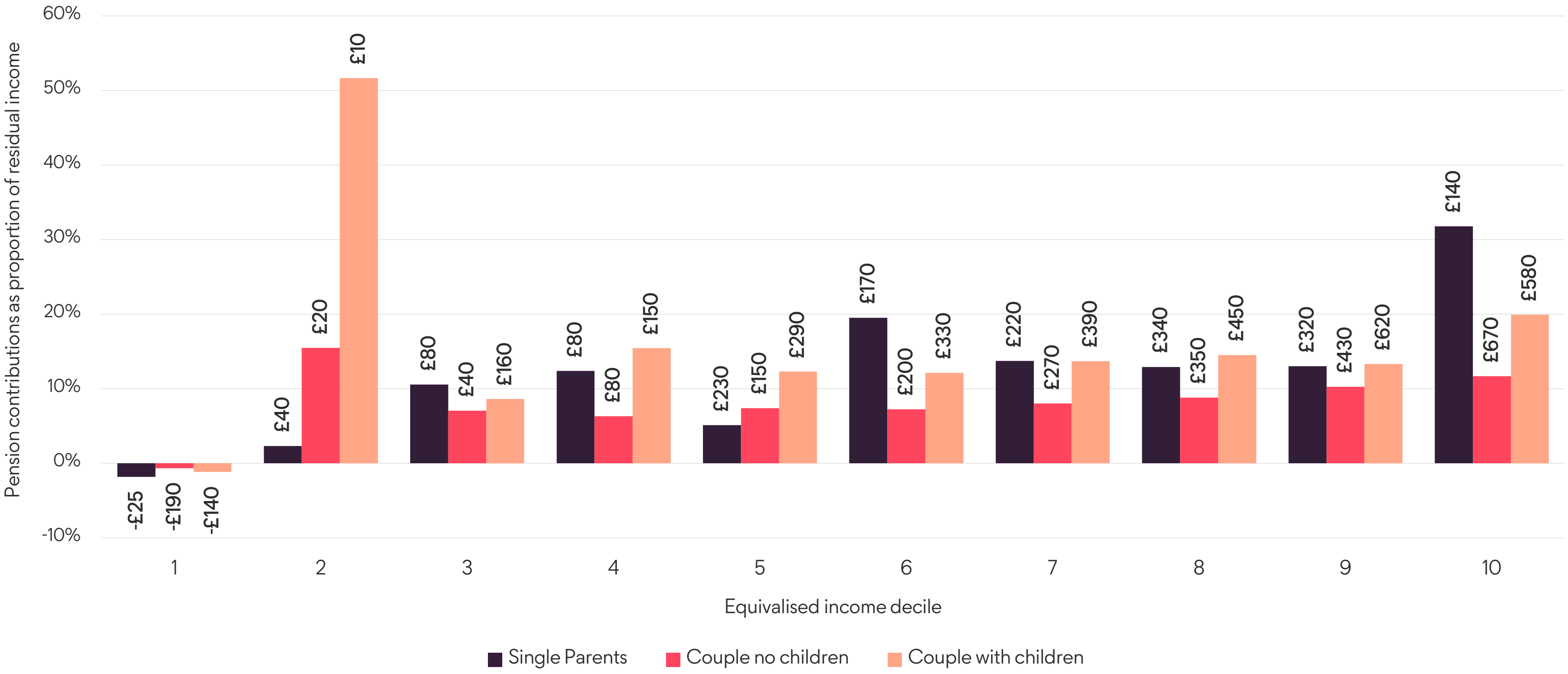
Households often face tensions between **saving for the future and present day expenditures**. Residual income is what people have for saving or spending after the essentials are accounted for. For the households with the lowest 10% of incomes, day-to-day outgoings exceed income each week. For households in the second lowest income decile, even very low pension contributions make up **17%** of their £25 weekly residual income.

By comparison, contributing to a pension is much more affordable and equate to a smaller, relatively stable proportion of residual income for middle income to higher income households.

The highest **10%** of households by income see an increase in their rates of pension contribution as a proportion of their residual income compared to those on middle earnings.

Pension saving affordability also varies within income deciles, depending on household structure

Pension contributions as a proportion of household income after expenditure by gender and household structure (2021)



Source: Living Costs and Food Survey, 2021-22 data collection

Having children has a major impact on a households finances, levels of spare income, and proportion that is then saved into a pension.

For couples with children in the second lowest income decile, pension contributions are equal to **50%** of residual household income, which is particularly low (£10 per week).

Similarly, pension contributions are equal to a higher-than-average proportion of residual income for single parents in the highest income decile, compared to others in this decile, as a result of much lower levels of residual income left over after essential expenditure.

The cost of living has made people more cautious towards finances

7 in 10 say they are now more cautious compared to around 3 in 10 who say they prefer to live for today

Net agree

Although

7 in 10

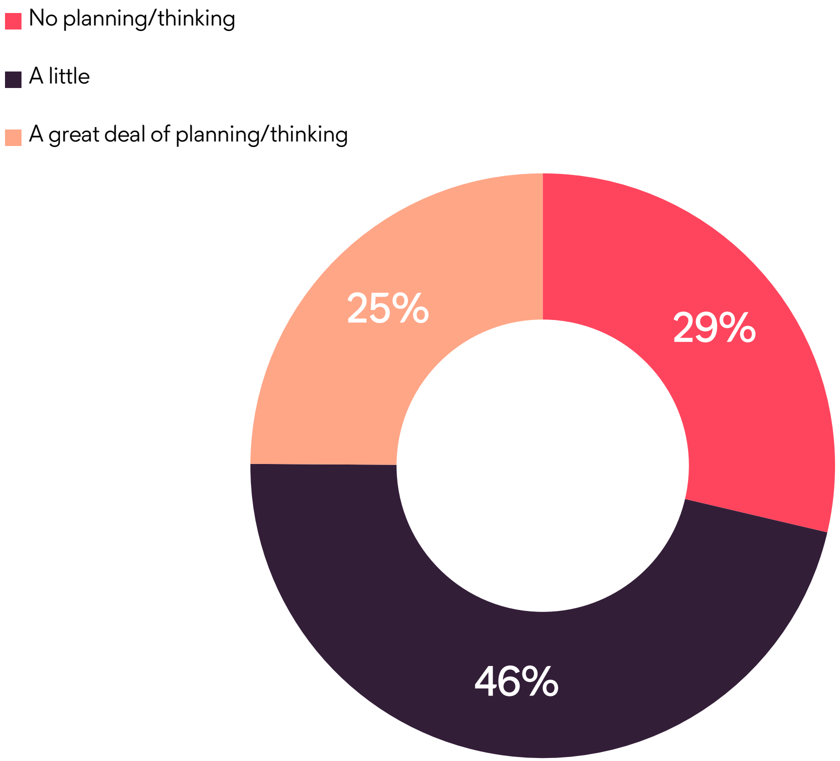
say they are confident making financial decisions, only 1 in 3 are happy to take more risks for the chance of higher returns

Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)
Base=6,000

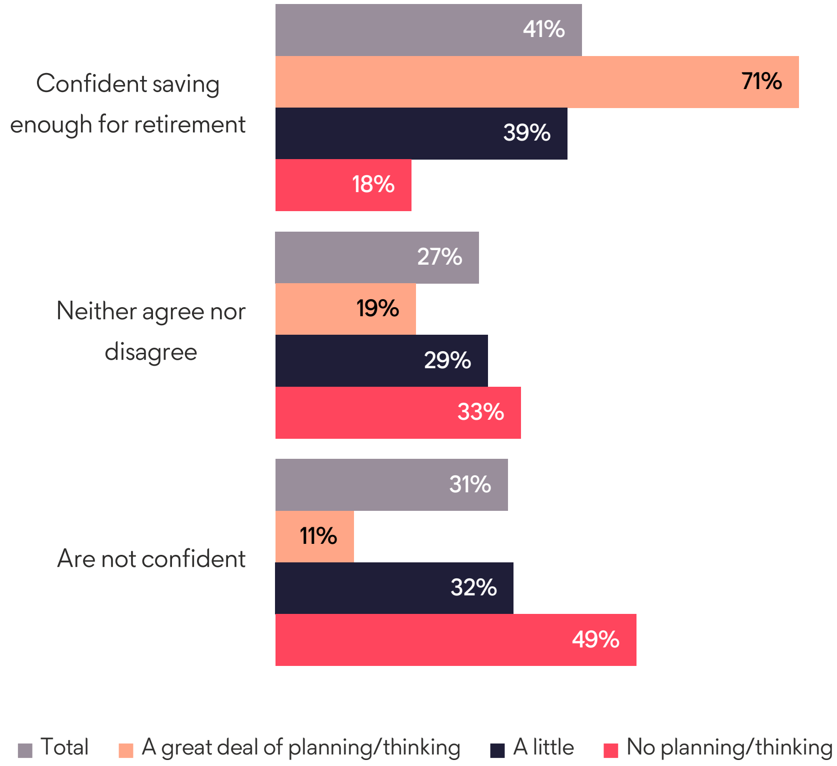
Seven in ten have done at least a little financial planning for retirement

Those who are planning are more likely to feel confident they are saving enough for retirement, suggesting that, for most, confidence is realistic

Planning / thinking around how much money is needed in retirement



Confident saving enough for retirement



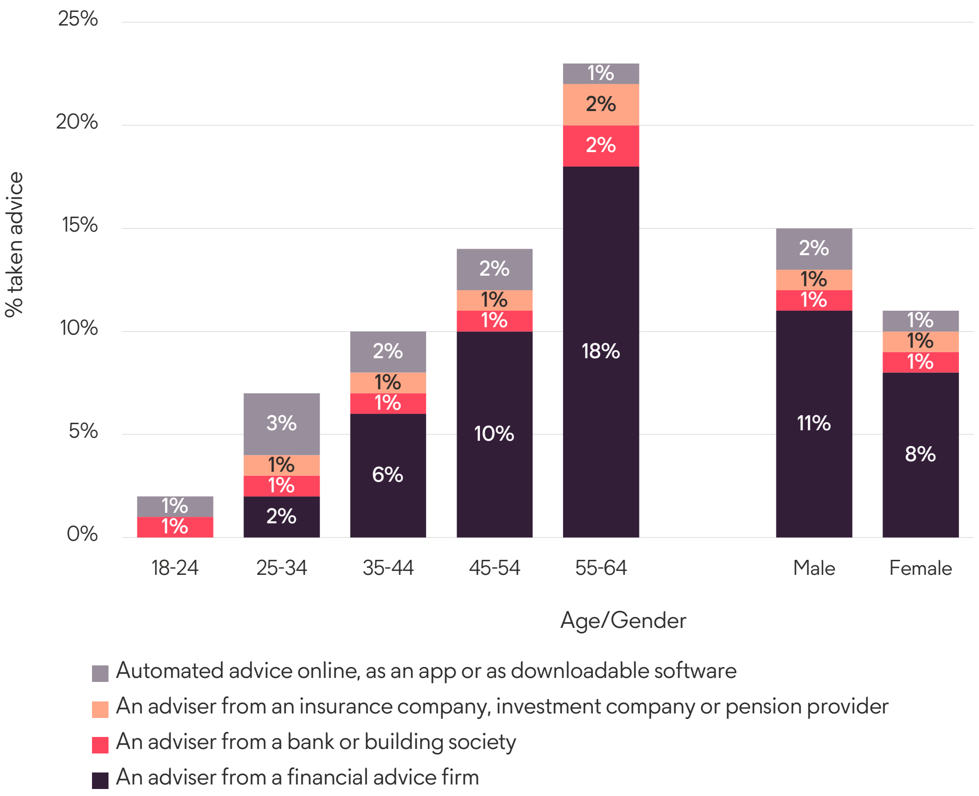
Men (48%) are **more likely** than women (32%) to be confident they are saving enough for retirement.

Baby Boomer + (44%), Millennials (45%) and Gen Z (44%) are equally likely to **feel confident they are saving enough for retirement**. Gen X are least likely to agree (34%) and least likely to disagree (39%).

Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)
How much planning or thinking {#B9a_insert} around how much money you need to live on in your retirement? Base= all those not retired 4016.
I'm confident I'm saving enough to have a comfortable retirement. ? Base= all those not retired 4016.

Who gets financial advice?

Regulated advice used by UK adults in the last 5 years



Source: FCA Financial Lives Survey 2022

Some groups are more likely to seek financial advice than others

Age:
The likelihood of accessing financial advice increases with age as people approach and transition into retirement.

Wealth and income levels:
Those with higher incomes and levels of wealth are significantly more likely to seek financial advice.

Education:
Higher levels of education are associated with seeking financial advice.

Financial literacy:
People with a better understanding of financial matters are more likely to recognise when they need advice and to seek it out. This group is also more likely to recognise the potential benefits of receiving advice, such as improved investment returns or better retirement outcomes.

Life events:
Individuals experiencing significant life events, such as marriage, divorce, the birth of a child, inheritance or the death of a spouse are more likely to seek financial advice as these events often necessitate a reassessment of financial goals and strategies.

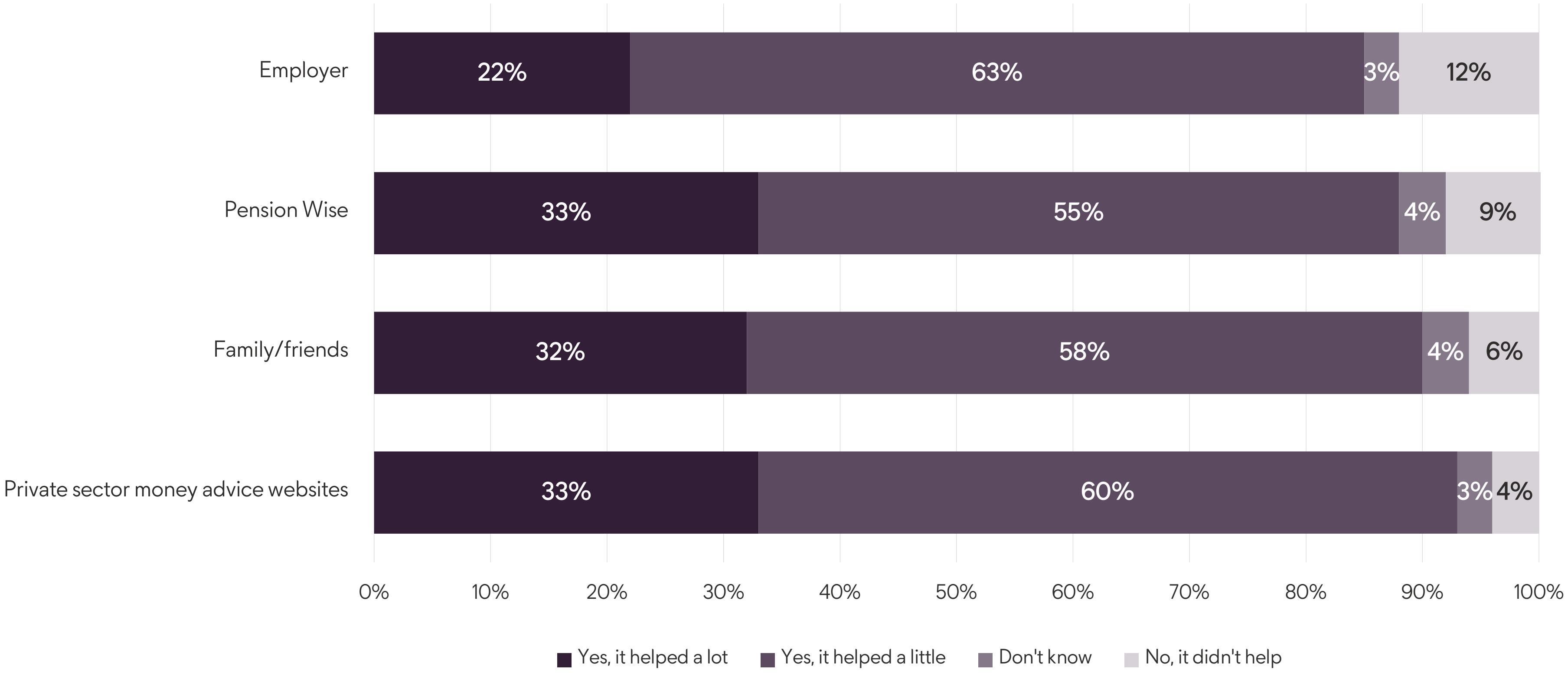
Pension scheme type:
DC savers are generally more likely to seek financial advice than those with DB pensions as they bear greater individual responsibility for achieving positive retirement outcomes, as well as greater individual risks. The predictability and security of DB entitlement may reduce the perceived need for financial advice, unless members are considering transferring out of the scheme.

Gender:
Historically, men have been more likely to seek financial advice than women, though this gap has been narrowing. Women with higher incomes or those who are the primary breadwinner in their household are more likely to seek financial advice.

An adviser from a financial advice firm, is the most common form of regulated advice across most age groups. Accessing advice through a specialist financial advice firm is the most common method across older age groups (35+), while automated online advice is higher relatively among younger age groups, though with a much lower overall rate of take up

People say that financial information, advice and guidance helps them with decision making

Among individuals who have taken information, advice or guidance in the last 5 years, whether the information received helped them to make a decision, even if that decision was to do nothing



Source: FCA Financial Lives Survey 2022

For the most part people feel that if they use financial advice or guidance it is helpful in making decisions.

This was particularly true of private sector money advice websites, as well as family and friends.

People are slightly less favourable of the helpfulness of employer advice and guidance than other sources, although this is still clearly net positive.

94% of people who accessed their DC pot without using advice accepted the drawdown option offered by their pension provider, compared to only 35% of advised consumers

Source:
FCA Retirement Outcomes Review, 2018

03

How we work

The workforce is changing

In the 30 years between 1994 and 2024:

- The average worker is four years older
- People are entering (and leaving) work later in life
- There are higher rates of employment and self-employment among older workers

Despite long-term increases in over 50 employment, sizable age gaps remain. Economic inactivity rates are still higher today than they were pre-Pandemic, particularly among 50 to 64 year-olds.

Work and earnings impact ability to save

While pay peaks in the middle of people's careers, this masks gender inequalities. There is no single year of age across the life course when women earn more than £20 an hour on average. In comparison, men earn above £20 an hour on average for every year between the ages of 34 and 60.

Different age groups work differently

50 to 54 year-olds work longer hours than any other age group, with one in seven working more than 51 hours a week. This rises to one in five of higher earning 50 to 54 year-olds. People in their early 50s are also twice as likely to say they want fewer hours (11%) compared to wanting more hours (5%).

Since 2020 we have seen more people working from home, particularly among those in their mid 20s to mid 40s, while the youngest and oldest workers are less likely to.

