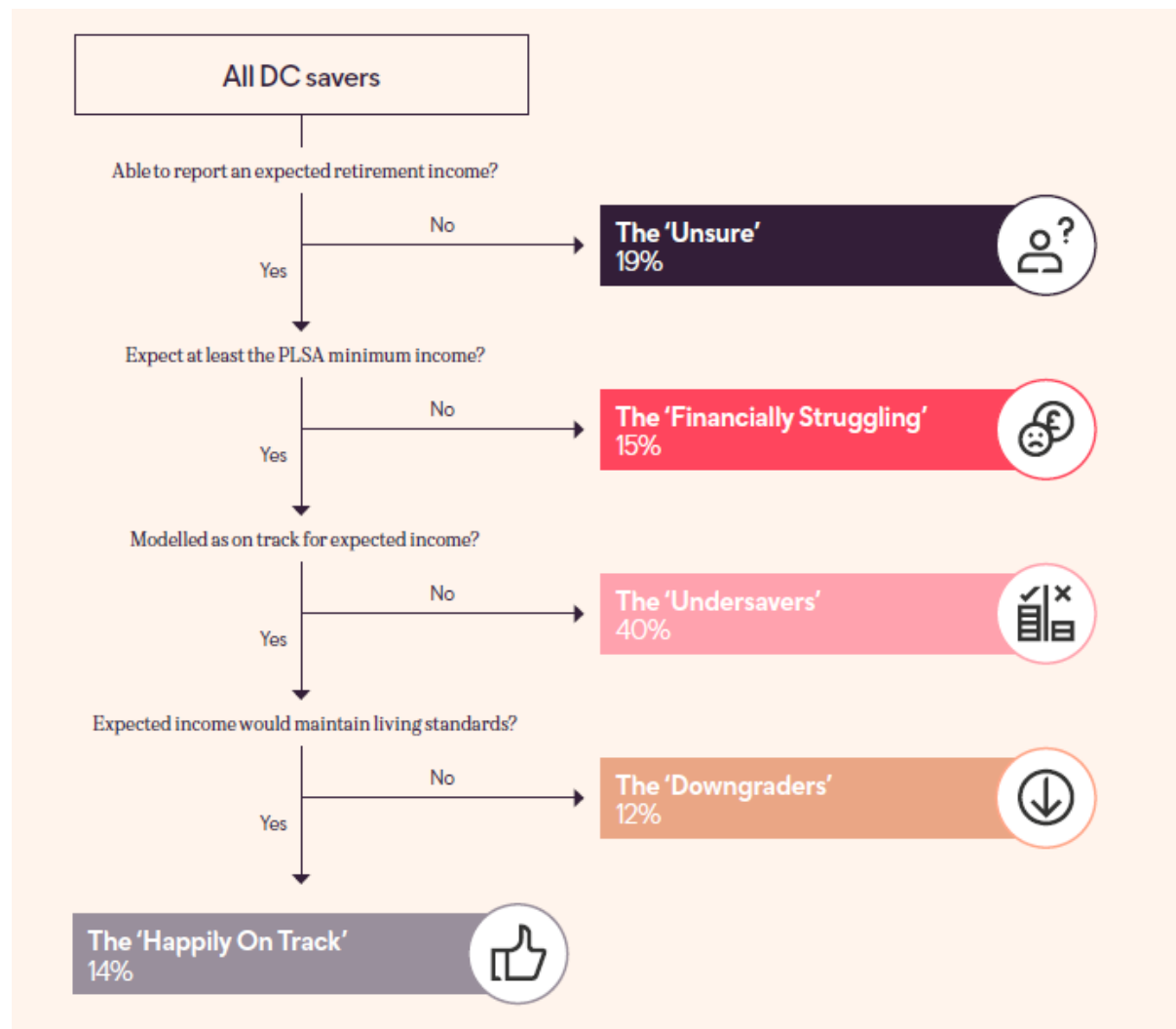


There are reasons to be concerned about the majority of DC (or potential DC) savers



The 'Unsure': 5.8 million people

Not all will be financially ill-prepared but some will be disadvantaged from not engaging with their pension savings.

The 'Financially Struggling': 4.6 million people

An income less than that required for the PLSA's minimum retirement living standard is unlikely to represent an adequate income given we aspire to live in a society where everyone can afford to buy more than just necessities in retirement. Furthermore, 1 in 3 of this group are not on track for their already low expected income.

The 'Undersavers': 12.4 million people

Risk being disappointed in retirement. They would benefit from changes in behaviour, and probably better to change behaviour earlier rather than later.