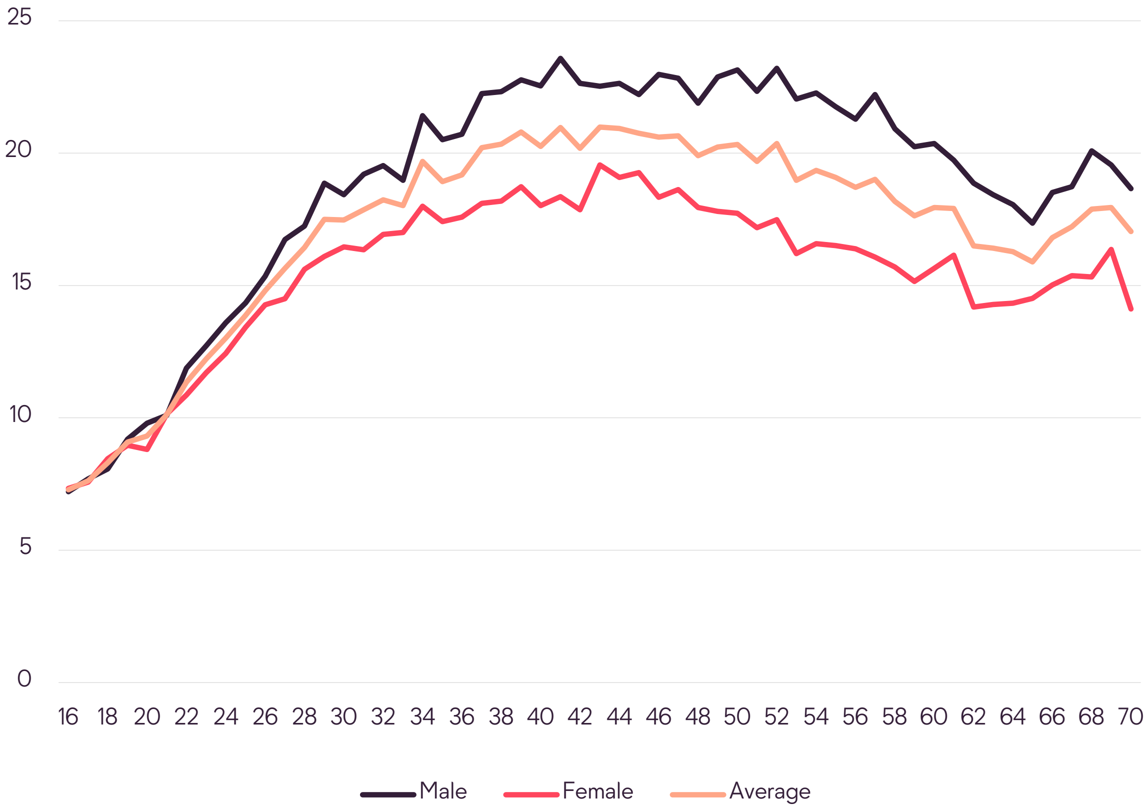
Career change matters as more people work for longer

Over six in ten have taken some action in relation to their career in the past 6 months but the actions are often limited, and more likely among younger workers. 25 to 34 year-olds are twice as likely as 55 to 64 year-olds to have taken recent action on their career.

Pay peaks in mid-career, with stark gender gaps at all stages

Our ability to save for the future is linked to how we work, and how much it pays across our working life

Average hourly pay (£) by age and gender



Source: Annual population survey 3 year pooled, Jan 21 - Dec 23

There is **no single year of age** when **women earn more than £20 an hour** on average

Men earn above £20 an hour on average for **every year** between the **ages of 34 and 60.**

Average hourly pay **increases steadily** in people's 20s and 30s as they enter work, gain experience and skills. Average pay then begins to decline from age 50, with a slight uptick in the late 60s driven by those able and choosing to remain in work being on higher salaries on average.

These averages mask a **marked and deep-set gender divide**, which begins to widen from the late 20s. The gender pay gap is at its widest in people's 50s.

There is no single year of age when women earn more than £20 an hour on average, with women's earnings peaking at age 43 at £19.55/hr. Men earn above £20 an hour on average from age 34 to 60.

These **inequalities in hourly pay** are further widened when combined with part-time working which women are more likely to undertake due to unpaid work during their years of peak earning.

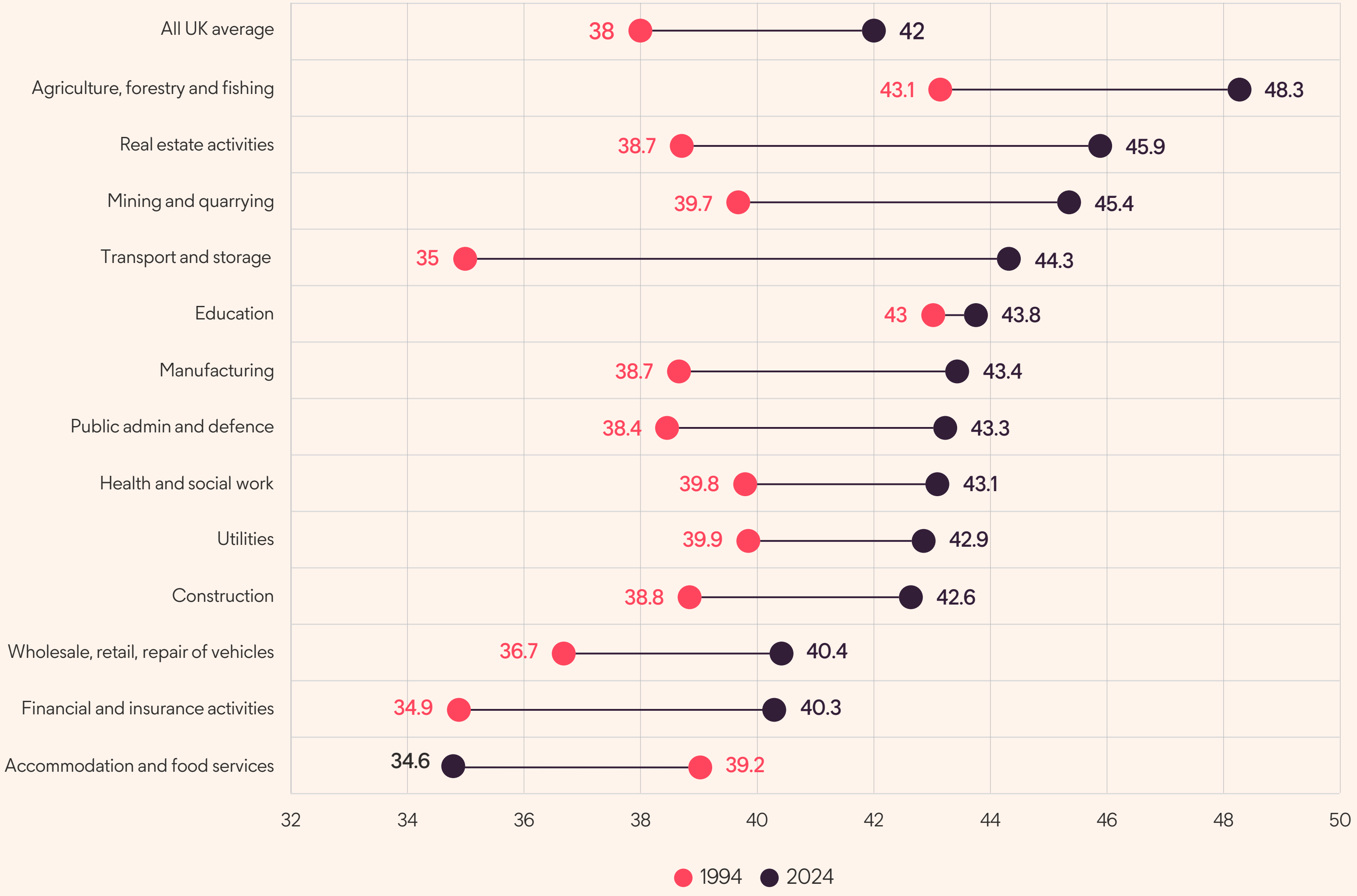
The average worker in 2024 is **four years older** than in 1994

The workforce is ageing but this differs widely between sectors:

- **Agricultural** workers remain the oldest on average (48.3 in 2024)
- **Transport and Storage** workers have seen the biggest increase in age (over 9 years)
- **Education** workers have seen small increases in age (less than a year)
- Those working in the **Financial services** have gone from the youngest sector in 1994 to closer to the average in 2024
- **Accommodation and food services** is the only sector that has seen a decrease in age over the last 30 years (39.2 in 1994, 34.6 in 2024)

These changes have occurred for a range of reasons: the population ageing, and different patterns of recruitment, retention and turnover across sectors.

Average age by industry, 1994 and 2024



Labour Force Survey Apr-Jun 1994 and Annual Population survey April 2023–March 2024

Compared to 30 years ago people are starting (and leaving) work later in life

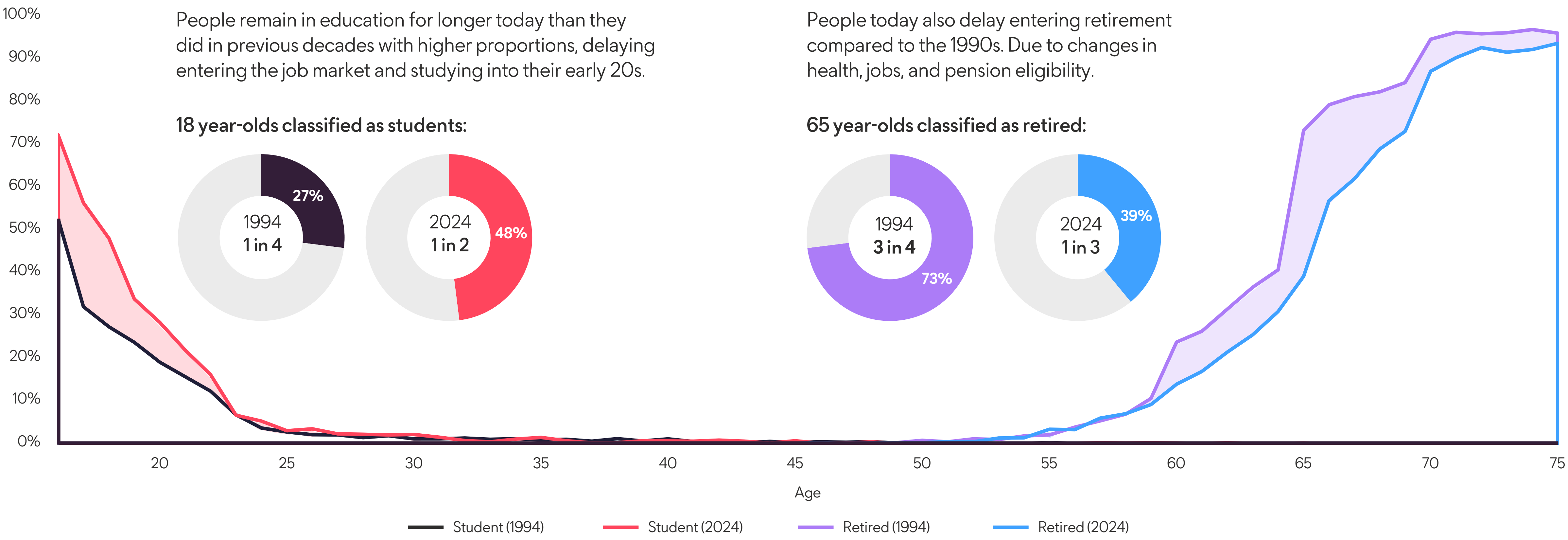
Studying or retiring by age, 1994 and 2024

People remain in education for longer today than they did in previous decades with higher proportions, delaying entering the job market and studying into their early 20s.

18 year-olds classified as students:

People today also delay entering retirement compared to the 1990s. Due to changes in health, jobs, and pension eligibility.

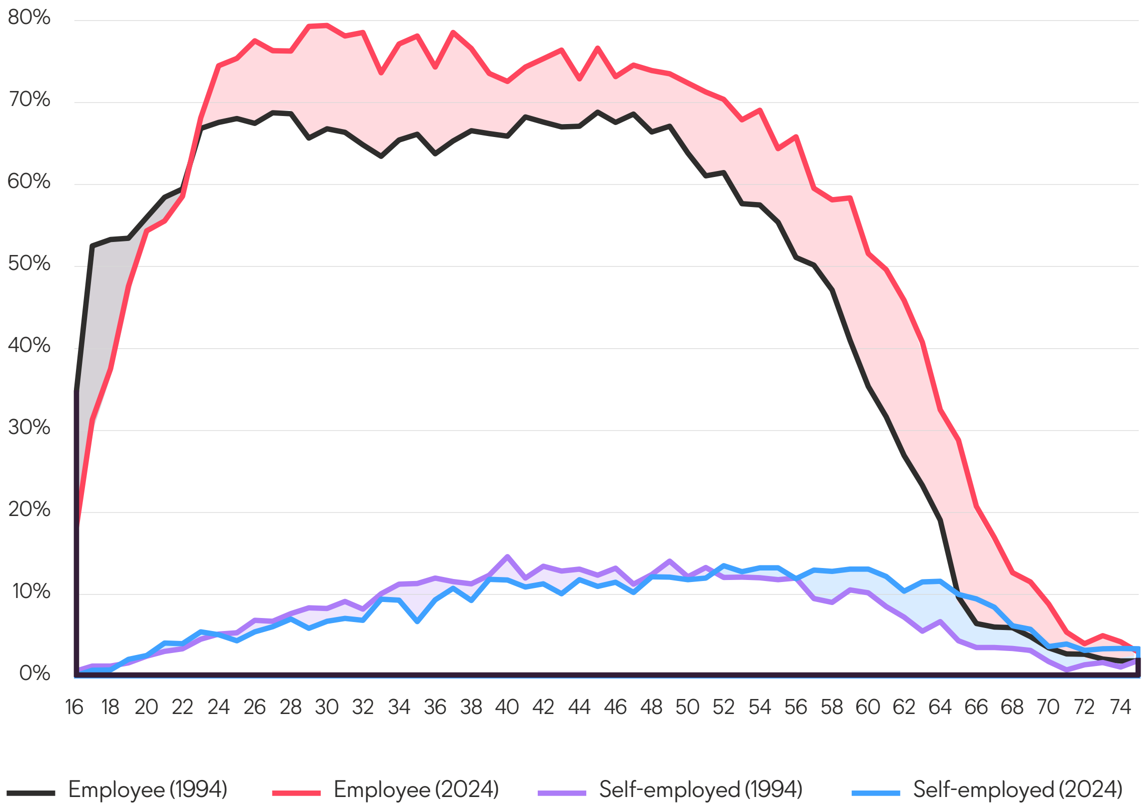
65 year-olds classified as retired:



Source: Labour Force Survey Apr-Jun 1994 and Annual Population survey April 2023–March 2024

Workers are now employed and self-employed into older ages

Workers by age, 1994 and 2024



Source: Labour Force Survey Apr-Jun 1994 and Annual Population survey April 2023–March 2024

Today young adults generally study for longer and so **enter work** later than they did 30 years ago. However, from their mid-20s we see higher overall employment rate than was the case in 1994. Much of this increase in employment has been seen among women who have seen substantial increases in the job market.

Patterns of self-employment have also changed. Today we see a sizable trend for people to enter or transition into self-employment after the age of 50.

In 2024:

1 in 15
workers are self-employed aged 20-24

1 in 5
workers are self-employed aged 60-64

1 in 3
workers are self-employed above the age of 65

While self-employment can offer flexibility and control for many people working for themselves, and a way of extending working life, many others would in reality rather work for an employer but are unable to.

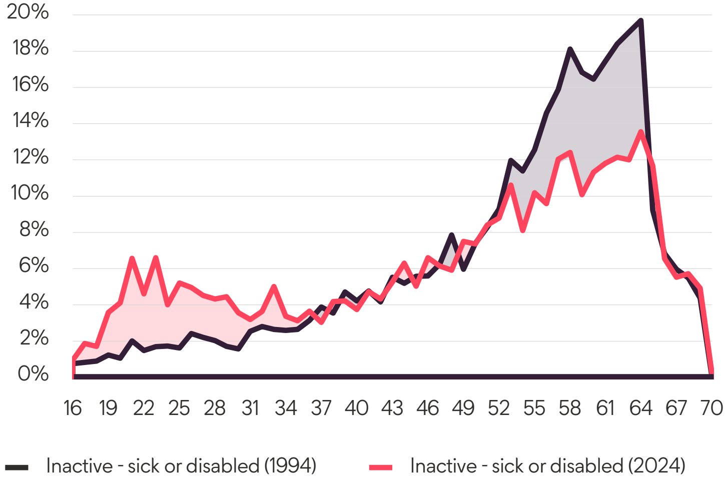
The self-employed are one of the major under-pensioned groups. Two thirds of self-employed people aged 60-65 have **zero private pension wealth**

Source: Wealth and Assets Survey – 2018-20

Who isn't working and why?

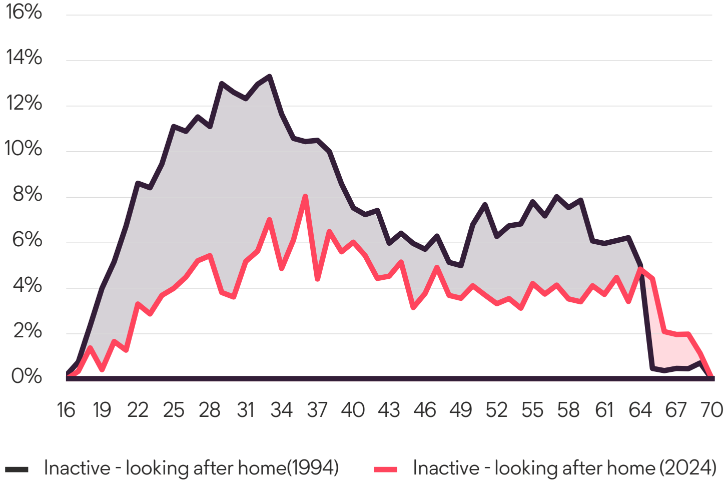
We have seen major changes in the labour market over the last 30 years, with higher overall employment rates today, particularly for women. Despite this there are still large numbers of people economically inactive who are not in work for health, caring or other reasons. As the population has aged since 1994 those over the age of 50 have a larger impact on the overall job market than was previously the case.

Inactive - sick or disabled, by age 1994 and 2024



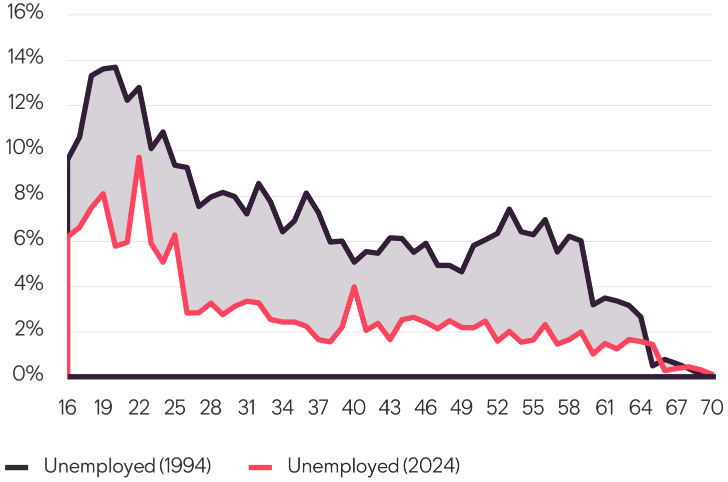
In the 1990s inactivity due to health was very closely correlated with age. Many in their 50s and 60s in the 1990s left work due to the physical impact of manual jobs, as well as the lasting impacts of de-industrialisation from the 1980s. In 1994 a 25 year-old was 10 times less likely to be out of work due to a disability than a 64 year old. In 2024 this ratio was just 3 to 1.

Inactive - looking after home by age, 1994 and 2024



Over 10% of people in their mid 20s to mid 30s (largely women) were looking after the home in 1994 compared to around half that in 2024. People now start having families later and have fewer children than was previously the case. This is also significant in terms of pension savings, as single parents have less than a quarter, and carers have less than a third of the median pension wealth by the time they reach the ages of 60-65.

Unemployed by age, 1994 and 2024

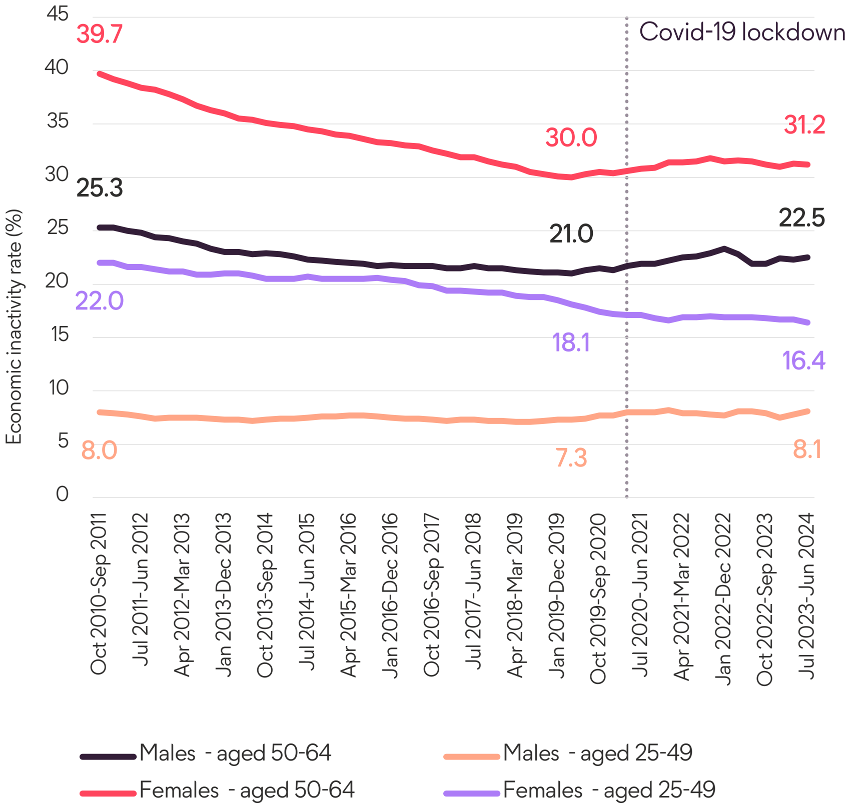


There are far lower rates of unemployment at all ages in 2024 than there were in 1994. These are people who are not working but are actively looking for work. In both time periods unemployment rates have been higher for younger adults under the age of 25.

Source: Labour Force Survey Apr-Jun 1994 and Annual Population survey April 2023–March 2024

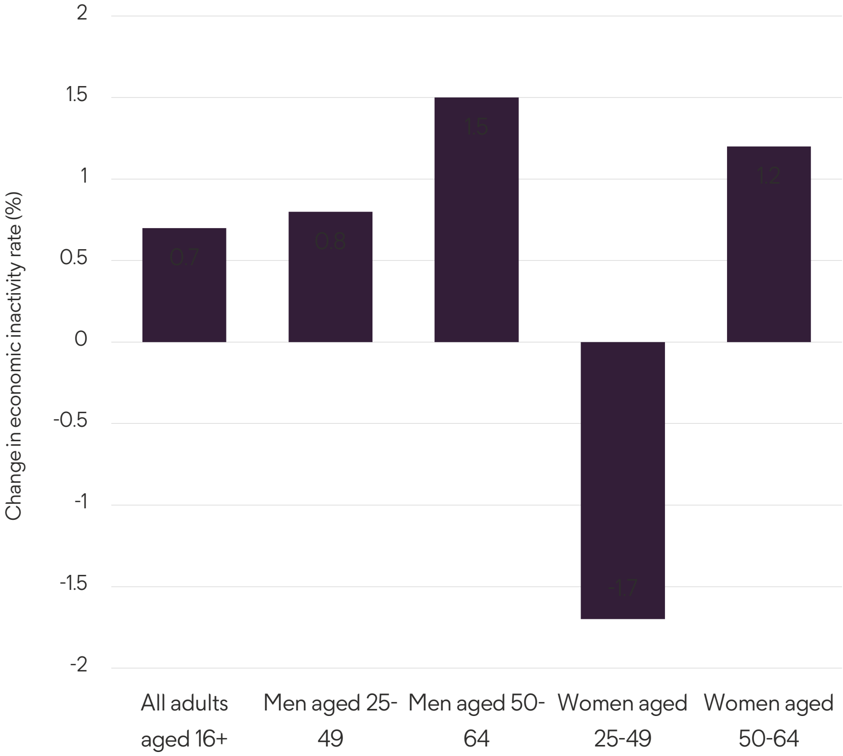
Economic inactivity has increased post-Pandemic particularly for those aged 50+

Economic inactivity rate by age and gender



Source: Annual Population Survey 2011-2024

Change in rates of economic inactivity since the Pandemic (Mar 2020 to Mar 2024)



Source: Annual Population Survey Apr 2019-Mar 2020 and Apr 2023-Mar 2024

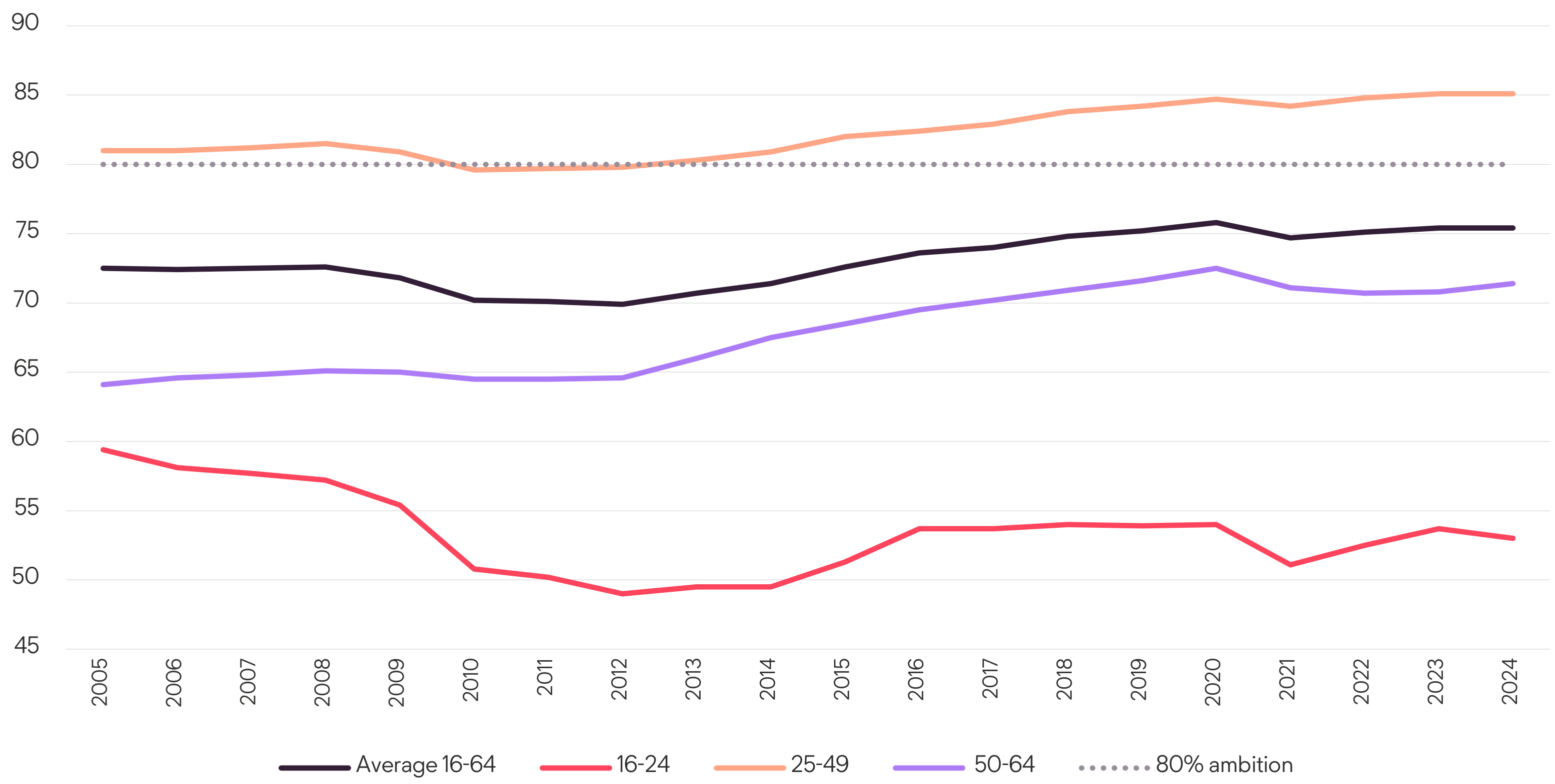
In the decade prior to the Covid-19 Pandemic, most age groups saw declining levels of economic inactivity.

Women aged 50 to 64 saw their levels of engagement with the labour market increase by nearly 10% points from 2011 to 2020.

Since the pandemic many groups have seen increasing levels of economic inactivity. In particular those aged 50-64 with men's rates +1.5% and women's rates +1.2%.

Despite long-term increases in 50+ employment, sizable age gaps remain

UK employment rate (%) by age



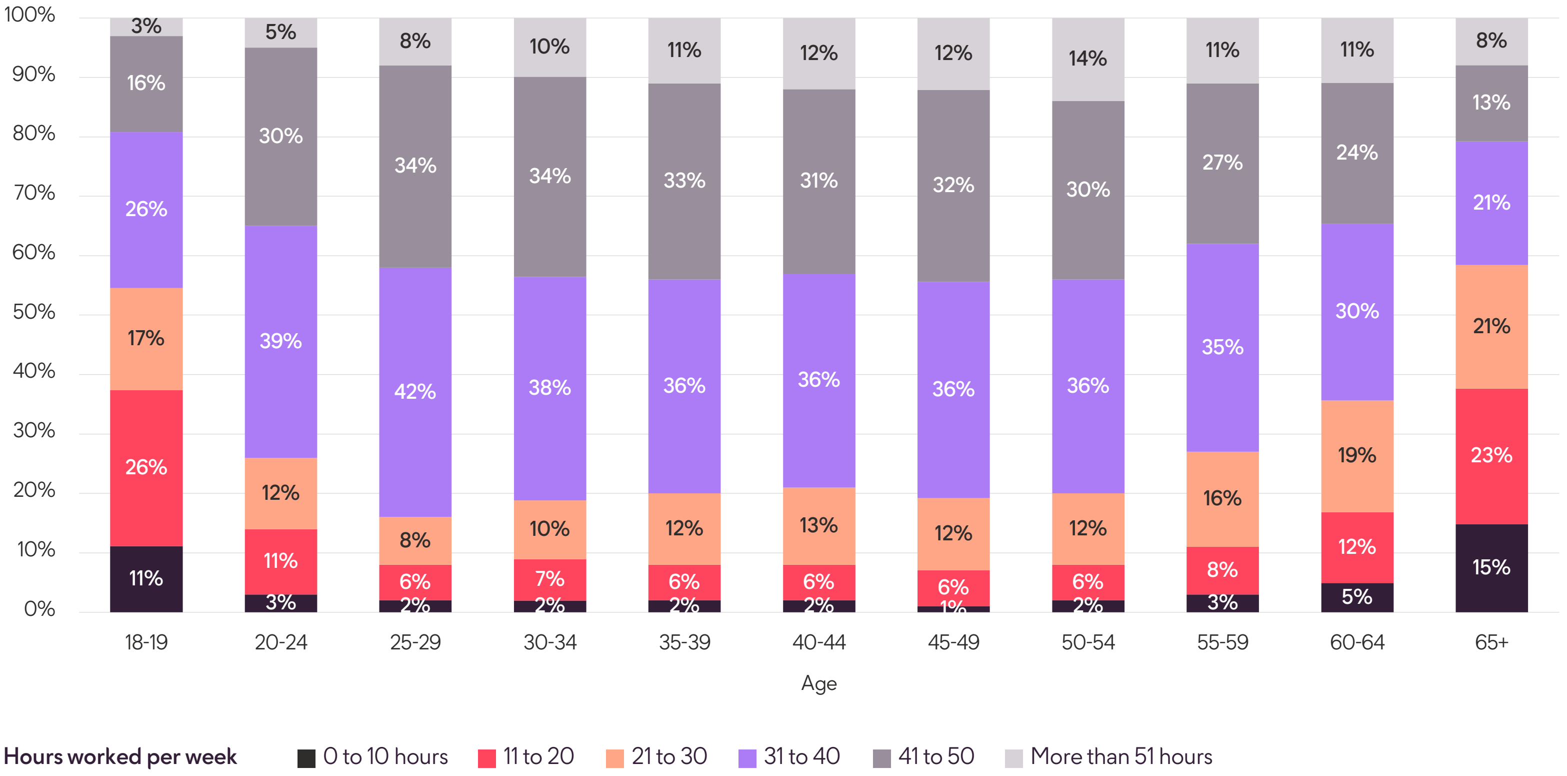
There is currently a gap between the peak employment years in the early to middle stage of people's careers (ages 25 to 49) and younger and older age groups in the labour market. 50 to 64 year-olds have an employment rate of 71% (an "age gap" of 14% points with 25 to 49 year-olds) and just 53% of 16 to 24 year-olds are in employment (an "age gap" of 32% points with 25 to 49 year-olds).

If the "age employment gap" were to reduce by 50%, bringing the employment rate of those under 24 and those over 50, closer to the peak employment rates of those aged 25 to 49, the government could meet its aim of reaching an 80% employment rate without any other changes. This would bring 1.1m more under 24s and 0.9m more over 50s into the labour market.

Source: Annual Population Survey 2005-2024 "Could closing the "age gap" meet the government's 80% employment ambition?" (Phoenix Insights, 2024)

Most workers work 31-50 hours per week, but a sizable minority work more or fewer hours

Hours worked by age



Source: Annual Population survey April-23 – March 24. Labels <1% not shown.

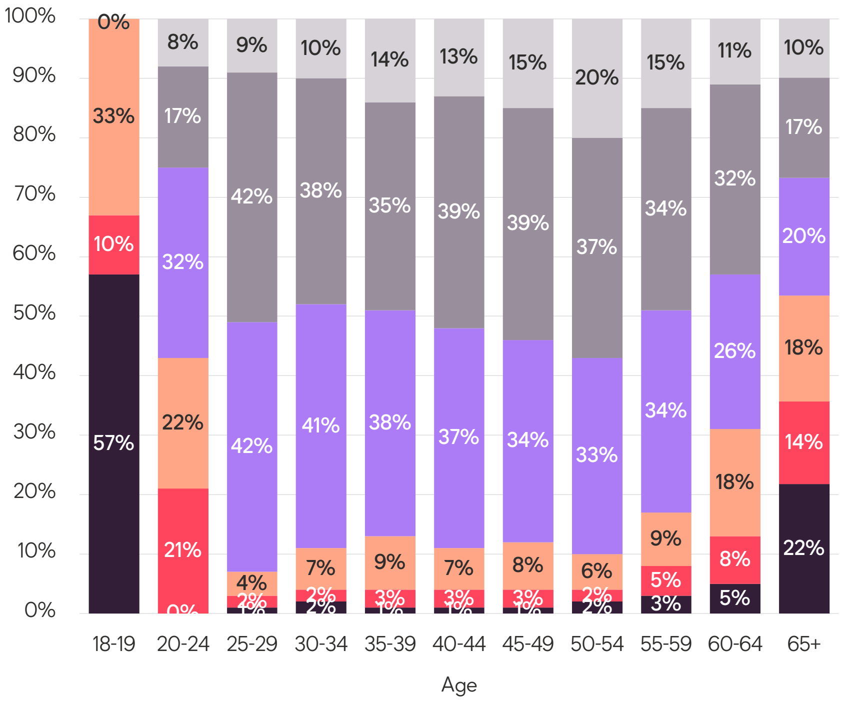
Between the ages of **16 and 24** as people leave education and carry out the initial stage of their working lives, they generally **increase their hours** moving from part time to full time work.

Then from age 20 to 64 the most common working patters are **31-40 hours per week**.