The 'Downgraders': 3.7 million people

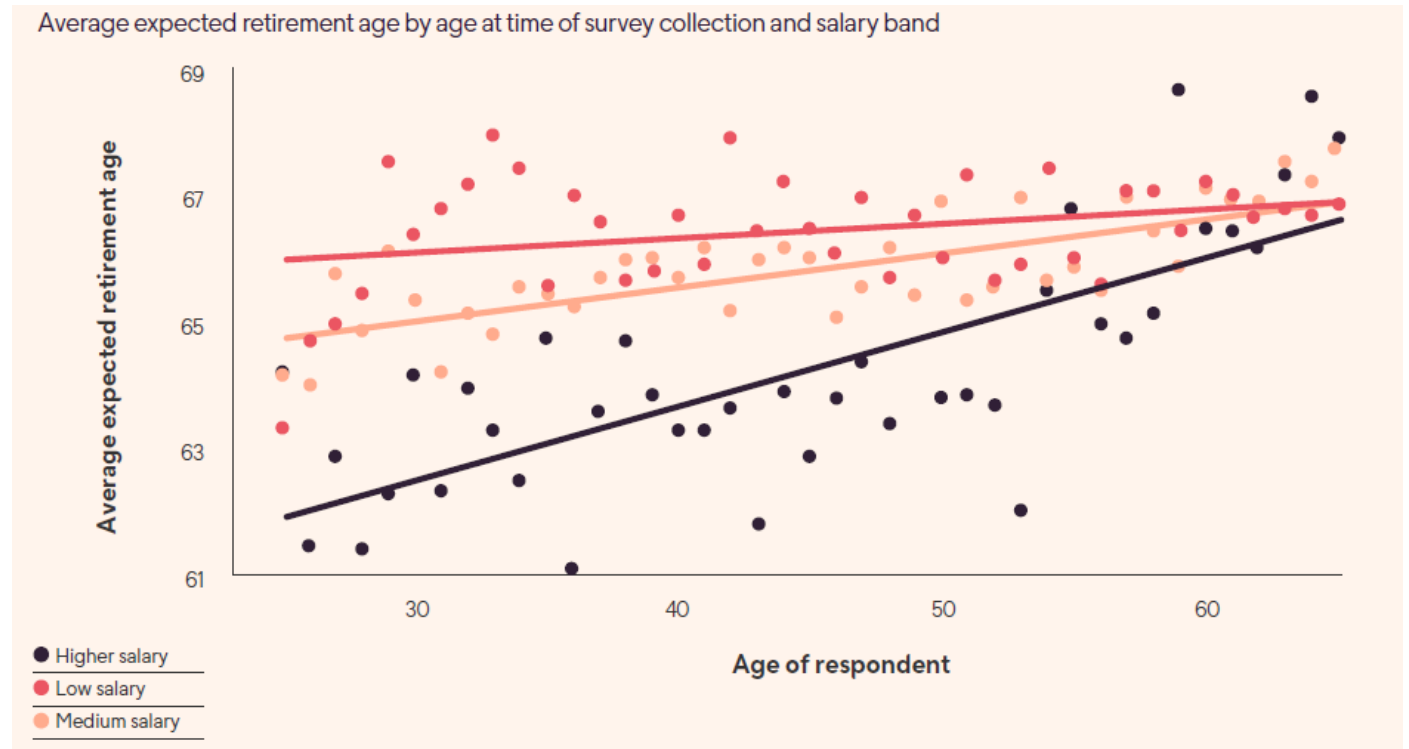
If having an adequate income in retirement means being able to maintain your working life living standard, this group may not have adequate resources when they retire.

Can people get on track by retiring later?

Working longer would not be sufficient alone to enable everyone to achieve their expected income

8% of those not on track (1.2 million savers) would be brought on track by retiring two years later

20% of those not on track (2.8 million savers) would be brought on track if those planning to retire before age 68 worked until age 68 instead