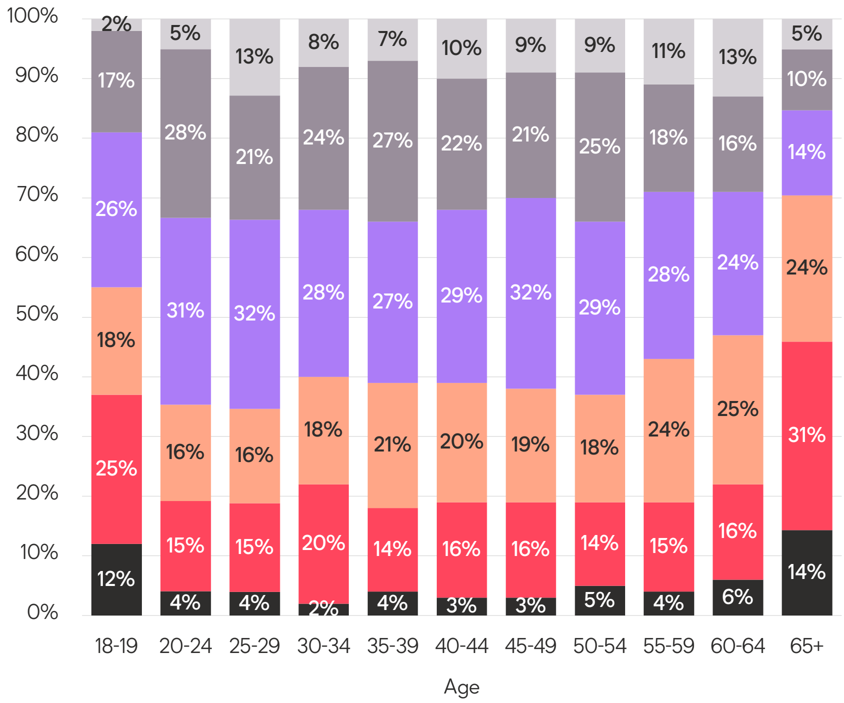
The minority of people who work longer hours increases with age, peaking in the early 50s. **44%** of 50 to 54 year-olds are working more than 41 hours a week, and **14%** working more than 51 hours. These numbers then begin to decline as people tend to reduce hours in the lead up to retirement.

Higher earners work more hours, particularly in mid-life

Hours worked by age (top 20% income)



Hours worked by age (bottom 20% income)



Hours worked per week 0 to 10 hours | 11 to 20 | 21 to 30 | 31 to 40 | 41 to 50 | More than 51 hours

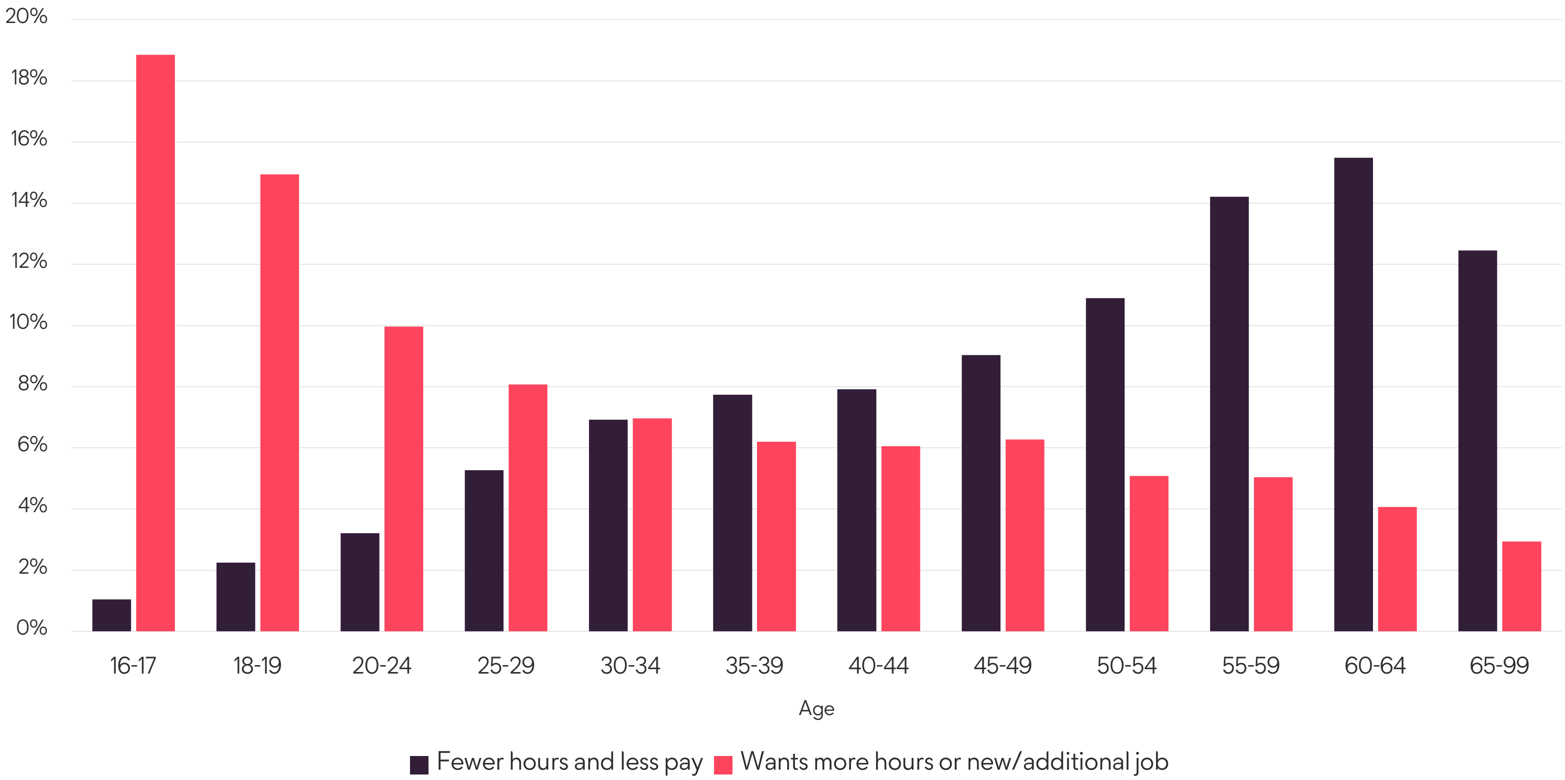
Source: Annual Population survey April-23 – March 24.

Many higher earning people in their 50s may prefer **reducing their hours** but don't. Among 50-54 year-olds, **one in five of the top earners work more** than 51 hours a week, compared to one in ten of the lowest earners.

This is also the group who are most likely to say that they want to reduce their working hours **whether or not for less pay**. This could indicate a gap in the job market, employer actions, or people's outlook in how people can **make changes to their careers in their 50s.**

As people age at work they say that they would prefer fewer hours

Desired hours by age



Source: Annual Population survey April-23 – March 24.

As people enter work at the start of their careers they are on **lower average pay**, this understandably leads to many younger workers wanting to **increase the hours** that they work or to move to a new or additional job to increase their earnings.

There is a **turning point** from ages 30-34 when people are increasingly likely to say that they want fewer hours, even if that comes with less pay. This may reflect earning gains already made as people enter their peak years of earning and have other competing priorities for their time.

People in their early 50s are twice as likely to say they want fewer hours (11%) compared to wanting more hours (5%). This highlights the importance of flexible working options for people at work as they age.

Flexibility at work means many different things

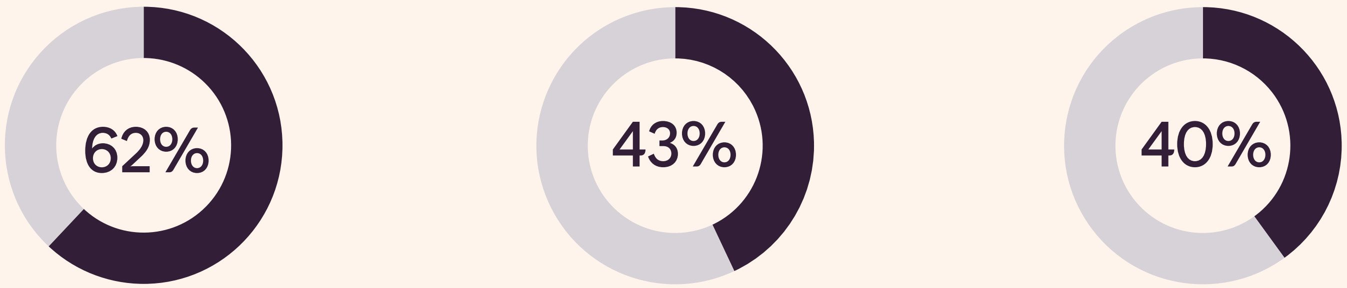
Employers should be equipping their workforce to have more and better conversations about flexible work.

This is particularly important for growing access to good quality part-time work. Research conducted by Timewise found some persistent negative perceptions about part-time work, particularly in relation to it limiting career progression and amongst people in managerial and professional occupations.

Phoenix Insights research tested how appealing people find different ways of describing someone who works 21 hours a week:

- A factual description such as **'3 days a week worker'** was just as appealing as **'part-time'** and **'flexible' worker** with 2 out of 3 respondents found those descriptions appealing.
- Only **37% of people** found the term **'reduced hours worker'** appealing.

Top 3 flexible working priorities for how people want to work in the future



Want flexibility over the hours they work

Want flexibility over where they are based when they work

Want flexibility over the way they work

Which descriptions of someone working 21 hours a week appeal to people?

Most appealing

Working 3 days a week
Part-time worker
Flexible worker

Least appealing

Reduced hours worker

The Pandemic dramatically shifted home working patterns

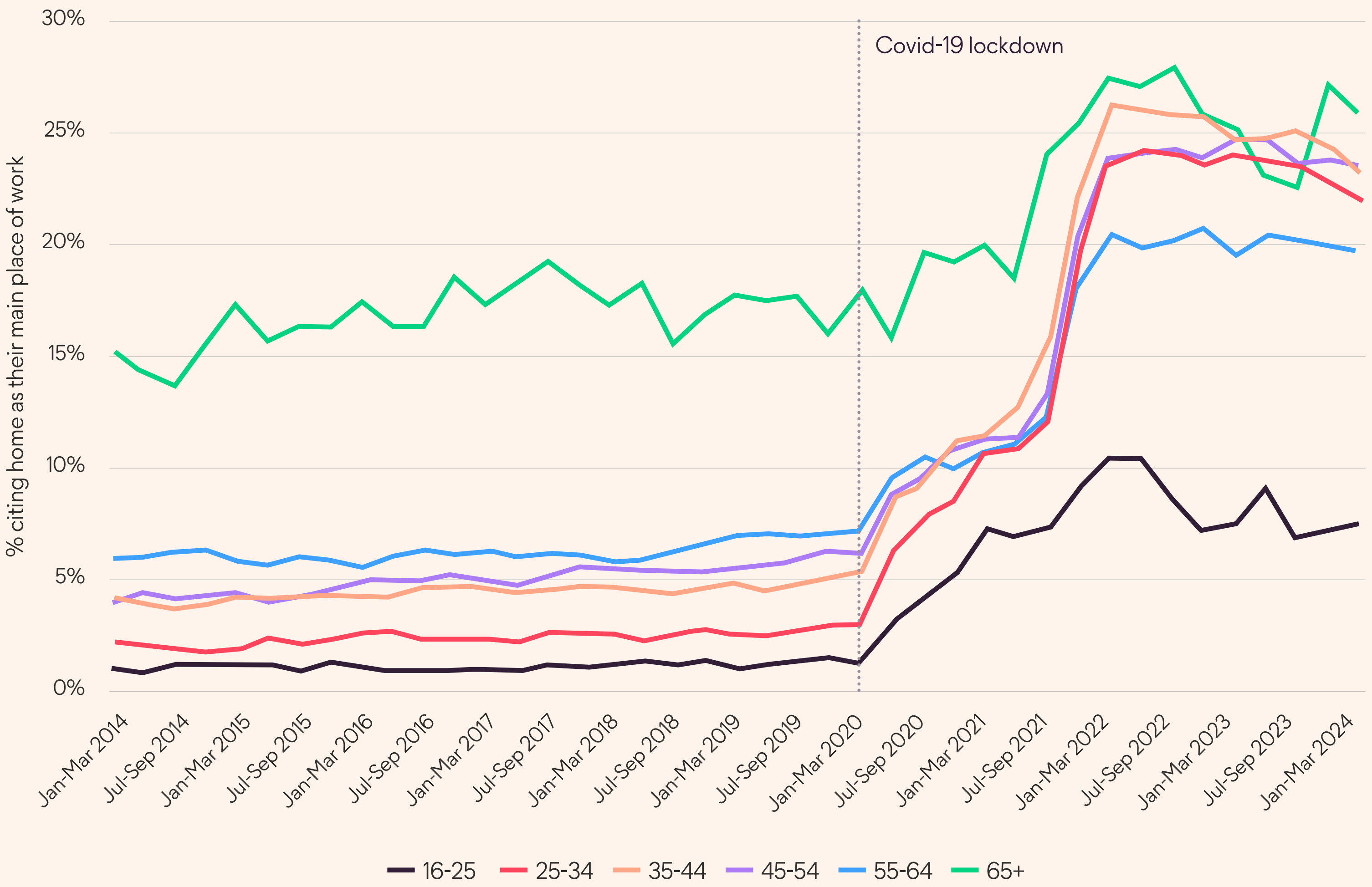
In the years leading up to the Pandemic, only a **small minority of people cited their home as their main place of work**. This appeared strongly linked to age with one in six over 65s working mostly from compared to just 1% of those aged 16 to 24.

Since the pandemic, all ages have seen a marked shift to more **home working**. While there has been some return, the patterns have settled at a much higher rate of working mostly from home.

We have seen a shift in those in their **mid 30s to mid 50s** working from home more (just under one in four), along with **over 65s**. This may indicate some are choosing to work from home because they can (such as those with childcare responsibilities in their 30s and 40s). Younger workers may not want to work from home, may not work in the type of jobs that allow it, or live in the type of homes which enable it.

Those age **55 to 64** are now one of the age groups least likely to be mostly working from home. Evidence suggests that flexible working, including reducing commuting time through home working is one factor which helps people to work for longer, but we also know that many in this age group appreciate the sociable aspects of work which may be lost through working from home.

Working from home by age group



Source: Quarterly Labour Force Survey

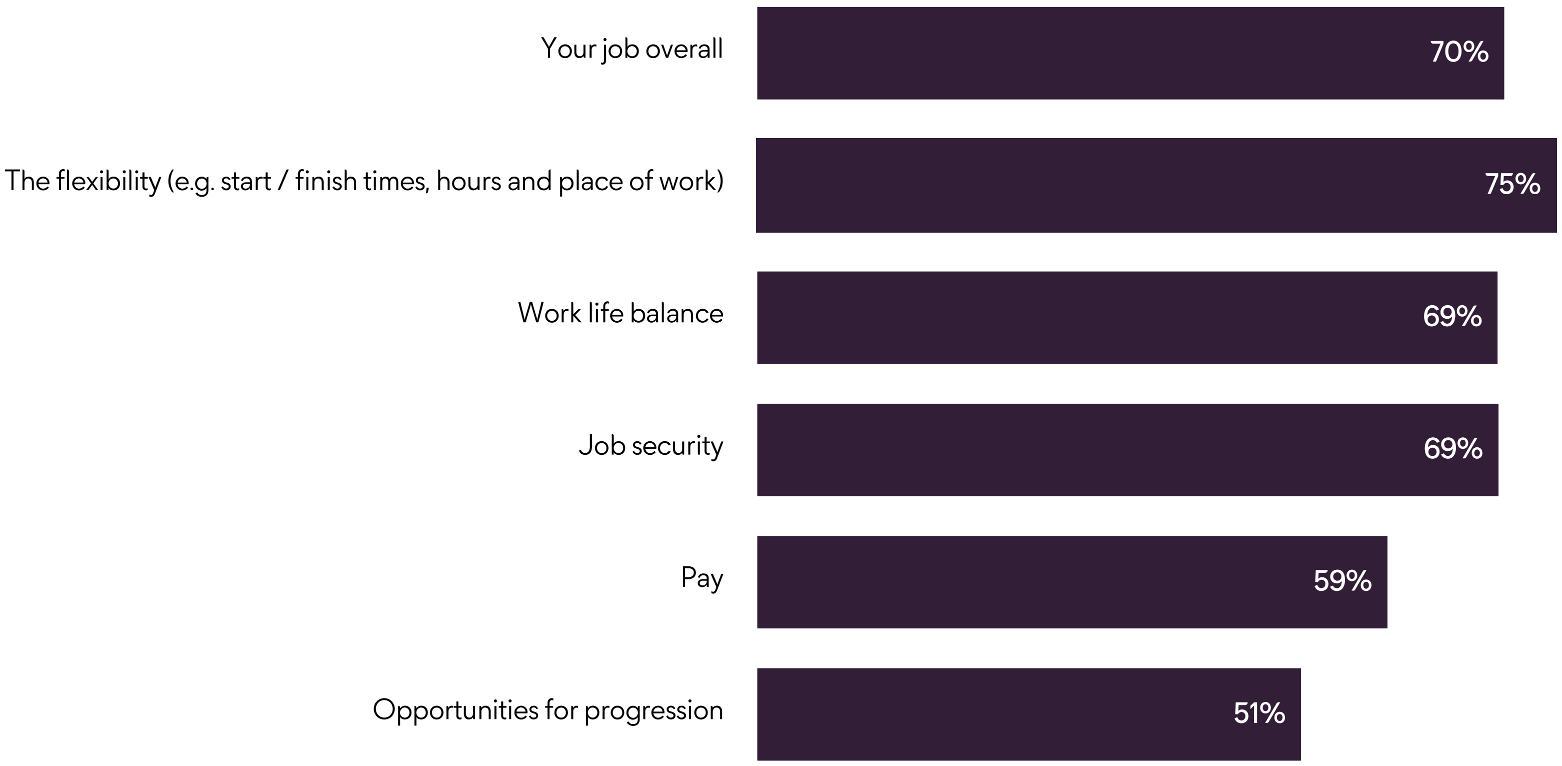
Overall most people are satisfied with their job, but pay and progression lag behind

Men are **more likely** than women to be satisfied with **job security** (71% vs 66% for women), pay (63% vs 55%) or progression opportunities (55% vs 46% for women)

Older generations are more likely to be satisfied with their jobs overall (73%), but Gen Z are most likely to be content with opportunities for progression (62% vs 29% Boomers)

Those with a **long term health condition or disability** are least satisfied with their pay (51%) compared to those without any vulnerabilities (64%).

Thinking about your current job how satisfied or dissatisfied are you with

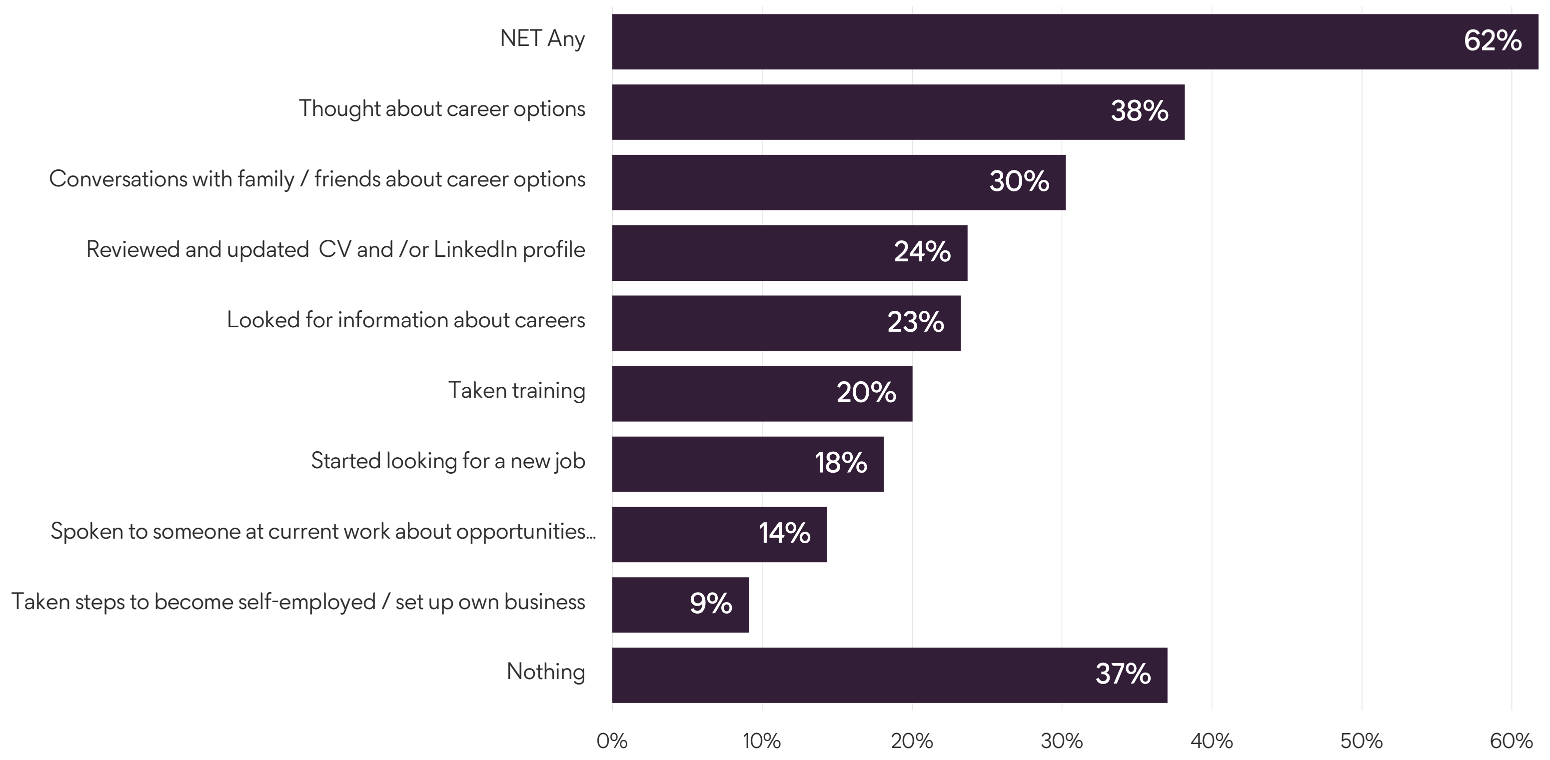


Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024) Base: 3766

Over six in ten have taken some action in relation to their career in the past 6 months but the actions are often limited

Around one in five have taken training or started looking for a new job.

Which, if any of the following actions have you taken in relation to your career in the past six months? Please select all that apply



Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024) Base: 6000

63%

Men are **more likely** to have taken any action than women (58%)

84%

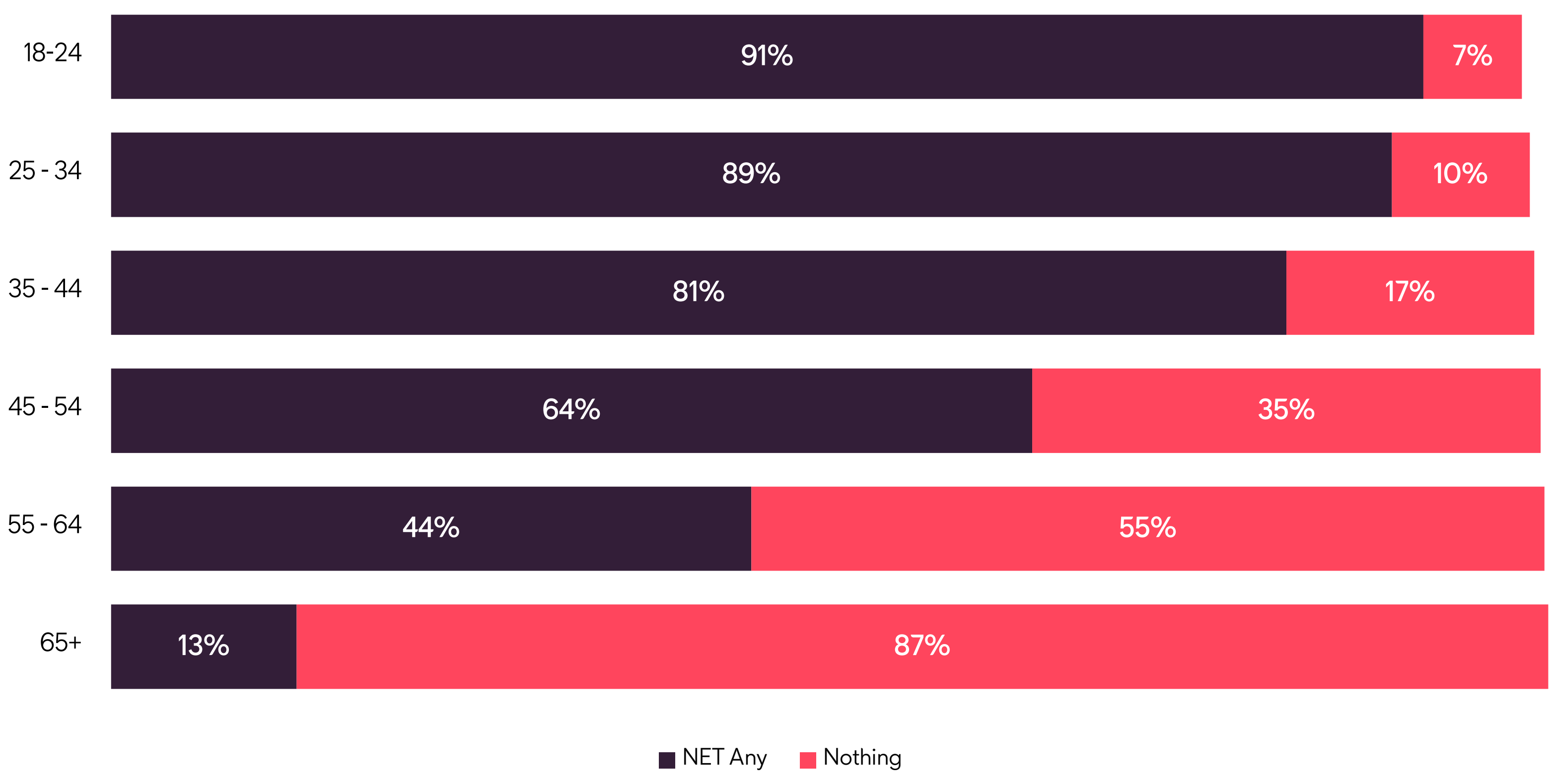
Those with **children under 18** are most likely to have taken action – particularly those with children aged under 4 (89%)

81%

Those **working full time** are more likely to have taken action than those working part-time (72%)

Younger ages are more likely to have taken action in relation to their career in the past six months.

Which, if any of the following actions have you taken in relation to your career in the past six months?

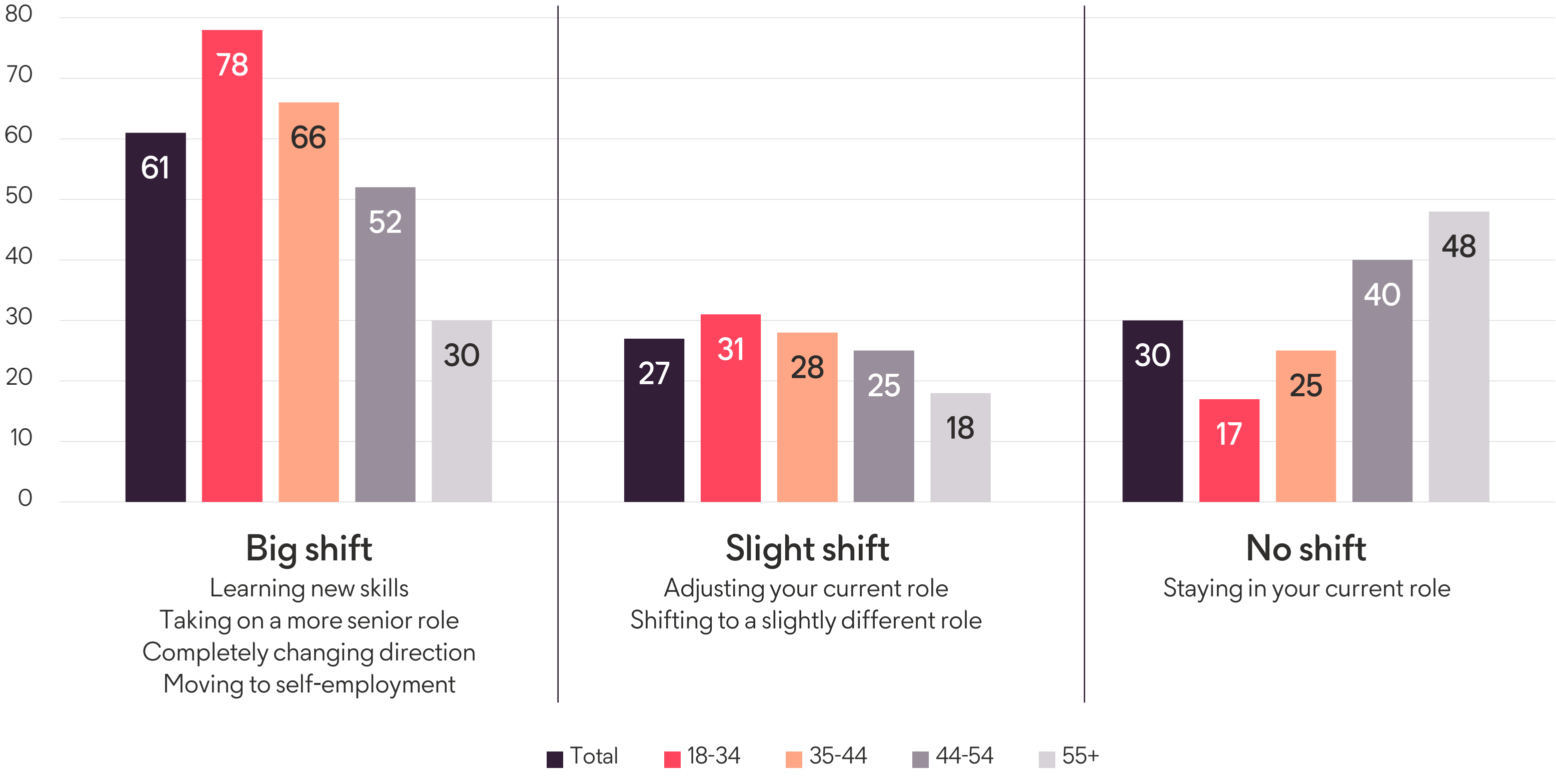


Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024) Base: 6000

25 to 34 year-olds are **twice as likely** as 55-64 year-olds to have taken recent action on their career

People's appetite for bigger career change dwindles as age increases

Only 13% of workers over the age of 55 would find learning new skills, retraining or gaining further education appealing, compared to 42% of 18-34s



Many people do not know how best to navigate changes at work or where to get information and advice on what opportunities are out there.

Making the transition to a labour market that provides good quality work with adequate pensions and supports people to switch jobs and careers is a complex challenge, and requires action from government, employers, education providers and more

Source: polling undertaken by Message House on behalf of Phoenix Insights Jan 2024 (sample 1,502)
Q25. (Working for an employer) You said that you are currently working. Thinking about the next 2-3 years, which of the following would you find most appealing? Please select up to 4 responses. (n = 859)
Full answers are given in the appendix.

04

How we retire

People are retiring later

People today retire 5 years later than was the case 30 years ago, with men and women now retiring at age 64 on average. Those currently receiving the state pension think of it as a time of retirement, relaxation and freedom.

Among current workers, most people would like to retire earlier than they expect to. On average, people would like to retire at 62 but expect to be able to retire at 66. Those with the highest household income (>100K) believe they will retire the earliest at 62 (compared to 69 for those <30K).

Not everyone feels their job would be doable as they age

Three quarters of people (78%) think they could do their job at each 60 but less than half (48%) think they could do it at age 70. Less than one in four (39%) of those who are dissatisfied with their job say they could do it at 70.

Different factors influence the decision to work for longer

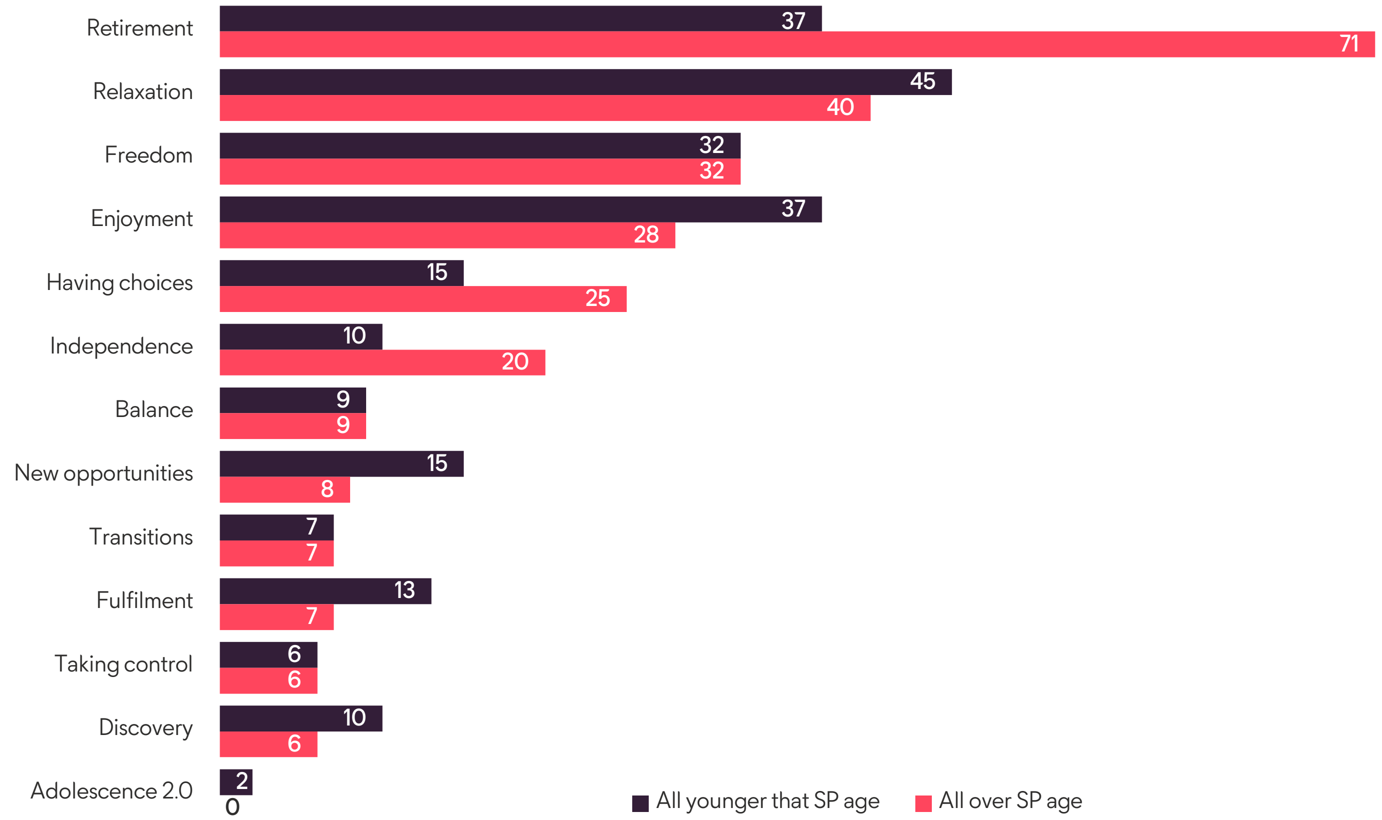
Flexible working practices, reduced working hours and additional pension savings are most likely to encourage people to delay retirement by one year.

Those with a higher household income are most likely to say that they would be likely to delay retirement to save more into their pension. People with a health condition or disability are least likely to move to a job which pays them less but makes them happier.

People currently receiving the state pension think of it as a time of retirement, relaxation and freedom

Amongst those yet to retire, a time of 'enjoyment', 'new opportunities and 'fulfilment' comes out more strongly than for those already retired, who are relatively more likely to see it as a time of having choices and independence as well as retirement

Life beyond the state pension age, is a time of...



Source: polling undertaken by Message House on behalf of Phoenix Insights Jan 2024 (sample 1,502)
Q18. (Not retired n = 1141) Thinking about life once you receive the state pension, which of these represent how you would like to describe your life: / (All over SP age n = 305) Thinking about life now, which of these represent how you would describe your life? Please select up to 3 options.

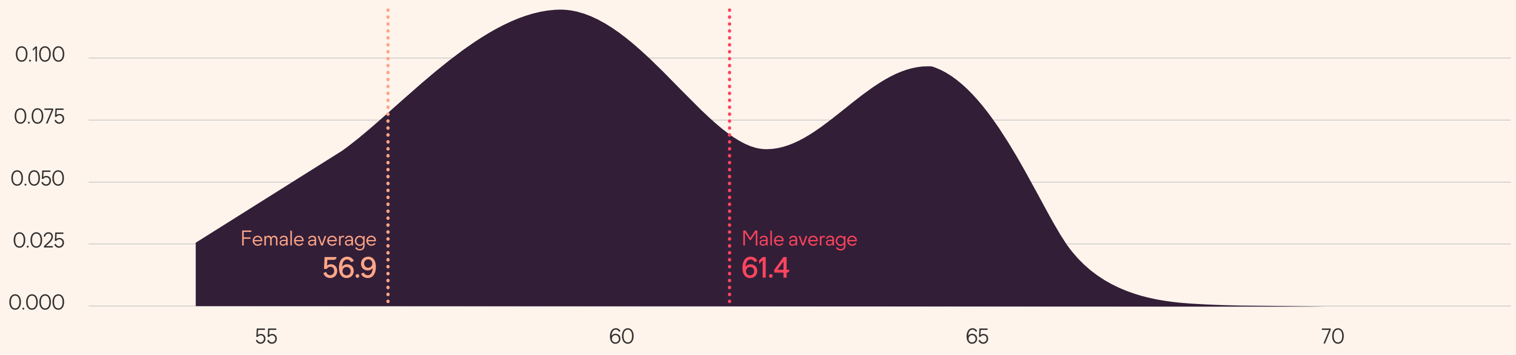
People today retire 5 years later than 30 years ago, and the gender difference has disappeared

In 1994 we saw two distinct peaks in the ages at which people exited work for retirement.