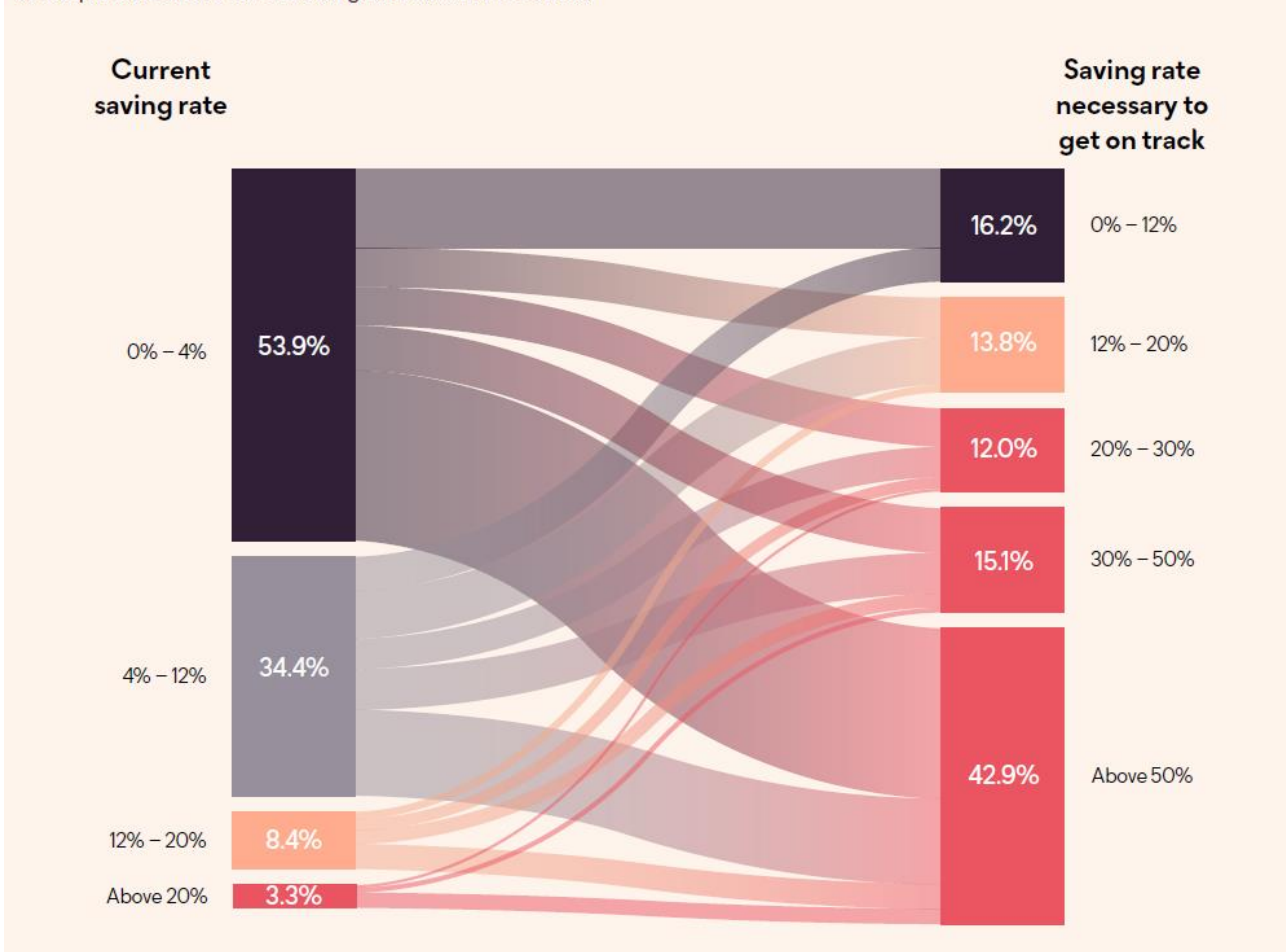
Can people get on track by saving more?

Modest increases in saving rates will not be sufficient for most people

5% of those not on track (0.7 million savers) would be brought on track by increasing their saving rate by 2% of salary

If everyone with total contribution of less than 12% of salary increased their contributions to that level, **17%** of those not on track (2.3 million savers) would be brought on track

Among DC savers not on track to achieve their expected retirement income, the required savings rate to get on track (right-hand column) as compared to savers' current savings rates (left-hand column)



Are expected retirement incomes realistic?

Saving 12% salary and working until 68 would only get around **40%** back on track

Other sources of income may help – but those already on track are more likely to expect inheritances and or to draw on housing wealth

Expected retirement incomes are high relative to those of current pensioners

How income compares to PSLA's retirement living standards	Income expected by working age	Income of current pensioners aged 65-74
At least minimum	82%	79%
At least moderate	60%	37%
Comfortable or higher	33%	11%

	Within London		Outside London	
	Couples	Singles	Couples	Singles
Minimum (£)	21k	13k	17k	11k
Moderate (£)	36k	25k	31k	21k
Comfortable (£)	52k	37k	50k	34k

Expectations relative to current incomes are most concerning among middle income earners

Lower income earners (under £20k):

Most expect less than a moderate income

Largely they would be on track if they saved 12% and worked to 68

But is that feasible?



Greater safety net needed for those facing financial insecurity across their lives

Middle income earners (£20-50k):

Many expect a moderate or comfortable income

Most would need a substantial change in saving rates to achieve that (even if worked until 68)



Would benefit from greater awareness of what closing the gap between expectations and reality would entail