These were driven by **gender differences**, with women retiring on average at 56 and men at 61. This five-year difference mirrored the five-year difference between male (65) and female (60) state pension age eligibility.

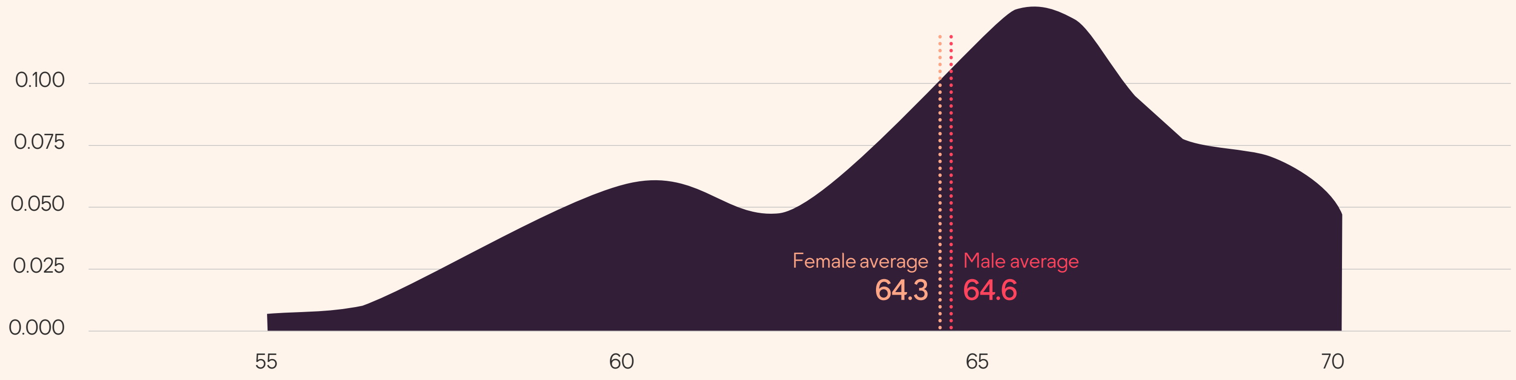
In 2024 the gender difference has largely disappeared with **both men and women retiring at 64 on average.**

Density plot of age of retirement (1994)



Labour Force Survey 2 quarters longitudinal Sep-Nov 1993 – Dec-Feb 1994

Density plot of age of retirement (2024)

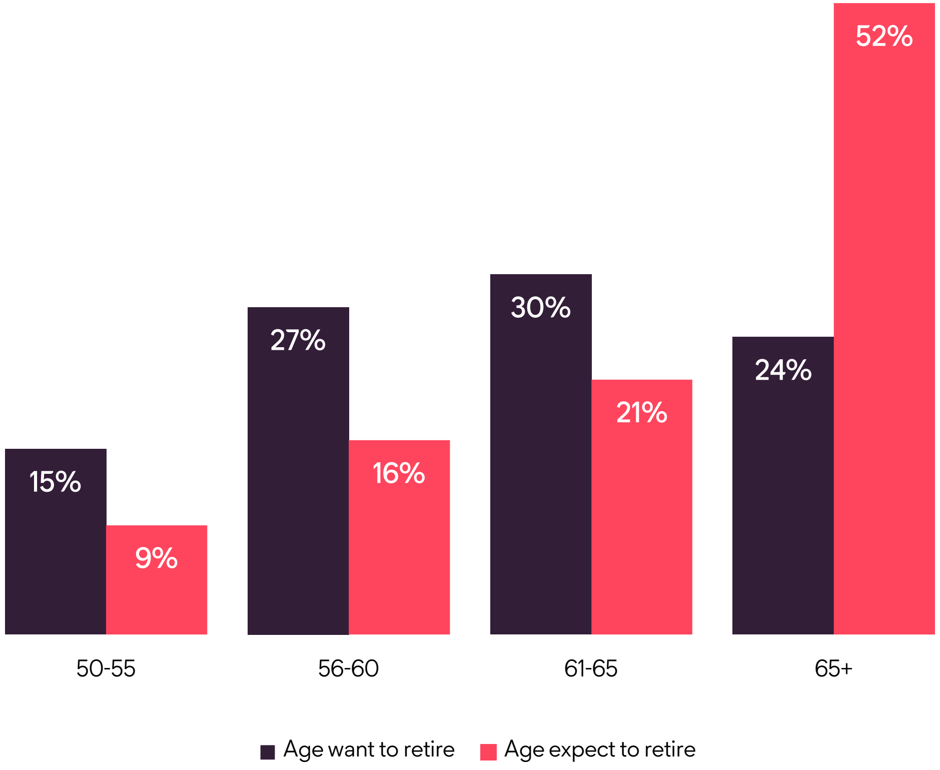


Labour Force Survey 2 quarters longitudinal Oct-Dec 2023 – Jan-Mar 2024

People expect to retire later than they would like to

On average, people would like to retire at 62 but expect to be able to retire at 66

Desired and expected retirement age



Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)
At what age do you want to retire? Base: 4137 At what age do you think you will be able to retire? Base: 4137

62

Mean age want to retire

66

Mean age expect to retire

Women believe they will be able to retire at **67** on average, whereas men believe they will be able to retire at **66**

Those who are **working** (mean 66) expect to retire at a younger age than those who are not working (average age 71)

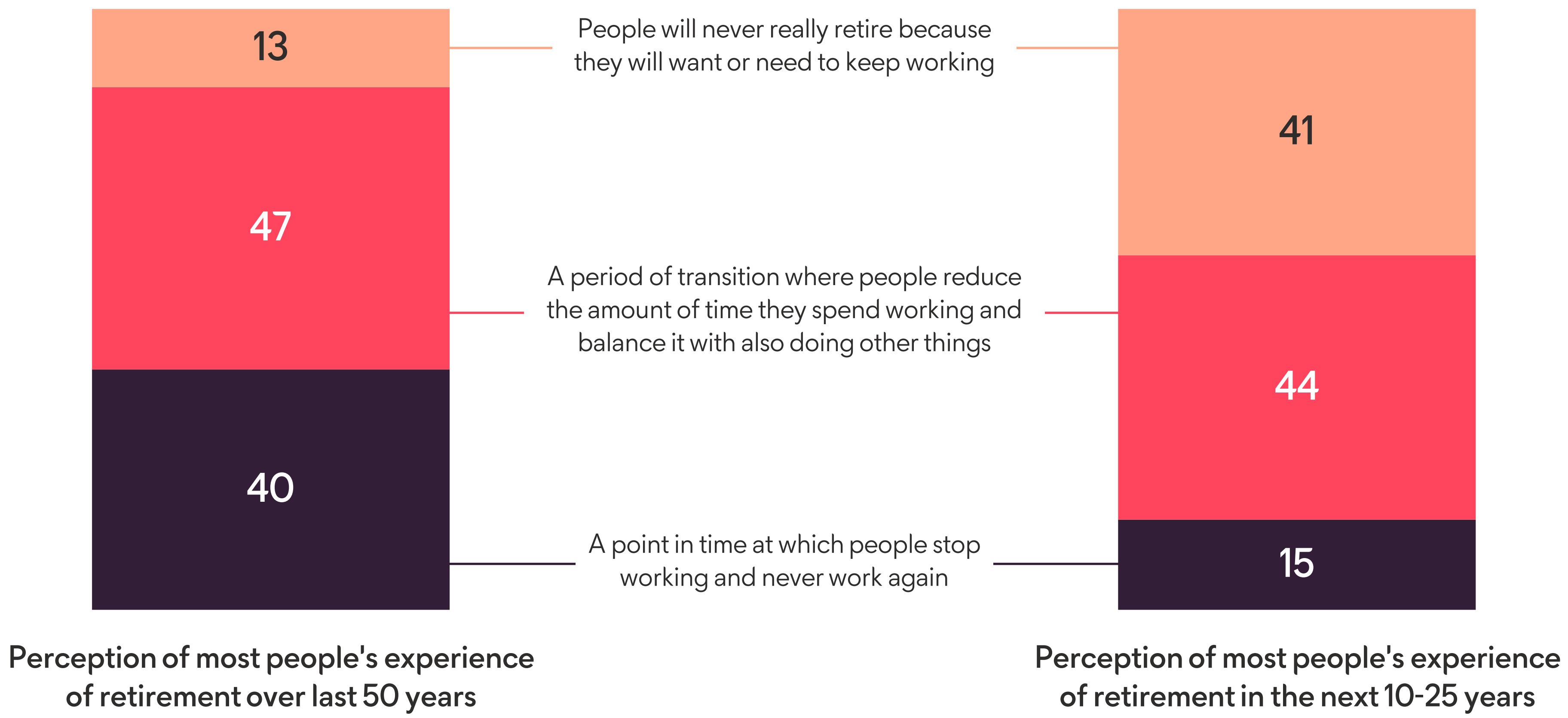
Full time workers (66) believe they will be able to retire before part-time or self-employed workers (67)

Those with the **highest household income** (>100K) believe they will retire the earliest at 62 (compared to 69 for those <30K)

45%

Agree they will have to work past their State Pension age

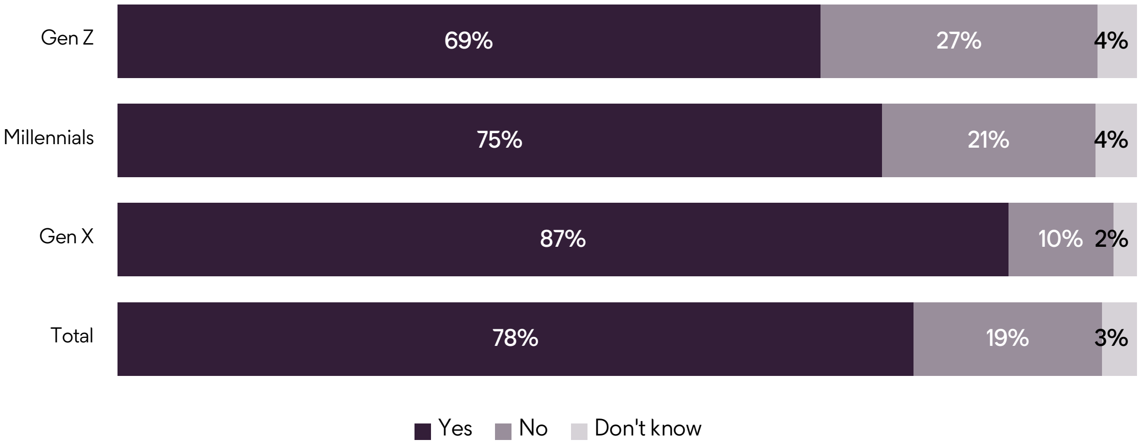
People think that retirement in the future will be less about stopping work completely



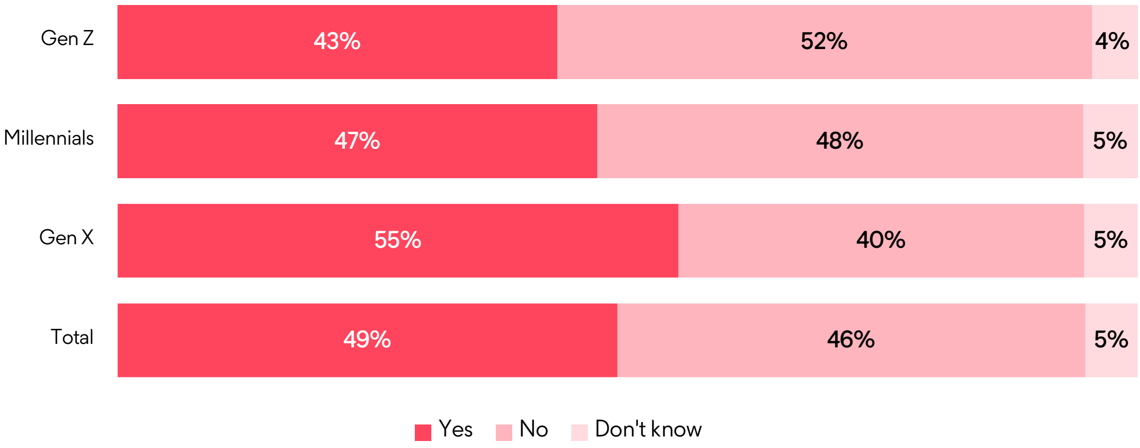
Source: polling undertaken by Message House on behalf of Phoenix Insights Jan 2024 (sample 1,502)
Q20. Thinking now about retirement, which of the following do you think best represents most people's experience of retirement in the last 50 years? (All respondents n = 1502)
Q24. And which of these do you think best represents most people's likely experience of retirement in the next 10-25 years? (All respondents n = 1502)

Most people are confident that they could do their job to 60, but not 70

Could you do your current job, or one like it when you are 60?



Could you do your current job, or one like it when you are 70?



Could you do your current job, or one like it when you are 60/70? Base: 3286

80%

Men are more likely than women (77%) to say that they will be able to do their current job at **60**

81%

Those who are self-employed (81%) or working **full-time (79%)** are more likely than those **working part-time (74%)** to agree they could do their job at 60

75%

Those with **household income > 30k least likely to agree**, those with HH income 50k+ most likely to agree (80%)

52%

Men are more confident that they will be able to continue working their current job at **70**

46%

Those with a **household income 100K+ are least likely** to say they could do their current job at 70.

39%

Less than one in four of those who are **dissatisfied with their job** say they could do it at 70.

Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)

Flexible working practices, reduced working hours and additional pension savings are most likely to encourage people to delay retirement by one year

Flexibility of hours or location is most likely to encourage people to delay retirement.

Millenials and **Gen Z** are most likely to say that reduced working hours in the run up to retirement would make them likely to delay retirement.

Those with a higher household income are most likely to say that they would be likely to **delay retirement to save more into their pension**.

People with a health condition or disability are **least likely to move to a job which pays them less but makes them happier.**

How likely or unlikely would you be to delay your planned retirement date by one year:

How likely or unlikely would you be to delay your planned retirement date by one year: 4194
Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)

Most people are confident they will be able to remain employed until their preferred retirement age.

Those who are not confident primarily worry about their physical health, though motivation, mental health and age discrimination are also concerns.

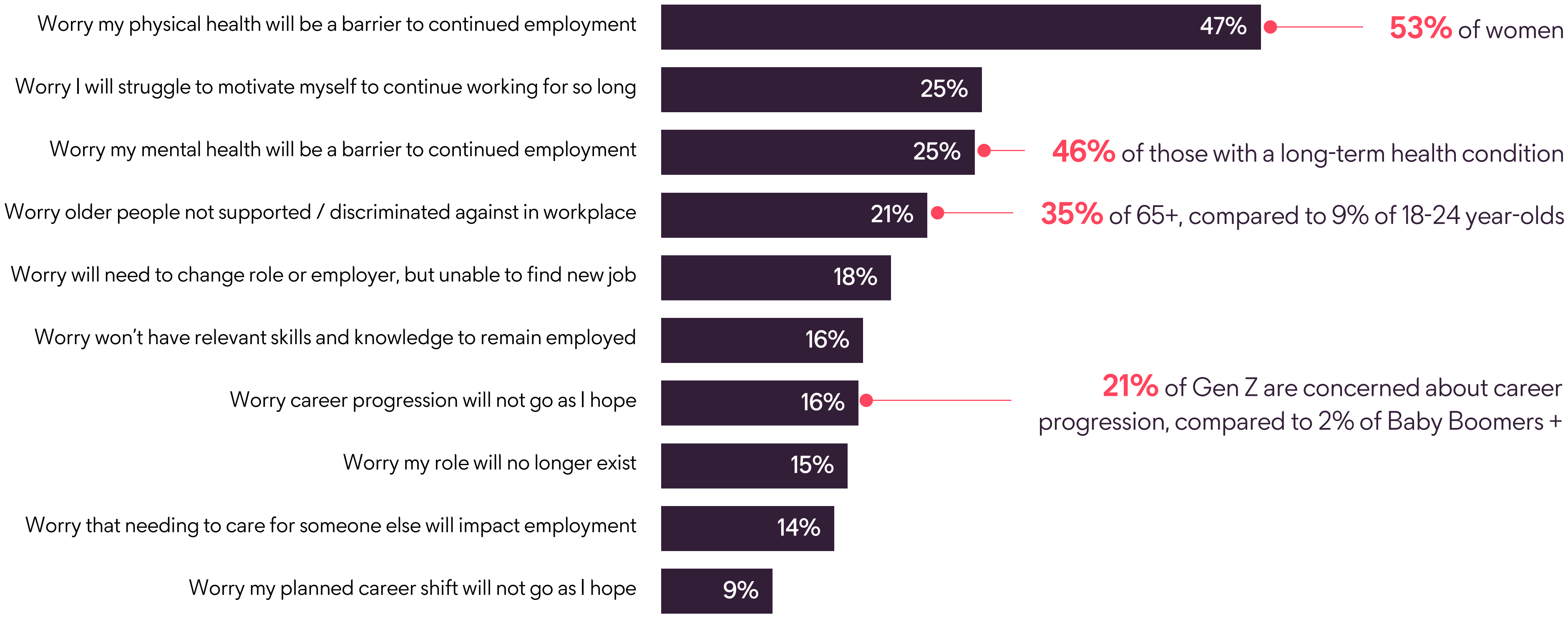
76%

Are confident that they will be able to remain employed until their preferred retirement age.

13%

are not.

Of those who are not confident, the biggest reason is worrying about their physical health



On a scale of 1 to 10 with 1 being not confident at all and 10 being very confident, how confident are you about being able to remain employed until your preferred retirement age in a way which allows you to reach your financial goals for retirement? Base=3709
Why are you not confident about being employed until your preferred retirement age in a way which allows you to reach your retirement goals? Please select up to your top three reasons. Base=781
Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)

05

How we live in retirement

Pensioner income has increased

Pensioner incomes have increased by around two fifths over the last 20 years, even accounting for inflation. Over eight in 10 retirees say their standard of living is better or the same as when they were working. Policies such as the state pension Triple Lock play an important role in this with the proportion of pensioner income coming from benefits increasing over time.

Despite this, poverty has increased for many

There remains a significant and growing issue of pensioner and pre-retirement poverty which has also increased in the last decade. There are 300,000 more pensioners living in relative poverty between 2012-2023, and one in four people aged 60-65 live in poverty.

Pensioner couples are more likely to have other wealth and assets such as housing or savings, to support them in retirement, compared to single pensioners.

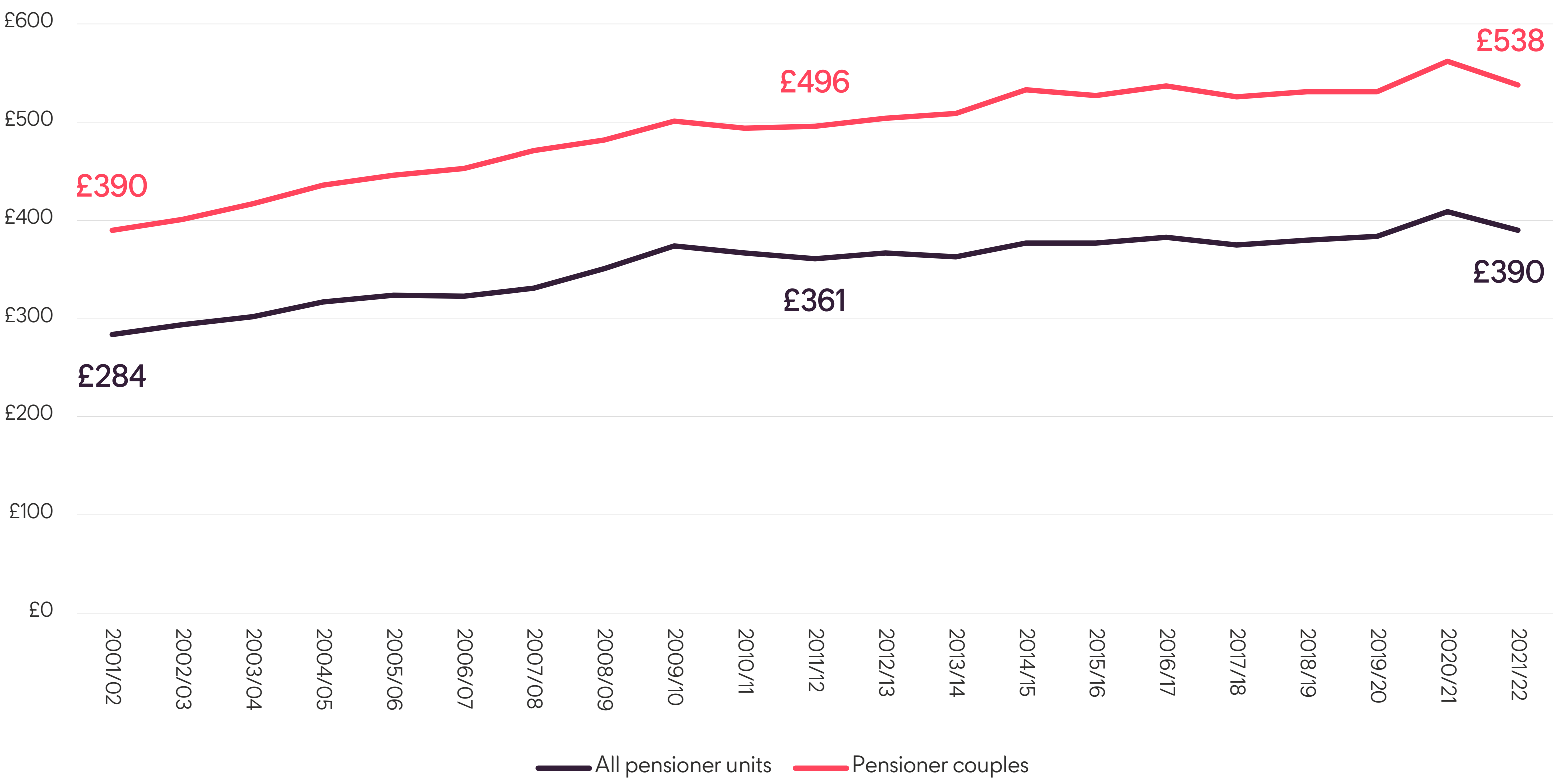
Changes in housing will impact future retirees

Households over 65 today look likely to be the last cohort to experience record high levels of home ownership, as rates fall among working-age households.

Nearly seven in 10 expect to own their own home mortgage free by the time they retire, this includes a third of people who are currently renting.

Pensioner incomes have increased by around two fifths over the last 20 years, even accounting for inflation

Median weekly net pensioner incomes (before housing costs) 2001/02-2021/22 (2021/22 prices)



Source: Pensioners' Income Series 2001/02-2021/22

Average pensioner incomes have increased over the last two decades

Increases to the State Pension, supported in recent years by the Triple Lock, as well as increased income from occupational pensions, mean that pensioner incomes have increased in relative terms over the last two decades.

However, relative pensioner poverty has also increased over the last decade

Since 2011, income growth for poor pensioners (those in the 10th percentile of the pensioner income distribution) has lagged behind the population as a whole. As a result, relative pensioner poverty increased from 13% in 2011-12 to 16% in 2022-23, equivalent to an increase of 300,000 pensioners.

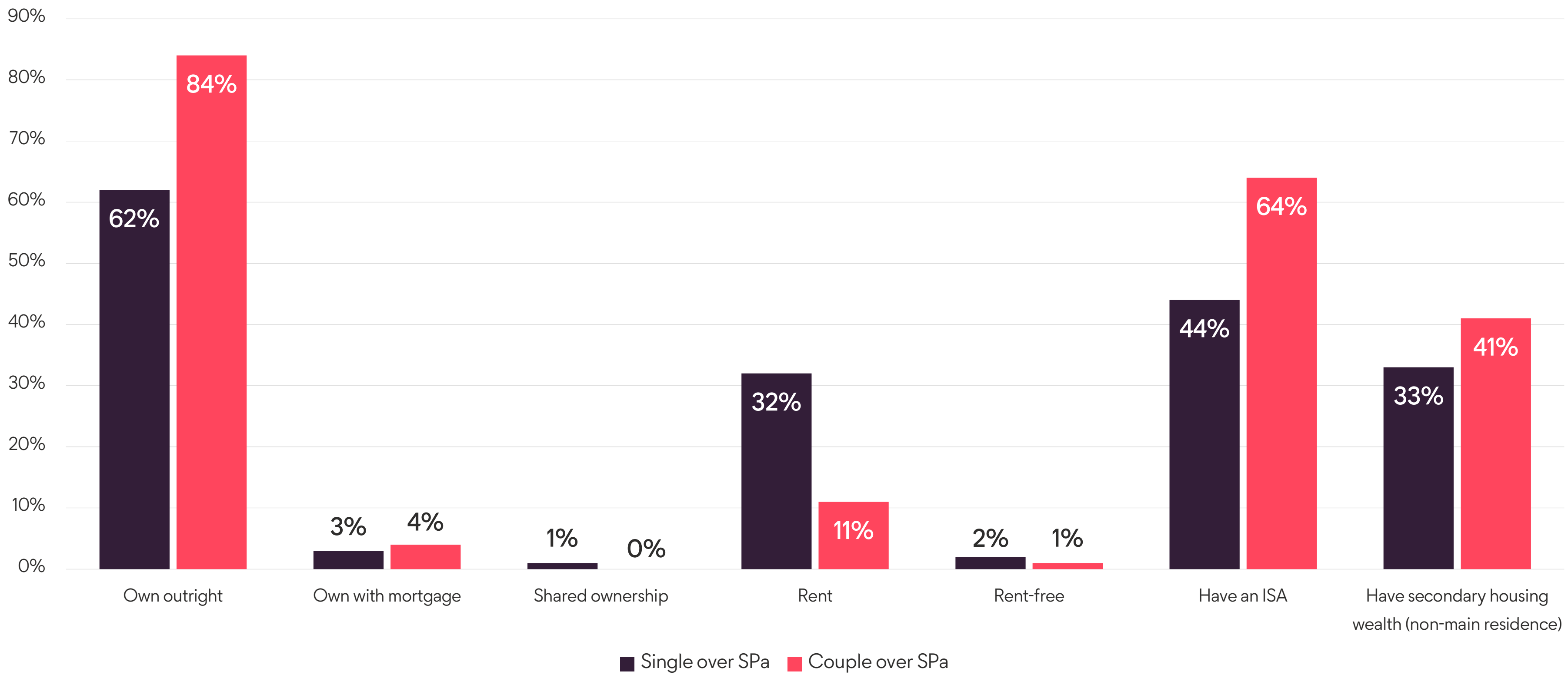
In 2021-22, 20.5% of pensioners were below the Joseph Rowntree Foundation Minimum Income Standard (MIS). The likelihood of being below MIS has increased substantially for single pensioners since 2008-09, from 16.9% to 30.2% in 2021-22, with an additional 900,000 pensioners below the MIS, including 600,000 single pensioners.

There is a growing trend in pre-retirement poverty

One in four people aged 60 to 65 live in relative poverty. Among adults, they have seen the largest increases in recent years. ('When I'm 64 – a strategy to tackle poverty before state pension age' -Phoenix Insights and the Fabian Society, 2024)

Pensioner couples are more likely to have other wealth and assets to support them in retirement, compared to single pensioners

Property and other asset ownership among those over State Pension age



Source: PPI analysis of Wealth and Assets Survey, Round 7

Mean value of net financial wealth:

£67,000 single

£167,900 couple

Mean value of additional property wealth (includes those without):

£14,100 single

£56,700 couple

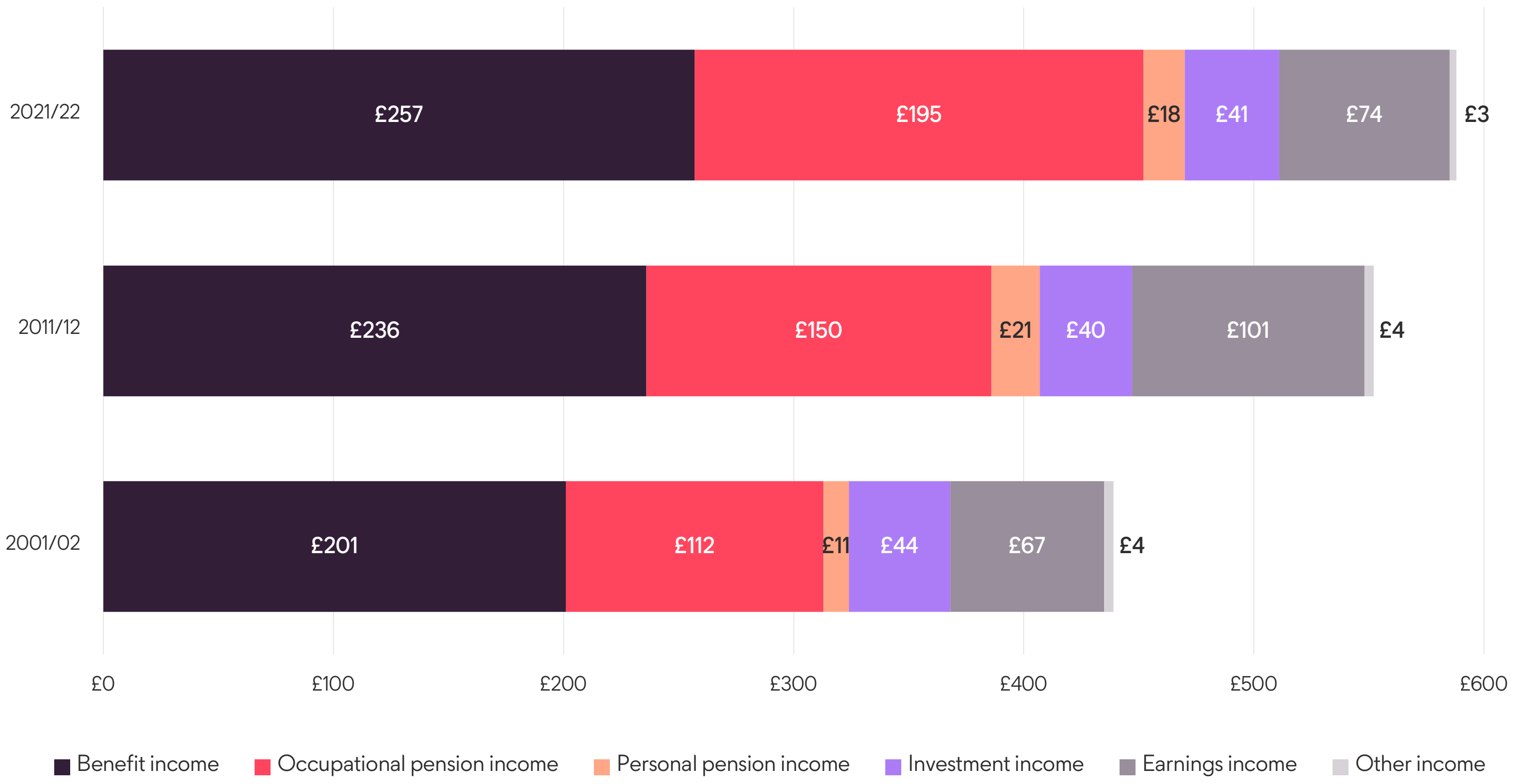
Single people above state pension age

- **Three times** more likely to be renting
- Only **two thirds** as likely to have an ISA

As those living in a couple

The proportion of pensioners' income from benefits (including the State Pension) has increased

Median gross weekly income by source (2021/22 prices)



Source: Pensioners' Income Series 2001/02-2021/22

One in five pensioners received income-related benefits in the 2022/23 financial year.

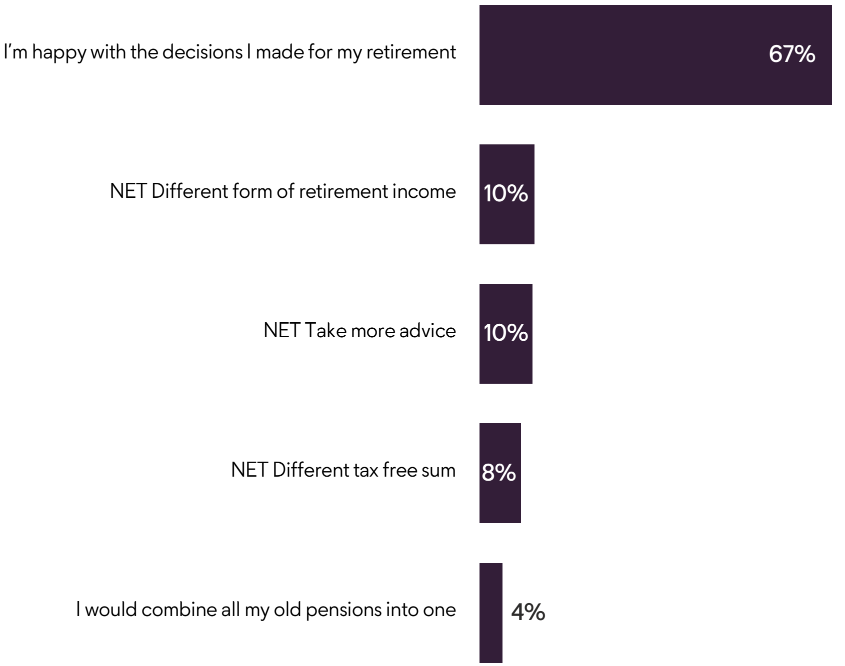
However, the proportion of gross weekly income received from benefit income, including the state pension has declined slightly over the last two decades, from **46% in 2001/02 to 44% in 2021/22**. The proportion of income sourced from occupational pensions has grown the most over this period, from a quarter (26%) in 2001/02 to a third (33%) in 2021/22.

In 2021/22 earnings from employment made up an average 13% of pensioners' gross weekly income. This element is primarily present in the incomes of those in the years immediately following State Pension age who remain in full- or part-time employment. However, it is important to note that for most people, earnings from employment are unlikely to be a sustainable source of income over the course of retirement as they reach older ages and experience health declines. People who rely on income from employment to supplement their State Pension in the early years of retirement will experience a decline in living standards when they retire from paid employment if they do not have alternative sources of income and savings to draw upon.

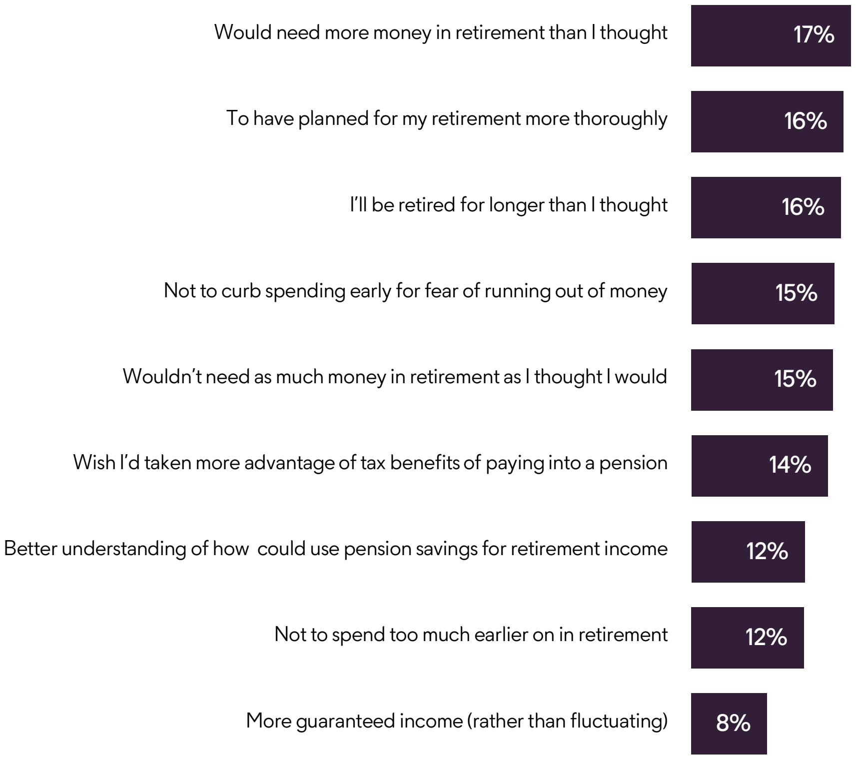
Over 8 in 10 retirees say their standard of living is better or the same as when they were working

Reflecting this, 2 in 3 are happy with the decisions they made for their retirement

Thinking of the decisions you made at the time you first accessed your pension savings, is there anything you would do differently if you were to do it again?



Now you are retired, what do you wish you had known before you retired?



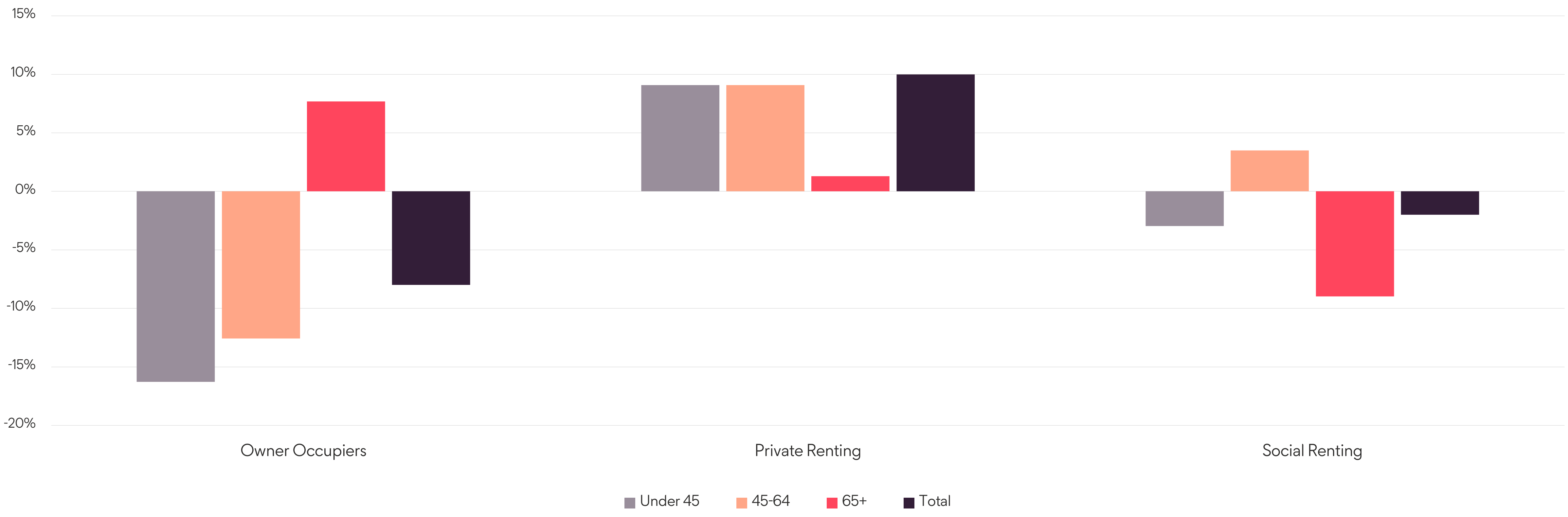
83%

of retirees say their **standard of living in retirement is better** (33%) or the same (50%) as when they were working

Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)
Now you are retired, what do you wish you had known before you retired? Base=1313

Households over 65 today look likely to be the last cohort to experience record high levels of home ownership, as rates fall among working-age households.

Percentage point change in housing tenure as a share of overall housing tenure by age group, households in England 2003-04 to 2020-21

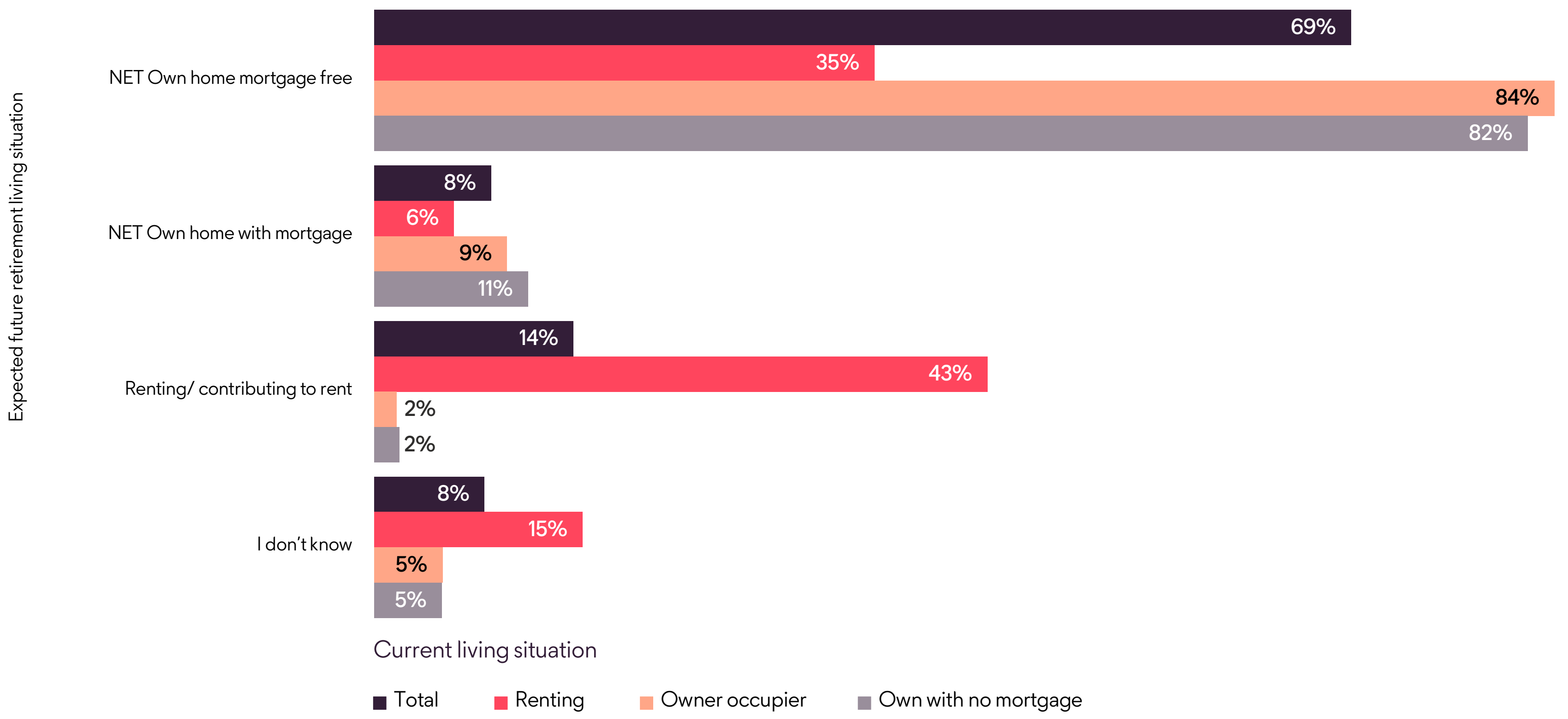


Source: Analysis of EHS Annex Table 1.4

Nearly 7 in 10 expect to own their own home mortgage free by the time they retire, this includes a third of people who are currently renting.

Over four in ten of this group expect to continue renting.

Expected future retirement living situation, by current living situation



Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)
What living situation do you expect to be in during retirement? Base=4302

48%

of those who aren't working because of illness/ disability **expect to rent in retirement,** compared to 10% of those working full time.

76%

3 in 4 of those on household income >100K **expect to be homeowners**, compared to 46% of those with household incomes below 30K.

06

What we think about the future

People often feel positively about their life in the future, but don't always have a clear vision

Looking 5 years ahead half of people (50%) feel positively about their future, over half (53%) feel they can make the changes they want to see, but only 44% have a clear vision for their life.

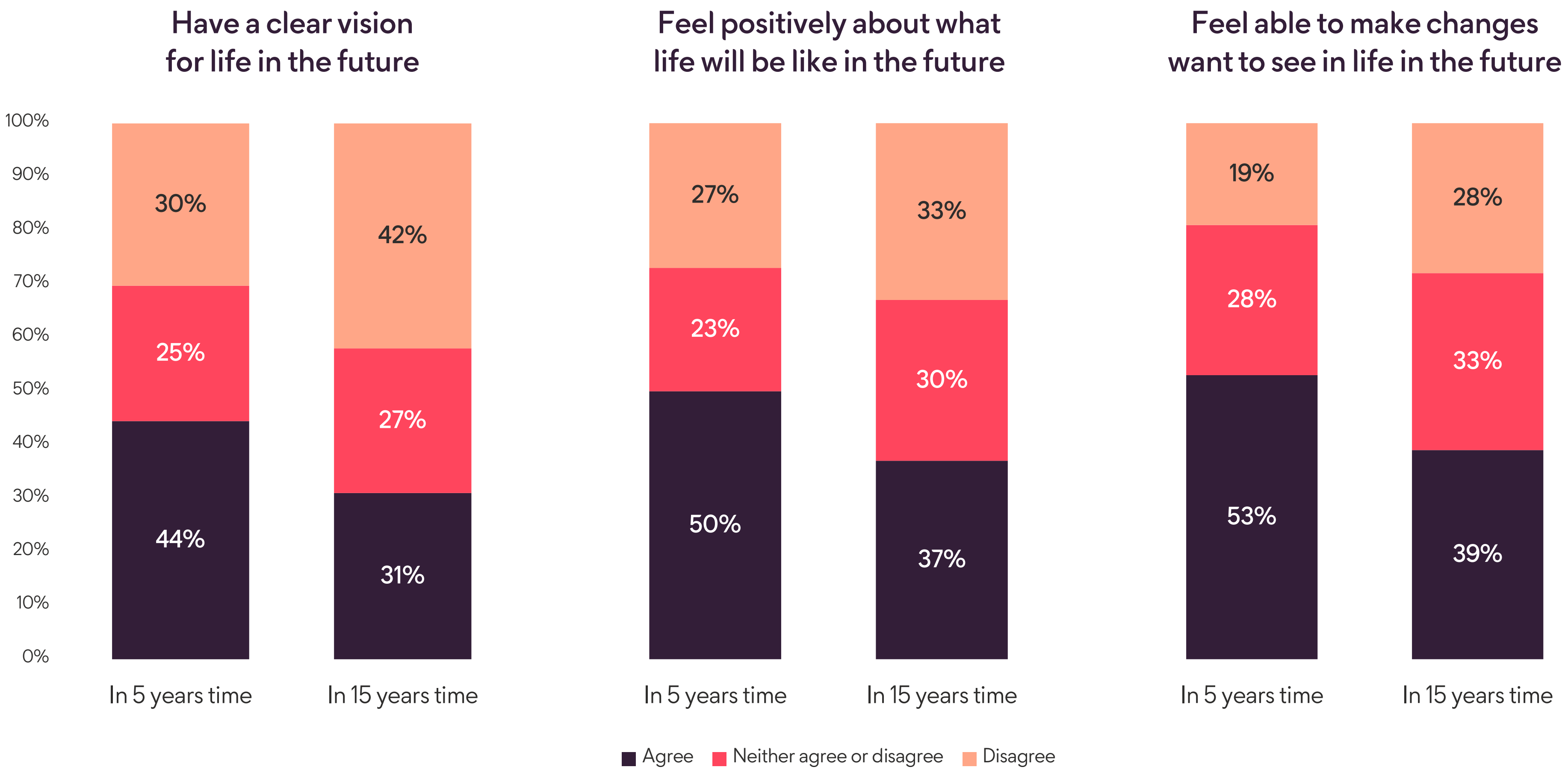
Job satisfaction today interacts with your feelings about your future life

Those satisfied with their jobs today are twice as likely to feel positively about what their lives will look like over the next five and fifteen years compared to those who are dissatisfied.

Most people don't realise that they are likely to be a carer for someone before they retire

Only 27% of people think they will be a carer by the time they are 67. Most say they don't know or think that it is uncertain. In reality half of people become a carer by the time they are 50.

People can often feel positively about their life in the future, and able to make changes, but don't always have a clear vision



Having a clear vision of your own future is an important factor in being able to plan for your future finances, work and savings.

Looking 5 years ahead:
- Half of people (50%) feel positively about their future
- Over half (53%) feel they can make the changes they want to see
- But only 44% have a clear vision for their life.

Looking further ahead (15 years) people are less able to visualise their futures, feel positively about them or able to make changes they want to see.

Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)
Thinking about yourself five / fifteen years from now, to what extent do you agree or disagree that… Base: 6000

Full-time workers are more likely to have a clear vision and feel empowered to make changes they would like to see in their lives over the next five years.

Those who are dissatisfied with their job or finding it difficult to cope financially are more pessimistic about the future.

58%

of full-time workers have a clear vision for what life will be like in 5 years' time compared to 42% of part-time workers.

54%

of those satisfied with their job overall have a clear vision for what life will be like in 5 years' time compared to 32% of those who are dissatisfied.

27%

of those finding it difficult to manage on their current say they have a clear vision for the next 5 years

Those **satisfied with their jobs feel positively** about what their lives will look like over the next five and fifteen years. Those who are dissatisfied are almost half as likely to be optimistic about the future over the next five (34%) and fifteen years (30%)

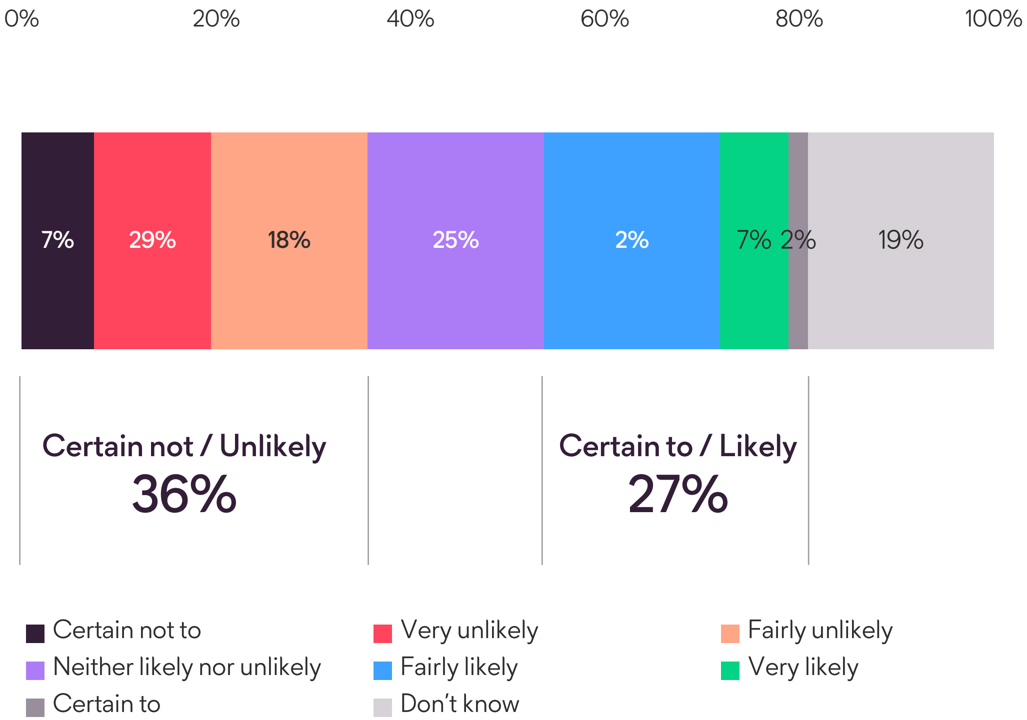
Three in ten (30%) of people finding it **difficult on their present income** say they feel positively about what their life will be like in five years' time compared to half of those (49%) who are coping and 73% who are comfortable.

Six in ten of **those working full time feel capable of making the changes** they want to see over the next five years; one in two (48%) say the same about fifteen years' time.

Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)
Thinking about yourself five / fifteen years from now, to what extent do you agree or disagree that… Base: 6000

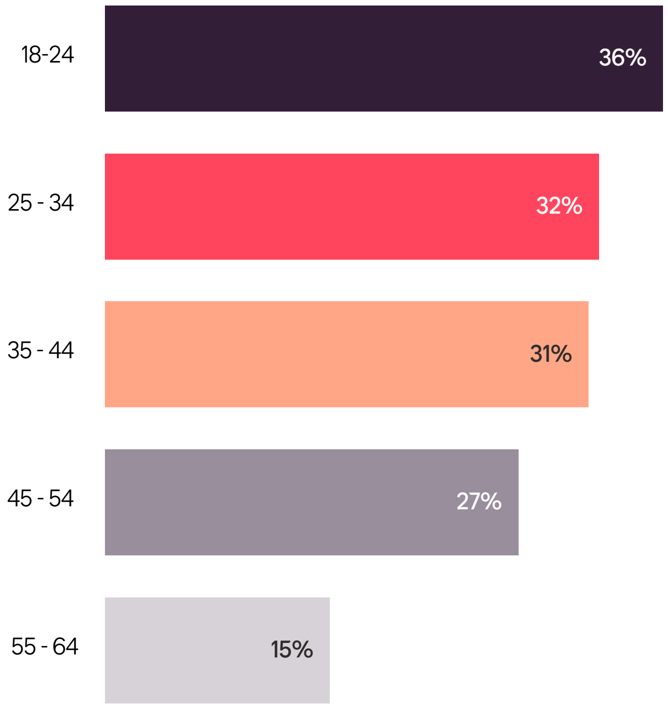
Nearly 3 in 10 expect to be a carer by the time they are 67 – most don't know or think it is uncertain. Younger people are more likely to expect to become a carer.

How likely or unlikely are you to be a carer for someone between now and age 67?



Source: Ipsos UK national representative sample of UK for Phoenix Insights (Aug 2024)
How likely or unlikely are you to be a carer for someone between now and age 67? Base=4131

How likely or unlikely are you to be a carer for someone between now and age 67 by age?



Only 27%

of people think they will **be a carer by the time they are 67**.

This is despite the fact that in reality **half of people become a carer by the time they are 50**

Source: Bennett & Zhang, 2019
University of Birmingham

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Conclusion

The data presented here show the many ways in which people in the UK are exposed to changing economic, demographic, political and social forces that are shaping their experiences of employment, pensions and retirement.

Two overall conclusions in particular stand out. First, we can see that future generations of retirees face a new set of risks that previous generations did not. These risks are increasingly borne by the individuals themselves, meaning that a lack of information, a lack of opportunities, bad decisions and bad luck can all bring dangerous consequences for people's future retirement security.

And second, it is clear that a life spent in consistent full-time work, followed by retirement at the state pension age on an adequate and guaranteed income for life is unlikely to be the reality for most of us. This will reflect both welcome flexibility and opportunity for some, and disappointment and precarity for others.

With risk and variation ever more likely our new normal, the financial services industry, government, employers and civil society all have a critical and urgent role to play to improve how people are supported to navigate these risks and be sufficiently protected.

Phoenix Insights

Changing Journeys: How we save, work and retire

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